



Fort \ 72 IQ

Region - Guyana

Asset Class - Equity

Company - Citizens Bank Limited

Nicholas Persaud & Team - 6/05/23

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Company Description – Citizen bank is a major Guyanese institution that provides retail and commercial banking services to its clients through their six branch networks. The company’s retail and commercial services focuses on various financial transactions which include loans, deposits, investments, and foreign exchange trades.

General Market – Fueled by the newly emerging oil and gas sector, Guyana’s experienced a remarkable growth rate of 62.3% in 2022. Contributions from other major industries such as agriculture, forestry, and fishing accounted for 11.9% of the overall economic growth. On the contrary, the sugar industry faced major setbacks that resulted in an 18.9% decline as unprecedented floods in 2021 disrupted supply chains.

Despite the flourishing economic data in Guyana, the global economy faced pressure in 2022 as rising prices in both domestic and non-domestic sectors were caused by high inflation. The value of the United States Dollar remained constant at US\$1.00 = G\$208 during the second half of 2022. Looking forward, investors should closely monitor inflation and interest rates as they play a crucial role in determining the forecasted growth for 2023.

Industry Analysis – The Banking Sector, encompassing commercial banks and other licensed depository financial institutions, witnessed an influx of financial resources within the first half of 2022. As a result, there was an improvement in the level of non-performing loans compared to that of June 2021, with a rate of 6.1%. The consolidated average capital adequacy ratio, computed at 21%, exceeds the prudential benchmark of 8.0%, indicating the overall resilience of the banking sector during such challenging times.

The COVID-19 pandemic continued to pose a threat in 2022, particularly impacting the banking industry. Nonetheless, the Bank of Guyana has implemented measures to strengthen and protect banks by continuously executing standards to safeguard

Annual Report Highlights

- Auditor – Jack A. Ali and Sons
- Earnings per share – \$30.30
- Dividend –per share for 2022 was GY\$4.00
- Total number of shares outstanding (thousand) – 59,491,300
- Effective tax rate – non -commercial / commercial 40%

Management's Shares

	ORDINARY SHARES		ORDINARY SHARES	
	2022 Beneficial Owned	2022 Beneficial Associates	2021 Beneficial Owned	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

From Pg.29 of Citizens Bank Annual Report 2022

Institutional 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

From Pg.29 of Citizens Bank Annual Report 2022

Fort \ 72 IQ Metrics

Note: The data used for our evaluation below is based on the company's annual report and GASCI sessions 951 - 1003 for the fiscal year 2022 – 2023.

Price movement: GY \$146 - \$146

Price to earnings: 4.82

Dividend: GY \$4.00

Dividend yield: 2.7 %

YOY dividend increase: 14.28 %

Market Cap: GY \$8,685,729,800

At price per share 146.00 from GASCI trading sessions #1003

Guyana's Future Outlook

According to the World Bank's latest Global Economic Prospects report, Global growth for 2023 is expected to come in at 1.7. These estimates are expected to be widespread based on debt burdens and weak investments.

Guyana's economy is poised to sustain remarkable growth due to its emerging Oil and Gas Sectors. As Guyana continues to investments in these sectors, the economy will continue to experience exceptional growth at an abnormal pace.

Furthermore, the Government of Guyana is expected to inject substantial capital investments into public infrastructure, including power and human capacity buildings. The impact of these investments and public policy measures is likely to contribute to additional development in the Guyanese economy, thereby contributing to the country's GDP growth.

Fort \ 72 Investment Thesis

- Track record of growth
- Strong cash flow generation ability
- Diversified lender of companies in country

No international exposure to the world economy

- Knowledgeable and committed team
- Well positioned for future growth based on country economic conditions

Calendar of events

References Page

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