GBTI

We see Guyana through your eyes

THE LOGO

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

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

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

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

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

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GBTI

VISION STATEMENT

To be a reliable, efficient institution known for the use of modern banking technology; for being innovative while employing sound business practices.

MISSION STATEMENT

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

CORPORATE OBJECTIVES

- To create a friendly banking environment through the effective structuring of business operations and the provision of the highest standard of service in a courteous, confidential and reliable manner.
- To keep abreast of modern technology in the areas of transaction processing, information provision and communication with a view to enhancing customer service and convenience.
- To earn a reputation for ourselves as leaders in the areas of innovation and product diversification, and to increase our market share through the maintenance of a wide network of branches and an aggressive marketing policy.
- To provide on-going training for staff at all levels in order to improve the quality of our human resources and ultimately the quality of our service.
- To fulfil responsibilities of a good corporate citizen based on generally accepted corporate practices through the maintenance of standards of accountability and integrity.
- To earn a reasonable return on capital employed primarily through the maintenance of strong deposit and loan portfolios to the end that the shareholders will be adequately rewarded for their investment, and staff attractively remunerated for their efforts.

CORPORATE PROFILE

Guyana Bank for Trade and Industry Limited has a rich and successful history of over 180 years that began with the establishment of the first commercial bank in British Guiana, the Colonial Bank, in May 1836, continuing with the operations of Barclays PLC.

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

Today, GBTI provides an extensive range of services to its corporate and individual clients through its thirteen (13) countrywide branches – personal savings, business and investment accounts; personal, housing and business financing; GBTI Local Debit and Credit Cards and VISA International Prepaid and Credit Cards, Internet and Mobile Banking.

The Bank also provides other services such as a countrywide network of ATMs and Point of Sale Terminals; money transfer, letters of credit, bills collection and discounting, and pre-export trade financing.

CORPORATE INFORMATION

CHAIRMAN
Mr. Robin Stoby, S.C.

EXECUTIVE DIRECTOR
Mr. Richard Isava

DIRECTORS
Mr. Edward A. Beharry
Mr. Suresh E. Beharry
Mrs. Kathryn Eytle-McLean
Mr. Carlton James
Mr. Basil D.R. Mahadeo

REGISTERED OFFICE:
High and Young Streets,
Kingston,
Georgetown, Guyana,
South America

P. O. Box # 10280
Tel: 592-231-4400 -8
Fax: 592-231-4411
Email: banking@gbtibank.com
Website: www.gbtibank.com
SWIFT ID: GUTIGYGE

BRANCHES

GEORGETOWN
47-48 Water Street,
Robbstown, Georgetown
Tel.: 592-226-8430-9

138 Regent Street,
Lacytown, Georgetown
Tel.: 592-225-5291-3/5

CORRIVERTON
211 No. 78 Village,
Corriverton, Berbice
Tel.: 592-335-3399-3404

ANNA REGINA
2 Anna Regina,
Essequibo Coast
Tel.: 592-771-4830-3

PARIKA
300 Parika Highway,
East Bank Essequibo,
Guyana
Tel.: 592-260-4400-5

VREED-EN-HOOP
Lot N Plaintain Walk
Vreed-en-Hoop,
West Bank Demerara
Tel.: 592-264-2191/3-4

DIAMOND
Diamond Public Road
East Bank Demerara
Tel.: 592-265-3936/3943

LETHEM
Barrack Retreat,
Lethem
Rupununi
Tel.: 592-772-2241; 2270-3

PORT KAITUMA
Turn Basin
Port Kaituma
Tel.: 592-777-4087-9

PROVIDENCE
c/o Ramada Princess Hotel
Providence, E.B.D
Tel.: 592-265-7064-5

PORT MOURANT
Lot 2, Area Q,
Port Mourant, Berbice
Tel.: 592-336-6585-6; 6652-3

BARTICA
Lot 59 Second Avenue,
Bartica, Essequibo River
Tel.: 455-2011/2

ATTORNEYS-AT-LAW

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

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

Messrs. Sievewright Stoby & Co.
Chancery Chambers
15 Ketley & Drysdale Streets
Charlestown, Georgetown

AUDITORS:

TSD Lal & Co.
Chartered Accountants
77 Brickdam, Stabroek,
Georgetown

REGISTRAR & TRANSFER OFFICE

Guyana Americas Merchant Bank
GBTI Corporate Office
High and Young Streets,
Georgetown

NOTICE OF MEETING
31st Annual General Meeting

Notice is hereby given that the 31st Annual General Meeting of Guyana Bank for Trade and Industry Limited will be held on Friday, June 28, 2019, at the GBTI Head Office, High & Young Streets, Kingston, Georgetown, at 6.00 p.m. for the following purposes:-

1. To receive the Report of the Directors and the Audited Accounts for the year ended 31st December, 2018.
2. To approve the declaration of a dividend.
3. To elect Directors.
4. To fix the remuneration of the Directors.
5. To appoint Auditors.
6. To empower the Directors to fix remuneration of the Auditors.
7. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

………………………………

SHALEEZA SHAW
SECRETARY
April 29, 2019

Registered Office:
High & Young Streets, Kingston, Georgetown

N.B. Only Shareholders may attend.

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

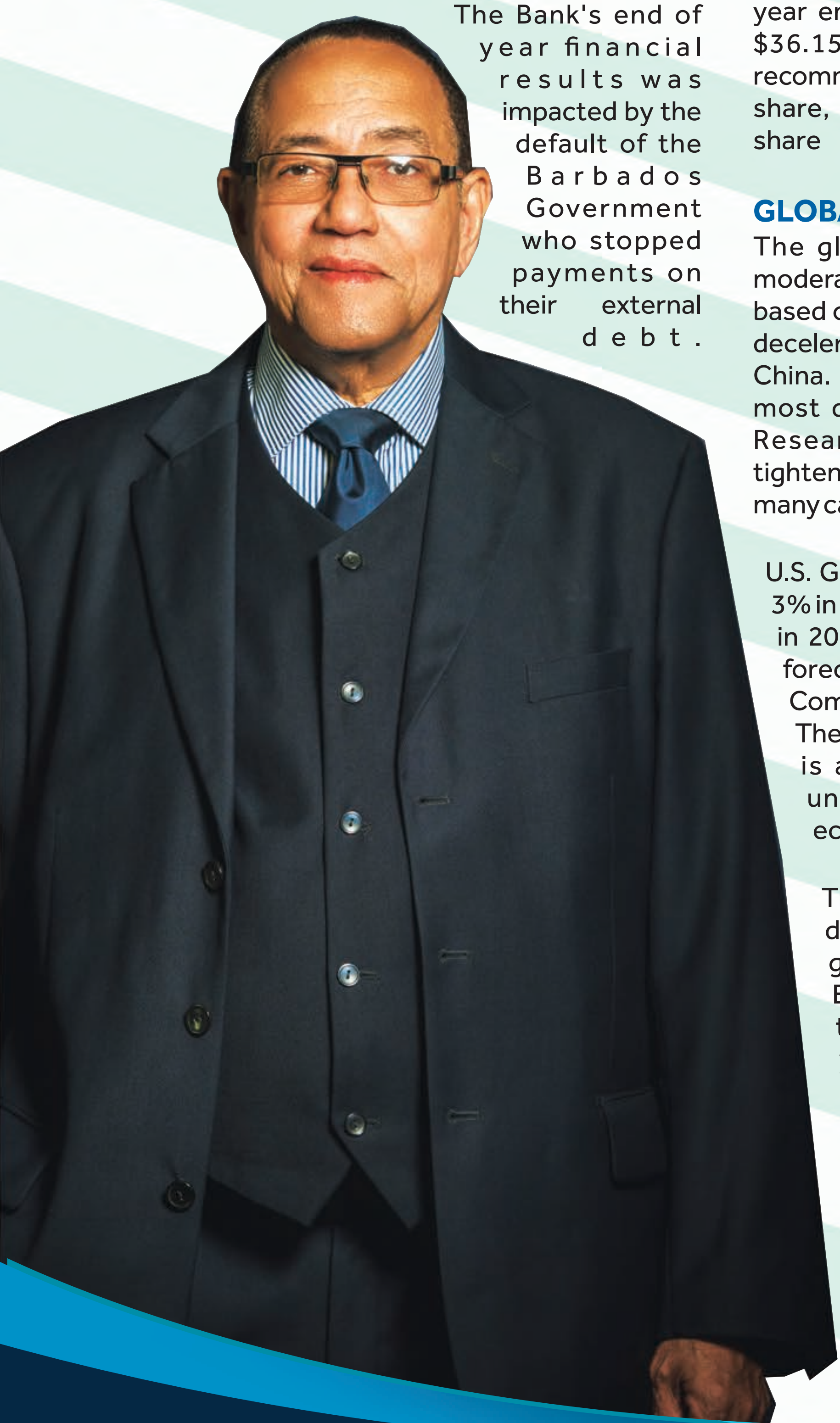
A Corporation which is a member of the Company may, by resolution of its Directors or other governing body, authorise such person as it thinks fit to act as its representative at any or all meetings of the Company.

Please bring this Notice to gain entry to the Meeting.

CHAIRMAN'S REPORT

Shareholders, 2018 presented many new challenges for your Bank, but as Chairman of the Board I assure you that the members of the Board and Senior Management stepped up to enable the Bank to achieve the level of stability in operations and financial performance experienced at the end of the year.

The Bank's end of year financial results was impacted by the default of the Barbados Government who stopped payments on their external debt.



While both regulatory and internal guidelines limit our exposure to any one borrower the impact of the Barbados government default did have a negative impact on our bottom line. Your Bank is now part of an international group of investors who are negotiating with the Government of Barbados through the IMF and other international advisers to restructure the debt owed to us. Our year end profit of $1.448 billion, equivalent to $36.15 per share, has informed the Board's recommendation of a final dividend of $10.00 per share, taking the total dividend to $14.00 per share

GLOBAL ENVIRONMENT

The global economy looks poised to slow moderately from 3.8% in 2018 to 3.5% in 2019 based on Goldman Sachs Research's view, led by deceleration in the US and further softening in China. But with growth still above potential in most developed economies, Goldman Sachs Research expects continued labor market tightening, gradually rising core inflation, and in many cases higher policy rates.

U.S. GDP growth will slow to 2.3% in 2019 from 3% in 2018. It will be 2 percent in 2020, and 1.8 % in 2021. That's according to the most recent forecast released at the Federal Open Market Committee meeting on December 19, 2018. The projected slowdown in 2019 and beyond is a side effect of the trade war, a not unexpected result of President Trump's economic policies.

The European Commission also delivered a downbeat report on its latest view of GDP growth in the Eurozone in 2019. The European Union's executive arm now sees the Eurozone expanding at just 1.3% this year compared with the 1.9% growth it projected as recently as last November. For 2020 growth of 1.6% is expected down from 1.7% forecast in November. Leading the downward revision was the traditional powerhouse of Europe, Germany. Growth in Germany in 2019 is now expected to be just 1.1% down from 1.8% projected last November.

GBTI

Moody's outlook for Latin American and Caribbean countries in 2019 is stable overall, reflecting their expectations for the fundamental credit conditions that will drive sovereign credit over the next 12-18 months. The stable outlook reflects still supportive economic growth, improved debt structures that mitigate liquidity risks, and moderate balance-of-payments risks. The biggest downside risks to the stable outlook stem from domestic challenges related to changes in political dynamics following presidential elections in 2018. Slower global growth in 2019 and elevated government debt burdens will limit upward rating pressures. Ultimately, the policies that the region's governments adopt will be key in determining sovereign credit trajectories.

LOCAL ECONOMY

2018 was an improved year with 3.4% GDP growth in Guyana which was higher than the 2.9% growth rate in 2017. Initially real GDP growth rate had been projected to be 3.8% at the start of the year, but this was later revised to 3.4% due to lower-than-expected performance in the gold and sugar industries for 2018.

Primary sector production will drive growth in the coming quarters. Mining, agriculture and forestry constitute a majority of Guyanese exports, and a recent influx of multilateral assistance will boost production and aid growth. In 2018, mining production of bauxite and other minerals grew 21.1% and 31.2% y-o-y respectively, while the agricultural sector grew 3.4%, despite an ongoing contraction in sugar production, but we do not expect this growth to continue once the effects of the closure of the sugar estates is truly demonstrated. We do expect an expansion in gold mining operations by Canadian firm Guyana Goldfields which will offer tailwinds to export growth in the short-to-medium term.

Higher government spending will support the construction sector and boost private consumption. Two factors will drive public expenditure growth in the next 12 months. First, the Guyanese government has increased infrastructure spending in advance of the expected fiscal windfall from its nascent energy sector. Our Oil & Gas team projects that Guyana will begin producing oil from its offshore Stabroek Block by 2020, reportedly offering a substantial boost to the country's fiscal account. This ought to support investment into the country's under-developed transport network, which will create more employment in the construction sector.

FINANCIAL RESULTS

Shareholders, the bank's profit of $1.448B represents a fall of 5% from the previous years. Despite the challenges presented; the bank has produced a good return on your investment.

Total Assets grew by $9B or 9.1% to $107.5B; the largest in the history of the bank. Total deposits grew by $7.5B or 8.4% as a testament to the continued confidence the banking public has in our bank.

The bank's performance has been clearly affected by non-performing assets. Efforts continue to engage our borrowers to improve their debt serving with the Bank, in addition we have had to resort to legal recourse in some cases to improve the situation. The current political instability is also negatively influencing the level of economic activity being generated. This has manifested itself in the reduced level of good lending opportunities available, and the more ready recourse that some debtors have to drift into a non-performing status.

As you are aware; the SOCU matter brought against the bank and all of its Directors personally, was dismissed recently in the Court. The bank wishes to emphasize that significant resources were diverted as part of the defense of this matter that had been ongoing for eighteen months, but also wishes to thank our legal team for their outstanding work in demonstrating the innocent stand of the Bank and its Directors, who nevertheless continue to be mystified at the reason for the prosecution in the first place. We would also like to take the opportunity to reiterate our deep commitment to the rule of law and the integrity of the banking system.

We would like to observe that we have managed our expenditure very prudently even as we undertake several initiatives to enhance our systems and processes in a rapidly changing banking environment which heralds a new and exciting future for banking in Guyana.

GOVERNANCE

At GBTI we are focused on improving the resilient nature of the Bank and the formulation of new and improved management structures, since our reputation, and the trust of our customers and the wider community, are the essential elements of our corporate objectives. In 2018 we created a Legal department for the Bank which has strengthened our internal corporate governance and has also improved the effectiveness and efficiency of many of our processes. Our customers can be confident that our daily operations and procedures have the additional benefit of guidance and advice from our own qualified internal legal counsel.

In addition, we created a Business Development Unit in 2018. This unit was designed to enhance the customer experience at GBTI. Our Business development officers engage in processes and utilise activities which are concerned with analytical preparation for probable growth opportunities for our clients, and also supports the strategy for implementation of these growth opportunities.

The goal of the Business Development unit is about creating long term value and long term positive growth for our customers, stakeholders and shareholders. The process of business development is all about identifying these interconnected networks, which will create new opportunities for growth for our customers.

The bank has also invested heavily in meeting the International Financial Reporting Standards (IFRS) to provide a common global language for business affairs so that company accounts are understandable and comparable across international boundaries. This would ensure transparency, accountability and efficiency to financial markets around the world. This is the first report in the Banking Sector in Guyana to espouse these standards.

We continue to seek to earn our customers' trust as we strive to become the Bank of choice in support of their business ventures. This responsibility we take seriously in our comprehensive assessment of their proposals, even as Guyana now heads down the Oil and Gas path. GBTI wants to ensure its customers are well prepared for the significant changes that are likely to occur in the next three years within our socio-economic circumstances.

We are cognizant that the current economic and business environment will change dramatically and we ourselves are undergoing change to prepare for what is to come. Change is never easy but with new processes, new technology and new products and financial structures we will guide our clients through this change.

LOOKING FORWARD

Fitch's Short-Term Political Risk outlook for Guyana was revised down reflecting elevated political uncertainty surrounding the legal dispute currently before the Caribbean Court of Justice, over a December 2018 no confidence motion against President David Granger's government. A highly sectarian political environment, combined with a lack of progress on constitutional reform, contributed to the lower overall score. While a strong 'policy continuity' score bolsters Guyana's ranking, weak 'social stability' and 'policymaking' scores weigh on the country's overall score.

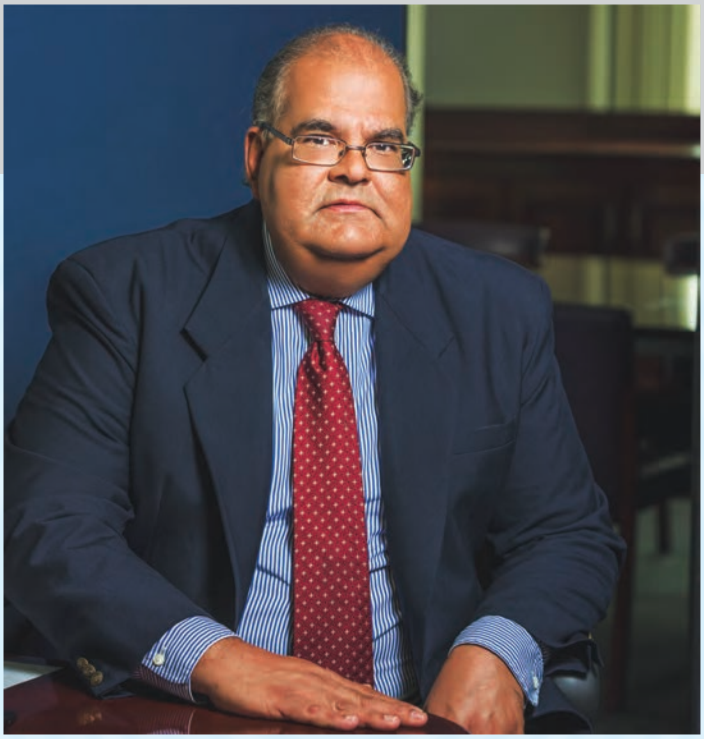
An ever-improving outlook for the oil and gas sector will lift Guyana's long-term growth prospects. The long-term view is that Guyana will see real GDP growth accelerate in 2020 as the country's offshore energy fields begin production. In December 2018, ExxonMobil, the primary operator of the Stabroek Block, announced its tenth offshore discovery and increased its projection of total recoverable reserves to over 5.0bn barrels, up from 4.0bn. Experts forecast that real GDP growth will average 4.1% from 2020-2024 as the oil and gas sector supports employment, boosts government revenues and drives public and private consumption.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank our shareholders for their support and trust, and look forward to continuing to work on your behalf in the year ahead.

Our plans and achievements are only possible because of the loyalty and support of our customers and our hardworking staff, for which we at the level of the Board are most grateful.

It was a pleasure for me to report to you on our achievements in 2018, and I wish all of our shareholders a Happy and Prosperous 2019.



EXECUTIVE DIRECTOR'S REPORT

Greetings are extended to the Shareholders, Directors, Management and Staff of the Bank as we present the review for 2018.

The year in review will go down as one of the most significant in the history of the bank. The strength of our institution was tested on many levels. At the end of it all; the bank remains resolute in its position as one of the leading financial institutions in the country. Despite all the challenges; the bank has returned a profit of $1.445 B for the year ended December 31, 2018.

The global growth momentum has been sustained in 2018, buoyed by a strong fiscal expansion in the United States of America, which has largely offset slower growth in some other large economies. The global economy started 2018 on an upbeat note, supported by a pickup in global manufacturing and trade through 2017. As investors' confidence in the global economic outlook lost steam, so did the upswing.

One reason behind this loss in momentum is the implementation of tariffs by major economies—especially the United States—and retaliatory measures taken by others, including China. The increasingly protectionist rhetoric on trade has meant higher uncertainty about trade policy, which weighs on future investment decisions.

Despite these actions, the US economy expanded at a fast pace in 2018, as tax cuts and spending increase stimulated demand. The US Federal Reserve has continued to raise the policy interest rate as a result. Interest rates on US long-term bonds have fallen, as investors see risks to future growth and value the safety of US Treasury securities.

Some vulnerable emerging market economies have come under strain as the US dollar gained value and the level of risk that global financial investors were prepared to accept dropped. Most of these countries have seen increases in their external borrowing costs, but the extent of these increases varied widely.

Latin America's economic recovery has stalled, dragged down by weakening activity in some of the region's largest countries. The latest data indicate that Argentina is headed towards a deep recession.

Developments in economic activity in the Caribbean generally responded to global economic trends and external shocks for the year-to-date 2018. Most markets experienced some expansion in real GDP, but those countries affected by Hurricanes Irma and Maria in Q3 2017 and those who depend heavily on the UK for tourist arrivals experienced either modest or negative economic growth over the period.

THE LOCAL ECONOMY 2018

The Gross Domestic Product (GDP), for 2018, as forecasted by the Minister of Finance was 3.4%, compared to the 2.1% recorded in 2017. Inflation was recorded at a rate of 2.0% compared with an initial target of 2.4%.
There was a significant contraction of 25.2% in sugar production while the Agriculture,

Fishing and Forestry sector was projected to grow by 1.1%, in 2018, better than the 0.4% growth recorded in 2017. Rice recorded a 0.2% growth. The bauxite industry was projected to grow by 26.3%, in 2018. The manufacturing sector was expected to grow by 0.9%, in 2018, driven by a 5.2% increase in manufacturing activities outside of rice and sugar. Construction had a notable growth of 12% for the year. The 2018 per capita GDP, stands at US$4,121, compared with US$4,127 in 2017. By this measure, a nine-year streak of annual increases was broken, albeit marginally.

DEBT

Domestic debt was projected to decline from US$430.1 million in 2017 to US$386.8 million in 2018, or 10.1%. Debt service was expected to decrease by 28.7%, from US$10.9 million in 2017 to US$7.8 million in 2018, primarily due to the lower issuance of treasury bills and declining average discount rate. The stock of public debt has been increasing after falling to a five-year low in 2015 and was US $1.297B; up 4.5%.

Banking and prime lending interest rate reflected a significant decrease of six basis points as of October 2018, while the 91-day Treasury bills and saving rates are likely to remain stable and is expected to continue trending lower towards the end of 2018 due to more competitive bidding practices and reflected excess liquidity and higher demand for treasury bills.

The net international reserves as at September 2018 was US$452.6 million a decrease of $127 million when compared to 2017 of US$579.5 million. This translates to 2.5 months import covered below the internationally-acceptable minimum level of 3 months.

THE LOCAL BANKING SECTOR

Residents' deposits with commercial banks, comprising the private and public sectors as well as the non-bank financial institutions, amounted to G$393,040 million, 6.6% higher than the end December 2017 position.

Private sector deposits, which accounted for 74.1% of total deposits, grew by 3.9% or G$10,542 million at end-June 2018. Public sector deposits amounted to G$62.3B, 23.0% above the December 2017 position. This increase was mainly due to a G$15.4B increase in central government's deposits to G$26.6B at the end of the review period.

Commercial banks' gross investments amounted to G$212.B or 43% of the banks' total assets. Loans and advances, inclusive of the public sector loans, which accounted for 65.1% of the total domestic investments, increased marginally by 0.6% to G$138.5B.

Holdings of government securities in the form of treasury bills and other government securities increased by 10.7% to G$70,033 million. Conversely, investments in other private securities fell by G$1.1B to G$4.3B. Net domestic credit by the banking system increased by 8.0% to G$236.7B compared with a reduction of 4.4% at the end of June 2017.

INTEREST RATES AND SPREADS

The Bank rate was stable at 5.0% at end-June 2018. The 182-day and 364-day Treasury bill yields declined by 8 basis points and 21 basis points to 1.03% and 0.99% respectively, resulting from the competitive bidding for those treasury bills.

LIQUIDITY

Total liquid assets of the commercial banks amounted to G$114,959 million or 2.7% above the end December 2017 level, with the ratio of excess liquid assets to required liquid assets being 39.6% at end-June 2018 compared with 46.0% for the corresponding period last year.

Total reserves deposited with the Bank of Guyana were G$74,782 million, 17.5% higher than the level at end-December 2017, with the excess over the minimum requirement of G$28,531 million.

The Capital Adequacy Ratio (CAR) for the LDFIs' was 30.6% at end-June 2018, 110 basis points above end-December 2017. When compared with end June 2017, the CAR was 140 basis points higher, while the tier I ratio increased by 130 basis points.

The LDFIs' NPLs at end-June 2018 of G$30,866 million represented a 3.1% (G$921 million) deterioration when compared with one year ago and accounted for 11.4% of total loans.

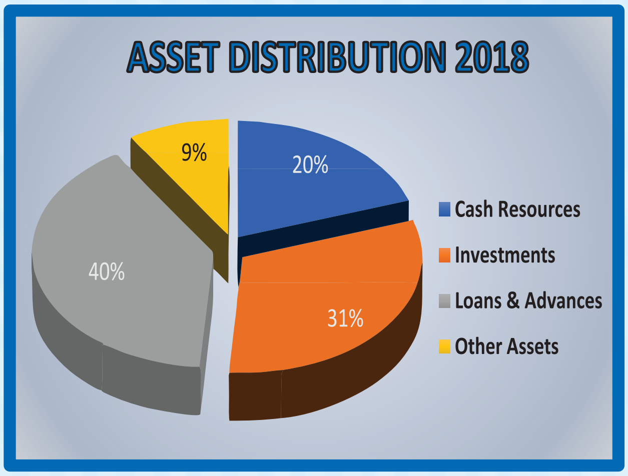
The ratio of reserve for loan losses to NPLs at end June 2018 was 37.9%, down from 41.9% at end-June 2017 and 47.7% at end-December 2017. The drop in the year-on-year ratio resulted mainly from the 3.0% increase in NPLs.

Net income and profitability ratios LDFIs' net income before tax increased by 4.2% (G$323 million) to G$8,029 million when compared to the January-June 2017 period. Despite provision for taxes also increasing by 5.7% (G$112 million) over the previous year's level, operating income was enough to absorb same and result in higher net income after tax of G$5,940 million, 3.7%(G$211 million) above the 2017 half-year level.

Return on Assets remained constant at 1.1%, while Return on Equity contracted 50% to 7.1% from the January-June 2017 period.

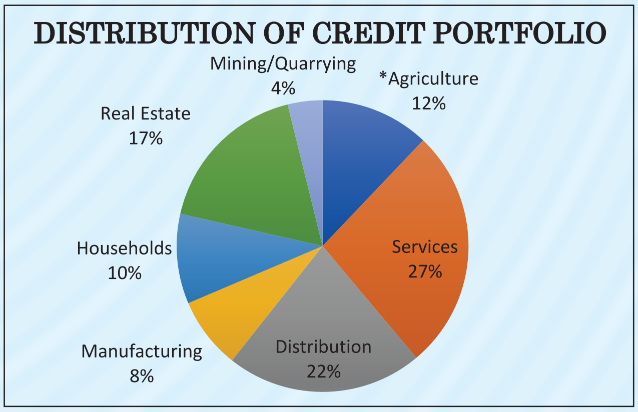
GBTI IN 2018

The bank has had another successful year and ended 2018 at $107.5 B in Total Assets, this is the highest level of assets the bank has reached in its history. Our Assets grew by $8.8B or 9% for the year, surpassing the market growth of 6.8%. In response to prevailing economic conditions and increased liquidity; the bank altered its asset disposition by increasing the level of our investments relative to other income earning areas.



LOANS AND ADVANCES

Total Loans and advances were $42.8B at year end; 2.86% lower than the previous year. The bank has remained conscious of the economic developments and has taken a conservative approach to lending in certain sectors. Being a traditional corporate lender; the bank has continued its plan of rationalization of exposure in sector along our risk appetite.



Our historic exposure to the Agriculture and Services sector has been negatively affected in recent years because of downturn particularly in sugar and construction. Non-Performing Loans were recorded at $11.8B. while these exposures are well collateralized; the bank continues to pursue all available avenues to improve the quality of these exposures.

A new international accounting standard; IFRS 9 was implemented in 2018. The standard seeks to require banks and other financial institutions to make provisions for credit exposures over the expected life of the asset commencing from day one. The bank has undergone the requisite process and our current level of provisioning is consistent with the requirements of the standard based on our exposures.

Interest from Advances remained the major contributor to Total Income. Interest for the year was $3.3B. Interest rates have been falling and increased competition among the banks for lendable opportunities have resulted in reduced spreads on advances.

INVESTMENTS

The bank's investment portfolio recorded a growth of $10.8B to $33.6B; primarily on increased exposure to local securities issued by the Central Government. The bank's stock of local treasury bills was $13.1B at year end compared to $7.3B in the previous year. Treasury Bills; being regarded as safe havens; were used as a vehicle for utilizing excess local liquidity.

The bank also participated on local bond issued by the government of Guyana. These are positive developments for the development for capital markets in Guyana.

The bank's foreign investment portfolio continues to perform well. Some of our exposures within the region have had some difficulties in servicing their debt and adequate provisions have been made in the event of any losses. The bank continues to monitor these developments as negotiations are ongoing.

Income from investments were recorded at $1.3B for the year and is consistent with previous years. The bank has been conscious of the need to improve the credit quality of the portfolio considering the increased provisioning requirements of IFRS 9.

DEPOSITS

The bank recorded good growth in deposits at 9% or $7.5B. Deposits at year end was $89.3B reinforcing the banking population's continued confidence in the institution. There were also gains in the bank's market share.
Being an indigenous bank, we maintain our strategy of keeping our margins very narrow. The bank's interest expenditure is amongst the highest in the industry.

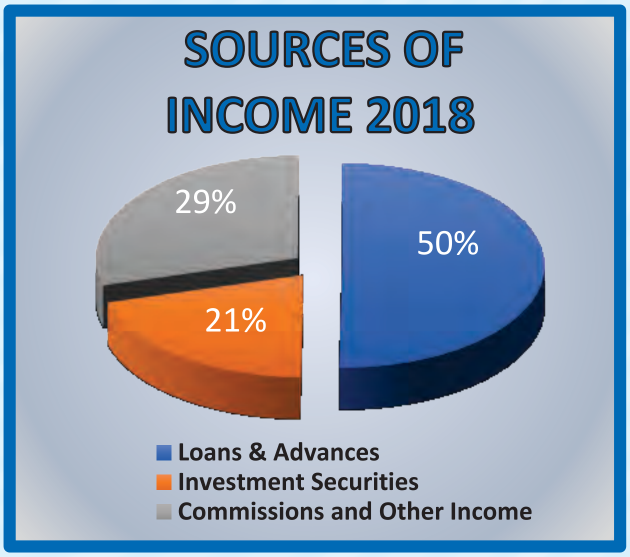
CAPITAL ADEQUACY AND STABILITY

The bank's capital adequacy was recorded at 25.42%; significantly above the required 8%. Liquidity Coverage and Net stable Funds Ratios were all above the Basel III benchmark levels. The bank continues to stress test its assets and the results of these exercises are within acceptable ranges.

PROFITABILITY

The bank's profitability remains consistent with the previous year. Return on Assets was recorded at 1.40%. Having made the requisite provisioning as per the financial reporting standards; the bank is comfortable with the level of provisioning for expected credit losses.

Tighter spreads and increased competition have also reduced our earnings from commissions and exchange trading. At $1.9B; this source of income contributes 30% to the bank's total income.



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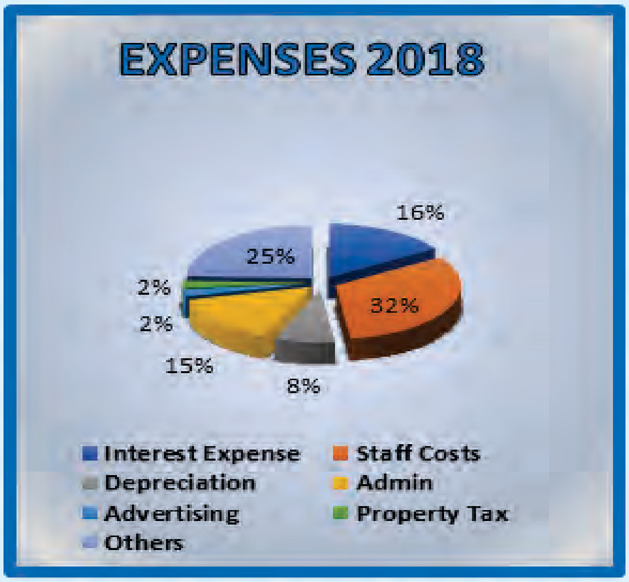


Cost control measures implemented have resulted in reductions in operation expenses. Lower trading volumes at our subsidiaries have also contributed to the fall in operating expenses.

The bank has expended significant sums on its Information Technology Systems to ensure they are robust to withstand challenges in this advanced technological age.

OPERATIONS IN 2018

PUBLIC RELATIONS AND MARKETING

The bank continues to support the work of the youth in the country with its sustained sponsorship of the Mashramani Children's Dramatic Poetry Competition by partnering with the Ministry of Education. The bank's presence at the University of Guyana's Career/Open Day activities at both the Turkeyen and Tain campuses are also testament to this fact. The Annual Early Savers prize drawing, Summer Camp, Bursary Awards and Calendar Competition activities solidify the investment that the bank has made to the young people of the country.

In September, the bank sought to reposition itself in the country with the changing of its tagline. The new tagline, "We see Guyana though your eyes" sought to exemplify this repositioning. To fully enforce the new tagline with our internal customers, a staff rally, "Rebound 2018" was initiated. This was met with much success and met its objectives of motivating as well as creating a shift in the way the staff view GBTI and what the bank means to them. The bank also, for the first time, secured two brand ambassadors, Sarah Klautky (Lawn Tennis and Hockey) and Shimron Hetymeyer (Cricket).

GBTI continues to give sponsorship and other forms of donations to government and non-governmental organizations during the year while participating in several expositions namely; GIPEX, GUYTIE, Green Expo, to name a few.

ELECTRONIC FUNDS TRANSFER SYSTEM

GBTI and the Commercial Banks in collaboration with The Central Bank of Guyana introduced Electronic Funds Transfer system in Guyana (G-EFT).

This G-EFT system is aimed at improving the payment system in Guyana and will allow customers and Business Entities to transfer money from one Bank to another via an electronic network.

The G-EFT system offers an efficient and cost-effective method of payment with reduced paperwork, whilst reducing the risks associated with cash and cheque payments and will provide a versatile way of processing payments as a single, recurring and /or multiple entry as in the case of salaries and dividends.

RISK AND INTERNAL AUDIT

The bank views these gatekeepers as vital to the continued success of the institution. These functions have been equipped with the necessary resources to ensure that they can execute the desired role. There are also sub committees of the Board that facilitates a direct reporting line to these critical functions. The need for training and upgrading of these functions has also been managed.

In a rapidly changing business environment, our policies and procedures must evolve as threats are evolving.

INFORMATION TECHNOLOGY

The bank continues to invest heavily in the latest and modern technology to ensure efficient operations. The rate of change of technology currently is unparalleled. Significant sums must be continuously invested to ensure our systems and technology infrastructure are adequate to meet the needs of our customers and withstand threats.

The bank partnered with an external firm to carry out a critical review of its IT structure in retrospect to bring it to alignment with the business needs. The review included people, processes, technologies and departmental structure. The project seeks to align the banks IT structure with global best practices for IT Governance, special emphasis was placed on information security and change management processes.

We have embarked on the recommended plan of design improvements for which the network architecture is being implemented with the goal of improving the overall design from a security and operational perspective, with considerations given to the strategic initiatives of the bank.

HUMAN RESOURCES AND TRAINING

The Bank's organizational structure saw a greater level of movement during this year for several varying reasons, all in all we report that all the changes made have yielded noticeably positive returns.

The bank in its progressive 3-year strategy (2019-2021) sought to focus on maximizing the experiences of both our external and internal customers. Our Human capital is our greatest asset and as such we strive frequently to onboard and revise human resource policies that will successfully govern and guide our employees. As generations change; the bank must be flexible to remain a place of desired and privileged employment. The labour force in Guyana has become somewhat volatile given the constant shifting focus of millennials and the Bank has had to strategize in its recruitment and policy review to attract and retain employees with the right attitude and focus.

As we move forward, our strategies to manage human capital must evolve for us to remain competitive and relevant. In this light; the bank constantly reviews its renumeration structure and benefits with a view of offering a comfortable and beneficial package for staff. Our focus on training for the period ahead is geared at developing strong, knowledgeable and confident employees. Our training department has carefully reviewed gaps identified in performance and has sought out relevant training expertise both locally and internationally to remedy and enhance the quality of service offered to both external customers and colleagues.

AML AND COMPLIANCE

As the second largest commercial bank in Guyana, GBTI is committed to strengthening its AML/CFT compliance programme in keeping with international best practice and local laws and regulations.
To this end, the following are some of the key accomplishments of the Bank during 2018:

- Updating of the Bank's business risk assessment;
- Publishing an AML/CFT customer information brochure that caters specifically to the documentary requirements for various types of accounts;
- Key training for Board Members, Senior Managers, Audit, Compliance and Credit staff;
- Strengthening of our correspondent banking relationships through meetings, completing of questionnaires and KYC refresh calls. Specifically, the bank was successful in passing AML/CFT on-site compliance

reviews conducted by its nostro partners;

- Created a team of skilled personnel to undertake the remediation of customer files;
- Updating the Bank's AML/CFT manual and standardizing procedure documents in keeping with QMS document standards.

LOOKING AHEAD

The Economy in Guyana is changing. The Banking Landscape is also changing. It becomes imperative that the Bank must change to be able to capitalize on such change.

Profitability is expected to improve, all but tempered by costs to facilitate necessary changes and upgrades to processes and technologies. Improvements in credit quality and recoveries in key exposures are also expected.

The changing landscape of Banks in Guyana do provide opportunities for us. These can provide opportunities for the Bank that are complimentary for our strategic objectives for 2019 to 2021.

We take this opportunity to extend our gratitude to the Board , team members, customers and all stakeholders for their support in 2018.

CORPORATE GOVERNANCE STATEMENT

The nature of the Corporate Governance of the Guyana Bank for Trade and Industry Limited is characterised by the strong commitment of the Board of Directors to various ethical and prudential guidelines in managing the affairs of the Bank, and adherence to the principle of transparency in all decision making.

The Board of Directors recognises its responsibility for the leadership, direction and control of the Bank and its accountability to the shareholders for financial performance. It delegates the management and day-to-day running of the Bank to a Chief Executive Officer / Executive Director and Senior Management.

The Board of Directors comprises the Chief Executive Officer / Executive Director and six (6) Non-Executive Directors who have come from diverse backgrounds in law, business, finance and communications, and have brought a wealth of experience to the Board in enabling it to discharge its responsibilities effectively and maintain a high degree of probity in the management of the affairs of the Bank.

The Board exhibits true transparency by not allowing its members to participate in decision making where they may have an interest in the subject matter, and has made mandatory, full disclosure to the Board by all Directors of contracts with the Bank, where they may be deemed parties or related parties.

The Board is led by a non-Executive Chairman who along with the other non-Executive Directors promotes the accountability of the whole Board.

AUDIT AND RISK COMMITTEE

The Board has recognised the synergies between the functions of the Audit and Risk Committees and have resolved to merge these Committees. The Audit function of the new Audit and Risk Committee provides an independent reporting channel for the work of the Internal Audit Department, while the Risk function provides an independent reporting channel for the work of the Risk Department.

The Committee comprises of three (3) Non-Executive Directors: Mr Basil Mahadeo (Chairman), Mr Robin Stoby, S.C. and Mr Suresh Beharry with Mr Richard Isava as Executive Director/Chief Executive Officer and the Corporate Secretary as ex-officio officers. The Committee holds quarterly meetings at which Reports are presented by the Head of the Internal Audit Department, the Head of the Risk Department and the Legal and Compliance Officer.

The Committee, through the Internal Audit Department, reviews the Bank's Internal Control Procedures, monitors and reviews the Bank's Risk Management processes and Risk profile through Reports presented by the Head of the Risk Department, and the Bank's compliance with internal policies and procedures, Prudential Regulations, Anti-Money Laundering Regulations, and other Statutory and Regulatory Requirements.

The Committee also evaluates the effectiveness and Independence of the External Auditor, the Head of the Internal Audit Department; the Head of the Risk Department and the Compliance Officer.

BUILDING AND PREMISES COMMITTEE

This Committee is made up of two (2) Non-executive Directors: Mr Basil Mahadeo and Mr Edward A. Beharry, with the Chief Executive Officer / Executive Director and the Corporate Secretary as ex-officio members. The Committee is chaired by Director, Mr Edward Beharry.

The Committee plays monitoring and advisory roles in relation to all major construction projects undertaken by the Bank, and is active throughout the whole building process, from the appointment of an Architect right through to the handing over of the completed project. This Committee meets as the need arises.

CREDIT AND INVESTMENT COMMITTEE

The Credit and Investment Committee comprises of the full Board, and plays a crucial role within the Bank's sphere of credit appraisal.

The granting of credit and uptake of investment are paramount among the Bank's income generating activities, and the Credit and Investment Committee makes all credit decisions involving amounts over a stipulated level; and all investment opportunities are made by the board. This Committee expends much effort in the analysing of the risks associated with credit and investment decisions, and reviews and monitors the processes for the maintenance of credit and investment quality, giving direction on the areas where surplus funds may be invested after taking full account of the relevant risks. This Committee meets once per month and more frequently as necessary.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Human Resources and Compensation Committee brings the desired degree of objectivity and transparency to decisions on all Human Resources matters as it ensures that decisions on matters such as remuneration and other rewards are not tainted by the biases of persons who may have a vested interest in the result.

The Committee approves key executive appointments and remuneration, monitors and reviews executive succession planning, and monitors the performance of the Bank's Chief Executive Officer / Executive Director and Senior Management.

The Human Resources and Compensation Committee comprises four (4) Non-executive Directors, namely Mrs Kathryn Eytle-Mc Lean (Chairman), Mr Edward A. Beharry, Basil Mahadeo and Mr Robin Stoby, S.C. and the Chief Executive Officer and Secretary as ex-officio members, and meets semi-annually.

MARKETING COMMITTEE

This Committee comprises four (4) Non-Executive Directors: Mr Edward A. Beharry, Mrs. Katryn Eytle-Mc Lean, Mr Carlton James and Mr Basil D. R. Mahadeo, and is chaired by Mr Carlton James, an experienced Communications Specialist and the Chief Executive Officer / Executive Director and the Corporate Secretary as ex-officio members. This Committee meets quarterly or more frequently as necessary.

The mandate of the Committee is to determine the policy direction for the marketing strategy of the Bank and the process for proactive growth to market share and projecting a positive corporate image. The Committee also reviews the budget and plans for activities concerning marketing and promotion.

EXTERNAL AUDITORS

The Board believes in the maintenance of independence of its External Auditors and therefore does not use its External Auditors for 'other' services. By this means the Board demonstrates its commitment to ensuring that the External Auditors are seen to be independent and that conflicts of interest are obviated.

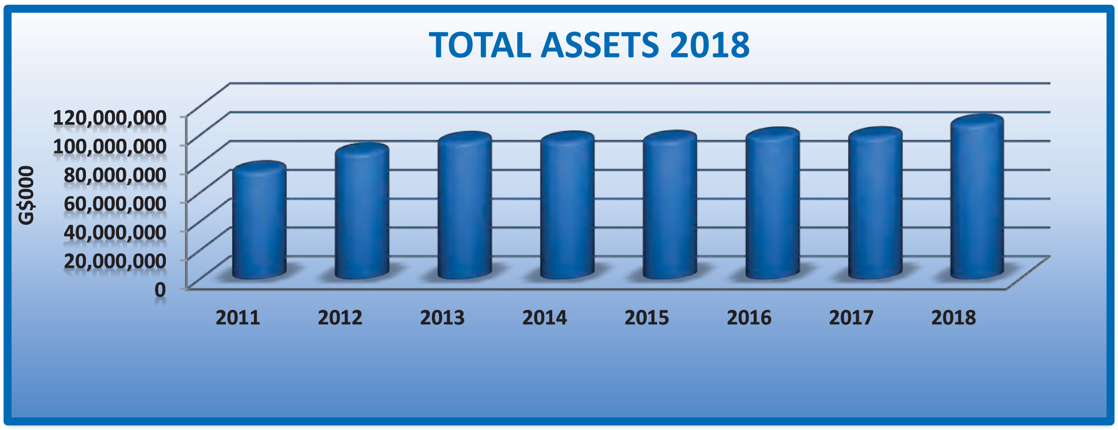
STRATEGY

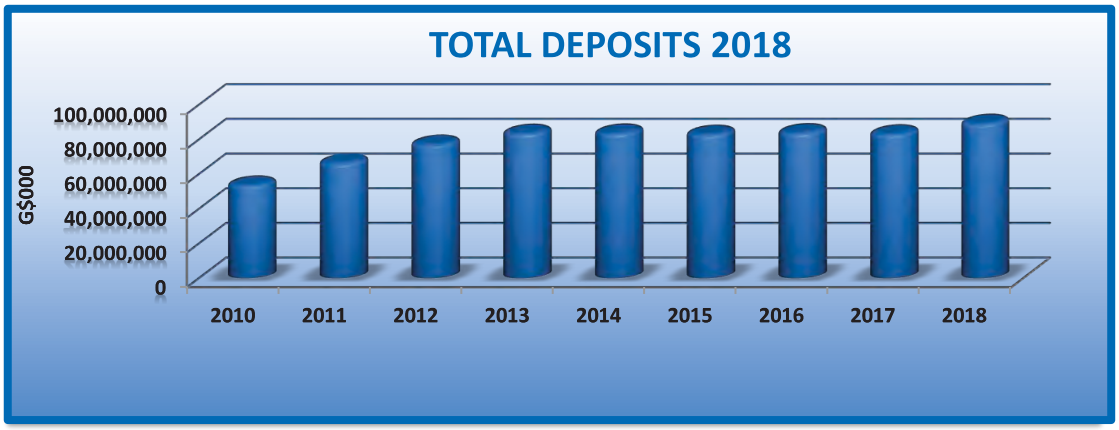
The Board approves and reviews the Bank's Strategic Plan and within the context of this Plan, approves Annual Budgets, which include all capital and current expenditure, proposed developments in Information Technology, expansion and renovations of premises and the provision of new products to customers.

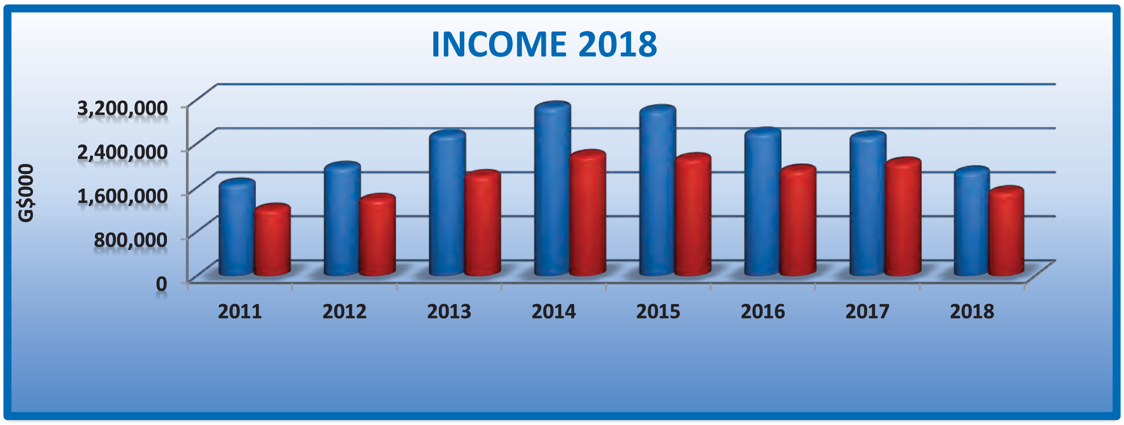
The Board holds a statutory monthly meeting and in all its deliberations on matters concerning the strategic direction of the Bank, seeks to arrive at consensus before approving implementation.

FINANCIAL HIGHLIGHTS

	2010 G$000	2011 G$000	2012 G$000	2013 G$000	2014 G$000	2015 G$000	2016 G$000	2017 G$000	2018 G$000
Total Assets	62,656,888	75,058,663	87,573,786	95,387,906	95,651,288	96,156,210	98,434,396	98,690,406	107,491,745
Shareholders' Equity	6,501,521	7,472,712	8,996,170	10,173,681	11,966,790	13,160,390	14,531,300	15,475,632	16,066,260
Reserves and Retained Earnings	5,801,521	6,672,712	8,196,170	9,373,681	11,166,790	12,360,390	13,731,300	14,675,632	15,266,260
Total Deposits	53,741,913	66,566,657	77,274,283	83,547,999	83,684,498	82,995,820	83,903,096	83,214,774	89,285,118
		24%	16%	8%	0%	-1%	1%	-1%	7%
Loans and Advances	19,363,205	24,051,231	35,307,632	42,825,729	44,676,409	48,022,063	45,525,688	44,711,906	42,799,376
Profit before Taxation	1,659,779	1,964,794	2,543,677	3,061,466	2,996,447	2,586,239	2,518,872	1,881,029	1,588,029
Profit after Taxation	1,204,584	1,382,828	1,814,136	2,178,917	2,121,133	1,912,600	2,043,459	1,520,906	1,448,322
Return on Average Assets (%)	2.06%	2.01%	2.23%	2.38%	2.22%	1.99%	2.10%	1.54%	1.40%
Return on Average Equity (%)	18.10%	19.79%	22.03%	22.73%	19.16%	15.22%	14.76%	10.14%	9.18%
Earnings per Share ($)	30.11	34.57	45.35	54.47	53.03	47.82	51.09	38.02	36.21



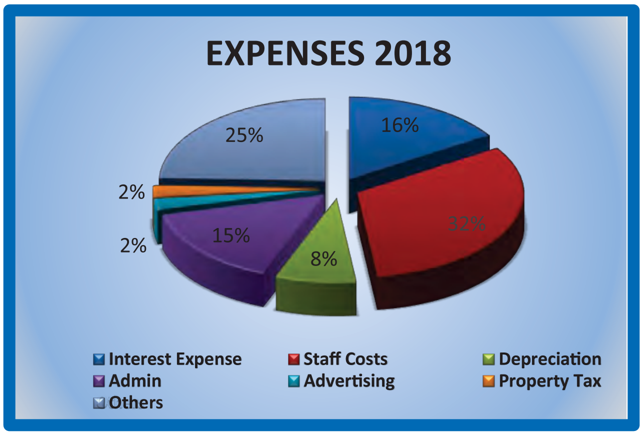




FINANCIAL HIGHLIGHTS

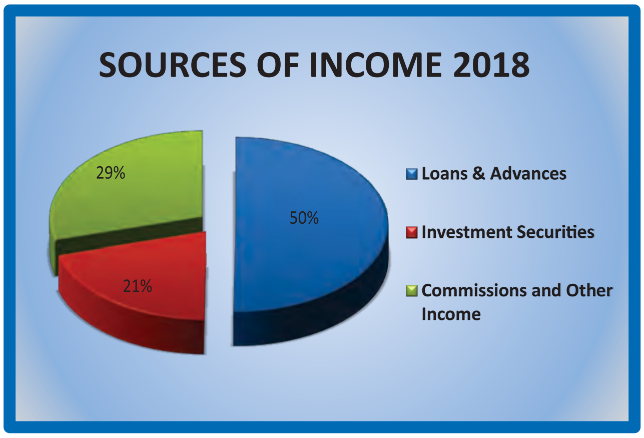
Income Distribution
Amount in millions of Guyana Dollars

	Amount	%
Interest Expense	767	16
Staff Costs	1,544	32
Depreciation	376	8
Admin	730	15
Advertising	106	2
Property Tax	108	2
Others	1,172	24
	4,803.0	100.00



Sources of Income
Amount in millions of Guyana Dollars

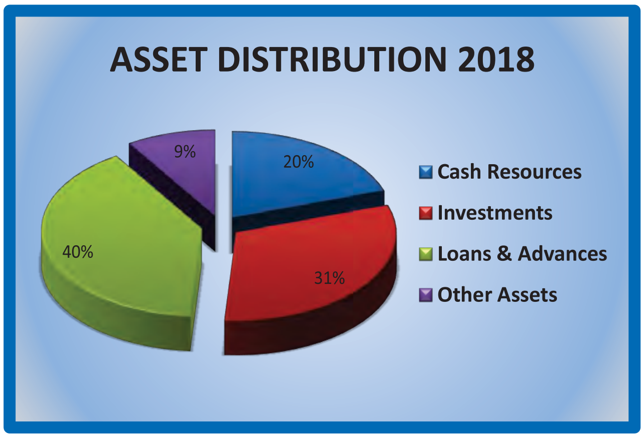
	Amount	%
Loans & Advances	3,278.0	50.22
Investment Securities	1,335.0	20.45
Commissions and Other Income	1,914.0	29.32
	6,527.0	100.00



Distribution of Assets & Liabilities
Amount in millions of Guyana Dollars

ASSETS	Amount	%
Cash Resources	21,356.0	19.87
Investments	33,623.0	31.28
Loans & Advances	42,799.0	39.82
Other Assets	9,714.0	9.04
	107,492.0	100.00

LIABILITIES	Amount	%
Deposits	89,285.0	83.12
Other Liabilities	2,140.0	7.45
Shareholders Equity	16,066.0	9.43
	107,491.0	100.00



BOARD OF DIRECTORS

Mr Robin Stoby, S.C
CHAIRMAN

Mr Suresh E. Beharry

Mr Richard Isava
EXECUTIVE DIRECTOR

Mr Carlton James

Mr Edward A. Beharry

Mr Basil D. R. Mahadeo

Mrs Kathryn Eytle-Mc Lean

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report and Audited Financial Statements for the year ended 31st December, 2018.

PRINCIPAL ACTIVITIES

The Bank provides a comprehensive range of commercial banking services. Banking operations are considered a single business operation that includes lending, investments, foreign exchange trading and deposit taking. The contribution of these activities to overall revenues is included in Note 30 of the financial statements.

FINANCIAL RESULTS

Net Profit after Taxation	**$1,448,322,000**
Interim Dividend	**$ (160,000,000)**
Retained Earnings	**$1,288,322,000**
Proposed Final Dividend	**$400,000,000**

DIVIDENDS

The Directors recommend a dividend of $14.00 per share, of which an interim dividend of $4.00 per share has already been paid.

RESERVES & RETAINED EARNINGS

The Bank's Statutory Reserve Account equals its Paid-Up Capital thus no sum is transferred. The sum of $1,288,322,000 was placed to the Retained Earnings Account.

SHARE CAPITAL

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

DIRECTORS

At the 30th Annual General Meeting of the Bank, the following persons retired and were re-appointed Directors of the Bank:

MR. BASIL MAHADEO
MR. CARLTON JAMES
MR. EDWARD A. BEHARRY

In accordance with By Law 94 of the Bank's By-laws, Mr Robin Stoby S.C. retire from the Board, and being eligible, offer himself for re-election.

Mr Glenn Parmassar and Mrs Anna Lisa Fraser-Phang were appointed as Directors on March 8, 2019 in accordance with the Bank's By-Law 97 (b) and being eligible offer themselves for re-election.

DIRECTORS' INTERESTS

The interests of the Directors holding office as at December 31, 2018, in the ordinary shares of Guyana Bank for Trade and Industry Limited were as follows:

Directors	Directors' Interest		Associate's Interest	
	Beneficial	Non Beneficial	Beneficial	Non Beneficial
Mr. Robin Stoby, SC	NIL	NIL	NIL	NIL
Mr. Edward A. Beharry	NIL	NIL	NIL	NIL
Mr. Suresh E. Beharry	NIL	NIL	NIL	NIL
Mrs. Kathryn Eytle-Mc Lean	NIL	NIL	NIL	NIL
Mr. Carlton James	NIL	NIL	NIL	NIL
Mr. Basil Mahadeo	3,800	NIL	NIL	NIL
Mr. Richard A. Isava	NIL	NIL	NIL	NIL

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

DIRECTORS FEES PER ANNUM

	DIRECTOR'S NAME	2018 $000
1	MR ROBIN STOBY S.C. (CHAIRMAN/NON EXECUTIVE)	3,552,876
2	MR RICHARD ISAVA (EXECUTIVE DIRECTOR)	1,209,996
3	MR EDWARD A BEHARRY (NON EXECUTIVE)	1,209,996
4	MR SURESH E BEHARRY (NON EXECUTIVE)	1,209,996
5	MR BASIL MAHADEO (NON EXECUTIVE)	1,209,996
6	MR CARLTON JAMES (NON EXECUTIVE)	1,209,996
7	MRS KATHRYN EYTLE-MCLEAN (NON EXECUTIVE)	1,209,996
	TOTAL	**10,812,852**

GEOGRAPHICAL ANALYSIS OF REVENUE AND CONTRIBUTION TO RESULTS

The Bank's operations are based in Guyana but investments are maintained overseas from which income of $770M (2017: $1223M) was earned during the year.

CAPITALISED INTEREST

The amount of interest capitalized by the Bank for the year was $95,139,425.

CAPITAL EXPENDITURE

The bank incurred a total of $373M on capital expenditure in 2018 in areas including branch expansion and equipment and software upgrades.

FINANCIAL HIGHLIGHTS

THE SUMMARY OF ASSETS AND LIABILITIES

	2018 $000	2017 $000
Total Assets	107,491,745	98,583,151
Liabilities	91,425,485	83,214,716
Shareholders Equity	16,066,260	15,368,435
	107,491,745	98,583,151
Summary of Income and Expenditure		
Net Interest Income	3,845,128	4,223,423
Other Income	1,914,154	2,467,361
	5,759,282	**6,690,784**
Loan Impairment Expenses	(116,024)	(587,496)
Operating Expense	(4,035,605)	(4,215,940)
Share of Associate Profit/ (Loss)	(19,624)	620
Net Profit Before Taxes	**1,588,029**	**1,887,968**
Taxation	(139,707)	(367,573)
Net Profit After Taxes	**1,448,322**	**1,520,395**
Interim Dividend Paid	(160,000)	(160,000)
Retained Earnings	**1,288,322**	**1,360,395**
Proposed Final Dividend	400,000	400,000

Substantial Shareholders

	2018 Amount	2018 %	2017 Amount	2017 %
Secure International Finance Company Incorporated	24,400,000	61	24,400,000	61

A substantial shareholder is defined as a person or entity entitled to exercise control of five (5%) or more of the voting power at any general meeting.

PENSION SCHEME

The valuation of the company's Defined Benefit Pension Plan was completed as at December 31, 2018 in accordance with Section 111,(1) (2) and (3) of the Insurance Act of 1998. The status of the plan revealed that the valuation of the scheme's assets exceeded the value of its liabilities by $78.5M (2017: $66.1M surplus). The bank conducts annual actuarial valuations of the pension plan. IAS 19 disclosures are included in Note 24 of the audited financial statements.

AUDITORS

TSD Lal & Co. – Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

PRINCIPAL ACTIVITY OF OUR SUBSIDIARY COMPANIES

The Bank owns 100% of the issued share capital of GBTI Property Holdings Inc. The principal activity of this subsidiary is real estate management and gold trading. GBTI Property Holdings Inc. Operating Loss for the year 2018 was $15.2M.

During the year; the bank sponsored the establishment of a mutual fund; GBTI Mutual Funds. The bank's seed capital in this venture was $1,257M returned an operated profit of $17.6M

PRINCIPAL ACTIVITY OF OUR ASSOCIATE COMPANY

The Bank owns 40% of the issued share capital of Guyana Americas Merchant Bank Inc. The principal activity of this associate company is the provision of investment management and advisory services. The Guyana Americas Merchant Bank Inc. Operating loss for the year 2018 was $30.3M

SERVICE CONTRACTS

The bank has a retainer contract with the law firm; Sievewright Stoby and Co; headed by Mr R.Stoby S.C.. All other contracts between the bank and its directors or affiliated companies are disclosed in Note 26 of the Audited Financial Statements that forms part of the bank's Annual Report.

TRANSACTIONS WITH RELATED PARTIES

Related Party transactions with the Parent company are addressed in Note 26 of the financial statements.

The Bank leases space in its Corporate Head Office building to Guyana Americas Merchant Bank, an associate company. The Bank leases space in a few of its branches to Nalico/Nafico.

CONTROLLING SHAREHOLDER CONTRACT

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

BY ORDER OF THE BOARD

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SHALEEZA SHAW (MS.)
SECRETARY

SENIOR MANAGEMENT

Mrs Collette Lyken-Ramdial
(Head of Banking Operations)

Ms Shaleeza Shaw
(Head of Credit)

Mr Terry Gopaul
(Senior Manager - Corporate Credit)

Mr Shawn Gurcharran
(Head - Finance & Accounts)

SENIOR MANAGEMENT

Mrs Jaishree Lam
(Manager - Internal Audit)

Ms Nadia Sagar
(Legal Officer)

Mr Mario Farinha
(Business Development Manager)

ASSISTANT MANAGERS

Mr Naresh Balkarran
(Assistant Manager – Risk)

Mrs Tonia Griffith
(Assistant Manager -
Corporate Credit)

Mrs Tumeshwarie Udai
(Assistant Manager -
Information Technology Services)

Mr Raymond Forde
(Assistant Manager -
Water Street Branch)

HEADS OF DEPARTMENTS

Mr Hugh Watson
(Assistant Manager - Human Resources)

Mrs Amrita Patterson
(Assistant Manager - Remedial Management)

Mr Randir Ramkissoon
(Assistant Manager - Technology Services)

Ms Pamela Binda
(Jnr Manager - Public Relations & Marketing)

Mrs Susan Ghanie
(Jnr Manager - Water Street Branch)

Mr Trevor Abrams
(Chief Security - Officer, a.g)

Mr Joseph Parker
(Jnr Manager - Maintenance)

Junior Managers

Mr Mohan Tularam
(Jnr Manager - Officer-in-Charge
Water Street – Advances)

Ms Mariyln Li-Doobay
(Jnr Manager -
Water Street Branch)

Mrs Dahana Ramjist
(Jnr Manager -
Customer Relationship Manager)

Mrs Frances Sahadeo
(Jnr Manager -
Water Street Branch)

Ms Fiona Pryce
(Jnr Manager - Officer-in-Charge -
Regent Street Branch)

Mrs Christine Chin-Khanai
(Jnr Manager -
Regent Street Branch)

Mr Leroy Adonis
(Jnr Manager –Risk)

Ms Sonia Mc Curdy
(Jnr Manager – Risk)

Mr Devon Pinder
(Jnr Manager – Kingston)

Junior Managers

Mrs Christina De Agrella
(Jnr Manager -
Foreign Trade Business Officer)

Mr Deodat Naraine
(Jnr Manager -
Remedial Management)

Gheomell Mardenborough
(Jnr Manager -
Information Technology Services)

Sheik Mohamed
(Jnr Manager -
Information Technology Services)

Melanie Emerson
(Jnr Manager - Officer-in-Charge -
Corporate Services)

Melissa Mc Donald
(Jnr Manager -
Corporate Services)

Marcelle Mootoo
(Jnr Manager – DMS)

Nadia De Abreu
(Jnr Manager - Communications
and Marketing)

Nadia Mardenborough
(Jnr Manager – Training)

Junior Managers

Rennita Bentick
(Jnr Manager -
Banking Operations)

Rawattie Mohandeo
(Jnr Manager -
Corporate Credit)

Sefa Baird
(Jnr Manager -
Credit Administration)

BRANCH MANAGERS

Ms Tagekumarie Dalchand
Manager – Anna Regina Branch

Mrs Juanita Persaud
Manager – Water Street Branch

Ms Bebi Wharton
Manager – Bartica Branch

Mrs Nandanee Persaud
Manager – Vreed-en-Hoop Branch

Mrs Roxanne Welcome-Europe
Manager – Diamond Branch

Ms Keiola Blackman
Manager – Regent Street Branch

BRANCH MANAGERS

Mr Safwaaz Haniff
Manager – Parika Branch

Mr Surendra Samdass
Manager – Providence Branch

Mr Ghoeblall Mohadeo
Manager – Port Mourant Branch

Mrs Sharon King
Manager-Lethem Branch

Mr Andre' Yhap
Manager - Corriverton Branch

Mrs Tulsidai Singh
Manager - Port Kaituma Branch

INDEPENDENT AUDITOR'S 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 2018

OPINION

We have audited the consolidated financial statements of the Guyana Bank for Trade and Industry Limited and Subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, 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 notes to the financial statements, including a summary of significant accounting policies as set out on pages 2 to 67.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

LOANS AND ADVANCES
(Refer to note 13)

The Bank's loans and advances of G$43,346,722,000 are recorded net of provision. Provision is computed under two methods, one based on the requirement of the Financial Institutions Act 1995 (FIA) and the other based on the requirements of the International Financial Reporting Standards. Under the requirements of the Financial Institutions Act 1995, provisioning is made based on the classification of loans and advances as per the Bank of Guyana's Supervisory Guideline number 5. In relation to the latter, provision is computed based on an expected credit loss basis. Where there are differences between the two computations, the excess provision under the FIA is transferred to the General Banking Risk Reserve from Retained Earnings. Differences arise because there are two separate basis used in computing provisions.

Both computations are significant to our audit and the judgments used by management are rechecked for completeness.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER:

Our audit tests were carried out on samples for both provisions computed as at 31 December 2018 to ensure that they comply with the requirements of both the Bank of Guyana's Supervisory Guideline and the International Financial Reporting Standards.

For loans and advances, our audit checks were not limited to but focused on the following procedures:

- Verifying the approval systems.
- Verifying that all loans and advances are secured, active and are monitored in accordance with the Supervisory guidelines numbers 5 and 13 and evaluating management's compliance with these guidelines. We also verified whether these loans and advances were classified based on the criteria outlined in these guidelines.
- Assessing the control environment for the processing and monitoring of loans and advances.
- Certain loans and advances were also selected for direct confirmation.
- Reviewing provisioning models for inconsistencies in data and checking accuracy of calculations.
- Reviewing models for compliance with FIA and IFRS 9 requirements.

/1(b)...

INVESTMENTS
(Refer to note 12)

At 31 December 2018 the Bank and Group's investments amounted to G$33,619,126,000 and G$33,623,200,000 respectively. The Group's investments consist of structured financial instruments valued at amortised cost and Fair value through profit/loss (FVPL) investments valued based on quoted prices in active markets. At 31 December 2018, there is significant measurement uncertainty involved in these valuations. As a result, the valuation of these investments was significant to our audit.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER:

Our procedures include the following:

- Ensuring valuation methodologies are consistent with the accounting policies;
- Ensuring fair value classification, measurement and disclosures are in accordance with International Financial Reporting Standards;
- Ensuring internal valuation model used by the Directors is complete;
- Ensuring additions and disposals were approved;
- Obtaining market prices;
- Obtaining an understanding of the methodology and assumptions used by management's expert in calculating expected credit losses.
- Reviewing and performing tests on the source data used by management's expert to ascertain its completeness and accuracy.

PROPERTY AND EQUIPMENT
(Refer to note 14(a))

- Property and equipment is stated at a net book value of G$6,870,192,000 and G$6,886,162 for the company and group respectively. No revaluation of property and equipment was done during the year.

Property and equipment is considered a key audit matter as significant management judgment was used to select depreciation rates for item of property and equipment. In addition, an annual impairment review of all property and equipment was done which involved significant management judgment.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER:

- Testing depreciation rates for all property and equipment to ensure consistency with accounting standards;
- Assessing the methodology used by the Directors to carry out their impairment review;
- Verifying assets physically in current and prior years on a sample basis for existence;
- Verifying approval system by the Directors and management on acquisition, disposal and management.

We found that the assumptions used by management in relation to the carrying value of all property and equipment were in line with our expectations.

/1(c)...

ADOPTION OF IFRS 9
(Refer to notes 2, 12, 13(a) & 32)

The Group adopted International Financial Reporting Standard (IFRS) 9 – "Financial Instruments" which came into mandatory effect from January 1, 2018 and which resulted in changes to the classification and measurement of financial assets and liabilities of the Group and its impairment methodology. As permitted by IFRS 9, the requirements of the standard have been applied retrospectively without restating comparatives.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER:

In order to address this new and complex accounting standard:

- We read the Group's IFRS 9 based classification and measurement of financial assets and financial liabilities policy and compared it with the requirements of IFRS 9;
- We assessed and tested the design and effectiveness of the key controls that management has established in relation to meeting the classification and measurement requirements under IFRS 9;
- We independently assessed the assumptions used, business model documentation and tested a sample of advances and investments to assess if those pass the solely payment of principal and interest criteria;
- For expected credit loss (ECL) calculations, we also assessed the methodology and assumptions used by management's expert and tested the source data and formulas for completeness and accuracy;
- For a sample of exposures, we checked the appropriateness of the Group's staging;
- We checked the appropriateness of the opening balance adjustments and the completeness of advances and investments included in the ECL calculations as of January 1, 2018 and December 31, 2018; and assessed the financial statement disclosures arising on adoption of IFRS 9 to determine if they were in accordance with the requirements of the Standard.
- Please refer to the accounting policies, critical accounting estimates and judgements, disclosures of advances, investment and credit risk management in notes 3.1, 3.2, 12, 13,22 (c) and 32 to the financial statements.
- We assessed the professional competence, including the qualifications, experience and reputation of management's expert.

OTHER INFORMATION IN THE ANNUAL REPORT

Management is responsible for the other information. The other information comprises all the information disclosed in the 2018 annual report but does not include the consolidated financial statements, notes to the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information; we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors/Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the Directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

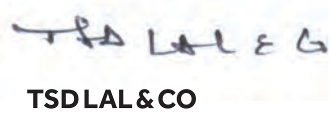
We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the year ended 31 December, 2018 and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner responsible for the audit resulting in this independent auditor's report is Saeed Rahaman FCCA.



TSD LAL & CO
CHARTERED ACCOUNTANTS

Date: April 29, 2019

77 Brickdam,
Stabroek, Georgetown

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	COMPANY 2018 $'000	COMPANY 2017 $'000	GROUP 2018 $'000	GROUP 2017 $'000
Interest income	4	4,609,276	5,044,582	4,611,957	5,013,179
Interest expense	5	(766,829)	(789,756)	(766,829)	(789,756)
Net interest income		3,842,447	4,254,826	3,845,128	4,223,423
Other income	6	1,278,357	1,626,001	1,914,154	2,467,361
Net interest and other income		5,120,804	5,880,827	5,759,282	6,690,784
Operating expenses	7	(3,405,843)	(3,412,922)	(4,035,605)	(4,215,940)
Loan provisioning net of recoveries		(116,024)	(587,496)	(116,024)	(587,496)
Associate company: share of profit/loss	12	(19,624)	620	(19,624)	620
Profit before taxation		1,579,313	1,881,029	1,588,029	1,887,968
Taxation	10(a)	(133,400)	(360,123)	(139,707)	(367,573)
Profit after taxation		**1,445,913**	**1,520,906**	**1,448,322**	**1,520,395**
Attributable to:					
Equity holders of the parent		1,445,913	1,520,906	1,448,322	1,520,395
Basic earnings per share in dollars	9	36.15	38.02	36.21	38.01

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	COMPANY 2018 $'000	COMPANY 2017 $'000	GROUP 2018 $'000	GROUP 2017 $'000
Profit for the year		**1,445,913**	**1,520,906**	**1,448,322**	**1,520,395**
Other Comprehensive Income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit asset	10(b)	10,834	20,582	10,834	20,582
		10,834	20,582	10,834	20,582
Items that may be reclassified subsequently to profit or loss					
Loss arising on revaluation of:-					
Available for sale financial assets	10(b)	-	(1,527)	-	(1,527)
Share of comprehensive profit/ (loss) of associate company	10(b)	(9,519)	4,371	(9,519)	4,371
		(9,519)	2,844	(9,519)	2,844
Other comprehensive income/(loss) net of tax		1,315	23,426	1,315	23,426
Total comprehensive income for the year		**1,447,228**	**1,544,332**	**1,449,637**	**1,543,821**
Attributable to:					
Equity holders of the parent		1,447,228	1,544,332	1,449,637	1,543,821

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

		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 2017		**800,000**	**12,995,386**	**(96,456)**	**800,000**	**18,963**	**13,407**	**14,531,300**
Changes in equity 2017								
Dividends	28	-	(600,000)	-	-	-	-	(600,000)
Total comprehensive income for the year		-	1,520,906	23,426	-	-	-	1,544,332
Transfer to/(from) reserve	20(d)	-	(11,339)	-	-	-	11,339	-
Balance at 31 December 2017		**800,000**	**13,904,953**	**(73,030)**	**800,000**	**18,963**	**24,746**	**15,475,632**
Net Impact of adopting IFRS 9		**-**	**(790,416)**	**71,943**	**-**	**-**	**527,521**	**(190,952)**
								-
Balance at 31 December 2017 - restated		**800,000**	**13,114,537**	**(1,087)**	**800,000**	**18,963**	**552,267**	**15,284,680**
Changes in equity 2018								
Dividends	28	-	(560,000)	-	-	-	-	(560,000)
Total comprehensive income for the year		-	1,445,913	1,315	-	-	-	1,447,228
Transfer to/(from) reserve	20(d)	-	(59,156)	-	-	-	59,156	-
Balance at 31 December 2018		800,000	13,941,294	228	800,000	18,963	611,423	16,171,908

		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 2017		**800,000**	**12,888,700**	**(96,456)**	**800,000**	**18,963**	**13,407**	**14,424,614**
Changes in equity 2017								
Dividends	28	-	(600,000)	-	-	-	-	(600,000)
Total comprehensive income for the year		-	1,520,395	23,426	-	-	-	1,543,821
Transfer to/(from) reserve	20(d)	-	(11,339)	-	-	-	11,339	-
Balance at 31 December 2017		**800,000**	**13,797,756**	**(73,030)**	**800,000**	**18,963**	**24,746**	**15,368,435**
Net Impact of adopting IFRS 9		**-**	**(791,276)**	**71,943**	**-**	**-**	**527,521**	**(191,812)**
Balance at 31 December 2017 - restated		**800,000**	**13,006,480**	**(1,087)**	**800,000**	**18,963**	**552,267**	**15,176,623**
Changes in equity 2018								-
Dividends	28	-	(560,000)	-	-	-	-	(560,000)
Total comprehensive income for the year		-	1,448,322	1,315	-	-	-	1,449,637
Transfer to/(from) reserve	20(d)	-	(59,156)	-	-	-	59,156	-
								-
Balance at 31 December 2018		**800,000**	**13,835,646**	**228**	**800,000**	**18,963**	**611,423**	**16,066,260**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	COMPANY 2018 $'000	COMPANY 2017 $'000	GROUP 2018 $'000	GROUP 2017 $'000
ASSETS					
Cash resources	11	21,335,514	22,460,220	21,356,922	22,460,338
Investments	12	33,619,126	22,830,430	33,623,200	22,830,414
Loans and advances	13	43,346,722	44,711,906	42,799,376	44,060,512
Property and equipment	14(a)	6,870,192	6,889,278	6,886,162	6,897,165
Investment property	14(b)	-	-	384,729	373,980
Deferred tax	10	393,249	266,506	393,249	266,506
Defined benefit asset	24	78,561	66,137	78,561	66,137
Other assets	15	1,901,402	1,465,929	1,969,546	1,628,099
TOTAL ASSETS		**107,544,766**	**98,690,406**	**107,491,745**	**98,583,151**
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Deposits	17	89,285,993	81,698,979	89,285,118	81,698,979
Other liabilities	18	2,086,865	1,515,795	2,140,367	1,515,737
TOTAL LIABILITIES		**91,372,858**	**83,214,774**	**91,425,485**	**83,214,716**
SHAREHOLDERS' EQUITY					
Equity attributable to equity holders of the parent company					
Share capital	19	800,000	800,000	800,000	800,000
Retained earnings		13,941,294	13,904,953	13,835,646	13,797,756
Other reserve	20(a)	228	(73,030)	228	(73,030)
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)	611,423	24,746	611,423	24,746
TOTAL SHAREHOLDERS' EQUITY		**16,171,908**	**15,475,632**	**16,066,260**	**15,368,435**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**107,544,766**	**98,690,406**	**107,491,745**	**98,583,151**

The Directors approved these financial statements for publication on 29th April, 2019

On behalf of the Board:

Mr. Robin Stoby, S.C.,
Chairman

Mr.Carlton James
Director

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	COMPANY		GROUP	
	2018	2017	2018	2017
	G$ 000	G$ 000	G$ 000	G$ 000
Operating activities				
Profit before taxation	1,579,313	1,881,029	1,588,029	1,887,968
Adjustments for:				
IFRS 9 re-measurement	(190,953)	-	(191,813)	-
Share of loss/(profit) of Associate Company	19,624	(620)	19,624	(620)
Depreciation: Property and Equipment	365,116	352,916	369,614	356,228
Investment Property	-	-	6,121	5,904
Gain on sale of property and equipment	(2,484)	(3,721)	(2,420)	(3,639)
Net decrease in customers' loans	1,365,184	813,782	1,261,136	1,007,100
Net increase/(decrease) in customers' deposits	7,587,014	(1,194,762)	7,586,139	(1,194,762)
(Increase)/decrease in other assets	(380,903)	301,298	(274,395)	158,816
Increase in other liabilities	571,070	506,440	624,630	465,918
Increase in defined benefit asset	(12,424)	(35,674)	(12,424)	(35,674)
Decrease/(increase) in required reserve with Bank of Guyana	(1,208,106)	439,745	(1,208,106)	439,745
Cash provided by operating activities	**9,692,451**	**3,060,433**	**9,766,135**	**3,086,984**
Taxation				
Taxes paid/adjusted	(333,021)	(510,708)	(351,810)	(536,248)
Net cash provided by operating activities	**9,359,430**	**2,549,725**	**9,414,325**	**2,550,736**
Investing activities				
Proceeds from sale of property and equipment	16,704	35,714	16,704	35,714
Investments(net)	(10,788,696)	(617,780)	(10,792,786)	(617,796)
Additions to property and equipment	(360,250)	(210,833)	(372,895)	(211,109)
Additions to investment properties	-	-	(16,870)	(721)
Net cash provided by/(used in) investing activities	**(11,132,242)**	**(792,899)**	**(11,165,847)**	**(793,912)**
Financing activities				
Dividends paid	(560,000)	(600,000)	(560,000)	(600,000)
Net cash used in financing activities	**(560,000)**	**(600,000)**	**(560,000)**	**(600,000)**
Net increase/decrease in cash and cash equivalents	(2,332,812)	1,156,826	(2,311,522)	1,156,824
Cash and short term funds at beginning of year	13,150,601	11,993,775	13,150,719	11,993,895
Cash and short term funds at end of year (Note 11)	**10,817,789**	**13,150,601**	**10,839,197**	**13,150,719**

"The accompanying notes form an integral part of these 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 a banker 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 AMENDED STANDARDS AND INTERPRETATIONS

Amendments effective for the current year end

New and Amended Standards	Effective for annual periods beginning on or after
IFRS 9 Financial instruments	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018
Annual improvements to IFRS 2014-2016	1 January 2018
IFRS 2 Share based payment: classification and measurement of share based transactions	1 January 2018
IAS 40 Transfers of investment property	1 January 2018
IFRS 4 Insurance contracts: applying IFRS 9 with IFRS 4 "Insurance Contracts"	1 January 2018

2. NEW AND AMENDED STANDARDS AND INTERPRETATIONS CONT'D

	Effective for annual periods beginning on or after
New and revised interpretations	
IFRIC 22 Foreign currency transactions and advance consideration	1 January 2018

IFRS 9 Financial Instruments

In these financial statements, the Group has applied IFRS 9 for the first time. IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018. The Group has elected not to restate comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018 and are disclosed in Note 32.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:
Debt instruments at amortised cost Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition Equity instruments at FVOCI, with no recycling of gains or losses or profit or loss on derecognition
Financial assets FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the income statement.

The Group's classification of its financial assets and liabilities is explained in Notes 3.1 (o) & (p). The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 32.

2. NEW AND AMENDED STANDARDS AND INTERPRETATIONS CONT'D

IFRS 9 Financial Instruments cont'd

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Bank's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward looking expected credit loss (ECL) approach. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

Details of the Bank's impairment method are disclosed in Note 3.1 (d). The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 32.

Pronouncements effective in future period for early adoption

New and Amended Standards	Effective for annual periods beginning on or after
IFRS 16 Leases	1 January 2019
Annual improvements 2015-2017	1 January 2019
IFRS 9 Financial instruments: prepayment features with negative compensation	1 January 2019
IAS 19 Employee benefits: plan amendment, curtailment or settlement	1 January 2019
IAS 28 Investments in associates: long term interests in associates and joint ventures	1 January 2019
IFRS 17 Insurance contracts	1 January 2021

New and Revised Interpretations

Available for early adoption	
IFRIC 23 Uncertainty over Income Tax treatments	1 January 2019

The Company and Group has not opted for early adoption.

The foregoing standards and amendments are not expected to have a material impact on the financial statements of the Company and Group.

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 certain investments, property and equipment, and conform with International Financial Reporting Standards**.** The principal accounting policies are set out below.

(b) Interest income and the effective interest rate method

Under both IFRS 9 and IAS 39, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost.
The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.
When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income and net gains/(losses) on financial assets at fair value through profit or loss, respectively.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(b) Interest income-cont'd

Interest income is not recognized on non-accrual loans.

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

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

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

<u>Rental income</u>

Income from rental of property to Guyana Americas Merchant Bank Inc. and N.A.L.I.C.O/N.A.F.I.C.O are recognized on an accrual basis.

(c) 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.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(c) Loans and advances-cont'd

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.

(d) Loan impairment

Policy applicable before 1 January 2018

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;
- 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.)

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(d) Loan impairment-cont'd

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.

Policy applicable after 1 January 2018

From 1 January 2018, the Bank has been recording the allowance for expected credit losses for all loans, loan commitments and financial guarantee contracts. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.
Based on the above process, the Bank groups its loans into Stage 1, Stage 2, and Stage 3 as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(d) Loan impairment-cont'd

Policy applicable after 1 January 2018 cont'd

Stage 3: Loans considered credit-impaired. The bank records an allowance for the LTECLs.

The calculation of ECLs

The Bank calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

(d) Loan impairment-cont'd

Classification-cont'd

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

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

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(d) Loan impairment-cont'd

Classification-cont'd

Past due-cont'd
An overdraft is classified as past due when

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

Non-performing loans
For individually assessed accounts, loans are required to be designated as non-performing as soon as there is objective evidence that an impairment loss has 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 moreinto 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.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(d) Loan impairment-cont'd

Loan losses

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

(i) An account is considered uncollectable.
(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.

Loans and advances under this category include accounts which are considered uncollectable 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.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(d) Loan impairment-cont'd

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

(d) Loan impairment-cont'd

Renegotiated loans-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 than 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 profit or loss and other comprehensive income.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(d) Loan impairment-cont'd

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.

(e) Foreign currencies

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

At each 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 statement of 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.

(f) Property, equipment 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 buildings and equipment is charged to profit or loss.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(f) Property, equipment and depreciation-cont'd

Depreciation of property and equipment 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 property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statement of profit or loss and other comprehensive income.

(g) Acceptances, guarantees and letters of credit

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

(h) 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.

(i) 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.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(i) Pension plan-cont'd

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$82,277,000 (2017 - G$83,435,000).

Defined benefit scheme

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

There is 1 (2017-1) employee remaining in this scheme.

(j) 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.

(k) 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.

(l) Revaluation reserve

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

(m) Other reserve

Fair value adjustments of “available for sale” investments, prior to 1 January 2018, as discussed in (p) below were taken to this account as well as the Bank's share of reserve of its associate company and re-measurements of the defined benefit asset. This reserve is not distributable.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(n) Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive 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.

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 statement of 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.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(o) 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. Before 1 January 2018, appropriate allowances for estimated unrecoverable amounts were recognized in the statement of profit or loss and other comprehensive income when there is objective evidence that the asset is impaired. Subsequent to 1 January 2018, allowances are recognized on an expected credit loss basis.

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.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(p) Financial investments

(Policy applicable before 1 January 2018)

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.

Policy applicable after 1 January 2018

From 1 January 2018, the Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:
Amortised cost
FVPL

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(p) Financial investments cont'd

Policy applicable after 1 January 2018 cont'd

Financial assets at amortised cost
From 1 January 2018, the Group only measures loans and advances and other financial investments at amortised cost if both of the following conditions are met:
The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives.

Financial assets and financial liabilities at fair value through profit or loss
Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Group's own credit risk which are recorded through OCI and do not get recycled to the profit or loss.

Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Reclassification of financial assets and liabilities
From 1 January 2018, the Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

Financial liabilities are never reclassified. The Bank did not reclassify any of its financial assets or liabilities in 2017 except on initial adoption of IFRS 9 as required.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(q) 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.

(r) 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.

(s) 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.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(s) Impairment of tangible assets cont'd

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 statement of 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.

(t) 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.

(u) 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 Company 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.

(v) 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.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(v) Segment reporting cont'd

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.

(w) 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.

(x) 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.

(y) 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.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(y) Consolidation-cont'd

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 31 December 2018and 30 September 2018 respectively of the following :

Name of Company	Country of registration	% shareholding	Main business
GBTI Property Holdings Inc.	Guyana	100	Real estate management and gold trading
GBTI Mutual Funds	Guyana	100	Investment

The financial statement of GBTI Property Holdings Inc in summary form as at 31 December is presented below:

Statement of Financial Position

	2018 G$	2017 G$
Total assets	461,755,509	556,322,135
Total liabilities	584,993,444	664,364,070
Equity	16,000	16,000
Accumulated loss	(123,253,935)	(108,057,935)

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT'D

(y) Consolidation-cont'd

The financial statement of GBTI Mutual Funds in summary form as at 30 September is presented below:

Statement of Financial Position

	2018 G$
Total assets	1,284,456,129
Total liabilities	15,851,409
Unitholders capital	1,251,000,000
Retained earnings	17,604,720

(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.

(z) Investment properties

Investment properties, which are held to earn rentals and or capital appreciation are stated at cost less accumulated depreciation at each reporting date.

After initial recognition, investment properties are measured at cost.

Depreciation is charged on premises using the straight line method at 2 % per annum.

No depreciation is charged on work in progress.

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

(i) 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.

(ii) Available for sale financial assets (Policy applicable before 1 January 2018)

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.

(iii) Held to maturity financial assets (Policy applicable before 1 January 2018)

The Directors have reviewed the Bank's "Held to Maturity" assets prior to 1 January 2018 in light of its capital maintenance and liquidity requirements and have confirmed the Bank's positive intention and ability to hold these assets to maturity.

(iv) Useful lives of property and equipment

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

3.2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONT'D

Critical accounting estimates and judgements in applying accounting policies cont'd

(v) Impairment of financial assets

(Policy applicable before 1 January 2018)
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.

(Policy applicable after 1 January 2018)
The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns probabilities of default (PDs) to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, exposure at default and and loss given default.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

	COMPANY		GROUP	
	2018	2017	2018	2017
	G$ 000	G$ 000	G$ 000	G$ 000
4 Interest Income				
Loans and advances	3,311,706	3,721,073	3,277,544	3,689,670
Investment securities:-				
-Amortised Cost	1,013,046	1,187,297	1,013,046	1,187,297
-FVTPL	-	-	36,843	-
Other	284,524	136,212	284,524	136,212
	4,609,276	**5,044,582**	**4,611,957**	**5,013,179**
5 Interest Expense				
Savings deposits	467,367	516,570	467,367	516,570
Term deposits	266,844	239,502	266,844	239,502
Other	32,618	33,684	32,618	33,684
	766,829	**789,756**	**766,829**	**789,756**
6 Other Income				
Commissions	474,139	492,533	474,029	492,533
Exchange trading and revaluation gains	762,609	1,120,721	762,609	1,120,721
Rental and other income	10,116	12,747	646,023	854,107
Expected credit gain	31,493	-	31,493	-
	1,278,357	**1,626,001**	**1,914,154**	**2,467,361**
7 Operating Expenses				
Staff costs (Note 8)	1,532,905	1,416,648	1,544,517	1,427,353
Depreciation	365,116	352,916	375,734	356,228
General administrative expenses	693,536	925,198	696,869	925,198
Marketing and public relations	106,443	55,363	106,443	55,363
Auditor remuneration	20,054	19,280	20,780	20,083
Director's fees	10,812	11,115	10,812	11,115
Other operating expenses	577,753	530,792	1,172,182	1,318,990
Property taxes	99,224	101,610	108,268	101,610
	3,405,843	**3,412,922**	**4,035,605**	**4,215,940**
8 Staff Costs				
Salaries and wages	933,184	861,382	941,061	872,087
Other staff costs	511,812	473,381	515,547	473,381
Pension	87,909	81,885	87,909	81,885
	1,532,905	**1,416,648**	**1,544,517**	**1,427,353**
9 Basic Earnings Per Share				
Calculated as follows:				
Profit after taxation	1,445,913	1,520,906	1,448,322	1,520,395
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	36.15	38.02	36.21	38.01

10 (a) Taxation	COMPANY 2018 G$ 000	COMPANY 2017 G$ 000	GROUP 2018 G$ 000	GROUP 2017 G$ 000
Current:- Corporation tax	270,440	325,009	276,747	332,459
Adjustment	(3,074)	-	(3,074)	-
Deferred Tax	(133,966)	35,114	(133,966)	35,114
	133,400	**360,123**	**139,707**	**367,573**
Reconciliation of Tax Expense and Accounting Profit				
Accounting profit	1,579,313	1,881,029	1,588,029	1,887,968
Share of Associate Company's profit/loss	19,624	(620)	19,624	(620)
	1,598,937	1,880,409	1,607,653	1,887,348
Corporation tax at 40%/27.5%	639,575	752,165	646,935	754,939
Add:				
Tax effect of expenses not deductible in determining Taxable Profits				
Depreciation for Accounting Purposes	146,046	141,166	146,046	144,098
Other	(10,739)	3,412	(10,739)	6,468
Property tax	39,690	40,644	43,308	40,644
	814,572	937,387	825,550	946,149
Deduct:				
Tax effect of depreciation for tax purposes	81,984	96,134	81,984	97,240
Other	-	-	3,973	205
Tax Exempt Income	462,148	516,244	462,148	516,244
Corporation Tax	270,440	325,009	276,747	332,459
Prior year adjustment	(3,074)	-	(3,074)	
Deferred Tax	(133,966)	35,114	(133,966)	35,114
	133,400	360,123	139,707	367,573
Components of deferred tax asset				
Property and equipment	431,896	306,682	431,896	306,682
Defined benefit asset	(38,647)	(40,176)	(38,647)	(40,176)
	393,249	266,506	393,249	266,506

Movement in temporary differences

	COMPANY AND GROUP		
	Defined benefit assets/(liabilities) G$ 000	Property and equipment G$ 000	Total G$ 000
At 1 January 2017	(12,185)	327,526	315,341
Movement during the year:-			
Statement of profit or loss and other comprehensive income	(27,991)	(20,844)	(48,835)
At 31 December 2017	(40,176)	306,682	266,506
Movement during the year:-			
Statement of profit or loss	8,752	125,214	133,966
Statement of other comprehensive income	(7,223)	-	(7,223)
At 31 December 2018	(38,647)	431,896	393,249

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

	2018 COMPANY AND GROUP			2017 COMPANY AND GROUP		
	Before tax amount G$'000	Tax(expense)/ benefit G$'000	Net of tax amount G$'000	Before tax amount G$'000	Tax(expense)/ benefit G$'000	Net of tax amount G$'000
Remeasurement of defined benefit pension plan	18,057	(7,223)	10,834	34,303	(13,721)	20,582
Loss arising on available for sale financial asset	-	-	-	(1,527)	-	(1,527)
Share of other comprehensive profit/ (loss) of associate company	(9,519)	-	(9,519)	4,371	-	4,371
	8,538	32 (7,223)	1,315	37,147	(13,721)	23,426

	COMPANY		GROUP	
11 **Cash Resources**	**2018** G$ 000	**2017** G$ 000	**2018** G$ 000	**2017** G$ 000
Cash in hand	2,389,389	2,005,459	2,410,797	2,005,577
Balance with Bank of Guyana of Guyana in excess of required reserves	928,756	6,037,103	928,756	6,037,103
Balances with other banks	6,497,659	4,487,125	6,497,659	4,487,125
Cheques and other items in transit	1,001,985	620,914	1,001,985	620,914
Total Cash and Short Term Funds	10,817,789	13,150,601	10,839,197	13,150,719
Reserve requirement with Bank of Guyana	10,517,725	9,309,619	10,517,725	9,309,619
Total Cash Resources	**21,335,514**	**22,460,220**	**21,356,922**	**22,460,338**
12 **Investments**				
Amortised cost	32,144,592	22,577,749	32,144,592	22,577,749
FVTPL	-	-	1,255,086	-
	32,144,592	**22,577,749**	**33,399,678**	**22,577,749**
Investment in Subsidiary's shares	**1,251,012**	**16**	**-**	**-**
Investment in Associate Company				
Non Current Asset - Associate Company	**223,522**	**252,665**	**223,522**	**252,665**

The Bank holds 40% (2017-40%) of the share capital of the Guyana Americas Merchant Bank Inc.

	COMPANY 2018	COMPANY 2017	GROUP 2018	GROUP 2017
Associate company				
At 1 January	252,665	247,674	252,665	247,674
Share of profit/loss of associate company	(19,624)	620	(19,624)	620
	233,041	248,294	233,041	248,294
Share of investment reserve of associate company	(9,519)	4,371	(9,519)	4,371
At 31 December	223,522	252,665	223,522	252,665
Total Investments	**33,619,126**	**22,830,430**	**33,623,200**	**22,830,414**

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	**2018**	**2017**
	G$ 000	**G$ 000**
Income	80,079	75,116
Profit after taxation	873	3,283
Statement of Financial Position		
Total assets	626,875	665,080
Tax liability	6,210	5,055
Equity and liabilities		
Capital and reserves	617,959	656,149
Current liabilities	8,916	8,931
Total equity and liabilities	626,875	665,080

13 (a) **Loans and advances**

	COMPANY			
	Agriculture & Other	**Personal & Services**	**Real Estate**	**Total**
2018	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**
Gross Loans and advances	11,252,411	27,566,044	8,286,859	47,105,314
Stage 1: 12 Month ECL	(603,623)	(94,271)	(25,267)	(723,161)
Stage 2: Lifetime ECL	(62,328)	(13,949)	(5,529)	(81,806)
Stage 3: Credit impaired financial assets - Lifetime ECL	(1,305,513)	(1,583,996)	(64,116)	(2,953,625)
Net loans and advances	**9,280,947**	**25,873,828**	**8,191,947**	**43,346,722**
2017				
Gross Loans and advances	10,097,273	29,733,214	8,535,946	48,366,433
Stage 1: 12 Month ECL	(621,390)	(129,392)	(23,812)	(774,594)
Stage 2: Lifetime ECL	(130,508)	(6,439)	(6,881)	(143,828)
Stage 3: Credit Impaired financial assets - Lifetime ECL	(1,225,945)	(1,512,375)	(128,167)	(2,866,487)
Net loans and advances	**8,119,430**	**28,085,008**	**8,377,086**	**44,581,524**

	GROUP			
	Agriculture & Other	**Personal & Services**	**Real Estate**	**Total**
2018	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**
Gross Loans and advances	11,252,411	27,018,698	8,286,859	46,557,968
Stage 1: 12 Month ECL	(603,623)	(94,271)	(25,267)	(723,161)
Stage 2: Lifetime ECL	(62,328)	(13,949)	(5,529)	(81,806)
Stage 3: Credit impaired financial assets - Lifetime ECL	(1,305,513)	(1,583,996)	(64,116)	(2,953,625)
Net loans and advances	**9,280,947**	**25,326,482**	**8,191,947**	**42,799,376**
2017				
Gross Loans and advances	10,097,273	29,081,820	8,535,946	47,715,039
Stage 1: 12 Month ECL	(621,390)	(129,392)	(23,812)	(774,594)
Stage 2: Lifetime ECL	(130,508)	(6,439)	(6,881)	(143,828)
Stage 3: Credit Impaired financial assets - Lifetime ECL	(1,225,945)	(1,512,375)	(128,167)	(2,866,487)
Net loans and advances	**8,119,430**	**27,433,614**	**8,377,086**	**43,930,130**

13 (b) **Provision for loan losses by economic sectors**

	Gross Performing	Gross Non-performing	Expected Credit Loss	Net amount
	G$ 000	**G$ 000**	**G$ 000**	**G$ 000**
2018				
Agriculture & Other	7,041,622	4,210,789	(1,971,464)	9,280,947
Personal & Services	20,318,568	7,247,476	(1,692,216)	25,873,828
Real Estate	7,321,281	965,578	(94,912)	8,191,947
	34,681,471	**12,423,843**	**(3,758,592)**	**43,346,722**
2017				
Agriculture & Other	5,935,114	4,162,159	(1,977,843)	8,119,430
Personal & Services	23,039,066	6,694,148	(1,648,206)	28,085,008
Real Estate	7,519,070	1,016,876	(158,860)	8,377,086
	36,493,250	**11,873,183**	**(3,784,909)**	**44,581,524**

13 (c) **Loans and advances under IAS 39 as at 1 January 2018**

	COMPANY	GROUP
	G$ 000	**G$ 000**
Accrual loans and advances	36,522,875	35,871,481
Non accrual loans and advances	11,843,558	11,843,558
	48,366,433	47,715,039
Impairment allowances	(3,654,527)	(3,654,527)
Net loans and advances	**44,711,906**	**44,060,512**

IAS 39 impairment allowances as at 1 January 2018

	COMPANY AND GROUP
Collectively assessed impairment	**G$ 000**
Balance brought forward	142,668
Movement during the year	(6,302)
Balance carried forward	136,366
Individually assessed impairment	
Balance brought forward	3,226,313
Write-offs on loans	(339,456)
Increase in the year	631,304
Balance carried forward	3,518,161
Total at 1 January 2018	**3,654,527**

14 (a) **Property and Equipment**

	COMPANY			
	Land and buildings	Equipment	Capital work-in-progress	Total
Cost/Valuation	G$ 000	G$ 000	G$ 000	G$ 000
At 1 January 2017	6,913,359	2,684,164	364,955	9,962,478
Additions	1,517	38,945	170,371	210,833
Disposals	-	(47,700)	(31,060)	(78,760)
Transfers	245,625	134,752	(380,377)	-
At 31 December 2017	7,160,501	2,810,161	123,889	10,094,551
Additions	-	6,629	353,621	360,250
Disposals	-	(28,129)	(14,159)	(42,288)
Transfers	2,576	135,834	(138,410)	-
At 31 December 2018	**7,163,077**	**2,924,495**	**324,941**	**10,412,513**
Comprising:				
Cost	7,141,783	2,924,495	324,941	10,391,219
Valuation	21,294	-	-	21,294
	7,163,077	**2,924,495**	**324,941**	**10,412,513**
Accumulated Depreciation				
At 1 January 2017	1,080,291	1,818,833	-	2,899,124
Charge for the year	132,922	219,994	-	352,916
Writeback on disposals	-	(46,767)	-	(46,767)
At 31 December 2017	1,213,213	1,992,060	-	3,205,273
Charge for the year	137,686	227,430	-	365,116
Write back on disposals	-	(28,068)	-	(28,068)
At 31 December 2018	**1,350,899**	**2,191,422**	**-**	**3,542,321**
Net book values:				
At 31 December 2018	**5,812,178**	**733,073**	**324,941**	**6,870,192**
At 31 December 2017	**5,947,288**	**818,101**	**123,889**	**6,889,278**

14 (a) **Property 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 2017	6,913,360	2,699,081	366,301	9,978,742
Additions	1,655	39,083	170,371	211,109
Disposals	-	(47,830)	(31,060)	(78,890)
Transfers	245,625	134,752	(380,377)	-
At 31 December 2017	7,160,640	2,825,086	125,235	10,110,961
Additions	-	19,274	353,621	372,895
Disposals	-	(28,272)	(14,159)	(42,431)
Transfers	2,576	135,834	(138,410)	-
At 31 December 2018	**7,163,216**	**2,951,922**	**326,287**	**10,441,425**
Comprising:				
Cost	7,141,922	2,951,922	326,287	10,420,131
Valuation	21,294	-	-	21,294
	7,163,216	**2,951,922**	**326,287**	**10,441,425**
Accumulated depreciation				
At 1 January 2017	1,080,291	1,824,092	-	2,904,383
Charge for the year	132,922	223,306	-	356,228
Write back on disposals	-	(46,815)	-	(46,815)
At 31 December 2017	1,213,213	2,000,583	-	3,213,796
Charge for the year	137,686	231,928	-	369,614
Write back on disposals	-	(28,147)	-	(28,147)
At 31 December 2018	**1,350,899**	**2,204,364**	**-**	**3,555,263**
Net book values:				
At 31 December 2018	**5,812,317**	**747,558**	**326,287**	**6,886,162**
At 31 December 2017	**5,947,427**	**824,503**	**125,235**	**6,897,165**

Refer to note 29 for details of revaluation of property and equipment.

	COMPANY AND GROUP	
Intangible assets	2018 G$ 000	2017 G$ 000
Net Book Value of acquired software (included in equipment)	389,580	455,226

14 (b) **Investment Property**

	GROUP	
2018	Premises G$'000	Total G$'000
COST		
At 1 January 2017	390,084	390,084
Additions	721	721
At 31 December 2017	390,805	390,805
Additions	16,870	16,870
At 31 December 2018	407,675	407,675
ACCUMULATED DEPRECIATION		
At 1 January 2017	10,921	10,921
Charge for the year	5,904	5,904
At 31 December 2017	16,825	16,825
Charge for the year	6,121	6,121
At 31 December 2018	22,946	22,946
NET BOOK VALUES		
At 31 December 2018	384,729	384,729
At 31 December 2017	373,980	373,980

15 Other Assets	COMPANY		GROUP	
	2018	2017	2018	2017
	G$ 000	G$ 000	G$ 000	G$ 000
Interest and commissions accrued	600,285	357,703	600,285	345,536
Prepaid expenses	125,139	113,008	125,139	113,008
Prepaid stationery/inventory	41,414	32,907	65,396	185,934
Sundry receivables	70,773	69,191	74,063	72,395
Agriculture diversification fund	22,576	16,266	22,576	16,266
Assets classified as held for sale (See note 16)	249,454	189,405	249,454	189,405
Taxes recoverable	537,819	483,249	568,407	501,355
Other	253,942	204,200	264,226	204,200
	1,901,402	**1,465,929**	**1,969,546**	**1,628,099**

16 Assets classified as held for sale

Properties on hand

At 1 January	189,405	150,953	189,405	150,953
Additions	78,727	41,356	78,727	41,356
Disposals	(18,678)	(2,904)	(18,678)	(2,904)
At 31 December	**249,454**	**189,405**	**249,454**	**189,405**

17 Deposits

Demand	23,544,593	20,270,617	23,544,028	20,270,617
Savings	48,100,986	46,107,880	48,100,986	46,107,880
Term	17,640,414	15,320,482	17,640,104	15,320,482
	89,285,993	**81,698,979**	**89,285,118**	**81,698,979**

18 Other Liabilities

Agriculture diversification fund (a)	180,791	174,445	180,791	174,445
Due to banks	16	21	16	21
Accrued interest on deposits	158,528	144,321	158,528	144,321
Unpresented drafts	19,497	17,426	19,497	17,426
Accrued expenses(b)	1,048,295	611,896	1,072,541	611,896
Others	679,738	567,686	708,991	567,628
	2,086,865	**1,515,795**	**2,140,364**	**1,515,737**

(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 US$1,130,090 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.

(b) Included in this amount is G$470M(2017-G$470M) which represents provision for credit losses.

	COMPANY AND GROUP	
	2018	**2017**
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

20 Reserves		
(a) Other Reserve		
(I) Available for sale investments:-		
At 1 January	(71,943)	70,416
Movement	-	(1,527)
Writeback on adoption of IFRS 9	71,943	
At 31 December	-	(71,943)
(ii) Re-measurement of defined benefit asset:-		
At 1 January	37,598	17,016
Movement	10,834	20,582
At 31 December	48,432	37,598
(iii) Share of reserve of associate company:-		
At 1 January	(38,685)	(43,056)
Share of comprehensive income/(loss)	(9,519)	4,371
At 31 December	(48,204)	(38,685)
Total	**228**	**(73,030)**
(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	24,746	13,407
Remeasurement of excess provision on adoption of IFRS 9	527,521	-
Movement for the year	59,156	11,339
At 31 December	**611,423**	**24,746**

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 2017.

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

Capital Adequacy

The Group 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 27.42% as at 31 December, 2018.

Total Tier 1 and Tier 11 Capital was 25.42% of risk-adjusted assets at 31 December , 2018 compared to 29.87% 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	
	2018 G$ 000	2017 G$ 000	2018 G$ 000	2017 G$ 000
Debt (i)	89,285,993	81,698,979	89,285,118	81,698,979
Cash and cash equivalents	(21,335,514)	(22,460,220)	(21,356,922)	(22,460,338)
Net debt	67,950,479	59,238,759	67,928,196	59,238,641
Equity (ii)	16,171,908	15,475,632	16,066,260	15,368,435
Net debt to equity ratio	4.06:1	3.83:1	4.09:1	3.85:1

(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.

Price risk

(i) 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 on page 45 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	**2018 Increase/(Decrease)**	**2017 Increase/(Decrease)**
		G' 000	G' 000
Local Currency	+/-50	101,523	106,309
Foreign Currencies	+/-50	65,886	67,166

(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				
		2018				
	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 2.00	3,819,702	83,800	-	17,453,420	21,356,922
Investments	2.80 to 8.00	14,837,117	9,004,725	9,355,993	425,365	33,623,200
Loans and advances (net)	0.00 to 27.00	19,084,043	5,701,755	18,013,578	-	42,799,376
Other assets	-	-	-	-	1,969,546	1,969,546
		37,740,862	**14,790,280**	**27,369,571**	**19,848,331**	**99,749,044**
Liabilities						
Deposits	0.75 to 1.20	65,741,090	-	-	23,544,028	89,285,118
Other liabilities		-	-	-	2,140,367	2,140,367
		65,741,090	**-**	**-**	**25,684,395**	**91,425,485**
Interest sensitivity gap		**(28,000,228)**	**14,790,280**	**27,369,571**		

		GROUP				
		Maturing				
		2017				
	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 2.00	3,534,130	-	-	18,926,208	22,460,338
Investments	2.80 to 8.00	11,083,542	4,608,385	6,610,185	528,302	22,830,414
Loans and advances (net)	0.00 to 27.00	19,661,116	9,422,280	14,977,116	-	44,060,512
Other assets	-	-	-	-	1,628,099	1,628,099
		34,278,788	**14,030,665**	**21,587,301**	**21,082,609**	**90,979,363**
Liabilities						
Deposits	0.75 to 1.20	61,428,362	-	-	20,270,617	81,698,979
Other liabilities		-	-	-	1,515,737	1,515,737
		61,428,362	**-**	**-**	**21,786,354**	**83,214,716**
Interest sensitivity gap		**(27,149,574)**	**14,030,665**	**21,587,301**		

22 **Financial Risk Management - (cont'd)**

(a) **Market Risk- (cont'd)**

(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 amount of assets and liabilities denominated in currencies other than Guyana dollars are shown:

	GROUP					
	Euro €	**US $**	**GBP £**	**Cdn $**	**Others**	**Total**
	G$ 000	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**
31 December 2018						
Assets	54,835	23,869,447	145,984	24,769	22,925	24,117,960
Liabilities	19,695	6,884,714	74,459	208	-	6,979,076
31 December 2017						
Assets	50,293	20,987,959	137,421	10,027	171,970	21,357,670
Liabilities	28,110	6,255,150	77,199	219	-	6,360,678

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 2.5% increase or 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	
	2018	2017	2018	2017	2018	2017	2018	2017
	$M	$M	$M	$M	$M	$M	$M	$M
Profit or (loss)	0.88	424.62	424.62	1.79	1.79	0.61	6.14	5.73

22 Financial Risk Management - (cont'd)

(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.

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 2018					
		Within 1 year				
	On Demand	Due in three months	Due within 3 to 12 months	1 to 5 years	Over 5 years	Total
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Cash resources	17,453,420	2,468,731	1,350,971	83,800	-	21,356,922
Investments	425,365	561,143	14,275,974	9,004,725	9,355,993	33,623,200
Loans & advances (net)	7,435,511	6,012,757	5,635,775	5,701,755	18,013,578	42,799,376
Other assets	1,935,668	30,588	3,290	-	-	1,969,546
	27,249,964	**9,073,219**	**21,266,010**	**14,790,280**	**27,369,571**	**99,749,044**
Liabilities						
Deposits	71,644,704	5,475,936	12,164,478	-	-	89,285,118
Other liabilities	2,093,175	13,402	33,790	-	-	2,140,367
	73,737,879	**5,489,338**	**12,198,268**	**-**	**-**	**91,425,485**
Net assets/(liabilities)	**(46,487,915)**	**3,583,881**	**9,067,742**	**14,790,280**	**27,369,571**	

GROUP

	Maturing 2017					
		Within 1 year				
	On Demand	Due in 3 mths	Due 3 - 12 mths	1 to 5 years	Over 5 years	Total
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Assets						
Cash resources	18,926,208	2,194,565	1,339,565	-	-	22,460,338
Investments	1,658,772	5,943,656	3,481,114	4,608,385	7,138,487	22,830,414
Loans & advances (net)	6,194,732	8,615,071	4,851,313	9,422,280	14,977,116	44,060,512
Other assets	1,628,099	-	-	-	-	1,628,099
	28,407,811	16,753,292	9,671,992	14,030,665	22,115,603	90,979,363
Liabilities						
Deposits	66,378,498	5,211,488	10,108,993	-	-	81,698,979
Other liabilities	1,515,737	-	-	-	-	1,515,737
	67,894,235	5,211,488	10,108,993	-	-	83,214,716
Net assets/(liabilities)	**(39,486,424)**	**11,541,804**	**(437,001)**	**14,030,665**	**22,115,603**	

22 FINANCIAL RISK MANAGEMENT-(CONT'D)

(c) **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 appropriate 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.

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 Executive Director, 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's 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 Executive Director 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; Control 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) **Credit risk-(cont'd)**

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.

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. Authorized lending limits utilizing the hierarchical structure of the Group.

xii. Generation of daily and monthly management exception reports.

xiii. The avoidance of being one of multiple lenders to a borrower. In the event this occurs, the 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.

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.

22 FINANCIAL RISK MANAGEMENT-(CONT'D)

(c) **Credit risk-(cont'd)**

Risk limit control and mitigation policy-(cont'd)

(a) Single borrower and bank borrower 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 loan to equity ratio 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.

22 FINANCIAL RISK MANAGEMENT-(CONT'D)

(c) **Credit risk-(cont'd)**

Credit risk measurement-(cont'd)

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

	2018	2017
	G$000	G$000
Grade 1- Satisfactory risk	29,499,683	28,713,293
	=========	=========
Grade 2- Monitor list		
Past Due up to 29 days	4,020,388	3,456,405
Past Due up 30-59 days	632,620	2,416,643
Past Due 60-89 days	528,782	1,285,140
	5,181,790	7,158,188
	=========	=========

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

22 **Financial Risk Management - (cont'd)**

(c) **Credit risk - (cont'd)**

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

	COMPANY		GROUP	
	2018 Maximum exposure G' 000	**2017** Maximum exposure G' 000	**2018** Maximum exposure G' 000	**2017** Maximum exposure G' 000
Cash and short term funds	10,817,789	13,150,601	10,839,197	13,150,719
Deposit with Bank of Guyana	10,517,725	9,309,619	10,517,725	9,309,619
Investments:				
FVTPL	-	-	1,255,086	-
Amortised cost	32,144,592	22,577,749	32,144,592	22,577,749
Loans and advances	43,346,722	44,711,906	42,799,376	44,060,512
Total	**96,826,828**	**89,749,891**	**97,555,976**	**89,098,599**
Customer liability under acceptances, guarantees and letters of credit	**3,804,772**	**4,058,782**	**3,804,772**	**4,058,782**
Total credit risk exposure	**100,631,600**	**93,808,673**	**101,360,748**	**93,157,381**

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

	COMPANY		GROUP	
Credit quality loans & advances	2018 G$ 000	2017 G$ 000	2018 G$ 000	2017 G$ 000
Neither past due nor impaired	29,499,681	29,364,687	28,952,333	28,713,293
Past due but not impaired	5,181,790	7,158,188	5,181,790	7,158,188
Impaired	12,423,843	11,843,558	12,423,843	11,843,558
	47,105,314	48,366,433	46,557,966	47,715,039

The collateral held are in excess of 95% of total loans and advances

The undiscounted fair value of collateral that the Bank holds relating to loans individually determined to be impaired at 31 December 2018 amounts to G$34,529,754,851. (2017- G$30,819,024,767)

During the year, the Bank realised collateral amounting to G$105,964,312 (2017 G$28,331,850)

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit rating system, aging and year-end stage classification.

	COMPANY AND GROUP			
Loans and advances	Stage 1 (12 Month ECL)	Stage 2 (Lifetime ECL)	Stage 3 Credit impaired financial assets (Lifetime ECL)	Total
2018				
Gross exposure	27,838,924	7,156,234	12,411,201	47,406,359
ECL	(723,161)	(81,807)	(2,953,627)	(3,758,595)
Net Exposure	27,115,763	7,074,427	9,457,574	43,647,764
2017				
Gross exposure	29,850,690	10,571,029	11,974,502	52,396,221
ECL	(774,593)	(143,828)	(2,866,487)	(3,784,908)
Net exposure	29,076,097	10,427,201	9,108,015	48,611,313
Investments- amortised cost				
2018				
Gross exposure	9,177,956	5,325,045	2,400,057	16,903,058
ECL	(9,464)	(21,949)	(69,608)	(101,021)
Net Exposure	9,168,492	5,303,096	2,330,449	16,802,037
2017				
Gross exposure	7,172,444	5,103,963	3,018,162	15,294,569
ECL	(7,879)	(37,077)	(87,557)	(132,513)
Net exposure	7,164,565	5,066,886	2,930,605	15,162,056

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	
	2018	2017
	G$ 000	G$ 000
Grade 3 - Sub-standard		
- Past due 90 - 179 days	614,594	3,947,691
Grade 4 - Doubtful and loss		
- Past due 180 - 359 days	1,654,868	1,228,266
- Past due 360 days and over	10,154,381	6,667,601
	11,809,249	7,895,867
Total impaired loans and advances	12,423,843	11,843,558
Impaired loans and advances by product type (includes corporate facilities)		
Quality lifestyle loans	399,374	408,409
Commercial loans and advances (includes corporate facilities)	12,024,469	11,435,149
	12,423,843	11,843,558

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

	GROUP					
As at December 2018	**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	14,859,264	2,434,373	1,881,360	2,181,925	-	21,356,922
Investments	17,546,531	12,472,234	800,784	-	2,580,129	33,399,678
Loans and advances (net)	41,044,322	1,755,054	-	-	-	42,799,376
	73,450,117	**16,661,661**	**2,682,144**	**2,181,925**	**2,580,129**	**97,555,976**
Off Statement of Financial Position						
Acceptances, guarantees and letters of credit	3,804,772	-	-	-	-	3,804,772
	3,804,772	**-**	**-**	**-**	**-**	**3,804,772**
Total	**77,254,889**	**16,661,661**	**2,682,144**	**2,181,925**	**2,580,129**	**101,360,748**
As at December 2017						
On Statement of Financial Position						
Cash resources	19,563,974	717,079	1,923,844	255,441	-	22,460,338
Investments	8,775,820	12,460,667	-	-	1,341,262	22,577,749
Loans and advances (net)	42,708,286	1,352,226	-	-	-	44,060,512
	71,048,080	14,529,972	1,923,844	255,441	1,341,262	89,098,599
Off Statement of Financial Position						
Acceptances, guarantees and letters of credit	4,058,782	-	-	-	-	4,058,782
	4,058,782	-	-	-	-	4,058,782
Total	**75,106,862**	**14,529,972**	**1,923,844**	**255,441**	**1,341,262**	**93,157,381**

22 **Financial Risk Management - (cont'd)**

(e) Investment securities

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.

31 December 2018	**GROUP**		
	Treasury Bills G$'000	**Other Securities G$'000**	**Total G$'000**
A- to AAA	-	4,003,524	4,003,524
BBB- to BBB+	-	586,847	586,847
Lower than BBB-	-	6,999,579	6,999,579
Unrated	20,005,072	2,028,178	22,033,250
	20,005,072	**13,618,128**	**33,623,200**

31 December 2017	**Treasury Bills G$'000**	**Available for Sale Securities G$'000**	**Held to Maturity Securities G$'000**	**Total G$'000**
A- to AAA	-	3,594,514	-	3,594,514
BBB- to BBB+	-	1,371,535	-	1,371,535
Lower than BBB-	-	5,117,094	-	5,117,094
Unrated	10,142,540	2,076,429	528,302	12,747,271
	10,142,540	**12,159,572**	**528,302**	**22,830,414**

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

	COMPANY AND GROUP	
	2018 G$ 000	**2017 G$ 000**
Renegotiated loans/overdrafts	6,732,960	6,587,128

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 borrowers totaling 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	
	2018	2017
	G$ 000	G$ 000
Loans and Advances		
Agriculture	5,699,600	4,720,936
Services and distribution	22,873,931	24,495,270
Manufacturing	3,739,276	3,217,477
Household	12,978,972	13,773,890
Mining and quarrying	1,813,535	2,158,860
	47,105,314	48,366,433
Impairment allowances	(3,758,592)	(3,654,527)
Net loans and advances	43,346,722	44,711,906
Concentration of deposits		
Deposits		
State entities	13,988,685	13,190,117
Commercial sector	19,760,218	15,720,946
Personal sector	50,488,123	48,338,328
Other enterprises	3,841,850	3,254,315
Non residents	1,207,117	1,195,273
	89,285,993	81,698,979

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				COMPANY AND GROUP			
	2018				2017			
	Under 3 mths	3 to 12 months	Over 12 mths	Total	Under 3 mths	3 to 12 months	Over 12 mths	Total
	G$'000	G$'000	G$'000	G$'000	G$'000	G$'000	G$'000	G$'000
State entities	-	-	26	26	-	-	26	26
Commercial sector	2,136,598	1,154,117	469,913	3,760,628	2,478,617	514,414	901,929	3,894,960
Personal sector		29,948	14,170	44,118	50	139,370	24,376	163,796
	2,136,598	1,184,065	484,109	3,804,772	2,478,667	653,784	926,331	4,058,782

24 Defined Benefit Asset

The most recent actuarial valuation of the plan assets and the present value of the defined benefit asset were carried out as at 31 December, 2018 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	
	2018	**2017**
	G$ 000	**G$ 000**
(a) Amounts in the statement of financial position:		
Defined benefit obligation	833,412	751,313
Fair value of plan assets	(911,973)	(817,450)
Surplus	(78,561)	(66,137)
Effect on asset ceiling	-	-
Defined benefit asset	(78,561)	(66,137)
(b) Changes in the present value of the defined benefit obligation		
Defined benefit obligation at the start of the year	751,313	691,361
Current service cost	92,717	85,292
Interest cost	33,654	30,971
Past service cost/(credit)	-	-
Remeasurements		
- Experience adjustments	(37,293)	(50,020)
Members' contribution	-	-
Benefit Improvements	-	-
Actuarial gain	-	-
Benefits paid	(6,979)	(6,291)
Defined benefit obligation at the end of the year	**833,412**	**751,313**
(c) Changes in the fair value of the plan assets		
Plan assets at start of year	817,450	721,824
Interest income	38,461	34,199
Return on plan assets, excluding interest income	(19,236)	(15,717)
Bank contributions	82,277	83,435
Benefits paid	(6,979)	(6,291)
Plan assets at the end of the year	**911,973**	**817,450**
(d) Asset allocation		
Deposit administration contract	848,276	756,218
Annuity policies	63,697	61,232
Fair value of plan asset at the end of the year	**911,973**	**817,450**

The value of the plan's assets is equal to the face value of the deposit administration 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.

	2018	2017
	G$ 000	G$ 000
24 Defined Benefit Asset- (cont'd)		
(e) Expense recognised in profit or loss		
Current service cost	92,717	85,292
Net interest on net defined benefit asset	(4,807)	(3,228)
Past service cost	-	-
Net pension cost	87,910	82,064
(f) Re-measurements recognised in other comprehensive income		
Experience (gains)/losses	(18,057)	(34,303)
Effect of asset ceiling	-	-
Total amount recognised in other comprehensive income	(18,057)	(34,303)
(g) Reconciliation of opening and closing balance sheet entries		
Opening defined benefit asset	(66,137)	(30,463)
Net pension cost	87,910	82,064
Re-measurements recognised in other comprehensive income	(18,057)	(34,303)
Bank's contributions paid	(82,277)	(83,435)
Closing defined benefit asset	(78,561)	(66,137)

(h) Summary of principal assumptions as at 31 December	2018	2017
	Per annum	Per annum
	%	%
Discount rate	4.5	4.5
Average individual salary increases	N/A	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:

	2018	2017
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)	269	269

24 Defined Benefit Asset- (cont'd)

(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$86M to the pension plan during 2019.

(k) Experience history	2014	2015	2016	2017	2018
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Defined benefit obligation	538,345	603,633	691,361	751,313	833,412
Fair value of plan assets	(542,463)	(635,034)	(721,824)	(817,450)	(911,973)
(Surplus)	(4,118)	(31,401)	(30,463)	(66,137)	(78,561)

	COMPANY AND GROUP	
	2018	2017
	G$ 000	G$ 000
	9,379	9,379

25 Balances excluded from the accounts

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**	2018	2017
	G$ 000	G$ 000
(i) Loans and advances		
Balances at end of year	2,906,334	2,615,744
Interest income	211,227	175,194
(ii) Deposits		
Balance at end of year	3,843,506	3,328,622
Interest expense	40,092	47,225
(iii) Commissions	1,010	7,398
(iv) Insurance coverage	7,410,394	7,426,274
(v) Insurance premiums paid	56,956	40,909
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	1,800	1,800
(vii) All pension payments have been secured by annuities from Nalico.		
(b) **Parent Company**		
Deposits		
Balance at end of year	25,376	859
Interest expense	42	79
(c) **Associate Company**		
(i) Deposits		
Balance at end of year	53,091	30,203
(ii) Investments		
Investments effected through associate company (fair value)	1,038,090	1,340,990

26 **Related party transactions and balances - (cont'd)**

(c) **Associate Company-(cont'd)**

	GROUP	
	2018	2017
	G$ 000	G$ 000
(iii) Fees paid to associate company- Guyana Americas Merchant Bank Inc.	2,496	2,496
(iv) Annual rental income received- Guyana Americas Merchant Bank Inc.	5,602	5,602

(d) **Subsidiary Company**

(i) Loans and advances		
Balances at end of year	547,346	651,394
(ii) Rental paid	9,000	9,000

(e) **Key management personnel**

(i) **Compensation**

The Group's 56 (2017 -55) key management personnel comprise its Directors, its Executive Director and Managers. The remuneration paid to key management for the year was as follows:

	GROUP	
	2018	2017
	G$ 000	G$ 000
Short-term employee benefits	371,086	321,808
Post-employment benefits	23,916	22,389
	395,002	344,197

(ii) **Directors emoluments**

Amounts represents fees paid to individuals in respect of their services as Directors (included in key management compensation)

Chairman	3,552	3,553
Executive Director	1,210	403
Non- Executive Director	6,050	7,159
	10,812	11,115
(iii) **Loans and advances**	281,809	219,178
Balance at end of year	12,787	11,601
Interest income		
(iv) **Deposits**	124,985	177,234
Balance at end of year		
Interest expense	419	1,818

Employees of the Bank are granted loans at concessionary rates of interest.
No provision was made for loan losses to related parties.

26 Related party transactions and balances - (cont'd)

	GROUP	
	2018	2017
	G$ 000	G$ 000
(v) Sievewright Stoby & Co.		
Fees	580	580

Sievewright Stoby & Co. 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 Sievewright Stoby & Co. by the customer.

	COMPANY AND GROUP	
	2018	2017
	G$ 000	G$ 000
27 Capital commitments		
Authorized and not contracted for	789,191	999,758
Authorized and contracted for	335,106	124,890
Capital commitments not provided for in the financial statements	1,124,297	1,124,648
28 Dividends		
Amounts recognised as distributions to shareholders in the year:		
Final dividend for year ended 31 December 2017		
G$10.00 per share (2016- G$11.00)	400,000	440,000
Interim dividend of G$4.00 per share (2017 - G$4.00)	160,000	160,000
	560,000	600,000
Proposed final dividend of G$10.00 per share (2017 - G$10.00)	400,000	400,000

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 estimation

Fair value measurement recognised in the statement of financial position.

Level 1- Fair value determination is with reference to quoted prices in active markets for identical assets and liabilities. Quotation from recognised stock exchange was used to value financial assets under this ranking.

Level 2- Fair value measurement 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).

The following assets and liabilities are carried at amortised cost. However, fair values have been stated for disclosure purposes

	2018 GROUP			2017 GROUP		
	IFRS 13 Level	Carrying amount G$'000	Fair value G$'000	IFRS 13 Level	Carrying amount G$'000	Fair value G$'000
ASSETS						
Investment property	2	384,729	384,729	2	373,980	373,980
Cash resources	1	21,356,922	21,356,922	1	22,460,338	22,460,338
Investments - amortised cost	2	32,144,592	32,144,592	2	22,577,749	22,577,749
Loans and advances	2	42,799,376	42,799,376	2	44,060,512	44,060,512
Other assets	2	1,969,546	1,969,546	2	1,628,099	1,628,099
Defined benefit assets	3	78,561	78,561	3	66,137	66,137
		98,733,726	98,733,726		91,166,815	91,166,815
LIABILITIES						
Deposits	2	89,285,118	89,285,118	2	81,698,979	81,698,979
Other liabilities	2	2,140,367	2,140,367	2	1,515,737	1,515,737
		91,425,485	91,425,485		83,214,716	83,214,716

29 FAIR VALUE ESTIMATION-(CONT'D)

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

The fair values of financial assets and liabilities were determined as follows:
(a) Investment properties fair values were measured primarily at cost less accumulated depreciation. Management's judgment was used to determine that fair value approximates the carrying value.
(b) 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 delinquencies.
(c) Financial instruments 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, defined benefit assets and other liabilities.
(d) Defined benefit assets were measured by management on the advice from the Actuary.

Assets carried at fair value

Property and equipment

Land and buildings vested in the Bank on 1 December 1987 were revalued in 1988 by professional valuer 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.

A revaluation of land, building and erections of the properties was done by Mr. David Patterson from Patterson Associates, a qualified valuer in 2014 which resulted in no change. The revalued amount approximated the carrying value in the financial statements.

During the year, a revaluation of the Bank's properties was done by Mr. Peter R. Green, a qualified valuer. The revalued amount approximated the carrying value in the financial statements.

All valuations were based on open market value. The most significant input of these valuation approaches is the value or replacement cost per square foot which is considered to be observable. The valuation of property is classified at level 2.

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

Investments

	GROUP	
	2018	2017
	G$000	G$000
FVPL/Available for sale		
Level 1	1,255,086	14,988,679
Level 2	-	7,313,433
	1,255,086	22,302,112
	=========	=========

30 Segment Information

The accounting policies of the operating segments are the same as those describe in note 3.1(v) 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 performance 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 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 2016 the Group's business has been classified primarily into three main segments, namely Retail Commercial Banking, Treasury and Gold Trading (by class of business).

The table below shows segment information by class of business

	GROUP			
	2018			
	Retail and Commercial Banking	Treasury	Gold Trading	Total
	$'000	$'000	$'000	$'000
Interest income	3,277,544	1,334,413	-	4,611,957
Interest expense	(766,829)	-	-	(766,829)
Net interest income	2,510,715	1,334,413	-	3,845,128
Loan impairment expense net of recoveries	(116,024)	-	-	(116,024)
	2,394,691	1,334,413	-	3,729,104
Other income	1,269,247	-	644,907	1,914,154
Share of loss of associate company	(19,624)	-	-	(19,624)
Operating expenses	(3,362,571)	(12,931)	(660,103)	(4,035,605)
Profit/(loss) before taxation	281,743	1,321,482	(15,196)	1,588,029
Segment assets				
Cash resources	21,334,639	19,086	3,197	21,356,922
Investments:-				
FVPL	-	1,255,086	-	1,255,086
Amortised cost	-	32,144,592	-	32,144,592
Non current assets-associate company		223,522	-	223,522
Loans and advances	42,799,376	-	-	42,799,376
Property and equipment	6,870,192	-	15,970	6,886,162
Investment property	-	-	384,729	384,729
Deferred tax assets	393,249	-	-	393,249
Other assets	-	1,969,546	-	1,969,546
Defined benefit asset	78,561	-	-	78,561
Total segment assets	71,476,017	35,611,832	403,896	107,491,745
Segment liabilities				
Deposits:-				
Demand	23,544,028	-	-	23,544,028
Savings	48,100,986	-	-	48,100,986
Term	17,640,104	-	-	17,640,104
Due to banks	16	-	-	16
Other	1,539,506	15,851	584,994	2,140,351
Total segment liabilities	90,824,640	15,851	584,994	91,425,485

30 Segment information-(cont'd)

	GROUP 2017			
	Retail and Commercial Banking	**Treasury**	**Gold Trading**	**Total**
	$'000	$'000	$'000	$'000
Interest income	3,689,670	1,323,509	-	5,013,179
Interest expense	(789,756)	-	-	(789,756)
Net interest income	2,899,914	1,323,509	-	4,223,423
Loan impairment expense	(625,002)	-	-	(625,002)
Loan impairment recoveries	37,506	-	-	37,506
	2,312,418	1,323,509	-	3,635,927
Other income	494,255	1,120,721	852,385	2,467,361
Share of profit of associate company	-	620	-	620
Operating expenses	(3,369,634)	-	(846,306)	(4,215,940)
Profit before taxation	(562,961)	2,444,850	6,079	1,887,968
Segment assets				
Cash resources	22,460,220	-	118	22,460,338
Investments:-				
Available for sale	-	22,302,112	-	22,302,112
Held to maturity	-	275,637	-	275,637
Non current assets-associate company	-	252,665	-	252,665
Loans and advances	44,060,512	-	-	44,060,512
Property and equipment	6,889,278	-	7,887	6,897,165
Investment property	-	-	373,980	373,980
Deferred tax assets	266,506	-	-	266,506
Other assets	-	1,628,099	-	1,628,099
Defined benefit asset	66,137	-	-	66,137
Total segment assets	73,742,653	24,458,513	381,985	98,583,151
Segment liabilities				
Deposits:-				
Demand	20,270,617	-	-	20,270,617
Savings	46,107,880	-	-	46,107,880
Term	15,320,482	-	-	15,320,482
Due to banks	21	-	-	21
Other	1,514,897	-	819	1,515,716
Total segment liabilities	83,213,897	-	819	83,214,716

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**	
	2018	**2017**	**2018**	**2017**
	G$ 000	**G$ 000**	**G$ 000**	**G$ 000**
Retail and commercial lending	360,250	210,833	360,250	210,833
Other	-	-	(360,250)	276
	360,250	210,833	-	211,109

(b) Revenue from major services

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

	Group	
	2018	**2017**
	G$ 000	**G$ 000**
Retail and commercial lending	3,277,544	3,689,670
Treasury	1,334,413	1,323,509
	4,611,957	5,013,179

(c) Geographical information

(i) The Group operates in three principal geographical area-retail commercial banking, treasury and gold trading.

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

	GROUP			
	Revenue		**Non Current Assets**	
	2018	**2017**	**2018**	**2017**
	G$ 000	**G$ 000**	**G$ 000**	**G$ 000**
Treasury(corporate office)	4,546,791	4,183,925	-	-
Retail and commercial banking(other branches)	1,334,413	2,444,230	6,886,162	6,897,165
Other- gold trading and rental	644,907	852,385	384,729	373,980
	6,526,111	7,480,540	7,270,891	7,271,145

Revenue by geographic location

2018	**Guyana**	**Caricom**	**Others**	**Total**
	G$ 000	G$ 000	G$ 000	G$ 000
Interest income	4,611,957	-	-	4,611,957
Other income	1,914,154	-	-	1,914,154
Total revenue	6,526,111	-	-	6,526,111

2017	**Guyana**	**Caricom**	**Others**	**Total**
	G$ 000	G$ 000	G$ 000	G$ 000
Interest income	3,689,670	961,262	362,247	5,013,179
Other income	2,467,361	-	-	2,467,361
Total revenue	6,157,031	961,262	362,247	7,480,540

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	Financial Assets and Liabilities at amortised cost	Total	2017 Total
2018	**G$ 000**	**G$ 000**	**G$ 000**
Cash resources	21,335,514	21,335,514	22,460,220
Investments	32,144,592	32,144,592	22,830,430
Loans & advances (net)	43,346,722	43,346,722	44,711,906
Other assets	1,901,402	1,901,402	1,465,929
Total assets	98,728,230	98,728,230	91,468,485
2017	**91,468,485**	**91,468,485**	

LIABILITIES			
2018			
Deposits	89,285,993	89,285,993	81,698,979
Other liabilities	2,086,865	2,086,865	1,515,795
Total liabilities	**91,372,858**	**91,372,858**	**83,214,774**
2017	**83,214,774**	**83,214,774**	

GROUP

ASSETS	FVPL	Financial Assets and Liabilities at amortised cost	Total	2017 Total
2018	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**
Cash resources	-	21,356,922	21,356,922	22,460,338
Investments	1,255,086	32,144,592	33,399,678	22,830,414
Loans & advances (net)	-	42,799,376	42,799,376	44,060,512
Other	-	1,969,546	1,969,546	1,628,099
Total Assets	**1,255,086**	**98,270,436**	**99,525,522**	**90,979,363**
2017	**-**	**90,979,363**	**90,979,363**	

LIABILITIES				
2018				
Deposits	-	89,285,118	89,285,118	81,698,979
Other	-	2,140,367	2,140,367	1,515,737
Total liabilities	**-**	**91,425,485**	**91,425,485**	**83,214,716**
2017	**-**	**83,214,716**	**83,214,716**	

32 IFRS 9 Transition disclosures

The following sets out the impact of adopting IFRS 9 on the statement of financial position and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses.

COMPANY

(a) Financial assets	Key	IAS 39 Amount $000	Reclassification $000	$000	Remeasurement ECL $000	Remeasurement Other $000	IFRS 9 Amount $000	Key
Cash resources	AC	22,460,220	-	-	-	-	22,460,220	AC
Investments:	AFS	22,302,112	(22,302,112)	-	-	-	-	
	HTM	275,637	(275,637)	-	-	-	-	
Investments:		-	-	22,577,749	(132,514)	71,943	22,517,178	AC
Loans and advances	L&R	44,711,906	-	-	(130,382)	-	44,581,524	AC
Other assets	L&R	1,465,929	(1,465,929)	-	-	-	-	
Other assets		-	-	1,465,929	-	-	1,465,929	AC
		91,215,804	**(24,043,678)**	**24,043,678**	**(262,896)**	**71,943**	**91,024,851**	

Financial liabilities

Deposits	AC	81,698,979	-	-	-	-	81,698,979	AC
Other liabilities	AC	1,515,795	-	-	-	-	1,515,795	AC
		83,214,774	**-**	**-**	**-**	**-**	**83,214,774**	

GROUP

Financial assets

Cash resources	AC	22,460,338	-	-	-	-	22,460,338	AC
Investments:	AFS	22,302,112	(22,302,112)	-	-	-	-	
	HTM	275,637	(275,637)	-	-	-	-	
Investments:		-	-	22,577,749	(132,514)	71,083	22,516,318	AC
Loans and advances	L&R	44,060,512	-	-	(130,382)	-	43,930,130	AC
Other assets	L&R	1,628,099	(1,628,099)	-			-	
Other assets		-	-	1,628,099	-	-	1,628,099	AC
		90,726,698	**(24,205,848)**	**24,205,848**	**(262,896)**	**71,083**	**90,534,885**	

Financial liabilities

Deposits	AC	81,698,979	-	-	-	-	81,698,979	AC
Other liabilities	AC	1,515,737	-	-	-	-	1,515,737	AC
		83,214,716	**-**	**-**	**-**	**-**	**83,214,716**	

Key:
L&R Loans and receivables
AFS Available for sale
HTM Held to maturity
AC Amortised cost

32 IFRS 9 Transition disclosures cont'd

(b) Effects of transition on retained earnings and reserves

COMPANY	IAS 39 closing balance $000	Reclassification $000	Remeasurement $000	IFRS 9 opening balance $000
Share capital	800,000	-	-	800,000
Retained earnings	13,904,953	-	(790,416)	13,114,537
Other reserve	(73,030)	-	71,943	(1,087)
Statutory reserve	800,000	-	-	800,000
Revaluation reserve	18,963	-	-	18,963
General banking risk reserve	24,746	-	527,521	552,267
Total reserves	**15,475,632**	**-**	**(190,952)**	**15,284,680**
GROUP				
Share capital	800,000	-	-	800,000
Retained earnings	13,797,756	-	(791,276)	13,006,480
Other reserve	(73,030)	-	71,943	(1,087)
Statutory reserve	800,000	-	-	800,000
Revaluation reserve	18,963	-	-	18,963
General banking risk reserve	24,746	-	527,521	552,267
Total reserves	**15,368,435**	**-**	**(191,812)**	**15,176,623**

(c) Reconciliation of IAS 39 impairment allowance and IFRS 9 ECL

COMPANY & GROUP	IAS 39 31 December 2017 $000	Remeasurement $000	IFRS 9 1 January 2018 $000
Impairment allowance			
Loans & receivables per IAS 39/financial assets at amortised cost per IFRS 9	3,654,527	130,382	3,784,909
Available for sale per IAS 39/financial assets at amortised cost per IFRS 9	-	132,514	132,514
	3,654,527	**262,896**	**3,917,423**

33 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.

34 Reclassification

Certain prior year amount were reclassified to conform with the current year presentation under new and revised accounting standards .

35 Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 29th April, 2019.

OUR CORRESPONDENT BANKS

For US Dollars (USD)

BANK OF NEW YORK MELLON
New York
United States of America
SWIFT CODE: IRVTUS3N
ABA:021000018

CROWN AGENTS BANK LIMITED
St Nicholas House, St Nicholas
Road, Sutton, Surrey SM1 1EL
United Kingdom
A/C NO. 33222101
SWIFT CODE: CRASGB2L
IBAN#:
GB61CRAS60836833222101

Intermediary Bank:
Bank of New York Mellon
New York
United States of America
SWIFT CODE: IRVTUS3N

BANK OF MONTREAL
Global Payments Services
129 Rue Saint – Jacques, 10th Floor,
Montreal
PQ Canada H2Y 1L6
USD A/C NO. 3144-4605-838
SWIFT CODE: BOFMCAM2

RBTT BANK LTD
55 Independence Square
Port of Spain, Trinidad
USD A/C NO. 18110523886
SWIFT CODE: RBTTTTPX

FIRST CARIBBEAN INTERNATIONAL BANK
Broad Street, Bridgetown, Barbados
A/C NO. 1739111
SWIFT CODE: FC1BBBBB

FIRST CARIBBEAN INTERNATIONAL BANK (FORMERLY BARCLAYS BANK PLC)
Basseterre, P.O Box 42, St. Kitts
A/C NO. 1121132
SWIFT CODE: FCIBKNSK

For Canadian Dollars (CAN)

CROWN AGENTS BANK LIMITED
St Nicholas House, St Nicholas
Road, Sutton, Surrey SM1 1EL
United Kingdom
A/C NO. 33222901
SWIFT: CRASGB2L
IBAN#:
GB92CRAS60836833222901

Intermediary Bank:
Bank of Montreal
Toronto, Ontario
Canada
SWIFT: BOFMCAT2

BANK OF MONTREAL
International Banking
Toronto, Ontario Canada
A/C NO. 3144 1005 626
SWIFT CODE: BOFMCAT2

MEMBER OF THE CARIBBEAN ASSOCIATION OF BANKS

For Sterling Pounds (£)

CROWN AGENTS BANK LIMITED
St Nicholas House, St Nicholas
Road, Sutton, Surrey SM1 1EL
United Kingdom
A/C NO. 33222001
IBAN#:
GB45CRAS60836833222001

For Euro (€)

CROWN AGENTS BANK LIMITED
St Nicholas House, St Nicholas
Road, Sutton, Surrey SM1 1EL
United Kingdom
A/C NO. 33222401
IBAN#:
GB12CRAS60836833222401

FOR A/C OF:
GUYANA BANK FOR TRADE & INDUSTRY LTD
High & Young Streets, Kingston,
Georgetown, Guyana
SWIFT CODE: GUTIGYGE

OUR SERVICES

PASSBOOK SAVINGS ACCOUNTS

Minimum opening balance of $5,000

- Transactions recorded in a passbook for easy reference
- Interest is calculated quarterly and paid semi-annually
- Transact business at any branch

STATEMENT SAVINGS ACCOUNTS

- Minimum opening balance of $5,000
- Interest is calculated quarterly and paid semi-annually
- ATM, POS and Utility bills payment facilities
- Withdrawals at ATM up to $100,000 per day
- Transact business at any branch

EARLY SAVERS CLUB ACCOUNTS

- From birth to 17 years
- Minimum opening balance of $1,000
- Interest is calculated quarterly and paid semi-annually
- Access to ATM facilities
- Withdrawals at ATM per day: $10,000 -12-14 years - $15,000 – 15-17 years
- Attractive prizes won annually
- National Grade Six Assessment Bursary Award

EDUCATION SAVINGS PLAN

- From birth to 13 years
- Minimum Plan amount – G$2M; Maximum Plan Amount – G$15M
- Premium Interest Rate – payable upon maturity of the Plan
- Investment Calculator
- Plan matures on the 18th birthday
- National Grade Six Assessment Bursary Award
- Discounts at participating stores

PRIMELIFE CLUB SAVINGS ACCOUNTS

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

TERM DEPOSIT ACCOUNTS

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

SPECIAL INVESTMENT ACCOUNTS

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

PERSONAL CHEQUING ACCOUNTS

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

BUSINESS CHEQUING ACCOUNTS

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

ELECTRONIC BANKING

- Account balance enquiry
- Place stop payments
- Secure Email Messaging
- Pay utility bills
- View Loan Accounts status
- View Term Deposit Balance
- View Cheque Status

OUR SERVICES

LOANS AND ADVANCES PERSONAL FINANCING – QUALITY LIFESTYLE LOAN PLAN

- Low Income Housing Loan
- Residential Mortgage Loan
- Home Improvement Loans
- Automobile Loan
- Consumer Care Loan
- Personal Loan
- Technology Loan
- Kickstart Education Loan Plan

BUSINESS FINANCING – COMMERCIAL LOAN PLAN

- Corporate Loans
- Manufacturing Loans
- Agriculture Loans
- Rice Farming Loans
- Trading & Services Loans
- Green Loans
- Women Of Worth Loans
- POWER Loans
- Express Loan
- Overdrafts
- US$ Loans
- Small Business Bureau Loans

OTHER FACILITIES

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

CREDIT CARDS

GBTI Classic up to $500,000
GBTI Gold up to $1,000,000
Visa Classic up to US$5,000
Visa Gold up to US$10,000

PREPAID CARD

- GBTI Visa Travel Classic up to US$5,000
- Other Benefits
- Secure alternative to cash
- Shop anywhere, anytime
- Flexible repayment schedules

AUTOMATED TELLER MACHINES

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

POINT OF SALE TERMINALS

- Eliminates the need to carry cash
- Convenient payment of purchases at over 100 locations countrywide

FOREIGN TRADE

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

FOREIGN EXCHANGE

- Competitive currency exchange rates
- Issue US, CAN
- Negotiation of CAN drafts
- SWIFT Transfers- US, CAN, STG and EURO
- Fund Transfers
- Foreign currency accounts

SAFE DEPOSIT BOXES

- Available in three sizes
- Foolproof security system

NIGHT DEPOSITORY

- Security bags: Canvas and Disposable bags
- Secure fireproof chute
- Eliminates waiting for cash to be counted
- Available at all branches

PAYMENT OF UTILITY BILLS

- Over-the-counter facilities for the payment of G.P.L and G.W.I Bills
- GRA Road License

PAYROLL PROCESSING

- Eliminates preparation of pay cheques and pay envelopes.
- EFT
  - Transfer between Bank Accounts
  - A versatile way of processing money
  - An efficient, green and cost-effective method of payment
  - Eliminates the risk of cheque fraud

GBTI

COMMUNITY *Activities*

EXECUTIVE DIRECTOR MR. RICHARD ISAVA
ADDRESSES STAFF AT THE INAUGURAL GBTI STAFF RALLY

WINNERS OF OUR 2019 CALENDAR COMPETITION

GBTI BRAND AMBASSADORS

GBTI BRAND AMBASSADORS

GBTI

COMMUNITY *Activities*

TEAM GBTI TURNED OUT IN THEIR NUMBERS IN SUPPORT OF BREAST CANCER AWARENESS AT THE PINKTOBER WALK

OUR CORRIVERTON TEAM REACHED OUT TO THE LITTLE ONES

GBTI DONATES TO RED CROSS

PROXY FORM

I/We____

of____

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

hereby appoint ____

of____

or failing him/her ____

of ____

as my/our proxy to attend and act on my/our behalf at the 31st Annual General

Meeting of the said Company to be held on Friday, June 28, 2019, and at any

adjournment thereof.

Dated this_______________________ day of ____________________________2018

____
Signature of Member

SHAREHOLDER'S NOTES

SHAREHOLDER'S NOTES

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