



Fort \ 72 IQ

Region - Guyana

Asset Class - Equity

Company - Republic Bank (Guyana) Limited

Nicholas Persaud & Team - 11/30/22

Risk Disclaimers: "Please note that the information presented in this report is classified under Fort 72's research program, which has analyzed and consolidated Republic Bank Limited's data for evaluation purposes. Fort 72 currently owns no shares of Republic Bank Limited. Furthermore, this report does not promote or recommend investment decisions into the companies that it covers, instead this report should be used as an additional premise for the companies that it covers. If there are any doubts regarding the merits of this report, please refer to the reference page.

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 – 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 – Messrs. Ram & McRae
- Earnings per share – \$14.28
- Dividend – per share for 2022 GYD \$4.00
- Number of shares outstanding – 300 000 000
- Effective tax rate – non -commercial / commercial 40%

Management's Shares

	Number of Stock Units	
	2022	2021
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.19 of Republic Bank Annual Report 2022

Institutional Shareholders

	Number of Stock Units		Number of Stock Units	
	2022	% held	2021	% 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	20,347,081	6.78	20,127,226	6.71
Hand-in-Hand Mutual Fire & Life Group of Companies	17,661,232	5.89	17,722,635	5.91

From Pg.18 of Republic 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 session 945-996 for the fiscal year 2021 – 2022.

Price movement: \$GY 511.5 - 520

Price to earnings: 36.27

Dividend: GYD \$4.00

Dividend yield: 1.04%

YOY dividend increase: 52.94%

Market Capitalization: 156,000,000,000

At price per share 520 from GASCI trading sessions #996

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.

- 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 2022*. Retrieved from Demerara Distillers:

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

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

<https://republicguyana.com/pdfs/annual-reports/RFHL-Annual-Report-2022.pdf>