

# DEPOSIT INSURANCE CORPORATION



## ANNUAL REPORT and STATEMENT OF ACCOUNTS 2020





## Deposit Insurance Corporation of Guyana

Bank of Guyana Building, 1 Avenue of the Republic, Georgetown, Guyana  
Tel: (592) 226–3250-9, (592) 226–3261-5; Email: dicg@bankofguyana.org.gy

March 31, 2021

Hon. Dr. Ashni K. Singh  
Senior Minister  
Office of the President  
with Responsibility for Finance  
**Ministry of Finance**  
Main & Urquhart Streets  
Georgetown

Dear Minister:

In accordance with Section 22 (1) of the Deposit Insurance Act 2018, I have the honour to submit to you the Annual Report of the Deposit Insurance Corporation including a certified copy of the External Auditor's report on the Financial Statements of the Corporation and the Deposit Insurance Fund, in respect of the year ended December 2020.

Yours sincerely,

Dr. Gobind Ganga  
**Chairman**





## Deposit Insurance Corporation of Guyana

Bank of Guyana Building, 1 Avenue of the Republic, Georgetown, Guyana  
Tel: (592) 226–3250-9, (592) 226–3261-5; Email: dicg@bankofguyana.org.gy

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## Chairman's Remarks

We are pleased to present the Annual Report of the Deposit Insurance Corporation of Guyana (the Corporation/DIC) for the financial year ended December 31, 2020.

Despite the limitations presented by the onset of the COVID-19 pandemic, the Corporation was able to continue its operations. Various electronic means were employed to ensure the Corporation's work continued as virtual meetings proved useful and staff were rostered on a work from home basis. All member financial institutions has completed payment of their first regular premiums into the Deposit Insurance Fund at a rate of 0.25 percent. Through these contributions and the investment activities, the Fund grew from the previous year by 26.1 percent or \$404 million to \$1,950 million at end-2020.

The Corporation has also commenced its public awareness responsibility, which will enhance financial stability and confidence within our economy. The DIC's information brochure was added to the Bank's website and public awareness content has been provided to member financial institutions for dissemination.

The performance and strategies of member financial institutions continue to be directly impacted by domestic economic conditions. However, contrary to the pandemic's challenges, member financial institutions continued to show resilience, through adequate liquidity coverage, sufficient capital and moderate growth. This, together with the regulatory and supervisory oversight employed by the Bank of Guyana, contributed to the sustainment of a safe and sound banking system.

Strategic priorities for 2021 will continue to focus on advancing initiatives to strengthen our operational readiness; promote public awareness aimed at informing depositors of the benefits and limitations of deposit insurance, and strive to align ourselves with international best practice for an effective deposit insurance scheme.

The DIC's achievements are attributed to the support of the Board of Directors and the dedication of the staff assigned to the DIC. I would like to extend my sincere gratitude and appreciation to all participants and look forward to their continued support in the future.

Yours sincerely,

Dr. Gobind Ganga

**Chairman**

Deposit Insurance Corporation

## MISSION

To foster the stability and public confidence in Guyana's financial sector by providing insurance coverage against depositors' fund and contributing resources to the resolution of member financial institutions.

## VISION

To achieve operational readiness for timely compensation and depositors' awareness that will support an effective deposit insurance system.

## OUR CORE VALUES

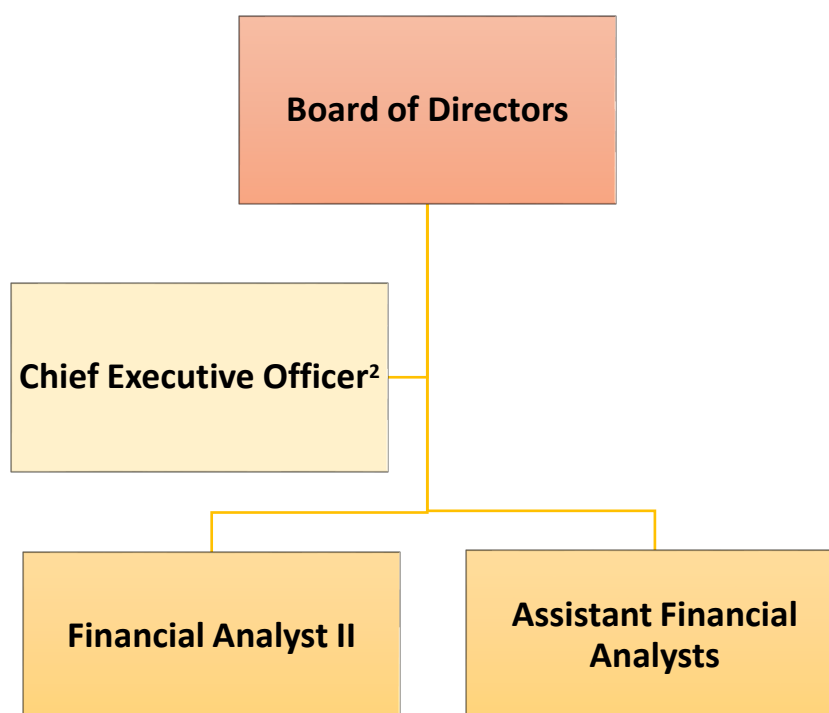
- Accountability** - To operate transparently and take responsibility in all aspects of our work.
- Integrity** - To exhibit the highest ethical standard in the performance of our duty.
- Teamwork** - To collaborate extensively with all stakeholders in the commitment to financial stability.
- Adaptability** - To be proactive to a changing environment for an effective deposit insurance system.
- Communication** - To ensure full and prompt sharing of information with depositors and other stakeholders.

## The Board

The Board of Directors of the Deposit Insurance Corporation are appointed in accordance with Section 12 (1) of the Deposit Insurance Act 2018. The Board is currently responsible for the supervision of the Corporation and have held statutory meetings three times during 2020. As prescribed under section 13 (1) of the Act, the Board was comprised of the following individuals:

- |                                   |   |   |
|-----------------------------------|---|---|
| 1. Dr. Gobind Ganga               | - | Chairman                                      |
| 2. Ms. Debra Roberts <sup>1</sup> | - | Ministry of Finance representative            |
| 3. Ms. Pauline Chase              | - | Independent Director (Legal)                  |
| 4. Mr. O'Neil Greaves             | - | Independent Director (Economics and Policy)   |
| 5. Mr. Navindra Prashad           | - | Independent Director (Accounting and Finance) |

## Organizational Structure



<sup>1</sup> Ms. Roberts no longer serves on the Board of Directors. A new representative will be nominated.

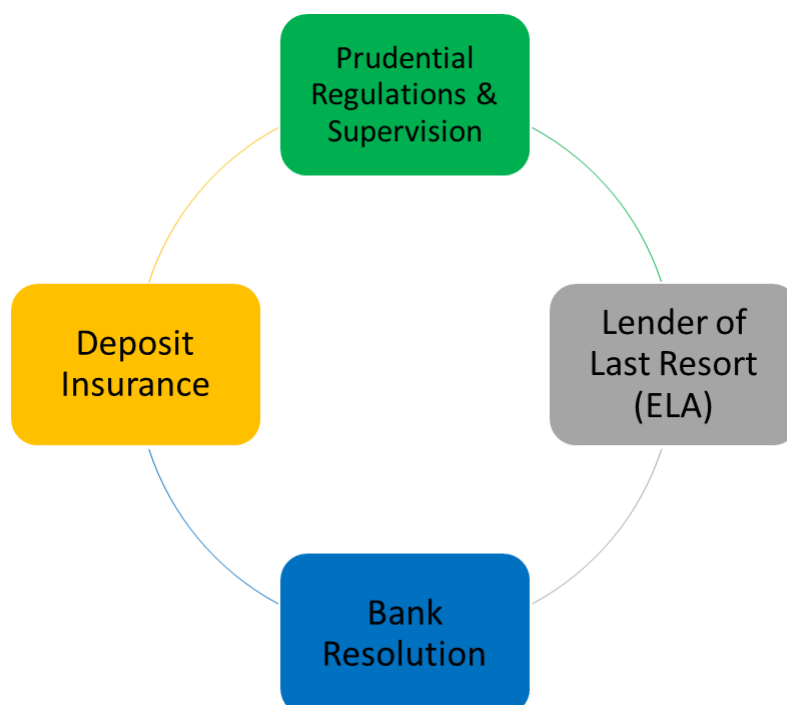
<sup>2</sup> The position of the Chief Executive Officer will be filled when the operating activities of the DIC becomes substantial and no longer depends on the resources of the Bank of Guyana.

## Background

The need for deposit insurance stemmed from past experience by the Bank of Guyana (BOG) with a financial institution's failure in 2001 and the resulting shock to depositor confidence which caused brief and temporary deposit runs on two commercial banks. These have been resolved over time. The lengthy process to resolve a failed financial institution reinforced the need for an adequate system to facilitate an orderly resolution or liquidation process.

The Financial Sector Assessment Program (FSAP) conducted by the International Monetary Fund and World Bank made recommendations in 2016 for the implementation of a Deposit Insurance System (DIS) in Guyana. To make this possible, an amendment to the Financial Institution Act 1995 (FIA) and the development of a new legislation were required in order to implement the DIS. These adjustments have made Deposit Insurance one of the key components of the financial safety net in Guyana. The safety net participants will serve to safeguard the stability of the financial sector from risks posed by institutional failures.

### Guyana Financial Safety Net Participants



On July 13, 2018, the Deposit Insurance Act 2018 (DIA) was passed by the National Assembly and subsequently assented to by the President on August 13, 2018. Following, a commencement order signed by the Minister of Finance and technical assistance received from the World Bank, the Deposit Insurance Scheme (DIS) became operational on April 2, 2019. The DIA provides for the establishment of the **Deposit Insurance Corporation (DIC)**, and the creation of a **Deposit Insurance Fund** (the Fund).

The **DIC** will have operational independence and will serve to provide depositor protection and promote public confidence in the financial system and ultimately, financial stability. The **DIC** will also assist with facilitating a smooth winding-up process for troubled financial institutions. The **Fund** refers to the money dedicated explicitly to reimbursing depositors and providing financial assistance in the resolution or winding up process of a failed financial institution.

### Set-up of the Deposit Insurance Corporation

As a major participant of the financial safety-net in Guyana, the **BOG** will have oversight on the development of the Corporation in its formative years. In keeping with section 6 (1) of the DIA, the **BOG** has paid up/ contributed the authorised capital of \$300 million to the **DIC**. Additionally, the **DIC** received a loan of \$500 million which was guaranteed by the Ministry of Finance.

In addition to the secondment of staff from the **BOG** for the Corporation's operation, the **DIC** is currently housed in the premises of the **BOG** as allowed by section 10 (1) of the DIA, where all necessary facilities are provided to the Corporation. The provision of these facilities is supported by a Memorandum of Understanding between the **BOG** and the **DIC** and has incorporated the clause of mutual confidentiality in the exchange of information. As permitted under section 33 (5) of the DIA, the Corporation has outsourced its investment function to the **BOG**, governed by an investment policy and monitored against an investment plan.

### Uses of the Deposit Insurance Fund

The Fund will be financed mainly through the payment of premiums by deposit-taking financial institutions that are members of the Scheme. The Fund will be used specifically for:



- reimbursing depositors upon an insured event;
- providing financial assistance in the resolution or winding-up process of a failed financial institution;
- the repayment of any debts owed by the Corporation; and
- all administrative and management expenses incurred for the effective management of the Corporation.

## Members of the Scheme

All licensed deposit-taking financial institutions operating in Guyana are required under section 3 (2) of the DIA to be members of the Deposit Insurance Scheme. There are currently six (6) banks and two (2) non-banks:

1. Republic Bank (Guyana) Limited
2. Guyana Bank for Trade & Industry Limited
3. The Bank of Nova Scotia
4. Demerara Bank Limited
5. Citizens Bank Guyana Inc.
6. Bank of Baroda (Guyana) Inc.
7. The New Building Society Limited
8. Hand-in-Hand Trust Corporation Inc.

## Scope of Depositor Coverage

### *Who is covered?*

Section 35 (1) of the DIA stipulates that coverage will be provided to all eligible depositors, who have deposits with member financial institution to an amount not exceeding **\$2 million**, including principal and interest.

### *Who is not covered?*

Pursuant to section 36 of the DIA, the following deposits are considered ineligible for protection:

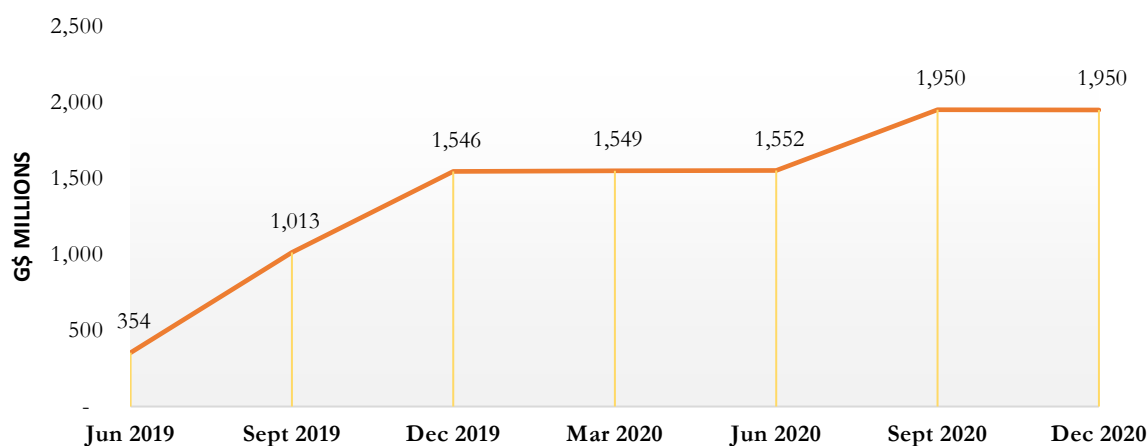
- a. Deposits of financial institutions, including insurance companies and pension funds.
- b. Deposits of central and local government securities.
- c. Deposits of overseas branches of member financial institutions.
- d. Deposits of members of the Supervisory or Executive Board (their relatives and other affiliated persons) of the financial institution that is under resolution or liquidation.
- e. Deposits of shareholders (their relatives and other affiliated persons) who own 5% or more of the financial institution that is under resolution or liquidation.
- f. Deposits of persons under criminal investigation including individuals suspected of engaging in money laundering.

## Updates for the Year 2020

In compliance with the **DIA** requirements, regular premiums will be assessed on a bi-annual basis for the periods January – June and July – December. Premiums will be paid into the Fund following the respective assessment periods. In accordance with section 29 (4), the Board has determined and announced the bi-annual rate of regular premiums at 0.25 percent.

For the period ended June 2020, member financial institutions have paid their first regular premium at the rate of 0.25 percent, as per section 29 (6) of the **DIA**, which amounted to \$398 million. As of December 31, 2020, aggregate funds stood at \$1,950 million, which grew 26.1 percent (\$404 million) from last year, mainly from premium contributions, and accounted for an estimated 1.2 percent of average insured deposits, as the target size of five percent is expected to be achieved before 2029 as required under section 27 (1) of the **DIA**. The graph below demonstrates the growth of the Fund from its establishment to the period ending December 31, 2020. The second bi-annual payment of regular premium into the Fund will be due in 2021.

### Deposit Insurance Fund



Additionally, in accordance with section 54 (Transitional provisions) of the DIA, the following provisions were addressed:

- The regulation for the *Reporting of Depositor Data and the Assessment of Premiums* was reviewed by the Chief Parliamentary Council (CPC) in 2020 and published in the Official Gazette on 23<sup>rd</sup> January, 2021.

The regulations for *Depositor Awareness* and *Reimbursement of Insured Deposits*, which were drafted and submitted to the CPC in 2019, remain under review.

- The investment plan of the Fund was developed. The plan will be updated annually.
- The Code of Ethics and Conduct of the Corporation has been drafted and is under consideration.



## *Audit Office of Guyana*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana  
Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

AG: 21/2021

30 March 2021

**REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE BOARD OF THE  
DEPOSIT INSURANCE CORPORATION OF GUYANA  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

### *Opinion*

I have audited the financial statements of the Deposit Insurance Corporation of Guyana, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive 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 Deposit Insurance Corporation of Guyana as at 31 December 2020, 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 Deposit Insurance Corporation of Guyana.

### *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 Deposit Insurance Corporation of Guyana 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 Deposit Insurance Corporation of Guyana, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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

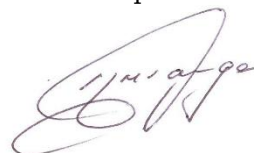
**STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2020

	Notes	2020 G\$'000	2019 G\$'000
<b>ASSETS</b>			
Investments	(7)	1,206,997	-
Deposits with Bank of Guyana		3,749	710,841
Foreign Banks	(6)	738,901	834,664
Receivables	(8)	739	-
<b>TOTAL ASSETS</b>		<b><u>1,950,386</u></b>	<b><u>1,545,505</u></b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>LONG-TERM LIABILITIES</b>			
Bank of Guyana - Initial Contribution	(3)	500,000	500,000
		<u>500,000</u>	<u>500,000</u>
<b>EQUITY</b>			
Paid up Capital	(5)	300,000	300,000
Revaluation Reserve		423	-
Deposit Insurance Fund		<u>1,149,963</u>	<u>745,505</u>
		<b><u>1,450,386</u></b>	<b><u>1,045,505</u></b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b><u>1,950,386</u></b>	<b><u>1,545,505</u></b>

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

Approved on behalf of the Management of the Deposit Insurance Corporation of Guyana:



Dr. Gobind Ganga (Chairman)



Mr. O'Neil Greaves (Director)

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	2020 G\$'000	2019 G\$'000
<b>Income</b>			
Members Initial Contributions	(3)	-	744,841
Biannual Premiums	(9)	397,958	-
Interest Earned	(10)	6,500	664
<b>Total Income</b>		<b><u>404,458</u></b>	<b><u>745,505</u></b>
<b>Expenses</b>			
General and Administrative Expenses	(11)	-	-
		-	-
<b>Net Income</b>		<b><u>404,458</u></b>	<b><u>745,505</u></b>
<b>Other Comprehensive Income/(Loss)</b>			
Gain/(Loss) on Revaluation of Investments		423	-
<b>Total Comprehensive Income for the Year</b>		<b><u>404,881</u></b>	<b><u>745,505</u></b>

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



**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>Paid up Capital</b>	<b>Revaluation Reserve</b>	<b>Deposit Insurance Fund</b>	<b>Total</b>
	<b>G\$'000</b>	<b>G\$'000</b>	<b>G\$'000</b>	<b>G\$'000</b>
Paid up Capital	300,000	-	-	300,000
Net Income for Period	-	-	745,505	745,505
<b>Balance as at December 31, 2019</b>	<b>300,000</b>	<b>-</b>	<b>745,505</b>	<b>1,045,505</b>
Net Income for the Year	-	-	404,458	404,458
Other Comprehensive Income	-	423	-	423
<b>Balance as at December 31, 2020</b>	<b>300,000</b>	<b>423</b>	<b>1,149,963</b>	<b>1,450,386</b>

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED DECEMBER 31, 2020

	<b>2020</b>	<b>2019</b>
	<b>G\$000</b>	<b>G\$000</b>
<b>Operating Activities</b>		
Net Income for the Year	404,458	745,505
<b>Net Cash Flow from Operating Activities</b>	<b>404,458</b>	<b>745,505</b>
<b>Investing Activities</b>		
Bank for International Settlements	152,175	(834,664)
Federal Reserve Bank	(56,412)	-
Purchase of Investments	(1,206,997)	-
(Increase)/Decrease in Receivables	(739)	-
<b>Net Cash Flow from Investing Activities</b>	<b>(1,111,973)</b>	<b>(834,664)</b>
<b>Financing Activities</b>		
Paid up Capital	-	300,000
Bank of Guyana - Initial Contribution	-	500,000
Revaluation Reserve	423	-
<b>Net Cash Flow from Financing Activities</b>	<b>423</b>	<b>800,000</b>
Net Increase/(Decrease) in Cash for the Year	(707,092)	710,841
Cash as at the Beginning of the Year	710,841	-
Cash as at the End of the Year	<b>3,749</b>	<b>710,841</b>
Deposits with Bank of Guyana	<b>3,749</b>	<b>710,841</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2020

### 1. Incorporation and functions

The Deposit Insurance Corporation of Guyana is an independent statutory body established under the Deposit Insurance Act 2018 (referred to hereinafter as the Act). The Act came into operation on April 2 and 3, 2019 by way of Commencement Order No. 13 of 2019 dated March 27, 2019. Pursuant to section 26(1) of the Act, the Deposit Insurance Fund was established with effect from June 7, 2019.

The functions of the Deposit Insurance Corporation are:-

- a) To manage the assets of the Deposit Insurance Fund and to provide through that Fund, reimbursement to insured depositors up to the insured limit upon the occurrence of an insured event.
- b) To Levy premiums and initial contributions from member financial institutions in accordance with the Act.
- c) To contribute funds for the resolution of member financial institutions.
- d) To promote public awareness and education on the Scheme.

The Corporation has appointed the Investment Manager of the Bank of Guyana with responsibility for investing the resources of the Fund pursuant to section 33(5) of the Act.

### 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 as available-for-sale. The accounting records reflect the activities of the Deposit Insurance Corporation and the resulting assets, liabilities, income and expenses of the corporation and the related Deposit Insurance Fund it has been established to manage.

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, 2020 was GYD 208.50 = USD 1.

The accounting policies adopted in preparation of the financial statements are consistent with those followed in the preparation of the corporation's annual financial statements for the year ended December 31, 2019.

## **B. Financial Instruments**

The Deposit Insurance Corporation recognizes a financial asset or financial liability in its statement of financial position when the corporation becomes a party to the contractual provisions of the instrument.

### **(a) Classification of Investments**

The Investment Manager 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. Investments are classified as available-for-sale and are recognized on the date the corporation commits to the purchase of the investment. From this date, any gains and losses arising from changes in the fair value of the instruments are recognized directly as equity.

### **(b) Measurement**

The corporation's investments comprising solely of US Treasury Obligations are classified as available-for-sale and measured at fair value through other comprehensive income.

Gains and losses arising from a change in the fair value of those available-for-sale investments are recognized directly in equity.

### **(c) Fair value Measurement Principles**

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

## **3. Initial Contribution**

- a) Each member financial institution was mandated to pay an initial contribution of 0.5% of the average amount of insured deposits held by the member at the start and end of the calendar year preceding entry into force of the Act. All member institutions met their required initial contribution obligations during the year 2019.

- b) The Bank of Guyana made an initial contribution of \$500 million to the Deposit Insurance Fund backed by a guarantee from the Government of Guyana dated June 12, 2019. This initial contribution shall be fully repaid by member financial institutions through assessment of regular or extraordinary premiums pursuant to section 28(1 & 2) of the Act.

#### 4. Bank of Guyana

The Bank of Guyana has provided the Deposit Insurance Corporation with accommodation and administrative/operational support. A cash account is maintained with the Central Bank to facilitate local currency deposits and/or withdrawals of the Fund.

#### 5. Paid up Capital

The capital of the corporation shall be a sum of \$300 million which shall be fully subscribed and paid up by the Central Bank. The Bank has fully paid up the sum of \$300 million.

#### 6. Foreign Banks

	2020		2019	
	US\$	G\$'000	US\$	G\$'000
Bank for International Settlements	3,273,330	682,489	4,003,187	834,664
Federal Reserve Bank of New York	270,563	56,412	-	-
	<b>3,543,893</b>	<b>738,901</b>	<b>4,003,187</b>	<b>834,664</b>

#### 7. Investments

Investment of the corporation are classified as available-for-sale. These investments were initially recognized at cost and then subsequently carried at fair value through other comprehensive income.

##### Available for Sale:

	2020		2019	
	US\$	G\$'000	US\$	G\$'000
US Treasury Notes	5,788,953	1,206,997	-	-
	<b>5,788,953</b>	<b>1,206,997</b>	<b>-</b>	<b>-</b>

The Treasury Notes are held with the Federal Reserve Bank of New York and rated 'AA+' by the rating Agency - Standard & Poor's.

	G\$'000
Balance as at December 31, 2019	-
Additions	1,206,574
Disposals	-
Gain or (Loss) on Fair Value	423
<b>Balance as at December 31, 2020</b>	<b><u>1,206,997</u></b>

#### Investment Maturities

	2020					
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total	G\$'000
US Treasury Notes	-	646,224	560,773	-	1,206,997	
	2019					
US Treasury Notes	-	-	-	-	-	

#### 8. Receivables

Receivables is recognized in the statement of financial position for all interest receivable on financial instruments.

#### 9. Biannual Premiums

Each member financial institution is mandated to pay regular premiums on a biannual basis of 0.25% of the average insured deposits held over the preceding assessment period. The assessment periods start on the first day of January and July of each year.

#### 10. Interest Earned

Interest earned is recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis.

	2020 G\$'000	2019 G\$'000
Interest on Investments	857	-
Interest on Deposits with Foreign Banks	5,643	664
	<b><u>6,500</u></b>	<b><u>664</u></b>

### 11. General and Administrative Expenses

The Bank of Guyana has absorbed operational expenses of the Deposit Insurance Corporation for the year. General and administrative expenses absorbed for the year ended December 31, 2020 were as follows:

	2020 G\$'000	2019 G\$'000
Director Fees	141	231
Employment Expenses	13,369	9,067
Audit Fees	814	-
Other Expenses	-	78
	<b>14,324</b>	<b>9,376</b>
	<b>14,324</b>	<b>9,376</b>

### 12. Key Management Personnel

Effective January 7, 2020, Mr. Navindra Datt Prashad replaced Mr. Jawahar Persaud to serve as an Independent Director on the Board of the corporation.

The Board of Directors of the Deposit Insurance Corporation of Guyana comprised of the following members:

Dr. Gobind Ganga	-	Chairman
Ms. Debra Roberts <sup>3</sup>	-	Representative of the Minister of Finance
Ms. Pauline Chase	-	Independent Director
Mr. O'Neil Greaves	-	Independent Director
Mr. Navindra Datt Prashad	-	Independent Director

Director fees paid for the year were as follows:

Board Member	Fees paid for the Year G\$'000
Dr. Gobind Ganga	45
Ms. Debra Roberts	-
Ms. Pauline Chase	36
Mr. O'Neil Greaves	24
Mr. Navindra Datt Prashad	36
	<b>141</b>
	<b>141</b>

<sup>3</sup> Ms. Roberts no longer serves on the Board of Directors. A new representative will be nominated.

### 13. Financial Risk Management

The Deposit Insurance Corporation is susceptible to financial risks inherent in its operation and the effective management of these risks is essential to the profitability of the corporation. The corporation's risk management framework 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 the corporation's directorate level.

The corporation is exposed to credit, market and liquidity risks arising from its holdings of financial instruments.

#### (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 corporation's investment portfolio which comprises solely of US Treasury Notes are exposed to credit risk.

The corporation manages credit risk through investment in high quality assets issued by governments, central banks or public financial institutions with long-term credit ratings of 'AA' or equivalent. There is also continuous monitoring of the global financial markets including the economic developments of countries in which investment exposures are concentrated.

The Treasury Notes held were issued by 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 holdings of investment securities and deposits with foreign banks.

The Deposit Insurance Corporation manages this risk by continuously monitoring market conditions and yields. The investment portfolio comprised solely of available-for-sale fixed-rate US Treasury Notes.



**(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 corporation's exposure to the effects of foreign exchange fluctuations arises from its holdings of foreign currency denominated assets.

The corporation 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.

	2020			
FINANCIAL ASSETS	GYD G\$'000	USD G\$'000 (Equiv.)	OTHER G\$'000	Total G\$'000
Deposits with Bank of Guyana	3,749	-	-	3,749
Foreign Banks	-	738,901	-	738,901
Investments	-	1,206,997	-	1,206,997
Interest Receivable	-	739	-	739
<b>TOTAL FINANCIAL ASSETS</b>	<b>3,749</b>	<b>1,946,637</b>	<b>-</b>	<b>1,950,386</b>
<b>FINANCIAL LIABILITIES</b>				
Bank of Guyana - Initial Contribution	500,000	-	-	500,000
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>
<b>NET POSITION</b>	<b>(496,251)</b>	<b>1,946,637</b>	<b>-</b>	<b>1,450,386</b>
<b>Impact on Net Income</b>				
+0.50%	-	9,733	-	9,733
-0.50%	-	(9,733)	-	(9,733)

2019

<b>FINANCIAL ASSETS</b>	<b>GYD G\$'000</b>	<b>USD G\$'000 (Equiv.)</b>	<b>OTHER G\$'000</b>	<b>Total G\$'000</b>
Deposits with Bank of Guyana	710,841	-	-	710,841
Foreign Banks	-	834,664	-	834,664
Investments	-	-	-	-
Interest Receivable	-	-	-	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>710,841</b>	<b>834,664</b>	<b>-</b>	<b>1,545,505</b>
<b>FINANCIAL LIABILITIES</b>				
Bank of Guyana - Initial Contribution	500,000	-	-	500,000
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>
<b>NET POSITION</b>	<b>210,841</b>	<b>834,664</b>	<b>-</b>	<b>1,045,505</b>
<b>Impact on Net Income</b>				
+0.50%	-	4,173	-	4,173
-0.50%	-	(4,173)	-	(4,173)

**(c) Liquidity Risk**

Liquidity risk is the risk that the Deposit Insurance Corporation will be unable to meet its payment obligations when they fall due or will encounter difficulty in converting its investment securities to cash at or close to its fair value. The corporation holds available-for-sale investments that can easily be sold in the securities market. Additionally, deposits are held with foreign banks which can be easily called in the event such a need arises.

The Bank of Guyana has absorbed all operational expenses of the Deposit Insurance Corporation over the last two years.