

ANNUAL REPORT 2022



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Letter of Transmittal

31 March 2023

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 2022; and the Auditors' reports on the Financial Statements for the period then ended.

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

Yours sincerely,



Rawle Knight

Chairman



Mandate and Goals of the BDIC

The **MANDATE** of the
Barbados Deposit Insurance Corporation is to:

- Provide deposit insurance and contribute to the stability of the financial system for the benefit of depositors while minimising its exposure to loss.

The **GOALS** of the
Barbados Deposit Insurance Corporation are:

- To protect small depositors from the risk of loss within the banking system in the event of institutional or systemic failure.
- To contribute to ensuring the soundness and stability of the financial system as the primary provider of deposit insurance within the country.

Abbreviations

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

Glossary of Terms

Coverage 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

A sum of money paid to a member institution on terms under which it is repayable with or without interest or a premium, and either on demand or at a time or in circumstances agreed. However, it does not include money which is related to the provision of property or services or the giving of security.

Deposit Insurance Act (DIA)

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

Deposit Insurance Fund (DIF)

A 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.

Glossary Of Terms (Cont'd)

Depositor

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

Insurable Deposits

Amounts received or held by a Member Institution from or on behalf of a depositor, other than certain ineligible items pursuant to provisions of the DIA, such as foreign currency accounts, a deposit from another Member Institution, or a deposit from a statutory body or authority or government corporation.

Insured Deposit

That portion of insurable deposits that is within the coverage limit prescribed under the Deposit Insurance Act, 2006-29.

Member Institutions

Financial institutions which, by virtue of their deposit taking activities, are members of a Fund established by BDIC in accordance with the Deposit Insurance 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.

Deposit Insurance

What is covered?

Under the Barbados deposit insurance system, deposits held at member institutions are covered. Depositors are guaranteed protection for their deposits up to a maximum of \$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 50(2), deposit insurance coverage is not extended 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

During 2022 the financial services sector continued to maintain elevated liquidity positions but reported positive financial performances as the economy continued its recovery from the effects of the COVID-19 pandemic which had brought business activity for the sector to a near halt. The Barbados economy is estimated to have recorded real GDP growth of 10 percent in 2022, after contracting by 14 percent in 2021, and the impact of this positive trend is reflected in the improvements in asset quality and profitability reported by our member institutions.



Throughout 2022, Barbados Deposit Insurance Corporation (BDIC) maintained focus on monitoring stability within the financial system and deepened collaboration with other safety net partners in the region and internationally in order to strengthen our ability to deliver on the mandate of the organization.

Operationally, BDIC achieved an 11 percent (\$9M) growth in total assets and 1.6 percent (\$143K) increase in profitability for the financial year ended December 31, 2022. A 12% growth of \$9.1M was recorded in the deposit insurance fund and total income recorded a 1.5% (\$144K), increase largely due to increased interest income earned for the 2022 financial year. Commendable results, considering the environment of low interest rates and limited investing opportunities which characterized the Barbados investing environment for that period; buttressed by the corporations' mandate to maintain protection of its funds through safe investing options.

During 2022, the number of institutions covered under the Deposit Insurance Act 2006-29 was reduced to ten, from a count of eleven in the prior year. This, due to the voluntary exit of two non-banking financial institutions who voluntarily wound up their operations in conformity with requirements of Section 53(2) of the Financial Institutions Act, Cap 324A and one (1) new institution, Sagicor Bank (Barbados) Limited, applied for and was granted a banking license, thus resulting in a net decrease of one for total member institutions. Member banks therefore increased by one and non-bank financial institution members decreased by two.

Economic recovery is expected to continue for Barbados in 2023 and to ensure the corporation is strategically positioned for sustainable growth, we have begun measures to strengthen our internal resources and accountabilities. We also anticipate increasing our communications and contacts with members and stakeholders in the years ahead.

Sadly, the BDIC mourned the loss of two directors in the past year. On behalf of the Board of Directors, I wish to acknowledge the contributions of former Chairman W. LeRoy Inniss, QC, who was a founding member of the Corporation's board; and Mr. John Jones former director; both of whom passed away in 2022. May their souls rest in perfect peace.

A new Board of Directors was appointed in 2022 and I take the opportunity to welcome Director Raoul Williams who was newly appointed to the board in

September 2022 along with me as the new Chairman of the Board. As a board, we collectively pledge our continued commitment to the mandate and goals of the Corporation and look forward to building on the collaborations already established with stakeholders as we aim to position the BDIC as a leading partner in the industry.

I extend sincere thanks to the staff of the Corporation for their commitment, hard work and dedication over the years. Sincere appreciation is also extended to our fellow safety net partners and stakeholders as we look forward to your continued support.

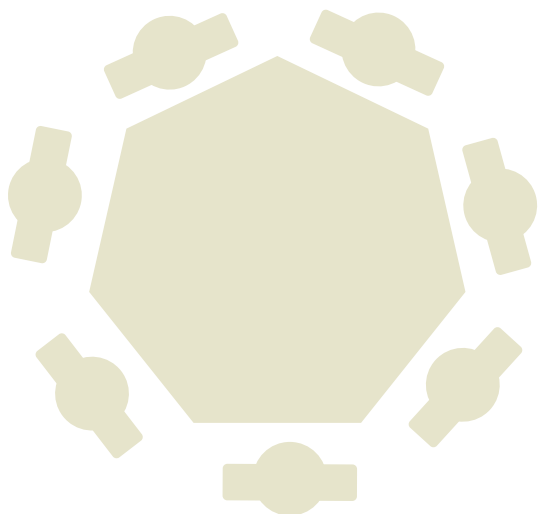


Rawle Knight

Chairman

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, per-deposit category basis.



BOARD OF DIRECTORS

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

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 as provided for in the DIA.

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

BOARD OF DIRECTORS



Rawle Knight
Chairman

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



James M. Payne, CA
Deputy Chairman

Mr. Payne was first appointed to the Board of the BDIC in 2008 and brings to the board many years of executive level experience in accounting and finance. Mr. Payne was reappointed Deputy Chairman of the board in 2022.

Mr. Payne is a career accountant with several years of service with Government and the Private Sector. His 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.

BOARD OF DIRECTORS



Raoul Williams,
CPA, MBA
Director & Audit
Committee Chairman

Mr. Raoul Williams was appointed to the board of the BDIC as

an independent director, in September 2022 and was appointed chairman of the Audit Committee. He is the current Vice President, Life Insurance Administration of 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 where he has assumed increasing responsibility up to his current position with Sagicor.

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.



Nancy Headley
Director

Mrs. Nancy Headley has been an ex-officio director of the corporation since 2013. She is a quali-

fied accountant and career public servant; she is the current Permanent Secretary in the Ministry of Finance and Economic Affairs.

Mrs. Headley has worked in the Public Service for the past twenty-four (24) years and has been with the Ministry of Finance for the last 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).

BOARD OF DIRECTORS



Cleviston Haynes
Director

Mr. Cleviston Haynes has been an ex-officio director of the corporation from its inception. He is a career

central banker with over forty years of service to the sector.

He joined the Central Bank in 1980 as an Economist and has 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.

Mr. Haynes has also served on the board of the Barbados Stock Exchange and previously was a member of the Anti-Money Laundering Authority of Barbados. 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) during the period 1987-1989.

Mr. Haynes is a graduate of the University of the West Indies and the University of Western Ontario.



Cheryl Greenidge
Director

Mrs. Cheryl Greenidge has been an ex-officio director since June 2018. She is the current Director Bank Su-

perception 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 plays a leading role 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.

Corporate Information

MEMBER INSTITUTIONS

Section 19(1) of the DIA 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 a member of the Fund immediately after its license has been granted."

Member institutions as at December 31, 2022

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.

Corporate Information

PROFILE OF MEMBER INSTITUTIONS

During 2022 two member institutions voluntarily wound up their operations and one new institution applied for and was granted a license under the financial institutions Act. Total member institutions as at December 31, 2022, were ten (10).

Deposit Insurance Fund Member Profile - 2020 to 2022

	2022	2021	2020
Commercial Banks (Part II Companies)	6	5	5
Domestic Trust and Finance Companies (Part III companies)	4	6	6
TOTAL number of Member Institutions	10	11	11

Corporate Information

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

Other 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.

AUDITORS

Steven R. Payne & Co.

BANKERS

Central Bank of Barbados

CORPORATE ADDRESS

The Barbados Deposit Insurance Corporation is located on Level 5, Tom Adams Financial Centre, Spry Street, Bridgetown.

Operating Environment

MACRO-ECONOMIC ENVIRONMENT

The year 2022 can be considered the year of recovery for Barbados since waking up to the realities of the 2019 global pandemic. After contracting by almost 14 percent during 2020 to 2021, the Barbados economy has recorded 10 percent growth for 2022 with the IMF projecting that economic recovery will continue in 2023.

Table 1: Macro-economic Indicators

	2018	2019	2020	2021	2022
GDP Growth Rate (%)	-1.0	-0.2	-13.5	-0.3	10.0
Inflation Rate (%)	3.7	4.2	3.5	2.7	8.5
Unemployment Rate (End-of-period%)	11.6	8.9	13.6	10.9	7.1
Gross Public Sector Debt/GDP (%)	126.0	117.4	137.1	137.9	123.8
Gross International Reserves (BDS \$M)	411.3	999.6	1,481.0	2,660.7	3,058.8

	2017/18	2018/19	2019/20	2020/21	2021/22
Fiscal Balance to GDP (%)	-5.3	-0.3	3.6	-4.8	-4.8

Source: The Central Bank of Barbados' Review of Economic Performance: January to December 2022

Table 2: Selected Prudential Ratios

Commercial Banks	2018	2019	2020	2021	2022
Solvency Indicators					
Capital Adequacy Ratio (CAR)	13.8	13.5	16.0	21.1	23.4
Liquidity Indicators					
Loan to deposit ratio (%)	63.0	61.7	57.1	53.0	53.1
Liquid assets, % of total assets	21.4	23.1	25.2	42.2	42.6
Credit Risk Indicators (%)					
Total assets (growth rate)	(6.0)	1.3	2.4	4.0	5.8
Non-performing loans ratio	7.4	6.6	7.3	7.3	5.9
Profitability Indicators					
Return on Average Assets (12-month)	(0.2)	0.7	0.8	1.1	1.3
Non-Banks	2018	2019	2020	2021	2022
Solvency Indicators					
Capital Adequacy Ratio (CAR)	21.8	18.6	19.3	19.0	19.8
Liquidity Indicators					
Loan to deposit ratio (%)	98.2	99.1	103.0	101.1	108.3
Liquid assets, % of total assets	11.6	10.8	10.6	11.8	17.9
Credit Risk Indicators (%)					
Total assets (growth rate)	(35.4)	(2.0)	(0.5)	4.1	5.6
Non-performing loans ratio	8.4	11.3	11.7	16.1	13.9
Profitability Indicators					
Return on Average Assets (12-month)	(0.4)	1.7	0.7	1.0	1.3

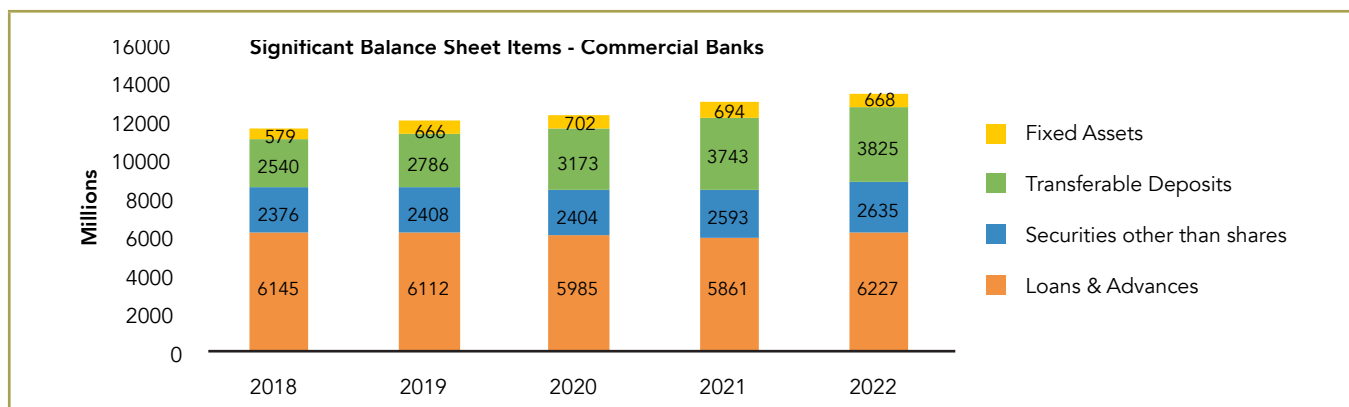
Source: Central Bank of Barbados

Asset Growth and Composition

Total assets of the deposit taking sector grew \$245.68 million (1.6%) quarter-on-quarter and \$730.35 million (4.9%) year-on-year to reach \$15.55 billion at December 2022. The three largest assets classes: loans & advances; transferable deposits; and securities other than shares accounted for 87.1% of total assets. Total loans and advances for the sector stood at \$6.99 billion, increasing \$219.48 million (3.2%) quarter-on-quarter and \$388.51 million (5.9%) year-on-year.

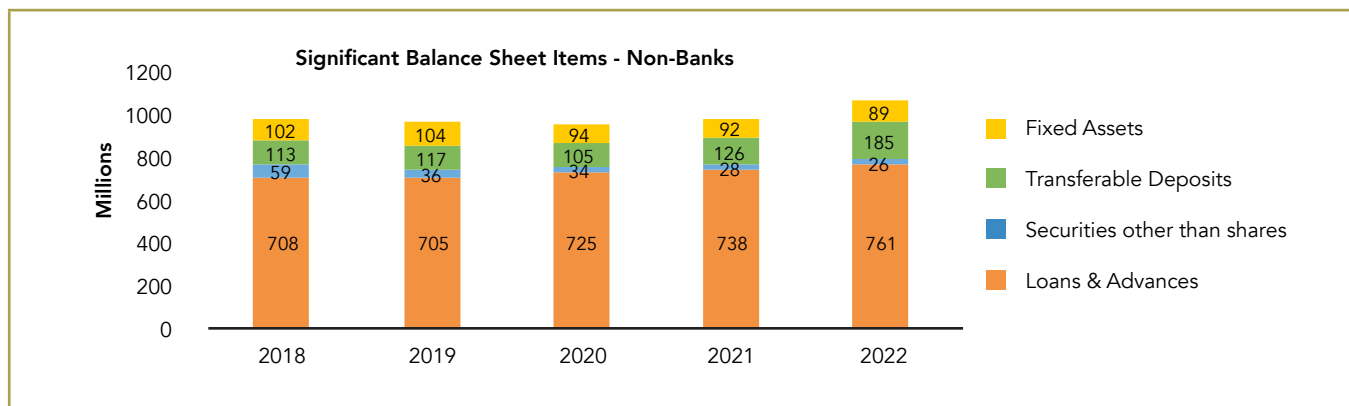
Assets in the commercial banking sector totalled \$14.46 billion, accounting for 93.0% of the total deposit-taking sector's assets and representing an increase of \$229.81 million (1.6%) quarter-on-quarter and \$672.90 million (4.9%) year-on-year. Assets in the non-bank deposit taking sector grew \$15.86 million (1.5%) quarter-on-quarter and \$57.45 million (5.6%) year-on-year to total \$1.09 billion at December 2022.

Figure 1. Major Asset Composition of Commercial Banks Dec 2018 to Dec 2022



Source: Central Bank of Barbados

Figure 2. Major Asset Composition of Non-Banks as at Dec 2018 to Dec 2022



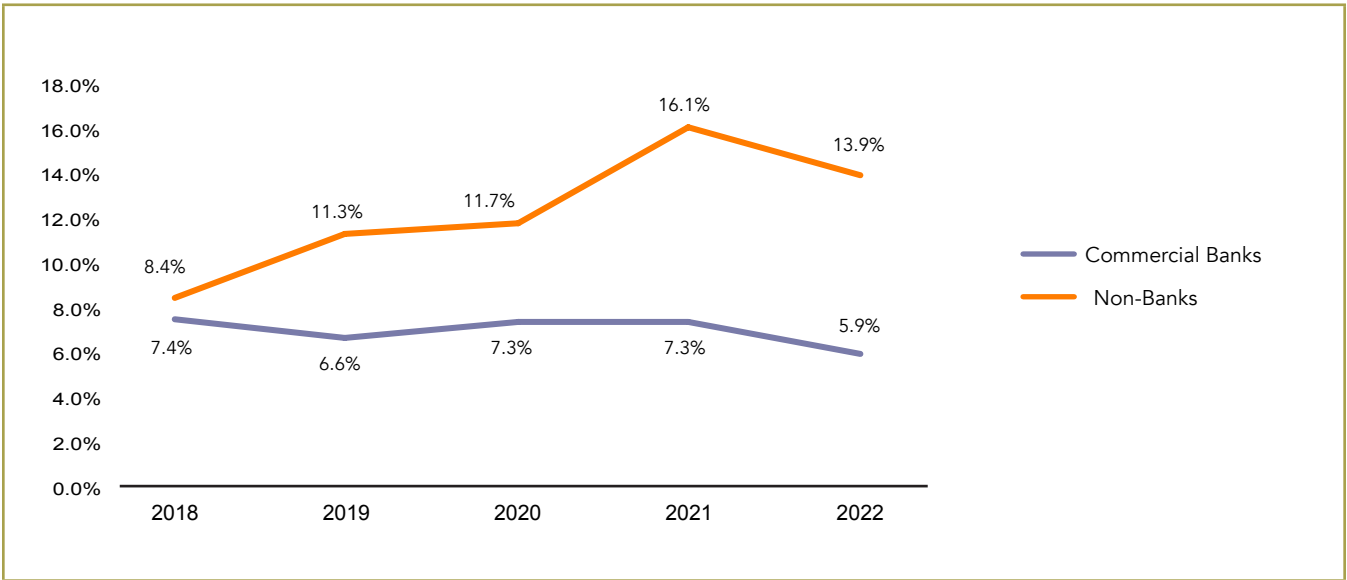
Source: Central Bank of Barbados

Asset Quality

Aggregate NPL ratio for the deposit-taking sector stood at 6.7% as at December 2022, improving 0.3 percentage points quarter-on-quarter and 1.6 percentage points year-on-year, and signalled a return to the pre-pandemic levels. Notwithstanding the downward trajectory of the ratio and reduced gross classified debt, strong loan growth raises concerns as to whether these movements may in fact be improvements. Gross classified debt contracted by \$7.18 million (-1.5%) quarter-on-quarter and \$78.26 million (-14.3%) year-on-year to \$470.54 million (3.0%) lower than the pre-pandemic levels of December 2019). Falling gross classified debt for the commercial banking sector supported an NPL ratio of 5.9%,

representing an improvement of 0.3 percentage points quarter-on-quarter and 1.5 percentage points year-on-year. Improvements in asset quality for non-bank deposit entities were less significant than those seen in commercial banks, with the NPL ratio falling to 13.9%, decreasing 0.1 percentage points quarter-on-quarter and 2.2 percentage points year-on-year. Figure 3 below depicts the 12-month trend in the NPL ratios of both the commercial bank and non-bank deposit-taking sectors for the period 2017 to 2022.

Figure 3. Trend in NPL Ratios



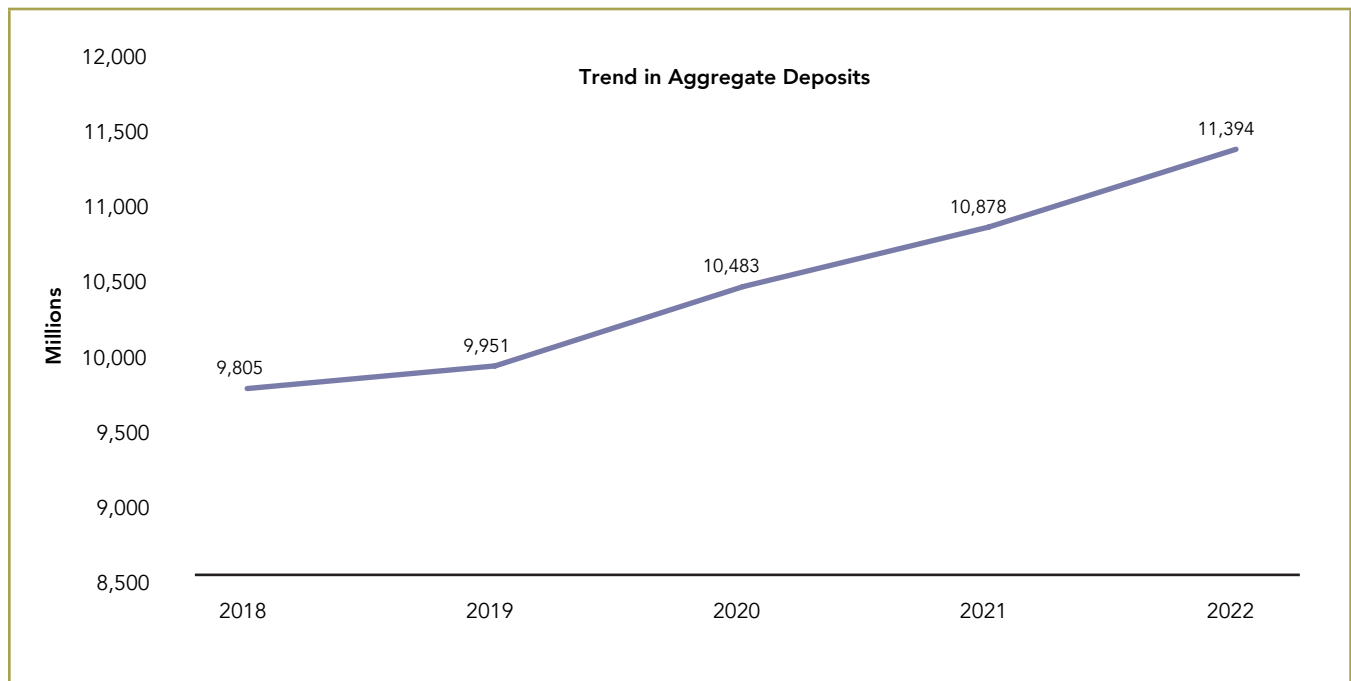
Source: Central Bank of Barbados

Deposit Base & Liquidity

Deposits grew \$233.86 million (2.1%) quarter-on-quarter and \$515.91 million year-on-year to reach \$11.39 billion at December 2022, growing for the first time since March 2022. Commercial banks held \$10.71 billion in deposits, accounting for 94.0% of the total deposit-taking sector's deposits. The non-bank deposit taking sector held \$657.38 million in deposits or 5.8% of the deposit taking sector's deposits.

The deposit-taking sector continues to remain liquid. Liquid asset to short-term liability ratio for the deposit taking sector stood at 54.4%, increasing 1.6 percentage points quarter-on-quarter and 10.0 percentage points year-on-year. The commercial banking sector recorded a liquidity ratio of 53.7% compared to 94.1% for the non-bank sector.

Figure 4. Deposit Growth



Source: Central Bank of Barbados

Profitability

Aggregate net income stood at \$197.15 million, representing a year-on-year increase of \$37.16 million or 23.2%. This increase in net income was primarily driven by growth in non-interest income of \$29.28 million (13.1%) year-on-year, as income from fees and commissions, as well as income from dealing profits grew by \$15.43 million (11.1%) and \$16.87 million (29.8%) respectively. A key factor contributing to the growth in profitability for the year, was the reduction in non-interest expenses, particularly provisions for bad and doubtful debts which declined \$66.76 million (497.8%) and largely offset the rising operating expenses of \$30.57 million (7.3%). The reduction in provisions for bad and doubtful debts reflects the industry's expectation of improving credit quality in a post-pandemic environment. All deposit taking entities reported net profits at December 2022.

Capital Adequacy

The deposit taking sector's CAR stood at 22.9% increasing marginally by 0.01 percentage points quarter-on-quarter and 2.1 percentage points year-on-year. Capital grew year-on-year by \$115.62 million (10.1%) and risk weighted assets \$10.78 million (0.2%), resulting in the larger year-on-year improvement. The sum of Tier 1 and Tier 2 capital totalled \$1.26 billion, of which Tier 1 capital made up 93.6% of this sum. Total risk-weighted assets stood at \$5.50 billion, of which 82.4% stemmed from assets risk-weighted for credit risk reflecting the major risk to the sector. The aggregate CAR for the commercial banking sector was 23.4% and ranged from 15.6% to 30.5%. The aggregate CAR for the non-bank deposit taking sector was 19.8% and ranged from 12.3% to 32.0%.

Operating Environment

DEPOSIT INSURANCE FUND

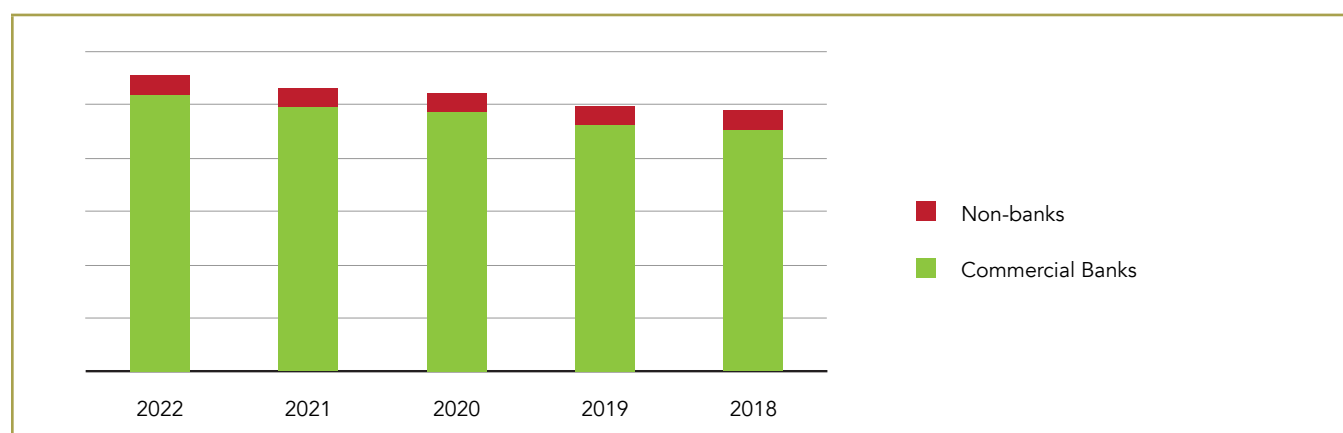
Pursuant to Section 24 subsections (1) and (3) of the Deposit Insurance Act 2006-29 (DIA), Member Institutions are required to pay the BDIC a given percentage of their deposit balances as insurance premiums, one half of which is payable on or before the 15th of February each year and the balance on or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

There were no claims on the Fund during the year, and all comprehensive income has boosted fund assets and related investments.

Table 3: Total Estimated Insurable Deposits (\$'000) December 31, 2018-2022

	2022	2021	2020	2019	2018
Commercial Banks	10,376,550	9,940,087	9,740,636	9,240,053	9,084,168
Non-banks	719,053	703,049	713,576	710,860	720,379
TOTAL	11,095,603	10,643,137	10,454,212	9,950, 913	9,804,546

Figure 5. Insurable Deposits by Sector



Financial and Statistical Summary

Table 4: Summary Financial Statement Highlights for the Last Three Years

	2022	2021	2020
Selected Balance Sheet Items (BDS\$ '000)			
Deposit Insurance Fund	87,884	78,799	69,858
Cash	26,789	20,915	14,885
Investments	62,115	58,945	55,994
Liabilities	28	66	27
Selected Income Statement Items (BDS\$ '000)			
TOTAL Income	9,481	9,337	8,922
Premium Income	5,153	5,227	5,016
Interest Earned on Investments	4,328	4,110	3,906
Operating Expenses	397	396	402
TOTAL comprehensive (loss)/Income	9,084	8,941	8,520

Table 5: Covered Deposits and Deposit Insurance Premiums 2020-2022

Year	Insured Institutions				Premium Revenue ('000)
	Type	No. of institutions	Total Eligible Deposits (\$'000)	Insured Deposits (\$'000)	
			(a)	(b)	
2022	Bank	6	10,377	1,930	5197
	Non-Bank	4	719	79	360
2021	Bank	5	9,940	2,912	4,972
	Non-Bank	6	703	85	352
2020	Bank	5	9,740	1,908	4,870
	Non-Bank	6	714	90	357

Barbados Deposit Insurance Corporation

Consolidated Financial Statements

For The Year Ended

December 31, 2022

(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, 2022, the consolidated statement of changes in equity, the consolidated statement of comprehensive income, the consolidated statement of cash flows 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, 2022, 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

March 28, 2023
Bridgetown, Barbados

Barbados Deposit Insurance Corporation**Consolidated statement of financial position as at December 31, 2022***(Expressed in Barbados dollars)*

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and bank balances	7	26,789,737	20,914,526
		<u>26,789,737</u>	<u>20,914,526</u>
Non-current assets			
Property, plant and equipment	2(g) & 4	7,662	4,976
Investment securities	2(f) & 6	62,114,750	58,945,492
		<u>62,122,412</u>	<u>58,950,468</u>
Total assets		<u>88,912,149</u>	<u>79,864,994</u>
LIABILITIES AND EQUITY			
Current liabilities			
Payables and accruals		28,432	65,620
Total liabilities		<u>28,432</u>	<u>65,620</u>
Equity			
Paid up capital		1,000,000	1,000,000
Deposit Insurance Fund		87,883,717	78,799,374
		<u>88,883,717</u>	<u>79,799,374</u>
Total liabilities and equity		<u>88,912,149</u>	<u>79,864,994</u>

Approved by the Board of Directors on March 28, 2023, and signed on its behalf by:

CHAIRMAN


DEPUTY
CHAIRMAN


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, 2022
(Expressed in Barbados dollars)

	Paid Up Capital \$	Deposit Insurance Fund \$	Total \$
Balance at January 1, 2021	1,000,000	69,858,382	70,858,382
Total comprehensive income for 2021	<u>-</u>	<u>8,940,992</u>	<u>8,940,992</u>
Balance at December 31, 2021	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	<u>1,000,000</u>	<u>87,883,717</u>	<u>88,883,717</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, 2022
(Expressed in Barbados dollars)

		2022	2021
	Notes	\$	\$
Income			
Annual premiums		5,152,756	5,227,106
Interest earned		4,328,373	4,110,097
Total income		<u>9,481,129</u>	<u>9,337,203</u>
Expenses			
General and administrative costs	9	(392,327)	(392,721)
Depreciation		(4,459)	(3,490)
Total expenses		<u>(396,786)</u>	<u>(396,211)</u>
Profit for the year		<u>9,084,343</u>	<u>8,940,992</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>9,084,343</u>	<u>8,940,992</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, 2022
(Expressed in Barbados dollars)

	Notes	2022 \$	2021 \$
Cash flows from operating activities:			
Total comprehensive income for the year		9,084,343	8,940,992
Adjustments for non-cash items during the year:			
Depreciation		4,459	3,490
Interest revenue accrued		(4,328,373)	(4,110,097)
		<u>4,760,429</u>	<u>4,834,385</u>
Changes in operating assets and liabilities:			
Increase/(decrease) in current liabilities		<u>(37,188)</u>	<u>38,734</u>
Net cash generated from operating activities		<u>4,723,241</u>	<u>4,873,119</u>
Cash flows from investing activities:			
Net increase in investment securities		(3,169,259)	(2,950,981)
Adjustment for interest accrued (not received)		<u>4,328,373</u>	<u>4,110,097</u>
Reduction of investment securities for interest received		1,159,114	1,159,116
Purchase of property, plant and equipment		<u>(7,144)</u>	<u>(2,893)</u>
Net cash generated from investing activities		<u>1,151,970</u>	<u>1,156,223</u>
Increase in cash and cash equivalents for the year		5,875,211	6,029,342
Cash and cash equivalents - Beginning of year		<u>20,914,526</u>	<u>14,885,184</u>
Cash and cash equivalents - End of year		<u>26,789,737</u>	<u>20,914,526</u>
Cash and cash equivalents comprise:			
Cash and bank balances	7	<u>26,789,737</u>	<u>20,914,526</u>

The accompanying notes form part of these consolidated financial statements.

Independent Auditors' Report on The Deposit Insurance Fund To the Directors of Barbados Deposit Insurance Corporation

Opinion

In accordance with Section 15, 1(b) of the Deposit Insurance Act, 2006, we have audited the statement of the **Deposit Insurance Fund** of the Barbados Deposit Insurance Corporation for the year ended December 31, 2022.

In our opinion the statement of the Deposit Insurance Fund presents fairly, in all material respects, the financial position of the Fund as of December 31, 2022, and its financial performance for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs).

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

Management is responsible for the preparation and fair presentation of the Fund in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities, and for such internal control as management determines necessary to enable the preparation of the Fund that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Fund

Our objectives are to obtain reasonable assurance about whether the Fund is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

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

March 28, 2023
Bridgetown, Barbados

Barbados Deposit Insurance Corporation
Statement of the Deposit Insurance Fund for the year ended
December 31, 2022
(Expressed in Barbados dollars)

	2022	2021
	\$	\$
Fund balance at beginning of year	78,799,374	69,858,382
Total comprehensive income for the year	<u>9,084,343</u>	<u>8,940,992</u>
Fund balance at end of year	<u>87,883,717</u>	<u>78,799,374</u>

The accompanying notes form part of these consolidated financial statements.

Barbados Deposit Insurance Corporation

Notes to consolidated financial statements

December 31, 2022

(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 2006-29, 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 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 financial statements cover activities of BDIC and the Deposit Insurance Fund and the related assets, liabilities, and operating results of the entity. Though the entities 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

December 31, 2022

(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) Premium income

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. 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.

d) 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.

e) Payables and accruals

Trade and other payables are stated at historical cost.

Barbados Deposit Insurance Corporation

Notes to consolidated financial statements

December 31, 2022

(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

f) 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 measured at amortised cost using the effective interest rate method.

Under the amortised cost basis, 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.

g) 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.

Barbados Deposit Insurance Corporation

Notes to consolidated financial statements

December 31, 2022

(Expressed in Barbados dollars)

2. Significant accounting policies (continued)

h) Interest earned

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

i) Comparative information

Where necessary, certain comparative figures have been reclassified to conform to the current presentation.

j) Risk management

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

- i) Insurance risks – the risks of loss associated with insuring deposits, including costs incurred in the event of an intervention in a failed or failing institution.
- 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) Operational risks – the risks of loss resulting from inadequate or failed internal processes, people or systems, or from external events.
- v) 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.

Barbados Deposit Insurance Corporation**Notes to consolidated financial statements****December 31, 2022***(Expressed in Barbados dollars)***2. Significant accounting policies (continued)****k) 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.

3. Taxation and Insurance Legislation

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

4. Property, plant and equipment

	2022	2021
	\$	\$
Cost	129,897	122,751
Accumulated depreciation	<u>(122,235)</u>	<u>(117,775)</u>
Net Book Value	<u>7,662</u>	<u>4,976</u>

5. Central Bank of Barbados

A current account is maintained with the Central Bank to which is charged the cost of goods and services provided to the Barbados Deposit Insurance Corporation by the bank.

Barbados Deposit Insurance Corporation**Notes to consolidated financial statements****December 31, 2022***(Expressed in Barbados dollars)***6. Investment securities**

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 Gross Carrying Amount (GCA) of its 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. Further information on the investment is provided hereunder:

i. Continuity of Series D Bond

	2022	2021
	\$	\$
Gross Carrying Amount, start of year	<u>58,945,492</u>	<u>55,994,511</u>
Activity during the year:		
Interest accrued on investments	4,328,373	4,110,097
Interest received	<u>(1,159,115)</u>	<u>(1,159,116)</u>
	<u>3,169,258</u>	<u>2,950,981</u>
Gross Carrying Amount, end of year	<u>62,114,750</u>	<u>58,945,492</u>

Barbados Deposit Insurance Corporation**Notes to consolidated financial statements****December 31, 2022***(Expressed in Barbados dollars)***6. Investment securities continued**

- ii. Maturity Characteristics of Series D Bond as per revalued prospective cash flows of the Restructured Bond:

Settlement Periods	Prospective Contractual flows
	\$
2019 - 2023	4,834,300
2024 - 2028	9,581,070
2029 - 2033	9,469,030
2034 - 2038	12,562,000
2039 - 2043	7,600,000
2044 - 2048	4,200,000
2049 - 2053	2,352,000
	<u>50,598,400</u>

Barbados Deposit Insurance Corporation**Notes to consolidated financial statements****December 31, 2022***(Expressed in Barbados dollars)***7. Cash and bank balances**

	2022	2021
	\$	\$
Central Bank of Barbados (Note 5)	26,789,348	20,914,230
Cash on hand	389	296
	<u>26,789,737</u>	<u>20,914,526</u>

8. 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.

9. General and administrative costs

	2022	2021
	\$	\$
Directors fees	42,000	48,000
Employment expenses	131,456	131,609
Professional fees	18,213	20,563
Other expenses	200,658	192,549
	<u>392,327</u>	<u>392,721</u>

10. Subsequent events

Management has reviewed events in the post-balance sheet period and has determined that no developments have occurred that warrant retrospective adjustments to the financial statements or note disclosure at the current reporting date.



The Barbados Deposit Insurance Corporation

5th Floor, Tom Adams Financial Centre,
Bridgetown, Barbados

Phone: 1 246 435 2663 • Fax: 1 246 435 2545

Website: <http://www.bdic.org.bb>

E-mail: safety@bdic.org.bb