

2023

Annual Report

"Navigating Transformation"



LETTER OF TRANSMITTAL

30 June 2024

The Hon. Mia Amor Mottley
Minister of Finance and Economic Affairs,
Government Headquarters
Bay Street

Dear Honourable Minister:

In accordance with Section 15 (1) of the Deposit Insurance Act (DIA) 2006-29, I have the honour to submit to you the Annual Report of the Barbados Deposit Insurance Corporation including the Report on discharge of the Corporation's Functions in respect of the year ended December 2023; and the Auditors' reports on the Financial Statements for the period then ended.

In accordance with section 15 (2) of the DIA, we shall await the laying of the report and audited statements before parliament within six (6) weeks of receipt and thereafter immediately cause them to be published in the official gazette in fulfilment of our statutory mandate.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Rawle Knight", written over a dotted line.

Rawle Knight
Chairman



TABLE OF CONTENTS

| | |
|-----------|-----------------------------------|
| 1 | Letter Of Transmittal |
| 3 | Table Of Contents |
| 4 | Mandate And Functions Of The BDIC |
| 5 | Abbreviations |
| 6 | Glossary Of Terms |
| 7 | Deposit Insurance |
| 8 | Chairman's Message |
| 11 | Chief Executive Officer Message |
| 13 | Corporate Information |
| 16 | Board Director Profiles |
| 21 | Operating Environment |
| 29 | Financial And Statistical Summary |

MANDATE AND FUNCTIONS OF THE BDIC

The mandate of the Barbados Deposit Insurance Corporation, as stipulated by the Deposit Insurance Act 2006-29, is to:

- Administer the Deposit Insurance Act.
- Provide deposit insurance against the loss of insured deposits, not exceeding the insured limit.
- Promote standards of sound business and financial practices that contribute to financial stability.
- Minimise the exposure of the corporation to loss.

The main functions and powers of the Barbados Deposit Insurance Corporation per S 6(1) of the DIA 2006-29 are to:

- Manage the deposit insurance fund to provide deposit insurance against loss of insured deposits up to the insured limit.
- Levy contributions and premiums in relation to the fund.
- Charge any fees necessary for the administration of the DIA.
- Act as liquidator or manager of member institutions in accordance with the Act.
- Facilitate the reorganization or takeover of a member institution pursuant to the Financial Institutions Act, in the appropriate circumstances; and
- Carry out any other function which is necessary for the management of the Fund.

ABBREVIATIONS

| | |
|--|------|
| Barbados Deposit Insurance Corporation | BDIC |
| Central Bank of Barbados | CBB |
| Deposit Insurer | DI |
| Deposit Insurance Act | DIA |
| Deposit Insurance Corporation | DIC |
| Deposit Insurance Fund | DIF |
| Financial Services Commission | FSC |
| Gross Domestic Product | GDP |
| International Monetary Fund | IMF |
| Ministry of Finance | MOF |
| Minister of Finance | MoF |

GLOSSARY OF TERMS

Coverage limit or Insured limit

The maximum payment the BDIC can make to depositors in respect of a deposit, or a deposit category as prescribed under the Deposit Insurance Act.

Deposit

Defined by the DIA as "the unpaid balance of the aggregate of money or its equivalent received or held by a member institution from or on behalf of a person in the usual course of its deposit-taking business, including interest.

Deposit Insurance Act (DIA)

The Act of Parliament establishing the BDIC and setting out its powers and functions.

Deposit Insurance Fund (DIF)

The fund established under the Deposit Insurance Act on behalf of depositors. It ordinarily comprises the net cumulative reinvested assets derived from premiums collected from Member Institutions, other injections such as capital contributions, and income on invested assets, less amounts expended to administer the Fund, including payments to depositors, from time to time.

Deposit Insurance Fund Ratio

The DIF expressed as a percentage of the Total Insured Deposits.

Deposit Insurance Premium

The amount levied on Member Institutions for injection into the DIF in accordance with the requirements of the DIA.

Depositor

A person, entitled or potentially entitled, to a deposit or portion of a deposit whether made by him or not.

Insurable Deposits

Unpaid balances held at member institution for or on behalf of depositors excluding certain ineligible items stipulated in S30(2) of the DIA

Insured Deposit

That portion of insurable deposits that is within the coverage limit prescribed under the Deposit Insurance Act.

Member Institutions

Financial institutions licensed under the Financial Institutions Act, which are permitted to accept in the course of business, deposits that are insurable under this Act.

Premium Assessment Rate

Rate prescribed by the Minister of Finance after consultation with the Corporation to determine deposit insurance premium to be levied on deposits of Member Institutions.

Resolution

A plan for liquidating, disposal and/or management of assets of an Institution with a view to resolving its obligations to depositors, creditors, and other stakeholders in an orderly and efficient manner.

|| UNDERSTANDING DEPOSIT INSURANCE

What is covered?

Under the Barbados deposit insurance Act, deposits held at member institutions are covered. Depositors are guaranteed protection of their deposits up to the maximum insured limit.

What is the insured limit?

The current insured limit is \$25,000 per depositor or category of depositor per institution. Joint accounts and Trust Accounts are treated as separate deposit categories.

What is not covered?

In accordance with the Barbados Deposit Insurance Act, 2006-29, subsection 30(2), deposit insurance coverage does not apply to foreign currency deposits, letters of credit, standby letters of credit or instruments of a similar nature. Interbank deposits and deposits from affiliates are also not eligible for coverage under the Act.



CHAIRMAN'S MESSAGE

The past year has been a defining and transformative period for the Barbados Deposit Insurance Corporation. I am pleased to report that we have made significant strides in our journey of strategic reform. We closed the year firmly on track, successfully navigating the necessary transformational processes. These efforts have strengthened our Corporation and enhanced our ability to deliver on our mission and positively contribute to the financial safety net.

I am therefore delighted to present this annual report under the theme "Navigating Transformation." This theme encapsulates the main activities and focus of the Board during 2023, as we bravely and determinedly undertook the challenge of reinforcing the BDIC as a strategic partner and proponent of financial stability and protection of depositors.

Financial Overview

Financially, our corporation has delivered strong positive results, with a noteworthy year-on-year increased interest income revenue position, primarily attributed to our revamped investment initiatives implemented in conformity with the transformation and reform focus of the organization. I am therefore exceedingly pleased

to present a year-end increased profit position of six hundred and eighty-seven thousand dollars (\$687K), which reflects a year-on-year increase of over seven and a half percent (7.5%). Additionally, the Corporation closed the financial year with an eleven percent (11%) increase in total assets, indicative of a strengthened Balance Sheet position, with notable growth in investment securities and the deposit insurance fund.

Governance Overview

The Board's dedication to our transformation mission has been exemplary, as evidenced by the increased number of meetings convened during the year and directors' dedication to making the time to attend. This achievement underscores our commitment to successfully navigating the change process and achieving our strategic objectives.

One of the pivotal milestones of the year was the recruitment and onboarding of a new Chief Executive Officer (CEO), who has infused the Corporation with a fresh perspective and energy. Under the leadership of our CEO, we have made considerable progress in advancing our strategic initiatives. A particularly noteworthy achievement has been the successful sourcing and engagement of a team of experienced external advisors to

assist with the strategic reform process. The extensive international expertise and wide scope of experience that this team brings to the table will be instrumental in supporting the Corporation on the journey ahead for the next two (2) years. This collaboration is critical in shaping the future direction of our Deposit Insurance Corporation and ensuring that we effectively achieve our long-term goals and financial stability mandate.

Members/Stakeholder Overview

The number of deposit-taking organizations covered under the Deposit Insurance Act 2006-29 remained at ten (10) during the past year. However, one new member from the last financial year, Sagicor Bank (Barbados) Limited, completed their first full year of operations and paid initial premium contributions in accordance with S22(1) of the DIA. We take this opportunity to also welcome and congratulate them on the achievement of their first anniversary of operations.

It has also been encouraging and reassuring to note, from the 2023 Economic Review presented by the Central Bank, that the deposit-taking participants in the financial sector, have competently navigated the economic and other transformation challenges they faced in 2023. Despite a slight slowdown in deposit growth for the sector, liquidity positions remained high. Overall, the sector reported improvements in all major financial soundness indicators, including capital adequacy ratios and profitability.

Navigating through transition

In February 2023, we bid farewell to retired Governor Cleviston Haynes, who represented the Central Bank on our Board since 2007. Governor Haynes was a dedicated and committed supporter of the BDIC from its inception and played a pivotal role in charting the corporation's journey through the years.

In September 2023, Director James Payne, who served as Deputy Chairman from 2008, also demitted office via resignation issued to the MoF in accordance with paragraph 4 (1) of the Schedule to the Deposit Insurance Act 2006-29." Deputy Chairman Payne was a dedicated and committed

supporter of the BDIC, who contributed tirelessly and diligently to the organization's missions and goals during his tenure.

On behalf of the entire Board, I take this opportunity to express our deep gratitude to both esteemed individuals who have been instrumental in charting the Corporation's course and shaping its journey to date. Their wisdom, insight, and dedication have guided our organization's growth and development, and the collective impact of their contributions resonates throughout the Corporation. Their legacies will continue to inspire us as we navigate the path ahead, and they will always hold a special place in the BDIC's history.

Amidst the transition and transformation experiences, we also welcomed our newest board member, Governor Dr. Kevin Greenidge who succeeded Director Haynes as Governor of the Central Bank in March 2023. Governor Greenidge, a distinguished economist, brings a wealth of experience and expertise in the fields of economics, finance, and public policy to the board and we warmly welcome him to the table. We look forward to fully benefiting from his insights and contributions as we continue to pursue our strategic objectives along this journey of growth and reform.

Outlook for 2024 - Transformation continues.

Continued economic recovery is projected for Barbados in 2024, and the Board's focus for the year ahead will be to work the reform and transformation plan and implement all major initiatives with the support of the external advisors. Our vision is to build a strategically strengthened organization with a team of competent deposit insurance experts who will position the corporation for unmatched success and sustainable growth in the years ahead.

As part of our current engagement with the team of external deposit insurance advisors, we have begun measures to strengthen our operational and resource capacities. We are committed to addressing the key issues and closing the gaps in 2024. We have also agreed to undertake

various initiatives, including increased member outreach and public communication, buttressed by a complete review of the legislation that governs our sector. We anticipate completing all these within the next twelve to twenty-four months.

I am pleased to also report that in alignment with our safety net and financial stability mandate, the Corporation substantially advanced discussions to extend deposit insurance protection to credit union members during the year. We remain optimistic that, under the guidance and support of our advisors, we will continue to positively navigate this mission.

Conclusion

Navigating transformation in 2023 was challenging yet rewarding in many ways. As a relatively new board, working with very limited resources, the financial and operational results achieved cannot be underappreciated.

I am deeply grateful for my fellow Board members and our dedicated staff at the Deposit

Insurance Corporation for their unwavering support and commitment to our organization's mission. Without your support and hard work none of these results would have been possible.

We have a tall order of tasks and assignments to be completed ahead but I have every confidence that this team is up for the challenge and will deliver and I am optimistic about the year to come.

The groundwork already laid through our engagements and ongoing initiatives, positions us well for continued progress and impact. With the dedication of our team and the support of our stakeholders, I am confident that the Corporation will achieve new heights in the year ahead and I thank all of you for your continued trust and partnership.



Rawle Knight
Chairman



CHIEF EXECUTIVE OFFICER MESSAGE

Dear Stakeholders,

As we reflect on the year 2023, it is my hope that we can agree from the results presented, that Barbados Deposit Insurance Corporation has made distinctively measurable progress navigating through a year of determined transformation. This year has been characterized by strategic growth, and a steadfast commitment to our mission of safeguarding the deposits of our members.

Financial Performance:

As at year end December 2023, our financial position remains robust, with total assets increasing to BBD 98.86 million from BBD 88.91 million in 2022. This growth was driven primarily by a BBD 13.16 million increase in our investment securities, which reached BBD 75.27 million, up from BBD 62.11 million the previous year.

We reported a total comprehensive income of BBD 9.77 million, which is BBD 687K above the BBD 9.08 million reported in 2022. This performance is underpinned by prudent management and strategic investment decisions, which also led to an increase in our Deposit Insurance Fund to BBD 97.66 million from BBD 87.88 at end of the last financial year.

Revenue Streams:

Our regular income sources remained strong and stable. Annual premiums revenue amounted to BBD 5.55 million, supplemented by initial and central bank contributions totaling BBD 210K. Interest earned from investments contributed an additional BBD 4.69 million, underscoring the value and effectiveness of our investment strategy.

Cost Management:

Operational efficiency was a key focus this year. Given the expected increase in general and administrative expenses applicable to increased personnel cost, our commitment to cost control ensured that overall expenses were effectively managed and contained, thus maintaining exposure at a minimal portion of our total income.

Strategic Initiatives:

Throughout 2023, we focused our attention on key strategic initiatives aimed at enhancing our operational resilience and delivery of our mandate. We completed an in-house review of the DIA and an in-house self-assessment of compliance with the core principles for deposit insurance readiness. Based on the gaps identified, the need for external

support to assist with achieving the desired outcome for the organization was agreed at the board level and thereafter, deliberate research and investigation to secure that assistance was pursued.

The strategic resourcing of technical support to enhance our expertise in critical areas was one of our pivotal accomplishments for the year. This investment in knowledge has empowered us with access to a wide cross section of resources and tools needed to make informed decisions and drive effective change.

At the end of 2023, having secured the services of this experienced team of deposit insurance technical advisors the focus in quarter four was on building the proposed workplan with agreed priorities to kick off 2024 on track. The completed proposed work plan was reviewed and approved by the Board at the meeting of December 2023.

Key deliverables for 2024 include: the corporation's two-year strategic plan; a revised organization structure with resourcing and recruitment of key personnel; revision of the DIA with amendments to facilitate onboarding of credit unions and various other medium to long-term objectives.

Looking Ahead:

As we advance into 2024, we are poised to leverage the lessons learned and the momentum gained to further strengthen our financial stability and operational efficiency.

The plan is to remain committed to expanding our coverage, enhancing our risk management frameworks, and ensuring the continued protection of depositors' funds. We are confident that with these strategic initiatives and a robust financial foundation, we will continue to deliver value to our stakeholders.

I am grateful for the support and continued partnership of our board and stakeholders, and the opportunities that lie ahead. Together, we are navigating transformation with purpose and determination.

A handwritten signature in blue ink, appearing to read 'C. Eleuthere-Jn Marie', written over a horizontal dotted line.

Carole Eleuthere-Jn Marie
Chief Executive Officer

CORPORATE INFORMATION

The Barbados Deposit Insurance Corporation (BDIC) was established on June 8, 2007, by an Act of Parliament – Deposit Insurance Act 2006-29 (DIA). The BDIC provides insurance for domestic deposits, up to a prescribed limit, at member institutions (currently licensed under the Financial Institutions Act (FIA), Cap. 324A). The prescribed limit is currently \$25,000 and is distributed on a per-bank, per-depositor basis.

BOARD OF DIRECTORS

Section 4 (1) of the Deposit Insurance Act 2006-29 provides for the establishment of a Board of Directors which shall be responsible for the policy direction and general administration of the Corporation.

As per the Schedule to Section 4(1), the Board is appointed for a minimum of three (3) years and comprises seven (7) members including one Chairman, one Deputy Chairman and one other independent member, all of whom are appointed by the Minister of Finance.

The other members of the Board are ex-officio directors, namely: The Governor of the Central Bank of Barbados, the Director of Bank Supervision Department of the Central Bank of Barbados, a representative of the Ministry of Finance and the Chief Executive Officer of the Corporation.



MEMBER INSTITUTIONS

Sections 18 and 19 of the DIA 2006-29 provides that every financial institution licensed under the financial institutions Act which is permitted to accept in course of its business, deposits that are insurable under this Act shall be deemed to be members of the Fund immediately after its license has been granted.

In conformity with S 19(1), the member institutions of the BDIC as of December 31, 2023 comprised the following:

ANSA MERCHANT BANK (BARBADOS) LIMITED

CAPITA FINANCIAL SERVICES INC.

CIBC FIRSTCARIBBEAN INTERNATIONAL BANK (BARBADOS) LIMITED

FIRST CITIZENS BANK (BARBADOS) LIMITED

RBC ROYAL BANK (BARBADOS) LIMITED

REPUBLIC BANK (BARBADOS) LIMITED

RF MERCHANT BANK (BARBADOS) LIMITED

SAGICOR BANK (BARBADOS) LIMITED

SCOTIABANK (BARBADOS) LIMITED

SIGNIAGLOBE FINANCIAL GROUP INC.

MEMBER INSTITUTIONS PROFILE

The profiles of the ten (10) member institutions as of December 31, 2023, are as per below:

Commercial Banks (Part II companies)

1. CIBC FirstCaribbean International Bank (Barbados) Ltd.
2. First Citizens Bank (Barbados) Limited
3. RBC Royal Bank (Barbados) Limited
4. Republic Bank (Barbados) Limited
5. Scotiabank (Barbados) Limited
6. Sagicor Bank (Barbados) Limited

Non-Bank Deposit-Taking Institutions (Part III companies)

1. Capita Financial Services Inc.
2. Ansa Merchant Bank & Trust (Barbados) Limited
3. RF Merchant Bank & Trust (Barbados) Limited
4. SigniaGlobe Financial Group Inc.

Deposit Insurance Fund Member Profile – Last 3 years.

| | 2023 | 2022 | 2021 |
|--|-----------|-----------|-----------|
| Commercial Banks (Part II Companies) | 6 | 6 | 5 |
| Domestic Trust and Finance Companies (Part III companies) | 4 | 4 | 6 |
| Total number of Member Institutions | 10 | 10 | 11 |

AUDITORS

Steven R. Payne & Co.

BANKERS

Central Bank of Barbados

CORPORATE ADDRESS

Barbados Deposit Insurance Corporation
5th Floor, Tom Adams Financial Centre,
Spry Street, Bridgetown.





Rawle Knight
Chief Operating Officer



James M. Payne, CA
Deputy Chairman 2008 to 2023
(Demitted office September 2023).

BOARD DIRECTOR PROFILES

Mr. Rawle Knight was appointed Chairman of the Barbados Deposit Insurance Corporation (BDIC) effective, September 2022. He is the current Chief Operating Officer at the Insurance Corporation of Barbados Limited (ICBL).

Mr. Knight has a distinguished career in the Insurance Industry spanning twenty years. He has delivered proven leadership in several areas of the insurance business sector, including claims, customer service, risk management and company Operations. He is well-respected for his decisive management style, strategic planning abilities and forward-thinking mindset.

A former Police Officer for eleven years, before entering the Insurance Industry, he holds a Bachelor of Science (BSc) in Economics and Accounting from the University of the West Indies (UWI) Cave Hill Campus and a Master of Science (MSc) in Risk Management from the University of Southampton, United Kingdom (UK). Rawle is married and has four children. He enjoys gardening, and all aspects of sports, particularly basketball, football, and cricket.



Mr. James Payne was first appointed to the Board of the BDIC in 2008 and brought to the board many years of executive level experience in accounting and finance. A career accountant with several years of service with Government and the Private Sector, Mr. Payne's professional experience in accounting, finance and tax advisory services covered a variety of clients as a Partner in a major international accounting firm for over two decades. Mr. Payne is a member of the Institute of Chartered Accountants in Ontario Canada and a past President and Council member of the Institute of Chartered Accountants of Barbados. He is a graduate of the University of the West Indies (UWI) and the University of Windsor, Canada.

Mr. Payne demitted his board position in September 2023.



Cleviston Haynes
Director 2008 to 2023
(Retired and demitted office in
February 2023).

Mr. Cleviston Haynes a career Central banker with over forty years of service to the sector, was an ex-officio director of the corporation from its inception in 2007. He is a graduate of the University of the West Indies and the University of Western Ontario.

Mr. Cleviston Haynes joined the Central Bank in 1980 as an Economist and served the Bank in several capacities, including Chief Economist, Adviser to the Governor, Director Bank Supervision Department and Deputy Governor before assuming the role of Governor. He also previously served on the board of the Barbados Stock Exchange and was a member of the Anti-Money Laundering Authority of Barbados. From 1987-1989, he served as Technical Assistant to the Executive Director for Canada, Ireland, and the Caribbean on the Executive Board of the International Monetary Fund (IMF).

Mr. Haynes retired from the Central Bank of Barbados and as director of the BDIC in February 2023.



Raoul Williams, CPA, MBA
Director & Audit Committee Chairman

Mr. Raoul Williams was appointed an independent director on the board of the BDIC, in September 2022 and was appointed chairman of the Audit Committee. He currently holds the position of Vice President, Life Insurance Administration at Sagicor Life Inc (Southern Caribbean) Barbados, Trinidad, Eastern Caribbean, Dutch Caribbean, and Belize. He sits on the Management Board of Sagicor Life Aruba and has spent most of his career in Finance and Administration.

A Certified Professional Accountant (CPA) and member of the Certified Professional Accountants Association of British Columbia and the Institute of Chartered Accountants of Barbados (ICAB); Mr Williams also holds an MBA (Dist.) in Administration from the University of the West Indies, Cave Hill Campus. Mr. Williams was born in England and is a Citizen of Barbados. He is married and has two children.

Positions Held at Sagicor Life Inc.

| | |
|--|----------------|
| Vice President - Life Insurance Administration | 2012 - Present |
| Assistant Vice President - Finance | 2003 - 2012 |
| Manager - Regulatory Reporting | 1992 - 2002 |



Mrs. Nancy Headley
Director (ex-officio)

Mrs. Nancy Headley has been an ex-officio director of the corporation since 2013. She is a qualified accountant and career public servant; she is currently a Permanent Secretary in the Ministry of Finance and Economic Affairs.

Mrs. Headley has worked in the Public Service for over twenty-five (25) years and has been with the Ministry of Finance for more than sixteen (16) years, first in the capacity of Chief Budget Analyst and then as Deputy Permanent Secretary with direct responsibility for the Budget Section and the Debt Unit.

She holds a Master's degree in Economics and Finance from the University of Lancaster and is a Fellow of the Association of Chartered Certified Accountants (FCCA).



Dr. Kevin Greenidge
Director (ex-officio) –
assumed role March 1, 2023.

Dr. Kevin Greenidge is the Governor of the Central Bank of Barbados, a position he took up from March 1, 2023.

Before assuming the role of Governor, Dr. Greenidge was a Senior Economist at the International Monetary Fund (IMF), a position he held from 2011. Between 2018 and 2022, he took a leave of absence to act as Senior Economic Advisor to the Government of Barbados, where he was instrumental in the design and implementation of the Barbados Economic Recovery and Transformation (BERT) programme.

He also previously spent 17 years at the Central Bank of Barbados, where he rose through the ranks to become the Bank's Director of Research and Economic Analysis Department (READ) from 2009 until 2011. As Director of READ, Dr. Greenidge developed and managed the framework for providing sound economic intelligence and policy advice to senior management and the public, to enhance

understanding of the workings of the Barbados economy.

Dr Greenidge's more than 25-year career spans economics, finance, and public policy. He co-edited two books, *Aspects of Financial Liberalisation and Capital Market Development in the Caribbean* (2008) and *Proceedings of the Conference on "Corporate Governance in the Financial Sector"* (2003), and has published over 200 papers in regional and international journals on a range of topics, including the measurement of financial liberalisation and the challenges of policymakers in small developing countries, issues of exchange rate misalignment in the Caribbean, cross country monetary effects, and growth and convergence in the Caribbean.

His current research focus is on growth and debt dynamics in small island economies, the macroeconomic effects of governance and corruption, and on fiscal multipliers and growth. Dr. Greenidge is also a member of the International Atlantic Economic Society, the Western Economic Association, and a Fellow of the Cambridge Commonwealth Society. He is also a referee for a number of journals.

Dr. Greenidge holds a B.Sc. in Economics with first class honours from the University of the West Indies, a Masters in Economics from the University of Cambridge in the UK, and a Ph.D. from the University of Nottingham, also in the UK. He also holds an associate degree in Business Management from Columbia University.



Cheryl Greenidge
Director (ex-officio)

Mrs. Cheryl Greenidge has been an ex-officio director since June 2018. She is the current Director Bank Supervision at the Central Bank of Barbados (CBB).

Mrs. Greenidge is a career central banker. She has held senior positions in the Banking & Currency Department and the International Financial Services Inspection Unit of the CBB.

Mrs. Greenidge was a member of the Bank's Task Force formed in response to initiatives by the Financial Stability Board, Organization for Economic Co-operation and Development and the Financial Action Task Force. She represents the Bank at various regional and international fora, including the Caribbean Group of Banking Supervisors and the Association of Banking Supervisors for the Americas.

Mrs. Greenidge is the national AML/CFT Coordinator and played a leading role in Barbados being delisted by the Financial Action Task Force in February 2024; and achieving five (5) technical compliance ratings upgrades from the Caribbean Financial Action Task Force in June 2024. She serves on the Anti-Money Laundering Authority and represents Barbados on the Steering Group of the Caribbean Financial Action Task Force (CFATF) and several

of its Working Groups. She is a trained CFATF Financial Expert and a graduate of the University of the West Indies. She holds an M.B.A in Finance from the University of Manchester.



Mrs. Carole Eleuthere-Jn Marie, was appointed ex-officio director in February 2023, upon joining the BDIC team in the role of Chief Executive Officer.

A career banker and finance executive with over 35 years of senior management experience in banking, finance, and investments, Mrs. Eleuthere-Jn Marie has held senior executive roles in major sectors of the financial service industry.

She is a qualified accountant, certified banker, licensed investment broker and financial advisor with a BSc. Honors Degree in Accounting from UWI Cave Hill and a fellow of the Association of Certified Chartered Accountants (ACCA). She has also functioned as a licensed principal, investment advisor and broker on the Eastern Caribbean securities Exchange.

Mrs. Eleuthere-Jn Marie has been a pioneering "first female" in several key roles throughout her career and professional journey and brings to the BDIC her diverse expertise and wealth of knowledge required to efficiently propel the strategic direction of the Corporation.



Carole Eleuthere-Jn Marie
Director (ex-officio) / CEO

OPERATING ENVIRONMENT

MACRO-ECONOMIC ENVIRONMENT

The 2023 Economic Review provided by the Central Bank of Barbados conveys that the past two years have shown remarkable resilience in the Barbados economy, with promising signs for 2024 and beyond. Despite the challenges of the global pandemic, the economy has rebounded and grown beyond its pre-COVID size, both in total value and actual purchasing power. Looking ahead, steady growth of around 4 percent is being projected for 2024 with continued growth prospects driven by ongoing investments from both the public and private sectors.

Table 1
Macro-Economic Indicators

| | 2019 | 2020 | 2021 ^P | 2022 ^E | 2023 ^E |
|--|---------|---------|-------------------|-------------------|-------------------|
| Real GDP Growth (%) | 0.3 | (12.7) | (1.3) | 13.8 | 4.4 |
| Inflation Rate- 12 mth moving average-Oct 2023 (%) | 1.7 | 0.5 | 1.6 | 4.9 | 5.2 |
| Unemployment (End-of-period-Sept 2023) % | 8.9 1 | 3.6 | 10.9 | 7.2 | 8.3 |
| Gross Public Sector Debt/GDP (%) | 116.4 | 134.1 | 135.1 | 120.3 | 115.5 |
| Gross International Reserves (BDS \$Million) | 1,481.0 | 2,660.7 | 3,058.8 | 2,770.3 | 2,997.4 |
| Gross International Reserves Cover (Weeks) | 18.6 | 40.7 | 40.6 | 29.2 | 31.6 |
| | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| Fiscal Balance (% of GDP) | (0.3) | 3.5 | (4.8) | (4.7) | (2.0) |

Source: The Central Bank of Barbados' Review of Economic Performance: January to December 2023

^E - Estimate

^P - Provisional

Financial Sector Review

The Central Bank 2023 Economic review reports improved results for all major financial soundness indicators from the financial services sector. In 2023, the sector recorded positive results, reflective of the year's economic growth. There were signs of uptake in business activity, leading to a modest increase in loans and better credit quality. Banks reported growth in profits, which strengthened their financial stability, while the non-bank financial sector recorded profitability and capital adequacy ratios on par with the previous year. Generally, the financial sector remained highly liquid, despite a small dip in liquidity towards the end of the year.

Table 2
Banking System Financial Stability Indicators

| | 2019 | 2020 | 2021 | 2022 | 2023 ^P |
|-------------------------------------|------|------|------|------|-------------------|
| Capital Adequacy Ratio (CAR) | 13.5 | 16.0 | 16.8 | 17.6 | 20.4 |
| Loan-to-Deposit Ratio | 61.7 | 57.1 | 53.0 | 53.1 | 54.3 |
| Liquid Assets to Total Assets | 26.0 | 27.5 | 31.1 | 32.0 | 30.4 |
| Non-Performing Loans Ratio | 6.6 | 7.3 | 7.3 | 5.9 | 5.0 |
| Provisions to Non-Performing Loans | 59.4 | 62.0 | 60.3 | 50.8 | 50.3 |
| Return on Average Assets (12-month) | 0.6 | 0.8 | 1.1 | 1.3 | 2.0 |

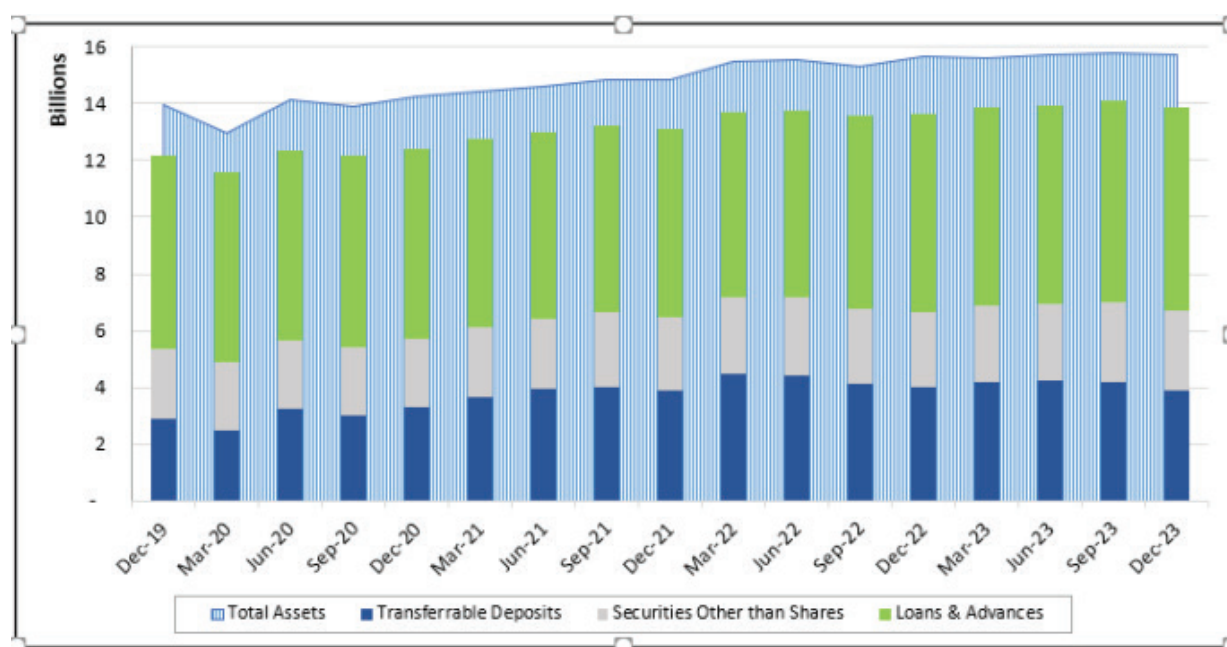
Source: Central Bank of Barbados' Review of Economic Performance: January to December 2023

^P - Provisional

Asset Composition and Growth

Total assets in the deposit-taking sector grew by \$188.65 million (1.2%) year-on-year, to reach \$15.74 billion at December 2023. Loans & advances; transferable deposits; and securities other than shares, were the three largest asset classes and accounted for 88.2% of total assets. Total Loans & advances stood at \$7.16 billion, increasing by \$173.32 million (2.5%) year-on-year. The increase in total loans and advances relative to total assets resulted in a loans-to-assets ratio of 45.5%, which is a 0.06 percentage point increase year-on-year. Transferable deposits stood at \$3.90 billion, falling by \$107.30 million (2.7%) year-on-year. Securities (other than shares), increased by \$153.12 million (5.8%) year-on-year, to \$2.82 billion at December 2023 (Table 3).

Figure 1
Total Major Asset Composition for Deposit Taking Sector

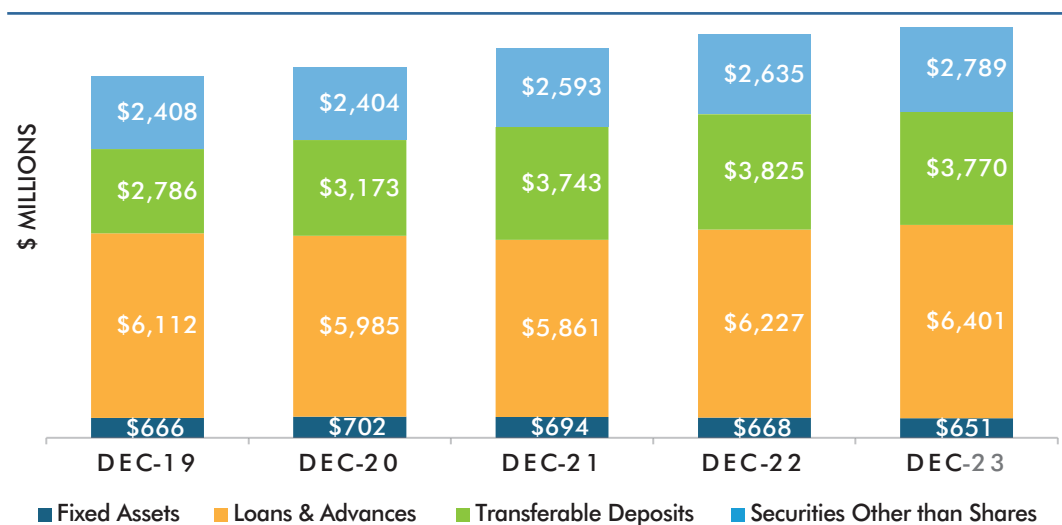


Source: Central Bank of Barbados

Commercial Banking Sector - Asset & Growth

At a level of \$14.70 billion, Commercial Bank assets accounted for 93.4% of total deposit taking sector’s assets at December 2023 and represents an increase of \$237.89 million (1.6%) year-on-year. That expansion primarily resulted from increases in loans and advances. Additionally, the sector’s total asset growth was further supported by year-on-year increases in securities other than shares and transferable deposits.

FIGURE 2
 MAJOR COMMERCIAL BANK ASSETS

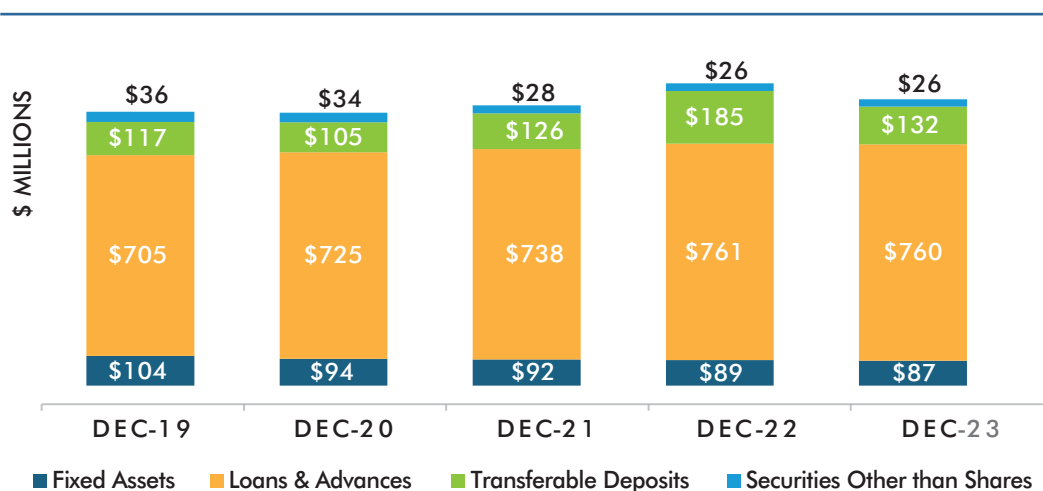


Source: Central Bank of Barbados

Non-Bank sector – Asset & Growth

The non-bank sector closed the year with \$1.04 billion in total assets. This represented a total sector year-on-year decline of \$49.24 million (4.5%) at December 2023.

FIGURE 3
 MAJOR NON-BANK ASSETS



Source: Central Bank of Barbados

Asset Quality - Deposit taking sector

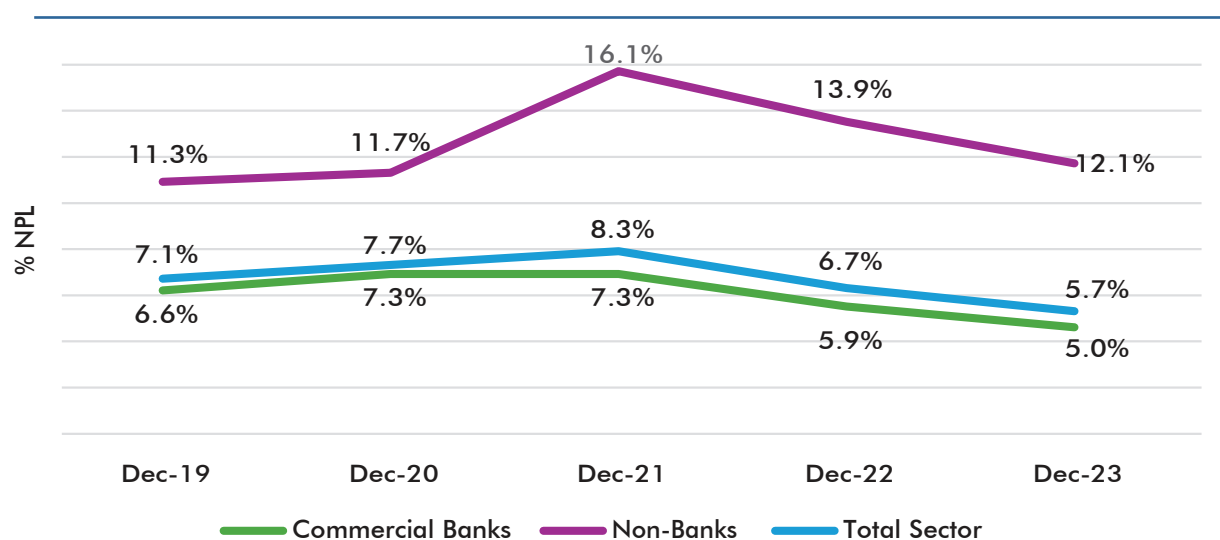
Gross classified debt of the deposit taking sector decreased by \$61.28 million (13.0%) year-on-year to close at \$409.26 million from \$470.54 in the prior year. Resultantly, the aggregate non-performing loan (NPL) ratio for the deposit-taking sector at December 2023, was 5.7%, reflecting a 1.0 percentage point decrease year-on-year.

Gross classified debt in the commercial banking sector decreased \$47.24 million (13.0%) year-on-year, to reach \$317.20 million at December 2023. The impact from these reductions reflected improved results with positive year-on-year performance by the commercial banking sector.

The NPL ratio for the non-bank deposit taking sector decreased by 1.8 percentage point year-on-year to close December 2023 at 12.1%. The sector's gross classified debt fell \$14.04 million (13.2%) year-on-year to reach \$92.1 million at December 2023.

The reported decreases in gross classified debt in conjunction with the simultaneous increases in loans and advances, is an indication of ongoing enhancements in asset quality across the deposit taking sector.

FIGURE 4
Trend in NPL ratios



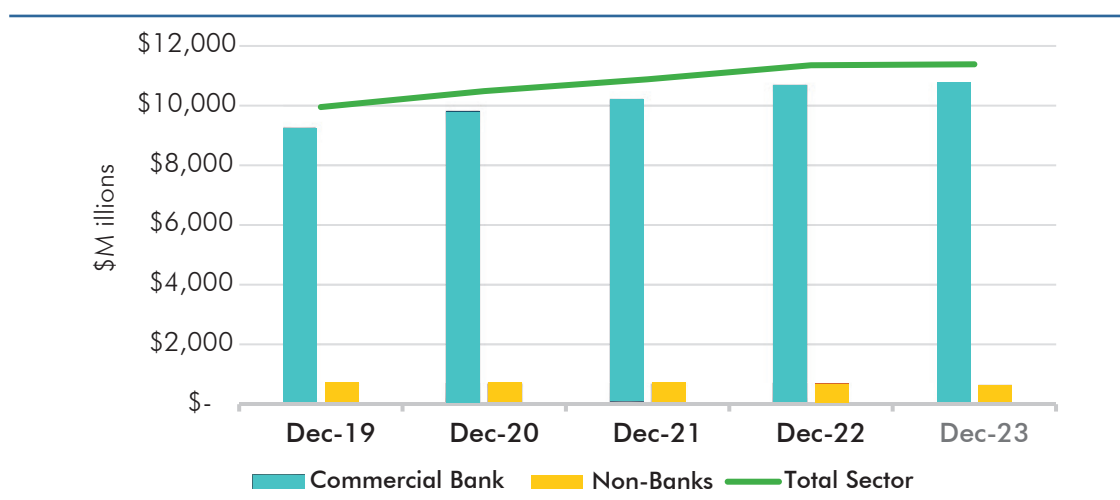
Source: Central Bank of Barbados

Deposit Base & Liquidity

The deposit taking sector's overall deposit base contracted marginally (0.08%) at the December 2023 quarter-on-quarter but remained stable at 0.01 percentage point increase (\$1.58 million), year-on-year to close at \$12.43 billion.

Domestic deposits reflected a similar trend, decreasing \$33.34 million (0.3%) quarter-on-quarter but increased by \$26.58 million (0.2%) year-on-year to reach \$11.38 billion at December 2023 (Figure 5).

FIGURE 5
DOMESTIC DEPOSIT GROWTH TREND



Source: Central Bank of Barbados

At December 2023, total liquid assets of the deposit taking sector stood at \$4.38 billion with short-term liabilities totally \$9.56 billion. Liquid assets recorded a decline of \$113.71 million (2.5%) year-on-year whilst short-term liabilities recorded an increase of \$128.9 million (1.3%) for the same period. Consequently, the ratio of liquid assets to short-term liabilities for the deposit taking sector at December 2023 stood at 45.8%.

Profitability

Aggregate net income for the deposit taking sector was \$270.01 million at December 2023, marking a \$72.86 million (37.0%) increase over the prior year 2022. The increased net income result was mainly driven by expansion of interest income on deposit balances which recorded a year-on-year increased position of \$20.47 million (291.2%).

A concurrent decrease in non-interest expenses for the sector also aided to bolster profitability with an overall reduction in provisions for bad and doubtful debts amounting to \$51.08 million (95.7%) year on year. The ongoing reduction in levels of provisioning required for credit exposures in the sector has been attributed to improvements and optimistic outlook of the economy which has impacted credit loss models and the applicable provisions required.

Pre-tax profits for the deposit taking sector accordingly reported a \$38.51 million increase, to close December 2023 at \$287.07 million compared to \$248.56 million in the previous year.

Capital Adequacy

Year-on-Year capital levels in the deposit taking sector at December 2023, grew by \$130.20 million (7.4%) while risk-weighted assets increased by \$77.64 million (1.4%). The sum of Tier 1 and Tier 2 capital totalled \$1.46 billion, of which Tier 1 capital made up 96.4%. Total risk-weighted assets stood at \$5.56 billion, with 81.1% consisting of assets risk-weighted for credit risk, thus reflecting the major risk to the sector.

Average Capital Adequacy ratio (CAR) for the commercial banking sector was 27.0% at December 2023 and 21.4% for the non-bank sector for the same period. These results reflect

a growth in CAR of 3.60 percentage points and 1.0 percentage points for the commercial banking and non-bank sector respectively. Capital in both sectors remains of a high quality and well above regulatory requirements.

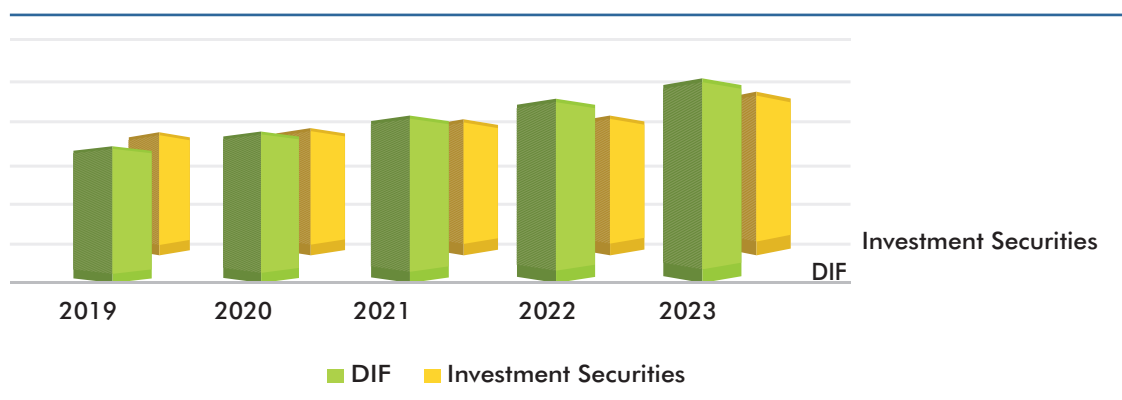
DEPOSIT INSURANCE FUND

Pursuant to Section 24 subsections (1) and (3) of the Deposit Insurance Act 2006-29, every member institution shall pay a given percentage of their deposit balances as insurance premiums, one half of which is payable on or before the 15th of February each year and the balance on or before July 15th of the same year.

Additionally, per section 22(1)(b) new member institutions, shall also pay an initial contribution based on a percentage of the insurable deposits held during the first 12 months of operation. Per S23(1), the member contribution payable under S22(1)(b) is matched by the Central Bank and paid into the deposit insurance fund.

There were no claims on the Fund during the year. Total fund assets reflect positive growth trends from premium income boosted by interest and related investment income.

Figure 6
DIF & Investment Securities Trend



TOTAL SECTOR INSURABLE DEPOSITS

Part 111 Section 30(1) of the DIA provides that the Corporation shall insure deposits held by members and payable in Barbados currency to an amount not exceeding the insured limit. The current insured limit is BBD\$25, 000 and is applicable per depositor, per institution.

Deposits excluded from insurance per subsection S30(2) are foreign currency deposits, letters of credit, stand-by letters of credit or instruments of similar nature, inter-bank deposits and deposits from an affiliate.

Total insurable deposits held by member institutions at December 2023 is \$11.3 billion and represented a \$98.0 million increase over 2022 (Table 3). As part of the current BDIC reform and strengthening of operational process being conducted, the corporation will be undertaking a deposit

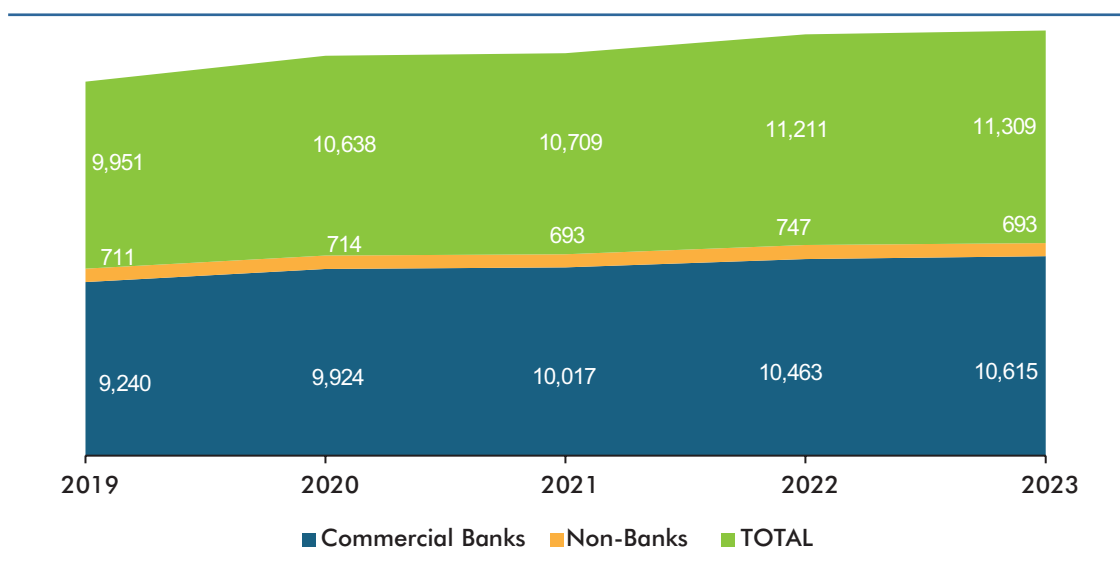
distribution survey in 2024 to comprehensively assess the level of depositors and deposits covered by the current limit. The availability of this level of statistical data will strengthen the BDIC's ability to assess the adequacy of the current coverage limit and the deposit fund level.

Table 3
Total Insurable Deposits (\$' millions) - December 31st

| Sector | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------|--------------|---------------|---------------|---------------|---------------|
| Commercial Banks | 9,240 | 9,924 | 10,017 | 10,463 | 10,615 |
| Non-Banks | 711 | 714 | 693 | 747 | 693 |
| TOTAL | 9,951 | 10,638 | 10,709 | 11,211 | 11,309 |

93.9% of total insurable deposits is held within the commercial banking sector with deposits amounting to \$10.6 billion in 2023, up from \$10.5 billion in 2022. Insurable deposits in the non-bank sector recorded a 7.2% reduction at December 2023, closing at \$693 million as compared to \$747 million in the prior year.

Figure 7
Sector Insurable Deposits Trend \$'000

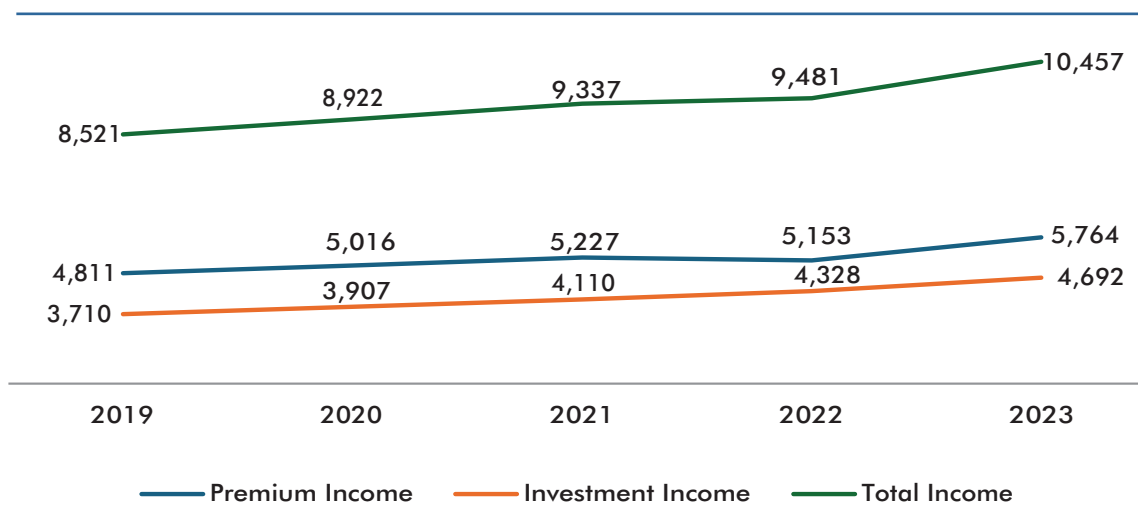


BDIC 5-YEAR INCOME REVIEW

The BDIC’s main source of income is premium revenue based on the eligible deposits base at member institutions. For the year ended December 2023, premium income recorded a \$611K increase and included initial contribution of \$210K from onboarding of one new commercial bank member.

Investment income increased 8.4% year on year to close at \$4.7M. The BDIC maintains a conservative investment policy which is aligned to the directive stipulated in section 5(1)(c) of the DIA to achieve the objects of the Act in such a manner as will minimize the exposure of the Corporation to loss.

Figure 8
BDIC 5 YEARS INCOME TREND





CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023
(Expressed in Barbados dollars)

Steven R. Payne & Co.
Chartered Accountants

Independent Auditors' Report

To the Directors of Barbados Deposit Insurance Corporation

Opinion

We have audited the consolidated financial statements of **Barbados Deposit Insurance Corporation**, which comprise the Consolidated Statement of Financial Position as at December 31, 2023, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Statement of Deposit Insurance Fund for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the **Auditors' Responsibilities for the Audit of the Financial Statements** section of our report. We are independent of the Corporation in accordance with ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS for SMEs and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

A further description of the Auditors' responsibilities for the audit of the financial statements is located at the Institute of Chartered Accountants of Barbados' website at:

https://www.icab.bb/ICAB_Public/Resource_Library/Technical_and_Professional_Matters/Auditing/03_2016_illustrations_of_Auditors_Reports.aspx.

This description forms part of our auditor's report.

Other Matters

This report is made solely to the Directors of Barbados Deposit Insurance Corporation, as a body. To the full extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the Corporation's Directors as a body, for our audit work, for this report, or for the opinion we have formed.



.....
Steven R. Payne & Co.
Chartered Accountants

April 9, 2024
Bridgetown, Barbados

BARBADOS DEPOSIT INSURANCE CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended December 31, 2023

(Expressed in Barbados dollars)

| | | 2023 | 2022 |
|-------------------------------------|----------|--------------------------|--------------------------|
| | Notes | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 8 | <u>23,587,926</u> | <u>26,789,737</u> |
| | | <u>23,587,926</u> | <u>26,789,737</u> |
| Non-current assets | | | |
| Property, plant and equipment | 2(i) & 5 | 8,172 | 7,662 |
| Investment securities | 2(h) & 7 | <u>75,267,478</u> | <u>62,114,750</u> |
| | | <u>75,275,650</u> | <u>62,122,412</u> |
| Total assets | | <u>98,863,576</u> | <u>88,912,149</u> |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Payables and accruals | 2 (g) | <u>208,341</u> | <u>28,432</u> |
| Total liabilities | | <u>208,341</u> | <u>28,432</u> |
| Equity | | | |
| Paid up capital | 9 | 1,000,000 | 1,000,000 |
| Deposit Insurance Fund (Page 7) | | <u>97,655,235</u> | <u>87,883,717</u> |
| | | <u>98,655,235</u> | <u>88,883,717</u> |
| Total liabilities and equity | | <u>98,863,576</u> | <u>88,912,149</u> |

Approved by the Board of Directors on April 9th, 2024, and signed on its behalf by:

CHAIRMAN.......... DIRECTOR..........

The accompanying notes form part of these consolidated financial statements.

BARBADOS DEPOSIT INSURANCE CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

(Expressed in Barbados dollars)

| | Paid Up Capital \$ | Deposit Insurance Fund \$ | Total \$ |
|--|-----------------------------------|--|--------------------------|
| Balance at January 1, 2022 | 1,000,000 | 78,799,374 | 79,799,374 |
| Total comprehensive income for 2022 | <u>-</u> | <u>9,084,343</u> | <u>9,084,343</u> |
| Balance at December 31, 2022 | 1,000,000 | 87,883,717 | 88,883,717 |
| Total comprehensive income for 2023 | <u>-</u> | <u>9,771,518</u> | <u>9,771,518</u> |
| Balance at December 31, 2023 | <u>1,000,000</u> | <u>97,655,235</u> | <u>98,655,235</u> |

The accompanying notes form part of these consolidated financial statements.

BARBADOS DEPOSIT INSURANCE CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

(Expressed in Barbados dollars)

| | | 2023 | 2022 |
|--|-------|-------------------|------------------|
| | Notes | \$ | \$ |
| Income | | | |
| Annual premiums | 2(c) | 5,554,146 | 5,152,756 |
| Initial contributions | 2(d) | 105,095 | - |
| Central Bank contributions | 2(d) | 105,095 | - |
| Interest earned | 2(e) | 4,692,269 | 4,328,373 |
| Total income | | <u>10,456,605</u> | <u>9,481,129</u> |
| Expenses | | | |
| General and administrative costs | 10 | (681,203) | (392,327) |
| Depreciation | | <u>(3,882)</u> | <u>(4,459)</u> |
| Total expenses | | <u>(685,085)</u> | <u>(396,786)</u> |
| Total comprehensive income for the year | | <u>9,771,518</u> | <u>9,084,343</u> |

The accompanying notes form part of these consolidated financial statements.

BARBADOS DEPOSIT INSURANCE CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

(Expressed in Barbados dollars)

| | Notes | 2023 \$ | 2022 \$ |
|--|-------|---------------------|-------------------|
| Cash flows from operating activities: | | | |
| Total comprehensive income for the year | | 9,771,518 | 9,084,343 |
| Adjustments for non-cash items during the year: | | | |
| Depreciation | | 3,882 | 4,459 |
| Interest revenue accrued | | (3,152,728) | (4,328,373) |
| | | <u>6,622,672</u> | <u>4,760,429</u> |
| Changes in operating assets and liabilities: | | | |
| Increase/(decrease) in current liabilities | | <u>179,909</u> | <u>(37,188)</u> |
| Net cash generated from operating activities | | <u>6,802,581</u> | <u>4,723,241</u> |
| Cash flows from investing activities: | | | |
| Net increase in investment securities | | (13,152,728) | (3,169,259) |
| Adjustment for interest accrued (not received) | | <u>3,152,728</u> | <u>4,328,373</u> |
| | | <u>(10,000,000)</u> | <u>1,159,114</u> |
| Purchase of property, plant and equipment | | <u>(4,392)</u> | <u>(7,144)</u> |
| Net cash from/(used in) investing activities | | <u>(10,004,392)</u> | <u>1,151,970</u> |
| Increase/(decrease) in cash and cash equivalents for the year | | <u>(3,201,811)</u> | <u>5,875,211</u> |
| Cash and cash equivalents - Beginning of year | | <u>26,789,737</u> | <u>20,914,526</u> |
| Cash and cash equivalents - End of year | | <u>23,587,926</u> | <u>26,789,737</u> |
| Cash and cash equivalents | 8 | <u>23,587,926</u> | <u>26,789,737</u> |

The accompanying notes form part of these consolidated financial statements.

BARBADOS DEPOSIT INSURANCE CORPORATION

STATEMENT OF DEPOSIT INSURANCE FUND

For the year ended December 31, 2023

(Expressed in Barbados dollars)

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Fund balance at beginning of year | 87,883,717 | 78,799,374 |
| Total comprehensive income for the year | <u>9,771,518</u> | <u>9,084,343</u> |
| Fund balance at end of year | <u>97,655,235</u> | <u>87,883,717</u> |

The accompanying notes form part of these consolidated financial statements.

BARBADOS DEPOSIT INSURANCE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

(Expressed in Barbados dollars)

1. Incorporation and functions

The Barbados Deposit Insurance Corporation (BDIC) is an independent statutory body established under the Deposit Insurance Act, 2006, which was proclaimed on June 8, 2007.

The functions of the corporation are: -

- a) To manage the Deposit Insurance Fund and to provide through that (“Fund”), insurance up to the insured limit against the loss on insured deposits.
- b) To levy the initial contributions and premiums in relation to the Fund in accordance with the Act.
- c) To charge any fees necessary for the administration of the Act.
- d) To act as a liquidator or manager of member institutions in accordance with the Act.
- e) To facilitate the reorganization or takeover of a member institution pursuant to the Financial Institutions Act in appropriate circumstances.
- f) To carry out any other function that is necessary for the management of the Fund.

2. Significant accounting policies

a) Basis of preparation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs), and have been prepared under the historical cost convention. Adjustments to historical costs are made as considered necessary to capture the value of transactions, having regard to the timing of related cash flows or the effects of terms that deviate from normal business and market conditions.

These consolidated financial statements cover activities of BDIC and the Deposit Insurance Fund and the related assets, liabilities, and operating results of the entity. Though the BDIC and the Fund share no Parent/Subsidiary relationship or inter-locking equity interest in each other, consolidation is influenced by the close management and control exercised by the Corporation in carrying out its mandate to provide deposit protection insurance through the Fund, on behalf of the banking and finance sub-sector.

BARBADOS DEPOSIT INSURANCE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

b) Use of estimates

The preparation of financial statements in conformity with IFRS for SMEs requires management to make policies and influence assumptions on which judgement is made on projections and estimates of related financial statement items and the timing of their disclosure. Although these estimates may be based on reasonable judgement and management's knowledge of current events, actual results could differ and the resulting variances may be material.

c) Annual premiums

Annual premiums are determined on the basis of applicable rates levied on average deposits held by member institutions at the end of each of the four quarters of the preceding calendar year (**Deposit Insurance Act 2006, Part II, Section 24. (3)**). Premium income is recognized on the accrual basis and settlement terms for receipt of premiums require that members make two equal installments on February 15 and July 15 each year. (**Deposit Insurance Act 2006, Part II, Section 24. (1)**).

d) Initial contributions

All institutions are required to pay into the Fund an initial contribution on becoming members. Initial contributions are based on a percentage of the members' projected insurable deposits for the first twelve (12) months of its operation. (**Deposit Insurance Act 2006, Part II, Section 22. (1) and (4)**). The Central Bank shall pay into the Fund a sum equal to that total amount of the initial contributions payable by each new Member Institution. (**Deposit Insurance Act 2006, Part II, Section 23. (1)**).

e) Interest earned

Interest earned consist of interest received and interest accrued for the year on investments and is recognized in the Statement of Comprehensive Income.

f) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of twelve months or less and are carried in the Statement of Financial Position at cost. For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash and bank balances and term deposits.

BARBADOS DEPOSIT INSURANCE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

g) Payables and accruals

Trade and other payables are stated at historical cost.

h) Investment securities

The Model adopted by the Corporation for Fund Investments involves:

- Holding financial assets to maturity, other than in exceptional circumstances in which disposal can be justified; and
- Relying on cash flows from interest and principal in the furtherance of deposit insurance objectives.

Such assets are not held for resale.

The Portfolio comprises financial assets arising from non-derivative financial instruments, primarily in Government of Barbados Debt Securities. When the Corporation becomes a party to the contractual provisions of a debt instrument it is measured at the transaction price. At subsequent reporting dates the instrument is either measured at cost or amortised cost dependent on the type of debt security.

Under the amortised cost basis, assets are held for collection of contractual cash flows where those cash flows are solely payments of interest and principal. Interest income from these financial assets is included in the Statement of Comprehensive Income using the effective interest rate method. The amount measured at initial recognition is adjusted for any reductions for impairment or un-collectability.

An impairment gain or loss reflects the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. Impairment effects are included within the profit or loss component of the Statement of Comprehensive Income.

BARBADOS DEPOSIT INSURANCE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

i) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on a straight-line basis at rates calculated to write off the cost of the assets over their estimated useful lives. The rates used are as follows: -

| | |
|---------------------|-------|
| Fixtures & fittings | - 10% |
| Office equipment | - 15% |
| Computer equipment | - 25% |

Carrying values are reviewed periodically to ascertain whether they are materially different from impaired value of the assets.

j) Comparative information

Where necessary, certain comparative figures have been reclassified to conform to the current presentation. These changes had no effect on the previously reported consolidated financial statements.

k) Risk management

The Corporation's operational activities expose it to a variety of risks. The Corporation's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on its performance. The Corporation defines risk as the possibility of losses or profits forgone, or the occurrence of uncertain events, which may be caused by internal or external factors thereby affecting expectations.

The Corporation might be exposed to certain risks, classified as follows: -

- i) Payout risks – the risk that the Corporation will be unable to pay insured depositors in the event of a bank failure, within the timeline as stipulated in the Deposit Insurance Act, 2006.

BARBADOS DEPOSIT INSURANCE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

k) Risk management...continued

- ii) Credit risks – the risks arising from a failure by counter parties to honour their obligation causing a reduction of the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date.
- iii) Financial risks – the risks associated with managing the assets and liabilities of the Corporation, including those that appear on and off the Statement of Financial Position.
- iv) Interest rate risks – the risk that the Fund could lose value due to interest rate changes. These risks arise principally from the Corporation's investment risk-taking decisions on investment securities.
- v) Operational risks – the risks of loss resulting from inadequate or failed internal processes, people or systems, or from external events.
- vi) Reputation risks – the risks of an event significantly affecting stakeholders' perceived trust and confidence in the Corporation, and which could result in financial or other loss to the Corporation.

The Deposit Insurance Act 2006, establishes a Board of Directors, which is responsible for an appropriate governance structure for the management of such risks.

l) Contingent liabilities

A contingency is acknowledged when in management's judgement, an exposure is reasonably determinable with respect to a past event, commitment or contractual arrangement prior to or as of the current reporting date, and where the said exposure is not a direct liability of the Corporation at the latter date.

Management will exercise discretion as to disclosure of information pertaining to contingencies or claims which fall beyond the current reporting period.

The Board has determined that there are no contingency exposures worthy of note disclosure at the current reporting date.

BARBADOS DEPOSIT INSURANCE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

(Expressed in Barbados dollars)

3. Critical accounting judgments and key sources of estimation uncertainty

i) Critical accounting judgments

In the application of the Corporation's accounting policies, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities within the consolidated financial statements. Estimates and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

ii) Key sources of estimation uncertainty

The following are the key assumptions concerning the future and key sources of estimation uncertainty:

- *The useful lives of property, plant and equipment.*

Management exercises judgement in determining whether future economic benefits can be derived from capital expenditures and in estimating the useful lives and residual values of these assets.

- *The impairment of assets.*

Management assesses at each Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment.

- *Fair value of financial assets.*

The determination of fair values for financial assets for which there is no observable market price requires the use of valuation techniques which utilizes various degrees of judgements affecting the specific investment.

There were no estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets within this financial year.

4. Taxation and Insurance Legislation

The Corporation and its managed Fund are exempt from the payment of corporation tax, stamp duty or any other impost and also from the provisions of the Insurance Act.

BARBADOS DEPOSIT INSURANCE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

(Expressed in Barbados dollars)

5. Property, plant and equipment

| | 2023 | 2022 |
|--------------------------|------------------|------------------|
| | \$ | \$ |
| Cost | 134,289 | 129,897 |
| Accumulated depreciation | <u>(126,117)</u> | <u>(122,235)</u> |
| Net Book Value | <u>8,172</u> | <u>7,662</u> |

6. Central Bank of Barbados

Two (2) current accounts are maintained with the Central Bank.

7. Investment securities

i) Series D Bond

In September of 2018, several financial instruments previously issued by the Government Of Barbados were replaced by a single Series D Bond of equivalent face value but with revised terms, affecting repayment of principal and interest thereon. The Corporation adjusted the Gross Carrying Amount (GCA) of this bond investment at amortized cost, having regard to the related effective interest rate (7.1%) and the prospective cash flows of the Series D Bond. This resulted in a restated GCA of \$50,598,400 and a modification loss of \$26,675,993 at date of debt restructuring.

ii) Barbados Optional Savings Scheme (BOSS) Plus Bond

In October of 2023, the Corporation invested in a four (4) year Government Of Barbados bond with a 4.5% interest rate per annum. Interest is paid semi-annually, and the principal will be paid in four (4) years from the purchase date of the bond. This bond is measured at cost and matures on September 30, 2028.

BARBADOS DEPOSIT INSURANCE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

(Expressed in Barbados dollars)

7. Investment securities...continued

Further information on the investments are provided hereunder:

Series D Bond

| | 2023 | 2022 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Gross Carrying Amount, start of year | 62,114,750 | 58,945,492 |
| Activity during the year: | | |
| Interest accrued on investment | 4,843,105 | 4,328,373 |
| Interest received on investment | (1,690,377) | (1,159,115) |
| | <u>3,152,728</u> | <u>3,169,258</u> |
| Gross Carrying Amount, end of year | <u>65,267,478</u> | <u>62,114,750</u> |

BOSS Plus Bond

| | 2023 | 2022 |
|------------------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| Government of Barbados | <u>10,000,000</u> | <u>-</u> |
| | <u>10,000,000</u> | <u>-</u> |
| Total investment securities | <u>75,267,478</u> | <u>62,114,750</u> |

8. Cash and cash equivalents

| | 2023 | 2022 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Cash held at the Central Bank of Barbados (Note 6) | 9,587,883 | 26,789,348 |
| Term deposits at other financial institutions | 14,000,000 | - |
| Cash on hand | <u>43</u> | <u>389</u> |
| | <u>23,587,926</u> | <u>26,789,737</u> |

BARBADOS DEPOSIT INSURANCE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

(Expressed in Barbados dollars)

9. Paid up capital

Under Section 13, (1) of the Deposit Insurance Act 2006, the capital of the corporation shall be a sum of not less than \$1,000,000 which shall be subscribed by the Central Bank.

10. General and administrative costs

| | 2023 | 2022 |
|---------------------|----------------|----------------|
| | \$ | \$ |
| Directors fees | 46,200 | 42,000 |
| Employment expenses | 400,670 | 131,456 |
| Professional fees | 18,213 | 18,213 |
| Other expenses | 216,120 | 200,658 |
| | <u>681,203</u> | <u>392,327</u> |

11. Events after the reporting period

Management has reviewed events after the reporting period and has determined that no developments have occurred that warrant retrospective adjustments to the consolidated financial statements or note disclosure at the current reporting date.



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