



SUPERVISION GUIDELINE NO. 6

**ISSUED UNDER THE AUTHORITY OF PART III, SECTION 14 OF THE
FINANCIAL INSTITUTIONS ACT 1995,
(NO. 1 OF 1995)**

**LIMITS ON LARGE LOANS AND ON LOANS TO SHAREHOLDERS,
DIRECTORS, OFFICERS, AND OTHER RELATED PERSONS**

**Bank of Guyana
June 11, 1996.**

Issued :

- To all banks
Circular No. 48/96 June 11, 1996
- To all non-banks
Circular No. 49/96 June 11, 1996

1. A licensed financial institution shall have well-defined lending policies and monitoring and controlling procedures that will enable it to comply at a consolidated level (Head/ Main Office and branches) with the limits and reporting requirements on large loans and on loans to shareholders, directors, officers, and other related persons under section 14 of the Financial Institutions Act 1995.
2. The expression “loans, advances, financial guarantees or other extensions of credit or other liabilities” under section 14 of the Financial Institutions Act 1995 and collectively referred to as “loans” for the purpose of this Guideline encompasses all on-balance sheet credit facilities, such as loans, overdrafts, receivables, and other credits, as well as off-balance sheet commitments, such as acceptances, guarantees, and other contingent liabilities granted to or incurred on behalf of any person or borrower group. It shall also include loans, overdrafts, receivables, and other extensions of credit funded by trust and similar fiduciary accounts.
3. A “person” or “borrower group” shall be as defined under section 2(1)(z) and (i) respectively, of the Financial Institutions Act 1995. The unsecured portion of a loan, advance, financial guarantee or any other extension of credit or other liability refers to that portion which is not considered “well-secured” as defined in Supervision Guideline No.5 - Loan Portfolio Review, Classification, Provisioning, and Other Related Requirements.
4. The capital base for the purpose of this Guideline shall be -
 - (a) the total of -
 - (i) paid-up share capital or assigned capital;
 - (ii) reserve fund as required by the Financial Institutions Act 1995;
 - (iii) paid-up share premium;
 - (iv) retained earnings;
 - (v) asset revaluation reserves arising from a formal revaluation of an immovable property but limited to one revaluation every five years; and
 - (vi) other capital accounts approved by the Bank;

- (b) less the following deductions -
 - (i) net due from Head Office and own branches abroad in the case of a licensee not incorporated in Guyana;
 - (ii) net due from parent company, subsidiary, and other affiliated companies;
 - (iii) current year's losses;
 - (iv) deficiencies in provisions for losses on loans and other assets as may be determined by the Bank unless a significant improvement in the quality of the assets is reported by the financial institution and accepted by the Bank; and
 - (v) other deductions as may be determined by the Bank which may impair capital.
- 5. Loans, advances or other extensions of credit granted to shareholders, directors, officers, and other related persons mentioned in subsections (3) and (4) of section 14 of the Financial Institutions Act 1995 shall not be on terms and conditions more favourable than the general terms and conditions applicable to other borrowers. The foregoing shall not apply to loans granted under a duly approved fringe benefit plan for staff or under formal internal policies which define the general terms and conditions on the type of loans which may be given preferential treatment.
- 6. Pursuant to section 14(5) of the Financial Institutions Act 1995, a licensed financial institution shall submit within fifteen days from the end of each calendar quarter, the following reports-
 - (a) Report on loans to top twenty borrowers (Schedule I).
 - (b) Report on aggregate loans to shareholders, directors, officers, and other related persons (Schedule II).
- 7. The Statement of Plan for Compliance for loans in excess of the limits under section 14 or 15 of the Financial Institutions Act 1995 submitted by a licensed financial institution pursuant to section 18 thereof shall be adhered to and no change therein shall be made without prior approval of the Bank.

Name of Licensed Financial Institution

REPORT ON CREDIT EXPOSURES TO TOP TWENTY BORROWERS
For the Quarter Ended -----

[Amounts (\$) to the nearest thousand]

Due Date: 15 days from quarter-end

Name of Individual and/or Borrower Group (Indicate name & Balance of each person within a group)	OUTSTANDING AMOUNT					Classifi- cation	Collateral		
	On-balance Sheet				Off-Balance Sheet		Total	Amount	Description
	Loans	Overdrafts	Bonds/debentures/ Securities						
			Domestic	Foreign					

Certified Correct: -----
 (Signature over Printed Name)

Position:-----

Date: -----

 (Name of Financial Institution)

**REPORT ON AGGREGATE LOANS TO SHAREHOLDERS, DIRECTORS, OFFICERS
 AND OTHER RELATED PERSONS**

For the Quarter Ended _____

[Amounts (\$) to the nearest thousand]

Due Date: 15 Days from quarter-end

Aggregate Loans	No. of Borrowers	Outstanding Amounts				Unsecured Amounts	
		Loans	Overdraft	Bonds/Debentures/Securities			Total
				Domestic	Foreign		
1 Shareholders (Owing at least 20%)							
2 Directors							
3 Officers							
4 Officials & Employees							
(a) Housing							
(b) Others							
5 Other Related Persons							
TOTAL							
% OF CAPITAL BASE							

Certified Correct: _____

 (Position)

 (Date)