



Fort \ 72 IQ

Region – Guyana

Asset Class – Republic Bank Limited

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Company Description – Republic Bank Limited is one of the longest standing financial institutions in Guyana. It has 12 branches across the country offering retail, commercial, corporate, and investment banking financial services to clients.

General Market – Guyana’s economy has grown by 14.5% during first six months of 2021 due to heightened activities in almost all the major sectors such as petroleum, gas, construction, manufacturing, and servicing. Although, the agriculture sector recorded a decline in output due to unprecedented flooding in May and June of 2021, the economy is still projected to grow by 5.9% during the second six months of 2021, ending the year at a 20.4% growth rate. Some of the major factors contributing to this projected growth rate are higher oil outputs and higher oil prices.

Inflation and interest rates should also be considered as we closely monitor growth prospects for the rest of the year. During the first six months of 2021 inflation was at a 5.6% rate. This was primarily due to an increase in food prices, oil prices, and goods and services prices. Inflation is currently projected to remain within the single digit range for the rest of 2021, meanwhile, the value of the Guyana dollar relative to the United States dollar remained constant at US\$1.00 = G\$208.50, year-over-year, from of September 2020 until September 2021.

Industry Analysis – Within the first half of 2021, the Banking Sector, which includes commercial banks and other licensed depository financial institutions, reported higher revenue and profits compared to the prior years. However, at the same time, the sector faced an increase level of non-performing loans when compared to that of June 2020. The consolidated average capital adequacy ratio computed at 30.9% is well above the prudential benchmark of 8.0% which suggests that the overall banking sector remains resilient through these times.

In 2021 businesses saw the continuous effects of the COVID-19 pandemic, although it remains a serious financial threat to the performance of all sectors, the Bank of Guyana has committed to a series of events designed to minimize the economic impact of COVID-19 on the entire financial system. These continuous efforts will maintain the commitment to safeguarding and strengthening the Total resilience of the financial sector, alleviating pressure the Guyanese economy.

Annual Report Highlights

- Auditor – Messrs. Ram & McRae
- Earnings per share – \$11.94
- Dividend – per share for 2021 was GYD \$3.50
- Number of shares outstanding – 300 000 000
- Effective tax rate – non -commercial / commercial 40%

Management's Shares

	NUMBER OF STOCK UNITS	
	2021	2020
John G. Carpenter (held jointly with an associate)	150,000	150,000
Roy E. Cheong (75,000 held jointly with an associate, and 12,000 held by an associate)	87,000	87,000
Yolande M. Foo (held jointly with associates)	315,000	315,000
Richard I. Vasconcellos	15,000	15,000
Richard M. Lewis	17,850	17,850

From Pg.26 of Republic Bank Annual Report 2021

Institutional Shareholders

	NUMBER OF STOCK UNITS		NUMBER OF STOCK UNITS	
	2021	% HELD	2020	% HELD
Republic Financial Holdings Limited	152,898,395	50.97	152,898,395	50.97
Demerara Mutual Life Assurance Society Limited	16,306,080	5.44	16,306,080	5.44
Guyana and Trinidad Mutual Fire and Life Group of Companies	15,798,760	5.27	15,798,760	5.27
Trust Company (Guyana) Limited	20,127,226	6.71	20,116,853	6.71
Hand-in-Hand Mutual Fire & Life Group of Companies	17,722,635	5.91	17,845,703	5.95

From Pg.25 of Republic Bank Annual Report 2021

Fort \ 72 IQ Metrics

Note: The data used for our evaluation below is based on the company's annual report and GASCI session 893-945 for the fiscal year 2020 – 2021.

Price movement: \$GY 400 -511.5

Price to earnings: 42.8

Dividend: GYD \$3.50

Dividend yield: 0.68%

YOY dividend increase: -5.7 %

Market Capitalization: \$153,450,000

At price per share 511.50 from GASCI trading sessions #945

Guyana's Future Outlook

According to the World Bank's latest Global Economic Prospects report, Global growth for 2022 is expected to come in at 4.1%, which is a few basis points lower than the recent 5.5% growth in 2021. These estimates are based on the possibility that COVID-19 will continue to disrupt economic and supply chain activities.

However, those global pressures position Guyana with the opportunity to surpass other countries that are directly fighting these issues. Guyana's economy continues to achieve abnormal growth due to its emerging Oil and Gas Sectors growing by 21.2% in 2021, following 43.5% growth in 2020. (Demerara Distillers Limited, 2021, p.25)

In addition, the Government of Guyana is estimated to pour large capital investments into Guyana's public infrastructure which includes power and human capacity buildings. The effects of these investments and public policy measures are likely to contribute to additional growth in the Guyanese economy and increase spending by local consumers, contributing to the country's GDP.

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

Demerara Distillers (2022). *Annual Report 2021*. Retrieved from Demerara Distillers:

https://www.demeraradistillers.com/images/pdf/DDL_AnnualReport_2021.pdf

Republic Bank (2022). *Annual Report 2021*. Retrieved from Republic Bank:

https://republicguyana.com/pdfs/annual-reports/annual_report2021.pdf