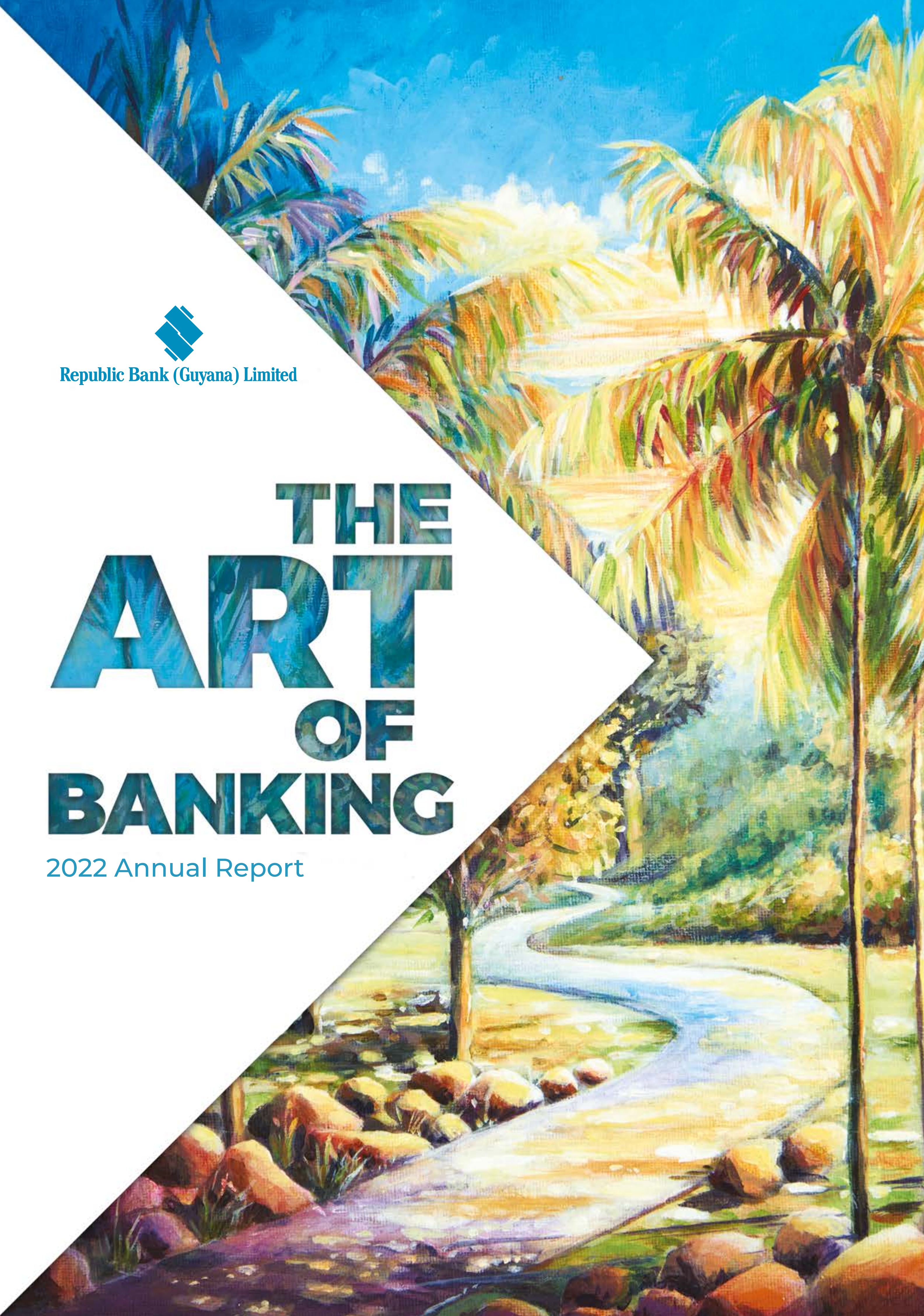
Republic Bank (Guyana) Limited

THE ART OF BANKING

2022 Annual Report



"To create
a work of art
is to create
the world."

Wassily Kandinsky

As part of our commitment to reduce our carbon footprint, this Annual Report is available on our website, republicguyana.com/investor-relations

THE ART OF BANKING

We are inspired by new and creative viewpoints of the Republic brand. This year, artwork from different cultures, ages and genders are featured throughout this report. Each one a winning selection from our Group-wide Art of Banking competition. Each one a unique and imaginative expression of our products and services. Creating awareness of these artists and their ideas aligns with our commitment to educate a wide audience about art and the benefits of different perspectives.

Supporting the artistic community fosters innovation. As a leading bank, we understand innovation because we create the cutting edge for the rest to follow. From the Principles for Responsible Banking to the new ways we find everyday to elevate our service, we are consistently perfecting the art of banking.

ON OUR COVER

"On My Way Home"
Mortgages: Finally, Home

ST. KITTS & NEVIS

Marina Simmons

Following your path, a mortgage from Republic Bank leads to the home of your dreams.

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OUR BANK

Who We Are

Our Vision

Republic Bank,
the **Caribbean Financial Institution of Choice** for our Staff, Customers and Shareholders.
We set the Standard of Excellence in Customer Satisfaction, Employee Engagement, Social Responsibility and Shareholder Value, while building successful societies.

Our Mission

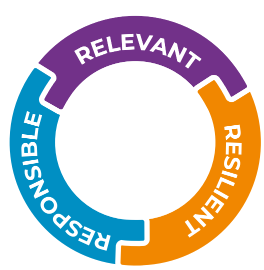
Our mission is to provide **Personalised, Efficient** and **Competitively-priced Financial Services** and to implement **Sound Policies** which will redound to the benefit of our Customers, Staff, Shareholders and the Communities we serve.

Republic Bank (Guyana) Limited is one of Guyana's largest and longest operating financial institutions, celebrating a history of service to the people of the nation for 18.5 decades. As a fully comprehensive bank, Republic Bank (Guyana) Limited provides its customers and clients customised, efficient, and competitively priced financial products and services across a network that spans 12 branches and 50 ATMs. Currently, in addition to the suite of services already provided, the Bank has placed significant attention on growing its lending portfolio, with particular emphasis on small and medium-sized enterprises, It has also strengthened its focus on corporate social investment driven by a long-ingrained philosophy of sustainable development in Guyana.

Our Core Values

Customer Focus
Integrity
Respect for the Individual
Professionalism
Results Orientation

Our Declaration of Purpose



We value people,
we serve with heart,
we are deeply committed to your success...
we care

Where We Are

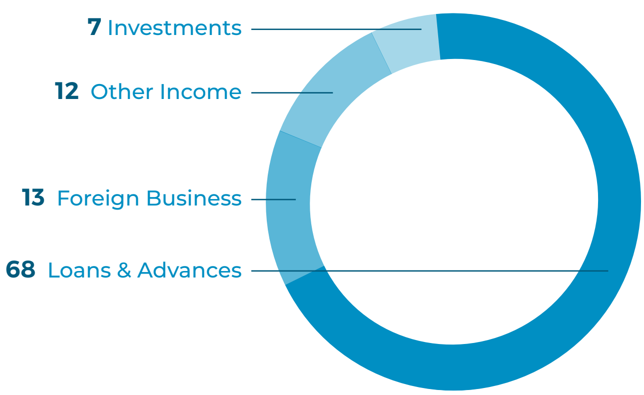
1 Anna Regina
2 Vreed-en-Hoop
3 Diamond
4 Camp Street
5 New Amsterdam
6 Water Street
7 Rose Hall
8 Triumph
9 D'Edward
10 Corriverton
11 Linden
12 Lethem

12 BRANCHES

50 ATMS

Our Performance

Sources of Revenue (%)



	2022	2021
TOTAL ASSETS (GY$ BILLION)	260.6	235.3
PROFIT AFTER TAX (GY$ MILLION)	4,283.7	3,580.8
STOCK PRICE (GY$)	518.	525.
DIVIDENDS YIELD (%)	1.04	0.86
EPS (GY$)	14.28	11.94
PE RATIO	36.27	43.97

NOTICE OF MEETING

Notice of Annual General Meeting

NOTICE is hereby given that the Thirty-Eighth Annual General Meeting of Republic Bank (Guyana) Limited will be held at the Guyana Marriott Hotel located at Block Alpha Battery Road Georgetown, on Friday, December 09, 2022 at 15:00 hours (3:00 p.m.) for the following purposes:

1 To receive the Report of the Directors and the Auditors and approve the Audited Accounts for the year ended September 30, 2022.

2 To re-elect three Directors to fill offices vacated by those retiring from the Board by rotation in accordance with the By-laws namely; Richard I. Vasconcellos, Nigel M. Baptiste and Yolande M. Foo.

3 To elect Natalia Seepersaud who was appointed to fill a casual vacancy as a Director in accordance with the By-laws.

4 To elect Parasram Salickram who was appointed to fill a casual vacancy as a Director in accordance with the By-laws.

5 To reappoint the Auditors, Messrs Ram & McRae.

And the following special business namely:

6 To consider and if thought fit, pass resolutions relating to:
   a Dividends;
   b Directors' service agreements providing for their remuneration; and
   c Remuneration of the Auditors.

7 To confirm the following amendments of the By-laws
   a THAT By-law Number 1 be amended by the insertion of the following immediately after the definition of "The Act" of the following definition:
   "Certificate shall mean documented proof of shareholding in Republic Bank (Guyana) Limited including a physical document issued under the seal of Republic Bank (Guyana) Limited or any electronic record or document evidencing ownership of shares".

   b THAT By-law Number 14 be deleted and replaced by the following:
   "Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or several certificates each for one or more of his shares upon payment of any sum as the Directors shall from time to time determine. Certificates issued in paper form shall be under the Seal and shall specify the shares to which it relates and the amount paid up thereon. Provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders."

   c THAT By-law Number 15 be deleted and replaced by the following:
   "When a share certificate is lost, destroyed, worn out or defaced, it may be cancelled and renewed on payment of a fee as determined by the directors and on such terms (if any) as to evidence and indemnity and the payment of the expenses of the company of investigating evidence and for any advertising as the directors think fit."

   d THAT By-law 31(c) be deleted and replaced by the following:
   "The Directors may also decline to recognise an instrument of transfer unless:
   (c) the fee determined by the Directors is paid to the Company in respect thereof."

8 To consider any other business that may be conducted at an Annual General Meeting.

By order of the Board

Christine A. McGowan
Corporate Secretary

October 25, 2022

Registered Office

155-156 New Market Street
North Cummingsburg
Georgetown, Guyana

Notes

- Only stockholders may attend
- Any member entitled to attend and to vote is entitled to appoint a proxy to attend and vote instead of him/her.
- A proxy need not be a member of the Company. The instrument appointing a proxy must bear a G$10 revenue stamp and be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
- Any Corporation which is a member of the Company may, by resolution of its Directors or other governing body, authorise such person as it thinks fit to act as its representative at the meeting (By-law 86).

CORPORATE INFORMATION

Directors

Chairman

Nigel M. Baptiste, *BSc (Hons.) (Econ.), MSc (Econ.), ACIB*

Managing Director

Stephen R. Grell, *BA (Econ.), MSc (Fin.)*

Non-Executive Directors

John G. Carpenter, *AA, BSc (Food Sciences)*

Roy E. Cheong, *AA, FCII, FLMI, CLU*

Yolande M. Foo, *AICB*

Richard M. Lewis, *HBA*

Richard I. Vasconcellos

Aldrin Ramgoolam, *BSc (Computer Science), MBA, Dip. (Business Mgmt.)*

Corporate Management

Corporate Secretary

Christine A. McGowan, *LLB (Dist.), LEC (Hons.), LLM (Merit), MBA, AMLCA, CPAML*

Registered Offices

Promenade Court
155-156 New Market Street
North Cummingsburg
Georgetown
Guyana
South America
Tel: (592) 223-7938-49
Fax: (592) 233-5007
Swift: RBGL GYGG
E-mail: gyemail@rfhl.com
Website: www.republicguyana.com

Attorneys-at-Law

Messrs. Cameron & Shepherd

2 Avenue of the Republic
Robbstown
Georgetown
Guyana
South America

Auditors

Messrs. Ram & McRae

Chartered Accountants
157 'C' Waterloo Street
North Cummingsburg
Georgetown
Guyana
South America

BANK PROFILE

Executive Management

Managing Director
Stephen R. Grell, *BA (Econ.), MSc (Fin.)*

General Manager, Credit
Venus Frith, *BSc (Bkg. and Fin.), MSc (Dist.) (Int'l. Fin.)*

General Manager, Operations
Denise Hobbs, *Dip. (Business Mgmt.), Cert. (Leadership)*

Head Office Departments

Regional Corporate Manager, Corporate Business Centre
Sasenarain Jagnanan, *Dip. (Bkg. and Fin.), AICB*

Regional Manager, Commercial and Retail Banking
Jadoonauth Persaud, *MBA, Dip. (Bkg. and Fin.)*

Assistant Manager, Commercial and Retail Banking
Gail Harding, *AICB*

Corporate Manager, Corporate Business Centre
Carla Roberts, *BSc (Acct.)*

Credit Manager, Corporate Business Centre
Diane Yhun, *ACCA Affiliate*

Commercial Manager, Corporate Business Centre
Harry Dass Ghaness, *I.C.B. – Letter of Accomplishment, Certified Credit Professional*

Manager, Planning and Financial Control
Vanessa Thompson, *B.Soc.Sc. (Mgmt.), MBA, FCCA*

Manager, Human Resources
Shrimanie Mendonca, *BSc (Biology), MEd, PgDip. (Edu.)*

Assistant Manager, Human Resources
Jannis London, *B.Soc.Sc. (Mgmt.), MBA, Dip. (Bkg.), AICB*

Manager, Administration and Premises
Denys Benjamin, *AICB*

Manager, Legal Services/Corporate Secretary
Christine McGowan, *LLB (Dist.), LEC (Hons.), LLM (Merit), MBA, AMLCA, CPAML*

Senior Manager, Head Office
Ndidi Jones, *LLB, LEC, LLM (Merit), Dip. (Sociology), CPAML*

Manager, Marketing and Communications
Michelle Johnson, *B.Soc.Sc. (Credit) (Mgmt.), MACC (Dist.), PgDip. CIPR, MCIPR*

Manager, Branch Support Services
Erica Jeffrey, *ICB - Letter of Accomplishment*

Manager, Information Technology and E-Support
Yonnette Greaves, *Dip. (Mgmt. Info. Systems), LIMIS*

Manager, End User Services
Shaun Ali, *BSc (First Class Hons.) (Info. Tech.), AAS (Operating Systems Mgmt.)*

Manager, Internal Audit
Oral Rose, *B.Soc.Sc. (Dist.) (Mgmt.), Dip. (Mktg.), AMLCA*

Manager, Enterprise Risk Management
Michael Ram, *AICB*

Manager, Centralised Collections Unit
Karen Assanah, *B.Soc.Sc. (Dist.) (Mgmt.), MSc (Fin. Mgmt.), AAT, Certified Credit Professional, AICB*

Branch Network

ANNA REGINA BRANCH
Branch Sales Manager
Guitree Ramsamooj, *CAT, Certified Credit Professional*

CAMP STREET BRANCH
Branch Sales Manager
Eon Grant, *BComm., AICB*

CORRIVERTON BRANCH
Customer Sales/Service Manager
Seema Brijmal, *Certificate (Small Business Bkg.)*

D'EDWARD BRANCH
Branch Sales Manager
Joel Singh, *AICB*

D'EDWARD BRANCH
Branch Sales Manager (Acting)
Sasenarine Bindranath, *Dip. (Business Law) (ICM), AICB*

BANK PROFILE

DIAMOND BRANCH

Branch Sales Manager

Allison Mc Lean-King, *Certified Credit Professional, AICB*

LETHEM BRANCH

Customer Sales/Service Manager

Nadia Khedaroo, *B.Soc.Sc. (Public Mgmt.), Dip. (Public Mgmt.), AICB*

LINDEN BRANCH

Branch Sales Manager

Karen Cox, *Dip. (Commerce)*

NEW AMSTERDAM BRANCH

Branch Sales Manager

Imran Saccoor, *MBA, Dip. (Mktg.)*

ROSE HALL BRANCH

Branch Sales Manager

Satie Cox, *B.Soc.Sc. (Mgmt.), MA (Business Mgmt.), Certified Credit Professional, Cert. (Trained Teacher)*

TRIUMPH BRANCH

Branch Sales Manager

Bibi Shaliza Hussain, *MBA, MBA (Oil and Gas Mgmt.), Certified Credit Professional, AICB*

VREED-EN-HOOP BRANCH

Branch Sales Manager

Babita Ogle, *AICB*

WATER STREET BRANCH

Branch Sales Manager

Randulph Sears, *MBA, Dip. (Mktg.), Dip. ABA Stonier Graduate School of Banking, Cert. Wharton Leadership Programme, Certified Credit Professional, Business Group Cert. ICM, MCIM*

FINANCIAL SUMMARY

Expressed in Thousands of Guyana Dollars ($'000)

	2022	**2021**	**2020**	**2019**	**2018**
Cash resources	**38,349,593**	73,924,937	69,550,266	43,875,653	40,078,184
Investment securities	**114,014,499**	63,191,303	43,544,597	47,771,750	48,790,490
Loans and advances	**97,207,405**	88,401,400	81,868,455	78,793,633	69,747,950
Total assets	**260,553,214**	235,348,578	205,336,466	180,161,425	168,183,290
Total deposits	**223,943,408**	203,532,538	175,334,552	153,605,091	144,654,913
Stockholders' equity	**30,491,222**	27,133,329	24,607,213	22,623,702	20,164,281
Net profit after taxation	**4,283,693**	3,580,789	3,494,594	3,845,781	3,134,004
Total comprehensive income	**4,827,893**	3,802,429	3,360,194	3,839,421	3,206,844
Earnings per stock unit in dollars ($)	**14.28**	11.94	11.65	12.82	10.45
Return on average assets (%)	**1.74**	1.62	1.81	2.24	2.02
Return on average equity (%)	**14.93**	13.80	14.52	17.97	16.48

FINANCIAL HIGHLIGHTS

Expressed in Thousands of Guyana Dollars ($'000)

	2022	2021	Change	% Change
Statement of Income				
Interest and other income	**14,324,663**	12,648,922	1,675,741	13.2
Interest and non-interest expenses	**(7,732,271)**	(7,041,707)	(690,564)	(9.8)
Net Income before taxation	**6,592,392**	5,607,215	985,177	17.6
Taxation charge	**(2,308,699)**	(2,026,426)	(282,273)	(13.9)
Net Income after taxation	**4,283,693**	3,580,789	702,904	19.6
Statement of Financial Position				
Loans and advances	**97,207,405**	88,401,400	8,806,005	10.0
Total assets	**260,553,214**	235,348,578	25,204,636	10.7
Average assets	**245,991,836**	220,743,676	25,248,160	11.4
Deposits	**223,943,408**	203,532,538	20,410,870	(10.0)
Equity (capital and reserves)	**30,491,222**	27,133,329	3,357,893	12.4
Average outstanding equity	**28,699,223**	25,953,040	2,746,183	10.6
Common stock				
Earnings in dollars per Stock Unit	**14.28**	11.94	2.34	19.6
Dividend for the year (in thousands)	**1,620,000**	1,350,000	270,000	(20.0)
Stock Units (in thousands)	**300,000**	300,000	–	–
General				
Number of:				
Stockholders	**1,590**	1,472	118	8.0
Common stock outstanding (in thousands)	**300,000**	300,000	–	–
Active savings, chequing and deposit accounts	**189,195**	189,720	(525)	(0.3)
Employees	**709**	651	58	8.9
Banking offices	**12**	12	–	–

"Saving Towards the Dream" RightStart: From Young

ST. VINCENT & THE GRENADINES

Jadiel Foster

Aspiring to your future career—little deposits can turn into a big lumpsum in a RightStart account.

BOARD OF DIRECTORS

1 2 3 4

1 **NIGEL M. BAPTISTE**
Chairman
President and Chief Executive Officer,
Republic Financial Holdings Limited

2 **STEPHEN R. GRELL**
Managing Director

3 **JOHN G. CARPENTER**
Chairman,
Hand-in-Hand Group of Companies

4 **ROY E. CHEONG**
Retired Senior Insurance Executive,
GTM Group of Companies

5 6 7 8

5 **YOLANDE M. FOO**
Retired Senior Banking Executive,
Republic Bank (Guyana) Limited

6 **RICHARD M. LEWIS**
Executive Chairman,
Label House Group Limited

7 **ALDRIN RAMGOOLAM**
General Manager,
Information Technology Management
Republic Bank Limited

8 **RICHARD I. VASCONCELLOS**
Chairman, A.N.K. Enterprises Inc.
Managing Partner,
Carib Hibiscus Development

BOARD OF DIRECTORS

Nigel M. Baptiste

Credentials

- Bachelor of Science in Economics with Honours, Master of Science in Economics, University of the West Indies
- Graduate, Advanced Management Programme, Harvard Business School
- Diploma with Distinction, ABA Stonier Graduate School of Banking
- Member, Chartered Institute of Bankers

Professional Summary

- Career banker with more than two decades of experience
- Managing Director, Executive Director, Republic Bank Limited
- Past General Manager, Human Resources, Republic Bank Limited
- Past Managing Director, Republic Bank (Guyana) Limited

Internal Appointments

- Chairman, Cayman National Corporation
- Board Member, Republic Financial Holdings Limited, Republic Bank Limited, Republic Bank (Ghana) Plc.

John G. Carpenter

Credentials

- Recipient, Golden Arrow of Achievement for outstanding service in the field of business, especially in food manufacturing and processing 2018
- Bachelor of Science in Food Science, Cornell University, Associate of Arts in Food Science

Professional Summary

- Extensive leadership in the local and regional commercial industry
- Decades of management and directorship of several successful businesses
- Focus on sustainable business development in Guyana

Subcommittees

- Audit, Enterprise Risk

External Appointments

- Chairman, Hand-in-Hand Fire and Life Insurance Group of Companies
- Director, Wieting and Richter Limited, Industrial Safety Supplies Inc., Cellsmart Inc.

Stephen R. Grell

Credentials

- Bachelor of Arts in Economics, Florida International University
- Master of Science in Finance, Chapman School of Business, Florida International University

Professional Summary

- Career banker with a proven record of developing and executing strategies across the financial services landscape, while fostering senior level relationships at private and public sector organisations in the Caribbean, North and South America, and the United Kingdom
- Past Vice President – Banking, Capital Markets and Advisory, Citibank (Trinidad and Tobago) Limited
- Past Manager, Investment Banking Division, Republic Bank Limited
- Past Managing Partner/Portfolio Manager, Gracchi Capital Partners LLP
- Past Senior Investment Manager, Hartmann Capital Limited
- Past Investment Manager, Republic Bank (Cayman) Limited

External Appointments:

- Chairman, Guyana Association of Bankers Inc.

Roy E. Cheong

Credentials

- Recipient, Golden Arrow of Achievement for long, dedicated and outstanding service in the administration of and training in insurance, as well as his active participation in the work of voluntary service organisations at the national and regional levels 1998
- Fellow, Chartered Insurance Institute
- Fellow, Life Management Institute
- Chartered Insurer
- Chartered Life Underwriter

Professional Summary

- Vast management and financial expertise
- Past President, Insurance Association of the Caribbean
- Past President, Insurance Association of Guyana
- Past Managing Director, GTM Group of Companies, Guyana

Subcommittees

- Audit, Compensation, Enterprise Risk

External Appointments

- Board Member, Banks DIH Limited and other companies

Yolande M. Foo

Credentials

- Associate, Chartered Institute of Bankers

Professional Summary

- Retired career banker with 45 years' experience in the fields of banking, human resource management, training, and governance
- Past Director, St. Joseph Mercy Hospital
- Past President, Rotary Club of Demerara
- Past sub-committee member, National Tripartite HIV/AIDS – Workplace Education Programme
- Past Trustee, Guyana Girl Guides Association
- Actively involved in a number of humanitarian efforts and charitable ventures

Subcommittees

- Audit, Compensation, Governance and Nomination

Richard M. Lewis

Credentials

- Bachelor of Arts in Business Administration with Honours, University of Western Ontario Richard Ivey School of Business, Canada
- Graduate in OND Electrical Engineering, Newcastle Institute of Technology, UK

Professional Summary

- Executive Chairman, Label House Group Limited, the largest specialist label and packaging printer and the largest supplier of manufactured pouches and in-store merchandising units in the Caribbean
- Active business coach for ActionCOACH in Trinidad and Tobago

Subcommittees

- Audit, Enterprise Risk, Compensation, Governance and Nomination

Internal Appointments

- Director, Republic Bank (Grenada) Limited, Republic Wealth Management Limited

External Appointments

- Chairman, Prestige Business Publications, Beacon Insurance Company Limited

Aldrin Ramgoolam

Credentials

- Bachelor of Science in Computer Science, University of the West Indies
- Master of Business Administration, Lord Ashcroft Business School, Anglia Ruskin University
- Diploma in Business Administration, Arthur Lok Jack Global School of Business, University of the West Indies

Professional Summary

- 30 years' experience in the field of Information Technology
- Over 32 years with the Group and over 20 years on the Bank's management team
- Extensive range of expertise, having served in key managerial roles in Technical Support, IT Infrastructure and Application Support/Development as well as senior leadership positions in IT Service Delivery, IT Project Management and IT Governance

External Appointments

- Director, Republic Bank (BVI) Limited

Richard I. Vasconcellos

Professional Summary

- Significant finance expertise including 15 years' in international banking
- Past senior management positions in the field of banking including Senior Vice President, Commerce Bank, National Association
- Experienced and successful Business Consultant

Subcommittees

- Audit, Compensation, Governance and Nomination

External Appointments

- Chairman, A.N.K. Enterprises, Inc.
- Shareholder and Managing Partner, Carib Hibiscus Development, USA
- Board Member, Cellsmart Inc., Santa Fe (Guyana) Limited

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report and Audited Financial Statements for the year ended September 30, 2022.

Principal Activities

The Bank provides a comprehensive range of commercial banking services at 12 locations throughout Guyana.

Financial Results

(in thousands of Guyana Dollars)

	2022	2021
Net income after taxation	**4,283,693**	3,580,789
Interim dividend paid	**420,000**	300,000
Retained earnings	**3,863,693**	3,280,789
Final dividend proposed	**1,200,000**	1,050,000

Dividends

An interim dividend of $1.40 per stock unit ($420 million) was paid during the year and a final dividend of $4.00 per stock unit ($1,200 million) for the year ended September 30, 2022, is recommended. This, if approved, will bring the total payout for the year to $1,620 million.

Capital and Reserves

Capital and reserves other than retained earnings totaled $2,420.8 million as shown in the Statement of Changes in Equity.

Retained earnings at September 30, 2022 is $28,070.4 million (2021: $25,578.1 million) after a transfer of $865.6 million to the General Banking Risk Reserve, $1,470 million paid out as dividends (final 2021: $1,050 million, interim 2022: $420 million), and $4,283.7 million transferred from the Statement of Income for 2022.

Donations

In addition to the Bank's Power to Make A Difference investment initiatives (see pages 55 to 57), general donations to charitable or public causes for the year were $5.2 million (2021: $5 million), emphasising the Bank's strong social investment policy.

Substantial Stockholding (Units of Stock)

A substantial stockholder for the purposes of the Securities Industry Act Cap. 73:04 is one who controls five percent or more of the voting power at a General Meeting. The following are the substantial stockholders of the Bank:

	Number of Stock Units 2022	% held	Number of Stock Units 2021	% held
Republic Financial Holdings Limited	**152,898,395**	**50.97**	152,898,395	50.97
Demerara Mutual Life Assurance Society Limited	**16,306,080**	**5.44**	16,306,080	5.44
Guyana and Trinidad Mutual Fire and Life Group of Companies	**15,798,760**	**5.27**	15,798,760	5.27
Trust Company (Guyana) Limited	**20,347,081**	**6.78**	20,127,226	6.71
Hand-in-Hand Mutual Fire & Life Group of Companies	**17,661,232**	**5.89**	17,722,635	5.91

Directors

In accordance with the Bank's By-laws, Richard I. Vasconcellos, Nigel M. Baptiste and Yolande M. Foo retire from the Board by rotation and being eligible, offer themselves for re-election.

Auditors

Messrs. Ram & McRae, Chartered Accountants have informed the Bank of their willingness to continue in office as Auditors. A resolution proposing their re-appointment and authorising the Directors to fix their remuneration will be submitted to the Annual General Meeting.

Contribution of Each Activity to Operating Profit

'Banking operations' is considered as one single business operation which includes lending, investments, foreign exchange trading and deposit taking. The contribution or cost from these activities to operating profit is disclosed in the Statement of Income.

Geographic Analysis of Turnover and Contribution to Results

The Bank operates only in Guyana but several investments are held overseas for which income of $257.6 million (2021: $103.7 million) was earned during the year. Please refer to Note 24 of the financial statements for further information.

Interest of Directors and Chief Executive and their Associates

Of these categories only the following persons held stocks in the company, all of which were held beneficially:

	Number of Stock Units	
	2022	**2021**
John G. Carpenter (held jointly with an associate)	**150,000**	150,000
Roy E. Cheong (75,000 held jointly with an associate, and 12,000 held by an associate)	**87,000**	87,000
Yolande M. Foo (held jointly with associates)	**315,000**	315,000
Richard I. Vasconcellos	**15,000**	15,000
Richard M. Lewis	**17,850**	17,850

Directors' Fees ($)

	2022	**2021**
Nigel M. Baptiste	**3,780,000**	3,780,000
John G. Carpenter	**3,570,000**	3,570,500
Roy E. Cheong	**4,851,000**	4,851,000
Richard I. Vasconcellos	**3,465,000**	3,465,000
Richard M. Lewis	**4,410,000**	3,622,500
Yolande M. Foo	**3,937,500**	3,937,500
Aldrin Ramgoolam	**4,147,500**	1,347,500

DIRECTORS' REPORT

Directors' Service Contracts

There are no service contracts with the Directors proposed for election at the forthcoming Annual General Meeting, or with any other Directors, which are not determinable within one year without payment of compensation.

Contracts with Directors

Other than normal banking and employment contracts, there were no contracts between the Bank and its Directors or in which the Directors were materially interested.

Contract of Significance with Stockholder or its Subsidiary

The Bank expended the sum of $135.4 million (2021: $119 million) under a Technical Services Agreement with Republic Bank Limited for the provision of management, credit analysis, internal audit and other services. Technical Service fees are determined with reference to the Bank's net interest and other income.

"Credit Card in 3D" Credit Cards: A New World Of Opportunity

TRINIDAD & TOBAGO

Alaysha Alleyne-Jack

A whole new way of looking at the world and enjoying its opportunities—that's what the Republic Bank range of credit cards gives you.

CHAIRMAN'S REVIEW

The Bank recorded a satisfactory performance buoyed by Guyana's expanding business sector, competitive financial environment and anticipated economic growth.

Nigel M. Baptiste

CHAIRMAN'S REVIEW

Fellow Director and Stockholder,

I'm pleased to report on the annual performance of Republic Bank (Guyana) Limited for the year ended September 30, 2022. Against the background of global developments, the Bank recorded a satisfactory performance buoyed by Guyana's expanding business sector, competitive financial environment and anticipated economic growth. Profit after tax of $4,283.7 million representing a 19.63% increase over prior year results was recorded. Earnings per stock unit amounted to $14.28, an increase from $11.94 in 2021. Your Directors have recommended a final dividend of $4.00 (per stock unit), which, if approved at the Annual General Meeting, will bring the total dividend for the year to $1,620 million (2021: $1,350 million).

Chairman's Economic Review

The global economy was confronted by many challenges over the past twelve months. While most of the world emerged from the COVID-19 pandemic, the zero COVID-19 policy adopted in the People's Republic of China resulted in the continuation of many of the supply side disruptions that had become a feature of the pandemic itself. These disruptions, combined with the humanitarian and economic fallout because of the Russian invasion of Ukraine, saw significant sustained price increases internationally and locally. These increases in turn left the monetary authorities in most of the developed world to significantly increase interest rates over the last six months.

The impact of these developments is reflected in the current estimates re: global economic growth. The International Monetary Fund (IMF) reported that the global economy achieved upward growth of 5.5 percent in 2021 from a 4.4 percent contraction in 2020. In the face of continued uncertainty, the global economy's growth is expected to decelerate to 4.1 percent in 2022 and 3.2 percent in 2023.

Guyana's economy continued to benefit from growth in its oil and gas sector and registered real Gross Domestic Product (GDP) growth of 19.9 percent, albeit reduced when compared to the 43.5 percent recorded in 2020. Real non-oil GDP also grew by 4.6 percent in 2021 compared to a contraction of 7.3 percent in 2020. This growth is due to higher output in all the major sectors, except agriculture which saw lower output in sugar, rice and other crops on account of devastating mid-year flooding which similarly affected the gold industry.

At the half-year 2022, the country recorded real GDP growth of 36.4 percent and non-oil GDP growth of 8.3 percent. Real GDP growth was on account of expansion in the oil and gas sector by 73.5 percent compared with 2021. Significant increases in oil production accounted for this growth. With the addition of the latest Floating Production, Storage and Offloading Vessels (FPSO), Liza Unity, daily average production increased by 75.1 percent over the same period in 2021 to 193,834 barrels per day (bpd). Total production for 2022 is expected to reach 93.6 million barrels.

The agriculture sector grew by 10.9 percent despite a decline in output by the major rice and sugar sectors. Spillover from flooding in 2021 contributed to a 55.9 percent decline in sugar output and a contraction of the rice industry by 22.4 percent.

Services sector activities increased by 7.6 percent on account of growth in all Services subsectors since most COVID-19 restrictions were lifted, allowing business to resume operations at full capacity.

Full reopening of the economy and increased demand for accommodation and food services enabled significant expansion of the subsector with 45.5 percent growth. An increase in hotel occupancy rates, coupled with on-site dining at restaurants without capacity restrictions, also contributed to this growth.

GUYANA'S ECONOMY CONTINUED TO BENEFIT FROM GROWTH IN ITS OIL AND GAS SECTOR AND REGISTERED REAL GDP GROWTH OF 19.9 PERCENT, ALBEIT REDUCED WHEN COMPARED TO THE 43.5 PERCENT RECORDED IN 2020.

THE GROUP'S FOCUS ON SUSTAINABILITY WILL ALSO SEE FRUITION OF ITS COMMITMENT TO AGRI-FINANCING TO SUPPORT CARICOM'S 2025 FOOD SUSTAINABILITY GOALS THROUGH A US$100 MILLION FINANCING FACILITY. SUSTAINABLE LAND MANAGEMENT SPECIFIC TO AGRICULTURE AND FORESTRY IS ONE OF TWELVE PRIORITY AREAS UNDER THIS COMMITMENT.

Removal of Value Added Tax (VAT) on cement saw lower construction cost, resulting in the industry's ability to continue showing strong growth with expansion of 20.4 percent on account of increased government projects and rapid growth in private home construction.

The Russia-Ukraine conflict led to supply shortfall and higher crude oil prices triggering increased transportation and communication cost. The Urban Consumer Price Index (CPI) recorded an inflation rate of 4.9 percent, reflective of higher food prices.

Total Non-Performing Loans (NPLs) in the banking sector improved to 6.1 percent compared to 10.2 percent at end-June 2021, and 8.0 percent at end-December 2021. COVID-19 stress testing conducted by the Bank of Guyana indicated the industry is resilient but a potential increase in NPLs is a high-risk factor.

Overall balance of payments recorded a deficit of US$100 million compared to US$67.4 million for the same period in 2021 reflective of a higher capital account deficit which offset a significant increase in current account surplus. The shortfall in the capital account was on account of oil revenue outflow to the Natural Resource Fund (NRF) and cost oil recovery to Esso Exploration and Production Guyana Limited (EEPGL) and its partners, despite higher inflow to the private sector in the form of Foreign Direct Investments (FDIs). The current account surplus resulted from higher merchandise trade surplus due to higher crude oil exports.

Foreign exchange transactions declined by 7.7 percent to US$5,927.4 million due to reduced transactions processed through foreign accounts and soft currency. The Guyana dollar exchange rate to the US dollar is anticipated to remain stable on account of net supply of foreign exchange to the market and sound exchange rate management by the Bank of Guyana.

Group Developments

Total assets stood at US$16.6 billion as at June 30, 2022, an increase of US$400 million over total assets as at June 2021, on account of growth in loans and advances, investments and other assets. Growth in customer deposits in some territories also contributed to the increase.

These results are reflective of the relaxation of COVID-19 measures in most territories, which enabled increased economic activity, including tourism-reliant markets.

The Group remains committed to cost management, while continually seeking opportunities to improve the customer experience through increased investment in digitisation.

The Republic Group continues to use its Power to Make A Difference platform to provide opportunities for young people's success through support of sports, education, culture and the arts, persons with disabilities through healthcare, social and environmental awareness initiatives, and a robust staff volunteerism programme.

260.6
TOTAL ASSETS (GY$B)

4.3
NET PROFIT (GY$B)

5.4
TOTAL DIVIDENDS (GY$)

CHAIRMAN'S REVIEW

DESPITE THE EXTERNAL ECONOMIC OUTLOOK, GUYANA'S ECONOMY IS POISED TO MAINTAIN THE HIGH GROWTH LEVEL IN THE SECOND HALF OF 2022, AS THAT ACHIEVED IN THE FIRST. THIS OUTCOME IS EXPECTED ON ACCOUNT OF INCREASED CRUDE OIL OUTPUT, COUPLED WITH IMPROVED PERFORMANCE IN ALL OTHER SECTORS.

In alignment with the Group's commitment to achieve net-zero greenhouse-gas emission in its financing activities by 2050 by becoming a founding member of the Net-Zero Banking Alliance, an Office of Sustainability was established for development and implementation strategies to transition the Group to a more environmentally friendly, and sustainable direction.

The Group's focus on sustainability will also see fruition of its commitment to agri-financing to support CARICOM's 2025 food sustainability goals through a US$100 million financing facility. Sustainable land management specific to agriculture and forestry is one of 12 priority areas under this commitment.

Republic Financial Holdings Limited is committed to providing the right levels of access to financing for viable agricultural investment, aligning with support for the region's attainment of the United Nations Sustainable Development Goals. Not only is this aimed at helping with much-needed economic diversification for the region, but will also benefit the environment and society in the long-term.

The Group remains optimistic about the future outlook of the territories in which we operate, and will continue our efforts of supporting our customers and other stakeholders in their recovery.

Future Outlook

Despite the external economic outlook, Guyana's economy is poised to maintain the high growth level in the second half of 2022, as that achieved in the first. This outcome is expected on account of increased crude oil output, coupled with improved performance in all other sectors. As the economy continues to recover from the effects of the COVID-19 pandemic, the end of year inflation rate is expected to remain stable, as local and world food, oil prices and supply shortfall is expected to be moderate.

The approved Payara Project gearing for first oil in 2023 with estimated production of 220,000 barrels per day (bpd) will see Guyana's production capacity increase beyond 340,000 bpd.

Increases in global oil prices from initial assumptions will result in a windfall position by the end of 2022. Passage of the Natural Resource Fund Act, 2021 afforded the injection of G$126.7 billion from the Fund to the economy to support new and ongoing projects, such as, construction of the new Demerara Harbour Bridge, the Amaila Falls Hydropower Project, and the Gas to Shore energy project among others. These projects will significantly impact the business community, and create investment opportunities.

Passage of the Local Content Act of 2021 will allow Guyanese owned businesses to build capacity, compete in the resource intensive oil and gas sector, and serve as a catalyst for development in the private sector.

Continued growth of the construction sector due to increased land distribution, creates numerous lending opportunities in real estate and private property development.

With Guyana hosting the Caribbean Premier League T20 finals for the next three years, there is anticipated increase in tourism and entertainment activities creating further opportunities for local businesses.

Republic Bank remains committed to providing support to our customers and other stakeholders for Guyana's continued development.

Acknowledgements

On behalf of the Board of Directors I sincerely thank the Leadership Team for their contributions to a commendable year's performance. I also take this opportunity to recognise and thank our staff for their steadfastness and commitment that helped us achieve these results. Appreciation is also extended to our customers, business partners, and stockholders for their ongoing confidence and support.

Nigel M. Baptiste
Chairman

GROUP VICE PRESIDENTS

PARASRAM SALICKRAM **KAREN YIP CHUCK** **RICHARD SAMMY**

WE ARE PLEASED TO INTRODUCE OUR GROUP VICE PRESIDENTS OF REPUBLIC FINANCIAL HOLDINGS LIMITED (RFHL). AS A RESULT OF THE GROWTH AND DEVELOPMENT OF THE GROUP, THE BOARD OF DIRECTORS HAS IMPLEMENTED STRATEGIC RESTRUCTURING, VIA WHICH EXECUTIVE DIRECTORS ARE APPOINTED TO THE POSITION OF VICE PRESIDENT, EFFECTIVE NOVEMBER 15, 2022.

Our leadership structure has remained relatively unchanged since 1994. From that time to present, the size and role of the Group has expanded signficantly prompting a need to optimise our leadership effectiveness. Since 1994, the growth we have seen includes:

- Overseas subsidiaries increased from 2 to 9
- Total number of employees increased from 1,950 to 7,500
- Total assets grew from US$0.9 billion to US$15.5 billion
- Operation and regulatory complexity of the Group has expanded (e.g. Life Insurance business) and profitability has increased.

Meet Our Group Vice Presidents:

Parasram Salickram

Parasram 'Vic' has experience across four countries: Guyana, Trinidad and Tobago, Barbados and the Dominican Republic. In his 18 years with the Group, he has served in key finance roles including: Senior Manager, then General Manager of Planning and Financial Control, General Manager, Group Risk, Republic Bank (Trinidad) Limited; Head, then Second Vice President, Finance, Treasury and Administration, Republic Bank (Dominican Republic) Limited; Corporate Controller, Republic Bank (Barbados) Limited. He also served as Chief Financial Officer and Chief Risk Officer of Republic Financial Holdings Limited.

"I THINK LEADING BY EXAMPLE IS KEY – KNOWING THE WAY, SHOWING THE WAY."

Karen Yip Chuck

Karen's career in banking spans more than 30 years, during which time she has acquired expert knowledge of the Bank's core operations. She has held a number of senior positions within the bank serving as General Manager of: Internal Audit; Trust and Asset Management; Corporate and Investment Banking; Wealth Management, and Commercial and Retail Banking.

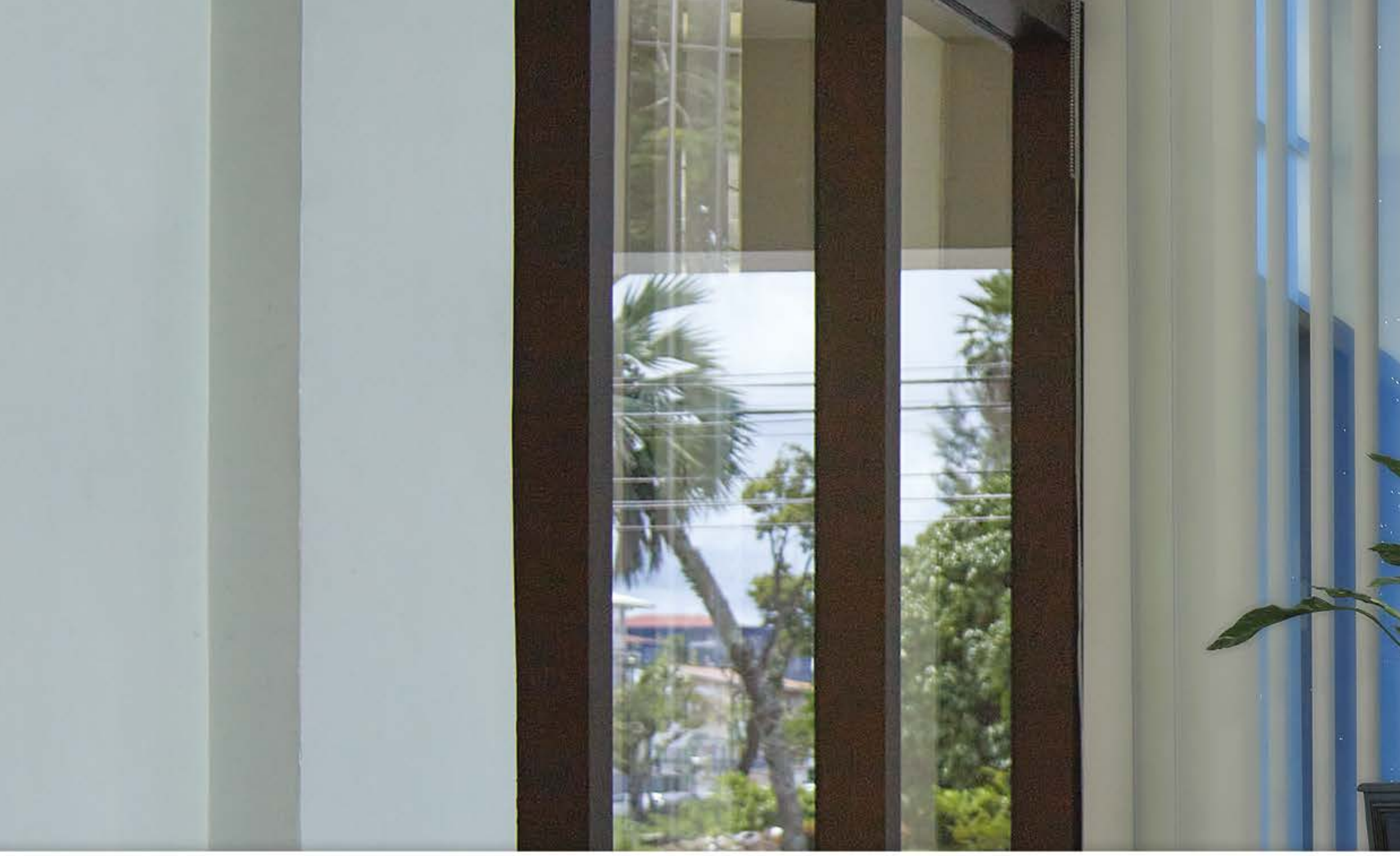
"FOR ME, LEADERSHIP MEANS SERVING WITH EMPATHY AND EMPOWERING OTHERS TO SUCCEED."

Richard Sammy

Richard is a distinguished banker with significant regional experience. He joined Republic Bank in 2009 as Regional Manager, Merchant Banking and has since held positions as: Regional Corporate Manager-South; Managing Director, Republic Bank (Guyana) Limited and General Manager, Corporate and Investment Banking, Republic Bank Limited.

"LEADERSHIP IS ABOUT EMPOWERMENT, AND CHALLENGING THE STATUS QUO."

We wish them a brilliant future and look forward to their wealth of insight in taking the Group to greater heights.



MANAGING DIRECTOR'S DISCUSSION & ANALYSIS

The Bank is even more focussed on its efforts to closer align with/surpass industry and customer service delivery expectations.

Stephen R. Grell

MANAGING DIRECTOR’S DISCUSSION AND ANALYSIS

I am pleased to report that Republic Bank (Guyana) Limited returned a satisfactory fiscal 2022 performance.

The Bank achieved a profit after tax of $4,283.7 million, compared to $3,580.8 million in 2021. There was a noted increase of 19.63 percent over last year’s performance as economic activity rebounded.

Return on Assets increased from 1.62 percent to 1.74 percent and Return on Equity from 13.80 percent to 14.93 percent. Earnings per Stock Unit increased from $11.94 to $14.28.

The Bank deepened its commitment to the Principles for Responsible Banking with a US$100 million facility for sustainable agriculture to support CARICOM food security.

Customer Service

The Bank’s efforts over the year resulted in improved performance across all customer service attributes as reported in a 2022 independent customer experience study that sought customers’ feedback. Overall, service delivery surpassed the Bank’s target, while customer experience and advocacy recorded marked improvement.

With these encouraging trends, the Bank is even more focussed on its efforts to closer align with/surpass industry and customer service delivery expectations.

Superior customer service remains a high-ranking priority, with emphasis placed on targeted staff training and development, enhanced products and services, and efficient service delivery channels.

We’re constantly engaging our customers and are increasingly accessible, via traditional and digital media, for early resolution or response. This engagement is generating insights which inform our understanding and help shape our strategic deliberations in their best interest. WhatsApp, instant messaging, Facebook and Twitter also afford customers the convenience of communication with us, at their fingertips.

Additionally, we utilise a range of feedback mechanisms for customers to share responses following interactions with various in-branch touch points. Our Customer Care Comment cards (‘Tell us what’s on your mind. We’re listening!’) invite and glean valuable customer feedback and help: guide our service maintenance efforts, reward outstanding service and address matters requiring resolution and clarification.

Overall, the Bank added value to the experiences of internal and external customers and this remains our continuous resolve.

Human Resources

The new employee Grading System was implemented effective October 1, 2021, and a Sales, Service and Support Model adopted at our branches. Employee promotions and transfers continue in keeping with our commitment to recognise/reward high performance and help members achieve their career objectives.

Relaxation of stringent pandemic restrictions and enhanced virtual capabilities, enabled our Learning and Talent Development team to offer a mix of online and in-person talent development initiatives. Gradual return to staff’s social and team building activities/events also commenced. Our human resources remain critical to the organisation’s success and are the driving force behind our commitment to the Principles for Responsible Banking. Customer Service Solutions training was executed for customer interfacing team members, and Leadership Excellence and Engagement training for middle management officers to inculcate a culture of effective governance and responsible banking.

THE BANK'S EFFORTS OVER THE YEAR RESULTED IN IMPROVED PERFORMANCE ACROSS ALL CUSTOMER SERVICE ATTRIBUTES AS REPORTED IN A 2022 INDEPENDENT CUSTOMER EXPERIENCE STUDY THAT SOUGHT CUSTOMERS' FEEDBACK. OVERALL SERVICE DELIVERY SURPASSED THE BANK'S TARGET, WHILE CUSTOMER EXPERIENCE AND ADVOCACY RECORDED MARKED IMPROVEMENT

In addition to structured onboarding for new team members, internal developmental sessions enhancing tellers' skills, sales and credit resources were offered to support team members' career aspirations and learn new applications. Specialised external in-person and online sessions were also facilitated in areas related to Human Resource Management, Occupational Safety and Health, and the renowned HumaneX Impact and Legacy Summit.

In keeping with the United Nations Sustainable Development Goal Number 4: 'Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all', plans were initiated during the fiscal to recommence our regionally accredited Youth Link Apprenticeship Programme, with resumption scheduled for October 2022.

As we continue enhancing our teams' capabilities, safety and wellbeing remain priorities. Initiatives were rolled out, propelling uptake of the Bank's Online Learning Academy coupled with health and wellness sessions that addressed COVID-19 and immune health. Booster shot inoculation continues to be encouraged, as we actively monitor internal safety measures in accordance with the Ministry of Public Health's protocols.

Information Technology

The face of banking is constantly changing, and as such we continue with emphasis on improving the Bank's technology, and ensuring optimum performance of our primary computing systems, network infrastructure and ancillary systems.

We continue focusing on promoting our digital services, and welcome the notable increase in usage of our RepublicOnline banking platform and RepublicMobile application. We see this trend as indicative of customers' satisfaction with the digital experience.

Among support strategies are network-wide availability of mobile devices to facilitate customer registration, ongoing customer education via social media, in-app guides, radio interviews, and user promotions.

Forward plans include expansion of our ATM fleet and card/Point-of-Sale enhancements. Process improvements enabled increased funds transfer and management via Electronic Funds Transfer (EFT) and Real-Time Gross Settlement (RTGS) for our business segment's benefit.

We remain cognisant of increasing cyber security threats, and are actively working to ensure compliance with Payment Card Industry Data Security Standards (PCI DSS). Email transaction notifications were introduced for cardholders, enabling them to constantly monitor card/account activity.

Moving forward, we're committed to deriving maximum benefit from the Bank's investment in technology and continuously implementing new and innovative ways to provide reliable, convenient and secure banking for our customers.

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

THE BANK DEEPENED ITS COMMITMENT TO THE PRINCIPLES FOR RESPONSIBLE BANKING THROUGH CLIMATE FINANCING FOR FOOD SUSTAINABILITY WITH A US$100 MILLION AGRI FACILITY TO SUPPORT CARICOM FOOD SECURITY.

Administration and Premises

Maintaining health and safety practices of the recent past, the Bank upkept frequent deep cleaning and sanitisation of its premises to maintain a safe work environment. In addition to routine maintenance and minor internal configurations across the network, major site improvement works were undertaken at our New Amsterdam Branch.

Subject to Bank of Guyana approval, construction of a modern state of the art banking facility at Williamsburg, Corentyne, Berbice will commence during the new fiscal to facilitate the transfer of our Rose Hall Branch's operations.

Empowering Communities

In year four of Phase Four of the Power to Make A Difference social investment initiative, the Bank continues to expand its partnerships with governmental and non-governmental organisations in support of key sustainable development goals.

'Five for Fun', a new format of cricket designed to appeal to children aged 8 to 11 years, was launched in Guyana through the Group's partnership with Cricket West Indies (CWI), the governing body for domestic and international cricket in the Caribbean. CWI, working in close collaboration with the Ministry of Education Allied Arts Unit, the Ministry of Culture Youth and Sport, and the Guyana Cricket Board introduced several coaching hubs across Guyana's three counties, to prepare teams for a series of preliminary games. Seventy-five primary school teams will participate in zonal preliminary rounds leading to a grand "Five for Fun" final.

The return to in-person events allowed the Bank to collaborate with the Ministry of Culture, Youth and Sport, to host the 14th Annual Republic Bank Mashramani Panorama Steel Band Competition with a live audience. Thousands locally and overseas enjoyed the event via radio, television and social media.

Republic Bank's passion for development of steel pan in Guyana has at its core our focus on providing avenues to empower our nation's youth, while sustaining national art forms and cultural heritage.

Continuation of our seven-year partnership with Women Across Differences (WAD) meant that more young women benefitted from the Comprehensive Empowerment Programme for Adolescent Mothers. The Programme is designed to enable them to become proud and emboldened advocates for sexual reproductive health, family planning, self-development, and vocational skills building.

Our University of Guyana scholarship awardee Ms. Kenita Shabiki Roberts completed her programme of study, and will soon graduate with a Bachelor of Social Science in Environmental Science. Our four-year scholarship is open to students pursuing studies with the university in subject areas the Bank recognises as key local sectors. These include Agriculture and Forestry, Earth and Environment Science, Technology and Natural Sciences, Finance, Entrepreneurship and Supply Chain Management.

The Bank in partnership with Specialists in Sustained Youth Development and Research Inc. (SSYDR), embarked on the Entrepreneurial Development Programme aimed at training 100 youths across the country. On completion, participants will have the opportunity to present business proposals through a competitive process. Fifty youths will then be selected to start actual businesses with grants for equipment, in support of Sustainable Development Goal Number 8: 'Promote inclusive sustainable economic growth, full productive and decent employment for all.'

Our alliance with the Mayor and Councillors of the City of Georgetown entered its eighteenth year of facilitating maintenance of the much-loved Promenade Gardens.

In support of the Group's commitment to the Principles for Responsible Banking, the Bank expanded its focus to Sustainable Development Goal Number 13: Climate Action, by partnering with the Guyana Marine Conservation Society (GMCS). Through this collaboration, a marketing video was produced to promote the rich biodiversity in the Barima-Mora Passage mangrove ecosystem and the important role of indigenous communities in preservation of the environment there, as well as promotion of opportunities for national and international universities to utilise the Imbotero Research Centre.

In the coming year, continued attention will be placed on youth empowerment and development, strengthening cultural heritage with added focus on the environment and conservation.

Regulatory Compliance

Guyana concluded the review process of the threat of Money Laundering, Financing of Terrorism and Proliferation Financing for its second round of the National Risk Assessment exercise. A final report will be issued on the outcome of the exercise. Republic Bank (Guyana) Limited (RBGY) continues supporting national initiatives to counter money laundering, terrorism and proliferation financing and participated in the national engagements in pursuit of this objective.

As in previous years, the Bank continues reviewing its policies and procedures to ensure it remains compliant with current regulations and international best practices relating to Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing. Audits and Quality Assurance Testing are conducted on an ongoing basis to assess the effectiveness of the Bank's approved policies and procedures. Staff receives ongoing training and guidance to ensure continued compliance with internal procedures.

We present below a discussion and analysis of the financial position and performance of the Bank for the year ended September 30, 2022 to be read in conjunction with the Directors' report and audited financial statements presented on pages 18 to 20 and pages 66 to 71 respectively.

These statements are published in Guyana dollars. Foreign amounts have been converted to Guyana dollars at the prevailing mid-rate on September 30, for each financial year. The following are the mid-rates for the major currencies as at September 30, 2022:

	2022	**2021**
United States dollars	**212.75**	212.75
Pounds Sterling	**240.75**	240.75
Canadian dollars	**145.75**	145.75
Euro	**205.75**	225.75

4.3
NET PROFIT (GY$B)

9.6
NET INTEREST INCOME (GY$B)

3.9
OTHER INCOME (GY$B)

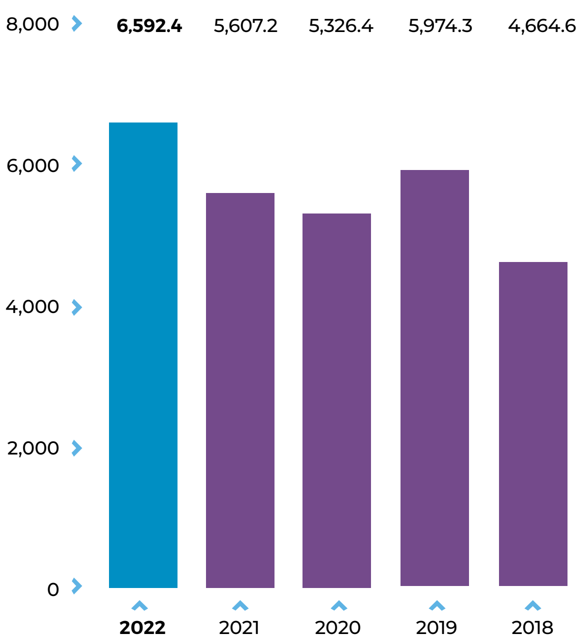
2.3
TOTAL TAXATION (GY$B)

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

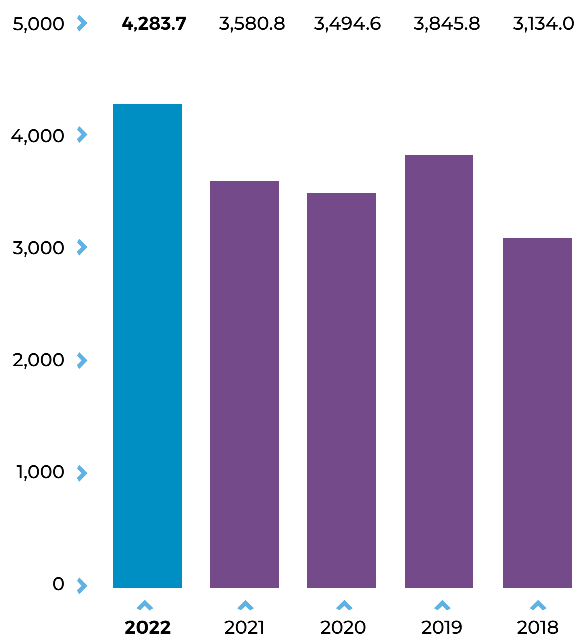
Statement of Income Review
Financial Summary

After tax profit of $4,283.7 million represents an increase in profitability of $702.9 million or 19.63 percent compared with 2021. This increase in profitability resulted primarily from the increase in interest income (loans and advances and Treasury Bills) and foreign exchange income. Corporation Tax paid amounted to $2,146.6 million compared with $1,619.1 million in 2021. (See undermentioned graph).

Profit Before Tax ($ MILLION)

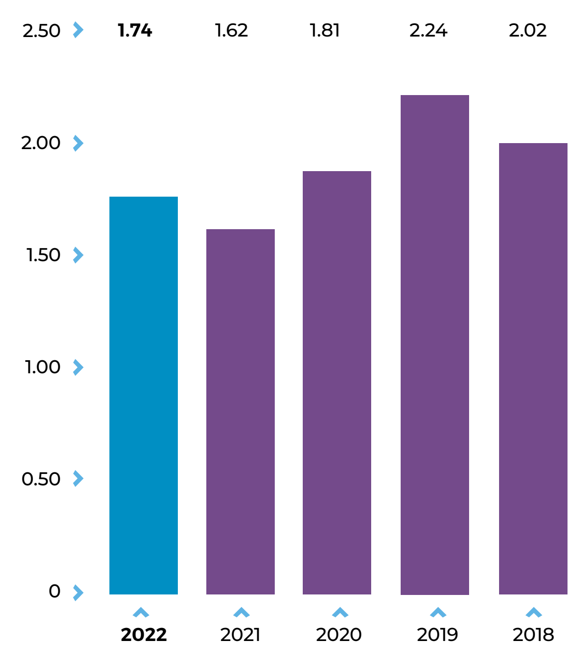


Profit After Tax ($ MILLION)

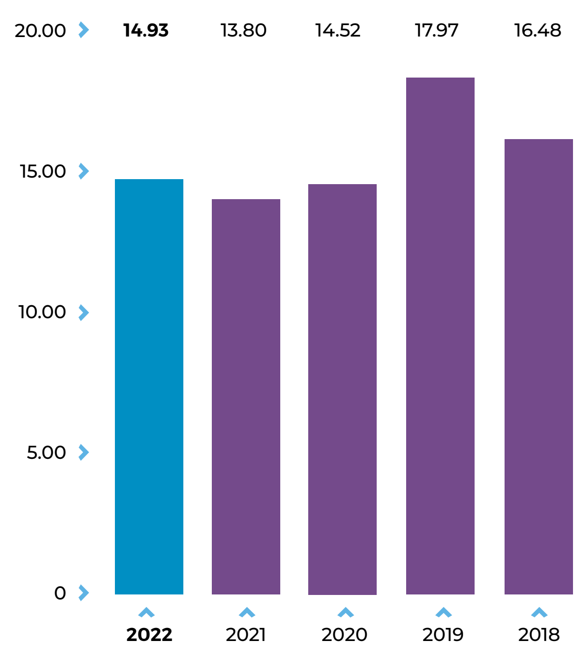


The Bank's return on average assets (1.74 percent) increased year on year, and its return on average stockholders' equity also increased (14.93 percent). Earnings per stock unit moved from $11.94 in 2021 to $14.28 in 2022. (See graphs below).

Return on Average Assets (%)



Return on Average Outstanding Equity (%)

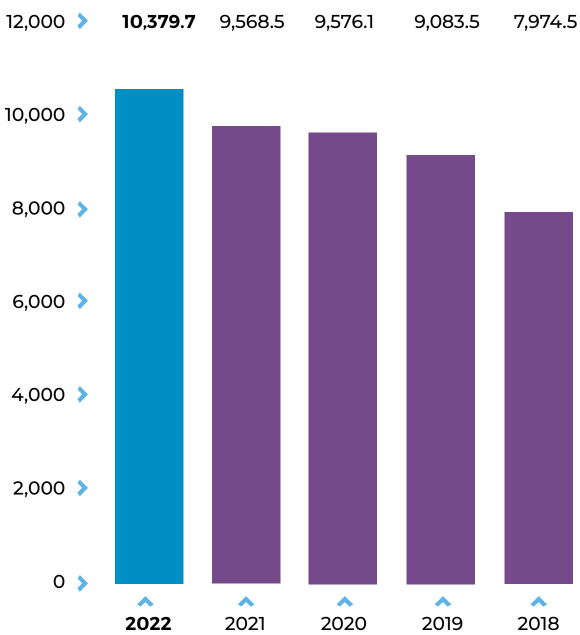


Net Interest and Other Income

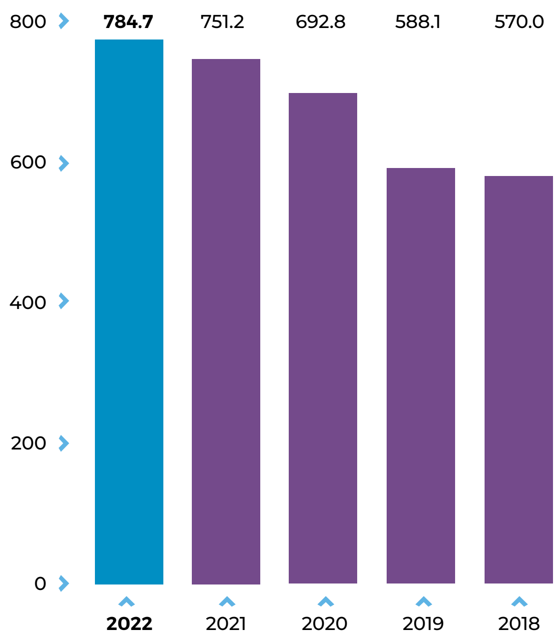
Net interest and Other income grew by $1,642.2 million or 13.80 percent to $13,539.9 million in 2022 compared to the $11,897.7 million generated in 2021, which is attributed mainly to the increase in interest on loans and advances, Treasury Bills and foreign exchange income.

Net interest income increased by $1,106.8 million or 13.04 percent to $9,595.0 million and is attributed primarily to an increase in income from loans and advances and Treasury Bills. (See graphs below).

Interest Income ($ MILLION)



Interest Expense ($ MILLION)



Net Interest Margin

	2022 %	2021 %
Net interest income/Total average interest earning assets	**4.36**	5.81
Net interest income/Total average assets	**3.61**	4.02

Refer to Statement of Financial Position and Note 17

There were no unusual non-operational items.

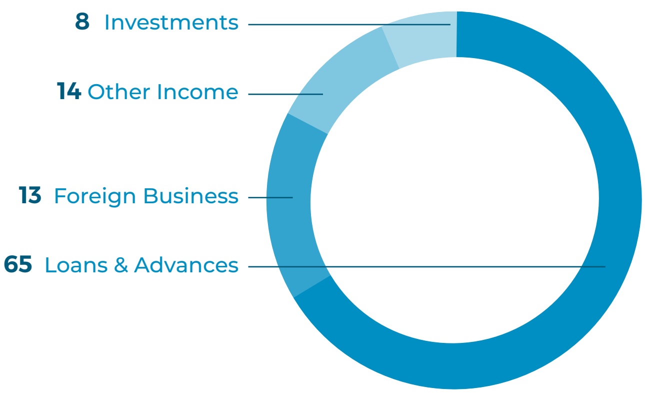
The ratio of the Bank's average interest earning assets to average customer deposits, increased to 95.68 percent, from 80.37 percent in 2021. This is reflective of the Bank's policy of managing customers' deposits in a challenging environment where investments and lending opportunities are relatively scarce. At September 30, 2022, 40.16 percent of the Bank's interest earning assets consisted of Government of Guyana Treasury Bills.

Interest paid on deposits for 2022 at $784.7 million, exceeded that of 2021 ($751.2 million), as the Bank continued to manage its assets and liabilities in an environment of inadequate investment opportunities. It is recognised, however, that customers simultaneously use a range of products and the Bank strives to ensure that rates (deposit and lending) are competitive with the rest of the industry and attractive to existing and potential customers.

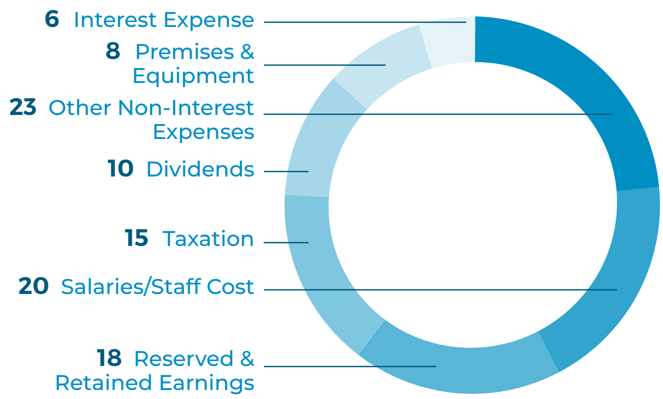
MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

Other income, which amounted to $3,944.9 million and contributed 27.54 percent to total income, was above the 2021 amount by $535.5 million, or 15.70 percent. With continued emphasis, foreign exchange trading resulted in exchange gains for 2022 of $2,079.2 million, which represented an increase of $487.2 million or 30.60 percent over 2021. Exchange earnings continue to be the major contributor of Other income, contributing 52.71 percent (2021: 51.68 percent) of the total.

Sources of Revenue (%)



Revenue of Distribution (%)



Non-interest Expense

Non-interest expenditure, which comprises operating expenses and provision for Expected Credit Losses (ECLs), increased by $657.0 million or 10.45 percent over 2021, mainly as a result of provision for ECLs, which increased to $453.2 million and staff cost which increased to $2,836.1 million. ECLs net of recoveries moved from $99.1 million to $229.5 million, even as the Bank continues to closely monitor credit risk and increase efforts on the area of recoveries.

The Bank's productivity/efficiency ratio, which is non-interest expenses to net interest income and other income, decreased to 47.96 percent from 50.15 percent in 2021.

In accordance with IFRS 9 – Financial Instruments, which replaces IAS 39, the Bank consistently reviews all loans and other debt financial assets not held at Fair Value through Profit or Loss (FVPL), together with loan commitments and financial guarantee contracts and records an allowance for ECLs. The allowance is based on the ECLs associated with the probability of default in the next 12 months unless there has been a significant increase in credit risk since origination.

The financial statements include expected credit loss provision made on its performing portfolio, of $456.7 million at September 30, 2022.

At September 30, 2022, specific provision on non-performing loans decreased to $209.0 million. Overall in 2022, expenses related to ECL amounted to $453.2 million against an expense of $324.3 million in 2021. The Bank continues to strive to maintain a very prudent policy especially on its unsecured consumer lending portfolio. Recoveries on loans which were previously written-off amounted to $223.7 million in 2022 (2021: $225.2 million).

The Bank's ratio of non-performing to performing loans at September 30, 2022, stood at 2.88 percent, and its ratio of specific provision for loan losses to non-performing loans, at 7.46 percent.

Statement of Financial Position Review
Cash and Cash Equivalents

Cash and cash equivalents, which include cash-on-hand, deposits held with correspondent banks, claims on other banks and balances in excess of the statutory deposit decreased by $41.2 billion year on year. This reduction was mainly due to the decrease in our Surplus Funds with Bank of Guyana, which declined by $31.6 billion and our deposits held with correspondent banks, which decreased by $9.6 billion, over the same period.

Investment Securities

Investment securities, including Government of Guyana Treasury Bills, increased by $50.8 billion or 80.43 percent, during the year. The increase arose mainly in the Bank's investment in Treasury Bills which moved from $47.7 billion in 2021 to $96.3 billion in 2022 or 101.78 percent. There was also an increase in Other Investments, by $2.3 billion, or 14.64 percent, to $17.8 billion. The Bank aggressively competes for the limited investment opportunities even as there is continuous growth in the liquidity of the country's financial houses, relative to those investments.

Advances

Advances grew by $8.8 billion to $97.2 billion, an increase of 9.96 percent. The concentration by sector in the loans and advances portfolio, a function of the Bank's Credit Risk Management process, remained fairly constant during the year.

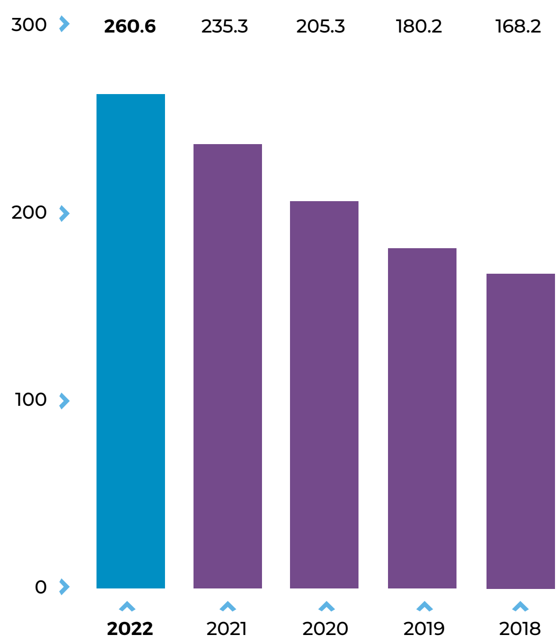
Significantly however, the Demand Loans sub-sector recorded a 16.41 percent increase in value from $41.9 billion to $48.8 billion. The Mortgages sub-sector recorded a 4.98 percent increase from $35.8 billion to $37.6 billion. The Bank remains poised to aggressively support the Government's planned home ownership thrust.

As a percentage of total assets, loans and advances accounted for 37.31 percent (2021: 37.56 percent).

Total Assets

The Bank's total assets of $260.6 billion represent an increase of $25.2 billion or 10.71 percent above 2021; attributed mainly to investment securities. Over the past three years, net investment in loans and advances grew by $6.5 billion, $6.5 billion and $8.8 billion, respectively. In a challenging and competitive environment for sound economic projects, the Bank continues to seek and attract new and remunerative investments, even as it honours its obligation of securing depositors' funds. (See graph).

Total Assets ($ BILLION)



MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

Deposits

In 2022, the Bank's deposits increased by $20.4 billion or 10.03 percent, moving to $223.9 billion from $203.5 billion in 2021, as shown in the graph. Our depositors can remain confident in the Bank's continued focus, as it provides quality products and services, at competitive rates. Our demand deposits portfolio increased by $13.8 billion or 10.37 percent, fixed and term deposits by $0.8 billion or 10.68 percent and our savings deposits by $5.8 billion or 9.21 percent.

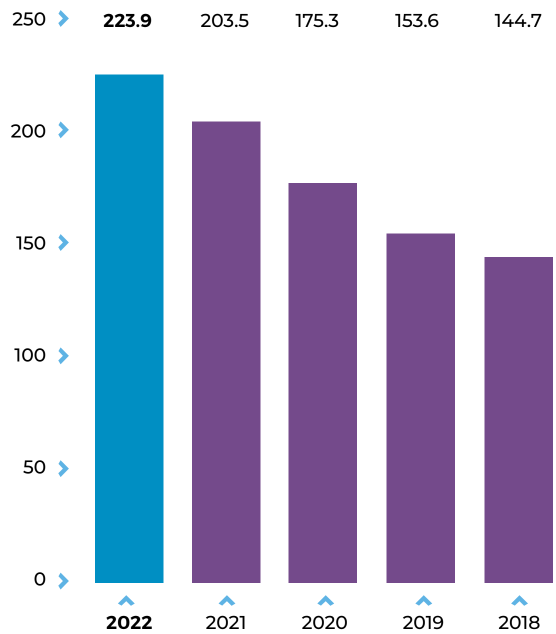
Capital Structure and Resources

The Bank's policy is to maintain capital adequacy, ensure capital growth and minimise capital impairment. The governing Financial Institutions Act Cap. 85:03 restricts a single or group borrower loan to defined percentages of the Bank's capital base. From the after tax profits of $4,283.7 million, $1,620 million is being proposed as dividends and $2,663.7 million transferred from the Statement of Income to stockholders' equity. At September 30, 2022, the book value of stockholders' equity amounted to $30.5 billion.

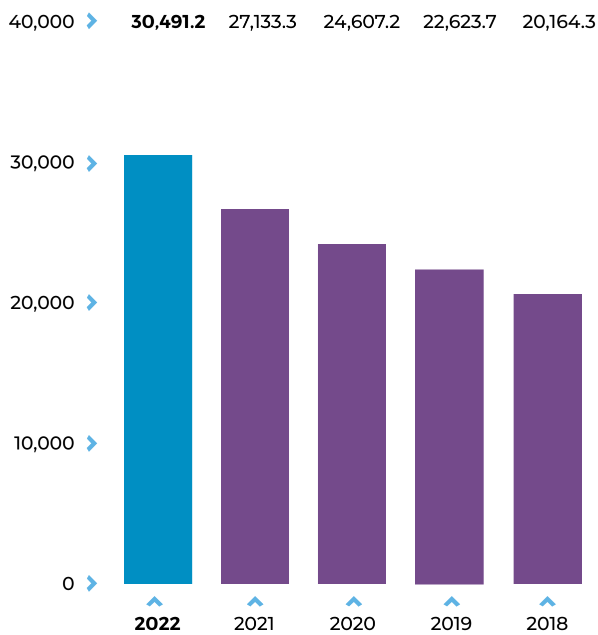
Total dividends paid and proposed for fiscal 2022, amount to $1,620 million and equates to a dividend payout ratio of 39.15 percent (2021: 38.08 percent).

There was an increase in the price at which the Bank's stock traded on the Guyana Stock Exchange with a spread of 40.00 percent between the highest price of $525 and lowest price of $375 with an average weighted price of $518 per stock unit. In terms of volume, most trades were done at a unit price of $525. Using the Market Weighted Average Price of $518 from the last trade date (September 26, 2022) for the Bank's stock, the price/earnings ratio decreased to 36.27 from 43.97 in 2021. The net asset value of one unit is $101.6 (2021: $90.4) which, with a price of $518 gives a price/book ratio of 5.10:1 (2021: 5.80:1).

Total Deposits ($ BILLION)



Stockholders' Equity ($ MILLION)



260.6 TOTAL ASSETS (GY$B)

108.8 LIQUID ASSETS (GY$B)

223.9 DEPOSITS & FUNDING (GY$B)

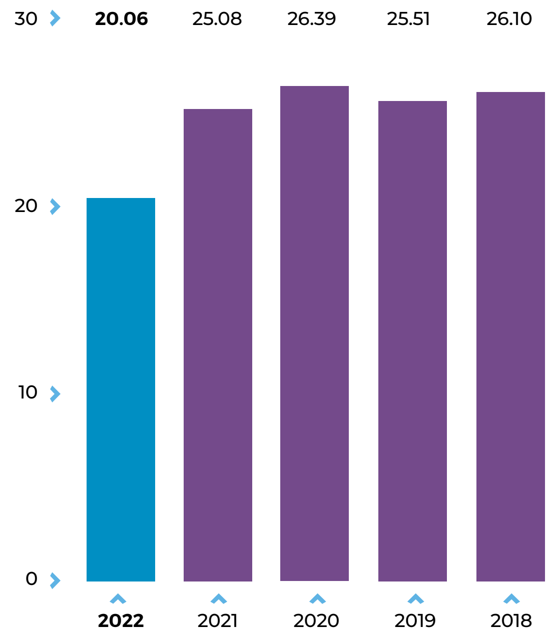
30.5 TOTAL EQUITY (GY$B)

Regulatory Capital

Capital adequacy is monitored by the Bank on a quarterly basis and computed based on guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the Bank of Guyana under the Financial Institutions Act Cap. 85:03.

The risk-based capital guidelines require a minimum ratio of capital to risk-weighted assets of 8 percent. The results for this year have further strengthened the Bank, with its capital base growing from $27.1 billion to $30.5 billion year-on-year. The capital adequacy ratio decreased, moving to 20.06 percent at September 30, 2022, from 25.08 percent at September 30, 2021. This decrease is attributable to a significant increase in total risk-weighted assets.

Capital Adequacy (%)



Risk Management Overview

Banking is about the management of risks. These are discussed extensively on pages 113 to 127 of this Annual Report.

Operational risk is inherent in all business activities. So is the potential for financial or reputational loss arising from inadequate or failed internal processes, people and systems or from external events.

This risk includes errors, omissions, disasters and deliberate acts such as fraud. New dynamics are creating new demands for operational-risk management in financial services. Breakthrough technology, increased data availability and new business models continue to be transformational in the ways we serve customers, interact with third parties, and operate internally. Operational risk must keep up with this dynamic environment, including the evolving risk landscape.

The Bank's Enterprise Risk Department oversees the operation of, conducts training and makes recommendations for the enhancement of internal controls. This function is supported through the Bank's Enterprise Risk Management Committee and the Board's Enterprise Risk Committee. Independent checks on operational risk issues are also undertaken by the internal audit function.

Future Outlook

In 2021 and half year 2022, Guyana's economy performed very well buoyed by political stability, infrastructural development, new oil discoveries, relaxation of prior years' pandemic restrictions and tourism possibilities accompanying Guyana's hosting of the final matches of the Caribbean Premier League (CPL).

From May 2015 to date, 38 discoveries were made offshore Guyana, with 33 of these occurring in the prolific Stabroek Block.

Guyana became an oil-producing nation in December 2019 and for 2022 the Guyana Government anticipates that there will be 13 lifts of profit oil. In the medium-term, the four approved projects are expected to produce over 820,000 bpd by the first quarter of 2026. It's projected that by 2029, Guyana will have capacity to produce over 1 million barrels of crude oil daily. Guyana's current estimated recoverable gas stands at over 17 trillion standard cubic feet.

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

THE GOVERNMENT'S FOCUS FOR GUYANA IS ONE OF SOCIAL AND ECONOMIC TRANSFORMATION REQUIRING INVESTMENTS IN SEVERAL KEY AREAS. THESE INCLUDE ENERGY SUSTAINABILITY THROUGH THE GAS TO SHORE, WIND AND HYDROPOWER PROJECTS, NEW SHORE BASE FACILITIES, A NEW DEMERARA HARBOUR BRIDGE, MAJOR NEW HIGHWAYS, NEW FARM TO MARKET ACCESS ROADS, HOUSING, TOURISM AND HOSPITALITY, MINING, FORESTRY, FOOD PRODUCTION, DEVELOPMENT OF HUMAN CAPACITY AND INVESTMENTS IN EDUCATION AND HEALTH CARE, WITH THE MATERNAL/CHILDREN'S SPECIALITY HOSPITAL AND SIX REGIONAL HOSPITALS.

In keeping with global oil prices, the Government projects receipt of US$1.1 billion from sale of the country's share of oil profit, and US$147.7 million in royalties. During the first six months of the year, there were five lifts of profit oil from the two producing Floating Production and Offloading Vessels (FPSOs). US$307 million in revenue was also received from share of profit oil, with royalties to the tune of US$37.1 million.

As at June 2022, the cumulative balance of the Natural Resource Fund (NRF), inclusive of interest income was US$753.3 million, after a US$200 million withdrawal in May. At the end of 2021, some US$607 million was deposited to the NRF.

The Government's focus for Guyana is one of social and economic transformation requiring investments in several key areas. These include energy sustainability through the Gas to Shore, wind and hydropower projects, new Shore Base facilities, a new Demerara Harbour Bridge, major new highways, new farm to market access roads, housing, tourism and hospitality, mining, forestry, food production, development of human capacity and investments in education and health care, with the maternal/children's speciality hospital and six regional hospitals.

With the goal of positioning Guyana as a strong global and regional player, the Government considers diversification key to building an economy that will see the country transition to new manufacturing, agro-processing and industrial opportunities.

Republic Bank is well-positioned to support these exciting developments, and remains committed to playing a significant role in contributing to the materialisation of these plans, for the benefit of the people of Guyana.

Acknowledgements

I sincerely thank our team of hardworking employees across the RBGY network, without whose commitment, these results would not have been possible. Gratitude is also extended to our valued customers and business partners for their unwavering loyalty and support, and our Board of Directors for their guidance.

Stephen R. Grell
Managing Director

"New Beginnings, More Adventure" RSTeen: Out In The World

GRENADA

Julia Francis

Hold to the vision of what you want, and know that with the right bank and the right account, you can get the support to start young, dream big, save well, and make a difference.

SENIOR MANAGEMENT

DENISE HOBBS
General Manager, Operations

Dip. (Business Mgmt.), Cert. (Leadership)

Date Joined: August 20, 1979

VENUS FRITH
General Manager, Credit

BSc (Bkg. and Fin.), MSc (Dist.) (Int'l. Fin.)

Date Joined: October 1, 2003

MANAGEMENT

SHAUN ALI
Manager, End User Services

BSc (First Class Hons.) (Info. Tech.), AAS (Operating Systems Mgmt.)

KAREN ASSANAH
Manager,
Centralised Collections Unit

B.Soc.Sc. (Dist.) (Mgmt.), MSc (Fin. Mgmt.), AAT, Certified Credit Professional, AICB

DENYS BENJAMIN
Manager, Administration and Premises

AICB

KAREN COX
Branch Sales Manager,
Linden Branch

Dip. (Commerce)

SATIE COX
Branch Sales Manager,
Rose Hall Branch

B.Soc.Sc.(Mgmt.), MA (Business Mgmt.), Certified Credit Professional, Cert. (Trained Teacher)

HARRY DASS GHANESS
Commercial Manager,
Corporate Business Centre

ICB – Letter of Accomplishment, Certified Credit Professional

EON GRANT
Branch Sales Manager,
Camp Street Branch

BComm., AICB

YONNETTE GREAVES
Manager,
Information Technology and E-Support

Dip. (Mgmt. Info. Systems), LIMIS

MANAGEMENT

GAIL HARDING
Assistant Manager,
Commercial and
Retail Banking

AICB

BIBI SHALIZA HUSSAIN
Branch Sales Manager,
Triumph Branch

*MBA, MBA (Oil and Gas Mgmt.),
Certified Credit Professional, AICB*

SASENARAIN JAGNANAN
Regional Corporate Manager,
Corporate Business Centre

Dip. (Bkg. and Fin.), AICB

ERICA JEFFREY
Manager,
Branch Support Services

ICB – Letter of Accomplishment

MICHELLE JOHNSON
Manager, Marketing
and Communications

*B.Soc.Sc.(Credit) (Mgmt.),
MACC (Dist.) PgDip. CIPR, MCIPR*

NDIDI JONES
Senior Manager,
Head Office

*LLB, LEC, LLM (Merit),
Dip. (Sociology), CPAML*

JANNIS LONDON
Assistant Manager,
Human Resources

*B.Soc.Sc. (Mgmt.), MBA,
Dip. (Bkg.), AICB*

CHRISTINE MCGOWAN
Manager, Legal Services/
Corporate Secretary

*LLB (Dist.), LEC (Hons.), LLM (Merit),
MBA, AMLCA, CPAML*

ALLISON MC LEAN-KING
Branch Sales Manager, Diamond Branch

Certified Credit Professional, AICB

SHRIMANIE MENDONCA
Manager, Human Resources

BSc (Biology), MEd, PgDip. (Edu.)

BABITA OGLE
Branch Sales Manager, Vreed-En-Hoop Branch

AICB

JADOONAUTH PERSAUD
Regional Manager, Commercial and Retail Banking

MBA, Dip. (Bkg. and Fin.)

MICHAEL RAM
Manager, Enterprise Risk Management

AICB

GUITREE RAMSAMOOJ
Branch Sales Manager, Anna Regina Branch

CAT, Certified Credit Professional

CARLA ROBERTS
Corporate Manager, Corporate Business Centre

BSc (Acct.)

ORAL ROSE
Manager, Internal Audit

B.Soc.Sc. (Dist.) (Mgmt.), Dip. (Mktg.), AMLCA

MANAGEMENT

IMRAN SACCOOR
Branch Sales Manager,
New Amsterdam Branch

MBA, Dip. (Mktg.)

RANDULPH SEARS
Branch Sales Manager,
Water Street Branch

MBA, Dip. (Mktg.), Dip. ABA Stonier Graduate School of Banking, Cert. Wharton Leadership Programme, Certified Credit Professional, Business Group Cert. ICM, MCIM

JOEL SINGH
Branch Sales Manager,
D'Edward Branch

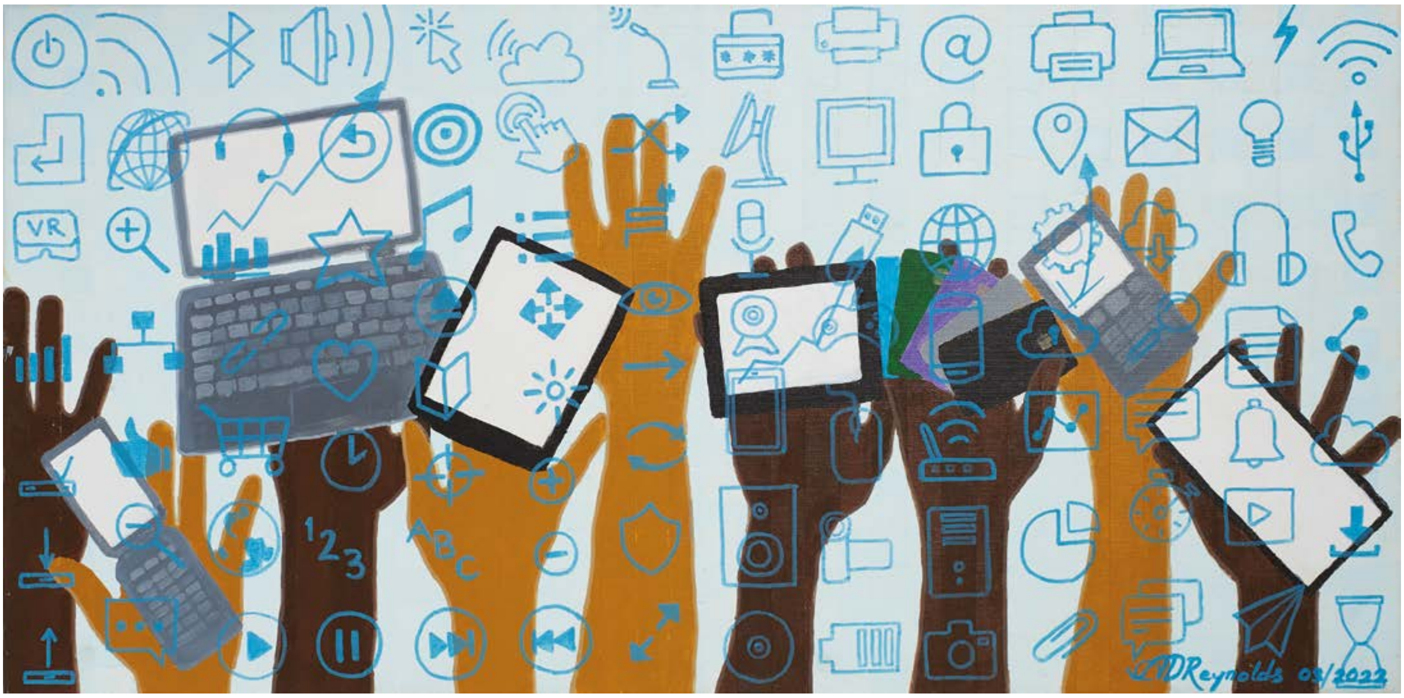
AICB

VANESSA THOMPSON
Manager,
Planning and Financial Control

B.Soc.Sc. (Mgmt.), MBA, FCCA

DIANE YHUN
Credit Manager,
Corporate Business Centre

ACCA Affiliate



"In the Multitude of Digital Technologies"
Republic*Online*: Freedom Through Tech

GHANA
Alexander Reynolds

Republic Bank's digital technologies give you the freedom to know more, do more and enjoy a smarter, faster, and better online banking experience.

CORPORATE GOVERNANCE PRACTICES

Corporate governance is comprised of the rules, systems and practices that define the way companies are directed and controlled. These principles continue to evolve and influence the way companies are managed. Continued calls by stakeholders for increased accountability, transparency and fairness support its relevance. Many believe that adherence to sound corporate governance principles was instrumental in helping companies navigate the challenges which arose in recent times because of the pandemic. This is consistent with the proposition that a company's corporate governance structure impacts its strength and agility and can be leveraged to achieve financial stability amid poor economic conditions.

The value and importance of good corporate governance continues to be recognised by Republic Bank (Guyana) Limited and its Board of Directors is committed to consistently maintaining corporate governance at the highest standards. The Board constantly explores ways to further strengthen its corporate governance regime and embraces international best practices.

In addition to recognised best practices, the Bank is guided by the Recommendations for a Code of Corporate Governance issued by the Guyana Securities Council, and Supervision Guideline Number 8 on Corporate Governance issued by the Bank of Guyana under the authority of the Financial Institutions Act Cap. 85:03. The Bank has adopted the recommendations contained in that Guideline. This statement is made pursuant to the abovementioned Supervision Guideline Number 8. In addition, the Bank is compliant with Supervision Guideline Number 10 on the Public Disclosure of Information.

The Board of Directors comprises eight directors including one executive director. The. non-executive directors, five of whom are independent, comprise persons with experience in business, management and finance, and provide invaluable input at meetings through their personal values and standards arising from their varied and distinct backgrounds. Together the Board members provide entrepreneurial leadership within a framework of prudent and effective controls. In keeping with the Bank's culture of broad disclosure the Executive Director ensures that all pertinent information on the Bank's operations is provided to members of the Board of Directors. This allows the Board of Directors to make informed decisions and provide the necessary leadership to promote and protect the interests of all stakeholders.

In keeping with its mandate to lead the Bank, the Board directs the Bank along a path of greater profitability while taking appropriate steps to ensure that the Bank's sound financial position is not compromised and all applicable laws adhered to. Of critical importance to the Board of Directors is the responsibility to approve and review the Bank's Strategic Plan and within this context, to approve Annual Budgets, including capital expenditure. The Board retains the responsibility for reviewing and approving credit applications above a specified limit. Pursuant to the mandate to ensure that the interests of the various stakeholders are considered the Board of Directors meets, at a minimum, on a quarterly basis while the Executive Subcommittee of the Board, chaired by Mr. Roy E. Cheong, comprising six Board members, meets for the remaining months.

In accordance with the Bank's By-laws, three directors retire from the Board annually and may offer themselves for re-election at the Bank's Annual General Meeting.

The following Board committees exist to ensure the Bank's commitment to maintaining the highest standards of Corporate Governance:

Audit Committee

The members of the Audit Committee are:

Chairman

Mr. Roy E. Cheong

Members

Mr. Richard M. Lewis

Mr. Richard I. Vasconcellos

Mrs. Yolande M. Foo

Alternate Member

Mr. John G. Carpenter

The Audit Committee of the Board meets at least quarterly to review the Bank's system of internal control, financial reporting process, audit and examination process, and compliance with statutory and regulatory laws. When necessary, the Audit Committee is responsible for reviewing the independence, competence and qualifications of the External Auditors. The External Auditors have full and free access to, and meet, when necessary, with the Audit Committee to discuss their audit and findings as to the integrity of the Bank's financial and accounting reporting and the adequacy of the system of internal controls. The External Auditors receive notice of every meeting of the Audit Committee and may attend as of right. The head of the Bank's Internal Audit Department, reports directly to the Audit Committee. The Internal Audit Department conducts periodic examinations of all aspects of the Bank's operations to ensure that management's controls for the integrity and fairness of the financial statements and accounting systems are adequate and are complied with.

Compensation Committee

The members of the Compensation Committee are:

Chairman

Mr. Aldrin Ramgoolam

Members

Mr. Richard M. Lewis

Mr. Roy E. Cheong

Alternate Member

Mrs. Yolande M. Foo

This Committee, which meets at minimum once per year, is responsible for formalising the Bank's remuneration policy for staff.

Enterprise Risk Committee

The members of the Enterprise Risk Committee are:

Chairman

Mr. John G. Carpenter

Members

Mr. Roy E. Cheong

Mr. Aldrin Ramgoolam

Alternate Member

Mr. Richard M. Lewis

This committee, which meets quarterly, is responsible for reviewing policies and procedures and ensuring that all risks arising across the wide spectrum of the Bank's activities are identified and adequate systems have been implemented to mitigate those risks. The Enterprise Risk Committee is also responsible for overseeing the management of the Bank's Anti-Money Laundering and Countering the Financing of Terrorism Programme and ensuring that adequate systems and procedures are implemented to prevent and detect attempts to launder money and/or finance terrorism.

Governance and Nomination Committee

The members of the Nomination Committee are:

Chairman

Mr. Aldrin Ramgoolam

Members

Ms. Yolande Foo

Mr. Richard M. Lewis

Mr. Richard Vasconcellos

This committee meets at least twice a year and is charged with ensuring the Bank's high standard of corporate governance is maintained. It is also responsible for ensuring the professional development of Directors and making recommendations to enhance performance of the Board by establishing formal and transparent process for selection of Directors.

The Board of Directors has approved an organisational structure for the Bank which ensures a reporting structure with prudent and effective controls. The Managing Director and management team are appointed by the Board of Directors. Each Management Officer has a written mandate and is required to execute the stated functions as outlined therein. Key areas of responsibility are outlined and adherence to the Bank's core values is mandatory.

The Managing Director's responsibilities and authorities are documented and approved by the Board of Directors. Limits on credit dispensation, capital and operating expenditure are stated specifically in the Managing Director's authorities. In keeping with good corporate governance principles the Managing Director is charged with the day to day management of the Bank's business and is ably assisted by a competent and experienced management team. The Bank's two General Managers report directly to the Managing Director. Senior Management, which has combined banking experience of more than eighty years, has general oversight of the Bank's credit portfolio, branch network and general operations. One member of Senior Management holds a Master of Science in Finance while another holds a Master of Science in International Finance. The third member of

CORPORATE GOVERNANCE PRACTICES

Senior Management is qualified in Business Management making the team extremely qualified to offer leadership to the management team.

The Board of Directors ensures that the compensation package for staff is competitive. The package consists of basic salary and performance based incentives. In determining the basic salary to be paid to officers of the Bank, including Management Officers, the responsibilities attached to the position are assessed. This forms the core basis for the basic salary of each employee.

The performance of each staff member, is evaluated annually based on individual and collective performance criteria. In keeping with the expectation of the Board of Directors the performance of each Management Officer is also assessed against all Key Performance Areas which among other things may include financial targets. The performance of all Management Officers is reviewed by the Board of Directors on an annual basis.

Cognisant of the need to monitor transactions with related parties, the bank has approved a related party policy which is consistent with the requirements of the Financial Institutions Act Cap 85:03.

The Bank's Related Party Policy underscores the need for all transactions done with related parties and affiliates to be done on the same terms and conditions as with a non-related party. Directors are required to disclose their interest in related party transactions and to recuse themselves from considering or approving transactions in which they have an interest. All material related party transactions must be approved by the Board of Directors. On an annual basis the Board of Directors reviews a report on related party transactions in order to ensure compliance with the Bank's Related Party Policy.

The Bank regards its business and the banking affairs of its customers and clients as confidential, and has established rules to ensure the highest ethical standards in this regard. These rules pertain to honesty and integrity, integrity of records, client privacy, proprietary bank information, insider information, and non-discrimination among others.

The Bank encourages its stockholders to communicate all issues of concern orally or in writing. All stockholder concerns are addressed in a prompt and efficient manner by Management.

Signed on behalf of the Board

Nigel M. Baptiste
Chairman

OUR ESG COMMITMENT

Our Commitment

We are committed to the Principles for Responsible Banking. We aim to increase positive impacts on people and the environment, to encourage and facilitate sustainable practices and economic activities and be transparent and accountable for our impact and contribution to societal goals.

Our People

We are harnessing the strength of **DIVERSITY**, **EQUITY**, and **INCLUSION** through our entire value chain: staff, suppliers, partners, stakeholders, and customers. As we continue our thrust to **empower a breadth of cultures, nationalities, and perspectives**, we are uplifting our operating model to create **true empowerment and a sense of belonging** in our Group.

709
EMPLOYEES

469
FEMALE

240
MALE

Our Communities

Corporate Social Responsibility

Guided by the pillars – **the Power to Care, the Power to Help, the Power to Learn, and the Power to Succeed** – our Power to Make A Difference programme brings us closer to the communities we serve. As we partner with NGOs in social investment advocacy and outreach programmes, **we aim to improve the lives of many**.

Our Planet

As part of the UN-convened Net-Zero Banking Alliance, we are working to reduce carbon emissions and consumption in our operations, and we are **aligning with businesses committed to sustainability**. We have also approved our Climate Financing Goal to provide US$200 million in loans to support our commitment.

Our Climate Financial Goal

We will lend, invest and arrange US$200 million by 2025 by increasing the proportions of:

- **Loans for electric cars**
- **Loans linked to promotion of clean fuels, renewable energy use and technology**
- **Loans contributing to an improvement in energy efficiency**
- **New construction loans that deploy climate resilient technology**

Our Progress

- **Establishment of our Group Sustainability Office, tasked with developing and mainstreaming an ESG strategy for RFHL, coordinating the United Nations Environment Programme Finance Initiative (UNEP FI) and reporting on the Group's sustainability journey locally, regionally and internationally.**
- **Establishment of an RFHL Net-Zero Intermediary Target of 26.4% of the current estimated emission intensity from the commercial real estate sector by 2030.**
- **Attainment of 17.7% of project financing associated with our US$200M climate finance goal.**
- **Completion of RFHL's first PRB Self Assessment, approved by UNEP FI.**

Scan to view the Report

THE POWER TO MAKE A DIFFERENCE

WORKING TOGETHER TO MOVE COMMUNITIES FORWARD

THE POWER TO MAKE A DIFFERENCE PROGRAMME CONTINUES TO BRING THE GROUP CLOSER TO THE COMMUNITIES IT SERVES BY FORGING ALLIANCES WITH MANY NGOS IN THE PURSUIT OF BUILDING SUCCESSFUL SOCIETIES THROUGH SOCIAL INVESTMENT ADVOCACY AND VARIOUS OUTREACH PROGRAMMES THAT AIM TO IMPROVE THE STANDARD OF LIVING FOR MANY.

From 2021 to 2022, guided by the principles: the Power to Care, the Power to Help, the Power to Learn, and the Power to Succeed, the Group marked its second consecutive year as a signatory of the United Nations Principles for Responsible Banking and as a global ally to the UN Sustainable Development Goals (SDGs).

In the wake of the COVID-19 pandemic, the Group remains focused on strengthening ties, building partnerships, and creating opportunities that yield the most promise for a better, more inclusive, and sustainable society.

The Power To Care

THE POWER TO CARE IS COMPASSION AT WORK

With the focus on community-building through outreach, continuation of the partnership with Women Across Differences (WAD) meant that more young women and girls would be empowered; each taking on the mantle of proud and emboldened advocate with greater agency in their sexual reproductive health and rights as they benefit from the programme's invaluable courses on family planning education, self-development training, and vocational skills-building.

The Power To Help

THE POWER TO HELP IS THE SERVICE TO OTHERS

At the heart of the Group's service to others is support for those who champion the rights and standards of living for those in need of protection, guidance, and assistance.

A unique collaboration with the Guyana Marine Conservation Society (GMCS) led to the production of a marketing video that promotes the rich biodiversity in the Barima-Mora Passage mangrove ecosystem, the importance of local indigenous communities, and the viability of the Imbotero Research Centre's academic opportunities for local and international universities.

The video was key in drawing much needed attention to the various indigenous communities that call the Barima-Mora Passage home, and in raising awareness and critical support for the important roles that these communities play in preserving the environment.

The Power To Learn

THE POWER TO LEARN ENCOURAGES EXPLORATION AND GROWTH

Literacy and education continuously reveal ways to reach out to young minds and provide the right platforms to facilitate opportunities for them to explore and grow.

Guided by the Bank's focus on youth empowerment through education, work continued with the University of Guyana, Turkeyen Campus, through the Republic Bank Scholarship Programme, to provide higher learning opportunities for any student pursuing their degree in the fields of Agriculture and Forestry, Earth and Environmental Science, Technology and Natural Sciences, Finance, Entrepreneurship and Supply Chain Management.

The Power To Succeed

THE POWER TO SUCCEED AWAKENS POTENTIAL

The Power to Succeed awakens a people's greatest potential through a variety of avenues—sport, culture, music, and the arts. Showing a world beyond their imaginations, it also promotes environmental conservation as the foundation of sustainable communities.

Charting a new course in promoting cricket excellence in June 2022, the Bank launched the 'Five for Fun' initiative–a cricket programme for players 8 to 11 years old–in close collaboration with Cricket West Indies (CWI), the Ministry of Education Allied Arts Unit, the Ministry of Culture Youth and Sport, and the Guyana Cricket Board. In its inaugural run, the tournament hosted 75 primary schools in zonal competition, leading to a grand 'Five for Fun' final.

Since 2009, in collaboration with the Ministry of Culture, Youth and Sport, the 14th Annual Republic Bank Mashramani Panorama Steel Band Competition has been at the forefront of pan development in Guyana. This past year's 14th Annual Panorama was no exception as it continued the focus of providing avenues for the empowerment of the nation's youth and creative expression, all the while sustaining national art forms and cultural heritage.

With the return to in-person events in 2021, the annual competition was hosted in its original format, much to the delight of the live audiences and the thousands of local and overseas fans who enjoyed the event via local radio and television and social media.

With environmental protection as the aim, an ongoing 18-year partnership with the Mayor and Councillors of the City of Georgetown continued to yield promise and benefits with the upkeep of the beloved Promenade Gardens.

WORKING TOGETHER TO MOVE COMMUNITIES FORWARD

As the Group continues to grow in step with the communities we serve, new partnerships are formed, while existing ones continue to be strengthened by the test of time. With sustainable development as the shared goal, the Group makes the promise to remain vigilant in exploring as many avenues as possible to unlock the true power to care, help, learn, and succeed.

It is the promise of working together to move our people forward.
It is the promise of the Power to Make A Difference.

Our Partners and Initiatives

- 'Five for Fun' Youth Cricket
- Guyana Marine Conservation Society – Promotional Conservation Video
- Mayor and Councillors of the City of Georgetown – Promenade Gardens
- Ministry of Culture, Youth and Sport – 14th Annual Republic Bank Mashramani Panorama Steel Band Competition
- University of Guyana – Scholarship
- Women Across Differences (WAD) – Comprehensive Empowerment Programme for Adolescent Mothers

“Through Technology”
Republic*Online*: Freedom Through Tech

TRINIDAD & TOBAGO
Rebecca Denoon

Experience the world of online banking with Republic*Online* where you can bank anywhere, at anytime from the palm of your hand.

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FINANCIAL REPORTING REQUIREMENTS

The Directors of Republic Bank (Guyana) Limited are responsible for the preparation and fair presentation of the financial statements and other financial information contained in this Annual Report. The accompanying financial statements have been prepared in conformity with International Financial Reporting Standards and present a true and fair view of the financial affairs of the company. Where amounts are based on estimates and judgements, these represent the best estimate and judgement of the Directors.

General responsibilities include:

- establishing and maintaining effective internal controls and procedures for financial reporting;
- safeguarding of assets; and
- prevention and detection of fraud and other irregularities.

The financial information appearing throughout this Annual Report is consistent with that in the financial statements. Directors have a responsibility for ensuring that the Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank.

The Directors have always recognised the importance of the Bank maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements presenting fairly the financial condition of the Bank. In this regard, the Directors have developed and maintained a system of accounting and reporting which provides the necessary internal controls to ensure that transactions are properly authorised and recorded, assets are safeguarded against unauthorised use or disposition and liabilities are recognised. The system is augmented by written policies and procedures, the careful selection and training of qualified staff, the establishment of an organisational structure that provides an appropriate and well-defined division of responsibility, and the communication of policies and guidelines of business conduct throughout the Bank.

The system of internal control is further supported by a professional staff of Internal Auditors who conducts periodic audits of all aspects of the Bank's operations. External Auditors have full and free access to, and meet periodically with, the Audit Committee to discuss their audit and findings as to the integrity of the Bank's accounting and financial reporting and the adequacy of the system of internal controls.

Signed on behalf of the Board

Stephen R. Grell
Managing Director

Christine A. Mc Gowan
Corporate Secretary

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Republic Bank (Guyana) Limited ("the Bank"), which comprise the Statement of financial position as at September 30, 2022, and the Statements of income, Comprehensive income, Changes in equity and Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at September 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), the Financial Institutions Act Cap. 85:03 and guidelines issued thereunder, the Companies Act Cap. 89:01 and the Securities Industry Act Cap. 73:04.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended September 30, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Credit Loss Provisions Advances, net of credit loss provisions, comprise 37.2 percent of the Bank's total assets – refer to Note 5; while Investment securities, net of credit loss provisions, comprise 5.7 percent of the Bank's total assets – refer to Note 6. The appropriateness of credit loss provisions is a key area of judgement for management. The identification of impairment and the determination of the recoverable amount are inherently uncertain processes involving various assumptions and factors including the probability of default, financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices. The use of different modelling techniques and assumptions could produce significantly different estimates of credit loss provisions. The disclosures relating to these assets and related credit loss provisions are considered important to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.	We evaluated and tested the Bank's process and documented policy for credit loss provisions. For credit loss provisions calculated on an individual basis we tested the factors underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default; We performed an independent assessment of a sample of commercial loan files to assess accurate and timely assignment of risk ratings and compliance with management's rating policy; and We also tested the aging of the loan portfolios and considered the completeness of the loan book assessed for impairment.

Key audit matters	How our audit addressed the key audit matters

Credit Loss Provisions *(continued)*

For credit loss provisions calculated on a collective basis, we performed the following:

- The model used to compute Stages 1 and 2 provisions were reviewed for inconsistencies in data and formulas and checked for accuracy;
- Customers' risk ratings were reviewed to ensure accuracy of ratings;

The models prepared were reviewed to ensure compliance with the Manual governing the models and IFRS 9;

Information in the model loads and portfolio loads (worksheet in the ECL models) were compared for consistency;

Total loans and investment securities as per the models were compared to the management accounts to ensure accuracy; and

Finally, we focused on the adequacy of the Bank's financial statement disclosures regarding advances and investment securities and the related credit loss provisions.

Fair Value Disclosures for Investment Securities

Investment securities, related interest receivable and Government Treasury Bills comprise 42.7 percent of the Bank's total assets – refer to Note 6.

Investment securities are carried at amortised cost while fair values have been disclosed in Note 23. Of these assets, $6,947 million relates to investments for which no published prices in active markets are available and which have been classified as Level 3 in the IFRS fair value hierarchy.

Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors. Associated risk management disclosure is complex and dependent on high quality data. A specific area of focus includes the determination of fair value where valuation techniques are applied in which unobservable inputs are used.

We independently tested the pricing on quoted securities and used valuation specialists to assess the appropriateness of pricing models used by the Bank. This included:

An assessment of the pricing model methodologies and assumptions against industry practice and valuation guidelines;

Testing of the inputs used, including cash flows and other market-based data;

An evaluation of the reasonableness of other assumptions applied such as credit spreads;

The re-performance of valuation calculations on a sample basis of internally priced securities that were classified as higher risk, and estimation;

Key audit matters	How our audit addressed the key audit matters
Fair Value Disclosures for Investment Securities *(continued)* For Level 2 assets, these techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis making maximum use of market inputs, such as the market risk free yield curve.	An assessment of management's impairment analysis; and Finally, we assessed whether the financial statement disclosures, including sensitivity to key inputs and the IFRS fair value hierarchy, appropriately reflect the Bank's exposure to financial instrument valuation risk.
Regulatory Environment The Bank operates in a highly regulated environment and non-compliance with laws and regulations, particularly the Anti-Money Laundering and Countering the Financing of Terrorism (AML+CFT) Act Cap. 10:11, could result in serious monetary or other penalties. The Bank has assigned the responsibility of AML/CFT to officers throughout its network and established various controls to ensure AML/CFT compliance. The Bank's Internal Audit Department also reviews compliance with the Bank's established policies.	We evaluated and tested the Bank's internal controls with a specific emphasis on compliance with AML+CFT policies. This included: A review of the policies and procedures in place including approval of those policies by those charged with governance; A review of training completed by Bank personnel including those charged with governance; Testing of customer documentation and transactions; and Review of the Bank's compliance with reporting requirements. A review of the work programme and work done by the Internal Audit Department is carried out including retesting of the audit working papers. Finally, we reviewed compliance with relevant provisions of other legislation including the Financial Institutions Act Cap. 85:03 and the Securities Industry Act Cap. 73:04.
Goodwill Impairment Assessment The Bank has goodwill of $1,228 million. Goodwill impairment is very subjective as it requires the use of projected financial information and judgemental assumptions. As required by IAS 36: "Impairment of Assets", management performs an annual impairment assessment on goodwill.	We evaluated and tested the Bank's process for goodwill impairment assessment. The calculations were reassessed by reference to any factor impacting on the discount rate and other performance factors, along with assessing the potential future impact on business.

Key audit matters	How our audit addressed the key audit matters
Goodwill Impairment Assessment *(continued)* Management also conducted the impairment tests using sensitivity analyses, including a range of growth rates, interest rates, recovery assumptions, macro-economic outlooks and discount rates for each entity in arriving at a probability-weighted expected cashflow projection. The purpose of the impairment review is to ensure that goodwill is not carried at an amount greater than its recoverable amount. The recoverable amount is compared with the carrying value of the asset to determine if the asset is impaired. Recoverable amount is defined as the higher of fair value less costs of disposal (FVLCD) and Value in use (VIU); the underlying concept being that an asset should not be carried at more than the amount it could raise, either from selling it now or from using it.	We also assessed whether appropriate and complete disclosures have been included in the financial statements consistent with the requirements of IAS 36.

Other Information in the Annual Report

Management is responsible for the other information included in the Annual Report. The other information comprises all the information disclosed in the Annual Report but does not include the financial statements including the notes thereon and our auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the year ended September 30, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this Auditor's Report is Christopher Ram.

Ram & McRae

Ram & McRae
Chartered Accountants
Professional Services Firm
157 'C' Waterloo Street,
Georgetown

October 25, 2022

STATEMENT OF FINANCIAL POSITION

As at September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000)

	Notes	2022	2021
ASSETS			
Cash and cash equivalents		**4,854,808**	4,057,595
Statutory deposit with Bank of Guyana	2 (d)	**25,815,158**	19,010,633
Due from banks	4	**7,679,627**	50,856,709
Treasury Bills	6 (c)	**96,263,567**	47,706,825
Investment interest receivable		**152,740**	182,808
Advances	5	**97,207,405**	88,401,400
Investment securities	6 (a)	**17,750,932**	15,484,478
Premises and equipment	7 (a)	**6,563,090**	6,810,230
Intangible assets	7 (b)	**28,926**	33,016
Right-of-use assets	8 (a)	**20,548**	11,378
Goodwill	9	**1,228,222**	1,228,222
Pension asset	10 (a)	**1,147,500**	214,300
Deferred tax assets	11 (a)	**334,938**	308,779
Other assets	12	**1,505,753**	1,042,205
TOTAL ASSETS		**260,553,214**	**235,348,578**
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		**289,687**	32,782
Customers' chequing, savings and deposit accounts	13 (a)	**223,943,408**	203,532,538
Lease liabilities	8 (b)	**20,706**	10,384
Taxation payable		**1,210,229**	875,982
Deferred tax liabilities	11 (b)	**683,962**	437,786
Accrued interest payable		**65,825**	58,862
Other liabilities	14	**3,848,175**	3,266,915
TOTAL LIABILITIES		**230,061,992**	**208,215,249**
EQUITY			
Stated capital	15	**300,000**	300,000
Statutory reserves	16 (a)	**300,000**	300,000
General banking risk reserve	16 (b)	**1,820,821**	955,227
Retained earnings		**28,070,401**	25,578,102
TOTAL EQUITY		**30,491,222**	**27,133,329**
TOTAL LIABILITIES AND EQUITY		**260,553,214**	**235,348,578**

The accompanying notes on pages 72 to 136 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on October 25, 2022 and signed on its behalf by:

Stephen R. Grell
Managing Director

Roy E. Cheong
Director,
Chairman of Audit Committee

Christine McGowan
Corporate Secretary

STATEMENT OF INCOME

For the Year Ending September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000)

	Notes	2022	2021
Interest income	17 (a)	**10,379,718**	9,239,434
Interest expense	17 (b)	**(784,749)**	(751,232)
Net interest income		**9,594,969**	8,488,202
Other income	17 (c)	**3,944,945**	3,409,488
		13,539,914	11,897,690
Credit loss expense on financial assets	18	**(453,225)**	(324,289)
Operating expenses	17 (d)	**(6,494,297)**	(5,966,186)
Net profit before taxation		**6,592,392**	5,607,215
Taxation – Current		**(2,451,482)**	(2,000,655)
Taxation – Deferred		**142,783**	(25,771)
Total taxation expense	19	**(2,308,699)**	**(2,026,426)**
Net profit after taxation		**4,283,693**	**3,580,789**
Earnings per stock unit ($)		**14.28**	**11.94**

The accompanying notes on pages 72 to 136 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ending September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000)

	2022	2021
Net profit after taxation	**4,283,693**	3,580,789
Other comprehensive income:		
Items of other comprehensive income that will not be reclassified to the Statement of income in subsequent periods (net of tax):		
Re-measurement gain on defined benefit plans	**907,000**	369,400
Income tax related to above	**(362,800)**	(147,760)
Total items that will not be reclassified to the Statement of income in subsequent periods:	**544,200**	221,640
Other comprehensive gain for the year, net of tax	**544,200**	**221,640**
Total comprehensive income for the year, net of tax	**4,827,893**	**3,802,429**

The accompanying notes on pages 72 to 136 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ending September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000)

	Stated Capital	Statutory Reserves	General Banking Risk Reserve	Retained Earnings	Total Equity
Balance at September 30, 2020	**300,000**	**300,000**	**842,898**	**23,164,315**	**24,607,213**
Profit for the year	–	–	–	3,580,789	**3,580,789**
Other comprehensive gain	–	–	–	221,640	**221,640**
Total comprehensive income for the year	–	–	–	3,802,429	**3,802,429**
Transfer to general banking risk reserve – Note 16 (b)	–	–	112,329	(113,642)	**(1,313)**
Dividends	–	–	–	(1,275,000)	**(1,275,000)**
Balance at September 30, 2021	**300,000**	**300,000**	**955,227**	**25,578,102**	**27,133,329**
Profit for the year	–	–	–	4,283,693	**4,283,693**
Other comprehensive gain	–	–	–	544,200	**544,200**
Total comprehensive income for the year	–	–	–	4,827,893	**4,827,893**
Transfer to general banking risk reserve – Note 16 (b)	–	–	865,594	(865,594)	**-**
Dividends	–	–	–	(1,470,000)	**(1,470,000)**
Balance at September 30, 2022	**300,000**	**300,000**	**1,820,821**	**28,070,401**	**30,491,222**

STATEMENT OF CASH FLOWS

For the Year Ending September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000)

	Notes	2022	2021
Operating activities			
Net profit before taxation		**6,592,392**	5,607,215
Adjustments for:			
Depreciation of premises and equipment and right-of-use assets	7 and 8 (a)	**433,542**	495,197
Credit loss expense on financial assets		**453,225**	324,289
Loss on sale of premises and equipment		**5,643**	8,631
Increase in employee benefits		**(26,200)**	(5,500)
Increase in advances		**(9,266,035)**	(6,570,887)
Increase in customers' deposits		**20,410,870**	28,197,986
Increase in statutory deposit with Bank of Guyana		**(6,804,525)**	(2,547,419)
(Increase)/decrease in other assets and investment interest receivable		**(433,480)**	311,268
Increase/(decrease) in other liabilities and accrued interest payable		**588,224**	(993,102)
Net cash provided by operating activities before tax		**11,953,656**	24,827,678
Taxes paid		**(2,146,574)**	(1,619,094)
Cash provided by operating activities		**9,807,082**	**23,208,584**
Investing activities			
Purchase of investment securities		**(20,100,872)**	(4,550,064)
Redemption of investment securities		**7,597,281**	2,401,336
Purchase of Treasury Bills		**(86,222,550)**	(52,969,000)
Redemption of Treasury Bills		**47,969,000**	35,167,200
Additions to premises and equipment		**(197,126)**	(164,082)
Proceeds from sale of premises and equipment		**-**	8,300
Cash used in investing activities		**(50,954,267)**	**(20,106,310)**
Financing activities			
Increase in balances due to other banks		**256,905**	18,357
Repayment of principal portion of lease liabilities	8 (b)	**(19,589)**	(18,379)
Dividends paid		**(1,470,000)**	(1,275,000)
Cash used in financing activities		**(1,232,684)**	**(1,275,022)**
Net (decrease)/increase in cash and cash equivalents		**(42,379,869)**	1,827,252
Cash and cash equivalents at beginnning of year		**54,914,304**	53,087,052
Cash and cash equivalents at end of the year		**12,534,435**	**54,914,304**
Cash and cash equivalents at end of year are represented by:			
Cash on hand		**4,854,808**	4,057,595
Due from banks	4	**7,679,627**	50,856,709
		12,534,435	**54,914,304**

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000)

	Notes	2022	2021
Supplemental information:			
Interest received during the year		**10,556,985**	10,098,809
Interest paid during the year		**777,786**	744,210
Dividends received		**530**	714

The accompanying notes on pages 72 to 136 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022.
Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated

1 Corporate Information

The Bank was incorporated in the Co-operative Republic of Guyana on November 20, 1984, as a limited liability company and continued under the Companies Act Cap. 89:01 on May 16, 1997, and is licensed as Bankers under the Financial Institutions Act Cap. 85:03.

The Bank was registered as a reporting issuer under the Securities Industry Act Cap. 73:04 on April 7, 2003. It was designated as an approved mortgage finance company by the Minister of Finance on September 2, 2003, under section 15 of the Income Tax Act Cap. 81:01.

Banking operations began on February 16, 1837 by the British Guiana Bank which had been incorporated on November 11, 1836. On November 17, 1913 operations were sold to the Royal Bank of Canada. Assets and Liabilities of the Guyana operations of the Royal Bank of Canada were acquired by the Government of Guyana on November 29, 1984 and vested in the National Bank of Industry and Commerce Limited on December 1, 1984. In October 1997, the Bank became a subsidiary of Republic Bank Limited of Trinidad and Tobago, now Republic Financial Holdings Limited and subsequently changed its name to Republic Bank (Guyana) Limited on June 5, 2006. As at September 30, 2022, the stockholdings of Republic Financial Holdings Limited in the Bank were 50.97%.

On December 16, 2015, by Legal Notice No. 215 of 2015, the business of Republic Bank Limited was transferred and vested into Republic Finance and Merchant Bank Limited (FINCOR) save for the shareholdings in several subsidiaries. FINCOR was renamed Republic Bank Limited and Republic Bank Limited was renamed Republic Financial Holdings Limited.

Republic Financial Holdings Limited, the financial holding company for the Republic Group, is incorporated in the Republic of Trinidad and Tobago and its registered office is located at Republic House, 9-17 Park Street, Port of Spain. Republic Financial Holdings Limited is listed on the Trinidad and Tobago Stock Exchange.

The Republic Group (the 'Group') is a financial services group comprising several subsidiaries and associated companies. The Group is engaged in a wide range of banking, financial and related activities mainily in the Caribbean Community (CARICOM) region, Cayman Islands, Ghana, St. Maarten, Anguilla and the British Virgin Islands. It has most recently launched an insurance subsidiary in Trinidad and Tobago.

2 Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a Basis of preparation

The financial statements of the Bank are prepared in accordance with International Financial Reporting Standards (IFRS), the Financial Institutions Act Cap. 85:03 and guidelines issued thereunder, the Companies Act Cap. 89:01 and the Securities Industry Act Cap. 73:04 and are stated in Guyana Dollars. These financial statements have been prepared on a historical cost basis, except for the measurement at fair value of investment securities classified as available-for-sale and at Fair Value through Profit or Loss (FVPL) and derivative financial instruments. The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions. Actual results could differ from those estimates. Significant accounting judgements and estimates in applying the Bank's accounting policies have been described in Note 3.

b Changes in accounting policies

i New accounting standards/improvements adopted

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended September 30, 2021 except for the adoption of new standards and interpretations below.

2 Significant Accounting Policies *(continued)*

b Changes in accounting policies *(continued)*

i New accounting standards/improvements adopted *(continued)*

Several other amendments and interpretations apply for the first time in 2022, but do not have any impact on the financial statements of the Bank. These are also described in more detail below. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective January 1, 2021)
The amendments provide temporary reliefs which address the financial reporting effects when an Interbank Offered Rate (IBOR) is replaced with an alternative nearly Risk-Free interest Rate (RFR).

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred.

The amendments are mandatory, with earlier application permitted. Hedging relationships must be reinstated if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been discontinued if the phase two amendments had been applied at that time. While application is retrospective, an entity is not required to restate prior periods.

These amendments had no impact on the consolidated financial statements of the Bank. The Bank intends to use the practical expedients in future periods if they become applicable.

ii Standards in issue not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Bank's financial statements. These standards and interpretations will be applicable to the Bank at a future date and will be adopted when they become effective. The Bank is currently assessing the impact of adopting these standards and interpretations.

IFRS 3 Business Combinations – Amendments to IFRS 3 (effective January 1, 2022)
The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

2 Significant Accounting Policies *(continued)*

b Changes in accounting policies *(continued)*

ii Standards in issue not yet effective *(continued)*

IFRS 3 Business Combinations – Amendments to IFRS 3 (effective January 1, 2022) (continued)

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018).

The amendments are intended to update a reference to the Conceptual Framework without significantly changing requirements of IFRS 3. The amendments will promote consistency in financial reporting and avoid potential confusion from having more than one version of the Conceptual Framework in use.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1 (effective January 1, 2023)

The IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

IAS 16 Property, Plant and Equipment – Amendments to IAS 16 (effective January 1, 2022)

The amendment prohibits entities from deducting from the cost of an item of Property, Plant and Equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments to IAS 37 (effective January 1, 2022)

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g. the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

2 Significant Accounting Policies *(continued)*

b Changes in accounting policies *(continued)*

ii Standards in issue not yet effective *(continued)*

IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments to IAS 37 (effective January 1, 2022) (continued)

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are "directly related to contract activities", but we believe that guidance in IFRS 15 Revenue from Contracts with Customers will be relevant.

IFRS 17 Insurance Contracts (effective January 1, 2023)

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e. coverage period)
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the statement of income, but are recognised directly on the statement of financial position
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- A loss-recovery component of the asset for the remaining coverage of a group of reinsurance contracts held is determined and recorded in profit or loss when an entity recognises a recovery of a loss on initial recognition of an onerous group of underlying issued contracts as well as for subsequent measurement of the recovery of those losses
- Entities should present separately in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets and those that are liabilities, with the same requirement applying to portfolios of reinsurance contracts held
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Amendments to IAS 1 (effective January 1, 2023)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

2 Significant Accounting Policies *(continued)*

b Changes in accounting policies *(continued)*

ii Standards in issue not yet effective *(continued)*

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Amendments to IAS 1 (effective January 1, 2023) (continued)

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Replacement of the term 'significant' with 'material'

In the absence of a definition of the term 'significant' in IFRS, the IASB decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the IASB. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendements to IAS 8 (effective January 1, 2023)

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the IASB.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

IAS 12 Income Taxes – Amendments to IAS 12 (effective January 1, 2023)

The amendments to IAS 12, narrows the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

2 Significant Accounting Policies *(continued)*

b Changes in accounting policies *(continued)*

ii Standards in issue not yet effective *(continued)*

IAS 12 Income Taxes – Amendments to IAS 12 (effective January 1, 2023) (continued)

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g. if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the IASB expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

iii Improvements to International Financial Reporting Standards

The annual improvements process of the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS. The following amendments are applicable to annual periods beginning on or after January 1, 2021:

IFRS	Subject of Amendment
IFRS 1 -	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter *(effective January 1, 2022)*
IFRS 9 -	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities *(effective January 1, 2022)*

c Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents consist of highly liquid investments, cash on hand and at bank, Treasury Bills, bills discounted and bankers' acceptances with original maturities of three months or less. Bankers' acceptances and due from banks with maturities greater than three months are classified as investments.

d Statutory deposit with Bank of Guyana

Pursuant to the Financial Institutions Act Cap. 85:03, the Bank is required to maintain with the Bank of Guyana a statutory reserve balance in relation to the deposit liabilities of the institution.

e Financial instruments – initial recognition

i Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e. the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

2 Significant Accounting Policies *(continued)*

e Financial instruments – initial recognition *(continued)*

ii Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 2 (f) (i). Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

iii Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms, measured at either:

- Amortised cost, as explained in Note 2 (f) (i)
- FVPL, as explained in Note 2 (f) (ii)

The Bank classified its financial assets as loans and receivables (amortised cost), FVPL, available-for-sale or held-to-maturity (amortised cost), as explained in Notes 2 (f) (i), 2 (f) (v) and 2 (f) (vi).

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost.

f Financial assets and liabilities

i Due from banks, Treasury Bills, Advances and Investment securities

Due from banks, Treasury Bills, Advances to customers and Investment securities included non–derivative financial assets with fixed or determinable payments that were not quoted in an active market, other than those:

- That the Bank intended to sell immediately or in the near term
- That the Bank, upon initial recognition, designated as at FVPL or as available-for-sale
- For which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration, which were designated as available-for-sale.

The Bank only measures Due from banks, Treasury Bills, Advances to customers and Investment securities at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

The SPPI test

For the first step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

2 Significant Accounting Policies *(continued)*

f Financial assets and liabilities *(continued)*

i Due from banks, Treasury Bills, Advances and Investment securities *(continued)*

The SPPI test (continued)

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL or Fair Value Through Other Comprehensive Income (FVOCI) without recycling.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

ii Financial assets at fair value through profit or loss

Financial assets in this category are those that are designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management may designate an instrument at FVPL upon initial recognition.

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Financial assets at FVPL are recorded in the statement of financial position at fair value. Interest earned or incurred on instruments designated at FVPL is accrued in interest income, using the Effective Interest Rate (EIR), taking into account any discount/premium and qualifying transaction costs being an integral part of the instrument. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other income when the right to the payment has been established.

2 Significant Accounting Policies *(continued)*

f Financial assets and liabilities *(continued)*

iii Undrawn loan commitments

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the Expected Credit Loss (ECL) requirements but no ECL was determined based on historical observation of defaults.

iv Debt securities and other fund raising instruments

Financial liabilities issued by the Bank that are designated at FVPL, are classified as liabilities under Debt securities in issue and Other fund raising instruments, where the substance of the contractual arrangement results in the Bank having an obligation to deliver cash to satisfy the obligation. These are initially recognised at fair value net of transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

g Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

h Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, to facilitate changes to the original loan agreement or arrangement due to weaknesses in the borrower's financial position and/or non-repayment of the debt as arranged and terms and conditions have been restructured to the extent that, substantially, it becomes a new loan, with the difference recognised as an impairment loss. The newly recognised loans are classified as Stage 2 for ECL measurement purposes.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original rate (or credit adjusted effective interest rate for purchased or credit impaired financial assets), the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

2 Significant Accounting Policies *(continued)*

h Derecognition of financial assets and liabilities *(continued)*

Derecognition other than for substantial modification *(continued)*

Financial assets *(continued)*

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset, or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2 Significant Accounting Policies *(continued)*

i Impairment of financial assets

i Overview of the ECL principles

The Bank records an allowance for ECL for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The Bank uses the general probability of default approach when calculating ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the Lifetime Expected Credit Loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' Expected Credit Loss (12mECL) as outlined in Note 21.2.7. The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 21.2.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the size and nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained in Note 21.2.7.

Where, the financial asset meets the definition of Purchased or Originated Credit Impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank classifies its loans and investments into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1

When loans and investments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans and investments also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

When a loan or investment has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans and investments also include facilities, where the credit risk has improved and the loan or investment has been reclassified from Stage 3.

Stage 3

Loans and investments considered credit-impaired (as outlined in Note 21.2). The Bank records an allowance for the LTECLs.

POCI

POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

2 Significant Accounting Policies *(continued)*

i Impairment of financial assets *(continued)*

i Overview of the ECL principles *(continued)*

POCI *(continued)*

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

ii The calculation of ECLs

The Bank calculates ECLs based on the historical measure of cash shortfalls, discounted at the instrument's coupon rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 21.2.5.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs. When relevant, it also incorporates how defaulted loans and investments are expected to be recovered, including the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out, the maximum period for which the credit losses are determined is the contractual life of a financial instrument.

Impairment losses and recoveries are accounted for and disclosed separately.

The mechanics of the ECL method are summarised below:

Stage 1

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD which are derived as explained under Stage 3 for loans and using Global Credit Loss tables for traded investments and modified with management overlays when not traded.

2 Significant Accounting Policies *(continued)*

i Impairment of financial assets *(continued)*

ii The calculation of ECLs *(continued)*

Stage 2

When a loan or investment has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The LGDs are derived as explained under Stage 3 for loans and using Global Credit Loss tables for traded investments and modified with management overlays when not traded.

Stage 3

For loans and investments considered credit-impaired (as set out in Note 21.2.8), the Bank recognises the lifetime expected credit losses for these loans and investments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

POCI

POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit adjusted EIR.

In most instances, LGDs are determined on an individual loan or investment basis, including discounting the expected cash flows at the original EIR. Stage 3 LGDs are grouped by similar types to provide percentage averages to be applied for Stage 1 and Stage 2 loans.

In limited circumstances within the Bank, where portfolios were small and the products homogenous with minimal history of defaults, a simplified ECL approach was applied using historical loss rates and staged based on the sovereign rating of the residence of the loan.

iii Revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft facilities, in which the Bank has the right to cancel and/or reduce the facilities. The Bank limits its exposure to credit losses on overdraft facilities to the outstanding balance.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, as explained in Note 21.2.5, but emphasis is also given to qualitative factors such as changes in usage and repayment patterns.

The interest rate used to discount the ECLs for credit cards is based on the interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently charged no interest.

iv Treasury Bills, Statutory deposits with Central Banks and Due from banks

Treasury Bills, Statutory deposits with Central Banks and Due from banks are short term funds placed with Central Banks in the countries where the Bank is engaged in the full range of banking and financial activities and correspondent banks and the Bank therefore considers the risk of default to be very low. The ECL on these instruments were determined to be zero.

2 Significant Accounting Policies *(continued)*

i Impairment of financial assets *(continued)*

v Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments.

Financial guarantees, letters of credit and loan commitments are off-balance sheet instruments and have no history of default. As a result, the Bank considers the risk of default to be very low and the ECLs on these instruments were determined to be zero.

vi Forward looking information

In its ECL models, the Bank considers a broad range of forward looking information as economic inputs, such as:

- Currency rates
- Gross Domestic Product (GDP) growth
- Unemployment rates
- Industry risk
- Real estate price trends
- Commodity price inflation rates

Statistical correlation between the overall performance of the economies and historic loss trends were established and used to correlate macroeconomic expectations to adjustments within the ECL models.

The Bank however recognised that the inputs and models used for calculating ECLs may not always capture all characteristics and expectations of the market at the date of the financial statements. To reflect this, management adjustments or overlays are made by assessing the macroeconomic factors and applying judgements, when such differences are significantly material.

j Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories and other non-financial assets. The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed at inception and re-assessed on a periodic basis.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on independent valuations and other data provided by third parties.

k Collateral repossessed

The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Bank's policy is for a repossessed asset to be sold. Assets to be sold are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date, in line with the Bank's policy.

In its normal course of business, should the Bank repossess properties or other assets in its retail portfolio, it sometimes engages external agents to assist in the sale of these assets to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.

2 Significant Accounting Policies *(continued)*

l Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to other income.

m Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a Lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the entity and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g. changes to future payments resulting from a change in rate used to determine such lease payments).

The Bank applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of IT equipment that is considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Bank as a Lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2 Significant Accounting Policies *(continued)*

n Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Statement of income.

Leasehold buildings and leased equipment are depreciated over the period of the lease. Depreciation other than on leasehold buildings and leased equipment is computed on the declining balance method at rates expected to apportion the cost of the assets over their estimated useful lives as follows:

Buildings	30 to 75 years
Security equipment	6 to 15 years
Computer equipment	4 to 10 years
Furniture, fixtures and other equipment	4 to 15 years

Land and work-in-progress are not depreciated.

o Intangible assets

The Bank's intangible assets comprise of the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation.

Amortisation is calculated using the reducing balance method over their estimated useful lives of three to five years.

p Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

2 Significant Accounting Policies *(continued)*

p Goodwill *(continued)*

Where the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, this gain is recognised immediately in the Statement of income as a credit to other income.

q Employee benefits

i Pension obligations

The Bank operates a defined benefit pension plan for qualifying employees. The Plan is funded and the Bank's contribution is determined by the independent actuaries. Annually, the Bank's independent actuaries conduct a valuation exercise to measure the effect of the employee benefit plan.

The asset recognised in the Statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs.

The defined benefit obligation is calculated annually by the independent actuaries using the projected unit credit method. Under this method, the cost of providing pensions is charged to the Statement of Income so as to spread regular costs over the service lives of employees in accordance with the advice of the actuaries.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Re-measurements of the net defined benefit asset, which comprise actuarial gains and losses and return on plan assets (excluding interest) are recognised immediately through Other Comprehensive Income.

The defined benefit plans mainly expose the Bank to risks such as investment risk, interest rate risk and longevity risk.

The above accounting requirement in no way affects the pension plan which continues to be governed by the approved Trust Deed and Rules and remain under the full control of the appointed Trustees.

The full results of the valuation exercise are disclosed in Note 10 to these financial statements.

ii Profit sharing scheme

The Bank operates an employee profit share scheme in accordance with terms outlined in the Human Resource Policy Guidelines. The profit share to be distributed to employees each year is based on a specific formula outlined in these guidelines. Employees are paid profit share in cash. The Bank accounts for the profit share as an expense through the Statement of income.

r Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 Significant Accounting Policies *(continued)*

r Taxation *(continued)*

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

s Statutory reserves

In accordance with the Financial Institutions Act Cap. 85:03, a minimum of 15.00% of the current year's net profit must be transferred to the Reserve Fund until the amount in the Fund is equal to the paid up Capital of the Bank. This reserve is non-distributable.

t Earnings per stock unit

Data on earnings per stock unit has been computed by dividing the net profit attributable to ordinary stockholders, by the weighted average number of ordinary stocks in issue during the year. The Bank has no dilutive ordinary stocks.

u Foreign currency translation

The financial statements are presented in Guyana dollars which is the currency of the primary economic environment in which the Bank operates (its functional currency).

Monetary assets and liabilities which are denominated in foreign currencies are expressed in Guyana dollars at rates of exchange ruling at the reporting date. Non monetary assets and liabilities denominated in foreign currencies are translated at historic rates. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the Statement of income.

v Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Bank has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

The EIR method

Interest income and expense are recorded using the Effective Interest Rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

2 Significant Accounting Policies *(continued)*

v Revenue recognition *(continued)*

Interest income and expense

The Bank calculates interest income and expense by applying the EIR to the gross carrying amount of financial assets and liabilities other than credit-impaired assets. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

When a financial asset becomes credit-impaired (as set out in Note 2 (i) (i)) and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Dividends

Dividend income is recognised when the right to receive the payment is established.

w Fee and commission income

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party are recognised on completion of the underlying transaction.

x Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Bank has determined the Managing Director as its chief operating decision-maker.

Management considers its banking operation to be a single business unit. All business is conducted in Guyana with the exception of certain investment activities.

y Customers' liability under acceptances, guarantees, indemnities and letters of credit

These represent the Bank's potential liability, for which there are equal and offsetting claims against its customer in the event of a call on these commitments. These amounts are not recorded on the Bank's Statement of financial position but set out in Note 27 (b) of these financial statements.

z Assets classified as held-for-sale

A non-current asset is classified as held-for-sale when: its carrying amount will be recovered principally through a sale transaction rather than through continuing use; the asset is available for immediate sale in its present condition; and its sale is highly probable. Assets classified as held-for-sale are not depreciated or amortised and are carried at the lower of the carrying amount and fair value less cost to sell.

aa Comparatives

Certain changes in presentation have been made in these financial statements. These changes had no effect on the operating results, profit after tax or earnings per stock unit of the Bank for the previous year.

ab Equity reserves

The reserves recorded in equity on the Bank's Statement of financial position include:

Stated capital – Ordinary stated capital is classified within equity and is recognised at the fair value of the consideration received by the Bank at the date received.

2 Significant Accounting Policies *(continued)*

ab Equity reserves *(continued)*

General contingency reserves/Other reserves – prior to October 1, 2017, the General Contingency reserve was used as an appropriation of retained earnings for the difference between specific provisions and the non-performing advances. From October 1, 2017, the balance on this reserve represents the difference between IFRS 9 provision and regulatory requirement.

Net unrealised gains – prior to October 1, 2017, net unrealised gains comprised changes in fair value of available-for-sale investments.

Other statutory reserves that qualify for treatment as equity are discussed in Note 2 (s).

3 Significant Accounting Judgements and Estimates in Applying the Bank's Accounting Policies

Management has made the following judgements in its application of the Bank's accounting policies which have the most significant effect on the amounts reported in the financial statements:

Impairment losses on financial assets (Policy applicable under IFRS 9)

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The estimation of the amount and timing of future cash flows and collateral values when determining impairment losses
- The Bank's internal credit grading model, which assigns PDs to the individual grades for corporate facilities
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of the existence of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- The inclusion of overlay adjustments based on judgement and future expectations

Impairment losses and investment valuation (Policy applicable under IAS 39)

Under IAS 39, financial assets are determined impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Net pension asset/liability – Note 10

In conducting valuation exercises to measure the effect of the employee benefit plan, the Bank's independent actuaries use judgement and assumptions in determining discount rates, salary increases, National Insurance Scheme (NIS) ceiling increases, pension increases and the rate of return on the assets of the Plan.

For the Year Ended September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated

3 Significant Accounting Judgements and Estimates in Applying the Bank's Accounting Policies *(continued)*

Goodwill – Note 9

The Bank's financial statements include goodwill arising from acquisitions. In accordance with IFRS 3, goodwill was reviewed for impairment as at September 30, 2022, using the 'value in use' method. This requires the use of estimates for determination of future cash flows expected to arise from each cash-generating unit and an appropriate discount rate to calculate present value.

Deferred taxes – Note 11

In calculating the provision for deferred taxation, management uses judgement to determine the probability that future taxable profits will be available to facilitate utilisation of temporary tax differences which may arise.

Premises and equipment and Intangible Assets – Note 7

Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Bank to enable the value to be treated as a capital expense. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

Leases – Note 8

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation of the leased asset).

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).

4 Due from Banks

	2022	**2021**
Bank of Guyana – excess of statutory deposit	**6,103,035**	37,690,016
Other banks	**1,576,592**	13,166,693
	7,679,627	**50,856,709**

5 Advances

a Advances

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
2022					
Performing advances	12,781,053	39,912,443	36,160,906	8,306,332	**97,160,734**
Non-performing advances	834,084	536,722	1,432,233	–	**2,803,039**
	13,615,137	40,449,165	37,593,139	8,306,332	**99,963,773**
Unearned interest	(2,133,221)	–	–	–	**(2,133,221)**
Accrued interest	1,959	242,710	121,861	2,552	**369,082**
	11,483,875	40,691,875	37,715,000	8,308,884	**98,199,634**
Allowance for ECLs – Note 5 (c)	(144,932)	(245,825)	(191,389)	(29,600)	**(611,746)**
	11,338,943	40,446,050	37,523,611	8,279,284	**97,587,888**
Unearned loan origination fees	(251,770)	(82,303)	(46,410)	–	**(380,483)**
Net advances	**11,087,173**	**40,363,747**	**37,477,201**	**8,279,284**	**97,207,405**

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
2021					
Performing advances	12,102,200	35,170,263	34,152,740	5,814,240	**87,239,443**
Non-performing advances	1,347,171	897,772	1,658,476	–	**3,903,419**
	13,449,371	36,068,035	35,811,216	5,814,240	**91,142,862**
Unearned interest	(2,107,612)	–	–	–	**(2,107,612)**
Accrued interest	3,007	362,137	150,009	1,128	**516,281**
	11,344,766	36,430,172	35,961,225	5,815,368	**89,551,531**
Allowance for ECLs – Note 5 (c)	(68,264)	(373,917)	(319,425)	(32,160)	**(793,766)**
	11,276,502	36,056,255	35,641,800	5,783,208	**88,757,765**
Unearned loan origination fees	(249,794)	(53,336)	(53,235)	–	**(356,365)**
Net advances	**11,026,708**	**36,002,919**	**35,588,565**	**5,783,208**	**88,401,400**

For the Year Ended September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated

5 Advances *(continued)*

b Loans by remaining term to maturity

	2022	2021
Within three months	**1,313,278**	528,625
Between three and six months	**2,133,745**	1,034,383
Between six months and one year	**9,396,720**	7,112,581
Between one to five years	**16,435,856**	15,042,749
More than five years	**67,927,806**	64,683,062
	97,207,405	**88,401,400**

c Impairment allowance for advances to customers

The following table shows the staging of advances and the related ECLs based on the Bank's criteria as explained in Note 21.2.4 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 21.2.6.

2022	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
Gross loans	11,483,875	40,691,875	37,715,000	8,308,884	**98,199,634**
Stage 1: 12 Month ECL	(59,859)	(220,210)	(62,826)	(29,430)	**(372,325)**
Stage 2: Lifetime ECL	(1,711)	(20,160)	(8,353)	(170)	**(30,394)**
Stage 3: Credit impaired financial assets – Lifetime ECL	(83,362)	(5,455)	(120,210)	–	**(209,027)**
	11,338,943	**40,446,050**	**37,523,611**	**8,279,284**	**97,587,888**
Stage 1: 12 Month ECL					
ECL allowance as at October 1, 2021	63,396	142,368	72,228	32,063	**310,055**
ECL on new instruments issued during the year	37,552	94,030	950	–	**132,532**
Other credit loss movements, repayments etc.	(41,089)	(16,188)	(10,352)	(2,633)	**(70,262)**
At September 30, 2022	**59,859**	**220,210**	**62,826**	**29,430**	**372,325**
Stage 2: Lifetime ECL					
ECL allowance as at October 1, 2021	2,088	34,775	13,516	97	**50,476**
ECL on new instruments issued during the year	658	13,137	–	–	**13,795**
Other credit loss movements, repayments etc.	(1,035)	(27,752)	(5,163)	73	**(33,877)**
At September 30, 2022	**1,711**	**20,160**	**8,353**	**170**	**30,394**

5 Advances *(continued)*

c Impairment allowance for advances to customers *(continued)*

2022	**Retail Lending**	**Commercial and Corporate Lending**	**Mortgages**	**Overdrafts**	**Total**
Stage 3: Credit-impaired financial assets – Lifetime ECL					
ECL allowance as at October 1, 2021	2,780	196,774	233,681	–	**433,235**
Charge-offs and write-offs	(304,560)	(220,181)	(117,309)	–	**(642,050)**
Credit loss expense	205,379	805	(11,976)	–	**194,208**
Recoveries	179,763	28,057	15,814	–	**223,634**
At September 30, 2022	**83,362**	**5,455**	**120,210**	**–**	**209,027**
Total	**144,932**	**245,825**	**191,389**	**29,600**	**611,746**

Of the Total ECL of $611.7 million, 65.8 % was on an individual basis and 34.2% was on a collective basis.

2021	**Retail Lending**	**Commercial and Corporate Lending**	**Mortgages**	**Overdrafts**	**Total**
Gross loans	11,344,766	36,430,172	35,961,225	5,815,368	**89,551,531**
Stage 1: 12 Month ECL	(63,396)	(142,368)	(72,228)	(32,063)	**(310,055)**
Stage 2: Lifetime ECL	(2,088)	(34,775)	(13,516)	(97)	**(50,476)**
Stage 3: Credit impaired financial assets – Lifetime ECL	(2,780)	(196,774)	(233,681)	–	**(433,235)**
	11,276,502	**36,056,255**	**35,641,800**	**5,783,208**	**88,757,765**
Stage 1: 12 Month ECL					
ECL allowance as at October 1, 2020	45,260	228,602	79,801	30,194	**383,857**
ECL on new instruments issued during the year	43,064	65,129	915	–	**109,108**
Other credit loss movements, repayments etc.	(24,928)	(151,363)	(8,488)	1,869	**(182,910)**
At September 30, 2021	**63,396**	**142,368**	**72,228**	**32,063**	**310,055**
Stage 2: Lifetime ECL					
ECL allowance as at October 1, 2020	1,703	12,012	17,117	964	**31,796**
ECL on new instruments issued during the year	823	12,051	157	–	**13,031**
Other credit loss movements, repayments etc.	(438)	10,712	(3,758)	(867)	**5,649**
At September 30, 2021	**2,088**	**34,775**	**13,516**	**97**	**50,476**

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5 Advances *(continued)*

c Impairment allowance for advances to customers *(continued)*

2021	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
Stage 3: Credit-impaired financial assets – Lifetime ECL					
ECL allowance as at October 1, 2020	1,955	181,390	174,544	–	**357,889**
Charge-offs and write-offs	(235,082)	(33,531)	(73,394)	–	**(342,007)**
Credit loss expense	137,419	(36,161)	90,864	–	**192,122**
Recoveries	98,488	85,076	41,667	–	**225,231**
At September 30, 2021	**2,780**	**196,774**	**233,681**	**-**	**433,235**
Total	**68,264**	**373,917**	**319,425**	**32,160**	**793,766**

Of the Total ECL of $793.8 million, 54.6 % was on a collective basis and 45.4% was on an individual basis.

d Provision for loan losses by economic sectors

2022	Gross Amount	Non-Performing	Specific Provision	Expected Credit Loss	Net Advances
Government and government bodies	1,357	–	–	–	**1,357**
Financial sector	108,549	–	–	(596)	**107,953**
Energy and mining	436,458	70,488	–	(2,398)	**504,548**
Agriculture	2,005,683	72,021	(1,166)	(11,020)	**2,065,518**
Transport, storage and communication	1,005,655	111,824	–	(5,525)	**1,111,954**
Distribution	14,167,189	–	–	(77,837)	**14,089,352**
Real estate mortgages	36,282,768	1,432,233	(120,210)	(71,179)	**37,523,612**
Manufacturing	3,243,890	78,495	(4,289)	(17,822)	**3,300,274**
Construction	1,330,416	97,372	–	(7,309)	**1,420,479**
Personal	9,974,696	834,084	(83,362)	(61,570)	**10,663,848**
Non-residents	673,136	–	–	(3,698)	**669,438**
Other services	26,166,798	106,522	–	(143,765)	**26,129,555**
	95,396,595	**2,803,039**	**(209,027)**	**(402,719)**	**97,587,888**

5 Advances *(continued)*

d Provision for loan losses by economic sectors *(continued)*

2021	Gross Amount	Non-Performing	Specific Provision	Expected Credit Loss	Net Advances
Government and government bodies	2,233	–	–	–	**2,233**
Financial sector	21,293	–	–	(107)	**21,186**
Energy and mining	475,309	100,320	(13,766)	(2,382)	**559,481**
Agriculture	1,529,880	118,702	(21,864)	(7,666)	**1,619,052**
Transport, storage and communication	1,631,049	173,445	–	(8,173)	**1,796,321**
Distribution	13,135,946	109,440	–	(65,821)	**13,179,565**
Real estate mortgages	34,302,749	1,658,476	(233,681)	(85,744)	**35,641,800**
Manufacturing	1,928,946	104,310	(24,226)	(9,665)	**1,999,365**
Construction	2,280,839	155,261	–	(11,429)	**2,424,671**
Hotel and restaurant	23,178	–	–	(116)	**23,062**
Personal	9,572,107	1,347,171	(2,780)	(65,484)	**10,851,014**
Non-residents	422,481	–	–	(2,117)	**420,364**
Other services	20,322,102	136,294	(136,918)	(101,827)	**20,219,651**
	85,648,112	**3,903,419**	**(433,235)**	**(360,531)**	**88,757,765**

e Restructured/modified loans

Within the retail portfolio, management will in the normal course of business modify the terms and conditions of facilities in the case of difficulties being experienced by the borrower. These modifications rarely result in an impairment loss and if they do, it is not material.

The Bank occasionally makes modifications to the original terms of large commercial and corporate loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. These modifications are made only when the Bank believes the borrower is likely to meet the modified terms and conditions. Indicators of financial difficulties include defaults on covenants, overdue payments or significant concerns raised by the Credit Risk Department. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms.

Restructured loans are carefully monitored. Restructured large commercial and corporate loans are classified as Stage 1, 2 and 3. These amounted to $523.0 million as at September 30, 2022, ($1,107.3 million as at September 30, 2021).

The Bank offered a moratorium to customers in good standing which included a postponement of monthly instalments, including the principal and interest for a period of 1-6 months beginning on the date of acceptance with interest continuing to accrue during the period of the moratorium. There were no such loans as at September 30, 2022, ($396.1 million as at September 30, 2021).

f The undiscounted fair value of collateral that the Bank holds relating to loans individually determined to be impaired at September 30, 2022, amounts to $7,560.4 million (2021: $7,750.0 million). The collateral consists of cash, securities and properties.

g Collateral realised

During the year, the Bank realised collateral amounting to $8.5 million (2021: $7.0 million).

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5 Advances *(continued)*

h Credit concentration by economic sector (facilities totaling 10% and above of Capital base for any one customer or group of closely related customers).

	2022	2021
Government	**6,012,805**	8,215,549
Manufacturing	**4,451,043**	4,737,142
Other services	**–**	7,777,576
	10,463,848	**20,730,267**

6 Investment Securities

		2022	2021
a	**Debt instruments at amortised cost**		
	Government securities	**9,484,845**	8,796,136
	Corporate bonds	**5,457,787**	6,688,342
	Fixed deposits	**2,808,300**	–
	Total investment securities	**17,750,932**	**15,484,478**
b	**Investment securities by remaining term to maturity**		
	Within three months	**319,326**	1,917,632
	Between three and six months	**2,423,700**	449,613
	Between six months and one year	**10,680,401**	1,925,196
	Between one and five years	**1,875,550**	8,602,500
	More than five years	**2,451,955**	2,589,537
		17,750,932	**15,484,478**
c	**Treasury Bills by remaining term to maturity**		
	Within three months	**37,440,510**	9,877,390
	Between three and six months	**21,922,395**	12,250,815
	Between six months and one year	**36,900,662**	25,578,620
		96,263,567	**47,706,825**

6 Investment Securities *(continued)*

d Financial investment securities subject to impairment assessment

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's credit rating system, aging and year-end stage classification.

	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired Financial Assets Lifetime ECL	POCI	Total
2022					
Gross exposure	3,577,403	14,192,968	–	45,393	**17,815,764**
ECL	(9,910)	(44,077)	–	(10,845)	**(64,832)**
Net exposure	**3,567,493**	**14,148,891**	**–**	**34,548**	**17,750,932**
ECL allowance as at October 1, 2021 under IFRS 9	10,477	43,584	–	17,576	**71,637**
ECL on new instruments issued during the year	2,392	25,712	-	-	**28,104**
Other credit loss movements, repayments and maturities	(2,959)	(25,219)	–	(6,731)	**(34,909)**
At September 30, 2022	**9,910**	**44,077**	**–**	**10,845**	**64,832**
2021					
Gross exposure	12,119,069	3,388,634	–	48,412	**15,556,115**
ECL	(10,477)	(43,584)	–	(17,576)	**(71,637)**
Net exposure	**12,108,592**	**3,345,050**	**–**	**30,836**	**15,484,478**
ECL allowance as at October 1, 2020 under IFRS 9	1,005	90,998	–	17,576	**109,579**
ECL on new instruments issued during the year	2,555	18,002	–	–	**20,557**
Other credit loss movements, repayments and maturities	6,917	(65,416)	–	–	**(58,499)**
At September 30, 2021	**10,477**	**43,584**	**–**	**17,576**	**71,637**

e Designated at fair value through profit or loss

For equity securities, cost is determined by the appropriate estimate of fair value since insufficient recent information is available to measure fair value.

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7 Premises and Equipment

a Premises and equipment

	Capital Works in Progress	Freehold Premises	Equipment, Furniture and Fittings	Total
2022				
Cost				
At beginning of year	207,576	6,390,047	4,683,633	**11,281,256**
Additions at cost	94,293	43,850	22,064	**160,207**
Disposal of assets	–	–	(71,471)	**(71,471)**
Transfer of assets	(141,972)	716	141,256	**-**
	159,897	**6,434,613**	**4,775,482**	**11,369,992**
Accumulated depreciation				
At beginning of year	–	1,189,206	3,281,820	**4,471,026**
Charge for the year	–	103,456	298,513	**401,969**
Disposal of assets	–	–	(66,093)	**(66,093)**
	–	**1,292,662**	**3,514,240**	**4,806,902**
Net book value	**159,897**	**5,141,951**	**1,261,242**	**6,563,090**
2021				
Cost				
At beginning of year	314,099	6,339,855	4,609,632	**11,263,586**
Additions at cost	59,065	35,757	69,260	**164,082**
Disposal of assets	–	(599)	(145,813)	**(146,412)**
Transfer of assets	(165,588)	15,034	150,554	**-**
	207,576	**6,390,047**	**4,683,633**	**11,281,256**
Accumulated depreciation				
At beginning of year	–	1,085,032	3,056,258	**4,141,290**
Charge for the year	–	104,268	357,369	**461,637**
Disposal of assets	–	(94)	(131,807)	**(131,901)**
	–	**1,189,206**	**3,281,820**	**4,471,026**
Net book value	**207,576**	**5,200,841**	**1,401,813**	**6,810,230**

7 Premises and Equipment *(continued)*

		2022	2021
b	**Intangible assets**		
	Cost		
	At beginning of year	**655,935**	674,162
	Additions at cost	**7,008**	–
	Disposal	**(1,957)**	(18,227)
		660,986	**655,935**
	Accumulated depreciation		
	At beginning of year	**622,919**	623,323
	Charge for the year	**10,832**	15,403
	Disposal	**(1,691)**	(15,807)
		632,060	**622,919**
	Net book value	**28,926**	**33,016**
c	**Capital commitments**		
	Contracts for outstanding capital expenditure not provided for in the financial statements	**249,090**	**296,820**

8 Leases

a **Right-of-use assets**

	Leasehold Premises 2022	Leasehold Premises 2021
Cost		
At beginning of year	**47,693**	47,693
Additions at cost	**29,911**	–
	77,604	47,693
Accumulated depreciation		
At beginning of year	**36,315**	18,158
Charge for the year Note 17 (d)	**20,741**	18,157
Disposal of assets	**–**	–
Fully depreciated assets written off	**–**	–
	57,056	**36,315**
Net book value	**20,548**	**11,378**

Leasehold premises generally have lease terms between 3 and 50 years.

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8 Leases *(continued)*

b Lease liabilities

	Non current	Current	Total
2022			
At beginning of year	10,384	–	**10,384**
Additions at cost	29,911	–	**29,911**
Accretion of interest expense Note 17 (b)	652	–	**652**
Less: Payments	(20,241)	–	**(20,241)**
	20,706	**–**	**20,706**
2021			
Effect of adoption of IFRS 16	29,314	–	**29,314**
Additions at cost	–	–	**–**
Accretion of interest expense Note 17 (b)	667	–	**667**
Less: Payments	(19,597)	–	**(19,597)**
	10,384	**–**	**10,384**

The contractual maturity analysis of lease liabilities are disclosed in Note 21.3.1

Payments

	Fixed Payments	Variable Payments	Total
2022			
Fixed rent	20,241	–	**20,241**
	20,241	**–**	**20,241**
2021			
Fixed rent	19,597	–	**19,597**
	19,597	**–**	**19,597**

8 Leases *(continued)*

b Lease liabilities *(continued)*

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within Five Years	More Than Five Years	Total
2022			
Extension options expected to be exercised	18,244	–	**18,244**
Termination options expected to be exercised	–	–	**–**
	18,244	**–**	**18,244**
2021			
Extension options expected not to be exercised	51,150	–	**51,150**
Termination options expected to be exercised	–	–	**–**
	51,150	**–**	**51,150**

9 Goodwill

	2022	2021
Total unimpaired goodwill on acquisition	**1,228,222**	**1,228,222**

Impairment testing of goodwill

The residual balance of goodwill arising from business combinations was generated from the acquisition of certain assets and liabilities of the Guyana National Cooperative Bank. In accordance with IFRS 3, all assets that gave rise to goodwill were reviewed for impairment at September 30, 2022, using the 'value in use' method. Based on the results of this review, no impairment expense was required.

10 Employee Benefits

a The amounts recognised in the Statement of Financial Position are as follows:

	2022	2021
Present value of defined benefit obligation	**2,715,400**	2,516,900
Fair value of plan assets	**(3,862,900)**	(2,731,200)
Net (asset)/liability recognised in the Statement of Financial Position	**(1,147,500)**	**(214,300)**

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10 Employee Benefits *(continued)*

		2022	2021
b	**Changes in the present value of the defined benefit obligation are as follows:**		
	Opening defined benefit obligation	**2,516,900**	2,478,600
	Current service cost	**95,600**	91,500
	Interest cost	**136,700**	135,000
	Members' contributions	**40,700**	39,100
	Re-measurements		
	– Experience adjustments	**(9,900)**	(176,900)
	– Actuarial (gains)/losses from changes in demographic assumptions	**–**	–
	Benefits paid	**(64,600)**	(50,400)
	Closing defined benefit obligation	**2,715,400**	**2,516,900**
c	**Changes in the fair value of plan assets are as follows:**		
	Opening fair value of plan assets	**2,731,200**	2,318,000
	Interest income	**152,400**	130,000
	Return on plan assets, excluding interest income	**897,100**	192,500
	Bank contributions	**111,800**	107,500
	Members' contributions	**40,700**	39,100
	Benefits paid	**(64,600)**	(50,400)
	Expense allowance	**(5,700)**	(5,500)
	Closing fair value of plan assets	**3,862,900**	**2,731,200**
	Actual return on plan assets	**1,049,500**	**322,500**
d	**The amounts recognised in the Statement of Income are as follows:**		
	Current service cost	**95,600**	91,500
	Net interest on net defined benefit liability	**(15,700)**	5,000
	Administration expenses	**5,700**	5,500
	Net pension cost	**85,600**	**102,000**
e	**Reconciliation of opening and closing Statement of Financial Position entries:**		
	Defined benefit obligation at prior year end	**(214,300)**	160,600
	Unrecognised gain/(loss) charged to retained earnings	**–**	–
	Opening defined benefit obligation	**(214,300)**	160,600
	Net pension cost	**85,600**	102,000
	Re-measurements recognised in other comprehensive income	**(907,000)**	(369,400)
	Premiums paid by the Bank	**(111,800)**	(107,500)
	Closing defined benefit (asset)/obligation	**(1,147,500)**	**(214,300)**

10 Employee Benefits *(continued)*

	2022	2021
f Liability profile		
The defined benefit obligation is allocated between the Plan's members as follows:		
– Active members	**77%**	77%
– Deferred members	**2%**	2%
– Pensioners	**21%**	21%
The weighted duration of the defined benefit obligation at the year end	**20.0 years**	20.0 years

52% of the defined benefit obligation for active members is conditional on future salary increases

61% of the benefits for active members are vested

	2022	2021
g Re-measurements recognised in other comprehensive income		
Experience loss/(gain)	**(907,000)**	(369,400)
Total included in other comprehensive income	**(907,000)**	**(369,400)**

h Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at September 30, 2022, would have changed as a result of a change in the assumptions used.

	1% Per Annum Decrease $'000	1% Per Annum Increase $'000
– Discount rate	**595,500**	(452,400)
– Future salary increases	**(288,400)**	362,000

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at September 30, 2022, by $42.0 million.

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

i Summary of principal actuarial assumptions as at September 30

	2022 %	2021 %
Discount rate	**5.50**	5.50
Rate of salary increase	**5.50**	5.50
NIS ceiling rates	**5.00**	5.00

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10 Employee Benefits *(continued)*

i Summary of principal actuarial assumptions as at September 30 *(continued)*

Assumptions regarding future mortality are based on published mortality rates. The life expectancies underlying the value of the defined benefit obligation as at September 30, 2022, are as follows:

	2022	2021
Life expectancy at age 65 for current pensioner in years:		
– Male	**17.6**	17.5
– Female	**21.5**	21.4
Life expectancy at age 65 for current members age 40 in years:		
– Male	**18.6**	18.6
– Female	**22.7**	22.6

j Plan asset allocation as at September 30

	2022	2021
Local equities	**1,742,000**	716,200
Overseas equities	**259,200**	259,200
Cash and cash equivalents	**1,756,600**	1,628,700
Mortgages	**105,100**	127,100
Fair value of scheme assets at end of year	**3,862,900**	**2,731,200**

k Funding

The Bank meets the balance of the cost of funding the defined benefit Pension Scheme and the Bank must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Scheme and the assumptions used to determine the funding required may differ from those set out above. The Bank expects to pay $113.0 million to the Pension Scheme during 2022/2023.

11 Deferred Tax Assets and Liabilities

Components of deferred tax assets and liabilities

a Deferred tax assets

	Opening Balance 2021	Impact of IFRS 9	Credit/(Charge) Statement of Income	Credit/(Charge) Other Comprehensive Income	Closing Balance 2022
Pension asset	–	–	–	–	**–**
Fee and commission income	142,546	–	9,647	–	**152,193**
Leased assets	397	–	(334)	–	**63**
ECL on loans and investments	165,836	–	16,846	–	**182,682**
	308,779	**–**	**26,159**	**–**	**334,938**

11 Deferred Tax Assets and Liabilities *(continued)*

Components of deferred tax assets and liabilities *(continued)*

b Deferred tax liabilities

	Opening Balance 2021	Impact of IFRS 9	Charge/(Credit) Statement of Income	Charge/(Credit) Other Comprehensive Income	Closing Balance **2022**
Pension asset	85,720	–	10,480	362,800	**459,000**
Premises and equipment	352,066	–	(127,104)	–	**224,962**
Leased assets	–	–	–	–	**–**
	437,786	**–**	**(116,624)**	**362,800**	**683,962**

12 Other Assets

	2022	2021
Accounts receivable and prepayments	**1,505,753**	1,042,200
Other assets	**–**	5
	1,505,753	**1,042,205**

13 Customers' Chequing, Savings and Deposit Accounts

a Concentration of customers' chequing, savings and deposit accounts

	Demand	Savings	Time	Total
2022				
State	36,151,054	2,205,379	406,565	**38,762,998**
Corporate and commercial	45,463,508	1,948,839	1,467,682	**48,880,029**
Personal	47,597,059	61,633,722	4,722,644	**113,953,425**
Other financial institutions	7,899,892	1,855,982	1,963,869	**11,719,743**
Other	10,024,797	571,354	31,062	**10,627,213**
	147,136,310	**68,215,276**	**8,591,822**	**223,943,408**

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13 Customers' Chequing, Savings and Deposit Accounts *(continued)*

a Concentration of customers' chequing, savings and deposit accounts *(continued)*

	Demand	Savings	Time	Total
2021				
State	30,536,034	4,128,501	402,740	**35,067,275**
Corporate and commercial	44,390,590	1,210,324	325,421	**45,926,335**
Personal	45,651,021	54,434,405	5,054,813	**105,140,239**
Other financial institutions	5,004,390	2,219,723	1,949,132	**9,173,245**
Other	7,726,631	467,930	30,883	**8,225,444**
	133,308,666	**62,460,883**	**7,762,989**	**203,532,538**

b Time deposits by remaining term to maturity

	2022	2021
Within three months	**2,401,228**	2,020,772
Between three and six months	**1,734,347**	1,235,063
Between six months and one year	**4,403,583**	4,246,130
More than one year	**52,664**	261,024
	8,591,822	**7,762,989**

14 Other Liabilities

	2022	2021
Drafts and settlements	**428,889**	617,702
Accrued expenses	**878,641**	650,949
Office accounts	**907,200**	785,922
Deferred income	**3,810**	4,165
Dividends payable	**51,323**	64,767
Other	**1,578,312**	1,143,410
	3,848,175	**3,266,915**

15 Stated Capital

	2022	2021
Authorised		
300 million ordinary stock units of no par value		
Issued and fully paid		
300 million ordinary stock units of no par value	**300,000**	**300,000**

16 Other Reserves

a Statutory reserves

In accordance with the Financial Institutions Act Cap. 85:03, a minimum of 15.00% of the current year's net profit must be transferred to the Reserve Fund until the amount in the Fund is equal to the paid up Capital of the Bank. This reserve is non-distributable.

b General banking risk reserve/Other reserves

Prior to the adoption of IFRS 9, a General Contingency Reserve was created as a voluntary appropriation of retained earnings, for the difference between the specific provision and non-performing advances. With the adoption of IFRS 9 and the enhanced provisioning levels, the Bank has opted to reduce the level of General Contingency Reserves held, and has included the transfer of a portion of these reserves to retained earnings in the Statement of changes in equity. The remaining balance represents the difference between IFRS 9 provision and regulatory reserve requirement.

17 Operating Profit

		2022	2021
a	**Interest income**		
	Advances	**8,976,562**	8,285,219
	Investment securities	**616,879**	572,975
	Liquid assets	**786,277**	381,240
		10,379,718	**9,239,434**
b	**Interest expense**		
	Customers' chequing, savings and deposit accounts	**784,098**	750,565
	Lease liabilities	**651**	667
		784,749	**751,232**

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17 Operating Profit *(continued)*

		2022	2021
c	**Other income**		
	Credit and related fees	**539,604**	557,455
	Net exchange trading income	**2,079,204**	1,592,010
	Loan recoveries	**223,705**	225,233
	Dividends	**530**	714
	Deposit and related fees	**782,987**	637,103
	Payments and transfers	**318,915**	296,139
	Other operating income	**–**	100,834
		3,944,945	**3,409,488**
d	**Operating expenses**		
	Staff costs	**2,397,936**	2,279,018
	Staff profit share	**412,537**	340,334
	General administrative expenses	**1,688,040**	1,405,015
	Lease rental expenses	**63,990**	49,659
	Property related expenses	**673,744**	642,064
	Property tax	**258,675**	229,669
	Loss on sale of premises and equipment	**5,643**	8,631
	Depreciation expense	**412,801**	477,040
	Depreciation expense right-of-use assets – Note 8 (a)	**20,741**	18,157
	Communication	**261,580**	253,967
	Advertising and public relations expenses	**248,921**	212,803
	Directors' fees	**28,161**	29,163
	Auditors' fees	**21,528**	20,666
		6,494,297	**5,966,186**

18 Credit Loss Expense

	2022	2021
Advances	**460,030**	362,231
Debt instruments measured at amortised cost	**(6,805)**	(37,942)
	453,225	**324,289**

19 Taxation Expense

Reconciliation

Income taxes in the Statement of income vary from amounts that would be computed by applying the statutory tax rate for the following reasons:

	2022	**2021**
Accounting profit	**6,592,392**	5,607,215
Tax at applicable statutory tax rates (40%)	**2,636,957**	2,242,886
Tax effect of items that are adjustable in determining taxable profit:		
Tax exempt income	**(357,660)**	(354,730)
Depreciation	**173,417**	198,080
Donations	**847**	702
Property tax	**103,470**	91,867
Wear and tear allowance	**(123,820)**	(146,138)
Expected credit loss (Stages 1 and 2)	**16,846**	(37,226)
Loss on sale of premises and equipment	**2,257**	3,452
Defined benefit obligation	**(10,480)**	(2,200)
Deferred fee income	**9,647**	3,961
Current tax	**2,451,482**	2,000,655
Deferred tax	**(142,783)**	25,771
Total taxation	**2,308,699**	**2,026,426**

20 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. A number of banking transactions are entered into with related parties in the normal course of business. These transactions are both secured and unsecured and were carried out on commercial terms and conditions, at market rates.

Outstanding balances

	2022	**2021**
Loans, investments and other assets		
Fellow subsidiaries	**1,265,707**	2,494,745
Directors and key management personnel	**72,407**	57,839
Other related parties	**688,662**	558,823
	2,026,776	**3,111,407**

No provisions have been made against amounts due from related parties.

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20 Related Parties *(continued)*

Amounts due from the five parties with the highest exposures totalled $734.1 million (2021: $591.7 million) and represents 2.41% (2021: 2.18%) of the Bank's capital base.

	2022	2021
Deposits and other liabilities		
Fellow subsidiaries	**675,588**	575,129
Directors and key management personnel	**268,005**	215,174
Other related parties	**7,420,498**	6,314,320
	8,364,091	**7,104,623**
Interest and other income		
Fellow subsidiaries	**24,776**	1,024
Directors and key management personnel	**1,774**	2,121
Other related parties	**15,835**	13,537
	42,385	**16,682**
Interest and other expense (excluding key management compensation)		
Fellow subsidiaries	**426,460**	407,161
Directors and key management personnel	**19,230**	29,813
Other related parties	**5,317**	2,728
	451,007	**439,702**
Proportion of related parties exposure to total customer exposure	**0.80%**	**0.70%**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank.

Key management compensation

	2022	2021
Short-term benefits	**112,938**	**116,441**

20 Related Parties *(continued)*

	Balance at the Beginning of Year	Loans During the Year	Repayments	Balance at the End of Year
2022				
Other related parties	79,001	27,783	(32,925)	**73,859**
	79,001	**27,783**	**(32,925)**	**73,859**
2021				
Other related parties	102,427	11,196	(34,622)	**79,001**
	102,427	**11,196**	**(34,622)**	**79,001**

21 Risk Management

21.1 Introduction

The Bank's prudent banking practices are founded on solid risk management. In an effort to keep apace with its dynamic environment, the Bank has established a comprehensive framework for managing risks, which is continually evolving as the Bank's business activities change in response to market, credit, product and other developments.

The basic principles of risk management followed by the Bank include:

- Managing risk within parameters approved by the Board of Directors and Executives;
- Assessing risk initially and then consistently monitoring those risks through their life cycle;
- Abiding by all applicable laws, regulations and governance standards;
- Applying high and consistent ethical standards to our relationships with all customers, employees and other stakeholders; and
- Undertaking activities in accordance with fundamental control standards. These controls include the disciplines of planning, monitoring, segregation, authorisation and approval, recording, safeguarding, reconciliation and valuation.

The Board of Directors has ultimate responsibility for the management of risk within the Bank. Acting with authority delegated by the Board, the Audit, Asset and Liability and Other Risks Committees, review specific risk areas.

The Asset/Liability Committee (ALCO) of the Bank reviews on a monthly basis the non-credit and non-operational risks of the Bank. Asset and Liability management is a vital part of the risk management process of the Bank. The mandate of the Committee is to approve strategies for the management of the non-credit risks of the Bank, including interest rate, foreign exchange, liquidity and market risks.

The Internal Audit function audits Risk Management processes throughout the Bank by examining both the adequacy of the procedures and the Bank's compliance with these procedures. Internal Audit discusses the results of all assessments with Management and reports its findings and recommendations to the Audit Committee.

21 Risk Management *(continued)*

21.1 Introduction *(continued)*

The Bank's activities are primarily related to the use of financial instruments. The Bank accepts funds from customers and seeks to earn above average interest margins by investing in high quality assets such as government and corporate securities as well as equity investments and seeks to increase these margins by lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The main risks arising from the Bank's financial instruments are credit risk, interest rate and market risk, liquidity risk, foreign currency risk, operational risk and country risk. The Bank reviews and agrees policies for managing each of these risks as follows:

21.2 Credit risk

Credit risk is the potential that a borrower or counterparty will fail to meet its stated obligations in accordance with agreed terms. The objective of the Bank's credit risk management function is to maximise the Bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The effective management of credit risk is a key element of a comprehensive approach to risk management and is considered essential to the long-term success of the Bank.

The Bank's credit risk management process operates on the basis of a hierarchy of discretionary authorities. The Board has the final authority on all risk management decisions.

The Risk Management Unit is accountable for the general management and administration of the Bank's credit portfolio, ensuring that lendings are made in accordance with current legislation, sound banking practice and in accordance with the applicable general policy of the Board of Directors. The Risk Management function is kept separate from and independent of the business development aspect of the operations.

The Bank uses a risk rating system which groups commercial/corporate accounts and overdrafts into various risk categories to facilitate the management of risk on both an individual account and portfolio basis. Retail lending, mortgages and retail overdrafts are managed by product type. Preset risk management criteria are in place at all branches to facilitate decision-making for all categories of loans including credit cards. Trend indicators are also used to evaluate risk as improving, static or deteriorating. The evaluation of the risk and trend informs the credit decision and determines the intensity of the monitoring process.

The debt securities within the Bank's investment security portfolio are exposed to credit risk and are managed by investment grading or country exposure with preset exposure limits as approved by the Board of Directors. The credit quality of each individual security is assessed based on the financial strength, reputation and market position of the issuing entity and the ability of that entity to service the debt.

The Bank avoids exposure to undue concentrations of risk by placing limits on the amount of risk accepted from a number of borrowers engaged in similar business activities, or activities in the same geographic region or with similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Such risks are controlled and monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk by product, industry sector, client and geography are approved by the Board of Directors.

The Bank's credit control processes emphasise early detection of deterioration and prompt implementation of remedial action and where it is considered that recovery of the outstanding balance may be doubtful or unduly delayed, such accounts are transferred from performing to non-performing status.

21 Risk Management *(continued)*

21.2 Credit risk *(continued)*

21.2.1 Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the Bank's maximum exposure to credit risk:

	2022 Gross Maximum Exposure	**2021 Gross Maximum Exposure**
Statutory deposit with Bank of Guyana	**25,815,158**	19,010,633
Due from banks	**7,679,627**	50,856,709
Treasury Bills	**96,263,567**	47,706,825
Investment interest receivable	**152,740**	182,808
Investment securities	**17,750,932**	15,484,478
Loans and advances to customers	**97,207,405**	88,401,400
Total	**244,869,429**	**221,642,853**
Undrawn commitments	**10,375,664**	14,177,023
Guarantees and indemnities	**3,261,824**	3,085,535
Letters of credit	**237,900**	237,900
Total	**13,875,388**	**17,500,458**
Total credit risk exposure	**258,744,817**	**239,143,311**

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Collateral and other credit enhancements

The Bank maintains credit risk exposure within acceptable parameters through the use of collateral as a risk-mitigation tool. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are cash or securities, charges over real estate properties, inventories and trade receivables and mortgages over residential properties and chattels. The Bank also obtains appropriate guarantees for loans from parent companies, owners/stockholders, directors or other parties.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use. As at September 30, 2022, $4.8 million (2021: $5.6 million) in repossessed properties are still in the process of being disposed of.

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21 Risk Management *(continued)*

21.2 Credit risk *(continued)*

21.2.2 Risk concentrations of the maximum exposure to credit risk

Concentration of risk is managed by client/counterparty, by geographical region and by industry sector as detailed in the following tables:

a Geographical sectors

The Bank's maximum credit exposure, after taking account of credit loss provisions established but before taking into account any collateral held or other credit enhancements, can be analysed by the following geographical regions based on the country of domicile of our counterparties:

	2022	**2021**
Guyana	**234,484,195**	218,373,176
Trinidad and Tobago	**1,961,036**	3,199,327
Barbados	**466,991**	475,701
Eastern Caribbean	**4,295**	5,532
United States	**10,808,946**	10,477,783
Other countries	**11,019,354**	6,611,792
	258,744,817	**239,143,311**

b Industry sectors

The following table breaks down the Bank's maximum credit exposure as categorised by the industry sectors of our counterparties:

	2022	**2021**
Government and government bodies	**17,981,419**	58,981,355
Financial sector	**130,348,518**	73,530,202
Mining	**486,793**	1,183,291
Agriculture	**2,042,013**	1,487,810
Electricity and water	**65,000**	236,000
Transport, storage and communication	**3,059,925**	4,273,022
Distribution	**15,631,079**	17,795,351
Real estate mortgages	**35,622,802**	35,394,324
Manufacturing	**3,389,908**	2,229,681
Construction	**1,883,364**	3,071,915
Hotel and restaurant	**616,468**	88,335
Personal	**15,775,123**	17,997,677
Non-residents	**673,136**	422,481
Other services	**31,169,269**	22,451,867
	258,744,817	**239,143,311**

There were no exposure to Public Non-Financial Institutions included above (2021: NIL).

21 Risk Management *(continued)*

21.2 Credit risk *(continued)*

21.2.2 Risk concentrations of the maximum exposure to credit risk *(continued)*

c Top five concentration (as a % of capital base)

	2022 %	2021 %
Government	**315.71**	175.82
Central Bank	**104.68**	208.97
Counterparty 3	**22.58**	30.28
Counterparty 4	**19.72**	17.46
Counterparty 5	**14.83**	16.68

21.2.3 Impairment assessment

Financial asset provisions are reviewed quarterly in accordance with established guidelines and recommended provisions arising out of this review are submitted to the Board for approval. Non-performing debts recommended for write-off are also reviewed annually and action taken in accordance with prescribed guidelines. The Bank's impairment assessment and measurement approach is set out below.

21.2.4 Default and cure

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a borrower is in default, the Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the borrower as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

21.2.5 The Bank's internal rating and PD estimation process

Commercial and corporate lending and mortgages

The Bank has an independent internal credit risk department. Risk ratings were selected as cohort for PD analysis. A vintage approach was applied looking at the movements of ratings over a period of time. Historical PDs were developed and using statistical correlation between macroeconomic trends and historical default rates, management applied overlays based on expectations. As previously mentioned, LGD percentage estimates were developed based on historical loss trends for non-performing loans which are assessed on an individual level including estimating the present value of future cash flows. EAD equals the loan balance outstanding plus accrued interest.

21 Risk Management *(continued)*

21.2 Credit risk *(continued)*

21.2.5 The Bank's internal rating and PD estimation process *(continued)*

Retail lending and mortgages

Product types were selected as the cohort for PD analysis for retail lending and retail mortgages. A vintage approach was applied looking at the number of defaults by segment over a period of time. Historical PDs were developed and using correlation between macroeconomic trends, management applied overlays based on expectations. LGD percentage estimates were developed based on historical loss trends for non-performing loans which are assessed on both an individual and collective level. EAD equals the loan balance outstanding plus accrued interest.

Overdrafts

PDs were developed for the Corporate portfolio and were applied to corporate customers to whom overdraft facilities were extended. LGDs for the Corporate portfolio were also utilised for overdrafts. EADs were developed based on historical trends in utilisation of overdraft limits. ECL percentages for the Retail portfolio were utilised for retail overdrafts.

Management judgmentally applied overlays as required as there was no noted correlation between macroeconomic trends and historical default rates.

Investment securities

PDs and LGDs for traded instruments were based on the global credit ratings assigned to the instrument. PDs and LGDs for non traded instruments were based on one notch below the credit rating of the sovereign in which the instrument is issued or on company ratings where they existed. Management applied judgmental overlays based on local debt instruments. EAD equals the amortised security balance plus accrued interest.

Internal rating

The Bank's internal credit ratings are correlated to stages as follows:

Rating	Stage
Superior/Desirable < 30 days	1
Watch list 31 to 90 days	2
Credit Impaired/ Non-performing loans > 90 days	3

A description of the internal credit ratings is noted below:

Superior/Desirable:	These counterparties have a good financial position. Facilities are well secured or reasonably well secured and underlying business is performing well.
Watch list:	These counterparties are of average risk with a fair financial position. Business or industry may be subject to more volatility and facilities typically have lower levels of security.
Credit Impaired/ Non-performing loans:	Past due or individually impaired.

21 Risk Management *(continued)*

21.2 Credit risk *(continued)*

21.2.6 Significant increase in credit risk

The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition.

The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a bank with similar assets (as set out in Note 21.2.7), the Bank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

21.2.7 Grouping financial assets measured on a collective basis

As explained in Note 2 (i) (i) dependent on the factors below, the Bank calculates ECLs either on a collective or an individual basis. Asset classes where the Bank calculates ECL on an individual basis include:

- All Stage 3 assets, regardless of the class of financial assets
- The Commercial and corporate lending and overdraft portfolio
- The Mortgage portfolio
- The Retail lending portfolio

Asset classes where the Bank calculates ECL on a collective basis include:

- The retail overdraft portfolio
- Past due not yet relegated credit facilities

21.2.8 Analysis of Gross carrying amount and corresponding ECLs is as follows:

Advances

	2022 **%**	**2021** **%**
Stage 1	**95.75**	93.33
Stage 2	**1.40**	2.30
Stage 3	**2.85**	4.37

In response to COVID-19 the Bank undertook a review of its loan portfolios determining high risk sectors and the ECL for each. The review considered the macroeconomic outlook, customer credit quality, the type of collateral held, exposure at default, and the effect of payment deferral options as at the reporting date.

The ECL methodology and definition of default remained consistent with prior periods. Calculation inputs, including forward-looking information, together with the determination of the staging of exposures were however revised.

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21 Risk Management *(continued)*

21.2 Credit risk *(continued)*

21.2.8 Analysis of Gross Carrying Amount and corresponding ECLs is as follows: *(continued)*

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
2022					
Stage 1					
Gross loans	10,412,435	39,691,467	35,642,025	8,279,116	**94,025,043**
ECL	(59,859)	(220,210)	(62,826)	(29,430)	**(372,325)**
	10,352,576	**39,471,257**	**35,579,199**	**8,249,686**	**93,652,718**
ECL as a % of Gross loans	0.57	0.55	0.18	0.36	**0.40**
2021					
Stage 1					
Gross loans	9,683,057	34,618,197	33,473,782	5,814,240	**83,589,276**
ECL	(63,396)	(142,368)	(72,228)	(32,063)	**(310,055)**
	9,619,661	**34,475,829**	**33,401,554**	**5,782,177**	**83,279,221**
ECL as a % of Gross loans	0.65	0.41	0.22	0.55	**0.37**

The increase in ECLs of Stage 1 portfolios was driven by movements between stages as a result of decreases in credit risk, despite a 12.5% increase in the gross size of the portfolio.

	Retail lending	Commercial and Corporate lending	Mortgages	Overdrafts	Total
2022					
Stage 2					
Gross loans	237,357	463,685	640,743	29,768	**1,371,553**
ECL	(1,711)	(20,160)	(8,353)	(170)	**(30,394)**
	235,646	**443,525**	**632,390**	**29,598**	**1,341,159**
ECL as a % of Gross loans	0.72	4.35	1.30	0.57	**2.22**

21 Risk Management *(continued)*

21.2 Credit risk *(continued)*

21.2.8 Analysis of Gross Carrying Amount and corresponding ECLs is as follows: *(continued)*

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
2021					
Stage 2					
Gross loans	314,538	914,204	828,967	1,128	**2,058,837**
ECL	(2,088)	(34,775)	(13,516)	(97)	**(50,476)**
	312,450	**879,429**	**815,451**	**1,031**	**2,008,361**
ECL as a % of Gross loans	0.66	3.80	1.63	8.60	**2.45**

The increase in ECLs of Stage 2 portfolios was driven by movements between stages as a result of increases in credit risk, despite 55.5% decrease in the gross size of the portfolio.

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
2022					
Stage 3					
Gross loans	834,084	536,722	1,432,233	–	**2,803,039**
ECL	(83,362)	(5,455)	(120,210)	–	**(209,027)**
	750,722	**531,267**	**1,312,023**	**–**	**2,594,012**
ECL as a % of Gross loans	9.99	1.02	8.39	0.00	**7.46**
2021					
Stage 3					
Gross loans	1,347,171	897,772	1,658,476	–	**3,903,419**
ECL	(2,780)	(196,774)	(233,681)	–	**(433,235)**
	1,344,391	**700,998**	**1,424,795**	**–**	**3,470,184**
ECL as a % of Gross loans	0.21	21.92	14.09	0.00	**11.10**

The decrease in ECLs of Stage 3 portfolios was driven by a 28.2% decrease in the gross size of the portfolio.

For the Year Ended September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated

21 Risk Management *(continued)*

21.2 Credit risk *(continued)*

21.2.8 Analysis of Gross carrying amount and corresponding ECLs is as follows: *(continued)*

Investment Securities

	2022 %	**2021 %**
Stage 1	**20.08**	77.91
Stage 2	**79.67**	21.78
Stage 3	**0.25**	0.31

	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
2022					
Gross balance	3,577,403	14,192,968	–	45,393	**17,815,764**
ECL	(9,910)	(44,077)	–	(10,845)	**(64,832)**
	3,567,493	**14,148,891**	**–**	**34,548**	**17,750,932**
ECL as a % of Investment Securities	0.28	0.31	0.00	23.89	**0.36**
2021					
Gross balance	12,119,069	3,388,634	–	48,412	**15,556,115**
ECL	(10,477)	(43,584)	–	(17,576)	**(71,637)**
	12,108,592	**3,345,050**	**–**	**30,836**	**15,484,478**
ECL as a % of Investment Securities	0.09	1.29	0.00	36.31	**0.46**

The decrease in ECLs was driven by a 6.2% portfolio decrease in POCI.

21.3 Liquidity risk

Liquidity risk is defined as the risk that the Bank either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access these only at excessive cost.

The Bank's liquidity management policy is formulated by the Board and Management to ensure that funding requirements can be met, including the replacement of existing funds as they mature or are withdrawn, to satisfy the demands of customers for additional borrowings or to meet undrawn commitments. Undrawn commitments are reviewed by the ALCO and are subject to review by Management prior to disbursement. Liquidity management focuses on ensuring that the Bank has sufficient funds to meet all of its obligations.

Periodic stress testing is conducted by the regulator and corrective action taken by the Bank, if deemed necessary.

21 Risk Management *(continued)*

21.3 Liquidity risk *(continued)*

Two primary sources of funds are used to provide liquidity – retail deposits and excess at central bank. A substantial portion of the Bank is funded with "core deposits". The Bank maintains a core base of retail funds, which can be drawn on to meet ongoing liquidity needs. Facilities are also established with correspondent banks, which can provide additional liquidity as conditions demand.

The ALCO sets targets for daily float, allowable liquid assets and funding diversification in line with system liquidity trends. While the primary asset used for short-term liquidity management is the Treasury Bill, the Bank also holds significant investments in other Government securities, which can be used for liquidity support. The Bank continually balances the need for short-term assets, which have lower yields, with the need for higher asset returns.

21.3.1 Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Bank's financial liabilities based on contractual undiscounted repayment obligations, over the remaining life of those liabilities. These balances include interest to be paid over the remaining life of the liabilities and will therefore be greater than the carrying amounts on the Statement of financial position.

Financial liabilities – on Statement of financial position

	On Demand	Up to One Year	1 to 5 Years	Over 5 Years	Total
As at September 30, 2022					
Customers' chequing, savings and deposit accounts	215,351,586	8,539,158	52,664	–	**223,943,408**
Due to banks	289,687	–	–	–	**289,687**
Lease liabilities	20,706	–	–	–	**20,706**
Other liabilities	3,848,175	–	–	–	**3,848,175**
Total undiscounted financial liabilities	**219,510,154**	**8,539,158**	**52,664**	**–**	**228,101,976**
As at September 30, 2021					
Customers' chequing, savings and deposit accounts	195,769,549	7,501,965	261,024	–	**203,532,538**
Due to banks	32,782	–	–	–	**32,782**
Lease liabilities	10,384	–	–	–	**10,384**
Other liabilities	3,266,915	–	–	–	**3,266,915**
Total undiscounted financial liabilities	**199,079,630**	**7,501,965**	**261,024**	**–**	**206,842,619**

For the Year Ended September 30, 2022.   Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated

21 Risk Management *(continued)*

21.3 Liquidity risk *(continued)*

21.3.1 Analysis of financial liabilities by remaining contractual maturities *(continued)*

Financial liabilities – off Statement of financial position

	On Demand	Up to One Year	1 to 5 Years	Over 5 Years	Total
2022					
Guarantees and indemnities	–	1,053,141	1,485,810	722,873	**3,261,824**
Letters of credit	–	237,900	–	–	**237,900**
Total	**–**	**1,291,041**	**1,485,810**	**722,873**	**3,499,724**
2021					
Guarantees and indemnities	–	1,701,279	645,351	738,905	**3,085,535**
Letters of credit	–	237,900	–	–	**237,900**
Total	**–**	**1,939,179**	**645,351**	**738,905**	**3,323,435**

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

21.4 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices.

21.4.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Interest rate risk management is primarily designed by the Board and Management to ensure competitiveness and maximise returns.

The primary tools currently in use by the Bank are gap analysis, interest rate sensitivity analysis and exposure limits for financial instruments. The limits are defined in terms of amount, term, issuer, depositor and country. The Bank is committed to refining and defining these tools to be in line with international best practice.

21.4.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank's exposure to the effects of fluctuations in foreign currency exchange rates arises mainly from its investments. The Bank's policy is to match the initial net foreign currency investment with funding in the same currency. The ALCO monitors the Bank's foreign currency position for both overnight and intra-day transactions based on limits set by the Board.

Changes in foreign exchange rates affect the Bank's earnings and equity through differences on the re-translation of monetary assets and liabilities to Guyana dollars. Such gains or losses are recognised in the Statement of income.

21 Risk Management *(continued)*

21.4 Market risk *(continued)*

21.4.2 Currency risk *(continued)*

The principal currencies of the Bank's investments are United States and Guyana dollars.

The following tables indicate the currencies to which the Bank had significant exposure at September 30, 2022, on its non-trading monetary assets and liabilities and forecast cash flows. The analysis also calculates the effect of a reasonably possible movement of each currency rate against the Guyana dollar, with all other variables held constant.

2022	**GYD**	**TTD**	**USD**	**STG**	**Other**	**Total**
Financial assets						
Cash	4,469,641	71	378,848	626	5,622	**4,854,808**
Statutory deposit with Bank of Guyana	25,815,158	–	–	–	–	**25,815,158**
Due from banks	6,102,644	39,908	95,799	46,575	1,394,701	**7,679,627**
Treasury Bills	85,626,067	–	10,637,500	–	–	**96,263,567**
Advances	93,766,221	–	3,441,184	–	–	**97,207,405**
Investment securities	4,000,000	–	13,750,932	–	–	**17,750,932**
Interest receivable	67,151	–	85,589	–	–	**152,740**
Total financial assets	**219,846,882**	**39,979**	**28,389,852**	**47,201**	**1,400,323**	**249,724,237**
Financial liabilities						
Due to banks	34,477	–	255,087	–	123	**289,687**
Customers' chequing, savings and deposit accounts	195,531,402	–	28,226,102	21,306	164,598	**223,943,408**
Interest payable	60,540	–	5,246	39	–	**65,825**
Total financial liabilities	**195,626,419**	**-**	**28,486,435**	**21,345**	**164,721**	**224,298,920**
Net Currency risk exposure	**24,220,463**	**39,979**	**(96,583)**	**25,856**	**1,235,602**	**25,425,317**
Reasonably possible change in currency rate (%)	–	1	1	1	1	–
Effect on profit before tax	**-**	**400**	**(966)**	**259**	**12,356**	**12,049**

For the Year Ended September 30, 2022.   Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated

21 Risk Management *(continued)*

21.4 Market risk *(continued)*

21.4.2 Currency risk *(continued)*

2021	GYD	TTD	USD	STG	Other	Total
Financial assets						
Cash	3,968,024	740	76,404	1,048	11,379	**4,057,595**
Statutory deposit with Bank of Guyana	19,010,633	–	–	–	–	**19,010,633**
Due from banks	37,834,061	1,752	10,272,866	42,181	2,705,849	**50,856,709**
Treasury Bills	47,706,825	–	–	–	–	**47,706,825**
Advances	84,661,518	–	3,739,882	–	–	**88,401,400**
Investment securities	6,173,210	–	9,311,268	–	–	**15,484,478**
Interest receivable	100,726	–	82,082	–	–	**182,808**
Total financial assets	**199,454,997**	**2,492**	**23,482,502**	**43,229**	**2,717,228**	**225,700,448**
Financial liabilities						
Due to banks	32,782	–	–	–	–	**32,782**
Customers' chequing, savings and deposit accounts	179,595,343	–	23,528,938	28,139	380,118	**203,532,538**
Interest payable	58,567	–	294	1	–	**58,862**
Total financial liabilities	**179,686,692**	**–**	**23,529,232**	**28,140**	**380,118**	**203,624,182**
Net Currency risk exposure	**19,768,305**	**2,492**	**(46,730)**	**15,089**	**2,337,110**	**22,076,266**
Reasonably possible change in currency rate (%)	**–**	**1**	**1**	**1**	**1**	**–**
Effect on profit before tax	**–**	**25**	**(467)**	**151**	**23,371**	**23,080**

21.5 Operational Risk

The growing sophistication of the banking industry has made the Bank's operational risk profile more complex. Operational risk is inherent to all business activities and is the potential for financial or reputational loss arising from inadequate or failed internal controls, operational processes or the systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud.

The Bank recognises that such risk can never be entirely eliminated and manages the risk through a combination of systems and procedures to monitor and document transactions. The Bank's Enterprise Risk Management Department oversees the operation of, conducts training on and makes recommendations for the enhancement of internal controls. Where appropriate, risk is transferred by the placement of adequate insurance coverage.

The Bank has developed contingency arrangements and established facilities to support operations in the event of disasters. Independent checks on operational risk issues are also undertaken by the internal audit function.

21 Risk Management *(continued)*

21.6 Country Risk

Country risk is the risk that an occurrence within a country could have an adverse effect on the Bank directly by impairing the value through an obligor's ability to meet its obligation to the Bank. The Parent's risk management unit monitors this risk by using the measures of risk rating and the Board set limits by country for investments.

22 Capital Management

The Bank's policy is to diversify its sources of capital, to allocate capital within the Bank efficiently and to maintain a prudent relationship between capital resources and the risk of its underlying business. Equity increased by $3,357.9 million to $30,491.2 million during the year under review.

The Bank's dividend policy is to distribute 40% to 50% of net earnings to stockholders. Similar to the criteria applied in previous years, the distribution was based on core operating performance. Total proposed distribution based on the results for the financial year 2022 of $1,620 million represents 39.15% of core operating profit.

Capital adequacy is monitored by the Bank, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the Bank of Guyana for supervisory purposes. Effective March 2022, Supervision Guideline 14 – Capital Adequacy Framewrok was implemented, requiring all licensee to maintain at least a Capital Adequacy Ratio (CAR) of at least 8% at all times. Further, each licensee must maintain a minimum ratio of eligible Tier 1 capital to total risk-weighted assets of 6%. Core capital (Tier 1) comprises mainly stockholders' equity.

The Bank's Tier 1 capital at September 30, 2022, is 20.06% (2021: 26.18%). At September 30, 2022, the Bank exceeded the minimum levels required.

The Bank's Regulatory Capital is as follows:

	2022	**2021**
Tier 1		
Stated capital	**300,000**	300,000
Statutory reserves	**2,120,821**	300,000
Retained earnings	**29,291,222**	24,528,103
Goodwill	**(1,228,222)**	(1,228,222)
Other deductions	**(1,052,364)**	–
Total	**29,431,457**	**23,899,881**
Tier 2		
Securities revaluation reserves	**–**	–
General banking risk reserves – statutory requirement	**–**	955,227
Total	**–**	**955,227**

23 Fair Value

In accordance with International Financial Reporting Standard No. 7 "Financial Instruments: Disclosures", the Bank calculates the estimated fair value of all financial instruments at the reporting date and separately discloses this information where these fair values are different from net book values.

The Bank's available-for-sale investments are not actively traded in organised financial markets, and fair value is determined using discounted cash flow analysis, which requires considerable judgement in interpreting market data and developing estimates. Accordingly, estimates contained herein are not necessarily indicative of the amounts that the Bank could realise in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values. The fair value information for available-for-sale investments is based on information available to management as at the dates presented. Management is not aware of any factors that would significantly affect the estimated fair value amounts.

Investments classified as "at fair value through profit or loss" are actively traded in organised markets and fair value is determined by reference to the market price at year end or on the last trade date prior to year end.

Financial instruments where carrying value is equal to fair value: owing to their short-term maturity, the carrying value of certain financial instruments is assumed to approximate their fair values. These include cash and cash equivalents, investment interest receivable, customers' deposit accounts, other fund raising instruments, other assets and other liabilities. The Bank is required to maintain with the Bank of Guyana, statutory reserve balances in relation to deposit liabilities and the carrying value of these reserves is assumed to equal fair value.

Advances are net of specific and other provisions for impairment. The fair values of advances are based on a current yield curve appropriate for the remaining term to maturity.

The fair values of the floating rate debt securities in issue are based on quoted market prices where available and where not available are based on a current yield curve appropriate for the remaining term to maturity. For balances due to banks, where the maturity period is less than one year, the fair value is assumed to equal carrying value. Where the maturity period is in excess of one year, these are primarily floating rate instruments, the interest rates of which reset with market rates therefore the carrying values are assumed to equal fair values.

The fair value of fixed rate debt securities carried at amortised cost is estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for facilities with similar credit risk and maturity.

23 Fair Value *(continued)*

The following table summarises the carrying amounts and the fair values of the Bank's financial assets and liabilities:

	Carrying Value	Fair Value	Unrecognised Gain/(Loss)
2022			
Financial assets			
Cash, due from banks and Treasury Bills	108,798,002	108,798,002	–
Statutory deposit with Bank of Guyana	25,815,158	25,815,158	–
Investment securities	17,750,932	17,666,168	(84,764)
Advances	97,207,405	97,722,295	514,890
Investment interest receivable	152,740	152,740	–
Financial liabilities			
Due to Banks	289,687	289,687	–
Customers' chequing, savings and deposit accounts	223,943,408	223,874,147	(69,261)
Accrued interest payable	65,825	65,825	–
Total unrecognised change in unrealised fair value			**360,865**
2021			
Financial assets			
Cash, due from banks and Treasury Bills	102,621,129	102,621,129	–
Statutory deposit with Bank of Guyana	19,010,633	19,010,633	–
Investment securities	15,484,478	15,745,327	260,849
Advances	88,401,400	88,870,383	468,983
Investment interest receivable	182,808	182,808	–
Financial liabilities			
Due to Banks	32,782	32,782	–
Customers' chequing, savings and deposit accounts	203,532,538	203,478,327	(54,211)
Accrued interest payable	58,862	58,862	–
Total unrecognised change in unrealised fair value			**675,621**

23.1 Fair value and fair value hierarchies

23.1.1 Determination of fair value and fair value hierarchies

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For the Year Ended September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated

23 Fair Value *(continued)*

23.1 Fair value and fair value hierarchies *(continued)*

23.1.1 Determination of fair value and fair value hierarchies *(continued)*

Level 2

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Bank's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

The following table shows the fair value measurement hierarchy of the Bank's assets and liabilities as at September 30, 2022.

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investment securities				
2022	**3,890,939**	**6,827,500**	**6,947,729**	**17,666,168**
2021	5,513,298	10,232,029	–	**15,745,327**
Financial assets for which fair value is disclosed				
Advances				
2022	**–**	**–**	**97,722,295**	**97,722,295**
2021	–	–	88,870,383	**88,870,383**
Financial liabilities for which fair value is disclosed				
Customers' current, savings and deposit accounts				
2022	**–**	**–**	**223,874,147**	**223,874,147**
2021	–	–	203,478,327	**203,478,327**

23 Fair Value *(continued)*

23.1 Fair value and fair value hierarchies *(continued)*

23.1.1 Determination of fair value and fair value hierarchies *(continued)*

The following table shows an analysis of financial instruments recorded at fair value categorised by hierarchy level.

	Level 1	Level 2	Level 3	Total
2022				
Debt Intruments at amortised cost	3,890,939	6,827,500	6,947,729	**17,666,168**
	3,890,939	**6,827,500**	**6,947,729**	**17,666,168**
2021				
Debt Intruments at amortised cost	5,513,298	10,232,029	–	**15,745,327**
	5,513,298	**10,232,029**	**–**	**15,745,327**

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy as at September 30, 2022, are as shown below:

	Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average)
Advances	Discounted Cash Flow Method	Growth rate for cash flows for subsequent years	10% - 14.5% (12.1%)
Customers' current, savings and deposit accounts	Discounted Cash Flow Method	Growth rate for cash flows for subsequent years	0.6% - 2.36% (0.86%)

23.1.2 Transfers between Level 1 and 2

For the year ended September 30, 2022, $981.1 million of assets valued were transferred between Level 1 and Level 2.

23.1.3 Reconciliation of movements in Level 3 financial instruments measured at fair value.

	Balance at Beginning of Year	Additions	Disposals /Transfers to Level 2	Balance at End of Year
Financial assets designated at fair value through profit or loss	–	6,947,729	–	**6,947,729**
	–	**6,947,729**	**–**	**6,947,729**

For the Year Ended September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated

24 Segmental Information

24.1 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of the entity. The Bank has determined the Managing Director as its chief operating decision-maker.

Management considers its banking operation to be a single business unit. All business is conducted in Guyana with the exception of certain investment activities.

24.2 Geographical Information

The Bank operates only in Guyana but conducts investment and other correspondent banking business in other countries. The following tables show the distribution of the Bank's revenues, interest expenses, total assets and total liabilities allocated based on the location of the customers and assets respectively:

	Guyana	Trinidad and Tobago	Other Countries	Total
2022				
Interest income	10,122,088	29,109	228,521	**10,379,718**
Interest expense	(784,749)	–	–	**(784,749)**
Net interest income	9,337,339	29,109	228,521	**9,594,969**
Other income	3,944,945	–	–	**3,944,945**
Net interest and other income	13,282,284	29,109	228,521	**13,539,914**
Total assets	234,025,489	1,894,093	24,633,632	**260,553,214**
Total liabilities	229,260,563	749,196	52,233	**230,061,992**
Cash flow from operating activities	9,807,082	–	–	**9,807,082**
Cash flow from/(used in) investing activities	(35,924,277)	4,945	(15,034,935)	**(50,954,267)**
Cash flow from/(used in) financing activities	(1,426,203)	195,228	(1,709)	**(1,232,684)**
2021				
Interest income	9,464,779	26,495	77,179	**9,568,453**
Interest expense	(751,232)	–	–	**(751,232)**
Net interest income	8,713,547	26,495	77,179	**8,817,221**
Other income	3,080,469	–	–	**3,080,469**
Net interest and other income	11,794,016	26,495	77,179	**11,897,690**
Total assets	215,948,885	3,127,582	19,282,387	**238,358,854**
Total liabilities	207,607,339	553,968	53,942	**208,215,249**
Cash flow from operating activities	23,208,584	–	–	**23,208,584**
Cash flow from/(used in) investing activities	(15,993,949)	(1,635)	(4,110,726)	**(20,106,310)**
Cash flow from/(used in) financing activities	(1,426,490)	124,618	26,850	**(1,275,022)**

24 Segmental Information *(continued)*

24.3 Major Customers

There were no revenues deriving from transactions with a single external customer or group of customers that amounted to 10% or more of the Bank's revenues.

25 Maturity Analysis of Assets and Liabilities

The table below analyses the assets and liabilities of the Bank based on the remaining period at September 30 to the contractual maturity date. See Note 21.3 - "Liquidity risk" - for an analysis of the financial liabilities based on contractual undiscounted repayment obligations.

	Within 12 Months	After 12 Months	Total
2022			
Assets			
Cash	4,854,808	–	**4,854,808**
Statutory deposit with Bank of Guyana	25,815,158	–	**25,815,158**
Due from banks	7,679,627	–	**7,679,627**
Treasury Bills	96,263,567	–	**96,263,567**
Investment interest receivable	152,740	–	**152,740**
Advances	12,843,743	84,363,662	**97,207,405**
Investment securities	13,423,429	4,327,503	**17,750,932**
Premises and equipment	–	6,563,090	**6,563,090**
Right-of-use assets	–	20,548	**20,548**
Intangible assets	–	28,926	**28,926**
Net pension asset	–	1,147,500	**1,147,500**
Goodwill	–	1,228,222	**1,228,222**
Deferred tax assets	–	334,938	**334,938**
Other assets	1,505,753	–	**1,505,753**
	162,538,825	**98,014,389**	**260,553,214**
Liabilities			
Due to banks	289,687	–	**289,687**
Customers' chequing, savings and deposit accounts	223,890,743	52,665	**223,943,408**
Lease liabilities	–	20,706	**20,706**
Taxation payable	1,210,229	–	**1,210,229**
Deferred tax liabilities	–	683,962	**683,962**
Accrued interest payable	65,825	–	**65,825**
Other liabilities	3,848,175	–	**3,848,175**
	229,304,659	**757,333**	**230,061,992**

For the Year Ended September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated

25 Maturity Analysis of Assets and Liabilities *(continued)*

	Within 12 Months	After 12 Months	Total
2021			
Assets			
Cash	4,057,595	–	**4,057,595**
Statutory deposit with Bank of Guyana	19,010,633	–	**19,010,633**
Due from banks	50,856,709	–	**50,856,709**
Treasury Bills	47,706,825	–	**47,706,825**
Investment interest receivable	182,808	–	**182,808**
Advances	8,675,589	79,725,811	**88,401,400**
Investment securities	4,292,441	11,192,037	**15,484,478**
Premises and equipment	–	6,810,230	**6,810,230**
Right-of-use assets	–	11,378	**11,378**
Intangible assets	–	33,016	**33,016**
Net pension asset	–	214,300	**214,300**
Goodwill	–	1,228,222	**1,228,222**
Deferred tax assets	–	308,779	**308,779**
Other assets	1,042,205	–	**1,042,205**
	135,824,805	**99,523,773**	**235,348,578**
Liabilities			
Due to banks	32,782	–	**32,782**
Customers' chequing, savings and deposit accounts	203,271,514	261,024	**203,532,538**
Lease liabilities	–	10,384	**10,384**
Taxation payable	875,982	–	**875,982**
Deferred tax liabilities	–	437,786	**437,786**
Accrued interest payable	58,862	–	**58,862**
Other liabilities	3,266,915	–	**3,266,915**
	207,506,055	**709,194**	**208,215,249**

26 Dividends Paid and Proposed

	2022	2021
Declared and paid during the year		
Equity dividends on ordinary stock units:		
Final dividend for 2021: $3.50 (2020: $3.58)	**1,050,000**	1,075,000
First dividend for 2022: $1.40 (2021: $1.00)	**420,000**	300,000
Total dividends paid	**1,470,000**	**1,375,000**
Proposed for approval at Annual General Meeting (not recognised as a liability as at September 30)		
Equity dividends on ordinary stock units:		
Final dividend for 2022: $4.00 (2021: $3.50)	**1,200,000**	**1,050,000**

27 Contingent Liabilities

a Litigation

As at September 30, 2022, there were certain legal proceedings outstanding against the Bank. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise or that it would be premature at this stage of the action to determine that eventuality.

		2022	2021
b	**Customers' liability under acceptances, guarantees, indemnities and letters of credit**		
	Guarantees and indemnities	**3,261,824**	3,085,535
	Letters of credit	**237,900**	237,900
		3,499,724	**3,323,435**
c	**Sectoral information**		
	State	**1,937,760**	1,973,628
	Corporate and commercial	**1,561,964**	1,349,807
		3,499,724	**3,323,435**

d Pledged assets

Below illustrates the distribution of pledged assets in the Bank's Statement of Financial Position:

	Carrying Amount		Related Liability	
	2022	2021	2022	2021
Statutory deposit	**25,815,158**	**19,010,633**	**223,943,408**	**203,532,538**

The statutory deposit is provided to the Bank of Guyana as a percentage of deposit liabilities under the Financial Institutions Act, Cap. 85:03.

For the Year Ended September 30, 2022. Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated

27 Contingent Liabilities *(continued)*

e Non-cancellable operating lease commitments

	2022	2021
Less than one year	**42,976**	37,426
Between one to five years	**28,488**	9,819
	71,464	**47,245**

28 External Payment Deposit Scheme

	2022	2021
	47,400	**47,400**

This represents monies received on behalf of customers and deposited in the External Payment Deposit Scheme with the Bank of Guyana, in accordance with the terms of agreements signed with each customer which specifically exclude the Bank from any liability.

FORM OF PROXY

NAME OF COMPANY
Republic Bank (Guyana) Limited

This form is for use by stockholders only.

I/We ____
(Block Letters)

of ______________________ in the County of ______________________

being a member/members of the above named company, hereby appoint * ______________________

of ____

or failing him/her ____

of ____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on Friday, December 9, 2022 and at any adjournment thereof.

Dated this ______________________ day of ______________________ 2022

Name ______________________ Signature ______________________
(Block Letters)

Please indicate with an "X" in the spaces below how you wish your proxy to vote on the Resolutions referred to. If no such indication is given, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.

Resolutions	**For**	**Against**
IT IS RESOLVED THAT:		
1 To receive the Report of the Directors and the Auditors and approve the Audited Accounts for the year ended September 30, 2022.		
2 To re-elect three Directors to fill offices vacated by those retiring from the Board by rotation in accordance with the By-laws namely Richard I. Vasconcellos, Nigel M. Baptiste and Yolande Foo.		
3 To elect Natalia Seepersaud who was appointed to fill a casual vacancy as a Director in accordance with the By-laws.		
4 To elect Parasram Salickram who was appointed to fill a casual vacancy as a Director in accordance with the By-laws.		
5 To reappoint auditors and authorize the Directors to fix their remuneration.		
6 To declare dividends.		
7 To approve Directors' service agreements providing for their remuneration.		
8 To confirm the amendments made to the By-laws 1, 14, 15 and 31(c).		

Please give the following information in block capitals:

Full name ____

Address ____

Initials and Surname of any joint stock holder (s) ______________________

Notes
1 Unless otherwise instructed, the proxy will, at his/her discretion, vote as he/she thinks fit or abstain from voting.
2 Votes by Proxy may be given on a poll.

AFFIX $10

REVENUE STAMP

**If desired the Chairman of the meeting may be appointed as proxy.*

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