INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
GUYANA BANK FOR TRADE AND INDUSTRY LIMITED AND SUBSIDIARY

(SUBSIDIARY OF SECURE INTERNATIONAL FINANCE COMPANY INCORPORATED)

ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Guyana Bank for Trade and Industry Limited and subsidiary which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 38 to 100.

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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects of the financial position of Guyana Bank for Trade and Industry Limited and subsidiary as at 31 December 2014 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.

TSD Lal & Co.

TSD LAL & CO.

CHARTERED ACCOUNTANTS

Date: March 18, 2015

77 Brickdam,

Stabroek, Georgetown,

Guyana

GUYANA BANK FOR TRADE AND INDUSTRY LIMITED AND SUBSIDIARY
(SUBSIDIARY OF SECURE INTERNATIONAL FINANCE COMPANY INCORPORATED)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	COMPANY 2014 $'000	COMPANY 2013 $'000	GROUP 2014 $'000	GROUP 2013 $'000
Interest Income	4	5,388,527	5,045,239	5,388,527	5,045,239
Interest Expense	5	(895,113)	(960,043)	(895,113)	(960,043)
Net Interest Income		4,493,414	4,085,196	4,493,414	4,085,196
Other Income	6	1,311,045	1,423,595	1,311,283	1,423,595
Net Interest and Other Income		5,804,459	5,508,791	5,804,697	5,508,791
Operating Expenses	7	(2,634,056)	(2,416,079)	(2,630,168)	(2,416,079)
Loan Provisioning Net of Recoveries		(176,677)	(32,031)	(176,677)	(32,031)
Associate Company: Share of Profit / (Loss)	12	(1,405)	785	(1,405)	785
Profit before Taxation		2,992,321	3,061,466	2,996,447	3,061,466
Taxation	10(a)	(875,314)	(882,549)	(875,314)	(882,549)
Profit after taxation		**2,117,007**	**2,178,917**	**2,121,133**	**2,178,917**
Attributable to:					
Equity holders of the parent		2,117,007	2,178,917	2,121,133	2,178,917
Basic earnings per share in dollars	9	52.93	54.47	53.03	54.47

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

GUYANA BANK FOR TRADE AND INDUSTRY LIMITED AND SUBSIDIARY
(SUBSIDIARY OF SECURE INTERNATIONAL FINANCE COMPANY INCORPORATED)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	COMPANY 2014 $'000	COMPANY 2013 $'000	GROUP 2014 $'000	GROUP 2013 $'000
Profit for the Year		2,117,007	2,178,917	2,121,133	2,178,917
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit asset/(obligation)	10(b)	713	(5,753)	713	(5,753)
		713	(5,753)	713	(5,753)
Items that may be reclassified subsequently to profit or loss					
Gain/ (loss) arising on revaluation of:-					
Available for sale financial assets	10(b)	385,569	(361,075)	385,569	(361,075)
Share of comprehensive income/(loss) of associate	10(b)	5,693	(12,318)	5,693	(12,318)
		391,262	(373,393)	391,262	(373,393)
Other comprehensive income/(loss) net of tax		391,975	(379,146)	391,975	(379,146)
Total comprehensive income for the year		2,508,982	1,799,771	2,513,108	1,799,771
Attributable to:					
Equity holders of the parent		2,508,982	1,799,771	2,513,108	1,799,771

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

GUYANA BANK FOR TRADE AND INDUSTRY LIMITED AND SUBSIDIARY
(SUBSIDIARY OF SECURE INTERNATIONAL FINANCE COMPANY INCORPORATED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

		COMPANY						
	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 G$ 000
Balance at 1 January 2013		**800,000**	**7,074,756**	**17,992**	**800,000**	**18,963**	**302,198**	**9,013,909**
Changes in equity 2013								
Dividends	28	-	(640,000)	-	-	-	-	(640,000)
Total comprehensive income for the year		-	2,178,917	(379,146)	-	-	-	1,799,771
Transfer to/(from) reserve	20(d)	-	273,030	-	-	-	(273,030)	-
Balance at 31 December 2013		**800,000**	**8,886,704**	**(361,154)**	**800,000**	**18,963**	**29,168**	**10,173,681**
Changes in equity 2014								
Dividends	28	-	(720,000)	-	-	-	-	(720,000)
Total comprehensive income for the year		-	2,117,007	391,975	-	-	-	2,508,982
Transfer to/(from) reserve	20(d)	-	(13,511)	-	-	-	13,511	-
Balance at 31 December 2014		**800,000**	**10,270,200**	**30,821**	**800,000**	**18,963**	**42,679**	**11,962,663**

		GROUP						
	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 G$ 000
Balance at 1 January 2013		**800,000**	**7,074,756**	**17,992**	**800,000**	**18,963**	**302,198**	**9,013,909**
Changes in equity 2013								
Dividends	28	-	(640,000)	-	-	-	-	(640,000)
Total comprehensive income for the year		-	2,178,917	(379,146)	-	-	-	1,799,771
Transfer to/(from) reserve	20(d)	-	273,030	-	-	-	(273,030)	-
Balance at 31 December 2013		**800,000**	**8,886,704**	**(361,154)**	**800,000**	**18,963**	**29,168**	**10,173,682**
Changes in equity 2014								
Dividends	28	-	(720,000)	-	-	-	-	(720,000)
Total comprehensive income for the year		-	2,121,133	391,975	-	-	-	2,513,108
Transfer to/(from) reserve	20(d)	-	(13,511)	-	-	-	13,511	-
Balance at 31 December 2014		**800,000**	**10,274,327**	**30,821**	**800,000**	**18,963**	**42,679**	**11,966,790**

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

GUYANA BANK FOR TRADE AND INDUSTRY LIMITED AND SUBSIDIARY
(SUBSIDIARY OF SECURE INTERNATIONAL FINANCE COMPANY INCORPORATED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		COMPANY		GROUP	
	Notes	2014	2013	2014	2013
		$'000	$'000	$'000	$'000
ASSETS					
Cash Resources	11	20,408,148	18,036,719	20,408,148	18,036,719
Investments	12	21,619,796	26,115,802	21,619,780	26,115,786
Loans and Advances	13	44,676,409	42,825,729	44,676,409	42,825,729
Property and Equipment	14	7,040,049	6,974,450	7,693,130	7,389,441
Other assets	15	1,905,973	1,435,206	1,253,821	1,020,231
TOTAL ASSETS		**95,650,375**	**95,387,906**	**95,651,288**	**95,387,906**
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Deposits	17	80,528,507	83,547,999	80,525,310	83,547,999
Other Liabilities	18	3,159,205	1,666,226	3,159,188	1,666,226
TOTAL LIABILITIES		**83,687,712**	**85,214,225**	**83,684,498**	**85,214,225**
SHAREHOLDERS' EQUITY					
Equity attributable to equity holders of the parent company					
Share capital	19	800,000	800,000	800,000	800,000
Retained earnings		10,270,200	8,886,704	10,274,327	8,886,704
Other reserve	20(a)	30,821	(361,154)	30,821	(361,154)
Statutory reserve	20(b)	800,000	800,000	800,000	800,000
Revaluation reserve	20(c)	18,963	18,963	18,963	18,963
General banking risk reserve	20(d)	42,679	29,168	42,679	29,168
TOTAL SHAREHOLDERS' EQUITY		**11,962,663**	**10,173,681**	**11,966,790**	**10,173,681**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**95,650,375**	**95,387,906**	**95,651,288**	**95,387,906**

The Directors approved these financial statements for publication on March 18, 2015

On behalf of the Board:

Mr. Robin Stoby, S.C.,
Chairman

Mr. John Tracey,
Chief Executive Officer and Director

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

GUYANA BANK FOR TRADE AND INDUSTRY LIMITED AND SUBSIDIARY
(SUBSIDIARY OF SECURE INTERNATIONAL FINANCE COMPANY INCORPORATED)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	COMPANY		GROUP	
	2014	2013	2014	2013
	G$ 000	G$ 000	G$ 000	G$ 000
Operating activities				
Profit before taxation	2,992,321	3,061,466	2,996,447	3,061,466
Adjustments for:				
Share of (profit)/loss of associate company	1,405	(785)	1,405	(785)
Depreciation	353,371	334,931	353,773	334,931
Loss on sale of fixed assets	275,607	41,477	275,607	41,477
Net increase in customers' loans	(1,850,680)	(7,518,097)	(1,850,680)	(7,518,097)
Net increase/(decrease) in customers' deposits	(3,019,492)	6,273,716	(3,022,689)	6,273,716
Decrease/(increase) in other assets	(427,442)	176,761	(190,263)	591,752
Increase in other liabilities	1,645,019	446,200	1,645,002	446,200
Increase in defined benefit asset	(4,118)	(5,384)	(4,118)	(5,384)
(Decrease)/Increase in defined benefit liability	(642)	11,410	(642)	11,410
(Increase)/ decrease in required reserve with Bank of Guyana	384,164	(625,556)	384,164	(625,556)
Cash provided by operating activities	**349,513**	**2,196,139**	**588,006**	**2,611,130**
Taxation				
Taxes paid/adjusted	(1,065,920)	(946,104)	(1,065,920)	(946,104)
Net cash provided by/(used in) operating activities	**(716,407)**	**1,250,035**	**(477,914)**	**1,665,026**
Investing activities				
(Increase)/ decrease in Investments	4,886,576	(5,932,682)	4,886,576	(5,932,682)
Additions to Fixed assets	(694,577)	(336,502)	(933,069)	(751,493)
Net cash provided by/(used in) investing activities	**4,191,999**	**(6,269,184)**	**3,953,507**	**(6,684,175)**
Financing activities				
Dividends paid	(720,000)	(640,000)	(720,000)	(640,000)
Net cash used in financing activities	**(720,000)**	**(640,000)**	**(720,000)**	**(640,000)**
Net increase/(decrease) in cash and cash equivalents	2,755,593	(5,659,149)	2,755,593	(5,659,149)
Cash and short term funds at beginning of year	8,423,542	14,082,691	8,423,542	14,082,691
Cash and short term funds at end of year (Note 11))	**11,179,135**	**8,423,542**	**11,179,135**	**8,423,542**

"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 the 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 New and revised standards and interpretations

<u>Effective for the current year end</u>

	Effective for annual periods beginning on or after
New and Amended Standards	
IFRS 10 Consolidated Financial Statements (Exemptions)	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities (Exemptions)	1 January 2014
IAS 27 Separate Financial Statements (Exemptions)	1 January 2014
IAS 32 Financial Instruments - Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36 Impairment of Assets	1 January 2014
IAS 39 Financial Instruments: Recognition and Measurement	1 January 2014
New interpretation	
IFRIC 21 Levies	1 January 2014

The standards and amendments that are expected to have an impact on the company's accounting policies are explained below:

<u>Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities</u>
Amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas.
This amendment did not have a material impact on the entity as the Group does not have any financial assets and financial liabilities that qualify for offset.

2. New and revised standards and interpretations - cont'd

Effective for the current year end - cont'd

New interpretation - cont'd

Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities
Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements.
  The amendments did not have a material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets
Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment.

These amendments did not have a material impact on the disclosures or on amounts recognised in the Group's financial statements.

Available for early adoption for the current year end

New and Amended Standards	**Effective for annual periods beginning on or after**
IAS 19 Employee Benefits	1 July 2014
Annual Improvements 2010-2012 Cycle	1 July 2014
Annual Improvements 2011-2013 Cycle	1 July 2014
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 11 Joint Arrangements	1 January 2016
IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation And Amortisation	1 January 2016
IAS 16 & IAS 41 Agriculture: Bearer Plants	1 January 2016
IAS 27 Separate Financial Statements	1 January 2016
IFRS 10 & IAS 28 Sale or Contribution of Assets Between Investor and Associate or Joint Venture	1 January 2016

2. New and revised standards and interpretations - cont'd

Effective for the current year end - cont'd

	Effective for annual periods beginning on or after
Available for early adoption for the current year end - cont'd	
Disclosure Initiative Amendments to IAS 1	1 January 2016
IFRS 10, IFRS 12 & IAS 28 Applying Consolidation Exceptions	1 January 2016
Annual Improvements 2012-2014 Cycle	1 July 2016
IFRS 15 Revenue From Contracts With Customers	1 January 2017
IFRS 7 Financial Instruments: Disclosures	1 January 2017
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 9 Additions for Financial Liability Accounting	1 January 2018

The Group has not opted for early adoption.
The standards and amendments that are expected to have an impact on the Company's and Group's accounting policies when adopted are explained below.

Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.
The application of the amendments to IAS 19 may have impact on amounts reported in respect of the Company's defined benefit plans.
The management is in discussion with the actuary to determine any possible effect of the amendments.

Annual Improvements
The annual improvements programme of the International Accounting Standards Board deals with amendments and clarifications to IFRS.
IFRS 1 — First-time Adoption of International Financial Reporting Standards
IFRS 2 — Share-based Payment
IFRS 3 — Business Combinations
IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations
IFRS 7 – Financial Instruments Disclosure
IFRS 8 — Operating Segments
IFRS 9 – Financial Instruments
IFRS 13 — Fair Value Measurement
IAS 16—Property, Plant and Equipment
IAS 24 — Related Party Disclosures
IAS 34 – Interim Financial Reporting
IAS 38 – Intangible Assets
IAS 40 — Investment Property
The directors do not anticipate that the application of the foregoing amendments will have a significant impact on the Group's consolidated financial statements.

2. New and revised standards and interpretations - cont'd

Effective for the current year end - cont'd

Annual Improvements - cont'd

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to clarify that a depreciation method for the use of an asset that is not appropriate for property, plant and equipment The application of the amendments may have impact on amounts reported in respect of depreciation. However, the directors do not anticipate a significant effect.

Disclosure Initiative (Amendments to IAS 1)
Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports

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**.** The principal accounting policies are set out below.

(b) Interest income

Interest income for all interest bearing financial instruments except for those classified as available for sale or designated at fair value through profit or loss is recognized in the income statement on an accrual basis using the effective interest yield method.

The effective interest yield 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.

3.1 Summary of significant accounting policies - cont'd

(c) Non interest income - cont'd

Fees and commissions are recognized as earned. Examples of these types of accounts 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 transfer
- Ledger Fees – charge for new cheque books
- Safe Custody – annual rental of safe deposit boxes, Telephone Banking – transaction cost.

Rental income

Income from rental of property to Guyana Americas Merchant Bank Inc 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.

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

3.1 Summary of significant accounting policies - cont'd

(e) Loan Impairment - cont'd

- 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,personal and Single Parent loans
- Business financing :- Commercial Loan Plan : corporate, manufacturing, agriculture, rice farming and trading & services loans

Collateral

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.

Classification

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.

3.1 Summary of significant accounting policies - cont'd

(e) Loan Impairment - cont'd

Classification - cont'd

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 9 and 179 days expired.

Grade 3 also represents loans for which principal and interest is 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 sufficient 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 months 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.

3.1 Summary of significant accounting policies - cont'd

(e) Loan Impairment - cont'd

Classification - cont'd

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.

Overdrafts

(i) The approved limit has been exceeded for three months or more into a term loan after three months or more.
(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.

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 hard core which was not converted into a term loan after 12 months or more.

3.1 Summary of significant accounting policies - cont'd

(e) Loan Impairment - cont'd

Classification - cont'd

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 months 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 Bank follows the prescriptions of the Financial Institutions Act 1995 and writes off such a loan three months after being so classified unless it shows a definite and significant improvement which indicates recovery within the next six months.

Provisioning

Provisioning for each classification categories is 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%

A general provision 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.

3.1 Summary of significant accounting policies - cont'd

(e) Loan Impairment - cont'd

Classification - cont'd

Renegotiated credit facilities are permitted subjected 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.

The General Banking Risk Reserve Account 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 Financial Institutions Act over the impairment computed in accordance with the International Financial Reporting Standards.

The carrying amount of impaired loans on the financial statement is reduced through the use of a provisioning account in accordance with the Financial Institutions Act. Any loss is charged to the statement of income.

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.

3.1 Summary of significant accounting policies - cont'd

(f) Foreign currencies - cont'd

At each reporting 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 retranslation are included in the profit or loss and other comprehensive income 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) Fixed assets and depreciation

Freehold land and buildings held for use in the supply of services or for administrative purposes are stated in the financial statement 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 credited to revaluation reserve.

Depreciation on revalued land, 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 is written down immediately to its recoverable amount.

The gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss and other comprehensive income.

(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 accounts

The financial statements 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 accounts.

3.1 Summary of significant accounting policies - cont'd

(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.

Pension accounting costs are assessed using the Projected Unit Credit Method as required by International Accounting Standard 19-Employee Benefits (Revised).

The Contribution 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$69,265,000 (2013 - G$58,965,000).

(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.

This Reserve Account is now equal to the 'Paid up' Capital.

(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 Bank's share of reserve of its associate company. This reserve is not distributable.

(o) Taxation

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

<u>Current Tax</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income 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.

3.1 Summary of significant accounting policies – cont'd

(o) Taxation - cont'd

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

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 is accounted for using the 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 reporting 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.

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 based on tax rates (and tax laws) that have been enacted or substantively been enacted by the end of the reporting period . Deferred tax is charged or credited to profit or loss and other comprehensive income, 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.

(p) 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 the statement of profit or loss and other comprehensive income when there is objective evidence that the asset is impaired. The allowance recognized is based on management's evaluation of the collectability of the receivables.

3.1 Summary of significant accounting policies - cont'd

(p) Financial instruments – cont'd

Cash and short term funds

For the purpose of presentation in the statement of cash flows, cash and short term funds comprised of cash and due by and to banks, deposits with Bank of Guyana in excess of the required reserve and cheques and other items in transit, bills discounted, bankers' acceptances with original maturities of three months or less.

Deposits and other payables
These 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.

(q) 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 profit or loss and other comprehensive income when the assets are derecognized or impaired.

"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 in the statement of comprehensive income until the asset is sold or otherwise disposed, at which time previously recognized gains or losses are transferred to the statement of profit or loss and other comprehensive income for that period.

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.

3.1 Summary of significant accounting policies – cont'd

(r) 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 reporting 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.

(s) **Non-current assets held for sale**

A noncurrent 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.

(t) Impairment of tangible assets

At the end of the financial period, 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 and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(u) 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 financial year end are disclosed as a note to the financial statements.

3.1 Summary of significant accounting policies - cont'd

(v) 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 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, investment 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.

(w) Segment reporting

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

The Bank analyses its operations by both business and geographic segments. The primary format is business reflecting retail and commercial banking and treasury. Its secondary format is that of geographic segments reflecting the primary economic environments in which the Bank has exposure.

(x) Earnings per share

Basic earnings per share attributable to ordinary equity holders of the Bank's equity is calculated by dividing profit or loss attributable to ordinary equity holders of the Bank's equity by the weighted number of ordinary shares outstanding during the period.

(y) Intangible asset

Intangible assets are recognized at amortized cost and tested annually for impairment

Software

The software is for a period of 5 years and will be amortized at a rate of 20% over the useful life of the software.

3.1 Summary of significant accounting policies – cont'd

(z) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company (its subsidiary). Control is achieved through share ownership. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non controlling interest in the net assets of consolidated subsidiary is identified separately from the group's equity therein. Non controlling interest consists of the amount of those interests at the date of the original business combination and non controlling interest's share of changes in equity since the date of the combination

Profit and losses applicable to the non controlling interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the non controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

(i) The consolidated accounts incorporate the accounts as at December 31, 2014 of the following :

Name of Company	Country of registration	% shareholding	Main business
GBTI Property Holdings Inc	Guyana	100	Real estate mgt

The financial statement of GBTI Property Holdings Inc in summary form as at December 31, 2014 is presented below:
Statement of Financial Position

	2014 G$	2013 G$
Total assets	656,278,220	415,007,295
Total liabilities	656,262,220	414,991,295
Equity	16,000	16,000

(ii) Associate company
The Guyana Bank for Trade and Industry Limited owns 40% of the share capital of the Guyana Americas Merchant Bank Inc. The company's main business is in investment management.

3.2 Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting estimates and judgements in applying accounting policies

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 reporting date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater that 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

		COMPANY 2014 G$ 000	COMPANY 2013 G$ 000	GROUP 2014 G$ 000	GROUP 2013 G$ 000
4	**Interest Income**				
	Loans and Advances	4,471,844	4,021,354	4,471,844	4,021,354
	Investment Securities:-				
	-Available for sale	856,233	887,556	856,233	887,556
	-Held to maturity	36,011	37,708	36,011	37,708
	Other	24,439	98,621	24,439	98,621
		5,388,527	5,045,239	5,388,527	5,045,239
5	**Interest Expense**				
	Savings Deposits	559,655	575,729	559,655	575,729
	Term Deposits	302,117	324,445	302,117	324,445
	Other	33,341	59,869	33,341	59,869
		895,113	960,043	895,113	960,043
6	**Other income**				
	Commissions	516,481	609,913	516,481	609,913
	Exchange Trading and Revaluation Gains	787,772	806,467	787,772	806,467
	Rental and other income	6,792	7,215	7,030	7,215
		1,311,045	1,423,595	1,311,283	1,423,595
7	**Operating Expenses**				
	Staff Costs (Note 8)	1,248,102	1,176,941	1,248,102	1,176,941
	Depreciation	353,371	334,931	353,773	334,931
	General Administrative Expenses	412,882	351,556	402,733	351,556
	Marketing and Public Relations	42,203	49,492	42,203	49,492
	Auditors' Renumeration	7,700	7,000	8,050	7,000
	Director's Fees	12,096	11,641	12,096	11,641
	Other Operating Expenses	472,295	423,264	477,804	423,264
	Property Taxes(a)	85,407	61,254	85,407	61,254
		2,634,056	2,416,079	2,630,168	2,416,079

(a) With effect from year of assessment 2014 Property Tax is calculated on asset values at 1 January, 2011 instead of 1 January, 1991. Also, the bands on which Property Tax is calculated were changed

NOTES TO THE FINANCIAL STATEMENTS

		COMPANY	COMPANY	GROUP	GROUP
		2014	2013	2014	2013
		G$ 000	G$ 000	G$ 000	G$ 000
8	**Salaries and other staff costs**				
	Salaries and wages	766,773	746,694	766,773	746,694
	Other staff costs	412,064	371,282	412,064	371,282
	Pension	69,265	58,965	69,265	58,965
		1,248,102	1,176,941	1,248,102	1,176,941
9	**Basic earnings per share**				
	Calculated as follows:				
	Profit after taxation	2,117,007	2,178,917	2,121,133	2,178,917
	Number of ordinary shares issued and fully paid	40,000,000	40,000,000	40,000,000	40,000,000
	Basic earnings per share in dollars	52.93	54.47	53.03	54.47

		COMPANY	
10(a)	**Taxation**	2014	2013
		G$ 000	G$ 000
	Current	914,521	892,883
	Deferred Tax	(39,207)	(10,334)
		875,314	882,549
	Reconciliation of Tax Expense and Accounting Profit		
	Accounting profit	2,992,321	3,061,466
	Less: Share of Associate Company's profit/(loss)	(1,405)	785
		2,993,726	3,060,681
	Corporation tax at 40%	1,197,490	1,224,272
	Add:		
	Tax effect of expenses not deductible in determining Taxable Profits		
	Depreciation for Accounting Purposes	141,348	133,972
	Collectively assessed impairment allowance	-	16,040
	Other	12,298	3,024
	Property tax	34,163	24,502
		1,385,300	1,401,811

10(a) Taxation - con't

	COMPANY 2014 G$ 000	COMPANY 2013 G$ 000
Deduct:		
Tax effect of depreciation for tax purposes	98,091	120,509
Tax Exempt Income	372,688	361,603
Corporation Tax	914,521	919,699
Prior year adjustment	-	(26,816)
Deferred Tax	(39,207)	(10,334)
	875,314	882,549
Components of deferred tax asset		
Fixed assets	284,498	248,072
Defined benefit (asset)/liability	1,647	(1,134)
	286,145	246,938

Movement in temporary differences

	Defined benefit liability G$ 000	Fixed asset G$ 000	Total G$ 000
At 1 January 2013	4,127	232,477	236,604
Movement during the year:-			
Statement of profit or loss and other comprehensive income	(5,261)	15,595	10,334
At 31 December 2013	(1,134)	248,072	246,938
Movement during the year:-			
Statement of profit or loss and other comprehensive income	2,781	36,426	39,207
At 31 December 2014	1,647	284,498	286,145

10(b) Disclosure of tax effects relating to each component of other comprehensive income and statement of changes in equity

	COMPANY AND GROUP 2014 G$ 000			COMPANY AND GROUP 2013 G$ 000		
	Before tax amount G$	Tax(expense)/ benefit G$	Net of tax amount G$	Before tax amount G$	Tax(expense)/ benefit G$	Net of tax amount G$
Remeasurement of defined benefit pension plan	1,188	475	713	9,589	3,836	5,753
Gain/(loss) arising on on available for sale financial asset	385,569	-	385,569	(361,075)	-	(361,075)
Share of other comprehensive income/(loss) of associate company	5,693	-	5,693	(12,318)	-	(12,318)
	392,450	475	391,975	(363,804)	3,836	(367,640)

NOTES TO THE FINANCIAL STATEMENTS

		COMPANY		GROUP	
11	**Cash Resources**	2014	2013	2014	2013
		G$ 000	G$ 000	G$ 000	G$ 000
	Cash in hand	2,501,632	1,766,269	2,501,632	1,766,269
	Balance with Bank of Guyana in excess of required reserves	156,583	28,983	156,583	28,983
	Balances with other banks	8,520,920	5,130,685	8,520,920	5,130,685
	Cheques and other items in transit	-	1,497,605	-	1,497,605
	Total Cash and Short Term Funds	11,179,135	8,423,542	11,179,135	8,423,542
	Reserve requirement with Bank of Guyana	9,229,013	9,613,177	9,229,013	9,613,177
	Total Cash Resources	**20,408,148**	**18,036,719**	**20,408,148**	**8,036,719**

		COMPANY				GROUP			
12	**Investments**	**2014**		**2013**		**2014**		**2013**	
		Fair value	**Cost**	**Fair value**	**Cost**	**Fair value**	**Cost**	**Fair value**	**Cost**
		G$ 000	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**
	Available for Sale								
	Government of Guyana Treasury Bills	9,472,166	9,472,166	14,102,029	14,102,029	9,472,166	9,472,166	14,102,029	14,102,029
	Securities Issued by/ Guaranteed by Foreign Governments	7,456,254	7,581,808	7,125,203	7,592,125	7,456,254	7,581,808	7,125,203	7,592,125
	Corporate Bonds	4,135,523	3,945,749	4,318,490	4,174,029	4,135,523	3,945,749	4,318,490	4,174,029
	Investment in subsidiary's shares	16	16	16	16	-	-	-	-
		21,063,959	**20,999,739**	**25,545,738**	**25,868,199**	**21,063,943**	**20,999,723**	**25,545,722**	**25,868,183**
	Held to Maturity								
	Unlisted Investments	381,485	381,485	400,000	402,344	381,485	381,485	400,000	402,344
		21,445,444	**21,381,224**	**25,945,738**	**26,270,543**	**21,445,428**	**21,381,208**	**25,945,722**	**26,270,527**

	COMPANY 2014	COMPANY 2013	GROUP 2014	GROUP 2013
Investment in associate company	**2014**	**2013**	**2014**	**2013**
	G$ 000	**G$ 000**	**G$ 000**	**G$ 000**
Non Current Asset - Associate Company	**174,352**	**170,064**	**174,352**	**170,064**

The Bank holds 40% (2013-40%) of the share capital of the Guyana Americas Merchant Bank Inc.

	COMPANY 2014	COMPANY 2013	GROUP 2014	GROUP 2013
Associate company				
At 1 January	170,064	181,597	170,064	181,597
Share of profit/(loss) of associate company	(1,405)	785	(1,405)	785
	168,660	182,382	168,660	182,382
Share of investment reserve of associate company	5,693	(12,318)	5,693	(12,318)
At 31 December	174,352	170,064	174,352	170,064
Total Investments	**21,619,796**	**26,115,802**	**21,619,780**	**26,115,786**

NOTES TO THE FINANCIAL STATEMENTS

12 Investment-cont'd

Associate company- cont'd

The financial statements of Guyana Americas Merchant Bank Inc. in summary form as at 31 December is presented below:

	COMPANY AND GROUP	
Statement of income	**2014**	**2013**
	G$ 000	**G$ 000**
Income	42,604	43,585
Profit/ (Loss) after taxation	(3,511)	1,865
Statement of Financial Position		
Total assets	462,329	451,212
Tax Liability	3,277	3,319
Equity and liabilities		
Capital and reserves	456,882	446,162
Current liabilities	5,447	5,051
Total equity and liabilities	462,329	451,213

13 Loans and advances

	COMPANY AND GROUP	
	2014	**2013**
	G$ 000	**G$ 000**
Accrual loans and advances	40,150,710	42,623,841
Non accrual loans and advances	6,989,679	2,708,124
	47,140,389	45,331,965
Impairment allowances	(2,463,980)	(2,506,236)
Net loans and advances	**44,676,409**	**42,825,729**
Impairment allowances		
Collectively assessed impairment		
At 1 January	133,943	93,843
Written back in the year	-	(93,843)
Increase in allowance	-	133,943
At 31 December	133,943	133,943

13 Loans and advances - cont'd

	COMPANY AND GROUP	
	2014	2013
	G$ 000	G$ 000
Individually assessed impairment		
At 1 January	2,372,293	2,309,065
Write-offs	(272,256)	(16,672)
Increase in allowance	230,000	79,900
At 31 December	2,330,037	2,372,293
Total at 31 December	**2,463,980**	**2,506,236**

14 Property, Plant and Equipment

	COMPANY			
	Land and buildings G$ 000	Equipment G$ 000	Capital work-in-progress G$ 000	Total G$ 000
Cost/valuation				
At 1 January 2014	6,724,868	2,242,333	151,954	9,119,155
Additions	5,635	63,753	625,189	694,577
Disposals	-	(101,127)	(275,535)	(376,662)
Transfers	120,961	144,261	(265,222)	-
At 31 December 2014	6,851,464	2,349,220	236,386	9,437,070
Comprising:				
Cost	6,727,390	2,237,855	153,915	9,119,160
Valuation	124,074	111,365	82,471	317,910
	6,851,464	**2,349,220**	**236,386**	**9,437,070**
Accumulated depreciation				
At 1 January 2014	686,832	1,457,872	-	2,144,704
Charge for the year	129,135	224,236	-	353,371
Write back on disposals	-	(101,055)	-	(101,055)
At 31 December 2014	**815,967**	**1,581,054**	-	**2,397,021**
Net book values:				
At 31 December 2014	6,035,497	768,166	236,386	7,040,049
At 31 December 2013	6,040,558	779,978	153,915	6,974,450

14 Property, Plant and Equipment-cont'd

	GROUP			
	Land and buildings G$ 000	Equipment G$ 000	Capital work-in-progress G$ 000	Total G$ 000
Cost/valuation				
At 1 January 2014	6,724,868	2,242,333	566,945	9,534,146
Additions	5,635	63,753	863,681	933,069
Disposals	-	(101,127)	(275,535)	(376,662)
Transfers	362,046	144,261	(506,307)	-
At 31 December 2014	**7,092,549**	**2,349,220**	**648,784**	**10,090,553**
Comprising:				
Cost	6,727,390	2,237,855	153,915	9,119,160
Valuation	365,159	111,365	494,869	971,393
	7,092,549	**2,349,220**	**648,784**	**10,090,553**
Accumulated depreciation				
At 1 January 2014	686,832	1,457,872	-	2,144,704
Charge for the year	129,537	224,236	-	353,773
Write back on disposals	-	(101,055)	-	(101,055)
At 31 December 2014	**816,369**	**1,581,054**	**-**	**2,397,423**
Net book values:				
At 31 December 2014	**6,276,180**	**768,166**	**648,784**	**7,693,130**
At 31 December 2013	**6,040,558**	**779,978**	**568,906**	**7,389,441**

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$ (2013- G $6,792,590,000).

NOTES TO THE FINANCIAL STATEMENTS

14 Property, Plant and Equipment-cont'd

	COMPANY AND GROUP	
	2014	2013
Intangible assets	G$ 000	G$ 000
Net book Value of acquired software (included in equipment)	388,534	359,358

15 Other assets

	COMPANY		GROUP	
	2014	2013	2014	2013
	G$ 000	G$ 000	G$ 000	G$ 000
Interest and commissions accrued	422,632	379,849	422,632	379,849
Prepaid expenses	111,149	93,074	111,149	93,074
Prepaid stationery	27,807	30,518	27,807	30,518
Sundry debtors	163,767	54,119	163,767	54,119
Agriculture Diversification Fund	12,258	12,258	12,258	12,258
Deferred Tax (Note 10)	286,145	246,938	286,145	246,938
Assets classified as Held for Sale (See note 16)	28,247	26,067	28,247	26,067
Defined benefit asset(Note 24)	4,118	-	4,118	-
Taxes Recoverable	73,323	39,935	47,142	39,935
Other	802,708	552,449	150,555	137,473
	1,905,973	**1,435,207**	**1,253,821**	**1,020,231**

16 Assets classified as held for sale

Properties on hand

At 1 January	26,067	17,075	26,067	17,075
Additions	4,182	22,000	4,182	22,000
Disposals	(2,002)	(13,008)	(2,002)	(13,008)
At 31 December	**28,247**	**26,067**	**28,247**	**26,067**

17 Deposits

Demand	18,313,627	20,351,540	18,310,430	20,351,540
Savings	41,627,779	38,907,169	41,627,779	38,907,169
Term	20,587,101	24,289,290	20,587,101	24,289,290
	80,528,507	**83,547,999**	**80,525,310**	**83,547,999**

NOTES TO THE FINANCIAL STATEMENTS

		COMPANY		GROUP	
		2014	2013	2014	2013
		G$ 000	G$ 000	G$ 000	G$ 000
18	**Other Liabilities**				
	Agriculture Diversification Fund (a)	174,457	180,289	174,457	180,289
	Due to Banks	1,500,014	800,016	1,500,014	800,016
	Accrued interest on deposits	130,782	150,637	130,782	150,637
	Unpresented drafts	117,199	123,261	117,199	123,261
	Accrued expenses	73,788	100,110	73,788	100,110
	Defined Benefit Liability (Note 24)	-	642	-	642
	Taxation	66,063	217,461	66,063	217,461
	Others	1,096,902	93,810	1,096,885	93,810
		3,159,205	**1,666,226**	**3,159,188**	**1,666,226**

(a) On June 14, 2011, the Bank entered into a contract with the Ministry of Agriculture to carry out the implementation of a Financial Facility of US$1.7M which was funded by the Inter American Development Bank (IDB). The Financial Facility aims to increase Guyana's export growth rate in the agricultural sector by making financial resources through loans and grants available to eligible beneficiaries in three (3) clusters of non traditional agricultural exports, aquaculture, fruits and vegetables, and livestock (beef).

In 2011, two (2) tranches of funds totalling USD1,130,090 were disbursed to the Bank. Interest earned on the loans are exempted from Corporation Tax. The Financial Facility comes to an end on 31.08.2021 The Bank and the Ministry of Agriculture have agreed to an interest rate of 5% to 8% per annum.

		COMPANY AND GROUP	
		2014	2013
19	**Share capital**		
	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.

NOTES TO THE FINANCIAL STATEMENTS

	COMPANY AND GROUP 2014	2013
20 Reserves		
(a) Other reserve		
(i) Available for sale investment:-		
At 1 January	(318,257)	48,571
Movement	386,282	(366,828)
At 31 December	68,025	(318,257)
(ii) Share of reserve of associate company:-		
At 1 January	(42,897)	(30,579)
Share of comprehensive income	5,693	(12,318)
At 31 December	(37,204)	(42,897)
Total	**30,821**	**(361,154)**
(b) Statutory reserve		
At 1 January and 31 December	**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		
At 1 January	29,168	302,198
Movement	13,511	(273,030)
At 31 December	**42,679**	**29,168**

21 Capital Risk Management

The Group 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 Group's overall strategy remains unchanged from 2013

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

Capital Adequacy

The Group also monitors its Capital Adequacy with reference to the risk-based capital adequacy guidelines issued by the Bank of Guyana in keeping with the BASEL convention. 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 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 19.91% as at 31 December, 2014.

Total Tier 1 and Tier 11 Capital was 20.24% of risk-adjusted assets at 31 December, 2014 compared to 16.29% at the end of the previous year.

The Group did not have a fixed rate or range to distribute dividends but its dividends policy is based on the performance of the Bank and future development plans.

Gearing ratio
The gearing ratio at the year end was as follows:

	COMPANY		GROUP	
	2014	**2013**	**2014**	**2013**
	G$ 000	**G$ 000**	**G$ 000**	**G$ 000**
Debt (i)	80,528,507	83,547,999	80,525,310	83,547,999
Cash and cash equivalents	(20,408,148)	(18,036,719)	(20,408,148)	(18,036,719)
Net debt	60,120,359	65,511,280	60,117,162	65,511,280
Equity (ii)	11,962,663	10,173,681	11,966,790	10,173,681
Net debt to equity ratio	5.0:1	6.4:1	5.0:1	6.4:1

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

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

22 Financial Risk Management

Financial risk management objectives

The Group's Management monitors and manages the financial risks 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 Group 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 Group's Management reports monthly to the board of directors on matters relating to risk and management of risk

(a) Market risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Group 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

Other price risk

Other 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 minimize 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 Group's investment portfolio by its intermediary Guyana Americas Merchant Bank Inc.

The Group does not actively trade in equity investments.

(ii) Interest rate sensitivity analysis

The table below analyses the sensitivity of interest rates exposure for both financial assets and liabilities at the end of the reporting period. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate

Apart from the foregoing with respect to the other financial assets and liabilities,it was not possible to determine the expected impact of a reasonable possible change in interest rates on profit or equity as other factors such as credit risks,market risks,political and disaster risks can affect the value of the assets and liabilities.

22 Financial Risk Management - cont'd

(a) Market Risk - cont'd

(ii) Interest rate sensitivity analysis cont'd

The impact on the profit for the year is the effect of changes in interest rates on the floating interest rates of financial assets and liabilities. This impact is illustrated on the following table

		GROUP	
		Impact on profit for the year	
	Increase/ decrease in basis point	**2014 Increase/(Decrease)**	**2013 Increase/(Decrease)**
		G' 000	G' 000
Local Currency	+/-50	91,444	86,880
Foreign Currencies	+/-50	55,731	58,857

(iii) Interest Rate Risk

The Group is exposed to interest rate risk but the Group's sensitivity to interest is immaterial as its financial instruments are substantially at fixed rates. The Group's exposures to interest rate risk on financial assets and financial liabilities are listed below:

		GROUP				
		Maturing				
		2014				
	Average Interest rate	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
		G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Assets						
Cash resources	0.00 to 2.45	11,179,135	-	-	9,229,013	20,408,148
Investments	3.91	11,381,056	3,365,551	6,698,817	174,356	21,619,780
Loans and advances (net)	10.07	22,778,305	11,401,186	10,496,918	-	44,676,409
Other assets	-	-	-	-	1,253,821	1,253,821
		45,338,496	14,766,737	17,195,735	10,657,190	87,958,158
Liabilities						
Deposits	1.35	66,804,688	-	-	13,720,622	80,525,310
Other liabilities		-	-	-	3,159,188	3,159,188
		66,804,688	-	-	16,879,810	83,684,498
Interest sensitivity gap		(21,466,192)	14,766,737	17,195,735		

22 Financial Risk Management - cont'd

(a) Market Risk - cont'd

(iii) Interest Rate Risk cont'd

		GROUP				
		Maturing				
		2013				
	Average Interest rate %	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	0.00 to 2.45	7,930,686	-	-	10,106,049	18,036,735
Investments	3.91	16,060,504	3,395,581	6,489,638	170,068	26,115,791
Loans and advances (net)	10.07	21,948,699	7,758,580	13,118,450	-	42,825,729
Other assets	-	-	-	-	1,020,231	1,020,231
		45,939,889	11,154,161	19,608,088	11,296,348	87,998,486
Liabilities						
Deposits	1.35	63,196,459	-	-	20,351,540	83,547,999
Other liabilities		-	-	-	1,666,226	1,666,226
		63,196,459	-	-	22,017,766	85,214,225
Interest sensitivity gap		(17,256,570)	11,154,161	19,608,088		

(iv) Currency Risk

The Group's exposure to the effects of fluctuations in foreign currency exchange rates arose 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 shown:

	GROUP					
	Euro € G$ 000	US $ G$ 000	GBP£ G$ 000	Cdn $ G$ 000	Others G$ 000	Total G$ 000
31 December 2014						
Assets	343,943	21,321,880	240,459	85,557	85,467	22,077,306
Liabilities	31,468	4,673,226	5,310	201	-	4,710,205
31 December 2013						
Assets	48,239	17,894,597	66,154	108,593	256,793	18,374,376
Liabilities	26,304	6,323,747	22,482	626	-	6,373,159

22 **Financial Risk Management - cont'd**
(a) Market Risk - cont'd
(iv) Currency Risk cont'd

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 2.5% increase and decrease in the Guyana dollar (GYD) against the relevant currencies. 2.5% is the sensitivity rate used when reporting foreign currency risk internally to key 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 foreign 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.

	Euro Impact		**US Dollar Impact**		**£ Sterling Impact**		**Canadian Dollar Impact**	
	2014	2013	2014	2013	2014	2013	2014	2013
	$M	$M	$M	$M	$M	$M	$M	$M
Profit or (loss)	4.69	0.14	249.73	92.11	3.53	(1.31)	1.28	5.40

(b) Liquidity Risk

The Group 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 Group'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 Group.

NOTES TO THE FINANCIAL STATEMENTS

22 Financial Risk Management - cont'd

(b) Liquidity Risk - cont'd

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.

	GROUP					
	Maturing					
	2014					
		Within 1 year				
	On Demand G$ 000	Due in three months G$ 000	Due within 3 to 12 months G$ 000	1 to 5 years G$ 000	Over 5 years G$ 000	Total G$ 000
Cash resources	19,777,390	630,758		-	-	20,408,148
Investments	721,263	269,568	10,390,229	3,365,551	6,873,169	21,619,780
Loans & advances (net)	6,028,847	1,383,158	15,366,300	11,401,186	10,496,918	44,676,409
Other assets	1,253,821	-		-	-	1,253,821
	27,781,321	2,283,484	25,756,529	14,766,737	17,370,087	87,958,158
Liabilities						
Deposits	75,203,862	958,766	4,362,682	-	-	80,525,310
Other liabilities	3,159,188	-	-	-	-	3,159,188
	78,363,050	958,766	4,362,682	-	-	83,684,498
Net assets/(liabilities)	**(50,581,729)**	**1,324,718**	**21,393,847**	**14,766,737**	**17,370,087**	**4,273,660**

	GROUP					
	Maturing					
	2013					
		Within 1 year				
	On Demand G$ 000	Due in 3 mths G$ 000	Due 3 - 12 mths G$ 000	1 to 5 years G$ 000	Over 5 years G$ 000	Total G$ 000
Assets						
Cash resources	16,323,857	775,982	936,879	-	-	18,036,719
Investments	170,064	9,134,529	6,925,975	3,395,581	6,489,638	26,115,786
Loans & advances (net)	3,779,398	2,389,495	15,779,806	7,758,580	13,118,450	42,825,729
Other assets	379,849	-	640,382	-	-	1,020,231
	20,653,168	12,300,006	24,283,042	11,154,161	19,608,088	87,998,465
Liabilities						
Deposits	59,258,709	16,693,721	7,595,569	-	-	83,547,999
Other liabilities	1,666,226	-	-	-	-	1,666,226
	60,924,935	16,693,721	7,595,569	-	-	85,214,225
Net assets/(liabilities)	(40,271,767)	(4,393,715)	16,687,473	11,154,161	19,608,088	2,784,240

22 Financial Risk Management - cont'd

(c) i. Credit Risk

Credit Risk exposures arise principally in lending and investment activities. Credit risk also occurs in off balance sheet financial instruments such as guarantees and letters of credit. This risk relates to the possibility that a counter party will cause a financial loss to the Group by failing to discharge an obligation.The Group's lending and investing activities are conducted with various counterparties and in pursuing these activities the Bank is exposed to credit risk. These are the principal areas of activity for the Group and it is expected that such exposures will continue to exist for the foreseeable future.The management of credit risks is of utmost importance and an appropiate organizational structure has been put in place to ensure that this function is effectively discharged. Management carefully manages its exposure to credit risk through appropriate policies, procedures, practices and audit functions together with approved limits.

ii. Credit Risk Management

In its management of credit risk, the organisational structure supports the lending philosophy of the Group. This structure comprises the Board of Directors, the Board Credit Committee (BCC), the Chief Executive Officer, Head of Credit; Senior Management of Risk and Compliance and the Internal Audit Function.

To facilitate day to day decision making and timely implementation of decisions, the Board has delegated authority for specific areas to specific committees and/or officers with an appropriate reporting system to the Board. The Board Credit Committee focuses primarily on credit risk appetite and in so doing sanction amendments to credit policies, delegation of lending authority to senior management and credit requests exceeding the authority of management.

The CEO along with the Senior Manager of risk monitors the effectiveness of credit procedures and policies and may direct changes to strategies to improve the effectiveness of policies. Policies are established and communicated through the Bank's written Credit Policy Manual. This document sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Major areas of focus are: General Credit Criteria; Credit Risk Rating; Controls Risk Mitigants over the Credit Portfolio and Credit Concentration among others.The Bank's policies and procedures are dedicated to controlling and monitoring risk from such activities. Compliance with credit policies and exposure limits is reviewed by the internal auditors on a continuous basis.

Risk Limit Control and Mitigation Policy

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or Bank's of borrowers, industry and country segments. The Bank monitors its concentration of credit exposure so that no single borrower or industry default will have a material impact on the Group.

22 Financial Risk Management - cont'd

(c) ii. Credit Risk Management - cont'd

(a) Single Borrower and Borrower Bank Exposure Limits

Limits established by regulatory authorities have been incorporated into the credit policies where concentration is restricted by limiting credit amounts to a fraction of the capital base. This is supported by a stringent reporting requirement and is further enhanced by policies requiring periodic review of all commercial credit relationships.

(b) Industry Exposure Limits

These limits have been established based on a ranking of the riskiness of various industries. The ranking is guided by a model developed for the Bank for this purpose. The model utilises a scale incorporating scores of 1 to 8 with 1 being the least risky. These have been consolidated into four (4) bands of exposure limits which have been set in relation to the total credit portfolio with a smaller limit being assigned to the more risky industries.

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 Group 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

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 practice.

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 conceptualized, 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.

22 Financial Risk Management - cont'd

(c) ii. Credit Risk Management - cont'd

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 Group's own prudential judgements.

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

xii. Generation of daily and monthly management exception reports.

xiii. he avoidance of being one of multiple lenders to a borrower. In the event this occurs, the Group 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 Group's lending portfolio so as to spread the risk and stabilise financial results.

22 Financial Risk Management - cont'd

(c) iii. Credit Risk Measurement

As part of the on-going process of prudent risk management, the Group's policy is to risk rate credit facilities at the time of approval and on a regular basis. The Credit Classification System is in place to assign risk indicators to credits in the portfolio and engages the traditional categories utilized by regulatory authorities.

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

	COMPANY	
	2014 Maximum exposure G' 000	2013 Maximum exposure G' 000
Cash and Short Term Funds	11,179,135	8,423,542
Deposit with Bank of Guyana	9,229,013	9,613,177
Investments:		
Available for Sale	21,063,943	25,545,738
Held to Maturity	381,485	400,000
Loans and Advances	44,676,409	42,825,729
Total	**86,529,985**	**86,808,186**
Customer liability under accepances,guarantees and letters of credit	1,107,899	3,352,142
	1,107,899	3,352,142
Total Credit risk exposure	87,637,884	90,160,328

The above table represents a worst case scenario of credit risk exposure to the Bank without taking account of any collateral held or other credit enhancements attached.

	COMPANY AND GROUP	
Credit Quality	2014	2013
Loans & Advances	G$ 000	G$ 000
Neither past due nor impaired	38,204,530	41,082,081
Past due but not impaired	1,946,180	1,541,759
Impaired	6,989,679	2,708,125
	47,140,389	45,331,965

22 Financial Risk Management - cont'd

(c) iii. Credit Risk Measurement - cont'd

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 31 December 2014 can be assessed by reference to the Bank's credit grading system. The following information is based on that system.

	2014 G$ 000	2013 G$ 000
Grade 1 - Satisfactory risk	37,826,666	41,524,072
Grade 2 - Monitor list		
- Past Due up to 29 days	1,245,556	233,696
- Past Due 30 - 59 days	544,930	922,644
- Past Due 60 - 89 days	155,694	385,419
	1,946,180	1,541,759

The security held for these loans are the same as those stated in Note 22 (c)(iv).

(d) Impaired Loans and Advances

The Bank's rating process for credit facilities extends across its Branches and 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.

The Bank's 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.

22 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)

	COMPANY AND GROUP	
	2014	**2013**
	G$ 000	**G$ 000**
Grade 3 - Sub-standard		
- Past due 90 - 179 days	1,594,058	589,288
Grade 4 - Doubtful and loss		
- Past due 180 - 359 days	3,336,427	1,136,047
- Past due 360 days and over	2,059,194	982,790
	5,395,621	2,118,837
Total impaired loans and advances	6,989,679	2,708,125
Impaired loans and advances by product type (includes corporate facilities)		
Quality lifestyle loans	281,778	184,182
Commercial loans and advances (includes corporate facilities)	6,707,901	2,523,943
	6,989,679	2,708,125

The tables below depict the Bank's exposure to credit risk based on the geographic region where financial instruments are held.

	GROUP					
As at December 2014	**Guyana**	**Caricom**	**North America**	**Europe**	**Others**	**Total**
	G$' 000	G$' 000	G$' 000	G$' 000	G$' 000	G$' 000
On Statement of Financial Position						
Cash resources	11,721,429	2,907,181	5,439,595	339,943	-	20,408,148
Investments	10,023,728	10,004,181	-	-	1,591,871	21,619,780
Loans and advances (net)	43,646,409	1,030,000	-	-	-	44,676,409
Other assets	1,253,821	-	-	-	-	1,253,821
	66,645,387	13,941,362	5,439,595	339,943	1,591,871	87,958,158

22 Financial risk management - cont'd

(d) Impaired Loans and Advances - cont'd

	GROUP					
	Guyana	Caricom	North America	Europe	Others	Total
	G$' 000	G$' 000	G$' 000	G$' 000	G$' 000	G$' 000
Off Statement of Financial Position						
Acceptances,Guaranttees and Letters of Credit	-	-	2,235,405	-	-	2,235,405
	-	-	2,235,405	-	-	2,235,405
Total	**66,645,387**	**13,941,362**	**7,675,000**	**339,943**	**1,591,871**	**90,193,563**

As at December 2013	Guyana	Caricom	North America	Europe	Others	Total
	G$' 000	G$' 000	G$' 000	G$' 000	G$' 000	G$' 000
On Statement of Financial Position						
Cash resources	12,906,066	1,860,150	3,165,281	105,222	-	18,036,719
Investments	14,672,097	9,931,334	-	-	1,512,355	26,115,786
Loans and advances (net)	41,801,979	1,023,750	-	-	-	42,825,729
Other assets	1,020,231	-	-	-	-	1,020,231
	70,400,373	12,815,234	3,165,281	105,222	1,512,355	87,998,465
Off Statement of Financial Position						
Acceptances,Guaranttees and Letters of Credit	-	-	3,352,142	-	-	3,352,142
	-	-	3,352,142	-	-	3,352,142
Total	**70,400,373**	**12,815,234**	**6,517,423**	**105,222**	**1,512,355**	**91,350,607**

22 Financial risk management - cont'd

(e) Investment Securites

The Group utilizes external ratings such as international credit rating agencies or their equivalent in managing credit risk exposures for investments.

The table below represents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation.

	GROUP			
31 December 2014	Treasury Bills G$'000	Available for Sale Securites G$'000	Held to Maturity Securites G$'000	Total G$'000
A- to AAA	-	2,182,586	-	2,182,586
BBB- to BBB+	-	3,115,555	-	3,115,555
Lower than BBB-	-	3,067,187	-	3,067,187
Unrated	10,643,313	2,055,302	555,837	13,254,452
	10,643,313	10,420,630	555,837	21,619,780

31 December 2013	Treasury Bills G$'000	Available for Sale Securites G$'000	Held to Maturity Securites G$'000	Total G$'000
A- to AAA	-	1,984,705	-	1,984,705
BBB- to BBB+	-	2,841,086	-	2,841,086
Lower than BBB-	-	3,736,992	-	3,736,992
Unrated	14,102,029	2,880,910	570,064	17,553,003
	14,102,029	11,443,693	570,064	26,115,786

The carrying value of past due or impaired loans and advances whose terms have been re-negotiated

	COMPANY AND GROUP	
	2014 G$ 000	2013 G$ 000
Renegotiated Loans/Overdrafts	2,498,738	1,689,995

Commitment Fees

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

22 Financial risk management - cont'd

(f) Diversification of Exposure

The Group 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 borowers 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

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

	COMPANY AND GROUP	
	2014	2013
	G$ 000	G$ 000
Loans and advances		
Agriculture	7,106,706	7,535,786
Services & Distribution	24,051,182	21,910,901
Manufacturing	4,101,181	3,725,089
Household	9,865,037	9,879,335
Mining and quarrying	2,016,283	2,280,854
	47,140,389	45,331,965
Impairment allowances	(2,463,980)	(2,506,236)
Net Loans and Advances	44,676,409	42,825,729
Concentration of deposits		
Deposits		
State entities	18,914,022	20,599,357
Commercial sector	11,106,969	14,858,561
Personal sector	44,586,533	42,561,912
Other enterprises	4,130,442	3,581,497
Non residents	1,787,344	1,946,672
	80,525,310	83,547,999

23 Contingencies

(i) Contingent Liabilities

(a) Pending litigations

The Group 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

	COMPANY AND GROUP							
	2014				2013			
	Under 3 mths G$'000	3 to 12 months G$'000	Over 12 mths G$'000	Total G$'000	Under 3 mths G$'000	3 to 12 months G$'000	Over 12 mths G$'000	Total G$'000
State entities	-	-	26	26	1,641	49,805	26	51,472
Commercial sector	599,487	400,064	714,069	1,713,620	1,470,939	636,898	546,230	2,654,067
Personal sector	14,000	113,955	393,803	521,758	128,450	94,451	423,708	646,609
	613,487	514,019	1,107,898	2,235,404	1,601,030	781,154	969,964	3,352,148

24 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 2014 by Bacon Woodrow & 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.

	COMPANY AND GROUP	
	2014 G$ 000	2013 G$ 000 Restated
(a) Amounts in the statement of financial position:		
Defined benefit obligation	538,345	464,702
Fair value of plan assets	(542,463)	(464,060)
Deficit/(surplus)	(4,118)	642
Effect on Asset Ceiling	-	-
Defined benefit liability/(asset)	(4,118)	642

24 Defined Benefit Asset - cont'd

	COMPANY AND GROUP	
	2014	**2013**
	G$ 000	**G$ 000**
(b) Changes in the present value of the defined benefit obligation		Restated
Defined Benefit Obligation at the start of the year	464,702	393,113
Current Service Cost	67,206	61,968
Interest Cost	20,739	17,548
Past Service Cost/(Credit)	-	-
Remeasurements		
- Experience adjustments	(6,565)	(1,554)
Members' contribution	-	-
Benefit Improvements		
Actuarial Gain	-	-
Benefits Paid	(7,737)	(6,373)
Defined Benefit Obligation at the end of the year	**538,345**	**464,702**

(c) Changes in the fair value of the plan assets

	2014	**2013**
	G$ 000	**G$ 000**
Plan Assets at start of year	464,060	398,497
Intest income	22,252	19,212
Return on plan assets, excluding interest income	(5,377)	(11,143)
Bank Contributions	69,265	63,867
Benefits Paid	(7,737)	(6,373)
Plan Assets at the end of the year	**542,463**	**464,060**
Actual return on Plan assets	**16,875**	**8,069**

(d) Asset allocation

Deposit adminstration contract	483,593	411,625
Annuity policies	58,870	52,435
Fair value of plan asset at the end of the year	**542,463**	**464,060**

The value of the Plan's assets is equal to the face value of the deposit adminstration contract provided by the insurance company provider, NALICO plus an estimate of the value of the Plan's immediate annuity policies which was calculated using the same assumptions used to calculate the defined benefit obligation. The value of these policies is not quoted and is reliant on NALICO's financial strength.

The Plan's assets are invested in a strategy agreed with the Plan's Trustees which is largely driven by statutory constraints and asset availability. There are no asset-liability matching strategies used by the Plan other than the decision to purchase immediate annuity policies to match pensions in payments

24 Defined Benefit Asset - cont'd

	2014 G$ 000	2013 G$ 000
(e) Expense recognised in Profit or Loss		
Current service cost	67,206	61,968
Net interest on Net Defined Benefit Liability/(asset)	(1,513)	(1,664)
Past Service Cost	-	-
Net pension cost	65,693	60,304
(f) Re-measurements recognised in Other Comprehensive Income		
Experience (gains)/losses)	1,188	9,589
Effect of Asset Ceiling	-	-
Total amount recognised in Other Comprehensive Income	1,188	9,589
(g) Reconciliation of opening and closing balance sheet entries		
Defined benefit liability/(asset) at prior year end	624	(5,384)
Unrecognised gain charged to retained earnings	-	-
Opening defined benefit liability/(asset)	642	(5,384)
Net pension cost	65,693	60,304
Re-measurements recognised in other comprehensive income	(1,188)	9,589
Bank's contributions paid	(69,265)	(63,867)
Closing defined benefit liability/(asset)	(4,118)	642

(h) Summary of principal assumptions as at 31 December	2014 Per annum %	2013 Per annum %
Discount rate	4.5	4.5
Average individual salary increases	4.5	4.5
Future pension increases	0.0	0.0

Assumptions regarding future morality are based on published morality tables. The life expectancies underlying the value of the defined benefit obligation as at 31 December are as follows:

NOTES TO THE FINANCIAL STATEMENTS

24 Defined Benefit Asset - cont'd

(h) Summary of principal assumptions as at 31 December - cont'd

	2014	2013
Life expectancy for current pensioner in years		
- Male (aged 60)	18	18
- Female (aged 55)	26.9	26.9
Life expectancy for current members age 40 in years		
- Male (aged 60)	18	18
- Female (aged 55)	26.9	26.9

(i) Sensitivity analysis

Since the majority of the Plan's liabilities are defined contribution in nature and pensions in payment are insured, the surplus or deficit in the Plan is not very sensitive to the actuarial assumptions used in the calculations.

(j) Funding

The Bank meets the cost of funding the Pension Plan. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. The Bank expects to pay G$74.806M to the Pension Plan during 2014.

(k) Experience History	2010	2011	2012	2013	2014
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
			Restated		
Defined Benefit Obligation	287,653	322,998	393,113	464,702	538,345
Fair Value of Plan Assets	(312,442)	(350,420)	(398,497)	(464,060)	(542,463)
(Deficit)/profit	(24,789)	(27,422)	(5,384)	642	(4,118)
Experience adjustment on Plan liabilities	(9,017.0)	(14,944.0)	(4,613)	-	-
Experience adjustment on Plan assets	(5,440.0)	(7,355.0)	(6,825)	-	-

	COMPANY AND GROUP	
	2014	2013
	G$ 000	G$ 000
25 Balances excluded from the accounts	9,942	9,942

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

26 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.

A number of banking transactions are entered into with related parties in the normal course of business.Such transactions were executed at rates of interest and charges that are similar to transactions involving third parties in the normal course of business. Transactions were both secured and unsecured.

Employees in the Group are granted loans, advances and other banking services at preferential rates.

	GROUP	
(a) **Group companies**	**2014**	**2013**
	G$ 000	**G$ 000**
(i) Loans and advances		
Balances at end of year	1,833,968	1,756,889
Interest income	156,805	101,391
(ii) Deposits		
Balance at end of year	2,348,683	2,101,366
Interest expense	32,449	9,364
(iii) Commissions	6,366	5,539
(iv) Insurance Coverage	6,540,633	6,361,583
(v) Insurance premiums paid	38,745	31,440
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		
(vi) Rental of locations-NALICO	2,088	2,088
(vii) All pension payments have been secured by annuities from Nalico.See note 24(b)		
(b) Parent company		
Deposits		
Balance at end of year	2,807	32,720
Interest expense	-	21

26 Related Party Transactions and Balances - cont'd

	GROUP	
	2014	2013
	G$ 000	G$ 000
(c) **Associate company**		
(i) Deposits		
Balance at end of year	9,214	21,593
Interest expense	-	-
(ii) Investments		
Investments effected through associate company (fair value)	2,116,181	1,888,849
(iii) Fees paid to associate company-Guyana Americas Merchant Bank Inc.	2,496	2,511
(iv) Annual rental income received- Guyana Americas Merchant Bank Inc.	5,582	5,582
(d) **Subsidiary company**		
(i) Loans and advances		
Balances at end of year	652,136	414,991
(ii) Rental Paid	4,500	-

(e) Key management personnel

(i) **Compensation**

The Group's 44 (2013 -42) key management personnel comprise its Directors, its Chief Executive Officer and Managers. The remuneration paid to key management for the year was as follows:

	GROUP	
	2014	2013
	G$ 000	G$ 000
Short-term employee benefits	218,226	172,710
Post-employment benefits	2,438	8,798
	220,664	181,508

26 Related Party Transactions and Balances - cont'd

(e) Key management personnel - cont'd

	GROUP	
	2014	2013
	G$ 000	G$ 000
(ii) Directors Emoluments		
Amounts represents fees paid to individuals in respect of their services as directors (included in key ammangement compensation)		
Chairman	3,300	3,175
Executive Director	1,100	1,058
Non- Executive Director	7,700	7,408
	12,100	11,641
(iii) Loans and advances		
Balance at end of year	448,456	293,105
Interest income	31,452	14,011
(iv) Deposits		
Balance at end of year	182,564	317,547
Interest expense	868	2,925

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

No provision was made for loan losses to related parties.

(v) Hughes Fields & Stoby		
Fees	580	580

Messrs. Hughes, Fields & Stoby provides a range of legal services to the Group which include 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 Group in actions filed by the Group against defaulting customers, as well as in actions filed against the Group; follows through on the entering of judgements obtained and levy proceedings commenced; and generally provides legal advice on miscellaneous Group related matters.The fees charged for these services are paid directly to Messrs. Hughes, Fields and Stoby by the customer.

		COMPANY AND GROUP	
		2014	2013
		G$ 000	G$ 000
27	**Capital Commitments**		
	Capital commitments not provided for in the financial statements	196,734	213,300
28	**Dividends**		
	Amounts recognised as distributions to shareholders in the year:		
	Final dividend for year ended 31 December 2014 G$12.00 per share (2013 - G$12.00)	480,000	440,000
	Interim dividend of G$6.00 per share (2013 - G$5.00)	240,000	200,000
		720,000	640,000
	Proposed final dividend of G$11.00 per share (2013 - G$12.00)	440,000	480,000

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.

29 Fair Value of Financial Instruments

The following table details the carrying costs of financial assets and liabilities and their fair values

	GROUP		GROUP	
	2014		2013	
	Carrying Value G$ 000	Fair Value G$ 000	Carrying Value G$ 000	Fair Value G$ 000
Financial assets				
Cash resources	20,408,148	20,408,148	18,036,719	18,036,719
Investments:-				
Available for sale	21,063,943	21,063,943	25,545,722	25,545,722
Held to maturity	555,837	555,837	570,064	570,064
Loans and advances:-	44,676,409	44,676,409	42,825,729	42,825,729
Other assets	1,253,821	1,253,821	1,020,231	1,020,231
	87,958,158	87,958,158	87,998,465	87,998,465

29 Fair Value of Financial Instruments - cont'd

	GROUP 2014		GROUP 2013	
	Carrying Value G$ 000	Fair Value G$ 000	Carrying Value G$ 000	Fair Value G$ 000
Financial liabilities				
Deposits	80,525,310	80,525,310	83,547,999	83,547,999
Other liabilities	3,159,188	3,159,188	1,666,226	1,666,226
	83,684,498	83,684,498	85,214,225	85,214,225

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

(a) Available for sale and held to maturity financial assets

	GROUP	
	2014 G$ 000	2013 G$ 000
Level 1	11,591,777	11,443,693
Level 2	10,028,003	14,672,093
	21,619,780	26,115,786

(b) The fair values of assets held for sale were evaluated by reference to the market value of similar properties as held for sale financial assets.

(c) Loans and advances are net of specific and other provisions for impairment.The fair value of loans and advances is based on expected realisation of outstanding balances taking into account the bank's history with respect to deliquencies.

(d) Financial intruments where the carrying amounts are equal to fair value:-Due to their short-term maturity, the carrying amounts of certain financial instruments are assumed to approximate their fair values.These include cash resources,customer's deposits accounts,other assets and liabilities.

Fair value measurements recognised in the statement of financial position

The following provides details of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 2 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

30 Segment Information

The accounting policies of the operating segments are the same as those describe in note 3.1(w) of the summary of significant accounting policies except that pension expenses for each operating segments are recognised and measured on the basis of cash payments to the pension plan.The Group evaluates performanance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains and losses.

The Group accounts for intersegment revenue and transfers as if the revenue or transfers were with third parties ie at current market prices.

The Group's reportable segments are strategic business units that offer different products and services.They are managed separately because each business requires different technologies and marketing strategies.Most of the business were acquired as individual units, and the management at the time of the acquisition was retained.

Operating segments are being identified on the basis of internal reports maintained by components of the Group that are regularly reviewed by management in order to allocate resources to the segments and to assess their performance.

Effective from 1 January 2009 the Group's business has been classified primarily into two main segments, namely Retail Commercial Banking and Treasury(by class of business).

The table below shows segment information by class of business

	GROUP		
	2014		
	Retail and Commercial Banking	Treasury	Total
	$'000	$'000	$'000
Interest Income	5,328,077	60,450	5,388,527
Interest Expense	(895,113)	-	(895,113)
Net Interest Income	4,432,964	60,450	4,493,414
Loan Impairment Expense	(230,000)	-	(230,000)
Loan Impairment Recoveries	53,322	-	53,322
	4,256,286	60,450	4,316,736
Other Income	1,311,283	-	1,311,283
Share of profit of Assocaite company	-	(1,405)	(1,405)
Operating Expenses	(2,630,168)	-	(2,630,168)
Profit before Taxation	**2,937,401**	**59,045**	**2,996,447**

NOTES TO THE FINANCIAL STATEMENTS

30 Segment Information - cont'd

	GROUP		
	2014		
	Retail and Commercial Banking	Treasury	Total
Segment Assets			
Cash resources	-	20,408,148	20,408,148
Investments:-			
Available for sale	-	21,063,943	21,063,943
Held to Maturity	-	381,485	381,485
Non Current Assets-Associate company	-	174,352	174,352
Loans and advances	44,676,409	-	44,676,409
Property and equipment	-	7,693,130	7,693,130
Deferred tax assets	-	286,145	286,145
Other assets	-	967,676	967,676
Total segment assets	**44,676,409**	**50,974,879**	**95,651,288**
Segment Liabilities			
Deposits:-			
Demand	18,313,627	-	18,313,627
Savings	41,624,582	-	41,624,582
Term	20,587,101	-	20,587,101
Due to banks	1,500,014	-	1,500,014
Taxation	66,063	-	66,063
Other	1,593,111	-	1,593,111
Total segment liabilities	**83,684,498**	**-**	**83,684,498**

30 Segment Information cont'd

	GROUP		
	2013		
	Retail and Commercial Banking	Treasury	Total
	$'000	$'000	$'000 Restated
Interest Income	4,119,975	925,264	5,045,239
Interest Expense	(960,043)	-	(960,043)
Net Interest Income	3,159,932	925,264	4,085,196
Loan Impairment Expense	(120,000)	-	(120,000)
Loan Impairment Recoveries	87,969	-	87,969
	3,127,901	925,264	4,053,165
Other Income	1,423,595	-	1,423,595
Share of loss of assocaite company	-	785	785
Operating Expenses	(2,416,079)	-	(2,416,079)
Profit before Taxation	**2,135,417**	**926,049**	**3,061,466**
Segment Assets			
Cash resources	-	18,036,719	18,036,719
Investments:-			
Available for sale	-	25,545,738	25,545,738
Held to Maturity	-	400,000	400,000
Non Current Assets-Associate company	-	170,064	170,064
Loans and advances	42,825,729	-	42,825,729
Property and equipment	-	6,974,450	6,974,450
Deferred tax assets	-	228,789	228,789
Other assets	-	1,206,417	1,206,417
Total segment assets	**42,825,729**	**52,562,177**	**95,387,906**
Segment Liabilities			
Deposits:-			
Demand	20,351,540	-	20,351,540
Savings	38,907,169	-	38,907,169
Term	24,289,290	-	24,289,290
Due to banks	110,777	-	110,777
Taxation	377,120	-	377,120
Other	1,178,329	-	1,178,329
Total segment liabilities	**85,214,225**	**-**	**85,214,225**

30 Segment Information cont'd

(a) The classification shown below is followed by a secondary classification into Geographical segments.

	Additions to Non Current Assets			
	Company		Group	
	2014	2013	2014	2013
	G$ 000	G$ 000	G$ 000	G$ 000
Retail and commercial lending	694,577	336,502	933,069	751,493

(b) Revenue from major services

The following is an analysis of the Group's revenue from its major services

	Company and Group	
	2014	2013
	G$ 000	G$ 000
Retail and commercial lending	5,328,077	4,119,975
Treasury	60,450	925,264
	5,388,527	5,045,239

(c) Geographical information

(i) The Group operates in two principal geographical area-Corporate Office and Other Branches

The Group's revenue derived from operations from external customers and information about its non current assets by geographical location are detailed below

	COMPANY AND GROUP			
	Revenue		Non Current Assets	
	2014	2013	2014	2013
	G$ 000	G$ 000	G$ 000	G$ 000
Treasury(Corporate office)	3,152,737	3,303,640	3,788,336	3,903,848
Retail and commercial banking(Other branches)	3,547,073	3,165,194	3,903,447	3,485,593
	6,699,810	6,468,834	7,691,783	7,389,441

30 Segment Information cont'd

(c) Geographical information - cont'd

	COMPANY AND GROUP			
	Revenue		Non Current Assets	
Revenue by geographic location				
2014	**Guyana**	**Caricom**	**Others**	**Total**
	G$ 000	G$ 000	G$ 000	G$ 000
Interest Income	4,584,481	730,534	73,512	5,388,527
Other Income	1,311,283	-	-	1,311,283
Total revenue	5,895,764	730,534	73,512	6,699,810
2013				
Interest Income	4,171,628	839,354	34,257	5,045,239
Other Income	1,423,595	-	-	1,423,595
Total revenue	5,595,223	839,354	34,257	6,468,834

Major customer

There were no revenues earned from an individual or group of customers that exceeded 10% of total revenues.

31 Analysis of financial assets and liabilities by measurement basis

	COMPANY						
ASSETS	Held for Sale	Held to Maturity	Loans and Receivables	Available for Sale	Financial Assets and Liabilities at amortised cost	Total	2013 Total
2014	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Cash resources	-	-	-	-	20,408,148	20,408,148	18,036,719
Investments	-	381,485	-	21,238,311	-	21,619,796	26,115,802
Loans & advances (net)	-	-	44,676,409	-	-	44,676,409	42,825,729
Other assets	-	-	-	-	1,905,973	1,905,973	1,435,206
Total Assets	**-**	**381,485**	**44,676,409**	**21,238,311**	**22,314,121**	**88,610,326**	**88,413,456**
2013	**-**	**400,000**	**42,825,729**	**25,545,738**	**19,471,925**		**88,413,456**
LIABILITIES							
2014							
Deposits	-	-	-	-	80,528,507	80,528,507	83,547,999
Other liabilities	-	-	-	-	3,159,205	3,159,205	1,666,226
	-	**-**	**-**	**-**	**83,687,712**	**83,687,712**	**85,214,225**
2013	**-**	**-**	**-**	**-**	**85,214,225**		**85,214,225**

31 Analysis of financial assets and liabilities by measurement basis - cont'd

	GROUP						
ASSETS	Held for Sale	Held to Maturity	Loans and Receivables	Available for Sale	Financial Assets and Liabilities at amortised cost	Total	2013 Total
2014	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Cash resources	-	-	-	-	20,408,148	20,408,148	18,036,719
Investments	-	381,485	-	21,238,295	-	21,619,780	26,115,786
Loans & advances (net)	-	-	44,676,409	-	-	44,676,409	42,825,729
Other	-	-	-	-	1,253,821	1,253,821	1,020,231
Total Assets	**-**	**381,485**	**44,676,409**	**21,238,295**	**21,661,969**	**87,958,158**	**87,998,465**
2013	**-**	**400,000**	**42,825,729**	**25,545,722**	**19,056,950**		**87,998,465**
LIABILITIES							
2014							
Deposits	-	-	-	-	80,525,310	80,525,310	83,547,999
Other	-	-	-	-	3,159,188	3,159,188	1,666,226
	-	**-**	**-**	**-**	**83,684,498**	**83,684,498**	**85,214,225**
2013	**-**	**-**	**-**	**-**	**78,577,616**		**85,214,225**

32 Pending Litigations

There are several pending litigations against the company. These matters are currently receiving the attention of the High Court and the outcome cannot be determined at this date.

33 Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on March 18, 2015