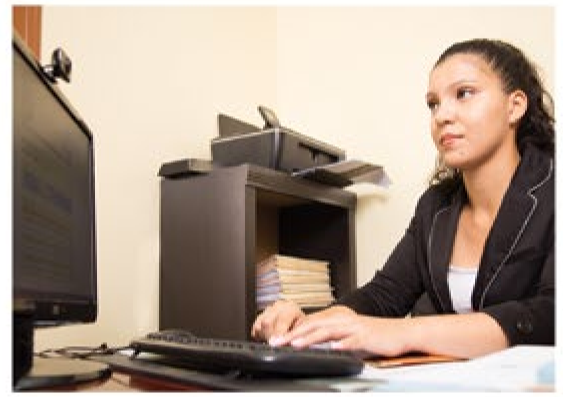
Republic Bank (Guyana) Limited

2015

ANNUAL REPORT

Progress & Promise



179 years ago, we made a promise; a promise to **customers** – to provide the highest levels of service; to **staff** – to provide an inclusive and fulfilling professional experience, and to **communities** – to create empowered members of society. Year on year, decade on decade, community after community, we thrive to build on that promise and have seen the bounding progress that has since come about. Our focus, as we look toward an expansive, promising future as a holding company, will stay rooted in the continued success of the organisation we have become. **Our staff, our customers and our communities – the lifeblood that keeps us grounded and the wheels that keep us moving.**

Vision

Republic Bank,
the Caribbean Financial Institution of Choice
for our Staff, Customers and Shareholders.
We set the Standard of Excellence
in Customer Satisfaction,
Employee Engagement, Social Responsibility
and Shareholder Value,
while building successful societies.

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, Shareholders
and the Communities we serve.

Values

- Customer Focus
- Integrity
- Respect for the Individual
- Professionalism
- Results Orientation

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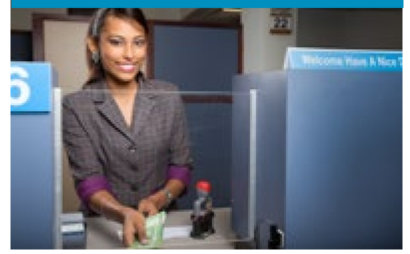
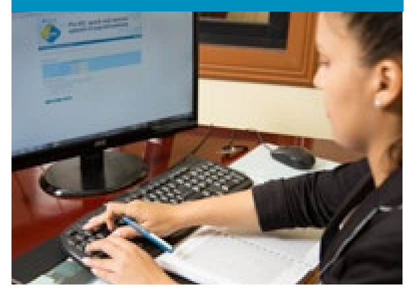
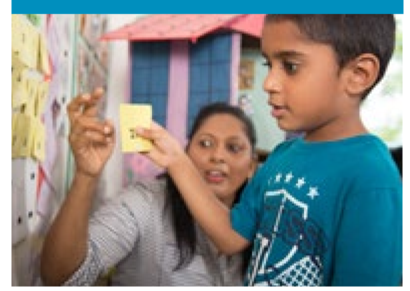


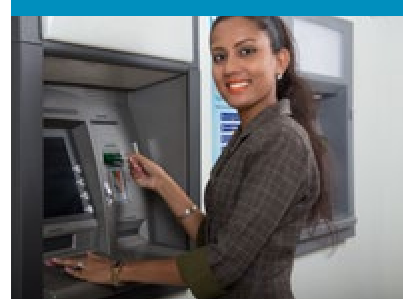
2 Executive



3 Corporate Social Responsibility



4 Financial



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 society as a whole.

1
Corporate Information

Notice of Meeting

ANNUAL MEETING

NOTICE is hereby given that the Thirty-first Annual General Meeting of Republic Bank (Guyana) Limited will be held at Pegasus Hotel Guyana, Seawall Road, Monday, December 07, 2015 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, 2015.

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: John G. Carpenter, Richard I. Vasconcellos and Nigel M. Baptiste.

3 To elect Shameer Hoosein who was appointed to fill a casual vacancy as Director in accordance with the By-Laws.

4 To elect Richard S. Sammy who was appointed to fill a casual vacancy as Director in accordance with the By-Laws.

5 To reappoint the Auditors, Messrs Ram & McRae.

And the following special business namely:

1 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.

2 To consider any other business that may be conducted at an Annual General Meeting.

By order of the Board

CHRISTINE A. McGOWAN
Corporate Secretary

October 26, 2015

Registered Office

155-156 New Market Street
North Cummingsburg
Georgetown, Guyana

Notes

- Only stockholders may attend
- Any member entitled to attend and to vote is entitled to appoint a proxy to attend and vote instead of him/her.
- A proxy need not to 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, authorise such person as it thinks fit to act as its representative at the meeting (By-Law 86).

Corporate Information

Directors

Chairman

Deputy Managing Director, Republic Bank Limited

Nigel M. Baptiste, *BSc (Econ.) (Hons.), MSc (Econ.), ACIB*

Managing Director

Richard S. Sammy, *BSc (Mgmt. Studies) (Hons.), MBA*

Non-Executive Directors

John G. Carpenter, *BSc (Food Sciences)*

Roy E. Cheong, *AA, FCII, FLMI, CLU*

Yolande M. Foo, *AICB*

Shameer Hoosein, *FCCA*

Derwin M. Howell, *BSc (Elect. Eng.) (Hons.), MSc (Tele. Systems), Executive MBA, MIET, MIEEE, C. Eng.*

Richard Lewis, *HBA*

Richard I. Vasconcellos

Corporate Secretary

Christine A. Mc Gowan, *LLM (Merit), LLB (Dist.), LEC (Hons.), AMLCA, CPAML*

Registered Office

Promenade Court
155-156 New Market Street
North Cummingsburg
Georgetown, Guyana
South America
Email: 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 & McRae
Chartered Accountants
157 'C' Waterloo Street
North Cummingsburg
Georgetown, Guyana
South America

Bank Profile

SENIOR MANAGEMENT

Managing Director
Richard S. Sammy, *BSc (Mgmt. Studies) (Hons.), MBA*

General Manager, Credit
Patricia Plummer, *FICB*

General Manager, Corporate and Management Services
Denise Hobbs, *Dip. (Business Mgmt.)*

MANAGEMENT

Senior Manager, Corporate and Commercial Credit
Sasenarain Jagnanan, *AICB, Dip. (Banking and Finance)*

Manager, Branch Operations
Jadoonauth Persaud, *Dip. (Banking and Finance), MBA*

Corporate Manager, Corporate and Commercial Credit
Carla Roberts, *BSc (Accountancy)*

Credit Manager, Corporate and Commercial Credit
Leon McDonald, *Dip. Accounting (AAT), AICB, CAT, B. Comm., BBA*

Manager, Finance and Planning
Vanessa Thompson, *BSocSc (Mgmt.), FCCA, MBA*

Manager, Human Resources
Shrimanie Mendonca, *BSc (Biology), PG Dip. (Education), MEd*

Assistant Manager, Human Resources
Joann Williams, *BA (English)*

Manager, Corporate Operations
Denys Benjamin

Manager, Legal Services/Corporate Secretary
Christine McGowan, *LLM (Merit), LLB (Dist.), LEC (Hons.), AMLCA, CPAML*

Senior Manager, Republic Bank (Guyana) Limited
Ndidi Jones, *Dip. (Sociology), LLB, LEC, LLM (Merit), CPAML*

Manager, Marketing and Communications
Michelle Johnson, *MCIPR, MACC (Dist.), PG Dip CIPR, BSocSc, Mgmt. (Credit)*

Manager, Branch Support Services
Erica Jeffrey, *ICB - Letter of Accomplishment*

Manager, Information Technology
Yonnette Greaves, *Dip. (Info. Services) LIMIS*

Assistant Manager, Information Technology:
Yugisther Mohabir, *MCSA*

Manager, Internal Audit:
Stanton Grant, *BSc (Economics), AICB*

Manager, Operational Risk:
Michael Ram, *AICB*

MAIN BANKING OFFICE

Water Street Operations

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

Manager
Celine Davis, *ICB - Letter of Accomplishment, BSocSc (Mgmt.), PG Dip. (Dev. Studies), MSc (Human Resource Mgmt.)*

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

Manager
Guitree Ramsamooj, *CAT*

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

Manager
Sherwyn Greaves, *AICB, MBA*

Corriverton Branch

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

Manager
Doodmattee Bhollaram, *AICB*

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

Manager
Randulph Sears, *Business Group Cert. (ICM), Dip. (Marketing), ACIM, MBA*

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

Manager
Harry Dass Ghaness, *ICB - Letter of Accomplishment, Certified Credit Professional*

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

Manager
Shridath Patandin, *AICB*

Diamond Branch

Public Road, Plantation Diamond, East Bank Demerara
Telephone: (592) 265-5731/5737
Fax: (592) 265-5738
E-mail: Diamond.Branch@republicguyana.com

Officer-in-Charge
Allison McLean-King, *AICB*

Linden Branch

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

Manager
Joel Singh, *AICB*

Lethem Branch

Manari Road, Lethem, Rupununi
Telephone: (592) 772-2308-10
Fax: (592) 772-2311
E-mail: Lethem.Branch@republicguyana.com

Officer-in-Charge
Jasmattie Rupal, *Dip. (Banking and Finance), BSc (Business Mgmt.)*

D'Edward Branch

4-6 Section D, D'Edward Village, West Bank Berbice
Telephone: (592) 330-2219/2680/2683
Fax: (592) 330-2681
E-mail: Dedward.Branch@republicguyana.com

Manager
Imran Saccoor, *Dip. (Marketing), MBA*

Financial Summary

All figures are in thousands of Guyana dollars ($'000)

	2015	2014	2013	2012	2011
Cash resources	**32,271,117**	22,989,659	32,564,269	23,280,892	16,392,343
Investment securities	**6,318,344**	5,414,804	5,676,215	5,957,434	7,187,075
Loans and advances	**52,362,418**	50,496,947	46,573,714	38,631,805	32,814,345
Total assets	**142,362,955**	128,986,527	132,488,536	115,295,414	103,875,703
Total deposits	**123,701,186**	112,551,760	117,117,616	101,736,334	91,871,620
Stockholders' equity	**15,223,604**	13,563,521	12,249,893	10,893,967	9,639,821
Net profit after taxation	**2,815,938**	2,339,428	2,343,667	2,012,936	1,928,364
Total comprehensive income	**2,690,083**	2,343,628	2,255,926	2,013,966	1,825,272
Earnings per stock unit in dollars ($)	**9.39**	7.80	7.81	6.71	6.43
Return on average assets (%)	**2.03**	1.78	1.84	1.85	1.88
Return on average equity (%)	**19.78**	18.16	20.29	19.58	20.56

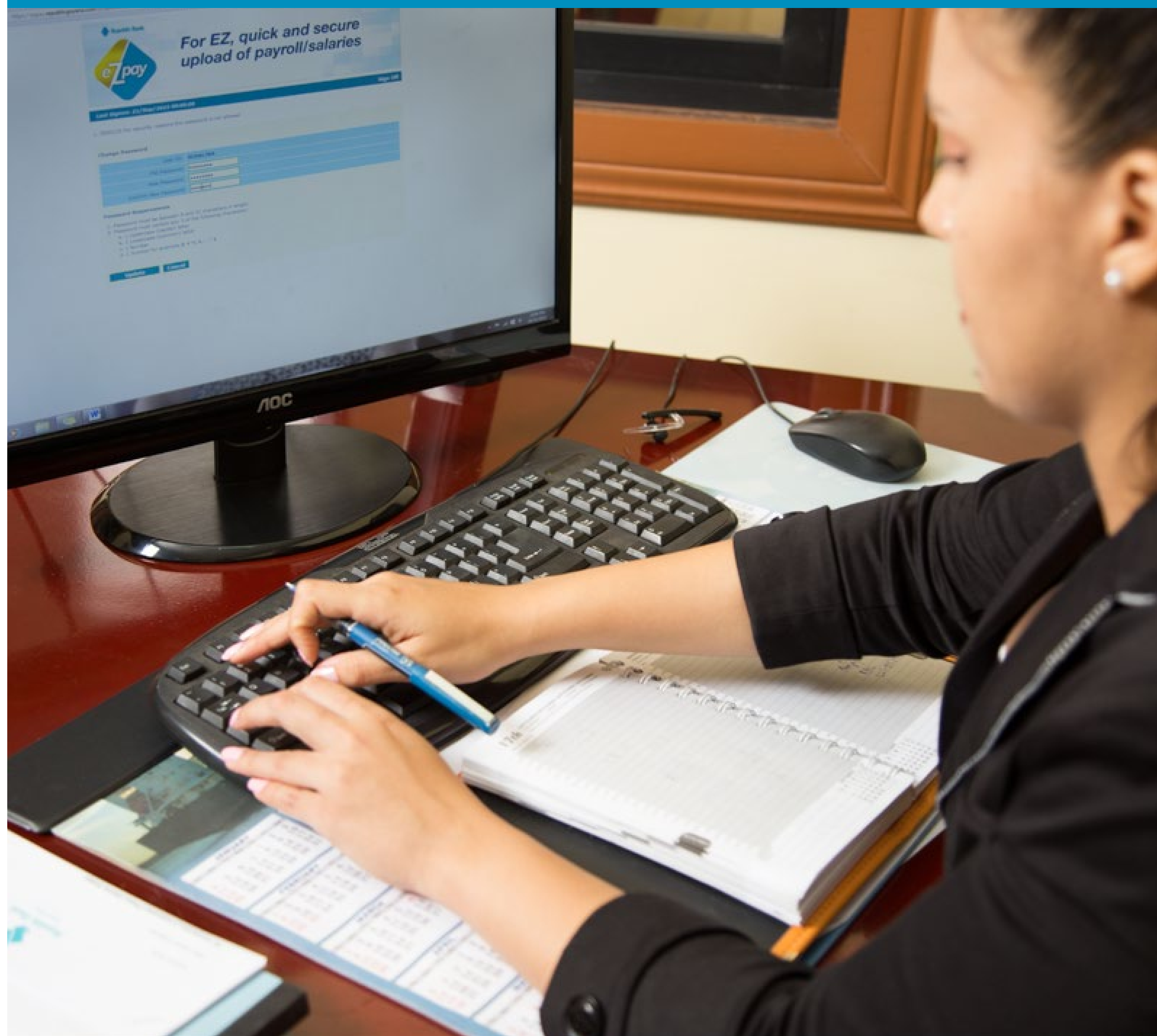
Financial Highlights

All figures are in thousands of Guyana dollars ($'000)

	2015	2014	Change	% Change
Statement of Income				
Interest and other income	**9,839,886**	8,936,281	903,605	10.1
Interest and non-interest expenses	**(5,537,498)**	(5,312,897)	(224,601)	(4.2)
Net Income before taxation	**4,302,388**	3,623,384	679,004	18.7
Taxation charge	**(1,486,450)**	(1,283,956)	(202,494)	(15.8)
Net Income after taxation	**2,815,938**	2,339,428	476,510	20.4
Statement of Financial Position				
Loans and advances	**52,362,418**	50,496,947	1,865,471	3.7
Total assets	**142,362,955**	128,986,527	13,376,428	10.4
Average assets	**138,671,898**	131,304,617	7,367,281	5.6
Deposits	**123,701,186**	112,551,760	11,149,426	9.9
Equity (capital and reserves)	**15,223,604**	13,563,521	1,660,083	12.2
Average outstanding equity	**14,233,465**	12,882,817	1,350,648	10.5
Common Stock				
Earnings in dollars per Stock Unit	**9.39**	7.80	1.6	20.4
Dividend for the year (in thousands)	**1,180,000**	1,030,000	150,000	14.6
Stock Units (in thousands)	**300,000**	300,000	0	0.0
General				
Number of:				
Stockholders	**1,303**	1,285	18	1.4
Common stock outstanding (in thousands)	**300,000**	300,000	0	0.0
Active savings, chequing and deposit accounts	**185,233**	202,992	(17,759)	(8.7)
Employees	**655**	644	11	1.7
Banking offices	**11**	11	0	0.0

Republic Bank (Guyana) Limited recently launched its eZpay service. Republic Bank eZpay is a Web-based payroll service that allows the convenient and secure upload of employees' salaries directly to the Bank for processing.

2
Executive



Board of Directors

1 **Nigel M. Baptiste,** *BSc (Econ.) (Hons.), MSc (Econ.), ACIB*
Deputy Managing Director, Republic Bank Limited

2 **Richard S. Sammy,** *BSc (Mgmt. Studies) (Hons.), MBA*
Managing Director, Republic Bank (Guyana) Limited

3 **John G. Carpenter,** *BSc (Food Sciences)*
Chairman, Hand-In-Hand Fire & Life Insurance Group of Companies

4 **Roy E. Cheong,** *AA, FCII, FLMI, CLU*
Director, Guyana & Trinidad Mutual Fire Insurance Company Limited

5 **Yolande M. Foo,** *AICB*

6 **Shameer Hoosein,** *FCCA*
Chief Executive Officer of Massy Gas Products (Guyana) Limited

7 **Derwin M. Howell,** *BSc (Elec. Eng.) (Hons.), MSc (Tele. Systems), Executive MBA, MIET, MIEEE, C.Eng.*
Executive Director, Republic Bank Limited

8 **Richard M. Lewis,** *HBA*
General Manager/Director, Label House Group Limited

9 **Richard I. Vasconcellos**
Chairman, Carib Hibiscus Development

Board of Directors

Nigel M. Baptiste

Mr. Nigel Baptiste, a Trinidad and Tobago National Scholar, has given outstanding service to the Board of Republic Bank (Guyana) Limited for several years and continues to distinguish himself in the fields of Banking and Economics. Among other things, he holds a Master of Science Degree in Economics and has successfully completed the Harvard Business School's Advanced Management Program. Mr. Baptiste previously served as the Managing Director of Republic Bank (Guyana) Limited, then the National Bank of Industry and Commerce Limited. He is the Deputy Managing Director of Republic Bank Limited. Mr. Baptiste has served as the Chairman of the Board of Directors of Republic Bank (Guyana) Limited since July 2013.

Richard S. Sammy

Mr. Richard S. Sammy is an outstanding banker with significant experience in corporate and investment banking. He previously served as the Regional Manager, Corporate Business Centre – South and Regional Manager, Investment Banking Division at Republic Bank Limited, Trinidad. Prior to joining Republic Bank Limited, he served as Senior Manager, Business Development at Sagicor Merchant Limited and Risk Manager, Deals Management at RBTT Merchant Bank Limited. Mr. Sammy holds an MBA from the Warwick Business School in the United Kingdom and a Bachelor of Science Degree (Hons.) in Management Studies from the University of the West Indies, St. Augustine.

He is well-respected in the banking field and continues to provide excellent leadership to the Republic Bank (Guyana) Limited team since assuming the position of Managing Director on July 1, 2015.

John G. Carpenter

John G. Carpenter is the Chairman of Hand in Hand Fire and Life Insurance Group of Companies. He is also the Director of a number of companies including Wieting & Richter Limited, Industrial Safety Equipment Inc., and Cellsmart Inc. Mr. Carpenter has vast knowledge of the local commercial industry and a keen interest in the development of business in Guyana. He holds a Bachelor of Science Degree in Food Sciences.

Roy E. Cheong

Roy Errol 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 and 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 as well as the Insurance Institute of Guyana. He is the Past President of the Rotary Club of Georgetown and serves on the Executive Committee of the Guyana Red Cross Society. Mr. Cheong also holds Directorships in Banks DIH Limited and Massy (Guyana) Limited. He is the recipient of the Golden Arrow of Achievement.

Yolande M. Foo

Mrs. Yolande M. Foo is a Non-Executive Director of the Board of Directors. This former Executive Director/Corporate Secretary of the Bank served the organisation 45 years before retiring in May 2007. Mrs. Foo was reappointed to the Board of Directors in January 2008.

Shameer Hoosein

Mr. Shameer Hoosein is an accomplished business leader with more than 20 years experience in management. He is the Chief Executive Officer of Massy Gas Products (Guyana) Limited, formerly Demerara Oxygen Company Limited, a position he has held since 1995. He previously served as the Finance Director of Associated Industries Limited.

Mr. Hoosein is a graduate of the Richard Ivey School of Business, having completed the Executive Development Program in 2005, and a Fellow Chartered and Certified Accountant having obtained qualifications in Finance and Accounting through the Leeds School of Accountancy in the United Kingdom in 1978.

Mr. Hoosein holds several Directorships in the Massy Group of Companies in Guyana, Jamaica and Barbados. Among other things, he is Chairman of Massy Security (Guyana) Incorporated and Massy Industries (Guyana) Limited.

Derwin M. Howell

Mr. Derwin Howell is a graduate of the University of the West Indies with a first-class honours degree in Electrical Engineering. He also holds an Executive Masters in Business Administration from the University of the West Indies. Having joined the Republic Bank Group in 1997 he has held a number of positions including General Manager, Commercial and Retail Banking and Managing Director of Republic Bank (Barbados) Limited. He is an Executive Director at Republic Bank Limited, Trinidad and provides oversight for a number of areas including Information Technology, Commercial and Retail Banking, Group Marketing and Regional Operations.

Richard M. Lewis

Mr. Richard Lewis is the General Manager/Director of Label House Group Limited which is the largest specialist label and packaging printer in the Caribbean.

Mr. Lewis holds an Honours Bachelor of Arts Degree from the University of Western Ontario Richard Ivey School of Business and is also a graduate of the Newcastle Institute of Technology. Among other Directorships, he currently serves as the Chairman of the Trinidad and Tobago Government Advisory Council for Competiveness Innovation; Prestige Business Publications and Carreras Jamaica. Mr. Lewis is also a Director of Republic Finance and Merchant Bank Limited and Republic Securities Limited.

Richard I. Vasconcellos

Mr. Richard Vasconcellos is a Director of A.N.K. Enterprises incorporated in Miami, Florida. He is also a shareholder and Managing Partner of Carib Hibiscus Development (USA). Locally, he serves on the Board of Cellsmart Inc. and Santa Fe (Guyana) Ltd. His vast experience in business and strong management skills are recognised locally and internationally.

Directors' Report

The Directors have pleasure in submitting their Report and Audited Financial Statements for the year ended September 30, 2015.

Principal Activities

The Bank provides a comprehensive range of commercial banking services at 11 locations throughout Guyana.

Financial Results

(in thousands of Guyana Dollars)	2015	2014
Net income after taxation	**2,815,938**	2,339,428
Interim dividend paid	**330,000**	330,000
Retained earnings	**2,485,938**	2,009,428
Final dividend proposed	**850,000**	700,000

Dividends

An interim dividend of $1.10 per stock unit ($330.0 million) was paid during the year and a final dividend of $2.83 per stock unit ($850 million) for the year ended September 30, 2015 is recommended. This, if approved, will bring the total payout for the year to $1,180 million.

Capital and Reserves

Capital and reserves other than retained earnings total $2,851 million as shown in the Statement of Changes in Equity.

Retained earnings at September 30, 2015 is $12,373 million (2014 - $10,361 million) after a transfer of $208 million from the General Banking Risk Reserve, $1,030 million paid out as dividends (final 2014 - $700 million, interim 2015 - $330 million), and $2,815 million transferred from the Statement of Income for 2015.

Donations

Donations to charitable or public causes for the year were $6.3 million (2014 - $6.4 million), emphasising 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 2015	% held	Number of Stock Units 2014	% 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**	15,798,760	5.27
Trust Company (Guyana) Limited	**19,106,198**	**6.37**	17,970,929	5.99

Directors

In accordance with the Bank's By-Laws, Messrs. Nigel M. Baptiste, John G.Carpenter and Richard I. Vasconcellos 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.

Geographic Analysis of Turnover and Contribution to Results

The Bank operates only in Guyana but several investments are held overseas for which income of $246 million (2014 - $158 million) was earned during the year. Please refer to note 22 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 2015	2014
John G. Carpenter *(held jointly with an associate)*	**150,000**	150,000
Roy E. Cheong *(75,000 held jointly with an associate, and 12,000 held by an associate)*	**87,000**	87,000
Yolande M. Foo *(held jointly with associates)*	**315,000**	315,000

Directors' Fees ($)

	2015	2014
Nigel M. Baptiste	**2,550,000**	2,550,000
John G. Carpenter	**1,380,000**	1,470,000
Roy E. Cheong	**1,620,000**	1,650,000
Farid Antar	**420,000**	1,310,000
Derwin M. Howell	**1,470,000**	1,500,000
Richard I. Vasconcellos	**1,320,000**	1,380,000
Richard Lewis	**1,540,000**	1,240,000
Yolande M. Foo	**1,560,000**	1,560,000
Shameer Hoosein	**1,050,000**	–
Richard S. Sammy	**–**	–

Directors' Report

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 $111.22 million (2014 - $100.71 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




Nigel M. Baptiste

Introduction

Fellow Directors and Stockholders, this is the third occasion that I have had the honour to report on the annual performance of Republic Bank (Guyana) Limited. I am pleased to welcome our new Managing Director, Richard S. Sammy. Richard has been with the Republic Bank Group for over six years and brings a wealth of experience in merchant and investment banking and general banking administration to his new role. The smooth transition of our new leadership exemplifies the Bank's strong management structure and our commitment, not only to sound financial performance, but also staff development and succession planning. I am confident that under the new leadership, the Bank will continue to produce exemplary results.

Financial Performance

The Bank recorded yet another satisfactory performance registering net profit after tax of $2,816 million compared with $2,339 million achieved in the prior year, an increase of $477 million or 20.4%. Total assets stood at $142 billion while earnings per stock unit amounted to $9.39 from $7.80 in 2014. Based on the Bank's performance an interim dividend of $330 million per stock unit was paid and a final dividend of $850 million is recommended.

This performance was achieved amidst several challenges ranging from the political climate, underperformance of key sectors and an overall sluggish economy marked by a decline in business activities and investments.

Republic Bank (Guyana) Limited continued to provide quality and reliable banking services to its customers and maintained its reputation as a trustworthy and dependable financial institution with a respected record of corporate social responsibility.

Political Developments

The past year was particularly testing for Guyana. The relationship between the Government and the Opposition was strained and the 'hung Parliament' delayed the passing of several important pieces of legislation. One such legislation was the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Bill aimed at incorporating measures to protect the country's financial system from illicit funds.

On November 10, 2014, Parliament was prorogued which triggered a political crisis that eventually culminated in the holding of general elections on May 11, 2015. In those elections, a six party coalition secured a slim majority and with it the mandate to form the new government. The Anti-Money Laundering and Countering the Financing of Terrorism (Amendment) Act was since passed on June 26, 2015 in the country's National Assembly, and assented to by the President on July 10, 2015.

Economic Review

In 2014, the world economy grew by 3.3% compared with 3% achieved in the prior year. Output was lower for the first half of 2015 and is projected to be sluggish for the remainder of the year, with growth estimated at 3.3% compared with earlier projections of 3.7%. The performance is attributed to inter alia, the slowdown in developing and emerging economies, continued depressed global commodity prices, and significantly weaker demand from large importers of raw materials such as China, which is currently faced with the largest deceleration in growth in decades. Inflation remained under control in most economies, a direct benefit of lower oil and food prices.

In 2014, Guyana's economy recorded its ninth successive year of growth, albeit at a much slower rate than prior year. Real GDP was 3.8% which was below both the 5.2% growth achieved in the prior year and the 2014 revised target of 4.5%.

Growth in GDP was attributed to increases in output in key sectors such as rice, sugar and forestry and also higher activities in the services sector, primarily construction and transportation. Rice production in 2014 reached a new record of 635,238 tonnes reflective of 18.65% increase over the prior year. Cultivation of high-yielding varieties and increased acreage under cultivation were cited as reasons for the improved performance. Sugar production also increased from 186,770 tonnes to 216,192 tonnes in 2014 due to better quality of canes, fewer industrial stoppage and favourable weather. Following two years of contraction, output in the forestry sector grew by 14% as logging activities increased on account of favourable weather. The construction sector also enjoyed significant growth of 18% in 2014.

There was a slight improvement in the balance of payment deficit which fell in 2014 to US$116.4 million from US$119.5 million in the prior year. Exports and imports contracted by 15.1% and 4.4% respectively during the same year. Transactions in the foreign exchange market grew by 4.6% to US$6.7 billion on account of higher foreign currency account balances. Inflation for 2014 was recorded at 1.2%.

There were discouraging signals from the economy during the first half of 2015. Overall growth was less than 1%. Factors in the global economy, as earlier mentioned, and the uncertain political climate had an immediate and direct impact on performance.

Declines in key sectors contributed to the half-year performance. The gold sector continued to decline with both lower declarations and continuous slippage in the world market price. Construction activities also reduced by 13.2% and Bauxite production followed a similar trend – contracting by 18.6% from 877,126 tonnes in the corresponding period in the prior year, due in part to declining international prices. At half year, forestry production was down by 9.8%.

Future Outlook

In spite of the current economic challenges, Guyana's growth trajectory is expected to continue into 2016, albeit at a lower than anticipated rate. Guyana's dependence on commodity exports makes its economy highly susceptible to the volatilities of international markets. This vulnerability is compounded by production bottlenecks in key sectors. At present, rice production is buoyant but there is uncertainty regarding the future of the critical Venezuelan market as well as access to new markets to cater for the continuing increase in production. Unless existing markets are safeguarded and new lucrative markets found, the growth of this sector can be reversed. Sugar production, on the other hand, could expand but lower prices and a high cost structure will continue to affect the industry. A way forward is being explored for the industry to become economically viable.

Gold prices are low at present but gold production is anticipated to rebound as a result of production from two large mining companies, Guyana Goldfields Inc. and Troy Resources Limited, and incentives offered to small-scale miners by the government. Bauxite production is forecast to improve by 4.6% at the close of 2015 as a result of the Canadian owned First Bauxite moving forward with the opening of a new mine in the Bonasika area.

There is also the expectation that Guyana may be on the brink of becoming an oil-producing nation. Earlier in 2015, Exxon Mobil announced the discovery of oil reserves in its exploration activities in a concession located in Guyana's maritime zone. If this find is determined to be commercially viable, it would signal a transformation and diversification of Guyana's economy.

In keeping with the Bank's commitment to providing the highest level of service to all customers throughout Guyana, and subject to approval of the Bank of Guyana, the site preparatory exercise for the construction of new premises at Triumph, East Coast Demerara commenced on August 3, 2015.

At the Group level, in keeping with our overall expansion philosophy following a successful offer to the shareholders of HFC Bank (Ghana), Republic Bank Limited increased its shareholding in HFC Bank to 57.11%, giving the Bank majority ownership. In addition, the Bank acquired 100% shareholding of RBC Royal Bank (Suriname) N.V. and having rebranded to Republic Bank (Suriname) N.V. commenced commercial operations on August 3, 2015. These acquisitions bring the group's strategic footprint to nine territories.

Furthermore, having given consideration to its significant growth over the last 25 years, the Bank has decided to restructure the Group, by forming a holding company, Republic Financial Holdings Limited. This would allow for the more efficient management of the Group since Republic Bank Limited has been performing the dual roles of a holding company and deposit taking institution. The proposed change is consistent with international best practices and would enable greater operational efficiency and strategic focus which in turn would result in greater value for our stockholders and customers.

As we approach 2016, we remain mindful that while global conditions will continue to challenge us, we must keep the forward momentum created by the developments already taking place in Guyana. Republic Bank (Guyana) Limited looks forward to continuing to offer a high level of service to the people of Guyana. We remain committed to contributing to the country's financial sector and in discharging this responsibility will rely on the professionalism of our dedicated staff.

Acknowledgements

In closing, I acknowledge with gratitude the sterling service of our former Managing Director, John. N. Alves. John served the Bank and Group for over 40 years and exemplified the core values that have brought our organisation its many successes. We wish him a long and very rewarding retirement. Our staff have again made a strong contribution to the Bank's financial performance and I thank them sincerely for their continued support and dedication. I also thank our customers and stockholders for their loyalty and my fellow Directors for their ongoing support.

Managing Director's Discussion and Analysis

Richard S. Sammy

In this my first report as Managing Director, I am pleased to report that the Bank has had another successful year, which resulted in a profit after tax of $2,816 million compared to $2,339 million in 2014. Apart from the normal banking operations which accounted for $2,379 million, the increase was due to an extraordinary gain realised from the sale of fixed assets. Return on Assets improved to 2.03%, Return on Equity to 19.78% and Earnings per stock unit from $7.80 to $9.39.

A satisfactory growth in total loans and advances from $50.5 billion to $52.4 billion was recorded, while deposits increased by 9.9% from $112.5 billion to $123.7 billion. There was an increase in Treasury Bills year on year from $41.7 billion to $43.1 billion.

The past financial year was not without its difficulties, significant among which was business having slowed during the pre and post election period. Notwithstanding, these results were achieved through a disciplined approach, focused on achieving growth at profitable prices which translated to quality revenues and therefore quality earnings. We continued to broaden our distribution network, enhance our products and boost our technological capacity and risk management capabilities, while continuing to invest in our staff, customer service, and contributing to the communities in which we serve.

Customer Service

We remain committed to focusing on the quality of service delivery to our customers. Our training activities were intensified and staff at varying levels continue to be exposed to specialised Sales Training and reinforcement of our established core values including customer focus, integrity, respect for the individual, professionalism and results orientation, which have forged Republic Bank's reputation.

While we are pleased with the progress made to date, our analysis indicates that there is more to be done to attain the standards we have set for ourselves. To this end, we encourage our customers to provide feedback about their experiences as it spurs us to continuously improve our service excellence offering. This, together with the information gleaned from independent customer satisfaction surveys and internal mechanisms, provide the information necessary to inform our future strategies.

Human Resources

Our ongoing focus remains the training and development of staff, which supports our thrust to sustain the Bank's service standards. With staff numbers having grown in the last three fiscal years and the organisation expanding throughout Guyana, it is important that training and mentoring be underpinned by documented standards of professional behaviour.

We wish to acknowledge that our success depends on the loyalty, commitment, integrity and skill of the staff representing Republic Bank (Guyana) Limited. Our staff are banking people – in both senses of the phrase. They understand that they are literally "banking people" – our customers – to help them achieve better outcomes individually and for their families. We applaud their attitude towards work and determination to improve outcomes for customers and communities.

The Bank's staff wellness initiatives include, but are not limited to, health awareness activities and presentations on social issues. We are also pleased to advise that the Bank's Peer Education Workplace Programme, which promotes awareness and education activities, encourages a healthy working environment while offering counselling, testing and support, emerged winner of the 2015 Guyana Business Coalition on Health Awareness (GBCHA) Workplace Programme Award for Business Excellence.

Our major short-term objectives in areas relating to our staff include technology developments to enable employee self service for personal matters, and creating a database of useful information for improving our people management.

In the coming year, we will increase our investment in our people – the single biggest factor in our success. Our Human Resources Department will adopt a more strategic outlook and further increase support for our staff. We expect this investment will provide significant benefits for our business.

Information Technology

We continue to invest in technology infrastructure and capability. Progress has been gratifying, and our electronic delivery channels now include 39 Automated Teller Machines (ATMs) and 351 Points of Sale (POS) throughout various parts of the country. Our internet banking platform continues to gain momentum along with our telephone banking service, as customers gain a better understanding of the various features offered and become more comfortable banking by this medium.

We have planned upgrades of our core system in order to improve internal and external customer service, and business intelligence. Technology enhancements will also assist us in complying with international compliance standards and Anti-Money Laundering and Countering the Financing of Terrorism legislation.

Expansion

Our branches enable communities to leverage their collective demand for banking services to produce better outcomes for their districts. In each instance, Republic Bank has benefited by applying its unique focus, banking skills and technologies through which we deliver trust and sustain patronage of substantial customer bases. Having established these relationships, it is important that we work with our customers to improve their prospects and those of their communities. While it is far simpler, and cheaper, to establish a presence in already thriving communities, we have recognised the importance of establishing stong financial services footprints in fledgling regions.

In keeping with our thrust to serve the various communities, and having given notice to Bank of Guyana, land development has commenced for the construction of a Branch at Triumph, East Coast Demerara. Subject to approval of Bank of Guyana, construction will commence in fiscal 2016. Given our investment in our people and the branch network, we expect further growth in our business. In recent years, we opened three new branches in Diamond, Lethem, and D'Edward Village respectively, the latter fulfilling our plan to relocate the operations of the former Rosignol Branch, to modern and improved premises. Investment will continue as we aim to ensure a strong presence in more communities throughout Guyana.

Empowering the Community

We are philosophically and financially committed to supporting the development of people and by extension the nation. Republic Bank, with its inherent concern for the welfare of the communities, continues to be involved through established Deeds of Covenant with a number of charitable organisations. Through these Deeds of Covenant there is potential and power to make the lives of the disadvantaged more secure.

We have established a reputation of caring by doing caring things. Every year our donations of goods, services, time and money combine to make a difference in the lives of many. By intervening in the life of one person, the Bank makes a difference to families and by extension the community.

Managing Director's Discussion and Analysis

As we strive to promote participation in community life, our staff play a significant role through the Bank's Staff Volunteerism Programme, through which they lend much needed support.

The future of the nation lies with our youth, and youth development and education continue to be foremost on our agenda. In our partnership with the University of Guyana, we continued to pursue a number of initiatives that seek to empower our youth to achieve success. Annual awards were granted to graduating students and our efforts included special awards for excellence at the primary and secondary school levels.

Republic Bank aims to pursue a record of achievement which is worthy of emulation. During the fiscal, we were awarded the prestigious Corporate Citizenship Award by the Georgetown Chamber of Commerce for the flagship community investment initiative the Power to Make a Difference (PMAD) Programme. The PMAD programme aims to enhance the quality of life of disadvantaged persons, support healthcare programmes and disability awareness initiatives, provide opportunities for young people to realise their truest potential through sport, education and the arts, build community spirit and, in essence, help correct some of society's ills.

When added to our other pillars of operation, these ideals enable us to realise our vision of adhering to values that underpin the stability and vibrancy of the Bank, nation and its economy.

Regulatory Compliance

The Bank remains cognizant of the threat that money laundering poses to the economic wellbeing of the financial sector. As such, the Bank was pleased with the recent enactment of the amended Anti-Money Laundering and Countering the Financing of Terrorism Act and looks forward to perfection of the supporting structure. The Bank had for sometime introduced its own Group-wide internal systems to facilitate the detection and prevention of money laundering activities across its network and will work with the relevant authorities in ensuring strict compliance.

Our efforts to ensure the Bank is compliant with the US Foreign Account Taxation Compliance Act (FATCA) continue. To this end we have been engaging customers with US Indicia to ensure the requisite documentation is obtained. The Bank is also participating in national efforts to facilitate secure reporting to the relevant authorities.

The Bank remains compliant with all applicable laws and continues to strengthen its internal procedures to ensure full compliance with local laws.

We present below, a discussion and analysis of the financial position and performance of the Bank for the year ended September 30, 2015, to be read in conjunction with the Directors' report and audited financial statements presented on pages 18 to 20 and pages 49 to 113 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, 2015:

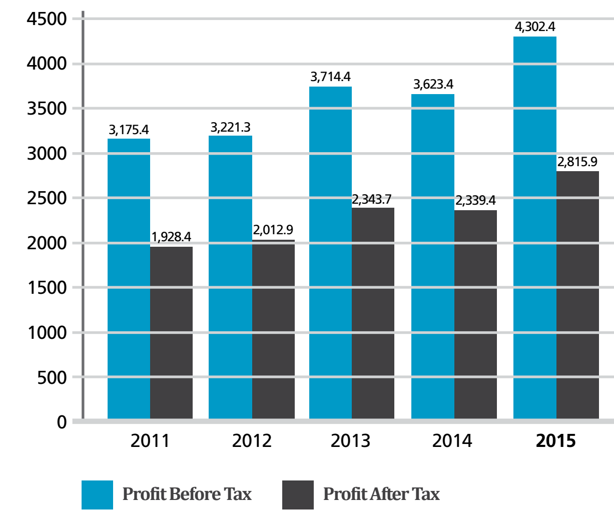
	2015	2014
United States Dollars	205.5	205.5
Pounds Sterling	312.5	332.5
Canadian Dollars	165.0	191.0
Euro	223.0	261.5

STATEMENT OF INCOME REVIEW

Financial Summary

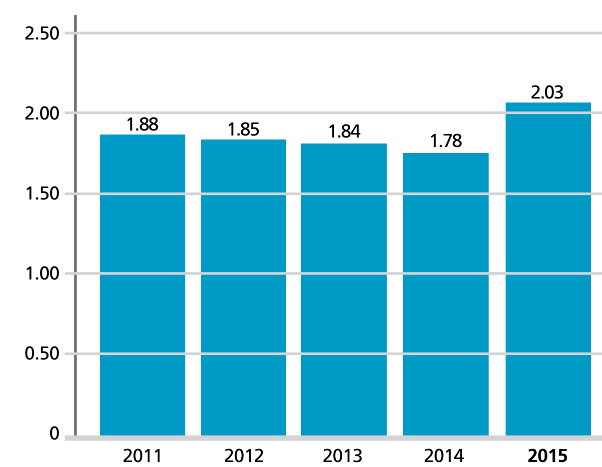
After tax profit of $2,816 million represents an increase in profitability of $476.5 million or 20.4% compared with 2014. This increase in profitability resulted from a decrease in provisioning expense and an extraordinary gain realised from the sale of fixed assets. Focus on improving credit assessment, decision-making and debt recovery will continue in the new fiscal. Corporation Tax paid amounted to $1,191 million compared with $1,404 million in 2014.

Profit Before/After Tax ($Millions)

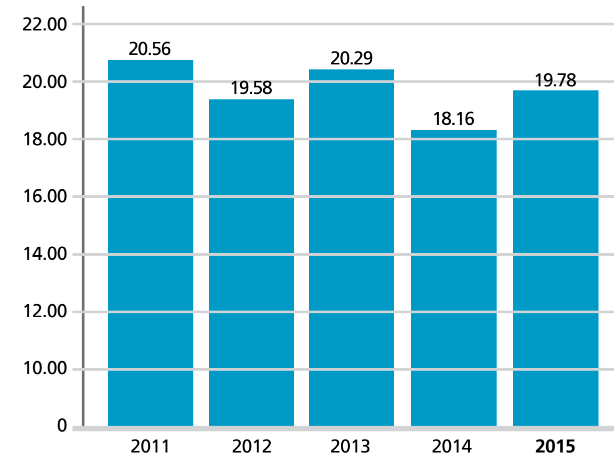


The Bank's return on average assets (2.03%) increased year on year, as well as its return on average stockholders' equity (19.78%). Earnings per stock unit increased from $7.80 in 2014 to $9.39 in 2015.

Return on Average Assets Assets (%)



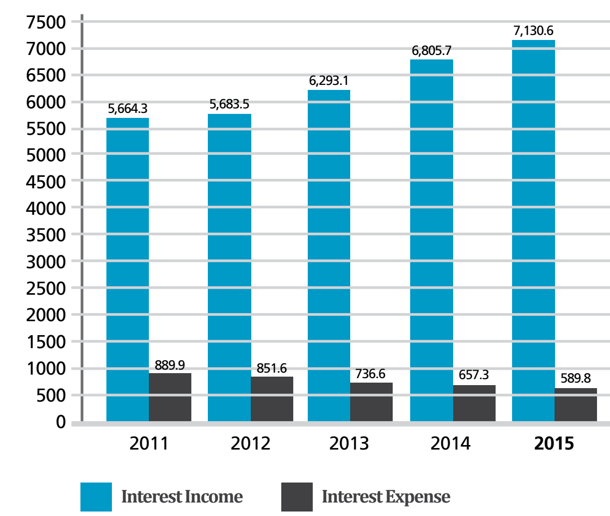
Return on Average Outstanding Equity (%)



Net Interest and Other Income

Net interest and other income grew by $971.1 million or 11.7% to $9.3 billion in 2015 compared to the $8.3 billion generated in 2014, which is attributed mainly to the increase in the loan portfolio and gains from the sale of fixed assets.

Interest Income/Interest Expense ($Millions)



Managing Director's Discussion and Analysis

Net Interest Margin

	2015	2014
Net interest income/ Total average interest earning assets	5.83%	5.66%
Net interest income/ Total average assets	4.57%	4.54%

Refer to Statement of Financial Position and note 16

Net interest income at $6.5 billion exceeded the $6.1 billion earned in 2014 by $392.4 million or 6.38% and is attributed primarily to increase in the loans portfolio and tight management of interest expense.

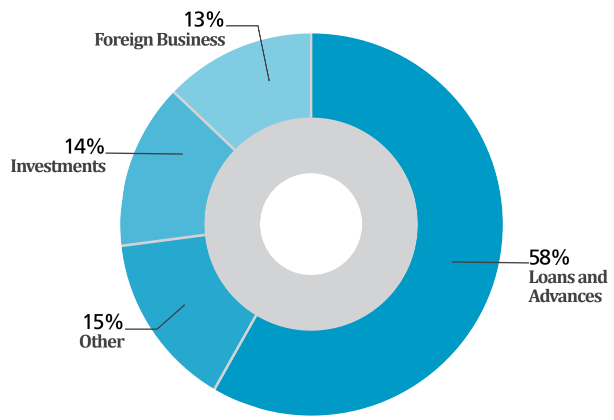
There were no unusual non-operational items.

The ratio of the Bank's average interest earning assets to average customer deposits, decreased to 89.4% from 91% in 2014. This reflects the Bank's policy of managing customers' deposits in a challenging environment where investments and lending opportunities are relatively scarce. At September 30, 2015, 38.8% of the Bank's interest earning assets consist of Government of Guyana Treasury Bills.

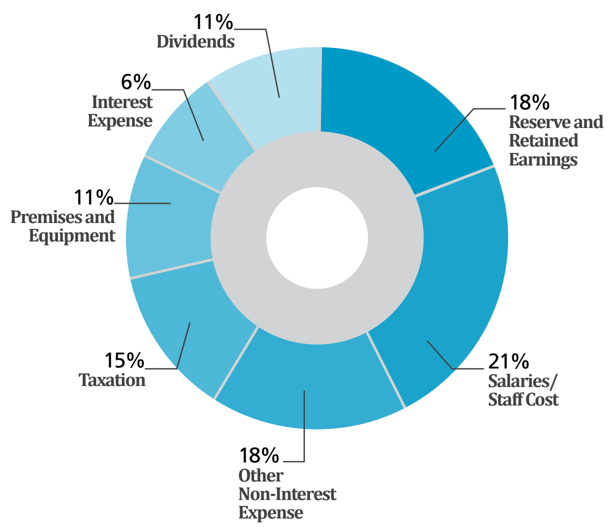
Interest paid on deposits for 2015 at $589.8 million, was lower than that of 2014 ($657.2 million) as the Bank continued to manage its assets and liabilities in an environment of inadequate investment opportunities. It is recognised, however, that customers simultaneously use a range of products and the Bank strives to ensure that rates (deposit and lending) are competitive with the rest of the industry and attractive to existing and potential customers.

Other Income, which amounted to $2.7 billion and contributed 27.5% to total income, was above the 2014 amount by $578.7 million, or 27.2%, resulting mainly from a gain from the sale of fixed assets. With continued emphasis, foreign exchange trading increased resulting in exchange gains for 2015 of $1,218 million, which represented a marginal increase of $8 million or 0.65% over 2014. Exchange earnings continue to be the main source of Other Income, contributing 45% (2014 - 56.8%) of the total.

Sources of Revenue (%)



Revenue Distribution (%)



Non-Interest Expense

Non-interest expenditure, which comprises operating expenses and provision for loan losses, increased by $292.1 million or 6.3% over 2014, as a result of increased staff cost, which increased to $2,089.3 million, attributable to increases in salaries and allowances. There was a decrease in depreciation charges ($7.3 million), resulting from a reduction in capitalisation of assets. There was also a significant decrease in loan losses net of recoveries of $205.9 million.

The Bank's productivity/efficiency ratio, which is non-interest expenses to net interest income and other income, declined to 44.67% from 48.30% in 2014, indicating an improvement in the Bank's productivity.

In accordance with IAS 39, and under the Financial Institutions Act, the Bank conducts an annual review of its impaired loans. There are three levels at which the Bank provides for actual and potential loan impairment. These are a General Banking Risk Reserve and General and Specific Provisions for non-performing loans. After a $207.8 million transfer to income in 2015, the amount set aside for the General Banking Risk Reserve amounts at year end to $2,368 million. This Reserve which is discussed in some length on page 85 of this report is consistent with the Bank's policy of maintaining 100% provision for its non-performing loans and is in addition to the General provision.

The financial statements include general provision made on its performing portfolio under IAS 39 of $117.3 million at September 30, 2015, a decline of $48.1 million. This provision reflects the level of inherent risk in the loan portfolio for which there is no specific provision.

At September 30, 2015, specific provision on non-performing loans amounted to $570.3 million, an increase of $206.4 million over 2014. Overall in 2015, expenses related to loan-loss provisioning amounted to $574.2 million against a provision of $656.4 million in 2014. The Bank continues to strive to maintain a very prudent policy especially on its unsecured consumer lending portfolio. Recoveries on loans which were previously written-off amounted to $239 million in 2015 (2014 - $115.4 million).

The Bank's ratio of non-performing to performing loans as at September 30, 2015 decreased marginally to 5.9% from 6.1% in 2014. On the other hand, the ratio of specific provision for loan losses to non-performing loans moved from 12.4% at September 30, 2014 to 19.4% at September 30, 2015.

STATEMENT OF FINANCIAL POSITION 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, increased by $7.9 billion year on year. This increase is due mainly to the unavailability of quality investments. The statutory deposit balance with Bank of Guyana grew by $6.6 billion over the same period.

Available-for-sale investment securities

Available-for-sale investment securities, including Government of Guyana Treasury Bills, increased by 4.9% during the year ($2,325.7 million), primarily due to the Bank's investment in Treasury Bills which increased from $41.7 billion in 2014 to $43.1 billion in 2015, or 3.4%. There was also a marginal increase in other local and foreign investments, by $0.9 billion, or 16.7%, to $6.3 billion. The Bank aggressively competes for the limited investment opportunities even as there is continuous growth in the liquidity of the country's financial houses, relative to those investments.

Advances

Advances grew by $1.9 billion to $52.4 billion, an increase of 3.7%. The concentration by sector in the loans and advances portfolio, a function of the Bank's Credit Risk Management process, remained fairly constant during the year. The Bank's investment in agriculture remained at a minimum as it continues to reassess the position as circumstances change.

Significantly, however, the Home Mortgages sub-sector recorded a 13.1% increase in value from $15.6 billion to $17.6 billion. The Bank continues to aggressively support the Government's home ownership thrust.

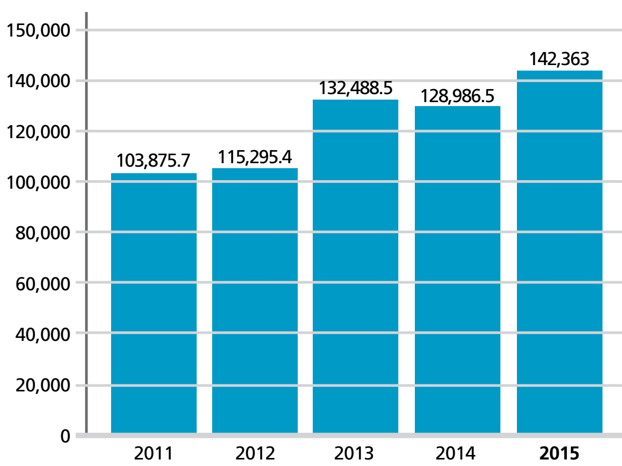
As a percentage of total assets, loans and advances accounted for 36.8%, down from the 39.1% achieved in 2014.

Total assets

The Bank's total assets of $142.4 billion represent an increase of $13.4 billion or 10.4% above 2014. This increase is attributed to deposits held with correspondent banks and the statutory deposit balance with the Bank of Guyana. Notwithstanding, loans and advances accounted for an increase of $1.9 billion and available-for-sale investment securities and Treasury Bills for $2.3 billion. Over the past three years, net investment in loans and advances grew by $7.9 billion, $3.9 billion and $1.9 billion, respectively. In a challenging and competitive environment for sound economic projects, the Bank continues to seek and attract new and remunerative investments even as it honours its obligation to protect depositors' funds.

Managing Director's Discussion and Analysis

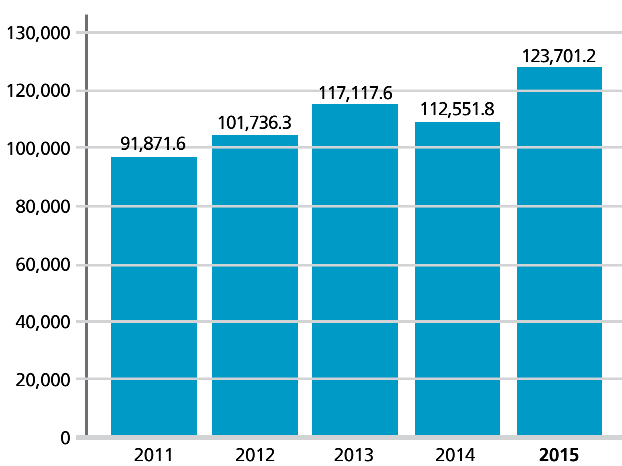
Total Assets ($Billions)



Deposits

Asset growth resulted from an increase in deposits, which moved to $123.7 billion from $112.6 billion in 2014, an increase of $11.1 billion or 9.9%. This reflects depositors steadfast confidence in the Bank, as it continues to focus on providing quality products and services. Savings deposits, the most stable category of deposits at 63.7% of the deposit portfolio, increased by $1.7 billion or 2.2%. The Certificate of Deposit (Term) portfolio declined by $0.3 billion or 3.9% compared with $1.9 billion or 21.78% in 2014.

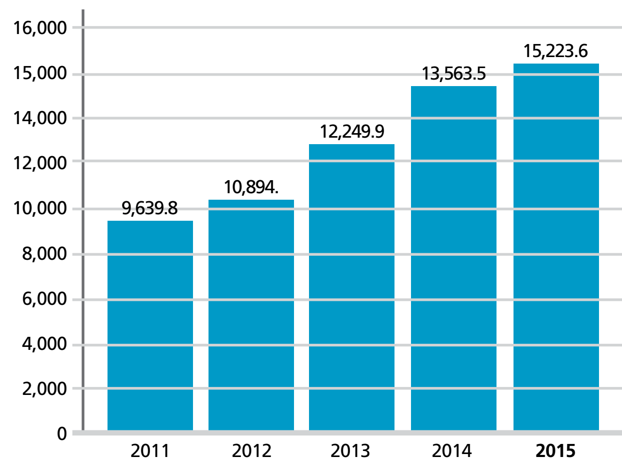
Total Deposits ($Billions)



CAPITAL STRUCTURE AND RESOURCES

The Bank's policy is to maintain capital adequacy, ensure capital growth and minimise capital impairment. The governing Financial Institutions Act 1995 restricts a single or group borrower loan to defined percentages of the Bank's capital base. From the after tax profits of $2,816 million, $1,180 million is being proposed as dividends and $1,636 million transferred from the Statement of Income to stockholders' equity. At September 30, 2015 the book value of stockholders' equity amounted to $15.2 billion.

Stockholder's Equity ($Million)



Total dividends paid and proposed for fiscal 2015 amount to $1,180 million, an increase of 14.6% over the $1,030 million payout for 2014. This equates to a dividend payout ratio of 41.9% (2014 - 44.0%).

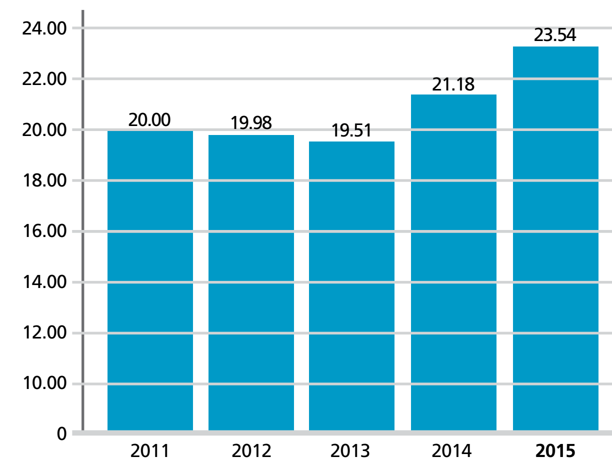
There was a decrease in the price at which the Bank's stock traded on the Guyana Stock Exchange, with a spread of 8.7% between the highest price of $125 and lowest price of $115 and an average weighted price of $121.70 per stock unit. In terms of volume, most trades were done at a unit price of $122. Using the Market Weighted Average Price of $115 from the last trade date (August 31, 2015) for the Bank's stock, the price/earnings ratio declined to 12.25 from 16.0 in 2014. The net asset value of one unit is $50.7 (2014 - $45.2) which, with a price of $115 gives a price/book ratio of 2.27:1 (2014 - 2.76:1).

Regulatory capital

Capital adequacy is monitored by the Bank on a monthly basis and computed based on guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the Bank of Guyana under the Financial Institutions Act 1995.

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 $13.5 billion to $15.2 billion year-on-year. The capital adequacy ratio increased marginally, moving to 23.54% at September 30, 2015 from 21.15% at September 30, 2014. This increase is attributable to an increase in total risk-weighted assets.

Capital Adequacy ($Millions)



RISK MANAGEMENT

Overview

Banking is about risks and their management. These are discussed extensively on page 89 to 103 of this Annual Report.

The Bank manages these risks at all levels of its corporate structure applying quantitative and qualitative criteria and strict levels of authority throughout the organisation. The Bank also benefits from continuous guidance and services of the Risk Management Unit and the Internal Audit Department of the Parent Company.

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

FUTURE OUTLOOK

While our financial results represent a solid progression in our long-term strategy to strengthen our position as the bank of choice, we are conscious of the need for further improvements in key performance measures. The strategies for growth are therefore established, and targets set to improve performance ratios in the short to medium term without compromising our level of service, ethical principles and community focus. The drive to increase productivity, efficiency and the use of available technology will receive added impetus in the new financial year. Attainment of these goals will enable us to further reward our many stockholders who have supported the Bank throughout the years.

The Bank will continue to grow by building on its offering of quality banking services to its various communities. In the coming year, we will further align the Bank's organisational structure to its strategy and objectives. As previously stated, we propose expanding the branch network which will enable the Bank to assist communities where retail and commercial banking services are limited and required. Customer access to our services will be further enhanced by ongoing developments in our Automated Teller Machine (ATM), Point of Sale (POS) and Internet Banking facilities. We anticipate continued growth and development given the Group's thrust to provide products and services that are tailored to customers' needs. Forward strategies will see us heightening our online representation and digital presence in order to communicate and engage directly with customers.

We continue to embrace the belief that customer service, integrity, asset quality, innovation and staff development are the bases on which our contribution to the future well-being of Guyana is founded. Our staff is committed, competent and experienced and we remain confident about our resources and sound strategies to improve profitability, asset quality and increase stockholder wealth. Building on our past achievements, we are determined to sustain an organisation that will continue to support Guyana's development.

Managing Director's Discussion and Analysis

ACKNOWLEDGEMENTS

I acknowledge with gratitude, the valuable contribution of former Managing Director, Mr. John N. Alves who retired effective June 30, 2015. Mr. Alves would have served the Bank with distinction over a period of 40 plus years, and I wish him and his family a happy, healthy and fulfilling future.

The results achieved in these challenging economic conditions would not have been possible without the continued dedication and hard work of our employees. I wish to thank the management and staff for their contribution over the past year, our Board of Directors for their guidance and support, and our valued customers and business partners for their unwavering loyalty.

Senior Management

1 **Richard S. Sammy,** *BSc (Mgmt. Studies) (Hons.), MBA*
Managing Director

2 **Denise Hobbs,** *Dip. (Business Mgmt.)*
General Manager, Corporate and Management Services

3 **Patricia Plummer,** *FICB*
General Manager, Credit

Management

1 **Denys Benjamin**
Manager, Corporate Operations

2 **Doodmattee Bhollaram,** *AICB*
Manager, Corriverton Branch

3 **Celine Davis,** *ICB - Letter of Accomplishment, BSocSc (Mgmt.), PG Dip. (Dev. Studies), MSc (Human Resource Mgmt.)*
Manager, Water Street Operations

4 **Harry Dass Ghaness,** *ICB - Letter of Accomplishment, Certified Credit Professional*
Manager, Rose Hall Branch

5 **Stanton Grant,** *BSc (Econ.), AICB*
Manager, Internal Audit

6 **Sherwyn Greaves,** *AICB, MBA*
Manager, Camp Street Branch

7 **Yonnette Greaves,** *Dip. (Info. Services) LIMIS*
Manager, Information Technology

8 **Sasenarain Jagnanan,** *AICB, Dip. (Banking and Finance)*
Senior Manager, Corporate and Commercial Credit

9 **Erica Jeffrey,** *ICB - Letter of Accomplishment*
Manager, Branch Support Services

10 **Michelle Johnson,** *MCIPR, MACC (Dist), PG Dip CIPR, BSocSc, Mgmt. (Credit)*
Manager, Marketing and Communications

11 **Ndidi Jones,** *Dip. (Sociology), LLB, LEC, LLM (Merit), CPAML*
Senior Manager, Republic Bank (Guyana) Limited

12 **Leon McDonald,** *Dip. Accounting (AAT), AICB, CAT*
Credit Manager, Corporate and Commercial Credit

Management

13 Christine McGowan, *LLM (Merit), LLB (Dist.), LEC (Hons.), AMLCA, CPAML*
Manager, Legal Services/Corporate Secretary

14 Shrimanie Mendonca, *BSc (Biology), PG Dip. (Education), MEd*
Manager, Human Resources

15 Yugisther Mohabir, *MCSA*
Assistant Manager, Information Technology

16 Shridath Patandin, *AICB*
Manager, Vreed-en-Hoop Branch

17 Jadoonauth Persaud, *Dip. (Banking and Finance), MBA*
Manager, Branch Operations

18 Michael Ram, *AICB*
Manager, Operational Risk

19 Guitree Ramsamooj, *CAT*
Manager, Anna Regina Branch

20 Carla Roberts, *BSc (Accountancy)*
Corporate Manager, Corporate and Commercial Credit

21 Imran Sacoor, *Dip. (Marketing), MBA*
Manager, D'Edward Branch

22 Randulph Sears, *Business Group Cert. (ICM), Dip. (Marketing), ACIM, MBA*
Manager, New Amsterdam Branch

23 Joel Singh, *AICB*
Manager, Linden Branch

24 Vanessa Thompson, *BSocSc (Mgmt.), FCCA, MBA*
Manager, Finance and Planning

Management

25 Joann Williams, *BA (English)*
Assistant Manager, Human Resources

Statement of Corporate Governance Practices

Corporate Governance is described as "the system by which companies are directed and controlled" in pursuit of a greater sense of accountability, fairness and transparency. One of the objectives of implementing corporate governance principles is to ensure the balancing of stakeholder interests. 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 the Bank's 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 on Corporate Governance 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. This statement is made pursuant to the abovementioned Supervision Guideline Number 8. In addition, the Bank is compliant with Supervision Guideline 10 on the Public Disclosure of Information.

The Board of Directors comprises nine Directors including one Executive Director. The non-executive Directors, six of whom are independent, comprise persons with extensive experience in both business and finance, and provide invaluable input at meetings through their personal values and standards arising from their varied and distinct backgrounds. Together, the Board members provide entrepreneurial leadership within a framework of prudent and effective controls. In keeping with the Bank's culture of broad disclosure, the Managing Director ensures that all pertinent information relevant to the Bank's operations is provided to members of the Board of Directors.

The Board is charged with the mandate to lead the Bank along a path of greater profitability without compromising the Bank's sound financial position while ensuring compliance with applicable laws. Of critical importance to the Board of Directors is the responsibility to approve and review the Bank's Strategic Plan and within this context, to approve Annual Budgets, including capital expenditure. The Board retains the responsibility for reviewing and approving credit applications above a specified limit. Pursuant to the mandate to ensure that the interests of the various stakeholders are considered, at minimum the Board of Directors meets, at a minimum, on a quarterly basis while the Executive Sub-Committee of the Board, comprising seven Board members, meets monthly for the remaining months.

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
Shameer Hoosein
Richard M. Lewis
Richard I. Vasconcellos,
Yolande M. Foo

Alternate Member
John G. Carpenter

The Audit Committee meets at least quarterly to review the Bank's system of internal controls, financial reporting process, audit and examination process, and compliance with statutory and regulatory laws. When necessary, the Audit Committee is responsible for reviewing the independence, competence and qualifications of the External Auditors. The External Auditors have full and free access to, and meet when necessary, 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. The External Auditors receive notice of every meeting of the Audit Committee and may attend as of right. The head of the Bank's Internal Audit Department 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 statement and accounting systems are adequate and are complied with.

Statement of Corporate Governance Practices

COMPENSATION COMMITTEE

The members of the Compensation Committee are:

Chairman
Derwin M. Howell
Members
Shameer Hoosein
Roy E. Cheong
Alternate Member
Yolande M. Foo

This Committee, which meets at minimum once per year, is responsible for formalising the Bank's remuneration policy for 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
Richard M. Lewis

This Committee, which meets quarterly, is responsible for reviewing policies and procedures and ensuring the Bank is not exposed to unnecessary risks with respect to its operations. The Other Risks Committee is also responsible for overseeing the management of the Bank's Anti-Money Laundering and Countering the Financing of Terrorism Programme and ensuring that adequate systems and procedures are implemented to prevent and detect attempts to launder money and/or finance terrorism.

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 Management Team are appointed by the Board of Directors. Each Management Officer has a written mandate and is required to execute the stated functions as outlined therein. Key areas of responsibility are outlined and adherence to the Bank's core values is mandatory.

The Managing Director's responsibilities and authorities are documented and approved by the Board of Directors. Limits on credit dispensation, capital and operating expenditure are stated specifically in the Managing Director's Authorities. In keeping with good corporate governance principles, the Managing Director is charged with the day to day management of the Bank's business and is ably assisted by a competent and experienced management team. The Bank's two General Managers report directly to the Managing Director. Senior Management, which has combined banking experience of more than 90 years, has general oversight of the Bank's credit portfolio, branch network and general operations. One member of Senior Management has a Masters Degree in Business Administration, another is a Fellow of the Institute of Canadian Bankers while the other is qualified in Business Management making the team extremely qualified to offer leadership to the management team.

The Board of Directors ensures the compensation package for staff is competitive. The package consists of basic salary and performance based incentives. In determining the basic salary to be paid to officers of the Bank, including Management Officers, the responsibilities attached to the position are assessed. This forms the core basis for the basic salary of each employee.

The performance of each staff member is evaluated annually, based on individual and collective performance criteria. In keeping with the expectation of the Board of Directors the performance of each Management Officer is also assessed against all Key Performance Areas which, may include financial targets. The performance of all Management Officers is reviewed by the Board of Directors on an annual basis.

Cognizant 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's Related Party Policy underscores the need for all transactions done with related parties and affiliates to be done on the same terms and conditions as with a non-related party. Directors are required to disclose their interest in related party transactions and to recuse themselves from considering or approving transactions in which they have an interest. All material related party transactions must be approved by the Board of Directors. On an annual basis the Board of Directors reviews a report on related party transactions in order to ensure compliance with the Bank's Related Party Policy.

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, insider information, and non-discrimination among others.

The Bank encourages its stockholders to communicate all issues of concern orally or in writing. All stockholder concerns are addressed in a prompt and efficient manner by Management.

Signed on behalf of the Board

Chairman
NIGEL M. BAPTISTE

Republic Bank chooses to place particular focus on the rarely acknowledged issue of literacy. When we formally pledged our support toward national empowerment and the building of successful societies, through our Power to Make a Difference programme, we did so with the knowledge that this one group, with one focus, with one collective power could leave a positive and indelible mark on this Region.

3

Corporate Social Responsibility

The Power to Make a Difference

Top to bottom

Republic Bank Pan Minors Music Literacy Programme; Youth Link Apprentices during Care-A-Van to Ptolemy Reid Rehabilitation Centre; Staff Volunteers at the West Demerara Secondary School Library Refurbishment Project; Women Across Differences Teen Mothers Programme

Inherent to the belief that we each have an invaluable contribution to make in strengthening the national community is the desire to work together to achieve that goal, and in the process, form powerful connections with the people we proudly serve. These bonds stand as a promise to the people and communities we serve that we are singularly invested in safeguarding the welfare, and ensuring the sustainable success of our beautiful nation. At Republic Bank, we understand the critical importance of these bonds as we own our responsibility to empower diverse peoples and communities through relationships with Non-Governmental Organisations (NGOs) and Community-Based Organisations (CBOs).

For more than a decade, through our multi-million dollar social investment initiative, the Power to Make a Difference, we have embarked on an unforgettable journey to enhance the quality of lives of the differently able; support healthcare programmes and disability awareness initiatives; provide opportunities for young people to realise their truest potential through sport, education, culture and the arts; and raise the bar for community investment through a wide-reaching, comprehensive staff volunteerism programme.

During this fiscal, we entered a new four-year period of the Power to Make A Difference, wherein we continued to build on existing fundamental relationships, formed new powerful ones, and further aligned our energies and resources with these dedicated NGOs and CBOs.

As we go forward with our commitment to unlock potential of our nation – a commitment engrained in our very culture to take our responsibilities in the community, marketplace, workplace, and to the environment seriously – we will wield this Power to Make A Difference in the hopes of ushering a new age of social consciousness in our country; where increased sustainable corporate investment, leveraged by meaningful long lasting relationships with the community are the practiced norm and not the exception.

Projects 2015

In fiscal 2015, we successfully launched the third installment of Power to Make A Difference with the firm recommitment to support and sponsor existing community-based and youth empowerment programmes.

In this new phase, we more than doubled our previous pledge to $186 million as we deepened our focus on raising environmental and cultural literacy awareness, increasing our support and training for the differently able, and broadening the shape and scope of our groundbreaking staff volunteerism programmes. During this period, we pursued 17 such projects in the following areas:

Youth Empowerment

Over the years, our work with the community has been instrumental in creating sustainable solutions for the future as we provide many opportunities to learn and succeed to thousands of young achievers. Through our continued sponsorship of the Republic Bank Pan Minors Music Literacy Programme, in conjunction with the Ministry of Education, Department of Culture, Youth and Sport we have successfully challenged hundreds of young minds across the nation to discover more about the steel pan's history, inclusive of pan arrangement for the older ones, as they develop playing skills and techniques in a fun-filled, safe, learning environment.

As the Pan Minors Programme raises cultural literacy, the Republic Bank Youth Link Apprenticeship Programme has, over the past seven years, raised the educational and vocational levels of scores of secondary school graduates. The Youth Link Programme provides a unique and comprehensive experience to these young adults as they learn more about the working world; in so doing, providing opportunity and insight on successfully bridging the gap between secondary school life and the world of work. This seven-month series has brought scores of driven young adults together in the spirit of developing personal, social, and professional skills; skills that will serve them well in becoming future leaders.

Our most recent collaboration has been forged with Women Across Differences (WAD), a dynamic NGO focused on the empowerment of women and girls. The comprehensive empowerment programme for adolescent mothers, equips young mothers with sexual reproductive health and family planning education, self development training and vocational skills building while promoting positive life style choices. Through our support, WAD is now able to conduct more field visits and reach adolescent mothers in their communities.

Outside of flagship youth empowerment programmes, we resolutely maintained our focus on deepening our relationship with the University of Guyana. We recommitted to funding a four-year scholarship in an area of national importance as well as awards for the best graduating students at the University of Guyana with a degree from the Faculty of Social Sciences and a diploma in Banking and Finance.

We also maintained our sponsorship of the Ministry of Education's Academic Achievement Awards; recognising the significant impact that celebrating excellence has on empowering young people of today to aspire to become the leaders of tomorrow.

Staff Volunteerism

As we approach the new fiscal year, we know that our first priority is doing our jobs as bankers well; however, we are always cognizant that banks have a significant impact on people, communities and countries, and as a result, we believe that we can do more to improve the quality of life for the people we serve.

Through our Staff Volunteerism programme, our dedicated staff members, their friends and loved ones, have joined with the NGO and CBO communities to create a powerful movement to help, to care, to teach and to move others onto the road to success.

In all the regions we conduct business, our staff volunteers have supported their communities through reading programmes, library visits, renovations and book donations along with bringing cheer to orphans and the differently able at Christmas.

Culture

Our culture is the bedrock upon which our nation is built; preserving and nurturing it for future generations becomes increasingly vital as traditional elements fade away. Through signature programmes like the Republic Bank Mashramani Steel Band Competition, in conjunction with the Ministry of Education, Department of Culture, Youth and Sport we continue to be actively involved in the promoting of the pan's popularity within the nation. The aim remains to use our resources to encourage greater community involvement and interest, especially among young people, in the steel pan.

The Power to Make a Difference

We also continued our focus on art and theatre arts with our sponsorship of the Biennial National Drawing Competition, and the Theatre Guild Playhouse. Through these initiatives, participants are able to showcase and develop their skills, creativity and talent.

Community

Our success depends upon the health and prosperity of our clients, our employees, and our communities. Providing for the upkeep and strengthening of these communities is vital to our continued survival as a nation. That all begins with our environment. Through our ongoing collaboration with the Mayor and the City Council of Georgetown we have kept this beautiful national monument, the Promenade Gardens, alive and well for all to enjoy.

This year, we successfully combined youth empowerment with environmental literacy and awareness through our sponsorship of the internationally-recognised Iwokrama programme that has raised awareness of the local rainforest, promoted greater literacy among thousands, and has furthered the national conversation on the protection and preservation of this beloved natural resource.

Another community project to which we remain committed is our sponsorship for the St. Joseph Mercy Hospital rebuilding project, which entered its third year. Our investment contributed to the rebuilding of a state of the art, modern health facility.

Differently Abled

Our commitment to the nation would be incomplete without us empowering and celebrating the diversity within the special needs community. During the year, we kept the momentum going as we continued to facilitate additional opportunities, particularly for our nation's young achievers with Autism Spectrum Disorder (ASD), to succeed. The Step-by-Step School for Autistic Children has become a safe haven for many ASD children. Our sponsorship, now in its third year, has simultaneously helped empower these special children and brought us even closer to understanding their needs.

Building on that partnership, we deepened our relationship with the special needs community through our continued sponsorship of the Guyana Community-Based Rehabilitation Programme – a much-needed initiative that provides transportation facilities for differently abled persons to learning workshops.

The Future

Looking at the past year, we are convinced now, more than ever, that the Power to Make A Difference has made significant inroads into redefining the scope of corporate social investment in Guyana.

Through a combination of financial and human resources investments, the Power to Make A Difference has become a legacy to the powerful bonds we have formed with true leaders within the NGO and CBO communities. Bonds that grow stronger with every successful venture.

As we start this new phase, despite the fact that there remains more to be done, we are optimistic of what we can achieve, working closely with our dedicated partners, and backed by our caring staff. We eagerly look forward to the next year as it promises to present additional opportunities to care for and protect the community, preserve our cultural and national heritage, empower our nation's young achievers, and grow and develop with the proud people of this nation.

Meeting the needs of our customers is paramount at Republic Bank (Guyana) Limited. Through our extensive Branch, Automated Teller Machine (ATM) and Point of Sale (POS) network across Guyana, we are able to serve many communities.

4 Financial

Financial Reporting Requirements

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 audits 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.

RICHARD S. SAMMY
Managing Director

CHRISTINE A. McGOWAN
Corporate Secretary

Contents

Independent Auditors' Report

TO THE STOCKHOLDERS OF REPUBLIC BANK (GUYANA) LIMITED

We have audited the financial statements of Republic Bank (Guyana) Limited which comprise the statement of financial position as at September 30, 2015, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the Companies Act 1991, the Financial Institutions Act 1995, and the Securities Industry Act 1998 and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at September 30, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the Companies Act 1991, the Financial Institutions Act 1995, and the Securities Industry Act 1998.

Ram & McRae

Chartered Accountants
157 'C' Waterloo Street,
North Cummingsburg,
Georgetown, Guyana

October 26, 2015

Statement of Financial Position

As at September 30, 2015. Expressed in thousands of Guyana dollars ($'000)

	Notes	2015	2014
ASSETS			
Cash		2,221,630	1,469,454
Statutory deposit with Bank of Guyana		14,274,130	12,900,869
Due from banks	4	15,775,357	8,619,336
Treasury Bills	6 (c)	43,141,497	41,719,293
Investment interest receivable		38,456	45,433
Advances	5	52,362,418	50,496,947
Investment securities	6	6,318,344	5,414,804
Premises and equipment	7 (a)	5,753,349	5,677,027
Intangible assets	7 (b)	108,546	147,232
Goodwill	8	1,228,222	1,228,222
Deferred tax assets	10	228,219	155,457
Other assets	11	912,787	1,112,453
TOTAL ASSETS		142,362,955	128,986,527
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		199,457	214,492
Customers' chequing, savings and deposit accounts	12	123,701,186	112,551,760
Pension liability	9	115,300	157,100
Taxation payable		505,962	238,410
Deferred tax liabilities	10	315,873	306,223
Accrued interest payable		18,476	19,228
Other liabilities	13	2,283,097	1,935,793
TOTAL LIABILITIES		127,139,351	115,423,006
EQUITY			
Stated capital	14	300,000	300,000
Statutory reserves	15	300,000	300,000
Net unrealised (loss)/gain	15	(117,187)	26,548
General banking risk reserve	15	2,368,086	2,575,926
Retained earnings		12,372,705	10,361,047
TOTAL EQUITY		15,223,604	13,563,521
TOTAL LIABILITIES AND EQUITY		142,362,955	128,986,527

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on October 26, 2015 and signed on its behalf by:

RICHARD S. SAMMY	CHRISTINE MC GOWAN	ROY E. CHEONG
Managing Director	Company Secretary	Director, Chairman of Audit Committee

Statement of Income

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000)

	Notes	2015	2014
Interest income	16 (a)	7,130,598	6,805,696
Interest expense	16 (b)	(589,820)	(657,272)
Net interest income		**6,540,778**	**6,148,424**
Other income	16 (c)	2,709,288	2,130,585
		9,250,066	**8,279,009**
Loan impairment expense net of recoveries	5 (c)	(574,232)	(656,457)
Operating expenses	16 (d)	(4,373,446)	(3,999,168)
Profit before taxation		**4,302,388**	**3,623,384**
Taxation - Current		(1,465,658)	(1,247,458)
Taxation - Deferred		(20,792)	(36,498)
Total taxation expense	17	**(1,486,450)**	**(1,283,956)**
Net profit after taxation		**2,815,938**	**2,339,428**
Earnings per stock unit ($)		9.39	7.80

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000)

	2015	2014
Net profit after taxation	2,815,938	2,339,428
Other comprehensive income:		
Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):		
Net (loss)/ gain on available-for-sale investments	(143,735)	29,460
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:	**(143,735)**	**29,460**
Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Re-measurement gain/(loss) on defined benefit plans	17,880	(25,260)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:	**17,880**	**(25,260)**
Total other comprehensive (loss)/income for the year, net of tax	**(125,855)**	**4,200**
Total comprehensive income for the year, net of tax	**2,690,083**	**2,343,628**

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000)

	Stated capital	Statutory reserves	Net unrealised gain/(loss)	General banking risk reserve	Retained earnings	Total equity
Balance at September 30, 2013	**300,000**	**300,000**	**(2,912)**	**1,234,292**	**10,418,513**	**12,249,893**
Profit for the year	–	–	–	–	2,339,428	2,339,428
Other comprehensive income/(loss)	–	–	29,460	–	(25,260)	4,200
Total comprehensive income for the year	–	–	29,460	–	2,314,168	2,343,628
Transfer to general banking risk reserve	–	–	–	1,341,634	(1,341,634)	–
Dividends	–	–	–	–	(1,030,000)	(1,030,000)
Balance at September 30, 2014	**300,000**	**300,000**	**26,548**	**2,575,926**	**10,361,047**	**13,563,521**
Profit for the year	–	–	–	–	2,815,938	2,815,938
Other comprehensive (loss)/income	–	–	(143,735)	–	17,880	(125,855)
Total comprehensive (loss)/income for the year	–	–	(143,735)	–	2,833,818	2,690,083
Transfer from general banking risk reserve	–	–	–	(207,840)	207,840	–
Dividends	–	–	–	–	(1,030,000)	(1,030,000)
Balance at September 30, 2015	**300,000**	**300,000**	**(117,187)**	**2,368,086**	**12,372,705**	**15,223,604**

Statement of Cash Flows

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000)

	2015	2014
Operating activities		
Profit before taxation	4,302,388	3,623,384
Adjustments for:		
Depreciation and amortisation	412,028	419,286
Loan impairment expense	574,232	656,457
(Gain)/loss on sale of premises and equipment	(436,901)	1,947
(Decrease)/increase in employee benefits	(12,000)	27,300
Increase in advances	(2,037,454)	(3,923,231)
Increase/(decrease) in customers' deposits	11,149,426	(4,565,856)
(Increase)/decrease in statutory deposit with Bank of Guyana	(1,373,261)	774,158
Decrease in other assets and investment interest receivable	206,643	5,429
Increase/(decrease) in other liabilities and accrued interest payable	346,552	(223,530)
Net cash from operating activities before tax	13,131,653	(3,204,656)
Taxes paid	(1,191,120)	(1,403,964)
Cash provided by/(used in) operating activities	**11,940,533**	**(4,608,620)**
Investing activities		
Purchase of investment securities	(1,622,914)	(320,465)
Redemption of investment securities	221,680	150,543
Purchase of Treasury Bills	(70,572,700)	(54,099,950)
Redemption of Treasury Bills	68,997,600	52,090,000
Additions to premises and equipment	(466,894)	(1,016,578)
Proceeds from sale of premises and equipment	455,927	9,562
Cash used in investing activities	**(2,987,301)**	**(3,186,888)**
Financing activities		
(Decrease)/increase in balances due to other banks	(15,035)	25,056
Dividends paid	(1,030,000)	(1,030,000)
Cash used in financing activities	**(1,045,035)**	**(1,004,944)**
Net increase/(decrease) in cash and cash equivalents	7,908,197	(8,800,452)
Cash and cash equivalents at beginning of year	10,088,790	18,889,242
Cash and cash equivalents at end of year	**17,996,987**	**10,088,790**
Cash and cash equivalents at end of year are represented by:		
Cash on hand	2,221,630	1,469,454
Due from banks - Note 4	15,775,357	8,619,336
	17,996,987	**10,088,790**
Supplemental information:		
Interest received during the year	7,130,246	7,006,447
Interest paid during the year	590,572	679,904
Dividends received	9,000	8,440

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

1 CORPORATE INFORMATION

The Bank was incorporated in the Co-operative Republic of Guyana on November 20, 1984 as a limited liability company under the Companies Act, Chapter 89:01 and continued under the Companies Act 1991 on May 16, 1997 and is licensed as Bankers under the Financial Institutions Act 1995.

The Bank was registered as a reporting issuer under the Securities Industry Act 1998 on April 7, 2003. It was designated as an approved mortgage finance company by the Minister of Finance on September 2, 2003 under section 15 of the Income Tax Act.

Banking operations began on February 16, 1837 by the British Guiana Bank which had been incorporated on November 11, 1836. On November 17, 1913 operations were sold to The Royal Bank of Canada. Assets and Liabilities of the Guyana operations of The Royal Bank of Canada were acquired by the Government of Guyana on November 29, 1984 and vested in the National Bank of Industry and Commerce Limited on December 1, 1984. In October 1997 the Bank became a subsidiary of Republic Bank Limited of Trinidad and Tobago and subsequently changed its name to Republic Bank (Guyana) Limited on June 5, 2006. As at September 30, 2015 the stockholdings of Republic Bank Limited in the Bank were 51.1%.

Until October 31, 2012, the CL Financial Group held through its various subsidiaries, 51.4% of the shares of Republic Bank Limited, of which Colonial Life Insurance Company (Trinidad) Limited (CLICO) and CLICO Investment Bank Limited (CIB) combined, held 51.1%.

CLICO Investment Bank Limited (CIB) which owned together with its subsidiary First Company Limited, 18.3% of the shareholding of Republic Bank Limited was on October 17, 2011 ordered by the High Court to be wound up and the Deposit Insurance Company appointed liquidator. Accordingly this 18.3% shareholding is under the control of the Deposit Insurance Company.

On November 1, 2012, 24.8% of Republic Bank Limited shares formerly owned by CLICO was transferred into an investment fund launched by the Government of the Republic of Trinidad and Tobago and called the CLICO Investment Fund (the Fund). The Trustee of the Fund is the CLICO Trust Corporation Limited which holds the 24.8% shareholding in Republic Bank Limited in trust solely for the benefit of subscribing Unit holders of the Fund. The Fund is as a consequence the largest shareholder in Republic Bank Limited.

Effective November 1, 2012, the CL Financial Group is no longer considered a related party of Republic Bank Limited.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Basis of preparation

The financial statements of the Bank are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Guyana Dollars. These financial statements have been prepared on a historical cost basis, except for the measurement at fair value of investment securities classified as available-for-sale and at fair value through profit or loss and derivative financial instruments. The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions. Actual results could differ from those estimates. Significant accounting judgements and estimates in applying the Bank's accounting policies have been described in Note 3.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b) Changes in accounting policies

i) New accounting standards/improvements adopted

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended September 30, 2014 except for the adoption of new and amended standards and interpretations noted below:

IFRS 10, IFRS 12 and IAS 27 - Investment Entities (Amendments) (effective January 1, 2014)

The amendments apply to investments in subsidiaries, joint ventures and associates held by a reporting entity that meets the definition of an investment entity. The concept of an investment entity is new to IFRS. The amendments represent a significant change for investment entities, which are currently required to consolidate investees that they control. Significant judgement of facts and circumstances may be required to assess whether an entity meets the definition of investment entity. The adoption and amendments to these standards had no impact on the financial position or performance of the Bank.

IAS 19 - Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (effective July 1, 2014)

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit.

The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. Examples of such contributions include those that are a fixed percentage of the employee's salary, a fixed amount of contributions throughout the service period, or contributions that depend on the employee's age.

These changes provide a practical expedient for simplifying the accounting for contributions from employees or third parties in certain situations.

IAS 32 - Offsetting Financial Assets and Financial Liabilities (effective January 1, 2014)

These amendments clarify the meaning of the phrase "currently has a legally enforceable right to set-off" by stating that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36 (effective January 1, 2014)

The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. When IAS 36 Impairment of Assets was originally changed as a result of IFRS 13, the IASB intended to require disclosure of information about the recoverable amount of impaired assets if that amount was based on fair value less costs to sell. An unintended consequence of the amendments was that an entity would be required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison to the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. This requirement has been deleted by the amendment. However the IASB has added two disclosure requirements:

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b) Changes in accounting policies *(continued)*

i) New accounting standards/improvements adopted (continued)

IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36 (effective January 1, 2014) (continued)

Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.

Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal.

IFRIC 21 - Levies (effective January 1, 2014)

IFRIC 21 is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12) and fines or other penalties for breaches of legislation. Levies are defined in the interpretation as outflows of resources embodying economic benefits imposed by government on entities in accordance with legislation.

The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached.

ii) Standards in issue not yet effective

The following is a list of standards and interpretations issued that are not yet effective up to the date of issuance of the Bank's financial statements. The Bank reasonably expects these standards and interpretations to be applicable at a future date and intends to adopt those standards and interpretations when they become effective.

The Bank is currently assessing the impact of adopting these standards and interpretations since the impact of adoption depends on the assets held by the Bank at the date of adoption and it is not practical to quantify the effect at this time.

IAS 1 Disclosure - Initiative - Amendments to IAS 1 (effective January 1, 2016)

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify the following:

- The materiality requirements in IAS 1
- That specific line items in the Statements of Income and Other Comprehensive Income and the Statement of Financial Position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of Other Comprehensive Income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to the Statement of Income.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the Statement of Financial Position and the Statements of Income and Other Comprehensive Income.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b) Changes in accounting policies *(continued)*

ii) Standards in issue not yet effective (continued)

IAS 1 Disclosure Initiative – Amendments to IAS 1 (effective January 1, 2016) (continued)

These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (effective January 1, 2016)

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

Entities currently using revenue-based amortisation methods for property, plant and equipment will need to change their current amortisation approach to an acceptable method, such as the diminishing balance method, which would recognise increased amortisation in the early part of the asset's useful life. Revenue generated may be used to amortise an intangible asset only in very limited circumstances.

IFRS 9 - Financial Instruments: Classification and Measurement (effective January 1, 2018)

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. In subsequent phases, the Board will address impairment and hedge accounting. The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28 (effective January 1, 2016)

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10.

The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b) Changes in accounting policies *(continued)*

ii) Standards in issue not yet effective (continued)

IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28 (effective January 1, 2016) (continued)

The amendments to IFRS 10 and IAS 28 provide helpful clarifications that will assist preparers in applying the standards more consistently. However, it may still be difficult to identify investment entities in practice when they are part of a multilayered group structure.

IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (effective January 1, 2016)

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 Business Combinations between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments will effectively eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (effective January 1, 2016)

The amendments require an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business to apply, to the extent of its share, all of the principles in IFRS 3, and other IFRSs that do not conflict with the requirements of IFRS 11. Furthermore, entities are required to disclose the information required in those IFRSs in relation to business combinations.

The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by the entity to the joint operation on its formation.

Furthermore, the amendments clarify that for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

The amendments to IFRS 11 increase the scope of transactions that would need to be assessed to determine whether they represent the acquisition of a business or an asset, which would be highly judgemental. Entities need to consider the definition carefully and select the appropriate accounting method based on the specific facts and circumstances of the transaction.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b) Changes in accounting policies *(continued)*

ii) Standards in issue not yet effective (continued)

IFRS 14 - Regulatory Deferral Accounts (effective January 1, 2016)

The standard requires disclosures on the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements. IFRS 14 allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Existing IFRS preparers are prohibited from applying this standard. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognise them on first-time application of IFRS.

Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the Statement of Financial Position and present movements in these account balances as separate line items in the Statement of Income and Other Comprehensive Income.

IFRS 15 - Revenue from Contracts with Customers (effective January 1, 2016)

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The standard will affect entities across all industries. Adoption will be a significant undertaking for most entities with potential changes to an entity's current accounting, systems and processes.

iii) Improvements to International Financial Reporting Standards

The annual improvements process of the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS. The following amendments are applicable to annual periods beginning on or after July 1, 2014.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b) Changes in accounting policies *(continued)*

iii) Improvements to International Financial Reporting Standards (continued)

IFRS	Subject of Amendment
IAS 16 -	Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation/amortisation
IAS 24 -	Related Party Disclosures - Key management personnel
IAS 40 -	Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)
IFRS 2 -	Share-based Payment - Definitions of vesting conditions
IFRS 3 -	Business Combinations - Accounting for contingent consideration in a business combination
IFRS 3 -	Business Combinations - Scope exceptions for joint ventures
IFRS 8 -	Operating Segments - Aggregation of operating segments
IFRS 8 -	Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13 -	Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

c) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents consist of highly liquid investments, cash at hand and at bank, Treasury Bills, bills discounted and bankers' acceptances with original maturities of three months or less.

d) Statutory deposit with Bank of Guyana

Pursuant to the Financial Institutions Act 1995, the Bank is required to maintain with the Bank of Guyana a statutory reserve balance in relation to the deposit liabilities of the institution.

e) Financial instruments

The Bank's financial assets and financial liabilities are recognised in the Statement of Financial Position when it becomes party to the contractual obligation of the instrument. A financial asset is derecognised when the rights to receive the cash flows from the asset have expired or where the Bank has transferred all the risks and rewards of ownership of the asset or control of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. All 'regular way' purchases and sales are recognised at settlement date.

For purposes of subsequent measurement financial assets are classified in the following categories:

i) Advances

Advances are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as 'Financial assets held for trading', designated as 'Financial investment - available-for-sale' or 'Financial assets designated at fair value through profit or loss'. After initial measurement, advances are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortisation is included in 'Interest income' in the Statement of Income. The losses arising from impairment are recognised in the Statement of Income in 'loan impairment expense'.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) Financial instruments *(continued)*

ii) Investment securities

- At fair value through profit or loss

Financial assets are classified in this category if they are either acquired for the purpose of selling in the short term or if so designated by management. Securities held as financial assets at fair value through profit or loss are initially recognised at fair value plus transaction costs and are continuously measured at fair value based on quoted market prices where available, or discounted cash flow models. All gains and losses realised and unrealised from trading securities and those designated at fair value through profit or loss are reported in other income whilst losses are reported in operating expenses. Interest and dividends earned while holding trading securities and those designated at fair value through profit or loss are reported in interest income.

- Available-for-sale

Available-for-sale investments are securities intended to be held for an indefinite period of time, but may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Available-for-sale securities are initially recognised at fair value plus transaction costs and are continuously re-measured at fair value based on quoted market prices where available or discounted cash flow models. Fair values for unquoted equity instruments or unlisted securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity net of applicable deferred tax. When the securities are disposed of, the related accumulated fair value adjustments are included in other income.

When securities become impaired, the related accumulated fair value adjustments previously recognised in equity are included in the Statement of Income as an impairment expense on investment securities.

- Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. Held to maturity investments are carried at amortised cost less any provision for impairment.

iii) Debt securities and other fund raising instruments

Debt securities and other fund raising instruments are recognised initially at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method.

f) Impairment of financial assets

The Bank assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

i) Advances

All non-performing and individually significant advances are individually reviewed and specific provisions made for the impaired portion based on the realisable value of the loan collateral and discounted by the original effective interest rate of the loan. The provision made is the difference between the loan balance and the discounted value of the collateral. Previously accrued income is reversed and further interest income is not accrued. Individually insignificant loans with similar characteristics are assessed for impairment on a group basis.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) Impairment of financial assets *(continued)*

i) Advances continued)

Where possible, the Bank seeks to restructure loans instead of taking possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms are renegotiated, any impairment is measured using the original effective interest rate and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and future payments likely to occur. The loans continue to be subject to an individual or collective impairment assessment.

Regulatory and other loan loss requirements that exceed these amounts are dealt with in the general banking risk reserve as an appropriation of retained earnings.

When all efforts have been exhausted to recover a non-performing loan, that loan is deemed uncollectible and written off against the related provision for loan losses.

ii) Investment securities

The Bank individually assesses each investment security for objective evidence of impairment. If an impaired instrument has been renegotiated, interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of "interest income". If the fair value of the instrument increases in a subsequent year, the impairment loss is reversed through the Statement of Income.

If there is objective evidence that the cost of an available-for-sale equity security may not be recovered, the security is considered to be impaired. Objective evidence that the cost may not be recovered includes qualitative impairment criteria as well as a significant or prolonged decline in the fair value below cost. The Bank's policy considers a significant decline to be one in which the fair value is below the weighted-average cost by more than 30% and a prolonged decline to be one in which fair value is below the weighted-average cost for greater than one year. This policy is applied at the individual security level.

If an available-for-sale equity security is impaired based upon the Bank's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognised as impairments. Therefore, at each reporting period, for an equity security that is determined to be impaired based upon the Bank's impairment criteria, an impairment is recognised for the difference between the fair value and the original cost basis, less any previously recognised impairments.

g) Leases

The leases entered by the Bank (lessee) are all operating leases. Operating lease payments are recognised as an expense in the Statement of Income on a straight line basis over the lease term.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

h) Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Income.

Leasehold buildings and leased equipment are depreciated over the period of the lease. Depreciation other than on leasehold buildings and leased equipment is computed on the declining balance method at rates expected to apportion the cost of the assets over their estimated useful lives as follows:

Buildings	30 to 75 years
Security equipment	10 to 60 years
Computer equipment	5 to 20 years
Furniture, fixtures and other equipment	3 to 60 years

Land and work-in-progress are not depreciated.

i) Intangible assets

The Bank's intangible assets comprise of the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation.

Amortisation is calculated using the reducing balance method over their estimated useful lives of three to five years.

Subsequent expenditure on intangible assets is capitalised only when there is an increase in the future economic benefits inherent in the specific assets to which it relates. All other expenditure is expensed as incurred.

j) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

j) Goodwill *(continued)*

As at acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, this gain is recognised immediately in the Statement of Income as a credit to other income.

k) Employee benefits

i) Pension obligations

The Bank operates a defined benefit pension plan for qualifying employees. The Plan is funded and the Bank's contribution is determined by the independent actuaries. Annually, the Bank's independent actuaries conduct a valuation exercise to measure the effect of the employee benefit plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs.

The defined benefit obligation is calculated annually by the independent actuaries using the projected unit credit method. Under this method, the cost of providing pensions is charged to the Statement of Income so as to spread regular costs over the service lives of employees in accordance with the advice of the actuaries.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses and return on plan assets (excluding interest) are recognised immediately through Other Comprehensive Income.

The defined benefit plans mainly expose the Bank to risks such as investment risk, interest rate risk and longevity risk.

The above accounting requirement in no way affects the pension plan which continues to be governed by the approved Trust Deed and Rules and remain under the full control of the appointed Trustees.

The full results of the valuation exercise are disclosed in note 9 to these financial statements.

ii) Profit sharing scheme

The Bank operates an employee profit share scheme in accordance with terms outlined in the Human Resource Policy Guidelines. The profit share to be distributed to employees each year is based on a specific formula outlined in these guidelines. Employees are paid profit share in cash. The Bank accounts for the profit share as an expense through the Statement of Income.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

l) Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

m) Statutory reserves

In accordance with the Financial Institutions Act 1995, a minimum of 15% of the current year's net profit must be transferred to the Reserve Fund until the amount in the Fund is equal to the paid up Capital of the Bank. This reserve is non-distributable.

n) Earnings per stock unit

Data on earnings per stock unit has been computed by dividing the net profit attributable to ordinary stockholders, by the weighted average number of ordinary stocks in issue during the year. The Bank has no dilutive ordinary stocks.

o) Foreign currency translation

The financial statements are presented in Guyana dollars which is the currency of the primary economic environment in which the Bank operates (its functional currency).

Monetary assets and liabilities which are denominated in foreign currencies are expressed in Guyana dollars at rates of exchange ruling at the reporting date. Non monetary assets and liabilities denominated in foreign currencies are translated at historic rates. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the Statement of Income.

p) Interest income and expense

Interest income and expense are recognised in the Statement of Income for all interest-bearing instruments on an accrual basis using the effective interest yield method. Interest income includes coupons earned on fixed income investment and trading securities, accrued discount and premium on Treasury Bills and other discounted instruments.

q) Dividends

Dividend income is recognised when the right to receive the payment is established.

r) Fee and commission income

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating or participating in the negotiation of a transaction from a third party are recognised on completion of the underlying transaction.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Bank has determined the Managing Director as its chief operating decision-maker.

Management considers its banking operation to be a single business unit. All business is conducted in Guyana with the exception of certain investment activities.

t) Customers' liability under acceptances, guarantees, indemnities and letters of credit

These represent the Bank's potential liability, for which there are equal and offsetting claims against its customer in the event of a call on these commitments. These amounts are not recorded on the Bank's Statement of Financial Position but set out in Note 25(b) of these financial statements.

u) Assets classified as held-for-sale

A non-current asset is classified as held-for-sale when: its carrying amount will be recovered principally through a sale transaction rather than through continuing use; the asset is available for immediate sale in its present condition; and its sale is highly probable. Assets classified as held-for-sale are not depreciated or amortised and are carried at the lower of the carrying amount and fair value less cost to sell.

v) Comparatives

Certain changes in presentation have been made in these financial statements. These changes had no effect on the operating results, profit after tax or earnings per stock unit of the Bank for the previous year.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE BANK'S ACCOUNTING POLICIES

Management has made the following judgements in its application of the Bank's accounting policies which have the most significant effect on the amounts reported in the financial statements:

Impairment of financial assets

Management makes judgements at each reporting date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

Inherent provisions on advances (note 5c)

Inherent provisions on advances are calculated on an estimate of impairment incurred but not reported, existing in assets as at the reporting date. Estimated impairment incurred is determined by applying against performing loan balances, the average loan default rates and adjusting this balance for current economic factors that affect loan performance. An anticipated recovery rate (determined from historical average) is then applied to determine the value that is recoverable. This calculation is computed by product type.

Valuation of investments (note 6)

The Bank has applied IAS 39 in its classification of investment securities which requires measurement of securities at fair value. For unquoted equity instruments and unlisted securities, fair values are estimated using price/earnings or price/cash flow ratios which have been refined to accommodate the specific circumstances of the issuer.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE BANK'S ACCOUNTING POLICIES *(continued)*

Net pension asset / liability (note 9)

In conducting valuation exercises to measure the effect of the employee benefit plan, the Bank's independent actuaries use judgement and assumptions in determining discount rates, salary increases, NIS ceiling increases, pension increases and the rate of return on the assets of the Plan. These are detailed in Note 9 – Employee benefits.

Goodwill (note 8)

The Bank's financial statements include goodwill arising from acquisitions. In accordance with IFRS 3, goodwill was reviewed for impairment as at September 30, 2015 using the 'value in use' method. This requires the use of estimates for determination of future cash flows expected to arise from each cash-generating unit and an appropriate discount rate to calculate present value.

Deferred taxes (note 10)

In calculating the provision for deferred taxation, management uses judgement to determine the probability that future taxable profits will be available to facilitate utilisation of temporary tax differences which may arise.

Premises and equipment and Intangible Assets (note 7)

Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Bank to enable the value to be treated as a capital expense. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

4 DUE FROM BANKS

	2015	2014
Bank of Guyana	8,495,275	3,256,968
Other banks	7,280,082	5,362,368
	15,775,357	8,619,336

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

5 ADVANCES

a) Advances

2015	Retail Lending	Commercial and Corporate Lending	Mortgages	Total
Performing advances	7,348,043	26,240,244	17,621,582	51,209,869
Non-performing advances	20,934	2,211,267	706,154	2,938,355
	7,368,977	28,451,511	18,327,736	54,148,224
Unearned interest	(1,345,433)	–	–	(1,345,433)
Accrued interest	–	200,276	46,913	247,189
	6,023,544	28,651,787	18,374,649	53,049,980
Allowance for impairment losses - Note 5 (c)	(23,563)	(510,099)	(153,900)	(687,562)
Net Advances	**5,999,981**	**28,141,688**	**18,220,749**	**52,362,418**

2014	Retail Lending	Commercial and Corporate Lending	Mortgages	Total
Performing advances	7,503,465	26,170,637	15,582,363	49,256,465
Non-performing advances	37,286	2,424,220	478,300	2,939,806
	7,540,751	28,594,857	16,060,663	52,196,271
Unearned interest	(1,409,927)	–	–	(1,409,927)
Accrued interest	–	195,562	44,298	239,860
	6,130,824	28,790,419	16,104,961	51,026,204
Allowance for impairment losses - Note 5 (c)	(39,132)	(390,637)	(99,488)	(529,257)
Net Advances	**6,091,692**	**28,399,782**	**16,005,473**	**50,496,947**

5 ADVANCES *(continued)*

b) Loans by remaining term to maturity

	2015	2014
Within three months	138,406	1,342,066
Between three and six months	732,528	438,094
Between six months and one year	5,631,539	7,591,437
Between one and five years	11,016,763	12,993,587
More than five years	34,843,182	28,131,763
	52,362,418	**50,496,947**

c) Allowance for impairment losses

i) Impairment assessment

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days or there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Bank addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

Individually assessed allowances

The Bank determines the allowances appropriate for each significant loan or advance. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan; its ability to improve performance once a financial difficulty has arisen; projected receipts and the expected dividend payout should bankruptcy ensue; the availability of other financial support and the realisable value of collateral; and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more immediate attention.

Collectively assessed allowances

Allowances are assessed collectively for losses on loans and advances that are not individually significant (including residential mortgages and unsecured consumer lending) and for individually significant loans and advances where there is not yet objective evidence of individual impairment. Allowances are evaluated on each reporting date with each portfolio receiving a separate review.

The collective assessment takes account of impairment that is likely to be present in the portfolio even though there is not yet objective evidence of the impairment in an individual assessment. Impairment losses are estimated by taking into consideration the following information: historical losses on the portfolio; current economic conditions; the approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance; and expected receipts and recoveries once impaired. The impairment allowance is then reviewed by credit management to ensure alignment with the Bank's overall policy.

Financial guarantees and letters of credit are assessed and provision made in a similar manner as for loans and advances.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

5 ADVANCES *(continued)*

c) Allowance for impairment losses *(continued)*

ii) Reconciliation of the allowance for impairment losses for loans and advances by class

2015	Retail Lending	Commercial and Corporate Lending	Mortgages	Total
Balance brought forward	(39,132)	(390,637)	(99,488)	(529,257)
Charge-offs and write-offs	228,563	187,364	–	415,927
Loan impairment expense	(997,830)	(3,567,950)	(533,301)	(5,099,081)
Loan impairment recoveries	784,836	3,261,124	478,889	4,524,849
Balance carried forward	**(23,563)**	**(510,099)**	**(153,900)**	**(687,562)**
Individual impairment	(7,803)	(419,898)	(142,567)	(570,268)
Collective impairment	(15,760)	(90,201)	(11,333)	(117,294)
	(23,563)	(510,099)	(153,900)	(687,562)
Gross amount of loans individually determined to be impaired, before deducting any allowance	**20,934**	**2,211,267**	**706,154**	**2,938,355**

2014	Retail Lending	Commercial and Corporate Lending	Mortgages	Total
Balance brought forward	(36,268)	(244,981)	(54,308)	(335,557)
Charge-offs and write-offs	237,732	225,025	–	462,757
Loan impairment expense	(480,131)	(1,982,612)	(244,572)	(2,707,315)
Loan impairment recoveries	239,535	1,611,931	199,392	2,050,858
Balance carried forward	**(39,132)**	**(390,637)**	**(99,488)**	**(529,257)**
Individual impairment	(14,334)	(263,319)	(86,225)	(363,878)
Collective impairment	(24,798)	(127,318)	(13,263)	(165,379)
	(39,132)	(390,637)	(99,488)	(529,257)
Gross amount of loans individually determined to be impaired, before deducting any allowance	**37,286**	**2,424,220**	**478,300**	**2,939,806**

5 ADVANCES *(continued)*

c) Allowance for impairment losses *(continued)*

iii) Provision for loan losses by economic sectors

	Gross Amount	Non-Performing	Specific Provision	General Provision	Net Advances
2015					
Government and government bodies	1,856	–	–	–	1,856
Financial sector	86,296	–	–	(289)	86,007
Energy and mining	277,252	11,225	(2,061)	(929)	285,487
Agriculture	3,558,620	1,386,004	(263,963)	(11,922)	4,668,739
Electricity and water	6,923	–	–	(23)	6,900
Transport, storage and communication	1,372,142	–	–	(4,597)	1,367,545
Distribution	6,323,477	156,720	(52,482)	(21,186)	6,406,529
Real estate mortgages	17,668,495	706,154	(142,567)	(11,333)	18,220,749
Manufacturing	3,505,358	209,006	(48,317)	(11,744)	3,654,303
Construction	1,311,980	41,755	–	(4,396)	1,349,339
Hotel and restaurant	84,007	39,147	–	(281)	122,873
Personal	5,518,043	20,934	(7,803)	(15,760)	5,515,414
Non-residents	484,567	–	–	(1,623)	482,944
Other services	9,912,609	367,410	(53,075)	(33,211)	10,193,733
	50,111,625	**2,938,355**	**(570,268)**	**(117,294)**	**52,362,418**

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

5 ADVANCES *(continued)*

c) Allowance for impairment losses *(continued)*

iii) Provision for loan losses by economic sectors (continued)

	Gross Amount	Non-Performing	Specific Provision	General Provision	Net Advances
2014					
Government and government bodies	132	–	–	–	132
Financial sector	98,504	–	–	(476)	98,028
Energy and mining	410,105	6,348	(37)	(1,980)	414,436
Agriculture	4,187,644	1,392,040	(160,482)	(20,222)	5,398,980
Electricity and water	306,240	–	–	(1,479)	304,761
Transport, storage and communication	1,426,106	–	–	(6,886)	1,419,220
Distribution	6,558,178	206,487	(25,336)	(31,669)	6,707,660
Real estate mortgages	15,626,661	478,300	(86,225)	(13,263)	16,005,473
Manufacturing	3,823,854	505,978	(67,155)	(18,465)	4,244,212
Construction	1,253,784	50,098	–	(6,054)	1,297,828
Hotel and restaurant	92,920	6,392	–	(449)	98,863
Personal	6,093,537	37,286	(14,334)	(24,798)	6,091,691
Non-residents	491,711	–	–	(2,374)	489,337
Other services	7,717,022	256,877	(10,309)	(37,264)	7,926,326
	48,086,398	**2,939,806**	**(363,878)**	**(165,379)**	**50,496,947**

Included above is $1M (2014: $660M) representing Public Non-Financial Institutions.

d) The undiscounted fair value of collateral that the Bank holds relating to loans individually determined to be impaired at September 30, 2015 amounts to $3,004 million (2014: $3,825 million). The collateral consists of cash, securities and properties.

e) Collateral realised

During the year, the Bank realised collateral amounting to $39.4 million (2014: $30.8 million).

5 ADVANCES *(continued)*

f) Credit concentration by economic sector (facilities totaling 10% and above of Capital base for any one customer or group of closely related customers)

	2015	2014
Financial sector	–	1,233,000
Agriculture	–	1,307,752
Distribution	1,700,000	2,881,625
Other services	4,085,222	2,758,720
	5,785,222	**8,181,097**

6 INVESTMENT SECURITIES

a) Available-for-sale

	2015	2014
Government securities	141,388	170,791
State-owned company securities	1,111,102	1,453,253
Corporate bonds	5,045,854	3,770,760
Others	20,000	20,000
Total investment securities	**6,318,344**	**5,414,804**

b) Investment securities by remaining term to maturity

	2015	2014
Within three months	–	50,497
Between three and six months	1,239,165	501,704
Between six months and one year	507,500	469,264
Between one and five years	4,551,679	4,373,339
More than five years	20,000	20,000
	6,318,344	**5,414,804**

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

6 INVESTMENT SECURITIES *(continued)*

c) Treasury Bills by remaining term to maturity

	2015	2014
Within three months	15,784,974	20,701,446
Between three and six months	13,574,186	17,349,870
Between six months and one year	13,782,337	3,667,977
	43,141,497	41,719,293

7 PREMISES AND EQUIPMENT

a) Premises and equipment

	Capital works in progress	Freehold premises	Equipment, furniture and fittings	Total
2015				
Cost				
At beginning of year	466,739	4,452,547	3,337,264	8,256,550
Additions at cost	211,287	16,485	219,461	447,233
Disposal of assets	–	(11,229)	(114,214)	(125,443)
Transfer of assets	(452,078)	390,750	61,328	–
	225,948	4,848,553	3,503,839	8,578,340
Accumulated depreciation				
At beginning of year	–	556,904	2,022,619	2,579,523
Charge for the year	–	69,243	282,642	351,885
Disposal of assets	–	–	(106,417)	(106,417)
	–	626,147	2,198,844	2,824,991
Net book value	225,948	4,222,406	1,304,995	5,753,349

7 PREMISES AND EQUIPMENT *(continued)*

a) Premises and equipment *(continued)*

	Capital works in progress	Freehold premises	Equipment, furniture and fittings	Total
2014				
Cost				
At beginning of year	124,521	4,261,849	3,191,232	7,577,602
Additions at cost	537,594	190,698	266,333	994,625
Disposal of assets	–	–	(315,677)	(315,677)
Transfer of assets	(195,376)	–	195,376	–
	466,739	4,452,547	3,337,264	8,256,550
Accumulated depreciation				
At beginning of year	–	469,076	1,872,436	2,341,512
Charge for the year	–	87,828	265,613	353,441
Disposal of assets	–	–	(115,430)	(115,430)
	–	556,904	2,022,619	2,579,523
Net book value	466,739	3,895,643	1,314,645	5,677,027

b) Intangible assets

	2015	2014
Cost		
At beginning of year	578,609	569,578
Additions at cost	21,457	17,689
Disposal	–	(8,658)
	600,066	578,609
Accumulated depreciation		
At beginning of year	431,377	374,105
Charge for the year	60,143	65,845
Disposal	–	(8,573)
	491,520	431,377
Net book value	108,546	147,232

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

7 PREMISES AND EQUIPMENT *(continued)*

c) Capital commitments

	2015	2014
Contracts for outstanding capital expenditure not provided for in the financial statements	**826,598**	**1,093,191**

8 GOODWILL

	2015	2014
Total unimpaired goodwill on acquisition	**1,228,222**	**1,228,222**

Impairment testing of goodwill

The residual balance of goodwill arising from business combinations was generated from the acquisition of certain assets and liabilities of the Guyana National Cooperative Bank. In accordance with IFRS 3, all assets that gave rise to goodwill were reviewed for impairment at September 30, 2015 using the 'value in use' method. Based on the results of this review, no impairment expense was required.

The following table highlights the goodwill and impairment assumptions:

	2015	2014
Discount rate	8%	8%
Cash flow projection term	5 years	5 years
Growth rate (extrapolation period)	6%	6%

In each case, the cash flow projections are based on financial budgets approved by senior management. In addition, the values assigned to key assumptions reflect past performance.

9 EMPLOYEE BENEFITS

a) The amounts recognised in the Statement of Financial Position are as follows:

	2015	2014
Present value of defined benefit obligation	1,432,300	1,401,800
Fair value of plan assets	(1,317,000)	(1,244,700)
Net liability recognised in the Statement of Financial Position	**115,300**	**157,100**

9 EMPLOYEE BENEFITS *(continued)*

b) Changes in the present value of the defined benefit obligation are as follows:

	2015	2014
Opening defined benefit obligation	1,401,800	1,231,400
Current service cost	59,700	51,500
Interest cost	75,300	67,000
Members' contributions	28,300	25,300
Re-measurements		
- Experience adjustments	(68,100)	51,900
Benefits paid	(64,700)	(25,300)
Closing defined benefit obligation	**1,432,300**	**1,401,800**

c) Changes in the fair value of plan assets are as follows:

	2015	2014
Opening fair value of plan assets	1,244,700	1,101,600
Interest income	69,600	62,500
Return on plan assets, excluding interest income	(38,300)	9,800
Contributions by Bank	81,600	74,600
Members' contributions	28,300	25,300
Benefits paid	(64,700)	(25,300)
Expense allowance	(4,200)	(3,800)
Closing fair value of plan assets	**1,317,000**	**1,244,700**
Actual return on plan assets	**31,300**	**72,300**

d) The amounts recognised in the Statement of Income are as follows:

	2015	2014
Current service cost	59,700	51,500
Net interest on net defined benefit liability	5,700	4,500
Administration expenses	4,200	3,800
Net pension cost	**69,600**	**59,800**

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

9 EMPLOYEE BENEFITS *(continued)*

e) Reconciliation of opening and closing Statement of Financial Position entries:

	2015	2014
Defined benefit obligation at prior year end	157,100	129,800
Unrecognised gain/(loss) charged to retained earnings	–	–
Opening defined benefit obligation	157,100	129,800
Net pension cost	69,600	59,800
Re-measurements recognised in Other Comprehensive Income	(29,800)	42,100
Premiums paid by the Bank	(81,600)	(74,600)
Closing defined benefit obligation	**115,300**	**157,100**

f) Liability profile

The defined benefit obligation is allocated between the Plan's members as follows:

	2015	2014
- Active members	80%	80%
- Deferred members	3%	3%
- Pensioners	13%	17%
The weighted duration of the defined benefit obligation at the year end	19.8 years	19.7 years

46% of the defined benefit obligation for active members is conditional on future salary increases
63% of the benefits for active members are vested

g) Re-measurements recognised in Other Comprehensive Income

	2015	2014
Experience (gain)/loss	(29,800)	42,100
Total included in Other Comprehensive Income	**(29,800)**	**42,100**

9 EMPLOYEE BENEFITS *(continued)*

h) Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at September 30, 2015 would have changed as a result of a change in the assumptions used.

	1% p.a. increase $'000 2015	1% p.a. decrease $'000 2014
- Discount rate	310,000	(240,000)
- Future salary increases	(160,000)	195,000

An increase of one year in the assumed life expectancies shown above would increase the defined benefit obligation at September 30, 2015 by $25 million.

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

i) Summary of principal actuarial assumptions as at September 30

	2015 %	2014 %
Discount rate	5.50	5.50
Rate of salary increase	5.50	5.50
NIS ceiling rates	5.00	5.00

Assumptions regarding future mortality are based on published mortality rates. The life expectancies underlying the value of the defined benefit obligation as at September 30, 2015 are as follows:

	2015	2014
Life expectancy at age 65 for current pensioner in years:		
- Male	14.6	14.6
- Female	18.4	18.4
Life expectancy at age 65 for current members age 40 in years:		
- Male	14.6	14.6
- Female	18.4	18.4

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

9 EMPLOYEE BENEFITS *(continued)*

j) Plan asset allocation as at September 30

	2015	2014
Local equities	131,000	121,800
Overseas equities	125,800	128,500
Local bonds	91,000	91,100
Overseas bonds	3,100	3,600
Cash and cash equivalents	789,000	750,100
Mortgages	177,100	149,600
Fair value of scheme assets at end of year	**1,317,000**	**1,244,700**

k) Funding

The Bank meets the balance of the cost of funding the defined benefit Pension Scheme and the Bank must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every three years) actuarial valuations of the Scheme and the assumptions used to determine the funding required may differ from those set out above. The Bank expects to pay $86 million to the Pension Scheme in the 2016 financial year.

10 DEFERRED TAX ASSETS AND LIABILITIES

Components of deferred tax assets and liabilities

a) Deferred tax assets

		Credit/(Charge)		
	Opening Balance 2014	Statement of Income	Other Comprehensive Income	Closing balance 2015
Pension liability	62,840	(4,800)	(11,920)	46,120
Fee and commission income	92,617	11,334	–	103,951
Unrealised reserves	–	–	78,148	78,148
	155,457	6,534	66,228	228,219

10 DEFERRED TAX ASSETS AND LIABILITIES *(continued)*

Components of deferred tax assets and liabilities *(continued)*

b) Deferred tax liabilities

		Credit/(Charge)		
	Opening Balance 2014	Statement of Income	Other Comprehensive Income	Closing balance 2015
Premises and equipment	288,548	27,325	–	315,873
Unrealised reserves	17,675	–	(17,675)	–
	306,223	27,325	(17,675)	315,873

11 OTHER ASSETS

	2015	2014
Accounts receivable and prepayments	285,733	434,293
Items in transit	282,582	73,745
Other assets	344,472	604,415
	912,787	1,112,453

12 CUSTOMERS' CHEQUING, SAVINGS AND DEPOSIT ACCOUNTS

a) Concentration of customers' chequing, savings and deposit accounts

	Demand	Savings	Time	Total
2015				
State	18,676,866	3,406,747	321,722	22,405,335
Corporate and commercial	10,545,868	2,415,109	297,462	13,258,439
Personal	5,423,308	70,856,423	5,475,988	81,755,719
Other financial institutions	1,388,288	1,679,866	240,260	3,308,414
Other	2,222,505	420,750	330,024	2,973,279
	38,256,835	78,778,895	6,665,456	123,701,186

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

12 CUSTOMERS' CHEQUING, SAVINGS AND DEPOSIT ACCOUNTS *(continued)*

a) Concentration of customers' chequing, savings and deposit accounts *(continued)*

	Demand	Savings	Time	Total
2014				
State	11,284,082	3,185,261	93,400	14,562,743
Corporate and commercial	8,343,627	3,582,286	202,724	12,128,637
Personal	5,583,911	68,477,712	6,174,239	80,235,862
Other financial institutions	1,451,115	1,297,735	96,969	2,845,819
Other	1,866,563	541,292	370,844	2,778,699
	28,529,298	77,084,286	6,938,176	112,551,760

b) Time deposits by remaining term to maturity

	2015	2014
Within three months	2,604,871	2,753,254
Between three and six months	1,309,102	1,181,471
Between six months and one year	2,751,483	3,003,451
	6,665,456	6,938,176

13 OTHER LIABILITIES

	2015	2014
Drafts and settlements	1,151,964	898,954
Accrued expenses	188,249	128,974
Statutory liabilities	34,956	35,164
Short term payables	136,600	122,304
Deferred income	12,284	11,722
Unearned loan origination fees	259,876	231,542
Dividends payable	84,660	72,194
Other	414,508	434,939
	2,283,097	1,935,793

14 STATED CAPITAL

	2015	2014
Authorised		
300 million ordinary stock units of no par value		
Issued and fully paid		
300 million ordinary stock units of no par value	300,000	300,000

15 OTHER RESERVES

a) Statutory reserves

In accordance with the Financial Institutions Act 1995, a minimum of 15% of the current year's net profit must be transferred to the Reserve Fund until the amount in the Fund is equal to the paid up Capital of the Bank. This reserve is non-distributable.

b) Net unrealised gains

This represents the gains and losses arising from re-measurement of available-for-sale investment securities to fair value as discussed in note 2 (e). This reserve is non-distributable.

c) General banking risk reserve

Specific provisions are made for non-performing advances based on the difference between the carrying amount and the discounted expected cash flows. These provisions are charged through the Statement of Income.

The General Banking Risk Reserve is created as an appropriation of retained earnings, for the difference between the specific provision and the carrying amount of non-performing advances. The General Banking Risk Reserve serves to enhance the Bank's non-distributable capital base.

16 OPERATING PROFIT

	2015	2014
a) Interest income		
Advances	5,734,599	5,535,656
Investment securities	418,150	371,501
Liquid assets	977,849	898,539
	7,130,598	6,805,696

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

16 OPERATING PROFIT *(continued)*

	2015	2014
b) Interest expense		
Customers' chequing, savings and deposit accounts	589,820	657,272
	589,820	657,272
c) Other income		
Credit and related fees	103,530	111,766
Net exchange trading income	1,218,208	1,210,212
Loan recoveries	239,047	115,393
Dividends	9,000	8,440
Deposit and related fees	513,324	492,418
Payments and transfers	186,870	190,732
Gains from sale of premises and equipment	436,901	–
Other operating income	2,408	1,624
	2,709,288	2,130,585
d) Operating expenses		
Staff costs	1,786,920	1,619,533
Staff profit share	302,345	216,834
General administrative expenses	757,141	697,852
Lease rental expenses	18,220	28,863
Property related expenses	647,162	625,765
Property tax	136,600	122,304
Losses on sale of premises and equipment	–	1,947
Depreciation expense	412,028	419,286
Communication	86,538	79,036
Advertising and public relations expenses	192,660	153,718
Directors' fees	15,010	14,430
Auditors' fees	18,822	19,600
	4,373,446	3,999,168

17 TAXATION EXPENSE

Reconciliation

Income taxes in the Statement of Income vary from amounts that would be computed by applying the statutory tax rate for the following reasons:

	2015	2014
Accounting profit	4,302,388	3,623,384
Tax at applicable statutory tax rate (40%)	1,720,955	1,449,354
Tax effect of items that are adjustable in determining taxable profit:		
Tax exempt income	(232,703)	(212,855)
Depreciation	164,811	167,715
Donations	2,099	1,801
Property tax	54,640	48,922
Wear and tear allowance	(167,015)	(221,787)
Inherent risk (general) provisions	(19,234)	4,821
(Gain)/Loss on sale of premises and equipment	(64,429)	779
Defined benefit obligation	(4,800)	(5,920)
Deferred fee income	11,334	14,628
Current tax	1,465,658	1,247,458
Deferred tax credit	20,792	36,498
Total taxation	1,486,450	1,283,956

18 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. A number of banking transactions are entered into with related parties in the normal course of business. These transactions are both secured and unsecured and were carried out on commercial terms and conditions, at market rates.

	2015	2014
Outstanding balances		
Loans, investments and other assets		
Republic Bank Limited	3,235	163,639
Fellow subsidiaries	1,043	1,370
Directors and key management personnel	64,331	59,750
Other related parties	415,302	494,718
	483,911	719,477

No provisions have been made against amounts due from related parties.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

18 RELATED PARTIES *(continued)*

	2015	2014
Deposits and other liabilities		
Republic Bank Limited	746,654	737,923
Fellow subsidiaries	16,009	21,972
Directors and key management personnel	109,377	131,883
Other related parties	1,990,953	1,694,177
	2,862,993	**2,585,955**
Interest and other income		
Directors and key management personnel	2,037	2,309
Other related parties	11,742	20,384
	13,779	**22,693**
Interest and other expense (excluding key management compensation)		
Republic Bank Limited	103,247	91,100
Directors and key management personnel	8,219	8,307
Other related parties	10,473	6,319
	121,939	**105,726**
Proportion of related parties exposure to total customer exposure	0.44%	0.67%

Amounts due from the five parties with the highest exposures totalled $204M (2014: $310M) and represents 1.96% (2014: 2.99%) of the Bank's capital base.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank.

Key management compensation

	2015	2014
Short-term benefits	**85,831**	**75,839**

18 RELATED PARTIES *(continued)*

	Balance at the beginning of year	Loans during the year	Repayments	Balance at the end of year
2015				
Directors	2,650	–	(2,292)	358
Other related parties	102,186	18,500	(55,810)	64,876
	104,836	**18,500**	**(58,102)**	**65,234**
2014				
Directors	6,581	–	(3,931)	2,650
Other related parties	146,385	9,500	(53,699)	102,186
	152,966	**9,500**	**(57,630)**	**104,836**

19 RISK MANAGEMENT

19.1 Introduction

The Bank's prudent banking practices are founded on solid risk management. In an effort to keep apace with its dynamic environment, the Bank has established a comprehensive framework for managing risks which is continually evolving as the Bank's business activities change in response to market, credit, product and other developments.

The basic principles of risk management followed by the Bank include:

- Managing risk within parameters approved by the Board of Directors and Executives;
- Assessing risk initially and then consistently monitoring those risks through their life cycle;
- Abiding by all applicable laws, regulations and governance standards in every country in which we do business;
- Applying high and consistent ethical standards to our relationships with all customers, employees and other stakeholders; and
- Undertaking activities in accordance with fundamental control standards. These controls include the disciplines of planning, monitoring, segregation, authorisation and approval, recording, safeguarding, reconciliation and valuation.

The Board of Directors has ultimate responsibility for the management of risk within the Bank. Acting with authority delegated by the Board, the Audit, Asset and Liability and Other Risks Committees, review specific risk areas.

The Asset/Liability Committee of the Bank reviews on a monthly basis the non-credit and non-operational risks of the Bank. Asset and Liability management is a vital part of the risk management process of the Bank. The mandate of the Committee is to approve strategies for the management of the non-credit risks of the Bank, including interest rate, foreign exchange, liquidity and market risks.

The Internal Audit function audits Risk Management processes throughout the Bank by examining both the adequacy of the procedures and the Bank's compliance with these procedures. Internal Audit discusses the results of all assessments with Management and reports its findings and recommendations to the Audit Committee.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

19 RISK MANAGEMENT *(continued)*

19.1 Introduction *(continued)*

The Bank's activities are primarily related to the use of financial instruments. The Bank accepts funds from customers and seeks to earn above average interest margins by investing in high quality assets such as government and corporate securities as well as equity investments and seeks to increase these margins by lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The main risks arising from the Bank's financial instruments are credit risk, interest rate and market risk, liquidity risk, foreign currency risk, operational risk and country risk. The Bank reviews and agrees policies for managing each of these risks as follows:

19.2 Credit risk

Credit risk is the potential that a borrower or counterparty will fail to meet its stated obligations in accordance with agreed terms. The objective of the Bank's credit risk management function is to maximise the Bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The effective management of credit risk is a key element of a comprehensive approach to risk management and is considered essential to the long-term success of the Bank.

The Bank's credit risk management process operates on the basis of a hierarchy of discretionary authorities. The Board has the final authority on all risk management decisions.

The Risk Management Unit is accountable for the general management and administration of the Bank's credit portfolio, ensuring that lendings are made in accordance with current legislation, sound banking practice and in accordance with the applicable general policy of the Board of Directors. The Risk Management function is kept separate from and independent of the business development aspect of the operations.

The Bank uses a risk rating system which groups commercial/corporate accounts into various risk categories to facilitate the management of risk on both an individual account and portfolio basis. For retail lending, loans are individually assessed at all our branches. Trend indicators are also used to evaluate risk as improving, static or deteriorating. The evaluation of the risk and trend inform the credit decision and determines the intensity of the monitoring process.

The Bank's credit control processes emphasise early detection of deterioration and prompt implementation of remedial action and where it is considered that recovery of the outstanding liability may be doubtful or unduly delayed, such accounts are transferred from performing to non-performing status.

Loan loss provisions are set aside to cover any potential loss in respect of debts that are not performing satisfactorily. A review of these provisions is conducted quarterly in accordance with established guidelines and recommended provisions arising out of this review are submitted to the Board for approval. Non-performing debts recommended for write-off are also reviewed quarterly and action taken in accordance with prescribed guidelines. To this end, there are separate units established to monitor these loans and recommend necessary action to Management.

The Bank avoids exposure to undue concentrations of risk by placing limits on the amount of risk accepted from a number of borrowers engaged in similar business activities, or activities in the same geographic region or with similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Such risks are controlled and monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk by product, industry sector, client and geography are approved by the Board of Directors.

19 RISK MANAGEMENT *(continued)*

19.2 Credit risk *(continued)*

9.2.1 Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the Bank's maximum exposure to credit risk:

	Gross maximum exposure 2015	**Gross maximum exposure 2014**
Statutory deposit with Bank of Guyana	**14,274,130**	12,900,869
Due from banks	**15,775,357**	8,619,336
Treasury Bills	**43,141,497**	41,719,293
Investment interest receivable	**38,456**	45,433
Investment securities	**6,298,344**	5,394,804
Loans and advances to customers	**52,362,418**	50,496,947
Total	**131,890,202**	**119,176,682**
Undrawn commitments	**5,267,265**	7,863,614
Guarantees and indemnities	**1,902,454**	1,836,446
Letters of credit	**181,175**	199,359
Total	**7,350,894**	**9,899,419**
Total credit risk exposure	**139,241,096**	**129,076,101**

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Collateral and other credit enhancements

The Bank maintains credit risk exposure within acceptable parameters through the use of collateral as a risk-mitigation tool. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are cash or securities, charges over real estate properties, inventories and trade receivables and mortgages over residential properties and chattels. The Bank also obtains appropriate guarantees for loans from parent companies, owners/stockholders, directors or other parties.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use. As at September 30, 2015, $16.4M (2014: $22.8M) in repossessed properties are still in the process of being disposed of.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

19 RISK MANAGEMENT *(continued)*

19.2 Credit risk *(continued)*

19.2.2 Risk concentrations of the maximum exposure to credit risk

Concentration of risk is managed by client/counterparty, by geographical region and by industry sector as detailed in the following tables:

a) Geographical sectors

The Bank's maximum credit exposure, after taking account of credit loss provisions established but before taking into account any collateral held or other credit enhancements, can be analysed by the following geographical regions based on the country of domicile of our counterparties:

	2015	2014
Guyana	127,297,099	121,032,799
Trinidad and Tobago	4,247,468	3,018,295
Barbados	168,414	251,251
Eastern Caribbean	1,553,746	1,681,607
Suriname	825	–
United States	5,706,764	2,534,780
Other countries	266,780	557,369
	139,241,096	129,076,101

19 RISK MANAGEMENT *(continued)*

19.2 Credit risk *(continued)*

19.2.2 Risk concentrations of the maximum exposure to credit risk *(continued)*

b) Industry sectors

The following table breaks down the Bank's maximum credit exposure as categorised by the industry sectors of our counterparties:

	2015	2014
Government and government bodies	58,413,406	55,538,314
Financial sector	17,115,906	10,013,138
Energy and mining	274,767	567,153
Agriculture	3,387,441	4,155,598
Electricity and water	209,653	388,240
Transport, storage and communication	1,657,949	1,730,282
Distribution	8,042,649	9,341,914
Real estate mortgages	18,374,649	18,782,790
Other real estate	482,420	196,704
Manufacturing	3,588,829	4,140,926
Construction	1,699,036	1,919,872
Hotel and restaurant	1,693,509	2,059,750
Personal	13,368,679	13,276,117
Non-residents	484,567	491,711
Other services	10,447,636	6,473,592
	139,241,096	129,076,101

Included above is $1M (2014:$660M) representing Public Non-Financial Institutions.

c) Top five concentration (as a % of capital base)

	2015	2014
Government	348.68%	402.66%
Central Bank	184.03%	155.95%
Counterparty 3	19.90%	16.41%
Counterparty 4	13.74%	15.48%
Counterparty 5	13.12%	12.62%

Notes to the Financial Statements

For the year ended September 30, 2015.   Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

19 RISK MANAGEMENT *(continued)*

19.2 Credit risk *(continued)*

19.2.3 Credit quality per category of financial assets

The Bank has determined that credit risk exposure arises from the following Statement of Financial Position lines:

- Treasury Bills and Statutory deposit with Bank of Guyana
- Due from banks
- Advances
- Financial investments

Treasury Bills and Statutory deposit with Bank of Guyana

These funds are held with Bank of Guyana and Management therefore considers the risk of default to be very low. These financial assets have therefore been rated as 'Superior'.

Balances due from banks

The credit quality of balances due from other banks is assessed by the Bank according to the level of creditworthiness of the institution in relation to other institutions in the region. The credit quality of these balances has been analysed into the following categories:

Superior: These institutions have been accorded the highest rating, indicating that the institution's capacity to meet its financial commitment on the obligation is extremely strong.

Desirable: These institutions have been accorded the second highest rating, indicating that the institution's capacity to meet its financial commitment on the obligation is very strong.

Acceptable: These institutions have been accorded the third highest rating, indicating that the institution's capacity to meet its financial commitment is adequate.

The table below illustrates the credit quality for balances due from banks as at September 30:

	Superior	Desirable	Acceptable	Total
2015	13,473,988	686,182	1,615,187	15,775,357
2014	5,544,919	515,201	2,559,216	8,619,336

Loans and advances - Commercial and Corporate

The credit quality of commercial and corporate advances is internally determined from an assessment of the counterparty based on a combination of factors. These include the level and strength of experience of Management; the track record and level of supervision required for existing facilities of the company; the financial and leverage position of the borrowing company; the estimated continued profitability of the company and the ability of that company to service its debts; the stability of the industry within which the company operates and the competitive advantage held by that company in the market. The overall level of risk thus assessed is assigned a credit score which indicates the overall quality of the Commercial/Corporate borrowing account. The related scores for commercial and corporate advances that are neither past due nor impaired are defined as follows:

19 RISK MANAGEMENT *(continued)*

19.2 Credit risk *(continued)*

19.2.3 Credit quality per category of financial assets *(continued)*

Loans and advances - Commercial and Corporate *(continued)*

Superior: These counterparties have strong financial position. Facilities are well secured and business has proven track record.

Desirable: These counterparties have good financial position. Facilities are reasonably secured and underlying business is performing well.

Acceptable: These counterparties are of average risk with a fair financial position. Business may be new or industry may be subject to more volatility and facilities typically have lower levels of security.

Sub-Standard: Past due or individually impaired.

The table below illustrates the credit quality of commercial and corporate advances as at September 30:

	Neither past due nor impaired				
	Superior	**Desirable**	**Acceptable**	**Sub-standard**	**Total**
2015	34,831	2,775,193	22,420,615	2,911,049	28,141,688
2014	1,906	1,800,250	22,424,533	4,173,093	28,399,782

The following is an aging of facilities classed as sub-standard:

	Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days	Impaired	Total
2015	462,663	452,681	204,336	–	1,791,369	2,911,049
2014	1,541,813	153,512	183,788	133,079	2,160,901	4,173,093

Loans and advances - Retail loans and Mortgages

These retail loans and mortgages are individually insignificant and are secured by the assets for which these loans were granted to fund. The following is an aging analysis of these facilities:

	Current	Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days	Impaired	Total
2015	20,047,591	2,702,064	564,347	330,009	–	576,719	24,220,730
2014	17,964,386	2,900,218	499,776	317,758	–	415,027	22,097,165

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

19 RISK MANAGEMENT *(continued)*

19.2 Credit risk *(continued)*

19.2.3 Credit quality per category of financial assets *(continued)*

Investment securities

The debt securities within the Bank's investment security portfolio are exposed to credit risk. The credit quality of each individual security is internally assessed based on the financial strength, reputation and market position of the issuing company and the ability of that company to service the debt. The level of credit risk thus assessed and associated with the security is assigned a risk premium. These premiums are defined as follows:

Superior: Government and Government Guaranteed securities and securities secured by a Letter of Comfort from the Government. These securities are considered risk free.

Desirable: Corporate securities that are current and being serviced in accordance with the terms and conditions of the underlying agreements. Issuing company has good financial strength and reputation.

Acceptable: Corporate securities that are current and being serviced in accordance with the terms and conditions of the underlying agreements. Issuing company has fair financial strength and reputation.

Sub-standard: These securities are either more than 90 days in arrears, display indicators of impairment, or have been restructured in the past financial year.

The table below illustrates the credit quality of debt security investments as at September 30:

	Superior	Desirable	Acceptable	Sub-standard	Total
Financial Investments					
- Available-for-sale					
2015	2,350,267	3,673,010	275,067	–	6,298,344
2014	2,670,677	2,301,689	422,438	–	5,394,804

19.2.4 Carrying amount of financial assets renegotiated that would otherwise have been impaired.

The table below shows the carrying amount for renegotiated financial assets, by class as at September 30:

	2015	2014
Loans and advances to customers		
- Mortgages	49,866	45,254
- Commercial and Corporate lending	902,032	303,050
Total renegotiated financial assets	**951,898**	**348,304**

19 RISK MANAGEMENT *(continued)*

19.2 Credit risk *(continued)*

19.2.5 Carrying amount of financial assets renegotiated during the year.

The table below shows the carrying amount for renegotiated financial assets during the year by class:

	2015	2014
Loans and advances to customers		
- Mortgages	6,709	–
- Commercial and Corporate lending	797,465	101,035
Total renegotiated financial assets	**804,174**	**101,035**

19.3 Liquidity risk

Liquidity risk is defined as the risk that the Bank either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access these only at excessive cost.

The Bank's liquidity management policy is formulated by the Board and Management to ensure that funding requirements can be met, including the replacement of existing funds as they mature or are withdrawn, to satisfy the demands of customers for additional borrowings or to meet undrawn commitments. Undrawn commitments are reviewed by the Asset/Liability Committee and are subject to review by Management prior to disbursement. Liquidity management focuses on ensuring that the Bank has sufficient funds to meet all of its obligations.

Periodic stress testing is conducted by the regulator and corrective action taken by the Bank, if deemed necessary.

Two primary sources of funds are used to provide liquidity: retail deposits and the inter-bank market. A substantial portion of the Bank is funded with "core deposits". The Bank maintains a core base of retail funds, which can be drawn on to meet ongoing liquidity needs. Facilities are also established with correspondent banks, which can provide additional liquidity as conditions demand.

The Asset/Liability Committee of the Bank (ALCO) sets targets for daily float, allowable liquid assets and funding diversification in line with system liquidity trends. While the primary asset used for short-term liquidity management is the Treasury Bill, the Bank also holds significant investments in other Government securities, which can be used for liquidity support. The Bank continually balances the need for short-term assets which have lower yields, with the need for higher asset returns.

19.3.1 Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Bank's financial liabilities based on contractual undiscounted repayment obligations, over the remaining life of those liabilities. These balances include interest to be paid over the remaining life of the liabilities and will therefore be greater than the carrying amounts on the Statement of Financial Position.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

19 RISK MANAGEMENT *(continued)*

19.3 Liquidity risk *(continued)*

19.3.1 Analysis of financial liabilities by remaining contractual maturities *(continued)*

Financial liabilities - on Statement of Financial Position	On demand	Up to one year	1 to 5 years	Over 5 years	Total
As at September 30, 2015					
Customers' chequing, savings and deposit accounts	120,949,703	2,751,483	–	–	123,701,186
Due to banks	199,457	–	–	–	199,457
Other liabilities	2,283,097	–	–	–	2,283,097
Total undiscounted financial liabilities 2015	**123,432,257**	**2,751,483**	**–**	**–**	**126,183,740**

Financial liabilities - on Statement of Financial Position	On demand	Up to one year	1 to 5 years	Over 5 years	Total
As at September 30, 2014					
Customers' chequing, savings and deposit accounts	109,548,309	3,003,451	–	–	112,551,760
Due to banks	214,492	–	–	–	214,492
Other liabilities	1,935,793	–	–	–	1,935,793
Total undiscounted financial liabilities 2014	**111,698,594**	**3,003,451**	**–**	**–**	**114,702,045**

Financial liabilities - off Statement of Financial Position	On demand	Up to one year	1 to 5 years	Over 5 years	Total
2015					
Guarantees and indemnities	–	471,533	910,771	520,151	1,902,455
Letters of credit	–	181,175	–	–	181,175
Total	**–**	**652,708**	**910,771**	**520,151**	**2,083,630**

19 RISK MANAGEMENT *(continued)*

19.3 Liquidity risk *(continued)*

19.3.1 Analysis of financial liabilities by remaining contractual maturities *(continued)*

Financial liabilities - off Statement of Financial Position	On demand	Up to one year	1 to 5 years	Over 5 years	Total
2014					
Guarantees and indemnities	–	736,575	770,230	329,641	1,836,446
Letters of credit	–	199,359	–	–	199,359
Total	**–**	**935,934**	**770,230**	**329,641**	**2,035,805**

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

19.4 Market risk

Market risk is the risk the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices.

19.4.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Interest rate risk management is primarily designed by the Board and Management to ensure competitiveness and maximise returns.

The primary tools currently in use are: gap analysis; interest rate sensitivity analysis and exposure limits for financial instruments. The limits are defined in terms of amount, term, issuer, depositor and country. The Bank is committed to refining and defining these tools to be in line with international best practice.

The table below summarises the interest-rate exposure of the Bank's Statement of Financial Position. Interest on financial instruments classified as floating is repriced at intervals of less than one year while interest on financial instruments classified as fixed is fixed until the maturity of the instrument.

An interest rate sensitivity analysis was performed to determine the impact on net profit and equity of a reasonable possible change in the interest rates prevailing as at September 30, with all other variables held constant. The impact on net profit is the effect of changes in interest rates on the floating interest rates of financial assets and liabilities. The impact on net unrealised gains is the effect of changes in interest rates on the fair value of available-for-sale financial assets. This impact is illustrated on the following table.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

19 RISK MANAGEMENT *(continued)*

19.4 Market risk *(continued)*

19.4.1 Interest rate risk *(continued)*

		Impact on net profit			
		2015		2014	
	Increase/ decrease in basis points	Increase in basis points	Decrease in basis points	Increase in basis points	Decrease in basis points
G$ Instruments	+/- 50	-/+ 393,894		-/+ 385,421	
US$ Instruments	+/- 50	-/+ 63,567		-/+ 41,837	
Other currency Instruments	+/- 50	-/+ 494		-/+ 710	

		Impact on net unrealised gains			
		2015		2014	
	Increase/ decrease in basis points	Increase in basis points	Decrease in basis points	Increase in basis points	Decrease in basis points
G$ Instruments	+/- 50	(3,855)	3,713	(10,395)	4,545
US$ Instruments	+/- 50	(45,530)	44,826	(47,785)	30,286

19.4.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank's exposure to the effects of fluctuations in foreign currency exchange rates arises mainly from its investments. The Bank's policy is to match the initial net foreign currency investment with funding in the same currency. The Asset/ Liability Committee and Foreign Services Unit also monitor the Bank's foreign currency position for both overnight and intra-day transactions based on limits set by the Board.

Changes in foreign exchange rates affect the Bank's earnings and equity through differences on the re-translation of monetary assets and liabilities to Guyana dollars. Such gains or losses are recognised in the Statement of Income.

The principal currencies of the Bank's investments are US and Guyana dollars.

The tables below indicate the currencies to which the Bank had significant exposure at September 30 on its non-trading monetary assets and liabilities and forecast cash flows. The analysis also calculates the effect of a reasonably possible movement of each currency rate against the Guyana dollar, with all other variables held constant.

19 RISK MANAGEMENT *(continued)*

19.4 Market risk *(continued)*

19.4.2 Currency risk *(continued)*

	GYD	TTD	USD	UK	OTHER	Total
2015						
FINANCIAL ASSETS						
Cash	2,068,180	208	146,733	1,747	4,762	2,221,630
Statutory deposit with Bank of Guyana	14,274,130	–	–	–	–	14,274,130
Due from banks	8,639,099	3,235	6,986,963	21,678	124,382	15,775,357
Treasury Bills	43,141,497	–	–	–	–	43,141,497
Advances	51,663,962	–	698,456	–	–	52,362,418
Investment securities	2,027,251	–	4,291,093	–	–	6,318,344
Interest receivable	16,334	–	22,122	–	–	38,456
TOTAL FINANCIAL ASSETS	**121,830,453**	**3,443**	**12,145,367**	**23,425**	**129,144**	**134,131,832**
FINANCIAL LIABILITIES						
Due to banks	59,321	361	130,814	4,855	4,106	199,457
Customers' chequing, savings and deposit accounts	110,972,703	–	12,713,338	15,145	–	123,701,186
Interest payable	18,476	–	–	–	–	18,476
TOTAL FINANCIAL LIABILITIES	**111,050,500**	**361**	**12,844,152**	**20,000**	**4,106**	**123,919,119**
NET CURRENCY RISK EXPOSURE	**10,779,953**	**3,082**	**(698,785)**	**3,425**	**125,038**	**10,212,713**
Reasonably possible change in currency rate (%)	–	1%	1%	1%	1%	–
Effect on profit before tax	–	31	(6,988)	34	1,250	(5,673)

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

19 RISK MANAGEMENT *(continued)*

19.4 Market risk *(continued)*

19.4.2 Currency risk *(continued)*

	GYD	TTD	USD	UK	OTHER	Total
2014						
FINANCIAL ASSETS						
Cash	1,338,086	92	127,820	1,242	2,214	1,469,454
Statutory deposit with Bank of Guyana	12,900,869	–	–	–	–	12,900,869
Due from banks	4,211,582	2,488	4,221,778	23,971	159,517	8,619,336
Treasury Bills	41,719,293	–	–	–	–	41,719,293
Advances	49,760,565	–	736,382	–	–	50,496,947
Investment securities	2,321,689	–	3,093,115	–	–	5,414,804
Interest receivable	20,849	–	24,584	–	–	45,433
TOTAL FINANCIAL ASSETS	**112,272,933**	**2,580**	**8,203,679**	**25,213**	**161,731**	**120,666,136**
FINANCIAL LIABILITIES						
Due to banks	–	2,177	86,455	5,280	120,580	214,492
Customers' chequing, savings and deposit accounts	104,171,258	–	8,367,364	13,138	–	112,551,760
Interest payable	19,228	–	–	–	–	19,228
TOTAL FINANCIAL LIABILITIES	**104,190,486**	**2,177**	**8,453,819**	**18,418**	**120,580**	**112,785,480**
NET CURRENCY RISK EXPOSURE	**8,082,447**	**403**	**(250,140)**	**6,795**	**41,151**	**7,880,656**
Reasonably possible change in currency rate (%)	–	1%	1%	1%	1%	–
Effect on profit before tax	–	4	(2,501)	68	412	(2,017)

19 RISK MANAGEMENT *(continued)*

19.5 Operational Risk

The growing sophistication of the banking industry has made the Bank's operational risk profile more complex. Operational risk is inherent to all business activities and is the potential for financial or reputational loss arising from inadequate or failed internal controls, operational processes or the systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud.

The Bank recognises that such risk can never be entirely eliminated and manages the risk through a combination of systems and procedures to monitor and document transactions. The Bank's Operational Risk department oversees the operation of, conducts training on and makes recommendations for the enhancement of internal controls. Where appropriate, risk is transferred by the placement of adequate insurance coverage.

The Bank has developed contingency arrangements and established facilities to support operations in the event of disasters. Independent checks on operational risk issues are also undertaken by the internal audit function.

19.6 Country Risk

Country risk is the risk that an occurrence within a country could have an adverse effect on the Bank directly by impairing the value through an obligor's ability to meet its obligation to the Bank. The parent's risk management unit monitors this risk by using the measures of risk rating and the Board set limits by country for investments.

20 CAPITAL MANAGEMENT

The Bank's policy is to diversify its sources of capital, to allocate capital within the Bank efficiently and to maintain a prudent relationship between capital resources and the risk of its underlying business. Equity increased by $1,660 million to $15,224 million during the year under review.

The Bank's dividend policy is to distribute 40% to 50% of net earnings to stockholders. Similar to the criteria applied in previous years, the distribution was based on core operating performance. Total proposed distribution based on the results for the financial year 2015 of $1,180 million represents 41.9% of core operating profit.

Capital adequacy is monitored by the Bank, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practice (the Basel Committee), as implemented by the Bank of Guyana for supervisory purposes. The Basel risk-based capital guidelines require a minimum ratio of core capital (Tier 1) to risk-weighted assets of 4%, with a minimum total qualifying capital (Tier 2) ratio of 8%. Core capital (Tier 1) comprises mainly stockholders' equity.

The Bank's Tier 1 capital at September 30, 2015 is 22.97% (2014 - 20.06%) and its capital adequacy ratio (Tier 1 and Tier 2) is 23.54% (2014 - 21.15%). At September 30, 2015 the Bank exceeded the minimum levels required.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

20 CAPITAL MANAGEMENT *(continued)*

The Bank's Regulatory Capital is as follows:

	2015	2014
Tier 1		
Stated capital	300,000	300,000
Reserve fund	300,000	300,000
General banking risk reserves in excess of statutory requirement	1,929,022	2,002,315
Retained earnings	11,522,705	9,661,047
Goodwill	(1,228,222)	(1,228,222)
Total	**12,823,505**	**11,035,140**
Tier 2		
Securities revaluation reserves	(117,187)	26,548
General banking risk reserves - statutory requirement	439,066	573,613
Total	**321,879**	**600,161**

21 FAIR VALUE

In accordance with International Financial Reporting Standard No. 7 "Financial Instruments: Disclosures", the Bank calculates the estimated fair value of all financial instruments at the reporting date and separately discloses this information where these fair values are different from net book values.

The Bank's available-for-sale investments are not actively traded in organised financial markets, and fair value is determined using discounted cash flow analysis, which requires considerable judgement in interpreting market data and developing estimates. Accordingly estimates contained herein are not necessarily indicative of the amounts that the Bank could realise in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values. The fair value information for available-for-sale investments is based on information available to management as at the dates presented. Management is not aware of any factors that would significantly affect the estimated fair value amounts.

Investments classified as 'at fair value through profit or loss' are actively traded in organised markets and fair value is determined by reference to the market price at year end or on the last trade date prior to year end.

Financial instruments where carrying value is equal to fair value: due to their short-term maturity, the carrying value of certain financial instruments is assumed to approximate their fair values. These include cash and cash equivalents, investment interest receivable, customers' deposit accounts, other fund raising instruments, other assets and other liabilities. The Bank is required to maintain with the Bank of Guyana, statutory reserve balances in relation to deposit liabilities and the carrying value of these reserves is assumed to equal fair value.

Advances are net of specific and other provisions for impairment. The fair values of advances are based on a current yield curve appropriate for the remaining term to maturity.

21 FAIR VALUE *(continued)*

The fair values of the floating rate debt securities in issue are based on quoted market prices where available and where not available are based on a current yield curve appropriate for the remaining term to maturity. For balances due to banks, where the maturity period is less than one year, the fair value is assumed to equal carrying value. Where the maturity period is in excess of one year, these are primarily floating rate instruments, whose interest rates reset with market rates. Therefore, the carrying values are assumed to equal fair values.

The fair value of fixed rate debt securities carried at amortised cost is estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for facilities with similar credit risk and maturity.

The following table summarises the carrying amounts and the fair values of the Bank's financial assets and liabilities:

	2015		
	Carrying value	Fair value	Unrecognised gain/(loss)
Financial assets			
Cash, due from banks and Treasury Bills	61,138,484	61,138,484	–
Statutory deposit with Bank of Guyana	14,274,130	14,274,130	–
Investment securities	6,318,344	6,318,344	–
Advances	52,362,418	52,955,375	592,957
Investment interest receivable	38,456	38,456	–
Financial liabilities			
Due to Banks	199,457	199,457	–
Customers' chequing, savings and deposit accounts	123,701,186	123,555,039	(146,147)
Accrued interest payable	18,476	18,476	–
Total unrecognised change in unrealised fair value			**446,810**

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

21 FAIR VALUE *(continued)*

	2014 Carrying value	Fair value	Unrecognised gain/(loss)
Financial assets			
Cash, due from banks and Treasury Bills	51,808,083	51,808,083	–
Statutory deposit with Bank of Guyana	12,900,869	12,900,869	–
Investment securities	5,414,804	5,414,804	–
Advances	50,496,947	50,929,973	433,026
Investment interest receivable	45,433	45,433	–
Financial liabilities			
Due to Banks	214,492	214,492	–
Customers' chequing, savings and deposit accounts	112,551,760	112,507,079	(44,681)
Accrued interest payable	19,228	19,228	–
Total unrecognised change in unrealised fair value			**388,345**

21.1 Fair value and fair value hierarchies

21.1.1 Determination of fair value and fair value hierarchies

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Bank's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

The following table shows the fair value measurement hierarchy of the Banks's assets and liabilities as at September 30, 2015.

21 FAIR VALUE *(continued)*

21.1 Fair value and fair value hierarchies *(continued)*

21.1.1 Determination of fair value and fair value hierarchies *(continued)*

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investment securities				
2015	2,350,267	3,968,077	–	6,318,344
2014	2,670,677	2,744,127	–	5,414,804
Financial assets for which fair value is disclosed				
Advances				
2015	–	52,362,418	–	52,362,418
2014	–	50,496,947	–	50,496,947
Financial liabilities for which fair value is disclosed				
Customers' current, savings and deposit accounts				
2015	–	123,701,186	–	123,701,186
2014	–	112,551,760	–	112,551,760

The following table shows an analysis of financial instruments recorded at fair value categorised by hierarchy level.

	Level 1	Level 2	Level 3	Total
Financial investments -available-for-sale				
2015	2,350,267	3,968,077	–	6,318,344
2014	2,670,677	2,744,127	–	5,414,804

21.1.2 Transfers between Level 1 and 2

For the year ended September 30, 2015, no assets valued were transferred between Level 1 and Level 2.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

21 FAIR VALUE *(continued)*

21.1 Fair value and fair value hierarchies *(continued)*

21.1.3 Reconciliation of movements in Level 3 financial instruments measured at fair value.

For the year ended September 30, 2015, there were no Level 3 financial instruments.

22 SEGMENTAL INFORMATION

22.1 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group who allocates resources to and assesses the performance of the operating segments of the entity. The Bank has determined the Managing Director as its chief operating decision-maker.

Management considers its banking operation to be a single business unit. All business is conducted in Guyana with the exception of certain investment activities.

22.2 Geographical Information

The Bank operates only in Guyana but conducts investment and other correspondent banking business in other countries. The following tables show the distribution of the Bank's revenues, interest expenses, total assets and total liabilities allocated based on the location of the customers and assets respectively:

	Guyana	Trinidad and Tobago	Other countries	Total
2015				
Interest income	6,884,395	162,913	83,290	7,130,598
Interest expense	(589,820)	–	–	(589,820)
Net interest income	6,294,575	162,913	83,290	6,540,778
Other income	2,709,288	–	–	2,709,288
Net interest and other income	**9,003,863**	**162,913**	**83,290**	**9,250,066**
Total assets	130,978,118	4,238,596	7,146,241	142,362,955
Total liabilities	126,312,667	739,809	86,875	127,139,351
Cash flow from operating activities	11,940,533	–	–	11,940,533
Cash flow from investing activities	(1,789,323)	(1,387,025)	189,047	(2,987,301)
Cash flow from financing activities	(1,099,761)	131,911	(77,185)	(1,045,035)

22 SEGMENTAL INFORMATION *(continued)*

22.2 Geographical Information *(continued)*

	Guyana	Trinidad and Tobago	Other countries	Total
2014				
Interest income	6,647,891	62,902	94,903	6,805,696
Interest expense	(657,272)	–	–	(657,272)
Net interest income	5,990,619	62,902	94,903	6,148,424
Other income	2,130,585	–	–	2,130,585
Net interest and other income	**8,121,204**	**62,902**	**94,903**	**8,279,009**
Total assets	121,463,048	3,011,975	4,511,504	128,986,527
Total liabilities	114,591,452	726,226	105,328	115,423,006
Cash flow from operating activities	(4,608,620)	–	–	(4,608,620)
Cash flow from investing activities	(3,407,041)	47,140	173,013	(3,186,888)
Cash flow from financing activities	(1,769,290)	741,682	22,664	(1,004,944)

22.3 Major Customers

There were no revenues deriving from transactions with a single external customer or group of customers that amounted to 10% or more of the Bank's revenues.

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

23 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below analyses the assets and liabilities of the Bank based on the remaining period at September 30 to the contractual maturity date. See Note 19.3 - "Liquidity risk" - for an analysis of the financial liabilities based on contractual undiscounted repayment obligations.

	Within 12 months	After 12 months	Total
2015			
ASSETS			
Cash	2,221,630	–	**2,221,630**
Statutory deposit with Bank of Guyana	14,274,130	–	**14,274,130**
Due from banks	15,775,357	–	**15,775,357**
Treasury Bills	43,141,497	–	**43,141,497**
Investment interest receivable	38,456	–	**38,456**
Advances	6,502,473	45,859,945	**52,362,418**
Investment securities	1,746,665	4,571,679	**6,318,344**
Premises and equipment	–	5,753,349	**5,753,349**
Intangible assets	–	108,546	**108,546**
Goodwill	–	1,228,222	**1,228,222**
Deferred tax assets	–	228,219	**228,219**
Other assets	912,787	–	**912,787**
	84,612,995	**57,749,960**	**142,362,955**
LIABILITIES			
Due to banks	199,457	–	**199,457**
Customers' chequing, savings and deposit accounts	123,701,186	–	**123,701,186**
Net pension liability	–	115,300	**115,300**
Taxation payable	505,962	–	**505,962**
Deferred tax liabilities	–	315,873	**315,873**
Accrued interest payable	18,476	–	**18,476**
Other liabilities	2,283,097	–	**2,283,097**
	126,708,178	**431,173**	**127,139,351**

23 MATURITY ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

	Within 12 months	After 12 months	Total
2014			
ASSETS			
Cash	1,469,454	–	**1,469,454**
Statutory deposit with Bank of Guyana	12,900,869	–	**12,900,869**
Due from banks	8,619,336	–	**8,619,336**
Treasury Bills	41,719,293	–	**41,719,293**
Investment interest receivable	45,433	–	**45,433**
Advances	9,371,597	41,125,350	**50,496,947**
Investment securities	1,021,465	4,393,339	**5,414,804**
Premises and equipment	–	5,677,027	**5,677,027**
Intangible assets	–	147,232	**147,232**
Goodwill	–	1,228,222	**1,228,222**
Deferred tax assets	–	155,457	**155,457**
Other assets	1,112,453	–	**1,112,453**
	76,259,900	**52,726,627**	**128,986,527**
LIABILITIES			
Due to banks	214,492	–	**214,492**
Customers' chequing, savings and deposit accounts	112,551,760	–	**112,551,760**
Net pension liability	–	157,100	**157,100**
Taxation payable	238,410	–	**238,410**
Deferred tax liabilities	–	306,223	**306,223**
Accrued interest payable	19,228	–	**19,228**
Other liabilities	1,935,793	–	**1,935,793**
	114,959,683	**463,323**	**115,423,006**

Notes to the Financial Statements

For the year ended September 30, 2015. Expressed in thousands of Guyana dollars ($'000), except where otherwise stated

24 DIVIDENDS PAID AND PROPOSED

	2015	2014
Declared and paid during the year		
Equity dividends on ordinary stock units:		
Final dividend for 2014: $2.33 (2013: $2.33)	700,000	700,000
First dividend for 2015: $1.10 (2014: $1.10)	330,000	330,000
Total dividends paid	**1,030,000**	**1,030,000**
Proposed for approval at Annual General Meeting (not recognised as a liability as at September 30)		
Equity dividends on ordinary stock units:		
Final dividend for 2015:$2.83 (2014:$2.33)	850,000	700,000

25 CONTINGENT LIABILITIES

a) Litigation

As at September 30, 2015 there were certain legal proceedings outstanding against the Bank. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise or that it would be premature at this stage of the action to determine that eventuality.

b) Customers' liability under acceptances, guarantees, indemnities and letters of credit

	2015	2014
Guarantees and indemnities	1,902,454	1,836,446
Letters of credit	181,175	199,359
	2,083,629	**2,035,805**
c) Sectoral information		
State	858,138	830,658
Corporate and commercial	1,215,389	1,183,889
Personal	10,102	21,258
	2,083,629	**2,035,805**

25 CONTINGENT LIABILITIES *(continued)*

d) Pledged assets

Below illustrates the distribution of pledged assets in the Bank's Statement of Financial Position:

	Carrying Amount		Related Liability	
	2015	2014	2015	2014
Statutory deposit	**14,274,130**	**12,900,869**	**123,701,186**	**112,551,760**

The statutory deposit is provided to the Bank of Guyana as a percentage of deposit liabilities under the Financial Institutions Act.

e) Non-cancellable operating lease commitments

	2015	2014
Less than one year	18,220	18,220
Between one and five years	44,572	62,632
More than five years	3,107	3,267
	65,899	**84,119**

26 EXTERNAL PAYMENT DEPOSIT SCHEME

	2015	2014
	47,619	**47,619**

This represents monies received on behalf of customers and deposited in the External Payment Deposit Scheme with the Bank of Guyana, in accordance with the terms of agreements signed with each customer which specifically exclude the Bank from any liability.

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