

**AUDITED FINANCIAL STATEMENTS OF THE
NATURAL RESOURCE FUND**

**FOR THE YEAR ENDED
31 DECEMBER 2023**

**AUDITORS: AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.**

AUDITED FINANCIAL STATEMENTS OF THE
NATURAL RESOURCE FUND
FOR THE YEAR ENDED 31 DECEMBER 2023

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68/SL: 76/1/2024

19 April 2024

Dr. Gobind Ganga
Governor
Bank of Guyana
1 Avenue of the Republic
Georgetown.

Dear Dr. Ganga,

AUDIT OF THE FINANCIAL STATEMENTS OF THE
NATURAL RESOURCE FUND
FOR THE YEAR ENDED 31 DECEMBER 2023

Please find attached, two copies of the audited financial statements of the Natural Resource Fund for the year ended 31 December 2023, together with the Report of the Auditor General thereon.

Should you need any further information, please do not hesitate to contact us.

With best regards.

Yours sincerely,

Karel Canterbury
Audit Manager
for Auditor General



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AG: 43/2024

19 April 2024

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF THE NATURAL RESOURCE FUND
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Audit Opinion

I have audited the financial statements of the Natural Resource Fund, which comprise the statement of financial position as at 31 December 2023, and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Natural Resource Fund as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the Rules of the Natural Resource Fund.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs), and the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of my report. I am independent of the Natural Resource Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Rules of the Natural Resource Fund, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of my audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.




AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

NATURAL RESOURCE FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2023

	Notes	2023 G\$'000	2022 G\$'000
ASSETS			
Balance with Foreign Bank	3	411,469,068	265,163,399
Receivables	4	31,047,066	32,877,695
Foreign Capital Market Securities	5	-	-
TOTAL ASSETS		<u>442,516,134</u>	<u>298,041,094</u>
LIABILITIES & EQUITY			
LIABILITIES			
		-	-
EQUITY			
Capital		420,760,795	294,391,009
Accumulated Surplus		21,755,339	3,650,085
Reserves		-	-
TOTAL LIABILITIES & EQUITY		<u>442,516,134</u>	<u>298,041,094</u>

Approved on behalf of the Management of the Natural Resource Fund


 Mr. M. Munro (Chief Accountant)


 Dr. G. Ganga (Governor)

The accompanying notes form an intergral part of these financial statements.

NATURAL RESOURCE FUND
STATEMENT OF INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2023

<u>INCOME</u>	Notes	2023 G\$'000	2022 G\$'000
Interest on Deposits	8	18,105,254	3,650,085
Net gains/(losses) on Foreign Investments	9	-	-
TOTAL INCOME		<u>18,105,254</u>	<u>3,650,085</u>
 <u>EXPENSES</u>			
Management Fees		-	-
Administration Expenses		-	-
Other Expenses		-	-
TOTAL EXPENSES		<u>-</u>	<u>-</u>
 Net Profit/(Loss)		 <u>18,105,254</u>	 <u>3,650,085</u>

The accompanying notes form an integral part of these financial statements.

NATURAL RESOURCE FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2023

	Capital	Accumulated Surplus	Total
	G\$'000	G\$'000	G\$'000
Balance as at December 31, 2021	126,665,834	28,476	126,694,310
Royalties	32,349,868	-	32,349,868
Profit Oil	262,041,141	-	262,041,141
Profit for the year	-	3,650,085	3,650,085
Transfer to the Consolidated Fund	(126,665,834)	(28,476)	(126,694,310)
Balance as at December 31, 2022	294,391,009	3,650,085	298,041,094
Royalties (Note 6)	45,471,968	-	45,471,968
Profit Oil (Note 7)	289,841,975	-	289,841,975
Profit for the year	-	18,105,254	18,105,254
Transfer to the Consolidated Fund (Note 10)	(208,944,157)	-	(208,944,157)
Balance as at December 31, 2023	420,760,795	21,755,339	442,516,134

The accompanying notes form an intergral part of these financial statements.

NATURAL RESOURCE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

	2023	2022
	G\$'000	G\$'000
Cashflow from Operating Activities		
Net Profit	18,105,254	3,650,085
Adjustment:		
Receivables	1,830,629	(32,877,695)
Net Cash Flow from Operating Activities	<u>19,935,883</u>	<u>(29,227,610)</u>
Cashflow from Investing Activities		
Foreign Capital Market Securities	-	-
Net Cash Flow from Investing Activities	<u>-</u>	<u>-</u>
Cashflow from Financing Activities		
Royalties	45,471,968	32,349,868
Profit Oil	289,841,975	262,041,141
Transfer to Consolidated Fund	(208,944,157)	(126,694,310)
Net Cash Flow from Financing Activities	<u>126,369,786</u>	<u>167,696,699</u>
Net increase/(decrease) in cash and cash equivalent for the year	146,305,669	138,469,089
Cash and cash equivalent at the beginning of the year	<u>265,163,399</u>	<u>126,694,310</u>
Cash and cash equivalent at the end of the year	<u>411,469,068</u>	<u>265,163,399</u>

The accompanying notes form an integral part of these financial statements.

NATURAL RESOURCE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2023

1. General Information

The Natural Resource Fund was established by the enactment of the Natural Resource Fund Act 2019 which was passed by the National Assembly and assented to by the President on January 23, 2019. This Act was subsequently repealed and replaced by the Natural Resource Fund Act 2021 (referred to hereinafter as the Act) which was passed in the National Assembly and assented to by the President on December 30, 2021.

Notable amendments in the revised Act includes:

- a) establishment of a Board of Directors (comprising of not less than three and not more than five members) with responsibility for the overall management and monitoring of the Fund, and preparation of an Investment Mandate;
- b) modifications to provisions regarding the composition and responsibilities of the Public Accountability and Oversight Committee;
- c) removal of the Macroeconomic Committee altogether; and
- d) modifications to the withdrawal rules of the Fund.

The purpose of the Natural Resource Fund (“the Fund”) is to manage the natural resource wealth of Guyana for the present and future benefit of the people of the country in order to:-

- a) ensure that volatility in natural resource revenues do not lead to volatile spending, and such revenues do not lead to a loss of economic competitiveness;
- b) fairly transfer natural resource wealth across generations to ensure that those future generations benefit from such wealth; and
- c) utilize the natural resource wealth to finance national development including any initiative aimed at realizing an inclusive green economy.

The Act assigns responsibility to the Bank of Guyana for the operational management of the Fund pursuant to section 7 of the revised Act (previously under section 12). As at the financial year-end, management of the Fund was undertaken in accordance with an Operational Agreement signed between the Bank of Guyana and the Ministry of Finance. An updated agreement was signed between the Bank of Guyana and the Board of Directors of the Fund on January 18, 2023.

Under the Operational Agreement the Bank is responsible for the daily operational management of the Fund which shall include some key functions such as:

- a) receiving and accounting for all deposits into the Fund;
- b) investing the Fund in eligible asset classes as set out in the Investment Mandate and in accordance with the Act, and complying with all obligations necessary for the efficient management of those investments;
- c) maintaining the books of account for the Fund and all financial and asset records in accordance with International Financial Reporting standards; and
- d) submit monthly and quarterly reports to the Minister and the Board of Directors in accordance with the Act, which shall include a summary of the performance of the Fund.

The assets of the Fund are held in the name of the Bank of Guyana on behalf of the Fund, and such assets are segregated from the other assets of the Bank. The resources of the Fund consist of revenues from royalties and the Government's share of profit oil as per terms and conditions of relevant signed production sharing agreement(s).

2. Basis of Preparation and Significant Accounting Policies

A. Basis of Preparation

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and their interpretation as adopted by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost convention except for the measurement at fair value of investment securities classified and measured at fair value through profit or loss. The accounting records reflect the activities of the Natural Resource Fund and the resulting assets, liabilities, income and expenses of the Fund.

These statements have been reported in Guyana dollars (G\$) and are presented in thousands (G\$'000). Foreign currency transactions have been translated to G\$ at the rate of exchange ruling at the dates of the transactions. Rate of exchange at December 31, 2023 was GYD 208.50 = USD 1.

B. Adoption of new and revised IFRS and interpretations

The accounting policies adopted in preparation of these financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended December 31, 2022.

Standards and interpretations issued but not yet effective

Amendments and interpretations issued but not yet effective up to the date of the issuance of the Fund's financial statements are listed below. It is not anticipated that the amended standards and interpretations will significantly impact the financial statements of the Fund when they become effective.

IAS 1	Presentation of Financial Statements (effective January 1, 2024)
IAS 16	Leases (effective January 1, 2024)

Improvements to IFRS applicable January 1, 2023

IAS 1	Presentation of Financial Statements (effective January 1, 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates & Errors (effective January 1, 2023)
IFRS 17	Insurance Contracts (effective date January 1, 2023)

The amendments and interpretations applied for the first time in 2023 did not have any impact on the financial statements of the Fund.

C. Financial Instruments

A financial asset or financial liability is recognized in the Fund's statement of financial position when the Bank becomes a party to the contractual provisions of the instrument on behalf of the Fund.

(a) Classification of Investments

The Investment Manager of the Bank would determine the classification of the instruments at the time of purchase and takes into account the underlying purposes for which the investment securities were purchased.

IFRS 9 – *Financial Instruments* requires that classification of financial assets shall be based on the Fund's business model for managing the financial assets and the contractual cash flow characteristics of those financial assets.

Financial assets can be classified and subsequently measured at either:

- (i) Amortised Cost
- (ii) Fair Value through profit or loss (FVTPL)
- (iii) Fair Value through other comprehensive income (FVTOCI)

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated at FVTPL:

- The financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met and is not designated at FVTPL:

- The financial asset is held within the business model whose objective is achieved by both collecting contractual cash flows and by sale of financial assets; and
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest.

Financial assets that are not measured at amortised cost or FVTOCI shall be classified under the category FVTPL, with gains and losses arising from changes in fair value recognized in profit and loss. The investment manager of the Fund can also on initial recognition, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an inconsistency in measurement or recognition that would otherwise arise from measuring assets or liabilities, and their gains and losses, on different bases.

The Fund's investments are classified and measured at FVTPL.

(b) Initial Recognition

The Fund's investments are initially recognized at fair value on the date the Bank commits to the purchase of the investment for the Fund.

(c) Subsequent Measurement

The Fund's investments are measured at FVTPL, and any gains and losses arising from changes in fair value are recognized directly in profit and loss.

(d) Fair value Measurement Principles

The fair value of investments classified as FVTPL is based on quoted market prices at the date of the statement of financial position.

(e) Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired, or the Fund has transferred substantially all the risks and rewards of ownership of the asset or has relinquished control of the asset. A financial liability is derecognised when it is extinguished, that is when the obligation in the contract is either discharged, cancelled or expired.

3. Balance with Foreign Bank

	2023		2022	
	US\$	G\$'000	US\$	G\$'000
Federal Reserve Bank of New York	1,973,472,751	411,469,068	1,271,766,900	265,163,399
	1,973,472,751	411,469,068	1,271,766,900	265,163,399

4. Receivables

This amount represented funds for two lifts of profit oil which occurred in December 2023 of US\$73,573,471.27 (G\$15.34 billion) and US\$75,333,318.77 (G\$15.71 billion) respectively to be received in January and February 2024 respectively. The respective amounts were subsequently deposited to the Natural Resource Fund's account at Federal Reserve Bank of New York on January 2 & February 15, 2024.

5. Foreign Capital Market Securities

Investments of the Fund are recognized and measured at FVTPL.

	G\$'000
Balance as at December 31, 2022	-
Additions	-
Disposals	-
Gain or (Loss) on Fair Value	-
Balance as at December 31, 2023	-

The Board of Directors of the Natural Resource Fund at its meeting held on June 26, 2023 approved the updated investment mandate for the Fund. It was mandated that the funds be maintained in the deposit account held at the Federal Reserve Bank of New York earning overnight deposit interest at the prevailing federal funds rate. It was also agreed that the Bank of Guyana will continue to monitor the overnight interest rate and inform the Chairman of any changes by the Federal Reserve Bank to consider redeploying cash. As at the financial year end, there has been no changes made to the investment mandate as the federal funds rate remained within the range of 5.25% - 5.50%.

6. Royalties

Royalty receipts were deposited into the Fund's US dollar account held at the Federal Reserve Bank of New York as follows:

	US\$	G\$'000
Total as at December 31, 2021	64,917,457.47	13,535,290
Royalties for the year:		
27-Jan-22	16,087,959.27	3,354,340
28-Apr-22	21,059,488.63	4,390,903
27-Jul-22	51,060,711.00	10,646,158
25-Oct-22	66,947,083.73	13,958,467
	220,072,700.10	45,885,158
Royalties withdrawn for the year:	(64,917,457.47)	(13,535,290)
Total as at December 31, 2022	155,155,242.63	32,349,868
Royalties for the year:		
30-Jan-23	57,591,504.37	12,007,829
28-Apr-23	53,256,878.46	11,104,059
28-Jul-23	54,436,683.89	11,350,048
30-Oct-23	52,805,908.09	11,010,032
	373,246,217.44	77,821,836
Royalties withdrawn for the year:	(123,966,083.63)	(25,846,928)
Total as at December 31, 2023	249,280,133.81	51,974,908

Royalties withdrawn on a pro-rata basis.

7. Profit Oil

Guyana accounted for seventeen (17) lifts of 1-million-barrel oil cargoes in the year 2023 in comparison with thirteen (13) lifts for 2022. These funds were deposited directly into the account at Federal Reserve Bank of New York except for the two (2) lifts made on December 2 & 31, 2023 respectively, for which payments are to be received in January and February 2024. Details of profit oil lifts made over the last two years are shown below indicating date of lift, US dollar and G\$ equivalent amount.

	US\$	G\$'000
Total as at December 31, 2021	542,592,537.85	113,130,544
Profit oil lifts for the year:		
29-Jan-22	95,928,020.91	20,000,992
25-Apr-22	102,548,225.10	21,381,305
3-May-22	108,556,874.23	22,634,108
17-Jun-22	122,973,502.40	25,639,975
27-Jun-22	117,445,452.90	24,487,377
30-Jul-22	102,543,769.89	21,380,376
14-Aug-22	99,161,132.32	20,675,096
8-Sep-22	88,996,551.12	18,555,781
7-Oct-22	89,149,227.73	18,587,614
15-Oct-22	87,993,773.93	18,346,702
18-Nov-22	83,808,725.98	17,474,120
29-Nov-22	82,612,294.01	17,224,663
22-Dec-22	75,074,493.46	15,653,032
	1,799,384,581.83	375,171,685
Profit oil withdrawn for the year	(542,592,537.85)	(113,130,544)
Total as at December 31, 2022	1,256,792,043.98	262,041,141
Profit oil lifts for the year:		
17-Jan-23	82,248,712.42	17,148,857
3-Feb-23	79,613,822.68	16,599,482
10-Mar-23	74,216,496.21	15,474,139
11-Mar-23	74,054,727.58	15,440,411
10-Apr-23	87,145,733.95	18,169,886
15-May-23	74,729,733.63	15,581,149
18-May-23	75,546,324.85	15,751,409
20-Jun-23	73,773,346.19	15,381,743
6-Jul-23	81,786,204.95	17,052,424
24-Jul-23	84,436,660.87	17,605,044
21-Aug-23	85,277,583.54	17,780,376
14-Sep-23	96,031,133.77	20,022,491
23-Sep-23	96,959,767.23	20,216,111
29-Oct-23	90,027,503.19	18,770,734
5-Nov-23	85,139,327.68	17,751,550
2-Dec-23	73,573,471.27	15,340,069
31-Dec-23	75,333,318.77	15,706,997
Other profit oil receipt	235,507.07 ¹	49,103
	2,646,921,419.83	551,883,116
Profit oil withdrawn for the year	(878,164,165.37)	(183,097,229)
Total as at December 31, 2023	1,768,757,254.46	368,785,887

Profit oil withdrawn on a pro-rata basis.

¹ This figure represents the Government of Guyana's 12.5% interest in lift# 22UNY000 - Liza Unity off-spec oil emulsion.

8. Interest on Deposits

Interest earned is recognized in the statement of income for deposits held at the Federal Reserve Bank of New York on an accrual basis. The Fund generated an average annual return of 4.824% for the year 2023.

9. Net Gains/(Losses) on Foreign Investments

This figure represents gains or losses on changes in fair value of investments, and any profit or loss on derecognition. IFRS 9 – *Financial Instruments* requires that gains and losses be recognized through profit and loss.

10. Transfer to the Consolidated Fund

In accordance with section 16 (1 & 2) of the Natural Resource Fund Act 2021, subject to section 19, the maximum amount of withdrawals from the Fund in a fiscal year shall not exceed the amount approved by the National Assembly for that fiscal year. All withdrawals from the Fund shall be deposited into the Consolidated Fund and shall be used only to finance:

- a) national development priorities including any initiative aimed at realizing an inclusive green economy; and
- b) essential projects that are directly related to ameliorating the effect of a major natural disaster.

Section 19 (1 & 2) of the Act 2021 stipulates that the amount the Minister shall request the National Assembly to approve and the amount that the Assembly can approve as withdrawal for the next ensuing fiscal year shall be included in the annual budget proposal and shall not exceed, for that year, the ceiling calculated in accordance with section 17 of the Act and the First Schedule, plus any amount required for emergency financing.

As at the financial year end, section 17 of the Act stipulates the calculation of the ceiling on annual withdrawals in accordance with the First Schedule as follows:

1. 100 percent of the first five hundred million US dollars of deposits paid into the Fund in the immediately preceding fiscal year;
2. 75 percent of the second five hundred million US dollars of deposits paid into the Fund;
3. 50 percent of the third five hundred million US dollars of deposits paid into the Fund;
4. 25 percent of the fourth five hundred million US dollars of deposits paid into the Fund;
5. 5 percent of the fifth five hundred million US dollars of deposits paid into the Fund;
6. 3 percent of any amounts in excess of the first two thousand five hundred million US dollars of deposits paid into the Fund;

Accordingly, funds were withdrawn and deposited into the Consolidated Fund as follows:

Date of Withdrawal	2023	
	US\$	G\$'000
6-Feb-23	200,000,000	41,700,000
4-May-23	200,000,000	41,700,000
3-Aug-23	100,000,000	20,850,000
6-Sep-23	100,000,000	20,850,000
26-Sep-23	50,000,000	10,425,000
24-Oct-23	100,000,000	20,850,000
24-Nov-23	100,000,000	20,850,000
28-Dec-23	152,130,249	31,719,157
Total for the year 2023	1,002,130,249	208,944,157

Date of Withdrawal	2022	
	US\$	G\$'000
10-May-22	200,000,000	41,700,000
12-Jul-22	200,000,000	41,700,000
9-Dec-22	207,646,570	43,294,310
Total for the year 2022	607,646,570	126,694,310

11. Key Management Personnel

The Board of Directors of the Natural Resource Fund comprised of the following members:

Major General (Ret'd) Joseph Singh	-	Chairman
Dr. Compton Bourne	-	Director
Ms. Carolyn Rodrigues-Birkett	-	Director
Mr. Dunstan Barrow	-	Director
Mr. Ramesh Dookhoo	-	Director

12. Financial Risk Management

The Natural Resource Fund is susceptible to financial risks and the effective management of these risks is essential to enhancing the earning capacity of the Fund. The Bank as part of executing its responsibility for the operational management of the Fund applies its risk management framework which involves the identification, assessment and monitoring of risks through the adoption of various approaches as guided by its policies. Risks are managed by the Investment Manager of the Bank of Guyana and at senior management level through the Bank's Investment Committee.

The Fund is potentially exposed to credit, market and liquidity risks arising from its foreign bank deposits. An investment mandate for the Fund was approved by its Board of Directors in June 2023 mandating that all funds be maintained in the deposit account held at the Federal Reserve Bank of New York so as to benefit from the continual high level of overnight deposit interest rate.

(a) Credit Risk

Credit risk is the risk of loss arising from the failure of a counterparty to discharge its obligations in accordance with agreed terms. The revenue of the Fund are currently held in its account at the Federal Reserve Bank of New York which has a credit rating of 'AA+'.

(b) Market Risk

Market risk is the risk that the value of financial instruments will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded on the market.

(i) Interest Rate Risk

Interest rate risk is the risk that future cash flows or the fair value of financial instruments will fluctuate due to changes in market interest rates. This risk arises from the Fund's deposits with foreign banks. The Bank manages this risk by continuously monitoring market conditions and yields.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund's exposure to the effects of foreign exchange fluctuations arises from its holdings of foreign currency denominated assets.

The Bank manages the risk of adverse exchange rate movements through constant monitoring of market conditions and trends. Further mitigation measures are also taken to ensure that foreign currency assets are maintained in stable currencies. The principal currency in which foreign assets are denominated is the United States dollar.

The aggregate G\$ equivalent amounts of assets and liabilities denominated in foreign currencies are shown below, along with the impact of a reasonable rate movement of each currency against the Guyana dollar.

2023				
FINANCIAL ASSETS	GYD G\$'000	USD G\$'000 (Equiv.)	OTHER G\$'000	Total G\$'000
Balance with Foreign Bank	-	411,469,068	-	411,469,068
Investments	-	-	-	-
Receivables	-	31,047,066	-	31,047,066
TOTAL FINANCIAL ASSETS	-	442,516,134	-	442,516,134
FINANCIAL LIABILITIES				
Payables	-	-	-	-
TOTAL FINANCIAL LIABILITIES	-	-	-	-
NET POSITION	-	442,516,134	-	442,516,134
Impact on Net Income				
+0.50%	-	2,212,581	-	2,212,581
-0.50%	-	(2,212,581)	-	(2,212,581)

2022				
FINANCIAL ASSETS	GYD G\$'000	USD G\$'000 (Equiv.)	OTHER G\$'000	Total G\$'000
Balance with Foreign Bank	-	265,163,399	-	265,163,399
Investments	-	-	-	-
Receivables	-	32,877,695	-	32,877,695
TOTAL FINANCIAL ASSETS	-	298,041,094	-	298,041,094
FINANCIAL LIABILITIES				
Payables	-	-	-	-
TOTAL FINANCIAL LIABILITIES	-	-	-	-
NET POSITION	-	298,041,094	-	298,041,094
Impact on Net Income				
+0.50%	-	1,490,205	-	1,490,205
-0.50%	-	(1,490,205)	-	(1,490,205)

(c) Liquidity Risk

Liquidity risk is the risk that the Natural Resource Fund will be unable to meet its payment obligations when they fall due. The Fund's deposits are held with a foreign bank which can be easily called in the event such a need arises.