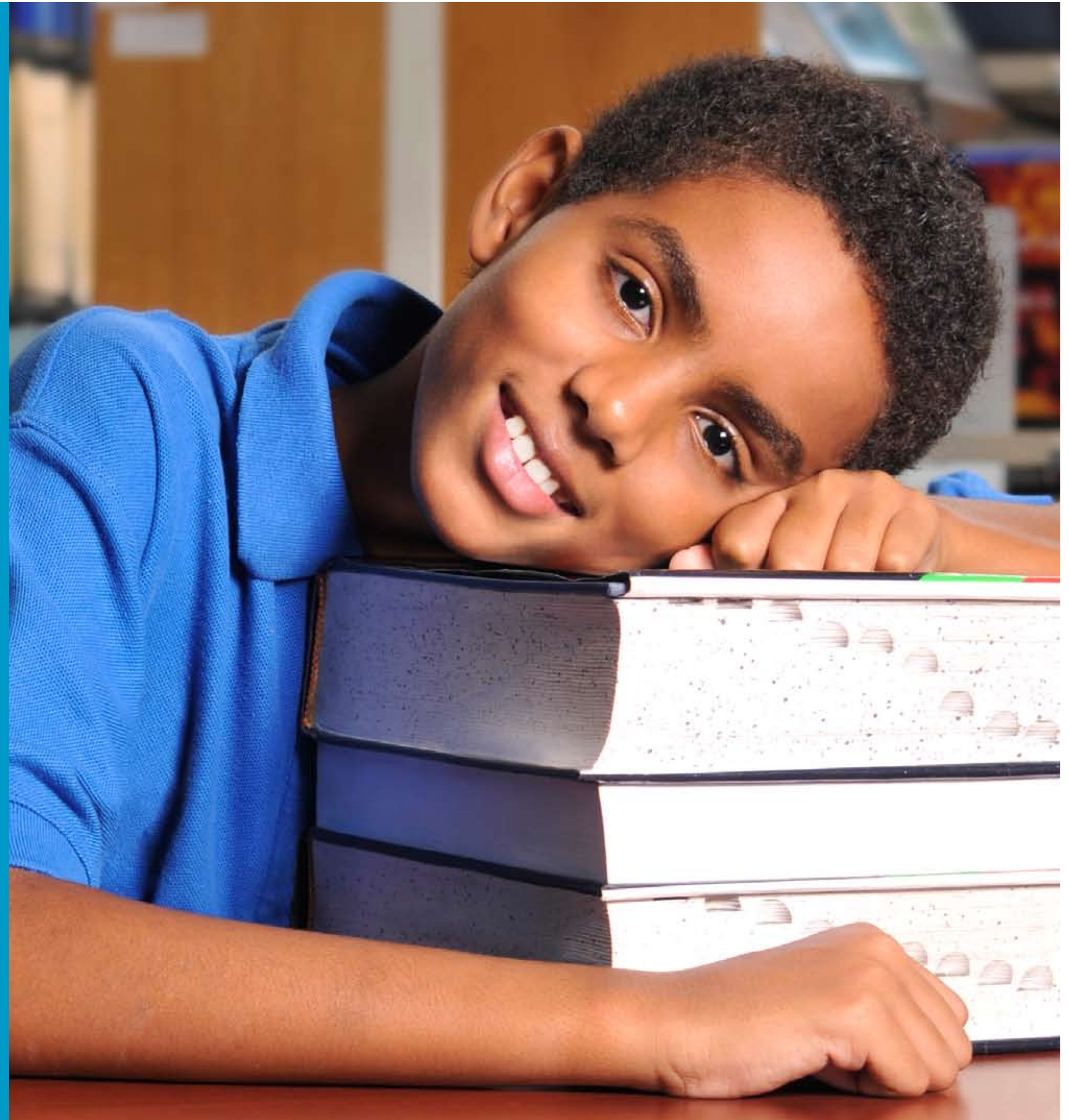


At Republic Bank, the needs of our customers, staff, stockholders and communities are of paramount importance. Wherever and whenever we are called to do so, we give our best in service to the people that have made us the Financial Institution of Choice in the Caribbean.

As we strive to satisfy their individual financial and aspirational needs, we are always aware of our connection with the larger community and our commitment to sustainable social development.

With this in mind, we have once again championed another era of our Power to Make a Difference programme, thus giving our unyielding assurance to the socially marginalised, the elderly, the youth and the differently able.

Making a positive difference in the lives of others: as a Group, this is our purpose; as our brothers' and sisters' keepers, it is our privilege.



## 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 Personalized,  
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.

## Contents

6	Notice of Meeting
7	Corporate Information
8	Financial Summary
9	Financial Highlights
10	Board of Directors
14	Directors' Report
18	Chairman's Review
22	Managing Director's Report
26	Bank Profile
28	Management Teams
32	Making a Difference in Communities
40	Power to Make a Difference
42	Management Discussion and Analysis
50	Statement of Corporate Governance Practices
52	Management's Responsibility for Financial Reporting
4	Auditors' Report
6	Balance Sheet
8	Statement of Income
9	Statement of Changes In Equity
10	Statement of Cash Flows
12	Notes to the Financial Statements

## Notice of Meeting

### ANNUAL MEETING

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of Republic Bank (Guyana) Limited will be held at Pegasus Hotel Guyana, Seawall Road, Kingston, Georgetown, on Monday, December 14, 2009 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, 2009.
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 N. Alves, Mr. Edwin H. Gooding and Mr. William H. Pierpont Scott
3. To re-appoint the Auditors, Messrs Ram & Mc Rae.

And the following special business namely:

4. 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.
5. 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 26, 2009.

### 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 G\$10 revenue stamp and be 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, BSc (Mgmt. Studies), MBA, CGA

Managing Director  
EDWIN H. GOODING, B. Comm, Executive MBA

Executive Director/Corporate Secretary  
JOHN N. ALVES, F.I.C.B.

### NON-EXECUTIVE DIRECTORS

Chartered Insurer  
ROY E. CHEONG, A.A., F.C.I.I., F.L.M.I., C.L.U.

Executive Director, Republic Bank Limited  
NIGEL M. BAPTISTE, BSc (Econ.) (Hons.), MSc (Econ.), A.C.I.B.

Financial Director, William H. Scott Limited  
WILLIAM H. PIERPONT SCOTT, F.C.C.A., CA

Chairman, Board of Directors, Hand in Hand Fire and Life Insurance Company Limited  
JOHN G. CARPENTER, BSc (Food Sciences)

Chairman, A.N.K. Enterprises Inc.  
RICHARD I. VASCONCELLOS

General Manager, Commercial and Retail Banking  
Republic Bank Limited  
DERWIN M. HOWELL, BSc (Elec. Eng.), MSc (Telecom.), Executive MBA, C.Eng., M.I.E.T., M.I.E.E.E.

Retired Senior Banking Executive, Republic Bank (Guyana) 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

### ATTORNEYS-AT-LAW

MESSRS CAMERON & SHEPHERD  
2 Avenue of the Republic  
Robbstown  
Georgetown, Guyana  
South America

### AUDITORS

MESSRS RAM & MC RAE  
Chartered Accountants  
157 'C' Waterloo Street  
North Cummingsburg  
Georgetown, Guyana  
South America

## Financial Summary

All amounts are in thousands of Guyana Dollars

	2009	2008	2007	2006	2005
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cash resources	16,265,080	16,525,468	14,099,445	16,034,183	9,687,916
Investment securities	11,197,128	11,493,650	14,060,238	29,743,194	30,272,247
Loans and advances	23,302,210	21,586,811	17,262,689	15,895,333	14,958,203
Total assets	89,333,140	84,174,720	73,869,729	66,276,602	59,933,723
Total deposits	79,204,292	75,122,519	65,909,096	60,078,668	54,780,820
Stockholders' equity	7,466,787	6,316,412	5,154,309	4,505,699	3,952,631
Net profit after taxation	1,821,457	1,559,697	1,144,418	1,028,938	790,968
Earnings per stock unit in dollars (\$)	6.07	5.20	3.81	3.43	2.64
Return on average assets (%)	2.06	1.94	1.61	1.62	1.33
Return on average equity (%)	25.89	27.24	22.66	24.38	20.55

## Financial Highlights

All amounts are in thousands of Guyana Dollars

	2009	2008	Change	% change
<b>INCOME STATEMENT</b>				
Interest and other income	7,213,136	6,534,929	678,207	10.38
Interest and non-interest expenses	(4,290,403)	(3,986,337)	(304,066)	(7.63)
Net profit before taxation	2,922,733	2,548,592	374,141	14.68
Taxation charge	(1,101,276)	(988,895)	(112,381)	(11.36)
Net profit after taxation	1,821,457	1,559,697	261,760	16.78
<b>BALANCE SHEET</b>				
Loans and advances	23,302,210	21,586,811	1,715,399	7.95
Total assets	89,333,140	84,174,720	5,404,420	6.42
Average assets	88,294,780	80,487,627	7,807,153	9.70
Deposits	79,204,292	75,122,519	4,081,773	5.43
Equity (capital and reserves)	7,466,787	6,316,412	1,150,375	18.21
Average outstanding equity	7,035,732	5,725,709	1,310,023	22.88
<b>COMMON STOCK</b>				
Earnings in dollars per stock unit	6.07	5.20	0.87	16.73
Dividend for the year (in thousands of Guyana dollars)	750,000	645,000	105,000	16.28
Stock Units (in thousands)	300,000	300,000	0	0.00
<b>GENERAL</b>				
Number of:				
Stockholders	1,187	1,186	1	0.08
Common stock outstanding (in thousands)	300,000	300,000	0	0.00
Active savings, chequing and deposit accounts	168,925	160,787	8,138	5.06
Employees	583	571	12	2.10
Banking offices	10	10	0	0.00



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

# The Board of Directors

# The Board of Directors

## DAVID J. DULAL-WHITEWAY

BSc (Mgmt. Studies), MBA, CGA

David J. Dulal-Whiteway, Managing Director of Republic Bank Limited has been a banker for the past twenty-one years. He is a graduate of the University of the West Indies and the University of Western Ontario and sits on several Boards within the Republic Bank Group. He is also the Chairman of the Foundation for the Enhancement and Enrichment of Life (FEEL), a non-profit organization. Mr. Dulal-Whiteway was honoured in 2009 by the Institute of Banking and Finance of Trinidad and Tobago for his contribution to the development of banking in Trinidad and Tobago.

## EDWIN H. GOODING

B. Comm., Executive MBA

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 Incorporated and Republic Bank (Grenada) Limited as Managing Director (Ag.). Mr. Gooding is a member of the Board of Directors of the Caribbean Association of Indigenous Banks.

## 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-five years and currently serves as the General Manager, Credit.

## NIGEL M. BAPTISTE

BSc (Econ.) (Hons.), MSc (Econ.), A.C.I.B.

Nigel M. Baptiste is an Executive Director of Republic Bank Limited. He is a First Class Honours Graduate of the University of the West Indies, an Associate of the Chartered Institute of Banking in England and a graduate of the Stonier Graduate School of Banking in the United States of America.

## JOHN G. CARPENTER

BSc Food Sciences

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

## ROY E. CHEONG

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

R. Errol Cheong, a Chartered Insurer by profession, retired as Managing Director of the GTM Group of Insurance Companies but remains associated with the Group as a non-executive Director. 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 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 National Working Group on the private sector and the Millennium Development Goals, and a member of the National Tripartite Committee's sub-committee on HIV/AIDS – Workplace Education Programme.

## DERWIN M. HOWELL

BSc (Elec. Eng.), MSc (Telecom.), Executive MBA, C.Eng., M.I.E.T., M.I.E.E.E.

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 Point of Sale Networks. He also spent an eleven 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 MSc 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., CA

William H. Pierpont Scott is the Financial Director of William H. Scott Limited of Trinidad and Tobago, a Director of Republic Bank Limited, Republic Finance and Merchant Bank Limited (FINCOR) and Republic Securities Limited. He is also a Fellow of the Association of Chartered 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, 2009.

## PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS	2009	2008
(in thousands of Guyana Dollars)		
Net income after taxation	1,821,457	1,559,697
Interim dividend paid	225,000	195,000
Retained earnings	1,596,457	1,364,697
Final dividend proposed	525,000	450,000

## DIVIDENDS

An interim dividend of \$0.75 per stock unit (\$225.0 million) was paid during the year and a final dividend of \$1.75 per stock unit (\$525.0 million) for the year ended September 30, 2009 is recommended. This will bring the total payout for the year to \$750.0 million.

## CAPITAL AND RESERVES

Capital and reserves other than retained earnings total \$1,096 million as shown in the Statement of Changes in Equity.

Retained earnings at September 30, 2009 is \$6,370 million (2008 - \$5,078 million) after a transfer of \$146 million from the General Banking Risk Reserve, \$675 million paid out as dividends (final 2008 - \$450 million, interim 2009 - \$225 million), and \$1,821 million transferred from the Statement of Income for 2009.

## DONATIONS

Donations to charitable or public causes for the year were \$20.4 million (2008 - \$26.2 million), emphasizing the Bank's strong social investment policy.

## 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	
	2009	% held	2008	% 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	14,673,760	4.89	15,798,760	5.27
Trust Company (Guyana) Limited	15,680,333	5.23	15,624,333	5.21

## DIRECTORS

In accordance with the Bank's By-Laws, Messrs Edwin H. Gooding, John N. Alves and William H. Pierpont Scott retire from the Board by rotation and being eligible, offer themselves for re-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 trading and deposit taking. The contribution or cost from these activities to operating profit is disclosed in the Statement of Income.



# Directors' Report

## GEOGRAPHICAL ANALYSIS OF TURNOVER AND CONTRIBUTION TO RESULTS

The Bank operates only in Guyana but several investments are held overseas for which income of \$269.9 million (2008 - \$263.2 million) was earned during the year. *Please refer to Note 21 of the financial statements for further information.*

## 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	
	2009	2008
Mr. John G. Carpenter	150,000	150,000
Mr. Roy E. Cheong (75,000 held jointly with an associate, and 12,000 held by an associate)	87,000	87,000
Mr. John N. Alves (held jointly with an associate)	75,000	75,000
Mrs. Yolande M. Foo* (held jointly with an associate)	315,000	315,000

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

DIRECTORS' FEES (\$)	2009	2008
Mr. Edwin H. Gooding	1,200,000	1,200,000
Mr. Nigel M. Baptiste	1,200,000	1,200,000
Mr. John G. Carpenter	1,560,000	1,560,000
Mr. Roy E. Cheong	1,560,000	1,560,000
Mr. David J. Dulal-Whiteway	2,940,000	2,940,000
Mr. Derwin M. Howell	1,200,000	1,200,000
Mr. Richard I. Vasconcellos	1,560,000	1,560,000
Mr. William H. Pierpont Scott	1,560,000	1,560,000
Mr. John N. Alves	1,200,000	1,200,000
Mrs. Yolande M. Foo	1,560,000	1,170,000

## DIRECTORS' SERVICE CONTRACTS

There are no service contracts with the directors proposed for election at the forthcoming Annual General Meeting, or with 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 \$75.72 million (2008 - \$74.05 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.



“As we enter 2010, we are mindful that although global conditions will continue to challenge us, we must keep pace with the forward momentum created by the aforementioned developments already taking place in Guyana”.



David J. Dulal-Whiteway

## Chairman's Review

# Chairman's Review

The Bank has recorded what can be considered a highly satisfactory performance with profit after tax reaching \$1,821 million, a 16.78% increase over the prior year's results. The Board has recommended a final dividend of \$525 million (\$1.75 per stock unit) which, if approved by stockholders at the Annual General Meeting, will bring the total dividend for the year to \$750 million (2008 - \$645 million), a total dividend payout ratio of 41.18%.

## ECONOMIC REVIEW

In 2008, Guyana's economy achieved Real Gross Domestic Product (GDP) growth of 3.1%, continuing the growth trend of 5.1% and 5.4% in 2006 and 2007 respectively. Further growth of 4.7% is projected for 2009.

The agricultural sector suffered a decline in total output due mainly to a 15.1% decline in sugar production which for many years has been its major contributor. Other sectors also recorded decline. This was however offset by the domestic rice industry's response to favourable price conditions through expanded cultivation resulting in the highest annual production in five years. The mining and quarrying sectors also recorded growth showing a 6.1% increase over 2007.

Inflation for 2008, which had been projected at 6.8% slowed to an actual rate of 6.4%, compared to 14% in 2007. This rate is expected to decline even further to 5.2% in 2009, and for the period January – June 2009, estimated inflation stood in the vicinity of 6%.

Both the Skeldon Sugar Factory and the Berbice Bridge were commissioned during the fiscal year. After some initial setbacks both projects seem poised to achieve their respective objectives - improvement in both quantity and quality of sugar production and increased economic activity in the Berbice region through greater connectivity.

The long awaited Takutu Bridge was also commissioned and already there is evidence of heightened economic activity and general interest by local and foreign investors in Lethem.

## FUTURE OUTLOOK

As we enter 2010, we are mindful that although global conditions will continue to challenge us, we must keep pace with the forward momentum created by the aforementioned developments already taking place in Guyana.

We expect to see positive growth in GDP led by the agricultural sector, predominantly sugar. Growth in residential and commercial construction is also expected to continue, while in the area of energy and power generation, efforts will be concentrated on modernizing and improving the reliability and efficiency of the supply through the acquisition of new generating capacity.

Infrastructure for the development of Hydro Electric power is expected to be actively explored in 2010, in line with Government's long term strategic objective and the recently published Draft Low Carbon Development Strategy. Related infrastructural works include improving access to unused non-forested land; and improving fibre optic bandwidth to facilitate the development of low-carbon business activities. While this initiative is at a very early stage of development, its potentially positive impact on Guyana's economy in the years to come is significant.

Work on the upgrading of Ogle Airport to accommodate regional flights has begun with the extension of the runway in progress. The intention is for carriers in the region and neighbouring states with smaller aircraft to use this facility thereby providing greater convenience for passengers. This is expected to generate increased passenger traffic and new economic activity as a result.

We are encouraged that the stability of the economic and political climate is being sustained, thus providing the kind of environment which supports more private-sector-driven investment and economic growth.

Republic Bank (Guyana) Limited remains committed to the future development of Guyana and we have demonstrated our commitment in tangible ways.

Construction of and relocation to our new Anna Regina Branch was completed in June, bringing an added dimension to banking services on the Essequibo Coast. This branch now provides our customers and staff with more spacious and convenient premises to meet their current needs with adequate room to accommodate future growth. We have also recently begun construction of a new branch at Diamond – a thriving community on the East Bank Demerara – and completion of this new facility is expected towards the end of 2010.

In response to an identified need for banking services at Timehri, East Bank Demerara, an Automated Teller Machine facility was established at Cheddi Jagan International Airport. This location has adequate space for future expansion.

Our Bank launched the first International Debit Card in Guyana, the Republic Visa OneCard which gives our customers access to their account in Guyana from anywhere in the world where Visa is accepted. The technology platform used to support this card will facilitate the introduction of many new and innovative products and services during the new fiscal year.

## ACKNOWLEDGEMENTS

I wish to thank the Management and Staff for another year of hard work and dedication which undoubtedly contributed to the Bank's highly satisfactory performance.

I extend my sincere gratitude to our loyal customers and stockholders, and acknowledge my fellow Directors for their continued support and look forward to working with them to ensure the future success of the Bank.



“We are confident of the future and are committed to Guyana’s long term development. We shall continue to invest in the training and development of our human resources, the construction of new premises and improved technology to raise the bar on the quality of banking services in the communities which we serve”.



Edwin H. Gooding

## Managing Director’s Report

# Managing Director's Report

I am pleased to report that the Bank has achieved another commendable performance, recording growth in both our asset base and profitability in a year characterised by the uncertainties which linger on after the crises in the global financial system. Over the year, we focused much of our attention on our key objectives of ensuring a consistently high level of customer satisfaction and employee engagement, growing our revenues and controlling our costs while maintaining our leadership position in corporate social responsibility through the Power to Make a Difference, Republic Bank's signature Social Investment initiative.

## FINANCIAL PERFORMANCE

We produced an after-tax profit of \$1,821 million, up \$262 million or 16.78% on the \$1,559 million recorded in 2008. As a result of this performance, the Bank recorded Return on Assets and Return on Equity of 2.06% and 25.89% respectively. Earnings per share increased from \$5.20 to \$6.07.

The Bank's balance sheet increased by \$5.16 billion or 6.13% driven in large part by the increase in the deposits portfolio which improved by \$4.08 billion. Notwithstanding the increase in the asset holdings the quality has improved, as evidenced by the non-performing loans to total loans ratio, moving from 3.07% at September 30 2008 to 1.90% at September 30, 2009.

## CUSTOMER SERVICE

Customer Service is our raison d'être. We continue to use a range of customer survey techniques to learn from our customers what we are doing right, what we can do better and what else we can do to improve and add value to their experience whenever they interact with us. Listening to our customers has paid off handsomely as our customers

gave us the highest rating ever for quality customer service in the industry in our latest independent Customer Service Survey. In the coming year, we plan to strengthen this two-way communication with our customers through our new and engaging Customer Care Programme. We recognise that it is only through genuinely caring for our customers that we can live our core value of "Customer Focus".

## HUMAN RESOURCES

Historically the adage that 'people are our greatest asset' has been a recurrent theme in many businesses and companies. This is no less true for Republic Bank (Guyana) Limited. Indeed, people are, without doubt, our organisation's most important resource. It is not surprising therefore, that we have continued to embrace the notion of continuous learning and development of our human resources.

In 2009, over 80% of our staff attended internal training programs in the broad areas of Banking, Communication and Service, Management and Supervision. Several Officers also participated in local external programs with focus on Leadership, Administrative and Secretarial support, and Training of Trainers. Additionally, staff performing the loaning function participated in a five-day Credit Analysis Techniques training program. Our staff also benefitted from training attachments at Republic Bank Limited.

Our scholarship programs continue to cater to the academic and professional development needs of our staff. Twenty-eight Officers, at various stages of their studies, are currently benefitting from our scholarship plans with the majority pursuing studies via distance learning.

In 2009, the first group of Youth Link Apprentices completed their seven-month stint with us, fulfilling the objectives outlined for the program. We continue to be the only financial institution offering such a program to our youths, and are pleased to report that the second group of

Youth Link Apprentices has commenced their assignment with us.

## TECHNOLOGY

With customer convenience always a foremost objective, technological infrastructural upgrades of our Electronic Banking System enabled improved Automated Teller Machine and Point of Sale efficiency and reduced equipment and transaction downtime.

Our Blue Machine service was expanded to provide additional service in response to growing demands at our branches in Linden, Rosignol and Anna Regina as well as the commissioning of new offsite ATMs at Bosai Minerals Group Guyana Incorporated in Linden and the first ever ATM service at the Cheddi Jagan International Airport.

Another significant technological milestone for the local financial sector was the launch of the Republic Visa OneCard, an international debit card that enables customers access to their deposit account from anywhere in the world where VISA is accepted.

## FUTURE OUTLOOK

The outlook for the Guyana economy is a positive one as indications are that the political climate will remain stable and the general investment and economic conditions will continue to improve. The impact of the global financial crisis on Guyana has been far milder than expected as the slowdown in remittances was not as drastic and the fluctuations in commodity prices not as volatile.

The Governments of Guyana and Brazil continue to have serious discussions on the Lethem-Linden road and the project to generate Hydro Electric Power is gaining momentum. Guyana also recently published its Draft Low

Carbon Development Strategy which sets a clear vision and plan to protect and maintain its forests in an effort to reduce global carbon emissions and at the same time attract resources for Guyana to grow and develop. Developing a Low Carbon economy requires fundamental re-orientation of Guyana's existing economy which may be some years off yet, but the potential benefits are significant.

We are confident of the future and are committed to Guyana's long term development. We shall continue to invest in the training and development of our human resources, the construction of new premises and improved technology to raise the bar on the quality of banking services in the communities which we serve.

## ACKNOWLEDGEMENTS

I extend my sincere appreciation to the members of the Republic Team for their unwavering support and commitment throughout a very challenging year.

I acknowledge our Board of Directors for their foresight and guidance and for being a great source of knowledge and inspiration.

And to our many loyal customers, thank you so much for giving us the opportunity to serve you.

# 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  
E-mail: [email@republicguyana.com](mailto:email@republicguyana.com)  
Website: [www.republicguyana.com](http://www.republicguyana.com)

## MANAGERS

Managing Director  
EDWIN H. GOODING, B.Comm, Executive MBA

General Manager, Credit  
JOHN N. ALVES, F.I.C.B.

Senior Manager, Corporate & Management Services  
PATRICIA PLUMMER, F.I.C.B.

Senior Manager, Corporate & Commercial Credit  
SASENARAIN JAGNANAN, A.I.C.B., Dip. (Banking & Finance)

Manager, Branch Operations  
DENISE E. HOBBS, Dip. (Business Mgmt.)

Corporate Manager, Corporate & Commercial Credit  
CHARLES H. BRUTON, BSc (Econ.)

Corporate Manager, Corporate & Commercial Credit  
CARLA F. ROBERTS, BSc (Accountancy)

Manager, Finance and Planning  
DEVAN KHEMRAJ, A.I.C.B., BSc (Accountancy) (Hons.), ACCA

Manager, Human Resources  
ANITA MOHABEER

Manager, Corporate Operations  
DENYS R. BENJAMIN

Manager, Legal Services  
CHRISTINE A. MCGOWAN, LLM (Merit), LLB (Dist.), L.E.C. (Hons.)

Manager, Marketing & Communications  
MICHELLE H. JOHNSON, MCIPR, MACC (Dist), P.G. Dip. CIPR,  
B. Soc. Sc. (Mgmt.) (Hons.)

Manager, Branch Support Services  
JOYCELYN T. NICHOLAS, B. Soc. Sc. (Mgmt.), Cert. Computer  
Programming & Operations

Manager, Information Technology  
YONETTE F. GREAVES, Dip. (Info. Services) LIMIS

## MAIN BANKING OFFICE

38-40 Water Street  
Georgetown, Guyana  
Telephone: (592)-226-4091-5, 226-1691-5  
Fax: (592)-227-2921  
SWIFT: RBGL GYGG  
E-mail: [WaterStreet.Branch@republicguyana.com](mailto:WaterStreet.Branch@republicguyana.com)

Manager, Water Street Operations  
JADOONAUTH PERSAUD, Dip. (Banking & Finance)

## OTHER BANKING OFFICES

ANNA REGINA BRANCH  
Lot 8 Anna Regina, Essequibo Coast  
Telephone: (592)-771-4171, 4778, 4779  
Fax: (592)-771-4085  
E-mail: [AnnaRegina.Branch@republicguyana.com](mailto:AnnaRegina.Branch@republicguyana.com)

Officer-in-Charge  
HARRY DASS GHANESS, ICB Letter of Accomplishment

CAMP STREET BRANCH  
78-80 Robb & Camp Streets, Georgetown  
Telephone: (592)-226-4911, 223-7433, 226-7267,  
225-0343-5  
Fax: (592)-226-4846  
E-mail: [CampStreet.Branch@republicguyana.com](mailto:CampStreet.Branch@republicguyana.com)

Manager  
SHERWYN L. GREAVES, A.I.C.B.

CORRIVERTON BRANCH  
Lot 5 #78 Corriverton, Corentyne, Berbice  
Telephone: (592)-335-3351, 3354, 3376  
Fax: (592)-335-3092  
E-mail: [Corriverton.Branch@republicguyana.com](mailto:Corriverton.Branch@republicguyana.com)

Manager  
CELINE E. DAVIS, ICB Letter of Accomplishment, B. Soc. Sc. (Mgmt.),  
P. G. Dip. (Development Studies)

LINDEN BRANCH  
101-102 Republic Avenue, Mc Kenzie, Linden  
Telephone: (592)-444-6951, 6952, 6090, 6001  
Fax: (592)-444-6008  
E-mail: [Linden.Branch@republicguyana.com](mailto:Linden.Branch@republicguyana.com)

Officer-in-Charge  
RANDULPH SEARS

NEW AMSTERDAM BRANCH  
16 Strand, New Amsterdam, Berbice  
Telephone: (592)-333-2633, 2639, 2706, 2215  
Fax: (592)-333-3432  
E-mail: [NewAmsterdam.Branch@republicguyana.com](mailto:NewAmsterdam.Branch@republicguyana.com)

Officer-in-Charge  
IMRAN SACCOOR

ROSE HALL BRANCH  
29 Public Road, Rose Hall Town, Corentyne, Berbice  
Telephone: (592)-337-4300, 4500, 4550  
Fax: (592)-337-4424  
E-mail: [RoseHall.Branch@republicguyana.com](mailto:RoseHall.Branch@republicguyana.com)

Manager (Ag.)  
LEON E. McDONALD, Dip. (Accounting) AAT, A.I.C.B.

ROSIGNOL BRANCH  
31-32 Public Road, Rosignol Village, West Bank Berbice  
Telephone: (592)-330-2219, 2680, 2683  
Fax: (592)-330-2681  
E-mail: [Rosignol.Branch@republicguyana.com](mailto:Rosignol.Branch@republicguyana.com)

Officer-in-Charge  
JOSEPH A. DOWNES, B. Soc. Sc. (Mgmt.) (Dist.)

VREED-EN-HOOP BRANCH  
27 'C' Stelling Road, Vreed-en-Hoop, West Coast Demerara  
Telephone: (592)-264-2367, 3106, 3107, 3108  
Fax: (592)-264-2605  
E-mail: [Vreed-en-Hoop.Branch@republicguyana.com](mailto:Vreed-en-Hoop.Branch@republicguyana.com)

Officer-in-Charge  
PATRICIA DENNISON, Dip. (Business Mgmt.)



Left to right:  
Michelle H. Johnson, Edwin H. Gooding,  
John N. Alves, Denise E. Hobbs,  
Denys R. Benjamin, Sasenarain Jagnanan,  
Sherwyn L. Greaves, Patricia Plummer

## Management Team



Left to right:  
Charles H. Bruton, Leon E. Mc Donald,  
Carla F. Roberts, Anita Mohabeer  
Jadoonauth Persaud, Devan Khemraj,  
Yonnette F. Greaves, Celine E. Davis,  
Christine A. McGowan

## Management Team





care

Republic Bank strives to embody the ideals that make each of us human. On this quest, the most ardently pursued ideal is compassion. This ideal is manifested in Republic Bank's local and regional investment in caring for the elderly, supporting the socially disadvantaged, providing opportunities for the youth and facilities for the differently able.

Over the past year, Republic Bank (Guyana) Limited has worked with members of the Governmental and Non-Governmental sectors to bring about positive change. With the aim of providing the means for advancement and a more dignified quality of life, the Bank has aligned itself with organizations such as: Palms Geriatric Institute, St. Joseph Mercy Hospital, Canaan Children's Home, Kamal's Home for the Orphaned, with Deeds of Covenant to the Guyana Red Cross Society, Ptolemy Reid Rehabilitation Centre, St. Ann's Orphanage, St. John Bosco Orphanage, Gentle Women's Association, Uncle Eddie's Home, Archer and Byer Homes, Radio's Needy Children's Fund, Dharm Shala and The Nazareth Home.

As a Caribbean Bank, our drive to raise the standard of corporate social investment ultimately raises the standard of life in communities across the region. This drive also allows the Bank to demonstrate the Power to Care.

"Too often we underestimate the power of a touch, a smile, a kind word, a listening ear, an honest compliment, or the smallest act of caring, all of which have the potential to turn a life around."

Leo F. Buscaglia



learn

Engaging young achievers, stoking their potential and facilitating the means by which they can achieve their goals - this is how Republic Bank has ignited the Power to Learn within young people.

In October 2008, Republic Bank (Guyana) Limited launched its Youth Link Apprenticeship Programme, building capacities among school-leavers through practical, professional and business insight. Recipients emerge successful model employees, better able to make informed career choices. Youth Link Care-A-Van fosters empathy and social consciousness.

Through an on-going collaboration with the Ministry of Education, the Bank also presented annual Academic Achievement awards to top students in the National Grade Six Assessment, Caribbean Secondary Education Certificate and Caribbean Advanced Proficiency Examination. This collaboration also saw us completing extensive maintenance works to the Houston Community High School as well as providing furniture for some of the school rooms.

In partnership with the University of Guyana we have also held our second annual Career Coach Programme which helps prepare final year students for the world of work. This partnership also includes the awarding of University of Guyana Scholarships and the boosting of resources at the university library.

We understand that the will to grow and achieve is imbedded in all young people, and we recognize our role in helping them cultivate that will, to ensure that they bring their goals to fruition.

“You cannot teach a man anything;  
you can only help him find it within himself.”

Galileo



Reaching out to our communities and extending a helping hand is how we fulfill our commitment to sustainable social development. This commitment forms the core of the Power to Help which drives the Bank to embrace the needs of the wider society.

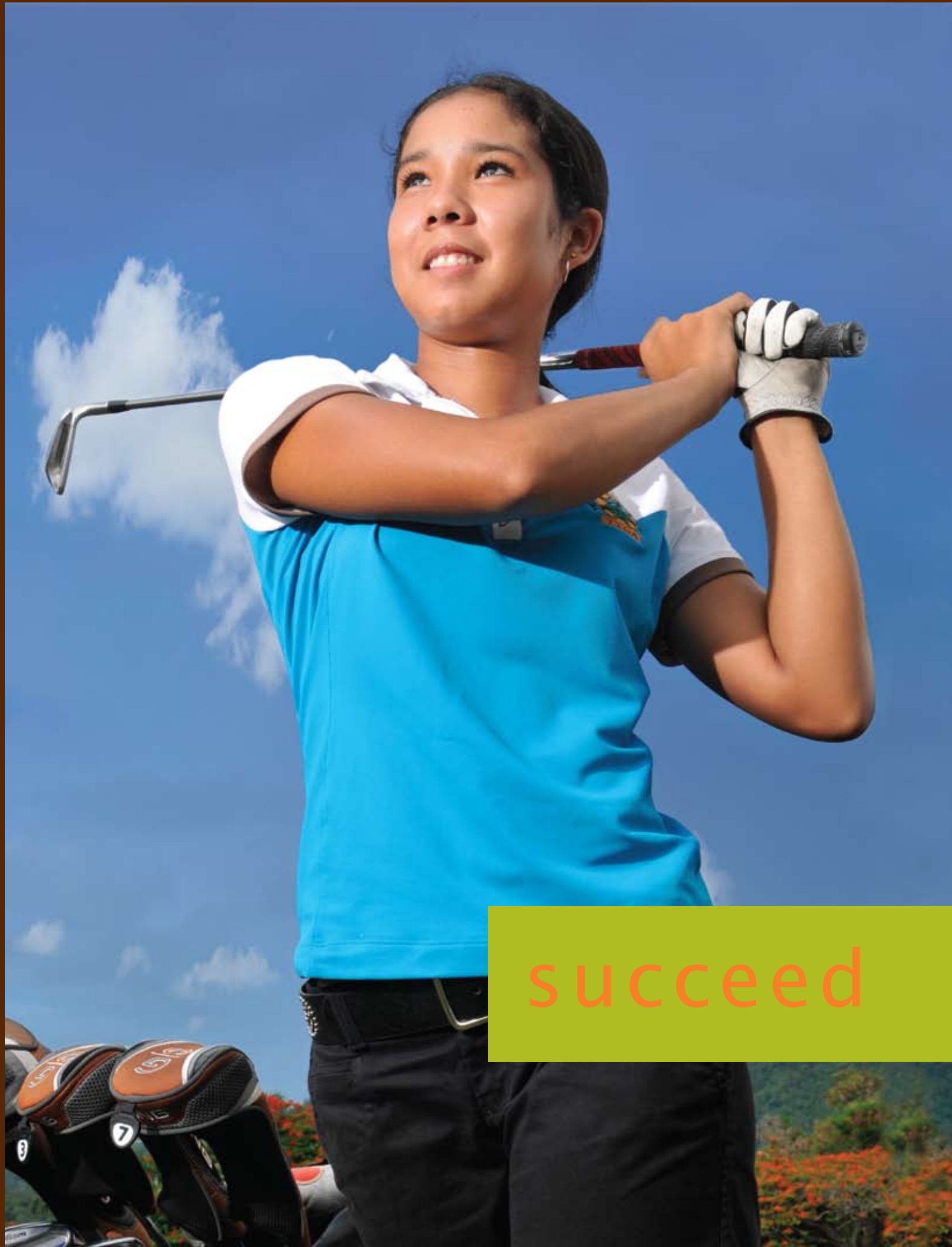
Through a vibrant partnership with the Mayor and the Councillors of the City of Georgetown, the Bank has successfully carried out a five year quality maintenance programme for the Promenade Gardens. This programme, which included the refurbishment of the historical Bandstand of the Gardens and the surrounding canopies, plays a noteworthy part in upgrading and beautifying a public space for the community to enjoy.

Through the Power To Help, Republic Bank is uplifting communities, effecting positive change and creating a better outlook now and for the future.

help

“To believe in men is the first step towards helping them.”

Anon.



succeed

Working with communities, Republic Bank is building a bridge to future success. In our quest to embolden a rising class of future leaders we have made strides in youth development through education, sport and culture.

Striving to ensure a solid cultural foundation for our society, the Bank has engaged in such initiatives as the Republic Bank Mashramani Panorama Steel Band Competition. Through this initiative we promote our indigenous talent and contribute to safeguarding the future of our cultural heritage.

The Bank is also reaching out to the youth who are differently able, through endeavours such as the Republic Bank Special Olympic Games. Through these Games Republic Bank helps to raise public awareness of the talent and abilities of the differently able.

Over the years, while empowering the individuals and communities we serve, our youth-oriented programmes and initiatives have gained both local and regional recognition. In July 2009, the International Business Awards gave Republic Bank's Power to Make a Difference Programme, the Stevie Award for the Most Outstanding CSR Programme in South America. The successes, of which we remain proud, are celebrated in the long-lasting relationships, which span generations, with the people of Guyana.

“Men are born to succeed, not fail.”

Henry David Thoreau



“You must be the change  
you wish to see in the world.”

Mahatma Gandhi

power to make a difference

For over 171 years, Republic Bank’s success has been built on serving the needs of our customers, stockholders, staff and the communities with which we share our future. Even amid the current global economic slowdown, Republic Bank remains unsurpassed as the financial institution of choice for all our stakeholders by identifying with people across the Caribbean and continually employing creative and effective means to serve their financial, commercial and social needs.

In 2004 Guyana embarked on a landmark journey to address social needs to an unprecedented level. That year, we launched our five-year, \$81 million dollar Social Investment initiative: The Power to Make a Difference – which was first introduced in Trinidad in 2003.

During the fiscal period 2004/2005 - 2008/2009, Republic Bank (Guyana) Limited invested in community care, poverty alleviation, local cultural development and the differently able to the tune of G\$56 million. The remainder was directed towards youth development in education, sport and culture; rewarding academic excellence; and building confidence among the young people of Guyana to cultivate the business leaders of tomorrow.

Having successfully completed this initial chapter, we look forward to a new phase of the Power to Make a Difference. During this second tranche, which spans the period 2009/2010-2013/2014, we shall invest \$170 million, as we renew our focus on community care, poverty alleviation and youth development. This new era will also see the Bank championing the cause of the differently able in Guyana.

Using the Power to Make a Difference as a groundbreaking social investment model, Republic Bank has raised the bar for social responsibility and proved that the benefit of meaningful community service is a better and brighter future for us all.

# Management Discussion & Analysis

## INTRODUCTION

Republic Bank (Guyana) Limited (the Bank), 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 Banking 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 thirty-two Automated Teller Machines, including seven off the Bank's premises.

The introduction of the Republic Visa OneCard, an international debit card in the latter part of the year, marks another milestone in the Bank's drive to achieve international competitiveness, as its customers can now access their accounts from anywhere in the world where Visa is accepted. 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 to further realise the concept of "easy access" banking for its customers and other members of the public.

The construction of the new branch at Camp and Robb Streets, Georgetown in 2008 was followed this year by the

construction of a modern banking complex to enhance the operations of the Anna Regina branch, Essequibo, the latter being formally opened to the public on August 22, 2009. A new ATM facility was commissioned at the Cheddi Jagan International Airport-Timehri, allowing travellers access to their account for the first time at the airport. Further expansion activities continue apace with the sod-turning ceremony which took place on August 27, 2009 for the much anticipated branch at Diamond, East Bank Demerara. Additionally, the Bank's internet banking service is due to be launched early in the new year.

We present below a discussion and analysis of the financial position and performance of the Bank for the year ended September 30, 2009. This should be read in conjunction with the directors' report and audited financial statements presented on pages 14 to 17 and 18 to 41 respectively.

These statements are published in Guyana dollars. Foreign amounts have been converted to Guyana dollars at the prevailing mid-rate on September 30, for each financial year. The following are the mid-rates for the major currencies as at September 30:

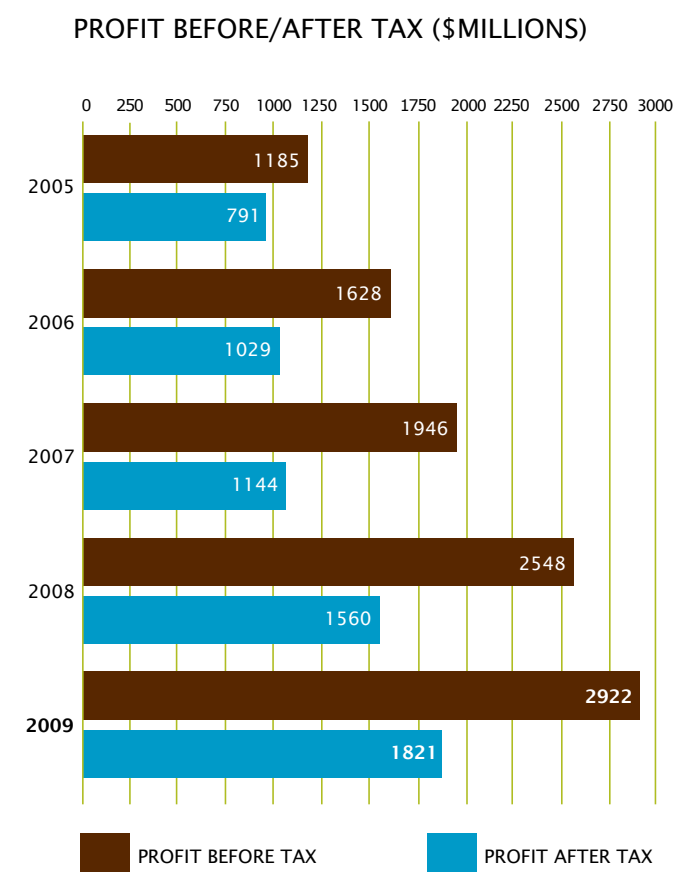
	2009	2008
United States dollars	203.50	204.00
Pounds Sterling	312.50	365.00
Canadian dollars	172.50	195.00
Euro	260.00	282.50

## STATEMENT OF INCOME REVIEW

### FINANCIAL SUMMARY

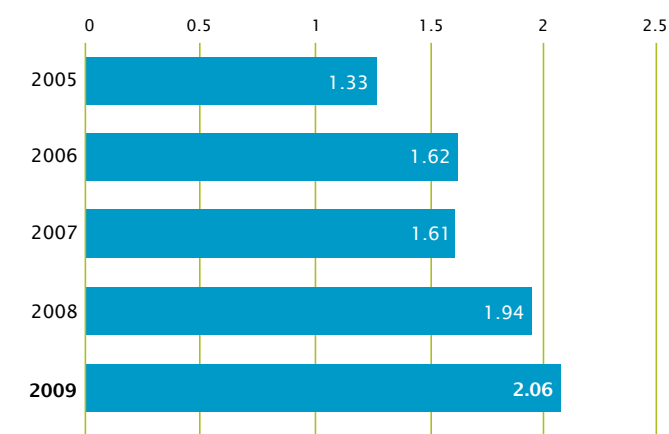
Fiscal 2009 has been another good year for the Bank. After tax profit achieved of \$1,821 million represents an

improvement in profitability of \$262 million or 16.78%. Prudent risk management, sound investment and lending decisions and rigid cost controls were largely responsible for the excellent performance in the context of the present global financial crisis.

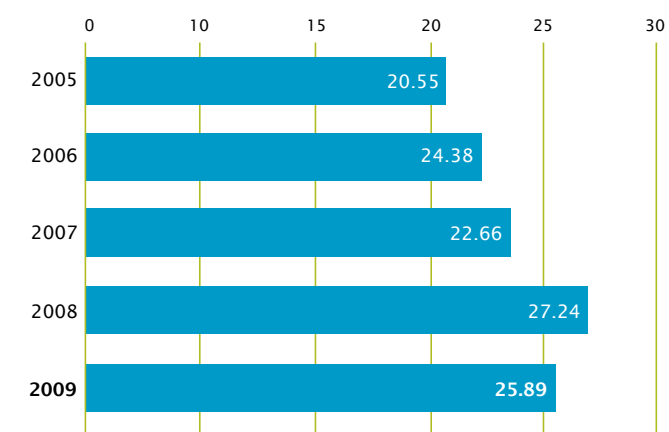


While the Bank's return on average assets (2.06%) improved year on year, its return on average stockholders' equity (25.89%) declined as a result of growth in the Bank's equity. The improvement in the return on average assets ratio reflects the continued improved earnings stream. Earnings per stock unit also increased, moving from \$5.20 in 2008 to \$6.07 in 2009.

## RETURN ON AVERAGE ASSETS (%)



## RETURN ON AVERAGE OUTSTANDING EQUITY (%)



## NET INTEREST AND OTHER INCOME

Net interest income at \$4.41 billion exceeded the \$3.61 billion of 2008 by \$802 million or 22.21% and this is attributed primarily to the increase in the lending portfolio and tight management of interest expense.

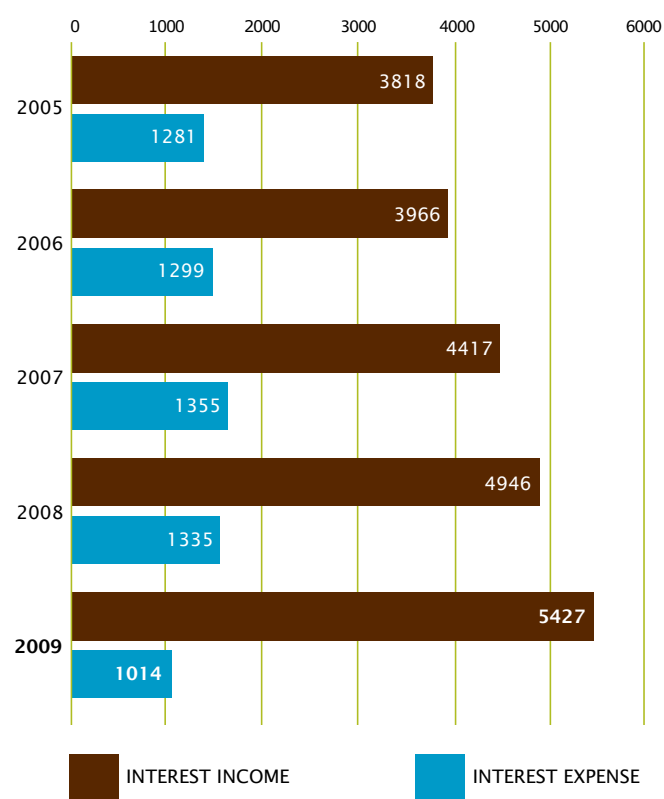
The ratio of the Bank's *average interest earning assets to average customer deposits*, continues to be approximately 86%, reflecting its resolve to make maximum use of customers' deposits, in a challenging environment where investments and lending opportunities are hard to find.

# Management Discussion & Analysis

Almost 50% of the Bank's interest earning assets at September 30, 2009 consist of Government of Guyana Treasury Bills.

Interest paid on deposits for 2009 at \$1.01 billion, was lower than that of 2008 (\$1.33 billion). This was as a result of the Bank's conservative approach to deposit pricing and growth because of the limited lending and investment opportunities.

INTEREST INCOME/INTEREST EXPENSE (\$MILLION)

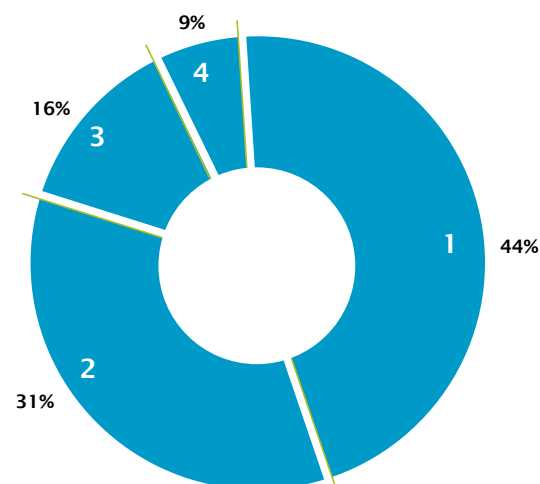


Other income which amounted to \$1.79 billion and contributed 24.75% to total income, exceeded the 2008 amount of \$1.59 billion by \$197 million or 12.40%. Continued emphasis on foreign exchange trading resulted in gains for 2009 of \$1,132 million, an increase of \$112.0 million or 10.98% over 2008. Exchange earnings continue

to be the main source of the other income, contributing 63.38% (2008-64.19%) of the total.

Net interest and other income grew by \$1.00 billion or 19.22% to \$6.20 billion in 2009 compared to the \$5.20 billion generated in 2008. This growth is consistent with the trend started in 2007 when the Bank enjoyed a double digit growth in net interest and other income over prior year.

SOURCES OF REVENUE



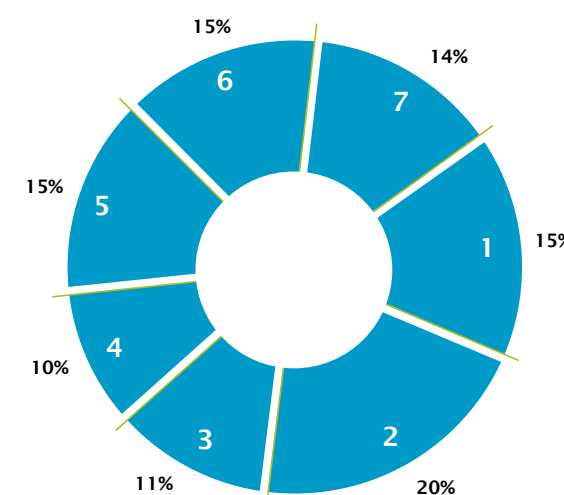
- KEY
1. Loans and advances
  2. Investments
  3. Foreign Business
  4. Other

## NON-INTEREST EXPENSE

Operating expenses, which include staff costs, increased by \$516 million or 19.32% over 2008, to \$3.19 billion. This increase is significantly higher than that experienced in 2008 (over 2007) of \$172 million, and is linked to efforts at restructuring its operations, as well as the increasing operating costs which the Bank has had to contend with year-on-year, and a prudential provision on a recent fraud

committed at one of its branches. Staff costs at \$1.45 billion accounted for 45.50% of total operating expenses, and this represented an increase of \$78.5 million or 5.72% over 2008. This is in keeping with the Bank's thrust to train and retain its most valuable resource.

REVENUE DISTRIBUTION



- KEY
1. Taxation
  2. Salary/Staff Costs
  3. Premises and equipment
  4. Dividends
  5. Other Non-Interest Expenses
  6. Reserve and Retained Earnings
  7. Interest Expenses

In accordance with IAS 39, the Bank conducts an impairment review of each of its impaired loans annually. In 2009, expenses related to loan-loss provisioning amounted to \$91.18 million against a write-back of \$17.56 million enjoyed in 2008. This reversal in performance is due to the Bank adopting a very prudent position especially on its unsecured consumer lending portfolio. Recoveries on loans that were previously written-off amounted to \$132.04 million in 2009 (2008-\$103.17 million).

The Bank has set aside \$309.42 million in the General Banking Risk Reserve as discussed under Risk Management (Credit Risk) below. This represents a reduction of \$146.18 million from the amount of \$455.61 million set aside in 2008 but is in keeping with the Bank's policy of maintaining 100% provision for its Non-Performing loans. The sum of the Specific provision on Non-Performing loans as at September 30, 2009 at \$126.48 million (2008-\$196.05 million) and the General Banking Risk Reserve-\$309.42 million (2008-\$455.61million) equals the Non-Performing portfolio balance at \$435.90 million (2008-\$651.66 million). This provision is in addition to the General provision made on its performing portfolio as per IAS 39, which is \$151.59 million at September 30, 2009, moving from \$162.39 million at September 30, 2008.

The Bank's ratio of non-performing to performing loans as at September 30, 2009 improved to 1.90% from the prior year's 3.07%. Its ratio of specific provision for loan losses to non-performing loans moved from 30.08% at September 30, 2008 to 29.01% at September 30, 2009, reflecting the quality of the collateral held by the Bank.

## BALANCE SHEET REVIEW

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents, which include cash-on-hand, deposits held with correspondent banks, claims on other banks and balances in excess of the statutory deposit decreased by \$758.23 million year on year. This decline is due mainly to the decreased holdings at foreign and local banks. Our statutory deposit balance with Bank of Guyana increased by \$497.84 million over the period.

### AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities, which include Government of Guyana Treasury Bills (Treasury Bills)

# Management Discussion & Analysis

reflected an 8.15% or \$3.27 billion growth over the preceding year. The growth is concentrated in the Bank's investment in Treasury Bills which increased from \$28.60 billion to \$32.16 billion (\$3.56 billion). This increase was negated by a reduction in other investment securities which consist of both overseas and locally originated investments, from \$11.49 billion to \$11.20 billion, highlighting the paucity of attractive investment opportunities, both locally and overseas. The average rate of return on available-for-sale investment securities was 5.29% per annum, up from the 5.05% per annum earned last year.

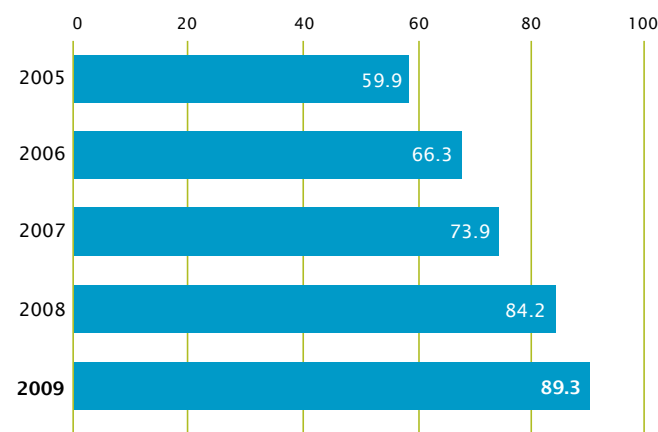
## ADVANCES

Advances grew by \$1.72 billion or 7.95% over the course of the year, moving from \$21.59 billion at the beginning of fiscal 2009 to \$23.30 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 approximates those of the prior year. While increases were recorded in each of the broad categories of lending, the Home Mortgages segment recorded the highest growth year-on-year with a 24.86% increase. As a percentage of total assets, loans and advances accounted for 26.08%, up from the 25.64% achieved in 2008.

## TOTAL ASSETS

Total assets increased by \$5.16 billion or 6.13% and are accounted for mainly by the growth in available-for-sale investment securities and Treasury Bills of \$3.27 billion, and loans and advances of \$1.72 billion over the preceding year. The increase in the former is fuelled by the increased liquidity within the banking system.

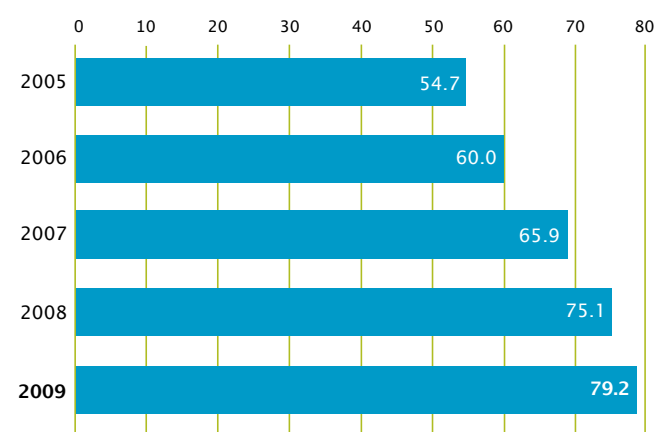
TOTAL ASSETS (\$BILLIONS)



## DEPOSITS

The Bank's asset growth was funded mainly from deposits, which had an overall portfolio increase of \$4.08 billion or 5.43%, continuing the decades-old growth trend. While this growth has been modest when compared to the prior year (\$9.21 billion or 13.98%), it is still quite significant when taken in the context of the present challenges facing the local economy. Savings deposits, the most stable of the three categories of deposits at 71.17% of the deposits' portfolio, grew by \$4.15 billion or 7.94% and accounted for the increase which was negated somewhat by reduction in the Fixed (term) deposits' portfolio.

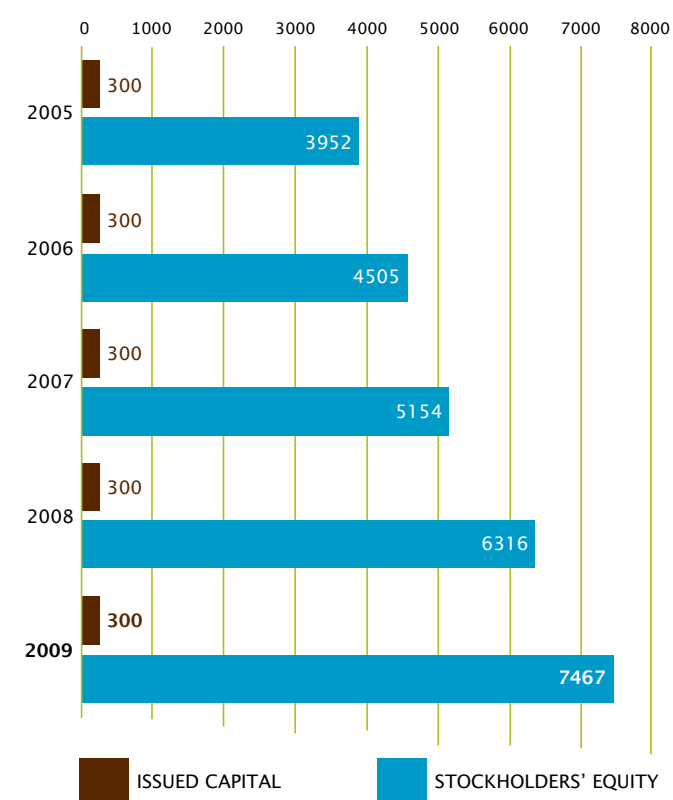
TOTAL DEPOSITS (\$BILLION)



## 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 \$1.15 billion (18.21%) to \$7.47 billion after \$1.82 billion was transferred from the Statement of Income, \$675 million distributed to stockholders, and \$3.92 million taken to Other Reserves due to revaluation of available-for-sale securities conforming with IAS 39.

ISSUED CAPITAL AND STOCKHOLDERS' EQUITY (\$MILLIONS)



Total dividends paid and proposed for fiscal 2009 amount to \$750 million, an increase of 16.28% over the \$645 million payout for 2008. This equates to a dividend payout ratio of 41.18% (2008-41.35%).

During the year, 749,800 of the Bank's stocks (2008-127,390) were traded on the Guyana Stock Exchange at prices ranging from \$40.00 to \$47.50, with an average weighted price of \$43.20. In terms of both volume of stocks traded and number of trades effected, most were done at a unit price of \$44.50. Using the Market Weighted Average Price of \$40.00 from the last trade date (September 28, 2009) for the Bank's stocks, the price/earnings ratio is 6.58 (2008-8.08). The net asset value of one unit is \$24.89 (2008-\$21.05) which, with a price of \$40.00 gives a price/book ratio of 1.61: 1 (2008-2.00:1).

## 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.

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 its capital base growing from \$6.32 billion to \$7.47 billion year-on-year. The capital adequacy ratio also improved, moving to 18.30% at September 30, 2009 from 15.42% at September 30, 2008. Together, these provide a solid platform for future growth and expansion.



# Management Discussion & Analysis

## 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 realized 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 fortnightly 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 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 which 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 the Bank's operations is maintained at all times.

# Statement of Corporate Governance Practices

Corporate Governance is 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 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:

- Roy E. Cheong - Chairman
- David J. Dulal-Whiteway - Member
- Richard I. Vasconcellos - Member
- John G. Carpenter - Alternate Member

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 Team Leader - Internal Audit, reports directly to the Audit Committee. The Internal Audit Department conducts periodic examinations of all aspects of the Bank's operations, and works closely with the external auditors 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:

- Nigel M. Baptiste - Chairman
- William H. Pierpont Scott - Member
- Derwin M. Howell - Member
- Roy E. Cheong - Alternate Member

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:

- John G. Carpenter - Chairman
- Roy E. Cheong - Member
- Derwin M. Howell - Member
- William H. Pierpont Scott - Alternate Member

This Committee, which meets quarterly, is responsible for reviewing policies and procedures and for ensuring 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.

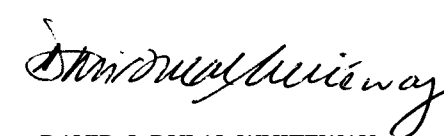
The Board of Directors ensures that the compensation for staff is competitive. The package consists of salary and performance-based incentives. The performance of each staff member is evaluated annually based on individual and collective performance criteria.

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, and applicable International Financial Reporting Standards.

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.

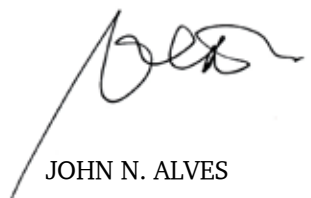
In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorised, assets are safeguarded, and proper records are maintained. These controls include quality standards in hiring and training of employees, written policies and procedures, 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 regarding 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