

words to live by

*Customer Focus – Integrity – Respect for the Individual – Professionalism
– Results Orientation* – these are the values we live by.

It is the end result of practising these values that really drives us. As each value is fulfilled in our daily work, we generate a profit that goes beyond a successful balance sheet - the profit of 'peace of mind', the benefit of a better quality of life.

In successfully living our values we earn for ourselves, our customers and our shareholders the true meaning of success: to enjoy the rewards of our accomplishments knowing that we have created them through integrity and excellent performance.



vision

Republic Bank,
the Financial Institution of Choice
in the Caribbean for Customers,
Staff and Shareholders.

We set the Standard of Excellence
in Customer Satisfaction,
Employee Satisfaction and Shareholder Value.



mission

Our mission is to provide Personalised,
Efficient and Competitively-priced Financial Services
and to implement Sound Policies
which will redound to the benefit
of our Customers, Staff and Shareholders.



values

We are sensitive to our customers' aspirations and
financial goals; it motivates the Bank to truly make a
difference in ways that enhance our communities.

We are committed to instilling integrity in all of our
relationships, generating trust and confidence from
our customers, suppliers, shareholders, the general
public and amongst ourselves.



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Notice of Meeting

ANNUAL MEETING

Notice is hereby given that the Twenty-Fourth Annual General Meeting of Republic Bank (Guyana) Limited will be held at the Le Meridien Pegasus Hotel, Seawall Road, Kingston, Georgetown, on Monday, December 15, 2008 at 15:00 hours (3:00 p.m.) for the following purposes:

1. To receive the Report of the Directors and the Auditors and to approve the Audited Accounts for the year ended September 30, 2008.
2. To re-elect three Directors to fill offices vacated by those retiring from the Board by rotation in accordance with the By-Laws, namely: Mr. John G. Carpenter, Mr. Roy E. Cheong and Mr. David J. Dulal-Whiteway.
3. To elect Mrs. Yolande M. Foo who was appointed to fill the position of additional Director in accordance with the By-Laws.
4. To re-appoint the Auditors, Messrs Ram & McRae.

And the following special business, namely:

5. To consider and if thought fit pass resolutions relating to:
 - (a) Dividends.
 - (b) Directors' service agreements providing for their remuneration; and
 - (c) Remuneration of the Auditors.
6. To consider any other business that may be conducted at an Annual General Meeting.

BY ORDER OF THE BOARD



John N. Alves
Corporate Secretary

REGISTERED OFFICE

155-156 New Market Street
North Cummingsburg
Georgetown, Guyana
October 23, 2008.

NOTE

- Only stockholders may attend.
- Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her.
- A proxy need not be a member of the Company. The instrument appointing a proxy must bear a \$10 revenue stamp and deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
- Any Corporation which is a member of the Company may, by resolution of its Directors or other governing body, authorize such person as it thinks fit to act as its representative at the meeting (By-Law 86).

Corporate Information

DIRECTORS

Chairman

Managing Director – Republic Bank Limited

David J. Dulal-Whiteway, *B.Sc Management Studies, M.B.A., C.G.A.*

Managing Director

Edwin H. Gooding, *B. Comm., Executive M.B.A.*

Executive Director/Corporate Secretary

John N. Alves, *F.I.C.B.*

NON-EXECUTIVE DIRECTORS

Roy E. Cheong, *A.A., F.C.I.I., F.L.M.I., C.L.U.*

Chartered Insurer

Nigel M. Baptiste, *B.Sc. (Econ.) (Hons.), M.Sc. (Econ.), A.C.I.B.*

Executive Director – Republic Bank Limited

William H. Pierpont Scott, *F.C.C.A.*

Financial Director – William H. Scott Limited

John G. Carpenter, *B.Sc. (Food Sciences)*

Vice Chairman, Board of Directors - Hand in Hand Fire and Life Insurance Company Limited

Richard I. Vasconcellos

Chairman – A.N.K. Enterprises Inc.

Derwin M. Howell, *B.Sc. (Elect. Eng.) (Hons.), Executive M.B.A.,*

M.Sc. (Tele. Systems), M.I.E.E., M.I.E.E.E. C. Eng.

General Manager – Commercial and Retail Banking, Republic Bank Limited

Yolande M. Foo, *A.I.C.B.*

REGISTERED OFFICE

Promenade Court
155-156 New Market Street
North Cummingsburg
Georgetown, Guyana
South America
E-mail: email@republicguyana.com
Website: www.republicguyana.com

AUDITORS

Messrs Ram & McRae
Chartered Accountants
157 'C' Waterloo Street
North Cummingsburg
Georgetown, Guyana
South America

ATTORNEYS-AT-LAW

Messrs Cameron & Shepherd
2 Avenue of the Republic
Robbstown
Georgetown, Guyana
South America

Financial Summary

All figures are in thousands of Guyana Dollars

	2008	2007	2006	2005	2004
Cash resources	16,525,468	14,099,445	16,034,183	9,687,916	7,919,958
Investment securities	11,493,650	14,060,238	29,743,194	30,272,247	27,884,348
Loans and advances	21,586,811	17,262,689	15,895,333	14,958,203	14,493,846
Total assets	84,174,720	73,869,729	66,276,602	59,933,723	55,466,889
Total deposits	75,122,519	65,909,096	60,078,668	54,780,820	50,781,161
Stockholders' equity	6,316,412	5,154,309	4,505,699	3,952,631	3,689,751
Net profit after taxation	1,559,697	1,144,418	1,028,938	790,968	536,441
Earnings per stock unit in dollars (\$)	5.20	3.81	3.43	2.64	1.79
Return on average assets (%)	1.94	1.61	1.62	1.33	0.97
Return on average equity (%)	27.24	22.66	24.38	20.55	15.65

Financial Highlights

All figures are in thousands of Guyana Dollars

	2008	2007	Change	% change
INCOME STATEMENT				
Interest and other income	6,534,929	6,038,828	496,101	8.22
Interest and non-interest expenses	(3,986,337)	(4,092,020)	105,683	(2.58)
Net Income before taxation	2,548,592	1,946,808	601,784	30.91
Taxation charge	(988,895)	(802,390)	(186,505)	23.24
Net Income after taxation	1,559,697	1,144,418	415,279	36.28
BALANCE SHEET				
Loans and advances	21,586,811	17,262,689	4,324,122	25.05
Total assets	84,174,720	73,869,729	10,304,991	13.95
Average assets	80,487,627	70,895,736	9,591,891	13.53
Deposits	75,122,519	65,909,096	9,213,423	13.98
Equity (capital and reserves)	6,316,412	5,154,309	1,162,103	22.55
Average outstanding equity	5,725,709	5,050,021	675,688	13.38
COMMON STOCK				
Earnings per stock unit in dollars (\$)	5.20	3.81	1.39	36.48
Dividend for the year (in thousands)	645,000	525,000	120,000	22.86
Stock Units (in thousands)	300,000	300,000	0	0.00
GENERAL				
Number of:				
Stockholders	1,186	1,136	50	4.40
Common stock outstanding (in thousands)	300,000	300,000	0	0.00
Active savings, chequing and deposit accounts	160,787	143,077	17,710	12.38
Employees	571	577	(6)	(1.04)
Banking offices	10	11	(1)	(9.09)

Board of Directors

Left to right: Richard I. Vasconcellos,
Derwin M. Howell, William H. Pierpont Scott,
Nigel M. Baptiste, David J. Dulal-Whiteway,
Edwin H. Gooding, John N. Alves,
John G. Carpenter, Yolande M. Foo,
Roy E. Cheong



“Republic Bank (Guyana) Limited remains committed to the future development of Guyana...We continue to focus on areas that provide viable opportunities for expansion and growth.” David J. Dulal-Whiteway



Board of Directors

DAVID J. DULAL-WHITEWAY

B.Sc. Management Studies, M.B.A., C.G.A.

David J. Dulal-Whiteway, Managing Director of Republic Bank Limited and Chairman of the Board of Directors of Republic Bank (Guyana) Limited, is also a member of the Board of Directors of Republic Finance & Merchant Bank Limited (Fincor), London Street Project Company Limited, Republic Securities Limited, Foundation for the Enhancement and Enrichment of Life (FEEL) and National Enterprises Limited (NEL). He previously held the position of Executive Director of Republic Bank Limited.

EDWIN H. GOODING

B.Comm., Executive M.B.A.

Edwin H. Gooding, a career banker with over thirty years of banking experience as part of the Republic Bank Group, has played a very active role in the Bank's growth over the years. He joined the bank immediately after graduating from Concordia University, Montreal, with a Bachelor of Commerce Degree. He also holds an Executive Masters in Business Administration from the University of the West Indies. Mr. Gooding has held several senior positions in key areas of banking, including Assistant General Manager of Group Marketing Republic Bank Limited in Trinidad and Tobago. He has also served the Group in the region at both Barbados National Bank Inc. and Republic Bank (Grenada) Limited as Managing Director (ag.).

JOHN N. ALVES

F.I.C.B.

John N. Alves is an Executive Director and Corporate Secretary to the Board of Directors. He is a member of the Guyana Association of Bankers. Mr. Alves has been an officer of the Bank for thirty-four years and currently serves as the Senior Manager for the Credit function.

NIGEL M. BAPTISTE

B.Sc. (Econ.) (Hons.), M.Sc. (Econ.), A.C.I.B.

Nigel M. Baptiste was appointed to the Board of Directors in October 2003. He previously served as Managing Director of Republic Bank (Guyana) Limited formerly National Bank of Industry and Commerce Limited from July 1999 to July 2002. Mr. Baptiste is currently an Executive Director of Republic Bank Limited in Trinidad & Tobago. He is a former Trinidad National Scholar who has distinguished himself both academically and in his career in the fields of Banking and Economics. He holds a diploma with distinction from the American Bankers Association's Stonier Graduate School and has also successfully completed the Harvard Business School's Advanced Management Programme. He is a member of the Chartered Institute of Bankers of England and former President of the Institute of Bankers, Trinidad and Tobago.

JOHN G. CARPENTER

B.Sc. Food Sciences

John G. Carpenter holds a B.Sc. in Food Sciences and is Vice-Chairman of the Board of Directors of Hand in Hand Fire and Life Insurance Company Limited.

ROY E. CHEONG

A.A., F.C.I.I., F.L.M.I., C.L.U.

Roy E. Cheong, a Chartered Insurer by profession, retired on June 30, 2003 as Managing Director of the GTM Group of Companies, but has since been appointed a Non-Executive Director of the Group. He is a Fellow of the Chartered Insurance Institute, Fellow of the Life Management Institute, and Chartered Life Underwriter. Mr. Cheong has served as President of the Insurance Association of the Caribbean, the Insurance Association of Guyana and the Insurance Institute of Guyana. He is a Past President of the Rotary Club of Georgetown and serves on the Executive Committee of the Guyana Red Cross Society. Mr. Cheong holds directorships in Banks

DIH Limited, Neal & Massy (Guyana) Limited, and Mega Insurance Company Limited of Trinidad and Tobago. He is the recipient of the Golden Arrow of Achievement.

YOLANDE M. FOO

A.I.C.B.

Yolande M. Foo was appointed to the Board of Directors as a Non-Executive Director on January 21, 2008. Mrs. Foo retired from the staff of Republic Bank (Guyana) Limited on June 1, 2007 after forty-five years of outstanding service to the Bank. At that time she also retired her post as Executive Director/Corporate Secretary of the Board of Directors.

Mrs. Foo is a councillor of the Consultative Association of Guyanese Industry, a former member of the Board of Directors of the St. Joseph Mercy Hospital, a Trustee of the Guyana Girl Guides Association, a past President of the Rotary Club of Demerara, and a member of the Council of the University of Guyana.

DERWIN M. HOWELL

B.Sc. (Elect. Eng.) (Hons.), Executive M.B.A., M.Sc. (Tele. Systems), M.I.E.E., M.I.E.E.E., C. Eng.

Derwin M. Howell joined the Republic Bank Group in May 1997 and currently holds the position of General Manager, Commercial and Retail Banking, (since January 2006) having previously served as General Manager, Information Technology Management and General Manager, Business Transformation.

From April 1994, prior to joining Republic Bank Limited, Mr. Howell was the General Manager of InfoLink Services Limited, the company which manages the LINX® ABM Sharing and Debit at Point of Sale Networks. He also spent an eleven (11) year period at Telecommunications Systems of Trinidad and Tobago Limited, where he held several management positions.

Mr. Howell is a First Class Honours graduate in Electrical Engineering and also holds an Executive Masters in Business Administration, both from the

University of the West Indies. He is also a graduate of the University of Essex where he was awarded an M.Sc. in Telecommunications Systems. He has attended the ABA Stonier Graduate School of Banking and in May 2004, Mr. Howell completed the Advanced Management Program at the Harvard Business School.

Mr. Howell also serves on the Board of Directors of G4S Holdings (Trinidad) Limited, National Enterprises Limited, Caribbean New Media Group Limited and Telecommunications Services of Trinidad and Tobago Limited and is a Corporate Member of the Institution of Engineering and Technology (M.I.E.T.), a Member of the Engineers Council of the United Kingdom (Chartered Engineer) and a Member of the Institute of Electrical and Electronic Engineers (M.I.E.E.E.).

WILLIAM H. PIERPONT SCOTT

F.C.C.A.

William H. Pierpont Scott is the Financial Director of William H. Scott Limited of Trinidad & Tobago and has been a Director of Republic Bank's subsidiary, Republic Finance and Merchant Bank Limited (Fincor), since June 1994. He is also a Fellow of the Chartered Institute of Certified Accountants.

RICHARD I. VASCONCELLOS

Richard I. Vasconcellos is currently a member of the National Notary Association of the United States of America and American Management Association. He is the Chairman of A.N.K. Enterprises Incorporated in Miami, Florida, and the Director of Florida Export Finance Corporation (F.E.F.C.).

Directors' Report

The Directors have pleasure in submitting their Report and Audited Financial Statements for the year ended September 30, 2008.

PRINCIPAL ACTIVITIES

The Bank provides a comprehensive range of commercial banking services at ten offices throughout Guyana.

FINANCIAL RESULTS	2008	2007
<i>(in thousands of Guyana Dollars)</i>		
Net income after taxation	1,559,697	1,144,418
Interim dividend paid	195,000	195,000
Retained earnings	1,364,697	949,418
Final dividend proposed	450,000	330,000

DIVIDENDS

An interim dividend of \$0.65 per stock unit (\$195.0 million) was paid during the year and a final dividend of \$1.50 per stock unit (in total \$645.0 million) for the year ended September 30, 2008 is recommended.

CAPITAL AND RESERVES

Capital and reserves other than retained earnings total \$1,239 million as shown in the Statement of Changes in Stockholders' Equity.

Accumulated retained earnings up to September 30, 2008 is \$5,078 million (2007 - \$3,937 million) after a transfer of \$107 million from the General Banking Risk Reserve, \$525 million paid out as dividends (final 2007 - \$330 million, interim 2008 - \$195 million), and \$1,559 million transferred from the Statement of Income for 2008 .

DONATIONS

Donations to charitable or public causes for the year were \$26.2 million compared to \$16.6 million in 2007.

SUBSTANTIAL STOCKHOLDING (UNITS OF STOCK)

A substantial stockholder for the purposes of the Securities Industry Act 1998 is one who controls five percent or more of the voting power at a General Meeting. The following are the substantial stockholders of the Bank:

	Number of Stock Units		Number of Stock Units	
	2008	% held	2007	% held
Republic Bank 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	15,773,760	5.26
Trust Company (Guyana) Limited	15,674,333	5.22	17,053,043	5.68

DIRECTORS

In accordance with the Bank's By-Laws, Messrs John G. Carpenter, Roy E. Cheong, and David J. Dulal-Whiteway retire from the Board by rotation and being eligible, offer themselves for re-election. Mrs. Yolande M. Foo who was appointed in January 2008 to fill the position of an additional director offers herself for election.

AUDITORS

Messrs Ram & McRae, Chartered Accountants have informed the Bank of their willingness to continue in office as Auditors. A resolution proposing their re-appointment and authorising the Directors to fix their remuneration will be submitted to the Annual General Meeting.

CONTRIBUTION OF EACH ACTIVITY TO OPERATING PROFIT

'Banking operations' is considered as one single business operation which includes lending, investments, foreign exchange, deposit taking, etc. The contribution or cost from these activities to operating profit is disclosed in the Statement of Income.

GEOGRAPHICAL ANALYSIS OF CONSOLIDATED TURNOVER AND CONTRIBUTION TO TRADING RESULTS

The operations of the Bank are based only in Guyana but several investments are held overseas for which income of \$263.2 million (2007 - \$237.6 million) was earned during the year. *Please refer to note 23 of the financial statements for further information.*

Directors' Report

INTEREST OF DIRECTORS AND CHIEF EXECUTIVE AND THEIR ASSOCIATES

Of these categories only the following persons held stocks in the company, all of which were held beneficially:

	Number of stock units	
	2008	2007
Mr. John G. Carpenter	150,000	150,000
Mr. Roy E. Cheong (75,000 with an associate, and 12,000 by an associate)	87,000	87,000
Mr. John N. Alves (with an associate)	75,000	75,000
Mrs. Yolande M. Foo* (with an associate)	315,000	315,000

*Mrs. Yolande M. Foo retired as Corporate Secretary of the Board and Executive Director on May 31, 2007. She was re-appointed as a Non-Executive Director on January 21, 2008.

DIRECTORS' FEES (\$)	2008	2007
Mr. Edwin H. Gooding	1,200,000	120,000
Mr. Nigel M. Baptiste	1,200,000	720,000
Mr. John G. Carpenter	1,560,000	901,308
Mr. Roy E. Cheong	1,560,000	901,308
Mr. David J. Dulal-Whiteway	2,940,000	2,933,076
Mr. Derwin M. Howell	1,200,000	720,000
Mr. Richard I. Vasconcellos	1,560,000	720,000
Mr. William H. Pierpont Scott	1,560,000	720,000
Mr. Michael B. Archibald*	-	600,000
Mr. John N. Alves	1,200,000	240,000
Mrs. Yolande M. Foo	1,170,000	480,000

*Mr. Michael B. Archibald retired from the Board of Directors on August 1, 2007.

DIRECTORS' SERVICE CONTRACTS

There are no service contracts with the Directors proposed for election at the forthcoming Annual General Meeting or any other Directors which are not determinable within one year without payment of compensation.

CONTRACTS WITH DIRECTORS

Other than normal banking and employment contracts, there were no contracts between the Bank and its Directors or in which the Directors were materially interested.

CONTRACT OF SIGNIFICANCE WITH STOCKHOLDER

The Bank expended the sum of \$74.05 million (2007 - \$63.27 million) in fees (inclusive of Directors' fees) and expenses under a Technical Services Agreement with Republic Bank Limited for the provision of management, credit analysis, internal audit and other services. Technical Service fees are determined with reference to the Bank's net interest and other income.

Chairman's Review

“Our management and staff have once again made a strong contribution to the overall financial performance of the Bank and I wish to sincerely thank them for their continued support and dedication. I also thank our customers for their loyalty and my fellow directors for their ongoing support.”

David J. Dulal-Whiteway



Once again, I am pleased to report that for the year ended September 30, 2008, the Bank recorded a profit after tax of \$1,559.7 million, a 36.28% improvement over our Fiscal 2007 performance. The Board has recommended a final dividend of \$450 million (\$1.50 per stock unit), which if approved by stockholders at the Annual General Meeting, will bring the total dividend for the year to \$645 million (2007 – \$525 million), a total dividend payout ratio of 41.35%.

ECONOMIC REVIEW

In 2007, Real Gross Domestic Product (GDP) was reported by the Government to have increased by 5.4% surpassing the growth target projected for the year of 4.9% and sustaining the 2006 growth rate of 5.1%. This continued growth is based on strong performance in sugar production, engineering and construction, mining, tourism, transportation, communication and distribution. The economy is projected to grow by 4.8% in 2008.

The rate of inflation reached 14% in 2007, and for 2008 was projected to subside, reducing to 6.8%, still higher than the 2006 level of 4.2%. However, based on recent developments, the inflation projection for the year has been revised to 8.1%.

Chairman's Review

Over the past year, work continued on the Berbice River Bridge and the Skeldon Sugar Modernization Project, the latter rated as the most modern sugar factory in the Caribbean, and expected to improve on economies and efficiencies in the industry. The completion of the Berbice River Bridge should provide a major fillip to economic activity in Regions 5 and 6, and relief to the travelling public. Rehabilitation work on the urban, regional, and community roads and scheduled maintenance on the Demerara Harbour Bridge will provide a major boost to intra-regional business activities.

FUTURE OUTLOOK

The shock from the financial crisis which started in the United States of America continues to reverberate around the world. While the local economy is not directly exposed to the fallout of the collapse, there may be trickle down effects in terms of reduced direct foreign investment and incoming remittances, the latter estimated to make up 43% of the Gross National Product (GNP).

However, there are major developments taking place in the country which augur well for the continued growth in the economy.

The Takatu Bridge providing overland linkage between Brazil and Guyana was completed and is expected to be commissioned shortly. The deep water harbour which has long been talked about is being re-examined as another integral project, which will complete the critical linkages from Brazil via the Takatu Bridge and the Linden-Lethem road to Georgetown thereby providing Brazil with a more economical access to the Caricom and international markets. The combination of these three projects is anticipated to significantly improve the economic relationship between Guyana and Brazil, the largest economy in South America. The project to generate Hydro Electric power, and reduce dependence on carbon-based fuels is moving forward and receiving more active consideration. Oil exploration has resumed with seismic studies well under way.

Republic Bank (Guyana) Limited remains committed to the future development of Guyana. The improvement in the economic and political climate continues and this was evidenced by the recent successful hosting of CARIFESTA X, the Caribbean's premier cultural exhibition. We are proud to have played a major part in this event, being named the Official Bank of CARIFESTA X.

Construction of the new Camp Street Branch was completed and has transformed and uplifted the surrounding community. The new facility now enables us to provide our customers and staff with more spacious and convenient accommodation to meet their current needs, with room to accommodate future growth. Construction of the new Anna Regina Branch is well under way. It is expected to be completed early in the new fiscal year. We continue to focus on areas that provide viable opportunities for expansion and growth.

ACKNOWLEDGEMENTS

Our management and staff have once again made a strong contribution to the overall financial performance of the Bank and I wish to sincerely thank them for their continued support and dedication. I also thank our customers for their loyalty and my fellow Directors for their ongoing support.

I am pleased to welcome back Yolande Foo who rejoined the Board of Directors in January 2008.

Managing Director's Report



“The rules for succeeding in business are changing daily and we are cognisant of the combination of factors that contribute to a successful corporation. Complimenting our innovative products must be our knowledgeable and competent staff who are undoubtedly an integral part of our progressive organisation.”

Edwin H. Gooding

During the last year, Republic Bank (Guyana) Limited continued its fine performance, achieving key strategic objectives of asset growth, improving operational efficiency, customer satisfaction and employee engagement. Our results were marked by improvement in the delivery of quality service, market share growth and retaining our leadership role in corporate social responsibility.

FINANCIAL PERFORMANCE

In fiscal 2008, the Bank achieved an after tax profit of \$1,559 million. This represents a 36.28% increase over the \$1,144 million in 2007. Return on Assets improved from 1.61% to 1.94%; Return on Equity from 22.66% to 27.24% and our Earnings per Stock Unit increased from \$3.81 to \$5.20.

CUSTOMER SERVICE

The delivery of superior customer service continues to be the cornerstone of our bank with emphasis being placed on training and development of staff, enhancing our products and services, and expanding our delivery channels. To track and monitor the quality of our customer service delivery, a Mystery Shopper programme

Managing Director's Report

was introduced. This has provided us with important customer insights which will be used to heighten the quality of our service delivery and enhance our customer experience.

HUMAN RESOURCES

The rules for succeeding in business are changing daily and we are cognisant of the combination of factors that contribute to a successful corporation. Complementing our innovative products must be our knowledgeable and competent staff who are undoubtedly an integral part of our progressive organization. It is this reality that fuels our strategy to create and sustain an effective workforce.

Throughout the year, we engaged staff in training activities designed to improve their expertise in technical banking, emotional intelligence skills, and management and supervisory skills. Presentation Skills and Project Management were also included in our suite of training programmes. Our staff benefited from training attachments at Republic Bank Limited in key areas of Foreign Exchange Trading, Cash Processing, Retail Services, Loan Delivery Services and Corporate Credit, as well as other overseas courses.

Over 40 of our staff benefited from bank scholarships in studies related to banking at the tertiary level and distance education programmes under the Advanced Scholarship Plan.

Our employee care initiative provided staff with the opportunity to address personal issues such as health and wellness with a focus on lifestyle diseases and how to prevent them.

I am happy to report that we commenced our Youth Link Apprenticeship Programme in September 2008. This programme is designed to equip participants with basic training and marketable skills in business related disciplines, in order to improve their career options, and to bridge the gap between the school and work environment. This programme is the first of its kind in

Guyana and once again we are proud to have taken the lead role in this regard. The inaugural group of students was nominated by their school principals to participate in what will be an annual seven-month apprenticeship programme.

TECHNOLOGY

The first phase of our plan to replace aged and obsolete equipment has been successfully completed. The resulting benefits are improved security, increased productivity and efficiency, enhanced customer service and satisfaction, and greater availability and reliability of our systems. Business Continuity is of paramount importance to us and the finalisation of our business recovery plan, which commenced in 2008, will be completed early in fiscal 2009.

DELIVERY CHANNELS

Our new Camp Street Branch opened for business on August 4, 2008. It is an impressive modern office building with spacious accommodation and was well received by customers, staff and the public at large. This branch hosts the largest number of ATMs at any one location in Guyana.

Construction has commenced on our new branch at Anna Regina and completion is set for April 2009. This branch will provide a more modern and comfortable environment for our customers and staff in the Essequibo region.

In the coming year, expansion of our delivery channels will continue with new Automated Teller Machines being deployed and new electronic banking channels being introduced.

These initiatives will provide the Bank with the capacity needed to satisfy the financial needs of additional communities in Guyana and to take advantage of future opportunities.

FUTURE OUTLOOK

The global and regional economic outlook appears challenging in the short to medium term. The recent turmoil experienced in the United States financial system should be taken as a strong warning signal. It underscores the need for continued vigilance, for while there has been some initial relief, it is too early to call the end of the crisis. Closer to home, fluctuations in commodity prices, particularly in gold and oil, the general rise in food prices, and the possible slowdown in remittances from the United States may impact the relative stability of Guyana's economy and tend to slow economic growth.

Further, the impact on the region of the Economic Partnership Agreement (EPA) is yet to be seen, but in its present form, is likely to affect Guyana more than the other members of Caricom. Improvements in productivity, and the concomitant increase in exports, will be key to overcoming the challenges inherent in the EPA rules.

We remain cautiously optimistic and are confident that our present strategies will continue to create forward momentum. The Bank is poised to capitalise on any positive developments in the economy.

ACKNOWLEDGEMENTS

I take this opportunity to thank each member of the Republic Team for their dedication and hard work which contributed enormously to the Bank's excellent performance.

I acknowledge our committed Board of Directors for providing me with the benefit of their knowledge, guidance and sound counsel during the past year.

I thank our loyal and valued customers whose continued support assures our success.

Bank Profile

HEAD OFFICE

Republic Bank Promenade Court
155-156 New Market Street, North Cummingsburg
Georgetown, Guyana
Telephone: (592)-223-7938-49
Fax: (592)-233-5007, 227-4506
E-mail: email@republicguyana.com
Website: www.republicguyana.com

MANAGERS

Managing Director

Edwin H. Gooding, *B. Comm, Executive M.B.A.*

Senior Manager, Credit

John N. Alves, *F.I.C.B.*

Senior Manager, Corporate & Management Services

Keith A. Johnson, *A.I.C.B., B.Sc. (Accountancy) (Dist.), Executive M.B.A., (Dist.)*

Manager, Branch Operations

Rose A. Langevine, *Diploma (Banking & Finance), B.Sc. (Accountancy), Executive M.B.A.*

Manager, Corporate Credit

Sasenaarain Jagnanan, *A.I.C.B., Diploma (Banking & Finance)*

Manager, Corporate Credit

Charles H. Bruton, *B.Sc. (Economics)*

Manager, Corporate Credit

Carla F. Roberts, *B.Sc. (Accountancy)*

Manager, Finance and Planning

Devan Khemraj, *A.I.C.B.*

Manager, Internal Audit

Denise E. Hobbs, *Diploma (Business Management)*

Manager, Human Resources

Anita Mohabeer

Manager, Premier Banking

Marcellene V. Persaud

Manager, Corporate Operations

Denys R. Benjamin

Manager, Legal Services

Christine A. McGowan, *L.L.M. (Merit), L.L.B. (Dist.), L.E.C. (Hons.)*

Manager, Marketing & Communications

Michelle H. Johnson, *M.C.I.P.R., M.A.C.C. (Dist.), P.G. Dip. C.I.P.R., B. Soc. Sc. Management (Hons.)*

Manager, Branch Support Services

Joycelyn T. Nicholas, *B. Soc. Sc. Management, CERT Computer Programming & Operations*

Manager, Commercial Credit

Patricia Plummer, *F.I.C.B.*

Manager, Information Technology

Yonnette F. Greaves, *Diploma (Info. Services) L.I.M.I.S.*

MAIN BANKING OFFICE

Manager – Water Street Operations

Jadoonauth Persaud, *Diploma (Banking & Finance)*
38-40 Water Street, Georgetown, Guyana
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Fax: (592)-227-2921
SWIFT: RBGL GYGG
E-mail: WaterStreet.Branch@republicguyana.com

OTHER BANKING OFFICES

Anna Regina Sub-Branch

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Fax: (592)-771-4085
E-mail: AnnaRegina.Branch@republicguyana.com

Officer-in-Charge

Harry D. Ghaness, *I.C.B. – Letter of Accomplishment*

Camp Street Branch

78-80 Camp & Robb Streets, Georgetown
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225-0343-5
Fax: (592)-226-4846
E-mail: CampStreet.Branch@republicguyana.com

Manager

Terrence A. Archer, *B.Sc. Agriculture*

Corriverton Branch

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Fax: (592)-335-3092
E-mail: Corriverton.Branch@republicguyana.com

Manager

Celine E. Davis, *I.C.B. - Letter of Accomplishment, B. Soc. Sc.
Management (Hons.), P.G. Dip., Developmental Studies*

New Amsterdam Sub-Branch

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Fax: (592)-333-3432
E-mail: NewAmsterdam.Branch@republicguyana.com

Officer-in-Charge

Imran Saccoor

Linden Sub-Branch

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Fax: (592)-444-6008
E-mail: Linden.Branch@republicguyana.com

Officer-in-Charge

Leon E. McDonald, *Diploma – Accounting (A.A.T.), A.I.C.B.*

Rose Hall Branch

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Manager (ag.)

Sherwyn L. Greaves, *A.I.C.B.*

Rosignol Sub-Branch

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Officer-in-Charge

Joseph A. Downes, *B. Soc. Sc. Management (Dist.)*

Vreed-en-Hoop Sub-Branch

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E-mail: Vreed-en-Hoop.Branch@republicguyana.com

Officer-in-Charge

Patricia Dennison, *Diploma (Business Management)*

Management Teams

Left to right: Sherwyn L. Greaves,
Terrence A. Archer, Edwin H. Gooding,
Rose A. Langevine, Denys R. Benjamin,
Anita Mohabeer, Yonnette F. Greaves,
John N. Alves, Carla F. Roberts,
Patricia Plummer, Charles H. Bruton



Sherwyn L. Greaves
Manager (ag.), Rose Hall Branch

Terrence A. Archer
Manager, Camp Street Branch

Edwin H. Gooding
Managing Director

Rose A. Langevine
Manager, Branch Operations

Denys R. Benjamin
Manager, Corporate Operations

Anita Mohabeer
Manager, Human Resources

Yonnette F. Greaves
Manager, Information Technology

John N. Alves
Senior Manager, Credit

Carla F. Roberts
Manager, Corporate Credit

Patricia Plummer
Manager, Commercial Credit

Charles H. Bruton
Manager, Corporate Credit



Management Teams

Left to right:

Sasenaarain Jagnanan, Christine A. McGowan,
Michelle H. Johnson, Joycelyn T. Nicholas,
Jadoonauth Persaud, Devan Khemraj,
Marcellene V. Persaud, Celine E. Davis,
Keith A. Johnson, Denise E. Hobbs



Sasenarain Jagnanan
Manager, Corporate Credit

Christine A. McGowan
Manager, Legal Services

Michelle H. Johnson
Manager, Marketing and Communications

Joycelyn T. Nicholas
Manager, Branch Support Services

Jadoonauth Persaud
Manager, Water Street Operations

Devan Khemraj
Manager, Finance and Planning

Marcellene V. Persaud
Manager, Premier Banking

Celine E. Davis
Manager, Corriverton Branch

Keith A. Johnson
Senior Manager, Corporate and Management Services

Denise E. Hobbs
Manager, Internal Audit





Working with and for the people of Guyana for over one hundred and seventy one years, our Bank has created a rich tradition of enabling dreams. We have earned the reputation as “The One” for our customers. “The One” they can depend on to help them achieve goals at every stage of their lives.

Whether it is the dream of owning a home, securing an education or expanding their business and investing for the future, we work with our customers – Corporate, Commercial and Retail – committed to their success. In the process, we have strengthened our relationships across the board by consistently offering competitive products, savings and loans packages, investment opportunities and advice.

As we diversify our solutions to suit our customers’ needs, our suite of electronic banking services have become a key focus for growth, with initial steps towards the introduction of two new initiatives that will offer convenient banking – anywhere, anytime.

With our array of financial products, provided by highly experienced and dedicated staff, we continue to satisfy the ever-changing financial needs of every customer segment. What’s more, our highly competitive rates, our tremendous branch and ATM networks (the largest in the country) and our extensive regional presence ensure that we continue to maintain a leading role in our industry. As we continue to fulfill the dreams of those we serve, we too fulfill our dream of success.



dreaming

Fulfilling the dreams of our customers
means facilitating their financial goals
with the right products and services



rewarding

Our goal is to build relationships
with our customers that bring them the
rewards of successful financial guidance



At Republic Bank, we believe that the true hallmark of any successful bank is not whether it is profitable for itself, but whether it is rewarding for the people that it serves – customers, staff and stockholders.

This reward system compels us to provide optimum solutions for our customers, sensitises us to our employees' needs, and guides us in making the decisions that will yield the maximum returns for stockholders.

Even as the demands placed on us become more complex, it is with a spirit of innovation that we proudly continue to maintain our signature service level. The newly introduced Mystery Shopper Exercise along with the Annual Independent Survey, ensured that we kept that focus and allowed us to gauge our customer sentiments, staying in touch with the people for whom we design our products and services. To this end, we recorded an improvement in the delivery of our service, with the highest customer satisfaction in the area of lending.

As we deepen our relationship with our customers, we continually centre our resources on fulfilling our customers' financial needs in contemporary settings that reflect the character of our Bank as a pacesetter for excellence, and as an organisation that highly values its staff and customers. The year saw the completion of a spacious new Camp Street Branch which opened to the public on August 4, 2008 and which now combines the business of the former Camp Street and Savage Street Branches. Construction commenced on a new branch for Anna Regina and the Linden Branch received a significant upgrade.

In all of our pursuits, our pivotal role in assuring the success of the Bank extends to the nation and the wider Caribbean Region.



We are truly cognisant of the value of our human resources to the success of our business. Inevitably therefore, we constantly review our policies and procedures to ensure they are aligned with human resource best practices that ultimately translate to capable staff who enjoy a high degree of job satisfaction.

This process is all encompassing and requires a multifaceted and collaborative approach – one that creates and sustains an enabling environment that harnesses the talent of our human resource thereby allowing the organization to achieve its performance goals. For our valued staff, this means ensuring that personal and professional growth are in tandem with our high level of expectations for organisational output.

Our drive for continuous growth and development manifested itself in the numerous knowledge/skills-based opportunities that we provided during the year. The Training team conducted several programmes to enhance the supervisory and technical capabilities of a growing complement of youthful, qualified and ambitious staff.

Staff members also participated in local external programmes, training interventions offered by Republic Bank Limited, and in Caribbean and International workshops and conferences. Credit Operations, Transformational Coaching, Global Trade Finance and Managing Difficult Business Conversations were some of the areas of focus.

Our scholarship programmes continue to support selected Officers in realising formal, higher level academic pursuits. Two (2) Officers are currently enrolled in tertiary level, distance education programmes under the Advanced Scholarship Plan. The Stan Affonso Scholarship is currently awarded to three (3) Officers, two (2) of whom will be graduating this year. The AICB scholarship is extended to thirty nine (39) Officers, two (2) of whom attained their A.I.C.B. designation this year.

We are firm in our conviction that our human capital is our embodied wealth and that our investment in their growth will redound to the benefit of the organisation and the society as a whole.



growing

We cultivate the best in our people
so that they are empowered to live
our core values and to perform
in the true spirit of service



fulfilling

Fulfilling our vision of a better Guyana
drives the strategic implementation
of our community service initiatives



We recognise that the social needs of our people are great. More importantly, we also recognise that our ability as a people to fulfill these needs, is far greater. Our goal therefore is to empower our communities to overcome all obstacles on the road to fulfilling their highest potential.

Republic Bank (Guyana) Limited plays a strategic role in social investment through our *Power to Make a Difference* Programme. Following the lead of our parent company, Republic Bank Limited of Trinidad and Tobago, we launched this flagship social investment initiative where \$81 million was pledged over a five-year period. Founded on the philosophy that every human has an invaluable contribution to make to our national development, Power to Make a Difference has successfully evolved over the past four years.

This programme, geared towards creating self-sufficient and self-sustaining communities through collaboration with individuals, groups and communities, continues to enjoy tremendous success and positive outcomes in the country, and has grown in scope and significance.

In working with the various communities to create the right framework for a brighter future, we have ushered in an age of corporate conscientiousness, where, in going forward, we can make even more significant strides in nurturing potential thereby tending Guyana's future.



power to
make a
difference



*We give our hands, so they may lift
Our people onto pedestals of hope.
And we give our gifts to strengthen
The pillars of our nations.*

It is a privilege to be part of a team that champions Corporate Social Responsibility, while ushering in a new age of corporate consciousness in Guyana. We embrace this responsibility open-handedly and willingly, believing that through our actions, we can make a positive difference in the lives of those we serve. Four years ago, we embarked on a landmark journey to redefine the shape and scope of corporate giving, believing that if we could give the nation's young, elderly, orphaned, disabled and socially disadvantaged, the hope, vision and wherewithal to achieve, then as a company, we would make a difference.

Through the Power to Make a Difference, we committed \$81 million towards the issues of youth development through education, culture and sport;

poverty alleviation; and community development. As we work with our communities to create solutions for the future, this flagship social initiative continues to be an example of our commitment to unearthing Guyana's great potential to succeed. In building on this intimacy and successfully collaborating with individuals and groups in the diverse communities, we have sown the seeds to unlock their potential, promote self-sufficiency, and develop and foster a hope for the future.

THE PATH TO THE PRESENT

Our Power to Make a Difference is guided by the tenets of the Power to Learn and Succeed and the Power to Help and Care.

The Power to Learn and Succeed focuses on youth development through education, sport and culture, and ensures that our youth have a solid foundation upon which to build as they look toward the future. Through the years, initiatives under this arm have gained greater recognition, favour and impetus on a communal and national level.



Each child that participates in the Republic RightStart Under-Fifteen Cricket Series hones his cricketing skills and, at the same time, learns the key life skills of integrity, discipline, co-operation, team spirit, dedication and perseverance. These skills serve them not only in the game of cricket, but in the game of life. Every year, this series creates the possibility for the emergence of a new team of national and, eventually, regional players.

For every area of academic excellence that we reward, ranging across the National Grade Six Assessment; Caribbean Secondary Education Certificate; Caribbean Advanced Proficiency Examination; and at the University of Guyana; others are inspired and aspire to be similarly rewarded. Such inspiration feeds excellence at a national level and strengthens a nation and a region.

Our University of Guyana Scholarship, focuses on Guyana's primary developmental sectors, and gives students in need, who possess the potential to excel, the opportunity to succeed in their pursuits, in order that they may boost Guyana's economic and social development possibilities.

Each University of Guyana participant on the Career Coach Programme is given the tools to prepare for success in the world of work, from résumé development to interviews. Understanding professionalism at the start of their careers gives them a much needed advantage for successful entry-level readiness. This augurs well for the local labour force, the nation and indeed the Region as a whole.

The twin concept of holistic Social Development for a better future for our country, could not be complete without us filling the gaps in areas of social need. With the Power to Help and Care, our vision is to carefully craft and execute comprehensive programmes aimed at addressing specific everyday social needs, lack of opportunity and means of improvement.

One of the major projects in this area is the refurbishment and maintenance of the Promenade Gardens – a lead heritage site, faced with the challenge of decay and disrepair. Over the past four years, this site has been transformed, and is once again enjoyed by local



community residents and visitors alike, as a primary place for relaxation and renewal.

Deeds of Covenant in favour of entities with responsibility for the aged, the orphaned, and the disabled, ensure that we continue to include these critical areas of need in our annual corporate giving.

The Republic Bank-sponsored room at the St. Joseph Mercy Hospital allows patients in need, an opportunity to receive care at that hospital.

Our community outreach this year included support for the Theatre Guild Rehabilitation project, which saw the construction of a new theatre to allow local talent to blossom and grow, and for local communities to have a special place to which they can retreat for an evening of entertainment.

Understanding that the business of business is people, we have successfully worked with local communities, service organisations, institutions and government entities, to guide and collaborate on the execution of the various initiatives. We have much to be

proud of as we reflect on our community achievements over the years.

The achievements of the past four years of the Power to Make a Difference have helped us move closer to fulfilling our moral mandate as a driving force behind sustainable development. Much, however, remains to be done.

THE FUTURE

Looking back gives us impetus for the future as we enter the final year of our five year commitment to local community development. We have seen our Bank become the standard bearer for excellence in corporate philanthropy where giving back to our local communities is fast becoming the rule and not the exception. In this new era, Republic Bank (Guyana) Limited stands proud as the innovator. Our plan, as always, is to be part of the national solution, and to help the citizens of Guyana to realize their power to make a difference in their own lives and in the lives of others.

Management Discussion & Analysis

INTRODUCTION

Republic Bank (Guyana) Limited (the Bank), formerly National Bank of Industry and Commerce Limited which was renamed on June 5, 2006, is a subsidiary of Republic Bank Limited (RBL) and by extension, a member of the Republic Group. In addition to Guyana and Trinidad and Tobago, Republic Bank Limited has subsidiaries in Barbados, Grenada, Cayman Islands, and St. Lucia. The Bank, by virtue of a common parent company, is a related party to the other subsidiaries. The ultimate parent company of the Bank is CL Financial Limited, a company incorporated under the laws of Trinidad and Tobago.

The Bank, with a presence in each of the three counties of Guyana, offers a wide range of commercial banking services from each of its ten locations. The products and services offered have inherent flexibility and are specifically structured to satisfy the banking requirements of its many valued customers. To complement the in-branch services provided during business hours, the Bank, through its expanding range of Electronic products, ensures that customers' transactional needs are facilitated twenty-four hours a day. These include telephone banking, close to two hundred debit point-of-sale terminals at merchants throughout Guyana, Visa TravelMoney Card and a network of twenty-eight Automated Teller Machines, including five off the Bank's premises. The wide array of products and services offered by the Bank, inclusive of any-branch banking, reflects its progressive and continuous developmental focus to make maximum use of technology so as to further realise the concept of 'easy access' banking for its customers and other members of the general public.

The construction of the new branch at Camp and Robb Streets was completed, and the portfolios of the old Camp Street and Savage Street locations transferred

to this modern banking centre effective August 4, 2008. This billion-dollar facility which enhances the surroundings, is equipped with six Automated Teller Machines and adequate customer parking. Construction of the new Anna Regina Branch is well advanced and expected to be completed by April 2009. The Linden Branch was upgraded and the layout streamlined to improve efficiency and customer convenience.

The discussion and analysis of the financial position and performance of the Bank provided below should be read in conjunction with the Directors' report and audited financial statements presented on pages 14 to 16 and 6 to 65 respectively. These statements are published in Guyana dollars. Foreign amounts have been converted to Guyana dollars at the prevailing mid-rate on September 30th for each financial year. The following are the mid-rates for the major currencies as at September 30th:

	2008	2007
United States dollars	204.00	203.00
Pounds Sterling	365.00	387.50
Canadian dollars	195.00	190.00
Euros	282.50	262.50

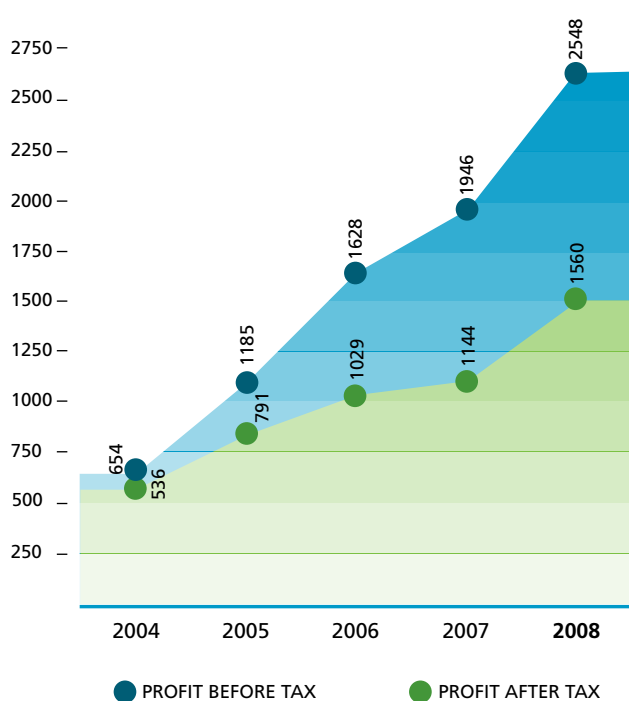
STATEMENT OF INCOME REVIEW

Financial Summary

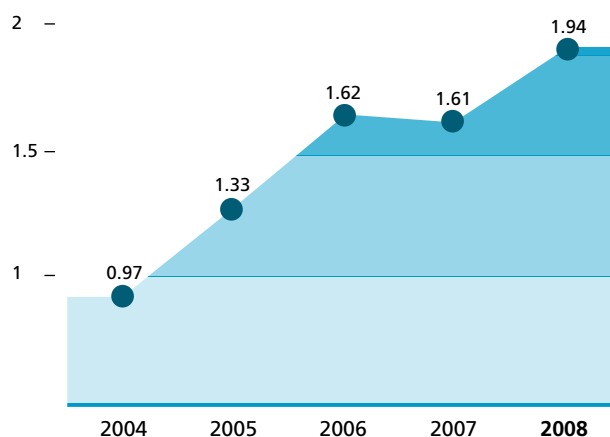
In fiscal 2008, the Bank recorded its highest ever after-tax profit. The year-on-year improved performance continued into 2008 with profit-after-tax increasing by \$415 million or 36.28%. Prudent risk management,

which culminated in a significant reduction in loan loss provision, controlled assets and liabilities management, and enhanced systems and procedures contributed to this achievement. With an after-tax profit of \$1,560 million, the financial performance of the Bank in 2008 continued the growth trend which started in 2002.

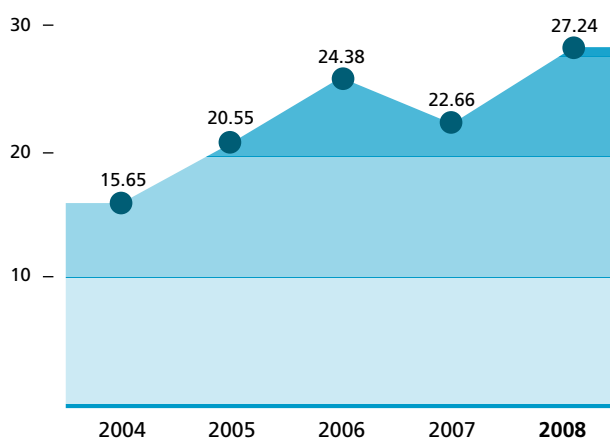
PROFIT BEFORE/AFTER TAX (\$MILLIONS)



RETURN ON AVERAGE TOTAL ASSETS (%)



RETURN ON AVERAGE OUTSTANDING EQUITY (%)



The Bank's return on average assets and return on average stockholders' equity are key measures of its financial performance and both ratios were positively impacted by the year-on-year growth realised in 2008. Return on average assets increased to 1.94% from the prior year's 1.61%, while return on average stockholders' equity improved from 22.66% to 27.24% in 2008. Earnings per stock unit also increased, moving from \$3.81 in 2007 to \$5.20 in 2008.

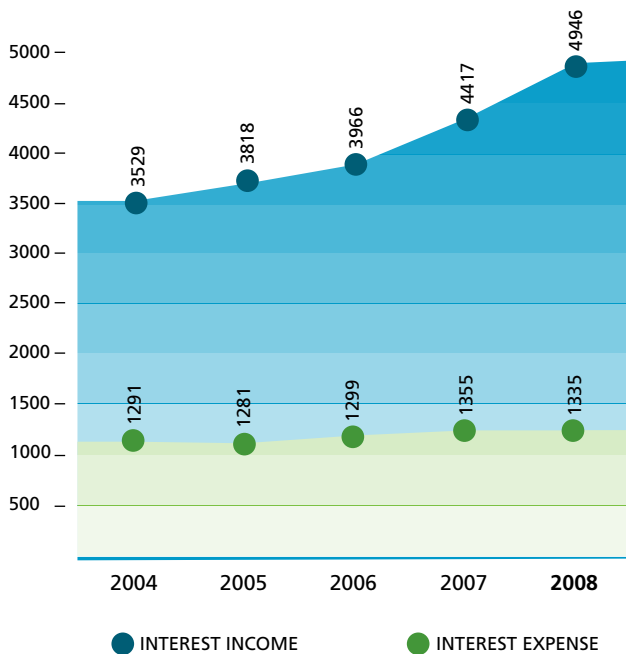
Net Interest and Other Income

Net interest income at \$3.61 billion exceeded the \$3.15 billion of 2007 by \$460 million or 14.60% and this is attributed primarily to the growth in interest income and tight management of interest expense.

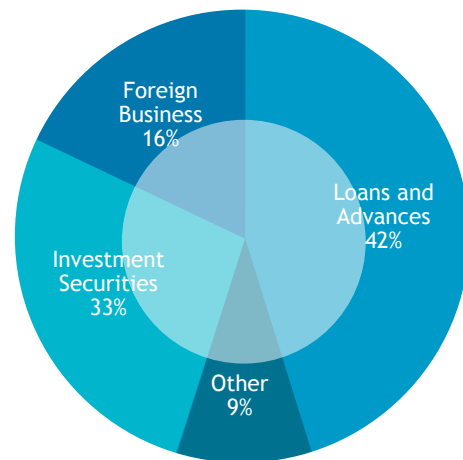
The ratio of the Bank's *average interest earning assets to average customer deposits*, continues to be around 86%, reflecting its resolve to make maximum use of customers' deposits, especially in an environment where investments and lending opportunities are scarce.

Management Discussion & Analysis

INTEREST INCOME/EXPENSE (\$MILLIONS)



SOURCE OF REVENUE



Non-interest expense

Non-interest expense, which comprises operating expenses, impairment loss on assets classified as held-for-sale and provision for loan losses, decreased by \$85 million or 3.10% when compared to prior year. This is attributed to the Bank enjoying a write-back on prior period provisioning, due largely to the improved quality of its loans, and robust cost control measures to counter ever-increasing operating costs.

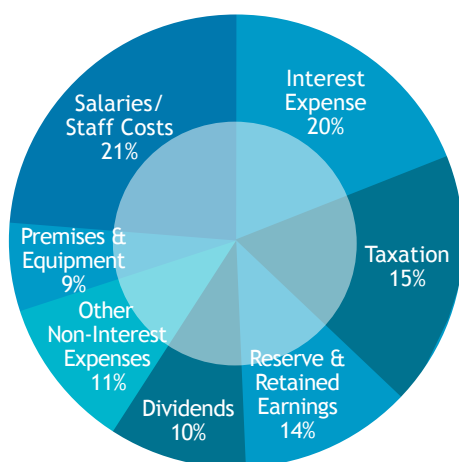
Operating expenses, which include staff costs, increased by \$172 million or 6.89% over 2007, to \$2.67 billion. This increase is less than that experienced in 2007 of \$201 million, and continues a trend that commenced in 2006, whereby absolute increases in operating expenses are being reduced year-on-year. This highlights the Bank's efforts at achieving cost efficiencies in its operations, despite general price increases of inputs. Staff costs at \$1.37 billion accounted for 51.33% of total operating expenses, and this represented an increase of \$116.2 million or 9.27% over 2007. This is in keeping with the Bank's thrust to train and retain its most valuable resource.

Interest paid on deposits for 2008 at \$1.33 billion, was lower than that of 2007 (\$1.36 billion).

Other Income which amounted to \$1.59 billion and contributed 24.25% to total income, exceeded the 2007 amount of \$1.53 billion by \$57 million or 3.70%. A more structured and aggressive approach to foreign exchange trading resulted in exchange gains for 2008 of \$1,020 million, an increase of \$142.1 million or 16.18% over 2007. Exchange earnings continue to be the main source of Other Income, contributing 64.19% (2007 - 57.30%) of the total.

Net interest and other income grew by \$517 million or 11.03% to \$5.20 billion in 2008 compared to the \$4.68 billion generated in 2007. This growth is consistent with the trend started in 2007 when the Bank enjoyed a double digit percentage growth in net interest and other income over prior year.

REVENUE DISTRIBUTION 2008



Impairment testing of *assets classified as held-for-sale* by reference to fair values resulted in the Bank having to reverse previously recognised losses of \$742 thousand in 2008 compared to \$10.5 million impairment loss in 2007.

In accordance with IAS 39, the Bank conducts an impairment review of each of its impaired loans annually. In 2008, the Bank enjoyed a write-back on previous years' impairment of \$17.56 million, representing a turnaround from prior year when the Bank booked \$228.15 million in provision for loan losses. Recoveries of loans that were previously written-off amounted to \$103.17 million (2007 - \$204.7 million). The result for 2008 is therefore a credit of \$120.73 million, compared to an expense in the Income Statement of \$23.48 million in 2007.

The Bank has set aside \$455.6 million in the General Banking Risk Reserve as discussed under Risk Management (Credit Risk) below. This represents a decline of \$106.4 million from the amount of \$562 million set aside in 2007 and is in keeping with Bank's Policy of maintaining 100% provision for its non-performing loans. This provision is in addition to the General provision made on its performing portfolio as per IAS 39, which is \$162.4 million at September 30, 2008.

The Bank's ratio of non-performing to performing loans as at September 30, 2008 improved to 3.07% from the prior year's 5.31%, and its ratio of provision for loan losses to non-performing loans increased to 54.99% from 49.66% in 2007. These figures reflect the enhanced credit control measures implemented, including higher levels of staff expertise in handling credit matters.

BALANCE SHEET REVIEW

Cash and cash equivalents

Cash and cash equivalents, which include cash-at-hand, deposits held with correspondent banks, claims on other banks, and balances in excess of the statutory deposit increased by \$1.20 billion year-on-year. This increase is due mainly to the increased excess over reserve requirements at Bank of Guyana, and higher transactional balances held, both due to the increased deposit portfolio. Our statutory deposit balance with Bank of Guyana increased by \$1.22 billion over the period.

Available-for-sale investment securities

Available-for-sale investment securities, which include Government of Guyana Treasury Bills (Treasury Bills) reflected a 7.61% or \$2.83 billion growth over the preceding year. The growth is concentrated in the Bank's investment in Treasury Bills which increased from \$23.20 billion to \$28.60 billion. This increase was negated by a sharp decline in our investment securities which consist of both overseas and locally originated investments, and which declined from \$14.06 billion to \$11.49 billion, highlighting the paucity of attractive investment opportunities, both locally and overseas. The average rate of return on available-for-sale investment securities was 5.05%, down from the 5.12% enjoyed last year, and

Management Discussion & Analysis

understandably so, given the mix of investments now favouring the more secure but lower yielding Treasury Bills which now represent 71% of the available-for-sale investment securities portfolio. At September 30, 2007, it was 62%.

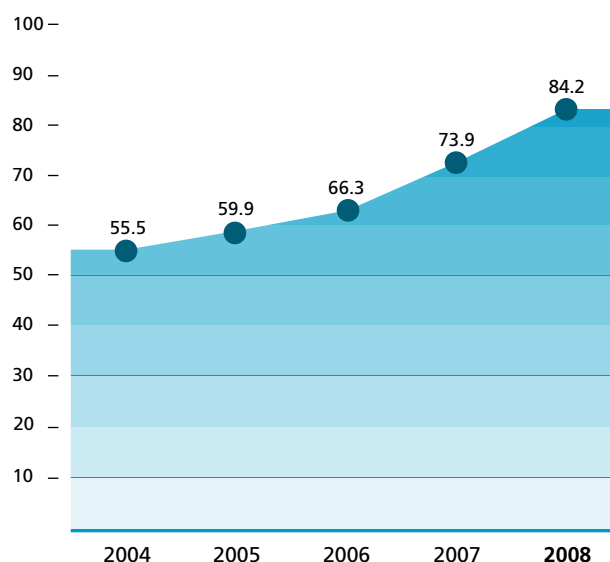
Advances

Advances grew by \$4.32 billion or 25.05% over the course of the year, moving from \$17.26 billion at the beginning of fiscal 2008 to \$21.59 billion at the end. The diversification of the Bank's loans and advances portfolio, which is a function of its credit risk management process, reflects percentage exposures to the different economic sectors that approximate those of the prior year. Double digit percentage increases were recorded in each of the broad categories of lending, with the Other Advances portfolio recording the highest increase year-on-year at 26.69%. As a percentage of total assets, loans and advances accounted for 25.56%, up from the 23.27% achieved in 2007.

Total assets

Total assets increased by \$10.30 billion or 13.95% and are accounted for mainly by the growth in available-for-sale investment securities and Treasury Bills of \$2.83 billion, and loans and advances of \$4.32 billion over the preceding year. The increase in the former is fuelled by the increased liquidity within the banking system.

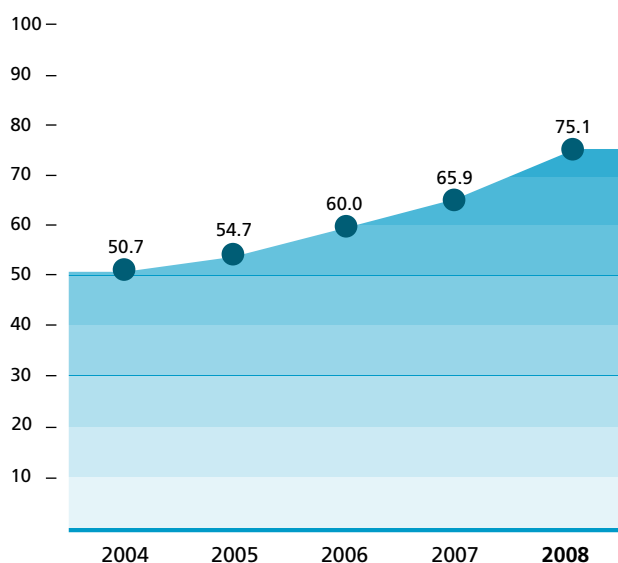
TOTAL ASSETS (\$BILLIONS)



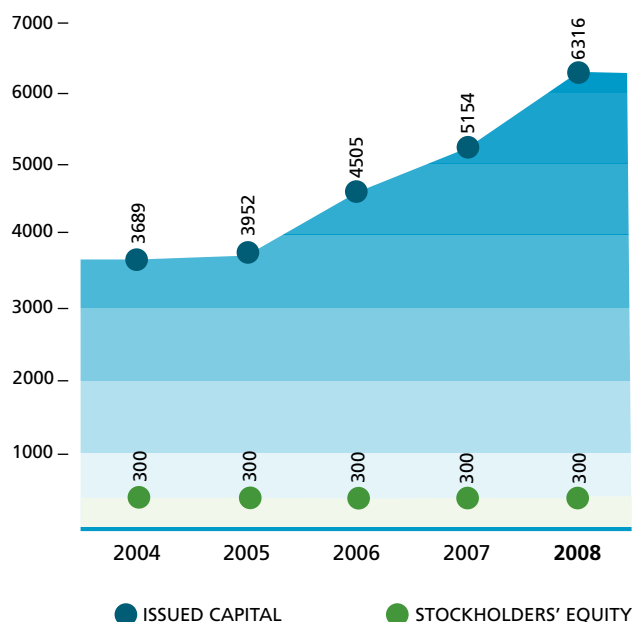
Deposits

The Bank's asset growth was funded mainly from deposits, which had an overall portfolio increase of \$9.21 billion or 13.98%, which is significantly higher than prior year at 9.70%. In fact, the growth evidenced this year is the highest over the past five years and is due to a combination of the Bank being the leading financial institution in the country and the high liquidity in the system. Savings deposits, the most stable of the three categories of deposits, grew by \$7.07 billion or 15.65% and accounted for 76.71% of the overall increase.

TOTAL DEPOSITS (\$BILLIONS)



ISSUED CAPITAL AND STOCKHOLDERS EQUITY (\$MILLIONS)



CAPITAL STRUCTURE AND RESOURCES

The Bank's policy is to ensure capital growth, minimise capital impairment, and maintain a practical correlation between capital resources and its business risks. The Bank's lending limits are statutorily linked to its capital base. Stockholders' equity increased by \$1.16 billion to \$6.32 billion after \$1.559 billion was transferred from the Statement of Income, \$525 million distributed to stockholders, and \$126 million taken to Other Reserves due to revaluation of available-for-sale securities done in accordance with IFRS 7 disclosure requirements.

Total dividends paid and proposed for fiscal 2008 amount to \$645 million, an increase of 22.86% over the \$525 million payout for 2007. This equates to a dividend payout ratio of 41.35% (2007 - 45.89%).

During the year, 127,390 of the Bank's stocks (2007-156,300) were traded on the Guyana Stock Exchange at prices ranging from a low of \$35.00 to a high of \$55.00, with an average weighted price of \$39.72. In terms of both volume of stocks traded and number of trades effected, most were done at a unit price of \$40.00. Using the Market Weighted Average Price of \$42.00 from the last trade date (September 22, 2008) for the Bank's stocks, the price/earnings ratio is 8.08 (2007 - 11.02). The net asset value of one unit is \$21.05 (2007 - \$17.18) which, with a price of \$42.00 gives a price/book ratio of 2.00:1 (2007 - 2.44:1).

Regulatory capital

Capital adequacy is monitored by the Bank on a monthly basis and is computed based on guidelines developed by the Basle Committee on Banking Regulations and Supervisory Practice (the Basle Committee), as implemented by the Bank of Guyana.

Management Discussion & Analysis

The risk-based capital guidelines require a minimum ratio of capital to risk-weighted assets of 8%. The results for this year have further strengthened the Bank with the capital adequacy ratio improving to 15.42% from 14.21% at the end of fiscal 2007. The Bank's capital base grew from \$5.15 billion to \$6.32 billion year-on-year. This improvement provides a solid platform for future growth and expansion.

RISK MANAGEMENT

Overview

Risk has two components: uncertainty and exposure. Unless both are present there is no risk. A number of risks are inextricably associated with the various core business activities of the Bank. The level of growth and success realised is directly dependent on the scope of the mitigating factors implemented by the Bank to negate or significantly reduce these risks. Risk management is an integral part of the Bank's general operating structure and during the course of its daily business activities, and on an ongoing basis, the Bank manages these risks, among which credit risk, interest rate risk, market risk, liquidity risk, foreign currency risk and operational risk are at the forefront.

While the Bank has developed its own framework for managing risks, Republic Bank Limited, its parent company, provides the overall supporting structure and guidance, thereby ensuring that all aspects of risk management are adequately covered and there is uniformity in approach.

The Bank's Asset/Liability Management Committee (ALCO), meets on a fortnightly basis to review non-credit and non-operational risks. The Committee's task of managing liquidity, interest rate, foreign exchange and market risks is facilitated by various tools such as gap

analysis, interest rate analysis, and exposure limits. The Bank's investment policy document defines the instruments to be considered and sets out limits for the maturity ladder and asset class weightings of the portfolio.

The Bank's framework for managing each of these risks is outlined below.

Credit Risk

Credit risk is the risk due to uncertainty in a counterparty's ability to meet its obligations in accordance with the agreed terms and conditions. In managing credit risk, the Bank's objective is to maintain its exposure at an acceptable level that will provide the highest risk-adjusted rate of return. The extension of credit is one of the core activities of the Bank and hence the effective management of credit risk is critical to its future success.

The Bank's credit risk management process operates on the basis of a hierarchy of discretionary authorities and at the higher end includes risk assessment by the Risk Management Unit of Republic Bank Limited. Credit proposals are reviewed by a team of credit analysts to ensure viability and compliance with the various stipulated guidelines.

Credit risk management is done at the individual account level. The level of monitoring is determined by the outcome of the risk evaluation. For facilities that show signs of deterioration, corrective measures are implemented immediately. In instances where recovery of the outstanding liability is remote, such accounts are relegated to non-performing status.

Loan loss provisions are set aside in accordance with International Financial Reporting Standards to cover any potential loss in respect of non-performing debts. Any excess in provisioning requirements in accordance with the Financial Institutions Act is appropriated from retained earnings to a general banking risk reserve account. Review of provisioning requirements is done

on a quarterly basis and recommended provisions are submitted to the Board of Directors for approval. Non-performing debts recommended for write-off are also reviewed quarterly and action taken in accordance with the International Financial Reporting Standards.

Market Risk

Market risk is risk which is common to an entire class of assets or liabilities that may be affected by changes in market variables such as interest rates or foreign exchange rates that impact large portions of the market. Changes in asset allocation and portfolio diversification offer some measure of protection against market risk since all sectors of the market do not underperform at the same time.

Interest Rate Risk

Interest rate risk is the exposure of interest bearing assets and liabilities to fluctuations in interest rates and the accompanying changes in their carrying values. Accepting and operating with interest rate risk are integral to the Bank's core business activities but constant monitoring ensures that this risk exposure is properly managed.

Currency Risk

Currency risk is the risk of exposure to unfavourable changes in foreign currency exchange rates. The Bank has established holding limits on each foreign currency in its operations to reduce currency risk exposure. As far as possible funding requirements are matched in the same currency.

The Bank's foreign currency denominated assets and liabilities are converted at the mid-rate to Guyana dollars and any gains or losses are recognised in the Statement of Income.

Liquidity Risk

Liquidity risk is the potential that the Bank will be unable

to satisfy its cash outflow commitments as they fall due because of its inability to liquidate assets or source adequate funding. Liquidity management focuses on ensuring that the Bank has adequate liquid resources to meet all of its obligations.

Deposits are the primary source of funding used to provide liquidity, with most of this funding provided by the Bank's core deposits. The interbank market is accessed for overnight funding needs. Short term deposits and money market fund accounts can also provide additional liquidity as required. Treasury Bills provide another source of funding since they can be sold to the Bank of Guyana at any time within three months to maturity or traded in the interbank market.

The Bank's daily funding needs are managed by its Finance and Planning Department.

Operational Risk

Operational risk is the risk of financial or reputational loss resulting from inadequate or failed internal controls, operational procedures or their support systems, or from external events. Operational risk is associated with all aspects of the Bank's activities. It includes errors, omissions, disasters and frauds.

While it is recognised that such risk can never be eliminated, the Bank nevertheless manages this risk through its documented systems and procedures to monitor and record transactions. Various audit checks are performed in keeping with established procedures to minimise operational risk.

The Internal Audit Department of the Bank and that of its parent company are integrally involved in reviewing and implementing systems and procedures to combat operational risk. The Department, through its random inspections and internal verification processes, is tasked with ensuring that the integrity of its operations is maintained at all times.

Statement of Corporate Governance Practices

Corporate Governance refers to the system by which companies are led and managed, the structure and role of the Board of Directors, relations with stakeholders, and the framework of internal control. The Board of Directors of Republic Bank (Guyana) Limited is committed to proper standards of Corporate Governance and maintaining these standards at the highest level. We continuously monitor our systems and procedures to ensure that our standards are in keeping with the best practice as determined by the Principles of Corporate Governance. The Bank is also guided by the Recommendations for a Code of Corporate Governance issued by the Guyana Securities Council, and Supervision Guideline No. 8 issued by the Bank of Guyana under the authority of the Financial Institutions Act 1995. The Bank has adopted the recommendations contained in that Guideline.

The Board of Directors comprises ten directors including two Executive Directors. The Non-Executive Directors comprise persons with extensive experience in both business and finance. Five of these directors are independent and provide invaluable input at meetings through their personal values and standards arising out of their varied and distinct backgrounds. Together the Board members provide entrepreneurial leadership within a framework of prudent and effective controls. The two Executive Directors ensure that all pertinent information relevant to the Bank's operations and other necessary information are provided to members of the Board of Directors.

The Board is charged with the mandate to lead the Bank forward along a path of greater profitability without compromising the Bank's sound financial position while ensuring compliance with applicable laws. Pursuant to the mandate to ensure that the interests of the various stakeholders are considered, the Board of Directors meets on a quarterly basis while the Executive Sub-Committee of the Board, comprising eight Board members, meets monthly for the remaining eight months. The Managing Director's responsibilities and authorities are documented and approved by the

Board of Directors. Limits on credit dispensation, capital and operating expenditures are stated specifically in the Managing Director's authorities.

In accordance with the Bank's By-Laws, three directors retire from the Board annually and may offer themselves for re-election at the Bank's Annual General Meeting.

The following Board committees exist to ensure the Bank's commitment to maintaining the highest standards of Corporate Governance:

AUDIT COMMITTEE

The members of the Audit Committee are

Chairman

Roy E. Cheong

Members

David J. Dulal-Whiteway

Richard I. Vasconcellos

Alternate Member

John G. Carpenter

The Audit Committee of the Board meets at least quarterly to review the Bank's system of internal control, financial reporting process, audit and inspection process, and compliance with statutory and regulatory laws. When necessary, the Audit Committee is responsible for reviewing the independence, competence and qualifications of the Independent Auditors who receive notice of every meeting of the Audit Committee and may attend as of right. The Bank's Manager - Internal Audit, reports directly to the Audit Committee. The Internal Audit Department conducts periodic examinations of all aspects of the Bank's operations to ensure that management's controls for the integrity and fairness of the financial statements and accounting systems are adequate and being complied with.

COMPENSATION COMMITTEE

The members of the Compensation Committee are:

Chairman

Nigel M. Baptiste

Members

William H. Pierpont Scott

Derwin M. Howell

Alternate Member

Roy E. Cheong

This Committee, which meets at minimum once per year, is responsible for formalizing the Bank's remuneration policy for all staff.

OTHER RISKS COMMITTEE

The members of the Other Risks Committee are:

Chairman

John G. Carpenter

Members

Roy E. Cheong

Derwin M. Howell

Alternate Member

William H. Pierpont Scott

This Committee, which meets quarterly, is responsible for reviewing policies and procedures and to ensure that the Bank is not exposed to unnecessary risk with respect to its operations.

In keeping with good corporate governance practices, the executive directors are charged with the day-to-day management of the Bank's business and they are ably assisted by a competent and experienced management team. The Board of Directors has approved an organisational structure for the Bank which ensures a reporting structure with prudent and effective controls. The Managing Director and senior management are appointed by the Board of Directors.

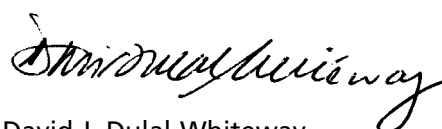
The Board of Directors ensures that the compensation for staff is competitive. The package consists of basic salary and performance-based incentives. The performance of each staff member is evaluated annually based on individual and collective performance criteria.

Cognisant of the need to monitor transactions with related parties, the Bank has approved a related party policy which is consistent with the requirements of the Financial Institutions Act 1995.

The Bank regards its business and the banking affairs of its customers and clients as confidential, and has established rules to ensure the highest ethical standards in this regard. These rules pertain to honesty and integrity, integrity of records, client privacy, proprietary bank information, and non-discrimination, among others.

The Independent Auditors have full and free access to, and meet, when necessary, with the Audit Committee to discuss their audit and findings as to the integrity of the Bank's financial and accounting reporting, and the adequacy of the system of internal controls.

SIGNED ON BEHALF OF THE BOARD



David J. Dulal-Whiteway

Chairman

Management's Responsibility for Financial Reporting

The financial statements which follow were prepared by the management of Republic Bank (Guyana) Limited.

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 International Financial Reporting Standards, the Companies Act 1991, the Financial Institutions Act 1995, and the Securities Industry Act 1998, some amounts must of necessity be based on the best estimates and judgement 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 are maintained. These controls include quality standards in hiring and training of employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The system of internal controls is further supported by the Bank's Internal Audit Department and that of the parent company, both of which conduct periodic inspections of all aspects of the Bank's operations. From time to time, the Bank Supervision Department of the Bank of Guyana carries out examinations of the Bank's operations under the Financial Institutions Act 1995.

Messrs Ram & McRae, the Independent Auditors appointed to report to the stockholders of the Bank, have audited our financial statements in accordance with International Standards on Auditing.

We have disclosed to the Auditors all matters known to us which may have a material effect on the accounts presented. The Auditors have full and free access to the Audit Committee of the Board of Directors to discuss their audit and their findings as to the integrity of the Bank's financial reporting and the adequacy of the system of internal controls. The Audit Committee comprises directors who are not employees of the Bank.



Edwin H. Gooding
Managing Director



John N. Alves
Corporate Secretary