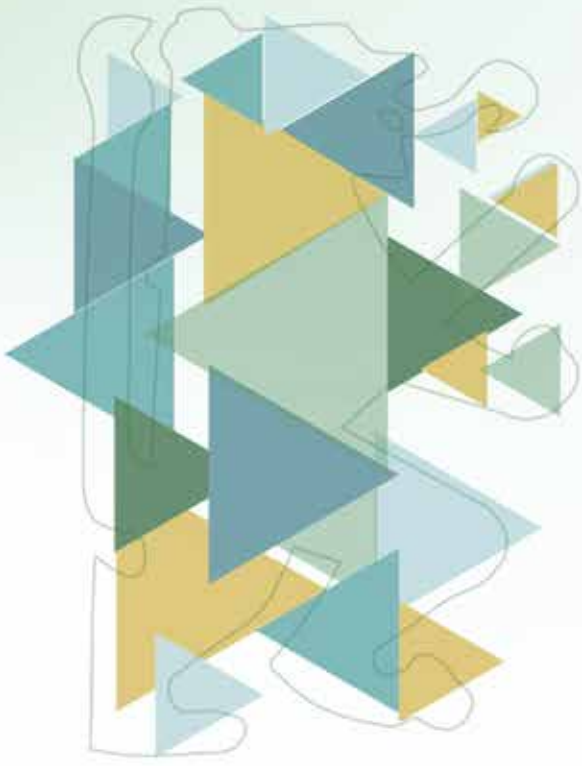
SHAPING THE FUTURE

Annual Report 2022



CITIZENS BANK

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 Roads, Georgetown, had assets of $84.7 billion at September 30, 2022.

Our one hundred and fifty – one (151) employees serve a customer base of more than sixty-five thousand eight hundred (65,800).

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 of six branches as well as at five (5) off-site locations.

Contents

Notice of Annual General Meeting

Notice is hereby given that the Twenty-Eighth Annual General Meeting of Citizens Bank Guyana Inc. will be held at 231-233 Camp Street & South Road, Lacytown, Georgetown on Tuesday, January 24, 2023 at 2.00 p.m. for the business set out below. In light of Section 3 of the Public Health (Coronavirus) (No. 3) Regulations 2022 and Citizens Bank Guyana Inc. COVID-19 Policy which set out the Guidelines to reduce the general transmission of the Covid-19 Virus, the Annual General Meeting (AGM) will be conducted in the manner pursuant to the Order of Court made by Honourable Justice Nareshwar Harnanan and entered on the 16th day of November 2022.

(a) No more than six individuals (whose names are set out at (i) to (vi) below) representing, personally or by proxy, no less than 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	(iv)	David Carto
(ii)	Mary Nagasar	(v)	Abdel Rahaman
(iii)	Carlton Joao	(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 2022 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 2022 and the Reports of the Directors and Auditors thereon be adopted."

2. *To consider the declaration of a final Dividend of $4.00 as recommended by the Directors in addition to the interim Dividend of $1.00 previously declared by them and (if thought fit) pass the following resolution:*

   2) "That the Interim Dividend of $1.00 already paid be confirmed and that a Final Dividend of $4.00 as recommended by the Directors in respect to the year ended 30 September 2022 be approved and paid to the shareholders on the Company's Register at the close of business on January 24, 2023."

3. *To elect Directors. The Directors retiring are Mr. Clifford B. Reis, Mr. Rakesh K. Puri, Mr. Paul A. Carto, and Mr. Mohamed S. Hussein, who being eligible offer themselves for election.*

Notice of Annual General Meeting (Cont'd)

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

3.1) "That the Directors be elected en-bloc."

3.2) "That Mr. Clifford B. Reis, Mr. Rakesh K. Puri, Mr. Paul A. Carto, and Mr. Mohamed S. Hussein, having retired and being eligible for election be and are hereby elected Directors 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 $2,232,001.00 per annum be paid to the Chairman; the remuneration of $1,735,201.00 per annum be paid to each Non-Executive Director and that a Travelling Allowance for each Non-Executive Director be fixed at $843,875.00; and that the additional sum of $143,891.00 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
November 23, 2022

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

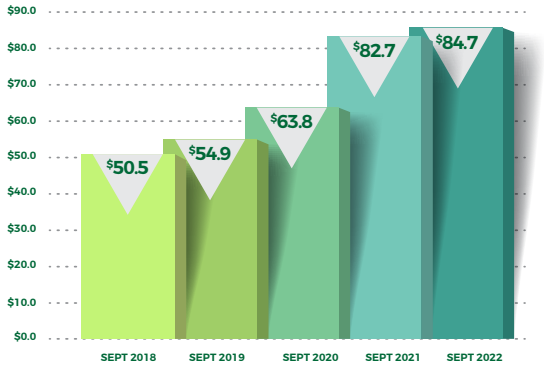
	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Total assets	84,730,040	82,736,272	63,824,269	54,875,759	50,482,351
Loans and advances	38,241,268	33,801,039	31,731,647	29,789,808	25,527,124
Investments	23,726,962	9,392,478	7,733,906	3,502,225	4,323,888
Deposits	69,061,643	69,737,482	51,816,797	44,279,137	40,903,223
Revenue	4,847,197	3,948,668	3,748,682	3,421,514	3,159,879
Expenses and taxes	3,047,293	2,893,147	2,766,531	2,466,261	2,557,578
Profit after taxation	1,799,904	1,055,521	982,151	955,253	602,301
Shareholders' equity	13,226,901	10,985,468	10,117,344	9,322,590	8,644,276
Return on average assets (%)	2.1	1.4	1.7	1.8	1.0
Return on average equity (%)	14.9	10.0	10.1	10.6	6.5
Earnings per share (Dollars)	30.3	17.7	16.5	16.1	8.1

FINANCIAL HIGHLIGHTS

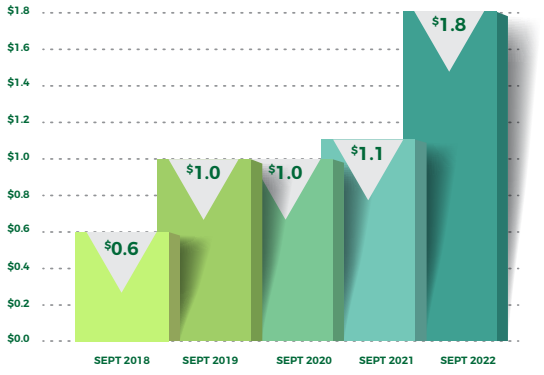
	2022 $'000	2021 $'000	Inc / (Dec) $'000	% Change
Balance Sheet:				
Total assets	84,730,040	82,736,272	1,993,768	2.4
Loans and advances	38,241,268	33,801,039	4,440,229	13.1
Investments	23,726,962	9,392,478	14,334,484	152.6
Deposits	69,061,643	69,737,482	(675,839)	(1.0)
Shareholders' equity	13,226,901	10,985,468	2,241,433	20.4
Results of Operations:				
Revenue	4,847,197	3,948,668	898,529	22.8
Expenses	1,846,229	2,166,828	(320,599)	(14.8)
Profit before taxation	3,000,968	1,781,840	1,219,128	68.4
Taxation	1,201,064	726,319	474,745	65.4
Profit after taxation	1,799,904	1,055,521	744,383	70.5
Ratios:				
Return on average assets (%)	2.1	1.4	0.7	50.0
Return on average equity (%)	14.9	10.0	4.9	49.0
Earnings per share (Dollars)	30.3	17.7	12.6	71.2
Number of:				
Shareholders	96	96	0	0.0
Deposit accounts	65,873	61,262	4,611	7.5
Employees	151	156	(5)	(3.2)
Locations	6	6	0	0.0

Financial Highlights (Cont'd)

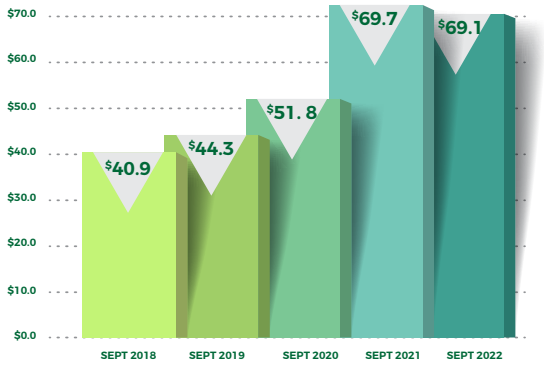
TOTAL ASSETS
($ - Billions)



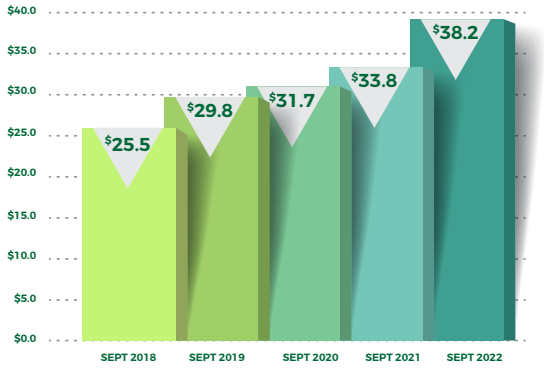
Profit after taxation
($ - Billions)



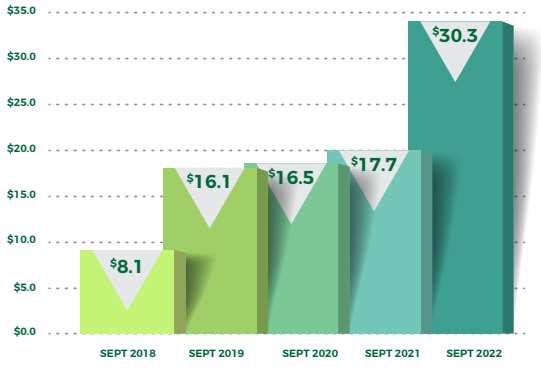
Deposits
($ - Billions)



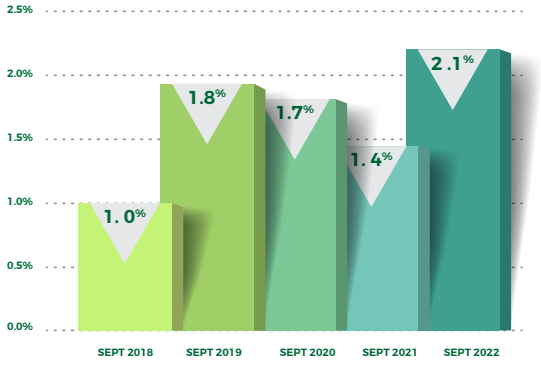
Loan and advances
($ - Billions)



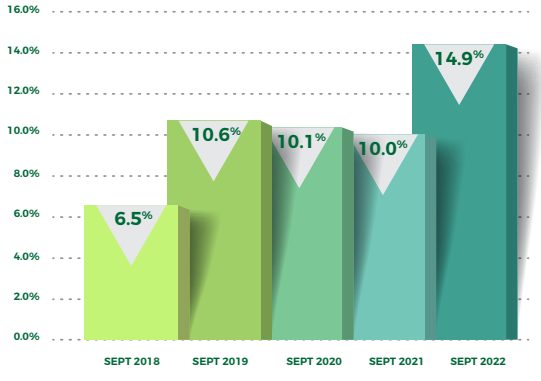
EARNINGS PER SHARE
($ - Dollar)

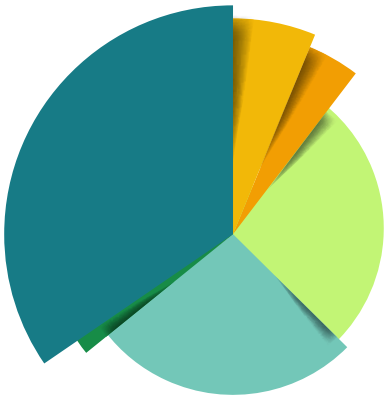


RETURN OF AVERAGE ASSETS
(Percent)



RETURN OF AVERAGE EQUITY
(Percent)





DISTRIBUTION OF INCOME

36% RETAINED EARNINGS $1,740

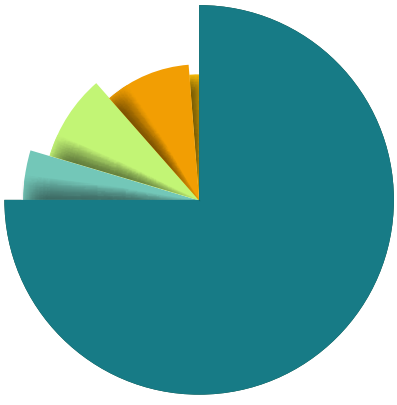
6% INTEREST EXPENSES $309

11% PERSONNEL EXPENSES $536

21% OTHER NON INTEREST EXPENSES $1,001

25% TAXATION $1,201

1% DIVIDENDS $60



SOURCE OF INCOME

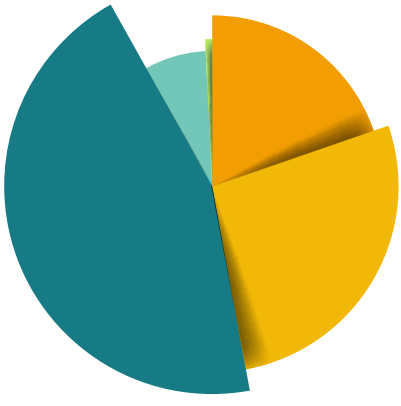
75% LOANS AND ADVANCES $3,641

1% OTHER INCOME $55

10% FEES AND COMMISSION INCOME $483

9% FOREIGN EXCHANGE INCOME $423

5% INVESTMENT SECURITIES $245



ASSETS

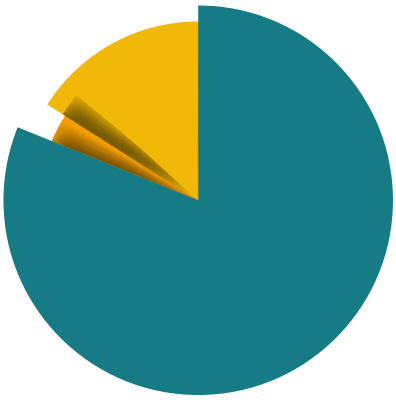
45% LOANS AND ADVANCES $38,241

28% INVESTMENTS $23,727

19% CASH RESOURCES $16,220

1% OTHER ASSETS $608

7% PROPERTY & EQUIPMENT $5,934



LIABILITIES AND SHAREHOLDERS' EQUITY

81% DEPOSITS $69,062

16% SHAREHOLDERS' EQUITY $13,227

3% OTHER LIABILITIES $2,441

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. Mohamed S. Hussein, A.A.
Director

FROM LEFT TO RIGHT

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. 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
Mr. Mohamed S. Hussein, A.A.	Engineering Services Director – Banks DIH Limited

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

Economic Review

The global economy continues to face challenges on the account of the lingering effect of three forces; the Russian invasion of Ukraine, a cost-of-living crisis caused by the persistent and broadening inflation pressures, and the economic slowdown in China.

The invasion of Ukraine has led to a severe energy crisis in Europe with a resultant increase in cost of living and slowing economic activities, and more broadly has caused a significant increase in food prices on the world market.

Inflationary pressures have triggered a rapid tightening of monetary conditions, with the tighter global monetary and financial conditions weighing demand down and hopefully, to bring inflation under control.

Chairman's Report (Cont'd)

China's Covid policy has taken a toll on the country's economy, especially in the property sector, which accounts for one-fifth of the economic activities in China and given the size of China's economy its importance for global supply chains, has negatively impacted global trade and activities.

The global economy is projected to grow by 3.2% in 2022, representing a slowdown from a strong growth rebound of 6.0% 2021 on account of monetary policies in response to elevated inflation, the impact of the invasion of Ukraine, and the ongoing pandemic lockdowns and supply chain disruptions.

Advanced economies are projected to grow by 2.4% in 2022, a slowdown from 5.2% in 2021, with the slowdown concentrated in the United States and the European economies. Growth in the United States is projected at 1.6% down from 5.7% in 2021, on account of the contraction in real GDP in the second quarter, and declining disposable income which continues to impact consumer demand, while higher interest rates are taking a toll on spending especially on residential investment. As is the case with the United States, the United Kingdom will experience a significant slowdown and is expected to record growth of 3.6% in 2022, down from 7.4% in 2021.

The slowdown in growth in the euro area is less pronounced than in the United States and the United Kingdom is expected to grow by 3.1% in 2022 on account of a stronger than projected second quarter in most euro area countries.

The Guyana economy grew by 36.4% during the first six months of 2022, with the non-oil economy recording real GDP growth of 8.3% on account of increased oil output, and improved performance from quarrying, construction, agricultural and services sectors respectively, which sectors benefited from the Government's fiscal spending and policy stance, and the removal of covid-19 restrictions.

The local economy is now projected to grow by 56.0% during fiscal 2022, sustaining the growth recorded during the first half of fiscal 2022 on account of increased output of oil, and improved output from the construction, mining and quarrying, and services sectors, as the economy continues to move away from the impact of the Covid-19 pandemic.

Inflation during the first six months of 2022 reflected the elevated prices for food, as well as transportation and communication and higher crude oil prices. End of year inflation is expected at mid-year level as local and world food prices and crude prices as well as supply side shortfalls are expected to continue.

The rate of the Guyana dollar relative to the United States dollar as reported by the Bank of Guyana remained constant during the review period at US$1.00 = G$208.50, the same as at September 30, 2021.

Banking Sector

The performance of commercial banks and other licensed depository financial institutions during the first six months of fiscal 2022 has been satisfactory. Capital levels remain well above the prudential benchmark of 8.0%, suggesting that the overall banking sector remains resilient. The stock of non-performing loans improved to 6.1% when compared to 10.2% at June 2021.

The year 2022 saw the continuation of the series of measures implemented by the Bank of Guyana to safeguard and strengthen the resilience of the financial sector and minimize the economic

impact of the COVID-19 pandemic. These measures expired on August 31, 2022.

Total banking sector loans and advances, grew by 17.0% to $327.9 billion at September 30, 2022, with private sector credit increasing by 15.1% to $317.2 billion.

Deposits at the commercial banks increased by 12.7% to $636.9 billion at September 30, 2022, with private sector deposits growing by 12.1% to $514.6 billion, representing 80.8% of total banking sector deposits.

The financial sector remained relatively liquid with the banking sector reporting consolidated reserve accounts balances which exceed the required reserve requirements by 35.1%, while liquid assets of the sector exceeded the requirements amount by 73.8%, thus confirming the excess liquidity within the sector.

The auction of Treasury Bills through its open market operation remains the preferred method by the Bank of Guyana to sterilise the excess liquidity in the sector and, at September 30, 2022, outstanding Treasury Bills totalled $180.4 billion with commercial banks holding $166.5 billion or 92.3%.

The 364-day Treasury Bill is the preferred tenor of the Bank of Guyana, and at September 30, 2022, the discount rate was 1.1% a slight increase over the 1.0% at September 30, 2021.

The weighted average lending rate decreased slightly to 8.6% from 9.1% at September 30, 2021, while the average savings rate was 0.8% at September 30, 2022, the same as at September 30, 2021.

Performance of the Bank

I am pleased to report that Citizens Bank Guyana Inc has recorded profits after taxation of $1.8 billion representing an improvement of $0.7 billion or 70.5% when compared to the prior year.

Our improved performance was achieved through the growth in our earning assets, improvement in the overall quality of our loan portfolio, with a resultant recovery in impairment expenses, and our continued focus on the prudent management of our controllable expenses, while operating in a fiercely competitive environment characterised by excess liquidity and declining interest rates.

Gross revenue grew by 22.8%, receivables/ loans by 13.1%, total assets grew by 2.4%, while investments increased by $14.3 billion.

Net Income for the year ended September 30, 2022, was $4.5 billion compared to $3.7 billion the prior year, an increase of $0.9 million or 25.0% and Profit Before Taxation of $3.0 billion compared to $1.8 billion in the prior year, an increase of $1.2 billion or 66.7%.

The annualised return on average assets was 2.1%, while the return on shareholders' equity was 14.9% compared to 1.4% and 10.0% respectively in the prior year.

The Bank's loan portfolio, key to sustaining our operating results, remained sound and performed well during the financial year as we continue to collaborate closely with our customers as we sought to monitor and manage our portfolio to bring about improvement in its quality.

Chairman's Report (Cont'd)

Non-performing loans at September 30, 2022, represented 6.2% of our total loan portfolio compared to 7.7% at September 30, 2021. The latest consolidated banking sector ratio for non-performing loans is 6.1%.

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

Growth Initiatives

Guyana's economy is expected to continue along an expansive transformation and growth path in 2023 and will provide opportunities for Citizens Bank. However, the sector will continue to be characterised by intense competition amongst commercial banks and other financial institutions, which competition will continue to drive lending downwards. Our success will therefore require that we continue to actively re-evaluate our strategies and adopt our priorities to match the circumstances and utilise those initiatives that ensure that we offer existing and potential clients unmatched customer care, and products and services.

In 2023, we expect to continue our tradition of sound corporate governance and the robust assessment and management of risk. We will redouble our efforts to prudently manage our expenses through improved operational efficiencies which are key to remaining competitive, while achieving strong and sustainable results.

During 2023, the Bank will commence operations at our 'new' Mandela Branch in keeping with our commitment of ensuring that our customers and staff conduct business in an enabling environment and allowing our customers to experience an improved level and types of services. Additionally, work will commence on the construction of our 'new' Bartica Branch.

We intend to continue leveraging technology to advance our digital transformation to not only bring about greater efficiencies in our processes but position us to deliver an unmatched digital experience to our customers. In fiscal 2023, major projects leading to the upgrade of our e-banking platform, the introduction of a Mobile Banking Application, and the implementation of work-flow technology will commence.

The importance of our employees to the success of our company cannot be over emphasised and in 2023, the bank will continue implementing measures to improve our Human Resources Management capability ensuring our employees remain motivated.

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

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

Looking Forward to 2023

The world economies will expand more slowly, and global economies are projected to grow by 2.7% in 2023, with advanced economies growing by 1.1%, and emerging markets by 3.7%. The global forecast for 2023 is the weakest since the 2.5% growth rate seen during the global slowdown of 2001 except for those during the global financial and COVID-19 crises.

In 2023 the advanced economies growth is projected to slowdown when compared to two prior years, and is projected at 1.1% due to significant slowdown in member economies in particular the United States and the United Kingdom with projected growth of 1.0% and 0.3% respectively due to declining real disposable income, high inflation, higher interest rates and tighter monetary policies.

Growth of 3.7%, a slowdown from 6.7% in 2021, is projected for emerging markets and developing economies in contrast to the deepening slowdown in advanced economies. In emerging and developing Asia, growth of 4.9% though stronger than for other countries in this group represents a decline from 7.2% in 2021 on account of the slowdown in economic activities in China.

Global inflation is expected to peak at 8.8% in 2022 but is projected to decline to 6.5% in 2023. While disinflation is projected for almost all economies, advanced economies will record a sharper reduction as those economies benefit from greater creditability of monetary frameworks that help to reduce inflation.

The Guyana economy is projected to grow by 25.2% during fiscal 2022 buoyed by the rapid expansion of the oil and gas sector, increase in output from traditional sectors, and Government's planned investment in major development projects within several sectors and subsectors, and increased foreign direct investments.

Citizens Bank Guyana Inc. remains committed to the further development of the banking sector and the Guyanese economy and will continue our investment in support of this commitment as we remain confident of playing a pivotal role in supporting the development of Guyana. We are confident that our strategies for growth are aligned for successful implementation thus enabling us to deliver positive results for our stakeholders.

Dividend

In 2021, shareholders benefited from a dividend of $3.50 per share. The Bank paid an interim dividend of $1.00 per share in May 2022. The Directors now recommend a final dividend of $4.00 per share bringing the total dividend payment to $5.00 per share for a total payout of $297.5 million.

Appreciation

My fellow shareholders permit me to extend my sincere congratulations to all our employees on our achievement this year, and my appreciation for their unwavering commitment. I wish to express my gratitude to my colleagues on the Board for their confidence and invaluable contributions during the financial year, and towards the continuing growth and success of the company. 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, and will utilize this opportunity to extend sincere wishes for a safe and productive 2023.

Managing Director's Report

Overview

I am pleased to report that Citizens Bank Guyana Inc recorded a satisfactory performance during the just concluded financial year ended September 30, 2022. Profits after taxation were $1.8 billion, an increase of $0.7 billion or 70.0% over the prior year.

Earnings per share increased to $30.3 compared to $17.7 in 2021, while our book value per share increased by 20.4% to $222.3 as at September 30, 2022, from $184.7 at September 30, 2021.

During the year we were able to achieve key strategic objectives in terms of growth in earning 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 2.1% compared to 1.4% in 2021.

Return on Average Equity

The return on average equity, a key measure of return on our capital employed, was 14.9% compared to 10.0% in 2021.

Net Interest Income and Other Income

Net interest income was $3.6 billion compared to $2.9 billion for the prior year; an increase of $0.7 billion or 24.1%. Increases in our loan and investment portfolios, and a corresponding increase in interest income is the primary contributor to the growth in our net interest income. Interest income remains our core revenue source, and accounts for 85.6% of the bank's total revenue, compared to 89.0% for the prior year.

Other income amounted to $961.6 million compared to $739.4 million for the prior period; an increase of $222.2 million or 30.1%. Earnings from foreign currency transactions, the single most significant contributor to other income; accounted for 50.2% of total other income and was $482.9 million compared to $322.9 million for the prior period.

Net operating income increased by $0.9 billion or 25.0% to $4.5 billion compared to $3.6 billion recorded in 2021.

Non-interest Expenses

Non-interest expenses, which include personnel costs and other operating expenses amounted to $1.7 billion compared to $1.6 billion the prior year, an increase of $0.1 billion. Increases in employees' emoluments and other staff costs, inflationary increase in goods and services, general administrative expenses and increased depreciation due to the acquisition of, and revaluation to the carry cost, of premises all contributed to the increase in non-interest expenses. We continued to implement measures that will bring about increased efficiency, and control expenses within the company.

Net Recovery / Impairment Expenses

Net recovery on impairment of financial assets amounted to $138.0 million compared to an additional impairment of $216.0 million in 2021. Total reserves for loan losses amounted to $0.9 billion compared to $1.2 billion in 2021. The general banking risk reserve, which represents statutory and other loss provisions that exceed the impairment provision, amounted to $211.9 million, the same as at September 30, 2021. The net recovery is the result of the improvement in our overall asset quality, and collection efforts respectively

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.

At September 30, 2022, non-accrual loans and advances totalled $2.4 billion or 6.2% of total loans and advances compared to $2.9 billion and 7.7% at September 30, 2021. Our non-accrual ratios are consistent with the industry average and our non-accrual loans and advances are well collateralised and we anticipate further reductions during the new financial year.

Investment Securities

Net investments at September 30, 2022, were $23.7 billion compared to $9.4 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, 2022, Government of Guyana

Managing Director's Report

treasury bills held amounted to $22.6 billion or 94.9% of total investments.

Net Investments accounted for 38.3% of earning assets and 28.0% of total assets, compared to 21.7% and 11.3% respectively in 2021.

Return on our investment securities was 1.1% in 2022 compared to 1.2% in 2021, while income from investments represented 6.3% of interest income in 2022 compared to 2.5% in 2021.

Loans and Advances

Net loans and advances increased by $4.4 billion or 13.0% to $38.2 billion from $33.8 billion. Growth was recorded across all sectors with lending to the mining and quarrying, construction, agricultural, manufacturing, services and real estate sectors which grew by 32.6%, 27.1%, 23.7%, 18.2%, 14.0% and 9.2% respectively. Our sectorial exposure showed minimal changes from the prior year.

During 2022, the yield recorded from our loans and advances was 9.6% compared to 10.0% the prior year. Income from loans and advances represented 93.7% of interest income in 2022, compared to 97.5% in 2021.
Loans and advances accounted for 61.7% of earning assets and 45.1% of total assets compared to 78.3% and 40.9% respectively in 2021.

Customers' Deposits

Customers' deposits at September 30, 2022 were $69.1 billion compared to $69.7 billion at September 30, 2021.

During the year, savings deposits grew to $33.6 billion and now represent 48.7% of our deposit base compared to 41.9% the prior year. Demand deposits declined to $27.2 billion representing 39.4% of total deposits compared to 44.3% the prior year, while time deposits decreased to $8.2 billion to now represent 11.9% of our deposit liabilities compared to 13.8% in 2021.

Private sector, including household deposits account for $63.5 billion or 92.0% of our deposit base. The effective rate on deposits was 0.4% in 2022 compared to 0.5% the prior year.

Shareholders' Equity

Shareholders' equity amounted to $13.2 billion at September 30, 2022, compared to $11.0 billion at September 30, 2021, after the transfer of net profits earned for the fiscal year 2022.

The Bank remains adequately capitalized, and at September 30, 2022, the Bank's capital adequacy ratio computed in accordance with the Basle Committee guidelines adopted by the Bank of Guyana is 28.7%, well above the required minimum risk-based capital to risk weighted assets of 8.0%, and the proposed 12.0% with the imminent implementation of Basle II/III.

Human Resources

Our employees remain our most valuable assets, critical to our achieving sustainable growth and during the just concluded financial year demonstrated a high degree of commitment in ensuring that we provided an unmatched customers experience to all stakeholders. During the year our employees benefited through the attendance at both in-house and external training in Customer Care, Internal Audit, Risk Management Anti-Money Laundering and Compliance, Credit Management and Supervisory Skills ensuring that we continue to be equipped to provide a consistently high level of service to stakeholders.

The Future

Guyana's economy is projected by the International Monetary Fund (IMF) to grow by 25.2% during fiscal 2023, on account of the expansion of the petroleum and energy sector, anticipated improvement in the traditional non-oil sectors, and Government's

investments in significant transformative projects aimed at making Guyana a significant economic player.

Citizens Bank will remain committed to our tradition of sound corporate governance and risk management, including asset quality maintenance and the management of its expenses, our investment in technology driven products and services, and the continued development of our human resource and management, key to ensuring that the growth and stability of the company continues.

The relocation of the Thirst Park branch to a new state-of-the-art building at Mandela Avenue and David Rose Street will be concluded during the first half of the financial year, 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 financial year 2023, The expansion of our digital strategy will continue amongst other options, to include the implementation of workflow technology as we transition from a paper-based system to a cost centric and modern system. The upgrade of our automatic telling machines (ATMs) will commence thus allowing Citizens Bank to join the national switch while our e-banking application will be upgraded, and a mobile banking application will be launched.

The anticipated growth of the Guyana economy will provide many opportunities for Citizens Bank, and we remain cautiously optimistic that we have streamlined our strategies and resources and will continue to seize and create opportunities that will 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

Ms. Margaret Loy
Assistant Manager - Registry

Mr. Hector Isadore, BEng., MBA.
Senior Manager - MIS

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

Mr. Neville Skeete
Credit Manager

Ms. Pramila Persaud, FCCA
Senior Manager
Finance & Treasury

Branch Managers

Department Heads

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 page 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, Clifford B. Reis, and Eton M. Chester

- **The Building Committee,** which is responsible for providing guidance and oversight for the development, acquisition, and construction of buildings. The current members of the Committee are Messrs. Mohamed S. Hussein (Chairman), Wilfred A. Lee, Ronald Burch-Smith, 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 of the 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.

Statement of Corporate Governance

- 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. Mohamed S. Hussein, 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 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 ten years of experience in their respective fields. Information on the Management Team is included on page 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.

Community Outreach

FROM TOP LEFT

CHPA Housing Drive

Teachers Day - Linden

Bursary Awards 2022

Breast Cancer Awareness, Screening By MOH

Culture Day 2022

Report of the Directors

The Directors submit their Annual Report and the Audited Financial Statements for the year ended 30 September 2022.

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

	2022 $'000	2021 $'000
Net Profit After Taxation	1,799,904	1,055,521
Dividend	59,492	53,542
Revenue Reserves	1,740,412	1,001,979
Proposed Dividend	237,964	154,677

DIVIDENDS

The Bank paid an interim dividend of $1.00 per share in May 2022. The Directors now recommend a final dividend of $4.00 per share bringing the total dividend payment to $5.00 per share compared to $3.50 in the prior year.

STATUTORY, GENERAL BANKING RISK AND REVENUE RESERVES:

	2022 $'000	2021 $'000
Statutory reserves	594,913	594,913
General banking reserves	211,941	211,941
Revenue reserves	11,111,377	9,525,640

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. Paul A. Carto, A.A.
Ms. Deenawati Panday
Mr. Ronald Burch - Smith
Mr. Mohamed S. Hussein, A.A.

Directors Mr. Clifford B. Reis, C.C.H., Mr. Rakesh K. Puri, Mr. Paul A. Carto, A.A., and Mr. Mohamed S. Hussein, A.A., retired and being eligible, offers themselves for election.

DIRECTORS' AND THEIR ASSOCIATES' INTEREST

The interest of the Directors holding office at 30 September 2022 and their associates in the ordinary shares of the Company were as follows:

	ORDINARY SHARES 2022 Beneficial Owned	ORDINARY SHARES 2022 Beneficial Associates	ORDINARY SHARES 2021 Beneficial Owned	ORDINARY SHARES 2021 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. 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. Mohamed S. Hussein, A.A	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	2022 $'000	2021 $'000
Mr. Clifford B. Reis, C.C.H.	2,934	2,500
Mr. Wilfred A. Lee, A.A.	2,474	2,100
Mr. Rakesh K. Puri	2,474	2,100
Mr. George G. Mc Donald, A.A.	2,474	2,100
Mr. Michael Pereira - retired 31 December 2022	618	2,100
Mr. Paul A. Carto, A.A.	2,474	2,100
Ms. Deenawati Panday	2,474	2,100
Mr. Ronald Burch-Smith	2,474	2,100
Mr. Mohamed S. Hussein, A.A - apponited 01 January 2022	1,856	0

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

	2022 Amount	2022 %	2021 Amount	2021 %
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

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 $35.9 million (2021 - $7.3 million) was earned during the year.

INTRA GROUP DEBT

Banks DIH Limited, the parent company of Citizens Bank Guyana Inc has obligations totalling $293.1 million owing to the Bank at 30 September 2022 (2021 - $32.4 million).

MATERIAL CONTRACTS AS AT 30 SEPTEMBER 2022

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.

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

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. (the 'Company') which comprise the statement of financial position of the Company as at 30 September 2022, 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 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and with 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 (including International Independence Standards) (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 Company of the current period. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report of the Independent Auditors (cont'd)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of financial assets The Company has gross loans and advances and investment securities carried at amortised cost amounting to $62.6 billion, or 74 percent of total assets. Against this gross amount, there is a provision for expected credit losses (ECL) of $0.9 billion at the year end. The measurement of ECL under the general approach is a complex calculation that requires the Company to measure ECL on a forward-looking basis reflecting a range of economic conditions. This process involves a number of interrelated inputs and assumptions such as the financial asset's probability of default, loss given default and exposure at default, which are modelled based on macroeconomic variables, and discounted to the reporting date. Significant judgement is required by management to determine which borrowers experienced a significant increase in credit risk (SICR), assumptions used in scenarios including forward-looking information and assigning probability weights. For regulatory provisioning, the Company applies prescribed rates of provisioning and relevant classification guidelines. Given the complexity of the models, high estimation uncertainty, significant judgement required by management when defining scenarios and identifying accounts with significant increases in credit risk, the provision for expected credit losses of financial assets was considered a key audit matter.	Our approach to addressing the matter included the following procedures, amongst others: • Assessed whether the methodology and assumptions, including management's SICR triggers, used in the probability of default, loss given default and exposure at default models across various portfolios are consistent with the requirements of IFRS. • Evaluated the design and tested the operating effectiveness of management's controls over the validation of models and selection of appropriate inputs including the determination of borrowers' classification, the integrity of the data used including the associated controls over relevant information technology (IT) systems. • Tested whether the methodology has been appropriately reflected in the ECL model code by producing an independent version of the model generating alternative macroeconomic scenarios, recalculating Probability of Default, Loss Given Default and Exposure at Default for a risk-based sample of collectively assessed financial assets and reconciling its outputs to the Company's model. • Reperformed staging on a sample of financial assets that we determined to be of a higher risk, by independently replicating the staging models. • Recalculated ECL provisions for a sample of individually assessed financial assets and completed sensitivity analysis, evaluating the forecasted timing of future cash repayments and estimated proceeds from the value of the collateral held by the Company.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Refer to 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.	• Performed tests over the completeness and accuracy of data used in the ECL models by reconciling and verifying key data fields (such as effective interest rate, write-off data and collateral values), to source systems and contracts. • Assessed a sample of individual loans classified as performing loans within higher risk sectors, where no specific provision was held, to determine whether their stage classification was appropriate. • Our procedures included a series of stand-back analyses.

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 of the Company 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 of the Company 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 of the Company, 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 of the Company, 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 of the Company 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 of the Company 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 Company of the current period and are therefore the key audit matters. We describe these 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 Javed A. Alli.

JACK A. ALLI, SONS & Co.

CHARTERED ACCOUNTANTS
145 Crown Street, Queenstown,
Georgetown, Guyana
22 November 2022

Statement of financial position

30 September 2022

Thousands of Guyana Dollars	Note	2022	2021
ASSETS			
Cash and balances with Bank of Guyana	4	10,954,587	27,992,635
Amounts due from other banks	5	5,265,466	6,370,612
Investment securities	6	23,726,962	9,392,478
Loans and advances	7	38,241,268	33,801,039
Property and equipment	8	5,798,395	4,415,467
Intangible asset	9	135,600	169,714
Taxation recoverable		191,232	191,232
Deferred taxation	11	46,613	62,403
Other assets	12	369,917	340,692
TOTAL ASSETS		84,730,040	82,736,272
LIABILITIES			
Customers' deposits	13	69,061,643	69,737,482
Deferred taxation	11	242,816	15,659
Taxation payable		876,140	502,495
Other liabilities	14	1,322,540	1,495,168
TOTAL LIABILITIES		71,503,139	71,750,804
SHAREHOLDERS' EQUITY			
Share capital	15	594,913	594,913
Statutory reserve	16	594,913	594,913
General banking risk reserve	16	211,941	211,941
Other reserves	16	713,757	58,061
Retained earnings		11,111,377	9,525,640
TOTAL SHAREHOLDERS' EQUITY		13,226,901	10,985,468
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		84,730,040	82,736,272

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 22 November 2022.

Clifford B. Reis
Director

Eton M. Chester
Director

Statement of income

for the year ended 30 September 2022

Thousands of Guyana Dollars	Note	2022	2021
INTEREST INCOME	17	3,885,550	3,209,249
INTEREST EXPENSE	17	(308,641)	(342,872)
NET INTEREST INCOME		3,576,909	2,866,377
OTHER INCOME	18	961,647	739,419
TOTAL NET INCOME		4,538,556	3,605,796
OPERATING EXPENSES	19	(1,675,582)	(1,607,993)
NET MOVEMENT IN IMPAIRMENT OF FINANCIAL ASSETS	21	137,994	(215,963)
PROFIT BEFORE TAXATION		3,000,968	1,781,840
TAXATION CHARGE	22	(1,201,064)	(726,319)
PROFIT AFTER TAXATION		1,799,904	1,055,521
EARNINGS PER SHARE	23	$30.26	$17.74

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 2022

Thousands of Guyana Dollars	2022	2021
PROFIT AFTER TAXATION	1,799,904	1,055,521
Items that may not be reclassified to profit or loss:		
Revaluation of property	882,190	0
Deferred tax charge arising on revaluation of property	(226,494)	0
OTHER COMPREHENSIVE INCOME	655,696	0
TOTAL COMPREHENSIVE INCOME	2,455,600	1,055,521

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 2022

Thousands of Guyana Dollars	Note	Share Capital	Statutory Reserve	General Banking Risk Reserve	Retained Earnings	Revaluation Reserve	Total
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 from 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
For the year ended 30 September 2022							
As at beginning of year		594,913	594,913	211,941	9,525,640	58,061	10,985,468
Total comprehensive income		0	0	0	1,799,904	0	1,799,904
Transfer to revaluation reserve, net of tax	16	0	0	0	0	655,696	655,696
Dividends paid	24	0	0	0	(214,167)	0	(214,167)
As at end of year		594,913	594,913	211,941	11,111,377	713,757	13,226,901

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 2022

Thousands of Guyana Dollars	2022	2021
OPERATING ACTIVITIES		
Profit before taxation	3,000,968	1,781,840
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortisation	194,967	307,115
Interest on lease liabilities	0	680
Gain on disposal of property and equipment	(1,710)	(10,803)
Net movement in impairment of loans and advances	(107,217)	203,248
Loans and advances	(4,333,012)	(2,272,640)
Net movement in impairment of investment securities	(30,777)	12,715
Reserve requirement with Bank of Guyana	(1,139,162)	(1,823,266)
Fair value gains on investment securities	(40,543)	(8,615)
Customers' deposits	(675,839)	17,920,685
Other assets	(29,225)	42,368
Other liabilities	(172,628)	753,281
Taxes paid	(810,966)	(743,029)
NET CASH (OUTFLOW) / INFLOW - OPERATING ACTIVITIES	(4,145,144)	16,163,579
INVESTING ACTIVITIES		
Additions to investment securities	(20,430,800)	(9,152,150)
Maturities of investment securities	6,167,636	7,489,478
Purchase of property and equipment	(645,819)	(1,066,683)
Purchase of intangible asset	(19,135)	(92,409)
Proceeds from sale of property and equipment	5,073	67,700
NET CASH OUTFLOW - INVESTING ACTIVITIES	(14,923,045)	(2,754,064)
FINANCING ACTIVITIES		
Dividends paid	(214,167)	(187,397)
Principal lease payments	0	(52,270)
NET CASH OUTFLOW - FINANCING ACTIVITIES	(214,167)	(239,667)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(19,282,356)	13,169,848
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	27,585,298	14,415,450
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	8,302,942	27,585,298
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and non-restricted balance with Bank of Guyana	3,037,476	21,214,686
Amounts due from other banks	5,265,466	6,370,612
	8,302,942	27,585,298

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

Notes to the financial statements

30 September 2022

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 Street 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. These policies have been consistently applied for all the years presented, unless otherwise stated.

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.

Pronouncement 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 this pronouncement.

IFRS 9 / IAS 39 / IFRS 7 / IFRS 4	Amendments - Interest rate benchmark reform - Phase 2

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
IFRS 16	Amendments - Lease liability in a sale and leaseback transaction
IAS 1	Amendments - Classification of liabilities as current or non-current
	Amendments - Non-current liabilities with covenants
	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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation (Cont'd)

Pronouncements effective in future periods (Cont'd)

IAS 8	Definition of accounting estimates
IAS 12 / IFRS 1	Amendments - Deferred tax related to assets and liabilities arising from a single transaction

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 Currency Translation

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. Regular way purchases and sales of financial assets are accounted for at settlement date.

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.

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.

Notes to the financial statements

30 September 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Derecognition (Cont'd)

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.

If a modification of terms does not result in derecognition of the financial asset, the carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows, discounted at the original effective interest rate and a gain or loss is recognized. The financial asset continues to be subject to the same assessments for significant increase in credit risk relative to initial recognition and credit-impairment.

2.4 Financial Assets and Liabilities - Classification and Measurement

Classification of financial assets and financial liabilities

On initial recognition, the Company classifies its financial assets and financial liabilities as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). The classification and measurement requirements are described below.

Classification - Debt instruments

The classification of debt instruments depends on the business model used for managing the financial assets and whether the contractual cash flows represents solely payments of principal and interest.

The business models reflects how the Company manages the assets in order to generate cash flows. That is, whether the 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 these financial assets have contractual cash flows which are inconsistent with a basic lending arrangement, they are classified as non-trading financial assets 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, expectations on future sales, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

Measurement - Debt instruments

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

- Amortised cost: Debt securities, loans and advances are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest at specified dates. 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. The carrying amount of these financial assets is adjusted by an allowance for expected credit losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Measurement - Debt instruments (Cont'd)

- 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. The carrying amount of these financial assets is adjusted by an allowance for expected credit losses.

- 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. 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.

Classification and measurement - Financial liabilities

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

Criteria for non-performing classification

In accordance with the Bank of Guyana's Revised Supervision Guideline 5 "*Credit Exposure Review, Classification, Provisioning, and Other Related Requirements*" (SG 5), 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 an account where interest payments for 90 days or more has been capitalised, re-financed, or rolled-over into a new loan. In relation to overdraft, a period of 90 days or more has elapsed since the approved credit limit has been exceeded, or the overdraft has expired, or interest charges were due and unpaid, or the account has developed a hardcore which was not converted into a term loan.

(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.

Notes to the financial statements

30 September 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Criteria for non-performing classification (Cont'd)

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.

Up to 31 August 2022, and in 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.

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 an ECL allowance at each reporting date. The net impairment charge in the income statement reflects the change in the allowance (excluding the impact of write-offs of amounts previously provided for).

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 allowance is measured on expected credit losses resulting from default events that are possible within the next 12 months. In the event of a significant increase in credit risk since the origination or for credit-impaired assets, the allowance is measured from all possible default events over the expected life of the financial assets. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Impairment of Financial Assets (Cont'd)

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

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, over the remaining expected life of the financial asset, and is discounted to the reported date based on the original effective rate. ECLs are calculated based on the present value of cash shortfalls determined as the difference between contractual cash flows and expected cash flows over the remaining expected life of the financial instrument.

The lifetime PD is developed by applying a maturity profile based on historical experience and current 12-month PD and relevant forward-looking expectations. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans.

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 repayment patterns and future drawdowns, where applicable.

Relevant forward-looking macroeconomic information is also considered in determining PDs, LGDs and EADs.

There are no differences in the estimation techniques or significant assumptions for the ECL calculations as at 30 September 2021 and 30 September 2022.

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.

Notes to the financial statements

30 September 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Impairment of Financial Assets (Cont'd)

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

Definition of default and credit-impaired financial 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 year, consideration was taken of the moratorium granted to qualified borrowers on loan payments (note 2.4). There is a rebuttable 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.

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.

Modification of contractual cash flows

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Impairment of Financial Assets (Cont'd)

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

Modification of contractual cash flows (Cont'd)

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.

If a modification of terms results in derecognition of the original financial asset and recognition of a new financial asset, the new financial asset will generally be recorded in Stage 1, unless it is determined to be credit-impaired at the time of the renegotiation. For the purposes of assessing for significant increases in credit risk, the date of initial recognition for the new financial asset is the date of the modification.

A modified financial asset will transfer out of Stage 3 if the conditions that led to it being identified as credit-impaired are no longer present and relate objectively to an event occurring after the original credit-impairment was recognized. A modified financial asset will transfer out of Stage 2 when it no longer satisfies the relative thresholds set to identify significant increases in credit risk, which are based on changes in its lifetime PD, days past due and other qualitative considerations. The financial asset continues to be monitored for significant increases in credit risk and credit-impairment.

Write-off policy

The Company writes off a credit-impaired financial asset (and the related ECL 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 Bank of Guyana's Revised 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.

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.

Notes to the financial statements

30 September 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 31 August 2022 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.

Lease liabilities are measured, at the commencement date of the lease, at the present value of the lease payments to be made over the lease term. These lease payments include:

- 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 subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. 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 ownership of the lease asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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".

Notes to the financial statements

30 September 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 Revised 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.

Thousands of Guyana Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of the assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. The most significant judgements, assumptions and estimates are described in this note.

Measurement of the Expected Credit Loss Allowance

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.

4. CASH AND BALANCES WITH BANK OF GUYANA

	2022	2021
Cash in hand	1,808,069	1,304,174
Balance with Bank of Guyana in excess of reserve requirement	1,229,407	19,910,512
Included in cash and cash equivalents	3,037,476	21,214,686
Reserve requirement with Bank of Guyana	7,917,111	6,777,949
	10,954,587	27,992,635

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

Notes to the financial statements

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5. AMOUNTS DUE FROM OTHER BANKS

	2022	2021
Items in course of collection	365,497	45,786
Deposits held with foreign banks	4,899,969	6,324,826
	5,265,466	6,370,612

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

6. INVESTMENT SECURITIES

	2022	2021
Debt instruments at amortised cost		
Issued in Guyana:		
Government securities	22,671,908	8,951,286
Issued out of Guyana:		
Government securities	750,984	240,173
	23,422,892	9,191,459
Less provision for impairment - note 21	0	(62,509)
	23,422,892	9,128,950
Fair value through Profit or Loss		
Issued out of Guyana:		
Corporate securities	304,070	263,528
Total Investment Securities	23,726,962	9,392,478

7. LOANS AND ADVANCES

Overdrafts	3,531,464	2,088,109
Term loans	22,930,554	19,928,492
Mortgages	9,991,673	9,840,886
Non-accrual accounts	2,406,874	2,666,427
	38,860,565	34,523,914
Accrued interest receivable	315,810	423,622
Less provision for impairment - note 21	(935,107)	(1,146,497)
	38,241,268	33,801,039

Thousands of Guyana Dollars

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 2021	2,926,357	1,445	1,536,653	82,238	1,256,664	5,803,357
Revaluation	632,790	0	0	0	0	632,790
Additions	13,664	0	30,769	0	601,386	645,819
Disposals	0	(1,445)	(12,145)	(9,500)	0	(23,090)
Transfer	714,800	0	0	0	(714,800)	0
As at 30 September 2022	4,287,611	0	1,555,277	72,738	1,143,250	7,058,876
Accumulated Depreciation						
As at 01 October 2021	(211,659)	(1,442)	(1,111,393)	(63,396)	0	(1,387,890)
Depreciation charge	(49,682)	0	(86,013)	(6,023)	0	(141,718)
Written back on disposals	0	1,442	11,952	6,333	0	19,727
Revaluation	249,400	0	0	0	0	249,400
As at 30 September 2022	(11,941)	0	(1,185,454)	(63,086)	0	(1,260,481)
Net Carrying Amount						
As at 30 September 2022	4,275,670	0	369,823	9,652	1,143,250	5,798,395
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

In August 2022, 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 Linden and New Amsterdam branches which were purchased in August 2022). 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 $3,343,449 (2021 - $2,714,166) at the year end.

Notes to the financial statements

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9. INTANGIBLE ASSET	2022	2021
Computer Software		
Cost		
As at beginning of year	712,388	619,979
Additions	19,135	92,409
As at end of year	731,523	712,388
Accumulated Amortisation		
As at beginning of year	(542,674)	(493,019)
Charges	(53,249)	(49,655)
As at end of year	(595,923)	(542,674)
Net Carrying Amount		
As at end of year	135,600	169,714

10. LEASES

Amounts recognised in Statement of Financial Position

Right-of-use Assets		
Cost		
As at beginning of year	0	727,680
Additions	0	25,795
Transfer to property and equipment	0	(753,475)
As at end of year	0	0
Accumulated Depreciation		
As at beginning of year	0	(50,453)
Charges	0	(51,022)
Written back on transfer	0	101,475
As at end of year	0	0
Net Carrying Amount		
As at end of year	0	0
Lease Liabilities		
As at beginning of year	0	677,795
Additions	0	25,795
Interest	0	680
Principal payments	0	(52,270)
Transfer to Payables	0	(652,000)
As at end of year	0	0

During the current year, the Company concluded the acquisition of properties previously leased from its parent company.

Thousands of Guyana Dollars

11. DEFERRED TAXATION

	2022	2021
Deferred tax assets arising on:		
ECL on financial assets	46,613	59,663
Accelerated accounts depreciation	0	1,401
Other	0	1,339
	46,613	62,403
Deferred tax liabilities arising on:		
Accelerated tax depreciation	4,330	0
Gain on revaluation of property	238,486	15,659
	242,816	15,659
Portion of deferred tax balances expected to materialise after more than 12 months:		
Deferred tax assets	46,613	62,403
Deferred tax liabilities	232,290	15,659

12. OTHER ASSETS

Accrued interest receivable	8,401	1,793
Repossessed assets	132,391	122,391
Prepayments	164,594	158,091
Miscellaneous	64,531	58,417
	369,917	340,692

13. CUSTOMERS' DEPOSITS

Demand deposits	27,223,102	30,911,084
Savings deposits	33,607,841	29,170,043
Time deposits	8,099,263	9,518,494
	68,930,206	69,599,621
Accrued interest payable	131,437	137,861
	69,061,643	69,737,482

Notes to the financial statements

30 September 2022

Thousands of Guyana Dollars

13. CUSTOMERS' DEPOSITS (CONT"D)

Sectoral Analysis

	Personal	Commercial	Government	Total
As at 30 September 2022				
Demand deposits	7,381,704	14,995,402	4,846,025	27,223,131
Savings deposits	25,481,205	7,842,190	315,096	33,638,491
Time deposits	1,736,211	6,094,562	369,248	8,200,021
	34,599,120	28,932,154	5,530,369	69,061,643
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

14. OTHER LIABILITIES

	2022	2021
Accruals	109,769	96,900
Items in the course of payment	360,748	625,607
Deferred income	150,867	135,508
Miscellaneous	701,156	637,153
	1,322,540	1,495,168

15. SHARE CAPITAL

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

Thousands of Guyana Dollars

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

	2022	2021
Interest Income:		
Loans and advances	3,641,128	3,127,718
Investment securities - earned in Guyana	208,494	74,187
Investment securities - earned out of Guyana	35,928	7,344
	3,885,550	3,209,249
Interest Expense:		
Demand deposits	4,344	4,953
Savings deposits	122,551	140,422
Time deposits	181,746	197,497
	308,641	342,872

Notes to the financial statements

30 September 2022

Thousands of Guyana Dollars

18. OTHER INCOME

	2022	2021
Fee and commission income	423,416	359,857
Gains on foreign exchange trading	482,874	322,946
Gains of FVPL financial asset	40,543	8,615
Sundry income	14,814	48,001
	961,647	739,419

19. OPERATING EXPENSES

Staff costs (note 20)	536,335	479,907
Depreciation and amortisation	194,967	307,115
Lease rental on short-term leases	17,727	16,385
Auditors' remuneration (including expenses)	16,800	16,560
General administrative expenses	705,548	619,251
Other operating costs	204,205	168,775
	1,675,582	1,607,993

20. STAFF COSTS

Wages and salaries	460,906	406,854
Social security costs	34,608	32,165
Pension costs	11,915	11,946
Other staff costs	28,906	28,942
	536,335	479,907

Thousands of Guyana Dollars

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)	2022 Total
Stage 1: 12 month ECL					
Balance as at 01 October 2021	17,979	58,651	0	13,056	89,686
ECL on new instruments issued	18,558	108,233	5,839	0	132,630
ECL remeasurements and transfers between stages	(31,602)	(131,461)	11,262	(13,056)	(164,857)
Balance as at 30 September 2022	4,935	35,423	17,101	0	57,459
Stage 2: Lifetime ECL					
Balance as at 01 October 2021	13,242	76,743	73,081	0	163,066
ECL on new instruments issued	19,871	16,315	4,163	0	40,349
ECL remeasurements and transfers between stages	(29,868)	(90,105)	(77,244)	0	(197,217)
Balance as at 30 September 2022	3,245	2,953	0	0	6,198
Stage 3: Lifetime ECL credit-impaired					
Balance as at 01 October 2021	166,206	732,744	7,851	49,453	956,254
Amounts written off	(10,629)	(87,312)	(6,232)	(31,732)	(135,905)
Additional provision	85,140	252,353	3,198	0	340,691
Reversal of provision	(61,948)	(207,604)	(2,317)	(17,721)	(289,590)
Balance as at 30 September 2022	178,769	690,181	2,500	0	871,450
Total ECL					
Balance as at 01 October 2021	197,427	868,138	80,932	62,509	1,209,006
Balance as at 30 September 2022	186,949	728,557	19,601	0	935,107

Notes to the financial statements

30 September 2022

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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)	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 remeasurements and transfers between stages	(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 remeasurements and transfers between stages	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

Notes to the financial statements

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Thousands of Guyana Dollars

22. TAXATION

	2022	2021
The provisional charge for taxation in the financial statements is made up as follows:		
Current tax	1,184,611	764,776
Deferred tax	16,453	(42,106)
Prior year adjustments	0	3,649
	1,201,064	726,319
Reconciliation of the Company's profit before taxation to the theoretical amount using the basic rate of tax:		
Profit before taxation	3,000,968	1,781,840
Corporation tax on profit at 40% (2021 - 40%)	1,200,387	712,736
Income not subject to tax	(96,528)	(80,446)
Expenses not deductible for tax purposes	37	57
Property and withholding taxes	99,497	90,536
Prior year adjustments	0	3,649
Other	(2,329)	(213)
	1,201,064	726,319

23. EARNINGS PER SHARE

Profit attributable to shareholders	1,799,904	1,055,521
Weighted average number of ordinary shares (thousands)	59,491	59,491
Basic earnings per share	$30.26	$17.74

24. DIVIDENDS

Prior year final dividend paid $2.60 per share (2021 - $2.25)	154,676	133,855
Interim dividend paid $1.00 per share (2021 - $0.90)	59,491	53,542
	214,167	187,397

A final dividend in respect of 2022 of $4.00 per share (2021 - $2.60 per share), amounting to $237,964 (2021 - $154,676) is to be proposed at the annual general meeting on 24 January 2023.

Notes to the financial statements

30 September 2022

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25. COMMITMENTS

	2022	2021
Undrawn credit facilities	1,763,294	897,451
Capital commitments for property and equipment		
Authorised but not contracted for	1,029,722	1,007,830
Authorised and contracted for	239,071	575,852
Capital commitments for intangible assets		
Authorised but not contracted for	141,848	106,376
Authorised and contracted for	5,016	25,197

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	2022	2021
Guarantees	1,444,700	1,323,319

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.

Thousands of Guyana Dollars

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 (2021 - 2 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 amounted to $190,906 (2021 - $440,783) or 2 percent (2021 - 4 percent) of the capital base.

2022	Parent Company	Other Major Shareholders	Directors	Other Key Management	Other Related Parties	Total
Loans and advances as at beginning of year	0	0	173,299	87,471	253,384	514,154
Advanced in the year	0	0	82,146	8,750	153,724	244,620
Repaid in the year	0	0	(90,896)	(59,438)	(363,349)	(513,683)
Loans and advances as at end of year	0	0	164,549	36,783	43,759	245,091
Guarantees as at end of year	293,135	1,065	52,824	5,751	14,484	367,259
Interest income	0	0	10,858	3,261	4,409	18,528

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

(b) Customers' deposits

2022	Parent Company	Other Major Shareholders	Directors	Other Key Management	Other Related Parties	Total
Balance as at beginning of year	15,256,660	969,967	145,411	19,336	8,541,873	24,933,247
Deposits during the year	57,918,749	7,919,422	408,200	115,958	20,741,767	87,104,096
Withdrawals in the year	(56,853,851)	(7,454,708)	(433,952)	(124,965)	(22,627,409)	(87,494,885)
Balance as at end of year	16,321,558	1,434,681	119,659	10,329	6,656,231	24,542,458
Interest expense	6,337	3,812	1,518	41	115,087	126,795

Notes to the financial statements

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27. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Customers' deposits (Cont'd)

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

(c) Key Management Compensation

	2022	2021
Short term benefits	89,820	99,566
Post employment benefits	1,610	2,937
	91,430	102,503

(d) Other Related Party Transactions

Property rent charges from parent company	12,714	64,984
Property rent charges from other related party	5,002	4,516
Professional services provided by other related parties	7,668	12,348
Insurance services provided by major shareholder and other related party	47,848	44,504

28. DIRECTORS' EMOLUMENTS

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

	2022	2021
Clifford B. Reis	2,934	2,500
Rakesh K. Puri	2,474	2,100
Wilfred A. Lee	2,474	2,100
George McDonald	2,474	2,100
Michael H. Pereira - resigned 31 December 2021	618	2,100
Paul A. Carto	2,474	2,100
Deenawati Panday	2,474	2,100
Ronald Burch-Smith	2,474	2,100
Mohamed S. Hussein - appointed 01 January 2022	1,856	0
	20,252	17,200

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

Thousands of Guyana Dollars

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 2022, the measurement categories and carrying amounts of the financial assets and liabilities in accordance with IFRS 7 are as follows:

		2022	2021
	Measurement Category	Carrying Amount	Carrying Amount
Cash resources	Amortised cost	16,220,053	34,363,247
Investment securities	FVPL	304,070	263,528
	Amortised cost	23,422,892	9,128,950
Loans and advances	Amortised cost	38,241,268	33,801,039
Other financial assets	Amortised cost	72,932	60,210
Customer deposits	Amortised cost	69,061,643	69,737,482
Other financial liabilities	Amortised cost	1,171,673	1,359,660

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.

Notes to the financial statements

30 September 2022

Thousands of Guyana Dollars

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 expected credit losses where appropriate.

	2022	2021
On statement of financial position:		
Cash and balances with Bank of Guyana	10,954,587	27,992,635
Amounts due from other banks	5,265,466	6,370,612
Investment securities	23,422,892	9,128,950
Loans and advances	38,241,268	33,801,039
Other financial assets	72,932	60,210
	77,957,145	77,353,446
Off statement of financial position:		
Guarantees	1,444,700	1,323,319
Credit commitments	1,763,294	897,451
	3,207,994	2,220,770
Maximum exposure to credit risk	81,165,139	79,574,216

Thousands of Guyana Dollars

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.

Notes to the financial statements

30 September 2022

Thousands of Guyana Dollars

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.

	2022	2021
Counterparty 1	22.3%	21.5%
Counterparty 2	13.0%	14.5%
Counterparty 3	10.9%	10.9%
Counterparty 4	8.6%	10.3%
Counterparty 5	7.0%	9.1%

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.

Thousands of Guyana Dollars

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 2022	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	3,977,078	11,307,695	16,591,765	928,347
Other financial assets	0	0	0	0
	3,977,078	11,307,695	16,591,765	928,347
Off statement of financial position:				
Guarantees	645,881	347,280	0	283,783
Credit commitments	399,698	764,910	0	134,557
	1,045,579	1,112,190	0	418,340
Total	5,022,657	12,419,885	16,591,765	1,346,687
Individual instruments or group of related instruments aggregating to more than 10% of capital base	0	4,535,525	0	0
As at 30 September 2021				
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

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Mining & Quarry	Construction	Agriculture	Government	Financial	Other	Total
0	0	0	0	10,954,587	0	10,954,587
0	0	0	0	5,265,466	0	5,265,466
0	0	0	22,783,892	639,000	0	23,422,892
1,268,916	3,755,846	411,621	0	0	0	38,241,268
0	0	0	1,550	6,851	64,531	72,932
1,268,916	3,755,846	411,621	22,785,442	16,865,904	64,531	77,957,145
0	167,756	0	0	0	0	1,444,700
197,010	256,119	11,000	0	0	0	1,763,294
197,010	423,875	11,000	0	0	0	3,207,994
1,465,926	4,179,721	422,621	22,785,442	16,865,904	64,531	81,165,139
0	1,045,343	0	22,509,404	14,631,470	0	42,721,742
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

Thousands of Guyana Dollars

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 2022	Guyana	Caricom	North America	Europe	Total
On statement of financial position:					
Cash and balances with Bank of Guyana	10,954,587	0	0	0	10,954,587
Amounts due from other banks	365,496	60,844	3,077,179	1,761,947	5,265,466
Investment securities	22,671,908	111,984	0	639,000	23,422,892
Loans and advances	38,241,268	0	0	0	38,241,268
Other financial assets	66,081	25	0	6,826	72,932
	72,299,340	172,853	3,077,179	2,407,773	77,957,145
Off statement of financial position:					
Guarantees	1,444,700	0	0	0	1,444,700
Credit commitments	1,763,294	0	0	0	1,763,294
	3,207,994	0	0	0	3,207,994
Total	75,507,334	172,853	3,077,179	2,407,773	81,165,139

As at 30 September 2021					
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

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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 2022				30 SEP 2021
Grade	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
1	12,389	0	0	12,389	46,301
2	9,421,562	607,553	0	10,029,115	8,466,293
3	28,548	0	0	28,548	1,136,861
4	0	0	605,806	605,806	833,606
Gross	9,462,499	607,553	605,806	10,675,858	10,483,061
ECL allowance	4,935	3,245	178,769	186,949	197,427
Carrying amount	9,457,564	604,308	427,037	10,488,909	10,285,634

TERM LOANS

	30 SEP 2022				30 SEP 2021
Grade	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
1	687,948	0	0	687,948	2,410,468
2	21,393,230	1,073,661	0	22,466,891	12,061,278
3	11,400	1,747	0	13,147	5,184,404
4	0	0	1,715,557	1,715,557	2,548,191
Gross	22,092,578	1,075,408	1,715,557	24,883,543	22,204,341
ECL allowance	35,422	2,954	690,181	728,557	868,138
Carrying amount	22,057,156	1,072,454	1,025,376	24,154,986	21,336,203

Thousands of Guyana Dollars

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

Credit Risk (Cont'd)

Financial assets subject to impairment (Cont'd)

OVERDRAFTS

	30 SEP 2022				30 SEP 2021
Grade	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Total**
1	602,990	0	0	602,990	689,903
2	2,928,474	0	0	2,928,474	1,379,902
3	0	0	0	0	18,297
4	0	0	85,510	85,510	172,032
Gross	3,531,464	0	85,510	3,616,974	2,260,134
ECL allowance	17,100	0	2,501	19,601	80,932
Carrying amount	3,514,364	0	83,009	3,597,373	2,179,202

INVESTMENT SECURITIES (AC)

	30 SEP 2022				30 SEP 2021
Grade	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Total**
1	23,422,892	0	0	23,422,892	9,109,053
2	0	0	0	0	0
3	0	0	0	0	0
4	0	0	0	0	82,406
Gross	23,422,892	0	0	23,422,892	9,191,459
ECL allowance	0	0	0	0	62,509
Carrying amount	23,422,892	0	0	23,422,892	9,128,950

TOTAL

	30 SEP 2022				30 SEP 2021
Grade	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Total**
1	24,726,219	0	0	24,726,219	12,255,725
2	33,743,266	1,681,214	0	35,424,480	21,907,473
3	39,948	1,747	0	41,695	6,339,562
4	0	0	2,406,873	2,406,873	3,636,235
Gross	58,509,433	1,682,961	2,406,873	62,599,267	44,138,995
ECL allowance	57,457	6,199	871,451	935,107	1,209,006
Carrying amount	58,451,976	1,676,762	1,535,422	61,664,160	42,929,989

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30 September 2022

Thousands of Guyana Dollars

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 2021and 30 September 2022 are:

Stage 1 ECL - a decrease of $32,229 or 36%
- improvements in the credit risk profile of customers

Stage 2 ECL - a decrease of $156,867 or 96%
- improvements in the credit risk profile of customers

Stage 3 ECL - a decrease of $84,803 or 9%
- Write-off of loss facilities and investment securities totalling $135,905.
- Improvements in the credit risk profile of customers

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

Stage 1 ECL - an increase of $26,937 or 43%
- Growth in the portfolio 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.

Thousands of Guyana Dollars

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

Credit Risk (Cont'd)

Financial assets subject to impairment (Cont'd)

Additional analysis of the ECL allowance by industry is shown in the table below.

As at 30 September 2022	**Households**	**Services**	**Real Estate**	**Manufacturing**
Investment securities, loans and advances	4,070,589	11,737,844	16,806,839	745,567
Credit-impaired accounts, including non-performing accounts	226,243	829,881	830,176	58,455
ECL allowance	113,658	309,837	260,919	34,729
As at 30 September 2021				
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
ECL allowance	104,271	362,322	355,064	60,564

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Mining & Quarry	Construction	Agriculture	Government	Financial	Other	Total
1,315,671	3,793,250	706,614	22,783,893	639,000	0	62,599,267
93,308	30,102	338,710	0	0	0	2,406,875
50,226	33,949	131,789	0	0	0	935,107
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

Thousands of Guyana Dollars

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 $304,070 (2021 - $263,528) which are not subject to ECL allowance as they are measured at fair value.

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 an immaterial ECL allowance being recognised in accordance with the expected credit loss model. The carrying amount of such instruments is $3,311,571 as at 30 September 2022 (2021 - $9,812,520).

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 $2,214,920 as at 30 September 2022 (2021 - $3,553,830).

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.

	2022	2021
Real Estate	3,475	17,431
Equipment	7,588	10,396

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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, where the original asset was not derecognised. 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 2022 was $570,866 (2021 - $390,894).

Written-off financial assets

During the financial year the Company wrote-off financial assets totalling $135,905 (2021-$335,722).

Thousands of Guyana Dollars

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 2022	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	10,954,587	0	0	0	0	10,954,587
Amounts due from other banks	5,265,466	0	0	0	0	5,265,466
Investment securities	10,934,741	5,092,056	7,537,661	0	162,504	23,726,962
Loans and advances	6,908,232	927,077	1,880,518	5,140,924	23,384,517	38,241,268
Other assets	369,915	0	6,171,842	0	0	6,541,757
Total assets	34,432,941	6,019,133	15,590,021	5,140,924	23,547,021	84,730,040
Liabilities						
Customers' deposits	62,496,481	2,854,593	3,650,874	59,695	0	69,061,643
Other liabilities	1,322,540	0	876,140	242,816	0	2,441,496
Total liabilities	63,819,021	2,854,593	4,527,014	302,511	0	71,503,139
Net liquidity gap	(29,386,080)	3,164,540	11,063,007	4,838,413	23,547,021	

As at 30 September 2021						
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	

Thousands of Guyana Dollars

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 2022	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	62,500,889	2,890,514	3,668,387	60,729	0	69,120,519
Other financial liabilities	1,171,673	0	0	0	0	1,171,673
Off statement of financial position:						
Guarantees	333,010	246,494	411,245	453,951	0	1,444,700
Credit commitments	1,763,294	0	0	0	0	1,763,294
	65,768,866	3,137,008	4,079,632	514,680	0	73,500,186
As at 30 September 2021						
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 and letters of credit	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

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).

Notes to the financial statements

30 September 2022

Thousands of Guyana Dollars

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

Foreign Exchange Risk (Cont'd)

As at 30 September 2022	Assets	Liabilities	Net Position	% change	Impact on profit increase/ (decrease)	Impact on OCI increase/ (decrease)
United States Dollar	6,644,244	6,607,607	36,637	1.0%	366	0
Trinidad & Tobago Dollar	363,510	0	363,510	1.0%	3,635	0
Eastern Caribbean Dollar	113,823	0	113,823	1.0%	1,138	0
Other	341,701	157,571	184,130	1.0%	1,841	0
As at 30 September 2021						
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

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.

Thousands of Guyana Dollars

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

Interest Rate Risk (Cont'd)

As at 30 September 2022	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	10,954,587	10,954,587
Amounts due from other banks	3,138,022	0	0	2,127,444	5,265,466
Investment securities	23,260,388	0	162,504	304,070	23,726,962
Loans and advances	9,400,016	5,140,924	23,384,518	315,810	38,241,268
Other assets	0	0	0	6,541,757	6,541,757
Total assets	35,798,426	5,140,924	23,547,022	20,243,668	84,730,040
Liabilities					
Customers' deposits	58,913,838	59,695	0	10,088,110	69,061,643
Other liabilities	0	0	0	2,441,496	2,441,496
Total liabilities	58,913,838	59,695	0	12,529,606	71,503,139
Interest sensitivity gap	(23,115,412)	5,081,229	23,547,022		

As at 30 September 2021					
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		

Notes to the financial statements

30 September 2022

Thousands of Guyana Dollars

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:

	2022 %	2021 %
Assets		
Investment securities	1.1	1.2
Loans and advances	9.6	10.0
Liabilities		
Customers' deposits	0.4	0.5

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.

Regulatory Capital	2022	2021
Tier I Capital:		
Share capital	594,913	594,913
Statutory reserve	594,913	594,913
Retained earnings	11,111,377	9,525,640
Tier II Capital:		
Revaluation reserve	713,757	58,061
Prescribed deduction	(135,600)	(169,714)
	12,879,360	10,603,813

Thousands of Guyana Dollars

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

Capital Management (Cont'd)

	2022	2021
Risk-weighted Assets		
On-balance sheet	43,779,000	32,539,635
Off-balance sheet	1,083,750	661,660
	44,862,750	33,201,295
Regulatory ratios		
Tier I capital ratio	27.4%	32.3%
Total capital ratio	28.7%	31.9%

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	2022 Carrying Amount	2022 Fair Value	2021 Carrying Amount	2021 Fair Value
Assets:					
Investment securities	Level 2	23,422,892	23,517,873	9,128,950	9,199,615
Loans and advances	Level 2	38,241,268	40,052,644	33,801,039	34,122,328

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 2022

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)

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)

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)

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)

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)

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 24, 2023 and at any adjournment thereof.

Signed this ..... day of ..... 2023. Signature .....

(Place a tick for the Desired Option)

	IN FAVOUR OF	AGAINST	ABSTAIN
1. To receive the Report of the Directors and the Audited Financial Statements for the year ended 30 September 2022.			
2. To approve the declaration of a dividend.			
3. To Elect Directors Mr. Clifford B. Reis, Mr. Rakesh K. Puri, Mr. Paul A. Carto, and Mr. Mohamed S. Hussein			
4. To fix the remuneration of the Directors.			
5. To re-appoint the incumbent Auditors.			
6. To empower the Directors to fix the remuneration of the Auditors.			

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

Lot 231-233 Camp Street
& 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