DEMERARA BANK LIMITED

"Come grow with us"

ANNUAL REPORT 2015

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INCORPORATION

The Demerara Bank Limited was incorporated on January 20, 1992 as a private limited liability company under the provisions of the Companies Act, Chapter 89:01 and was licensed to carry on the business of Banking on October 31,1994. The Bank obtained Certificate of Continuance on April 2, 1997 in accordance with the Companies Act, 1991. The Bank offers a complete range of banking and financial services and operates under the provisions of the Financial Institution Act, 1995.

GROWING WITH OUR COMMUNITY
DOING BUSINESS WITH THE WORLD

DEMERARA BANK LIMITED

"Come grow with us"

OUR LOGO

The elements of the Demerara Bank Logo design are drawn from the very source of the inspiration that created such an enterprise.

The relentless force of the mighty Demerara River, which gives the Bank its name, is depicted in the six golden streams that flow from a stylish spring in an upward motion.

The six streams or six people, symbolise the diverse race and cultures that move together towards a common Guyanese destiny.

The colours gold and green have been chosen for their affinity to the Guyanese landscape and the riches of the abundant natural resources for which the country is famous. The Demerara Bank stands proud and secure, reflecting its commitment to Guyana and confidence in the future.

CORPORATE OBJECTIVES

To help build a stronger, healthier, more diverse business sector through prudent investment, attractive deposit plans and innovative lending policies.

To provide the financial support that will demonstrate the bank'scommitment to business development and to a better Guyana.

To provide a diversified range of quality financial services through its worldwide network of major Correspondent Banks.

To provide employees with excellent opportunities for personal growth and development.

To provide investors with an attractive rate of return on their investment.

To be a responsible corporate citizen.

OUR MISSION

"To excel in providing innovative and superior banking services through well trained, dedicated and courteous staff in the interest of our customers and shareholders and to fulfill our social responsibilities to society through meaningful involvement in community development."

CORPORATE INFORMATION

DIRECTORS

Dr Yesu Persaud (Chairman)
Mr Pravinchandra Dave (Chief Executive Officer)
Mrs Chandra Gajraj
Mr Komal Samaroo
Dr Leslie Chin
Mrs Sheila George
Mr Hemraj Kissoon
Mr Harryram Parmesar

CORPORATE SECRETARY

Mrs Chandra Gajraj

AUDITORS

Nizam Ali & Company Chartered Accountants
215 'C' Camp Street,
North Cummingsburg,
Georgetown, Guyana

ATTORNEYS AT LAW

i. **De Caires, Fitzpatrick & Karran**
80 Cowan Street, Kingston
Georgetown, Guyana

ii. **Persaud and Associates**
217 South Road,
Georgetown, Guyana

iii. **Luckhoo & Luckhoo**
Lot 1 Croal Street,
Georgetown, Guyana

REGISTRAR & TRANSFER OFFICE

Trust Company (Guyana) Limited
Lot 11 Lamaha Street, Queenstown
Georgetown, Guyana

REGISTERED OFFICE

230 Camp & South Streets, Georgetown, Guyana.

www.demerarabank.com

+592-225-0610-9

Fax: +592-225-0601

banking@demerarabank.com

NOTICE OF MEETING

Notice is hereby given that the Twenty First Annual General Meeting of Demerara Bank Limited will be held on Monday, 21st December, 2015, at 16:30 hours at the new Head Office and Corporate Banking Branch Lot 214 Camp Street, North Cummingsburg, Georgetown when the following business will be transacted:

1. To receive and to consider the Report of the Directors and the Audited Accounts for the year ended September 30th, 2015.
2. To approve the declaration of a dividend.
3. To elect Directors in the place of those retiring by rotation.
4. To fix the remuneration of the Directors.
5. To appoint Auditors and authorise the Directors to fix their remuneration.
6. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

Chandra Gajraj (Mrs.)
Corporate Secretary

REGISTERED OFFICE

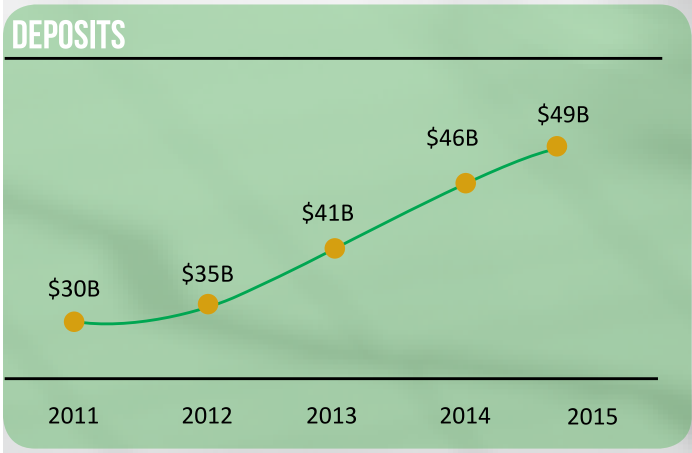
230 Camp & South Streets
Georgetown, Guyana

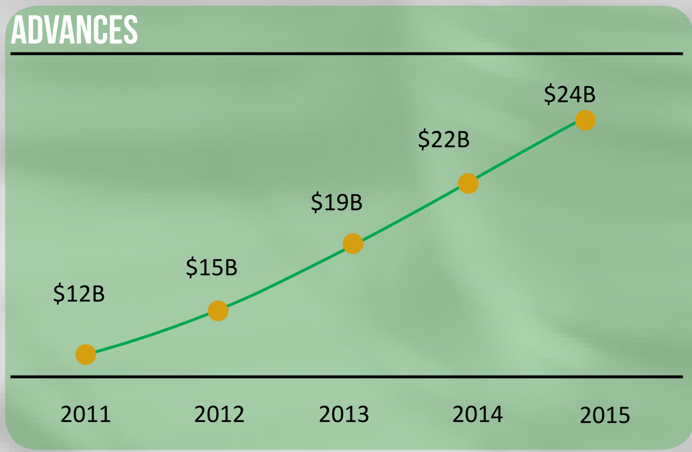
November 5, 2015

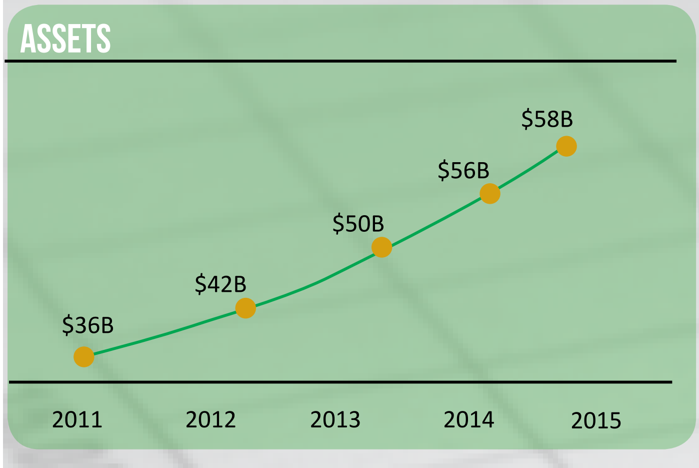
PLEASE NOTE

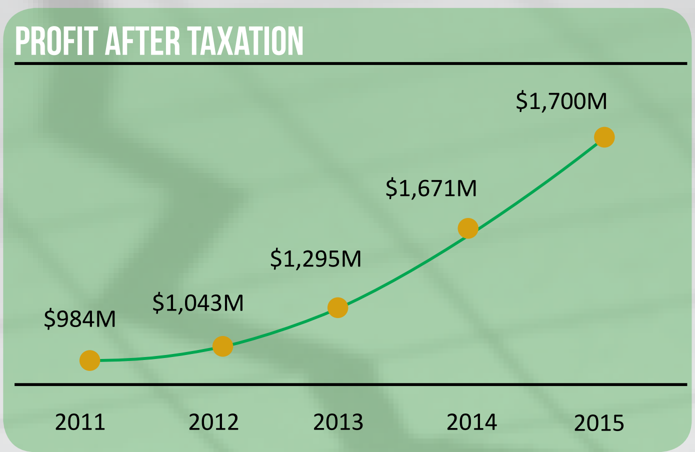
- Only Shareholders or their duly appointed proxies may attend.
- Please bring this notice to gain entry to the Meeting.
- Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her.
- A proxy need not be a member of the Bank. The Form of Proxy must be deposited at the Registered Office of the Bank not less than 48 hours before the time for holding the meeting.
- A proxy form is attached for use.
- Any Corporation which is a shareholder of the Bank may, by resolution of its Directors or other governing body, authorise such person as it thinks fit to act as its representative at the Meeting.
- Gifts will be distributed only to shareholders present at the meeting and not anytime and place thereafter.

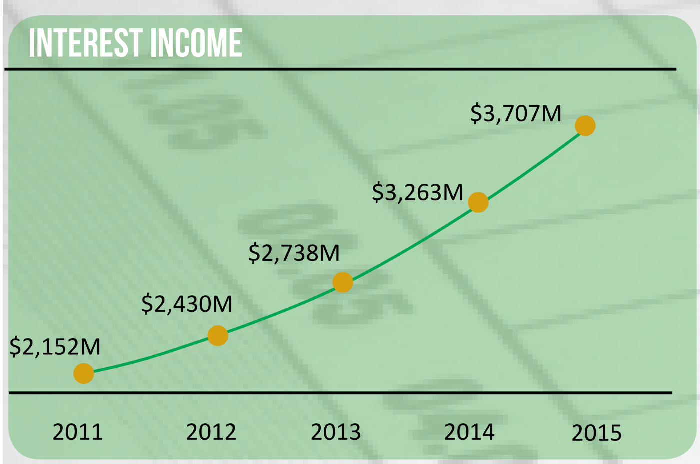
FINANCIAL SUMMARY

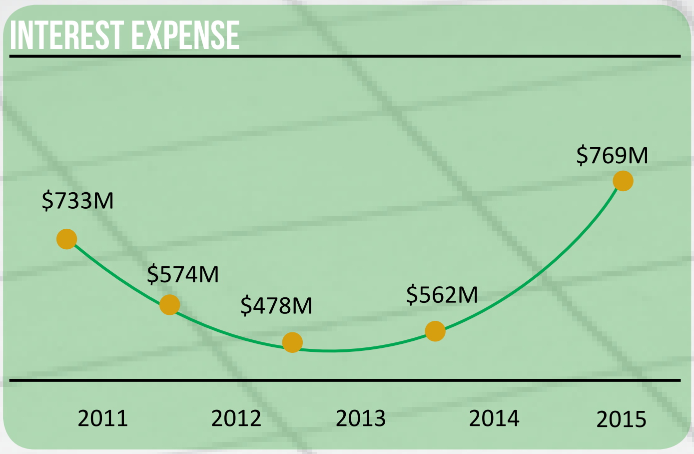






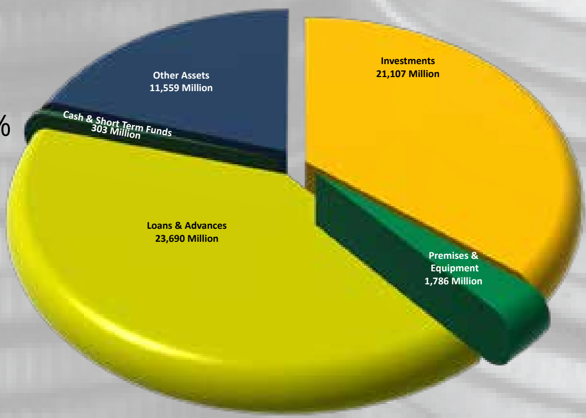


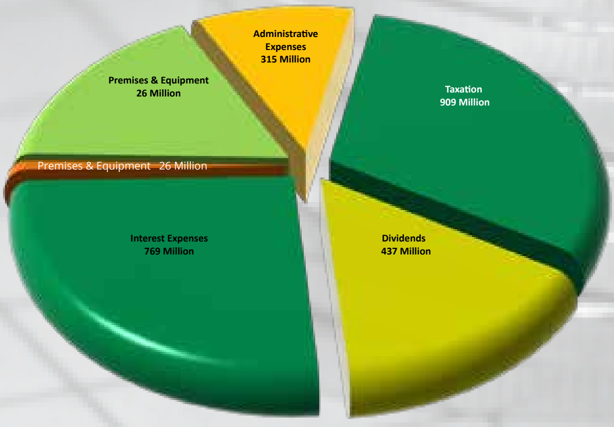




ASSETS

	(G$ Mln)	
Investments	21,107	36.1%
Premises & Equipment	1,786	3.1%
Loans & Advances	23,690	40.5%
Cash & Short Term Funds	303	0.5%
Other Assets	11,559	19.8%
	58,445	





DISTRIBUTION OF INCOME

	(G$ Mln)	
Interest Expenses	769	26.0%
Premises & Equipment	26	0.9%
Personnel Expenses	505	17.1%
Administrative Expenses	315	10.6%
Taxation	909	30.7%
Dividends	437	14.8%
	2,961	

DEMERARA BANK'S NEW HEAD OFFICE AND CORPORATE BANKING BRANCH
Lot 214 Camp Street,
North Cummingsburg, Georgetown

THE PROGRESS CONTINUES

Thanks to the vision of Dr Yesu Persaud and with the support of shareholders, Demerara Bank Ltd has grown from an idea and progressed to being one of the foremost banks operating in Guyana.

The Bank was incorporated on January 20, 1992 and in two short years the Bank was officially declared open by the late Dr Cheddi B Jagan, President of the Co-operative Republic of Guyana on November 12, 1994.

In 21 years the Bank has achieved continued progress and development, namely,:

- It is the first and only indigenous Bank in Guyana
- It continues to expand and currently operates seven Branches across Guyana offering full banking services.
- It has developed a team of banking professionals offering committed service to its customers.
- It has shown consistent growth.
- It was the first Bank to officially launch Internet Banking in Guyana.
- The progress and expansion continues with its new and recently opened Head Office and Corporate Banking Branch at Lot 214 Camp Street, North Cummingsburg, Georgetown.

CORPORATE SOCIAL RESPONSIBILITY

Demerara Bank Ltd- Anna Regina Branch made a donation of bed sheets, window curtains, story and nursery rhyme books & a flat screen television to the Paediatric Ward of the Suddie Public Hospital

Demerara Bank Ltd-Anna Regina Branch donated a trophy to Ms. Duvina Seurattan, top National Grade Six Assessment Student of Region No.2

Staff of the Demerara Bank Corriverton Branch were directly involved in painting of facilities at a popular park, at the entrance to the No.63 Beach.

Donation made to the Hinterland Scholarship Dormitory in Liliendaal, Greater Georgetown in observance of Amerindian Heritage & Education Month 2015.

Donation of a Computer System and a CD player/radio to the Swami Purnananda Primary School, one of the top performing primary schools on the East Coast of Demerara. The donations were made in an effort to aid the delivery of the Interactive Radio Instruction (IRI) programme that is used by pupils in the primary schools.

COMMITTED TO COMMUNITY DEVELOPMENT

BOARD OF DIRECTORS

LEFT TO RIGHT

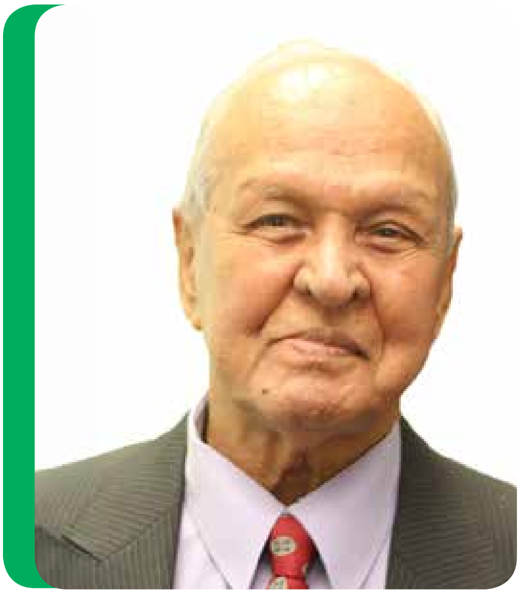
MR. KOMAL R. SAMAROO
MR. HEMRAJ KISSOON
MRS. CHANDRA GAJRAJ

DR. LESLIE CHIN

LEFT TO RIGHT

DR. YESU PERSAUD
MRS. SHEILA GEORGE
MR. PRAVINCHANDRA DAVE
MR. HARRYRAM PARMESSAR

BOARD OF DIRECTORS



DR. YESU PERSAUD

Dr Yesu Persaud is a Chartered Accountant and experienced finance professional, national business icon and outstanding entrepreneur. He is a former long serving Chairman of the DDL Group of Companies and Founding Chairman of Demerara Bank Limited.

MR. PRAVINCHANDRA DAVE

Mr Pravinchandra Dave is highly qualified and experienced banking professional with over 30 years as a Senior Banking Executive in Guyana and abroad. He currently serves as the CEO of Demerara Bank Limited and has overseen rapid growth and expansion of the Bank during his tenure.

MRS. CHANDRA GAJRAJ

Mrs Chandra Gajraj is a long serving Director and Company Secretary of Demerara Bank Limited. She has over 40 years experience as a financial professional and currently serves as the Managing Director of Trust Company (Guyana) Limited.

MR. KOMAL R. SAMAROO

Mr Komal Samaroo is a Chartered Accountant and a long serving Director of Demerara Bank Limited. He is the current Chairman and CEO of the DDL Group of Companies and Chairman of Diamond Fire & General Insurance Co.

MR. HEMRAJ KISSOON

Mr Hemraj Kissoon is a long serving Director of Demerara Bank Limited. He is the CEO of the A H & L Kissoon Group of Companies, a well recognised and successful furniture manufacturing group. He is also a former President of the Guyana Manufacturers' Association.

DR. LESLIE CHIN

Dr Leslie Chin is an experienced Private and Public Sector Manager. He is a long serving Director of Demerara Bank Limited. He is also the Chairman of the Board of Directors of Sterling Products Limited and Chairman of the National Aquaculture Association of Guyana.

MRS. SHEILA GEORGE

Mrs Sheila George is a Founding Member of the original Shareholder Group and long serving Director of Demerara Bank Ltd. Mrs. George is a member of the Adoption Board and is a former Chairperson of Habitat for Humanity, Guyana. She is also a former President and Treasurer of the Anglican Mothers' Union.

MR. HARRYRAM PARMESSAR

Mr Harryram Parmessar is a Chartered Accountant and the Senior Partner in the Accounting Firm of Parmessar & Associates. He has served as President of the Institute of Chartered Accountants of Guyana and the Institute of Chartered Accountants of the Caribbean.

THE MANAGEMENT TEAM

MANAGERS

JOHN LEE
Manager
(Management Information System)

JUANITA PERSICO
Manager
(Operations)

DAVID RAMDEHOLL
Manager
(Credit)

DEBORAH A. SUGRIM
Manager
(Foreign Trade)

MANAGERS

NAVITA SAHADEO
Chief Internal Auditor

PRAVINI RAMOTAR
Manager
(Human Resource and Administration)

BIBI SHABENA ALI
Manager
(Legal)

DEMERARA BANK LIMITED
"Come grow with us"

THE MANAGEMENT TEAM

ASSISTANT MANAGERS

KHEMRAJ NARINE
System Administrator

DEBORAH SHIM-FOO
Assistant Manager (Credit)

DEMERARA BANK LIMITED
"Come grow with us"

HARRYNARINE BHAGWANDIN
System Administrator

JUNIOR MANAGEMENT

DOWLAT PARBHU
Credit Department

SEROJNIE SINGH
Savings DDA Department

DEYON D'OLIVEIRA
Treasury Department

BRANCH MANAGERS

EARLENE DAWSON
Branch Manager
(Rose Hall)

MANDREKAR KHEMRAJ
Branch Manager
(Corriverton)

BRANCH MANAGERS

ANNA ABRAHAM
Branch Manager Ag.
(Anna Regina)

IMRAN BADRUDDIN
Branch Manager
(Diamond)

KENESHA COLLINS-PHILLIPS
Branch Manager
(Le Ressouvenir)

DEMERARA BANK LIMITED
"Come grow with us"

OUR HISTORY

The idea of a private sector bank was conceived by Dr. Yesu Persaud in the late sixties. It was held in abeyance but reactivated in 1991, at a time of Glasnost and more international openess.

The process of liberalisation had just begun, with the shift from rigidly controlled to a more open emerging economy. Dr. Persaud's entrepreneurial instincts, coupled with his solid understanding of the economy, led him to the view that there was a need for a truly Guyanese bank – a bank that would capture the latest technology, yet offer a very personal, high quality and competitive service; a bank that would provide export trade finance, recognising that the economy had to be export oriented; a bank that would be innovative in its approach and its products; indeed, a bank that would act as a catalyst for growth.

It was the beginning of another chapter in Guyanese history, the first private sector indigenous bank was in the making. The company, Demerara Bank Limited, was incorporated on January 20, 1992. A share capital of $ 250M was required. Dr. Persaud's vast personal and indeed corporate connections, acquired through his chairmanship of Demerara Distillers Limited and affiliation with other institutions, both local and overseas, were tapped to secure backing for this venture. It received overwhelming support and was largely over-subscribed.

On November 12th, 1994, Demerara Bank Limited was declared open by His Excellency, Dr. Cheddi B. Jagan, late President of the Cooperative Republic of Guyana.

Conceptualising an idea, nurturing and finally bringing it to fruition, is a skill few possess. To do it for the good of a nation is even rarer. Yet Dr. Yesu Persaud has done it without receiving any consideration in any form. The nation is richer for it and Demerara Bank Limited owes a debt of gratitude to him.

CHAIRMAN'S REPORT

DR. YESU PERSAUD

FOR YEAR ENDED SEPTEMBER 30, 2015

THE GLOBAL ECONOMY

I extend my greetings and best wishes to the Guyanese public and shareholders. Over the last few years, initially, the United States and the Western Government have dished out large stimuli packages also known as quantitative easing to spur their ailing economies. While the United States economy has grown considerably from the financial collapse of 2008/2009, the Third World economies have plunged almost into recessions. The Chinese economy, which was the engine of growth, has slowed down significantly in the recent past. At present, the world economy is in doldrums with the possible exception of the United States and India.

China has been the epicenter of the downfall. It started with the crash in the Stock Market in July, 2015 followed by the devaluation of the Chinese currency by the Chinese Government. Domestic and export demands for manufacturing in China has slowed down, resulting in a crash of commodity prices including oil, copper, zinc and iron. The major commodity prices have crashed around 30% to 70% in one year, which has resulted in a mismatch of demand and supply.

Brazilian Real, Canadian and Australian Dollars, and South African Rand have depreciated substantially to the extent of 25% to 40%. The United States Dollar has strengthened considerably. The Dollar Index shows the relationship between United States Dollars and ten other major currencies of the World which has appreciated from $1,300 in July, 2014 to almost $1,217 in August, 2015.

The inextricable link between the Caribbean Region and the global economy continues to be the downfall of the region. The Caribbean Region is significantly constrained by fiscal inflexibility and high levels of unemployment. The tourism and commodity dependent economies are struggling and will continue to struggle.

THE GUYANA ECONOMY

The economic growth of Guyana was 3.60% in 2014. The GDP growth may remain in the vicinity of 2% to 3% in 2015. The economy grew by 0.7% in the first six months of 2015. The systematic trends in deficit, high crime rate, skilled labour migration and lower prices of commodity continue to hamper the economic development in Guyana. Guyana's growth is critically dependent on rice and production of gold. The plunge in prices of the international gold market had an unfavourable effect on Guyana's economy in 2014 and for the first six months of 2015.

In the agricultural sector, though production of rice and the value of export realisation have shown considerable improvement in recent years, it remains very challenging with the scrapping of the Petro Caribe deal by Venezuela. The sugar industry is facing highly challenging times and it would be interesting to see how the new Government deals with the challenges in the area of sugar production, maintaining commercial viability of the industry and providing employment to thousands of Guyanese. The new Government should have a non-doctrine and pragmatic approach to the problems of the sugar and rice industry.

The liquidity position remained easy during 2014-2015. The liquidity position will deteriorate and deposit and lending rates will increase if the Government chooses to withdraw around G$40 billion to G$60 billion from the banking system. Banks are considered the catalysts for growth and the credit growth of the Banks have been one of the major factors in the development of the economy in the recent past. It must be remembered that in 2012, 2013 and 2014 only Guyana and Belize have shown economic growth of 4% and above.

With the discovery of oil, Guyana's economy appears favourable. Fortunately, the National Assembly has approved the necessary amendments to the Anti-Money Laundering and countering the Financing of Terrorism Legislation which will help in projecting a better image of Guyana in the international financial market.

PERFORMANCE OF THE BANK

It gives me pleasure to report to the shareholders the performance of the Bank during 2014 – 2015 in terms of deposit growth, improvement in profit and profitability and increase in shareholders' funds. Profit Before Taxation was $2.609 billion against $2.543 billion; an increase of 2.6% over the previous year. Our Net Profit After Taxation was $1.700 billion compared to $1.671 billion, which shows an increase of 1.7% over the previous year. However, it should be noted that our tax obligations, including property taxes, have increased from $935 million to $968 million during the year.

The Bank has achieved good results on account of very efficient assets and liabilities management, prudent lending strategies and professional investment policies. The most commendable feature of the Bank was sustained growth and development in all areas of banking. It should be noted that since 2002 the Bank has shown continuous growth of profit, deposits and advances.

CHAIRMAN'S REPORT

DEPOSITS

The Bank's deposits have increased from $45.6 billion to $49.1 billion; an increase of 7.6% over the previous year. Our Savings Bank Deposits have increased from $25.5 billion to $27.2 billion over the previous year, while Demand Deposits have reduced by $891 million. We have recorded an increase of 19% in our Term Deposits.

We are strategically trying to improve our Deposit Mix to rationalise the cost of our Deposits. However, the low interest rate regime does not provide any incentive for a common man to keep his funds with the Bank.

We are gradually trying to increase the rate on our Deposits even though it may affect our profitability to a certain extent. The Deposits of all commercial Banks grew by 3.7% during the first half of 2015. Considering the average deposit growth of the banking industry, the growth of our Bank is satisfactory.

INVESTMENTS

Our investments have increased from $20.8 billion to $21.1 billion; an increase of 1.4% over the previous year. It is notable that more than 19.1% of our assets are liquid assets, which takes care of any liquidity risks in the banking system. The earnings from investments have increased from $1.364 billion to $1.532 billion. Looking into the depressing interest rates scenario, globally and locally, our performance in the area of investments is very commendable. The value of our investments on a market-to-market basis has gone down during the year and we believe that this is on account of the global factors of the commodity prices crash. It will start improving with the probable rate rise by the US Federal Reserves (FED) either in late 2015 or the first quarter of 2016.

Emerging market economies have shown considerable depreciation of their currencies. However, Guyana has remained an exception in the recent past on account of a very prudent monetary policy followed by the Bank of Guyana. Guyana needs to monitor its foreign exchange rate policy carefully otherwise any significant depreciation of the Guyana Dollar will lead to a high level of inflation and a rise in rates on deposits and advances. The foreign exchange from gold and rice may show considerable reduction in 2015 and 2016.

LOANS AND ADVANCES

The banking system in Guyana has remained highly liquid during 2014 and the first half of 2015. The Credit Deposit Ratio of the Banking System as a whole has improved in the last two years. Total credit by the commercial banks has gone up from $130 billion in August, 2014 to $136 billion in August, 2015, showing an increase of 4.61%. Our Gross Advances were $22.4 billion as at September 30, 2014 and has increased to $23.7 billion as at September 30, 2015.

Our Non-Performing Advances (NPA) has gone up to $1.316 billion, which is the major area of concern for us. Our NPA are adequately collateralised and we are confident of recovering most of the NPA in the coming years.

We have a diversified portfolio which is evident from the following statistics, viz:-

1.	Agriculture	**$3,402,165**
2.	Services	**$8,593,286**
3.	Manufacturing	**$3,538,395**
4.	Household	**$8,215,854**
5.	Mining and Quarrying	**$345,432**

Total (Gross Advances) $24,095,132

RETURN ON AVERAGE ASSETS AND NET WORTH

The total assets of the Bank has increased from $55.8 billion to $58.4 billion, an increase of 4.7% over the previous year. Our Return on Average Assets was 3% which is above the national average. Our deployment of funds in earning assets was around 76.6% of the total assets, which is a good indicator.

EARNINGS PER SHARE AND MARKET CAPITALISATION

Our Earnings Per Share was 3.78 against 3.71 in the preceding year; an increase of 1.9%. Our Market Capitalisation which was $14.4 billion in 2014 has moved to $16.2 billion during 2014-2015. Our dividend payout ratio is conservative but reasonable and shareholders' value has increased considerably in the last few years.

RETURN ON SHAREHOLDERS' FUNDS

Our Return on Shareholders' Funds was 20.62%. The Return was marginally lower than the previous year but it is still considered excellent from an industry standard.

CAPITAL ADEQUACY RATIO

Inadequacy of the capital of commercial banks and compliance with the BASLE II and III requirements, in terms of having adequate capital for commercial banks, is a major issue for global banks. Most of the commercial banks in Europe and Japan are under-capitalised, affecting their growth and development plan. Our Capital Adequacy Ratio is 31.92% in 2015 and it has remained very high during the last few years. The higher capital base provides an excellent opportunity for expansion of our credit portfolio in the future and it improves the possibility for high-risk appetite.

DIVIDENDS

The Bank has paid an interim dividend of $0.30 per share during 2015. The Board of Directors is happy to recommend a final dividend of $0.70 per share. The payment of final dividend will be subject to approval of the shareholders at the Annual General Meeting. The total dividend payout comes to $1.00 per share during the year. This is the highest dividend paid by the Bank in its history.

CORE BUSINESS STRATEGIES

If we examine the development of banking in Guyana, it is critically dependent on traditional agricultural and agro-based products, mining and forestry. Mining and forestry, along with agriculture offer excellent potential in Guyana. These core businesses need financial support and linkages. We shall be opening more branches in the future to serve the population in unbanked areas.

The space at our Head Office at Lot 230 Camp and South Streets, Georgetown is, quite inadequate and we need to have a more spacious Head Office in Georgetown. We purchased a plot of land at Lot 214 Camp Street, North Cummingsburg, Georgetown where we have since constructed our Corporate Head Office which we hope to open in November, 2015. This location will provide better parking and other facilities to our valued corporate clients. The present location at Lot 230 Camp and South Streets, Georgetown, will continue to operate as a Branch. Adequate and skilled human resources have always remained a problem for banks in Guyana. We are developing our recruitment and training strategies to ensure that it is in line with the social business of the Bank and to attract and retain human talent through flexible compensation packages and institutional mechanisms of recognition and reward.

As promised at our last Annual General Meeting, we are now a Principal Member of VISA and have been providing Visa Credit Card facilities to our valued customers. We are planning to have the VISA Debit Card Facility for customers by December, 2015.

INFORMATION TECHNOLOGY

Over the last financial year, Demerara Bank's Information and Communication Technology infrastructure underwent several but profound upgrades to support our new VISA services. All of our ATMs now comply with international standards. In some cases, we were required to do minor hardware and software modifications, while in others, entire ATMs had to be replaced. Our financial transaction switching software also required upgrades to allow the bank to communicate on VISA's network. These services have been extensively tested by VISA Inc. and our transaction acquiring status has been officially certified.

In tandem with the ATM project, the bank has been working with VISA to attain EMV (chip card) certification. EMV cards are smart cards which store customer data on integrated circuits embedded in the card. These chips provide an extremely high level of security for the cards since customer data is encrypted before stored on the chip. We intend to launch two new VISA services with the introduction of these EMV cards and replace the cards of our existing customers.

The Bank, being cognizant of the changing challenges of doing business in the local and international arenas, has taken the decision to replace our existing Core Banking System with new hardware and software that can more efficiently meet the requirements of this new banking environment. Our customers can expect new and improved services in the next year as we roll out the new system.

We remain customer-centric and a highly technologically driven Guyanese Bank.

MANAGEMENT AND STAFF

People are our greatest assets. We continue to focus on developing talents for our diversified and expanding banking activities. We have been able to achieve outstanding results on account of strategic planning and the excellent execution of same by members of management and staff.

I would like to thank all members of staff and management for their application and dedication in the performance of their duties.

BOARD OF DIRECTORS

We have very resourceful and experienced Directors in our Bank. Most of the Directors have immense knowledge and experience of different types of businesses in Guyana. Their experience, ability to identify business potential, areas of growth and the linkages with other business organisations have helped the Bank to have an efficient and quick-decision making process. The Directors have made invaluable contribution through their active participation in monthly Board Meetings. I would like to place on record their invaluable support in the development of the Bank.

PROSPECTS

The Bank has been able to achieve excellent growth since its inception. The number of Branches has grown from one to seven Branches, which includes our recently constructed Corporate Head Office. We want to maintain the momentum in growth and development in the coming years. Sustainability of growth in terms of improved market share, providing affordable credit and working as a catalyst for the development of our country are our main objectives. In the recent past, the regulatory mechanism to prevent Money Laundering and the Financing of Terrorism activities has sharpened. As part of the global requirements, Guyana is also required to comply with the Laws of the land and processes to be followed by the commercial banks.

We are confident that we are poised for good economic growth and expansion of our market with value-added products. Guyana will gain its rightful place in the pinnacle of the Caribbean economy.

ACKNOWLEDGEMENT

During the year, we have received valuable support and patronage from customers, shareholders and well-wishers in Guyana and abroad. We are thankful to all of them and also grateful for continued support from corresponding agencies, other financial institutions and the general public.

I would like to specifically thank Mr Pravinchandra S. Dave, Chief Executive Officer, for his major contribution and direction to the Management and Staff of the Bank, which has helped in no small measure in making this year's results possible. Additionally, his work and that of his Manager beyond the call of duty to complete our new Corporate Office in record time is commendable.

CHIEF EXECUTIVE OFFICER'S REPORT

PRAVINCHANDRA DAVE

FOR YEAR ENDED SEPTEMBER 30, 2015

The Bank has continued its notable performance during the year

I extend my greetings and best wishes to all shareholders and the Guyanese public.

The global financial outlook is clouded by a triad of policy challenges: emerging market vulnerabilities, legacy issues from the crisis in advanced economies, and weak systemic market liquidity. The global growth for 2015 is projected at 3.1 percent, 0.3 percentage point lower than in 2014. This reflects a further slowdown in emerging markets and a weaker recovery in advanced economies, whilst growth is expected to strengthen to 3.8 percent in 2016.

Although many emerging market economies have enhanced their policy frameworks and resilience to external shocks, several key economies face substantial domestic imbalances and lower growth. Recent market developments such as slumping commodity prices, China's bursting equity bubble and pressure on exchange rates underscore these challenges.

Growth in advanced economies is projected to increase from 1.8 percent in 2014 to 2.1 percent in 2015 and 2.4 percent in 2016. The unexpected weakness in North America, which accounts for a large share of the growth forecast revision in advanced economies, is likely to prove a temporary setback. In the last 50 years, the US Dollar has remained the superpower of the financial and monetary system.

Growth in emerging market and developing economies is projected to slow from 4.6 percent in 2014 to 4.2 percent in 2015. The slowdown reflects the dampening impact of lower commodity prices and tighter external financial conditions—particularly in Latin America and oil exporting countries, the rebalancing in China, structural bottlenecks, as well as economic distress related to geopolitical factors in the Commonwealth of Independent States and some countries in the Middle East and North Africa. In 2016, growth in emerging market and developing economies is expected to pick up to 4.7 percent, largely on account of the projected improvement in economic conditions in a number of distressed economies, including Russia and some economies in the Middle East and North Africa.

GUYANA'S ECONOMY

Economic growth in Guyana was recorded at 0.7% in the first half of 2015, in comparison to a growth of 3.2% for the half year ending June, 2014. The projected growth for the full year of 2015 may be in the vicinity of 2% - 3%. The lower than expected growth was as a result of the delay in the presentation and approval of the National Budget due to Parliament being prorogued in November 2014, its dissolution in 2015 and elections held in May 2015.

During the first half of 2015, the agricultural sector recorded good performance in the rice and livestock industries, whilst the fishing and forestry sectors reported a decline. The sugar industry recorded a modest increase of 1.6%. The performance of the mining and quarrying sector in recent years has been significantly driven by the record performances of the gold industry and to a lesser extent that of bauxite. At the half year, the sector has recorded a decline of 16.2% in gold declaration and an 18.6% decline in bauxite. Manufacturing output grew by 7.1% driven by increased levels of production, especially in the rice industry which has compensated for slower performances in other manufacturing sectors. The rice industry continues to record exceptional growth with production increasing by 15.3% in the first crop to 359,960 tonnes over last year's record high first crop of 312,283 tonnes. On the other hand, the sugar industry is still recovering. Hopefully, the performance of the new management in Guysuco along with the injection of funds by the Government will see a turnaround of what used to be the largest industry in the country thereby improving the entire sector and the country as a whole . The growth of the economy will initially depend on the prices of sugar, gold, rice and our ability to market our rice in non-Venezuelan markets.

The external debt of Guyana as at June, 2015 decreased marginally by 0.5%, when compared with the same period in 2014. Total public debt amounted to US$1.6 billion of which external debt amounted to US$1.2 billion and domestic debt US$0.4 billion. A portion of the external debt compared to the total GDP is high; keeping in view that we cannot raise the debt in the international market.

BANKING SCENARIO

Resident deposits with commercial banks comprising of the private and public sectors increased by 5.9% for the half year ended June, 2015 over December, 2014, with the total deposits of Banks increasing by 5.7% in the six-month period. Interest rates on deposits of the commercial banks have remained stable, reflecting liquidity condition. Interest rates are expected to remain constant for the remainder of the year.

EXCHANGE RATES

The exchange rate has remained relatively stable at $206.50 as at June 2015, even though the market had intense periods of US dollars demands during 2014/2015. The current stability in foreign exchange was supported by adequate supply of foreign exchange funds by the Bank of Guyana. The outlook for foreign exchange remains stable in view of the continuous inflow of foreign exchange and modest commitments for external debts. Overseas remittances continue to play a very important role in Guyana's economy. Net current transfers declined by 7.5% to US$198.2 million in the first half of 2015 year on year, mainly due to a reduction in remittances. The remittances have been impacting on the level of the Guyana economy both at the macro and micro levels. We need to have more intensive engagement of Guyana's diaspora, which will be an important step in enhancing the continuation of this important area of economic activity.

PERFORMANCE OF THE BANK

The Bank has continued its notable performance during the year as highlighted hereunder:-

- Gross Profit of the Bank during 2015 has increased to $2.61 billion in comparison to $2.54 billion during last year; registering an increase of 2.6% over the previous year.

- Total Advances of the Bank have moved from $22.4 billion to $23.7 billion; showing a rise of 5.7% over the previous year.
- Deposits of the Bank have increased from $45.6 billion to $49.1 billion; showing a rise of 7.6% over the previous year.
- Investments of the Bank as at September 30, 2015 grew marginally by 1.4% to $21.1 billion over the previous year.
- Our Gross Non-Performing Advances (GNPA) increased to $1.316 billion as at September 30, 2015, which is of concern to us. Even though our GNPA is well collateralised, every effort is being made to ensure maximum recoverability.
- Earnings Per Share have improved from $3.71 to $3.78 per share; showing a rise of 1.9% over the previous year.
- Return on Average Assets as at September 30, 2014 was 3% with total assets of the Bank increasing by 4.7% to $58.4 billion, over the previous year. Normally, in the banking industry and globally, the return on average assets is around 1% to 1.50%. The return on assets of the Bank has improved considerably in the last five years.
- Shareholders' Funds have gone up from $7.9 billion to $8.1 billion; showing a rise of 2.5% over the previous year.
- The Return on Shareholders' Funds was 20.62% compared to 21.47% - a marginal decrease over the previous year.
- The Book Value of the shares has gone up to $20.10 per share; showing a rise of 16.25% over the previous year.

DEPOSIT MOBILISATION

Our Deposits have increased to $49.1 billion during the year reflecting a growth of 7.6%. This is favourable when compared to the Banking sector growth of approximately 6.4% for the period September 2014 to August 2015. The most notable feature of our deposit mobilisation was an increase of 19% and 7% in our Term and Savings Bank Deposits, respectively. Our expanded network of branches continues to play a significant role in the efforts of our deposit mobilization.

Our deposit growth is noteworthy in view of the fact that interest rates on deposits have remained stagnant. We shall continue with our resource mobilisation efforts in 2015/2016. Our corporate banking branch will be added in 2015 and we are exploring the possibility of opening other branches in unbanked areas.

INCOME AND EXPENSES

The Gross Profit of the Bank has improved from $2.54 billion to $2.61 billion during the year; showing a rise of 2.6% over the previous year. Net Profit recorded an increase of 1.7% over the previous year. This was mainly on account of an increase in Interest Income. The result of our segmented analysis revealed that our performance is excellent in the areas of Interest Income and Other Income. Our Interest Income on Loans and Advances increased from $1.9 billion to $2.2 billion; showing a rise of 14.5% over the previous year.

Interest on investments has gone up from $1.4 billion to $1.5 billion; an increase of 12.3% over the previous year, while our total Interest Income has increased from $3.3 billion to $3.7 billion; showing a rise of 13.6% over the previous year. Other Income rose from $467 million to $663 million during the year, showing an increase of 41.8%.

Interest expenses have increased by $207 million on account of higher interest paid on customers' deposits. Non-interest expenses have moved from $808 million to $846 million; showing a rise of 4.8% over the previous year. The main contributors to our Non-Interest Expenses were staff costs, VISA credit cards related expenses, stationery, property and equipment expenses. We shall pay our utmost attention in increasing our income and controlling costs in order to have the most efficient cost-control ratio amongst all commercial banks in Guyana.

ADVANCES AND INVESTMENTS

Our Net Loans and Advances during the year have increased from $22.4 billion to $23.7 billion, showing a rise of 5.7%. There is an apparent slowdown in the economy and this is reflected in the Total Loans & Advances of the Commercial Banks. Loans and Advances in the Banking Sector have been increasing at a decreasing rate. The Banking Sector growth in Advances for the period September 2014- August 2015, showed an increase of just 3.7%. Locally, demand for credit remained sluggish. The pace of demand for housing loans and car loans has also decreased during the year.

The investments of the Bank as at September 30, 2015 grew marginally by 1.4% to $21.1 billion over the previous year. Investment across the globe remained weaker than expected since the global financial crisis and there has been little recovery since. In Guyana, we do not have much investment options. Recently, we have seen a decreasing interest rate scenario coupled with high liquidity and the value of our investments has gone down as we provide market-to-market valuation of our investments. The reduction in the value of our Investments is on account of the depressed international finance market.

NON-PERFORMING ADVANCES AND LOAN PROVISIONS

Our Non-Performing Advances (NPAs) increased to $1.316 billion as at September 30, 2015, which is a major concern to us. The major contributor to our NPAs was the rice sector. In the present market scenario of global rice pricing, the small and marginal millers and farmers' rice business is unsustainable. Even though our NPAs are well collateralised, every effort is being made to ensure maximum recoverability.

We will continue to execute our Action Plan for each Non-Performing Account for recovery of our dues and are confident of recovering a substantial portion within the next year. We continue to pay our undivided attention on improving the quality of our appraisals and control and follow up on our Advances in the coming years.

CAPITAL ADEQUACY AND RISK MANAGEMENT

Our Capital Adequacy Ratio over the years has remained well above the prudential 8.0% benchmark set by the Central Bank. The Bank Capital Adequacy Ratio stands at 31.92% in 2015. The higher capital base provides an excellent opportunity for expansion of our credit portfolio in the future and improves the possibility for high-risk appetite. Our Bank remains strong, profitable and adequately capitalised and this is reflective of our excellent asset management.

Risks are inherent in the banking environment of Guyana and banks are facing various types of financial and non-financial risks. The core business of a bank is to manage risk and provide a return to the shareholders in line with accepted risk profile. Risk Management can be most effective when it is applied consistently across the banking sector with policies and procedures set by Risk Experts. The Guyanese economy is still trying to grapple with the recent changes in the current domestic political environment. There has been a general slowdown in the country since the year has started. However, it is hopeful that this will change with the transition of the new government. Management had made an elaborate presentation to the Board on the entire Risk Management Architecture in 2015.

We are upgrading the skills of our employees in the area of risk management and we have formulated a Risk Management Policy. Risk Management processes are being monitored by the Bank. Management regularly monitors Liquidity risks, Interest Rate risks and Default risks.

We shall continue to identify risks in the areas of Advances, Investments, Foreign Exchange and Operations and take corrective action to minimize any future losses.

Socially, we are faced with the challenges and risks associated with brain drain as our young professional are migrating, seeking better employment opportunities with higher rewards.

UPHOLDING VALUES AND SOCIAL WORK

As one of our core values, we are an equal opportunity employer. Our policies are non-discriminatory as we continue to strive to offer the best services to all our customers, irrespective of ethnicity, cultural backgrounds, and religious belief.

The Bank continues to play an instrumental role as a corporate citizen. In accordance with our Mission Statement, the Bank takes pride in fulfilling its social responsibilities through meaningful involvement in community development. The Bank has been a proud sponsor of various sporting and educational events especially in areas where our branches are located.

During the last financial year, the Bank made several donations to various organisations and has supported other meaningful events. We have supported the Health Sector Development Unit for studies on HIV and AIDS in schools, the blind in their pursuit in sporting activities and in observance of Education and Amerindian Heritage month, we donated several educational materials to the Hinterland Scholarship Dormitory in Liliendaal. Staff members were involved in many clean-up campaigns of several communities where our branches are located.

Through our branches, we also donated to the Children's, Suddie Public Hospital Paediatric Ward, enhanced the surroundings of the No. 63 Beach, one of Berbice's most popular attractions, and provided meals for the elderly citizens of Rose Hall Town. The Computer Lab of the Diamond Special Needs School also benefitted from our support to improve the school's overall ability to cater for the special needs of its students thus providing them with a comfortable and healthy environment.

Our social responsibilities were also extended to various religious and humanitarian bodies to which we made generous contributions towards their special events. The Bank has an on-going food distribution programme. In addition, we as well donated towards several graduating students and graduation exercises at a number of schools where our branches are located.

We believe that our contributions have and will continue to make a positive impact on the lives of the future generation in Guyana. We continue to pledge our support to give back to the society as we remain a committed and responsible Corporate Citizen.

FUTURE PLANS

The Bank has successfully launched its VISA credit cards during the financial year 2014 and we hope to introduce the VISA debit card by December, 2015. The majority of the Banks in Guyana have signed an Agreement with VISA International to allow customers with VISA cards to use any ATM or Point of Sale device in Guyana. Our country remains a highly-cash oriented society and we are motivating and encouraging our clients to minimise the use of cash.

The Bank prides itself as being a forerunner in innovation and technology. In the near future, the Bank will be upgrading its Banking Software to high quality software. This would create avenues for the Bank to offer remittance and wealth management services, mobile banking services and a wide range of other services that will allow the Bank to continue providing superior Banking services to its customers.

Training is an important part of our banking process. We are trying to impart on-the-job and classroom training to all levels of employees and have successfully conducted an induction training programme for new employees. Our staff also benefited from training in various areas, both local and overseas.

In maintaining the momentum of growth and development the Bank will soon open its newly constructed Corporate Head Office, at the same time seeking opportunities to place itself in unbanked areas. The fundamentals of demography, education, migration, capital formation and implementation of technology will determine the growth potential of Guyana.

ACKNOWLEDGEMENT

Our clients have been our greatest source of inspiration and support. The consistent demand for excellent service has strengthened the process for our decision making and technological development. We are highly grateful to our customers who have shown incredible loyalty and support during the last 21 years of the Bank's existence.

Our Board of Directors has been the backbone of our support and guidance. They have played a very important role by their active participation in the monthly Board Meetings and our Directors have also provided invaluable input to our policy formulation process. My sincere thanks and appreciation to every member of the Board.

In a competitive and rapidly changing banking environment, the Bank can only achieve success with a highly committed, dedicated and competent workforce. Our Bank is fortunate to have a very talented and committed pool of Human Resource. I express my profound gratitude to all staff members at all levels.

The bank wishes to place on record the invaluable contribution of Mrs. Junita Persico who joined the bank from its inception until retirement during the last financial year.

Our Chairman, Dr. Yesu Persaud, is a business icon in Guyana. Dr. Persaud remains a strong, motivational force for our institution. The progress of the Bank would not have been possible without his guidance and motivation. I thank him profusely for his trust and support during the year.

REPORT OF THE DIRECTORS

THE DIRECTORS HAVE PLEASURE IN SUBMITTING THIS REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015.

PRINCIPAL ACTIVITIES:

The Bank provides a comprehensive range of banking services out of our main office at Camp & South Streets, Georgetown and Branches in Rose Hall & Corriverton (Berbice), Anna Regina (Essequibo), Diamond (East Bank Demerara) and Le Ressouvenir (East Coast Demerara).

FINANCIAL RESULTS: (IN THOUSANDS OF GUYANA DOLLARS)

The results for the year ended September 30, 2015 are as follows:

	2015	2014
	$	**$**
Profit Before Tax	**2,609,535**	2,543,751
Taxation	**909,157**	872,290
Profit After Tax	**1,700,378**	1,671,461
APPROPRIATIONS		
Dividends Paid	**$436,500**	$328,500
Retained Earnings	**1,263,878**	1,342,961

DIVIDEND:

The Directors recommend a dividend of $1.00 per share, including $0.30 interim paid in May 2015.

RESERVES AND RETAINED EARNINGS:

The Bank has reached its statutory reserve limit and no further provision is required. The balance of $1,263,878.00 is placed on Retained Earnings which now stands at $8,145,827.00. The proposed dividend of $315M will be paid out of Retained Earnings.

DIRECTORS:

Dr. Yesu Persaud | Chairman
Mr. Pravinchandra Dave | CEO
Mrs. Chandra Gajraj | Corporate Secretary
Mr. Hemraj Kissoon

Mr. Komal R. Samaroo
Mrs. Sheila George
Dr. Leslie Chin
Mr. Harryram Parmessar

Mr. William Hansel Barrow resigned from the Board of the Bank in June 2015 for personal reasons. The Bank wishes to record its deep appreciation for his contributions to the Board and his commitment to the growth and development of the Bank.

In accordance with Article 97 of the Bank's Articles of Association, the Directors retiring for the time being are Dr. Yesu Persaud, Mr. Hemraj Kissoon, Mr. Pravinchandra Dave and Dr. Leslie Chin, and being eligible, offer themselves for re-election.

AUDITORS:
The Auditors, Nizam Ali & Company, being eligible, offer themselves for re-appointment.

DIRECTORS' EMOLUMENTS:

Dr.Yesu Persaud	$2,800,000	Dr. Leslie Chin	1,500,000
Mr. Hemraj Kissoon	1,500,000	Mrs. Chandra Gajraj	1,500,000
Mr. Komal R.Samaroo	1,500,000	Mr. Pravinchandra Dave	1,500,000
Mr. William H. Barrow	1,125,000	Mr. Harryram Parmessar	1,500,000
Mrs. Sheila George	1,500,000		

DIRECTORS' INTERESTS:

	Beneficial Interest	Associate's Interest
Dr.Yesu Persaud (Chairman)	5,410,000	Nil
Mr. Hemraj Kissoon	Nil	9,704,795
Mr. Komal R.Samaroo	Nil	22,410,000
Mr. Harryram Parmessar	46,000	Nil
Mrs. Sheila George	100,000	Nil
Dr. Leslie Chin (held jointly with associate)	390,000	390,000
Mrs. Chandra Gajraj	1,000,000	Nil
Mr. Pravinchandra Dave (CEO/Director)	250,000	250,000

SERVICE CONTRACTS:
There are no service contracts between the Bank and any of its Directors.

SUBSTANTIAL SHAREHOLDING:
TRUST COMPANY (GUYANA) LIMITED - 52,244,463 - 11.61%

The Bank is a reporting issuer under the Securities Industry Act, 1998. We recognise the importance of transparency and disclosure of material information in our operations and are in compliance with all pertinent regulations including the provision of information on Related Party transactions, Loans and Advances and remuneration paid to key employees of the Bank.

BY ORDER OF THE BOARD

CHANDRA GAJRAJ (Mrs.)
CORPORATE SECRETARY

AUDITORS' REPORT

Nizam Ali & Company
Chartered Accountants

215 'C' Camp Street
North Cummingsburg
Georgetown
Guyana

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Tele/Fax: (592) 225-7085
Email: nizamali@gol.net.gy

TO THE SHAREHOLDERS OF DEMERARA BANK LIMITED

We have audited the accompanying financial statements of Demerara Bank Limited; which comprise the statement of financial position as at September 30, 2015 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

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

Nizam Ali & Company

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Chartered Accountants
Georgetown, Guyana
October 21, 2015

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2015

With comparative figures for September 30, 2014
(Expressed in Guyana Dollars)

	Notes	2015	2014
		$'000	$'000
ASSETS			
Cash		**303,400**	212,914
Due from banks		**4,196,139**	5,009,281
Deposit with Central Bank other than statutory deposit		**724,611**	373,843
Statutory deposit with Central Bank	7	**5,994,840**	5,682,398
Investment securities	8	**21,107,338**	20,812,066
Loans and advances	9	**23,690,155**	22,411,798
Property, plant and equipment	11	**1,786,248**	1,282,274
Taxation recoverable		**5,447**	5,447
Deferred Tax	20	**592,173**	-
Other	12	**44,780**	38,099
		58,445,131	55,828,120
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits	10	**49,075,992**	45,613,331
Deferred tax	20	-	82,705
Taxation payable		**259,386**	387,920
Other liabilities	13	**984,862**	1,868,508
		50,320,240	47,952,464
Shareholders' Equity			
Share capital	14	**450,000**	450,000
Statutory reserve	15 (i)	**450,000**	450,000
Investment revaluation reserve	15 (ii)	**(920,936)**	**93,707**
Retained earnings		**8,145,827**	6,881,949
		8,124,891	7,875,656
		58,445,131	55,828,120

These financial statements were approved by the Directors on October 21, 2015 and signed on its behalf by:

Mr. Pravinchandra S. Dave
Chief Executive Officer
Director

Mr. Hemraj Kissoon
Director

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative figures for September 30, 2014
(Expressed in Guyana Dollars)

	Notes	2015 $'000	2014 $'000
Interest income		**2,174,863**	1,898,907
Loans and advances		**1,532,006**	1,363,761
Investments		**3,706,869**	3,262,668
Interest expense			
Savings deposits		**320,495**	312,060
Term deposits		**440,811**	226,106
Others		**7,655**	23,552
		768,961	561,718
Net interest income		**2,937,908**	2,700,950
Loan losses net of recoveries	9	**(145,000)**	183,000
Net interest income after loan			
Losses net of recoveries		**2,792,908**	2,883,950
Other income	21	**662,816**	467,340
Net interest and other income		**3,455,724**	3,351,290
Non-interest expenses	17	**846,189**	807,539
Income before taxation		**2,609,535**	2,543,751
Taxation	19	**909,157**	872,290
Net income for the year	16	**1,700,378**	1,671,461
Earnings per share in dollars	22	**3.78**	3.71

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative figures for September 30, 2014
(Expressed in Guyana Dollars)

	Notes	2015 $'000	2014 $'000
Net income for the year		**1,700,378**	1,671,461
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale financial assets		**(1,470,271)**	84,820
Net change in fair value of available-for-sale financial assets transferred to income statement		**(220,801)**	(13,661)
Tax on components of other comprehensive income		**676,429**	(31,218)
Total other comprehensive (loss) income for the year		**(1,014,643)**	39,941
Total comprehensive income for the year		**685,735**	1,711,402

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative figures for September 30, 2014
(Expressed in Guyana Dollars)

	Share capital $'000	Retained earnings $'000	Statutory reserves $'000	Investment revaluation reserve $'000	Total $'000
Balance at October 1, 2013	450,000	5,538,988	450,000	53,766	6,492,754
Profit for the year September 30, 2014	-	1,671,461	-	-	1,671,461
Dividend (note 23)	-	(328,500)	-	-	(328,500)
Net change in fair value of available for sale investment	-	-	-	39,941	39,941
Balance at September 30, 2014	450,000	6,881,949	450,000	93,707	7,875,656
Profit for the year September 30, 2015	-	1,700,378	-	-	1,700,378
Dividend (note 23)	-	(436,500)	-	-	(436,500)
Net change in fair value of available for sale investment	-	-	-	(1,014,643)	(1,014,643)
Balance at September 30, 2015	450,000	8,145,827	450,000	(920,936)	8,124,891

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative figures for September 30, 2014
(Expressed in Guyana Dollars)

	2015 $'000	2014 $'000
Cash flows from operating activities		
Net income before taxation	**2,609,535**	2,543,751
Interest income	**(3,706,869)**	(3,262,668)
Interest expense	**768,961**	561,718
Adjustments for:		
Depreciation	**55,310**	50,591
Interest received	**3,785,720**	3,190,330
Interest paid	**(703,774)**	(509,614)
Increase in deposit with Central Bank	**(312,442)**	(648,939)
Increase (decrease) in other assets	**(6,681)**	1,928
Increase in deposits	**3,397,474**	4,072,617
(Decrease) Increase in other liabilities	**(883,646)**	477,064
Taxes paid	**(1,036,137)**	(822,114)
Net cash from operating activities	**3,967,451**	5,654,664
Cash flows from investing activities		
Increase (decrease) in investments	**(1,982,682)**	83,777
Increase in loans and advances	**(1,360,873)**	(3,765,311)
Purchase of property, plant and equipment	**(559,284)**	(298,823
Net cash used in investing activities	**(3,902,839)**	(3,980,357)
Cash flows from financing activities		
Dividends	**(436,500)**	(328,500)
Net cash used in financing activities	**(436,500)**	(328,500)
Net (decrease) increase in cash and cash equivalents	(371,888)	1,345,807
Cash and cash equivalents, beginning of year	5,596,038	4,250,231
Cash and cash equivalents, end of year	**5,224,150**	5,596,038
Cash and cash equivalent comprises of the following statement of financial position items		
Cash	**303,400**	212,914
Deposit with Central Bank other than statutory deposit	**724,611**	373,843
Due from banks	**4,196,139**	5,009,281
	5,224,150	5,596,038

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

With comparative figures for September 30, 2014
(Expressed in Guyana Dollars)

1. INCORPORATION AND BUSINESS ACTIVITIES

Demerara Bank Limited was incorporated on January 20, 1992 as a private limited liability company under the provisions of the Companies Act, Chapter 89:01 and was licensed to carry on the business of Banking on October 31, 1994. The Bank obtained Certificate of Continuance on April 2, 1997 in accordance with the Companies Act 1991.

The Bank offers a complete range of banking and financial services and operates under the provisions of the Financial Institutions Act, 1995.

The Bank was registered as a reporting issuer under the Securities Industry Act, 1998 on September 2, 2003.

On September 2, 2003 the Bank was designated an approved mortgage finance company by the Minister of Finance in accordance with section 15 of the Income Tax Act. The income earned from mortgages granted by an approved mortgage finance company is exempt from the payment of corporation taxes, provided that these mortgages comply with the stipulated regulations.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.2 New standards, amendments and interpretations adopted

Annual Improvements to the IFRS's 2010-2012 Cycle in accordance with the International Financial Reporting Standards which were adopted in the current financial year are:

- **IFRS 2 – Share based payments-** The amendment defines performance condition and service condition to clarify various issues.
- **IFRS 3 – Business combination-** The amendment clarifies that all contingent consideration arrangements classified as liabilities or assets arising from a business combination must be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39.
- **IFRS 8 –Operating segments-** The amendment clarifies that an entity must disclose the judgement made by management in applying the aggregation criteria including a brief description of operating segments that have been aggregated and economic characteristics used to assess whether the segments are similar. The amendment also clarifies that the reconciliation of segment assets to total assets is required to be disclosed only if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.
- **IFRS 13 – Fair value measurement-** The amendment clarifies in the basis of conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.
- **IAS 16 & IAS 38–** Property, plant and equipment and intangible assets- The amendment clarifies that the methodology for performance of revaluation and computation of accumulated depreciation/ amortisation.
- **IAS 24 – Related party disclosure-** The amendment clarifies that a management entity that provides key management personnel services is a related party subject to related party disclosures. In addition an entity that uses a management entity is required to disclose the expense incurred for management services.

Annual Improvements to the IFRS's 2011-2013 Cycle in accordance with the International Financial Reporting Standards which were adopted in the current financial year are:

- **IFRS 2 – Share based payments-** The amendment defines performance condition and service condition to clarify various issues.
- **IFRS 1 – First time adoption of IFRS-** The amendment clarifies that an entity may choose to apply either a current standard or new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements.
- **IFRS 3 –Business combination-** The amendment clarifies that joint arrangements, not just joint ventures, are outside the scope of IFRS 3.
- **IFRS 13 – Fair value measurement-** The amendment clarifies that the portfolio exception in IFRS 14 can be applied not only to financial assets and financial liabilities but also to other contracts within the scope of IFRS 9.

- **IAS 40 – Investment property-** The amendment clarifies the meaning of ancillary services.

In addition, the following amendments have been adopted into the financial statements.

- **Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)**

The amendment clarifies that, if the amount of contributions from employees or third parties is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contribution to the periods of the service.

- **IAS 32 Offsetting Financial Assets and Financial Liabilities- Amendment to IAS 32.**

The Amendment clarifies the meaning of 'currently have a legally enforceable right to set-off'. The amendment also clarifies the application of the IAS 32 offsetting criteria to settlement system.

The amendment clarifies that rights to set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all the counterparties to the contract, including the reporting entity itself. The amendment also clarifies the rights to set-off must not be contingent on a future event.

- **IAS 36 Recoverable Amount Disclosure for Non-Financial Assets**

The amendment to IAS 36 clarifies the disclosure requirement in respect of fair value less costs of disposal. The amendment removes the requirement to disclose the recoverable amount for each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant.

In addition, the IASB added two disclosure requirements:

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

- Information about the discount rates that have been used when the recoverable amount is based on fair value less cost of disposal using a present value technique.

- **IAS 39 Novation of Derivatives and Continuation of Hedge Accounting- Amendment to IAS 39**

The amendment is in effect a relief from hedge accounting requirements, and will allow entities to better reflect hedge relationships in the circumstances in which the novation exception applies.

The adoption of these amendments did not have any material effect on the Bank's financial statements.

2.2 New standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- **IFRS 9 - Financial Instruments.** Effective January 1, 2018

May change the measurement and presentation of many financial instruments depending on their contractual cash flows and business models under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

- **IFRS 15-** Revenue from Contracts with Customers. Effective January 1, 2017

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

- **Disclosure Initiative amendments to IAS 1. Effective Jan 1, 2016**

The amendment clarifies, the materiality requirement in IAS 1, that specific line items in the statement(s) of profit and loss and OCI and the statement of financial position may be disaggregated, that entities have flexibility as to the order in which they present the notes to the financial statements and that the share of OCI of associates and Joint Ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will be subsequently reclassified to profit or loss.

- **Amendments to IAS 16 and IAS 38 clarification of acceptable methods of depreciation and amortisation. Effective January 1, 2016**

The amendment clarifies the principle in IAS 16 property, plant and equipment and IAS 38 intangible assets that revenue reflects a pattern of economic benefits that are generated from operating a business rather than the economic benefits that are consumed through use of the asset.

Entities currently using revenue -based amortisation methods for property, plant and equipment will need to change their current amortisation approach to an acceptable method.
Annual improvements to IFRS's 2012 -2014 cycle effective January 1, 2016

- **IFRS 5 – Non- current asset held for sale and discontinued operations -** The amendment clarifies that changing from one disposal method to another would not be considered a new plan of disposal, rather it is a continuation of the original plan.

- **IFRS 7 – Financial instrument: disclosure-** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset.
- **IAS 19 – Employee benefits -** The amendment clarifies that market depth of high quality corporate bond is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. Where there is no deep market for high quality corporate bond in that currency, government bond rates must be used.
- **IAS 34 – Interim financial reporting-** The amendment clarifies that the required interim financial disclosures must either be in the interim financial statements or incorporated by cross reference between the interim financial statements and whether they are included within the interim financial report.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the previous year.

3.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and are presented in Guyana dollars, which is the functional currency, rounded to the nearest thousand.

The financial statements are prepared on the historical cost basis, modified for the inclusion of investments at fair value through profit or loss, available-for-sale investments at fair value and non-current assets classified as “assets held for sale.”

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the date of the financial statements and income and expenses during the period. Actual results could differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 6.

The financial statements were authorised for issue by the Board of Directors on October 21, 2015.

3.2 Foreign currency translation

Monetary assets and liabilities are translated at the rate of exchange ruling at the statement of financial position date, except as otherwise stated. Foreign exchange positions are valued daily at prevailing rates. Resulting translation differences and profits and losses from trading activities are included in the statement of profit or loss and other comprehensive income.

3.3 Property, plant and equipment

Property, plant and equipment are stated generally at historical cost, except for those measured at fair value, when they are tested for impairment. Historical cost includes expenditure directly attributable to the acquisition of the items.

Property, plant and equipment is tested for impairment whenever there is objective evidence that the carrying amount of the asset may exceed its recoverable amount. Any resulting impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

Subsequent costs are included in the asset’s carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All their repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment excluding land, is provided for, over the estimated useful lives of the respective assets using the straight-line method.

The following annual depreciation rates are applicable for the respective asset categories.

- **Building** 2%
- **Furniture and equipment** 10%
- **Motor vehicles** 20%

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

3.4 Non- current assets held for sale

A non- current asset is classified as held for sale when: its carrying amount will be recovered principally through a sale transaction; 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.

3.5 Financial assets and liabilities

3.5.1 Classification

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Financial liabilities are classified in the following categories: financial liabilities at fair value through profit or loss and other financial liabilities. Management determines the classification of its financial assets and liabilities at initial recognition.

3.5 Financial assets and liabilities (continued)
3.5.1 Classification (continued)

- **(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

- **(b) Available for sale financial assets**

Available-for-sale assets are financial assets that are not financial assets at fair value through profit or loss or loans and receivables originated by the Bank. Available-for-sale instruments include certain debt and equity investments.

- **(c) Loans and receivables**

Loans and receivables are financial assets with determinable payments that are not quoted in an active market.

3.5.2 Recognition

The Bank initially recognises loans and advances and deposits on the date that they originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

3.5.3 Derecognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

3.5.4 Measurement

On initial recognition, financial assets and liabilities are measured at fair value plus, in case of a financial asset or liability not at fair value through profit or loss, transaction cost that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition all financial assets at fair value through profit or loss and available-for-sale assets are measured at fair value. Where these assets are traded on an active market, the quoted market price is used to measure fair value. Where these instruments are not quoted on an active market fair value is determined using discounted cash flow analysis. Estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the statement of financial position date for an instrument with similar terms and conditions.

Any available-for-sale asset that does not have a quoted market price in an active market and where fair value cannot be reliably measured, is stated at cost, including transaction cost, less impairment loss.

Gains and losses arising from the change in the fair value of available-for-sale investments subsequent to initial recognition are accounted for in the statement of other comprehensive income.

Gains and losses, both realised and unrealised, arising from the change in the financial assets and liabilities at fair value through profit or loss are reported in other income.

All non-trading financial liabilities, loans and receivables and held - to- maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method.

3.6 Loans and advances

Loans and advances to customers comprise of loans and advances originated by the Bank and are classified as financial assets at amortised cost net of allowances to reflect the estimated recoverable amount.

All loans and advances are recognised when cash is advanced to borrowers and are derecognised when borrowers repay their obligation or when the loan is written off. Loans are written off after all necessary legal procedures have been completed and the amount of the loss is finally determined.

A loan is classified as non-accrual when principal or interest is past due or when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of principal or interest.

Upon classification of a loan to non-accrual status, interest ceases to accrue and all previously accrued and unpaid interest is reversed in the current period. Interest is only recognised in subsequent periods, to the extent that payments of such interest are received.

Loans and advances are generally returned to accrual status when the timely collection of both principal and interest is reasonably assured and all delinquent principal and interest payments are brought current.

- **Impairment**

The Bank carries out a detailed review of its loan portfolio twice yearly.

Specific provisions are established as a result of these detailed reviews of individual loans and advances and reflect an amount which in management's judgement, provides adequately for estimated losses. Factors considered in such analyses include:

(i) The customer's ability to generate sufficient cash flow to service debt obligations

3.6 Loans and advances (continued)

(ii) Breach of loan covenants or conditions
(iii) Initiation of bankruptcy proceedings
(iv) The realizable value of security (or other credit mitigants) and likelihood of successful repossession.

The Bank also carries out a detailed review of its loan portfolio twice yearly in accordance with the requirements of the Financial Institutions Act (FIA), 1995. The General Banking Risk Reserve is created as an appropriation of retained earnings for the difference between the specific provision and the carrying amount of non-performing advances.

General provision is established where prudent assessment by the Bank of past experience and existing economic and portfolio conditions indicate that it is probable that losses have occurred, but where such losses cannot be determined on an item- by-item basis.

Doubtful loans are written off after all necessary legal procedures have been completed and the amount of the loss is finally determined.

The provision for the year, less recoveries of amounts previously written off and the reversal of provision no longer required, is disclosed in the statement of profit or loss and other comprehensive income as loan losses net of recovery.

3.7 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

3.8 Dividend on ordinary shares

Dividends that are proposed and declared during the period are accounted for as an appropriation of retained earnings in the statement of changes in equity.

Dividends that are proposed and declared after the statement of financial position date are not shown as a liability on the statement of financial position but are disclosed as a note to the financial statements.

3.9 Revenue Recognition

- **Interest income**

Interest income is accounted for on the accrual basis for investments and for all loans other than non-accrual loans using the effective interest rate method. When a loan is classified as non- accrual, any previously accrued but unpaid interest thereon is reversed against income of the current period. Thereafter, interest income is recognised only after the loan reverts to performing status.

- **Fees and commission income**

Fees and commission are not included in the calculation of effective interest rate. These fees are recognised in income when a binding obligation has been established. Where such obligations are continuing, income is recognised over the duration of the facility.

3.10 Pension

The Bank participates in a multi-employer plan with certain other companies, the assets of which are held in trustee administered funds which are separate from the Bank's finances. The plan is generally funded by payments from participating companies taking account of recommendations of independent qualified actuaries.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and short term highly liquid investments that are both readily convertible into known amounts of cash and so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

3.12 Acceptances, guarantees and letters of credit

The Bank's commitments under acceptances, guarantees and letters of credit have been excluded from these financial statements because they do not meet the criteria for recognition. These commitments as at September 30, 2015 amounted to $3,945,757,649 (2014 - $2,076,763,569) see note 25 (iii). In the event of a call on these commitments, the Bank has equal and offsetting claims against its customers.

3.13 Taxation

Tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised in equity.

- **Current tax**

The current income tax is calculated on the basis of the tax laws enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

- **Deferred tax**

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

3.14 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. All leasing arrangements to which the Bank is a party are considered operating leases.

3.15 Segment reporting

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

3.16 Comparatives

Certain 2014 figures have been reclassified to conform with the financial statements presentation adopted in 2015.

4. FINANCIAL RISK MANAGEMENT

The Bank's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Bank's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Bank's performance.

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

The Bank'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.

The Bank's risks are measured using methods which reflect the expected loss likely to arise in normal circumstances.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept.

The Bank actively uses collateral to rescue its credit risks.

- **(a) Market risk**

The Bank's activities expose it to financial risks of changes in foreign currency exchange rates and interest rates. The Bank uses gap analysis, interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risks.

- **a (i) Price risk**

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

The Bank does not actively trade in equity instruments. The Bank's exposure to equity price risks arising from equity investments is not material to the financial statements.

- **a(ii) Interest rate risk**

The Bank is exposed to interest rate risk but the Bank's sensitivity to interest rate is immaterial as its financial instruments are substantially at fixed rates. The Bank's exposure to interest rate risk on financial assets and financial liabilities are disclosed on page 44.

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a(ii) Interest rate risk (continued)

	Average Interest Rate	Within 1 Year	1-5 Years	Over 5 Years	Non- interest Bearing	Total
				Maturing 2015		
	%	$'000	$'000	$'000	$'000	$'000
Asstes						
Cash resources	1.00	4,232,447	-	-	6,986,543	11,218,990
Net loans to customers	9.14	8,202,851	4,422,876	10,237,171	827,257	23,690,155
Investments	6.85	-	1,116,053	19,991,285	-	21,107,338
Others		-	-	-	2,428,648	2,428,648
		12,435,298	5,538,929	30,228,45	10,242,448	58,445,131
Liabilities and shareholders' equity						
Customers' deposits	1.28	27,328,304	16,617,628	-	5,130,060	49,075,992
Other liabilities		50,976	-	-	1,193,272	1,244,248
Shareholders' equity		-	-	-	8,124,891	8,124,891
		27,379,280	16,617,628	-	14,448,223	58,445,131
		(14,943,982)	(11,078,699)	30,228,456	(4,205,775)	-

	Average Interest Rate	Within 1	1-5 years	Over 5 years	Non- interest	Total
				Maturing 2014		
	%	$'000	$'000	$'000	$'000	$'000
Assets						
Cash resources	1.20	5,039,801	-	-	6,238,635	11,278,436
Net loans to customers	9.20	9,275,420	3,701,108	9,431,126	4,144	22,411,798
Investments	6.87	670,785	-	20,141,281	-	20,812,066
Others		-	-	-	1,325,820	1,325,820
		14,986,006	3,701,108	29,572,407	7,568,599	55,828,120
Liabilities and shareholders' equity						
Customers' deposits	1.28	25,589,152	14,001,403	-	6,022,776	45,613,331
Other liabilities		56,149	-	-	2,282,984	2,339,133
Shareholders' equity		-	-	-	7,875,656	7,875,656
		25,645,301	14,001,403	-	16,181,416	55,828,120
Interest sensitivity gap		(10,659,295)	(10,300,295)	29,572,407	(8,612,817)	-

• a(iii) Currency risk

The Bank has assets and liabilities that are denominated in various currencies other than the reporting currency. Management does not believe that the net exposure to foreign currency risk can result in material loss to the Bank.

The aggregate Guyana dollars equivalent amount of assets and liabilities denominated in currencies other than the reporting currency are as follows:

2015

	US Dollar 000	Pound Sterling 000	Euro 000	CDN Dollar 000	Total 000
Assets					
Cash resources	7,027,738	15,834	9,683	17,876	7,071,131
Investments	20,095,341	1,951,841	-	-	22,047,182
Loans and advances	116,655	-	-	-	116,655
	27,239,734	1,967,675	9,683	17,876	29,234,968
Liabilities					
Deposits	8,359,623	566	19,169	15,828	8,395,186
	8,359,623	566	19,169	15,828	8,395,186
Net	18,880,111	1,967,109	(9,486)	2,048	20,839,782

2014

	US Dollar 000	Pound Sterling 000	Euro 000	CDN Dollar 000	Total 000
Assets					
Cash resources	4,881,676	3,721	28,033	14,711	4,928,141
Investments	18,026,636	1,999,060	-	34	20,025,730
Loans and advances	131,142	-	-	-	131,142
	23,039,454	2,002,781	28,033	14,745	25,085,013
Liabilities					
Deposits	6,562,947	590	10,462	17,519	6,591,5186
	6,562,947	590	10,462	17,519	6,591,5186
Net	16,476,507	2,002,191	17,571	(2,774)	18,493,495

4. Financial risk management (continued)

• a(iii) Currency risk (continued)

The following table demonstrates the sensitivity to reasonable possible movements of select currencies against the Guyana Dollar to which the Bank had significant exposure in respect of its financial assets and liabilities holding all other variable constant:

	Change in exchange rates	Effect on profit before tax	Effect on other components of equity
	%	$'000	$'000
Year ended September 30, 2015			
Increase in exchange rates			
USD	2%	377,602	-
GBP	2%	39,342	-
EURO	2%	(190)	-
CAD	2%	41	-
		416,795	-
Decrease in exchange rates			
USD	2%	(377,602)	-
GBP	2%	(39,342)	-
EURO	2%	(190)	-
CAD	2%	(41)	-
		(416,795)	-

	Change in exchange rates	Effect on profit before tax	Effect on other components of
	%	$'000	$'000
Year ended September 30, 2014			
Increase in exchange rates			
USD	2%	329,530	-
GBP	2%	40,044	-
EURO	2%	351	-
CAD	2%	(55)	-
		369,870	-
Decrease in exchange rates			
USD	2%	(329,530)	-
GBP	2%	(40,044)	-
EURO	2%	(351)	-
CAD	2%	(55)	-
	2%	(369,870)	-

4. Financial risk management (continued)

- **(b) Liquidity risk**

Liquidity risk arises from fluctuations in cash flows. The liquidity risk management process ensures the Bank is able to honour all of its financial commitments as they fall due. The Bank's liquidity strategy includes measuring and forecasting cash commitments, building a large and stable base of core deposits for retail and commercial customers, ensuring sufficient cash and marketable instruments such as treasury bills and government securities are available to meet short-term requirements, diversifying funding sources and maintaining the ability to securitise bank assets. Fallback techniques include access to local interbank and institutional markets and stand-by lines of credit with external parties.

The table below shows the maturities of financial instruments:

		Maturing 2015					
		Within 1 year					
	Average Interest Rate	On Demand	Due in 3 mths	Due in 3 -12 mths	1 to 5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	1.00	11,218,990	-	-	-	-	11,218,990
Loans to customers	9.14	8,765,361	264,747	87,140	4,335,736	10,237,171	23,690,155
Investments	6.85	-	-	-	1,116,053	19,991,285	21,107,338
Others		1,836,475	-	-	-	592,173	2,428,648
		21,820,826	264,747	87,140	5,451,789	30,820,629	58,445,131
Liabilities and shareholders' equity							
Customers' deposits	1.28	32,229,484	228,880	-	16,617,628	-	49,075,992
Other liabilities		1,244,248	-	-	-	-	1,244,248
Shareholders' equity		8,124,891	-	-	-	-	8,124,891
		41,598,623	228,880	-	16,617,628	-	58,445,131
Net gap		(19,777,797)	35,867	87,140	(11,165,839)	30,820,629	-
Cumulative gap		(19,777,797)	(19,741,930)	(19,654,790)	(30,820,629)	-	-

		Maturing 2014					
	Average Interest Rate	On Demand	Due in 3 mths	Due in 3 -12 mths	1 to 5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	1.20	11,278,436	-	-	-	-	11,278,436
Loans to customers	9.20	8,999,011	277,059	3,494	3,701,108	9,431,126	22,411,798
Investments	6.87	106,243	-	564,542	20,141,281	-	20,812,066
Others Assets		1,325,820	-	-	-		-
		21,709,510	277,059	568,036	23,842,389	9,431,126	55,828,120
Liabilities and shareholders' equity							
Customers' deposits	1.28	31,611,856	245	-	14,001,230	-	45,613,331
Other liabilities		2,339,133	-	-	-	-	2,339,133
Shareholders' equity		41,826,645	245	-	14,001,230	-	55,828,120
Net gap		(20,117,135)	276,814	568,036	9,841,159	9,431,126	-
Cumulative gap		(20,117,135)	(19,840,321)	(19,272,285)	(9,431,126)	-	-

- **(c) Credit Risk**

Credit risk is the risk that the Bank will incur a loss because its customers, client or counterparties failed to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amounts or risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank structures the level of credit it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on level of credit risk by product is approved by the Board of Directors.

Collateral

The Bank employs a range of policies and practices to mitigate credit risks. The most traditional of these is the taking of security for funds advanced. The Bank implements guidelines on the acceptability of specific class of collateral or credit risk mitigation. The Principal collateral types for loans and advances to customers are:

- Mortgages over residential properties
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement.

Impairment and provisioning

Impairment provisions are recognised for financial reporting purposes in accordance with the requirement of the Financial Institutions Act 1995 or where there are other objective evidence of impairment.

The Bank's policy requires the review of individual financial assets at least twice annually or more regularly when individual circumstances require. Impairment allowance on individual asset accounts are determined by an evaluation of the incurred loss at the statement of financial position date on a case-by-case basis.

The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

Concentration of risk of financial assets with credit risk exposure by industry sectors

The following table breaks down the Bank's main credit exposure of their carrying amounts, as categorised by industry sectors:

	2015 $'000	2014 $'000
Loans and advances		
Agriculture	3,402,165	3,157,255
Services	8,593,286	8,545,904
Manufacturing	3,538,395	3,325,326
Household	8,215,854	6,745,793
Mining and quarrying	345,432	841,477
	24,095,132	22,615,755

Credit quality of financial assets

The Bank's maximum exposure to credit risk, before collateral held or credit enhancement, is detailed below:

	2015 $'000	2014 $'000
Credit risk recognised on the statement of financial position		
Deposit with central bank	5,994,840	5,682,398
Due from banks	4,196,139	5,009,281
Investment securities	21,107,338	20,812,066
Loans and advances	23,690,155	22,411,798
Credit risk not recognised on the statement of financial position		
Acceptances, guarantees and letters of credit	3,945,758	2,076,764
Total credit risk exposure	58,934,230	55,992,307

4. Financial risk management (continued)

(c) Credit Risk, continued

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

		2015	2014
		$'000	$'000
Investment securities			
Counterparties with credit ratings			
Credit rating	***Rating agency***		
A	Standard & Poors	1,264,322	2,789,161
A-	Standard & Poors	1,171,100	1,165,385
BBB+	Standard & Poors	207,563	-
BBB	Standard & Poors	2,091,875	1,406,604
BBB-	Standard & Poors	3,320,319	5,021,938
BB+	Standard & Poors	2,073,549	1,613,936
BB	Standard & Poors	5,797,792	4,654,517
BB-	Standard & Poors	-	3,320,365
B+	Standard & Poors	196,342	-
B	Standard & Poors	3,793,081	209,916
Counterparties without credit ratings			
Group 2		779,040	221,554
		20,694,983	20,403,376

Loans and advances

2015	Group 1	Group 2	Group 3	Total
	$'000	$'000	$'000	$'000
Commercial	2,181,048	12,175,507		14,356,555
Mortgages	423,544	6,685,994		7,109,538
Others	34,805	1,277,649		1,312,454
	2,639,397	20,139,150	-	22,778,547

2014	Group 1	Group 2	Group 3	Total
	$'000	$'000	$'000	$'000
Commercial	1,270,309	14,006,779	267,835	15,544,923
Mortgages	916,780	4,826,457	18,111	5,761,348
Others	203,915	711,869	18,409	934,193
	2,391,004	19,545,105	304,355	22,240,464

4. Financial risk management (continued)

(c) Credit Risk, continued

		2015	2014
		$'000	$'000
Due from banks and short term deposits	Group 2	4,196,139	5,009,281
Deposit with Central Bank	Group 2	5,994,840	5,682,398

Group 1 - New customers/bankers - less than six months
Group 2 - Existing customers/bankers more than six months with no deafults in the past
Group 3 - Existing customers/bankers with some defaults in the past. All defaults were fully recovered.

Credit quality of financial assets, continued

Credit quality by class of financial assets

As at September 30, 2015

	Neither Past due nor impaired	Past due but nor impaired	Impaired	Total
	$'000	$'000	$'000	$'000
Due from banks and short term investments	4,196,139	-	-	4,196,139
Deposit with Central Bank other than statutory deposit	724,611	-	-	724,611
Deposit with Central Bank	5,994,840	-	-	5,994,840
Investment securities				
Available for sale:				
Government	3,101,335	-	-	3,101,335
Corporate	17,593,648	-	-	17,593,648
Others	-	-	-	-
	31,610,573	-	-	31,610,573
Loans to customers				
Commercial	13,464,116	217,764	1,690,955	15,372,835
Mortgages	7,055,985	-	40,389	7,096,374
Others	1,535,028	53,889	37,006	1,625,923
	22,055,129	271,653	1,768,350	24,095,132
Total	53,665,702	271,653	1,768,350	55,705,705

(c) Credit Risk

Credit quality by class of financial assets continued

As at September 30, 2015

	Neither Past due nor impaired	Past due but nor impaired	Impaired	Total
	$'000	$'000	$'000	$'000
Due from banks and short term investments	5,009,281	-	-	5,009,281
Deposit with Central Bank other than statutory deposit	373,843	-	-	373,843
Deposit with Central Bank	5,682,398	-	-	5,682,398
Investment securities				
Available for sale:				
Government	3,394,308	-		3,394,308
Corporate	17,009,068	-		17,009,068
Others	-	-		-
	31,468,898	-	-	31,468,898
Loans to customers				
Commercial	15,543,646	1,278	325,361	15,870,285
Mortgages	5,757,601	3,747	8,598	5,769,946
Others	933,281	911	41,332	975,524
	22,234,528	5,936	375,291	22,615,755
Total	53,703,426	5,936	375,291	54,084,653

(d) Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position are:

- To comply with the capital requirement set by the regulators.
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and other benefits for stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision as implemented by the Bank of Guyana. The required information is filed with the authorities on a monthly basis.

The Table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended September 30, 2015 and 2014. During those two years the Bank complied with the externally imposed capital requirements to which they are subject.

4. Financial risk management (continued)

(d) Capital management (continued)

	2015	2014
	$'000	$'000
Tier I Capital		
Share capital	450,000	450,000
Statutory reserve	450,000	450,000
Retained earnings	8,145,827	6,881,949
	9,045,827	7,781,949
Tier II Capital		
Securities revaluation reserves	(920,936)	93,707
Total regulatory capital	8,124,891	7,875,656
Risk weighted assets:		
On-balance sheet	23,479,624	22,049,557
Off-balance sheet	1,972,879	1,038,382
Total risk weighted assets	25,452,503	23,087,939
Total regulatory capital to risk weighted assets %	31.92	34.11

5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of financial instruments that are recognised on the statement of financial position and the fair value of financial instruments that are not recognised on the statement of financial position are based on the valuation method and assumptions set out in the significant accounting policies note 3.5.

Fair value represents the amount at which a financial instrument could be exchanged in an arm's length transaction between willing parties under no compulsion to act and is best evidenced by a quoted market price. If no quoted market prices are available, the fair values are estimated using present value or other valuation techniques and may not be indicative of net realisable value.

The Bank measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 - Quoted market price (adjusted) in an active market for an identical instrument.

- Level 2 - Valuation techniques based on observable inputs, either directly (i.e as prices) or indirectly (i.e derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique included inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are based on quoted prices for similar instruments where significant observable adjustments or assumptions are required to reflect differences between instruments.

Due to judgement used in applying a wide range of acceptable valuation techniques and estimations in the calculation of fair value amounts, fair values are not necessarily comparable among financial institutions. The calculation of estimated fair values is based upon market conditions at a specific point in time and may not be reflective of future fair values.

The following table summarises the carry value amount and fair value of the Bank's financial Assets and Liquidity

	Carrying value		Fair Value	
	2015	2014	2015	2014
Financial assets	$'000	$'000	$'000	$'000
Cash on hand	303,400	212,914	303,400	212,914
Due from banks	4,196,139	5,009,281	4,196,139	5,009,281
Deposit with Central Bank other than statutory deposit	724,611	373,843	724,611	373,843
Statutory deposit with Central Bank	5,994,840	5,682,398	5,994,840	5,682,398
Net loans to customers	23,690,155	22,411,798	23,690,155	22,411,798
Available for sale investment	22,642,235	20,655,887	21,107,338	20,812,066
Other financial asset	44,780	38,099	44,780	38,099
Total financial assets	57,596,160	54,384,220	56,061,263	54,540,399
Financial liabilities				
Deposits	49,075,992	45,613,331	49,075,992	45,613,331
Other financial liabilities	1,244,248	2,256,429	1,244,248	2,256,429
Total financial liabilities	50,320,240	47,869,760	50,320,240	47,869,760

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- **(a) Impairment of financial assets**

Loans accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3.6.

The Bank reviews its loan and investment portfolio to assess impairment on a regular basis. In determining whether an impairment should be recorded in the statement of profit or loss and other comprehensive income, the Bank makes judgement as to whether there is any observable data indicating that there is a measureable decrease in the estimated future cashflows from a portfolio of assets before the decrease can be identified with an individual asset in that portfolio. This evidence may include data indicating that there has been adverse change in payment status of borrowers in a group, or national or economic condition that correlates with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experienced.

- **(b) Determining fair values**

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 5. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

- **(c) Financial asset and liability classification**

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances.

In classifying financial assets or liabilities as "fair value through profit or loss", the Bank has determined that it meets the description of trading assets and liabilities set out in accounting policy 3.5.1(a).

In designating financial assets or liabilities as "available-for-sale", the Bank has determined that it has met the criteria for this designation set out in accounting policy 3.5.1(b).

7. DEPOSITS WITH THE CENTRAL BANK

In accordance with the Financial Institutions Act, 1995 the Bank is required to hold and maintain, as a non-interest bearing deposit with Central Bank of Guyana, a cash reserve balance equivalent to 12% (2014- 12%) of total prescribed liabilities.

	2015	2014
	$'000	$'000
Primary	5,994,840	5,682,398
Total	5,994,840	5,682,398

8. INVESTMENTS

	2015	2014
	$'000	$'000
Available -for -sale		
Shares	39,476	39,476
Corporate bonds	20,655,507	20,363,393
Short term deposits	-	507
	20,694,983	20,403,376
Accrued interest	412,355	408,690
	21,107,338	20,812,066

9. LOANS AND ADVANCES

	2015 $'000	2014 $'000
Loans and advances	24,095,132	22,615,755
Less: Allowance for loan losses	(489,328)	(370,824)
	23,605,804	22,244,931
Interest receivable	84,351	166,867
	23,690,155	22,411,798
Included in the above are non-accrual loans totaling	1,316,585	375,291

The movement in the allowance for loan losses during the year was as follows:

	2015 $'000	2014 $'000
Balance, beginning of year	370,824	555,468
Write - offs/ recoveries	(26,496)	(1,644)
Reversals	-	(195,000)
Additional provisions	145,000	12,000
Balance, end of year	489,328	370,824

10. DEPOSITS

	2015 $'000	2014 $'000
Demand	**5,133,688**	6,025,066
Savings		
Principal	27,227,838	25,489,059
Accrued interest	96,838	97,803
	27,324,676	25,586,862
Term		
Principal	16,413,295	13,863,222
Accrued interest	204,333	138,181
	16,617,628	14,001,403
	49,075,992	45,613,331

11. PROPERTY, PLANT AND EQUIPMENT

2015	Freehold land and building $'000	Leasehold premises $'000	Construction work in progress $'000	Furniture and equipment $'000	Motor vehicles $'000	Total $'000
Cost						
At October 1, 2014	596,920	13,051	544,011	483,691	37,392	1,675,065
Additions	737	-	460,945	75,602	22,000	559,284
Disposals	-	-	-	(83,978)	(12,684)	(96,662)
At September 30, 2015	597,657	13,051	1,004,956	475,315	46,708	2,137,687
Accumulated depreciation						
At October 1, 2014	96,629	4,045	-	259,379	32,738	392,791
Charge for the year	10,819	132	-	39,388	4,971	55,310
Write back on disposal				(83,978)	(12,684)	(96,662)
At September 30, 2015	107,448	4,177	-	214,789	25,025	351,439
Net Book Values						
At September 30, 2015	490,209	8,874	1,004,956	260,526	21,683	1,786,248

2014	Freehold land and building $'000	Leasehold premises $'000	Construction work in progress $'000	Furniture and equipment $'000	Motor vehicles $'000	Total $'000
Cost						
At October 1, 2013	596,418	13,051	270,676	459,504	37,392	1,377,041
Additions	502	-	273,335	24,986	-	298,823
Disposals	-	-	-	(799)	-	(799)
At September 30, 2014	596,920	13,051	544,011	483,691	37,392	1,675,065
Accumulated depreciation						
At October 1, 2013	84,683	3,923	-	224,060	30,333	342,999
Charge for the year	11,946	122	-	36,118	2,405	50,591
Write back on disposal	-	-	-	(799)	-	(799)
At September 30, 2014	96,629	4,045	-	259,379	32,738	392,791
Net Book Values						
At September 30, 2015	500,291	9,006	544,011	224,312	4,654	1,282,274

12. OTHER ASSETS

	2015	2014
	$'000	$'000
Prepaid expenses	16,933	12,900
Others	27,847	25,199

13. OTHER LIABILITIES

	2015	2014
	$'000	$'000
Cash margin on credit, guarantees & indemnities	110,756	111,641
Bills payable	778,542	1,647,227
Property tax	58,966	63,102
Others	36,598	46,538
	984,862	1,868,508

14. SHARE CAPITAL

	2015	2014
	$'000	$'000
Authorised		
450,000,000 ordinary shares of no par value		
Issued and fully paid		
450,000,000 ordinary shares stated value	450,000	450,000

15. (i) Statutory reserve

This fund is maintained in accordance with the provisions of Section 20 (1) of the Financial Institutions Act 1995, which requires that a minimum of 15% of net profit as defined by the Act, be transferred to the Reserve Fund until the amount of the Fund is equal to the paid up capital of the Bank.

(ii) Investment revaluation reserve

This amount represents the net movement between the fair value at September 30, 2015 and the carrying amount of available for sale financial assets.

16 . NET INCOME

	2015	2014
	$'000	$'000
Net income after taxation:	1,700,378	1,671,461
After charging		
• Auditors' remuneration	4,000	4,000
• Directors' remuneration (note i)	14,800	8,535
• Depreciation	55,310	50,591

17. NON- INTEREST EXPENSES

	2015	2014
	$'000	$'000
Staff costs (see note)	504,529	472,757
Subscription and donations	8,627	8,812
Property and equipment expenses	25,997	21,562
Rentals	21,311	20,780
Depreciation	55,310	50,591
Stationery	32,375	27,399
Electricity	33,194	34,897
Property tax	58,874	63,102
Licence	6,130	6,302
Advertising	10,459	9,789
Computer expense	30,199	36,918
Visa expense	22,228	-
Others	36,956	54,630
	846,189	807,539

Note:
The average number of employees during 2015 was 185 (2014 - 182).

18. PENSION PLAN

The pension plan which the Bank participates in is a multi employee contributory plan and is a final salary defined benefit plan.

The plan is valued by independent actuaries every three years using the projected unit credit method. The last actuarial valuation which was done as at December 31, 2011 revealed a past service surplus of one billion twenty four million eight hundred thousand dollars ($1,024,800,000). The next actuarial valuation which is statutorily due on December 31, 2014 is currently in progress.

The last actuarial valuation did not present sufficient information relating to each participating company in the plan to enable a determination of the portion of the Bank's share of the surplus, defined benefit obligation, plan assets and cost associated with the plan.

The Bank's total contribution to the pension scheme for the year amounted to $24,591,441 (2014 - $22,788,964). This amount was recognised in the statement of profit or loss and other comprehensive income.

19. TAXATION

	2015	2014
	$'000	$'000
Corporation tax - Current	907,606	868,773
- Deferred	1,551	3,517
	909,157	872,290

The tax on the operating profit differs from theoretical amount that would arise using the basic tax rate as follows:

	2015	2014
	$'000	$'000
Profit before tax	2,609,535	2,543,751
Tax calculated at a rate of 40%	1,043,814	1,017,500
Income exempted from tax	(160,076)	(182,066)
Expenses not deductible for tax purposes	21,112	27,194
Difference in accounting depreciation versus tax depreciation	2,756	6,145
	907,606	868,773

20. DEFERRED TAXATION

	2015	2014
	$'000	$'000
Balance at beginning of year	(82,705)	(52,560)
Movement in the year	674,878	(30,145)
Balance at end of year	592,173	(82,705)
Components of deferred tax		
Accelerated depreciation	(21,785)	(20,233)
Fair value adjustment	613,958	(62,472)
	592,173	(82,705)

21. OTHER INCOME

	2015	2014
	$'000	$'000
Exchange gain	308,780	111,535
Commissions received	157,138	139,831
Gain on disposal of investment	203,400	218,684
Others	(6,502)	(2,710)
	662,816	467,340

22. EARNINGS PER SHARE

	2015	2014
	$'000	$'000
Calculated as follows:		
Net income after tax $'000	1,700,378	1,671,461
Number of shares '000 (see note 15)	450,000	450,000
Earnings per share in dollars	3.78	3.71

23. DIVIDENDS

Dividends accounted for as an appropriation of retained earnings:

	2015	2014
	$'000	$'000
Final dividend for 2014 $0.67 per share (2013 - $0.50)	301,500	225,000
Interim dividend for 2015 $0.30 per share (2014 - $0.23)	135,000	103,500
	436,500	328,500

The financial statements do not reflect a final dividend of $0.67 per share proposed by the directors. This amount will be accounted for as an appropriation of retained earnings in the subsequent year.

24. RELATED PARTIES

(a) Identity of related parties

A party is related to the Bank if:

(i) Directly or indirectly the party
- controls, is controlled or is under common control of the Bank;
- has an interest in the Bank that gives it significant influence over the Bank; or
- has joint control over the Bank.

(ii) The party is a member of the key management personnel of the Bank.

The party is a close member of the family of any individual referred to in (i) or (ii) above.

(iii) The party is a post- employment benefit plan for the benefits of employees of the Bank or any company that is a related party of the Bank.

A number of banking transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and conditions, except for certain loans made available to officers.

Outstanding balances

	2015	2014
Loans, investments and other assets	$'000	$'000
Held by enterprises with which Directors are affiliated	2,013,440	2,355,793
Directors and key management personnel	106,165	100,787
	2,119,605	2,456,580
Provision for amounts due from related parties	-	-
Deposits and other liabilities		
Held by enterprises with which directors are affiliated	1,786,099	1,719,352
Directors and key management personnel	78,580	73,878
	1,864,679	1,793,230
Interest expense		
Held by enterprises with which directors are affiliated	5,757	7,591
Directors and key management personnel	833	2,155
	6,590	9,746
Interest income		
Held by enterprises with which directors are affiliated	172,663	166,591
Directors and key management personnel	8,726	10,088
	181,389	176,679

Key management personnel

Key management comprises individuals responsible for planning, directing and controlling the activities of the Bank.

Eighteen individuals are considered as key management personnel. The remuneration paid to key management personnel for the year was as follows:

	2015	2014
	$'000	$'000

25. COMMITMENTS AND CONTINGENT LIABILITY

	2015	2014
	$'000	$'000
(i) Capital commitments		
Captial commitments not provided for in these financial statements	112,424	108,874

	2015	2014
	$'000	$'000
(ii) Operating lease commitments		
Less than one year	18,823	19,251
One to five years	49,133	64,848

(iii) Customers liabilities under Acceptances, Guarantees and Letters of Credit

	2015				2014			
	Under 3 mths	3 to 12 months	Over 12 months	Total	Under 3 mths	3 to 12 months	Over 12 months	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Commercial sector	50,689	2,350,452	1,367,277	3,768,418	31,474	1,714,361	91,800	1,837,635
Personal sector	5,480	117,268	54,592	177,340	120	186,029	52,979	239,128

(iv) Litigation

In the ordinary course of business the Bank has brought legal proceedings against defaulting customers. The Bank is also defendant in certain litigation. Management does not believe that the outcome of these proceedings will have material adverse effect on the Bank's result of operations and accordingly no provision for contingencies is necessary.

26. SEGMENT INFORMATION

The operations of the Bank are concentrated within Guyana. The Bank's operations are managed by strategic business units which offer different financial products and services to various market segments. The management function of the various business units review internal reports at least monthly.

The following summary describes the operations of each of the Bank's reportable segments :

- Corporate and commercial - Includes the provision of loans and other financial services to business and individuals.
- Investment - Local and foreign investment
- Deposit business - Demand, savings and time deposits
- Other - Foreign trade and other non core business.

The results of the various operating segments are set out on page 65. Performance is measured based on segment profits before tax as included in the internal management reports reviewed by senior management. Segment profitability is used by management to assess product, pricing, productivity and hence, the allocation of resources to the various operating segments.

26. Segment information (continued)

	2015						
	Corporate & Commercial Banking	Local	Investment Foreign	Deposit	Other	Unallocated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Interest income	2,174,863	20,895	1,511,111	-	-	-	3,706,869
Interest expense	-	-	-	(768,961)	-	-	(768,961)
Other income	-	-	-	-	662,816	-	662,816
Loan impairment	(145,000)	-	-	-	-	-	(145,000)
Operating expense	-	-	-	-	-	(846,189)	(846,189)
Profit before tax	2,029,863	20,895	1,511,111	(768,961)	662,816	(846,189)	2,609,535
Segment assets	23,690,155	181,395	20,925,943	-	-	13,647,638	58,445,131
Segment liabilities	-	-	-	49,075,992	-	1,244,248	50,320,240

	2014						
	Corporate & Commercial Banking	Local	Investment Foreign	Deposit	Other	Unallocated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Interest income	1,898,907	20,895	1,342,866	-	-	-	3,262,668
Interest expense	-	-	-	(561,718)	-	-	(561,718)
Other income	-	-	-	-	467,340	-	467,340
Loan impairment	183,000	-	-	-	-	-	183,000
Operating expense	-	-	-	-	-	(807,539)	(807,539)
Profit before tax	2,081,907	20,895	1,342,866	(561,718)	467,340	(807,539)	2,543,751
Segment assets	22,411,798	220,962	20,591,104	-	-	12,604,256	55,828,120
Segment liabilities	-	-	-	45,613,331	-	2,339,133	47,952,464

DEMERARA BANK LTD.
BRANCH INFORMATION

HEAD OFFICE
230 Camp & South Streets,
Georgetown
Telephone: +592-225-0610-9. Fax: +592-225-0601
Email: banking@demerarabank.com
Foreign Exchange: forex@demerarabank.com
Loans: credit@demerarabank.com
Website: www.demerarabank.com

BRANCH NETWORK

CORRIVERTON
K & L #78 Springlands
Corriverton,
Corentyne, Berbice
Tel:# (592) 335-3551
Tel:# (592) 335-3589
Fax:# (592) 335-3406
Email: corriverton@demerarabank.com

DIAMOND
Plot "DBL" Diamond
East Bank Demerara
Tel:# (592) 265-5706-8
Fax:# (592) 265-5709
Email: diamond@demerarabank.com

ROSE HALL
71 Public Road, Rose Hall,
Corentyne,
Berbice
Tel:# (592) 337-4441
Tel:# (592) 337-4452
Fax:# (592) 337-4439
Email: rosehall@demerarabank.com

ANNA REGINA
Lot 41 Second Street
Cotton Field
Anna Regina, Essequibo
Tel:# (592) 771-5403
Tel:# (592) 771-5404
Fax:# (592) 771-5402
Email: annaregina@demerarabank.com

LE RESSOUVENIR
Lot 3 Public Road
Le Ressouvenir
East Coast Demerara
Tel:# (592) 220-6460
Tel:# (592) 220-6483
Fax:# (592) 220-6498
Email: leressouvenir@demerarabank.com

A NETWORK OF LOCATIONS
FOR YOUR CONVENIENCE

CORRESPONDENT BANKS

UNITED STATES OF AMERICA

Bank of America, Merrill Lynch
New York

Bank of New York Mellon,
New York

CANADA

Canadian Imperial Bank of Commerce,
Toronto

UNITED KINGDOM

Bank of America, Merrill Lynch
London

THE CARIBBEAN

R.B.C. Merchant Bank (Caribbean) Ltd.,
Port-of-Spain, Trinidad

Citi Bank,
Port-of-Spain, Trinidad

R.B.T.T Bank Trinidad Ltd.,
Port-of-Spain, Trinidad

OUR SERVICES

AUTOMATIC TELLER MACHINE MONEY MASTER CARD

- 24-hour banking
- Withdrawals
- Convenience at its best
- Deposits
- Balance Enquiries
- Telebanking

MONEY MASTER DEBIT CARD

- Convenience and security
- Acceptance at stores, supermarkets, restaurants,hotels and gas stations
- Immediate, direct access to the total balance on your account

PAYMENT OF UTILITY BILLS

- GT&T/GPL bills payment accepted
- Customers' convenience

EXPRESS DEPOSIT CENTRE

- Convenient drop-in deposit
- Fire proof and anti-tamper design
- Receipt validated instantly

E-BANKING

- View Balances
- View activity up to the last 45 days
- Pay GT&T, Digicel and GPL Bills
- Request Bank Drafts
- Inter-Account Transfers
- Request Certified Statements
- Order Cheques
- Request Address change
- Make Stop Payment Requests

SAFETY DEPOSIT BOXES

- In four sizes, dual key locking mechanism located in high security vault

NIGHT DEPOSITS

- Security bags for deposits
- Tamper-proof deposit chute
- Highly secured & conveniently located

MONEY MARKET ACCOUNT

- Competitive rates
- Interest paid monthly
- Minimum balance G$ 1,000.000.00

PREMIUM MONEY MARKET ACCOUNT
- Competitive rates
- Interest accrued monthly and paid quarterly
- Minimum balance G$1,000,000.00

SAVINGS ACCOUNT
- Passbook Savings
- Transaction recorded in a convenient pocket sized passbook
- Minimum balance G$5,000.00
- Cash on demand/No service charge

STATEMENT SAVINGS
- Statements available periodically or on request
- Minimum balance G$2,000.00
- ATM ready
- Cash on demand

FOREIGN TRADE
- Foreign currency transactions and accounts
- Telex transfers
- Bills for collection
- Letters of credit
- Negotiation drafts
- Trade financing
- Competitive cambio

DEPOSITS ACCOUNTS/TERM DEPOSITS
- Available 3, 6 and 12 months.
- Renewed automatically or funds disposed at your request
- Highly competitive interest rates
- Minimum balance G$100,000.00

PERSONAL CHEQUING ACCOUNT
- Personalised cheque books
- Statements available periodically or on request
- Easy access to funds with your Money Master Card

CORPORATE CHEQUING
- Overdraft facility
- Night deposit facility
- Statements available periodically or on request
- First Facts

LOANS AND ADVANCES
- Short and medium term financing
- Consumer credit
- Working capital requirements
- Flexible repayment plans
- Low income Mortgage financing

PROXY FORM

Demerara Bank Limited
230 Camp and South Streets
Georgetown
Guyana

I/We ____

of ____

being a member/members of DEMERARA BANK LIMITED,

hereby appoint ____

of ____

or failing him / her ____

of ____

as my/our Proxy to vote in my / our name(s) and on my / our behalf upon any matter at the Twenty-first Annual General Meeting of the Bank to be held on Monday, December 21, 2015 or any adjournment thereof in such manner as such Proxy may think proper.

As witness my hand this ____________ day of ______________________ 2015

Signed by the said ______________________________

(Name of Member/s) ______________________________

(Signature of Member/s) ______________________________

NOTE To be valid, this form must be completed and deposited with the Secretary at least 48 hours before the time appointed for the meeting or adjourned meeting.

NOTES

NOTES

DEMERARA
BANK
LIMITED
"Come grow with us"

Demerara Bank Limited
230 Camp & South Streets, Georgetown, Guyana.
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Website: www.demerarabank.com