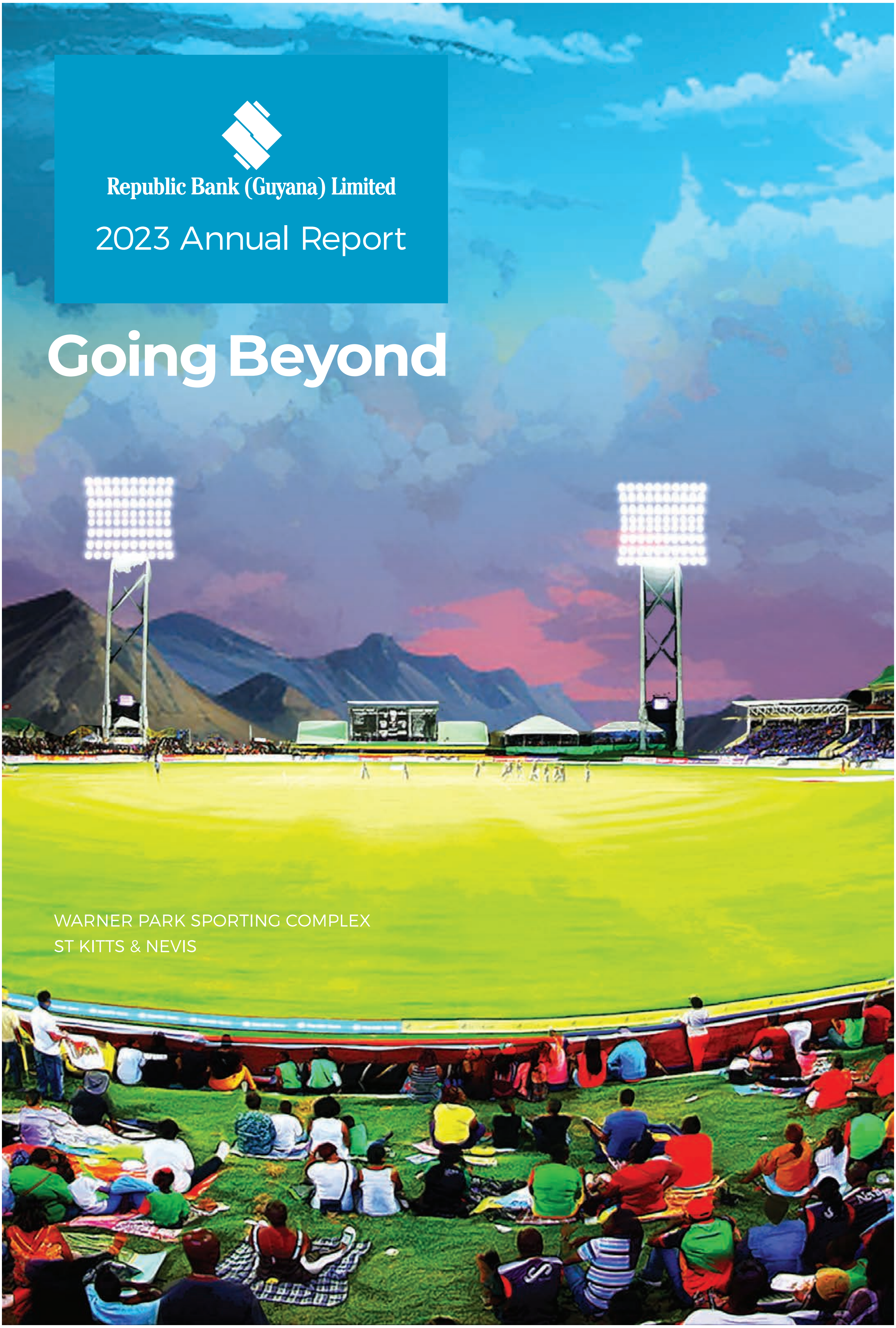
Republic Bank (Guyana) Limited

2023 Annual Report

Going Beyond



WARNER PARK SPORTING COMPLEX
ST KITTS & NEVIS

Going Beyond

The Republic Group has been competitive in the pursuit of service excellence and nation-building for more than 186 years.

Working closely with many to help build successful people and sustainable societies, the Group strives to go beyond the boundary as the one true indigenous team that has stood the test of time in efficiently delivering service to our clients, stakeholders, and communities in the Caribbean, South America and Ghana.

In every field, every time we bat, we stride forward confidently with eyes fixed on hitting our goals. As we focus on unlocking the truest potential of our People, Planet, Progress and Communities, we are determined, compassionate and strategic in our approach in seizing opportunities and facing challenges head on.

Unified in this purpose, the Republic Group continues to be a driving force and agency for change in the markets we serve, working together as one to bring our stakeholders and our people, leading-edge solutions to fulfil their needs and achieve their goals.

As a team, we will continue to cheer for, and empower, many in bringing out their best.

As a Group, we will endeavour to create sustainability, promote equity, and nurture the talents of our people and communities wherever we channel our resources.

Our Purpose is our Strength

As we continue to expand the ways we engage our communities, in 2023, we chartered new and exciting territory as the Title Sponsor and the Official Bank of the Caribbean Premier League (CPL).

The underpinnings of our title sponsorship stand firm with our fundamental, shared love of the sport of cricket and our deep-seated commitment to use our resources to safeguard heritage, preserve cultural and sporting traditions, and promote youth development as part of our primary goal of building successful societies.

The Republic Group is pleased to support CPL, celebrating the diversity that defines our markets and the commonalities that keep us together. In leveraging more than a century of financial expertise, products and services to our clients' and stakeholders' benefit, we are proud to continue playing our position in keeping cricket excellence alive and strong across the region and the globe.

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.

OUR CORE VALUES

Customer Focus
Integrity
Respect for the Individual
Professionalism
Results Orientation

What's Inside

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE REPORTS

MANAGEMENT

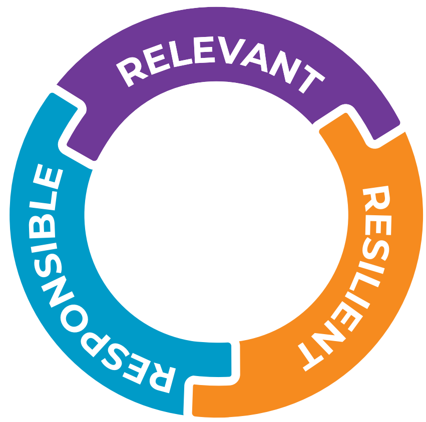
ENVIRONMENTAL, SOCIAL & GOVERNANCE

FINANCIALS

Our Bank at a Glance

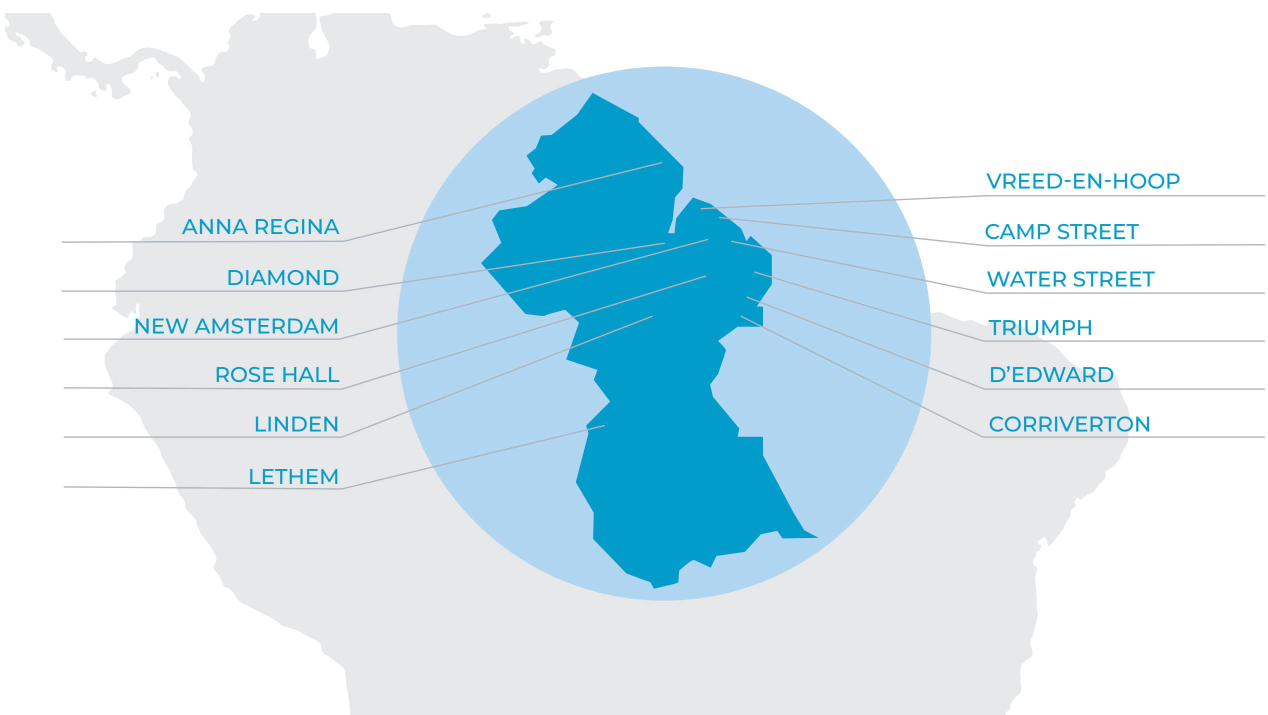
Republic Bank (Guyana) Limited is one of Guyana's largest and longest operating financial institutions, celebrating a history of service to the people of the nation for more than 186 years. As a fully comprehensive bank, Republic Bank (Guyana) Limited provides its customers and clients customised, efficient, and competitively priced financial products and services across a network that spans 12 branches and 51 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 DECLARATION OF PURPOSE

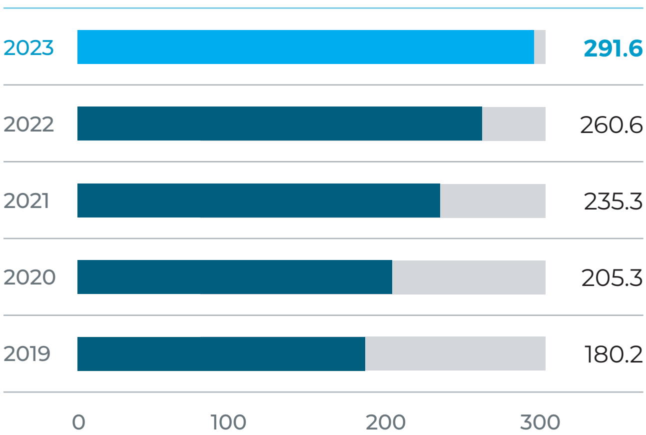


We value people,
we serve with heart,
we are deeply committed
to your success...
we care

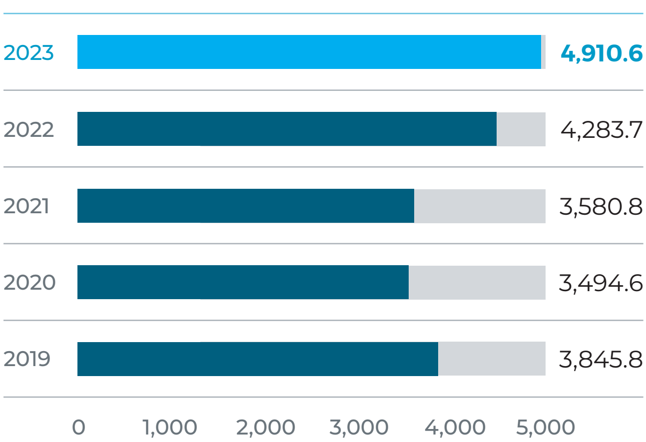
WHERE WE OPERATE



TOTAL ASSETS $B



PROFIT AFTER TAX $M



2023 STOCK PRICE

$522.

2022 STOCK PRICE

$518.

2023 DIVIDEND YIELD

1.34%

2022 DIVIDEND YIELD

1.04%

2023 EARNINGS PER SHARE

$16.37

2022 EARNINGS PER SHARE

$14.28

2023 PE RATIO

31.89

2022 PE RATIO

36.27

TEAM MEMBERS

700

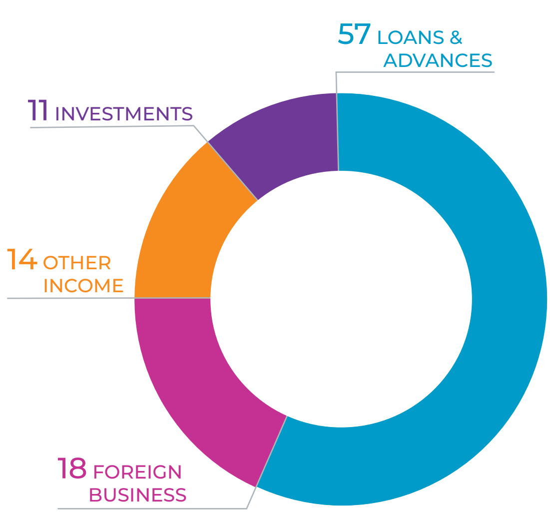
BRANCHES

12

ATMs

51

SOURCES OF REVENUE %



Notice of Meeting

NOTICE is hereby given that the Thirty-Ninth Annual General Meeting of Republic Bank (Guyana) Limited will be held at the Guyana Marriott Hotel located at Block Alpha, Battery Road, Kingston, Georgetown, on Tuesday, December 12, 2023 at 15:00 hours (3:00 p.m.) for the following purposes:

1 To receive the Report of the Directors and the Auditors and to approve the Audited Accounts for the year ended September 30, 2023.
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; John G. Carpenter, Roy E. Cheong and Aldrin Ramgoolam.
3 To reappoint the Auditors, Messrs. Ram & McRae.

And the following special business namely:

4 To consider and if thought fit, pass resolutions relating to:
   a Dividends;
   b Directors' service agreement providing for their remuneration; and
   c Remuneration of the auditors.
5 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 23, 2023

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

P. Vic. Salickram

FCCA, ACMA, CGMA, CA, CFA, FRM

Aldrin Ramgoolam

BSc (Computer Science), MBA, Dip. (Business Mgmt.)

Natalia Seepersaud

LLB, LEC

Richard I. Vasconcellos

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
Email: 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.), PgCert. (Innovation, Enterprise and Circular Economy), MBA

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

ASSISTANT MANAGER,
HUMAN RESOURCES
Ismelia Douglas
MBA, Dip. (Bkg. and Fin.) 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
Jonelle Dummett
B.Soc.Sc. (Credit) (Comm.), PgDip. (Development Studies)

MANAGER,
BRANCH SUPPORT SERVICES
Erica Jeffrey
MBA, ICB - Letter of Accomplishment

MANAGER,
INFORMATION TECHNOLOGY
AND E-SUPPORT
Yonnette Greaves
Dip. (Mgmt. Info. Systems), LIMIS

MANAGER,
END USER SERVICES
Shaun Ali
AAS (Operating Systems Mgmt.) BSc (First Class Hons.) (Info. Tech.),

MANAGER,
INTERNAL AUDIT
Oral Rose
B.Soc.Sc. (Dist.) (Mgmt.), Dip. (Mktg.), AMLCA, CIRM (Certified International Risk Manager)

MANAGER,
ENTERPRISE RISK
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, Certified Credit Professional

CORRIVERTON BRANCH

CUSTOMER SALES/ SERVICE MANAGER

Seema Brijmal

Certificate (Small Business Bkg.)

D'EDWARD BRANCH

BRANCH SALES MANAGER

Sasenarine Bindranath

MBA, Dip. (Business Law) (ICM), AICB, Certified Credit Professional

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

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. (Dist.) (Mgmt.), EMBA, Certified Credit Professional, Cert. (Trained Teacher)

TRIUMPH BRANCH

BRANCH SALES MANAGER

Joel Singh

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)

	2023	2022	2021	2020	2019
Cash resources	**40,833,178**	38,349,593	73,924,937	69,550,266	43,875,653
Investment securities	**129,124,308**	114,014,499	63,191,303	43,544,597	47,771,750
Loans and advances	**110,079,947**	97,207,405	88,401,400	81,868,455	78,793,633
Total assets	**291,563,376**	260,553,214	235,348,578	205,336,466	180,161,425
Total deposits	**250,977,757**	223,943,408	203,532,538	175,334,552	153,605,091
Stockholders' equity	**33,284,710**	30,491,222	27,133,329	24,607,213	22,623,702
Net profit after taxation	**4,910,648**	4,283,693	3,580,789	3,494,594	3,845,781
Total comprehensive income	**4,518,488**	4,827,893	3,802,429	3,360,194	3,839,421
Earnings per stock unit in dollars ($)	**16.37**	14.28	11.94	11.65	12.82
Return on average assets (%)	**1.76**	1.74	1.62	1.81	2.24
Return on average equity (%)	**15.01**	14.93	13.80	14.52	17.97

Financial Highlights

Expressed in Thousands of Guyana Dollars ($'000)

	2023	2022	Change	% Change
STATEMENT OF INCOME				
Interest and other income	**17,313,250**	14,324,663	2,988,587	20.9
Interest and non-interest expenses	**(8,662,985)**	(7,732,271)	930,714	12.0
Net Income before taxation	**8,650,265**	6,592,392	2,057,873	31.2
Taxation charge	**(3,739,617)**	(2,308,699)	1,430,918	62.0
Net Income after taxation	**4,910,648**	4,283,693	626,955	14.6
STATEMENT OF FINANCIAL POSITION				
Loans and advances	**110,079,947**	97,207,405	12,872,542	13.2
Total assets	**291,563,376**	260,553,214	31,010,162	11.9
Average assets	**278,852,521**	245,991,836	32,860,685	13.4
Deposits	**250,977,757**	223,943,408	27,034,349	12.1
Equity (capital and reserves)	**33,284,710**	30,491,222	2,793,488	9.2
Average outstanding equity	**32,723,196**	28,699,223	4,023,973	14.0
COMMON STOCK				
Earnings in dollars per stock unit	**16.37**	14.28	2.09	14.6
Dividend for the year (in thousands)	**2,100,000**	1,620,000	480,000	29.6
Stock units (in thousands)	**300,000**	300,000	–	–
GENERAL				
Number of:				
Stockholders	**1,644**	1,590	54	3.4
Common stock outstanding (in thousands)	**300,000**	300,000	–	–
Active savings, chequing and deposit accounts	**196,986**	191,421	5,565	2.9
Employees	**700**	709	(9)	(1.3)
Banking offices	**12**	12	–	–

Aiming for the highest score

Best outcomes come from aiming high and thinking big. Our game plan is to guide our operations with empowerment strategies and collaborative resources. We want to ensure that all our stakeholders win.

Board of Directors

NIGEL M. BAPTISTE

POSITION

Chairman

Group President and Chief Executive Officer

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.

STEPHEN R. GRELL

POSITION

Managing Director

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.

Board of Directors

JOHN G. CARPENTER

POSITION

Chairman, Hand-in-Hand Group of Companies

CREDENTIALS

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

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.

ROY E. CHEONG

POSITION

Retired Senior Insurance Executive,
Guyana and Trinidad Mutual Fire and Life Group of Companies

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

SUBCOMMITTESS

- Audit
- Compensation
- Enterprise Risk

EXTERNAL APPOINTMENTS

- Board Member, Banks DIH Limited and other companies

YOLANDE M. FOO

POSITION

Retired Senior Banking Executive,
Republic Bank (Guyana) Limited

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

POSITION

Executive Chairman, Label House Group Limited

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
- Founder and business coach at Strategic Coaching and Coaching Global Inc.

SUBCOMMITTEES

- Audit
- Enterprise Risk
- Compensation
- Governance and Nomination

INTERNAL APPOINTMENTS

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

EXTERNAL APPOINTMENTS

- Chairman, The Beacon Insurance Company Limited

Board of Directors

ALDRIN RAMGOOLAM

POSITION

General Manager,
Information Technology Management,
Republic Bank Limited

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
- Member of the Republic Group for over 32 years
- Member of the Bank's management team for over 20 years
- 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

P. VIC. SALICKRAM

POSITION

Group Vice President, Republic Financial Holdings Limited
Vice President, Republic Bank Limited

CREDENTIALS

- Graduate, Harvard Business School Advanced Management Programme
- Chartered Financial Analyst, Charterholder (CFA)
- Financial Risk Manager, Global Association of Risk Professionals (FRM)
- Fellow, Association of Chartered Certified Accountants (FCCA)
- Member, Chartered Institute of Management Accountants (CIMA)
- Member, Chartered Institute of Global Management Accountants (CGMA)

PROFESSIONAL SUMMARY

- Past Chief Risk Officer, Republic Bank Limited and RFHL
- Leads the Group's strategic planning processes and acquisition opportunities
- Past Chief Financial Officer, RFHL
- Past General Manager, Planning and Financial Control, Republic Bank Limited
- Over 14 years' senior service in the Group's subsidiaries in Guyana, Barbados and the Dominican Republic
- An experienced auditor, he has held responsibility for audits of some of the largest companies in Guyana

SUBCOMMITTEES

- Audit
- Enterprise Risk

INTERNAL APPOINTMENTS

- Chairman, Republic Bank (Suriname) N.V.
- Board Member, Republic Bank (Ghana) PLC. and Republic Life Insurance Company

NATALIA SEEPERSAUD

POSITION

Attorney-at-Law

Consultant

CREDENTIALS

- Bachelor of Laws, University of Guyana
- Legal Education Certificate, Hugh Wooding Law School

PROFESSIONAL SUMMARY

- Past Trade Commissioner, High Commission of Canada in Guyana
- Past Chief Executive Officer, Canada-Guyana Chamber of Commerce
- Past Deputy Chief Executive Officer, Guyana Office for Investment
- Past Deputy Chief Executive Officer and in-house Legal Counsel, National Industrial and Commercial Investments Limited

SUBCOMMITTEE

- Compensation

RICHARD I. VASCONCELLOS

POSITION

President, A.N.K. Enterprises Inc.

Managing Partner, Carib Hibiscus Development

PROFESSIONAL SUMMARY

- Significant finance expertise including more than 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

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

Directors' Report

The Directors have pleasure in submitting their Report and Audited Financial Statements for the year ended September 30, 2023.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

(in thousands of Guyana Dollars)

	2023	2022
Net income after taxation	**4,910,648**	4,283,693
Interim dividend paid	**525,000**	420,000
Retained earnings	**4,385,648**	3,863,693
Final dividend proposed	**1,575,000**	1,200,000

DIVIDENDS

An interim dividend of $1.75 per stock unit ($525 million) was paid during the year and a final dividend of $5.25 per stock unit ($1,575 million) for the year ended September 30, 2023, is recommended. This, if approved, will bring the total payout for the year to $2,100 million.

CAPITAL AND RESERVES

Capital and reserves other than retained earnings totaled $2,045.3 million as shown in the Statement of changes in equity.

Retained earnings at September 30, 2023 is $31,239.5 million (2022: $28,070.4 million) after a transfer of $375.6 million from the General Banking Risk Reserve, $1,725 million paid out as dividends (final 2022: $1,200 million, interim 2023: $525 million), and $4,910.6 million transferred from the Statement of income for 2023.

DONATIONS

In addition to the Bank's Power to Make A Difference investment initiatives (see pages 48 to 53), general donations to charitable or public causes for the year were $7.6 million (2022: $5.2 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 2023	% held	Number of Stock Units 2022	% 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	**20,649,362**	**6.88**	20,347,081	6.78
Hand-in-Hand Mutual Fire & Life Group of Companies	**17,544,237**	**5.85**	17,661,232	5.89

DIRECTORS

In accordance with the Bank's By-Laws, John G. Carpenter, Roy E. Cheong, and Aldrin Ramgoolam 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 $276.6 million (2022: $257.6 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	
	2023	2022
John G. Carpenter	**150,000**	150,000
(held jointly with an associate)		
Roy E. Cheong	**87,000**	87,000
(75,000 held jointly with an associate, and 12,000 held by an associate)		
Yolande M. Foo	**315,000**	315,000
(held jointly with associates)		
Richard I. Vasconcellos	**15,000**	15,000
Richard M. Lewis	**23,654**	17,850

DIRECTORS' FEES ($)

	2023	2022
Nigel M. Baptiste	**3,780,000**	3,780,000
John G. Carpenter	**3,570,000**	3,570,000
Roy E. Cheong	**4,851,000**	4,851,000
Richard I. Vasconcellos	**3,465,000**	3,465,000
Richard M. Lewis	**4,410,000**	4,410,000
Yolande M. Foo	**3,937,500**	3,937,500
Aldrin Ramgoolam	**4,147,500**	4,147,500
Natalia Seepersaud	**2,874,375**	–
P. Vic Salickram	**3,228,750**	–

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

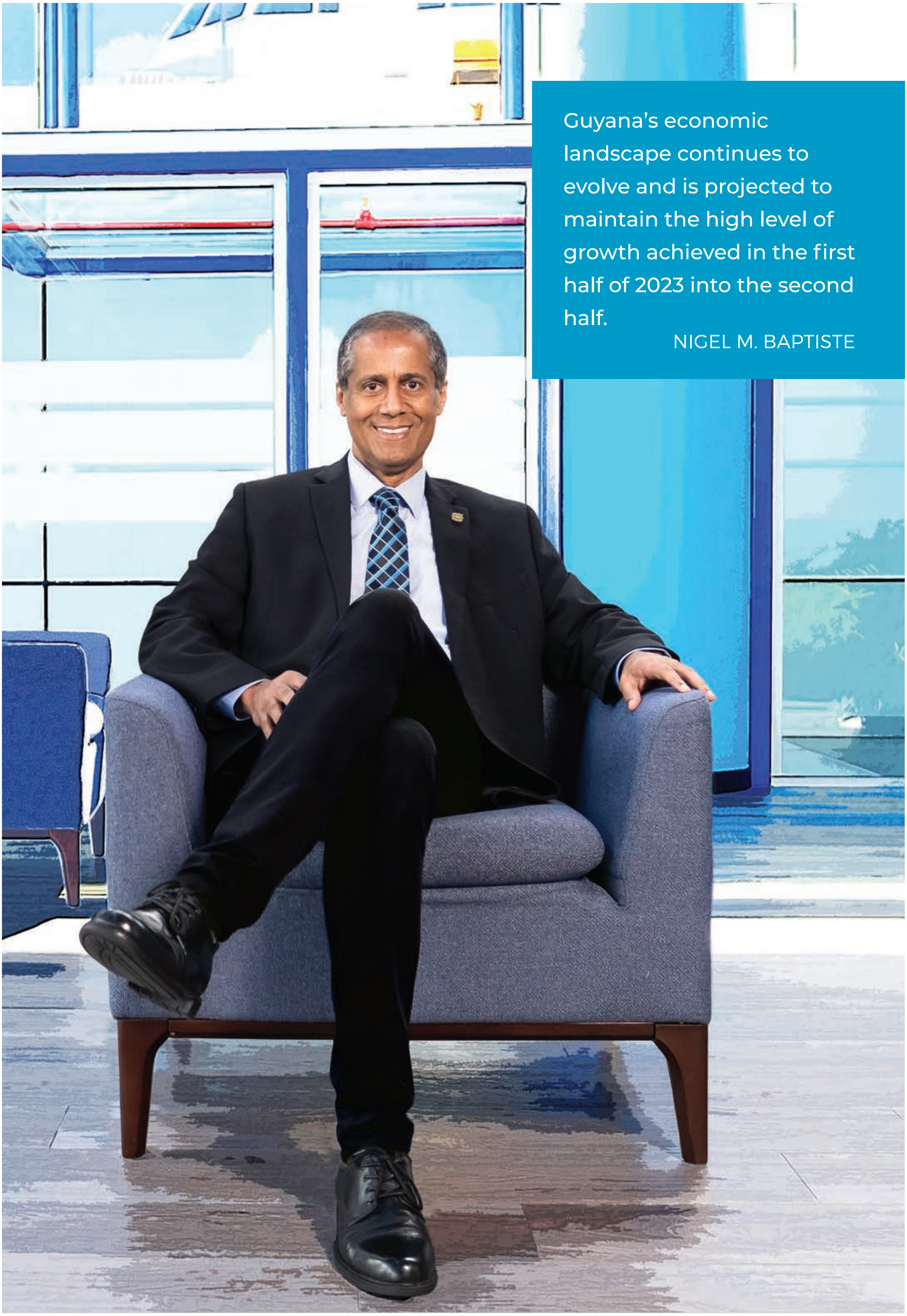
Other than normal banking and employment contracts, there were no contracts between the Bank and its Directors or in which the Directors were materially interested.

CONTRACT OF SIGNIFICANCE WITH STOCKHOLDER OR ITS SUBSIDIARY

The Bank expended the sum of $164.5 million (2022: $135.4 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.

The team that makes it happen

We value every member of our team and we believe in the success of everyone we serve. So we are channelling our resources to partner with all, to perform at their best and make their lives better.



Guyana's economic landscape continues to evolve and is projected to maintain the high level of growth achieved in the first half of 2023 into the second half.

NIGEL M. BAPTISTE

Chairman's Report

INTRODUCTION

Fellow Directors and stockholders, it's my pleasure to report on the annual performance of Republic Bank (Guyana) Limited for the year ended September 30, 2023. The Bank recorded another satisfactory performance achieving Profit after tax of $4,910.6 million representing a 14.64 percent increase over prior year results. Earnings per stock unit amounted to $16.37, an increase from $14.28 in 2022. Your Directors are therefore recommending a final dividend of $5.25 (per stock unit), which, if approved at the Annual General Meeting, will bring the total dividend for the year to $2,100. million (2022– $1,620 million).

CHAIRMAN'S ECONOMIC REVIEW

The year 2023 witnessed a global economic environment marked by resilience and adaptation. Due to the lingering effects of the COVID-19 pandemic and amidst the ongoing Russia/Ukraine conflict, economies worldwide have grappled with rising inflation rates, driven by supply chain disruptions and increased demand. To combat these inflationary pressures, central banks around the world increased interest rates significantly over the last 12 months, pushing borrowing cost in major economies to levels not experienced since 2007.

The International Monetary Fund (IMF) projects that growth in the global economy will decline from the estimated 3.5 percent in 2022 to 3.0 percent in 2023 and 2024. Emerging markets and developing economies are expected to grow by 4 percent in 2023, in line with growth in 2022. Growth in Latin America and the Caribbean region is projected to decline from 4.1 percent in 2022 to 2.3 percent in 2023. For the commodity exporting Caribbean, growth of 18.7 percent is anticipated for 2023, a decline from 25.5 percent recorded as at the half year 2022. The growth in this sub-region is driven by Guyana's robust economic expansion. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. This anticipated slowdown can be attributed to monetary tightening by key economic players, as well as a fall in select commodity prices. On the other hand, inflation remains more pronounced for emerging markets and developing economies than advanced economies, with consumer prices in the former forecast to rise by an average of 8.3 percent this year while prices in the latter are expected to increase by 4.7 percent. Caribbean commodity exporters are also expecting to see inflation rise from 13 percent in 2022 to 7.6 percent at the end of 2023.

Guyana's economy benefitted from strong growth in 2022 by registering real oil and non-oil Gross Domestic Product (GDP) growth of 62.3 percent and 11.5 percent respectively, gaining the title of fastest growing economy in the world. This compares with 19.9 percent and 4.6 percent respective growth recorded in 2021. This substantial growth was attributed to increased production output from the oil industry while the non-oil performance is credited to increased output from all the other major sectors. The inflation rate was 7.2 percent driven mainly by increased prices of food and fuel globally.

Guyana was not spared the challenges experienced by major economies, however the oil driven economy continued to show growth. At the half year 2023, Guyana recorded real oil GDP growth of 59.5 percent and non-oil growth of 12.3 percent. The 12-month inflation rate in June 2023 was 1.9 percent compared to 5 percent recorded in 2022. Real oil GDP growth was driven by expansion in the sector with growth of 98.4 percent compared with 73.5 percent in 2022, attributed to significant increases in daily oil production, according to the Bank of Guyana 2023 Mid-Year Report. With two Floating, Production, Storage and Offloading (FPSO) vessels in operation, total production increased from 34.6 million barrels as at the half year 2022 to 68.7 million for the same period in 2023. Total production for 2023 is expected to reach 93.6 million barrels.

The agriculture, forestry and fishing sectors recorded growth of 7.6 percent owing to increases in the sugar and rice production sectors of 30.1 percent and 3.2 percent respectively. These sectors' growth is attributed to increased yields over that of the corresponding period 2022.

PROFIT AFTER TAX	FINAL DIVIDEND	EARNING PER STOCK UNIT
$4.9B	$5.25	$16.37

Chairman's Report

The mining and quarrying sector reported growth of 89.9 percent, despite a decline in production of both bauxite and gold mining. This is due to oil production classified as a subsector.

Increased business activity in the country saw the services sector expanding by 9.1 percent in the first half of 2023. This was primarily driven by wholesale and retail trade, repairs and the administrative and support services subsector, predominantly due to increased demand for security services, call centres and business support services. This was also on account of COVID-19 declared no longer a global health emergency in mid-2023.

The country's construction boom also saw the sector expanding by 44.1 percent as at June 2023 driven by increased activity in both the public and private sectors. This growth fostered a 5.4 percent increase in real estate mortgage loans for private dwellings and a 25.3 percent increase in lending for industrial and commercial properties.

Non-Performing Loans (NPLs) improved to 5.1 percent at the end of 2022 compared to 8.0 percent at the end of 2021 and considering COVID-19 pandemic relief measures ended in August 2022.

Overall balance of payments recorded a deficit of US$196.4 million for the first half of 2023 while the capital account contracted from US$939 million at the half year 2022 to US$238.7 million and current account recorded a surplus of US$64.1 million, with increased payment for goods and services outperforming growth in merchandise exports and current transfers. Due to the arrival of Guyana's third FPSO vessel – *Prosperity*, merchandise trade recorded a surplus of US$2,322 million as at June 2023 compared to US$2,597.5 million for the corresponding period 2022. Transfers to the Natural Resource Fund (NRF) increased by US$314.2 million to US$658.4 million at the half year. Net Foreign Direct Investment (FDI) moved from a deficit to surplus amid higher FDI inflows mainly within the oil and gas sector.

In 2022, total volume of foreign exchange transactions declined by 12.2 percent to US$12,862.3 million due to a decline in non-oil exports. The exchange rate of the Guyana dollar to the US dollar remained stable.

As a commodities exporter on the world market, Guyana remains particularly vulnerable to changes in international prices. During the first half of 2023, global commodity prices which surged significantly due to the Russian invasion of Ukraine have shown some decline, partly due to slowing economic activity.

GROUP DEVELOPMENTS

Total assets stood at US$17.1 billion as at June 30, 2023, an increase of US$214.5 million over total assets as at June 2022, on account of growth in loans and investment portfolios. Growth in customer deposits in some territories also contributed to the increase.

This growth together with the steady or rising interest rate environment in most of our operational territories contributed to overall increases in Net interest income. Non-interest income also increased due to the ongoing rebound of tourism activities in the Group's markets.

Our commitment to supporting sport and the arts was further strengthened with the Group becoming the Title Sponsor and Official Bank of the Caribbean Premier League T20 Cricket tournament.

The Republic Group continues to recognise the importance of giving back to the communities we serve through our Power to Make A Difference platform which provides support for various charitable initiatives, educational and sport programmes, and community development projects.

The Group remains committed to fostering a diverse and inclusive workplace and has implemented policies and programmes that promote diversity, equity, and inclusion, ensuring equal opportunities for all employees. We remain steadfast in our commitment to sustainable development, guided by the principles of environmental stewardship, social responsibility, and ethical governance.

FUTURE OUTLOOK

Guyana's economic landscape continues to evolve and is projected to maintain the high level of growth achieved in the first half of 2023 into the second half. This is largely influenced by its burgeoning oil sector. As the sector continues growing with increased exploration and production activities, Guyana remains one of the fastest-growing oil producers in the world, with the sector contributing significantly to national revenue. With the third FPSO vessel – *Prosperity* anticipated to come into operation in the last quarter of 2023, output is projected to exceed 580,000 barrels of oil daily. This surge in oil production and export will continue increasing the influx of FDI and boosting the economy.

On behalf of the Board of Directors, I extend sincere appreciation to our employees for their tremendous commitment and hard work which enabled achieving these commendable results. I also thank our customers, business partners and stockholders for their continued confidence and loyalty to the organisation.

This boost, however, is not limited to the oil and gas sector as ongoing investments are being made to support infrastructural development, including power generation, roads, ports and telecommunication.

Demand for housing and accommodation remains high and growth of the construction sector will continue creating lending opportunities in real estate and property development.

As host for the Caribbean Premier League cricket playoffs and final matches for yet another year, there's anticipated increase in tourism and entertainment activities exceeding the numbers recorded in 2022 and 2023, thereby creating significant opportunities for local businesses.

As we approach 2024, Guyana's economic landscape remains promising with opportunities. Republic Bank (Guyana) Limited is well positioned to embrace the future and our commitment to innovation, customer satisfaction, sustainability, and responsible banking will guide our forward plans to navigate the ever-changing landscape.

ACKNOWLEDGEMENTS

I thank my fellow Directors and the Leadership Team for their ongoing support and stewardship of the organisation over the past year and take this opportunity to welcome Parasram Salickram and Natalia Seepersaud to the Board. On behalf of the Board of Directors, I extend sincere appreciation to our employees for their tremendous commitment and hard work which enabled achieving these commendable results. I also thank our customers, business partners and stockholders for their continued confidence and loyalty to the organisation.

Republic Bank (Guyana) Limited is well positioned to play a pivotal role. While challenges are inevitable, we remain optimistic and are confident in our ability to adapt, innovate and thrive.

STEPHEN R. GRELL

Managing Director's Discussion and Analysis

I'm pleased to report that the Bank achieved another commendable performance, recording growth in both its asset base of $31.0 billion and profitability of $627 million in a highly competitive environment. There was improvement in all key metrics; Return on assets improved from 1.74 percent to 1.76 percent, Return on equity moved from 14.93 percent to 15.01 percent, Non-performing loans declined from 2.88 percent to 1.80 percent and our Efficiency Ratio also followed trend moving from 47.96 percent to 43.09 percent.

Over the year, we focused much of our attention on our key objectives of ensuring a consistently high level of customer satisfaction and employee engagement, growing our revenues and managing cost, while maintaining our leadership position in corporate social responsibility through the Power to Make A Difference, Republic Bank's signature social investment initiative.

CUSTOMER SERVICE

The Bank remains committed to providing superior customer service and efforts aimed at ensuring quality service are ongoing with notable improvements recorded in advocacy and satisfaction in the 2023 independent customer experience study. A consistent year-on-year improvement across all service elements was also achieved.

Acknowledging and understanding our customers' needs remain paramount. We continue employing a range of feedback mechanisms for customers to share their experiences following interactions in-branch and at other touch points. The insights gained from the feedback foster a better understanding of customers' concerns, highlight areas requiring attention and help inform strategic discussions, while paving the way for staff recognition for exceptional customer service.

Sustained targeted staff training and development, enhanced product offerings, efficient service delivery channels and convenience remain high priorities.

As we look to 2024, increased targeted customer education for greater product and service adoption and enhanced customer experience will be our focus.

HUMAN RESOURCES

Exponential growth in Guyana's economy has triggered increased demand for human resources. We continue driving initiatives to attract and retain talent, by aligning career aspirations with organisational demand. Priority is also given to reward and recognition programmes, and succession planning.

The Bank's participation at the University of Guyana Open Day and Job Fair, and career guidance activities at schools and religious institutions afforded opportunities to interact with potential resources while helping to build successful societies. Our flagship Republic Bank Youth Link Apprenticeship programme also resumed this year, capping 13 graduates with regional accreditation in Banking Operations – Level One.

Employee engagement remains a key focus with resumption of in-person activities after the lull premised by the pandemic. These included but were not limited to celebrating academic achievements and long service, commemorating national holidays, and a family fun day that engendered solidarity and team spirit. In keeping with our responsible banking thrust, and United Nations (UN) Sustainable Development Goal 3: 'Good health and well-being', social dialogues and awareness on mental health and substance abuse, along with the recommitment of over 50 voluntary team members to conduct peer education and counselling bank-wide, were notable accomplishments this fiscal.

As we intensify efforts to adapt to labour market changes, and generational transitions, onboarding new team members and upskilling existing team members remain priorities. Capacity building initiatives were conducted at various levels of credit analysis, sales, supervision, business writing, finance, marketing, and retirement planning. National requirements for operational safety were also facilitated with certification in Occupational Safety and Health, Compliance and First Aid.

Managing Director's Discussion and Analysis

As we embrace the evolving dynamics, we remain committed to optimising our employees' potential through continued opportunities for their development, to ensure the quality of human resources necessary to take us into the future.

INFORMATION TECHNOLOGY

Change is inevitable in the world of banking and technology, and at Republic Bank we continue focusing on this area to ensure optimum performance of our primary network infrastructure and computer and ancillary systems.

Emphasis continues to be placed on promotion of our digital and electronic services which have seen increased uptake; particularly Republic*Online* and Republic*Mobile*, indicative of customers' satisfaction with the digital experience.

We're excited to advise of expansion of our Automated Teller Machine (ATM) fleet, with installation of three additional machines in the near future. Increased use of electronic platforms for funds transfer and management via Electronic Funds Transfer (EFT) and Real Time Gross Settlement (RTGS) continue to benefit commercial and corporate customers.

Given ever-present cyber security threats, we remain vigilant and are actively working to mitigate these. Planned replacement of our VISA International Debit Card with the VISA chip card, and introduction of the contactless feature is progressing, and will offer customers another layer of security.

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

ADMINISTRATION AND PREMISES

The Bank undertook routine maintenance and renovation of some of its premises across the network. Construction of a new branch at Williamsburg, Corentyne, Berbice commenced in January 2023, and is slated for completion in the first quarter of the new fiscal year.

Subject to the requisite approvals, renovation of the Sales department and lobby at the Water Street branch, expansion of the Treasury department at the Camp Street branch and construction of new conference and lunchroom facilities at our head office will also be completed during the new fiscal year.

EMPOWERING COMMUNITIES

Creating alternative livelihoods while building successful societies remain the focus of our social investment initiative, the Power to Make A Difference, which concluded its fourth phase. Over the past year, we extended our partnership with governmental and non-governmental organisations in support of key sustainable development goals through execution of varying initiatives.

The Republic Bank Under-23 Cricket Tournament, a new initiative in partnership with the Guyana Cricket Board engaged over 30 clubs in Essequibo, Berbice and Demerara. This annual tournament aims to bridge the gap between junior and senior level cricket by targeting players who completed their careers at the U-19 level and need to further hone their skills to enable that final spark which could lead to selection for the Guyana Senior National Men's Cricket team and the West Indies Cricket team

Our investment in the development of youth cricket continued with the first annual Five For Fun National Championship following months of coaching and training for girls and boys of 75 primary schools across the three counties. Five for Fun, a new cricket format designed around the principles of fun, inclusion and equality, is a Republic Bank Group partnership with Cricket West Indies, executed in collaboration with the Ministry of Education Allied Arts Unit, the Guyana Cricket Board and the Ministry of Culture, Youth and Sport.

The inaugural Republic Bank Junior Golf Clinic and Competition, an introduction of golf to school children aged 7-16 years was launched with 144 participants in collaboration with the Lusignan Golf Club in Linden, Berbice and Demerara.

Acknowledging and understanding our customers' needs remain paramount. We continue employing a range of feedback mechanisms for customers to share their experiences following interactions in-branch and at other touch points.

Eighty-five youths of Regions 2, 3, 4, 5, 6, 7 and 10 successfully completed the Republic Bank and Specialists in Sustained Youth Development Research Inc. (SSYDR) Entrepreneurial Development Programme. The top 56 graduates then benefitted from start-up grants to open or enhance various business ventures in their communities with ongoing business coaching provided by SSYDR Inc.

Now in its eighth year, the Comprehensive Empowerment Programme in collaboration with Women Across Differences (WAD) continues reaching adolescent mothers, charting a different course through the exposure to sexual reproductive health, family planning, self-development, and vocational skills building.

University of Guyana scholarships were awarded to two new students, Nicholas Sagadaya and Lakeisha Bobb-Blackman to pursue bachelor's degrees in Biology and Finance respectively. This 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.

Providing avenues for empowerment of the nation's youth, while sustaining national art forms and our cultural heritage were accomplished through continued partnership with the Ministry of Culture, Youth and Sport, as the 15th Annual Republic Bank Mashramani Panorama Steel Band Competition, now a mainstay on the Republic Day anniversary calendar of events, was hosted. After a three-year hiatus, the 11th Annual Republic Bank RightStart Pan Minors Music Literacy Programme returned with 164 youths graduating. Through workshops in Regions 2, 3, 4, 6, 7 and 10, participants benefitted from theoretical and practical training in the steel pan art form.

The preservation and maintenance of one of Guyana's heritage sites, the Promenade Gardens, remained our flagship environmental project in collaboration with the Mayor and Councillors of the City of Georgetown.

In keeping with the Republic Group's commitment to the Principles of Responsible Banking and in support of the UN Sustainable Development Goal 13: Climate Action, our continuing partnership with the Guyana Marine Conservation Society realised a 30-minute short documentary on the peoples of the Barima-Mora Passage. The objective of this production being to create public and institutional understanding and engagement, with the need to conserve the Barima-Mora Passage, which is Guyana's largest intact mangrove, while bringing development to the communities that call it home.

In the coming year, we're committed to further expanding our impact on youth and gender empowerment, cultural heritage preservation, building, developing and supporting entrepreneurs, and environmental awareness and conservation.

REGULATORY COMPLIANCE

The Caribbean Financial Action Task Force recently concluded its on-site visit of Guyana for the fourth round of the Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Mutual Evaluation. While receipt of the preliminary Mutual Evaluation report with the findings is anticipated in due course, the final report will be issued after the May/June 2024 Caribbean Financial Action Task Force (CFATF) Plenary. Republic Bank (Guyana) Limited understands its role in supporting the national effort to counter money laundering, terrorism financing and proliferation financing, and in this regard, remains committed to discharging its responsibilities.

Managing Director's Discussion and Analysis

During the period under review, amendments were made to AML/CFT legislation, and the Bank reviewed its policies and procedures to ensure compliance with the new requirements. The Bank continues to explore new and creative methods to safeguard against the threat of money laundering, terrorism financing and proliferation financing, while seeking to make the customer experience less burdensome.

We present below a discussion and analysis of the financial position and performance of the Bank for the year ended September 30, 2023 to be read in conjunction with the Directors' report and audited financial statements presented on pages 18 to 20 and pages 56 to 133 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, 2023:

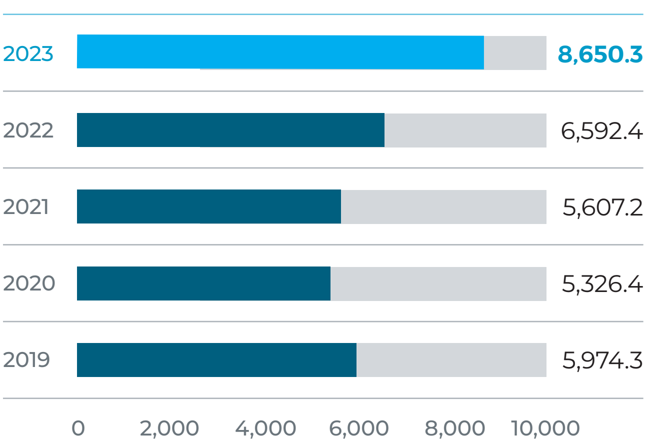
	2023	2022
United States dollars	**212.75**	212.75
Pounds sterling	**240.75**	240.75
Canadian dollars	**145.75**	145.75
Euro	**201.50**	205.75

STATEMENT OF INCOME REVIEW

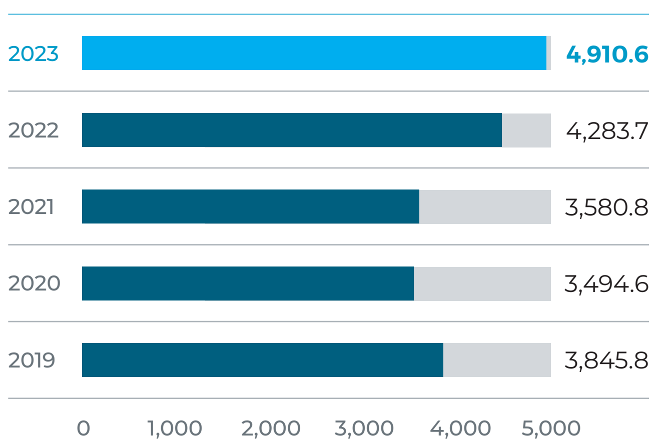
FINANCIAL SUMMARY

After tax profit of $4,910.6 million represents an increase in profitability of $627.0 million or 14.64 percent compared with 2022. This increase in profitability resulted primarily from the increase in Interest income (loans and advances and Treasury Bills), commissions, fees and foreign exchange income. Corporation tax paid amounted to $2,789.6 million compared with $2,146.6 million in 2022. (See undermentioned graph.)

PROFIT BEFORE TAX $M



PROFIT AFTER TAX $M



NET PROFIT
$4.9B

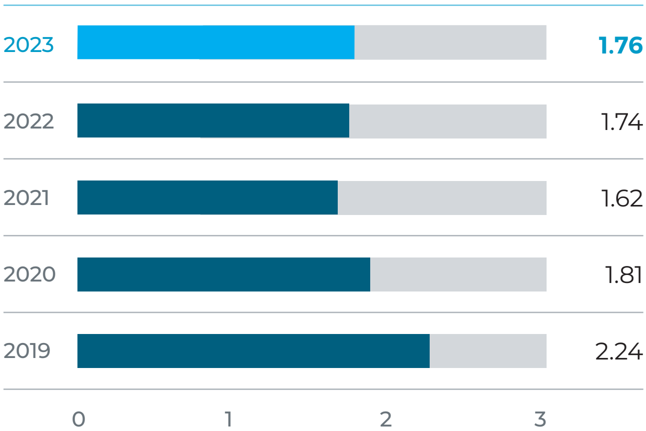
NET INTEREST INCOME
$11.0B

OTHER INCOME
$5.4B

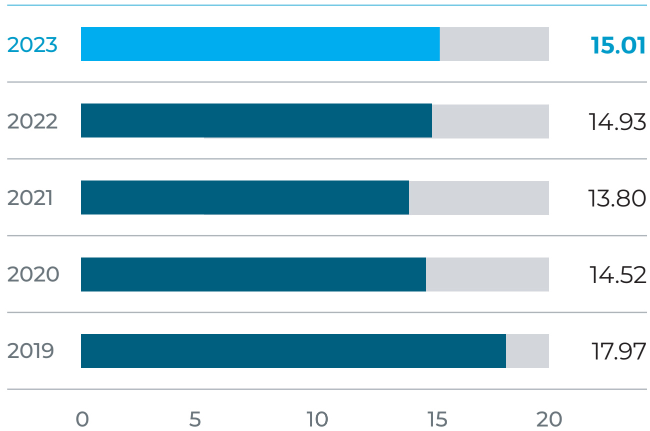
TOTAL TAXATION
$3.7B

The Bank's return on average assets (1.76 percent) increased year on year, and its return on average stockholders' equity also increased (15.01 percent). Earnings per stock unit moved from $14.28 in 2022 to $16.37 in 2023. (See graphs below.)

RETURN ON AVERAGE ASSETS %



RETURN ON AVERAGE OUTSTANDING EQUITY %



NET INTEREST AND OTHER INCOME

Net interest and other income grew by $2,910.1 million or 21.49 percent to $16,450.0 million in 2023 compared to the $13,539.9 million generated in 2022, which is attributed mainly to the increase in interest from loans and advances, Treasury Bills, commissions, fees and foreign exchange income.

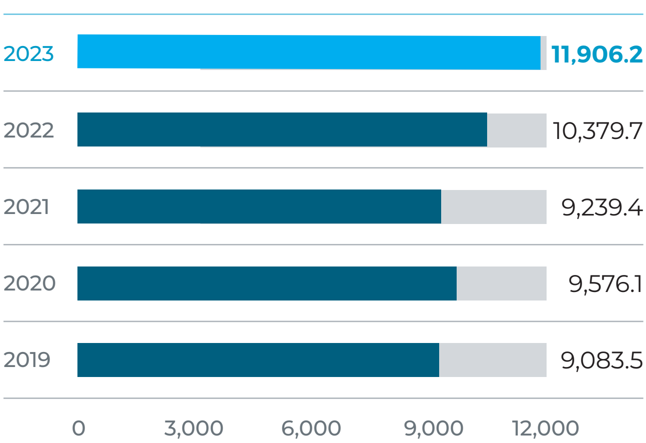
Net interest income increased by $1,448.0 million or 15.09 percent to $11,043.0 million and is attributed primarily to an increase in income from loans and advances and Treasury Bills.

NET INTEREST MARGIN

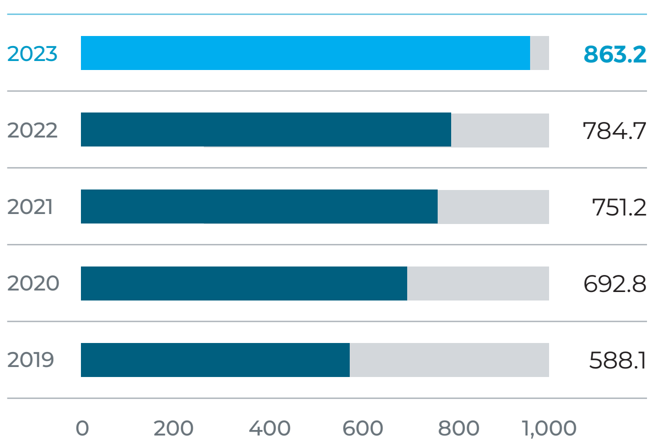
	2023 %	2022 %
Net interest income/Total average interest earning assets	**4.80**	5.42
Net interest income/Total average assets	**3.96**	4.49

Refer to Statement of financial position and Note 17

INTEREST INCOME $M



INTEREST EXPENSE $M



Managing Director's Discussion and Analysis

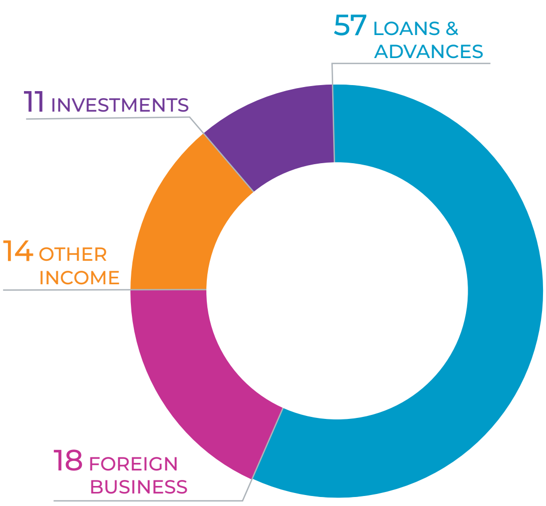
There were no unusual non-operational items.

The ratio of the Bank's average interest earning assets to average customer deposits, increased marginally to 95.93 percent, from 95.68 percent in 2022. 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, 2023, 45.80 percent of the Bank's interest earning assets consisted of Treasury Bills.

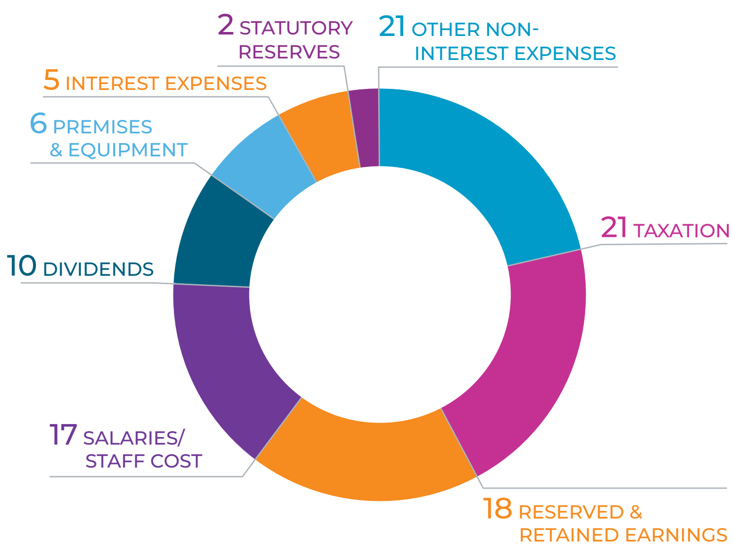
Interest paid on deposits for 2023 at $863.2 million, exceeded that of 2022 ($784.7 million), as the Bank continued to manage its assets and liabilities in an environment of inadequate investment opportunities. It is recognised, however, that customers simultaneously use a range of products and the Bank strives to ensure that rates (deposit and lending) are competitive with the rest of the industry and attractive to existing and potential customers.

Other income, which amounted to $5,407.0 million and contributed 22.79 percent to total income, was above the 2022 amount by $1,462.1 million, or 37.06 percent. With continued emphasis, foreign exchange trading resulted in exchange gains for 2023 of $3,079.1 million, which represented an increase of $1,000.0 million or 48.09 percent over 2022. Exchange earnings continue to be the major contributor of Other income, contributing 56.95 percent (2022: 52.71 percent) of the total.

SOURCES OF REVENUE %



REVENUE DISTRIBUTION %



NON-INTEREST EXPENSE

Non-interest expenditure, which comprises operating expenses and provision for Expected Credit Losses (ECLs), increased by $852.2 million or 12.27 percent over 2022, mainly as a result of provision for ECLs, which increased to $711.1 million, staff cost which increased to $2,943.6 million and the Bank's inaugural Title Sponsorship of the Caribbean Premier League Tournament. ECLs net of recoveries moved from $229.5 million to $416.3 million, even as the Bank continues to closely monitor credit risk and increase efforts in the area of recoveries.

The Bank's productivity/efficiency ratio, which is Non-interest expenses to Net interest income and other income, decreased to 43.09 percent from 47.96 percent in 2022.

In accordance with International Financial Reporting Standards (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 ECL provision made on its performing portfolio, of $486.3 million at September 30, 2023.

At September 30, 2023, specific provision on Non-Performing Loans (NPLs) decreased to $194.7 million. Overall in 2023, expenses related to ECL amounted to $711.1 million against an expense of $453.2 million in 2022. The Bank continues to strive to maintain a prudent policy especially on its unsecured consumer lending portfolio. Recoveries on loans which were previously written-off amounted to $294.8 million in 2023 (2022: $223.7 million).

The Bank's ratio of Non-performing to performing loans at September 30, 2023, stood at 1.80 percent, and its ratio of specific provision for loan losses to NPLs, at 9.74 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 $1.6 billion year on year. This reduction was mainly due to the decrease in our Surplus Funds with Bank of Guyana, which declined by $1.0 billion and our deposits held with correspondent banks, which decreased by $569.6 million, over the same period.

INVESTMENT SECURITIES

Investment securities, including Government of Guyana Treasury Bills, increased by $15.1 billion or 13.25 percent, during the year. The increase arose mainly in the Bank's investment in Treasury Bills which moved from $96.3 billion in 2022 to $118.3 billion in 2023 or 22.90 percent. Other investments decreased by $6.9 billion, or 39.05 percent, to $10.8 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 $12.9 billion to $110.1 billion, an increase of 13.24 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.

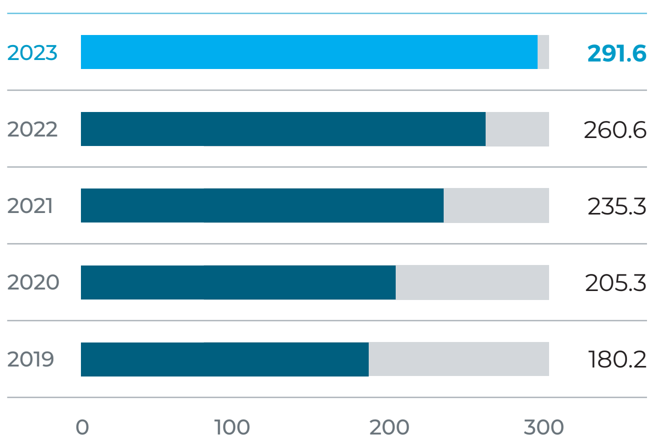
Significantly however, the Demand Loans sub-sector recorded a 17.38 percent increase in value from $48.8 billion to $57.2 billion, while the Retail sub-sector recorded a 10.09 percent increase to $15.0 billion from $13.6 billion and Mortgages sub-sector, a 8.96 percent increase from $37.6 billion to $41.0 billion. The Bank remains poised to aggressively support the Government's home ownership thrust.

As a percentage of Total assets, loans and advances accounted for 37.76 percent (2022: 37.31 percent).

TOTAL ASSETS

The Bank's Total assets of $291.6 billion represent an increase of $31.0 billion or 11.90 percent above 2022; attributed mainly to Treasury Bills and loans and advances. Over the past three years, net investment in loans and advances grew by $6.5 billion, $8.8 billion and $12.9 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.

TOTAL ASSETS $B



Corporate Information | Board of Directors | **Executive Reports** | Management | Environmental, Social & Governance | Financials

Managing Director's Discussion and Analysis

DEPOSITS

In 2023, the Bank's deposits increased by $27.1 billion or 12.07 percent, moving to $251.0 billion from $223.9 billion in 2022, 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 deposit portfolio increased by $17.4 billion or 11.82 percent, savings deposits by $9.4 billion or 13.82 percent and our Certificates of Deposit by $212.7 million or 2.48 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 $4,910.6 million, $2,100 million is being proposed as dividends and $2,810.6 million transferred from the Statement of income to stockholders' equity. At September 30, 2023 the book value of stockholders' equity amounted to $33.3 billion.

Total dividends paid and proposed for fiscal 2023 amount to $2,100 million and equates to a dividend payout ratio of 42.76 percent (2022: 37.82 percent).

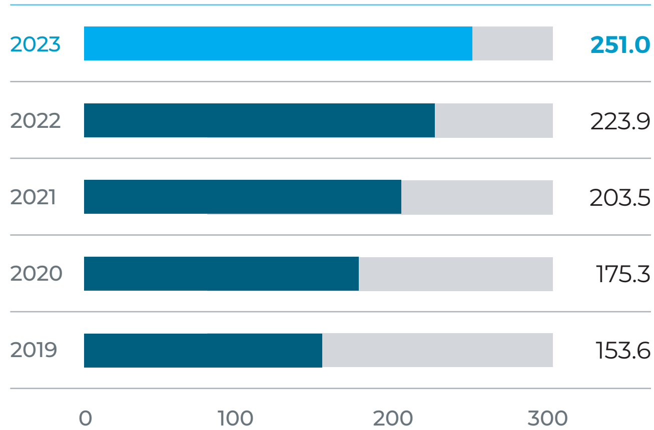
There was an increase in the price at which the Bank's stock traded on the Guyana Stock Exchange with a spread of 40.00 percent between the highest price of $525 and lowest price of $250 with an average weighted price of $522 per stock unit. In terms of volume, most trades were done at a unit price of $520. Using the Market Weighted Average Price of $522 from the last trade date (September 25, 2023) for the Bank's stock, the price/earnings ratio decreased to 31.89 from 36.27 in 2022. The Net asset value of one unit is $110.9 (2022: $101.6) which, with a price of $522 gives a price/book ratio of 4.71:1 (2022: 5.10:1).

REGULATORY CAPITAL

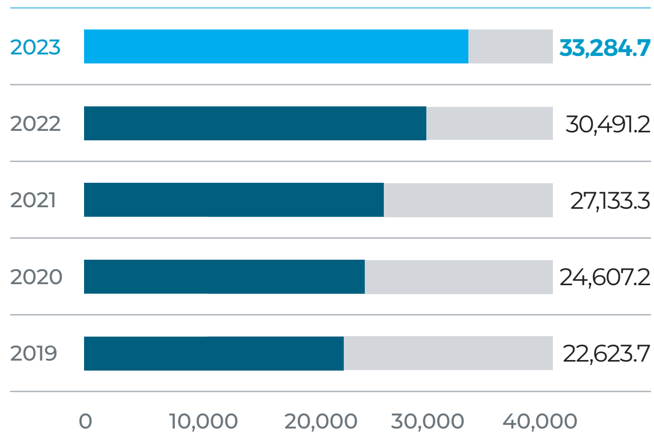
Capital adequacy is monitored by the Bank on a quarterly basis and computed based on guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the Bank of Guyana under the Financial Institutions Act Cap. 85:03.

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 $30.5 billion to $33.3 billion year-on-year.

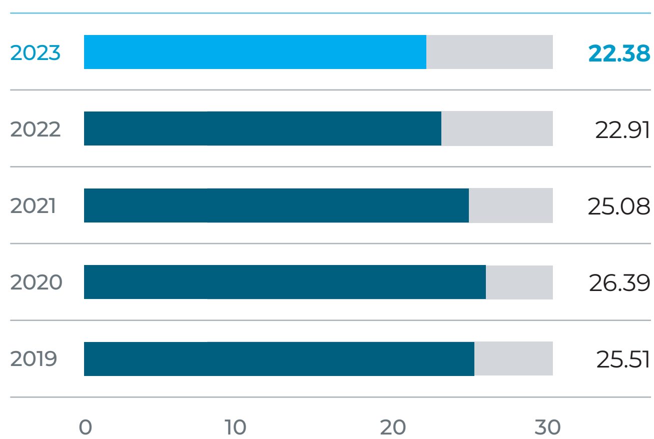
TOTAL DEPOSITS $B



STOCKHOLDERS' EQUITY $M



CAPITAL ADEQUACY %



The capital adequacy ratio decreased marginally, moving to 22.38 percent at September 30, 2023, from 22.91 percent at September 30, 2022. This decrease is attributable to an increase in total risk-weighted assets.

RISK MANAGEMENT

OVERVIEW

Banking is about the management of risks. These are discussed extensively on pages 109 to 122 of this Annual Report.

Emerging risks present new demands for Operational Risk management in the banking/financial industry. Breakthrough technology, increased data availability and new business models are transforming how the Bank serves its valued customers, interacts with third parties, and operates internally. Operational risk is inherent to all business activity 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 operational risk activities, included within the Enterprise Risk Management framework, comprise improvement in the systems environment and process changes.

Over the last few years, the Bank implemented wide-ranging modifications intended to improve the efficiency with which it executes its mandate and strengthen the overall internal control environment. The Bank's Enterprise Risk department oversees and conducts training supported by the Internal Audit function to make 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.

FUTURE OUTLOOK

Guyana's economic transformation continues with ongoing oil production which has unlocked substantial revenue streams, propelling the nation forward.

This boom contributed to a significant 98.4 percent growth in the oil economy's Gross Domestic Product (GDP) while the non-oil economy also showed commendable growth in the first six months of the year.

At the half year, Guyana produced a total 68.7 million barrels of oil, earning revenue of US$705.2 million from nine lifts and an additional US$110.8 million in royalties for the nine month period ended June 2023. All major sectors in the non-oil economy also recorded growth and are projected to remain on that path toward the end of the year.

As Guyana experiences economic growth and development, Republic Bank (Guyana) Limited is well positioned to play a pivotal role. While challenges are inevitable, we remain optimistic and are confident in our ability to adapt, innovate and thrive. We'll continue focusing on strengthening our core banking operations, expanding our digital footprint, and exploring new avenues for growth and community involvement.

ACKNOWLEDGEMENTS

I extend sincere appreciation to our diligent employees whose unwavering efforts contributed significantly to the Bank's commendable performance. I thank the Board of Directors for their guidance and our valued customers and business partners for their loyalty and support.

Together for the win

Across the Caribbean we're like any family, you can spot us by our similar characteristics. We are focused on you, full of progressive solutions, and busy transforming lives. All of us have the same spirit of service and willingness to be there for you.

Senior Management

DENISE HOBBS

GENERAL MANAGER,
OPERATIONS

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

JOINED August 20, 1979

VENUS FRITH

GENERAL MANAGER,
CREDIT

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

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

SASENARINE BINDRANATH

BRANCH SALES MANAGER,
D'EDWARD BRANCH

Dip. (Business Law) (ICM), AICB, MBA, Certified Credit Professional

KAREN COX

BRANCH SALES MANAGER,
LINDEN BRANCH

Dip. (Commerce)

SATIE COX

BRANCH SALES MANAGER,
ROSE HALL BRANCH

EMBA, B.Soc.Sc. (Dist.) (Mgmt.), Certified Credit Professional, Cert. (Trained Teacher)

HARRY DASS GHANESS

COMMERCIAL MANAGER,
CORPORATE BUSINESS CENTRE

I.C.B. – Letter of Accomplishment, Certified Credit Professional

ISMELIA DOUGLAS

ASSISTANT MANAGER,
HUMAN RESOURCES

MBA, Dip. (Bkg. and Fin.) AICB

JONELLE DUMMETT

MANAGER,
MARKETING AND COMMUNICATIONS

B.Soc.Sc. (Credit) (Comm.), PgDip. (Development Studies)

EON GRANT

BRANCH SALES MANAGER,
CAMP STREET BRANCH

BComm., AICB, Certified Credit Professional

YONNETTE GREAVES

MANAGER,
INFORMATION TECHNOLOGY
AND E-SUPPORT

Dip. (Mgmt. Info. Systems), LIMIS

GAIL HARDING

ASSISTANT MANAGER,
COMMERCIAL AND RETAIL BANKING

AICB

SASENARAIN JAGNANAN

REGIONAL CORPORATE MANAGER,
CORPORATE BUSINESS CENTRE

Dip. (Bkg. and Fin.), AICB

ERICA JEFFREY

MANAGER,
BRANCH SUPPORT SERVICES

MBA, ICB - Letter of Accomplishment

NDIDI JONES

SENIOR MANAGER,
HEAD OFFICE

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

JANNIS LONDON

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

Management

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

AICB

GUITREE RAMSAMOOJ

BRANCH SALES MANAGER,
ANNA REGINA BRANCH

CAT, Certified Credit Professional

CARLA ROBERTS

CORPORATE MANAGER,
CORPORATE BUSINESS CENTRE

BSc (Acct.). MBA, PgCert. (Innovation Enterprise and Circular Economy)

ORAL ROSE

MANAGER,
INTERNAL AUDIT

B.Soc.Sc. (Dist.) (Mgmt.), Dip. (Mktg.), AMLCA CIRM (Certified International Risk Manager)

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,
TRIUMPH BRANCH

AICB

VANESSA THOMPSON

MANAGER,
PLANNING AND FINANCIAL CONTROL

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

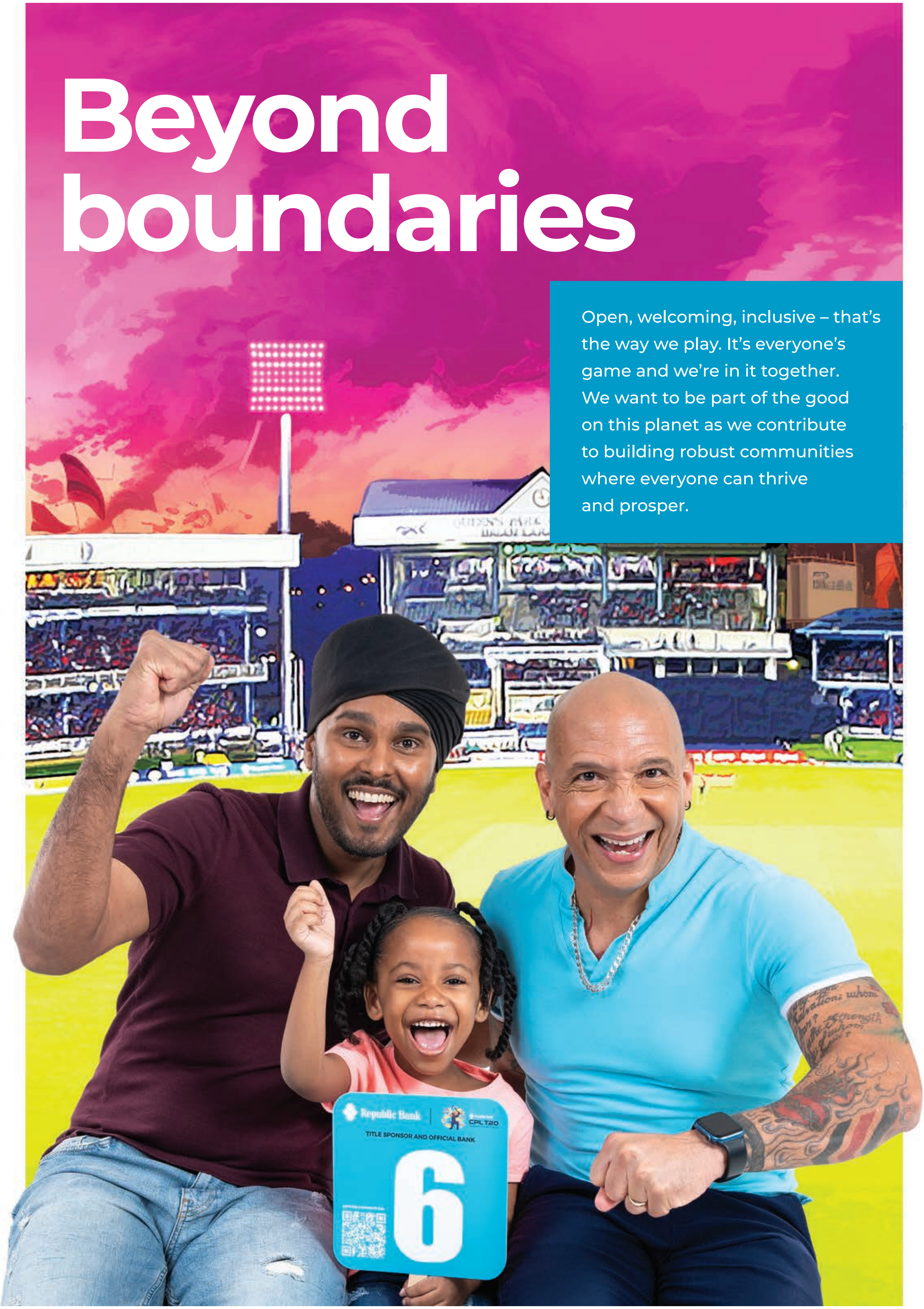
DIANE YHUN

CREDIT MANAGER,
CORPORATE BUSINESS CENTRE

ACCA Affiliate

Beyond boundaries

Open, welcoming, inclusive – that's the way we play. It's everyone's game and we're in it together. We want to be part of the good on this planet as we contribute to building robust communities where everyone can thrive and prosper.



Corporate Governance Practices

Corporate governance principles have transformed the way companies are directed and controlled. As these principles evolve, companies have embraced higher levels of accountability, transparency and fairness. Stakeholders continue to advocate for greater disclosure by companies and this has influenced the management practices of many public companies. The view that adherence to sound corporate governance principles can be instrumental in helping companies navigate the challenges that arise has been widely endorsed. The strength and agility of a company's governance structure are believed to improve the strength and agility of the company which can then be leveraged to achieve financial stability even during challenging economic conditions.

Consistent with the approach that is adopted within the Republic Financial Holdings Group, Republic Bank (Guyana) Limited and its Board of Directors continue to demonstrate commitment to the highest standards of corporate governance through the various governance structures and strategies embraced. Additionally, Directors continue to explore emerging initiatives and international best practices with a view to further strengthening the Bank's corporate governance regime.

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 ten directors including one executive director. The non-executive directors, six of whom are independent, comprise persons with experience in business, management, law and finance, and provide invaluable input at meetings through their personal values and standards arising from their varied and distinct professional experience. 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. Additionally, Directors may request additional information that they believe would enhance their ability to discharge their statutory duty. 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 eight 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.

There are established Board committees which play an important role in helping the Bank maintain the highest standards of Corporate Governance. Each Board Committee has Terms of Reference which clearly define its mandate. These Terms of Reference are reviewed and where necessary, updated as a means of ensuring that the mandate of the Committee remains relevant and supportive of the emerging needs of the Bank. A brief overview of the Board Committees is provided below.

AUDIT COMMITTEE

The members of the Audit Committee are:

CHAIRMAN
Mr. Roy E. Cheong

MEMBERS
Mrs. Yolande M. Foo
Mr. Richard M. Lewis
Mr. P. Vic. Salickram
Mr. Richard I. Vasconcellos,

ALTERNATE MEMBER
Mr. John G. Carpenter

Corporate Governance Practices

The Audit Committee of the Board meets at least quarterly to review the Bank's system of internal controls, 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. Roy E. Cheong
Mr. Richard M. Lewis

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 Terrorist Financing 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 M. Foo
Mr. Richard M. Lewis
Mr. Richard I. 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 a formal and transparent process for the 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 for 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 Senior Management is qualified in Business Management making the Senior Managment team extremely qualified to offer leadership to the wider management team.

The Board of Directors recognises the need to attract and retain employees through various initiatives including ensuring 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. Additionally, the Bank is responsive to the concerns of stakeholders.

Signed on behalf of the Board

NIGEL M. BAPTISTE
Chairman

Diversity, Equity and Inclusion take a central role in all aspects of our value chain and our interactions with both internal and external stakeholders. We remain committed to promoting and incorporating all cultural backgrounds, nationalities and perspectives. We are consistently assessing and updating our operational methods and policies to empower our communities and foster a strong sense of belonging throughout our Group.

People

FEMALE EMPLOYEES

4,246

MALE EMPLOYEES

1,981

Planet

TO LEND, INVEST & ARRANGE BY 2025

US$200M

As the only Caribbean-domiciled bank to have become a signatory to the United Nations Environment Program Finance Initiative – Principles for Responsible Banking and the Net Zero Banking Alliance, we remain steadfast in our commitment to collaborate with our internal and external stakeholders to reduce our emissions in our operations and our lending portfolios. Our unwavering dedication lies in the continuous integration of sustainable practices throughout our operations.

PROJECTS ASSISTED

200+

We have established a Group Sustainability Unit with the responsibility for crafting ESG strategies and mainstreaming ESG principles throughout all facets of our operations. This Unit is responsible for upholding our commitments under the United Nations Environment Program Finance Initiative and providing transparent public reporting on our ESG and sustainability progress locally, regionally and internationally.

Progress

Communities

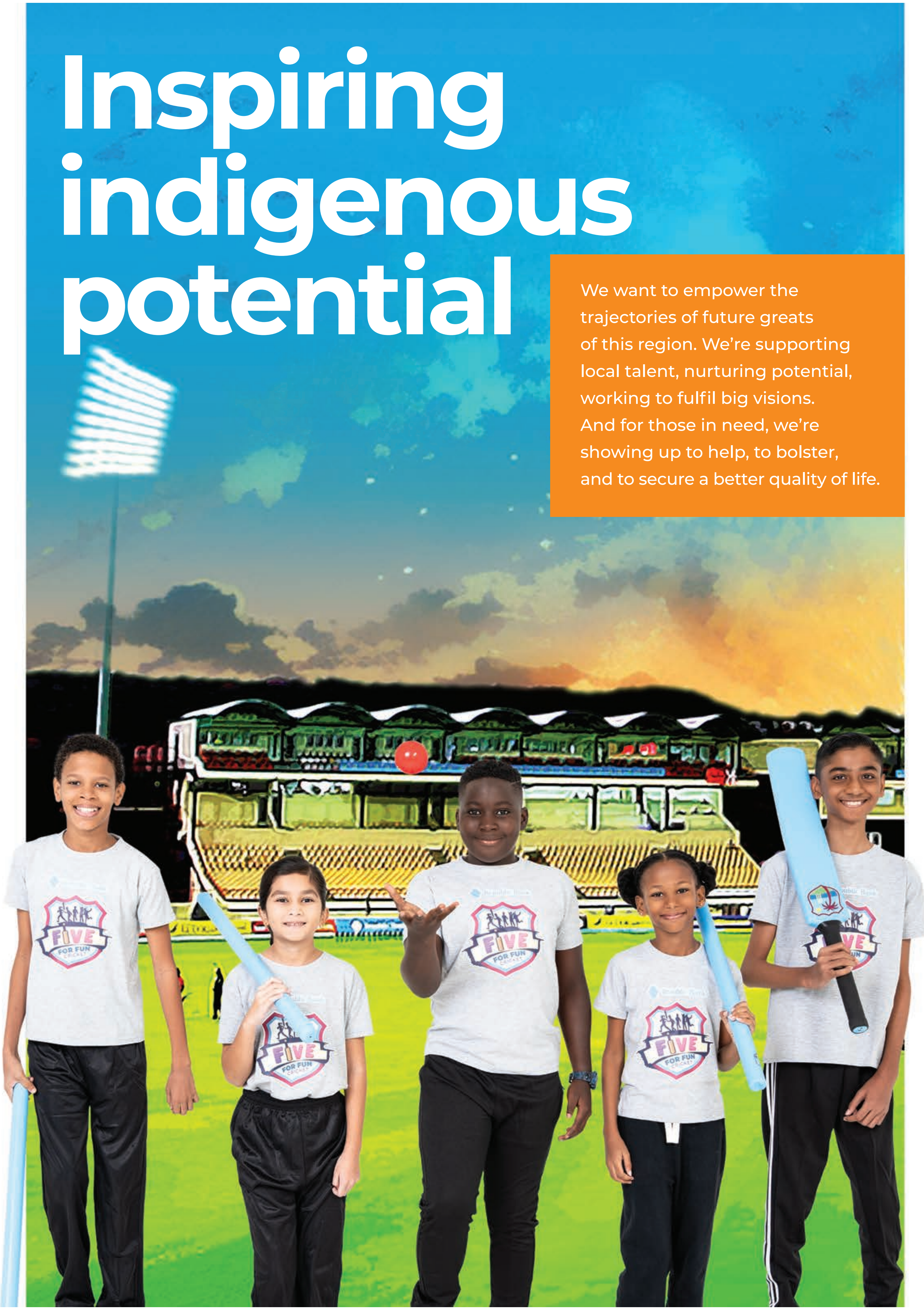
SOCIETIES SERVED

14

We are working towards alignment with the United Nations Sustainable Development Goals which shape our ESG initiatives and CSR programmes. We design programmes and initiatives aimed at strengthening our bonds with the communities we serve. Through partnerships with NGOs, we facilitate social investment and outreach programmes aimed at improving the lives of many.

Inspiring indigenous potential

We want to empower the trajectories of future greats of this region. We're supporting local talent, nurturing potential, working to fulfil big visions. And for those in need, we're showing up to help, to bolster, and to secure a better quality of life.



Creating A Better Tomorrow For All

Our journey toward a better tomorrow is the commitment, across communities in the Caribbean, South America, and Ghana, to work hand in hand with people to unlock their greatest potential. Over the course of decades, this commitment has been reflected in the Group's strategic investment in, and sponsorship of, programmes and initiatives that seek to end poverty, improve healthcare access, empower the socially marginalised, engender youth empowerment through literacy, sport, culture and the arts, and spur economic growth.

In our third year as a signatory to the Principles for Responsible Banking (PRB), the Group continues working towards alignment with the United Nations Sustainable Development Goals (SDGs) by using specified indicators as guidelines for developing Environmental, Social and Governance (ESG) initiatives and Corporate Social Responsibility (CSR) programmes. Most notably, SDG 17 – Partnership for the Goals, remains the overarching objective across the Group in recognition that all SDGs are equally important and interconnected, and require meaningful partnership and collaboration to be achieved.

In financial year 2022-2023, motivated by the successes of the Power to Make A Difference and guided by the tenets of a sound and comprehensive Group-wide ESG policy, the Group continued to grow and build with various communities.

Continuously inspired by the resourcefulness and stories of many, the Group maintained its support; adapting approaches in step with a rapidly changing world and expanding outreach to include more proactive support of initiatives that directly address environmental and climate change issues, and meaningfully advocate Diversity, Equity and Inclusion (DEI) internally and within the wider society.

As the Group continued the journey to build successful societies, it remained, at heart, an ally in support of programmes that empower, challenge, give hope, protect, and embolden.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

In alignment with the PRB and the Net-Zero Banking Alliance (NZBA), the Republic Group set a target of US$200 million toward climate financing. By 2025, the Group aims to lend, invest or arrange US$200 million to reduce the impacts of climate change across the region, with the strategic goal being to become the leading banking and financing partner in the Caribbean for activities related to renewable energy, climate adaptation and climate mitigation.

As the only Caribbean-domiciled bank to have become a signatory to the United Nations Environment Program Finance Initiative – Principles for Responsible Banking and the Net -Zero Banking Alliance, the Group continues to champion sustainability and ESG initiatives from a Caribbean perspective, advocating the region's interests.

In keeping with international best practice, in financial year 2022-2023, the Group launched the ESG Group Data Management platform and began implementing an internal greenhouse gas emission tracking system to further streamline ESG-related data management processes, such as data collection, analysis, and reporting.

During the period, the Group approved its first ESG Policy Framework and Guidance Document, implemented the Environmental and Social (Risk) Management System (ESMS), launched a Small and Medium-sized Enterprise (SME)-focused loan facility, submitted a second self-assessment report for the PRB, and represented the Caribbean region at New York Climate Week.

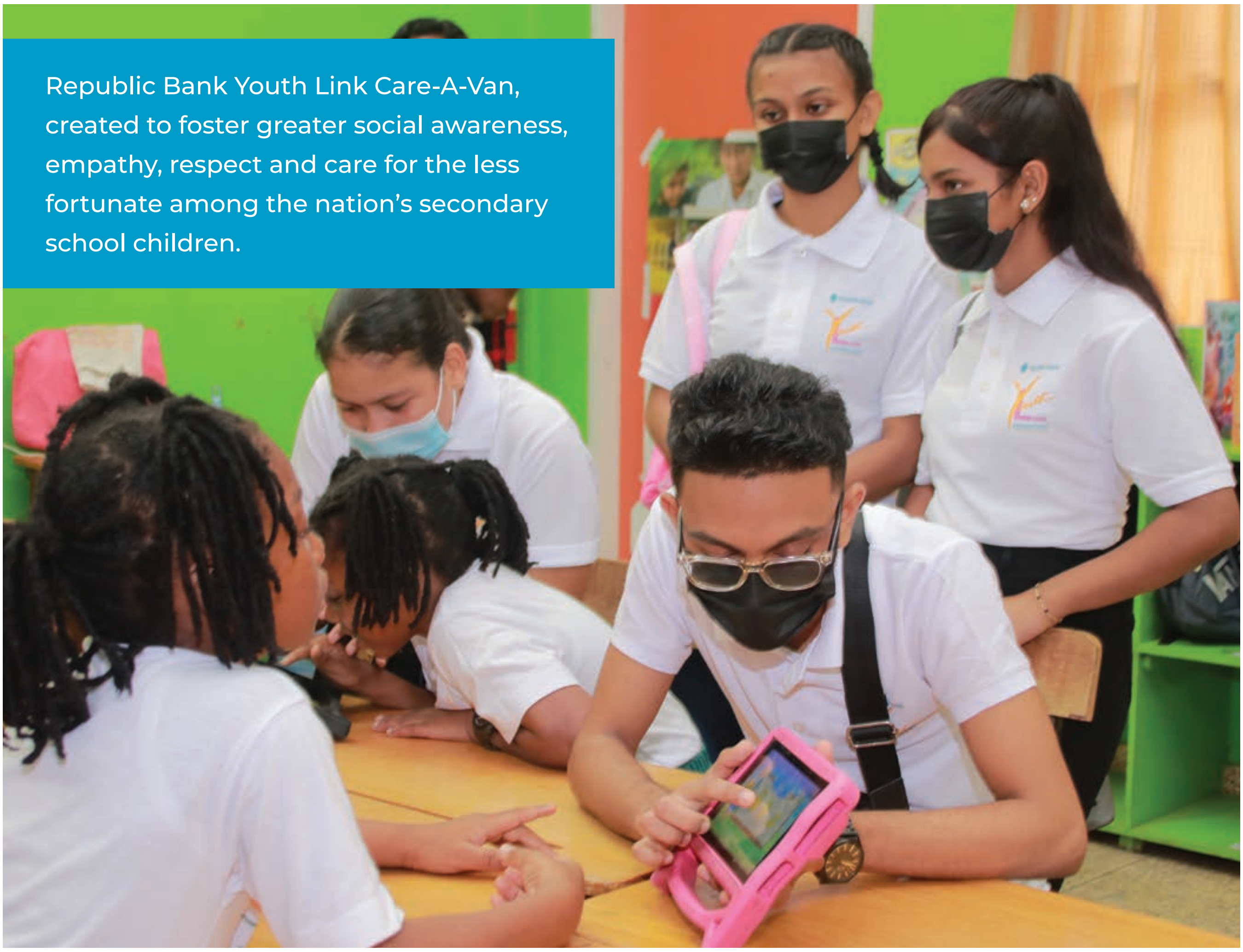
The Group also established the Centre for Business Innovation to drive sustainability and social initiatives that are aligned to SDG 9 – Industry, Innovation and Infrastructure – and build capacity in the SME sector.

ONWARD TO A BETTER FUTURE

For the Republic Group, with every partnership and programme, with every life touched, there is always the fundamental pursuit of sustainable development and investment; of ensuring a better future for many.

Working side by side with, and in service to others, the Group is constantly encouraged by the many acts of selfless dedication, and hope; holding them as universal and powerful. Inspired by these success stories and motivated by the responsibility to act, the Group continues to embrace and champion our People, Planet, Progress and Communities as the foundation of a longstanding, and constantly evolving corporate social responsibility promise.

With the hope of a better future carried in every step forward, the Republic Group will continue to be an ally in building stronger, more inclusive, and sustainable societies; defined by purpose, the will to serve, and a framework of advocacy, agency, and compassion.



Republic Bank Youth Link Care-A-Van, created to foster greater social awareness, empathy, respect and care for the less fortunate among the nation's secondary school children.

People

At the heart of the commitment to serve our people, as a leading financial institution and socially responsible citizen, is the duty to invest in their wellbeing, particularly for those most in need and unable to access even the most basic of resources.

This is the power of people caring and over the years, it has paved the way for the Bank to remain vigilant in working with marginalised communities in support of programmes and organisations that champion healthcare, ensure greater access to health services and facilities, and initiatives that promote care and empowerment for people with disabilities and the elderly.

As part of the Youth Link Apprenticeship Programme 2022/2023, the Republic Bank Youth Link Care-A-Van, created to foster greater social awareness, empathy, respect and care for the less fortunate among the nation's secondary school children, continued its social outreach, and provided the apprentices the opportunity to visit the Ptolemy Reid Rehabilitation Centre and the chance to work closely with children with special needs.

Planet

Our planet, our single most invaluable home, needs our help. Amidst the many challenges that climate change has caused, our world stands at a critical juncture if we are to correct the course, remain within the 1.5 degree Celsius threshold of the Paris Agreement, and achieve Net-Zero by 2030.

With the understanding that climate change is the single most pressing global crisis that we face in the 21st Century, in 2022-2023, the Bank explored several partnerships and innovative programmes focused on environmental protection and climate action.

With the aim of safeguarding and preserving precious environments, collaboration with the Mayor and Councillors of the City of Georgetown entered its 19th year of facilitating the maintenance of the Promenade Gardens, which provides a clean, healthy, and safe place for citizens. In support of the Group's commitment to UN Sustainable Development Goal 13 focused on climate action, partnership continued with the Guyana Marine Conservation Society to sponsor a 30-minute documentary on the peoples of the Barima-Mora Passage.

Carded to get underway in 2023, this innovative documentary is geared toward raising public awareness of, and engagement in the wider national effort to protect and conserve the Barima-Mora Passage, Guyana's largest and most intact mangrove.

We continue our ongoing sponsorship of the Republic Bank Mashramani Panorama Steel Band competition and the Republic Bank Pan Minors Music Literacy programme.

Progress

The greatest measure of progress lies in the ability to engage young minds as they grow and learn. In meeting their need for more opportunities to develop, the Bank built upon new and existing bonds as a means to continue providing viable avenues for youth empowerment through literacy, art and culture, and sport.

In support of entrepreneurial empowerment for young achievers, the Bank partnered with Specialists in Sustained Youth Development and Research Inc. (SSYDR) to give more than 50 successful graduates ongoing business coaching and startup grants to help them open or enhance various business ventures.

Youth empowerment through cultural preservation continued to serve as the foundation for ongoing sponsorship of the Republic Bank Mashramani Panorama Steel Band competition and the Republic Bank Pan Minors Music Literacy programme.

The ongoing partnership with the University of Guyana made it possible for the Republic Bank Scholarship programme to offer two students, pursuing a Bachelor of Science in Finance and Biology at the University, the opportunity to make the most of an open four-year scholarship.

Youth empowerment initiatives built around sport continued to gather momentum with the Bank's sponsorship of the inaugural Republic Bank Junior Golf Clinic and Competition and the inaugural Under-23 Cricket Tournament.

The Republic Bank 'Five for Fun' programme, an exciting cricket format designed around the principles of fun, inclusion and equality, provided primary school students with an unforgettable sport and learning experience, and helped unlock sporting career opportunities on the local and international levels.

Our True Blue staff volunteers participating in the Day of Fun engagement at the National Park in Guyana with the kids from Bless the Children Home

Communities

The pursuit of building sustainable societies is founded upon building stronger people and communities that are more resilient, adaptive, and inclusive. It is about recognising the true strength of diversity, fostering supportive environments, and providing opportunities to achieve for many, particularly those within at-risk communities. It is the power of helping others succeed and understanding the role that comes with offering a real chance to achieve and truly make a difference in the lives of many.

An ongoing partnership with Women Across Differences (WAD) continued to create opportunities for young women and girls to benefit from empowerment programmes for adolescent mothers, who would, in turn, become vocal community advocates of sexual reproductive health, family planning education, self-development training, and vocational skills building.

To date, 651 girls and young women, between the ages of 11–18 years, have successfully completed the programme, with 25 young mothers graduating this year.

Our True Blue staff volunteers again heeded the calls to help, rolling up their sleeves to assist a wide range of organisations with projects that included construction of a walkway at Richmond Nursery School in Anna Regina; participating in the Day of Fun engagement at the National Park with the kids from Bless the Children Home located at East Coast Demerara, and an environment enhancement project where staff assisted with renovations, planted trees, and interacted with the children at the Canaan Orphanage in Berbice.

Know-how to win the game

Stability and profitability benefitting people and planet, we know the score we're after. Our financial path reflects the strength of our strategy and our commitment to seeing our region's communities prosper.

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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 controls is further supported by a professional staff of Internal Auditors who conduct 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, 2023, 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, 2023, and its financial performance and 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 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, 2023. 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 38 percent of the Bank's total assets – refer to Note 5; while Investment securities, net of credit loss provisions, comprise 3.7 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. For credit loss provisions calculated on a collective basis, we performed the following: • The model used to compute Stages 1 and 2 provisions was reviewed for inconsistencies in data and formulas and checked for accuracy;

Independent Auditor's Report

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
CREDIT LOSS PROVISIONS	• 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 Expected Credit Loss (ECL) models) was 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 44.3 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, $2,989 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. 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.	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; 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.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
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 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 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 was conducted 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. 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 using it.	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. We also assessed whether appropriate and complete disclosures have been included in the financial statements and are consistent with the requirement of IAS 36.

Independent Auditor's Report

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
TAXATION The Bank received Notices of Assessments from the Guyana Revenue Authority (GRA) in respect of disallowed provisions for bad debts and doubtful debts for years of assessments 2011 – 2022. An appeal against these assessments was made to the High Court challenging those assessments. Notwithstanding the Bank's confidence of a favourable outcome, the financial statements include full provision for all liabilities in dispute.	We are satisfied that a full provision for the taxes in dispute is included in the financial statements.

OTHER INFORMATION IN THE ANNUAL REPORT

Management is responsible for the other information included in the Annual Report. The other information comprises all 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 materially misstated. If, based on the work we performed, we conclude there is 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 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 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 not a guarantee that an audit conducted in accordance with ISA will always detect 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 controls 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 controls.
- 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 controls that we identify during our audit.

We also provide those charged with governance a statement we complied with relevant ethical requirements regarding independence, and communicate to 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 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, 2023, 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 Robert McRae.

Ram & McRae

RAM & MCRAE
Chartered Accountants
Professional Services Firm
157 'C' Waterloo Street,
Georgetown

October 23, 2023

Statement of Financial Position

As at September 30, 2023.   Expressed in Thousands of Guyana Dollars ($'000)

	Notes	2023	2022
ASSETS			
Cash and cash equivalents		**4,161,701**	4,854,808
Statutory deposit with Bank of Guyana	2(d)	**28,851,718**	25,815,158
Due from banks	4	**7,819,759**	7,679,627
Treasury Bills	6 (c)	**118,305,665**	96,263,567
Investment interest receivable		**67,560**	152,740
Advances	5	**110,079,947**	97,207,405
Investment securities	6 (a)	**10,818,643**	17,750,932
Premises and equipment	7 (a)	**7,118,483**	6,563,090
Intangible assets	7 (b)	**20,195**	28,926
Right-of-use assets	8 (a)	**7,908**	20,548
Goodwill	9	**1,228,222**	1,228,222
Pension asset	10 (a)	**571,000**	1,147,500
Deferred tax assets	11 (a)	**369,302**	334,938
Other assets	12	**2,143,273**	1,505,753
TOTAL ASSETS		**291,563,376**	**260,553,214**
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		**614,906**	289,687
Customers' chequing, savings and deposit accounts	13 (a)	**250,977,757**	223,943,408
Lease liabilities	8 (b)	**8,216**	20,706
Taxation payable		**2,072,928**	1,210,229
Deferred tax liabilities	11 (b)	**561,629**	683,962
Accrued interest payable		**70,657**	65,825
Other liabilities	14	**3,972,573**	3,848,175
TOTAL LIABILITIES		**258,278,666**	**230,061,992**
EQUITY			
Stated capital	15	**300,000**	300,000
Statutory reserves	16 (a)	**300,000**	300,000
General banking risk reserve	16 (b)	**1,445,260**	1,820,821
Retained earnings		**31,239,450**	28,070,401
TOTAL EQUITY		**33,284,710**	**30,491,222**
TOTAL LIABILITIES AND EQUITY		**291,563,376**	**260,553,214**

The accompanying notes on pages 68 to 132 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on October 23, 2023 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, 2023. Expressed in Thousands of Guyana Dollars ($'000)

	Notes	2023	2022
Interest income	17 (a)	**11,906,209**	10,379,718
Interest expense	17 (b)	**(863,235)**	(784,749)
Net Interest Income		**11,042,974**	9,594,969
Other income	17 (c)	**5,407,041**	3,944,945
		16,450,015	13,539,914
Credit loss expense on financial assets	18	**(711,064)**	(453,225)
Operating expenses	17 (d)	**(7,088,686)**	(6,494,297)
Net profit before taxation		**8,650,265**	6,592,392
Taxation – Current		**(3,267,807)**	(2,451,482)
Taxation – Prior years		**(367,066)**	–
Taxation – Deferred		**(104,744)**	142,783
Total taxation expense	19	**(3,739,617)**	(2,308,699)
Net profit after taxation		**4,910,648**	4,283,693
Earnings per stock unit ($)		**16.37**	14.28

The accompanying notes on pages 68 to 132 form an integral part of these financial statements.

Statement of Comprehensive Income

For the Year Ending September 30, 2023. Expressed in Thousands of Guyana Dollars ($'000)

	2023	2022
Net profit after taxation	**4,910,648**	4,283,693
Items of other comprehensive income that will not be reclassified to the Statement of income in subsequent periods (net of tax):		
Re-measurement (loss)/gain on defined benefit plans	**(653,600)**	907,000
Income tax related to above	**261,440**	(362,800)
Total items that will not be reclassified to the Statement of income in subsequent periods:	**(392,160)**	544,200
Other comprehensive (loss)/gain for the year, net of tax	**(392,160)**	544,200
Total comprehensive income for the year, net of tax	**4,518,488**	**4,827,893**

The accompanying notes on pages 68 to 132 form an integral part of these financial statements.

Statement of Changes in Equity

For the Year Ending September 30, 2023. Expressed in Thousands of Guyana Dollars ($'000)

	Stated Capital	Statutory Reserves	General Banking Risk Reserve	Retained Earnings	Total Equity
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**
Profit for the year	–	–	–	4,910,648	**4,910,648**
Other comprehensive loss	–	–	–	(392,160)	**(392,160)**
Total comprehensive income for the year	–	–	–	4,518,488	**4,518,488**
Transfer from general banking risk reserve – Note 16 (b)	–	–	(375,561)	375,561	**–**
Dividends	–	–	–	(1,725,000)	**(1,725,000)**
Balance at September 30, 2023	**300,000**	**300,000**	**1,445,260**	**31,239,450**	**33,284,710**

Statement of Cash Flows

For the Year Ending September 30, 2023. Expressed in Thousands of Guyana Dollars ($'000)

	Notes	2023	2022
Operating activities			
Net profit before taxation		**8,650,265**	6,592,392
Adjustments for:			
Depreciation of premises and equipment and right-of-use assets	7 and 8 (a)	**399,720**	433,542
Credit loss expense on financial assets		**711,064**	453,225
Loss on sale of premises and equipment		**6,701**	5,643
Increase in employee benefits		**(77,100)**	(26,200)
Increase in advances		**(13,596,459)**	(9,266,035)
Increase in customers' deposits		**27,034,349**	20,410,870
Increase in statutory deposit with Bank of Guyana		**(3,036,560)**	(6,804,525)
Increase in other assets and investment interest receivable		**(552,340)**	(433,480)
Increase in other liabilities and accrued interest payable		**129,231**	588,224
Net cash provided by operating activities before tax		**19,668,871**	11,953,656
Taxes paid		**(2,789,603)**	(2,146,574)
Cash provided by operating activities		**16,879,268**	9,807,082
Investing activities			
Purchase of investment securities		**(26,530,310)**	(20,100,872)
Redemption of investment securities		**30,135,299**	7,597,281
Purchase of Treasury Bills		**(104,900,000)**	(86,222,550)
Redemption of Treasury Bills		**86,222,550**	47,969,000
Additions to premises and equipment		**(942,311)**	(197,126)
Proceeds from sale of premises and equipment		**2,398**	–
Cash used in investing activities		**(16,012,374)**	(50,954,267)
Financing activities			
Increase in balances due to other banks		**325,219**	256,905
Repayment of principal portion of lease liabilities	8 (b)	**(20,088)**	(19,589)
Dividends paid		**(1,725,000)**	(1,470,000)
Cash used in financing activities		**(1,419,869)**	(1,232,684)
Net decrease in cash and cash equivalents		**(552,975)**	(42,379,869)
Cash and cash equivalents at beginnning of year		**12,534,435**	54,914,304
Cash and cash equivalents at end of the year		**11,981,460**	12,534,435
Cash and cash equivalents at end of year are represented by:			
Cash on hand		**4,161,701**	4,854,808
Due from banks	4	**7,819,759**	7,679,627
		11,981,460	12,534,435

Statement of Cash Flows continued

For the Year Ending September 30, 2023. Expressed in Thousands of Guyana Dollars ($'000)

	Notes	2023	2022
Supplemental information:			
Interest received during the year		**11,968,111**	10,556,985
Interest paid during the year		**858,403**	777,786
Dividends received		**408**	530

The accompanying notes on pages 68 to 132 form an integral part of these financial statements.

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 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, 2023, 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 in 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 mainly in the Caribbean Community (CARICOM) region, Cayman Islands, Ghana, St. Maarten, Anguilla and the British Virgin Islands. It 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 were 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 are 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, 2022, 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 2023, 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.

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.

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.

These amendments had no impact on the financial statements of the Bank.

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.

These amendments had no impact on the financial statements of the Bank.

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.

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

2 SIGNIFICANT ACCOUNTING POLICIES continued

b Changes in accounting policies continued

i New accounting standards/improvements adopted continued

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

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.

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.

These amendments had no impact on the financial statements of the Bank.

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, 2023:

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)*
IAS 41 –	Agriculture – Taxation in fair value measurements *(effective January 1, 2022)*

These amendments had no impact on the financial statements of the Bank.

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 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.

2 SIGNIFICANT ACCOUNTING POLICIES continued

b Changes in accounting policies continued

ii Standards in issue not yet effective continued

IFRS 17 Insurance Contracts (effective January 1, 2023) continued

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 Consolidated statement of income, but are recognised directly on the Consolidated 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.

These amendments had no impact on the financial statements of the Bank.

2 SIGNIFICANT ACCOUNTING POLICIES continued

b Changes in accounting policies continued

ii Standards in issue not yet effective continued

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments 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 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective January 1, 2023)

The amendments to IAS 12, which narrow 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.

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 unequal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are unequal (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 Board 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.

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 – International Tax Reform – Pillar Two Model Rules (effective January 1, 2023)

The amendments to IAS 12, introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments.

The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023, but are not required for any interim period ending on or before December 31, 2023.

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

The IASB issued amendments to provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

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
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. 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.

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 – Classification of Liabilities as Current or Non-current (effective January 1, 2024)

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

IFRS 16 Leases – Amendments to IFRS 16 (effective January 1, 2024)

The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right-of-use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right-of-use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

A seller-lessee applies the amendment to annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted and that fact must be disclosed.

A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e. the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

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. There are no amendments applicable to annual periods beginning on or after January 1, 2024.

2 SIGNIFICANT ACCOUNTING POLICIES continued

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.

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), or
- 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.

2 SIGNIFICANT ACCOUNTING POLICIES continued

f **Financial assets and liabilities** continued

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

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 (e.g. if there are repayments of principal or amortisation of the premium/discount).

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.

2 SIGNIFICANT ACCOUNTING POLICIES continued

f Financial assets and liabilities continued

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES continued

h Derecognition of financial assets and liabilities continued

Derecognition due to substantial modification of terms and conditions continued

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES continued

h Derecognition of financial assets and liabilities continued

Derecognition other than for substantial modification continued

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.

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 was 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 or 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 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 improved and the loan was reclassified from Stage 2.

Stage 2

When a loan or investment shows 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 improved and the loan or investment was reclassified from Stage 3.

2 SIGNIFICANT ACCOUNTING POLICIES continued

i **Impairment of financial assets** continued

i Overview of the ECL principles continued

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES continued

i Impairment of financial assets continued

ii The calculation of ECLs continued

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.

Stage 2

When a loan or investment shows 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 offerings 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 monthly and are consequently charged no interest.

2 SIGNIFICANT ACCOUNTING POLICIES continued

i **Impairment of financial assets** continued

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.

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 risk 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 eriodically.

To the extent possible, the Bank uses active market data to value 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.

2 SIGNIFICANT ACCOUNTING POLICIES continued

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.

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).

2 SIGNIFICANT ACCOUNTING POLICIES continued

m Leases continued

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.

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 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 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 life of three to five years.

2 SIGNIFICANT ACCOUNTING POLICIES continued

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.

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 remains 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 share 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.

2 SIGNIFICANT ACCOUNTING POLICIES continued

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.

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 was 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 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 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.

2 SIGNIFICANT ACCOUNTING POLICIES continued

v **Revenue recognition** continued

The EIR method continued

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).

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 customers 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 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.

2 SIGNIFICANT ACCOUNTING POLICIES continued

aa Comparatives

Certain changes in presentation were 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.

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 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 output 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 was 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.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE BANK'S ACCOUNTING POLICIES continued

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.

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, 2023, 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 exercise the option to renew or 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 similar security, the funds necessary to obtain an asset of 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 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).

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

4 DUE FROM BANKS

	2023	2022
Bank of Guyana – excess of statutory deposit	**5,074,490**	6,103,035
Other banks	**2,745,269**	1,576,592
	7,819,759	**7,679,627**

5 ADVANCES

a Advances

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
2023					
Performing advances	14,522,319	46,781,613	39,801,502	10,076,323	**111,181,757**
Non-performing advances	466,019	372,239	1,160,367	–	**1,998,625**
	14,988,338	47,153,852	40,961,869	10,076,323	**113,180,382**
Unearned interest	(2,418,605)	–	–	–	**(2,418,605)**
Accrued interest	1,968	261,090	124,888	4,414	**392,360**
	12,571,701	47,414,942	41,086,757	10,080,737	**111,154,137**
Allowance for ECLs – Note 5 (c)	(81,528)	(330,805)	(186,416)	(38,780)	**(637,529)**
	12,490,173	47,084,137	40,900,341	10,041,957	**110,516,608**
Unearned loan origination fees	(263,424)	(115,306)	(57,931)	–	**(436,661)**
Net advances	**12,226,749**	**46,968,831**	**40,842,410**	**10,041,957**	**110,079,947**
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**

5 ADVANCES continued

b Loans by remaining term to maturity

	2023	2022
Within three months	**1,269,869**	1,313,278
Between three and six months	**2,401,780**	2,133,745
Between six months and one year	**12,941,082**	9,396,720
Between one to five years	**20,731,021**	16,435,856
More than five years	**72,736,195**	67,927,806
	110,079,947	**97,207,405**

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.

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
2023					
Gross loans	12,571,700	47,414,942	41,086,758	10,080,737	**111,154,137**
Stage 1: 12 Month ECL	(75,840)	(245,808)	(59,521)	(38,739)	**(419,908)**
Stage 2: Lifetime ECL	(1,722)	(16,453)	(4,699)	(41)	**(22,915)**
Stage 3: Credit impaired financial assets					
– Lifetime ECL	(3,966)	(68,543)	(122,196)	–	**(194,705)**
	12,490,172	**47,084,138**	**40,900,342**	**10,041,957**	**110,516,609**
Stage 1: 12 Month ECL					
ECL allowance as at October 1, 2022	59,859	220,210	62,826	29,430	**372,325**
ECL on new instruments issued					
during the year	53,784	149,561	1,754	–	**205,099**
Other credit loss movements,					
repayments etc.	(37,803)	(123,963)	(5,059)	9,309	**(157,516)**
At September 30, 2023	**75,840**	**245,808**	**59,521**	**38,739**	**419,908**
Stage 2: Lifetime ECL					
ECL allowance as at October 1, 2022	1,711	20,160	8,353	170	**30,394**
ECL on new instruments issued					
during the year	723	7,471	222	–	8,416
Other credit loss movements,					
repayments etc.	(712)	(11,178)	(3,876)	(129)	(15,895)
At September 30, 2023	**1,722**	**16,453**	**4,699**	**41**	**22,915**

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

5 ADVANCES continued

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

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
2023					
Stage 3: Credit impaired financial assets					
– Lifetime ECL					
ECL allowance as at October 1, 2022	83,362	5,455	120,210	–	**209,027**
Charge-offs and write-offs	(225,654)	(268,969)	(203,511)	–	**(698,134)**
Credit loss expense	(119,944)	308,078	200,961	–	**389,095**
Recoveries	266,202	23,979	4,536	–	**294,717**
At September 30, 2023	**3,966**	**68,543**	**122,196**	**–**	**194,705**
Total	**81,528**	**330,804**	**186,416**	**38,780**	**637,528**

Of the Total ECL of $637.5 million, 69.5% was on an individual basis and 30.5% on a collective basis.

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
2022					
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

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
2022					
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% collective basis.

d Provision for loan losses by economic sectors

	Gross Amount	Non-Performing	Specific Provisions	Expected Credit Loss	Net Advances
2023					
Government and government bodies	412	–	–	–	**412**
Financial sector	74,134	–	–	(391)	**73,743**
Energy and mining	235,212	25,163	(11,324)	(1,240)	**247,811**
Agriculture	2,549,785	53,571	(13,174)	(13,437)	**2,576,745**
Transport, storage and communication	1,747,174	18,624	–	(9,208)	**1,756,590**
Distribution	12,346,467	–	–	(65,066)	**12,281,401**
Real estate mortgages	39,926,390	1,160,367	(122,196)	(64,220)	**40,900,341**
Manufacturing	2,966,274	3,171	(15,602)	(15,632)	**2,938,211**
Construction	2,349,084	62,199	–	(12,380)	**2,398,903**
Personal	12,105,682	466,019	(3,966)	(77,562)	**12,490,173**
Non-residents	912,743	–	–	(4,810)	**907,933**
Other services	33,942,154	209,511	(28,443)	(178,877)	**33,944,345**
	109,155,511	**1,998,625**	**(194,705)**	**(442,823)**	**110,516,608**

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

5 ADVANCES continued

d Provision for loan losses by economic sectors continued

	Gross Amount	Non-Performing	Specific Provisions	Expected Credit Loss	Net Advances
2022					
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**

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 $313.1 million as at September 30, 2023, ($523.0 million as at September 30, 2022).

f The undiscounted fair value of collateral that the Bank holds relating to loans individually determined to be impaired at September 30, 2023, amounts to $5,889.7 million (2022: $7,560.4 million). The collateral consists of cash, securities and properties.

g Collateral realised

During the year, the Bank realised collateral amounting to $5.3 million (2022: $8.5 million).

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

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). continued

	2023	2022
Other services	**12,030,290**	4,521,981
Government	**–**	6,012,805
Manufacturing	**6,527,520**	6,884,753
	18,557,810	**17,421,561**

6 INVESTMENT SECURITIES

		2023	2022
a	**Debt instruments at amortised cost**		
	Government securities	**2,504,728**	9,484,845
	Corporate bonds	**8,313,915**	5,457,787
	Fixed deposits	**–**	2,808,300
	Total investment securities	**10,818,643**	**17,750,932**
b	**Investment securities by remaining term to maturity**		
	Within three months	**2,330,249**	319,326
	Between three and six months	**–**	2,423,700
	Between six months and one year	**2,508,289**	10,680,401
	Between one and five years	**4,105,767**	1,875,550
	More than five years	**1,874,338**	2,451,955
		10,818,643	**17,750,932**
c	**Treasury Bills by remaining term to maturity**		
	Within three months	**44,574,367**	37,440,510
	Between three and six months	**34,540,767**	21,922,395
	Between six months and one year	**39,190,531**	36,900,662
		118,305,665	**96,263,567**

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

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	Purchased or Originated Credit-impaired (POCI)	Total
2023					
Gross exposure	9,747,300	1,083,983	–	39,340	**10,870,623**
ECL	(13,451)	(30,012)	–	(8,517)	**(51,980)**
Net exposure	**9,733,849**	**1,053,971**	**–**	**30,823**	**10,818,643**
ECL allowance as at October 1, 2022 under IFRS 9	9,910	44,077	–	10,845	**64,832**
ECL on new instruments issued during the year	7,339	–	–	–	**7,339**
Other credit loss movements, repayments and maturities	(3,798)	(14,065)	–	(2,328)	**(20,191)**
At September 30, 2023	**13,451**	**30,012**	**–**	**8,517**	**51,980**
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)	**(28,178)**
At September 30, 2022	**9,910**	**44,077**	**–**	**10,845**	**64,832**

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.

7 PREMISES AND EQUIPMENT

a Premises and equipment

	Capital Works in Progress	Freehold Premises	Equipment, Furniture and Fittings	Total
2023				
Cost				
At beginning of year	159,897	6,434,613	4,775,482	**11,369,992**
Additions at cost	775,857	23,730	135,126	**934,713**
Disposal of assets	–	–	(57,260)	**(57,260)**
Transfer of assets	(67,668)	5,497	62,171	**-**
	868,086	**6,463,840**	**4,915,519**	**12,247,445**
Accumulated depreciation				
At beginning of year	–	1,292,662	3,514,240	**4,806,902**
Charge for the year	–	101,657	269,094	**370,751**
Disposal of assets	–	–	(48,691)	**(48,691)**
	-	**1,394,319**	**3,734,643**	**5,128,962**
Net book value	**868,086**	**5,069,521**	**1,180,876**	**7,118,483**
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**

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

7 PREMISES AND EQUIPMENT continued

		2023	2022
b	**Intangible assets**		
	Cost		
	At beginning of year	**660,986**	655,935
	Additions at cost	**–**	7,008
	Disposal	**(166)**	(1,957)
		660,820	**660,986**
	Accumulated depreciation		
	At beginning of year	**632,060**	622,919
	Charge for the year	**8,731**	10,832
	Disposal	**(166)**	(1,691)
		640,625	**632,060**
	Net book value	**20,195**	**28,926**
c	**Capital commitments**		
	Contracts for outstanding capital expenditure not provided for in the financial statements	**722,745**	**249,090**

8 LEASES

a Right-of-use assets

	Leasehold Premises 2023	Leasehold Premises 2022
Cost		
At beginning of year	**77,604**	47,693
Additions at cost	**7,598**	29,911
	85,202	77,604
Accumulated depreciation		
At beginning of year	**57,056**	36,315
Charge for the year – Note 17 (d)	**20,238**	20,741
	77,294	57,056
Net book value	**7,908**	**20,548**

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

8 LEASES continued

b Lease liabilities

	Non-current	Current	Total
2023			
At beginning of year	20,706	–	**20,706**
Additions at cost	7,598	–	**7,598**
Accretion of interest expense – Note 17 (b)	427	–	**427**
Less: Payments	(20,515)	–	**(20,515)**
	8,216	**-**	**8,216**
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**

The contractual maturity analysis of lease liabilities is disclosed in Note 21.3.1.

Payments

	Fixed Payments	Variable Payments	Total
2023			
Fixed rent	20,515	–	**20,515**
	20,515	**-**	**20,515**
2022			
Fixed rent	20,241	–	**20,241**
	20,241	**-**	**20,241**

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
2023			
Extension options expected not to be exercised	22,877	–	**22,877**
Termination options expected to be exercised	–	–	**-**
	22,877	**-**	**22,877**

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

8 LEASES continued

b Lease liabilities continued

Payments continued

	Within Five Years	More than Five Years	Total
2022			
Extension options expected not to be exercised	18,244	–	**18,244**
Termination options expected to be exercised	–	–	**–**
	18,244	**–**	**18,244**

9 GOODWILL

	2023	2022
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, 2023, using the 'value in use' method. Based on the results of this review, no impairment expense was required.

10 EMPLOYEE BENEFITS

	2023	2022
a The amounts recognised in the Statement of financial position are as follows:		
Present value of defined benefit obligation	**2,865,500**	2,715,400
Fair value of plan assets	**(3,436,500)**	(3,862,900)
Net (asset)/liability recognised in the Statement of financial position	**(571,000)**	**(1,147,500)**
b Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**2,715,400**	2,516,900
Current service cost	**92,800**	95,600
Interest cost	**146,200**	136,700
Members' contributions	**39,600**	40,700
Re-measurements		
– Experience adjustments	**(10,900)**	(9,900)
– Actuarial (gains)/losses from changes in demographic assumptions	**–**	–
Benefits paid	**(117,600)**	(64,600)
Closing defined benefit obligation	**2,865,500**	**2,715,400**

10 EMPLOYEE BENEFITS continued

		2023	2022
c	**Changes in the fair value of plan assets are as follows:**		
	Opening fair value of plan assets	**3,862,900**	2,731,200
	Interest income	**213,200**	152,400
	Return on plan assets, excluding interest income	**(664,500)**	897,100
	Bank contributions	**108,500**	111,800
	Members' contributions	**39,600**	40,700
	Benefits paid	**(117,600)**	(64,600)
	Expense allowance	**(5,600)**	(5,700)
	Closing fair value of plan assets	**3,436,500**	**3,862,900**
	Actual return on plan assets	**(451,300)**	**1,049,500**
d	**The amounts recognised in the Statement of income are as follows:**		
	Current service cost	**92,800**	95,600
	Net interest on net defined benefit liability	**(67,000)**	(15,700)
	Administration expenses	**5,600**	5,700
	Net pension cost	**31,400**	**85,600**
e	**Reconciliation of opening and closing Statement of financial position entries:**		
	Defined benefit obligation at prior year end	**(1,147,500)**	(214,300)
	Unrecognised gain/(loss) charged to retained earnings	**–**	–
	Opening defined benefit obligation	**(1,147,500)**	(214,300)
	Net pension cost	**31,400**	85,600
	Re-measurements recognised in other comprehensive income	**653,600**	(907,000)
	Premiums paid by the Bank	**(108,500)**	(111,800)
	Closing defined benefit (asset)/obligation	**(571,000)**	**(1,147,500)**
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	**20.1 years**	20.0 years

50% of the defined benefit obligation for active members is conditional on future salary increases

51% of the benefits for active members are vested

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

10 EMPLOYEE BENEFITS continued

g Re-measurements recognised in Other comprehensive income

	2023	2022
Experience loss/(gain)	**653,600**	(907,000)
Total included in Other comprehensive income	**653,600**	**(907,000)**

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, 2023, 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	628,000	(477,000)
– Future salary increases	(304,000)	382,000

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at September 30, 2023, by $48.0 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

	2023 %	2022 %
Discount rate	**5.50**	5.50
Rate of salary increase	**5.50**	5.50
NIS ceiling rates	**5.00**	5.00

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, 2023, are as follows:

	2023	2022
Life expectancy at age 65 for current pensioner in years:		
– Male	**17.6**	17.6
– Female	**21.6**	21.5
Life expectancy at age 65 for current members age 40 in years:		
– Male	**18.6**	18.6
– Female	**22.7**	22.7

10 EMPLOYEE BENEFITS continued

j Plan asset allocation as at September 30

	2023	2022
Local equities	**1,252,700**	1,742,000
Overseas equities	**264,500**	259,200
Cash and cash equivalents	**1,832,300**	1,756,600
Mortgages	**87,000**	105,100
Fair value of scheme assets at end of year	**3,436,500**	**3,862,900**

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 $118.0 million to the Pension Scheme during 2023/2024.

11 DEFERRED TAX ASSETS AND LIABILITIES

Components of deferred tax assets and liabilities

a Deferred tax assets

			Credit /(Charge)		
	Opening Balance 2022	Impact of IFRS 9	Statement of Income	Other Comprehensive Income	Closing Balance 2023
Pension asset	–	–	–	–	**–**
Fee and commission income	152,193	–	22,471	–	**174,664**
Leased assets	63	–	60	–	**123**
ECL on loans and investments	182,682	–	11,833	–	**194,515**
	334,938	**–**	**34,364**	**–**	**369,302**

b Deferred tax liabilities

			Charge /(Credit)		
	Opening Balance 2022	Impact of IFRS 9	Statement of Income	Other Comprehensive Income	Closing Balance 2023
Pension asset	459,000	–	30,840	(261,440)	**228,400**
Premises and equipment	224,962	–	108,267	–	**333,229**
Leased assets	–	–	–	–	**–**
	683,962	**–**	**139,107**	**(261,440)**	**561,629**

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

12 OTHER ASSETS

	2023	2022
Accounts receivable and prepayments	**2,143,273**	1,505,753
	2,143,273	**1,505,753**

13 CUSTOMERS' CHEQUING, SAVINGS AND DEPOSIT ACCOUNTS

a Concentration of customers' chequing, savings and deposit accounts

	Demand	Savings	Time	Total
2023				
State	39,926,642	2,367,267	435,513	**42,729,422**
Corporate and commercial	52,915,838	2,563,510	1,502,263	**56,981,611**
Personal	51,339,960	70,055,900	4,831,845	**126,227,705**
Other financial institutions	7,665,137	1,861,692	1,993,536	**11,520,365**
Other	12,682,512	794,778	41,364	**13,518,654**
	164,530,089	**77,643,147**	**8,804,521**	**250,977,757**
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**

b Time deposits by remaining term to maturity

	2023	2022
Within three months	**2,980,503**	2,401,228
Between three and six months	**1,236,519**	1,734,347
Between six months and one year	**4,562,911**	4,403,583
More than one year	**24,588**	52,664
	8,804,521	**8,591,822**

14 OTHER LIABILITIES

	2023	2022
Drafts and settlements	**243,375**	428,889
Accrued expenses	**1,406,650**	878,641
Office accounts	**570,578**	907,200
Deferred income	**5,343**	3,810
Dividends payable	**35,144**	51,323
Other	**1,711,483**	1,578,312
	3,972,573	**3,848,175**

15 STATED CAPITAL

	2023	2022
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

	2023	2022
a Interest income		
Advances	**9,940,301**	8,976,562
Investment securities	**485,935**	616,879
Liquid assets	**1,479,973**	786,277
	11,906,209	**10,379,718**

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

17 OPERATING PROFIT continued

		2023	2022
b	**Interest expense**		
	Customers' chequing, savings and deposit accounts	**854,116**	784,098
	Other interest bearing liabilities	**8,692**	–
	Lease liabilities	**427**	651
		863,235	**784,749**
c	**Other income**		
	Credit and related fees	**559,052**	539,604
	Net exchange trading income	**3,079,051**	2,079,204
	Loan recoveries	**294,813**	223,705
	Dividends	**408**	530
	Deposit and related fees	**956,895**	782,987
	Payments and transfers	**445,249**	318,915
	Other operating income	**71,573**	–
		5,407,041	**3,944,945**
d	**Operating expenses**		
	Staff costs	**2,364,419**	2,397,936
	Staff profit share	**555,542**	412,537
	General administrative expenses	**1,480,186**	1,419,159
	Lease rental expenses	**67,250**	63,990
	Property related expenses	**727,971**	673,744
	Property tax	**277,590**	258,675
	Loss on sale of premises and equipment	**6,701**	5,643
	Depreciation expense	**379,482**	412,801
	Depreciation expense right-of-use assets – Note 8 (a)	**20,238**	20,741
	Communication	**186,482**	261,580
	Advertising and public relations expenses	**494,517**	248,921
	Directors' fees	**34,264**	28,161
	Auditors' fees	**21,528**	21,528
	Shared services expense	**472,516**	268,881
		7,088,686	**6,494,297**

18 CREDIT LOSS EXPENSE

	2023	2022
Advances	**723,916**	460,030
Debt instruments measured at amortised cost	**(12,852)**	(6,805)
	711,064	**453,225**

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:

	2023	2022
Accounting profit	**8,650,265**	6,592,392
Tax at applicable statutory tax rates (40%)	**3,460,106**	2,636,957
Tax effect of items that are adjustable in determining taxable profit:		
Tax exempt income	**(371,238)**	(357,660)
Depreciation	**159,890**	173,417
Donations	**1,708**	847
Property tax	**111,313**	103,470
Wear and tear allowance	**(100,115)**	(123,820)
Expected credit loss (Stages 1 and 2)	**11,832**	16,846
Loss on sale of premises and equipment	**2,680**	2,257
Defined benefit obligation	**(30,840)**	(10,480)
Deferred fee income	**22,471**	9,647
Current tax	**3,267,807**	2,451,482
Prior years tax	**367,066**	–
Deferred tax	**104,744**	(142,783)
Total taxation	**3,739,617**	**2,308,699**

Over the period 2018 – 2023, the Guyana Revenue Authority raised additional assessments for the years of assessment 2011 – 2022 (years of income 2010 – 2021), disallowing in part, the Bank's Provisions for Bad and Doubtful Debts.

The Bank has appealed those assessments to the High Court in accordance with the provisions of the Corporation Tax Act and is confident of a favourable outcome. Notwithstanding, these financial statements include a full provision to meet any liability arising from those assessments.

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 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.

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

20 RELATED PARTIES continued

Outstanding balances

	2023	2022
Loans, investments and other assets		
Fellow subsidiaries	**2,311,089**	1,265,707
Directors and key management personnel	**59,868**	72,407
Other related parties	**182,777**	688,662
	2,553,734	**2,026,776**

No provisions were made against amounts due from related parties.

Amounts due from the five parties with the highest exposures totalled $218.7 million (2022: $734.1 million) and represents 0.65% (2022: 2.41%) of the Bank's capital base.

	2023	2022
Deposits and other liabilities		
Fellow subsidiaries	**787,842**	675,588
Directors and key management personnel	**339,782**	268,005
Other related parties	**2,172,658**	7,420,498
	3,300,282	**8,364,091**
Interest and other income		
Fellow subsidiaries	**1,313**	24,776
Directors and key management personnel	**2,111**	1,774
Other related parties	**15,827**	15,835
	19,251	**42,385**
Interest and other expense (excluding key management compensation)		
Fellow subsidiaries	**663,951**	426,460
Directors and key management personnel	**37,452**	19,230
Other related parties	**4,023**	5,317
	705,426	**451,007**
Proportion of related parties exposure to total customer exposure	**0.24%**	0.80%

20 RELATED PARTIES continued

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

Key management compensation

	2023	2022
Short-term benefits	**114,603**	**112,938**

Loans

	Balance at the Beginning of Year	Loans During the Year	Repayments	Balance at the End of Year
2023				
Other related parties	73,859	9,519	(18,221)	**65,157**
	73,859	**9,519**	**(18,221)**	**65,157**
2022				
Other related parties	79,001	27,783	(32,925)	73,859
	79,001	**27,783**	**(32,925)**	**73,859**

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 are 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 consistently monitoring those risks through their life cycle;
- Abiding by all applicable laws, regulations and governance standards;
- Applying high and consistent ethical standards to its 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.

21 RISK MANAGEMENT continued

21.1 Introduction continued

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.

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 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.

21 RISK MANAGEMENT continued

21.2 Credit risk continued

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.

21.2.1 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:

	2023 Gross Maximum Exposure	2022 Gross Maximum Exposure
Statutory deposit with Bank of Guyana	**28,851,718**	25,815,158
Due from banks	**7,819,759**	7,679,627
Treasury Bills	**118,305,665**	96,263,567
Investment interest receivable	**67,560**	152,740
Investment securities	**10,818,643**	17,750,932
Loans and advances to customers	**110,079,947**	97,207,405
Total	**275,943,292**	**244,869,429**
Undrawn commitments	**19,068,564**	10,375,664
Guarantees and indemnities	**2,913,378**	3,261,824
Letters of credit	**237,900**	237,900
Total	**22,219,842**	**13,875,388**
Total credit risk exposure	**298,163,134**	**258,744,817**

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.

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

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 continued

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, 2023, $6.7 million (2022: $4.8 million) in repossessed properties are still in the process of being disposed of.

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:

	2023	2022
Guyana	**272,187,168**	234,484,195
Trinidad and Tobago	**3,001,416**	1,961,036
Barbados	**465,488**	466,991
Eastern Caribbean	**614**	4,295
United States	**15,419,832**	10,808,946
Other countries	**7,088,816**	11,019,354
	298,163,334	**258,744,817**

b Industry sectors

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

	2023	2022
Government and government bodies	**151,618,824**	133,646,224
Financial sector	**14,335,869**	14,683,713
Mining	**2,544,152**	486,793
Agriculture	**2,531,328**	2,042,013
Transport, storage and communication	**5,279,015**	3,059,925
Distribution	**13,917,428**	15,631,079
Real estate mortgages	**36,168,873**	35,622,802
Manufacturing	**2,989,026**	3,389,908
Construction	**4,535,492**	1,883,364
Personal	**17,695,049**	15,775,123
Non-residents	**912,743**	673,136
Other services	**45,635,535**	31,850,737
	298,163,334	**258,744,817**

21 RISK MANAGEMENT continued

21.2 Credit risk continued

21.2.2 Risk concentrations of the maximum exposure to credit risk continued

b Industry sectors continued

There was no exposure to Public Non-Financial Institutions included above (2022: NIL).

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

	2023 %	2022 %
Government	**355.44**	315.71
Central Bank	**101.93**	104.68
Counterparty 3	**19.54**	22.58
Counterparty 4	**16.81**	19.72
Counterparty 5	**14.24**	14.83

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 was 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 was 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 movement of ratings over a period. 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 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 was 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 was 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 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

	2023 %	2022 %
Stage 1	**96.93**	95.75
Stage 2	**1.27**	1.40
Stage 3	**1.80**	2.85

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

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

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
2023					
Stage 1					
Gross loans	11,824,612	46,585,911	39,257,576	10,080,737	**107,748,836**
ECL	(75,840)	(245,808)	(59,521)	(38,739)	**(419,908)**
	11,748,772	**46,340,103**	**39,198,055**	**10,041,998**	**107,328,928**
ECL as a % of Gross loans	0.64	0.53	0.15	0.38	**0.39**
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**

The increase in ECLs of Stage 1 portfolios was driven by a 14.6% increase in the gross size of the portfolio.

	Retail Lending	Commercial and Corporate Lending	Mortgages	Overdrafts	Total
2023					
Stage 2					
Gross loans	281,071	456,793	668,813	–	**1,406,677**
ECL	(1,722)	(16,453)	(4,699)	(41)	**(22,915)**
	279,349	**440,340**	**664,114**	**(41)**	**1,383,762**
ECL as a % of Gross loans	0.61	3.60	0.70	0.00	**1.63**
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**

The decrease in ECLs of Stage 2 portfolios was driven by movement between stages as a result of decreases in credit risk, despite 2.6% increase in the gross size of the portfolio.

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
2023					
Stage 3					
Gross loans	466,019	372,239	1,160,368	–	**1,998,626**
ECL	(3,966)	(68,543)	(122,196)	–	**(194,705)**
	462,053	**303,696**	**1,038,172**	**–**	**1,803,921**
ECL as a % of Gross loans	0.85	18.41	10.53	0.00	**9.74**
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**

The decrease in ECLs of Stage 3 portfolios was driven by a 28.7% decrease in the gross size of the portfolio.

Investment securities

	2023 %	2022 %
Stage 1	**89.67**	20.08
Stage 2	**9.97**	79.67
Stage 3	**0.36**	0.25

	Stage 1	Stage 2	Stage 3	POCI	Total
2023					
Gross balance	9,747,300	1,083,983	–	39,340	**10,870,623**
ECL	(13,451)	(30,012)	–	(8,517)	**(51,980)**
	9,733,849	**1,053,971**	**–**	**30,823**	**10,818,643**
ECL as a % of investment securities	0.14	2.77	0.00	21.65	**0.48**

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 continued

	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**

The decrease in ECLs was driven by a 39.0% decrease in the gross size of the portfolio.

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 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 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.

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.

21 RISK MANAGEMENT continued

21.3 Liquidity risk continued

21.3.1 Analysis of financial liabilities by remaining contractual maturities continued

Financial liabilities – on Statement of financial position

	On Demand	Up To One Year	1 To 5 Years	Over 5 Years	Total
2023					
Customers' chequing, savings and deposit accounts	242,173,236	8,779,933	24,588	–	**250,977,757**
Due to banks	614,906	–	–	–	**614,906**
Lease liabilities	8,216	–	–	–	**8,216**
Other liabilities	3,972,573	–	–	–	**3,972,573**
Total undiscounted financial liabilities	**246,768,931**	**8,779,933**	**24,588**	**–**	**255,573,452**
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**

Financial liabilities – off Statement of financial position

	On Demand	Up To One Year	1 To 5 Years	Over 5 Years	Total
2023					
Guarantees and indemnities	–	677,781	1,492,204	743,393	**2,913,378**
Letters of credit	–	237,900	–	–	**237,900**
Total	**–**	**915,681**	**1,492,204**	**743,393**	**3,151,278**
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**

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

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

21 RISK MANAGEMENT continued

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 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 fluctuation 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 and Centralised Payments Unit also monitor the Bank's foreign currency position for 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.

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, 2023, 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.

	GYD	TTD	USD	STG	Other	Total
2023						
Financial assets						
Cash	4,137,183	24	22,769	12	1,713	**4,161,701**
Statutory deposit with Bank of Guyana	28,851,718	–	–	–	–	**28,851,718**
Due from banks	5,125,759	1,450	211,116	42,268	2,439,166	**7,819,759**
Treasury Bills	104,264,165	–	14,041,500	–	–	**118,305,665**
Advances	104,849,303	–	5,230,646	–	–	**110,079,949**
Investment securities	–	–	10,818,643	–	–	**10,818,643**
Interest receivable	–	–	67,560	–	–	**67,560**
Total financial assets	**247,228,128**	**1,474**	**30,392,234**	**42,280**	**2,440,879**	**280,104,995**

21 RISK MANAGEMENT continued

21.4 Market risk continued

21.4.2 Currency risk continued

	GYD	TTD	USD	STG	Other	Total
2023						
Financial liabilities						
Due to banks	195,389	–	419,517	–	–	**614,906**
Customers' chequing, savings and deposit accounts	218,749,771	–	32,204,304	21,540	2,142	**250,977,757**
Interest payable	64,731	–	5,887	39	–	**70,657**
Total financial liabilities	**219,009,891**	**–**	**32,629,708**	**21,579**	**2,142**	**251,663,320**
Net currency risk exposure	**28,218,237**	**1,474**	**(2,237,474)**	**20,701**	**2,438,737**	**28,441,675**
Reasonably possible change in currency rate (%)	**_**	**1**	**1**	**1**	**1**	**–**
Effect on profit before tax	**_**	**15**	**(22,375)**	**207**	**24,387**	**2,234**

	GYD	TTD	USD	STG	Other	Total
2022						
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**

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

	GYD	TTD	USD	STG	Other	Total
2022						
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**

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 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.

21.6 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 $2,793.5 million to $33,284.7 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 2023 of $2,100 million represents 42.76% 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 Framework 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, 2023, is 22.38% (2022 – 22.91%). At September 30, 2023, the Bank exceeded the minimum levels required.

The Bank's Regulatory Capital is as follows:

	2023	2022
Tier 1		
Stated capital	**300,000**	300,000
Statutory reserves	**1,745,260**	2,120,821
Retained earnings	**31,709,710**	26,870,401
Goodwill	**(1,228,222)**	(1,228,222)
Other deductions	**(732,097)**	(1,052,364)
Total	**31,794,651**	**27,010,636**

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.

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

23 FAIR VALUE continued

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.

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)
2023			
Financial assets			
Cash, due from banks and Treasury Bills	130,287,125	130,287,125	–
Statutory deposit with Bank of Guyana	28,851,718	28,851,718	–
Investment securities	10,818,643	10,731,626	(87,017)
Advances	110,079,947	110,709,836	629,889
Investment interest receivable	67,560	67,560	–
Financial liabilities			
Due to banks	614,906	614,906	–
Customers' chequing, savings and deposit accounts	250,977,757	251,043,575	(65,818)
Accrued interest payable	70,657	70,657	–
Total unrecognised change in unrealised fair value			**477,054**

23 FAIR VALUE continued

	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	224,012,669	(69,261)
Accrued interest payable	65,825	65,825	–
Total unrecognised change in unrealised fair value			**360,865**

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.

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.

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

The following table shows the fair value measurement hierarchy of the Bank's assets and liabilities as at September 30, 2023.

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investment securities				
2023	5,853,514	1,889,190	2,988,922	**10,731,626**
2022	3,890,939	6,827,500	6,947,729	**17,666,168**
Financial assets for which fair value is disclosed				
Advances				
2023	–	–	110,709,836	**110,709,836**
2022	–	–	97,722,295	**97,722,295**
Financial liabilities for which fair value is disclosed				
Customers' chequing, savings and deposit accounts				
2023	–	–	251,043,575	**251,043,575**
2022	–	–	224,012,669	**224,012,669**

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

	Level 1	Level 2	Level 3	Total
2023				
Debt Intruments at amortised cost	5,853,515	1,889,189	2,988,922	**10,731,626**
	5,853,515	**1,889,189**	**2,988,922**	**10,731,626**
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**

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

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, 2023, are as shown below:

	Valuation Technique	Significant Unobservable Inputs	Range
Advances	Discounted Cash Flow Method	Growth rate for cash flows for subsequent years	3.5% – 15.0%
Customers' chequing, savings and deposit accounts	Discounted Cash Flow Method	Growth rate for cash flows for subsequent years	0.0% – 1.2%

23.1.2 Transfers between Level 1 and 2

For the year ended September 30, 2023, no 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	2,988,922	(6,947,729)	**2,988,922**
	6,947,729	**2,988,922**	**(6,947,729)**	**2,988,922**

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.

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

24 SEGMENTAL INFORMATION continued

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
2023				
Interest income	11,629,597	28,721	247,891	**11,906,209**
Interest expense	(863,235)	–	–	**(863,235)**
Net interest income	10,766,362	28,721	247,891	**11,042,974**
Other income	5,407,041	–	–	**5,407,041**
Net interest and other income	16,173,403	28,721	247,891	**16,450,015**
Total assets	265,983,656	2,940,325	22,639,395	**291,563,376**
Total liabilities	257,186,755	891,020	200,891	**258,278,666**
Cash flow from/(used in) operating activities	16,749,697	141,824	(12,253)	**16,879,268**
Cash flow used in investing activities	(16,011,368)	(315)	(691)	**(16,012,374)**
Cash flow from/(used in) financing activities	(1,580,780)	–	160,911	**(1,419,869)**
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/(used in) operating activities	9,615,258	195,228	(3,404)	**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	(1,234,379)	–	1,695	**(1,232,684)**

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
2023			
Assets			
Cash	4,161,701	–	**4,161,701**
Statutory deposit with Bank of Guyana	28,851,718	–	**28,851,718**
Due from banks	7,819,759	–	**7,819,759**
Treasury Bills	118,305,665	–	**118,305,665**
Investment interest receivable	67,560	–	**67,560**
Advances	16,612,731	93,467,216	**110,079,947**
Investment securities	4,838,537	5,980,106	**10,818,643**
Premises and equipment	–	7,118,483	**7,118,483**
Right-of-use assets	–	7,908	**7,908**
Intangible assets	–	20,195	**20,195**
Net pension asset	–	571,000	**571,000**
Goodwill	–	1,228,222	**1,228,222**
Deferred tax assets	–	369,302	**369,302**
Other assets	2,143,273	–	**2,143,273**
	182,800,944	**108,762,432**	**291,563,376**
Liabilities			
Due to banks	614,906	–	**614,906**
Customers' chequing, savings and deposit accounts	250,953,169	24,588	**250,977,757**
Lease liabilities	–	8,216	**8,216**
Taxation payable	2,072,928	–	**2,072,928**
Deferred tax liabilities	–	561,629	**561,629**
Accrued interest payable	70,657	–	**70,657**
Other liabilities	3,972,573	–	**3,972,573**
	257,684,233	**594,433**	**258,278,666**

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
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**

26 DIVIDENDS PAID AND PROPOSED

	2023	2022
Declared and paid during the year		
Equity dividends on ordinary stock units:		
Final dividend for 2022: $4.00 (2021: $3.50)	**1,200,000**	1,050,000
First dividend for 2023: $1.75 (2022: $1.40)	**525,000**	420,000
Total dividends paid	**1,725,000**	**1,470,000**

26 DIVIDENDS PAID AND PROPOSED continued

	2023	2022
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 2023: $5.25 (2022: $4.00)	**1,575,000**	1,200,000

27 CONTINGENT LIABILITIES

a Litigation

As at September 30, 2023, there were certain legal proceedings outstanding against the Bank. No provision was made as professional advice indicates that it is unlikely any significant loss will arise and it would be premature at this stage of the action to determine that eventuality.

	2023	2022
b Customers' liability under acceptances, guarantees, indemnities and letters of credit		
Guarantees and indemnities	**2,913,378**	3,261,824
Letters of credit	**237,900**	237,900
	3,151,278	**3,499,724**
c Sectoral information		
State	**1,933,986**	1,937,760
Corporate and commercial	**1,217,292**	1,561,964
	3,151,278	**3,499,724**

d Pledged assets

Below illustrates the distribution of pledged assets in the Bank's Statement of financial position:

	Carrying Amount		Related Liability	
	2023	2022	2023	2022
Statutory deposit	**28,851,718**	**25,815,158**	**250,977,757**	**223,943,408**

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

Expressed in Thousands of Guyana Dollars ($'000), Except where Otherwise Stated.

27 CONTINGENT LIABILITIES continued

e Non-cancellable operating lease commitments

	2023	2022
Less than one year	**47,668**	42,976
Between one to five years	**16,673**	28,488
	64,341	**71,464**

28 EXTERNAL PAYMENT DEPOSIT SCHEME

	2023	2022
	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 Tuesday, December 12, 2023, and at any adjournment thereof.

Dated this ______________ day of ______________ 2023

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, 2023. 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 John G. Carpenter, Roy E. Cheong and Aldrin Ramgoolam. 3 To reappoint auditors and authorize the Directors to fix their remuneration. 4 To declare dividends. 5 To approve Directors' service agreements providing for their remuneration.		

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.

**If desired the Chairman of the meeting may be appointed as proxy.*

AFFIX $10

REVENUE STAMP

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gyemail@rfhl.com

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