Citizens Bank

ANNUAL REPORT

2021

Our Mission

The mission of Citizens Bank Guyana Inc. is to attain distinguished leadership through a team of professionals delivering innovative, superior service to our customers.

Business Profile

Citizens Bank with its headquarters located at 231 -233 Camp Street and South Road, Georgetown, had assets of $82.7 billion at September 30, 2021.

Our one hundred and fifty – six (156) employees serve a customer base of more than sixty-one thousand two hundred (61,200).

We provide retail and commercial banking services through our branch network of six (6) branches.

We also provide 24-hour services through ATM's which are located at each our six branches as well as at five (5) off-site locations.

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Notice of Annual General Meeting

Notice is hereby given that the Twenty-seventh Annual General Meeting of Citizens Bank Guyana Inc. will be held at 231-233 Camp Street & South Road, Lacytown, Georgetown on Tuesday, January 25, 2022 at 2.00 p.m. for the business set out below. In light of the restrictions on public gatherings imposed under the Health Ordinance as a result of the Coronavirus global pandemic (COVID - 19), the Annual General Meeting (AGM) will be conducted in the manner pursuant to the Order of Court made by Honourable Justice Franklin Holder and entered on December 10, 2021.

(a) No more than six individuals (whose names are set out at (i) to (vi) below) representing, personally or by proxy, no less that 10% of the shareholding of CITIZENS BANK GUYANA INC. shall be present, in the capacity solely as shareholders, at the Annual General Meeting namely;

(i) Melissa DeSantos
(ii) Joan Hadmon
(iii) Carlton Joao
(iv) Gavin Todd
(v) Mary Nagasar
(vi) Rakesh Puri

(b) As a shareholder of Citizens Bank Guyana Inc. you are entitled to observe the AGM via electronic/ virtual platform but not to be physically present at the Meeting. The access code for the electronic/ virtual platform has been mailed to you along with this Notice;

(c) As a shareholder of Citizens Bank Guyana Inc. you are entitled to appoint one of the six individuals named at (a) above as your proxy with instructions as to voting on the Motions to be proposed at the AGM. These Motions are set out in the Proxy Form, mailed to you along with this Notice;

(d) Shareholders may contact the Corporate Secretary's Office (Ms. Frances S. Parris) at telephone number 592-226-1705 Ext. 1102 or email: fsparris@citizensbankgy.com any questions in relation to this Notice or the Annual General Meeting not less than forty-eight (48) hours before the time appointed for the meeting.

AGENDA

1. *To receive the Audited Financial Statements for the year ended 30 September 2021 and the Reports of the Directors and the Auditors thereon.*

   To consider and (if thought fit) pass the following Resolution:

   1) "That the Audited Financial Statements for the year ended 30 September 2021 and the Reports of the Directors and Auditors thereon be adopted."

2. To consider the declaration of a final Dividend of $2.60 as recommended by the Directors in addition to the interim Dividend of $0.90 previously declared by them and (if thought fit) pass the following resolution

   2) "That the Interim Dividend of $0.90 already paid be confirmed and that a Final Dividend of $2.60 as recommended by the Directors in respect to the year ended 30 September 2021 be approved and paid to the shareholders on the Company's Register at the close of business on January 25, 2022."

3. *To elect Directors. The Director retiring is Mr. Ronald Burch-Smith, who being eligible offers himself for election.*

   To consider and (if thought fit) pass the following Resolutions:

Notice of Annual General Meeting (Cont'd)

3.1) ”That the Director be elected.”

3.2) “That Mr. Ronald Burch-Smith having retired and being eligible for election be and is hereby elected Director of the Company.”

4. *To fix the remuneration of the Directors.*

To consider and (if thought fit) pass the following Resolution:

4) “That the remuneration of $2,066,668.per annum be paid to the Chairman; the remuneration of $1,606,668 per annum be paid to each Non-Executive Director and that a Travelling Allowance for each Non-Executive Director be fixed at $733,804; and that the additional sum of $133,232 per annum be provided for additional remuneration for each Director serving on Technical Committees.”

5. *To re-appoint the incumbent Auditors.*

To consider and (if thought fit) pass the following Resolution:

5) "That Messrs Jack A. Alli, Sons & Company be and are hereby re-appointed Auditors for the period ending with the conclusion of the next Annual General Meeting."

6. *To empower the Directors to fix the remuneration of the auditors.*

To consider and (if thought fit) pass the following Resolution:

6) "That the Directors be and are hereby authorised to fix the remuneration of the Auditors at a figure to be agreed with them."

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

BY ORDER OF THE BOARD

Frances S. Parris
Corporate Secretary
Registered Office
231 – 233 Camp Street and South Road
Lacytown, Georgetown
December 10, 2021

NOTES:

1. Only Shareholders may attend the Virtual AGM.

2. Any shareholder entitled to attend and vote at this virtual meeting is entitled to appoint a proxy being any of six individuals named at sub - paragraph (a) above to vote for him/her.

3. To be valid, the instrument appointing a proxy must bear a G$10.00 revenue stamp, be completed and deposited with the Secretary, Citizens Bank Guyana Inc, 231- 233 Camp Street and South Road, Lacytown, Georgetown not less than forty-eight (48) hours before the time appointed for the meeting.

4. A proxy form is attached for use.

Financial Highlights

FIVE YEAR FINANCIAL SUMMARY

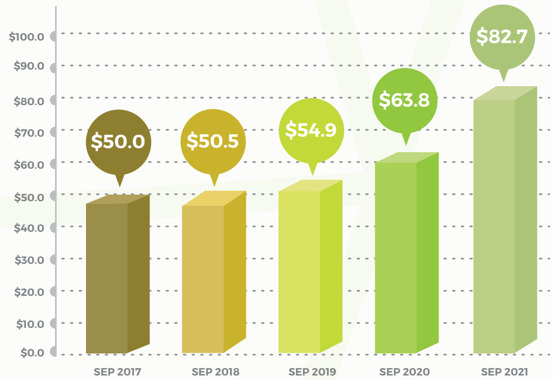
	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Total assets	82,736,272	63,824,269	54,875,759	50,482,351	49,972,449
Loans and advances	33,801,039	31,731,647	29,789,808	25,527,124	28,181,255
Investments	9,392,478	7,733,906	3,502,225	4,323,888	4,197,825
Deposits	69,737,482	51,816,797	44,279,137	40,903,223	40,586,097
Revenue	3,948,668	3,748,682	3,421,514	3,159,879	3,553,400
Expenses and taxes	2,893,147	2,766,531	2,466,261	2,557,578	2,826,841
Profit after taxation	1,055,521	982,151	955,253	602,301	726,559
Shareholders' equity	10,985,468	10,117,344	9,322,590	8,644,276	8,212,757
Return on average assets (%)	1.4	1.7	1.8	1.2	1.5
Return on average equity (%)	10.0	10.1	10.6	7.1	9.2
Earnings per share (Dollars)	17.7	16.5	16.1	10.1	12.2

FINANCIAL HIGHLIGHTS

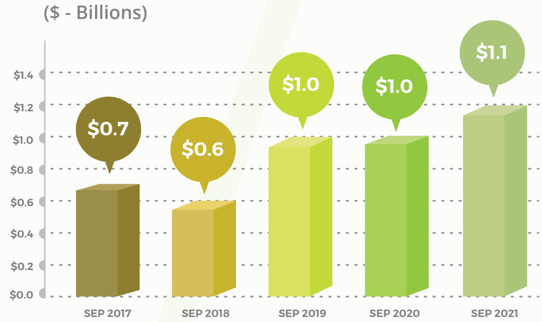
	2021 $'000	2020 $'000	Inc / (Dec) $'000	% Change
Balance Sheet:				
Total assets	82,736,272	63,824,269	18,912,003	29.6
Loans and advances	33,801,039	31,731,647	2,069,392	6.5
Investments	9,392,478	7,733,906	1,658,572	21.4
Deposits	69,737,482	51,816,797	17,920,685	34.6
Shareholders' equity	10,985,468	10,117,344	868,124	8.6
Results of Operations:				
Revenue	3,948,668	3,748,682	199,986	5.3
Expenses	2,166,828	2,075,782	91,046	4.4
Profit before taxation	1,781,840	1,672,900	108,940	6.5
Taxation	726,319	690,749	35,570	5.1
Profit after taxation	1,055,521	982,151	73,370	7.5
Ratios:				
Return on average assets (%)	1.4	1.7	(0.3)	(17.6)
Return on average equity (%)	10.0	10.1	(0.1)	(1.0)
Earnings per share (Dollars)	17.7	16.5	1.2	7.3
Number of:				
Shareholders	96	95	1	1.1
Deposit accounts	61,262	56,071	5,191	9.3
Employees	156	165	(9)	(5.5)
Locations	6	6	0	0.0

Financial Highlights (Cont'd)

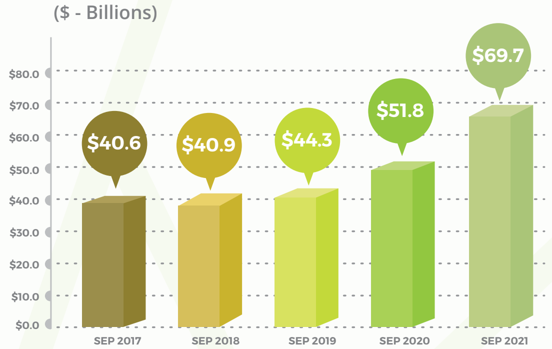
TOTAL ASSETS
($ - Billions)



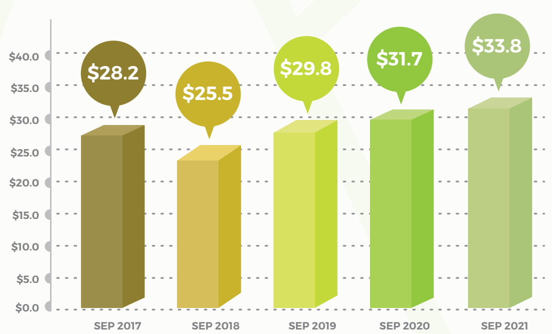
PROFIT AFTER TAXATION
($ - Billions)



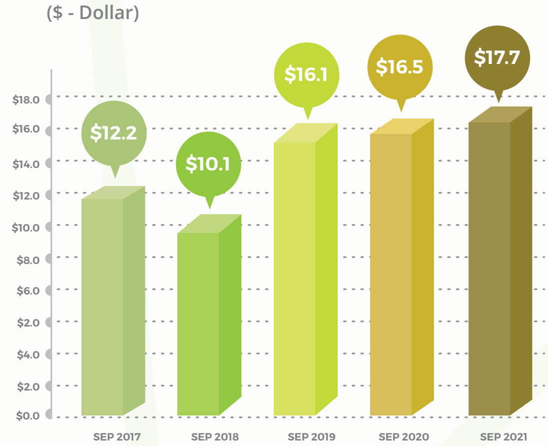
DEPOSITS
($ - Billions)



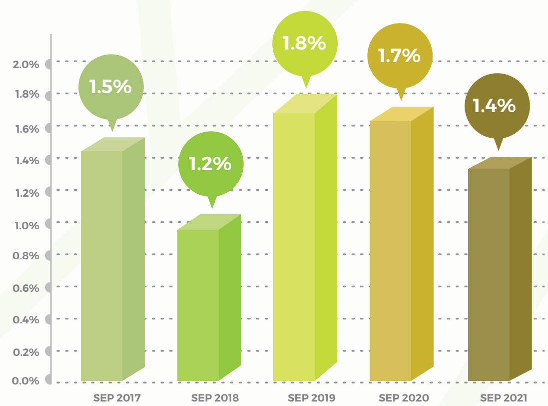
LOAN AND ADVANCES
($ - Billions)



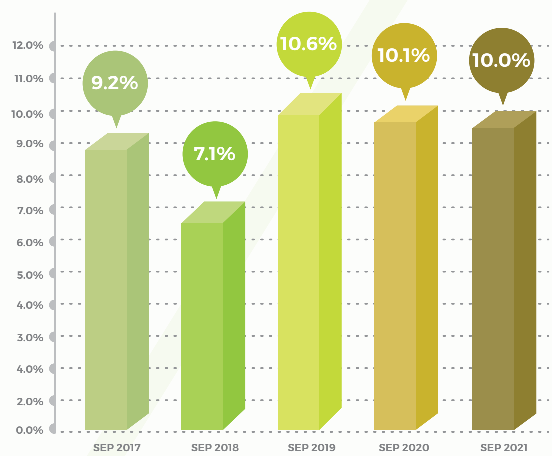
EARNINGS PER SHARE
($ - Dollar)



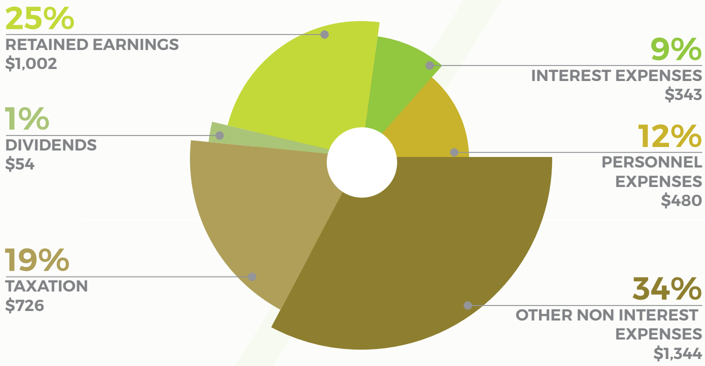
RETURN OF AVERAGE ASSETS
(Percent)



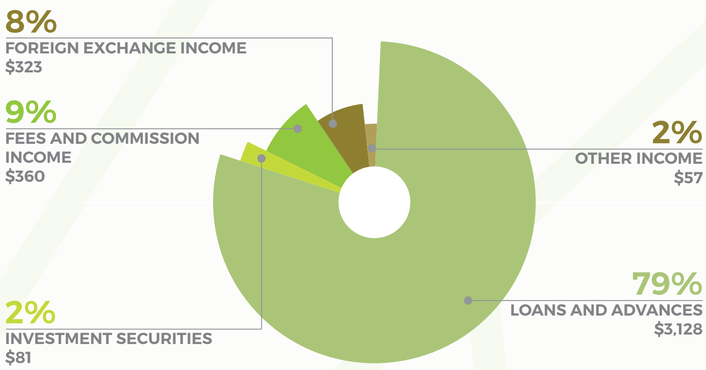
RETURN OF AVERAGE EQUITY
(Percent)



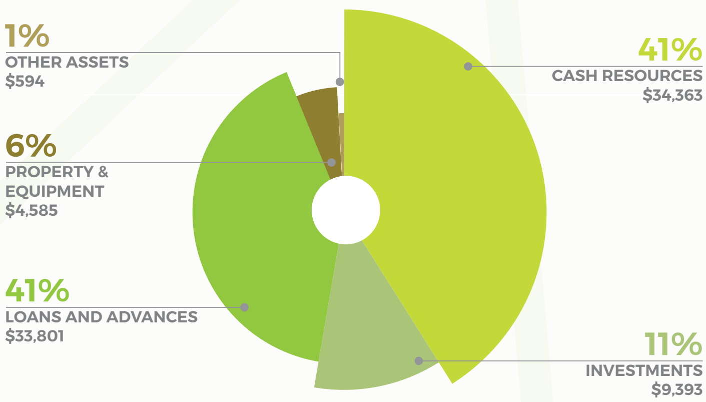
DISTRIBUTION OF INCOME



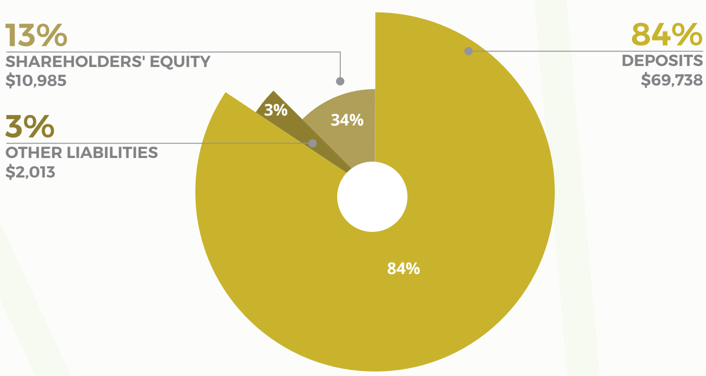
SOURCE OF INCOME



ASSETS



LIABILITIES AND SHAREHOLDERS'



Board of Directors

FROM LEFT TO RIGHT

Mr. Clifford B. Reis C.C.H
Chairman of the Board

Mr. George McDonald, A.A.
Director

Mr. Paul A. Carto, A.A.
Director

Mr. Michael H. Pereira
Director

Ms. Deenawati Panday, LLB
Director

Mr. Rakesh K. Puri
Director

Mr. Ronald G. Burch-Smith, LLB
Director

Mr. Wilfred A. Lee A.A.
Director

Mr. Eton M. Chester, A.A., O.D.
Managing Director

Corporate Information

DIRECTORS

Mr. Clifford B. Reis, C.C.H., F.I.Mgt.	Chairman/Managing Director – Banks DIH Limited
Mr. Eton M. Chester, A.A., O.D., B.Sc.	Managing Director – Citizens Bank Guyana Inc.
Mr. George G. McDonald, A.A., B.Sc.	Co-Managing Director/Marketing Director – Banks DIH Limited
Mr. Michael H. Pereira	Operations Director – Banks DIH Limited
Mr. Paul A. Carto A.A., B.Sc.	Human Resources Director – Banks DIH Limited
Mr. Wilfred A. Lee, A.A., Dip. M., B.Sc, MCIC	Consultant
Mr. Rakesh K. Puri	Managing Director – Continental Agencies Limited
Ms. Deenawati Panday, LLB	Attorney-at-Law
Mr. Ronald G. Burch-Smith, LLB, MSc	Attorney-at-Law

CORPORATE SECRETARY

Ms. Frances Sarah Parris, B.Sc. General Manager – Citizens Bank Guyana Inc.

REGISTERED OFFICE

231 – 233 Camp Street & South Road, Lacytown, Georgetown, Guyana

AUDITORS

Messrs. Jack A. Alli , Sons & Company
Chartered Accountants
145 Crown Street, Queenstown, Georgetown, Guyana

ATTORNEYS-AT-LAW

Messrs. Cameron & Shepherd
2 Avenue of the Republic, Georgetown, Guyana

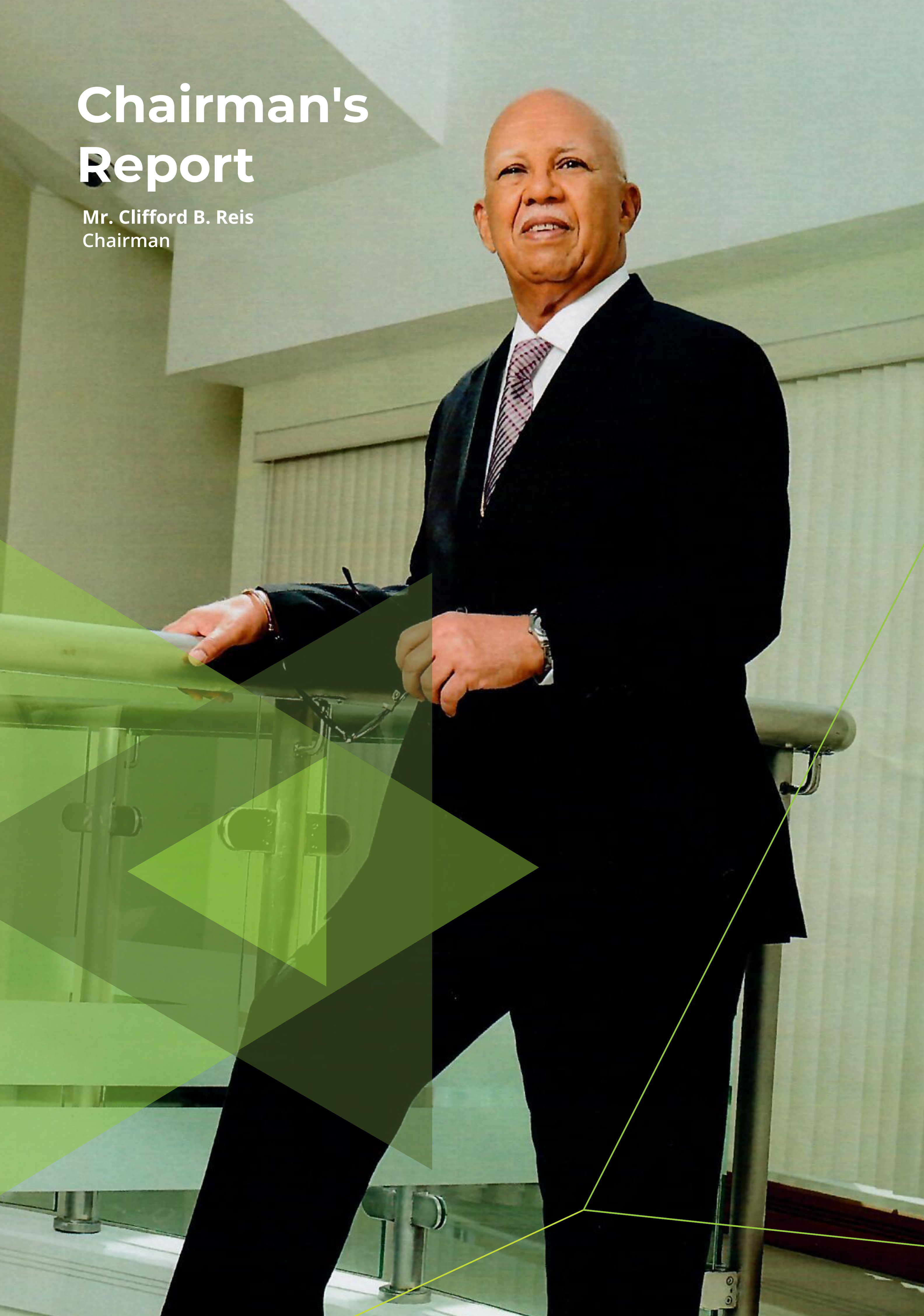
Messrs. Hughes, Fields & Stoby
62 Hadfield Street, Georgetown, Guyana

Messrs. Boston & Boston
Lot 1 Croal Street, Stabroek, Georgetown, Guyana

Fields & Company
257 Thomas Street, South Cummingsburg, Georgetown, Guyana

Chairman's Report

Mr. Clifford B. Reis
Chairman



Chairman's Report (Cont'd)

Economic Review

The global economic recovery is continuing, despite a resurgence in the pandemic that poses unique policy challenges. Vaccinations have proven effective at mitigating against the adverse health effect of COVID-19, however, vaccine hesitancy and higher infectiousness have many people still susceptible, thus providing fuel to the pandemic and making the future path of the pandemic highly uncertain, and has implications for the resilience of a recovery already in unchartered territory, characterised by a supply-demand mismatch that could worsen.

The global economy is now projected to grow by 5.9% in 2021, representing a downward revision of 0.1% from the July 2021 outlook. The revision reflects forecast downgrades in advanced economies partly on account of supply disruptions, and for low income developing countries, worsening pandemic dynamics.

The advanced economy group is expected to grow by 5.2% in 2021, 0.1% percentage lower than predicted in July. The downward revision largely reflects, downgrades to the United States due to supply disruptions, and a softening of consumption in the third quarter; Germany in part because of shortages of key inputs for manufacturing outputs; and Japan, the fourth state of emergency from July as infections hit record levels.

The Guyana economy grew by 14.5% during first six months of 2021, with heighten activities in almost all the major sectors, including petroleum and gas and support services, construction, manufacturing and the services sectors. The agriculture sector recorded a reduced output on account of the unprecedent flooding in May and June 2021.

The local economy is now projected to grow by 20.4% during fiscal 2021, on account of higher output of oil, and improvement in all other sectors.

Inflation during the first six months of 2021 was 5.6%, primarily due to increases in food prices, and higher oil prices that negatively impacted on the transportation and communication, and miscellaneous goods and services subcategories. Inflation is now projected to remain at a low single digit for fiscal 2021.

The value of the Guyana dollar relative to the United States dollar remained constant during the review period at US$1.00 = G$208.50, the same as at September 30, 2020.

Banking Sector

During the first half of fiscal 2021, commercial banks and other licensed depository financial institutions reported higher profits when compared to the prior year. However, while capital levels continue to be high, there was a marginal increase level of non-performing loans when compared to June 2020. The consolidated average capital adequacy ratio computed at 30.9% is well above the prudential benchmark of 8.0% and suggests that the overall banking remains resilient.

The year 2021 saw the continuation of the COVID-19 pandemic, which remains a serious financial threat to the performance banking sector. In its continuing effort to maintain its commitment to safeguarding and strengthening the resilience of the financial sector, the Bank of Guyana committed to, and implemented a series of measures that were extended to December 31, 2021, designed to minimise the economic impact of the COVID-19 pandemic on the entire financial system.

Total banking sector loans and advances, grew by 8.0% to $280.9 billion at September 30, 2021 with private sector credit increasing by 8.8% to $275.7 billion. $275.7

Deposits at the commercial banks increased by 16.0% to $565.0 billion at September 30, 2021, with private sector deposits growing by 15.2% to $459.2 billion; representing 81.3% of total banking sector deposits.

The financial sector remained highly liquid with the banking sector reporting consolidated reserve accounts balances which exceed the required reserve requirements by 153.1%, while liquid assets of the sector exceeded the requirements amount by 156.6%, further highlighting the excess liquidity within the sector.

The Bank of Guyana continues to auction Treasury Bills through its open market operation, as this remains the preferred method to sterilise the excess liquidity in the sector and, at September 30, 2021, outstanding Treasury Bills totalled $136.1 billion with commercial banks holding $92.7 billion or 68,1%.

The 364-day Treasury Bill is the preferred tenor of the Bank of Guyana, and at September 30, 2021, the discount rate was 1.0%, the same as at September 30, 2020.

The weighted average lending rate increased slightly to 9.1% from 8.9% at September 30, 2021, while the average savings rate was 0.8% at September 30, 2021, compared to 0.9% at September 30, 2020.

Performance of the Bank

I am pleased to report that Citizens Bank Guyana Inc. has recorded profits after taxation of $1.1 billion representing an improvement of $73. 4 million or 7.5% when compared to the prior year.

This performance should be seen in the context of the continuing negative impact of the global pandemic on our economy and customers from every industry sector, coupled with other market factors including the high level of liquidity and declining interest rates.

Our improved performance was achieved mainly through the growth in, and moderate improvement in the overall quality, of our loan portfolio, and the continued prudent management of our controllable expenses.

Total assets grew by 29.6%, customers' deposit by 34.6%, receivables/loans by 6.5%, while gross revenue increased by 5.3%.

Net Income for the year ended September 30, 2021 was $3.6 billion compared to $3.4 billion the prior year, an increase of $0.2 million or 5.9% and Profit Before Taxation of $1.8 billion compared to $1.7 billion in the prior year, an increase of $0.1 billion or 5.9%.

The annualised return on average assets was 1.4%, while the return on shareholders' equity was 10.0% compared to 1.7% and 10.1% respectively in the prior year.

The Bank's loan portfolio remained sound and performed relatively well during the financial year with the bank working closely with our customers

Chairman's Report (Cont'd)

as we sought to minimise any negative impact on our portfolio that may have arisen due to the impact of COVID-19 on many of our borrowers.

Non-performing loans at September 30, 2021 represented 7.7% of our total loan portfolio compared to 8.7% at September 30, 2020. The consolidated banking sector ratio for non-performing loans was 8.9% at September 30, 2021.

The Bank's shares were last traded on the local stock exchange at $146.00 per share.

Growth Initiatives

The anticipated growth in the local economy will provide opportunities for Citizens Bank. However the sector will continue to be characterised by intense competition amongst commercial banks and other financial institutions operating in a high liquidity and low interest rate market. Our success will therefore require that we remain creative and take appropriate initiatives to address those components of our operations that will ensure sustainable performances and that will allow us to offer existing and potential clients unmatched customer service, and product and services.

In 2022, the Bank will remain focused on the prudent management of expenses and risk management practices with emphases on measures that will improve and strengthen our assessment and management of risk. Improved operational efficiencies are also key to the sustainable growth and stability of the Bank while remaining competitive and success in a very dynamic sector.

During 2022, the Bank will commence operations at our 'new' Mandela Branch not only ensuring that our customers and staff conduct business in an enabling environment but allow our customers to experience an improved level and types of services. Additionally, work will commence on the construction of our 'new' Bartica Branch.

The COVID-19 pandemic and its many protocols, including physical distancing, has highlighted the need for an expanded digital strategy, and in 2022, we intend to increase the utilisation of technology to drive our financial and operational performances by expanding our digital platform to include digital onboarding and the process leading to the introduction of a Mobile Banking Application.

In 2022, the Bank will continue investing to improve our Human Resources Management capability ensuring that our principal and most valued asset, our employees, remain motivated. Their continued commitment to serving our clients through the difficult times brought on by COVID-19 is immeasurable, and I wish to convey my sincere gratitude for their efforts.

We remain committed to a diverse, engaged and competent workforce not only to ensure business continuity and growth but ensuring that our employees are well equipped to offer our clients a consistently high level of customer relationships and interactions.

The initiatives outlined above will ensure that our Bank meets the expanding financial needs of our valued customers making Citizens Bank one of the industry's leading financial services providers.

Looking Forward to 2022

Global economies are projected grow by 4.9% in 2022. While output from advance economies are expected to exceed pre-pandemic projections largely on the strength of anticipated further policy support in the United States, by contrast,

persistent output losses are anticipated for the emerging market and developing economies due to slower vaccine rollouts and generally, less policy support compared to the advanced economies.
Inflation rates have increased rapidly in the United States and in many emerging markets and developing economies and in most cases reflect pandemic related supply demand mismatches and higher commodity prices. While price pressures are expected to subside in 2022, for many emerging markets and developing economies, price pressures are expected to persist due to elevated food prices, lagged effect of higher oil prices and exchange rate depreciation.

Multilateral efforts to speed up global vaccine access, provide liquidity and debt relief to constraint economies, and mitigate and adopt to climate change remains essential to the hastening of the global economic recovery.

In 2022 the advanced economy growth rate is projected at 4.5% due to strong performance from member economies in particular the United States and the United Kingdom with projected growth of 5.2% and 5.0% respectively.

Growth of 5.1% is projected for emerging markets and developing economies in 2022. Prospects for emerging and developing Asia are much stronger for other countries in this group and is projected to grow by 6.3% percent in 2022.

The Guyana economy is projected to grow by 46.5% during fiscal 2022 buoyed by the continued expansion of the oil and gas sector and increase in output from the traditional sectors, which sectors are expected to benefit from the Government's expansive infrastructure development program and increases foreign direct investments.

Citizens Bank Guyana Inc. is committed to the financial well-being of our customers, and the development of the banking sector and the Guyanese economy and will continue our investment in support of this commitment. We remain confident that the successful implementation of our strategies will overcome any challenges, thus enabling us to deliver positive results for our stakeholders.

Dividend

In 2020, shareholders benefited from a dividend of $3.15 per share. The Bank paid an interim dividend of $0.90 per share in May 2021. The Directors now recommend a final dividend of $2.60 per share bringing the total dividend payment to $3.50 per share for a total payout of $208.2 million.

Appreciation

My fellow shareholders permit me to again extend my sincere appreciation to all our employees for their commitment, as well as my colleagues on the Board for their confidence and invaluable contributions during the financial year. I would also like to place on record our continued gratitude to our regulators for their advice and guidance over the year.

To our customers and shareholders, I wish to express my gratitude for their continuing loyalty, commitment and dedication to the success of our institution.

Managing Director's Report

Mr. Eton Chester
Managing Director

Overview

I am pleased to report that Citizens Bank Guyana Inc recorded a satisfactory performance during the just concluded financial year ended September 30, 2021. Profits after taxation were $1.1 billion, an increase of $73.4 million or 7.5% over the prior year.

Earnings per share increased to $17.7 dollars compared to $16.5 in 2020, while our book value per share increased by 8.6% to $184.7 as at September 30, 2021 from $170.1 at September 30, 2020.

During the year we were able to achieve key strategic objectives in terms of growth in loans, deposits, total assets, revenue and shareholders' equity.

Return on Average Assets

The Bank's return on average assets, a key indicator of the utilisation of our assets, was 1.4% compared to 1.7% in 2020.

Return on Average Equity

The return on average equity, a key measure of return on our capital employed, was 10.0% compared to 10.1% in 2020.

Net Interest Income and Other Income

Net interest income was $2.9 billion compared to $2.8 billion for the prior year, representing an increase of $0.1 billion or 3.6%. Increase in our loan and investment portfolios, and the correspondent increase in interest income is the primary contributor to the growth in our net interest income. Interest income remains the single most significant contributor to the bank's revenue accounting for 81.3% compared to 85.4% for the prior year.

Other income amounted to $739.4 million compared to $547.5 million for the prior period; an increase of $191.9 million or 35.0%. Earnings from foreign currency transactions, the single most significant contributor to other income, accounting for 43.7% of total other income and was $322.9 million compared to $220.4 million for the prior period.

Net operating income increased by $0.2 billion or 5.9% to $3.6 billion compared to $3.4 billion recorded in 2020.

Non-interest Expenses

Non-interest expenses, which include personnel costs and other operating expenses amounted to $1.608 billion compared to $1.586 billion, an increase of $22.0 million. Increases in employees' emoluments and other staff costs, inflationary increase in goods and services, and general administrative expenses all contributed to the increase in non-interest expenses. We continued to make efficient use of our resources and control operating expenses within the company.

Net Impairment / Recovery Expenses

Net impairment on financial assets amounted to $215.9 million compared to $123.1 million in 2020, while total reserves for losses amounted to $1.2 billion. The increase in impairment is due primarily to the continuing impact of the COVID-19 pandemic on customers' operations. The general banking risk reserve, which represents statutory and other loss provisions that exceed the impairment provision, amounted to $211.9 million compared to $128.9 million at September 30, 2020.

The bank reviews all financial assets in accordance with IFRS 9, which requires a forward looking approach in determining our expected credit loss (ECL), thus the allowance is based on the probability of default in the next twelve months, unless there is an increase in credit risk since origination. Details are included in the applicable notes to the financial statements.

Managing Director's Report (Cont'd)

At September 30, 2021, non-accrual loans and advances totalled $2.7 billion or 7.7% of total loans and advances compared to $2.9 billion and 8.9% at September 30, 2020. The Banking sector ratio of non-accrual loans to total loans at September 30, 2021 stood at 8.9% during the review period.

Our delinquency ratios remain consistent with those that prevail in the sector and we continuously review our risk assessment of our loans and investments as we seek to improve the quality of our financial portfolio.

Investment Securities

Net investments at September 30, 2021 were $9.4 billion compared to $7.7 billion at the prior financial year end. Investments in Government of Guyana Treasury Bills continue to account for the significant portion of our investment securities and at September 30, 2021, Government of Guyana Treasury Bills held amounted to $8.8 billion or 93.6% of total investments.

Net Investments accounted for 21.7% of earning assets and 11.4% of total assets, compared to 19.6% and 12.1% respectively in 2021.

Return on our investment securities was 1.2% in 2021 compared to 1.1% in 2020, while income from investments represented 2.5% of interest income in 2021 compared to 3.9% in 2020.

Loans and Advances

Net loans and advances increased by $2.1 billion or 6.6% to $33.8 billion from $31.7 billion. Growth was recorded in lending to the household, real estate, construction and the services sectors which grew by 22.5%, 11.0%, 6.9% and 3.7% and respectively. Our sectorial exposure showed marginal changes from the prior year.

Competition amongst lending institutions, given the high level of excess liquidity, resulted in nominal lending rates remaining flat and during 2021, the yield recorded from our loans and advances was 10.0% compared to 9.8% the prior year. Income from loans and advances represented 97.5% of interest income in 2021, compared to 96.1% in 2020.

Loans and advances accounted for 78.3% of earning assets and 40.9% of total assets compared to 80.4% and 49.7% respectively in 2021.

Customers' Deposits

During 2021, customers' deposits grew by 34.6% and at September 30, 2021, total deposits stood at $69.7 billion, an increase of $17.9 billion over the prior year.

During the year, savings deposits grew to $29.2 billion and now represent 41.9% of our deposit base compared to 48.9% the prior year. Demand deposits grew to $30.9 billion representing 44.3% of total deposits compared to 34.2% the prior year, while time deposits grew to $9.6 billion to now represent 13.8% of our deposit liabilities compared to 16.9% in 2020.

Private sector, including household deposits account for $61.8 billion or 88.6% of our deposit base. The effective rate on deposits was 0.5% in 2021 compared to 0.8% the prior year.

Shareholders' Equity

Shareholders' equity amounted to $11.0 billion at September 30, 2021 compared to $10.1 billion at September 30, 2020, after the transfer of net profits earned for the fiscal year 2021.

The Bank's capital adequacy ratios are computed in accordance with the Basle Committee guidelines adopted by the Bank of Guyana and at September 30, 2021 the Bank's ratio of capital to risk weighted assets was 32.3%. Our risk-based capital exceeds the required minimum risk-based capital to risk weighted assets of 8.0% and the proposed 12.0% with the implementation of Basle III. The bank remains adequately capitalised and poised to take advantage of anticipated growth opportunities.

Human Resources

The COVID-19 pandemic continued to provide new challenges for the safety of our employees and customers during the financial year as the company implemented many additional safety measures in conformity with the gazzetted orders from the Ministry of Health. In spite of these challenges, our cadre of dedicated employees showed a high degree of commitment in ensuring that we provided an acceptable level of service to all stakeholders. During the year employees benefited through attending several virtual training programs

The Future

Citizens Banks' tradition of sound corporate governance and risk management, including asset quality maintenance and the management of its expenses, will continue to guide us. The importance of, and utilisation of technology, was amplified with the advent of COVID-19. Our investment in technology driven products and services, and the continued development of our human resource and management, will be focal points to ensure that the growth and stability of the company continues.

The effect of the COVID-19 pandemic is expected to continue in the near term, with some amount of normalcy returning in fiscal 2023. The Guyana economy is projected by the IMF to grow by 46.5% during fiscal 2022, on account of the expansion of the petroleum and energy sector and Government's expansive infrastructure and housing development programs, and improvement in the traditional sectors, thus providing lending opportunities for financial institutions.

Construction of our new state-of-the-art building and the relocation of the Thirst Park branch will be completed, while construction of our new Bartica branch will commence bringing much needed improvement to the delivery of service to our customers and future benefits for stakeholders.

During the fourth quarter of our 2021 financial year, we commenced the issuance of our contactless visa debit and credit cards. During 2022, the upgrade of our automatic telling machines (ATMs) will be completed thus allowing Citizens Bank to join the national switch. We will continue to expand our digital strategy to amongst other options, include the onboarding of customers, and work will commence on a mobile banking app.

Not withstanding a continuation of the COVID-19 effect in fiscal 2022, the anticipated growth of the Guyana economy will provide many opportunities for Citizens Bank, and we remain cautiously optimistic that we have aligned our strategies and resources to produce sustainable results for our shareholders, customers, employees and the communities in which we operate.

Appreciation

To our customers, I express my appreciation for their support and confidence, I thank the management and staff for their support, commitment, and dedication. I wish to also express my gratitude to members of our Board for their oversight, guidance, and support all of which sustained our position in the banking community as a sound indigenous financial institution and look forward to your continued support during the coming year.

Principal Officers

Ms. Frances S. Parris, B.Sc.
General Manager/Corporate Secretary

Mr. Kwabina Griffith, B.Sc.
Senior Manager - MIS

Ms. Rosemary Benjamin Noble LLB (Hons.) M.ED
Senior Manager- Legal & Compliance

Ms. Pramila Persaud, FCCA
Senior Manager
Finance & Treasury

Ms. Margaret Loy
Assistant Manager - Registry




Branch Managers

From Top:
Therese McLeod, (Camp Street)
Naline Bascom (Bartica)
Lytton Thompson (Linden)
Bibi Rehana Hussain (Parika)
Alexis Paul (Thirst Park)
Natasha Prithwi-Hughes (New Amsterdam)

Management's responsibility for financial reporting

The financial statements, which follow, were prepared by the Management of Citizens Bank Guyana Inc.

While the form of the financial statements and the accounting policies followed are similar to those used by many banks and are prepared in conformity with the requirements of the Financial Institutions Act of 1995, the Companies Act 1991, the Securities Industries Act 1998 and in accordance with International Financial Reporting Standards, some amounts must of necessity be based on the best estimates and judgment of management.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorised, assets are safeguarded and proper records maintained. These controls include quality standards in hiring and training of employees, written policies and procedure manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The system of internal control is supported by an Internal Audit function. The Bank Supervision Department of the Bank of Guyana conducts examinations of the Bank's operations in accordance with the Financial Institutions Act 1995.

Messrs Jack A. Alli, Sons & Company, independent Auditors appointed to report to the members of the Bank have examined our financial statements in accordance with International Standards on Auditing.

We have disclosed to the Auditors all matters known to us, which may materially affect the outcome of the financial statements presented. The Auditors have full and free access to the Board Audit Committee to discuss their findings as to the integrity of the Bank's financial reporting and the adequacy of the system of internal control.

ETON M. CHESTER
Managing Director

FRANCES SARAH PARRIS
General Manager/Corporate Secretary

Statement of Corporate Governance

The Board of Directors of Citizens Bank Guyana Inc. recognises the importance of good corporate governance and corporate social responsibility in promoting and strengthening the trust of its stakeholders and the public. The Board believes that good corporate governance will enhance shareholder value and it is committed to maintaining the highest level of corporate governance.

In the execution of its duties and responsibilities, the Board is guided by the Laws of Guyana, the by-laws of Citizens Bank Guyana Inc., the recommendations of the Guyana Securities Council, the Guidelines contained in the various Supervision Guidelines issued by the Bank of Guyana (especially Supervision Guideline No. 8 on Corporate Governance) and the Director's Handbook issued by the Bank of Guyana. The Board is also guided by Supervision Guideline 10 on its responsibilities for the Public Disclosure of Information.

The Board of Directors, which governs the Company, meets monthly and comprises eight Non-Executive Directors and the Managing Director. Directors' information is included on pages 8-9 of this Annual Report.

The positions of the Chairman of the Board of Directors and the Managing Director are filled by separate individuals, Mr. Clifford B. Reis (Non-Executive) and Mr. Eton M. Chester (Executive Director), respectively.

The Company's Articles of Association stipulates that each Non-Executive Director must stand for re-election every three (3) years.

The Board of Directors has the following Committees:

- The Human Resources & Emoluments Committee, which is responsible for providing approval and oversight of all human resource activities including the formulation of human resource policies, the hiring and retention of the Managing Director and Senior Management and formalising the remuneration policy for all employees. The current members of the Committee are Mr. Paul A. Carto (Chairman), Mr. Rakesh K. Puri, Ms. Deenawati Panday and Mr. Eton M. Chester.

- The Credit Committee, which is responsible for developing credit policies and procedures, reviewing credits which exceed the approval authority delegated to Management, and generally overseeing and supporting efficient and effective lending portfolio management.

The current members of the Committee are Messrs. Rakesh K. Puri (Chairman), Clifford B. Reis, Wilfred A. Lee, George G. McDonald and Eton M. Chester.

- The Marketing Committee, which is responsible for providing guidance in developing business and marketing plans and strategies and performing oversight of the implementation of these plans. This includes oversight of branching activities, advertising campaigns and product launching. The current members of the Committee are Messrs. George G. McDonald (Chairman), Wilfred A. Lee, Michael H. Pereira and Eton M. Chester.

- The Audit, Finance and Risk Management Committee, which is responsible for:
  - Reviewing and developing operational policies and procedures to support the implementation of effective internal controls and risk management practices to ensure the safety and soundness ofthe operations of the Bank.

  - Reviewing and developing budgets, business plans and strategies.

  - Reviewing and monitoring the internal and external audit and examination process and compliance with all statutory and regulatory requirements.

A key responsibility of the Board of Directors is ensuring that the risks that are significant to the operation of the Bank are identified and appropriately mitigated and managed. This oversight is performed by the Board which reviews various indicators on a monthly basis. Additionally, the Audit, Finance and Risk Management Committee is specifically tasked with responsibility for overseeing risk management.

The Company has an Internal Audit Department. This Department monitors the implementation of internal controls and performs ongoing reviews to ensure full compliance with the Company's internal policies and procedures as well as with all statutory requirements. The Audit, Finance and Risk Management Committee performs an annual review of the work programmes of this Department. The report of the Internal Audit Department is reviewed by the Board on a monthly basis.

The Bank's approach to the management of credit, liquidity, foreign exchange and interest rate risks are fully discussed in note 29 of the financial statements. In terms of operational risk, which is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, the Internal Audit Department provides independent assessment and validation through testing of key processes and controls across the Company. Operational risk may occur anywhere in the Company and not solely in the operations functions. Its effects may extend beyond financial losses and a sound internal governance structure enhances the effectiveness of the Company's operational risk management.

The current members of the Committee are Messrs. Wilfred A. Lee (Chairman), Clifford B. Reis, George G. McDonald, Ronald G. Burch-Smith, and Eton M. Chester.

- The Legal and Compliance Committee, which is responsible for:
  - Reviewing and developing operational policies and procedures to support the implementation of effective practices to ensure the safety and soundness of the operations of the Bank in keeping with the requirements of Anti-Money Laundering and the Countering of the Financing of Terrorism (AML/CFT) legislation and international best practices.
  - Reviewing and monitoring the progress of all legal matters.

  - Reviewing and monitoring the internal AML compliance process and compliance with all statutory and regulatory requirements.

The Company has a Legal and Compliance Department. The duties of this Department include in–house provision of legal services and advice in support of all departments of the Bank, as may be required; serving as liaison with external attorneys on the Bank's behalf; implementation of the Bank's AML Compliance programme and departmental work programme, and provision of training in areas related to the compliance functions of the Bank. The Legal and Compliance Committee performs an annual review of the work programmes of this Department. This Department reports to the Board on a monthly basis.

The current members of the Committee are Ms. Deenawati Panday (Chairman), Mr. Michael H. Pereira, Mr. Paul A. Carto, Mr. Ronald G, Burch-Smith, and Mr. Eton M. Chester.

The day-to-day operations of the Bank are managed by the Managing Director with the assistance of a General Manager and a senior management team. This team, with combined experience that exceeds 120 years, has responsibility for the management and growth of the credit portfolio, branch operations and all supporting activities required for ensuring the prudent and effective management and security of the Bank's operations. Each member of the team has formal qualifications relevant to their area of responsibility and they each have in excess of eight years of experience in their respective fields. Information on the Management Team is included on pages 20-21 of this Annual Report.

The performance of management is reviewed on an annual basis in keeping with the expectations of the Board. These expectations are defined primarily by work program objectives and budget targets. The compensation packages for all employees, including management officers, are commensurate with their responsibilities and experience. These packages comprise basic salary and allowances which are reviewed annually by the Board. Incentive payments are based on a combination of the overall performance of the Bank and individually assessed performances.

The Bank conducts all related party relationships and transactions in keeping with the principles of transparency and prudence. The Board of Directors remains committed to making complete disclosure of all related party transactions. Note 27 of the financial statements contains details of the related party disclosure.

The Board of Directors strongly endorses good corporate governance. The Company has sound governance practices since its incorporation and the Board of Directors will continue to maintain these practices, making improvements as necessary.

Report of the Directors

The Directors submit their Annual Report and the Audited Financial Statements for the year ended 30 September 2021.

PRINCIPAL ACTIVITIES

The Bank provides a comprehensive range of banking services at six locations within Guyana. Our main office is located at Lot 231- 233 Camp Street and South Road, Lacytown, Georgetown and our branches are situated at Parika, Bartica, Thirst Park, Linden and New Amsterdam.

FINANCIAL HIGHLIGHTS

	2021 $'000	2020 $'000
Net Profit After Taxation	1,055,521	982,151
Dividend	53,542	53,542
Revenue Reserves	1,001,979	928,609
Proposed Dividend	154,677	133,855

DIVIDENDS

The Bank paid an interim dividend of $0.90 per share in May 2021. The Directors now recommend a final dividend of $2.60 per share bringing the total dividend payment to $3.50 per share compared to $3.15 in the prior year.

STATUTORY, GENERAL BANKING RISK AND REVENUE RESERVES:

	2021 $'000	2020 $'000
Statutory reserves	594,913	594,913
General banking reserves	211,941	128,925
Revenue reserves	9,525,640	8,740,532

DIRECTORS

The Directors of the Bank are:

Mr. Clifford B. Reis, C.C.H
Mr. Rakesh K. Puri
Mr. Wilfred A. Lee, A.A.
Mr. George G. McDonald, A.A.
Mr. Eton M. Chester, A.A., O.D.
Mr. Michael H. Pereira
Mr. Paul A. Carto A.A.
Ms Deenawati Panday
Mr. Ronald G. Burch - Smith

Director Mr. Ronald Burch - Smith retired and being eligible, offers himself for election.

DIRECTORS' AND THEIR ASSOCIATES' INTEREST

The interest of the Directors holding office at 30 September 2021 and their associates in the ordinary shares of the Company were as follows:

		ORDINARY SHARES		ORDINARY SHARES
	2021 Beneficial Owned	2021 Beneficial Associates	2020 Beneficial Owned	2020 Beneficial Associates
Mr. Clifford B. Reis C.C.H.	NIL	125,000	NIL	125,000
Mr. Wilfred A. Lee A.A.	NIL	NIL	NIL	NIL
Mr. Rakesh K. Puri	NIL	9,929,241	NIL	9,929,241
Mr. George G. Mc Donald A.A.	NIL	NIL	NIL	NIL
Mr. Michael Pereira	NIL	NIL	NIL	NIL
Mr. Paul A. Carto A.A.	NIL	NIL	NIL	NIL
Ms. Deenawati Panday	NIL	NIL	NIL	NIL
Mr. Ronald Burch-Smith	NIL	NIL	NIL	NIL
Mr. Eton M. Chester A.A, O.D.	NIL	26,251	NIL	26,251

No other director or his known associates has any beneficial interest in any shares of Citizens Bank Guyana Inc.

DIRECTORS' FEES	2021 $'000	2020 $'000
Mr. Clifford B. Reis C.C.H.	2,500	2,040
Mr. Wilfred A. Lee A.A.	2,100	1,724
Mr. Rakesh K. Puri	2,100	1,724
Mr. George G. Mc Donald A.A.	2,100	1,724
Mr. Michael Pereira	2,100	1,724
Mr. Paul A. Carto A.A.	2,100	1,724
Ms. Deenawati Panday	2,100	1,724
Mr. Ronald Burch-Smith	2,100	1,724

DIRECTORS' SERVICE CONTRACTS

Other than the standard service contracts under the Companies Act 1991, there are no other service contracts with the Directors proposed for election at the Annual General Meeting or any other Director.

CONTRACTS WITH DIRECTORS

There were no contracts of significance between the Bank and any of its Directors during the year.

SUBSTANTIAL SHAREHOLDERS

	2021 Amount	2021 %	2020 Amount	2020 %
Banks DIH Limited	30,340,557	51.0	30,340,557	51.0
Continental Agencies Limited	9,929,241	16.7	9,929,241	16.7
Hand-in-Hand Pension	5,802,885	9.8	5,802,885	9.8
Hand-in-Hand Group	4,205,356	7.1	4,205,356	7.1

A substantial shareholder is defined as a person or entity entitled to exercise or control the exercise of five percent (5%) or more of the voting power at any general meeting.

Report of the Directors (Cont'd)

AUDITORS

Messrs. Jack A. Alli, Sons & Company – Chartered Accountants, has informed the Bank of their willingness to continue in office as auditors. A resolution proposing their appointment and authorising the Directors to fix their remuneration will be submitted at the Annual General Meeting.

CONTRIBUTION OF EACH ACTIVITY TO OPERATING PROFIT

Banking services is considered as a single business operation which includes lending, investments, foreign exchange and deposit taking. The contribution or cost of these activities to operating profits is disclosed in notes 17, 18 & 19 of the financial statements.

GEOGRAPHICAL ANALYSIS OF CONSOLIDATED REVENUE AND CONTRIBUTION TO RESULTS

The operations of the Bank are based in Guyana. However, several investments are held overseas from which income of $7.3 million (2020 - $63.7 million) was earned during the year.

INTRA GROUP DEBT

Banks DIH Limited, the parent company of Citizens Bank Guyana Inc has obligations totalling $32.4 million owing to the Bank at 30 September 2021 (2020 - $102.4 million).

MATERIAL CONTRACTS AS AT 30 SEPTEMBER 2021

Citizens Bank Guyana Inc has existing lease agreements to lease from Banks DIH Limited premises situated at Thirst Park, Georgetown and 16 First Avenue, Bartica for the purpose of carrying on banking business.

During the year, the Bank signed Memoranda of Understanding with its parent company to acquire ownership of two properties situated at 11-12 Republic Avenue and Crabwood Street, Linden and 18 Main and Kent Streets, New Amsterdam. On 30 September 2021, Agreements of Sale and Purchase were finalised and the transfer of ownership of properties has commenced.

Citizens Bank Guyana Inc has an existing lease agreement to lease from Continental Agencies Limited office space at premises situated at Regent and Alexander Streets, Bourda, Georgetown.

BY ORDER OF THE BOARD

F S Parris

FRANCES S. PARRIS
CORPORATE SECRETARY

Report of the Independent Auditors to the members of Citizens Bank Guyana Inc.

Opinion

We have audited the financial statements of Citizens Bank Guyana Inc. which comprise the statement of financial position of the Company as at 30 September 2021, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended for the Company, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 87.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 September 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act and the Financial Institutions Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 of the current period. The key audit matter described below was 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 the matter.

Report of the Independent Auditors (cont'd)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of financial assets See notes 2.3, 2.4, 2.5, 3, 6, 7, 21 and 29 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.	

The Company has gross financial assets subject to impairment (investment securities carried at amortised cost and loans and advances) amounting to $44.1 billion, or 53.3 percent of total assets. Against this gross amount, there is a provision for impairment of $1.2 billion at the year end.

To determine the provision for impairment, the Company applies IFRS 9 Financial Instruments which prescribes a forward-looking expected credit loss (ECL) impairment model. The methodology required by IFRS 9 in respect of impairment provisions is complex and involves significant judgement by management on matters such as:

- Criteria for a significant increase in credit risk, which impacts the stage that the asset is classified as;
- Inputs and techniques to determine probability of default (PD), loss given default (LGD) and exposure at default (EAD);
- Influence of forward-looking factors;
- Expected recoveries from collateral.

During the year, the Company provided support to qualified borrowers whose operations continued to be impacted by the COVID-19 pandemic. The support was in the form of a moratorium on loan payments. Significant judgement was required by management to determine which of those borrowers experienced a significant deterioration in underlying credit quality.

For regulatory provisioning, the Bank of Guyana issued a revised Supervision Guideline 5 on 30 July 2021 which altered the rates of provisioning on certain categories of non-performing facilities.

Our procedures in relation to this key audit matter included, but were not limited to, the following:

- We evaluated the accounting policies adopted by the Company in relation to classification and measurement and impairment of financial instruments.

- We evaluated the criteria used by the Company in determining whether a significant increase in credit risk has occurred, and the definition of default applied.

- We tested the classifications applied by the Company's credit monitoring system by examining actual performance for a sample of accounts.

- We evaluated the appropriateness of management's judgement in respect of the classification of financial assets impacted by the COVID-19 pandemic.

- We tested the completeness of financial assets included in the ECL calculation.

- We evaluated the appropriateness of management's judgement relating to forward-looking information.

- We tested, on a sample basis, data included in the model and the resulting PD, LGD and EAD estimates. For the sample selected, we tested the calculation of the ECLs.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Given the complexity of impairment methodology and significant reliance on management's judgement, the impairment of financial assets was considered a key audit matter.	• We tested the completeness of the credit-impaired financial assets identified by management by examining sources of objective evidence of credit impairment. • For a sample of credit-impaired financial assets, we re-performed management's impairment calculations. We considered whether key judgements were appropriate given the prevailing economic, sectoral and individual circumstances. Collateral values were assessed against the reports of valuation experts and current market conditions. • We evaluated the Company's regulatory provision against the requirements of the revised Supervision Guideline 5.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Report of the Independent Auditors (cont'd)

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and the requirements of the Companies Act and the Financial Institutions Act, and for such internal control 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 these financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company 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 to 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 current period and are therefore the key audit matters. We describe such matters in our auditors' 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 benefit of such communication.

The engagement partner in charge of the audit resulting in this independent auditors' report is Khalil Alli.

Jack A. Alli, Sons & Co.

JACK A. ALLI, SONS & CO.
145 Crown Street, Queenstown,
Georgetown, Guyana
06 December 2021

Statement of financial position

30 September 2021

Thousands of Guyana Dollars	Note	2021	2020
ASSETS			
Cash and balances with Bank of Guyana	4	27,992,635	13,709,496
Amounts due from other banks	5	6,370,612	5,660,637
Investment securities	6	9,392,478	7,733,906
Loans and advances	7	33,801,039	31,731,647
Property and equipment	8	4,415,467	3,612,119
Intangible asset	9	169,714	126,960
Right-of-use assets	10	0	677,227
Taxation recoverable		191,232	143,505
Deferred taxation	11	62,403	45,712
Other assets	12	340,692	383,060
TOTAL ASSETS		82,736,272	63,824,269
LIABILITIES			
Customers' deposits	13	69,737,482	51,816,797
Deferred taxation	11	15,659	41,074
Taxation payable		502,495	429,372
Lease liabilities	10	0	677,795
Other liabilities	14	1,495,168	741,887
TOTAL LIABILITIES		71,750,804	53,706,925
SHAREHOLDERS' EQUITY			
Share capital	15	594,913	594,913
Statutory reserve	16	594,913	594,913
General banking risk reserve	16	211,941	128,925
Other reserves	16	58,061	58,061
Retained earnings		9,525,640	8,740,532
TOTAL SHAREHOLDERS' EQUITY		10,985,468	10,117,344
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		82,736,272	63,824,269

The notes on pages 41 to 87 form an integral part of these financial statements. The Board of Directors approved these financial statements for issue on 23 November 2021.

Clifford B. Reis
Director

Eton M. Chester
Director

Statement of income

for the year ended 30 September 2021

Thousands of Guyana Dollars	Note	2021	2020
INTEREST INCOME	17	3,209,249	3,201,220
INTEREST EXPENSE	17	(342,872)	(366,420)
NET INTEREST INCOME		2,866,377	2,834,800
OTHER INCOME	18	739,419	547,462
TOTAL NET INCOME		3,605,796	3,382,262
OPERATING EXPENSES	19	(1,607,993)	(1,586,277)
NET MOVEMENT IN IMPAIRMENT OF FINANCIAL ASSETS	21	(215,963)	(123,085)
PROFIT BEFORE TAXATION		1,781,840	1,672,900
TAXATION CHARGE	22	(726,319)	(690,749)
PROFIT AFTER TAXATION		1,055,521	982,151
EARNINGS PER SHARE	23	$17.74	$16.51

The notes on pages 41 to 87 form an integral part of these financial statements.

Statement of comprehensive income

for the year ended 30 September 2021

Thousands of Guyana Dollars	2021	2020
PROFIT AFTER TAXATION	1,055,521	982,151
OTHER COMPREHENSIVE INCOME	0	0
TOTAL COMPREHENSIVE INCOME	1,055,521	982,151

The notes on pages 41 to 87 form an integral part of these financial statements.

Statement of changes in equity

for the year ended 30 September 2021

Thousands of Guyana Dollars	Note	Share Capital	Statutory Reserve	General Banking Risk Reserve	Retained Earnings	Revaluation Reserve	Total
For the year ended 30 September 2020							
As at beginning of year		594,913	594,913	291,399	7,783,304	58,061	9,322,590
Total comprehensive income		0	0	0	982,151	0	982,151
Transfer from general banking risk reserve	16	0	0	(162,474)	162,474	0	0
Dividends paid	24	0	0	0	(187,397)	0	(187,397)
As at end of year		594,913	594,913	128,925	8,740,532	58,061	10,117,344
For the year ended 30 September 2021							
As at beginning of year		594,913	594,913	128,925	8,740,532	58,061	10,117,344
Total comprehensive income		0	0	0	1,055,521	0	1,055,521
Transfer to general banking risk reserve	16	0	0	83,016	(83,016)	0	0
Dividends paid	24	0	0	0	(187,397)	0	(187,397)
As at end of year		594,913	594,913	211,941	9,525,640	58,061	10,985,468

The notes on pages 41 to 87 form an integral part of these financial statements.

Statement of cash flows

for the year ended 30 September 2021

Thousands of Guyana Dollars	2021	2020
OPERATING ACTIVITIES		
Profit before taxation	1,781,840	1,672,900
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortisation	307,115	305,342
Interest on lease liabilities	680	2,385
Gain on disposal of property and equipment	(10,803)	(798)
Net movement in impairment of loans and advances	203,248	129,411
Loans and advances	(2,272,640)	(2,071,250)
Net movement in impairment of investment securities	12,715	(6,326)
Reserve requirement with Bank of Guyana	(1,823,266)	32,112
Customers' deposits	17,920,685	7,537,660
Other assets	42,368	42,492
Other liabilities	753,281	41,601
Taxes paid	(743,029)	(796,888)
NET CASH INFLOW - OPERATING ACTIVITIES	16,172,194	6,888,641
INVESTING ACTIVITIES		
Additions to investment securities (including fair value gains)	(9,160,765)	(6,567,899)
Maturities of investment securities	7,489,478	2,342,544
Purchase of property and equipment	(1,066,683)	(286,177)
Purchase of intangible asset	(92,409)	(49,253)
Proceeds from sale of property and equipment	67,700	969
NET CASH OUTFLOW - INVESTING ACTIVITIES	(2,762,679)	(4,559,816)
FINANCING ACTIVITIES		
Dividends paid	(187,397)	(187,397)
Principal lease payments	(52,270)	(52,270)
NET CASH OUTFLOW - FINANCING ACTIVITIES	(239,667)	(239,667)
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,169,848	2,089,158
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	14,415,450	12,326,292
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	27,585,298	14,415,450
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and non-restricted balance with Bank of Guyana	21,214,686	8,754,813
Amounts due from other banks	6,370,612	5,660,637
	27,585,298	14,415,450

The notes on pages 41 to 87 form an integral part of these financial statements.

Notes to the financial statements
30 September 2021

1. COMPANY IDENTIFICATION AND PRINCIPAL ACTIVITY

Citizens Bank Guyana Inc. (the 'Company') was incorporated in Guyana on 02 November 1993. Its registered office is situated at 231-233 Camp and South Road, Lacytown, Georgetown, Guyana. Banks DIH Limited, a company incorporated in Guyana, owns 51% of the Company's share capital.

The Company is licensed to carry on the business of banking under the provisions of the Financial Institutions Act 1995.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold property and investment securities measured at fair value. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRSs').

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Pronouncements effective in current year

The following amendments to existing standards have been published and are effective in the current year. There was no impact to the Company's financial reporting arising from these pronouncements.

IFRS 3	Amendments- Definition of a business
IFRS 9 / IAS 39 / IFRS 7	Amendments - Interest rate benchmark reform - Phase 1
IFRS 16	Amendments - COVID 19-related rent concessions
IAS 1 / IAS 8	Amendments - Definition of material
IFRS	Amendments - References to the conceptual framework in IFRS

Pronouncements effective in future periods

The following new standard and amendments and improvements to existing standards have been published and are effective in future financial years. No significant impact is expected to arise from these new pronouncements.

IFRS 17	Insurance contracts
IAS 1	Amendments - Classification of liabilities as current or non-current
	Amendments - Disclosure of accounting policies
IFRS 3	Amendment - Reference to the conceptual framework
IAS 16	Amendments - Proceeds before intended use
IAS 37	Amendment - Onerous contracts: cost of fulfilling a contract
IAS 8	Amendment - Definition of accounting estimates
IAS 12 / IFRS 1	Amendments - Deferred tax related to assets and liabilities arising from a single transaction

Notes to the financial statements

30 September 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation (Cont'd)

Pronouncements effective in future periods (Cont'd)

IFRS 9 / IAS 39 /
IFRS 7 / IFRS 4 Amendments - Interest rate benchmark reform - Phase 2
Annual improvements to IFRS Standards 2018 - 2020 Cycle:
- Minor amendments to IFRS 1, IFRS 9 and IAS 41
- Amendment to illustrative examples accompanying IFRS 16

2.2 Foreign Currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Guyana Dollars, which is the Company's functional currency.

Transactions and balances

Transactions involving foreign currencies are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions (arising on trading or otherwise) and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income. Translation differences arising on non-monetary financial assets, such as equity holdings classified as FVOCI, are included in other comprehensive income.

2.3 Financial Assets and Liabilities - Recognition and Derecognition

Recognition

The initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to the issuance or purchase.

Derecognition

The Company, in some instances, renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. If the terms are substantially different, the Company derecognises the original financial asset and recognises a new asset at fair value and recalculates a new effective interest rate for the asset.

The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are recognised in the statement of income as a gain or loss on derecognition.

Notes to the financial statements
30 September 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Financial Assets and Liabilities - Recognition and Derecognition (Cont'd)

Derecognition (Cont'd)

In cases other than modification, a financial asset is derecognised when the contractual rights to the cash flows from the asset have expired; or when the Company transfers the contractual rights to receive the cash flows from the financial asset; or has assumed an obligation to pay those cash flows to an independent third party; or the Company has transferred substantially all the risks and rewards of ownership of that asset to an independent third-party. Management determines whether substantially all the risks and rewards of ownership have been transferred by quantitatively comparing the variability in cash flows before and after the transfer. If the variability in cash flows remains significantly similar subsequent to the transfer, the Company has retained substantially all of the risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the statement of income.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. If an existing financial liability is replaced by another from the same counterparty on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability at fair value. The difference in the respective carrying amount of the existing liability and the new liability is recognised as a gain/loss in the statement of income.

2.4 Financial Assets and Liabilities - Classification and Measurement

Classification of financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss);
- those to be measured at amortised cost.

The classification requirements for debt and equity instruments are described below.

Classification - Debt instruments

The classification of debt instruments depends on the business model used for managing the financial assets and the contractual terms of the cash flows.

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets, or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of the 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Financial Assets and Liabilities - Classification and Measurement (Cont'd)

Classification - Debt instruments (Cont'd)

Where the business model is to hold assets to collect contractual cash flows or collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured as FVPL.

Measurement - Debt instruments

There are three measurement approaches for debt instruments depending on the classification of the financial assets.

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the statement of income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of income.

- 'FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Changes in fair value are taken through OCI. The recognition of interest income and impairment gains or losses are recognised in the statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in the statement of income using the effective interest rate method. Impairment losses are presented as a separate line item in the statement of income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is measured at FVPL is recognised in the statement of income in the period in which it arises. Assets held for trading are classified as FVPL.

Classification and measurement - Equity instruments

Equity instruments are instruments that meet the definition of equity: that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company measures all equity instruments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the statement of income following the derecognition of the investment. Dividends from such investments continue to be recognised in the statement of income when the Company's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in the statement of income.

Notes to the financial statements

30 September 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Financial Assets and Liabilities - Classification and Measurement (Cont'd)

Classication and measurement - Financial liabilities

Financial liabilities are classified as "measured at amortised cost".

Criteria for non-performing classification - As at 30 September 2020

In accordance with the Bank of Guyana's Supervision Guideline 5 "*Loan Portfolio Review, Classification, Provisioning, and Other Related Requirements*" (SG 5), the Company classifies loans and advances as 'non-performing' when:

(a) for a loan or an account with fixed repayment dates -
- (i) principal or interest is due and unpaid for three months or more; or
- (ii) interest charges for three months or more have been capitalised, refinanced, or rolled-over.

(b) for an overdraft or an account without fixed repayment dates -
- (i) approved limit has been exceeded for three months or more; or
- (ii) credit line has expired for three months or more; or
- (iii) interest charges for three months or more have not been covered by deposits; or
- (iv) the account has developed a hardcore which was not converted into a term loan after three months or more.

A non-performing account may be restored to a performing status when all arrears of principal and interest have been paid or when it otherwise becomes well-secured and full collection is expected within three months.

During the prior year, the Company provided support to qualified borrowers whose operations were impacted by the COVID-19 pandemic. Eligible borrowers were generally granted a moratorium on loan payments.

Criteria for non-performing classification - As at 30 September 2021

In accordance with the Bank of Guyana's revised Supervision Guideline 5 "Credit Exposure Review, Classification, Provisioning, and Other Related Requirements" (SG 5) - effective 30 July 2021, the Company classifies loans and advances as 'non-performing' when the borrower is in default and has not made scheduled payments of principal or interest for 90 days or more; or where interest payments for 90 days or more have been capitalised, re-financed, or rolled-over into a new loan; or where a period of 90 days or more has elapsed since the approved credit limit has been exceeded, or where the overdraft has expired, or interest charges were due and unpaid; or where the account has developed a hardcore which was not converted into a term loan.

A credit exposure may only be returned to performing or accrual status when:
- (i) all arrears of principal and interest have been repaid in full; or
- (ii) a minimum of one year has elapsed since the restructuring of the credit exposure and timely repayments were made during that period in accordance with the revised terms.

During the current year, the Company continued to provide support to qualified borrowers whose operations were impacted by the COVID-19 pandemic. These borrowers were generally granted a moratorium on loan payments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Impairment of Financial Assets

Expected Credit Loss (ECL) Model

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments classified at amortised cost and FVOCI and with the exposures arising from loan commitments and guarantees. The Company recognises a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount determined from possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is calculated by multiplying the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

- PD is an estimate of the likelihood of default over the next 12 months or over the remaining lifetime of the obligation.

- LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by counterparty, type of claim and availability of collateral. It is expressed as a percentage loss per unit of exposure at the time of default.

- EAD is based on the amounts that the Company expects to be owed at the time of default, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdowns on commitments and accrued interest from missed payments.

The ECL is determined by projecting PD, LGD and EAD for future months and for each individual exposure. The multiplication of the three components results in the ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective rate.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries post default including collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

The 12-month and lifetime EADs are determined based on expected payment profile.

Forward-looking macroeconomic information is also included in determining these factors.

There are no differences in the estimation techniques or significant assumptions for the ECL calculations as at 30 September 2020 and 30 September 2021.

Notes to the financial statements

30 September 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Impairment of Financial Assets (Cont'd)

Expected Credit Loss (ECL) Model (Cont'd)

Three-stage method

The ECL impairment model uses a three-stage approach based on the extent of credit deterioration since origination.

Stage 1: 12 month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL is computed using a 12-month PD that represents the probability of default occurring over the next 12 months.

Stage 2: When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset.

Stage 3: Financial assets with objective evidence of impairment are included in this stage. Similar to Stage 2, the allowance for credit losses continue to capture the lifetime ECL.

Definition of default and credit - impaired assets

The Company defines a financial asset as in default, which is fully aligned with the definition of credit-impaired, when it meets either quantitative or qualitative criteria, as defined below.

Quantitative criteria - The Company ordinarily considers that default on a financial asset has occurred when the borrower is more than 90 days past due on contractual payments. In the current and prior years, consideration was taken of the moratorium granted to qualified borrowers on loan payments. (note 2.4).

Qualitative criteria - The Company considers a financial instrument to be in default if there are clear indicators that the borrower is in significant financial difficulty and therefore unlikely to pay. Some indicators are: bankruptcy of the borrower; breach of financial covenants; borrower is in long-term forbearance.

The criteria for default have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes.

An instrument is considered to no longer be in default (i.e. to be 'cured') when it no longer meets any of the default criteria for a consecutive period of twelve months.

Assessment of significant increase in credit risk

The Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers macroeconomic outlook, management judgement, and delinquency. In the current and prior years, consideration was taken of the moratorium granted to qualified borrowers on loan payments (note 2.4). There is a rebuttal presumption that the credit risk of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue. The Company has not chosen to rebut this assumption.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Impairment of Financial Assets (Cont'd)

Expected Credit Loss (ECL) Model (Cont'd)

Forward-looking information

The estimation of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement. In its ECL model, the Company incorporates forward-looking information on macroeconomic performance, specifically GDP growth.

Modified financial assets

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one, an assessment is made to determine if the existing financial asset should be derecognised. Where a modification does not result in derecognition, the date of origination continues to be used to determine significant increase in credit risk. Where a modification results in derecognition, the new financial asset is recognised at its fair value on the modification date. The modification date is also the date of origination for this new asset.

Modifications of the contractual terms of financial assets may result in derecognition of the original asset when the changes to the terms are considered substantial. The original financial asset is derecognised and the new asset is recognised at fair value; any difference arising is recognised in the statement of income.

Write-off policy

The Company writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is generally after receipt of any proceeds from the realisation of security. In circumstances where, based on the net realisable value of any collateral, there is no reasonable expectation of full recovery, write-off may occur earlier. The Company also recognises the statutory provisions contained in Supervision Guideline 5 relative to the write off of accounts classified as 'Loss'.

Guarantees and credit commitments

Financial guarantees are initially measured at fair value and subsequently measured at the higher of the loss allowance and the premium received on initial recognition. Loan commitments are measured as the amount of the loss allowance. For financial guarantees and loan commitments, the loss allowance is recognised as a provision.

Based on the historical experience and collateral pledged, the Company considers the risk of loss in the event of default to be low and consequently, the ECL to be immaterial.

Cash resources

Cash and balances with the Bank of Guyana and amounts due from other banks are within the scope of IFRS 9 impairment approach. However, based on the historical experience and the nature of the counterparties, the Company considers the risk of default to be low and consequently, the ECL to be immaterial.

Notes to the financial statements

30 September 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Impairment of Financial Assets (Cont'd)

Bank of Guyana Supervision Guideline 5

The Company is required to consider the need for impairment of financial assets in accordance with IFRS, as well as the provisioning requirements of the Bank of Guyana, as set out in SG 5. Where the impairment provision required under SG 5 is greater than that required under IFRS 9, the excess is dealt with as an appropriation of retained earnings to a general banking risk reserve.

2.6 Guarantees and Letters of Credit

The Company's potential liability under guarantees and letters of credit is reported as a contingent liability given that there are equal and offsetting claims against its customers in the event of a call on these commitments. Where there is doubt on the asset cover against these contingent liabilities, a provision for impairment is established.

2.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash-in-hand, balances held with other banks and the non-restricted balance with the Bank of Guyana, items in course of collection and investment securities with original maturity of less than three months.

2.8 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, except for freehold property held as at 30 September 2016 which is stated at revalued amount less accumulated depreciation. Freehold land is not depreciated. Other fixed assets are depreciated on a straight-line method at rates estimated to write off the assets over their expected useful economic lives.

The current rates of depreciation are as follows:

Freehold building	2%
Furniture, fixtures and equipment	10 - 33 1/3%
Motor vehicles	20%
Leasehold improvements	Over the period of the lease

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to income when incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2.9 Intangible Asset (Computer Software)

The costs of acquiring, customising and installing computer software are capitalised and amortised over their estimated useful economic life of five years on a straight line basis. Costs associated with maintenance of computer software are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a net present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable under residual value guarantees
- exercise price of a purchase option, if option reasonably certain to be exercised
- payments of penalties for terminating the lease, if option expected to be exercised

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The Company has applied judgement to determine the lease term for some lease contracts that include renewal options.

The present value is determined by applying the interest rate implicit in the lease, or, if that rate cannot be readily determined, at the Company's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

The right-of-use asset is measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases, which are those with a lease term of 12 months or less, are recognised on a straight-line basis as an expense in the statement of income.

2.11 Repossessed Assets

Repossessed assets are measured at the lower of carrying amount and fair value less costs to sell, and reported within "Other Assets".

2.12 Share Capital and Dividends

Ordinary shares with discretionary dividends are classified as equity.

Dividends are recognised as a deduction from shareholders' equity in the period in which they are approved by shareholders or, as in the case of interim dividends, when paid by the directors as authorised under the Company's by-laws.

Notes to the financial statements
30 September 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Interest Income and Expense

Interest income and expense are recognised in the statement of income for all interest-bearing instruments on an accrual basis using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees that are integral to the effective interest rate.

In accordance with Bank of Guyana Supervision Guideline 5, interest income on 'non-performing' accounts is not accrued unless it is well-secured and full collection of arrears is expected within 3 months. Note 2.4 to these financial statements describes the basis for classifying accounts as 'non-performing'. Any uncollected interest is reversed from income at the time the facility is classified as 'non-performing'.

2.14 Fees and Commission Income

The recognition of fees and commission is determined by the purpose of the fee or commission and the basis of accounting for any associated financial instrument. Income earned on completion of a significant act is recognised when the act is completed. Income earned from the provision of services is recognised as revenue as the services are provided.

2.15 Taxation

The tax expense for the year comprises of current and deferred tax and is recognised in the statement of income or the other comprehensive income, as appropriate.

The current corporate tax charge is identified on the basis of the tax laws enacted at the reporting date. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company provides for deferred tax using the liability method for all temporary differences arising between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes. The currently enacted tax rate is used to determine deferred corporation tax.

The principal temporary differences arise from depreciation on property and equipment, revaluations of certain assets and impairment provisions. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.16 Retirement Benefit Plan

The Company offers a defined contribution pension arrangement to eligible employees. The Company's contributions are charged to the statement of income in the year to which they relate.

2.17 Segment Reporting

The Company is managed as a single unit engaged in commercial banking and its operations are located only in Guyana.

Thousands of Guyana Dollars

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also exercises judgement in applying the Company's accounting policies. Areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment are described in this note.

Impairment Losses on Financial Assets

The measurement of the expected credit loss allowance for financial assets under IFRS 9 is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). The ECL provisions generated by the models adopted are influenced by a number of factors, changes in which can result in different outcomes.

Some of the significant judgements and estimates that influence the outcome of the ECL provisions are:

- Choice of criteria for determining significant increase in credit risk;
- Choice of models and assumptions for the measurement of ECL;
- Recoverable values from collateral and time to recovery;
- Pattern of future cash flows;
- Basis for establishing forward-looking overlay adjustments; and
- Basis for establishing groups of similar financial assets for ECL purposes.

Lease term

Where the leases contain extension options, the period of extension is only taken into account in measuring lease liabilities when the Company is reasonably certain to exercise the option.

4. CASH AND BALANCES WITH BANK OF GUYANA

	2021	2020
Cash in hand	1,304,174	1,079,113
Balance with Bank of Guyana in excess of reserve requirement	19,910,512	7,675,700
Included in cash and cash equivalents	21,214,686	8,754,813
Reserve requirement with Bank of Guyana	6,777,949	4,954,683
	27,992,635	13,709,496

The Company is required to maintain a monetary reserve with the Bank of Guyana which is based on customers' deposits and other specified liabilities.

5. AMOUNTS DUE FROM OTHER BANKS

	2021	2020
Items in course of collection	45,786	339,069
Deposits held with foreign banks	6,324,826	5,321,568
	6,370,612	5,660,637

Deposits held with foreign banks include amounts due on demand or held for fixed periods not exceeding 90 days.

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6. INVESTMENT SECURITIES	**2021**	**2020**
Debt instruments at amortised cost		
Issued in Guyana:		
Government securities	8,951,286	7,281,506
Issued out of Guyana:		
Government securities	240,173	247,282
	9,191,459	7,528,788
Less provision for impairment - note 21	(62,509)	(49,794)
	9,128,950	7,478,994
Fair value through Profit or Loss		
Issued out of Guyana:		
Corporate securities	263,528	254,912
Total Investment Securities	9,392,478	7,733,906

7. LOANS AND ADVANCES		
Overdrafts	2,088,109	1,764,879
Term loans	19,928,492	16,996,455
Mortgages	9,840,886	10,496,511
Non-accrual accounts	2,666,427	2,874,368
	34,523,914	32,132,213
Accrued interest receivable	423,622	878,405
Less provision for impairment - note 21	(1,146,497)	(1,278,971)
	33,801,039	31,731,647

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8. PROPERTY AND EQUIPMENT

	Freehold Land and Building	Leasehold Improvements	Furniture, Fixtures and Equipment	Motor Vehicles	Work in Progress	Total
Cost						
As at 01 October 2020	2,980,358	1,445	1,526,138	86,723	212,890	4,807,554
Additions	2,599	0	16,304	4,006	1,043,774	1,066,683
Disposals	(56,600)	0	(5,789)	(8,491)	0	(70,880)
As at 30 September 2021	2,926,357	1,445	1,536,653	82,238	1,256,664	5,803,357
Accumulated Depreciation						
As at 01 October 2020	(166,371)	(1,081)	(962,674)	(65,309)	0	(1,195,435)
Depreciation charge	(45,288)	(361)	(154,211)	(6,578)	0	(206,438)
Written back on disposals	0	0	5,492	8,491	0	13,983
As at 30 September 2021	(211,659)	(1,442)	(1,111,393)	(63,396)	0	(1,387,890)
Net Carrying Amount						
As at 30 September 2021	2,714,698	3	425,260	18,842	1,256,664	4,415,467
Cost						
As at 01 October 2019	2,869,757	1,445	1,524,532	80,318	74,096	4,550,148
Additions	110,601	0	25,967	10,815	138,794	286,177
Disposals	0	0	(24,361)	(4,410)	0	(28,771)
As at 30 September 2020	2,980,358	1,445	1,526,138	86,723	212,890	4,807,554
Accumulated Depreciation						
As at 01 October 2019	(121,082)	(721)	(832,300)	(61,210)	0	(1,015,313)
Depreciation charge	(45,289)	(360)	(154,564)	(8,509)	0	(208,722)
Written back on disposals	0	0	24,190	4,410	0	28,600
As at 30 September 2020	(166,371)	(1,081)	(962,674)	(65,309)	0	(1,195,435)
Net Carrying Amount						
As at 30 September 2020	2,813,987	364	563,464	21,414	212,890	3,612,119

In September 2016 the Company revalued its freehold land and building based on a valuation carried out by Patterson Associates on the basis of open market value, with the exception of its Head Office which was completed during the financial year ended 30 September 2017. The revaluation surplus is restricted from distribution as a cash dividend.

If the freehold land and building was stated on a historical cost basis, the carrying value would be $2,714,166 (2020 - $2,812,924) at the year end.

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9. INTANGIBLE ASSET

	2021	2020
Computer Software		
Cost		
As at beginning of year	619,979	570,726
Additions	92,409	49,253
As at end of year	712,388	619,979
Accumulated Amortisation		
As at beginning of year	(493,019)	(446,852)
Charges	(49,655)	(46,167)
As at end of year	(542,674)	(493,019)
Net Carrying Amount		
As at end of year	169,714	126,960

10. LEASES

Amounts recognised in Statement of Financial Position

Right-of-use Assets

Cost		
As at beginning of year	727,680	727,680
Additions	25,795	0
Transfer to property, plant and equipment	(753,475)	0
As at end of year	0	727,680
Accumulated Depreciation		
As at beginning of year	(50,453)	0
Charges	(51,022)	(50,453)
Written back on transfer	101,475	0
As at end of year	0	(50,453)
Net Carrying Amount		
As at end of year	0	677,227

Lease Liabilities

As at beginning of year	677,795	727,680
Additions	25,795	0
Interest	680	2,385
Payments	(52,270)	(52,270)
Transfer to Payables	(652,000)	0
As at end of year	0	677,795

The Company leases various properties to carry out its banking activities. During the year, the Company signed Memoranda of Understanding with its parent company (the owner of two such properties) to acquire ownership of those properties. On 30 September 2021, Agreements of Sale and Purchase were finalised and the transfer of ownership of properties has commenced. All other property leases are short term in nature.

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11. DEFERRED TAXATION

	2021	2020
Deferred tax assets arising on:		
ECL on financial assets	59,663	44,145
Accelerated accounts depreciation	1,401	0
Other	1,339	1,567
	62,403	45,712
Deferred tax liabilities arising on:		
Accelerated tax depreciation	0	25,201
Gain on revaluation of property	15,659	15,873
	15,659	41,074
Portion of deferred tax balances expected to materialise after more than 12 months:		
Deferred tax assets	62,403	45,712
Deferred tax liabilities	15,659	41,074

12. OTHER ASSETS

Accrued interest receivable	1,793	4,716
Repossessed assets	122,391	94,035
Prepayments	158,091	223,697
Miscellaneous	58,417	60,612
	340,692	383,060

13. CUSTOMERS' DEPOSITS

Demand deposits	30,911,084	17,740,612
Savings deposits	29,170,043	25,304,180
Time deposits	9,518,494	8,652,193
	69,599,621	51,696,985
Accrued interest payable	137,861	119,812
	69,737,482	51,816,797

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13. CUSTOMERS' DEPOSITS (CONT"D)

Sectoral Analysis

	Personal	Commercial	Government	Total
As at 30 September 2021				
Demand deposits	6,117,518	17,517,130	7,276,465	30,911,113
Savings deposits	21,652,565	7,268,079	282,482	29,203,126
Time deposits	1,361,749	7,898,887	362,607	9,623,243
	29,131,832	32,684,096	7,921,554	69,737,482
As at 30 September 2020				
Demand deposits	4,317,961	11,241,371	2,181,309	17,740,641
Savings deposits	18,876,454	6,292,994	170,748	25,340,196
Time deposits	1,151,531	7,228,555	355,874	8,735,960
	24,345,946	24,762,920	2,707,931	51,816,797

14. OTHER LIABILITIES

	2021	2020
Accruals	96,900	110,963
Items in the course of payment	625,607	292,139
Deferred income	135,508	126,084
Miscellaneous	637,153	212,701
	1,495,168	741,887

15. SHARE CAPITAL

	2021	2020
Authorised		
83,000,000 ordinary shares of no par value		
Issued and Fully Paid		
59,491,300 ordinary shares of no par value	594,913	594,913

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16. RESERVES

Statutory Reserve

The Financial Institutions Act 1995 requires registered institutions to transfer annually a minimum of 15% of profit after taxation to a reserve until the balance on this statutory reserve is equal to the paid up capital of the institution.

General Banking Risk Reserve

This reserve represents statutory and other loss provisions that exceed the impairment provision and that are appropriated from retained earnings.

Revaluation Reserve

The surplus arising on revaluation of freehold land and building, net of deferred tax, is transferred to this reserve.

17. NET INTEREST INCOME

	2021	2020
Interest Income:		
Loans and advances	3,127,718	3,076,333
Investment securities - earned in Guyana	74,187	61,167
Investment securities - earned out of Guyana	7,344	63,720
	3,209,249	3,201,220
Interest Expense:		
Demand deposits	4,953	10,595
Savings deposits	140,422	155,904
Time deposits	197,497	199,921
	342,872	366,420

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18. OTHER INCOME

	2021	2020
Fee and commission income	359,857	304,485
Gains on foreign exchange trading	322,946	220,412
Gains of FVPL financial asset	8,615	10,642
Sundry income	48,001	11,923
	739,419	547,462

19. OPERATING EXPENSES

	2021	2020
Staff costs (note 20)	479,907	464,493
Depreciation and amortisation	307,115	305,342
Lease rental on short-term leases	16,385	23,790
Auditors' remuneration (including expenses)	16,560	14,175
General administrative expenses	619,251	605,946
Other operating costs	168,775	172,531
	1,607,993	1,586,277

20. STAFF COSTS

	2021	2020
Wages and salaries	406,854	398,654
Social security costs	32,165	30,407
Pension costs	11,946	12,260
Other staff costs	28,942	23,172
	479,907	464,493

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21. PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS

IFRS 9

	Loans and Advances (Mortgages)	Loans and Advances (Term Loans)	Loans and Advances (Overdrafts)	Investment Securities (AC)	2021 Total
Stage 1: 12 month ECL					
Balance as at 01 October 2020	18,296	34,827	0	9,626	62,749
ECL on new instruments issued	7,400	51,138	0	3,430	61,968
ECL of transfers between categories	(7,717)	(27,314)	0	0	(35,031)
Balance as at 30 September 2021	17,979	58,651	0	13,056	89,686
Stage 2: Lifetime ECL					
Balance as at 01 October 2020	9,284	13,252	34,706	0	57,242
ECL on new instruments issued	3,833	141,627	13,593	0	159,053
ECL of transfers between categories	125	(78,136)	24,782	0	(53,229)
Balance as at 30 September 2021	13,242	76,743	73,081	0	163,066
Stage 3: Lifetime ECL credit-impaired					
Balance as at 01 October 2020	206,613	953,414	8,579	40,168	1,208,774
Amounts written off	(6,701)	(329,021)	0	0	(335,722)
Additional provision	44,133	151,229	11,898	15,684	222,944
Reversal of provision	(77,839)	(42,878)	(12,626)	(6,399)	(139,742)
Balance as at 30 September 2021	166,206	732,744	7,851	49,453	956,254
Total ECL					
Balance as at 01 October 2020	234,193	1,001,493	43,285	49,794	1,328,765
Balance as at 30 September 2021	197,427	868,138	80,932	62,509	1,209,006

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21. PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS (CONT'D)

IFRS 9

	Loans and Advances (Mortgages)	Loans and Advances (Term Loans)	Loans and Advances (Overdrafts)	Investment Securities (AC)	2020 Total
Stage 1: 12 month ECL					
Balance as at 01 October 2019	21,850	45,210	2,336	6,278	75,674
ECL on new instruments issued	8,987	13,895	0	4,125	27,007
ECL of transfers between categories	(12,541)	(24,278)	(2,336)	(777)	(39,932)
Balance as at 30 September 2020	18,296	34,827	0	9,626	62,749
Stage 2: Lifetime ECL					
Balance as at 01 October 2019	28,413	9,373	0	0	37,786
ECL on new instruments issued	6,615	3,879	34,706	0	45,200
ECL of transfers between categories	(25,744)	0	0	0	(25,744)
Balance as at 30 September 2020	9,284	13,252	34,706	0	57,242
Stage 3: Lifetime ECL credit-impaired					
Balance as at 01 October 2019	152,351	884,706	5,321	49,842	1,092,220
Additional provision	78,397	223,657	8,226	0	310,280
Reversal of provision	(24,135)	(154,949)	(4,968)	(9,674)	(193,726)
Balance as at 30 September 2020	206,613	953,414	8,579	40,168	1,208,774
Total ECL					
Balance as at 01 October 2019	202,614	939,289	7,657	56,120	1,205,680
Balance as at 30 September 2020	234,193	1,001,493	43,285	49,794	1,328,765

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22. TAXATION

	2021	2020
The provisional charge for taxation in the financial statements is made up as follows:		
Current tax	764,776	683,640
Deferred tax	(42,106)	(13,417)
Prior year adjustments	3,649	20,526
	726,319	690,749
Reconciliation of the Company's profit before taxation to the theoretical amount using the basic rate of tax:		
Profit before taxation	1,781,840	1,672,900
Corporation tax on profit at 40% (2020 - 40%)	712,736	669,159
Income not subject to tax	(80,446)	(85,674)
Expenses not deductible for tax purposes	57	142
Property and withholding taxes	90,536	86,810
Prior year adjustments	3,649	20,526
Other	(213)	(214)
	726,319	690,749

23. EARNINGS PER SHARE

	2021	2020
Profit attributable to shareholders	1,055,521	982,151
Weighted average number of ordinary shares (thousands)	59,491	59,491
Basic earnings per share	$17.74	$16.51

24. DIVIDENDS

	2021	2020
Prior year final dividend paid $2.25 per share (2020 - $2.25)	133,855	133,855
Interim dividend paid $0.90 per share (2020 - $0.90)	53,542	53,542
	187,397	187,397

A final dividend in respect of 2021 of $2.60 per share (2020 - $2.25 per share), amounting to $154,677 (2020 - $133,855) is to be proposed at the annual general meeting on 25 January 2022.

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25. COMMITMENTS	**2021**	**2020**
Undrawn credit facilities	897,451	1,209,745
Capital commitments for property and equipment		
Authorised but not contracted for	1,007,830	437,336
Authorised and contracted for	575,852	1,594,790
Capital commitments for intangible assets		
Authorised but not contracted for	106,376	48,617
Authorised and contracted for	25,197	35,433

26. CONTINGENCIES

Litigations

As at the year end there were certain legal proceedings outstanding against the Company. No provision has been made as management is of the opinion that such proceedings are either without merit or will result in an insignificant loss to the Company.

Guarantees	**2021**	**2020**
Guarantees	1,323,319	1,013,531

Tax Assessments

On 20 December 2018, the Company received Notices of Assessment ("Assessments") from the Guyana Revenue Authority claiming additional corporation taxes of $534,416 as a result of the disallowance of the Company's claim for deduction for impairment losses on financial assets in relation to the years of income ended 30 September, 2010 to 2012, and 2014 to 2016, inclusive.

The accounting policy on impairment losses on financial assets, as described in Note 2.5 to these financial statements, recognises the Company's obligation to comply with provisioning requirements contained in International Financial Reporting Standards (IFRS) and in the Supervision Guidelines issued by the Bank of Guyana.

For purposes of its corporation tax computations, the Company's impairment losses on financial assets as determined under IFRS, were claimed as deductions in accordance with Section 16(1)(e) of the Income Tax Act, which provides for the deduction of provisions for bad and doubtful debts incurred in a trade or business.

Accordingly, the Company on 04 January 2019 filed Notices of Objection to these assessments under the provisions of the Income Tax Act. The Guyana Revenue Authority acknowledged the objections and that the tax in dispute is being held in abeyance until the objections are determined. The objections remain undetermined to the present. The Company has been advised by its attorneys that its objections are well founded.

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27. RELATED PARTY TRANSACTIONS

(a) Loans, advances and other credit commitments

A number of transactions were entered into with related parties during the course of the year. The related parties include major shareholders, key management personnel and other organisations controlled or significantly influenced by key management personnel. Loans and advances to employees of the Company are extended at preferential rates.

The total loans, advances and other credit commitments, as shown in the tables below, aggregate to 2 percent (2020 - 3 percent) of the total exposure to all customers. Additionally the total loans, advances and other credit commitments extended to the five related parties with the highest exposures as at the year end amount to $440,783 (2020 - $518,636) or 4 percent (2020 - 5 percent) of the capital base.

2021	Parent Company	Other Major Shareholders	Directors	Other Key Management	Other Related Parties	Total
Loans and advances as at beginning of year	0	0	171,529	79,415	420,187	671,131
Advanced in the year	0	0	67,736	37,000	270,870	375,606
Repaid in the year	0	0	(65,966)	(28,944)	(437,673)	(532,583)
Loans and advances as at end of year	0	0	173,299	87,471	253,384	514,154
Guarantees as at end of year	32,351	1,065	52,824	5,751	14,910	106,901
Interest income	0	0	14,397	3,728	27,529	45,654

2020	Parent Company	Other Major Shareholders	Directors	Other Key Management	Other Related Parties	Total
Loans and advances as at beginning of year	143,746	0	138,342	95,415	326,666	704,169
Advanced in the year	1,000,000	0	109,901	1,000	338,466	1,449,367
Repaid in the year	(1,143,746)	0	(76,714)	(17,000)	(244,945)	(1,482,405)
Loans and advances as at end of year	0	0	171,529	79,415	420,187	671,131
Guarantees as at end of year	102,351	1,065	31,524	5,751	14,910	155,601
Interest income	50,531	0	12,006	3,774	35,433	101,744

(b) Customers' deposits

2021	Parent Company	Other Major Shareholders	Directors	Other Key Management	Other Related Parties	Total
Balance as at beginning of year	11,078,037	880,318	110,116	21,284	7,294,021	19,383,776
Deposits during the year	54,971,159	6,500,374	576,088	147,416	9,805,016	72,000,053
Withdrawals in the year	(50,792,536)	(6,410,725)	(540,793)	(149,364)	(8,557,164)	(66,450,582)
Balance as at end of year	15,256,660	969,967	145,411	19,336	8,541,873	24,933,247
Interest expense	7,957	3,083	1,478	197	120,369	133,084

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27. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Customers' deposits (Cont'd)

2020	Parent Company	Other Major Shareholders	Directors	Other Key Management	Other Related Parties	Total
Balance as at beginning of year	8,091,131	925,542	120,470	20,203	6,523,213	15,680,559
Deposits during the year	47,675,660	4,093,343	501,679	92,625	19,775,687	72,138,994
Withdrawals in the year	(44,688,754)	(4,138,567)	(512,033)	(91,544)	(19,004,879)	(68,435,777)
Balance as at end of year	11,078,037	880,318	110,116	21,284	7,294,021	19,383,776
Interest expense	13,399	3,516	2,032	231	121,100	140,278

(c) Key Management Compensation

	2021	2020
Short term benefits	99,566	86,381
Post employment benefits	2,937	3,628
	102,503	90,009

(d) Other Related Party Transactions

	2021	2020
Property rent charges from parent company	64,984	62,280
Property rent charges from other related party	4,516	4,516
Professional services provided by other related parties	12,348	13,951
Insurance services provided by major shareholder and other related party	44,504	40,804

28. DIRECTORS' EMOLUMENTS

Emoluments, including expenses, paid in respect of services of directors and included in key management compensation:

	2021	2020
Clifford B. Reis	2,500	2,040
Rakesh K. Puri	2,100	1,724
Wilfred A. Lee	2,100	1,724
George G. Mc Donald	2,100	1,724
Michael H. Pereira	2,100	1,724
Paul A. Carto	2,100	1,724
Deenawati Panday	2,100	1,724
Ronald G. Burch-Smith	2,100	1,724
	17,200	14,108

No emoluments were paid to the executive director for his service as a director to the Company.

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of Financial Instruments

Financial instruments carried at the reporting date include cash resources (cash, balances with Bank of Guyana and amounts due from other banks), investment securities, loans and advances, accrued interest and other receivables, customers' deposits, and other liabilities.

As at 30 September 2021, the measurement categories and carrying amounts of the financial assets and liabilities in accordance with IFRS 7 are as follows:

	Measurement Category	2021 Carrying Amount	2020 Carrying Amount
Cash resources	Amortised cost	34,363,247	19,370,133
Investment securities	FVPL	263,528	254,912
	Amortised cost	9,128,950	7,478,994
Loans and advances	Amortised cost	33,801,039	31,731,647
Other financial assets	Amortised cost	60,210	65,328
Customer deposits	Amortised cost	69,737,482	51,816,797
Other financial liabilities	Amortised cost	1,359,660	1,293,598

Risks arising from Financial Instruments

Financial risks are inherent to the operations of the Company and management of these risks is central to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk, interest rate risk and foreign exchange risk. The objective of the Company's risk management policies and efforts is to minimise the effects of the risks inherent to its operations. Risk management is an ongoing process which involves the identification, assessment and monitoring of risks through the application of various approaches which are guided by the Company's policies.

These risks are continuously monitored at both the executive and directorate levels. Management engages in the daily monitoring of risks and provides the Board of Directors with monthly reports which analyse exposures to the various elements of risk. The main financial risks affecting the Company are discussed in the following parts to this note.

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Risks arising from Financial Instruments (Cont'd)

Credit Risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, through its holding of cash resources, investment securities and loans and advances. It can also arise from guarantees and letters of credit provided by the Company or credit commitments given.

For financial assets recognised on the statement of financial position, the exposure to credit risk equals their carrying amounts. For guarantees and letters of credit, the maximum exposure to credit risk is the amount that the Company would have to pay if the guarantees and letters of credit were to be called upon. For credit commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The following table presents the maximum exposure to credit risk arising from financial instruments, before taking account of any collateral held or other credit enhancements and after allowance for impairment where appropriate.

	2021	2020
On statement of financial position:		
Cash and balances with Bank of Guyana	27,992,635	13,709,496
Amounts due from other banks	6,370,612	5,660,637
Investment securities	9,128,950	7,478,994
Loans and advances	33,801,039	31,731,647
Other financial assets	60,210	65,328
	77,353,446	58,646,102
Off statement of financial position:		
Guarantees	1,323,319	1,013,531
Credit commitments	897,451	1,209,745
	2,220,770	2,223,276
Maximum exposure to credit risk	79,574,216	60,869,378

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Credit risk is managed to achieve a sustainable and superior risk-reward performance while maintaining exposures within acceptable risk parameters. The Company's policies and processes for managing credit risk are described below for each of its major financial assets.

Management of loans and advances, including off balance sheet exposures

The granting of credit through loans, advances, guarantees and letters of credit is one of the Company's major sources of income and is therefore one of its most significant risks. The Company therefore dedicates considerable resources towards controlling it effectively including a specialised Credit Department responsible for reviewing loan applications and monitoring granted loan facilities within the policies and guidelines established by the Board of Directors.

In executing its lending activities, the following measures are relied upon to mitigate the risk of default:

(a) Credit applications are initially reviewed by an officer of the Company's Credit Department during which details of the purpose of the facility, the financial standing of the applicant and the collateral available as security are obtained. The applicant's ability to repay the sums required are assessed based on information collected and an initial recommendation made by the Credit Department.

(b) The Company usually requires that collateral be lodged. Forms of acceptable collateral include cash, real estate, securities, machinery or equipment. The Company has established policies that guide its loan to value based on the type of collateral lodged. During the review of the loan application, an independent valuation of the collateral to be lodged is obtained, where possible.

(c) Any recommended loan applications are then subject to the approval from either senior management or the Board of Directors depending on the level of the amount applied for. There are internally pre-set limits which dictate the level of approval required.

(d) The Company's exposure to any single borrower is limited by the applicable provisions of the Financial Institutions Act. Additionally, the Company monitors exposure to industry segments to avoid over-exposure to any one sector.

(e) The Credit Department is required to carry out weekly reviews of any past due or impaired facilities. For all other facilities, quarterly reviews are carried out by the Credit Department.

(f) Independent valuations of collateral lodged against facilities are carried out at least every three years, where possible. Where securities are lodged as collateral, management monitors their market performance for indicators of impairment.

(g) Oversight from the Credit Committee of the Board of Directors.

(h) The Company's risk management practices provides information to assist with the identification of changes in credit risk of loans and advances; estimation of recoverable amounts from collateral and the likely exposure at default.

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Management of investment securities and amounts due from other banks

Managing the credit risks associated with investment securities and cash balances with other banks differs in an important respect from loans originated by the Company in that the counterparties involved are usually government bodies or established financial institutions. Within the Company, management of the portfolio of investment securities and cash balances with other banks is the responsibility of the Finance and Treasury Department.

The Board of Directors of the Company is required to approve all acquisitions of investment securities or the use of new financial institutions for the placement of cash resources. Thereafter re-investments into investment securities or use of banking facilities with financial institutions is at the discretion of management. The Company's acquisition of investment securities is guided by the 'single borrower' limits contained in the Financial Institutions Act.

Collateral is not usually collected on investment securities issued by government bodies or secured on government assets. Corporate investment securities are usually secured on the assets of the issuer. Valuations are not usually carried out on these assets given the corporate standing of the issuers. Collateral is not usually collected on amounts due from other banks as funds are only placed with institutions that are deemed to be financially sound.

Management continuously monitors the financial standing of issuers of investment securities and holders of cash balances. This practice provides necessary information to determine any changes in credit risk, thereby triggering ECL provisions.

Credit risk concentration

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Company's five most significant credit concentrations (excluding government securities, cash and cash equivalents) expressed as a percentage of the Company's capital base is shown below.

	2021	**2020**
Counterparty 1	21.5%	19.2%
Counterparty 2	14.5%	15.5%
Counterparty 3	10.9%	12.4%
Counterparty 4	10.3%	10.3%
Counterparty 5	9.1%	9.5%

The analyses of credit risk concentrations presented in the following tables are based on the industry in which the counterparty is engaged and its geographic location.

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Credit risk concentration (Cont'd)

The tables below analyse the Company's exposure to credit risk on its financial instruments by industry sector.

As at 30 September 2021	**Households**	**Services**	**Real Estate**	**Manufacturing**
On statement of financial position:				
Cash and balances with Bank of Guyana	0	0	0	0
Amounts due from other banks	0	0	0	0
Investment securities	0	0	0	0
Loans and advances	3,653,352	9,922,331	15,195,561	785,117
Other financial assets	0	0	0	0
	3,653,352	9,922,331	15,195,561	785,117
Off statement of financial position:				
Guarantees	567,903	231,774	0	323,006
Credit commitments	428,787	216,910	0	92,129
	996,690	448,684	0	415,135
Total	4,650,042	10,371,015	15,195,561	1,200,252
Individual instruments or group of related instruments aggregating to more than 10% of capital base	0	4,288,169	567,055	0
As at 30 September 2020				
On statement of financial position:				
Cash and balances with Bank of Guyana	0	0	0	0
Amounts due from other banks	0	0	0	0
Investment securities	0	0	0	0
Loans and advances	2,982,250	9,566,974	13,684,148	1,167,502
Other financial assets	0	0	0	0
	2,982,250	9,566,974	13,684,148	1,167,502
Off statement of financial position:				
Guarantees	465,497	379,911	0	99,201
Credit commitments	294,063	607,040	0	139,860
	759,560	986,951	0	239,061
Total	3,741,810	10,553,925	13,684,148	1,406,563
Individual instruments or group of related instruments aggregating to more than 10% of capital base	0	3,821,260	588,465	0

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Mining & Quarry	Construction	Agriculture	Government	Financial	Other	Total
0	0	0	0	27,992,635	0	27,992,635
0	0	0	0	6,370,612	0	6,370,612
0	0	0	9,128,950	0	0	9,128,950
956,945	2,954,960	332,773	0	0	0	33,801,039
0	0	0	1,650	143	58,417	60,210
956,945	2,954,960	332,773	9,130,600	34,363,390	58,417	77,353,446
0	200,636	0	0	0	0	1,323,319
28,523	106,692	24,410	0	0	0	897,451
28,523	307,328	24,410	0	0	0	2,220,770
985,468	3,262,288	357,183	9,130,600	34,363,390	58,417	79,574,216
246,477	1,027,426	0	8,777,397	32,961,893	0	47,868,417
0	0	0	0	13,709,496	0	13,709,496
0	0	0	0	5,660,637	0	5,660,637
0	0	0	7,478,994	0	0	7,478,994
963,190	2,764,560	603,023	0	0	0	31,731,647
0	0	0	3,840	875	60,613	65,328
963,190	2,764,560	603,023	7,482,834	19,371,008	60,613	58,646,102
0	68,922	0	0	0	0	1,013,531
24,058	143,965	759	0	0	0	1,209,745
24,058	212,887	759	0	0	0	2,223,276
987,248	2,977,447	603,782	7,482,834	19,371,008	60,613	60,869,378
250,942	941,397	0	7,096,915	17,795,834	0	30,494,813

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Credit risk concentration (Cont'd)

The tables below analyse the Company's exposure to credit risk on its financial instruments by geographic region.

As at 30 September 2021	**Guyana**	**Caricom**	**North America**	**Europe**	**Total**
On statement of financial position:					
Cash and balances with Bank of Guyana	27,992,635	0	0	0	27,992,635
Amounts due from other banks	45,786	51,394	4,697,664	1,575,768	6,370,612
Investment securities	8,938,230	190,720	0	0	9,128,950
Loans and advances	33,801,039	0	0	0	33,801,039
Other financial assets	60,067	9	3	131	60,210
	70,837,757	242,123	4,697,667	1,575,899	77,353,446
Off statement of financial position:					
Guarantees	1,323,319	0	0	0	1,323,319
Credit commitments	897,451	0	0	0	897,451
	2,220,770	0	0	0	2,220,770
Total	73,058,527	242,123	4,697,667	1,575,899	79,574,216

As at 30 September 2020					
On statement of financial position:					
Cash and balances with Bank of Guyana	13,709,496	0	0	0	13,709,496
Amounts due from other banks	339,069	156,118	2,916,507	2,248,943	5,660,637
Investment securities	7,271,880	207,114	0	0	7,478,994
Loans and advances	31,731,647	0	0	0	31,731,647
Other financial assets	62,361	2,178	34	755	65,328
	53,114,453	365,410	2,916,541	2,249,698	58,646,102
Off statement of financial position:					
Guarantees	1,013,531	0	0	0	1,013,531
Credit commitments	1,209,745	0	0	0	1,209,745
	2,223,276	0	0	0	2,223,276
Total	55,337,729	365,410	2,916,541	2,249,698	60,869,378

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Financial assets subject to impairment

The Company monitors the quality of its financial assets through use of an internal grading system representing management's best estimate of the credit risk for the counterparty based on information presently available. The grades used are as follows:

Grade	Description
1	High grade - very strong likelihood of the asset being recovered.
2	Standard grade - good likelihood of the asset being recovered.
3	Special monitoring grade - concern over counterparty's ability to make payments when due.
4	Sub-standard grade - past due or individually impaired.

The following tables analyse the credit risk exposure of financial instruments for which an ECL allowance is recognised.

MORTGAGES

	30 SEP 2021				30 SEP 2020
Grade	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
1	46,301	0	0	46,301	362,539
2	8,466,293	0	0	8,466,293	7,044,958
3	40,889	1,095,972	0	1,136,861	2,542,027
4	0	0	833,606	833,606	1,277,571
Gross	8,553,483	1,095,972	833,606	10,483,061	11,227,095
ECL loss allowance	17,979	13,242	166,206	197,427	234,193
Carrying amount	8,535,504	1,082,730	667,400	10,285,634	10,992,902

TERM LOANS

	30 SEP 2021				30 SEP 2020
Grade	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
1	2,410,468	0	0	2,410,468	785,199
2	12,061,278	0	0	12,061,278	6,450,129
3	302,561	4,881,843	0	5,184,404	9,404,139
4	0	0	2,548,191	2,548,191	3,204,405
Gross	14,774,307	4,881,843	2,548,191	22,204,341	19,843,872
ECL loss allowance	58,651	76,743	732,744	868,138	1,001,493
Carrying amount	14,715,656	4,805,100	1,815,447	21,336,203	18,842,379

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Financial assets subject to impairment (Cont'd)

OVERDRAFTS

	30 SEP 2021				30 SEP 2020
Grade	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Total**
1	0	689,903	0	689,903	415,271
2	0	1,379,902	0	1,379,902	1,345,377
3	0	18,297	0	18,297	0
4	0	0	172,032	172,032	179,003
Gross	0	2,088,102	172,032	2,260,134	1,939,651
ECL loss allowance	0	73,081	7,851	80,932	43,285
Carrying amount	0	2,015,021	164,181	2,179,202	1,896,366

INVESTMENT SECURITIES (AC)

	30 SEP 2021				30 SEP 2020
Grade	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Total**
1	9,109,053	0	0	9,109,053	7,439,983
2	0	0	0	0	0
3	0	0	0	0	0
4	0	0	82,406	82,406	88,805
Gross	9,109,053	0	82,406	9,191,459	7,528,788
ECL loss allowance	13,056	0	49,453	62,509	49,794
Carrying amount	9,095,997	0	32,953	9,128,950	7,478,994

TOTAL

	30 SEP 2021				30 SEP 2020
Grade	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Total**
1	11,565,822	689,903	0	12,255,725	9,002,992
2	20,527,571	1,379,902	0	21,907,473	14,840,464
3	343,450	5,996,112	0	6,339,562	11,946,166
4	0	0	3,636,235	3,636,235	4,749,784
Gross	32,436,843	8,065,917	3,636,235	44,138,995	40,539,406
ECL loss allowance	89,686	163,066	956,254	1,209,006	1,328,765
Carrying amount	32,347,157	7,902,851	2,679,981	42,929,989	39,210,641

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Financial assets subject to impairment (Cont'd)

Commentary on movement in ECL provision

The reasons for changes in the ECL loss provision between 01 October 2020 and 30 September 2021 are:

Stage 1 ECL - an increase of $26,937 or 43%
- Growth in the portfoilo which resulted in increase in allowances during the year.
- Transfers to other stages due to impact of COVID-19 on specific sectors of the economy.

Stage 2 ECL - an increase of $105,824 or 185%
- Transfers from stage 1 due to increase in credit risk of certain customers.
- Transfers from stage 1 due to impact of COVID-19 on specific sectors of the economy.

Stage 3 ECL - a decrease of $252,520 or 21%:
- Write-off of loss facilities totalling $335,722.
- Transfers from other stages due to impact of COVID-19 on specific sectors of the economy.

The reasons for changes in the ECL loss provision between 01 October 2019 and 30 September 2020 are:

Stage 1 ECL - a decrease of $12,925 or 17%:
- Transfers to other stages due to increase in credit risk of certain customers.
- Transfers to other stages due to impact of COVID-19 on specific sectors of the economy.

Stage 2 ECL - an increase of $19,456 or 51%:
- Transfers from stage 1 due to increase in credit risk of certain customers.
- Transfers from stage 1 due to impact of COVID-19 on specific sectors of the economy.

Stage 3 ECL - an increase of $116,554 or 11%:
- Transfers from other stages due to increase in credit risk of certain customers.
- Transfers from other stages due to impact of COVID-19 on specific sectors of the economy.

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Financial assets subject to impairment (Cont'd)

Additional analysis of the impairment provision by industry is shown in the table below.

As at 30 September 2021	**Households**	**Services**	**Real Estate**	**Manufacturing**
Investment securities, loans and advances	3,757,621	10,284,653	15,550,626	813,538
Credit-impaired accounts, including non-performing accounts	289,489	1,102,573	1,386,964	279,823
Provision for impairment	104,271	362,322	355,064	60,564
As at 30 September 2020				
Investment securities, loans and advances	3,161,984	10,091,824	13,996,072	1,218,859
Credit-impaired accounts, including non-performing accounts	401,304	1,581,823	1,912,997	189,573
Provision for impairment	179,734	524,850	311,924	51,357

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Mining & Quarry	Construction	Agriculture	Government	Financial	Other	Total
1,012,144	3,031,157	497,797	9,191,459	0	0	44,138,995
103,088	43,215	348,677	82,406	0	0	3,636,235
55,199	76,197	132,882	62,507	0	0	1,209,006
1,017,286	2,821,753	702,840	7,528,788	0	0	40,539,406
105,486	103,409	366,387	88,805	0	0	4,749,784
54,096	57,193	99,817	49,794	0	0	1,328,765

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Financial instruments not subject to impairment

There are investment securities with a carrying value of $263,528 (2020 - $254,912) which are not subject to impairment as they are classified as FVPL.

Collateral

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Company prepares a valuation of the collateral obtained as part of the loan origination process. This valuation is reviewed periodically. The principal collateral types for loans and advances are:

- Mortgages over properties
- Charges over premises, vehicles, equipment and inventory

The Company's policies in obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Company since the prior period.

A portion of the Company's loans and advances has sufficiently low 'loan to value' ratios, which results in no loss allowance being recognised in accordance with the expected credit loss model. The carrying amount of such instruments is $9,812,520 as at 30 September 2021 (2020 - $13,014,766).

The Company closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Company will take possession of collateral to mitigate potential credit losses. The fair value of collateral held for financial assets that are credit-impaired amounted to $3,553,830 as at 30 September 2021 (2020 - $4,660,980).

The Company's policy is to advertise collateral to the public in an effort to recover outstanding sums.

During the year the Company obtained collateral from defaulting counterparties. The nature and carrying amounts of assets obtained, which are still held at the reporting date, are shown in the table below.

	2021	2020
Real Estate	17,431	8,783
Equipment	10,396	6,085

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Modified facilities

The Company sometimes modifies the terms of loans and advances due to commercial renegotiations, or for distressed loans, with a view of maximising recovery. Renegotiations are usually considered upon request or where it is judged that a defaulting borrower will be better able to service outstanding debt under revised conditions.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition. The Company may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 to Stage 2 to Stage 1. This is only the case for assets which have performed in accordance with the new terms for 12 consecutive months or more. The gross carrying amount of such assets held as at 30 September 2021 was $390,894 (2020 - $56,140).

Written-off financial assets

During the financial year the Company wrote-off financial assets totalling $335,722 (2020- nil).

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity Risk

This is the risk that the Company will be unable to meet its obligations when they fall due and to replace funds when they are withdrawn, with consequent failure to repay depositors and fulfil commitments to lend. The risk that it will be unable to meet its obligations is inherent in banking obligations and can be impacted by a range of institution specific and market-wide events.

Management of Liquidity Risk

The Audit, Finance and Risk Management Committee of the Board of Directors is responsible for approving the Company's risk management policies and practices. Management is responsible for implementing those approved policies and practices.

The Company's liquidity management process is monitored by the Finance and Treasury function and includes the following measures:

(a) Day to day funding is managed by monitoring future cash flows to ensure that requirements can be met. Projections of cash flow profiles and expected maturities of financial instruments are relied upon to monitor future cash flows.

(b) Funds are borrowed on the inter-bank market to meet day-to-day shortfalls.

(c) A portfolio of highly marketable assets (including government securities) is maintained that can be sold or used as collateral for funding in the event of any unforeseen interruption to cash flow.

(d) Statutory liquidity ratios are regularly monitored.

(e) The Company is required to retain a balance of cash at the Bank of Guyana to meet any unforeseen and significant shortfalls in liquidity. The amount to be deposited at the Bank of Guyana is dependent on the level of liabilities held in the form of customers' deposits.

Given the nature of the Company's operations, most of its financial liabilities are not demanded on the earliest date that repayment is due.

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity Risk (Cont'd)

Contractual maturity of assets and liabilities

The following tables summarise the liquidity risk of the Company by analysing the assets and liabilities into relevant maturity groupings, based on the remaining period from the reporting date to contractual maturity date.

As at 30 September 2021	Within 3 months	Over 3 months but not over 6 months	Over 6 months but not over 12 months	Over 1 year but not over 5 years	Over 5 years	Total
Assets						
Cash and balances with Bank of Guyana	27,992,635	0	0	0	0	27,992,635
Amounts due from other banks	6,370,612	0	0	0	0	6,370,612
Investment securities	1,181,025	4,682,910	3,321,701	0	206,842	9,392,478
Loans and advances	5,559,211	513,570	978,223	5,110,309	21,639,726	33,801,039
Other assets	340,692	0	4,776,413	62,403	0	5,179,508
Total assets	41,444,175	5,196,480	9,076,337	5,172,712	21,846,568	82,736,272
Liabilities						
Customers' deposits	62,468,105	3,155,909	3,630,487	482,981	0	69,737,482
Other liabilities	1,495,168	0	502,495	15,659	0	2,013,322
Total liabilities	63,963,273	3,155,909	4,132,982	498,640	0	71,750,804
Net liquidity gap	(22,519,098)	2,040,571	4,943,355	4,674,072	21,846,568	

As at 30 September 2020	Within 3 months	Over 3 months but not over 6 months	Over 6 months but not over 12 months	Over 1 year but not over 5 years	Over 5 years	Total
Assets						
Cash and balances with Bank of Guyana	13,709,496	0	0	0	0	13,709,496
Amounts due from other banks	5,660,637	0	0	0	0	5,660,637
Investment securities	1,743,087	4,097,071	1,660,519	0	233,229	7,733,906
Loans and advances	3,298,370	1,808,136	740,107	5,492,726	20,392,308	31,731,647
Other assets	383,061	25,227	4,580,295	0	0	4,988,583
Total assets	24,794,651	5,930,434	6,980,921	5,492,726	20,625,537	63,824,269
Liabilities						
Customers' deposits	45,078,300	2,878,303	3,320,967	539,227	0	51,816,797
Other liabilities	741,887	677,795	429,372	41,074	0	1,890,128
Total liabilities	45,820,187	3,556,098	3,750,339	580,301	0	53,706,925
Net liquidity gap	(21,025,536)	2,374,336	3,230,582	4,912,425	20,625,537	

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity Risk (Cont'd)

Contractual maturity of financial liabilities

The tables below present the cash flows payable by the Company under financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the tables are the contractual undiscounted cash flows of financial liabilities including future payments of interest.

As at 30 September 2021	Within 3 months	Over 3 months but not over 6 months	Over 6 months but not over 12 months	Over 1 year but not over 5 years	Over 5 years	Total
On statement of financial position:						
Customers' deposits	62,477,445	3,173,131	3,690,906	509,259	0	69,850,741
Other financial liabilities	1,359,660	0	0	0	0	1,359,660
Off statement of financial position:						
Guarantees	265,036	465,602	197,234	395,447	0	1,323,319
Credit commitments	897,451	0	0	0	0	897,451
	64,999,592	3,638,733	3,888,140	904,706	0	73,431,171
As at 30 September 2020						
On statement of financial position:						
Customers' deposits	45,086,850	2,895,341	3,379,663	584,997	0	51,946,851
Other financial liabilities	628,870	665,067	0	0	0	1,293,937
Off statement of financial position:						
Guarantees and letters of credit	283,805	93,065	190,840	445,821	0	1,013,531
Credit commitments	1,209,745	0	0	0	0	1,209,745
	47,209,270	3,653,473	3,570,503	1,030,818	0	55,464,064

Foreign Exchange Risk

Foreign currency exposure arises from the Company's holding of foreign denominated assets and liabilities. The risk is that the carrying value of a financial instrument will fluctuate unfavourably because of changes in foreign exchange rates.

The Audit, Finance and Risk Management Committee of the Board of Directors is responsible for approving the Company's risk management policies and practices. Management is responsible for implementing those approved policies and practices.

Management of the Company reviews and manages the risk of unfavourable exchange rate movements by constant monitoring of market trends. The Company holds a large percentage of its foreign - denominated assets and liabilities in stable currencies and maintains net currency exposures within acceptable limits.

The aggregate amounts of assets and liabilities denominated in foreign currencies are shown in the tables below, along with the pre-tax impact of a reasonably possible change in the exchange rate (all changes in exchange rates reflect a strengthening against the Guyana Dollar).

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30 September 2021

Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign Exchange Risk (Cont'd)

As at 30 September 2021	Assets	Liabilities	Net Position	% change	Impact on profit increase/ (decrease)	Impact on OCI increase/ (decrease)
United States Dollar	7,246,312	4,842,991	2,403,321	1.0%	24,033	0
Trinidad & Tobago Dollar	313,699	0	313,699	1.0%	3,137	0
Eastern Caribbean Dollar	162,327	0	162,327	1.0%	1,623	0
Other	46,725	2,195	44,530	1.0%	445	0
As at 30 September 2020						
United States Dollar	5,865,697	3,911,853	1,953,844	1.0%	19,538	0
Trinidad & Tobago Dollar	297,631	0	297,631	1.0%	2,976	0
Eastern Caribbean Dollar	162,366	0	162,366	1.0%	1,624	0
Other	218,098	2,780	215,318	1.0%	2,153	0

Interest Rate Risk

The Company is exposed to certain risks associated with fluctuations in the prevailing levels of interest rates. Interest rate risk arises from movements in interest rates where the Company's assets and liabilities have varying repricing dates.

The Audit, Finance and Risk Management Committee of the Board of Directors is responsible for approving the Company's risk management policies and practices. Management is responsible for implementing those approved policies and practices.

Management manages this risk by a number of measures, including selection of assets which best match the maturity of liabilities and the offering of deposit opportunities that match the maturity profile of assets. Maturity gap profiles and interest rate sensitivity analysis are relied upon to manage this risk.

The Company holds a minimal amount of floating rate instruments and therefore has limited exposure to the cash flow risk that could arise.

The tables below set out the Company's exposure to interest rate risk by categorising the Company's assets and liabilities, by the earlier of contractual repricing or maturity dates.

Notes to the financial statements
30 September 2021

Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Interest Rate Risk (Cont'd)

As at 30 September 2021	Up to 1 year	Over 1 year but not over 5 years	Over 5 years	Non-interest bearing	Total
Assets					
Cash and balances with Bank of Guyana	0	0	0	27,992,635	27,992,635
Amounts due from other banks	3,839,523	0	0	2,531,089	6,370,612
Investment securities	8,922,108	0	206,842	263,528	9,392,478
Loans and advances	6,627,382	5,110,309	21,639,726	423,622	33,801,039
Other assets	0	0	0	5,179,508	5,179,508
Total assets	19,389,013	5,110,309	21,846,568	36,390,382	82,736,272
Liabilities					
Customers' deposits	59,704,042	482,981	0	9,550,459	69,737,482
Other liabilities	0	0	0	2,013,322	2,013,322
Total liabilities	59,704,042	482,981	0	11,563,781	71,750,804
Interest sensitivity gap	(40,315,029)	4,627,328	21,846,568		

As at 30 September 2020	Up to 1 year	Over 1 year but not over 5 years	Over 5 years	Non-interest bearing	Total
Assets					
Cash and balances with Bank of Guyana	0	0	0	13,709,496	13,709,496
Amounts due from other banks	3,840,967	0	0	1,819,670	5,660,637
Investment securities	7,245,765	0	233,229	254,912	7,733,906
Loans and advances	4,968,208	5,492,726	20,392,308	878,405	31,731,647
Other assets	0	0	0	4,988,583	4,988,583
Total assets	16,054,940	5,492,726	20,625,537	21,651,066	63,824,269
Liabilities					
Customers' deposits	46,464,215	539,227	0	4,813,355	51,816,797
Other liabilities	0	0	0	1,890,128	1,890,128
Total liabilities	46,464,215	539,227	0	6,703,483	53,706,925
Interest sensitivity gap	(30,409,275)	4,953,499	20,625,537		

Notes to the financial statements

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Interest Rate Risk (Cont'd)

The table below summarises the average effective interest rates for monetary financial instruments:

	2021 %	2020 %
Assets		
Investment securities	1.2	1.1
Loans and advances	10.0	9.8
Liabilities		
Customers' deposits	0.5	0.8

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholders and benefits to other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and maintain a prudent relationship between the capital base and the underlying risks of the business.

In pursuing these objectives, the Company has regard to capital requirements imposed by the Bank of Guyana. These requirements measure capital adequacy as a percentage of capital resources to risk weighted assets (Risk Asset Ratio). Risk weighted assets are a function of risk weights stipulated by the Bank of Guyana applied to the Company's assets. The Risk Asset Ratio should not be less than 8% with a Tier I component of not less than 4%.

The table below summarises the composition of regulatory capital and the ratios of the Company as at the date of the statement of financial position. The Company complied with the Bank of Guyana's capital requirements throughout the current year and prior year.

	2021	2020
Regulatory Capital		
Tier I Capital:		
Share capital	594,913	594,913
Statutory reserve	594,913	594,913
Retained earnings	9,525,640	8,740,532
Tier II Capital:		
Revaluation reserve	58,061	58,061
Prescribed deduction	(169,714)	(126,960)
	10,603,813	9,861,459

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Notes to the financial statements

30 September 2021

Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Capital Management (Cont'd)

Risk-weighted Assets	**2021**	**2020**
On-balance sheet	32,539,635	31,147,471
Off-balance sheet	661,660	506,766
	33,201,295	31,654,237
Regulatory ratios		
Tier I capital ratio	32.3%	31.4%
Total capital ratio	31.9%	31.2%

Fair Values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The sections that follow provide an analysis of the fair values of the Company's assets and liabilities based on the following hierarchy contained in IFRS 13:

Level 1	Quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3	Inputs for the asset that are not based on observable market data (that is unobservable inputs)

Asset carried at fair value

The Company's FVPL investment security is carried at fair value based on a quoted price from an active market. It would therefore be classified as Level 1.

Assets and liabilities not carried at fair value

The table below shows the fair values of assets and liabilities which are not carried at fair value on the statement of financial position but for which disclosure of fair value is required.

	IFRS13 Level	**2021 Carrying Amount**	**2021 Fair Value**	**2020 Carrying Amount**	**2020 Fair Value**
Assets:					
Investment securities	Level 2	9,128,950	9,199,615	7,478,994	7,481,041
Loans and advances	Level 2	33,801,039	34,122,328	31,731,647	31,815,291

The fair values of investment securities and loans and receivables are based on net present values using discount rates reflective of market rates for similar assets.

The fair values of other financial assets and liabilities approximate to their carrying amounts given short term to maturity.

Notes to the financial statements

30 September 2021

Thousands of Guyana Dollars

30. SEGMENTAL INFORMATION

Sources of Income

The various sources of income earned by the Company are shown in notes 17 and 18.

Geographical Information

The analysis of the Company's revenue between earnings in Guyana and earnings out of Guyana is shown in note 17 to these financial statements. There are no assets, other than financial instruments, located out of Guyana. The geographic analysis of the Company's financial instruments held at the year end is shown in note 29 to these financial statements.

Major Customers

There was no revenue deriving from transactions with a single customer that amounted to 10 percent or more of the Company's revenue.

Correspondent Banks

United States Dollar (USD) TRANSACTIONS

BNY MELLON, NY
225 Liberty Street
New York, NY 10286

ABA# 021000018
SWIFT: IRVTUS3N
A/C No. 8901413550 (USD)

Pound Sterling (GBP) TRANSACTIONS

CROWN AGENTS BANK LIMITED
St Nicholas House
St Nicholas Road
Sutton, Surrey SM1 1EL
United Kingdom

SWIFT: CRASGB2L
IBAN: GB41CRAS40528733076001
A/C No. 33076001 (GBP)

United States Dollar (USD) TRANSACTIONS

CROWN AGENTS BANK LTD
St Nicholas House
St Nicholas Road
Sutton, Surrey SM1 1EL
United Kingdom

SWIFT: CRASGB2L
A/C No. 33076101 (USD)

Euro (EUR) TRANSACTIONS

CROWN AGENTS BANK LTD
St Nicholas House
St Nicholas Road
Sutton, Surrey SM1 1EL
United Kingdom

SWIFT: CRASGB2L
IBAN: GB08CRAS40528733076401
A/C No. 33076401 (EUR)

Canadian Dollar (CAD) TRANSACTIONS

CROWN AGENTS BANK LIMITED
St Nicholas House
St Nicholas Road
Sutton, Surrey SM1 1EL
United Kingdom

SWIFT: CRASGB2L
IBAN: GB88CRAS40528733076901
A/C No. 33076901 (CAD)

Jamaican Dollar (JMD) TRANSACTIONS

SAGICOR BANK JAMAICA LTD
17 Dominica Drive
New Kingston
Kingston 5
Jamaica

A/C No. 0341330000159 (JMD)

Products & Services

REGULAR CHEQUING ACCOUNT
Minimum opening balance $25,000
No Interest
No service charge if minimum balance is over $25,000
ATM access….. 24 hours
Monthly Statements
Special conditions apply

PREMIUM CHEQUING ACCOUNT
Minimum opening balance $200,000
Competitive interest accrues on lowest daily balance over $200,000 and credited monthly
No service charge if minimum balance is over $200,000
ATM access … 24 hours
Monthly Statements
Special conditions apply

CORPORATE CHEQUING ACCOUNT
Minimum opening balance $500,000
Competitive interest accrues on lowest daily balance over $500,000 and credited monthly
No service charge if minimum balance is over $500,000
Monthly Statements
Special conditions apply

JACKPOT SAVINGS ACCOUNT
Minimum opening balance $3,000
Competitive interest accrues on minimum quarterly balance and credited twice yearly
Accounts with balances in excess of $10,000 qualify for a chance to win prizes in Jackpot Draws
ATM access … 24 hours
Monthly Statements

EXCEL SAVINGS ACCOUNT
Minimum opening balance $200,000
Competitive interest accrues on minimum monthly balance and credited quarterly
No service charge if minimum balance is over $200,000
ATM access …. 24 hours

GOLDEN GRAND SAVINGS ACCOUNT
(Special Account for Senior Citizens)
Minimum opening balance $1,000
Interest rate above Jackpot Savings rate
Interest accrues on minimum quarterly balance and credited twice yearly
No service charges
No charges on foreign transfers
ATM access … 24 hours
Monthly Statements

JUNIOR SAVERS ACCOUNT
(Special account for Children)
Minimum opening balance $1,000
Receive gift on opening of account
Interest rate above Jackpot Savings rate
Interest accrues on minimum quarterly balance and credited twice yearly
No service charges
Special Incentives for educational achievements
ATM access … 24 hours
Monthly Statements

MONEY MARKET ACCOUNT
Minimum opening balance $1,000,000
Competitive interest rate accrues on daily collected balances over $1,000,000 and credited monthly
ATM access … 24 hours
Monthly Statements

CERTIFICATE OF DEPOSIT
Minimum deposit $50,000
Available for standard periods of 90 and 365 days (other terms can be negotiated)
Interest rate is negotiable and guaranteed for a fixed period
Interest accrues daily and is paid at maturity

RETAIL BANKING SERVICES
Consumer Loans
Mortgage Loans
Money Lines and Overdrafts
Sweep transfers for Chequing Accounts
Standing Orders for regular periodic payments

CORPORATE BANKING SERVICES
Commercial Loans and Mortgages
Overdrafts
Sweep transfers for Chequing Accounts
Lines of Credit
Bonds and Guarantees
Letters of Credit
Collections
Banker's Acceptances
Loan Syndication
Payroll Services
Standing Orders

POINT-OF-SALE TERMINALS
(VISA Merchant Acquiring)
Merchants with VISA Point-of-Sale terminals can accept payment by all VISA branded cards (credit & debit)

MONEY CARD
All Citizens Bank personal account holders can get their own personal money card to access our automated teller machines to withdraw funds, transfer funds between accounts and request account balances. Deposits can also be done at some of these machines.

INTERNATIONAL CREDIT CARDS
(For Personal or Corporate Use)

VISA Classic Credit Cards:
Limits US$300 – US$5,000
Available for co-applicants

VISA Gold Credit Cards:
Limits US$5,000 – US$50,000
Available for co-applicants

VISA Business Credit Cards:
Limits US$5,000 – US$50,000
Available with individual or shared limits

FOREIGN EXCHANGE SERVICES
Competitive Exchange Rates
Wire Transfers (incoming and outgoing)
Foreign Currency Accounts (USD, GBP, CAD and EURO) - Special conditions apply

WESTERN UNION MONEY TRANFER AGENCY
Send and receive Western Union Money Transfers at any of our Branches.

UTILITY BILL PAYMENT SERVICES
Pay your utility bills at any of our Branches
Telephone (GTT+ and Digicel) bills
Water (GWI) bills
Electricity (GPL) bills
No Charges apply

NIGHT DEPOSITORY SERVICES
Secure bags
Secure fire proof chute

Notes

CITIZENS BANK PROXY FORM

This form is for use by shareholders only.

I/We -

of -

- -

being a member/members of the above named Company, hereby appoint*

(being any of five individuals named at sub - paragraph (a) of the AGM Notice)

of -

or, failing him/her

- -

(being another of the six individuals named at sub-paragraph (a) of the AGM Notice

of

- -

as my/our proxy to vote for my/our behalf at the annual general meeting of the Company to be held on January 25, 2022 and at any adjournment thereof.

Signed this .... day of .... 2022. Signature ....

(Circle the desired option)

1. To receive the Report of the Directors and the Audited Financial Statements for the year ended 30 September 2021.	IN FAVOUR OF	AGAINST	ABSTAIN
2. To approve the declaration of a dividend.	IN FAVOUR OF	AGAINST	ABSTAIN
3. To Elect Directors Mr. Ronald Burch-Smith	IN FAVOUR OF	AGAINST	ABSTAIN
4. To fix the remuneration of the Directors.	IN FAVOUR OF	AGAINST	ABSTAIN
5. To re-appoint the incumbent Auditors.	IN FAVOUR OF	AGAINST	ABSTAIN
6. To empower the Directors to fix the remuneration of the Auditors.	IN FAVOUR OF	AGAINST	ABSTAIN

Please give the following information in block capitals:

- -

Full name:

- -

Address:

- -

Initials and Surname of any joint holder(s)

Notes:

1. Unless otherwise instructed, the proxy will, at his/her discretion, vote as he/she thinks fit or abstain from voting.
2. Votes by proxy may be given only on a poll.

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

MAIN OFFICE

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& South Road,
Lacytown, Georgetown, Guyana.
Telephone: (592) 226-1705
E-mail: info@citizensbankgy.com
Website: www.citizensbankgy.com

BRANCH OFFICES

Lot 298 Parika Highway,
East Bank Essequibo, Guyana.
Telephone: (592) 260-4005

Lot 16 First Avenue,
Bartica, Essequibo, Guyana.
Telephone: (592) 455-3012

Thirst Park, Georgetown,
Guyana.
Telephone: (592) 223-7659

Lot 11-12 Republic Avenue,
and Crabwood Street
Linden, Guyana.
Telephone: (592) 444-2938

Lot 18 Main & Kent Streets,
New Amsterdam,
Berbice, Guyana.
Telephone: (592) 333-4475