Guyana Bank for Trade and Industry Limited

Annual Report 2008

Contents

The Logo

The logo consists of two elements representing the interdependent, symbiotic interaction between the Bank and its customers... a family relationship which harmonises the resources of a premier financial institution with the needs of its customers.

The element on the left symbolises the supportive arm of one, guiding the arm of another as the latter aspires upward to a position of financial stability and independence.

AQUAMARINE BLUE - represents the value and quality of experience, products and service which GBTI offers to meet the needs of its customers. It is a testimony to the history of an institution whose values have transcended changing times and trends while remaining flexible to the demands of a constantly expanding market.

ROYAL BLUE - represents the aspirations to a better quality of life, aspirations which GBTI shares with its clients in the ongoing process of human development.

Both elements come together at the apex to form a flame, representing a fusion of spirit, which is manifested in the strong, progressive and dynamic financial force that is GBTI.

Corporate Objectives

To create a friendly banking environment through the effective structuring of business operations and the provision of the highest standard of service in a courteous, confidential and reliable manner.

To keep abreast of modern technology in the areas of transaction processing, information provision and communication with a view to enhancing customer service and convenience.

To earn a reputation for ourselves as leaders in the areas of innovation and product diversification, and to increase our market share through the maintenance of a wide network of branches and an aggressive marketing policy.

To provide on-going training for staff at all levels in order to improve the quality of our human resources and ultimately the quality of our service.

To fulfil responsibilities of a good corporate citizen based on generally accepted corporate practices through the maintenance of standards of accountability and integrity.

To earn a reasonable return on capital employed primarily through the maintenance of strong deposit and loan portfolios to the end that the shareholders will be adequately rewarded for their investment, and staff attractively remunerated for their efforts.

GBTI

Notice of Meeting

Notice is hereby given that the 21st Annual General Meeting of Guyana Bank for Trade and Industry Limited will be held on Tuesday, April 14, 2009, at the Le Meridien Pegasus Hotel, Seawall Road, Kingston, Georgetown, at 18:00h for the following purposes:

1. To receive the Report of the Directors and the Audited Accounts for the year ended 31st December, 2008.
2. To approve the declaration of a dividend.
3. To elect Directors.
4. To fix the remuneration of the Directors.
5. To appoint Auditors.
6. To empower the Directors to fix remuneration of the Auditors.
7. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

……………………….....
JOHN T TRACEY
SECRETARY
March 4, 2009

Registered Office:
47 - 48 Water Street
Georgetown

N.B. Only Shareholders may attend.

Any member entitled to attend and vote is entitled to appoint a proxy to do so for him/her. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the Appointer or of his Attorney, or if the Appointer is a Corporation, either under seal, or under the hand of an Officer or Attorney duly authorised, and shall be deposited at the registered office of the Company not less than 36 hours before the time for holding the Meeting.

A 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 any or all meetings of the Company.

Please bring this Notice to gain entry to the Meeting.

Mission Statement

To achieve a mutually beneficial relationship between the bank and its customers by providing efficient and quality services to both depositors and entrepreneurs in the tradition of courtesy and confidentiality through the harnessing of state-of-the-art technology, and the employment and training of a committed team.

Corporate Information

DIRECTORS

Mr. Robin Stoby, S.C.
Chairman

Mr. Radhakrishna Sharma
Chief Executive Officer

Mr. John Tracey
Secretary

Mr. Edward A. Beharry
Mr. Inderjeet Beharry
Mr. Paul Cheong
Mrs. Kathryn Eytle-McLean
Mr. Basil Dahana Ram Mahadeo
Mr. Michael Cummings
Mr. Carlton James

REGISTERED OFFICE

47-48 Water Street,
Georgetown,
Guyana, South America.
P. O. Box # 10280, Georgetown.
Telephone: (592) 226-8430–9
Facsimile: (592) 227-1612
Email: banking@gbtibank.com
Website: www.gbtibank.com
SWIFT ID: GUTIGYGE

ATTORNEYS AT LAW

Messrs. Hughes, Fields & Stoby
62 Hadfield Street,
Werk-en-Rust,
Georgetown,
Guyana.

Messrs. Cameron & Shepherd
2 Avenue of the Republic
Stabroek
Georgetown.

AUDITORS

Deloitte and Touche
77 Brickdam, Stabroek,
Georgetown,
Guyana.

REGISTRAR & TRANSFER OFFICE

Trust Company (Guyana) Limited
Demerara Bank Building
230 Camp & South Streets,
Georgetown,
Guyana.

BRANCHES

Georgetown
138 Regent Street,
Lacytown, Georgetown.
Telephone: (592) 225-5291-3/5

Corriverton
211 No. 78 Village,
Corriverton, Berbice.
Telephone: (592) 335-3399-3404

Anna Regina
2 Anna Regina,
Essequibo Coast.
Telephone: (592) 771-4831-4

Parika
300 Parika Highway,
East Bank Essequibo.
Telephone: (592) 260-4400-5

Vreed-en-Hoop
"N" Vreed-en-Hoop,
West Bank Demerara.
Telephone: (592) 264-2191/3-4

Lethem
Lot 121 Middle Road,
Lethem, Rupununi.
Telephone: (592) 772-2241

Providence
C/o Buddy's International Hotel
Providence
East Bank Demerara
Telephone: (592) 265-7068-8

Grove/Diamond
Lot 34 Grove Public Road,
East Bank Demerara.
Telephone: (592) 266-3552/3

Corporate Profile

Guyana Bank for Trade and Industry Limited has a rich and successful history of over 170 years that began with the establishment of the first commercial bank in British Guiana, the Colonial Bank, in May 1836, continuing with the operations of Barclays PLC.

In 1987 the assets and liabilities of Barclays PLC were acquired by the Government of Guyana and renamed Guyana Bank for Trade and Industry Limited, whose doors were opened to the public on 1st December 1987. In January 1990 G.B.T.I. merged with Republic Bank (Guyana) Ltd. formerly Chase Manhattan Bank N.A, and in 1991 the Bank was privatised. With over 1,800 shareholders, the majority shareholder of the Bank is Secure International Finance Company Inc. with 61% of the issued shares.

Today GBTI has a network of nine branches spanning the country and offers its clients a full range of modern banking services including Visa cards, ATM and Point of Sale facilities and Telebanking. Our wide network of correspondent banks facilitates international business transactions.

CHAIRMAN'S REPORT

On the occasion of the 21st Annual General Meeting, I am particularly pleased to deliver a good report on behalf of the Board of Directors of the Guyana Bank for Trade and Industry Limited. Pleased, because in a year of tremendous financial turmoil in the developed world, our Bank, minuscule in comparison to many that have failed, has posted record profit of $940M and the Directors will be putting before you shortly for your approval the highest dividend payout in absolute terms in the history of the Bank of $6.00 per share.

The significance of this achievement can best be brought home by a brief look at what took place first in the United States of America (USA) then spread across the developed countries' financial markets before reaching into the emerging markets and resulting in a world recession the likes of which have only been seen once before in the Great Depression of 1929 to 1933.

As we all know now, it started in the sub-prime mortgage market in the USA which had its genesis in the theory that house prices would go up indefinitely. This flawed theory was exploited to the fullest by the pure greed of most mortgage brokers and lenders and many a borrower. These sub-prime loans were fed into the financial system through a process that came to be known as securitization which again was driven by a combination of greed, appalling dereliction of duty and plain ineptitude.

"in a year of tremendous financial turmoil in the developed world, our Bank, minuscule in comparison to many that have failed, has posted record profit of $940M "

CHAIRMAN'S REPORT

In the end by a chain reaction of events previously unthinkable the dominoes fell and panic prevailed; well known banks such as Barclays PLC, Lloyds TSB, Bank of America, Citicorp, ING and Anglo-American to name a few found themselves in difficult times for one reason or another. As we speak, millions have lost jobs and homes and the Governments of the developed countries are working their bail-out plans to stem the rising tide of recession. The bright hope for most now rests on the first African-American President, Mr. Barack Obama, whose challenge is to make his campaign pledge of change into a reality and bring the much needed reforms in the system of governance in the world's leading economy.

The outlook for the world in 2009, however, still looks grim. In this regard, the same can be said for the Caribbean, including Guyana. Being heavily dependent on the export of commodities - rice, sugar, bauxite, oil and natural gas, services - travel and tourism and remittances from the Diaspora, our economies are expected to be hit hard in 2009. And this is without factoring in any ill effects of the Economic Partnership Agreement with Europe.

On the Guyana front for the first half of the year, our economy had mixed results as some sectors had good growth while others experienced decline, though overall the economy grew by 3.8% according to the Bank of Guyana Half Year Report 2008. It listed agriculture, mining, engineering and construction, and services as the sectors that recorded growth while the manufacturing sector recorded negative growth. I am pleased to say that when I look at the distribution of our Loan Portfolio I see that 62% of the portfolio was lent to the agriculture and services sectors.

Sugar and rice which together account for 16% of GDP both showed improved performances when compared to the first half of 2007. However, due to a number of factors it is expected that performance of sugar and rice will not realize their targets for 2008 as production will face the age old bug bear of adverse weather conditions and low world market prices. In addition, sugar faces the disappointment of the non-commissioning of the new Skeldon factory.

In the latter half of 2008, the economy is not expected to perform as budgeted. Both the sugar and rice second crops are going to be affected by heavy rainfall and in the case of sugar by inadequate milling capacity and industrial action. For rice, though paddy production should increase, the price of rice on the export market has fallen so dramatically that export earnings from rice will be reduced.

These conditions will feed into 2009 with bad weather and flooding hampering the cultivation of lands to the extent of 2008 levels. The good news, however, is that oil prices should be well below 2008 levels and should serve as an impetus for those sectors for which the cost of oil is a major component of input cost. We should see the cost of fertilizers also going down in 2009.

For households the lower price of oil should result in lower transportation costs and at least a stable energy bill. Our food import bill is still much too high for a country that produces such a variety of foods. Though the price of wheat has fallen on the world market and is being reflected in the domestic market, and though experience has shown that one does not trivialize the Guyanese appetite for wheat products, it would be remiss of us should we not join the chorus of voices that call for us to eat much more of what we produce and less of what we do not. Our local business community should also look to pass on to the consumer any savings made from lower input costs, and prefer to accept a reduced profit in order to maximize their sales potential in a declining market.

This would clearly be of great benefit to the nation as it would free up foreign exchange which could be used for capital goods, and strengthen an already stable Guyana dollar.

As far as our Bank is concerned, we anticipate the beginning of construction of the Grove/Diamond Branch on its permanent site acquired by us in 2008. At the same time, we are expectantly awaiting the completion of our Head Office which should give our stakeholders more than enough confidence in the Bank to continue its growth and profitability trend of the last 15 years.

In keeping with that trend we expect growth in deposits to continue and expect to be efficient intermediaries by making every effort to seek out sound lending opportunities in a Guyanese context with our tested brand of products.

It is therefore incumbent upon me to commend the Board of Directors, and the Management and Staff for a job well done in 2008. I personally wish to thank them for their support, and to thank the shareholders and our loyal customers for continuing to place their trust in us. I assure them that this will be the foundation of our success in 2009, and our continued well being in the future.

Business... Personal...

Enjoy Both Worlds With GBTI Credit Cards!

GBTI VISA
GOLD & CLASSIC
Now you have the power to shop around the world...

Credit Card Benefits
- Credit Card Limits: **Gold - US$10,000. CLASSIC - US$5,000.**
- Monthly interest rate of 2%.
- Allows cardholder to make purchases and obtain services and cash.
- Enjoy real time access to shop at supermarkets and jewellery stores or dine at restaurants.
- Online Shopping:- Book Accommodation, Air Travel, Cruises, Car Rentals and more.
- Can be used at over 25 million merchants located worldwide.
- You can even obtain cash at more than 1 million VISA PLUS ATMs in the USA and in 145 countries around the world.
- Free monthly statement.
- Statement available online.
- Worldwide purchasing power. No need to travel with cash.
- Reliability and convenience.

GBTI
GOLD & CLASSIC
Now you have the power to shop locally...

Credit Card Benefits
- Credit Card Limits: Gold - **G$1,000,000. CLASSIC - G$500,000.**
- Competitive interest rates.
- Allows cardholder to make purchases and obtain services and cash.
- Enjoy real time access to shop at supermarkets and jewellery stores or dine at restaurant.
- Access to over 14 Money Zone locations and 115 Point of Sale Terminals.
- Free monthly statement.
- Secure alternative to cash.
- Reliability and convenience.

GBTI
Our strength guiding you

There are choices
and alternatives
to the way we live.
GBTI understands your
needs and wants to play a key
role in your ability to enjoy
a better way of life
with our

GBTI Quality Lifestyle

L O A N P L A N

AUTOMOBILE LOAN

GBTI Automoblile Loan Plan is designed for the salaried employee, professional and business individual purchasing a vehicle for personal use.
Let us put you behind the wheels of the vehicle of your dreams today!
SPORTS UTILITY VEHICLE • MOTORCAR • MOTORCYCLE

YOU DON'T HAVE TO BE A CUSTOMER TO QUALIFY FOR ANY OF THESE LOAN PLANS
PAY FIXED MONTHLY INSTALMENTS • ENJOY COMPETITIVE INTEREST RATES •
QUICK APPROVALS • ACCESS TO OTHER BANK SERVICES

GBTI

Our strength guiding you

Chief Executive Officer's Report

"The staff of GBTI is composed of individuals who possess extensive industry experience and are unmatched in their integrity and their ability to understand customers' unique needs and specific situations."

Economic Review of 2008

With regional growth averaging 4.6 percent in 2008 (ECLAC Preliminary Overview 2008), the 2009 National Budget indicated that the Guyana economy recorded real growth of 3.1 percent in 2008, following on growth rates of 5.4 percent in 2007 and 5.1 percent in 2006. Output in some key sectors recorded declines: sugar and forestry by 15 percent each (mainly due to localised factors), and bauxite by 7 percent (mainly due to international factors). On the other hand, output in the rice industry grew by 10 percent as farmers and millers took advantage of the encouraging price levels, while output in the mining and quarrying sector grew by 6 percent. Inflation was recorded at 6.4 percent for 2008, compared to the 14 percent recorded in 2007.

While the considerable decline in oil and gas oil prices during the last quarter of 2008 led to fiscal and current account surpluses for oil importing countries, the slowdown in global demand that precipitated it has hurt all economies in a major way, since it has resulted in high levels of unemployment. Recession has quickly become the by-word in many of the advanced economies while growth rates are slowing considerably in emerging economies.

Chief Executive Officer's Report

The U.S. sub-prime mortgage collapse that began in mid-2007 has ballooned into a financial crisis that has witnessed the failure of some leading financial institutions and general lack of confidence in the financial services industry.

At the time of writing, the Caribbean region is experiencing dramatic fallout from the financial crisis with two large financial companies, CLICO and Stanford International Bank, each with an individual majority shareholder, being taken over by the respective governments where their operations are conducted, owing to several serious financial problems.

Local Commercial Banking Sector Performance

The commercial banking sector continued to expand significantly in 2008 manifested in total assets of the sector increasing by $22.7 billion to $226.6 billion over the first nine months compared to the $13.7 billion growth seen for the same period in 2007.

Deposits

Total deposits of the sector at September 2008 stood at $191 billion, an 8.7% increase for the period compared with the 8.2% growth for the same nine months in 2007. Savings deposits grew by 8.8% to $110.7 billion, while Time deposits increased by 10.2% to $40.9 billion.

Lending

Growth in loans and advances continued during the year, by G$6.2 billion to $58.2 billion at September 2008 compared to the G$3.6 billion growth for the same nine months period in 2007. Total commercial bank loans represented 30.4% of total commercial bank deposits at September 2008, compared to 29.6% at September 2007. An analysis of the increase shows the distribution and sugar sub sectors each accounting for $2.2 billion, quarrying $1.1 billion, housing $1.1 billion, rice $859 million, other services $614 million and transportation $574 million, while lending for other construction, motor cars and other manufacturing declined by $417 million, $329 million and $250 million respectively.

The Distribution sub-sector remains the largest recipient of credit, accounting for 21.8% of the total, while the combined transportation sector (public and private transport) has overtaken the housing sub-sector in the second spot, accounting for 10.1% of the total.

Liquidity

Excess liquidity continues to be a feature of the local banking system where at September 2008, the commercial banks held excess liquid assets of $29.6 billion or 71.6% above the required level. The excess held at September 2007 was $15.1 billion.

Interest Rate

The 91 days Treasury bill rate, the benchmark for the interest rate structure, was 3.94% at September 2008, up from the 3.90% one year earlier. The commercial banks' weighted average small savings rate declined from 3.15% at the start of the year to 2.95% at September 2008.

Exchange Rate

The Guyana dollar exchange rate per US dollar reached $204.00 at September 2008, from $203.75 one year before. At the same time, the Guyana dollar mid rate for the Canadian dollar was $185.45 down from $187.35 one year before, while the rate for the Pound was $358.33 down from $396.67 one year before.

Review of GBTI's Performance

It is within the context of the unique and challenging financial environment that GBTI achieved profit after tax in 2008 of $940 million, on account of prudent policies, risk management strategies and strategic business plans.

Total assets of the Bank have grown by $6.4 billion to $49.3 billion and revenues for the year rose 13% to $3.6 billion. Earnings per share rose by 18% to $23.52 with the book value per share rising to $116.25. At the end of the financial year, the Bank's shares traded at 1.12 times book value compared with 0.89 times at the end of 2007.

Return on Assets and Equity

The improvement in net profit for the year resulted in an increase in the return on average assets from 2.02 percent in 2007 to 2.04 percent in 2008.

Return on average equity improved from 20.01 percent in 2007 to 21.01 percent in 2008.

"The Bank remains committed to improving market share and taking advantage of opportunities to enter new markets, while continuing with our strategy of financial prudence and meeting the high expectations of our customers and all other stakeholders."

Chief Executive Officer's Report

Operations in 2008

Despite challenging times, the Bank prospered by focusing on its strengths – knowledge, experience and service. We experienced increased business in all areas with our customers during the year which enabled us to continue the good performance recorded in 2007. Management also played an active role throughout the year in ensuring sufficient levels of liquidity and prudently managing the Bank's exposure to market risk. Our Branches remained competitive in their locations by the adoption of various strategies and capitalizing on new opportunities. Management remains focused on improving the financial and operational performance of each of branch and provides adequate support through the executive team at Head Office.

Revenues

Revenues for 2008 amounted to $3,605 million, an increase of 13% over that for 2007. Our revenue stream is shown below:

Revenue Items	2008	2007
Loans and Advances	$ 1,508,118	$ 1,396,716
Treasury Bills & Foreign Bank Deposits	$ 883,330	$ 740,423
Investments	$ 296,912	$ 268,337
Other	$ 916,796	$ 792,676
Total ($000)	$ 3,605,156	$ 3,198,152

Net interest income was $1,682 million, a 9.2% increase from $1,541 million in 2007 and is mainly attributable to strong growth in loans and advances and customer deposits, despite lower yield on deployment of surplus liquidity in the background of falling interest rates worldwide.

Non-interest income increased by 16 percent in 2008 to $904 million. This income was mainly from fees, commissions and foreign exchange earnings.

Expenses

Total expenditure for the year was $2,485 million compared to $2,222 million in 2007. Interest expense accounted for $1,018 million an increase of 16.1% over 2007. Non-interest expense increased by 9.1% due mainly to higher staff costs. The amount charged against profit for the year as provision for bad and doubtful debts was $475 million.

Total Assets

The Bank's asset base has grown by $6.4 billion or 14.8% for the year, compared. Our share of commercial bank assets has grown from 21.1% at December 2007 to 21.7% at September 2008. Our mix of assets at the end of the year was 52.1% Cash Resources; 12.2% Government-backed and other Primary Securities; 26.0% Loans and Advances and 9.7% Fixed and Other Assets. Our holdings of Government treasury bills increased from $9.3 billion in 2007 to $11.5 billion in 2008. Our prudent approach to risk will ensure that we maintain a strong and stable portfolio of assets and liabilities, and a level of liquidity conducive to efficient operations.

Deposits

The Bank's deposit base grew by $3.5 billion or 9.57% for the year to $41 billion. Total banking sector deposits grew 8.8% for the year at September 2008. Our savings deposit category continues to record strong growth ($2.9 billion in 2008 and 2007), given our competitive rates of interest paid to customers. The Bank continues to maintain its over 20% share of total commercial banks deposits. The Bank offers a full range of deposit products, including our Early Savers and Prime Life Accounts that cater to children up to age 17 and adults 55 years and older, respectively, Term Deposits and Special Investments Accounts.

Investments

Total investments have increased by $2.5 billion for the year to $5.9 billion. Our investments continue to be concentrated in Regional Governments Sovereign Bonds. These investments are extremely sound, carry low risk and offer premium yields. Our investment in securities is guided by the investment policy under the guidance of an Investment Committee.

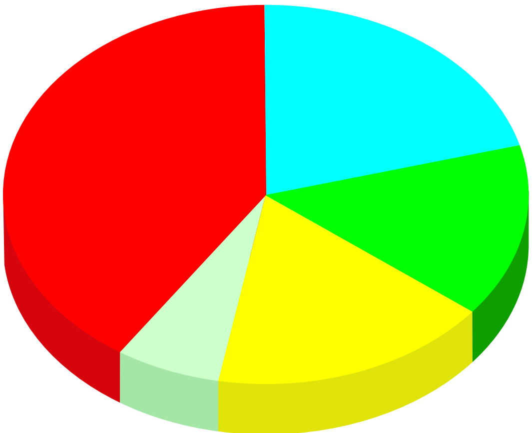
Loans and Advances

The Bank's loan portfolio at the end of the year stood at $14.7 billion, reflecting a net growth of $3.5 billion (31.6%) over December 2007. Within this balance was $1.3 billion disbursed under the E.C. Rice Facility. Loans to deposits ratio stood at 35.9% at the end of 2008 compared with 29.9% in 2007. Loans and advances represent a major source of interest income and are granted primarily within the domestic market. The average interest rate earned by the Bank on loans in 2008 was 11.71% compared to 12.43% in 2007. Major new loans for the year were granted in the distribution, quarrying, rice and sugar sub-sectors.

An analysis of the sub-sectors of the portfolio shows that of the major categories, distribution accounted for $3.9 billion (29.6%) and rice for $1.3 billion (9.4%). The Bank's share of total commercial bank lending has improved from 21.5% at December 2007 to 22.6% at September 2008.

Chief Executive Officer's Report

The distribution of our portfolio at December 2008 is as follows:



Sector	G$M
Agriculture	3,073
Household	2,156
Manufacturing	2,534
Mining and Quarrying	936
Services	6,036
Total	14,735

In 2007, the Bank began the disbursal of funds under the €6.5 million ($1.8 billion) E.C. Rice Financial Facility for the Improvement of the Competitiveness of the Rice Sector, which facility the Bank won the tender to manage. The facility was opened for 18 months and closed in September 2008, with repayments to be completed within a maximum of three years after closure. The Bank recognises the importance of the rice sub-sector to the national economy, and will continue to be the leading Bank in providing support to the sector.

The Bank launched its Visa and local dollar credit cards in November 2007 and presently offers the largest variety of card products among all commercial banks in Guyana. We are associate members of VISA which allows us to offer their full range of card products to Guyanese. Our Visa Gold card is proving to be the credit card of choice while our debit card platform is well advanced.

The lending strategy for the Bank continues to be based on our GBTI Quality Lifestyle and Commercial Loan Plans, which offer sound lending options for the personal and commercial sectors.

We strenuously analyze market conditions, and over the years have taken a measured and responsible stance in lending, avoiding the desire to increase returns by taking substantially more credit risk. This, we feel, has contributed to the strength of our asset quality and has positioned us well for success in the future.

Capital Adequacy

Commercial Banks in Guyana are subject to the risk-based capital adequacy guidelines issued by the Bank of Guyana. The guidelines evaluate capital adequacy based upon the perceived risk associated with balance sheet assets as well as certain off balance sheet exposures, and stipulate a minimum ratio of qualifying capital (Tier I and Tier II) to risk-weighted assets of 8%. GBTI remains well capitalised with the Bank's Tier 1 capital adequacy ratio, which is regarded as a measure of the quality of capital for financial institutions, standing at 16.10% at December 2008. Total Tier I and Tier II capital was 16.15% of risk-adjusted assets at December 2008.

Risk Management and Internal Control

Risk management has always been a top priority for the Bank, and in 2008 we continued to develop our approaches to analyzing and managing risks. Our risk management processes are integrated within our daily operations, which enable us to manage the overall portfolio in a prudent manner.

The Bank's internal control system is monitored and managed by an Inspection Division that reports directly to the Audit Committee of the Board of Directors. The Division's Annual Work Programme focuses on the key operating procedures and system of financial controls that are designed specifically to address the risks to which the Bank is exposed. The Division periodically reviews the effectiveness of the internal control process and makes appropriate recommendations for revisions to the Audit Committee.

Customer Service

The Bank strives to provide its customers with the financial tools and products at competitive rates and terms that give them the ability to effectively manage their financial affairs. As such, during 2008 we maintained a focus on developing new banking and financial products in keeping with our philosophy to deliver the highest quality service. Additionally, our core of professional and competent staff delivers our products and services with the friendliness that has made our customers very loyal to the Bank.

We continued to invest in technology infrastructure and capability in order to improve customer service and in March 2008 introduced our newest card product, the GBTI Quick Cash Card. The GBTI Quick Cash Card is a pre-loaded Guyana dollar money card that is not linked with a bank account. Users can load cash up to G$250,000 and use the Bank's extensive ATM and Point-of-Sale network to conduct regular banking business by using the Card to credit salaries and money transfers, make cash withdrawals and pay utility bills at ATMs, and make purchases using our Point of Sale machines.

Chief Executive Officer's Report

A function to turn the sod to ceremonially mark the start of construction of the Bank's new $2.6B head office building was held in April 2008. His Excellency President Bharrat Jagdeo performed the symbolic act of the turning of the sod signalling the start of construction of the modern, four-storey structure at the corner of High & Young Streets, Kingston, Georgetown. The Bank intends that this new facility will allow it to enhance its service to its corporate clients.

We were able to expand our merchant base through marketing efforts and also supported our merchant program with the hosting of a Merchant Operating and Risk Management Seminar in September 2008, to which invitations were also extended to merchants attached to other banks. The Seminar, a first for the merchant payments industry in our country, was hosted under the theme, "Combating Payment Systems Fraud".

Human Resources

The staff of GBTI is composed of individuals who possess extensive industry experience and are unmatched in their integrity and their ability to understand customers' unique needs and specific situations. Each employee shares a vision of improving customers' overall banking experience and the Bank supports this vision through ongoing training aimed at building human resource capacity.

Our personnel policies and reward systems are designed to provide maximum motivation to all our employees through competitive employment terms and excellent opportunities for career development. As part of its policies, the Bank provides support to staff seeking to develop their own proficiency through academic studies in relevant areas by offering study grants, interest free loans and time off to attend classes.

November 13th, 2008 – Hon. Minister Dr. Ashni Singh at the opening ceremony for Diamond / Grove Branch

June 2, 2008 – 2nd Biennial Business Forum – The Cariforum / E.U. EPA – The Challenge to Transform

In November 2008, the Bank opened a new Branch at Diamond/Grove, E.B.D using temporary premises pending the construction of a full service building on land acquired opposite the Diamond Regional Hospital. This Diamond/Grove Branch is the first bank in the community and provides banking services to residents in the area. Our branch network, ATM / POS and telephone banking resources give our customers the flexibility to access their funds when and where they find most convenient. GBTI remains committed to taking banking services to communities across Guyana in order to improve the welfare of residents and support the country's overall economic development.

Chief Executive Officer's Report

April 28, 2008 - His Excellency President Bharrat Jagdeo performing the symbolic act at the Ceremony for the turning of the sod for GBTI Head Office

December 14th 2008 – Head Office construction in progress.

The overall staff complement of the Bank at December 2008 was 245 consisting of 193 clerical personnel and 52 support staff.

Community Relations

The Bank maintains a strong sense of corporate social responsibility and this is evident in our several community activities.

In June 2008 we held our second Biennial Business Forum that addressed the theme "The Cariforum/E.U. Economic Partnership Agreement – The Challenge to Transform" and focused on the new windows of opportunity that now exist for the Guyanese private sector under the Economic Partnership Agreement (EPA) between the European Union (EU) and CARIFORUM, comprising CARICOM countries and the Dominican Republic. The feature address was delivered by Deputy Senior Director of the Caribbean Regional Negotiating Machinery (CRNM) body and Guyana's former Minister of Finance, Mr. Carl Greenidge.

Members of the GBTI Early Savers Club who were successful at the 2008 National Grade Six Assessment received bursary awards from the Bank in recognition of their excellent achievement. Awards were presented to ten (10) students who obtained scores ranging from 538 to 558 marks.

We believe that supporting local organizations not only strengthens relationships with the wider community, but also fosters those existing between the bank's staff and members of the community, and continue to reach out annually through

Chief Executive Officer's Report

financial donations to several local, non-profit organizations that go above and beyond their duty to help communities and its residents experience a better quality of life.

The Bank's Almanac for 2009 was launched in December at a ceremony attended by Hon. Robert Persaud, Minister of Agriculture. The Almanac addresses what is perhaps the most topical issue today – global warming and its impact on our environment, under the theme "Save Earth, Our Home".

The Branches also continued their various community activities during the year as part of the Bank's fulfilling of its social responsibility. The Regent Street Branch held its Signature Activity - Inter Secondary School Impromptu Speech Competition - in April 2008 involving Fourth Formers from sixteen secondary schools. Queen's College defeated Annandale Secondary School in the finals to emerge the winner of the 2008 competition.

The Anna Regina Branch hosted its Signature Activity – Diwali Cultural Evening – in October 2008, which continues to attract huge support from the communities along the Essequibo Coast, while the Vreed-en-Hoop community was again treated to a spectacular evening of carols, dances, poems and drama when the Vreed-en-Hoop Branch hosted its Signature Activity - Christmas Cultural Evening – in December 2008.

Some of the other activities sponsored by the Branches during the year included career guidance seminars, school tours and repainting of pedestrian crossings. The Bank's general marketing activities continued during the year with television, print and radio advertisements, brochures, posters, and banners being the medium for promoting all products and services.

Looking Ahead

After years of growth, the World Bank predicts the global economy will contract in 2009, the first time since 1945. The regional economy is also set to enter a phase of major economic downturn as a result of the turmoil in the global financial markets. ECLAC predicts regional growth dropping to 1.9 per cent in 2009, reflecting the rapid transmission of the global downturn into regional economies that are dominated by tourism and financial services sectors.

Financial analysts are alerting us to tougher times for the financial industry during 2009, and compounded with the possibility of recession in the major economies, signal greater challenges for developing economies.

Here in Guyana, Government has projected a moderate growth in the "non-sugar economy" of 1.8 percent in 2009, reflecting the prevailing global conditions, and with the inclusion of the sugar sector, overall real growth in gross domestic product for the year is targeted at 4.7 percent.

At GBTI, we will continue to keep our strategies well aligned with the needs of our people as we strive to effectively contribute to our country's overall economic development. The Bank remains committed to improving its market share and taking advantage of opportunities to enter new markets, while continuing with our strategy of financial prudence and meeting the high expectations of our customers and all other stakeholders. We will continue to observe best practices to deliver further growth in a focused, disciplined and decisive manner.

The construction our new Head Office is expected to be completed by the end of 2009. We look forward to this new facility and its ability to solidify the Bank's presence in the local financial services industry and add greater value to the service we offer our customers.

The success achieved in 2008 was due to the exceptional contributions of our committed and loyal employees, driven by the principles and values of doing the right thing, who remain dedicated to the success of this robust and dynamic bank. Looking back to 2008 with pride and ahead to 2009 with confidence, we endeavour to build on the Bank's record of sustained and profitable growth.

On behalf of the Bank, I would like to express my sincere thanks to all who contributed to our accomplishments in 2008, especially our valued customers, and look forward to continuing to serve the interests of our clients and the communities in which we operate in 2009 and beyond.

I also extend my thanks to the members of the Board of Directors for the leadership and support they have displayed during the year.

Corporate Governance Statement

The Board of Directors has always recognized that sound corporate governance is essential for optimizing the value and productivity of the Bank. Our exercise of sound corporate governance confirms to the internationally accepted rules of corporate governance.

The Directors and Managers recognize their fiduciary duty to protect the Bank's interest at all times and in particular to not allow a conflict of interest to arise. To this end, the Notes to the Accounts give full disclosure of the dealings of Directors and other related parties with the Bank. Indeed it is standard practice of the Board that any Director that may benefit personally from a decision of the Board is excluded from that decision and its preceding discussion.

The Board can be described in the literature of the day as an active Board. It meets monthly with the Chief Executive Officer and Director – Credit who are the only Executive Directors, to oversee the business of the Bank. The Board makes direct decisions in matters of all lending that is above the limit delegated to the Chief Executive Officer. Such decisions are made twice monthly by the full Board at its statutory, monthly meeting and by the Credit Committee of the Board, which at present comprises all members of the Board.

Likewise, the matters of Human Resource Development and Management Functions are addressed by the Board at its monthly meetings.

The Board also actively overlooks the auditing of the Bank's systems and records. The Manager of the Inspection Division, an experienced auditor, reports monthly to the Audit Committee, which comprises six (6) members of the Board, including the two (2) Executive Directors, and two (2) of the Non-executive Directors are qualified and practicing Accountants.

The Board believes in having independent External Auditors and therefore does not use its External Auditors, Messrs Deloitte & Touche, for consulting services. By these means the Board demonstrates its commitment to two (2) of the principles of sound corporate governance, viz. transparency and accountability.

The Board approves and reviews the Bank's Strategic Plan and within the context of these strategic plans approves Annual Budgets, which includes all capital and current expenditure.

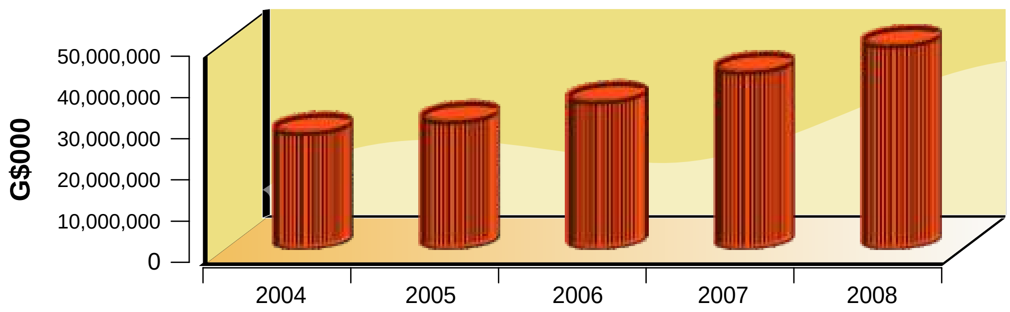
The Board is committed to increasing shareholders' value and pays special attention to the value drivers of the Bank. Foremost among these are the assessment and management of risk, providing quality products, giving excellent service to our customers, being organized for efficiency, and cost control.

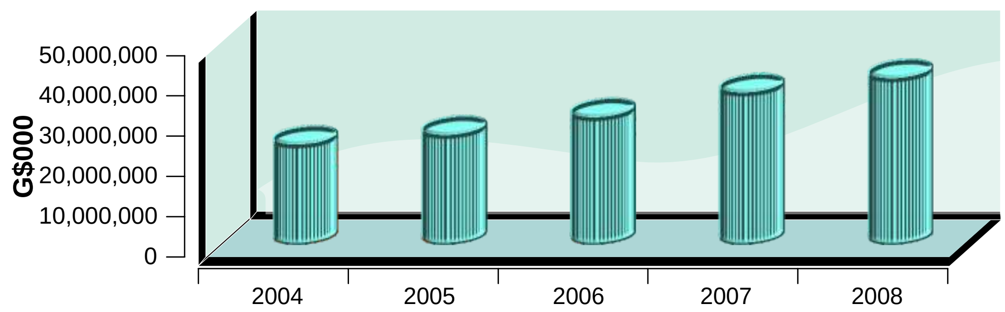
These are demanding tasks, which require the technical competence, time, communication skills and integrity of Directors.

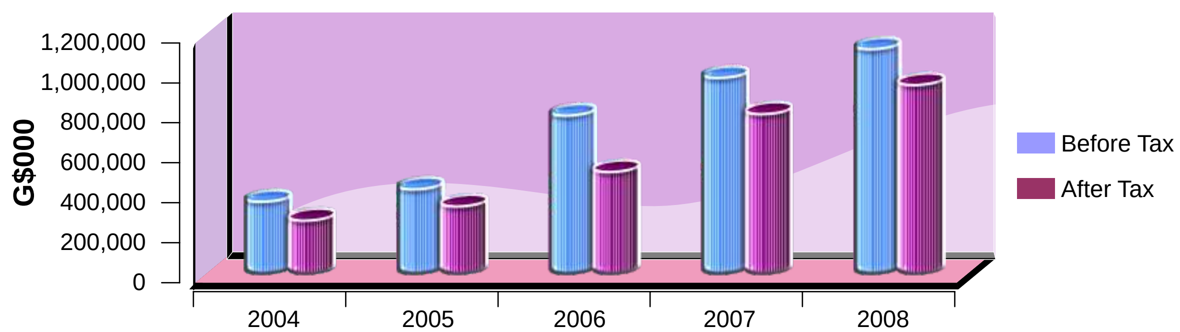
The Board has always sought persons with these qualities to sit on the Board of the Bank as its starting point of sound corporate governance of the Bank.

Financial Highlights

	2004 G$000	2005 G$000	2006 G$000	2007 G$000	2008 G$000
Total Assets	28,194,511	30,900,503	35,742,428	42,944,115	49,311,947
Shareholders' Equity	3,086,622	3,303,122	3,648,751	4,303,774	4,650,434
Total Deposits	24,541,304	26,929,431	31,326,318	37,408,075	40,987,032
Loans and Advances (Net)	6,619,354	6,987,676	8,745,225	9,744,919	12,833,479
Investments	609,403	956,171	1,649,693	3,430,404	5,902,651
Gross Income	2,267,275	2,322,576	2,744,570	3,198,152	3,605,156
Profit before Taxation	356,975	420,255	788,129	976,170	1,119,786
Profit after Taxation	263,594	334,232	506,020	795,739	940,696
Return on Average Assets (%)	0.93	1.12	1.50	2.02	2.04
Return on Average Equity (%)	8.73	10.42	14.56	20.01	21.01
Earnings per Share ($)	6.59	8.36	12.65	19.89	23.52





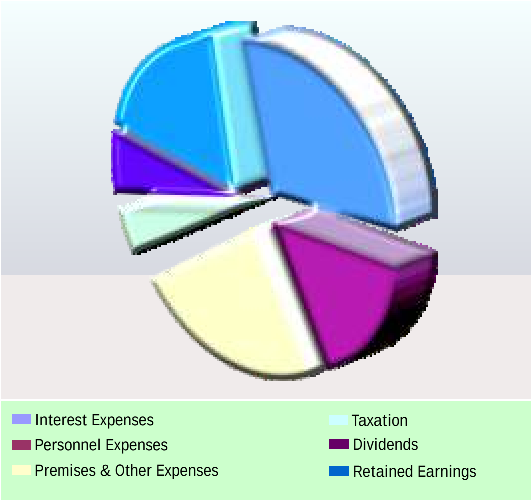


Financial Highlights

Income Distribution

Amount in millions of Guyana Dollars

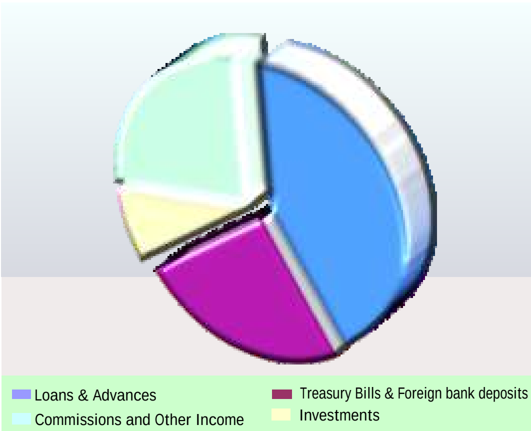
	Amount	%
Interest Expenses	1,017.7	28.23
Personnel Expenses	617.4	17.13
Premises & Other Expenses	850.2	23.58
Taxation	179.1	4.97
Dividends	240.0	6.65
Retained Earnings	700.7	19.44
	3,605.1	100.00



Sources of Income

Amount in millions of Guyana Dollars

	Amount	%
Loans & Advances	1,508.1	41.83
Treasury Bills & Foreign bank deposits	883.3	24.50
Investments	296.9	8.24
Commissions and Other Income	916.8	25.43
	3,605.1	100.00

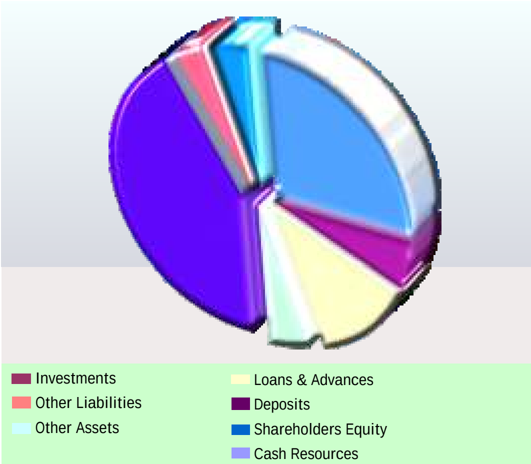


Distribution of Assets & Liabilities

Amount in millions of Guyana Dollars

ASSETS	Amount	%
Cash Resources	25,714.7	52.15
Investments	5902.6	11.97
Loans & Advances	12,833.5	26.03
Other Assets	4861.1	9.86
	49,311.9	100.00

LIABILITIES	Amount	%
Deposits	40,987.0	83.12
Other Liabilities	3,674.5	7.45
Shareholders Equity	4,650.4	9.43
	49,311.9	100.00



GBTI

Board of Directors

Mr. Inderjeet Beharry

Mr. Edward A. Beharry

Mr. Robin Stoby, S.C.

Mr. John Tracey

Mr. Michael Cummings


Mr. Basil Dahana Ram Mahadeo


Mrs. Kathryn Eytle-McLean


Mr. Radhakrishna Sharma


Mr. Carlton James


Mr. Paul Cheong

Directors' Report

The Directors have pleasure in submitting their Report and Audited Financial Statements for the year ended 31st December, 2008.

PRINCIPAL ACTIVITIES

The Bank provides a comprehensive range of commercial banking services.

FINANCIAL RESULTS

Net Profit after Taxation	$ 940,696,000
Interim Dividend	$ 90,000,000
Retained Earnings	$ 850,696,000
Proposed Final Dividend	$ 150,000,000

DIVIDENDS

The Directors recommend a dividend of $6.00 per share, of which $2.25 per share has already been paid.

RESERVES & RETAINED EARNINGS

The Bank's Statutory Reserve Account equals its Paid-Up Capital thus no sum is transferred. The sum of $850,696,000 was placed to the Retained Earnings Account.

SHARE CAPITAL

The authorised Share Capital for the Bank is $500,000,000 divided into 50,000,000 shares of which 40,000,000 have been issued and fully paid.

DIRECTORS

At the 20th Annual General Meeting of the Bank the following persons retired and were re-appointed Directors of the Bank:

MR. ROBIN STOBY, S.C.
MR. EDWARD A. BEHARRY

Mr. Michael Cummings and Mr. Carlton James were appointed Directors.
In accordance with By Law 94 of the Bank's By Laws, Mr. Inderjeet Beharry, Mr. Basil Mahadeo and Mr. Radhakrishna Sharma retire from the Board, and being eligible, offer themselves for re-election.

AUDITORS

Deloitte & Touche – Chartered Accountants, Member of DTT International – Deloitte, Touché Tohmatsu, retire and being eligible, offer themselves for re-appointment.

PRINCIPAL ACTIVITY OF OUR ASSOCIATE COMPANY

The Bank owns 30% of the issued share capital of Guyana Americas Merchant Bank Inc. The principal activity of this associate company is the provision of investment management and advisory services. The Guyana Americas Merchant Bank Inc. operating profit for the year 2008 was $3,265,000 (2007 - $928,000).

Directors' Report

DIRECTORS' INTERESTS

The interests of the Directors holding office as at December 31, 2008, in the ordinary shares of Guyana Bank for Trade and Industry Limited were as follows:

	Directors' Interest		Associate's Interest	
Directors	Beneficial	Associate's	Beneficial	Associate's
Mr. Robin Stoby, S.C.	Nil	Nil	Nil	Nil
Mr. Edward A. Beharry	Nil	Nil	Nil	Nil
Mr. Inderjeet Beharry	Nil	Nil	Nil	Nil
Mr. Paul Cheong	64,429	32,000	32,000	Nil
Mr. Michael Cummings	Nil	Nil	Nil	Nil
Mrs. Kathryn Eytle-McLean	Nil	Nil	Nil	Nil
Mr. Carlton James	Nil	Nil	Nil	Nil
Mr. Basil D. R. Mahadeo	Nil	Nil	Nil	Nil
Mr. Radhakrishna Sharma	30,000	Nil	Nil	Nil
Mr. John Tracey	Nil	Nil	Nil	Nil

No Director or any associate of the Director has any right to subscribe to equity or debt securities of the Bank.

CAPITALISED INTEREST

The amount of interest capitalised by the Bank for the year was $2,870,735.

SERVICE CONTRACTS

There are no service contracts between the Bank and any of its Directors or any Director proposed for election at the forthcoming Annual General Meeting.

There were no contracts of significance in which the Directors had material interest.

The Bank leases space in its Regent Street branch building to Guyana Americas Merchant Bank, an associate company.

CONTROLLING SHAREHOLDER CONTRACT

The Bank maintains a non-contributory defined contribution pension plan which is administered under the terms of a Trust Deed by North American Life Insurance Company Limited, a wholly owned subsidiary of Edward B. Beharry and Company Limited. The Bank also maintains a non-contributory Group Life and Accidental Death & Dismemberment Plan and Group Health Plan with North American Life Insurance Company Limited.

BY ORDER OF THE BOARD

John Tracey

……………………………….

JOHN T TRACEY (MR.)
DIRECTOR / SECRETARY

Providing you with
the comfort and convenience
of quality facilities, services
and banking technology

GBTI Quality Customer Services

INTERNATIONAL BANKING

FOREIGN TRADE

GBTI is your link to the international marketplace, providing the support, direction and facilities that meet your international business needs.

Our large international network of correspondent banks, together with a wide range of trade facilitating and financing instruments and foreign exchange services, make GBTI your ideal financial institution.

GBTI

Our strength guiding you

Management Team

Back Row from Left:
Ms. Alana Dyall *(BRANCH MANAGER - PROVIDENCE)*
Mr. Sean Noel *(RESEARCH AND PLANNING)*
Ms. Hermia Cumberbatch *(ADVANCES)*
Mr. John Barnes *(SENIOR MANAGER - INSPECTION DIVISION)*
Ms. Floret Ramsaran *(MANAGER - INFORMATION TECHNOLOGY SERVICES)*
Mr. Mario Farinha *(BRANCH MANAGER - REGENT STREET)*

Middle Row from left:
Mr. Terry Gopaul *(MANAGER - ADVANCES)*
Ms. Preya Mohandeo *(BRANCH MANAGER - GROVE/DIAMOND)*
Mr. Naresh Balkaran *(BRANCH MANAGER - CORRIVERTON)*
Mrs. Nandanee Persaud *(BRANCH MANAGER - PARIKA)*
Ms. Bebi Wharton *(BRANCH MANAGER - ANNA REGINA)*

Front Row from left:
Mrs. Patricia Clarke *(TRAINING)*
Ms. Shaleeza Shaw *(MANAGER - CREDIT COLLATERAL ADMINISTRATION AND RECOVERIES)*
Ms. Collette Lyken *(MANAGER - HUMAN RESOURCES AND ADMINISTRATION)*
Mrs. Rambha Persaud-Chandebal *(BRANCH MANAGER - VREED-EN-HOOP)*
Mrs. Vidya Lita Singh *(SENIOR MANAGER - OPERATIONS)*

Inset
Mr. Mohan Tularam *(BRANCH MANAGER - LETHEM)*

Independent Auditor's Report

TO THE MEMBERS OF
GUYANA BANK FOR TRADE AND INDUSTRY LIMITED
(SUBSIDIARY OF SECURE INTERNATIONAL FINANCE COMPANY INCORPORATED)
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

Report on the Financial Statements

We have audited the accompanying financial statements of Guyana Bank for Trade and Industry Limited which comprise the statement of financial position as at 31 December 2008 and the statement of income, statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 30 to 71.

Directors'/Management's Responsibility for the Financial Statements

The Directors/ Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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.

Independent Auditor's Report

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of Guyana Bank for Trade and Industry Limited as at 31 December 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Financial Institutions Act 1995 and the Companies Act 1991.

DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS

77 Brickdam,
Stabroek, Georgetown,
Guyana
January 27, 2009

Statement of Income

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 G$ 000	2007 G$ 000
Interest Income			
Loans and advances		**1,508,118**	1,396,716
Treasury Bills		**470,679**	404,825
Investments	10 (e)	**296,912**	268,337
Foreign bank deposits		**412,651**	335,598
Other		**11,895**	12,125
		2,700,255	2,417,601
Interest Expense			
Savings Deposits		**694,337**	602,015
Term Deposits		**218,182**	185,693
Foreign Currency Deposits		**98,124**	80,537
Other		**7,051**	8,486
		1,017,694	876,731
Net Interest Income		**1,682,561**	1,540,870
Other Income	4	**903,921**	780,365
Net Interest and Other Income		**2,586,482**	2,321,235
Non-interest Expenses			
Salaries and Other Staff Costs	5	**617,455**	548,494
Premises and Equipment		**313,143**	269,692
Other		**537,078**	527,065
		1,467,676	1,345,251
Share of Profit of Associate Company	10 (b)	**980**	186
Profit before Taxation		**1,119,786**	976,170
Taxation	6	**179,090**	180,431
Profit after Taxation	7	**940,696**	795,739
Earnings per Share in dollars	8	**23.52**	19.89

“The accompanying notes form an integral part of these financial statements”

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	Share Capital G$ 000	Retained Earnings G$ 000	Other Reserve G$ 000	Statutory Reserve G$ 000	Revaluation Reserve G$ 000	General Banking Risk Reserve G$ 000	Total Reserve G$ 000
Balance at 31 December 2006		**800,000**	**2,116,191**	**(18,702)**	**732,299**	**18,963**	**-**	**3,648,751**
Total Income and Expenses recognised directly in Equity								
Fair Value Adjustment		-	-	16,513	-	-	-	16,513
Share of Investment Reserve of Associate Company		-	-	2,771	-	-	-	2,771
Net Income recognised directly in Equity		-	-	19,284	-	-	-	19,284
Profit after Taxation		-	795,739	-	-	-	-	795,739
Total recognised Income and Expenses		-	795,739	19,284	-	-	-	815,023
Dividends Paid	27	-	(160,000)	-	-	-	-	(160,000)
Transfer		-	(67,701)	-	67,701	-	-	-
Balance at 31 December 2007		800,000	2,684,229	582	800,000	18,963	-	4,303,774
Total Income and Expenses recognised directly in Equity								
Fair Value Adjustment		-	-	(362,170)	-	-	-	(362,170)
Share of Investment Reserve of Associate Company		-	-	(21,866)	-	-	-	(21,866)
Net Income recognised directly in Equity		-	-	(384,036)	-	-	-	(384,036)
Profit after Taxation		-	940,696	-	-	-	-	940,696
Total recognised Income and Expenses		-	940,696	(384,036)	-	-	-	556,660
Dividends paid	27	-	(210,000)	-	-	-	-	(210,000)
Transfer to/(from) Reserve	23 (d)	-	(293,493)	-	-	-	293,493	-
Balance at 31 December 2008		800,000	.3,121,432	(383,454)	800,000	18,963	293,493	4,650,434

“The accompanying notes form an integral part of these financial statements”

Statement of Financial Position

AS AT 31 DECEMBER 2008

	Notes	2008 G$ 000	2007 G$ 000
Assets:			
Cash Resources			
Cash and Due by Banks	9 (a)	**12,074,857**	15,187,047
Deposits with Bank of Guyana	9 (b)	**827,269**	1,943,701
Cheques and other items in transit	9 (c)	**274,644**	387,802
Treasury Bills	9 (e)	**11,537,942**	9,292,914
Other Cash Resource	9 (f)	**1,000,000**	-
		25,714,712	26,811,464
Investments			
"Available for Sale"	10 (a)	**1,641,893**	2,029,530
"Held to Maturity"	10 (a)	**4,260,758**	1,400,874
		5,902,651	3,430,404
Non-Current Assets - Associate Company	10 (b)	**123,788**	100,095
Assets Classified as Held for Sale	14	**11,550**	28,287
Loans and Advances	11	**12,833,479**	9,744,919
Defined Benefit Asset	17	**10,930**	13,102
Property and Equipment	12 (a)	**3,758,908**	2,049,626
Taxes Recoverable		**72,758**	62,439
Deferred Tax Assets	6	**112,276**	105,070
Other Assets	13	**770,895**	598,709
		4,725,767	2,828,946
		49,311,947	42,944,115

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

Statement of Financial Position

AS AT 31 DECEMBER 2008

	Notes	2008 G$ 000	2007 G$ 000
Liabilities:			
Deposits			
Demand		**9,905,221**	10,387,433
Savings		**22,848,061**	19,924,276
Term		**8,233,750**	7,096,366
	20 (f)	**40,987,032**	37,408,075
Due to Banks		**20,201**	23,660
Other	15	**3,654,280**	1,208,606
		3,674,481	1,232,266
Capital and Reserves			
Share Capital	16	**800,000**	800,000
Retained Earnings		**3,121,432**	2,684,229
Other Reserve	23 (a)	**(383,454)**	582
Statutory Reserve	23 (b)	**800,000**	800,000
Revaluation Reserve	23 (c)	**18,963**	18,963
General Banking Risk Reserve	23 (d)	**293,493**	-
		4,650,434	4,303,774
		49,311,947	42,944,115

These Financial Statements were approved by the Board of Directors on January 27, 2009.

On Behalf of the Board:

Mr. Radhakrishna Sharma
Chief Executive Officer and Director

Mr. Robin Stoby, S.C.,
Chairman/Director

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 G$ 000	2007 G$ 000
Operating Activities		
Profit before Taxation	**1,119,786**	976,170
Adjustments for:		
Share of Profit of Associate Company	**(980)**	(186)
Depreciation	**113,473**	95,179
Gain on Sale of Fixed Assets	**(261)**	(2,797)
Net Increase in Customers' Loans	**(3,088,560)**	(999,694)
Net Increase in Customers' Deposits	**3,578,957**	6,081,757
(Increase)/Decrease in Other Assets	**(172,186)**	136,420
Decrease in Assets Classified as Held for Sale	**16,737**	14,914
Increase in Other Liabilities	**2,445,674**	659,649
Decrease in Defined Benefit Asset	**2,172**	2,481
Increase in Required Reserve with Bank of Guyana	**(531,677)**	(732,952)
Cash Provided by Operating Activities	**3,483,135**	6,230,941
Taxation		
Taxes Paid/Adjusted	**(196,613)**	(471,944)
Net Cash provided by Operating Activities	**3,286,522**	5,758,997
Investing Activities		
Increase in/(Adjustment to) Investments and Other Cash Resources	**(6,124,024)**	661,932
Additions to Fixed Assets	**(1,822,798)**	(395,621)
Proceeds from Disposal of Fixed Assets	**302**	6,814
Net Cash provided by/(used in) Investing Activities	**(7,946,520)**	273,125
Financing Activities		
Dividends Paid	**(210,000)**	(160,000)
Net Cash used in Financing Activities	**(210,000)**	(160,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	**(4,869,998)**	5,872,122
Cash and Short Term Funds at Beginning of Year	**13,120,478**	7,248,356
Cash and Short Term Funds at End of Year (Note 9 (d))	**8,250,480**	13,120,478

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

Notes to the Financial Statements

1. Incorporation and Activities

The Bank was incorporated on 27 November 1987 in Guyana as a limited liability company under the Companies Act, Chapter 89:01 and continued under the Companies Act 1991 and is licensed as bankers under the Financial Institutions Act 1995.

On 30 November, 1987 the Government of Guyana acquired the assets and liabilities of the Guyana banking operations of Barclays Bank PLC and vested these assets and liabilities on 1 December 1987 in the Guyana Bank for Trade and Industry Limited.

On 1 January 1990 the Guyana Bank for Trade and Industry Limited merged with Republic Bank (Guyana) Limited taking over their assets and liabilities at the net values at that date.

On 15 December 1995 a rights issue of 1 share for every share held was made at G$30.00 each. All shares were taken up increasing the issued capital to $800 million. Secure International Finance Company Incorporated owns 61% of the Bank's shares. Secure International Finance Company Incorporated is a wholly owned subsidiary of Edward Beharry & Company Limited. Both companies are incorporated in Guyana.

2. Adoption of New and Revised Standards and Interpretations

Effective for the current period

New Interpretations		**Effective for annual periods beginning on or after**
IFRIC 11	IFRS 2 - Group and Treasury Share Transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2008
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

Available for early adoption for the current period

New Standards

IFRS 8 Operating Segments	1 January 2009

Amendments to Standards

IAS 23 Borrowing Costs	1 January 2009
IAS 1 Presentation of Financial Statements	1 January 2009
IFRS 3 Business Combinations	1 July 2009
IAS 27 Consolidated and Separate Financial Statements	1 July 2009
IFRS 2 Vesting Conditions and Cancellations	1 January 2009
IAS 32 & IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
IFRS 1 & IAS 27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
Various Improvements to IFRSs	Varies (mostly January 2009)
IAS 39 Eligible Hedged Items	1 July 2009
IAS 39 & IFRS 7 Reclassification of Financial Assets	1 July 2008
IFRS 1 First-time Adoption of Financial Reporting Standards	1 July 2009

New interpretations

IFRIC 13 Customer Loyalty Programmes	1 July 2008
IFRIC 15 Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17 Distributions of Non-cash Assets to Owners	1 July 2009

None of the above new standards, interpretations and amendments to standards is expected to have a significant impact to the Guyana Bank for Trade and Industry Limited accounting policies.

Notes to the Financial Statements

3.1 Summary of Significant Accounting Policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of "available for sale" investments, property and equipment and conform with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana. The principal accounting policies are set out below.

(b) Interest income

Interest income for all interest bearing financial instruments is recognized in the income statement on an accrual basis using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Interest income on 'available for sale' investments is accrued applying the nominal interest rate.

Interest income is not recognized on non-accrual loans.

(c) Non interest income

The Bank earns fee income from a diverse range of services provided to its customers.

Income earned from the provision of services is recognized as revenue as the services are provided

Fees and commissions are recognized as earned. Examples of these types of fees are:

:

- ATM - transaction charge for use of ATM service
- Commitment Fees - negotiation, application fees for new loan accounts
- Drafts and Transfers - cost of drafts, telegraphic transfers
- Ledger Fees - charge for new cheque book
- Safe Custody - annual rental of safe deposit boxes
- Telephone Banking - transaction cost

Rental income

Income from rental of property to Guyana Americas Merchant Bank is recognized on an accrual basis.

(d) Loans and advances

It is the bank's policy to provide for impaired loans on a consistent basis in accordance with the Financial Institutions Act (FIA) 1995 and established International Accounting Standards and practices.

Loans and advances to customers include loans and advances originated by the Bank and are classified as Financial Assets at amortised cost.

Loans and advances are recognized when cash is advanced to borrowers and are derecognized when borrowers repay their obligations or when written off.

The aggregate provisions, which are made during the year, (less recoveries for amounts previously written off) are charged against operating profit.

Upon classification of a loan to a non-accrual status, interest is not taken up in income on an accrual basis. In subsequent periods, interest is only recognised to the extent payments are received.

(e) Loan Impairment

Losses for impaired loans are recognized promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred.

Notes to the Financial Statements

3.1 Summary of Significant Accounting Policies - cont'd

(e) Loan Impairment (cont'd)

Impairment losses are calculated on individual loans and on loans assessed collectively.

Throughout the year, the Bank assesses on a case-by-case basis whether there is any objective evidence that a loan is impaired. The following factors are considered in so doing,

- the Bank's aggregate exposure to the customer
- the viability of the customer's business model and its capability to trade successfully out of financial difficulties and generate sufficient cash flow to service its debt obligations
- the amount and timing of expected receipts and recoveries
- the slow legal process as it relates to the registration and realization of security
- the realizable value of security (or other credit mitigants) and likelihood of successful repossessions
- the likely deduction of any cost involved in recovery of amounts outstanding
- national or local economic conditions that correlate with defaults on the assets of the Bank (eg an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers in the Bank.)

The Bank's policy requires a review of the level of impairment allowances on individual facilities at least half-yearly. This normally includes a review of collateral held (including reconfirmation of its enforceability) and an assessment of actual and anticipated receipts.

This approach is generally applied to the following types of portfolios:

- Personal Loan Financing :- Quality Lifestyle Loans : low income mortgage loans, residential mortgage loans, automobile, consumer care and personal loans
- Business financing :- Commercial Loan Plan : corporate, manufacturing, agriculture, rice farming and trading & services loans

<u>Collateral</u>

It is the Bank's policy that all facilities are fully and tangibly secured. However, under the current Quality Lifestyle Loan Plan some loans such as the Consumer Care, Personal and Automobile Loans are issued against Bills of Sale over moveable assets, which are not considered as tangible collateral, hence these facilities can be considered as unsecured. In exceptional cases, depending on the customer's credit history, size and type of product and duration of credit, facilities may also be unsecured. The principal collateral types accepted by the Bank to secure credit facilities are listed in note 20 (c).

<u>Classification</u>

The Bank follows the prescriptions of the Financial Institutions Act 1995 and classifies loans and overdrafts into the following categories:-

Grade 1 represents commercial loans and overdrafts demonstrating financial condition, risk factors and capacity to repay that are good to excellent; Quality Lifestyle loans with low to moderate loan to value ratios; and generally reflect accounts which are not impaired and are up-to-date in repayments or operating within approved limits as per the Bank's policy guidelines.

Grade 2 represents satisfactory risk and includes credit facilities which require closer monitoring or which operate outside product guidelines, or which require various degrees of special attention, where the collateral is not fully in place; where current market conditions are affecting a sector or industry; and that are progressively between 30 and 90 days past due.

Grade 3 represents overdrafts with approved limits which have been exceeded between 90 and 180 days for reasons such as shortfall in the borrower's cash flow and are being monitored, or which are between 90 and 179 days expired.

Notes to the Financial Statements

3.1 Summary of Significant Accounting Policies - cont'd

(e) Loan Impairment (cont'd)

Classification (cont'd)

Grade 3 also represents loans for which principal and interest are due and unpaid between 90 and 179 days or, where interest charges for three to five months have been capitalized for reasons such as primary source of repayment has become insufficient, and where appropriate, mortgages in arrears by greater than 90 days where the value of the collateral is insufficient to repay both principal and interest in the event the account is identified for recovery action.

Grade 4 represents loans and advances accounts which are considered uncollectible or for which the collection of the full debt is improbable; accounts which have shown little or no improvement over the twelve month period prior to its present classification; principal or interest is due and unpaid for twelve months or more; or an account which may have some recovery value but it is not considered practical nor desirable to defer write-off, for example, where litigation becomes protracted.

The Financial Institutions Act 1995 requires that a Financial Institution shall report in its monthly statement of assets and liabilities, the outstanding balance of its loan portfolio considered to be past-due and those considered to be non-performing.

The Act further states that the principal balance (and not the amount of delinquent payments) shall be used in calculating the aggregate amount of past-due or non-performing accounts.

Past Due

A loan is classified as past due when:

(i) Principal or interest is due and unpaid for one month to less than three months or
(ii) Interest charges for one to two months have been capitalized, refinanced or rolled over

An overdraft is classified as past due when

(i) The approved limit has been exceeded for one month to less than three months.
(ii) The interest charges for one month to two months have not been covered by deposits.
(iii) The account had turnovers which did not conform to the business cycle.

Non-Performing Loans

For individually assessed accounts, loans are required to be designated as non-performing as soon as there is objective evidence that an impairment loss has been incurred. Objective evidence of impairment includes observable data such as when contractual payments of principal or interest are 90 days overdue. Portfolios of loans are designated as non-performing if facilities are 90 days or more overdue.

Loan Accounts reported as past due are reclassified and reported as non-performing when:

Loans
(i) Principal or interest is due and unpaid for three months or more, or
(ii) Interest charges for three months or more have been capitalized, refinanced or rolled over.
(iii) Principal or interest is due and unpaid for three months or more, or
(iv) Interest charges for three months or more have been capitalized, refinanced or rolled over.

Overdrafts

(i) The approved limit has been exceeded for three months.
(ii) Interest charges for three months or more have not been covered by deposits.
(iii) The account has developed a hardcore which was not converted.

Notes to the Financial Statements

3.1 Summary Of Significant Accounting Policies - cont'd

(e) Loan Impairment (cont'd)

Classification (cont'd)

Loan Losses

The Financial Institutions Act 1995 prescribes that a loan be classified as loss where one or more of the following conditions apply:

(i) An account is considered uncollectible.
(ii) An account classified as doubtful with little or no improvement over the twelve month period.
(iii) The unsecured portion of a loan with fixed repayment dates when:-
(1) Principal or interest is due and unpaid for twelve months or more, or
(2) Interest charges for twelve months or more have been capitalized, refinanced or rolled over
(iv) The unsecured portion of an overdraft when
(1) The approved limit has been exceeded for six months or more, or
(2) Interest charges for six months or more have not been covered by deposits, or
(3) The account has developed a hardcore which was not converted into a term loan after 12 months or more.

Loans and advances under this category include accounts which are considered uncollectible or for which the collection of the debt is highly improbable; accounts which have shown little or no improvement over the twelve month period prior to its present classification; principal or interest is due and unpaid for twelve months or more; or an account which may have some recovery value but it is not considered practical nor desirable to defer write-off, for example, where litigation becomes protracted.

Allowances

Individually assessed allowances for each classification category are made based on the following minimum level:

Classification	Level of Provision
Grade 1	0%
Grade 2	0%
Grade 3	0 - 20%
Past Due	20%
Non Performing	100%

Collectively assessed allowances of 1% of the portion of the loan portfolio not individually assessed is also made.

Renegotiated loans

The Bank's policy in relation to renegotiated loans is in accordance with the Financial Institutions Act (FIA) of 1995 - Supervision Guideline No. 5, paragraph No. 14. This Act states that a renegotiated facility may be a facility which has been refinanced, rescheduled, hived-off, rolled-over, or otherwise modified because of weaknesses in the borrower's financial position or the non-servicing of the debt as arranged, where it has been determined by the Bank that the terms of the renegotiated loan are such as to remedy the specific difficulties faced by the borrower.

A credit facility may also be renegotiated upon the request by the client, followed by a subsequent analysis and approval by the Bank's approving committee, which may be due to the occurrence of one or both of the following conditions:

- The merging of total liabilities into one credit facility.
- The refinancing of a loan to facilitate the accessing of additional financing.

Notes to the Financial Statements

3.1 Summary of Significant Accounting Policies - cont'd

(e) Loan Impairment (cont'd)

Renegotiated loans (cont'd)

Renegotiated credit facilities are permitted subject to the following conditions:

- The existing financial position of the borrower can service the debt under the new conditions.

- An account classified as doubtful or loss shall not be renegotiated unless an upfront cash payment is made to cover at the least unpaid interest, or there is an improvement in the collateral taken which will make the renegotiated account, including unpaid interest, a well-secured account.

- A commercial facility shall not be renegotiated more that twice over the life of the original facility and mortgage or personal loans not more than twice in a five-year period. A renegotiated facility shall not be reclassified upward for a minimum of one year following the new arrangements.

Renegotiating of selected credit facilities can be facilitated upon approval granted by the Bank of Guyana/Ministry of Finance on the occurrence of natural disasters or exceptional circumstances.

Impairment Losses

Impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate and comparing the resultant present value with the loan's current carrying value.

At the end of the year, an assessment to determine the fair value of the loan portfolio was done by the Bank. A transfer to a General Banking Risk Reserve Account is made in compliance with an amendment to Supervision Guideline No.5 of the Financial Institutions Act.

This guideline requires the Bank to transfer to a Contingency Reserve, the difference between the provisioning amounts arrived at by the application of the Financial Institutions Act and IFRS respectively.

The carrying amount of impaired loans on the balance sheet is reduced through the use of an impairment allowance account in accordance with the Financial Institutions Act. Any loss is charged to the income statement.

Assets acquired in exchange for loans

Non-financial assets acquired in exchange for loans in order to achieve an orderly realization are recorded as "Assets Held for Sale". No depreciation is provided in respect of such assets .

(f) Foreign currencies

Transactions in currencies other than Guyana dollars are recorded at the official or Cambio rates of exchange prevailing on the dates of the transaction.

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the official or Cambio rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Gains and losses arising on re-translation are included in the profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.

(g) Property, Plant and Equipment

Freehold land and buildings held for use in the supply of services or for administrative purposes are stated in the balance sheet at their revalued amounts. Revalued amounts are taken as the fair value at the date of revaluation less any subsequent accumulated impairment losses and any subsequent accumulated depreciation.

Any revaluation increase arising on the revaluation of such land, buildings and equipment is

Notes to the Financial Statements

3.1 Summary of Significant Accounting Policies - cont'd

(g) Property, Plant and Equipment (cont'd)

credited to revaluation reserve.

Depreciation on revalued buildings and equipment is charged to profit or loss.

Depreciation of fixed assets is calculated on the straight line method at rates sufficient to write off the cost or valuation of these assets to their residual values over their estimated useful lives as follows:

Buildings	-	50 years
Furniture and equipment	-	4 to 10 years

Assets are reviewed for impairment whenever there is objective evidence to indicate that the carrying amount of an asset is greater than its estimated recoverable amount, and the excess of the carrying amount above the recoverable amount is written off to the Profit and Loss Account.

The gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Work-in-Progress

This item comprises amounts capitalized to date on capital works being carried out on the Bank's new Head Office building and new computer being acquired. No interest or internal expenses are included in this amount.

(h) Acceptances, Guarantees and Letters of Credit

The Bank's potential liability under acceptances, guarantees and letters of credit is reported as a contingent liability.

(i) Balances excluded from the financial statements

The accounts do not include certain balances where, in the opinion of management, the Bank bears no financial responsibility as it acts merely as an intermediary. These balances are instead disclosed as a note on the financial statements.

(j) Pension plan

At 1 January 2004 the defined benefit plan was changed to a defined contribution plan. However, employees in the scheme as of 31 December 2003 will receive benefits accrued to them under the defined benefit plan up to 31 December 2003. For service after 31 December 2003 pensions and contributions will be in accordance with the defined contribution plan. This also applies to new employees who joined the scheme after 1 January 2004.

Two senior employees will continue to receive guaranteed benefits as under the defined benefit plan.

The Plan is administered by an insurance company under the terms of a trust deed dated 1 January 1999 which makes it responsible to ensure that contributions are adequate to meet the liabilities of the plan. The Bank's total contribution to the pension plan for the year amounted to G$25,648,000 (2007 - G$22,744,000).

Pension accounting costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged to the statement of income based on actuarial advice.

Actuarial gains and losses are recognized as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the greater of (a) 10% of the present value of the defined benefit obligation, and (b) 10% of the fair value of any plan assets at that date.

The gains or losses are recognised by amortising them over the expected average remaining working lives of the employees in the plan.

Notes to the Financial Statements

3.1 Summary of Significant Accounting Policies - cont'd

(k) Statutory reserve

The Financial Institutions Act 1995 requires that a minimum of 15% of the net profit after deduction of taxes in each year must be transferred to a statutory reserve account until the balance on this reserve is not less than the paid up capital. This reserve is not distributable.

(l) Reserve requirement

Bank of Guyana requires each commercial Bank to maintain a current account with a balance of 12% of their time and demand liabilities calculated on a weekly basis.

(m) Revaluation reserve

Surplus on revaluation of fixed assets (land, buildings and equipment) is credited to this account. This reserve is not distributable.

(n) Other reserve

Fair value adjustments of “available for sale” investments as discussed in (q) below are taken to this account as well as the Company's share of reserve of its associate company. This reserve is not distributable.

(o) General Banking Risk Reserve

The Bank has implemented the Amendments to Section 11 (Provisioning Requirement) Supervision Guideline No.5

This amendment states that 'an allowance for probable losses shall be set-up in the books and presented as a contra asset in the Statement of Assets and Liabilities based on the following minimum levels of provisioning for each of the classification categories. Where the provision for losses pursuant to this guideline, exceeds that which is required by International Financial Reporting Standards, that excess shall be reported as a Contingency Reserve in the Statement of Assets and Liabilities'.

The Bank has accordingly carried out a review of its portfolio and has attributed provisioning to accounts based on the minimum levels provided by Supervision Guideline No.5 of the FIA and has also carried out a review in accordance with International Financial Reporting Standards (IFRSs).

The excess of provisioning arrived at by application of the FIA over that computed under the IFRSs has been taken to the General Banking Risk Reserve.

(p) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Bank's liability for current tax is calculated using tax rates that have been enacted in Guyana at the date of the Statement of Financial Position.

Deferred tax

Deferred tax is recognized on the differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of the deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow all or part of the assets to be recovered.

Notes to the Financial Statements

3.1 Summary of Significant Accounting Policies - cont'd

(p) Taxation (cont'd)

Deferred tax (cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the company intends to settle its current tax assets and liabilities on a net basis.

(q) Financial instruments

Financial assets and liabilities are recognized on the Bank's Statement of Financial Position when the Bank becomes a party to the contractual provisions of the instruments.

These instruments are intended to be held on a continuing basis and are recognized when the Bank enters into contractual arrangements with counterparties to purchase securities.

Financial instruments carried on the Statement of Financial Position include investment securities, loans and overdrafts, receivables, customer's deposits, payables, accruals borrowing and cash resources. The recognition methods adopted for loans and overdrafts and investment securities are disclosed in the individual policy statements.

Other receivables

'Other receivables' are measured at amortised cost. Appropriate allowances for estimated unrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is based on management's evaluation of the collectibility of the receivables.

Cash and cash equivalents

Cash and short term funds are held for the purpose of meeting short-term cash commitments rather than investment or other purposes.

These are readily convertible to a known amount of cash, with maturity dates of less than three (3) months.

Deposits and Other Payables

'Other payables' are measured at amortised cost

Derecognition

'Other receivables' and 'cash and short term funds' are derecognized when the right to receive cash flows from the asset has expired.

Financial liabilities are derecognized when they are extinguished, i.e. when the obligation is discharged, cancelled or expired.

(r) Financial investments

The Bank classifies its investment portfolio into the following categories: “held to maturity investments” and “available for sale financial assets”. Management determines the appropriate classification at the time of purchase based on the purpose for which the investment securities were acquired. The classification is reviewed annually.

“Held to maturity investments” are those with fixed or determinable payments and fixed maturity for which the Bank has the positive intent and ability to hold to maturity. “Held to maturity investments” are measured at amortised cost using the effective interest rate method. Any gain or loss on these investments is recognized in the statement of income when the assets are derecognized or impaired.

Notes to the Financial Statements

3.1 Summary Of Significant Accounting Policies - cont'd

(r) Financial investments (cont'd)

"Available for sale financial assets" are initially recognized at cost and adjusted to fair value at subsequent periods.

Gains or losses on "available for sale financial assets" are recognized through the statement of changes in equity until the asset is sold or otherwise disposed, at which time previously recognized gains or losses are transferred to the statement of income for that period.

<u>Available for Sale financial assets</u>

In classifying investment securities as available for sale, the Bank has determined that these securities do not meet the criteria for loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

(s) Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(t) Non-current assets 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 carrying amount and fair value less costs to sell. Fair values of these assets are determined by independent valuators.

(u) Impairment of tangible assets

At each Statement of Financial Position date, the Bank reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(v) Dividends

Dividends that are proposed and declared are recorded as an appropriation of retained earnings in the statement of changes in equity in the period in which they have been approved. Dividends that are proposed and declared after the Statement of Financial Position date are disclosed as a note to the financial statements.

(w) Investment in Associate company

An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or in joint control over

Notes to the Financial Statements

3.1 Summary of Significant Accounting Policies - cont'd

(w) Investment in Associate company (cont'd)

those policies.

The results and assets and liabilities of the associate are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associate is carried in the Statement of Financial Position at cost as adjusted for post-acquisition changes in the Bank's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associate in excess of the Bank's interest in the associate (which includes any long-term interests that, in substance, form part of the Bank's net investment in the associate) are not recognized, unless the Bank has incurred legal or constructive obligations or made payments on behalf of the associate.

(x) Segment reporting

A business segment is a component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or a service within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The Bank's operations are considered a single business unit with certain activities segmented along geographical lines viz within Guyana and outside of Guyana.

3.2 Use of Estimates and Critical Accounting Judgements

It is the directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimated.

<u>Critical accounting judgements and key sources of estimation uncertainty</u>

Impairment losses on loans and advances
The Bank on a regular basis reviews its portfolio of loans and advances with a view of assessing impairment. This is done in addition to what is required under the Financial Institutions Act 1995 with respect to provisioning. Certain judgements are made that reflect the Bank's assessment of several critical factors that can influence future cash flows.

Available for sale financial assets
In classifying investment securities as available for sale, the Bank has determined that these securities do not meet the criteria for loans and receivables, held to maturity investments or financial assets at fair value through profit or loss and are valued at fair value.

Held to maturity financial assets
The directors have reviewed the Bank's “Held to Maturity” assets in the light of its capital maintenance and liquidity requirements and have confirmed the Bank's positive intention and ability to hold these assets to maturity.

Retirement benefit asset/obligation
The provisions for defined benefit asset/obligation are determined by the actuary based on data provided by management. The computation of the provisions by the actuary assumes that the data provided is not materially misstated.

Useful lives of property, plant and equipment
Management reviews the estimated useful lives of property, plant and equipment at the end of each year to determine whether the useful lives of property, plant and equipment should remain the same.

Impairment of financial assets
Management makes judgement at each Statement of Financial Position 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.

Notes to the Financial Statements

		2008 G$ 000	2007 G$ 000
4.	**Other Income**		
	Commissions	**225,882**	213,872
	Exchange Gain	**663,565**	557,240
	Rental and Other Income	**14,474**	9,253
		903,921	780,365
5.	**Salaries and Other Staff Costs**		
	Salaries and Wages	**408,389**	357,549
	Other Staff Costs	**183,420**	160,481
	Pension	**25,646**	30,464
		617,455	548,494
6.	**Taxation**		
	Reconciliation of Tax Expense and Accounting Profit		
	Accounting Profit	**1,119,786**	976,170
	Less: Share of Associate Company's Profit	**980**	186
		1,118,806	975,984
	Corporation Tax at 45%	**503,463**	439,193
	Add:		
	Tax effect of expenses not deductible in determining Taxable Profits		
	Depreciation for Accounting Purposes	**51,063**	42,824
	Collectively assessed impairment allowance	**3,686**	13,743
	Impairment of Investment in Associate	**11,932**	-
	Other	**14,602**	1,116
		584,746	496,876
	Deduct:		
	Tax Effect of Depreciation for Tax Purposes	**41,593**	29,140
	Interest not Taxable	**388,651**	302,451
	Others	**2,675**	3,254
	Corporation Tax	**151,827**	162,031
	Deferred Tax	**(7,206)**	(14,882)
	Property Tax	**38,235**	33,282
	Adjustment to prior year Tax	**(3,766)**	-
		179,090	180,431

Notes to the Financial Statements

		2008 G$ 000	2007 G$ 000
6.	**TAXATION - cont'd**		
	Taxation - current	**186,296**	195,313
	- deferred	**(7,206)**	(14,882)
		179,090	180,431
	Components of Deferred Tax Assets		
	Fixed Assets	**117,194**	110,966
	Defined Benefit Asset	**(4,918)**	(5,896)
		112,276	105,070

Movement in Temporary Differences	**Defined Benefit Asset G$ 000**	**Fixed Assets G$ 000**	**Total G$ 000**
At 31 December 2006	(7,012)	97,200	90,188
Movement during the Year	1,116	13,766	14,882
At 31 December 2007	(5,896)	110,966	105,070
Movement during the Year	978	6,228	7,206
At 31 December 2008	(4,918)	117,194	112,276

Notes to the Financial Statements

	2008		2007	
	G$ 000	**G$ 000**	G$ 000	G$ 000
7. Profit After Taxation				
Profit After Taxation		**940,696**		795,739
After Charging:				
Auditors' Remuneration (a)		**6,073**		5,534
Depreciation		**113,473**		95,179
Directors' Emoluments (b)		**8,027**		6,474
Loan Impairment/(Recoveries)				
Impairment	**451,298**		440,000	
Recoveries on loans previously written Off	**(274,200)**	**177,098**	(163,966)	276,034
Loss on disposal of 'Available for Sale" Investments		**-**		12,044
Operating Lease		**1,520**		1,515
Impairment of investment in Associate Company		**26,514**		-
After Crediting:				
Exchange Gain		**663,565**		557,240
Fees and Commissions		**225,882**		213,872
Gain on sale of Fixed Assets		**261**		2,797
Gain on Non-Current Assets held for Sale		**48,569**		6,849
(a) Auditors' Remuneration				
Audit Services		**4,000**		3,625
Taxes and Audit Related Services & Expenses		**2,073**		1,909
		6,073		5,534
(b) Chairman		**2,007**		1,694
Seven Directors sharing equally		**4,682**		3,775
Two Executive Directors		**1,338**		1,005
		8,027		6,474

8. Earnings per Share	**2008**	2007
	G$ 000	G$ 000
Calculated as follows:		
Profit after Taxation	**940,696**	795,739
Number of Ordinary Shares Issued and Fully Paid	**40,000,000**	40,000,000
Earnings per Share in Dollars	**23.52**	19.89

Notes to the Financial Statements

9. Cash Due by Banks and Other Cash Resources	**2008 G$ 000**	2007 G$ 000
(a) Cash and Due by Banks		
Cash	**629,729**	551,535
Balances with Other Banks	**11,445,128**	14,635,512
	12,074,857	15,187,047
(b) Deposits with Bank of Guyana		
Required Reserve	**4,906,089**	4,374,412
Balance in excess of Required Reserve	**(4,078,820)**	(2,430,711)
	827,269	1,943,701
(c) Cheques and Other Items in Transit	**274,644**	387,802

This represents cheques and other items in the process of being cleared through the Central and Commercial Banks clearing systems.

	2008 G$ 000	2007 G$ 000
(d) Cash and Cash Equivalent		
Cash and Bank Balances	**12,074,857**	15,187,047
Balance in excess of Required Reserve	**(4,078,820)**	(2,430,711)
Cheques and Other Items in Transit	**274,644**	387,802
Due to Banks	**(20,201)**	(23,660)
	8,250,480	13,120,478
(e) Treasury Bills - Government of Guyana	**11,537,942**	9,292,914
(f) Other Cash resource at Financial Institutions	**1,000,000**	-

	2008		2007	
	Fair Value G$ 000	**Cost G$ 000**	Fair Value G$ 000	Cost G $000
10 (a) Investments				
Available for Sale (i)	**1,641,893**	**1,999,644**	2,029,530	2,025,111
Held to Maturity - Others (ii)	**4,260,758**	**4,260,758**	1,400,874	1,400,874
	5,902,651	**6,260,402**	3,430,404	3,425,985

(i) These securities are stated at fair value. The Directors used market quotations to arrive at fair value.

(ii) These are stated at amortised cost. The estimated fair value approximated the amortised cost and was determined by the Directors on advice from the Guyana Americas Merchant Bank Inc. in the absence of an active market.

Notes to the Financial Statements

	2008		2007	
	Fair Value	**Cost**	Fair Value	Cost
	G$ 000	**G$ 000**	G$ 000	G$ 000
10 (b) Non Current Asset - Associate Company	**123,788**	**169,981**	100,095	100,095

The Bank purchased 10% additional shares of the issued share capital of the Guyana Americas Merchant Bank Inc. which commenced operations in March 2001, thereby increasing its shareholding to 30%.

Associate Company	**2008**	2007
	G$ 000	G$ 000
At 1 January	**100,095**	97,138
Additional Investment in the year	**71,093**	-
Share of Profit of Associate Company	**980**	186
	172,168	97,324
Share of Investment Reserve of Associate Company	**(21,866)**	2,771
	150,302	100,095
Impairment Adjustment	**(26,514)**	-
At 31 December	**123,788**	100,095

The Financial Statements of Guyana Americas Merchant Bank Inc. in summary form at 31 December is presented below:

Income Statement	**2008**	2007
	G$ 000	G$ 000
Income	**33,468**	38,754
Profit after Taxation	**3,265**	928
Statement of Financial Position		
Total Assets	**416,925**	486,829
Tax Liabilities	**3,126**	3,569
Equity and Liabilities		
Capital and Reserves	**412,626**	482,246
Current Liabilities	**4,299**	4,583
Total Equity and Liabilities	**416,925**	486,829

Notes to the Financial Statements

10 (c) Analysis of Financial Assets and Liabilities by measurement basis

ASSETS **2008**	**Associate Company G$ 000**	**Held for Sale G$ 000**	**Held to Maturity G$ 000**	**Loans and Receivables G$ 000**	**Available for Sale G$ 000**	**Financial Assets & Liabilities at amortised cost G$ 000**	**Total G$ 000**	**2007 Total G$ 000**
Cash and Due by Banks	-	-	-	-	-	12,074,857	12,074,857	15,187,047
Deposits with Bank of Guyana	-	-	-	-	-	827,269	827,269	1,943,701
Cheques and other items in transit	-	-	-	-	-	274,644	274,644	387,802
Treasury Bills	-	-	-	-	-	11,537,942	11,537,942	9,292,914
Other cash resource	-	-	-	-	-	1,000,000	1,000,000	-
Investments	-	-	4,260,758	-	1,641,893	-	5,902,651	3,430,404
Associate Company	123,788	-	-	-	-	-	123,788	100,095
Assets classified as held for sale	-	11,550	-	-	-	-	11,550	28,287
Loans and Advances	-	-	-	12,833,479	-	-	12,833,479	9,744,919
Defined Benefit Asset	-	-	-	-	-	10,930	10,930	13,102
Deferred tax assets	-	-	-	-	-	112,276	112,276	105,070
Tax Recoverable	-	-	-	-	-	72,758	72,758	62,439
Other Assets	-	-	-	-	-	770,895	770,895	598,709
Total Assets	123,788	11,550	4,260,758	12,833,479	1,641,893	26,681,571	45,553,039	
2007	100,095	28,287	1,400,874	9,744,919	2,029,530	27,590,784		40,894,489
LIABILITIES								
2008								
Demand	-	-	-	-	-	9,905,221	9,905,221	10,387,433
Savings	-	-	-	-	-	22,848,061	22,848,061	19,924,276
Term	-	-	-	-	-	8,233,750	8,233,750	7,096,366
Due to banks	-	-	-	-	-	20,201	20,201	23,660
Other	-	-	-	-	-	3,654,280	3,654,280	1,208,606
	-	-	-	-	-	44,661,513	44,661,513	
2007	-	-	-	-	-	38,640,341		38,640,341

Notes to the Financial Statements

10 (d) Fair Values of Financial Assets and Liabilities

(I) "Non current asset Held for Sale" - as stated in Note 3.1 (t) and Note 14.
(ii) "Held to Maturity" - as stated in Note 10 (a)
(iii) "Loans and Receivables" - as stated in Not 3.1 (e)
(iv) "Available for Sale" - as stated in Note 10 (a)
(v) Financial Assets and Liabilities
The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values.
(vi) Associate Company is measured using the equity method of accounting.

	2008 G$ 000	2007 G$ 000
(e) Income from Investment		
Available for Sale	**120,528**	139,622
Held to Maturity	**176,384**	128,715
	296,912	268,337

11. Loans and Advances

	2008	2007
(a) Accrual Loans and Advances	**12,884,035**	9,692,200
Non-Accural Loans and Advances	**1,851,056**	1,503,033
	14,735,091	11,195,233
Impairment Allowances	**(1,901,612)**	(1,450,314)
Net Loans and Advances	**12,833,479**	9,744,919
(b) Impairment Allowances		
Collectively Assessed Impairment		
At 1 January	**30,540**	28,800
Written back for the Year	**(30,540)**	(28,800)
Increase in Allowance	**38,730**	30,540
At 31 December	**38,730**	30,540
Individually Assessed Impairment		
At 1 January	**1,419,774**	1,001,758
Write-offs	**(31,702)**	(20,244)
Increase in Allowance	**474,810**	438,260
At 31 December	**1,862,882**	1,419,774
Total at 31 December	**1,901,612**	1,450,314

Notes to the Financial Statements

12. Property, Plant and Equipment

	Land and Buildings G$ 000	Equipment G$ 000	Capital work-in-progress G$ 000	Total G$ 000
(a) Cost/Valuation				
At 1 January 2008	1,557,139	1,012,041	442,914	3,012,094
Additions	485	86,215	1,736,098	1,822,798
Disposals	-	(6,328)	-	(6,328)
Transfers	5,079	14,403	(19,487)	(5)
At 31 December 2008	1,562,703	1,106,331	2,159,525	4,828,559
Comprising:				
Cost	1,541,409	1,106,132	2,159,525	4,807,066
Valuation	21,294	199	-	21,493
	1,562,703	1,106,331	2,159,525	4,828,559
Depreciation				
At 1 January 2008	205,621	756,848	-	962,469
Charge for the Year	30,249	83,224	-	113,473
Write back on Disposals	-	(6,291)	-	(6,291)
At 31 December 2008	235,870	833,781	-	1,069,651
Net Book Values:				
At 31 December 2008	1,326,833	272,550	2,159,525	3,758,908
At 31 December 2007	1,351,518	255,193	442,914	2,049,626

(b) Revaluation Reserve

Land and buildings vested in the bank on 1 December 1987 were revalued in 1988 by professional valuers and the surplus arising out of this revaluation is shown as Revaluation Reserve.

Equipment taken over on the merger with Republic Bank (Guyana) Limited was previously valued by their Directors on 1 June 1985 and the surplus is also included in the Revaluation Reserve.

If no revaluation of land, buildings and equipment was done, the net book value of property, plant and equipment would have been approximately G$3,745,280,000 (2007 - G$2,035,571,000).

Notes to the Financial Statements

13. Other Assets

	2008	2007
	G$ 000	G$ 000
Interest and Commissions Accrued	**258,486**	207,828
Prepaid Expenses	**33,457**	35,454
Inter-Bank Balance	**325,229**	244,943
Prepaid Stationery	**26,078**	28,069
Sundry Debtors	**48,639**	12,595
Other	**79,006**	69,820
	770,895	598,709

14. Assets Classified as Held for Sale

Properties on Hand		
At 1 January	**28,287**	43,201
Additions	**28,054**	44,356
Disposals	**(44,791)**	(59,270)
At 31 December	**11,550**	28,287

The fair value of these properties which relate to foreclosed mortgages was G$35.2M

15. Other Liabilities

European Commission Financing (unsecured) (a)	**1,783,852**	825,000
Accrued Interest on Deposits	**153,047**	134,652
Unpresented Drafts	**80,071**	102,622
Accrued Expenses	**28,226**	21,199
Inter-Bank Borrowings (b)	**1,500,000**	-
Other	**109,084**	125,133
	3,654,280	1,208,606

(a) On 7 November 2006 a contract was entered into with the Caribbean Forum of ACP States CARIFORUM to carry out the Implementation of a Financial Facility to Improve the Competitiveness of the Rice Sector in the Caribbean, in particularly, Guyana. This liability represents the drawdown of 6.5M Euros.

The Scheme came to an end on 30 June 2008 and no interest was payable on the amount drawndown.

	2008	2007
	G$ 000	G$ 000
Amount Committed	**1,783,852**	825,000
Amount Drawn Down		
1st Tranche	**332,345**	332,345
2nd Tranche	**342,810**	342,810
3rd Tranche	**181,209**	149,845
4th Tranche	**927,488**	-
	1,783,852	825,000

Notes to the Financial Statements

15 (a) Other Liabilities (cont'd)

Repayment Terms	2008			
	Within 1 year G$ 000	1 to 5 years G$ 000	Over 5 years G$ 000	Total G$ 000
Rice Facility	1,209,751	324,362	-	1,534,113

This amount represents the agreed 86% of the amount drawn down which is estimated to be the amount repayable based on the contract with CARIFORUM.

(b) This represent overnight borrowing from the Bank of Guyana at 6.25%. This amount was repaid on 2 January 2009.

16 Share Capital

	2008	2007
Authorised		
‘ Number of Ordinary Shares	**50,000,000**	50,000,000
	G$ 000	G$ 000
Issued and Fully Paid		
40,000,000 Ordinary Shares	**800,000**	800,000

These shares are all Ordinary Shares with equal voting rights and no par value.

17. Defined Benefit Asset

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 December 2008 by Bacon Woodrow and de Souza Limited. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

	2008 G$ 000	2007 G$ 000
Amounts in the Balance Sheet:		
Defined Benefit Obligation	**225,941**	186,412
Fair Value of Plan Assets	**(259,324)**	(224,179)
Unrecognised Actuarial Gain/(Loss)	**22,453**	24,665
Defined Benefit Asset	**(10,930)**	(13,102)
Amounts included in Salaries and Other Staff Costs in the Statement of Income:		
Current Service Cost	**30,240**	27,125
Interest on Defined Benefit Obligation	**8,358**	7,469
Expected Return on Plan Assets	**(10,628)**	(9,369)
Amortised Net Gain	**(150)**	-
Net Pension Cost	**27,820**	25,225

Notes to the Financial Statements

17. Defined Benefit Asset (cont'd)

	2008 G$ 000	2007 G$ 000
Reconciliation of Opening and Closing Defined Benefit Asset in Balance Sheet		
Opening Defined Benefit (Asset)/Liablity	**(13,102)**	(15,583)
Plus Net Premium Pension Cost	**27,820**	25,225
Less Contributions Paid	**(25,648)**	(22,744)
Closing Defined Benefit Asset	**(10,930)**	(13,102)
Actual Return on Plan Assets		
Expected Return on Plan Assets	**10,628**	9,369
Actuarial Loss on Plan Assets	**234**	(4,133)
	10,862	5,236

Actuarial Assumptions	Per Annum %	Per Annum %
Discount Rate	**4.5**	4.5
Rate of Salary Increases	**4.5**	4.5
Rate of Pension Increases	**0.0**	0.0
Expected Return on Assets	**4.5**	4.5
Asset Allocation as at 31 December	**100.0**	100.0

Experience History	2005 G$ 000	2006 G$ 000	2007 G$ 000	2008 G$ 000
Defined Benefit Obligation	140,765	166,723	186,412	**225,941**
Fair Value of Plan Assets	(175,150)	(197,692)	(224,179)	**(259,324)**
Surplus/Deficit	(34,385)	(30,969)	(37,767)	**(33,383)**
Experience Adjustment on Plan Liabilities	(0.201)	0.097	(13.412)	**2.296**
Experience Adjustment on Plan Assets	(2.574)	(1.841)	(4.133)	**0.234**

The major categories of Plan Assets, and the expected rate of return at the Balance Sheet date for each category are as follows:

	Expected Return		Fair Value of Plan Assets	
	2008 G$ 000	2007 G$ 000	2008 G$ 000	2007 G$ 000
Securities	**-**	-	**-**	-
Property	**-**	-	**-**	-
Other	**10,628**	9,369	**(259,324)**	224,179
	10,628	9,369	**(259,324)**	224,179

The plan's assets are invested in a Deposit Administration Contract.
The plan does not directly hold any assets in the sponsoring employer.

Notes to the Financial Statements

18. Capital Risk Management

The Bank manages its capital structure on an on-going basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.
The Bank's overall strategy remains unchanged from 2007.

The capital structure of the Bank consists of equity, comprising issued capital, reserves and retained earnings.

Capital Adequacy

The Bank also monitors its Capital Adequacy with reference to the risk-based capital adequacy guidelines issued by the Bank of Guyana. The guidelines evaluate Capital Adequacy based upon the perceived risk associated with Statement of Financial Position assets as well as certain off Statement of Financial Position exposures, and stipulate a minimum ratio of qualifying capital (Tier 1 and Tier 11) to risk-weighted assets of 8%.

GBTI remains well capitalised with the Bank's Tier 1 Capital Adequacy Ratio standing at 16.09% as at December 31, 2008.

Total Tier 1 and Tier 11 Capital was 16.15% of risk-adjusted assets at December 31, 2008.

This level attests to GBTI's position as one of the highly capitalised Banks in the local Banking industry.

Gearing Ratio

The Gearing Ratio at the year end was as follows:

	2008 G$ 000	2007 G$ 000
Debt (i)	**40,987,032**	37,408,075
Cash and Cash Equivalents	**(25,714,712)**	(26,811,464)
Net Debt	**15,272,320**	10,596,611
Equity (ii)	**4,650,434**	4,303,774
Net Debt to Equity Ratio	**3.28: 1**	2.46: 1

(i) Debt is defined as long-term and short-term funds.

(ii) Equity includes all capital and reserves of the Bank.

Notes to the Financial Statements

19. Significant Accounting Policies

Details of the Significant Accounting Policies and Methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the Financial Statements.

20. Financial Risk Management

Financial Risk Management Objectives

The Bank's Management monitors and manages the financial risk relating to the operations of the Bank through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Bank seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk which are approved by the Board of Directors.

The Bank's Management reports monthly to the Board of Director's on matters relating to risk and management of risk.

(a) Market Risk

The Bank's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Bank uses gap analysis, interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risk. There has been no change in the Bank's exposure to market risks or the manner in which it manages these risks.

(i) Price Risk

Price Risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimise the risk.

Cross-border risk though relatively minimal, exists in relation to investments in Caricom Sovereign Bonds and such risk is mitigated by the application of prudent selection and stringent monitoring of the Bank's investment portfolio by its intermediary Guyana Americas Merchant Bank Inc.

The Bank does not actively trade in Equity Investments. The Bank's exposure to equity price risks arising from equity investments is not material to the financial statements. Equity Investments total G$1.7M

(ii) Interest Rate Risk

The Bank is exposed to interest rate risk but the Bank's sensitivity to interest is immaterial as its financial instruments are substantially at fixed rates. The Bank's exposure to interest rate risk on Financial Assets and Financial Liabilities are listed on the following page.

Notes to the Financial Statements

20. Financial Risk Management (cont'd)

(a) Market Risk (cont')

(ii) Interest Rate Risk (cont'd)

	Average Interest Rate	Maturing 2008				
		Within 1 Year G$ 000	1 to 5 Years G$ 000	Over 5 Years G$ 000	Non-Interest Bearing G$ 000	Total G$ 000
Assets	%					
Cash Resources	4.08 - 8	20,808,623	-	4,906,089	-	25,714,712
Investments	5.20	1,030,965	1,089,065	3,782,621	-	5,902,651
Loans and Advances (net)	11.71	7,008,488	3,338,008	2,486,983	-	12,833,479
Other	-	-	-	-	4,725,767	4,725,767
		28,848,076	4,427,073	11,175,693	4,725,767	49,176,609
Liabilities						
Demand Accounts	-	-	-	-	9,905,221	9,905,221
Savings Accounts	2.68	22,848,061	-	-	-	22,848,061
Term Deposit Accounts	2.32	8,233,750	-	-	-	8,233,750
Due to Banks	-	-	-	-	20,201	20,201
Other	6.25	1,500,000	-	-	2,154,280	3,654,280
		32,581,811	-	-	12,079,702	44,661,513
Interest Sensitivity Gap		(3,733,735)	4,427,073	11,175,693		

		Maturing 2007				
		Within 1 Year G$ 000	1 to 5 Years G$ 000	Over 5 Years G$ 000	Non-Interest Bearing G$ 000	Total G$ 000
Assets	%					
Cash Resources	4.40	22,437,052	-	4,374,412	-	26,811,464
Investments	7.82	-	1,102,676	2,327,728	-	3,430,404
Loans and Advances (net)	12.43	4,442,578	3,252,299	2,050,042	-	9,744,919
Other	-	-	-	-	2,828,946	2,828,946
		26,879,630	4,354,975	8,752,182	2,828,946	42,815,733
Liabilities						
Demand Accounts	-	-	-	-	10,387,433	10,387,433
Savings Accounts	3.58	19,924,276	-	-	-	19,924,276
Term Deposit Accounts	3.12	7,096,366	-	-	-	7,096,366
Due to Banks	-	-	-	-	23,660	23,660
Other	-	-	-	-	1,208,606	1,208,606
		27,020,642	-	-	11,619,699	38,640,341
Interest Sensitivity Gap		(141,012)	4,354,975	8,752,182		

Notes to the Financial Statements

20. Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(iii) Currency Risk

The Bank's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from investments and foreign bank balances. The currencies which the Bank is mainly exposed to are Euro, United States Dollars, Pounds Sterling and Canadian Dollars.

The aggregate amounts of assets and liabilities denominated in currencies other than Guyana dollars are as shown:

	Euro G$ 000	US$ G$ 000	£ G$ 000	Cdn $ G$ 000	Others G$ 000	Total G$ 000
31 December 2008						
Assets	962,191	17,231,971	131,556	58,142	1,160	18,385,020
Liabilities	7,286	5,191,829	4,745	1,280	-	5,205,140
31 December 2007						
Assets	49,185	17,999,139	24,165	70,799	1,963	18,145,251
Liabilities	29,018	4,873,222	3,776	494	-	4,906,510

Foreign Currency Sensitivity Analysis

The following table details the Bank's sensitivity to a 2.5% increase and decrease in the Guyana dollars (GYD) against the relevant currencies. 2.5% is the sensitivity rate used when reporting foreign currency risk internally to key foreign management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2.5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the foreign currency strengthens 2.5% against the GYD. For a 2.5% weakening of the relevant currency against the Guyana dollar, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	US Dollar Impact		£ Sterling Impact		Canadian Dollar Impact		Euro Impact	
	2008 G$M	2007 G$M	**2008 G$M**	2007 G$M	**2008 G$M**	2007 G$M	**2008 G$M**	2007 G$M
Profit or (Loss)	**165.55**	138.6	**1.74**	0.28	**0.78**	1.76	**13.13**	0.28

Notes to the Financial Statements

20. Financial Risk Management (cont'd)

(b) Liquidity Risk

The Bank maintains a diversified and stable funding base comprising core retail and corporate customer deposits and institutional balances, coupled with wholesale funding and portfolios of liquid assets which are diversified by currency and maturity, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The Bank's policy is to maintain a strong liquidity position and to manage the liquidity profile of assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations met when due.

It is unusual for banks to have the maturities of its assets and liabilities completely matched since business transacted is often of uncertain term and differing types. As such the matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Bank.

The information given below relates to the major financial assets and liabilities based on the remaining period at 31 December to the contractual maturity dates.

		Maturing 2008					
	Average Interest Rate %	On Demand G$ 000	Within 1 Year Due in 3 mths G$ 000	Due in 3 - 12 mths G$ 000	1 to 5 years G$ 000	Over 5 years G$ 000	Total G$ 000
Assets							
Cash Resources	4.08 - 8	629,729	8,835,682	11,343,212	-	4,906,089	25,714,712
Investments	5.20	-	60,617	970,348	1,089,065	3,782,621	5,902,651
Loans & Advances (net)	11.71	1,810,352	1,093,091	4,105,045	3,338,008	2,486,983	12,833,479
		2,440,081	9,989,390	16,418,605	4,427,073	11,175,693	44,450,842
Liablities							
Demand Accounts	-	9,905,221	-	-	-	-	9,905,221
Savings Accounts	2.68	22,848,061	-	-	-	-	22,848,061
Term Deposit Accounts	2.32	4,451,455	1,062,065	2,720,230	-	-	8,233,750
Due to Banks	-	20,201	-	-	-	-	20,201
Others	6.25	1,500,000	-	-	-	2,154,280	3,654,280
		38,724,938	1,062,065	2,720,230	-	2,154,280	44,661,513

		Maturing 2007					
	Average Interest Rate %	On Demand G$ 000	Within 1 Year Due in 3 mths G$ 000	Due in 3 - 12 mths G$ 000	1 to 5 years G$ 000	Over 5 years G$ 000	Total G$ 000
Assets							
Cash Resources	4.40	551,535	7,639,629	14,245,888	-	4,374,412	26,811,464
Investments	7.82	-	-	-	1,005,537	2,424,867	3,430,404
Loans & Advances (net)	12.43	563,201	993,543	2,885,834	3,252,299	2,050,042	9,744,919
		1,114,736	8,633,172	17,131,722	4,257,836	8,849,321	39,986,787
Liablities							
Demand Accounts	-	10,387,433	-	-	-	-	10,387,433
Savings Accounts	3.58	19,924,276	-	-	-	-	19,924,276
Term Deposit Accounts	3.12	3,451,108	1,311,702	2,333,556	-	-	7,096,366
Due to Banks	-	23,660	-	-	-	-	23,660
Others	-	383,606	-	-	-	825,000	1,208,606
		34,170,083	1,311,702	2,333,556	-	825,000	38,640,341

Notes to the Financial Statements

20. Financial Risk Management (cont'd)

(c) Credit Risk

Credit Risk is the risk that financial loss arises from the failure of a customer to meet its obligations under a contract. It arises in the case of the Bank, principally from lending, investments and cash resources holdings.

Balances due by Banks include balances held with correspondent Banks. These Banks have been assessed by the Directors as being creditworthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

Investments in Government of Guyana Treasury Bills and Statutory Deposits with the Bank of Guyana are assets for which the likelihood of default is extremely low and have therefore been considered virtually risk-free by the Directors.

The other cash resource is held with financial institutions and the Directors have been advised that the risk exposure to the Bank is considered minimal on account of the fact that this investment is for a very short duration, and the institutions have been assessed by the Directors to be creditworthy.

The objective of the bank's credit risk management is to optimally manage its credit risk exposure so at to:

- Not adversely affect its profitability.
- Maintain the public's confidence in its asset quality and to continue as a going concern.
- Assure shareholders of the bank's solvency.
- Comply with the requirements of the prevailing laws and bank regulations.
- Assure an orderly and balanced growth of its assets over time.

The Bank has standard policies and procedures dedicated to controlling and monitoring risk from such activities. Compliance with credit policies and exposure limits is reviewed by the Inspection Division on a continuous basis. These policies include but are not limited to:

i. Conducting interviews to obtain an overall impression of the applicant's ability to manage its finances and service the credit facility.

ii. Collateral offered is subjected to inspection/field visit to enable the Bank to decide whether it concurs with the valuator's opinion. Valuations are assessed conservatively and reviewed regularly with the support of empirical evidence.

iii. Adherence to a loans to equity ratios policy that conforms to the tenets of sound banking.

iv. Loans and overdrafts are generally collateralised with some or all of the following:

  - Cash
  - Mortgages
  - Debentures
  - Bills of Sale
  - Guarantees
  - Assignment of Traded Shares
  - Assignment of Salary or Crop Proceeds
  - Assignment of Insurance Policies
  - Promissory Notes

Notes to the Financial Statements

20. Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

v. Security Structures and Legal Conditions are reviewed from time to time to ensure they continue to fulfil their intended purpose and remain in line with current banking practices.

vi. Generally, funds are not disbursed unless mortgages or debentures are duly executed in the High Court.

vii. Loan Officers are required to continually track loans recommended or approved by themselves to ensure projects are implemented as conceptualised, approved and scheduled; repayments are made in accordance with loan agreements; potential problems are identified and appropriate actions are taken to avoid the performance of the loans being adversely affected; and generally to maintain and improve the healthiness of the bank's credit portfolio.

viii. Credit exposure is controlled by lending limits that are reviewed and approved by the Credit Committee and the Board of Directors.

ix. Ongoing training is conducted for credit officers to enhance their skills and techniques in assessing credit.

x. Compliance with the 'single borrower' or 'group borrower's' limit as set out in the Financial Institutions Act (1995), other regulatory guidelines and the Bank's own prudential judgements.

xi. Authorised lending limits utilizing the hierarchical structure of the Bank.

xii. Generation of daily and monthly management exception reports.

xiii. The avoidance of being one of multiple lenders to a borrower. In the event this occurs, the Bank seeks to rank in priority to the other lenders.

xiv. Monthly credit meetings are conducted to review loans and overdrafts at varying degrees of default so that actions are taken in a timely manner.

xv. Non-Performing accounts are provided for or written-off in accordance with accepted banking principles and the Financial Institutions Act (1995).

xvi. Interest on non-accrual/impaired accounts is not taken to income.

xvii. Observation of the market trends, both local and global, which may be affecting a particular industry or sector.

xviii. Diversification of the Bank's lending portfolio so as to spread the risk and stabilise the financial results.

Notes to the Financial Statements

20. Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

Credit Quality
Loans & Advances

	2008 G$ 000	2007 G$ 000
Neither past due nor impaired	**10,828,665**	9,237,541
Past due by not impaired	**2,055,370**	454,659
Impaired	**1,851,056**	1,503,033
	14,735,091	11,195,233

Loans and Advances which were Past Due but not Impaired

There are a variety of reasons why certain loans and advances designated as 'past due' are not regarded as impaired. Unless other information is available to the contrary, all loans and advances between 90 and 180 days are not considered impaired as they may be well-secured. In addition, renewals may be delayed due to pending submission of required documentation and as such do not reflect any concern on the creditworthiness of the borrower. Further, past due loans and advances secured in full by cash collateral are not considered impaired, and where appropriate, neither are mortgages in arrears by greater than 90 days where the value of the collateral is sufficient to repay both principal and interest in the event the account is identified for recovery action.

Loans and Advances which were past due but not impaired as at December 31, 2008, can be assessed by reference to the Bank's credit grading system. The following information is based on that system.

	2008 G$ 000	2007 G$ 000
Grade 1 - Satisfactory Risk	**10,828,665**	9,237,541
Grade 2 - Monitor List		
- Past Due up to 29 days	**1,281,705**	93,018
- Past Due 30 - 59 days	**617,468**	213,559
- Past Due 60 - 89 days	**156,197**	148,082
	2,055,370	454,659

The security held for these loans are the same as those stated in Note 20(c) (iv)

(d) Impaired Loans and Advances

The Bank's rating process for credit facilities extended across its branches is designed to detect exposure requiring greater management attention based on a higher probability of default and potential loss. Management particularly focuses on facilities with delinquencies 90 days and above with a view to taking action such as working with the borrowers to restore their performing status, or instituting legal or recovery action if considered necessary.

Our risk response strategy also includes regular evaluation of the adequacy of provision allocated for impaired loans and advances by conducting detailed half-yearly reviews of the total loan portfolio, comparing performance and delinquency statistics with historical trends and prevailing economic conditions.

The bank's policy in its reviews of the level of impairment allowances for loans and advances includes a review of collateral held (e.g. reconfirmation of its enforceability) and an assessment of actual and anticipated receipts. For significant commercial and corporate debts, specialized credit committees with experience in insolvency and specific market factors are used to determine likely losses.

Notes to the Financial Statements

20. Financial Risk Management (cont'd)

(d) Impaired Loans and Advances (cont'd)

Reduction or reversals on calculated impairment allowances are recognized when the bank has reasonable evidence that the established estimate of loss has been reduced.

Impaired loans and advances by product type (includes corporate facilities)

	2008	2007
	G$ 000	G$ 000
Grade 3 - Sub-Standard		
- Past Due 90 - 179 days	**558,183**	462,525
Grade 4 - Doubtful and Loss		
- Past Due 180 - 359 days	**497,735**	38,714
- Past Due 360 days and over	**795,138**	1,001,794
	1,292,873	1,040,508
Total impaired loans and advances	**1,851,056**	1,503,033

Impaired loans and advances by product type (includes corporate facilities)

Quality Lifestyle Loans	**3,742**	6,010
Commercial loans and advances (includes corporate facilities)	**1,847,314**	1,034,498
	1,851,056	1,040,508

(e) The carrying value of past due or impaired loans and advances whose terms have been negotiated

Renegotiated Loans/Overdrafts	**2,331,879**	2,512,983

Commitment Fees

There has been no deferral of commitment fees on the grounds that the amount calculated for possible deferral has been deemed immaterial.

(f) Diversification of Exposure

The Bank provides a wide range of financial services to borrowers in over 7 (seven) sectors within Guyana. As a result, its portfolio of financial instruments with credit risk is highly diversified with no exposure to individual borrowers and group borrowers totalling more than 25% and 40% respectively of the Bank's capital base.

The major activity of the Bank is in providing banking services to commercial, industrial and domestic consumers. The risk is spread over a cross-section of clients. At the reporting date there were no significant concentrations of credit risk for loans. There is no special collateral requirement relating to concentration of risks.

Notes to the Financial Statements

20. Financial Risk Management (cont'd)

(f) Diversification of Exposure (cont'd)

The carrying amount reflected below represents the Bank's maximum exposure to credit risk for such loans

	2008 G$ 000	2007 G$ 000
Loans and Advances		
Agriculture	**3,073,245**	2,407,626
Services	**6,035,865**	5,309,816
Manufacturing	**2,533,837**	1,555,656
Household	**2,155,634**	1,712,747
Mining and quarrying	**936,510**	209,388
	14,735,091	11,195,233
Impairment Allowances	**(1,901,612)**	(1,450,314)
Net Loans and Advances	**12,833,479**	9,744,919
Concentration of Deposits		
Deposits		
State entities	**6,058,557**	4,921,904
Commercial sector	**5,214,684**	4,738,717
Personal sector	**26,274,402**	23,351,884
Other enterprises	**600,058**	640,024
Non residents	**2,839,331**	3,755,546
	40,987,032	37,408,075

21. Investment Risk Management

The investment in the long-term debt of CARICOM Sovereign and Corporate issuers ("CARICOM Bonds") and in the equity of Guyanese public companies are the only investment services provided to the Bank by The Guyana Americas Merchant Bank Inc. The effective management of this risk is critical to the preservation of the Bank's capital base. Investment risk is the risk of loss resulting from an investor's inability to meet its payments of interest (coupon) and repayment of principal on its bonds and the risk of loss resulting from a decline in the value of a company's equity and impairment in the payment of dividend.

Guyana Americas Merchant Bank Inc's objective in the management of this risk is to invest both individually and collectively, at such a level that will provide the highest risk-adjusted rate of return. CARICOM Bond investment proposals are reviewed by the Chairman and Managing Director of The Guyana America Merchant Bank Inc. and compliance with the guidelines approved by the Board of Directors. The review process is enhanced through the availability of credit analyses provided by securities brokerage institutions and credit rating agencies. Corporate equity investment proposals are reviewed by the Managing Director and investment decisions are taken within exposure limits approved by the Board of Directors.

Investment risk management is undertaken at the individual investment level and the degree of monitoring of each investment is determined as a result of the outcome of an evaluation of the level of risk involved. An appropriate risk response strategy is implemented immediately for investments that show signs of credit deterioration. Any impairment to a financial asset resulting from an investor's inability to meet its debt service obligations or a company not performing financially in accordance with expectations, is treated in accordance with International Financial Reporting Standards.

Notes to the Financial Statements

22. Contingencies

(i) Contingent Liabilities

(a) The Bank is the claimant in several litigation matters involving defaulting customers. The Directors are of the view that no provision for any contingency is necessary.

(b) Customers' liability under Acceptances, Guarantees and Letters of Credit

	2008				2007			
	Under 3 mths G$ 000	**3 - 12 mths G$ 000**	**Over 12 mths G$ 000**	**Total G$ 000**	Under 3 mths G$ 000	3 - 12 mths G$ 000	Over 12 mths G$ 000	Total G$ 000
State Entities	**-**	**-**	**26**	**26**	-	-	2,182	2,182
Commercial Sector	**908,880**	**169,181**	**450,992**	**1,529,053**	719,222	652,164	827,281	2,198,667
Personal Sector	**8,798**	**460**	**63,480**	**72,738**	440	4,605	17,705	22,750
	917,678	**169,641**	**514,498**	**1,601,817**	719,662	656,769	847,168	2,223,599

	2008 G$ 000	2007 G$000
(ii) Contingent Asset		
EU/CARIFORUM Financing	**249,739**	114,184

This amount represents funds that the Bank is expected to retain after repaying the European Union/ CARIFORUM funds disbursed to the Bank for lending to the rice industry, based on an agreement which contains certain conditions not wholly within the control of the Bank.

23. Reserves

	2008 G$ 000	2007 G$ 000
(a) Other Reserve	**(383,454)**	582

This represents the fair value adjustment for 'Available for Sale' investments and share of reserves of associate company.

(b) Statutory Reserve	**800,000**	800,000

This reserve is computed in accordance with the Financial Institutions Act.

(c) Revaluation Reserve

At 1 January and 31 December	**18,963**	18,963

This represents revaluation increase of land, buildings and equipment.

(d) General Banking Risk Reserve	**293,493**	-

This reserve is computed in accordance with the Financial Institutions Act. It carries the excess in the provisioning arrived at by the application of the requirements of the FIA over the impairment computed in accordance with IFRS.

Notes to the Financial Statements

	2008 G$ 000	2007 G$ 000
24. Balances excluded from the accounts	**9,942**	9,942

Monies received on behalf of customers and deposited in the External Payments Deposit Scheme with the Bank of Guyana, in accordance with the terms of agreement signed with each customer which specifically exclude the Bank from any liability.

25. Related party transactions and balances

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.

The rates of interest and charges have been similar to transactions involving third parties in the normal course of business.

Listed below are transactions and balances with related parties.

	2008 G$ 000	2007 G$ 000
(a) Group Companies		
(i) Loans and Advances		
Balances at end of year	**496,924**	52,185
Interest Income	**25,153**	14,051
(ii) Deposits		
Balance at end of year	**740,187**	652,478
Interest Expense	**19,375**	21,016
(iii) Commissions	**1,377**	4,431
(iv) Insurance Policies	**2,095,354**	1,908,374

The nature of these contracts relate to policies held for fire insurance, cash on premises, public liability, fidelity guarantee, employers liability, computer all risk, cash-in-transit and various risks.

	2008 G$ 000	2007 G$ 000
(b) Parent Company		
Deposits		
Balance at end of year	**6,875**	2,487
Interest Expense	**69**	31

The rates of interest and charges have been similar to transactions involving third parties in the normal course of business.

Notes to the Financial Statements

25. Related party transactions and balances - cont'd

(c) Associate Company - cont'd

	2008 G$ 000	2007 G$ 000
(i) Deposits		
Balances at end of year	**12,820**	17,552
Interest expense	**296**	524
(ii) Investments		
Investments effected through associate company (fair value)	**1,699,000**	2,027,794
(iii) Fees paid to associate company - Guyana Americas Merchant Bank Inc.	**1,520**	1,551
(iv) Annual Rental - Guyana Americas Merchant Bank Inc.	**2,798**	2,472

The rates of interest and charges have been similar to transactions involving third parties in the normal course of business.

(d) Key Management Personnel

(i) Compensation

The Bank's 22 (2007 - 24) key management personnel comprise its Directors, its Chief Executive Officer and Managers. The remuneration paid to key management for the year was as follows:

	2008 G$ 000	2007 G$ 000
Short-term employee benefits	**169,636**	152,537
Post-employment benefits	**12,755**	10,393
Termination Benefits	**2,031**	1,521
	184,422	164,451
(ii) Loans and Advances		
Balance at end of year	**191,133**	74,990
Interest Income	**5,742**	5,313
(iii) Deposits		
Balance at end of year	**106,371**	57,654
Interest Expense	**2,705**	2,326

Employees of the Bank are granted loans at concessionary rates of interest.

No provision was made for loan losses to related parties.

Notes to the Financial Statements

25. Related party transactions and balances - cont'd	2008 G$ 000	2007 G$ 000
(d) Key management personnel - cont'd		
(iv) Hughes Fields & Stoby		
Fees	**900**	500

Messrs. Hughes, Fields & Stoby provides a range of legal services to the Bank which includes the preparation, filing and registration of mortgages, debentures and bills of sale; preparation and filing of cancellation of mortgages and debentures; conveyance of transported properties, and transfer of titles; issues demand letters; represents the Bank in actions filed by the Bank against defaulting customers, as well as in actions filed against the bank; follows through on the entering of judgements obtained and levy proceedings commenced; and generally provides legal advice on miscellaneous bank related matters. The fees charged for these services are paid directly to Messrs. Hughes, Fields & Stoby by the customer.

26. Capital Commitment	2008 G$ 000	2007 G$ 000
Capital commitments not provided for in the financial statements	**34,070**	10,447

27. Dividends

Amounts recognised as distributions to shareholders in the year:

Final dividend for year ended 31 December 2007 G$3.00 per share (2006 - G$2.00)	**120,000**	80,000
Interim dividend of G$2.25 per share (2007 - G$2.00)	**90,000**	80,000
	210,000	160,000
Proposed final dividend of G$3.75 per share (2007 - G$3.00)	**150,000**	120,000

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements.

28. Segment Information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those segments operating in other economic environments.

Management considers its operations to be a single business unit. All business is done in Guyana except for certain activities.

Notes to the Financial Statements

28. Segment Information - cont'd

	2008			2007		
	Guyana $ 000	**Outside of Guyana $ 000**	**Total $ 000**	Guyana $ 000	Outside of Guyana $ 000	Total $ 000
Fair Value of Investments	**527,288**	**5,375,363**	**5,902,651**	405,236	3,025,168	3,430,404
Investment Income	**36,948**	**259,964**	**296,912**	23,953	244,384	268,337
<u>Cash Resources:</u>						
Local - Treasury Bills	**11,537,942**	**-**	**11,537,942**	9,292,914	-	9,292,914
Foreign	**-**	**12,445,128**	**12,445,128**	-	14,635,512	14,635,512
<u>Income from cash resources:</u>						
Local - Treasury Bills and Others	**482,574**	**-**	**482,574**	416,950	-	416,950
Foreign	**-**	**412,651**	**412,651**	-	335,598	335,598

29. Reclassification

Where necessary comparative amounts have been reclassified to conform with changes in the presentation in the current year.

The following are the main area of reclassification:

Income Statement - Interest Income (Treasury Bills).

Balance Sheet - Treasury Bills are now classified as Cash Resources.

- Associate Company is now shown as non-current asset.

The new & secure way to pay your employees!

Why take the risk of handling cash & preparing workers salaries!

ACCESS YOUR CASH QUICKLY & ENJOY ALL THE OTHER SERVICES OFFERED BY GBTI WITHOUT HAVING AN ACCOUNT.

Quick CASH CARD BENEFITS

- Obtain cash at any GBTI ATM
- Load Incoming Money Transfers
- No need to have an account
- Use everywhere GBTI Kaieteur Classic Cards are accepted
- Enjoy an extra level of security

PRE-LOADED CARD

GBTI

Our strength guiding you

Providing you with
the comfort and convenience
of quality facilities, services
and banking technology

GBTI Quality Customer Services

SPECIAL SAVINGS

Primelife

SAVINGS ACCOUNT

A lot of people have mixed feelings about their financial future when they turn 55.
But turning 55 is not what it used to be. It's not about how old you are,
it's about what you do with the rest of your life.
GBTI recognises your needs and has designed a special savings plan
for customers 55 years and over.

GBTI Primelife Savings Account offers great beneficial financial choices
to help you realise your life long dreams.

GBTI
Our strength guiding you

Our Services

Passbook Savings Account
- Minimum opening balance of $5,000
- Transactions recorded in a passbook for easy reference
- Interest is calculated quarterly and paid semi-annually
- Transact business at any branch

Statement Savings Account
- Minimum opening balance of $5,000
- Interest is calculated quarterly and paid semi-annually
- ATM, POS and Utility bills payment facilities
- Withdrawals at ATM up to $100,000 per day
- No waiting time to update passbook
- Transact business at any branch

Early Savers Account
- From birth to 17 years
- Minimum opening balance of $1,000
- Interest is calculated quarterly and paid semi-annually
- Access to ATM facilities
- Withdrawals at ATM up to $5,000 per day
- Attractive prizes won annually
- S.S.E.E Bursary Award

Primelife Savings Account
- Available to persons 55 years and over
- Minimum opening balance of $5,000
- Interest is calculated quarterly and paid semi-annually
- Higher exchange rates for foreign currency deposits
- FREE access to ATM/POS services
- Attractive prizes won annually

Fixed Deposit Accounts
- Minimum opening balance of $250,000
- Available for periods of 3, 6 and 12 months
- Roll-over options available
- Competitive interest rates

Personal Chequing Account
- No minimum balance
- Personalised cheque books
- Flexible statement period at no cost
- Transact business at any branch

Corporate Chequing Account
- No minimum opening balance
- Customised cheque books
- Overdraft facilities available
- Flexible statement period at no cost
- Transact business at any branch

Special Investment Accounts
- Monthly and quarterly terms
- Periodic statement
- No notice of withdrawal
- Easy access to funds
- Competitive interest rates

Telephone Banking
- Account balance enquiry
- Interest rates information
- Foreign currency rates information
- Transfer funds between accounts
- Pay utility bills
- Check last five (5) transactions

Personal Financing - Quality Lifestyle Loan Plan
- Low Income Housing Loan
- Residential Mortgage Loan
- Automobile Loan
- Consumer Care Loan
- Personal Loan

Business Financing - Commercial Loan Plan
- Corporate Loan
- Manufacturing Loan
- Agriculture Loan
- Rice Farming Loan
- Trading & Services Loan

Other Benefits
- Competitive rates
- Fast approval
- Flexible repayment schedules
- Bonds and guarantees

Our Services

Automated Teller Machines
- Easy access to funds 24 hours a day
- Available at our branches and other convenient locations
- Withdrawal at ATM up to $100,000 per day
- Available for Early Savers, Primelife, Statement Savings and Personal Chequing Accounts
- Allows balance enquiries, deposits and transfer of funds between accounts
- Easy payment of utility bills

Point of Sale Terminals
- Eliminates the need to carry cash
- Convenient payment of purchases at over 150 locations countrywide

Foreign Trade
- Bills for Collection
- Letters of Credit
- Shipping Guarantees
- Export Trade Financing/Discounting Facilities

Foreign Exchange
- Competitive currency exchange rates
- Negotiation of drafts
- SWIFT Electronic Funds Transfer
- Foreign currency accounts
- American Express Travellers Cheques
- American Express card application

Safe Deposit Boxes
- Available in three sizes
- Foolproof security system

Night Depository
- Security bags
- Secure fireproof chute
- Eliminates waiting for cash to be counted
- Available at all branches

Payment of Utility Bills
- Over-the-counter facilities for the payment of G.P.L and G.W.I Bills

Payroll Processing
- Eliminates preparation of pay cheques and pay envelopes.

Visa Travel Classic Card
- Prepaid Card loaded to a maximum of US$5,000
- Can be reloaded while you are abroad
- Pay for purchases, Shop Online, Book Air-Travel and Hotel Accommodation
- Obtain Cash at more than one (1) million Visa Plus ATMs in the USA and in 145 countries around the world
- Can be used at over 25 million merchants located worldwide

GBTI Credit Cards
- The secure alternative to cash
- No need to maintain an account with GBTI in order to apply
- Free monthly statement

GBTI Gold and Classic Credit Cards
Credit Card Limits

Gold	G$	1,000,000
Classic	G$	500,000

- Can be used at any of our 14 Money Zone locations and over 150 Point-of-Sale Terminals countrywide.
- Enjoy real time access to shop at supermarkets and jewellery stores, or dine at restaurants and more.

GBTI Visa Gold and Classic Credit Cards
Visa Card Limits

Gold	US$	10,000
Classic	US$	5,000

- Pay for purchases, shop online, book air-travel, hotel accommodations and cruises.
- Obtain cash at more than one (1) million Visa Plus ATMs in the USA and 145 countries around the world.
- Can be used at over 25 million merchants worldwide.

GBTI Quick Cash Card
- The Quick Cash Card is a pre-loaded money card.
- It can be loaded with amounts between G$500.00 to a maximum of G$250,000.00.
- There is no minimum balance requirement.
- Use for cash withdrawals and payment of utility bills at all our ATM & P.O.S. locations.
- Your salary can be loaded on the card.
- Incoming money transfers can also be loaded on the card.
- The Quick Cash card can be purchased at any of our Branches.

Save Earth Our Home

Earth is our gift of life and the only place we have come to know as our home in the entire universe. Here, life thrives as we embrace water, air, energy and earth.. elements that support our human existence.

Today life on earth as we know it is in trouble as we face thr realization of Globlal Warming, the term used to describe the prolonged rise of the world's average temprature. Over the past century, earth's global temprature has increased by about 1 degree Fahrenheit, and it continues to get hotter. The continuous warming has already caused climate change, impacted rainfall patterns, raised sea levels and is melting the polar ice caps and glaciers. Though no one is certain of all factors that me be contributing to Global Warming, most scientist agree that environmentally damaging human activity has contributed significantly to this problem.

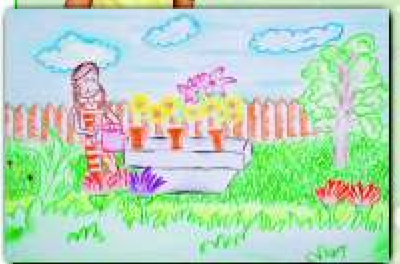
Earth is ours to protect and the environmental challenceg we are facing as a result of Global Warming require that we all need to find solutions for saving our planet.

The Guyana Bank for Trade and Industry Limited encourages these solutions in order to preserve our planet for future generations. It is our hope that through the solutions presented by some of our young people, an awareness will be stimulated in everyone leading to an adjustment in our attitudes and practices for the well-being of our planet.

GREEN EARTH

Global Warming is an international problem affecting countries around the world. One of the most effective ways to combat Global Warming is by preventing deforestation. Our forests release oxygen into the atmosphere, which help in filtering dangerous gases that damage the ozone layer. Education can play a very important role in addressing the problem of Global Warming and the ways in which people around the world can participate. Finally, trees should be replanted in countries where acres of forest have been destroyed.

Rose Edwards
13 years
Cummings Lodge Secondary School



CLEAN AIR

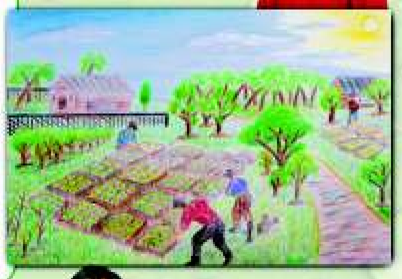
My drawing shows the little things you can do to help the environment and make a big difference in the world. It shows a girl in a beautiful garden, which she nourishes for the sake of the world. Every day she plants a new flower or tree to reduce the amount of carbon dioxide and monoxide in the atmosphere. She believes that in order to make a difference for the environment you should first think small then climb your way up.

Maleeka Ally
15 years
Marian Academy

ALTERNATIVE ENERGY

Wind Farms use wind power to convert wind energy to electricity. Wind energy is one of the largest forms of green energy used in the world today. Some advantages of wind energy are that it is plentiful, it generates no pollution and is said to diminish the greenhouse effect. It also has another advantage over traditional methods of creating energy in the sense that it is getting cheaper to produce.

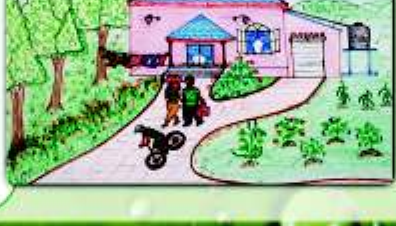
Manesha Ramnarine
11 years
Sheldon Line Path Secondary School



FOOD SECURITY

My drawing shows a family growing more plants, thus helping in the prevention of Global Warming and at the same time supplying food for mankind. The oxygen given off from these trees would help to prevent further destruction of the ozone layer, which would then help to slow down Global Warming.

Jason Nunes
11 years
President's College

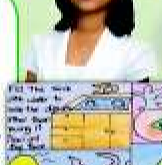


REDUCED POLLUTION

This family lives a "low carbon" lifestyle and can make a difference in solving Global Warming for our future generations. Their house has a solar panel installed on the roof. It produces energy which is stored in a battery. Energy saving bulbs and appliances are used.

Trees around the house not only cut cooling cost but are the much needed lungs of our carbon-polluted earth. Whenever possible, the family park their vehicle and walk or ride pedal cycles to their destination. They wash and water plants with stored rain water and make use of sunlight to light indoors and dry their clothes.

Shivdas Bhawanidin
10 years
Saraswat Primary School



WATER CONSERVATION

Fresh water scarcity is already posing major problems for more than one billion people around the world, mostly in developing countries. The World Health Organisation predicts that by mid-century four billion people - nearly two-thirds of the world's population - will face severe fresh water shortage. We can conserve fresh water by storing rainwater for watering our garden. My painting shows the various ways we can conserve water. Doing more with less is the first and easiest step along the path to water security.

Amelia Mazaharally
14 years
Mae's Secondary School

Our Correspondent Banks

CITIBANK NA
111 Wall Street, 21st Floor
New York, N.Y. 10043, U.S.A
ABA NO. 021000089
SWIFT CODE: CITIUS33

JP MORGAN CHASE BANK N.A.
1 Chase Manhattan Plaza
New York, N.Y. 10015, U.S.A
ABA NO. 021000021
SWIFT CODE: CHASUS33

BARCLAYS BANK PLC
Correspondent Banking
1 Churchhill Place
London E14 5HP
SORT CODE: 20-32-53
SWIFT CODE: BARCGB22

CITIBANK NA
336 Strand
London, WC2R 1HB
SORT CODE: 18-50-08
SWIFT CODE: CITIGB2L

BANK OF MONTREAL
International Banking
Toronto, Ontario, Canada
SWIFT CODE: BOFMCAT2

TORONTO - DOMINION BANK
(TD BANK FINANCIAL GROUP)
Global Operations, Toronto
77 King Street West, 18th Floor
Toronto, Ontario M5K 1A2
Swift Code: TDOMCATTTOR

FIRST CARIBBEAN INTERNATIONAL BANK
Broad Street
Bridgetown
Barbados
SWIFT CODE: FCIBBBBB

FIRST CARIBBEAN INTERNATIONAL BANK
P.O. Box 42
Basseterre
St Kitts
SWIFT CODE: FCIBKNSK

RBTT BANK LTD
55 Independence Square
Port of Spain
Trinidad
SWIFT CODE: RBTTTTPX

Community Service

1 March 10th, 2008 – Students and a teacher of the Leguan Island Secondary School during an educational tour of our Parika Branch.

2 May 29th, 2008 – Winners of the 2nd Annual Impromptu Speech Competition hosted by our Regent Street Branch.

3 August 10th, 2008 – 2nd Annual Cycling Event hosted by our Corriverton Branch.

4 September 2nd, 2008 – Recipients of the 2008 GBTI Early Savers Club National Grade Six Assessment Bursary Award along with Managers of the Bank and Representative of the Ministry of Education.

5 September 5th, 2008 –Staff and winners of our 2008 Credit Card Promotion during the presentation ceremony at our Water Street Branch.

6 September 15th, 2008 – Ms Collette Lyken, Officer-in-Charge, Human Resources and Administration, presented a cheque to Mr Compton Sparman, Fire Prevention Officer of the Guyana Fire Service in support of Fire Prevention Week activities.

7 November 6th, 2008 – Presentation of a computer system to Mr Ali Majeed, PTA Representative of the Central High School by Mr John Tracey, Director – Credit of the Bank.

8 December 5th, 2008 – Annual Donations presentation to charitable organisations.

9 December 13th, 2008 – Annual Kiddies Party for Early Savers Account holders hosted by our Anna Regina Branch.

10 December 17th, 2008 – Launching of the GBTI 2009 Almanac, “Save Earth Our Home”

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WELCOME TO
GUYANA BANK FOR TRADE & INDUSTRY
CHILDREN'S CHRISTMAS PARTY
9


10

Shareholders Notes

Shareholders Notes

PROXY FORM

I/We ____

of ____

being a member/members of Guyana Bank for Trade & Industry Limited,

hereby appoint ____

of ____

or failing him / her ____

of ____

as my/our proxy to attend and act on my/our behalf at the 21st Annual General Meeting of the said Company to be held on Tuesday 14th day of April, 2009, and at any adjournment thereof.

Dated this ____________________ day of ____________________ 2009.

____
Signature of Member

GBTI

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E-mail: banking@gbtibank.com • Website: www.gbtibank.com