Republic Bank (Guyana) Limited

Annual Report 2021

PURPOSE

Declaration of Purpose

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

we care

Resilient

Relevant

Responsible

SCAN TO
BROWSE • REGISTER •DOWNLOAD

OR GO TO
REPUBLICGUYANA.COM/AR2021

OUR PURPOSE

PEOPLE PLANET PERFORMANCE

Our recent signing of the UN Principles for Responsible Banking signals our commitment to work responsibly with our clients and our customers. We aim to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

We pride ourselves on a solid history of responsible banking. Through innovative products, solutions and our Power to Make A Difference Programme, we have contributed to the growth of individuals, communities and countries. For us, the signing of the UN Principles is an extension of what we have long been building and an inspiration to create the world we see, as our best future.

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.

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.

CORE VALUES

Customer Focus
Integrity
Respect for the Individual
Professionalism
Results Orientation

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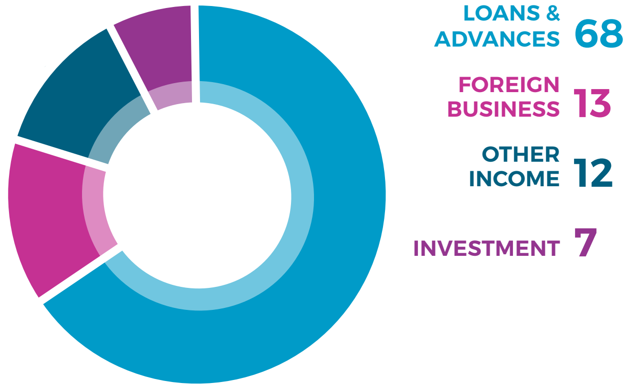
Photography
In keeping with COVID-19 protocols, our models were photographed individually.

THE BANK AT A GLANCE

ABOUT US

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 180 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 50 ATMs. Currently, in addition to the suite of services already provided, the Bank has placed significant emphasis on growing its lending portfolio, with particular emphasis on small and medium sized enterprises, as well as focus on corporate social investment driven by a long-ingrained philosophy of sustainable development in Guyana.

SOURCES OF REVENUE (%)



OPERATING BRANCHES

1 ANNA REGINA
2 VREED-EN-HOOP
3 DIAMOND
4 CAMP STREET
5 NEW AMSTERDAM
6 WATER STREET
7 ROSE HALL
8 TRIUMPH
9 D'EDWARD
10 CORRIVERTON
11 LINDEN
12 LETHEM

NETWORK

651 EMPLOYEES

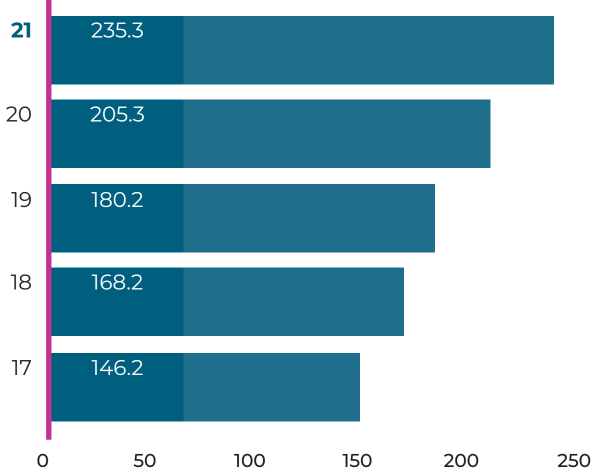
12 BRANCHES

50 ATMs

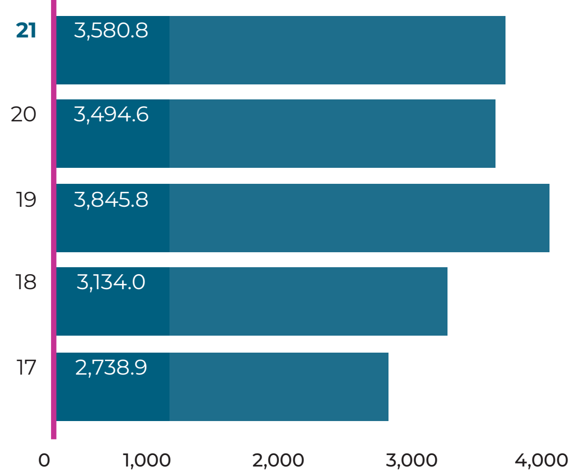
430 221

EMPLOYEE GENDER

TOTAL ASSETS ($ BILLION)



PROFIT AFTER TAX ($ MILLION)



	SHARE PRICE ($)	DIVIDEND YIELD (%)	EPS ($)	PE RATIO
2021	525.	0.86	11.94	43.97
2020	370.	1.15	11.65	31.76

CORPORATE SOCIAL RESPONSIBILITY

Across the Caribbean, South America, and Ghana, the Republic Group continues to grow and build with diverse communities in pursuit of programmes that best support sustainable development.

As a signatory to the United Nations (UN) Principles for Responsible Banking and the UN-convened Net-Zero Banking Alliance, the Group has pledged itself, more than ever, as a committed partner.

Guided by the pillars – The Power to Care, the Power to Help, the Power to Learn, and the Power to Succeed – we use the Power to Make A Difference to improve the quality of life of people with disabilities; support healthcare, social, and environmental awareness initiatives; provide opportunities for young people to succeed through sport, education, culture and the arts; and raise the bar for corporate investment through a staff volunteerism programme.

Republic Bank

THE POWER TO MAKE A DIFFERENCE

THE GROUP'S COMMITMENT

OUR PRINCIPLES FOR RESPONSIBLE BANKING COMMITMENT

ALIGNMENT
Provide capital to contribute to the national development goals of the societies in which we operate.

SETTING AMBITIOUS GOALS
Increase positive impacts while reducing negative impacts on people and the environment resulting from our activities, products and services.

CLIENTS & CUSTOMERS
Work responsibly with clients and customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

STAKEHOLDERS
Proactively and responsibly consult, engage and partner with relevant stakeholders to achieve societal goals.

GOVERNANCE & CULTURE
Establish a sound operating model and strong culture to effectively promote and implement the Principles into our core banking operations.

TRANSPARENCY & ACCOUNTABILITY
Annually review our target and goals for the Principles and be transparent and accountable on our impact and contribution to societal goals.

LEADING BY EXAMPLE

30% Club
GROWTH THROUGH DIVERSITY

WE PLEDGE by 2025, to have at least 30% of our governance boards comprised of female directors and aspire to achieve a goal of gender parity in the long-term.

U.S. GREEN BUILDING COUNCIL
LEED CERTIFIED
USGBC

WE PLEDGE by 2025, to build all of our new properties in accordance with LEED Certified Standards and to make our existing properties greener

WE PLEDGE by 2030, to exclusively offer electric vehicles as part of our benefits package for our management team across all territories

UNEP FINANCE INITIATIVE

PRINCIPLES FOR RESPONSIBLE BANKING

Republic Financial Holdings is the leading signatory to the Global Principles for Responsible Banking in the English-speaking Caribbean and we have taken up a leadership role in contributing to the United Nations Sustainable Development Goals (SDGs) for the Caribbean region

CLIMATE FINANCE GOAL

BY 2025

LEND
INVEST
ARRANGE

US$200 Million

TO REDUCE THE IMPACTS OF CLIMATE CHANGE AND HELP DEVELOP RESILIENT CLIMATE ADAPTIVE INFRASTRUCTURE ACROSS ALL TERRITORIES

OUR COMMITMENT AIMS TO INCREASE THE PROPORTION OF:

- Loans for ELECTRIC CARS
- Loans linked to promotion of CLEAN FUELS, RENEWABLE ENERGY use and TECHNOLOGY
- Loans contributing to an improvement in ENERGY EFFICIENCY
- New construction loans that deploy CLIMATE RESILIENT TECHNOLOGY

NET ZERO

BY 2050

WE ARE COMMITTED TO ACHIEVING **NET-ZERO GREENHOUSE GAS EMISSIONS** IN OUR FINANCING ACTIVITIES

We are a founding signatory to the United Nations "Net-Zero Banking Alliance" alongside several leading global banks, where we can now provide leadership for the Caribbean on a global stage.

- We will meaningfully engage our key stakeholders across all areas in the Bank to review policies, procedures, processes and systems to ensure full alignment operationally and in accordance with risk tolerance.
- We will seek out partnerships with peer banks, multilateral institutions, development banks and intergovernmental organisations for advisory services, financial products, including optimal legal structures and best practices, which allow our Bank to remain flexible based on market conditions.

THE GROUP'S COMMITMENT

SUSTAINABLE DEVELOPMENT GOALS

WE HAVE IDENTIFIED 10 GOALS WHICH CAN HAVE THE GREATEST IMPACT ON THE TERRITORIES IN WHICH WE OPERATE

1 NO POVERTY
Guyana
Suriname

3 GOOD HEALTH AND WELL-BEING
Ghana

4 QUALITY EDUCATION
Grenada
Ghana

5 GENDER EQUALITY
British Virgin Islands
Cayman Islands

6 CLEAN WATER AND SANITATION
Ghana

7 AFFORDABLE AND CLEAN ENERGY
Anguilla
Barbados
British Virgin Islands
Cayman Islands
Dominica
Guyana
St Kitts & Nevis
Saint Lucia
St. Vincent & the Grenadines
St. Maarten
Suriname
Trinidad & Tobago

8 DECENT WORK AND ECONOMIC GROWTH
Anguilla
Barbados
Dominica
Grenada
St Kitts & Nevis
Saint Lucia
St. Vincent & the Grenadines
St. Maarten

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Trinidad & Tobago

13 CLIMATE ACTION
Anguilla
British Virgin Islands
Cayman Islands
Dominica
Grenada
Guyana
St Kitts & Nevis
Saint Lucia
St. Vincent & the Grenadines
St. Maarten
Suriname
Trinidad & Tobago

17 PARTNERSHIPS FOR THE GOALS
Barbados

SMART-BASED TARGET SETTING APPROACH

S — **SPECIFIC** goals with tangible outcomes that identify resources needed to achieve targets

M — Clear and **MEASURABLE** definition of success to evaluate achievement and progress

A — Reasonable and **ATTAINABLE** goals that reflect risk appetite and potential barriers to achieving targets

R — Identify **RELEVANCE** to the Group and its subsidiaries

T — Identify realistic **TARGET DATES** that motivate stakeholders to apply focus and discipline in implementation

PRODUCTS, SERVICES & INITIATIVES

RETAIL

- Low-cost banking products for low-income customers
- Digital apps to enable universal access to banking services
- Flexible terms on education loans to target low-income customers
- Flexible terms on insurance premium loans to target low-income customers
- Electric vehicles loan campaigns

COMMERCIAL

- Competitive interest rates and fees for PRB initiatives
- SMEs incubators and accelerators for women and youth
- Promotion of SMEs including sustainable tourism and agriculture
- Support for green and clean energy businesses

CORPORATE

- Competitive interest rates and fees for PRB initiatives
- Energy efficiency loans
- Sustainable agriculture loans
- Flexible working capital and overdraft facilities to support for green and clean energy businesses

INVESTMENT BANKING

- Direct funding to central government and related entities at highly competitive for social and environmental purposes
- Facilitate clean renewable energy infrastructure

RESPONSIBILITY

US$200M CLIMATE FINANCE GOAL

- **SDG 7:** Ensure access to affordable, reliable, sustainable and modern energy for all.
- **SDG 13:** Take urgent action to combat climate change and its impacts.
- **SDG 17:** Strengthen the implementation and revitalise the global partnership for sustainable development.

SUSTAINABLE COMMUNITIES

- **SDG 1:** Reduce the proportion of men, women and children of all ages living in poverty.
- **SDG 3:** Promote good mental health and well-being.
- **SDG 6:** Ensure universal and equitable access to safe and affordable drinking water.
- **SDG 8:** Promote inclusive, sustainable economic growth, full, productive employment and decent work for all.
- **SDG 9:** Build resilient infrastructure, promote sustainable industrialisation and foster innovation.

WOMEN IN BUSINESS

- **SDG 5:** Ensure women's full and effective participation and equal opportunities at all levels of decision-making.
- **SDG 8:** Promote inclusive, sustainable economic growth, full, productive employment and decent work for all.

YOUTH EMPOWERMENT

- **SDG 4:** Ensure universal access to quality early childhood development, care and pre-primary education.
- **SDG 8:** Promote inclusive, sustainable economic growth, full, productive employment and decent work for all.

NOTICE OF MEETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty-Seventh Annual General Meeting of Republic Bank (Guyana) Limited will be held virtually and streamed live to all Stockholders from the Board Room of the Head Office of Republic Bank (Guyana) Limited, 155-156 New Market Street, North Cummingsburg, Georgetown, Guyana on Tuesday, December 14, 2021 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, 2021.
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 Richard M. Lewis.
3 To elect Stephen R. Grell who was appointed to fill a casual vacancy as a Director in accordance with the By-laws.
4 To elect Aldrin Ramgoolam who was appointed to fill a casual vacancy as a Director in accordance with the By-laws.
5 To reappoint the Auditors, Messrs Ram & McRae.

And the following special business namely:

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

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

By order of the Board

CHRISTINE A. MCGOWAN
CORPORATE SECRETARY

October 25, 2021

REGISTERED OFFICE

155-156 New Market Street
North Cummingsburg
Georgetown, Guyana

NOTES

ATTENDANCE AT THE MEETING

In keeping with the Bank's commitment, to proactively address the unprecedented public health impact of the global coronavirus (COVID-19) pandemic and to mitigate risks to the health and safety of our communities, stockholders, employees and other stakeholders, this year we will hold a virtual meeting, which will be conducted via live webcast. All stockholders will have an opportunity to participate in the meeting online regardless of their geographic location. Stockholders will not be able to attend the meeting in person. Stockholders can participate online using their smartphone, tablet or computer.

Registered stockholders and duly appointed proxy holders who participate in the meeting online will be able to listen to the virtual meeting, ask questions and vote, all in real time, provided they are connected to the internet and properly follow the following steps:

1 Stockholders are required to register during the period November 19, 2021, to December 10, 2021.
2 To register, shareholders must visit www.republicguyana.com and click on the web banner "Thirty-Seventh Annual Meeting of Stockholders."
3 Select "Register to Attend Meeting" which will then prompt the validation process.
4 Stockholders would be required to provide their full name, address, date of birth, valid identification number and email address.
5 Stockholders will receive an email with a username and password login credentials that will facilitate access to the Meeting on December 14, 2021.

Stockholders attending the Meeting must be confirmed as stockholders on record as at November 18, 2021.

PROXIES

Stockholders of the Company, entitled to participate and vote in the Meeting, are entitled to appoint one or more proxies to attend and, in a poll, vote instead of them. A proxy need not be a stockholder. Any instrument appointing a proxy must be received at the Registrar's Office, not less than 48 hours before the Meeting and must bear a G$10 revenue stamp. Stockholders who return completed proxy forms are not precluded, if subsequently they so wish, from joining the Meeting instead of their proxies and voting. In the event of a poll, their proxy votes lodged with the Registrar, will be excluded.

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).

VOTING

To vote on Resolutions, a popup screen will appear stating the resolution number. Simply click (press for touch screens) on the button next to the word "For" or "Against" depending on your vote.

Please select carefully as you cannot change your vote or vote more than once when your vote is sent. To be able to vote, you must download the Zoom app on your computer or smartphone or tablet before the event.

CORPORATE INFORMATION

DIRECTORS

CHAIRMAN

NIGEL M. BAPTISTE, *BSc (Hons.) (Econ.), MSc (Econ.), ACIB*

MANAGING DIRECTOR

STEPHEN R. GRELL, *BA (Econ.), MSc (Fin.)*

NON-EXECUTIVE DIRECTORS

JOHN G. CARPENTER, *AA, BSc (Food Sciences)*

ROY E. CHEONG, *AA, FCII, FLMI, CLU*

YOLANDE M. FOO, *AICB*

RICHARD M. LEWIS, *HBA*

RICHARD I. VASCONCELLOS

ALDRIN RAMGOOLAM *BSc (Computer Science), MBA, Dip. (Business Mgmt.)*

CORPORATE MANAGEMENT

CORPORATE SECRETARY

CHRISTINE A. MCGOWAN, *LLB (Dist.), LEC (Hons.), LLM (Merit), AMLCA, CPAML*

REGISTERED OFFICES

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

ATTORNEYS-AT-LAW

MESSRS. CAMERON & SHEPHERD

2 Avenue of the Republic
Robbstown
Georgetown
Guyana
South America

AUDITORS

MESSRS. RAM & MCRAE

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

BANK PROFILE

EXECUTIVE MANAGEMENT

MANAGING DIRECTOR
STEPHEN R. GRELL, *BA (Econ.), MSc (Fin.)*

GENERAL MANAGER, CREDIT
VENUS FRITH, *BSc (Bkg. and Fin.), MSc (Dist.) (Int'l. Fin.)*

GENERAL MANAGER, OPERATIONS
DENISE HOBBS, *Dip. (Business Mgmt.), Cert. (Leadership)*

HEAD OFFICE DEPARTMENTS

REGIONAL CORPORATE MANAGER, CORPORATE BUSINESS CENTRE
SASENARAIN JAGNANAN, *Dip. (Bkg. and Fin.), AICB*

REGIONAL MANAGER, COMMERCIAL AND RETAIL BANKING
JADOONAUTH PERSAUD, *MBA, Dip. (Bkg. and Fin.)*

ASSISTANT MANAGER, COMMERCIAL AND RETAIL BANKING
GAIL HARDING, *AICB*

CORPORATE MANAGER, CORPORATE BUSINESS CENTRE
CARLA ROBERTS, *BSc (Acct.)*

CREDIT MANAGER, CORPORATE BUSINESS CENTRE
DIANE YHUN

MANAGER, PLANNING AND FINANCIAL CONTROL
VANESSA THOMPSON, *B.Soc.Sc. (Mgmt.), MBA, FCCA*

MANAGER, HUMAN RESOURCES
SHRIMANIE MENDONCA, *BSc (Biology), MEd, PgDip. (Education)*

ASSISTANT MANAGER, HUMAN RESOURCES
JOANN WILLIAMS, *BA (English), MA (Strategic HR Mgmt.)*

MANAGER, ADMINISTRATION AND PREMISES
DENYS BENJAMIN, *AICB*

MANAGER, LEGAL SERVICES/ CORPORATE SECRETARY
CHRISTINE MCGOWAN, *LLB (Dist.), LEC (Hons.), LLM (Merit), AMLCA, CPAML*

MANAGER/ASSISTANT CORPORATE SECRETARY
NDIDI JONES, *LLB, LEC, LLM (Merit), Dip. (Sociology), CPAML*

MANAGER, MARKETING AND COMMUNICATIONS
MICHELLE JOHNSON, *B.Soc.Sc. (Credit) (Mgmt.), MACC (Dist.), PgDip. CIPR, MCIPR*

MANAGER, BRANCH SUPPORT SERVICES
ERICA JEFFREY, *ICB - Letter of Accomplishment*

MANAGER, INFORMATION TECHNOLOGY AND E-SUPPORT
YONNETTE GREAVES, *Dip. (Mgmt. Info. Systems) LIMIS*

MANAGER, END USER SERVICES
YUGISTHER MOHABIR, *MCSA*

MANAGER, INTERNAL AUDIT
ORAL ROSE, *B.Soc.Sc. (Dist.) (Mgmt.), Dip. (Mktg.), AMLCA*

MANAGER, ENTERPRISE RISK MANAGEMENT
MICHAEL RAM, *AICB*

MANAGER, CENTRALISED COLLECTIONS UNIT
KAREN ASSANAH, *B.Soc.Sc. (Dist.) (Mgmt.), MSc (Fin. Mgmt.), AAT, AICB, Certified Credit Professional*

BRANCH NETWORK

ANNA REGINA BRANCH
Branch Sales Manager
GUITREE RAMSAMOOJ, *CAT, Certified Credit Professional*

CAMP STREET BRANCH
Branch Sales Manager
HARRY DASS GHANESS, *ICB - Letter of Accomplishment, Certified Credit Professional*

CORRIVERTON BRANCH
Customer Sales/Service Manager
SASENARINE BINDRANATH, *Dip. (Business Law) (ICM), AICB*

BANK PROFILE

D'EDWARD BRANCH

Branch Sales Manager

JOEL SINGH, *AICB*

DIAMOND BRANCH

Branch Sales Manager

ALLISON MC LEAN-KING, *Certified Credit Professional, AICB*

LETHEM BRANCH

Customer Sales/Service Manager

NADIA KHEDAROO, *B.Soc.Sc. (Public Mgmt.), Dip. (Public Mgmt.), AICB*

LINDEN BRANCH

Branch Sales Manager

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

NEW AMSTERDAM BRANCH

Branch Sales Manager

IMRAN SACCOOR, *MBA, Dip. (Mktg.)*

ROSE HALL BRANCH

Branch Sales Manager

SATIE COX, *BSocSc (Mgmt.), MA (Business Mgmt.), Certified Credit Professional, Trained Teacher's Cert.*

TRIUMPH BRANCH

Customer Sales/Service Manager

SHALIZA SEEPERSAUD, *MBA, MBA (Oil and Gas), Certified Credit Professional, AICB*

VREED-EN-HOOP BRANCH

Branch Sales Manager

EON GRANT, *BComm., AICB*

WATER STREET BRANCH

Branch Sales Manager

RANDULPH SEARS, *Cert. (ICM), Dip. (Mktg.), Certified Credit Professional, MCIM, MBA*

FINANCIAL SUMMARY

EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000)

	2021	2020	2019	2018	2017
Cash resources	**73,924,937**	69,550,266	43,875,653	40,078,184	27,829,221
Investment securities	**15,484,478**	13,517,366	14,835,914	15,694,193	7,440,987
Loans and advances	**88,401,400**	81,868,455	78,793,633	69,747,950	60,791,257
Total assets	**235,348,578**	205,336,466	180,161,425	168,183,290	146,229,495
Total deposits	**203,532,538**	175,334,552	153,605,091	144,654,913	124,879,378
Stockholders' equity	**27,133,329**	24,607,213	22,623,702	20,164,281	18,300,481
Net profit after taxation	**3,580,789**	3,494,594	3,845,781	3,134,004	2,738,939
Total comprehensive income	**3,802,429**	3,360,194	3,839,421	3,206,844	2,820,087
Earnings per stock unit in dollars ($)	**11.94**	11.65	12.82	10.45	9.13
Return on average assets (%)	**1.62**	1.81	2.24	2.02	1.83
Return on average equity (%)	**13.80**	14.52	17.97	16.48	15.69

FINANCIAL HIGHLIGHTS

EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000)

	2021	2020	Change	% Change
STATEMENT OF INCOME				
Interest and other income	**12,648,922**	12,424,419	224,503	1.8
Interest and non-interest expenses	**(7,041,707)**	(7,097,979)	56,272	0.8
Net Income before taxation	**5,607,215**	5,326,440	280,775	5.3
Taxation charge	**(2,026,426)**	(1,831,846)	(194,580)	(10.6)
Net Income after taxation	**3,580,789**	3,494,594	86,195	2.5
STATEMENT OF FINANCIAL POSITION				
Loans and advances	**88,401,400**	81,868,455	6,532,945	8.0
Total assets	**235,348,578**	205,336,466	30,012,112	14.6
Average assets	**220,743,676**	192,668,870	28,074,806	14.6
Deposits	**203,532,538**	175,334,552	28,197,986	16.1
Equity (capital and reserves)	**27,133,329**	24,607,213	2,526,116	10.3
Average outstanding equity	**25,953,040**	24,066,967	1,886,073	7.8
COMMON STOCK				
Earnings in dollars per Stock Unit	**11.94**	11.65	0.29	2.5
Dividend for the year (in thousands)	**1,350,000**	1,275,000	75,000	5.9
Stock Units (in thousands)	**300,000**	300,000	–	–
GENERAL				
Number of:				
Stockholders	**1,472**	1,437	35	2.4
Common stock outstanding (in thousands)	**300,000**	300,000	–	–
Active savings, chequing and deposit accounts	**189,720**	194,491	(4,771)	(2.5)
Employees	**651**	677	(26)	(3.8)
Banking offices	**12**	12	–	–

PEOPLE

Through our Diverse, Equitable and Inclusive policies and programmes we aim to facilitate a culture which is inclusive, and which respects the needs of staff and customers across a multitude of diversifying factors. As part of this thrust, we are aiming to offer SME incubators for women-led businesses and to pledge for gender and race parity on our corporate governance boards within the Group and its subsidiaries.

THE BOARD OF DIRECTORS

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

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
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:

- Director, Guyana Association of Bankers Inc.

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

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

Credentials

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

Professional Summary

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

Subcommittees

- Audit, Enterprise Risk

External Appointments

- Chairman, Hand-in-Hand Fire and Life Insurance Group of Companies
- Director, Republic Bank (Suriname) N.V., Wieting and Richter Limited, Industrial Safety Supplies Inc., Cellsmart Inc.

Credentials

- Recipient, The 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 Life Underwriter

Professional Summary

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

Subcommittees

- Audit, Compensation, Enterprise Risk

External Appointments

- Board Member, Banks DIH Limited and other companies

THE BOARD OF DIRECTORS

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

RICHARD M. LEWIS Executive Chairman, Label House Group 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

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

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

Subcommittees
- Audit, Enterprise Risk, Compensation, Governance and Nomination

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

External Appointments
- Chairman, Prestige Business Publications, The Beacon Insurance Company Limited

ALDRIN RAMGOOLAM
General Manager,
Information Technology Management

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

Aldrin Ramgoolam

Credentials

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

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

External Appointments

- Director, Republic Bank (BVI) Limited

Richard I. Vasconcellos

Professional Summary

- Significant expertise in banking, having been involved in international banking for more than 15 years
- Past senior management positions in the field of banking including Senior Vice President of Commerce Bank National Association

Subcommittees

- Audit, Compensation, Governance and Nomination

External Appointments

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

DIVERSE, EQUITABLE AND INCLUSIVE

DEI

DIVERSITY the presence of differences within a given setting

INCLUSION ensuring that people feel a sense of belonging in the workplace as their authentic self

EQUITY ensuring that processes and programs are impartial, fair and provide equal possible outcomes for every individual

OUR COMMITMENT

We continue to build our DIVERSITY, EQUITY and INCLUSION in our operations and in the communities we serve. With the growth of the Group over the past two years from 7 to 14 countries, including 23 subsidiaries, we pledge to deepen our understanding of the communities we serve; to get to know our people (customers, stakeholders, partners and staff), their culture and their unique outlook. With this commitment, we look toward to facilitating a truly fair and empowering environment and a sense of belonging within the Republic Group.

OUR DEI COMMUNITY

- INCLUSIVE BRAND MODEL
- GENDER PARITY LEADERSHIP
- MULTINATIONAL GROUP
- CULTURAL DIVERSITY AND CELEBRATIONS
- RELIGIOUS BELIEFS ACCEPTANCE
- INCLUSIVE FOCUS GROUPS
- MULTIGENERATIONAL GROUP
- UNBIASED EVALUATION PROCESS
- INDEPENDENT FACILITATORS
- INCLUSIVE OPPORTUNITIES FOR PROMOTION AND TRAINING
- ACTIVE OPEN COMMUNICATIONS SYSTEMS

OUR GROUP EXECUTIVE LEADERSHIP

♀ 33 ♂ 67

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report and Audited Financial Statements for the year ended September 30, 2021.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

(in thousands of Guyana Dollars)

	2021	2020
Net income after taxation	**3,580,789**	3,494,594
Interim dividend paid	**300,000**	300,000
Retained earnings	**3,280,789**	3,194,594
Final dividend proposed	**1,050,000**	975,000

DIVIDENDS

An Interim dividend of $1.00 per stock unit ($300 million) was paid during the year and a Final dividend of $3.50 per stock unit ($1,050 million) for the year ended September 30, 2021 is recommended. This, if approved, will bring the total payout for the year to $1,350 million.

CAPITAL AND RESERVES

Capital and reserves other than retained earnings totaled $1,555.2 million as shown in the Statement of changes in equity.

Retained earnings at September 30, 2021 is $25,578.1 million (2020: $23,164.3 million) after a transfer of $113.6 million to the General Banking Risk Reserve, $1,350 million paid out as dividends (final 2021: $1,050 million, interim 2021: $300 million), and $3,580.8 million transferred from the Statement of income for 2021.

DONATIONS

In addition to the Bank's Power to Make A Difference investment initiatives (see pages 55 to 59), general donations to charitable or public causes for the year were $5 million (2020: $36.5 million), emphasising the Bank's strong social investment policy.

SUBSTANTIAL STOCKHOLDING (UNITS OF STOCK)

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

	NUMBER OF STOCK UNITS 2021	% HELD	NUMBER OF STOCK UNITS 2020	% 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	**20,127,226**	**6.71**	20,116,853	6.71
Hand-in-Hand Mutual Fire & Life Group of Companies	**17,722,635**	**5.91**	17,845,703	5.95

DIRECTORS

In accordance with the Bank's By-laws, John G. Carpenter, Roy E. Cheong and Richard M. Lewis 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 $103.7 million (2020: $88.2 million) was earned during the year. Please refer to Note 24 of the Financial statements for further information.

DIRECTORS' REPORT

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	
	2021	2020
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	**17,850**	17,850

DIRECTORS' FEES ($)

	2021	2020
Nigel M. Baptiste	**3,780,000**	3,495,000
John G. Carpenter	**3,570,000**	3,097,500
Roy E. Cheong	**4,851,000**	4,118,250
Shameer Hoosein	**3,281,250**	3,333,750
Richard I. Vasconcellos	**3,465,000**	2,949,375
Richard M. Lewis	**3,622,500**	2,958,750
Yolande M. Foo	**3,937,500**	3,333,750
Anna-Maria H. Garcia-Brooks	**767,817**	3,482,500
Aldrin Ramgoolam	**1,347,500**	–

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 $119 million (2020: $117.3 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.

CHAIRMAN'S REVIEW

NIGEL M. BAPTISTE

CHAIRMAN'S ECONOMIC REVIEW

The global economy has been impacted as global growth declined for the first time in 10 years. In December 2019 the Novel Coronavirus (COVID-19) was first detected in Wuhan, China and to date has spiraled into a pandemic threatening global recessions.

The International Monetary Fund (IMF) has estimated the global economy shrunk by 4.4 percent in 2020.

Despite recent vaccine approvals, renewed waves of infections and new variants of the virus still pose global concern. With this looming uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. Recovery is dependent on access to medical interventions, effective policy support and exposure to cross-country spillovers.

On a positive note, Guyana's economy registered real oil Gross Domestic Product (GDP) growth of 43.5 percent compared with 5.4 percent growth in 2019. The 2020 growth followed a full year of oil production being recorded. However, real non-oil GDP contracted by 7.3 percent in 2020 compared to growth of 4.3 percent in 2019. This is attributed to the election impasse and COVID-19 pandemic.

CHAIRMAN'S REVIEW

At the half year 2021, the oil-driven economy showed continued growth despite the challenges of the pandemic. Real oil GDP grew by 14.5 percent while non-oil GDP grew by 4.8 percent. The agriculture sector recorded reduced output due to devastating flooding in May and June. There were improvements in the construction, petroleum and gas and support services, manufacturing and the service sectors.

There were substantial increases in production of crude oil and diamonds with crude oil production increasing to 20.2 million barrels at the end of June 2021.

In the manufacturing sector a growth of 13.1 percent is recorded in comparison to a contraction of 0.2 percent at end-June, 2020. The construction sector performed positively due to increased public and private activity with a growth of 25.5 percent. In the services sector, as the restrictions imposed by the National COVID-19 Task Force were slowly lifted, there were positive outcomes in wholesale and retail trade, repairs, entertainment and recreation, accommodation, food services, transport and storage, and financial and insurance subsectors.

The Urban Consumer Price Index (CPI) recorded an inflation rate of 5.6 percent for the first half of 2021.

The overall balance of payments deficit during the first half of 2021 of US$67.4 million compared with a deficit of US$2.8 million at the end-June, 2020. The deficit on the current account was recorded at US$39.1 million compared with a deficit of US$396.5 million. On the other hand, the capital account registered a deficit of US$19.6 million compared to a surplus of US$419.7 million as at end-June 2020. This resulted from outflow of oil revenue to the Natural Resource Fund and oil cost recovery by Esso Exploration and Production Guyana Limited and its partners. The overall deficit was financed by a drawdown on Bank of Guyana's foreign reserves.

Total value of foreign currency transactions increased by 22.6 percent to US$6,421 million from one year ago. Transactions processed at the Cambios amounted to US$2,665 million, representing 41.5 percent of the total market turnover. Commercial banks continue to dominate Cambio trade. Their total turnover accounted for 99.2 percent of Cambio market transactions, a notable increase of 17.6 percent over the same reporting period for the previous year. The US dollar, with 97.4 percent, remains the most traded currency on the market. The Bank's weighted mid-rate as at June 2021 remained at G$208.5 whilst the un-weighted average mid-rate was $212.67 compared with $214.82 for the corresponding period in 2020.

Total stock of public debt, which comprises both external and domestic debt increased by 12.2 percent to US$2,907.8 million, while stock of total public debt stood at US$2,905.4 million.

Reserve money contracted by 3.8 percent to G$281,871 million, reflecting 1.8 percent growth in net domestic assets while net foreign assets fell by 10.0 percent or G$14,056 million. Total deposits into the banking system by residents and non-residents increased by 7.5 percent to G$520,160 million. Public sector credit moved from a net credit position as at December 2020 to a net deposit position, as Public Enterprises (Central Housing and Planning Authority, Guyana Geology and Mines Commission & Demerara Harbour Bridge Corporation) increased deposits at commercial banks. Private sector credit grew by 4.9 percent to G$267,417 million at the end of the first half of 2021. This is attributed to significant expansion of credit to the construction and engineering sector, agriculture, distribution, manufacturing and real estate mortgage loans.

Interest rates remained stable at 5.0 percent during the first half of 2021 and the Licensed Depository Financial Institutions non-performing loans as a share of the total loans were 10.2 percent.

Global growth is expected to continue experiencing shocks, even as Guyana's economic outlook benefits from real oil GDP.

Global economic prospects are divided with vaccine access/coverage becoming the main determinant for recovery. Most advanced economies expect a return to some level of normal activity, while others anticipate resurgent infection and increased COVID deaths.

Global recovery however, is not assured since the virus remains a threat to all countries.

The global economy is projected to grow by 6.0 percent in 2021 and 4.9 percent in 2022. Prospects for emerging markets and developing economies were marked down for

Despite uncertainty regarding the duration of the COVID-19 pandemic, the Group remains well positioned to continue supporting our customers and recovery efforts of the economies in which we operate.

2021, especially for Emerging Asia. In contrast, the forecast for advanced economies was revised upward, reflective of pandemic developments and changes in policy support. Forecast upgrades for the United States for example, reflect anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics.

Recent global price pressure has resulted from pandemic-related developments and transitory supply-demand mismatches. While uncertainty remains high, inflation is expected to return to its pre-pandemic ranges in most countries in 2022. Heightened inflation can be expected in some emerging markets and developing economies with anticipated high food prices.

Risks around the global baseline are to the downside. Slower-than-anticipated vaccine rollout will allow the virus to further mutate, impacting already affected economies.

Multilateral action has a vital role to play in diminishing divergences and strengthening global prospects. The immediate priority is equitable deployment of vaccines worldwide. A $50 billion IMF staff proposal, endorsed by the World Health Organization, World Trade Organization, and World Bank, provides clear targets and pragmatic actions at a feasible cost to end the pandemic.

Financially constrained economies also need unimpeded access to international liquidity. The $650 billion General Allocation of Special Drawing Rights at the IMF is set to boost reserve assets of all economies and help ease liquidity constraints.

GROUP DEVELOPMENTS

Total assets of the Republic Group stood at US$16.2 billion as at June 30, 2021, an increase of US$437.7 million over total assets as at June 2020, representing 3.7 percent growth in loans and advances and 9.9 percent growth in investments funded by the growth in customer deposits across most subsidiaries.

These improved results reflect the impact of the Group's acquisition of the British Virgin Islands (BVI) operations in June 2020, lower provision for loan losses and general improvement in operating profitability in most territories, notwithstanding lower net interest margins, fees and commission income across the Group.

Lower interest rates, fees and commissions reflect the Group's decision to maintain many of the concessions extended to our customers from inception of the pandemic.

Despite uncertainty regarding the duration of the COVID-19 pandemic, the Group remains well positioned to continue supporting our customers and recovery efforts of the economies in which we operate. We also remain committed to supporting vaccination drives across the Group's territories. With creativity and hard work, we are confident our economies will emerge more resilient.

In August 2021, Republic Financial Holdings Limited (RFHL) received approval from the Central Bank of Trinidad and Tobago to establish a wholly owned subsidiary, Republic Life Insurance Limited, which is registered as a Long-Term insurance company to conduct the Life Insurance class of business only.

The Republic Group will lend and invest USD$200 million by 2025 to support actions that would help achieve major Climate Finance Goals. These goals will be achieved through activities including lending and investment for loans that enable the sale of electric and hybrid cars, promotion of clean fuel, renewable energy and technology that contribute to improved energy efficiency and construction that deploys climate-resilient technologies.

Climate action is a shared responsibility and as a founding member of the Net-Zero Banking Alliance, the Group has taken the bold step of advancing the fight against climate change to help secure the future of the planet and generations to come.

CHAIRMAN'S REVIEW

FUTURE OUTLOOK

Guyana's economy will remain a global top-performer in the coming quarters, with a revised growth rate of 19.5 percent in 2021, amid recovery in the non-oil sector and rising crude oil production. Prospects for Guyana were upbeat from the announcement of first oil discovery in 2015. In 2020, an estimated 303.7 percent increase in mining activity which includes crude oil and natural gas, underpinned headline real GDP growth of 43.5 percent despite the Covid-19 pandemic and severe shock to the global economy.

With two new discoveries by ExxonMobil; the commencement of the Corentyne Block well by Frontera Energy; the consultations for the US$900 million gas-to-shore project; the anticipated arrival of the second Floating Production and Storage and Offloading vessel (FPSO), the commencement of the third FPSO in Singapore and development of the new onshore facility on the West Bank of Demerara, Republic Bank remains optimistic about Guyana's growth prospects.

Guyana's non-oil sector is expected to rebound from the pandemic-induced global recession.

In 2020 Guyana's non-oil sector contracted 7.3 percent, broadly in line with the average contraction in Latin America and the Caribbean, as the pandemic severely restricted private consumption, industrial output and investment.

With oil sales boosting government revenues, the G$383 billion 2021 Budget will increase transfer payments to low-income and unemployed Guyanese and finance several public work projects in coming years.

Guyana is less reliant on tourism than Caribbean markets such as the Dominican Republic, Jamaica and The Bahamas, which will prevent long-term shock to the labour market from subdued tourism. International travel is expected to recover at a slower pace than other segments of the global economy in 2021 and 2022, prolonging the impact of the pandemic in many Caribbean markets.

Sustained capital inflows and higher government spending will drive investment growth in the long term, coupled with reduced economic and political uncertainty, will further investment in other industries. The Government has prioritised attracting foreign direct investment from developed markets and is committed to developing the National Resource Fund for longer-term development.

Republic Bank remains focused on supporting our customers throughout these challenging times posed by the pandemic and is committed to the continued development of Guyana and its sustainable development goals for the benefit of all Guyanese.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors I sincerely thank former Managing Director, Mr. Amral Khan who retired in July 2021 for his commendable service to Republic Bank (Guyana) Limited and again welcome Mr. Stephen Grell, Managing Director and look forward to the Bank continuing to benefit from his contributions. I would also like to welcome Aldrin Ramgoolam who joined the Board of Directors in June 2021. Aldrin is the General Manager, Information Technology and Management Division of Republic Bank Limited.

I extend appreciation to the Board and Leadership Team for their stewardship of the organisation over the past year. The dedication and hard work of our employees enabled us to successfully navigate a challenging environment and achieve these results, and as such I recognise and thank them for their collective efforts. Appreciation is also extended to our customers, business partners, and stockholders for their ongoing confidence and support.

I would also like to acknowledge the contribution of our former colleague and Director, Shameer Hoosein, who passed away suddenly on July 4, 2021. Shameer served on the Board for the past six and a half years and will always be remembered for his out-of-the-box thinking and commitment to the growth and sustainability of the organisation.

NIGEL M. BAPTISTE
PRESIDENT

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

STEPHEN R. GRELL

I am pleased to report that Republic Bank (Guyana) Limited returned a satisfactory fiscal 2021 performance.

The Bank achieved a profit after tax of $3,580.8 million, compared to $3,494.6 million in 2020. There was an increase of 2.47 percent over last year's performance as the Bank experienced growth in other income, coupled with a reduction in operating expenses. This performance is as a result of careful planning, effective implementation, cost containment and prudent risk management principles.

Return on assets decreased from 1.81 percent to 1.62 percent and Return on equity from 14.52 percent to 13.80 percent. Earnings per stock unit increased from $11.65 to $11.94.

During the last fiscal, the Bank reaffirmed its commitment to the Principles of Responsible Banking by extending its first ever financing arrangement for a medium to large scale renewable energy project in Guyana. The initiative which is in keeping with the UNDP's Sustainable Development Goal No. 7 (Affordable and Clean Energy) involves the development of two solar farms at Bartica and Lethem which will provide 1.5 Megawatts (MW) and 1.0 MW respectively of reliable electricity to meet the expanding power supply needs in the two hinterland townships currently relying on fossil fuel. Altogether, approximately 20,000 citizens are expected to benefit from the clean, reliable source of power and commissioning of the plants are anticipated to occur during fiscal 2022.

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

CUSTOMER SERVICE

The Bank redoubled its efforts at quality customer care with initiatives aligned with its strategic vision and Declaration of Purpose. We are committed to an approach of responsibility, resilience and relevance in all aspects of strategy in support of best customer experience.

During the year steady progress was made in resolving post conversion challenges, with a view to ensuring consistency in service delivery and demonstrating we care.

In an independent 2021 Brand Perception study, customers and non-customers surveyed, ranked Republic Bank highest for Brand Awareness, and most outstanding in Brand Character, leading in three of four key attributes – Financial Strength, Lifestyle Choice and Caring Persona. The Bank's responsiveness to the COVID-19 Pandemic was also highly ranked.

Opportunities for improved service were also noted and we remain committed to realising these.

A further VISA OneCard BIN attack required the Bank to adopt stringent measures to safeguard customers' cards from fraudulent activity. Regrettably, these precautions impact some customers' online transaction experience as additional authentication is required prior to processing.

Given the ongoing COVID-19 pandemic, the Bank's operations continue to be administered with the safety of our staff, customers and stakeholders foremost in mind. To this end, we instituted a number of measures in support of social distancing and low-touch banking. The convenience of our online and mobile banking platforms continue to delight, with noted increased online loan applications and migration to electronic means of banking as customers experience the ease afforded by these channels.

Banking by appointment is also well received as customers aim for quick turnaround.

The Bank remains resolute in achieving optimal customer satisfaction in a highly competitive environment.

HUMAN RESOURCES

The Department's major focus for the fiscal was ensuring the safety and well-being of staff during the pandemic; and completion of the post Information Technology Consolidation job evaluation exercise. All job positions were evaluated, and a new Grading System is scheduled for implementation in October 2021.

In our ongoing efforts to develop our human resources, several virtual learning sessions were facilitated - leadership training for middle management officers, training for tellers and new team members, mental health, and well-being sessions related to COVID-19 vaccination and sessions on achieving balance during COVID-19. Staff were also exposed to external virtual training and developmental sessions and webinars.

Further, there was increased completion of training courses via the Bank's Online Learning Academy.

The Bank's signature Youth Link Apprenticeship Programme, that effectively prepares those graduating from high school for the world of work, will resume in the new fiscal following update and recertification of related programme content.

COVID-19 remains a concern and challenge to the safety of our staff, customers and operations. We continue to actively monitor the effects of the pandemic internally and at the national level and have been implementing safety measures as the situation warrants and in accordance with the Ministry of Public Health's protocols. The Bank continues to encourage vaccination for its staff to help increase immunity within the organisation and communities and remains committed to ensuring a safe work environment for employees and stakeholders.

INFORMATION TECHNOLOGY

Banking continues to evolve, and as such Republic Bank's focus remains that of embracing innovation and aligning our technology to meet emerging needs. Our core functionality was enhanced, and new technologies will be deployed during the new fiscal.

Complimentary Wi-Fi service is now available for customers during business hours at most of our branch locations, and we successfully collaborated with local telecommunication providers – GTT and Digicel for zero rating of mobile data for customers utilising our Republic*Online* banking platform via their networks. This affords customers without an active data plan uninterrupted access and convenience.

With increased ATM locations and plans for additional installations, convenient access to banking facilities remains a high priority. The Bank of Guyana's introduction of a platform to facilitate Electronic Funds Transfers (EFTs) between local commercial banks has proven beneficial to commercial and corporate customers, resulting in improved efficiency in the payment system.

The Bank is cognisant of the ever-present threat of cyber security incidents and remains vigilant/proactive in this regard. Further upgrades to the core network infrastructure are in-train to ensure continuous protection of the Bank's critical information infrastructure and assets.

Looking ahead, our objective is to derive maximum benefit from investments in technology, and to continually implement new ways for effective application and provision of reliable, convenient and secure banking for customers.

ADMINISTRATION AND PREMISES

In addition to routine maintenance and minor internal configurations the Bank undertook additional measures at its locations to heighten protection of staff and customers during the pandemic. These included installation of plexi-dividers at service counters, and within staff areas, and floor markings to enforce social distancing. Temperature check devices were also installed at all locations and frequent deep cleaning and sanitisation of all premises is also ongoing, as we are committed to ensuring a safe work and business environment.

Our future plans include construction of a new branch in the Berbice region; subject to Bank of Guyana approval.

EMPOWERING COMMUNITIES

Year three of Phase Four of the Power to Make A Difference social investment initiative saw the Bank continuing its partnership with governmental and non-governmental organisations.

The Bank and the Ministry of Health collaborated for the national COVID-19 Vaccination Drive in the fight against COVID-19, through use of seven Republic Bank locations in various administrative regions for public vaccination sites. Three thousand COVID-19 vaccines were administered within the first four weeks.

The COVID-19 pandemic prompted adjustments to ongoing projects, to ensure undiminished impact and safety of all stakeholders.

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

> **The Bank and Ministry of Health collaborated for the National COVID-19 Vaccination Drive in the fight against COVID-19, through use of seven Republic Bank locations in various Administrative Regions for public vaccination sites. Three thousand COVID-19 vaccines were administered within the first four weeks.**

In partnership with the Ministry of Culture, Youth and Sport, the Bank hosted the 13th Annual Republic Bank Panorama Steel Band Competition. While the event was hosted without a live audience, numerous local and overseas patrons enjoyed the much-anticipated showcase of musical talent via the local television networks and social media. As has become the norm, participants did not disappoint, and their passion and commitment to steelpan are heartening, while auguring well for the future of the art form.

The Bank's involvement in local pan development and resuscitation of this art form over the years, is rooted in our desire to provide avenues for empowerment and enrichment for the nation's youth, while sustaining cultural heritage.

Our alliance with Women Across Differences (WAD) entered its sixth year of facilitating their Comprehensive Empowerment Programme for Adolescent Mothers. Notwithstanding the limitations posed by the pandemic, the programme progressed with adjustments to safeguard facilitators and recipients. Many young women and girls benefitted and will transition as proud and emboldened advocates for sexual reproductive health, family planning education, self-development training, and vocational skills building.

We've also invited applications from past cohorts where beneficiaries became successful established businesses, to apply for selection and participation in Republic Bank's Entrepreneur Business Builder Programme. Three selected WAD applicants will be fully sponsored by the Bank.

The Bank's University of Guyana's four-year university scholarship recipient Ms. Kenita Shabiki Roberts who's pursuing a bachelor's degree in Environmental Sciences completed her second academic year of the program and is preparing for her third.

The Republic Bank scholarship is offered every four years and is open to students pursuing studies with the University of Guyana in subject areas the Bank recognises as key local sectors. These include Agriculture and Forestry, Earth and Environmental Science, Technology and Natural Sciences, Finance, Entrepreneurship and Supply Chain Management.

The Mayor and Councillors of the City of Georgetown is a continuing partner, and this year marked the 17th year of the Bank's commitment to the restoration and ongoing maintenance of the Promenade Gardens. The Step by Step Foundation received support for the eighth year toward programmes offered by the Step by Step School for Autistic Children, with the Bank providing remuneration for three specialised teachers who continue lending support.

The Bank also stepped up its support for the Foundation's efforts to engage and educate the public about autism. During the month of April – Autism Awareness Month – through traditional and social media and via other online channels, the spotlight was placed on the autism spectrum and the Foundation's work in the field.

In keeping with the Republic Group's commitment to the Principles of Responsible Banking, in the coming year the Bank will focus on expanding our impact in key sustainable development goals with health and safety, gender equality, diversity and equity, entrepreneurship, environment and conservation high on our agenda, along with continued attention to youth development and strengthening cultural heritage.

REGULATORY COMPLIANCE

Guyana concluded the review process on the threat of Money Laundering, Financing of Terrorism and Proliferation Financing for its second round of the National Risk Assessment exercise and a final report will be issued on the outcome. Republic Bank (Guyana) Limited continues to support the national initiative to counter these threats and participated in national engagements in pursuit of these objectives.

The Bank continually reviews its policies and procedures to ensure compliance with current regulations and international best practices relating to Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing. Audits and quality assurance testing are conducted on an ongoing basis to assess the effectiveness of the Bank's approved policies and procedures. Staff receive ongoing training and guidance to ensure continued compliance with internal procedures.

We present below a discussion and analysis of the financial position and performance of the Bank for the year ended September 30, 2021, to be read in conjunction with the Directors' report and audited financial statements presented on pages 24 to 26 and pages 69 to 75 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, 2021:

	2021	2020
United States dollars	**212.75**	212.75
Pounds Sterling	**240.75**	240.75
Canadian dollars	**145.75**	145.75
Euro	**225.75**	225.75

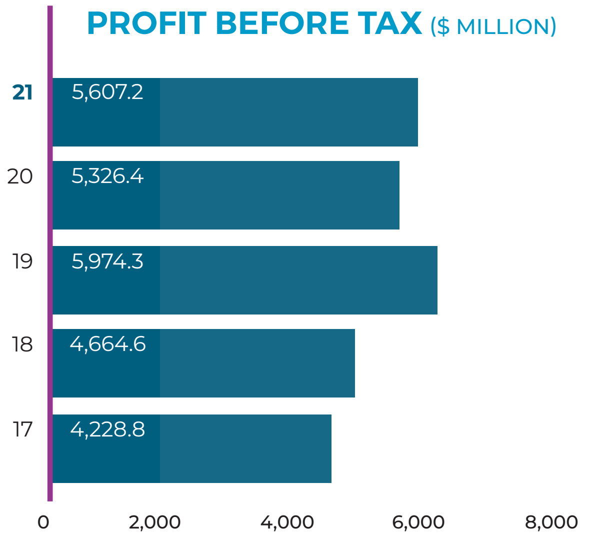
STATEMENT OF INCOME REVIEW

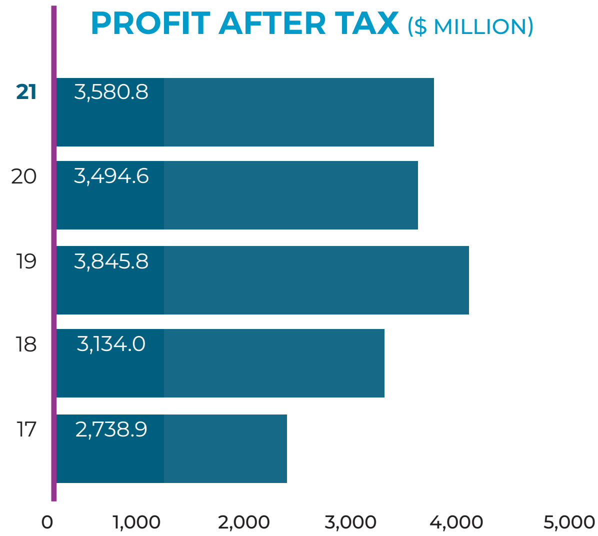
FINANCIAL SUMMARY

After tax profit of $3,580.8 million represents an increase in profitability of $86.2 million or 2.47 percent compared with 2020. This increase in profitability resulted primarily from the increase in foreign exchange income. Corporation Tax paid amounted to $1,619.1 million compared with $2,408.4 million in 2020.

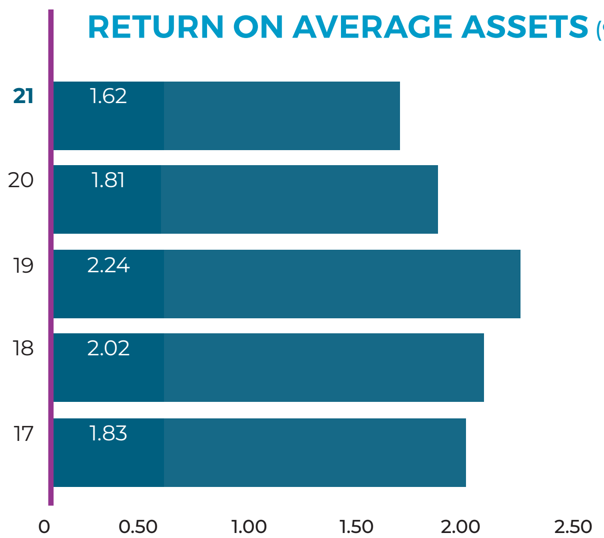
NET PROFIT (GY$B)	NET INTEREST INCOME (GY$B)	OTHER INCOME (GY$B)	TOTAL TAXATION (GY$B)
3.6	8.8	3.1	2.0

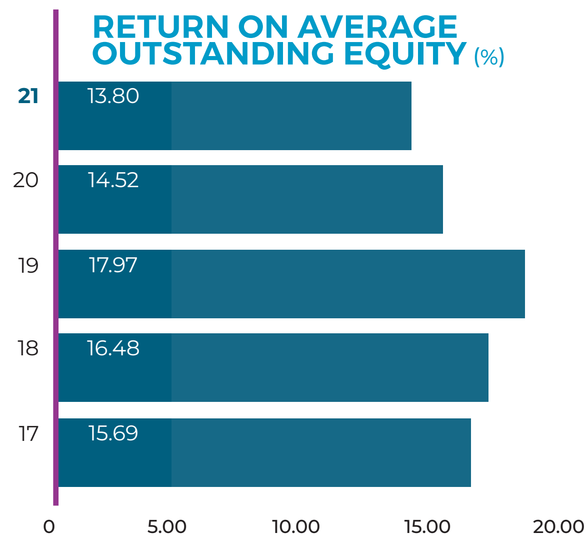
MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS





The Bank's return on average assets (1.62 percent) decreased year on year, and its return on average stockholders' equity also decreased (13.80 percent). Earnings per stock unit moved from $11.65 in 2020 to $11.94 in 2021.

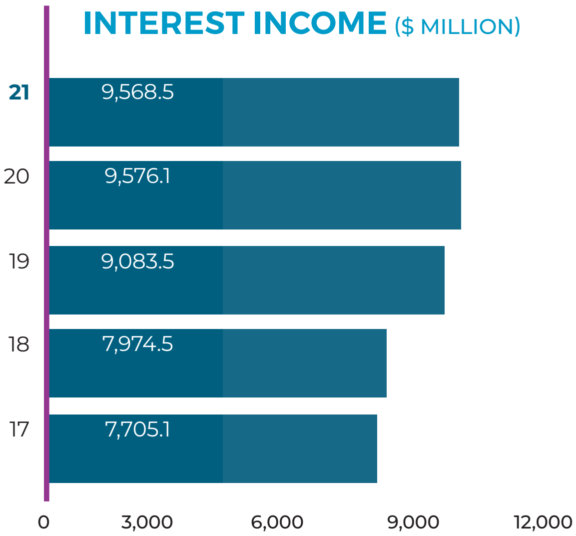


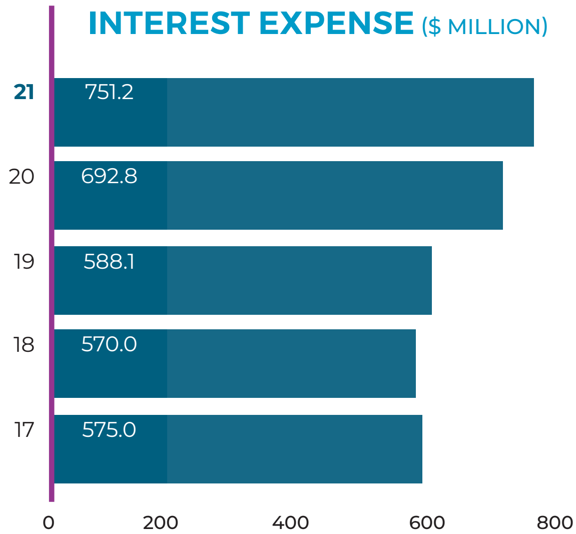


NET INTEREST AND OTHER INCOME

Net interest and Other income grew by $166.1 million or 1.42 percent to $11,897.7 million in 2021 compared to the $11,731.6 million generated in 2020, which is attributed mainly to the increase in foreign exchange income.

Net interest income decreased by $66.1 million or 0.74 percent to $8,817.2 million and is attributed primarily to a decrease in Investment income.





NET INTEREST MARGIN

	2021 **%**	2020 %
Net interest income/Total average interest earning assets	**5.81**	6.36
Net interest income/Total average assets	**4.02**	4.61

Refer to Statement of financial position and Note 17

There were no unusual non-operational items.

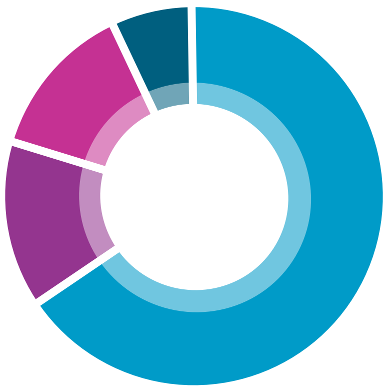
The ratio of the Bank's *average Interest earning assets to average customer deposits*, decreased to 80.37 persent, from 84.74 percent in 2020. This is reflective of the Bank's policy of managing customers' deposits in a challenging environment where investments and lending opportunities are relatively scarce. At September 30, 2021, 24.72 percent of the Bank's Interest earning assets consisted of Government of Guyana Treasury Bills.

Interest paid on deposits for 2021 at $751.2 million, was above that of 2020 ($692.8 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 $3,080.5 million and contributed 24.35 percent to total income, was above the 2020 amount by $232.1 million, or 8.15 percent. With continued emphasis, foreign exchange trading resulted in exchange gains for 2021 of $1,592.0 million, which represented an increase of $527.8 million or 49.60 percent over 2020. Exchange earnings continue to be the major source of Other income, contributing 51.68 percent (2020: 37.36%) of the total.

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

SOURCES OF REVENUE (%)



REVENUE OF DISTRIBUTION (%)

NON-INTEREST EXPENSE

Non-interest expenditure, which comprises operating expenses and provision for Expected credit losses (ECLs), decreased by $114.7 million or 1.79 percent over 2020, mainly as a result of provision for ECLs, which decreased to $324.3 million and staff cost which decreased to $2,619.4 million. ECLs net of recoveries of moved from $245.3 million to $99.1 million, as the Bank continues to closely monitor credit risk and increase efforts on the area of recoveries.

The Bank's productivity/efficiency ratio, which is Non-interest expenses to Net interest income and Other income, decreased to 50.15 percent from 51.47 percent in 2020.

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

The Financial Statements include ECL provision made on its performing portfolio, of $414.6 million at September 30, 2021.

At September 30, 2021, specific provision on Non-performing loans increased to $433.2 million. Overall in 2021, expenses related to ECL amounted to $324.3 million against an expense of $366.5 million in 2020. The Bank continues to strive to maintain a very prudent policy especially on its unsecured consumer lending portfolio. Recoveries on loans which were previously written-off amounted to $225.2 million in 2021 (2020: $121.3 million).

The Bank's ratio of Non-performing to performing loans at September 30, 2021, stood at 4.47 percent, and its ratio of specific provision for loan losses to Non-performing loans, at 11.10 percent.

> **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**

TOTAL ASSETS (GY$B)

235.3

LIQUID ASSETS (GY$B)

121.6

DEPOSITS & FUNDING (GY$B)

203.5

TOTAL EQUITY (GY$B)

27.1

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 increased by $216.2 million year on year. This increase was mainly the net effect of the increase in our Surplus Funds with Bank of Guyana, which grew by $7.2 billion and our deposits held with correspondent banks, which decreased by $7.0 billion, over the same period.

INVESTMENT SECURITIES

Investment securities, including Government of Guyana Treasury Bills, increased by 45.12 percent during the year ($19.6 billion). The increase arose mainly in the Bank's investment in Treasury Bills which moved from $30 billion in 2020 to $47.7 billion in 2021 or 58.88 percent. There was also an increase in Other investments, by $2.0 billion, or 14.55 percent, to $15.5 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 $6.5 billion to $88.4 billion, an increase of 7.98 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 Retail Loans sub-sector recorded an 18.62 percent increase in value from $11.3 billion to $13.4 billion. The Mortgages sub-sector recorded a 9.78 percent increase from $32.6 billion to $35.8 billion; the Bank remains poised to aggressively support the Government's planned home ownership thrust.

As a percentage of total assets, loans and advances accounted for 37.56 percent.

TOTAL ASSETS

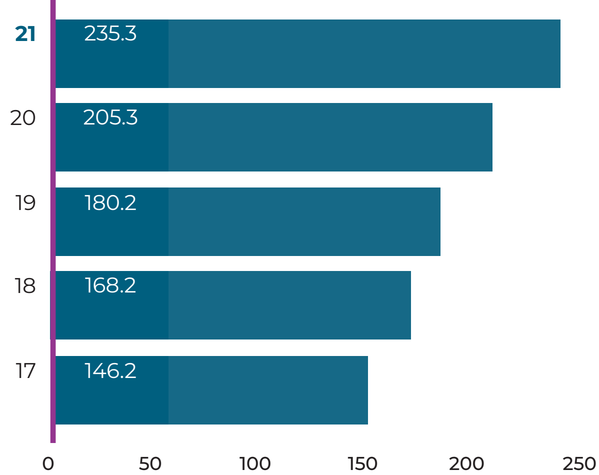
The Bank's total assets of $235.3 billion represent an increase of $30.0 billion or 14.62 percent above 2020; attributed mainly to investment securities. Over the past three years, net investment in loans and advances grew by $9.0 billion, $3.1 billion and $6.5 billion, respectively. In a challenging and competitive environment for sound economic projects, the Bank continues to seek and attract new and remunerative investments, even as it honours its obligation to protect depositors' funds.

DEPOSITS

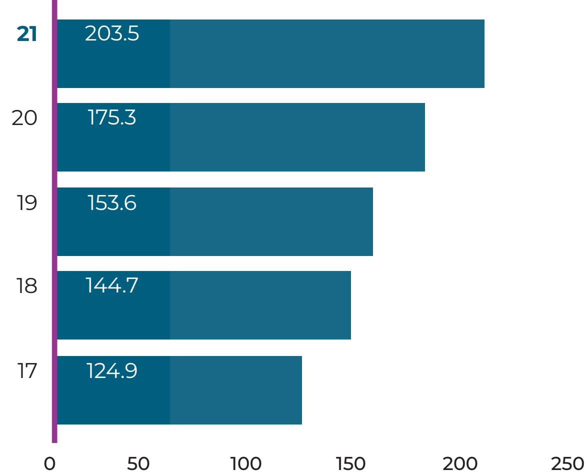
Our deposits increased, moving to $203.5 billion from $175.3 billion in 2020; an increase of $28.2 billion or 16.07 percent. Our depositors remain confident in the Bank, as it continues to focus on providing quality products and services. Our demand deposits portfolio increased by $21.6 billion or 19.39 percent and our savings deposits by $6.5 billion or 11.70 percent.

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

TOTAL ASSETS ($ BILLION)



TOTAL DEPOSITS ($ BILLION)



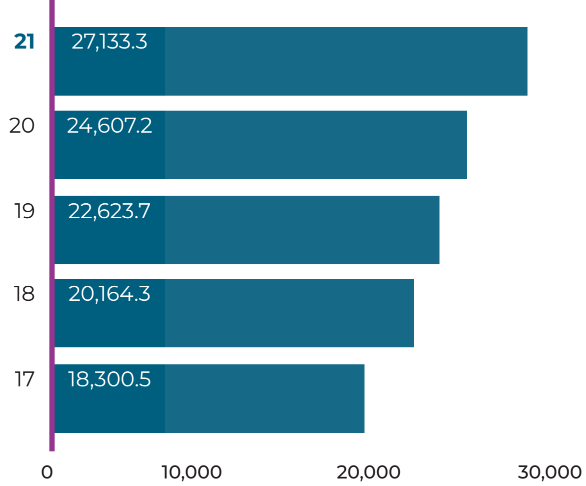
CAPITAL STRUCTURE AND RESOURCES

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 $3,580.8 million, $1,350 million is being proposed as dividends and $2,230.8 million transferred from the Statement of income to stockholders' equity. At September 30, 2021, the book value of stockholders' equity amounted to $27.1 billion.

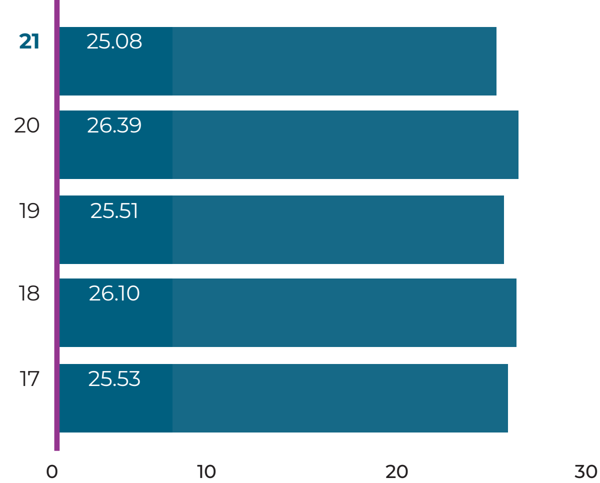
Total dividends paid and proposed for fiscal 2021 amount to $1,350 million and equates to a dividend payout ratio of 38.08 percent (2020: 35.55%).

There was an increase in the price at which the Bank's stock traded on the Guyana Stock Exchange with a spread of 50 percent between the highest price of $525 and lowest price of $350 with an average weighted price of $525 per stock unit. In terms of volume, most trades were done at a unit price of $400. Using the Market Weighted Average Price of $525 from the last trade date (September 27, 2021) for the Bank's stock, the price/earnings ratio increased to 43.97 from 31.76 in 2020. The net asset value of one unit is $90.4 (2020: $82.0) which, with a price of $525 gives a price/book ratio of 5.80:1 (2020: 4.51:1).

STOCKHOLDERS' EQUITY ($ MILLION)



CAPITAL ADEQUACY (%)



REGULATORY CAPITAL

Capital adequacy is monitored by the Bank on a monthly 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 $24.6 billion to $27.1 billion year-on-year. The capital adequacy ratio decreased, moving to 25.08 percent at September 30, 2021, from 26.39 percent at September 30, 2020. This decrease is attributable to a significant increase in total risk-weighted assets.

RISK MANAGEMENT

OVERVIEW

Banking is about the management of risks. These are discussed extensively on pages 123 to 139 of this Annual Report.

Republic Bank (Guyana) Limited recognises that the achievement of its strategic objectives is contingent upon a cohesive implementation framework and active risk management. The Bank acknowledges that both Risk Management and a strong Senior Management spear-headed risk culture are critical precursors to its success.

The Bank manages risks at all levels of its corporate structure applying quantitative and qualitative criteria and strict levels of authority throughout the organisation, and also benefits from continuous guidance and services of the Group Enterprise Risk Unit of the Parent company.

The Bank's Internal Audit Department and that of its parent company are also integrally involved in reviewing and implementing systems and procedures to combat risk. The Department, through its random audits and internal verification processes, is tasked with ensuring the integrity of the Bank's operations is maintained.

The Board of Directors oversees the Bank's strategic direction, implementation of an effective risk management culture and implementation of a strong internal control environment across the Bank. They approve and enforce the risk management framework, including the overall risk appetite and the Bank's philosophy on risk-taking.

Given the disruption and prolonged impact of the COVID-19 pandemic, Republic Bank heightened the importance of robust governance to mitigate potential operational losses. The effects of the pandemic continue to challenge global economies and based on which the Bank proactively revisited its strategic plans and strengthened its internal controls and stress testing methodology for alignment with forecast economic conditions and emerging risks.

Republic Bank (Guyana) Limited remains committed to maintaining a robust risk management framework to ensure that it understands and monitors risks, and proactively implements measures to manage risks within our appetite.

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

> **Republic Bank remains committed and well positioned to continue supporting its customers, stakeholders, and staff throughout the pandemic and beyond, and looks forward to continuing to play a meaningful role in the development and sustainability of Guyana's economy for the well-being of all Guyanese.**

FUTURE OUTLOOK

Despite the challenges of the COVID-19 pandemic, Guyana's political stability and the effects of the expanding oil and gas sector have positively impacted the economy. The exclusion of new taxes and introduction of tax benefits and COVID-19 grants in the national budget, are expected to further bolster the nation towards achieving the budget's goal of "economic dynamism and resilience".

The Government's plans for infrastructural enhancement and expansion, housing and environment, agriculture and extractive industries are all positive indicators for anticipated growth and development across key sectors.

Guyana became an oil producing nation in December 2019, and as at August 9, 2021, had received its seventh Oil Lift bringing total payments to US$389 million; US$245 million more than last reported.

Republic Bank remains committed and well positioned to continue supporting its customers, stakeholders, and staff throughout the pandemic and beyond, and looks forward to continuing to play a meaningful role in the development and sustainability of Guyana's economy for the well-being of all Guyanese.

ACKNOWLEDGEMENTS

The Bank remains grateful for the continued dedication and hard work of its employees. Their commitment during these challenging times is true testimony to our resilience, and without which we could not have achieved noteworthy results.

Sincere thanks are also extended to our valued customers and business partners for their unwavering support and loyalty, and our Board of Directors for their guidance.

STEPHEN R. GRELL
MANAGING DIRECTOR

SENIOR MANAGEMENT

DENISE HOBBS

General Manager, Operations

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

VENUS FRITH

General Manager, Credit

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

MANAGEMENT

KAREN ASSANAH

Manager, Centralised Collections Unit

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

DENYS BENJAMIN

Administration and Premises

AICB

SATIE COX

Branch Sales Manager, Rose Hall Branch

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

HARRY DASS GHANESS

Branch Sales Manager, Camp Street Branch

ICB – Letter of Accomplishment, Certified Credit Professional

EON GRANT

Branch Sales Manager,
Vreed-En-Hoop Branch

BComm., AICB

YONNETTE GREAVES

Manager,
Information Technology and E-Support

Dip. (Mgmt. Info. Systems) LIMIS

GAIL HARDING
Assistant Manager,
Commercial and Retail Services
ACIB

SASENARAIN JAGNANAN
Regional Corporate Manager,
Corporate Business Centre
AICB, Dip. (Bkg. and Fin.)

ERICA JEFFREY
Manager, Branch Support Services
ICB – Letter of Accomplishment

MICHELLE JOHNSON
Manager, Marketing and Communications
B.Soc.Sc.(Credit) (Mgmt.), MACC (Dist.) PG Dip. CIPR, MCIPR

NDIDI JONES
Manager/Assistant Corporate Secretary,
Head Office
LLB, LEC, LLM (Merit), Dip. (Sociology), CPAML

JANNIS LONDON
Branch Sales Manager, Linden Branch
B.Soc.Sc. (Mgmt.), MBA, Dip. (Bkg.), AICB

MANAGEMENT

CHRISTINE MCGOWAN
Manager, Legal Services/ Corporate Secretary
LLB (Dist.), LEC (Hons.), LLM (Merit), AMLCA, CPAML

ALLISON MC LEAN-KING
Branch Sales Manager, Diamond Branch
Certified Credit Professional, AICB

SHRIMANIE MENDONCA
Manager, Human Resources
BSc (Biology), M Ed, Pg Dip. (Edu.)

YUGISTHER MOHABIR
Manager, End User Services
MCSA

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.)

ORAL ROSE

Manager, Internal Audit

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

IMRAN SACCOOR

Branch Sales Manager,
New Amsterdam Branch

MBA, Dip. (Mktg.)

RANDULPH SEARS

Branch Sales Manager, Water Street Branch

*MBA, Dip. (Mktg.), Cert. (ICM),
Certified Credit Professional, MCIM*

JOEL SINGH

Branch Sales Manager, D'Edward Branch

AICB

MANAGEMENT

VANESSA THOMPSON
Manager,
Planning and Financial Control

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

JOANN WILLIAMS
Assistant Manager, Human Resources

BA (English), MA (Strategic HR Mgmt.)

DIANE YHUN
Credit Manager,
Corporate Business Centre

PLANET

We are committed to a future where we achieve net-zero greenhouse gas emissions in our financing activities. This thrust would include attractive financing for sustainable agriculture, clean fuels, renewable energy use and technology and new construction deploying climate resilient technology.

CORPORATE GOVERNANCE PRACTICES

The continued emphasis on accountability, transparency and fairness in companies underscores the need for a sound corporate governance framework. In furtherance of this objective, rules, systems and practices have been developed that define the way companies are directed and controlled. These principles continue to evolve and influence the way companies are managed. Importantly, sound corporate governance principles have been instrumental in helping companies navigate the challenges posed by the current pandemic. This adds credence to the view that a company's corporate governance structure impacts its strength and agility and can be leveraged to achieve financial stability in the midst of poor economic conditions.

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

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

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

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

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

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

AUDIT COMMITTEE

The members of the Audit Committee are:

CHAIRMAN

Mr. Roy E. Cheong

MEMBERS

Mr. Richard M. Lewis

Mr. Richard I. Vasconcellos

Mrs. Yolande M. Foo

ALTERNATE MEMBER

Mr. John G. Carpenter

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

COMPENSATION COMMITTEE

The members of the Compensation Committee are:

CHAIRMAN

Mr. Aldrin Ramgoolam

MEMBERS

Mr. Richard M. Lewis

Mr. Roy E. Cheong

ALTERNATE MEMBER

Mrs. Yolande M. Foo

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

ENTERPRISE RISK COMMITTEE

The members of the Enterprise Risks Committee are:

CHAIRMAN

Mr. John G. Carpenter

MEMBERS

Mr. Roy E. Cheong

Mr. Aldrin Ramgoolam

ALTERNATE MEMBER

Mr. Richard M. Lewis

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

GOVERNANCE AND NOMINATION COMMITTEE

The members of the Nomination Committee are:

CHAIRMAN

Mr. Aldrin Ramgoolam

MEMBERS

Ms. Yolande 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 formal and transparent process for selection of Directors.

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

The Managing Director's responsibilities and authorities are documented and approved by the Board of Directors. Limits on credit dispensation, capital and operating expenditure are stated specifically in the Managing Director's authorities. In keeping with good corporate governance principles the Managing Director is charged with the day to day management of the Bank's business and is ably assisted by a competent and experienced management team. The Bank's two General Managers report directly to the Managing Director. Senior Management, which has combined banking experience of more than 77 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 Degree in Finance while another holds a Master of Science Degree in International Finance. The third member of Senior Management is qualified in Business Management making

CORPORATE GOVERNANCE PRACTICES

the team extremely qualified to offer leadership to the management team.

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

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

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

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

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

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

Signed on behalf of the Board

NIGEL M. BAPTISTE
CHAIRMAN

BANKING ON DIGITAL

DIGITAL TRANSFORMATION DRIVERS

CUSTOMER EXPERIENCE
Banking on our Customers terms, where they want, when they want, simply and easy

EFFICIENCY
Making our internal processes faster and simpler so more time can be spent focusing on the Customer

GROWTH
Increasing products and services and facilitating expansions

SECURITY
Protecting Customers from external threats and other risks

COST SAVINGS
Adding value to our top and bottom lines

ENVIRONMENTAL
Reducing our footprint and providing paperless services

OMNI CHANNELS
Increasing the efficiency and automation of our products and services

RepublicOnline
24/7 Banking at your fingertips from any digital device

Republic Mobile APP
The Mobile APP now offers new features & improvements

www
All services and information can be accessed on our websites

MOBILE PRODUCTS & SERVICES

BANKING ON DIGITAL

DOING BUSINESS WITH US

- Pay bills and salaries 24/7
- Set auto transfers
- Transfer funds same day to accounts
- Initiate international transfers
- Pay Credit cards
- Stop a cheque
- Receive and print bank statements
- Set notifications

COMMERCIAL & CORPORATE SERVICES ARE ACCESSIBLE ONLINE

SMEToolkit™

This free website contains valuable resources targeted to small and medium Enterprises and is geared at assisting these entrepreneurs in the set up and development of their business successfully

VISA IDC

WHY CARRY CASH?
Pay for goods and services nationwide using the **Republic VISA OneCard**

AUTOMATED TELLER MACHINES

The BLUE MACHINE

- Withdraw cash
- Deposits
- Credit card payments
- Account balances
- Cardless Cash
- 24/7 Service

50

CONVENIENTLY LOCATED

THE POWER TO MAKE A DIFFERENCE

THE POWER TO

CARE

We champion those in need to keep them steady in every area of their lives

THE POWER TO CARE

Using the Power to Care, the Bank stayed the course in the maintenance of the beloved Promenade Gardens, an ongoing project for the past 17 years in collaboration with the Mayor and Councillors of the City of Georgetown.

Similarly, in staying the course with long-time allies, the Bank maintained its ongoing support of the Step by Step Foundation School for Autistic Children, which, like most education centres, pivoted their techniques to adapt to the COVID-19 era. Paramount in the decisions taken to adapt was the need to ensure that the disruptions did not compromise the level of support the school provides.

In addition to its continued support of Autism Awareness Month in April, the Bank also maintained its ongoing investment which significantly offset the costs of two visits by US medical practitioners specialising in autism, as well as, covered the annual salaries of two tutors.

THE POWER TO MAKE A DIFFERENCE

THE POWER TO

HELP

We help shape the future for those who are following a course to their dreams

THE POWER TO HELP

With the Power to Help, the Bank demonstrated its commitment to rebuilding and strengthening various communities, stepping up its efforts in the COVID-19 vaccination drive in partnership with the Ministry of Health. This year, the Bank made seven branches available for more than six weeks as vaccination centres. The move helped add greater momentum and wider reach to ongoing COVID-19 vaccination awareness and vaccination efforts in making more venues available to the public.

To date, more than 4,000 vaccines have been administered with every expectation for those statistics to increase as the programme becomes more entrenched and more people take the decision to get vaccinated in the fight against COVID-19.

THE POWER TO LEARN

Under the Power to Learn, collaboration with the University of Guyana has consistently provided the opportunity and encouragement for young achievers to pursue their academic dreams and turn them into tomorrow's reality.

In 2020, the current scholarship recipient, Ms. Kenita Shabiki Roberts, entered her 3rd year of the four-year programme with sights firmly set on attaining her Bachelor of Social Science Degree in Environmental Sciences at the University of Guyana, Turkeyen Campus.

Open to students interested in enrolling in the university, for decades, the Republic Bank Scholarship programme has empowered many talented students to strive for academic excellence in the fields of Agriculture and Forestry, Earth and Environmental Science, Technology, Natural Sciences, Finance, Entrepreneurship and Supply Chain Management.

THE POWER TO

LEARN

We empower those in need with the know-how to make a better quality of life

THE POWER TO MAKE A DIFFERENCE

THE POWER TO
SUCCEED

We work together with those who want success, inspiring them to achieve their goals and lead others to do the same

THE POWER TO SUCCEED

Working with others to achieve their potential is at the heart of the Power to Succeed. During the period, the Bank maintained its ongoing support of Women Across Differences and their Comprehensive Empowerment Programme for Adolescent Mothers. In so doing, an even greater push was made for the advancement and empowerment of women and girls to improve their lives through access to social and economic resources, tools to reduce poverty, life skills training and social functioning enhancement.

The continuation of the mutually beneficial partnership with Women Across Differences meant that more young women and girls would be able to benefit from this well-received programme. In so doing, they will become proud and emboldened advocates for sexual reproductive health, family planning education, self-development training and vocational skills-building.

Partnership with the Ministry of Culture, Youth and Sport on the Annual Republic Bank Panorama Steel Band Competition ensured that the drive to celebrate the creative expression and cultural inspiration of the pan will be kept alive for future generations. Like many other public events, this year's competition was adversely affected by the pandemic, however, undaunted, the event took place virtually to the enjoyment of thousands locally and overseas via local television networks and social media.

OUR PARTNERS

Changing the future today. That is the Power to Make A Difference.

- **Mayor and Councillors of the City of Georgetown** – maintenance of the Promenade Gardens
- **Ministry of Culture, Youth and Sport** – Annual Republic Bank Panorama Steel Band Competition
- **Ministry of Health** – Vaccination Drive at select Republic Bank Branches
- **Step by Step Foundation and School for Autistic Children**
- **University of Guyana** – four-year scholarship
- **Women Across Differences** – Comprehensive Empowerment Programme for Adolescent Mothers

PERFORMANCE

Our strategy is to achieve optimal financial performance while adhering to the Principles of Responsible Banking. With our climate finance goals we are focussing on reducing our carbon footprint and our contribution to CO_2 emissions. We are committed to sustainable operations with a view towards making all our new Bank buildings LEED Certified properties and to using electric cars in our corporate vehicle fleet at the Board level.

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FINANCIAL REPORTING REQUIREMENTS

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

General responsibilities include:

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

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

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

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

Signed on behalf of the Board

STEPHEN R. GRELL
MANAGING DIRECTOR

CHRISTINE A. MC GOWAN
CORPORATE SECRETARY

INDEPENDENT AUDITOR'S REPORT

OPINION

We have audited the financial statements of Republic Bank (Guyana) Limited ("the Bank"), which comprise the statement of financial position as at September 30, 2021, 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, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), the Financial Institutions Act Cap. 85:03 and guidelines issued thereunder, the Companies Act Cap. 89:01 and the Securities Industry Act Cap. 73:04.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended September 30, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
CREDIT LOSS PROVISIONS Advances, net of credit loss provisions, comprise 37.6 percent of the Bank's total assets – refer to Note 5; while Investment securities, net of credit loss provisions, comprise 6.6 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.	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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
CREDIT LOSS PROVISIONS *(continued)* 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 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 were reviewed for inconsistencies in data and formulas and checked for accuracy; • Customers' risk ratings were reviewed to ensure accuracy of ratings; The models prepared were reviewed to ensure compliance with the Manual governing the models and IFRS 9; Information in the model loads and portfolio loads (worksheet in the Expected Credit Losses (ECL) models) were compared for consistency; The models prepared were reviewed to ensure compliance with the Manual governing the models and IFRS 9; Information in the model loads and portfolio loads (worksheet in the ECL models) were compared for consistency; Total loans and investment securities as per the models were compared to the management accounts to ensure accuracy; and Finally, we focused on the adequacy of the Bank's financial statement disclosures regarding advances and investment securities and the related credit loss provisions.
FAIR VALUE DISCLOSURES FOR INVESTMENTS SECURITIES Investment securities, related interest receivable and Government Treasury Bills comprise 26.9 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, $10,232 million relates to investments for which no published prices in active markets are available and which have been classified as Level 2 in the IFRS fair value hierarchy.	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;

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KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
FAIR VALUE DISCLOSURES FOR INVESTMENTS SECURITIES *(continued)*	
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.	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.
REGULATORY ENVIRONMENT	
The Bank operates in a highly regulated environment and non-compliance with laws and regulations, particularly the Anti-Money Laundering and Countering the Financing of Terrorism (AML+CFT) Act Cap. 10:11, could result in serious monetary or other penalties. The Bank has assigned the responsibility of AML/CFT to officers throughout its network and established various controls to ensure AML/CFT compliance. The Bank's Internal Audit Department also reviews compliance with the Bank's established policies.	We evaluated and tested the Bank's internal controls with a specific emphasis on compliance with AML+CFT policies. This included: A review of the policies and procedures in place including approval of those policies by those charged with governance; A review of training completed by Bank personnel including those charged with governance; Testing of customer documentation and transactions; and Review of the Bank's compliance with reporting requirements. A review of the work programme and work done by the Internal Audit Department is carried out including retesting of the audit working papers. Finally, we reviewed compliance with relevant provisions of other legislation including the Financial Institutions Act Cap. 85:03 and the Securities Industry Act Cap. 73:04.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
The Bank migrated from the Clareti software to the Phoenix software in November 2019, which revealed some transition issues. In addition, during the year, the Bank experienced software difficulties affecting its International Debit cards, ATM deposits and Point-of-sale operations. As a consequence, a number of suspense accounts were established to hold the unreconciled balances in those accounts. The Bank established a Special Projects Team to investigate unreconciled balances and has prepared monthly reports to the Board of Directors on the progress and status of the exercise. The team is expected to complete its work by December 31, 2021, and to recommend any adjustments which may be necessary.	We reviewed the quarterly reports prepared by the Bank's Special Projects Team and sought clarification and explanations from the head of the Team and from management. We also reviewed customer deposits, advance accounts and extended our circularisation of customers to identify any potential or actual errors in customers balances.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with ISA, we exercise professional judgement 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 control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the year ended September 30, 2021, 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.

INDEPENDENT AUDITOR'S REPORT

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

Ram & McRae

RAM & MCRAE
CHARTERED ACCOUNTANTS
Professional Services Firm
157 'C' Waterloo Street,
Georgetown

October 25, 2021

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000)

	Notes	2021	2020
ASSETS			
Cash and cash equivalents		**4,057,595**	4,131,191
Statutory deposit with Bank of Guyana	2 (d)	**19,010,633**	16,463,214
Due from banks	4	**50,856,709**	48,955,861
Treasury Bills	6 (c)	**47,706,825**	30,027,231
Investment interest receivable		**182,808**	190,665
Advances	5	**88,401,400**	81,868,455
Investment securities	6 (a)	**15,484,478**	13,517,366
Premises and equipment	7 (a)	**6,810,230**	7,122,296
Intangible assets	7 (b)	**33,016**	50,839
Right-of-use assets	8 (a)	**11,378**	29,535
Goodwill	9	**1,228,222**	1,228,222
Pension asset	10 (a)	**214,300**	–
Deferred tax assets	11 (a)	**308,779**	405,975
Other assets	12	**1,042,205**	1,345,616
TOTAL ASSETS		**235,348,578**	**205,336,466**
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		**32,782**	14,425
Customers' chequing, savings and deposit accounts	13 (a)	**203,532,538**	175,334,552
Pension liability	10 (a)	**–**	160,600
Lease liabilities	8 (b)	**10,384**	29,314
Taxation payable		**875,982**	510,030
Deferred tax liabilities	11 (b)	**437,786**	361,450
Accrued interest payable		**58,862**	51,840
Other liabilities	14	**3,266,915**	4,267,042
TOTAL LIABILITIES		**208,215,249**	**180,729,253**
EQUITY			
Stated capital	15	**300,000**	300,000
Statutory reserves	16 (a)	**300,000**	300,000
General banking risk reserve	16 (b)	**955,227**	842,898
Retained earnings		**25,578,102**	23,164,315
TOTAL EQUITY		**27,133,329**	**24,607,213**
TOTAL LIABILITIES AND EQUITY		**235,348,578**	**205,336,466**

STATEMENT OF FINANCIAL POSITION CONTINUED

AS AT SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000)

The accompanying notes on pages 76 to 150 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on October 25, 2021, and signed on its behalf by:

STEPHEN R. GRELL	**ROY E. CHEONG**	**CHRISTINE MC GOWAN**
MANAGING DIRECTOR	DIRECTOR, CHAIRMAN AUDIT COMMITTEE	CORPORATE SECRETARY

STATEMENT OF INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000)

	Notes	2021	2020
Interest income	17 (a)	**9,568,453**	9,576,085
Interest expense	17 (b)	**(751,232)**	(692,789)
Net interest income		**8,817,221**	8,883,296
Other income	17 (c)	**3,080,469**	2,848,334
		11,897,690	11,731,630
Credit loss expense on financial assets	18	**(324,289)**	(366,548)
Operating expenses	17 (d)	**(5,966,186)**	(6,038,642)
Net profit before taxation		**5,607,215**	**5,326,440**
Taxation – Current		**(2,000,655)**	(1,806,097)
Taxation – Deferred		**(25,771)**	(25,749)
Total taxation expense	19	**(2,026,426)**	**(1,831,846)**
Net profit after taxation		**3,580,789**	**3,494,594**
Earnings per stock unit ($)		**11.94**	**11.65**

The accompanying notes on pages 76 to 150 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000)

	2021	2020
NET PROFIT AFTER TAXATION	**3,580,789**	3,494,594
OTHER COMPREHENSIVE INCOME:		
Items of Other comprehensive income that will not be reclassified to the Statement of income in subsequent periods (net of tax):		
Re-measurement gain/(loss) on defined benefit plans	**369,400**	(224,000)
Income tax related to above	**(147,760)**	89,600
Total items that will not be reclassified to the Statement of income in subsequent periods:	**221,640**	**(134,400)**
Other comprehensive gain/(loss) for the year, net of tax	**221,640**	**(134,400)**
Total comprehensive income for the year, net of tax	**3,802,429**	**3,360,194**

The accompanying notes on pages 76 to 150 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000)

	STATED CAPITAL	STATUTORY RESERVES	GENERAL BANKING RISK RESERVE	RETAINED EARNINGS	TOTAL EQUITY
BALANCE AT SEPTEMBER 30, 2019	**300,000**	**300,000**	**844,581**	**21,179,121**	**22,623,702**
Profit for the year	–	–	–	3,494,594	**3,494,594**
Other comprehensive loss	–	–	–	(134,400)	**(134,400)**
Total comprehensive income for the year	–	–	–	3,360,194	**3,360,194**
Transfer from general banking risk reserve – Note 16 (b)	–	–	(1,683)	–	**(1,683)**
Dividends	–	–	–	(1,375,000)	**(1,375,000)**
BALANCE AT SEPTEMBER 30, 2020	**300,000**	**300,000**	**842,898**	**23,164,315**	**24,607,213**
Profit for the year	–	–	–	3,580,789	**3,580,789**
Other comprehensive gain	–	–	–	221,640	**221,640**
Total comprehensive income for the year	–	–	–	3,802,429	**3,802,429**
Transfer to general banking risk reserve – Note 16 (b)	–	–	112,329	(113,642)	**(1,313)**
Dividends	–	–	–	(1,275,000)	**(1,275,000)**
BALANCE AT SEPTEMBER 30, 2021	**300,000**	**300,000**	**955,227**	**25,578,102**	**27,133,329**

The accompanying notes on pages 76 to 150 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000)

	Notes	2021	2020
OPERATING ACTIVITIES			
Net profit before taxation		**5,607,215**	5,326,440
Adjustments for:			
Depreciation of premises and equipment and right-of-use assets	7 and 8 (a)	**495,197**	470,491
Credit loss expense on financial assets		**324,289**	366,548
Loss/(gain) on sale of premises and equipment		**8,631**	(6,588)
Increase in employee benefits		**(5,500)**	(31,700)
Increase in advances		**(6,570,887)**	(3,096,125)
Increase in customers' deposits		**28,197,986**	21,743,886
(Increase)/decrease in statutory deposit with Bank of Guyana		**(2,547,419)**	407,929
Decrease/(increase) in other assets and investment interest receivable		**311,268**	(692,303)
(Decrease)/increase in other liabilities and accrued interest payable		**(993,102)**	1,957,821
Net cash provided by operating activities before tax		**24,827,678**	26,446,399
Taxes paid		**(1,619,094)**	(2,408,437)
Cash provided by operating activities		**23,208,584**	**24,037,962**
INVESTING ACTIVITIES			
Purchase of investment securities		**(4,550,064)**	(879,738)
Redemption of investment securities		**2,401,336**	1,897,465
Purchase of Treasury Bills		**(52,969,000)**	(32,167,200)
Redemption of Treasury Bills		**35,167,200**	35,080,650
Additions to premises and equipment		**(164,082)**	(385,021)
Proceeds from sale of premises and equipment		**8,300**	15,585
Cash (used in)/provided by investing activities		**(20,106,310)**	**3,561,741**
FINANCING ACTIVITIES			
Increase/(decrease) in balances due to other banks		**18,357**	(123,782)
Repayment of principal portion of lease liabilities	8 (b)	**(18,379)**	(18,379)
Dividends paid		**(1,275,000)**	(1,375,000)
Cash used in financing activities		**(1,275,022)**	**(1,517,161)**
Net increase in cash and cash equivalents		**1,827,252**	**26,082,542**
Cash and cash equivalents at beginnning of year		**53,087,052**	**27,004,510**
Cash and cash equivalents at end of the year		**54,914,304**	**53,087,052**

STATEMENT OF CASH FLOWS CONTINUED

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000)

	Notes	2021	2020
Cash and cash equivalents at end of year are represented by:			
Cash on hand		**4,057,595**	4,131,191
Due from banks	4	**50,856,709**	48,955,861
		54,914,304	**53,087,052**
Supplemental information:			
Interest received during the year		**10,098,809**	9,062,980
Interest paid during the year		**744,210**	660,389
Dividends received		**714**	10,707

The accompanying notes on pages 76 to 150 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

1 CORPORATE INFORMATION

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

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

Banking operations began on February 16, 1837, by the British Guiana Bank which had been incorporated on November 11, 1836. On November 17, 1913, operations were sold to the Royal Bank of Canada. Assets and Liabilities of the Guyana operations of the Royal Bank of Canada were acquired by the Government of Guyana on November 29, 1984, and vested in the National Bank of Industry and Commerce Limited on December 1, 1984. In October 1997, the Bank became a subsidiary of Republic Bank Limited of Trinidad and Tobago, now Republic Financial Holdings Limited and subsequently changed its name to Republic Bank (Guyana) Limited on June 5, 2006. As at September 30, 2021, the stockholdings of Republic Financial Holdings Limited in the Bank were 50.97%.

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

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

The Republic Group (the 'Group') is a financial services group comprising several subsidiaries and associated companies. The Group is engaged in a wide range of banking, financial and related activities in the Caribbean Community (CARICOM) region, Cayman Islands, Ghana, St. Maarten, Anguilla and the British Virgin Islands.

2 SIGNIFICANT ACCOUNTING POLICIES

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

a Basis of preparation

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, 2020, except for the adoption of new standards and interpretations below.

Several other amendments and interpretations apply for the first time in 2020, 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, 2020)

The International Accounting Standards Board (IASB) issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies in a timely manner.

The adoption and amendment to this standard had no impact on the financial statements of the Bank.

IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments Amendements (effective January 1, 2020)

The amendments to IFRS 9 Financial Instruments provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed.

The adoption and amendment to this standard had no impact on the financial statements of the Bank as it does not have any interest rate hedge relationships.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. 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 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Amendements (effective January 1, 2020)

The amendments provide a new definition of 'material' that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments must be applied prospectively. Early adoption is permitted and must be disclosed.

Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

The adoption and amendment to this standard had no impact on the financial statements of the Bank.

Conceptual Framework for Financial Reporting (effective January 1, 2020)

The revised Conceptual Framework for Financial Reporting is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The adoption and amendment to this framework had no impact on the financial statements of the Bank.

IFRS 16 Leases – Amendments to IFRS 16 – COVID-19 Related Rent Concessions (effective June 1, 2020)

In May 2020, the IASB amended IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modification to rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b Changes in accounting policies *(continued)*

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

IFRS 16 Leases – Amendments to IFRS 16 – COVID-19 Related Rent Concessions (effective June 1, 2020) (continued)

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021, (for example, a rent concession would meet this condition if it results in reduced lease payments before June 30, 2021, and increased lease payments that extend beyond June 30, 2021)
- There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

The adoption and amendment to this standard 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.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective January 1, 2021)

The amendments provide temporary reliefs which address the financial reporting effects when an Interbank Offered Rate (IBOR) is replaced with an alternative nearly Risk-Free interest Rate (RFR).

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b Changes in accounting policies *(continued)*

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

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

IAS 1 Presentation of Financial Statements – Amendments to IAS 1 (effective January 1, 2023)
The IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

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

IAS 16 Property, Plant and Equipment – Amendments to IAS 16 (effective January 1, 2022)
The amendment prohibits entities from deducting from the cost of an item of Property, Plant and Equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b Changes in accounting policies *(continued)*

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

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

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

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

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

IFRS 17 Insurance Contracts (effective January 1, 2023)

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

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

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day-one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e. coverage period)
- The effect of changes in discount rates will be reported in either Profit or loss or Other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the Statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the Consolidated statement of income, but are recognised directly on the Statement of financial position
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b Changes in accounting policies *(continued)*

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

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

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

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

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

Replacement of the term 'significant' with 'material'

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

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b Changes in accounting policies *(continued)*

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

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

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

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

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

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

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

iii Improvements to International Financial Reporting Standards

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

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

c Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents consist of highly liquid investments, cash on hand and at bank, Treasury Bills, bills discounted and bankers' acceptances with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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)
- 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 (for example, 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f Financial assets and liabilities *(continued)*

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

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

ii Financial assets at Fair value through profit or loss

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

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

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

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

h Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

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

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

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

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

Derecognition other than for substantial modification

Financial assets

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Derecognition other than for substantial modification *(continued)*

Financial assets (continued)

A transfer only qualifies for derecognition if either:

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

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

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

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

Financial liabilities

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

i Impairment of financial assets

i Overview of the ECL principles

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i Impairment of financial assets *(continued)*

i Overview of the ECL principles *(continued)*

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

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

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

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

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

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

Stage 3
Loans and investments considered credit-impaired (as outlined in Note 21.2). The Bank records an allowance for the LTECLs.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i Impairment of financial assets *(continued)*

ii The calculation of ECLs *(continued)*

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

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

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

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

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

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

Impairment losses and recoveries are accounted for and disclosed separately.

The mechanics of the ECL method are summarised below:

Stage 1

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

Stage 2

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i Impairment of financial assets *(continued)*

ii The calculation of ECLs *(continued)*

Stage 3

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

POCI

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

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

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

iii Revolving facilities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i Impairment of financial assets *(continued)*

v Financial guarantees, letters of credit and undrawn loan commitments

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

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

vi Forward looking information

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

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

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

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

j Collateral valuation

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

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

k Collateral repossessed

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

k Collateral repossessed *(continued)*

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 re-measurement 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

m Leases *(continued)*

Lease liabilities *(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 Information Technology (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 profit or loss 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.

The leases entered into by the Bank as lessee are all operating leases. Operating lease payments are recognised as an expense in the Statement of income on a straight line basis over the lease term.

n Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation.

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

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

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

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

Land and work-in-progress are not depreciated.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

o Intangible assets

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

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

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

p Goodwill

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

q Employee benefits *(continued)*

i Pension obligations *(continued)*

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 sharing scheme

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

r Taxation

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

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

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

s Statutory reserves

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

t Earnings per stock unit

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

u Foreign currency translation

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

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

v Revenue recognition

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

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

The EIR method

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

w Fee and commission income

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

x Segment reporting

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

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

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

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

z Assets classified as held-for-sale

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

aa Comparatives

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

ab Equity reserves

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

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

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

ab Equity reserves *(continued)*

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

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

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

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

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

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

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

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

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

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

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

Net pension asset/liability – Note 10

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

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

Goodwill – Note 9

The Bank's financial statements include goodwill arising from acquisitions. In accordance with IFRS 3, goodwill was reviewed for impairment as at September 30, 2021, using the 'value in use' method. This requires the use of estimates for determination of future cash flows expected to arise from each cash-generating unit and an appropriate discount rate to calculate present value.

Deferred taxes – Note 11

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

Premises and equipment and Intangible Assets – Note 7

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

Leases – Note 8

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

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

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

4 DUE FROM BANKS

	2021	2020
Bank of Guyana – excess of statutory deposit	**37,690,016**	30,445,842
Other banks	**13,166,693**	18,510,019
	50,856,709	**48,955,861**

5 ADVANCES

a Advances

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

5 ADVANCES *(continued)*

a Advances *(continued)*

2020	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	TOTAL
Performing advances	9,967,856	34,196,013	31,080,862	4,726,427	**79,971,158**
Non-performing advances	1,370,333	832,300	1,539,123	–	**3,741,756**
	11,338,189	35,028,313	32,619,985	4,726,427	**83,712,914**
Unearned interest	(1,763,233)	–	–	–	**(1,763,233)**
Accrued interest	–	837,504	200,457	819	**1,038,780**
	9,574,956	35,865,817	32,820,442	4,727,246	**82,988,461**
Allowance for ECLs – Note 5 (c)	(48,918)	(422,004)	(271,462)	(31,158)	**(773,542)**
	9,526,038	35,443,813	32,548,980	4,696,088	**82,214,919**
Unearned loan origination fees	(221,876)	(57,727)	(66,861)	–	**(346,464)**
Net Advances	**9,304,162**	**35,386,086**	**32,482,119**	**4,696,088**	**81,868,455**

b Loans by remaining term to maturity

	2021	2020
Within three months	**528,625**	356,221
Between three and six months	**1,034,383**	905,497
Between six months and one year	**7,112,581**	8,611,702
Between one to five years	**15,042,749**	11,816,053
More than five years	**64,683,062**	60,178,982
	88,401,400	**81,868,455**

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.

5 ADVANCES *(continued)*

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

2021	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	TOTAL
Gross Loans	11,344,766	36,430,172	35,961,225	5,815,368	**89,551,531**
Stage 1: 12 Month ECL	(63,396)	(142,368)	(72,228)	(32,063)	**(310,055)**
Stage 2: Lifetime ECL	(2,088)	(34,775)	(13,516)	(97)	**(50,476)**
Stage 3: Credit impaired financial assets – Lifetime ECL	(2,780)	(196,774)	(233,681)	–	**(433,235)**
	11,276,502	**36,056,255**	**35,641,800**	**5,783,208**	**88,757,765**
Stage 1: 12 Month ECL					
ECL allowance as at October 1, 2020 under IFRS 9	45,260	228,602	79,801	30,194	**383,857**
ECL on new instruments issued during the year	43,064	65,129	915	–	**109,108**
Other credit loss movements, repayments etc.	(24,928)	(151,363)	(8,488)	1,869	**(182,910)**
At September 30, 2021	**63,396**	**142,368**	**72,228**	**32,063**	**310,055**
Stage 2: Lifetime ECL					
ECL allowance as at October 1, 2020 under IFRS 9	1,703	12,012	17,117	964	**31,796**
ECL on new instruments issued during the year	823	12,051	157	–	**13,031**
Other credit loss movements, repayments etc.	(438)	10,712	(3,758)	(867)	**5,649**
At September 30, 2021	**2,088**	**34,775**	**13,516**	**97**	**50,476**
Stage 3: Credit impaired financial assets – Lifetime ECL					
ECL allowance as at October 1, 2020 under IFRS 9	1,955	181,390	174,544	–	**357,889**
Charge-offs and write-offs	(235,082)	(33,531)	(73,394)	–	**(342,007)**
Credit loss expense	137,419	(36,161)	90,864	–	**192,122**
Recoveries	98,488	85,076	41,667	–	**225,231**
At September 30, 2021	**2,780**	**196,774**	**233,681**	**–**	**433,235**
Total	**68,264**	**373,917**	**319,425**	**32,160**	**793,766**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

5 ADVANCES *(continued)*

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

2020	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	TOTAL
Gross Loans	9,574,956	35,865,817	32,820,442	4,727,246	**82,988,461**
Stage 1: 12 Month ECL	(45,260)	(228,602)	(79,801)	(30,194)	**(383,857)**
Stage 2: Lifetime ECL	(1,703)	(12,012)	(17,117)	(964)	**(31,796)**
Stage 3: Credit impaired financial assets – Lifetime ECL	(1,955)	(181,390)	(174,544)	–	**(357,889)**
	9,526,038	**35,443,813**	**32,548,980**	**4,696,088**	**82,214,919**
Stage 1: 12 Month ECL					
ECL allowance as at October 1, 2019 under IFRS 9	54,856	170,692	87,553	41,896	**354,997**
ECL on new instruments issued during the year	26,038	132,859	370	–	**159,267**
Other credit loss movements, repayments etc.	(35,634)	(74,949)	(8,122)	(11,702)	**(130,407)**
At September 30, 2020	**45,260**	**228,602**	**79,801**	**30,194**	**383,857**
Stage 2: Lifetime ECL					
ECL allowance as at October 1, 2019 under IFRS 9	1,444	15,338	8,370	354	**25,506**
ECL on new instruments issued during the year	705	7,688	676	–	**9,069**
Other credit loss movements, repayments etc.	(446)	(11,014)	8,071	610	**(2,779)**
At September 30, 2020	**1,703**	**12,012**	**17,117**	**964**	**31,796**
Stage 3: Credit impaired financial assets – Lifetime ECL					
ECL allowance as at October 1, 2019 under IFRS 9	6,524	187,526	162,914	672	**357,636**
Charge-offs and write-offs	(255,458)	(49,274)	(47,045)	(672)	**(352,449)**
Credit loss expense	323,778	83,100	67,110	–	**473,988**
Recoveries	(72,889)	(39,962)	(8,435)	–	**(121,286)**
At September 30, 2020	**1,955**	**181,390**	**174,544**	**-**	**357,889**
Total	**48,918**	**422,004**	**271,462**	**31,158**	**773,542**

Of the Total ECL of $773.5 million, 53.7% was on a collective basis and 46.3% was on an individual basis.

5 ADVANCES *(continued)*

d Provision for loan losses by economic sectors

	GROSS AMOUNT	NON-PERFORMING	SPECIFIC PROVISION	EXPECTED CREDIT LOSS	NET ADVANCES
2021					
Government and government bodies	2,233	–	–	–	2,233
Financial sector	21,293	–	–	(107)	21,186
Energy and mining	475,309	100,320	(13,766)	(2,382)	559,481
Agriculture	1,529,880	118,702	(21,864)	(7,666)	1,619,052
Transport, storage and communication	1,631,049	173,445	–	(8,173)	1,796,321
Distribution	13,135,946	109,440	–	(65,821)	13,179,565
Real estate mortgages	34,302,749	1,658,476	(233,681)	(85,744)	35,641,800
Manufacturing	1,928,946	104,310	(24,226)	(9,665)	1,999,365
Construction	2,280,839	155,261	–	(11,429)	2,424,671
Hotel and restaurant	23,178	–	–	(116)	23,062
Personal	9,572,107	1,347,171	(2,780)	(65,484)	10,851,014
Non-residents	422,481	–	–	(2,117)	420,364
Other services	20,322,102	136,294	(136,918)	(101,827)	20,219,651
	85,648,112	**3,903,419**	**(433,235)**	**(360,531)**	**88,757,765**
2020					
Government and government bodies	8	–	–	–	8
Financial sector	38,028	–	–	(257)	37,771
Energy and mining	386,226	8,097	(38,563)	(2,612)	353,148
Agriculture	1,615,528	33,870	(9,431)	(10,927)	1,629,040
Transport, storage and communication	1,487,330	31,182	–	(10,060)	1,508,452
Distribution	12,064,281	429,395	(65,940)	(81,600)	12,346,136
Real estate mortgages	31,281,319	1,539,123	(174,544)	(96,918)	32,548,980
Manufacturing	1,920,625	40,266	(12,505)	(12,991)	1,935,395
Construction	1,744,030	36,564	–	(11,796)	1,768,798
Hotel and restaurant	23,178	–	–	(157)	23,021
Personal	7,784,927	1,370,333	(1,955)	(46,963)	9,106,342
Non-residents	419,696	–	–	(2,839)	416,857
Other services	20,481,529	252,926	(54,951)	(138,533)	20,540,971
	79,246,705	**3,741,756**	**(357,889)**	**(415,653)**	**82,214,919**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

5 ADVANCES *(continued)*

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 $1,134.6 million as at September 30, 2021, ($838.6 million as at September 30, 2020).

The Bank offered a moratorium to customers in good standing which included a postponement of monthly instalments, including the principal and interest for a period of 1-6 months beginning on the date of acceptance with interest continuing to accrue during the period of the moratorium. These loans amounted to $396.1 million as at September 30, 2021. The financial impact of the moratorium was not material and these loans were not determined to be restructured.

f The undiscounted fair value of collateral that the Bank holds relating to loans individually determined to be impaired at September 30, 2021, amounts to $7,750.0 million (2020: $6,878.9 million). The collateral consists of cash, securities and properties.

g Collateral realised

During the year, the Bank realised collateral amounting to $7.0 million (2020: $7.0 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).

	2021	2020
Government	**8,215,549**	10,310,536
Manufacturing	**4,737,142**	3,959,910
Other services	**8,137,315**	10,009,948
Distribution	**3,420,744**	3,782,976
	24,510,750	**28,063,370**

6 INVESTMENT SECURITIES

		2021	2020
a	**Debt instruments at amortised cost**		
	Government securities	**8,796,136**	10,947,474
	Corporate bonds	**6,688,342**	2,569,892
	Total investment securities	**15,484,478**	**13,517,366**
b	**Investment securities by remaining term to maturity**		
	Within three months	**1,917,632**	–
	Between three and six months	**449,613**	–
	Between six months and one year	**1,925,196**	838,644
	Between one and five years	**8,602,500**	9,731,247
	More than five years	**2,589,537**	2,947,475
		15,484,478	**13,517,366**
c	**Treasury Bills by remaining term to maturity**		
	Within three months	**9,877,390**	12,385,572
	Between three and six months	**12,250,815**	5,049,199
	Between six months and one year	**25,578,620**	12,592,460
		47,706,825	**30,027,231**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. 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	POCI	TOTAL
2021					
Gross exposure	12,119,069	3,388,634	–	48,412	**15,556,115**
ECL	(10,477)	(43,584)	–	(17,576)	**(71,637)**
Net Exposure	**12,108,592**	**3,345,050**	**–**	**30,836**	**15,484,478**
ECL allowance as at October 1, 2020, under IFRS 9	1,005	90,998	–	17,576	**109,579**
ECL on new instruments issued during the year	2,555	18,002	–	–	**20,557**
Other credit loss movements, repayments and maturities	6,917	(65,416)	–	–	**(58,499)**
At September 30, 2021	**10,477**	**43,584**	**–**	**17,576**	**71,637**
2020					
Gross exposure	1,073,574	12,504,959	–	48,412	**13,626,945**
ECL	(1,005)	(90,998)	–	(17,576)	**(109,579)**
Net Exposure	**1,072,569**	**12,413,961**	**–**	**30,836**	**13,517,366**
ECL allowance as at October 1, 2019 under IFRS 9	580	94,677	35,626	–	**130,303**
ECL on new instruments issued during the year	–	32,824	–	–	**32,824**
Other credit loss movements, repayments and maturities	425	(36,503)	–	–	**(36,078)**
ECL on old instruments issued converted to debt that was restructured	–	–	(35,626)	17,576	**(18,050)**
At September 30, 2020	**1,005**	**90,998**	**–**	**17,576**	**109,579**

6 INVESTMENT SECURITIES *(continued)*

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
2021				
Cost				
At beginning of year	314,099	6,339,855	4,609,632	**11,263,586**
Additions at cost	59,065	35,757	69,260	**164,082**
Disposal of assets	–	(599)	(145,813)	**(146,412)**
Transfer of assets	(165,588)	15,034	150,554	–
	207,576	**6,390,047**	**4,683,633**	**11,281,256**
Accumulated depreciation				
At beginning of year	–	1,085,032	3,056,258	**4,141,290**
Charge for the year	–	104,268	357,369	**461,637**
Disposal of assets	–	(94)	(131,807)	**(131,901)**
	–	**1,189,206**	**3,281,820**	**4,471,026**
Net book value	**207,576**	**5,200,841**	**1,401,813**	**6,810,230**
2020				
Cost				
At beginning of year	337,360	6,323,984	4,296,824	**10,958,168**
Additions at cost	355,076	15,224	14,721	**385,021**
Disposal of assets	–	–	(79,603)	**(79,603)**
Transfer of assets	(378,337)	647	377,690	–
	314,099	**6,339,855**	**4,609,632**	**11,263,586**
Accumulated depreciation				
At beginning of year	–	978,882	2,803,344	**3,782,226**
Charge for the year	–	106,150	323,819	**429,969**
Disposal of assets	–	–	(70,905)	**(70,905)**
	–	**1,085,032**	**3,056,258**	**4,141,290**
Net book value	**314,099**	**5,254,823**	**1,553,374**	**7,122,296**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

7 PREMISES AND EQUIPMENT *(continued)*

b Intangible assets

	2021	2020
Cost		
At beginning of year	**674,162**	675,519
Additions at cost	–	–
Disposal	**(18,227)**	(1,357)
	655,935	**674,162**
Accumulated depreciation		
At beginning of year	**623,323**	602,028
Charge for the year	**15,403**	22,651
Disposal	**(15,807)**	(1,356)
	622,919	**623,323**
Net book value	**33,016**	**50,839**

c Capital commitments

	2021	2020
Contracts for outstanding capital expenditure not provided for in the financial statements	**296,820**	**422,291**

8 LEASES

a Right-of-use assets

	LEASEHOLD PREMISES **2021**	LEASEHOLD PREMISES 2020
Cost		
At beginning of year	**47,693**	47,693
Additions at cost	–	–
	47,693	47,693
Accumulated depreciation		
At beginning of year	**18,158**	–
Charge for the year Note 17 (d)	**18,157**	–
Disposal of assets	–	18,158
Fully depreciated assets written off	–	–
	36,315	18,158
Net book value	**11,378**	**29,535**

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

b Lease liabilities

	NON CURRENT	CURRENT	TOTAL
2021			
At beginning of year	29,314	–	**29,314**
Additions at cost	–	–	–
Accretion of interest expense Note 17 (b)	667	–	**667**
Less: Payments	(19,597)	–	**(19,597)**
	10,384	**–**	**10,384**
2020			
Effect of adoption of IFRS 16	47,693	–	**47,693**
Additions at cost	–	–	–
Accretion of interest expense Note 17 (b)	1,218	–	**1,218**
Less: Payments	(19,597)	–	**(19,597)**
	29,314	**–**	**29,314**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

8 LEASES *(continued)*

b Lease liabilities *(continued)*

Payments

	FIXED PAYMENTS	VARIABLE PAYMENTS	TOTAL
2021			
Fixed Rent	19,597	–	**19,597**
	19,597	**–**	**19,597**
2020			
Fixed Rent	19,597	–	**19,597**
	19,597	**–**	**19,597**

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
2021			
Extension options expected not to be exercised	51,150	–	**51,150**
Termination options expected to be exercised	–	–	–
	51,150	**–**	**51,150**
2020			
Extension options expected not to be exercised	51,150	–	**51,150**
Termination options expected to be exercised	–	–	–
	51,150	**–**	**51,150**

9 GOODWILL

	2021	2020
Total unimpaired goodwill on acquisition	**1,228,222**	**1,228,222**

9 **GOODWILL** *(continued)*

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, 2021, using the 'value in use' method. Based on the results of this review, no impairment expense was required.

10 EMPLOYEE BENEFITS

a **The amounts recognised in the Statement of financial position are as follows:**

	2021	2020
Present value of defined benefit obligation	**2,516,900**	2,478,600
Fair value of plan assets	**(2,731,200)**	(2,318,000)
Net (asset)/liability recognised in the Statement of financial position	**(214,300)**	**160,600**

b **Changes in the present value of the defined benefit obligation are as follows:**

	2021	2020
Opening defined benefit obligation	**2,478,600**	2,124,000
Current service cost	**91,500**	77,400
Interest cost	**135,000**	115,200
Members' contributions	**39,100**	39,000
Re-measurements		
– Experience adjustments	**(176,900)**	(94,700)
– Actuarial (gains)/losses from changes in demographic assumptions	–	277,300
Benefits paid	**(50,400)**	(59,600)
Closing defined benefit obligation	**2,516,900**	**2,478,600**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

10 EMPLOYEE BENEFITS *(continued)*

c Changes in the fair value of plan assets are as follows:

	2021	2020
Opening fair value of plan assets	**2,318,000**	2,155,700
Interest income	**130,000**	120,800
Return on plan assets, excluding interest income	**192,500**	(41,400)
Bank Contributions	**107,500**	109,000
Members' contributions	**39,100**	39,000
Benefits paid	**(50,400)**	(59,600)
Expense allowance	**(5,500)**	(5,500)
Closing fair value of plan assets	**2,731,200**	2,318,000
Actual return on plan assets	**322,500**	**79,400**

d The amounts recognised in the Statement of income are as follows:

	2021	2020
Current service cost	**91,500**	77,400
Net interest on net defined benefit liability	**5,000**	(5,600)
Administration expenses	**5,500**	5,500
Net pension cost	**102,000**	**77,300**

e Reconciliation of opening and closing Statement of financial position entries:

	2021	2020
Defined benefit obligation at prior year end	**160,600**	(31,700)
Unrecognised gain/(loss) charged to retained earnings	–	–
Opening defined benefit obligation	**160,600**	(31,700)
Net pension cost	**102,000**	77,300
Re-measurements recognised in other comprehensive income	**(369,400)**	224,000
Premiums paid by the Bank	**(107,500)**	(109,000)
Closing defined benefit (asset)/obligation	**(214,300)**	**160,600**

10 EMPLOYEE BENEFITS *(continued)*

f Liability profile

	2021	2020
The defined benefit obligation is allocated between the Plan's members as follows:		
- Active members	**77%**	76%
- Deferred members	**2%**	2%
- Pensioners	**21%**	22%
The weighted duration of the defined benefit obligation at the year end	**20.0 years**	20.0 years

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

61% of the benefits for active members are vested

g Re-measurements recognised in Other comprehensive income

	2021	2020
Experience (gain)/loss	**(369,400)**	224,000
Total included in Other comprehensive income	**(369,400)**	**224,000**

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, 2021, 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	**552,000**	(419,400)
- Future salary increases	**(267,300)**	335,500

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at September 30, 2021, by $42.0 million.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

10 EMPLOYEE BENEFITS *(continued)*

i Summary of principal actuarial assumptions as at September 30

	2021 %	2020 %
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, 2021, are as follows:

	2021	2020
Life expectancy at age 65 for current pensioner in years:		
- Male	**17.5**	17.5
- Female	**21.5**	21.4
Life expectancy at age 65 for current members age 40 in years:		
- Male	**18.6**	18.5
- Female	**22.6**	22.5

j Plan asset allocation as at September 30

	2021	2020
Local equities	**716,200**	501,900
Overseas equities	**259,200**	178,300
Cash and cash equivalents	**1,628,700**	1,474,800
Mortgages	**127,100**	163,000
Fair value of scheme assets at end of year	**2,731,200**	**2,318,000**

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 $110.0 million to the Pension Scheme during 2021/2022.

11 DEFERRED TAX ASSETS AND LIABILITIES

Components of deferred tax assets and liabilities

a Deferred tax assets

		CREDIT/(CHARGE)			
	OPENING BALANCE 2020	IMPACT OF IFRS 9	STATEMENT OF INCOME	OTHER COMPRE-HENSIVE INCOME	CLOSING BALANCE **2021**
Pension asset	64,240	–	(64,240)	–	–
Fee and commission income	138,585	–	3,961	–	**142,546**
Leased assets	88	–	309	–	**397**
ECL on loans and investments	203,062	–	(37,226)	–	**165,836**
	405,975	**–**	**(97,196)**	**–**	**308,779**

b Deferred tax liabilities

		CHARGE/(CREDIT)			
	OPENING BALANCE 2020	IMPACT OF IFRS 9	STATEMENT OF INCOME	OTHER COMPRE-HENSIVE INCOME	CLOSING BALANCE **2021**
Pension asset	–	–	(62,040)	147,760	**85,720**
Premises and equipment	361,450	–	(9,384)	–	**352,066**
Leased assets	–	–	–	–	–
	361,450	**–**	**(71,424)**	**147,760**	**437,786**

12 OTHER ASSETS

	2021	2020
Accounts receivable and prepayments	**1,042,200**	1,345,611
Items in transit	–	–
Other assets	**5**	5
	1,042,205	**1,345,616**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

13 CUSTOMERS' CHEQUING, SAVINGS AND DEPOSIT ACCOUNTS

a Concentration of customers' chequing, savings and deposit accounts

	DEMAND	SAVINGS	TIME	TOTAL
2021				
State	30,536,034	4,128,501	402,740	**35,067,275**
Corporate and commercial	44,390,590	1,210,324	325,421	**45,926,335**
Personal	45,651,021	54,434,405	5,054,813	**105,140,239**
Other financial institutions	5,004,390	2,219,723	1,949,132	**9,173,245**
Other	7,726,631	467,930	30,883	**8,225,444**
	133,308,666	**62,460,883**	**7,762,989**	**203,532,538**
2020				
State	24,101,967	1,923,072	360,781	**26,385,820**
Corporate and commercial	32,421,729	2,754,769	425,934	**35,602,432**
Personal	42,322,310	50,312,861	5,161,989	**97,797,160**
Other financial institutions	3,425,607	628,622	1,817,282	**5,871,511**
Other	9,376,131	299,401	2,097	**9,677,629**
	111,647,744	**55,918,725**	**7,768,083**	**175,334,552**

b Time deposits by remaining term to maturity

	2021	2020
Within three months	**2,020,772**	2,063,058
Between three and six months	**1,235,063**	1,229,754
Between six months and one year	**4,246,130**	4,241,512
More than one year	**261,024**	233,759
	7,762,989	**7,768,083**

14 OTHER LIABILITIES

	2021	2020
Drafts and settlements	**617,702**	599,546
Accrued expenses	**650,949**	705,366
Office accounts	**785,922**	469,959
Deferred income	**4,165**	5,081
Dividends payable	**64,767**	75,798
Other	**1,143,410**	2,411,292
	3,266,915	**4,267,042**

15 STATED CAPITAL

	2021	2020
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

		2021	2020
a	**Interest income**		
	Advances	**8,614,238**	8,579,030
	Investment securities	**572,975**	682,744
	Liquid assets	**381,240**	314,311
		9,568,453	**9,576,085**
b	**Interest expense**		
	Customers' chequing, savings and deposit accounts	**750,565**	691,571
	Lease liabilities	**667**	1,218
		751,232	**692,789**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

17 OPERATING PROFIT *(continued)*

		2021	2020
c	**Other income**		
	Credit and related fees	**228,436**	170,766
	Net exchange trading income	**1,592,010**	1,064,183
	Loan recoveries	**225,233**	121,286
	Dividends	**714**	10,707
	Deposit and related fees	**637,103**	692,657
	Payments and transfers	**296,139**	247,008
	Gains from sale of premises and equipment	**–**	6,588
	Other operating income	**100,834**	535,139
		3,080,469	**2,848,334**
d	**Operating expenses**		
	Staff costs	**2,279,018**	2,409,464
	Staff profit share	**340,334**	312,752
	General administrative expenses	**1,405,015**	1,412,664
	Lease rental expenses	**49,659**	37,688
	Property related expenses	**642,064**	601,322
	Property tax	**229,669**	245,271
	Loss on sale of premises and equipment	**8,631**	–
	Depreciation expense	**477,040**	452,333
	Depreciation expense right-of-use assets – Note 8 (a)	**18,157**	18,158
	Communication	**253,967**	254,915
	Advertising and public relations expenses	**212,803**	246,100
	Directors' fees	**29,163**	27,309
	Auditors' fees	**20,666**	20,666
		5,966,186	**6,038,642**

18 CREDIT LOSS EXPENSE

	2021	2020
Advances	**362,231**	387,852
Debt instruments measured at amortised cost	**(37,942)**	(21,304)
	324,289	**366,548**

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:

	2021	2020
Accounting profit	**5,607,215**	5,326,440
Tax at applicable statutory tax rates (40%)	**2,242,886**	2,130,576
Tax effect of items that are adjustable in determining taxable profit:		
Tax exempt income	**(354,730)**	(364,610)
Depreciation	**198,080**	188,197
Donations	**702**	874
Property tax	**91,867**	98,108
Wear and tear allowance	**(146,138)**	(128,005)
Expected credit loss (Stages 1 and 2)	**(37,226)**	12,758
Loss/(gain) on sale of premises and equipment	**3,452**	(2,635)
Gain on sale of shares	–	(78,320)
Defined benefit obligation	**(2,200)**	(12,680)
Deferred fee income	**3,961**	(38,167)
Current tax	**2,000,655**	1,806,097
Deferred tax	**25,771**	25,749
Total taxation	**2,026,426**	**1,831,846**

20 RELATED PARTIES

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

Outstanding balances

	2021	2020
Loans, investments and other assets		
Fellow subsidiaries	**2,494,745**	883,662
Directors and key management personnel	**57,839**	86,901
Other related parties	**558,796**	547,694
	3,111,380	**1,518,257**

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20 RELATED PARTIES *(continued)*

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

Amounts due from the five parties with the highest exposures totalled $591.7 million (2020: $587.7 million) and represents 2.18% (2020: 2.39%) of the Bank's capital base.

	2021	2020
Deposits and other liabilities		
Fellow subsidiaries	**575,129**	442,021
Directors and key management personnel	**215,174**	252,245
Other related parties	**7,239,713**	5,213,610
	8,030,016	**5,907,876**
Interest and other income		
Fellow subsidiaries	**1,024**	326
Directors and key management personnel	**2,121**	2,539
Other related parties	**3,703**	4,549
	6,848	**7,414**
Interest and other expense (excluding key management compensation)		
Fellow subsidiaries	**138,280**	119,499
Directors and key management personnel	**29,813**	27,078
Other related parties	**2,732**	2,054
	170,825	**148,631**
Proportion of related parties exposure to total customer exposure (%)	**0.70**	**0.78**

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

Key management compensation

	2021	2020
Short-term benefits	**116,441**	**99,138**

20 RELATED PARTIES *(continued)*

Loans

	BALANCE AT THE BEGINNING OF YEAR	LOANS DURING THE YEAR	REPAYMENTS	BALANCE AT THE END OF YEAR
2021				
Other related parties	**90,993**	**11,196**	**(32,228)**	**69,961**
	90,993	**11,196**	**(32,228)**	**69,961**
2020				
Other related parties	99,004	21,450	(29,461)	90,993
	99,004	**21,450**	**(29,461)**	**90,993**

21 RISK MANAGEMENT

21.1 Introduction

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

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 individual security is assessed based on the financial strength, reputation and market position of the issuing entity and the ability of that entity to service the debt.

21 RISK MANAGEMENT *(continued)*

21.2 Credit risk *(continued)*

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

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

21.2.1 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:

	2021 GROSS MAXIMUM EXPOSURE	2020 GROSS MAXIMUM EXPOSURE
Statutory deposit with Bank of Guyana	**19,010,633**	16,463,214
Due from banks	**50,856,709**	48,955,861
Treasury Bills	**47,706,825**	30,027,231
Investment interest receivable	**182,808**	190,665
Investment securities	**15,484,478**	13,517,366
Loans and advances to customers	**88,401,400**	81,868,455
Total	**221,642,853**	**191,022,792**
Undrawn commitments	**14,177,023**	9,279,206
Guarantees and indemnities	**3,085,535**	2,316,983
Letters of credit	**237,900**	264,702
Total	**17,500,458**	**11,860,891**
Total credit risk exposure	**239,143,311**	**202,883,683**

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. 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)*

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

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

It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use. As at September 30, 2021, $5.6 million (2020: $3.9 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:

	2021	2020
Guyana	**218,373,176**	182,789,164
Trinidad and Tobago	**3,199,327**	1,589,319
Barbados	**475,701**	57,708
Eastern Caribbean	**5,532**	2,492
United States	**10,477,783**	15,254,622
Other countries	**6,611,792**	3,190,378
	239,143,311	**202,883,683**

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

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

	2021	2020
Government and government bodies	**58,981,355**	58,427,931
Financial sector	**73,530,202**	51,367,790
Energy and mining	**1,183,291**	385,744
Agriculture	**1,487,810**	1,600,151
Electricity and water	**236,000**	479
Transport, storage and communication	**4,273,022**	2,489,502
Distribution	**17,795,351**	13,426,097
Real estate mortgages	**35,394,324**	34,725,712
Manufacturing	**2,229,681**	2,151,579
Construction	**3,071,915**	2,296,805
Hotel and restaurant	**88,335**	405,021
Personal	**17,997,677**	15,362,818
Non-residents	**422,481**	419,696
Other services	**22,451,867**	19,824,358
	239,143,311	**202,883,683**

There were no exposure to Public Non-Financial Institutions included above (2020: $0.04 million).

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

	2021 %	2020 %
Government	**175.82**	122.03
Central Bank	**208.97**	148.36
Counterparty 3	**30.28**	41.90
Counterparty 4	**17.46**	19.65
Counterparty 5	**16.68**	16.09

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

21 RISK MANAGEMENT *(continued)*

21.2 Credit risk *(continued)*

21.2.4 Default and cure

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

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

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

21.2.5 The Bank's internal rating and PD estimation process

Commercial and corporate lending and mortgages

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

Retail lending and mortgages

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

Overdrafts

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

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

21 RISK MANAGEMENT *(continued)*

21.2 Credit risk *(continued)*

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

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 judgemental 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.

21.2.6 Significant increase in credit risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

21 RISK MANAGEMENT *(continued)*

21.2 Credit risk *(continued)*

21.2.7 Grouping financial assets measured on a collective basis

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

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

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

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

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

Advances	**2021** %	2020 %
Stage 1	**93.33**	92.31
Stage 2	**2.30**	3.18
Stage 3	**4.37**	4.51

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

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

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	TOTAL
Stage 1					
2021					
Gross loans	9,683,057	34,618,197	33,473,782	5,814,240	**83,589,276**
ECL	(63,396)	(142,368)	(72,228)	(32,063)	**(310,055)**
	9,619,661	**34,475,829**	**33,401,554**	**5,782,177**	**83,279,221**
ECL as a % of Gross loans	0.65	0.41	0.22	0.55	**0.37**

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
Stage 1					
2020					
Gross loans	7,977,222	33,900,617	30,007,101	4,726,427	**76,611,367**
ECL	(45,260)	(228,602)	(79,801)	(30,194)	**(383,857)**
	7,931,962	**33,672,015**	**29,927,300**	**4,696,233**	**76,227,510**
ECL as a % of Gross loans	0.57	0.67	0.27	0.64	**0.50**

The decrease in ECLs of Stage 1 portfolios was driven by movements between stages as a result of decreases in credit risk, despite a 9.1% increase in the gross size of the portfolio.

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	TOTAL
Stage 2					
2021					
Gross loans	314,538	914,204	828,967	1,128	**2,058,837**
ECL	(2,088)	(34,775)	(13,516)	(97)	**(50,476)**
	312,450	**879,429**	**815,451**	**1,031**	**2,008,361**
ECL as a % of Gross loans	0.66	3.80	1.63	8.60	**2.45**
2020					
Gross loans	277,354	1,126,977	1,073,761	157,246	**2,635,338**
ECL	(1,703)	(12,012)	(17,117)	(964)	**(31,796)**
	275,651	**1,114,965**	**1,056,644**	**156,282**	**2,603,542**
ECL as a % of Gross loans	0.61	1.07	1.59	0.61	**1.21**

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FOR THE YEAR ENDED SEPTEMBER 30, 2021. 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)*

The increase in ECLs of Stage 2 portfolios was driven by movements between stages as a result of increases in credit risk, despite 21.9% decrease in the gross size of the portfolio.

	RETAIL LENDING	COMMERCIAL AND CORPORATE LENDING	MORTGAGES	OVERDRAFTS	TOTAL
Stage 3					
2021					
Gross loans	1,347,171	897,772	1,658,476	–	**3,903,419**
ECL	(2,780)	(196,774)	(233,681)	–	**(433,235)**
	1,344,391	**700,998**	**1,424,795**	**–**	**3,470,184**
ECL as a % of Gross loans	0.21	21.92	14.09	0.00	**11.10**
2020					
Gross loans	1,370,333	832,300	1,539,123	–	**3,741,756**
ECL	(1,955)	(181,390)	(174,544)	–	**(357,889)**
	1,368,378	**650,910**	**1,364,579**	**–**	**3,383,867**
ECL as a % of Gross loans	0.14	21.79	11.34	0.00	**9.56**

The increase in ECLs of Stage 3 portfolios was driven by a 4.3% increase in the gross size of the portfolio, as well as movements between stages as a result of increases in write-offs.

Investment Securities

	2021 %	2020 %
Stage 1	**77.91**	7.87
Stage 2	**21.78**	91.77
Stage 3	**0.31**	0.36

21 RISK MANAGEMENT *(continued)*

21.2 Credit risk *(continued)*

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

	STAGE 1	STAGE 2	STAGE 3	POCI	TOTAL
2021					
Gross balance	12,119,069	3,388,634	–	48,412	**15,556,115**
ECL	(10,477)	(43,584)	–	(17,576)	**(71,637)**
	12,108,592	**3,345,050**	**–**	**30,836**	**15,484,478**
ECL as a % of Gross loans	0.09	1.29	0.00	36.31	**0.46**
2020					
Gross balance	1,073,574	12,504,959	–	48,412	**13,626,945**
ECL	(1,005)	(90,998)	–	(17,576)	**(109,579)**
	1,072,569	**12,413,961**	**–**	**30,836**	**13,517,366**
ECL as a % of Gross loans	0.09	0.73	0.00	36.31	**0.80**

The decrease in ECLs was driven by a 14.2% portfolio increase of high graded investments.

21.3 Liquidity risk

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

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

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

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.

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21 RISK MANAGEMENT *(continued)*

21.3 Liquidity risk *(continued)*

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

21.3.1 Analysis of financial liabilities by remaining contractual maturities

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

Financial liabilities – on Statement of financial position

	ON DEMAND	UP TO ONE YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
As at September 30, 2021					
Customers' chequing, savings and deposit accounts	195,769,549	7,501,965	261,024	–	**203,532,538**
Due to banks	32,782	–	–	–	**32,782**
Lease liabilities	10,384	–	–	–	**10,384**
Other liabilities	3,266,915	–	–	–	**3,266,915**
Total undiscounted financial liabilities	**199,079,630**	**7,501,965**	**261,024**	**–**	**206,842,619**

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
As at September 30, 2020					
Customers' chequing, savings and deposit accounts	167,566,469	7,534,324	233,759	–	**175,334,552**
Due to banks	14,425	–	–	–	**14,425**
Lease liabilities	29,314	–	–	–	**29,314**
Other liabilities	4,252,617	–	–	–	**4,252,617**
Total undiscounted financial liabilities	**171,862,825**	**7,534,324**	**233,759**	**–**	**179,630,908**

Financial liabilities – off Statement of financial position

	ON DEMAND	UP TO ONE YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
2021					
Guarantees and indemnities	–	1,701,279	645,351	738,905	**3,085,535**
Letters of credit	–	237,900	–	–	**237,900**
Total	**–**	**1,939,179**	**645,351**	**738,905**	**3,323,435**
2020					
Guarantees and indemnities	–	909,734	523,173	884,076	**2,316,983**
Letters of credit	–	264,702	–	–	**264,702**
Total	**–**	**1,174,436**	**523,173**	**884,076**	**2,581,685**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021. 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 currently in use by the Bank are gap analysis, interest rate sensitivity analysis and exposure limits for financial instruments. The limits are defined in terms of amount, term, issuer, depositor and country. The Bank is committed to refining and defining these tools to be in line with international best practice.

21.4.2 Currency risk

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

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

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, 2021, 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.

21 **RISK MANAGEMENT** *(continued)*

21.4 Market risk *(continued)*

21.4.2 Currency risk *(continued)*

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

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21 RISK MANAGEMENT *(continued)*

21.4 Market risk *(continued)*

21.4.2 Currency risk *(continued)*

2020	GYD	TTD	USD	STG	OTHER	Total
FINANCIAL ASSETS						
Cash	4,097,478	218	21,563	3,800	8,132	**4,131,191**
Statutory deposit with Bank of Guyana	16,463,214	–	–	–	–	**16,463,214**
Due from banks	32,556,650	13,305	14,429,235	33,628	1,923,043	**48,955,861**
Treasury Bills	30,027,231	–	–	–	–	**30,027,231**
Advances	77,890,621	–	3,977,834	–	–	**81,868,455**
Investment securities	8,174,543	–	5,342,823	–	–	**13,517,366**
Interest receivable	134,302	–	56,363	–	–	**190,665**
TOTAL FINANCIAL ASSETS	**169,344,039**	**13,523**	**23,827,818**	**37,428**	**1,931,175**	**195,153,983**
FINANCIAL LIABILITIES						
Due to banks	14,425	–	–	–	–	**14,425**
Customers' chequing, savings and deposit accounts	155,681,994	–	19,244,741	27,699	380,118	**175,334,552**
Interest payable	51,757	–	82	1	–	**51,840**
TOTAL FINANCIAL LIABILITIES	**155,748,176**	**–**	**19,244,823**	**27,700**	**380,118**	**175,400,817**
NET CURRENCY RISK EXPOSURE	**13,595,863**	**13,523**	**4,582,995**	**9,728**	**1,551,057**	**19,753,166**
Reasonably possible change in currency rate (%)	**-**	**1**	**1**	**1**	**1**	**-**
Effect on profit before tax	**-**	**135**	**45,830**	**97**	**15,511**	**61,573**

21 RISK MANAGEMENT *(continued)*

21.5 Operational Risk

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

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

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

21.6 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 $2,526.1 million to $27,133.3 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 2021 of $1,350 million represents 38.08% 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. The Basel risk-based capital guidelines require a minimum ratio of core capital (Tier 1) to risk-weighted assets of 4%, with a minimum total qualifying capital (Tier 2) ratio of 8%. Core capital (Tier 1) comprises mainly stockholders' equity.

The Bank's Tier 1 capital at September 30, 2021, is 26.18% (2020: 25.83%) and its capital adequacy ratio (Tier 1 and Tier 2) is 25.08% (2020: 26.37%). At September 30, 2021, the Bank exceeded the minimum levels required.

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22 CAPITAL MANAGEMENT *(continued)*

The Bank's Regulatory Capital is as follows:

	2021	2020
Tier 1		
Stated capital	**300,000**	300,000
Reserve fund	**300,000**	300,000
General banking risk reserves in excess of statutory requirement	**–**	–
Retained earnings	**24,528,103**	22,189,315
Goodwill	**(1,228,222)**	(1,228,222)
Total	**23,899,881**	**21,561,093**
Tier 2		
Securities revaluation reserves	**–**	–
General banking risk reserves – statutory requirement	**955,227**	842,898
Total	**955,227**	**842,898**

23 FAIR VALUE

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

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

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

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

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

23 FAIR VALUE *(continued)*

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	UN-RECOGNISED GAIN/(LOSS)
2021			
Financial assets			
Cash, due from banks and Treasury Bills	102,621,129	102,621,129	–
Statutory deposit with Bank of Guyana	19,010,633	19,010,633	–
Investment securities	15,484,478	15,745,327	260,849
Advances	88,401,400	88,870,383	468,983
Investment interest receivable	182,808	182,808	–
Financial liabilities			
Due to Banks	32,782	32,782	–
Customers' chequing, savings and deposit accounts	203,532,538	203,478,327	(54,211)
Accrued interest payable	58,862	58,862	–
Total unrecognised change in unrealised fair value			**675,621**

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23 FAIR VALUE *(continued)*

	CARRYING VALUE	FAIR VALUE	UN-RECOGNISED GAIN/(LOSS)
2020			
Financial assets			
Cash, due from banks and Treasury Bills	83,114,283	83,114,283	–
Statutory deposit with Bank of Guyana	16,463,214	16,463,214	–
Investment securities	13,517,366	13,689,385	172,019
Advances	81,868,455	82,244,840	376,385
Investment interest receivable	190,665	190,665	–
Financial liabilities			
Due to Banks	14,425	14,425	–
Customers' chequing, savings and deposit accounts	175,348,977	175,281,858	(67,119)
Accrued interest payable	51,840	51,840	–
Total unrecognised change in unrealised fair value			**481,285**

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.

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, 2021.

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets measured at fair value				
Investment securities				
2021	**5,513,298**	**10,232,029**	**–**	**15,745,327**
2020	2,662,587	11,026,798	–	**13,689,385**
Financial assets for which fair value is disclosed				
Advances				
2021	**–**	**–**	**88,870,383**	**88,870,383**
2020	–	–	82,244,840	**82,244,840**
Financial liabilities for which fair value is disclosed				
Customers' current, savings and deposit accounts				
2021	**–**	**–**	**203,478,327**	**203,478,327**
2020	–	–	175,281,858	**175,281,858**

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23 FAIR VALUE *(continued)*

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

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

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

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2021				
Financial assets designated at Fair value through profit or loss	–	–	–	–
Debt Intruments at amortised cost	5,513,298	10,232,029	–	**15,745,327**
	5,513,298	**10,232,029**	**–**	**15,745,327**
2020				
Financial assets designated at Fair value through profit or loss	–	–	–	–
Debt Intruments at amortised cost	2,662,587	11,026,798	–	**13,689,385**
	2,662,587	**11,026,798**	**–**	**13,689,385**

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, 2021, are as shown below:

	VALUATION TECHNIQUE	SIGNIFICANT UN-OBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)
Advances	Discounted Cash Flow Method	Growth rate for cash flows for subsequent years	10% - 14.5% (12.1%)
Customers' current, savings and deposit accounts	Discounted Cash Flow Method	Growth rate for cash flows for subsequent years	0.6% - 2.36% (0.86%)

23 FAIR VALUE *(continued)*

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

23.1.2 Transfers between Level 1 and 2

For the year ended September 30, 2021, one asset was transferred between Level 1 and Level 2.

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

For the year ended September 30, 2021, there were no Level 3 financial instruments measured at fair value.

24 SEGMENTAL INFORMATION

24.1 Operating Segments

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

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

24.2 Geographical Information

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

	GUYANA	TRINIDAD AND TOBAGO	OTHER COUNTRIES	TOTAL
2021				
Interest income	9,464,779	26,495	77,179	**9,568,453**
Interest expense	(751,232)	–	–	**(751,232)**
Net interest income	8,713,547	26,495	77,179	**8,817,221**
Other income	3,080,469	–	–	**3,080,469**
Net interest and other income	11,794,016	26,495	77,179	**11,897,690**
Total assets	215,948,885	1,512,046	17,887,647	**235,348,578**
Total liabilities	207,607,339	553,968	53,942	**208,215,249**
Cash flow from operating activities	23,208,584	–	–	**23,208,584**
Cash flow from/(used in) investing activities	(15,993,949)	(1,635)	(4,110,726)	**(20,106,310)**
Cash flow from/(used in) financing activities	(1,426,490)	124,618	26,850	**(1,275,022)**

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24 SEGMENTAL INFORMATION *(continued)*

24.2 Geographical Information *(continued)*

	GUYANA	TRINIDAD AND TOBAGO	OTHER COUNTRIES	TOTAL
2020				
Interest income	9,487,887	26,495	61,703	**9,576,085**
Interest expense	(692,789)	–	–	**(692,789)**
Net interest income	8,795,098	26,495	61,703	**8,883,296**
Other income	2,848,334	–	–	**2,848,334**
Net interest and other income	11,643,432	26,495	61,703	**11,731,630**
Total assets	185,936,773	1,512,046	17,887,647	**205,336,466**
Total liabilities	180,272,811	429,350	27,092	**180,729,253**
Cash flow from operating activities	24,037,962	–	–	**24,037,962**
Cash flow from/(used in) investing activities	4,437,387	11,407	(887,053)	**3,561,741**
Cash flow from/(used in) financing activities	(1,520,960)	114,861	(111,062)	**(1,517,161)**

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

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25 MATURITY ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

	WITHIN 12 MONTHS	AFTER 12 MONTHS	TOTAL
2020			
ASSETS			
Cash	4,131,191	–	**4,131,191**
Statutory deposit with Bank of Guyana	16,463,214	–	**16,463,214**
Due from banks	48,955,861	–	**48,955,861**
Treasury Bills	30,027,231	–	**30,027,231**
Investment interest receivable	190,665	–	**190,665**
Advances	9,873,420	71,995,035	**81,868,455**
Investment securities	838,644	12,678,722	**13,517,366**
Premises and equipment	–	7,122,296	**7,122,296**
Right-of-use assets	–	29,535	**29,535**
Intangible assets	–	50,839	**50,839**
Goodwill	–	1,228,222	**1,228,222**
Deferred tax assets	–	405,975	**405,975**
Other assets	1,345,616	–	**1,345,616**
	111,825,842	**93,510,624**	**205,336,466**
LIABILITIES			
Due to banks	14,425	–	**14,425**
Customers' chequing, savings and deposit accounts	175,100,793	233,759	**175,334,552**
Pension liability	–	160,600	**160,600**
Lease liabilities	–	29,314	**29,314**
Taxation payable	510,030	–	**510,030**
Deferred tax liabilities	–	361,450	**361,450**
Accrued interest payable	51,840	–	**51,840**
Other liabilities	4,267,042	–	**4,267,042**
	179,944,130	**785,123**	**180,729,253**

26 DIVIDENDS PAID AND PROPOSED

	2021	2020
Declared and paid during the year		
Equity dividends on ordinary Stock Units:		
Final dividend for 2020: $3.58 (2019: $3.58)	**1,075,000**	1,075,000
First dividend for 2021: $1.00 (2020: $1.00)	**300,000**	300,000
Total dividends paid	**1,375,000**	**1,375,000**
Proposed for approval at Annual General Meeting (not recognised as a liability as at September 30)		
Equity dividends on ordinary Stock Units:		
Final dividend for 2021: $3.50 (2020: $3.25)	**1,050,000**	**975,000**

27 CONTINGENT LIABILITIES

a Litigation

As at September 30, 2021, there were certain legal proceedings outstanding against the Bank. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise or that it would be premature at this stage of the action to determine that eventuality.

	2021	2020
b Customers' liability under acceptances, guarantees, indemnities and letters of credit		
Guarantees and indemnities	**3,085,535**	2,316,983
Letters of credit	**237,900**	264,702
	3,323,435	**2,581,685**
c Sectoral information		
State	**1,973,628**	779,697
Corporate and commercial	**1,349,807**	1,801,988
	3,323,435	**2,581,685**

FOR THE YEAR ENDED SEPTEMBER 30, 2021. EXPRESSED IN THOUSANDS OF GUYANA DOLLARS ($'000), EXCEPT WHERE OTHERWISE STATED

27 CONTINGENT LIABILITIES *(continued)*

d Pledged assets

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

	CARRYING AMOUNT		RELATED LIABILITY	
	2021	2020	**2021**	2020
Statutory deposit	**19,010,633**	**16,463,214**	**203,532,538**	**175,334,552**

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

e Non-cancellable operating lease commitments

	2021	2020
Less than one year	**37,426**	28,651
Between one to five years	**9,819**	12,085
	47,245	**40,736**

28 EXTERNAL PAYMENT DEPOSIT SCHEME

	2021	2020
	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.

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