



CELEBRATING OUR
Silver Jubilee

ANNUAL REPORT 2019



25 Years of Banking on Guyana. . .

There are many reasons to be proud of our Bank.

Twenty-five years ago, the concept of a Guyanese indigenous bank came to life. Demerara Bank Limited opened its doors to customers for the first time on November 12, 1994 and heralded a new era of banking in Guyana.

Since then the bank has grown into one of the soundest financial institutions in the country. We have embraced the philosophy of 'growing with our customers' and have invested along the journey to meet the unique banking needs of our clients.

The advent of Demerara Bank Limited has proven that a Guyanese brand can compete with the best in the banking industry and our progress will continue into the future as we expand into new and existing markets, adapt new technologies and transform our client experience.

As we celebrate our Silver Jubilee, we thank our shareholders, customers and our team for being a part of our success. On this occasion, we affirm our commitment to partner further in the growth and development of the nation.



SHARADA
BANK LTD

CELEBRATING OUR
Silver Jubilee



CONTENTS

Notice of Meeting	4
Demerara Bank Limited - Remarkable 25 Year Evolution	6
Testimonials of Founding Employees	8
Testimonials of Founding Customers	10
Incorporation	12
Our Logo	13
Corporate Objectives & Mission	14
Corporate Information	14
Financial Summary	16
Corporate Social Responsibility	18
Training and Development	22
Board of Directors	24
The Management Team	26
Chairman's Report	32
Chief Executive Officer's Report	38
Report of the Directors	46
Independent Auditors' Report	49
Statement of Financial Position	54
Statement of Profit & Loss and Other Comprehensive Income	55
Statement of Changes in Equity	57
Statement of Cash Flows	58
Notes to the Financial Statements	59
Branch Information	96
Correspondent Bank	97
Our Services	98
Proxy Form	100

NOTICE OF MEETING

Notice is hereby given that the Twenty-Fifth Annual General Meeting of Demerara Bank Limited will be held on Friday, 20th December, 2019, at 16:30 hours at the 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, 2019.
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 amend the Memorandum and Articles of Association of the Bank.

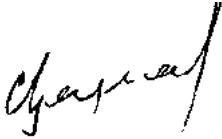
WHEREAS:

- (1) The company was incorporated as a private company on 20th January, 1992 and was continued as a private company in April 1997
- (2) The company has since been operating as a public company
- (3) The company wishes to regularise the position by appropriate amendments to its articles of incorporation and regulations.

BE IT RESOLVED THAT:

1. By a special resolution of at least three quarters of the votes cast by shareholders attending the annual general meeting of the company on 20th December, 2019 the articles of incorporation of the company be and are hereby amended as follows:
 - (1) By the substitution of "None" for "See Articles of Association" in clause 4 of the said articles.
 - (2) By the substitution of "General banking business" for "See Memorandum of Association" in clause 6 of the said articles.
 - (3) By the substitution of "None" for "Not applicable" in clause 9 of the said articles.
2. The regulations contained in the company's articles of association shall no longer apply to the company and that in the place of those regulations new by-laws in the form attached to this resolution be adopted by the company.
3. All transfers of shares in the company effected prior to the coming into effect of the amendments to the company's articles of incorporation and regulations to reflect the company's status as a public company shall be regarded as having been validly effected notwithstanding non-compliance with the restrictions on the transfer of shares in the company's articles of association.
7. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD



Chandra Gajraj (Mrs.)
Corporate Secretary

REGISTERED OFFICE

214 Camp Street, North Cummingsburg
Georgetown, Guyana
October 31, 2019

PLEASE NOTE

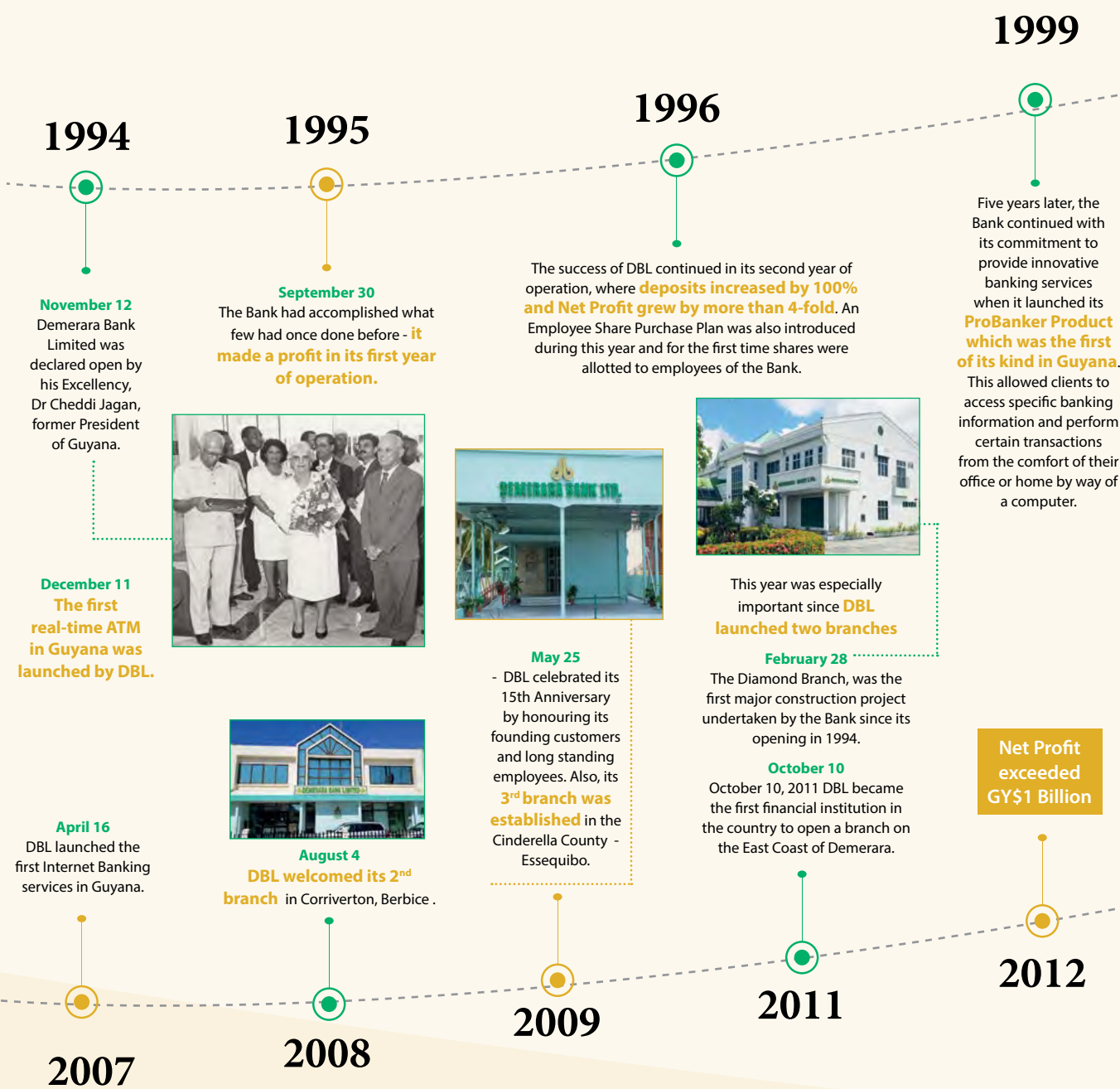
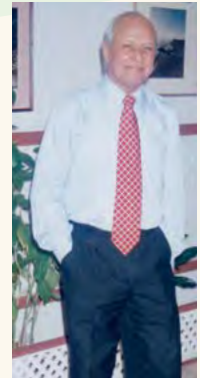
- Only Shareholders or their duly appointed proxies may attend.
- Please bring this notice to gain entry to the Meeting.
- Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her.
- A proxy need not be a member of the Bank. The Form of Proxy must be 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 any time and place thereafter.

CELEBRATING OUR
Silver Jubilee

DEMERARA BANK LIMITED

Remarkable 25 Year Evolution

As successful as we are today, being one of the premier financial institutions in Guyana, it is difficult to remember that it all started from an ingenious rat catcher who has also evolved into a true icon in the business world. Dr. Yesu Persaud conceptualized the idea of an indigenous bank in the late 1960's, after political independence had been achieved. The banking system in those days was completely under foreign ownership. As state policy shifted from rigidly controlled to a more open emerging economy in the 1990's, the vision of a Guyanese bank grew deeper and clearer in his mind. Demerara Bank Limited was incorporated on January 20, 1992 and in 1993, Dr. Persaud applied for a Banking Licence which was approved on October 19, 1994. Recruitment and training of staff commenced as early as February, 1994 with 55 employees eager to be part of an incredible venture.



2005

DBL's Share first started to trade at \$3.00 per share.

2004



February 4

DBL celebrated 10 years of successful business and opened its 1st branch outside of Georgetown at Rosehall, Corentyne Berbice.

2001

DBL welcomed new CEO, Mr Pravinchandra Dave whose leadership and vision chartered a path of unprecedented growth for the company in the years that followed.

2000

The new millennium represented the dawn of a new era. The Bank began with the introduction of First Fax Services and was the first to launch a full featured TeleMaster Product, allowing real time access to accounts through the use of a touch tone phone.



This year is very special as DBL celebrated 25 years of successful business in Guyana.

The Bank has recorded its best year yet, in all areas of performance.

Net Profit exceeded GY\$2 Billion

DBL also relocated its Essequibo Branch to a new building which is fully operated on solar power. In addition, the Diamond Branch also transitioned to solar power.

Over the years, DBL has evolved into an environmentally friendly Bank and the cornerstone for the promotion of clean and green energy. In 2016, the Bank successfully installed solar panels to its Corporate Office and became the first Bank to be operated solely on solar power.

The Bank also launched its 'Green Loans' in support of Guyana's Go Green Initiative.

2019

The Bank also commenced construction of its 8th branch located at Mahaica, East Coast Demerara which is expected to be opened to the public by mid 2020

2018

2016



DBL Head Office and Corporate Banking Branch was established in 2015.

2015



DBL launched the Signature and Classic VISA Credit Cards.

2014

During this year, DBL celebrated its 20th Anniversary.

The Bank also launched its first 'Drive for Life' Promotion which was a great success.



As we look back on the history of our company, we have recognised how privileged and honoured we are that you have accepted and allowed us to serve you all these years. We acknowledge that without you, our valued customers, shareholders, business associates and our staff, Demerara Bank Limited would not be as it is today – one of the leading financial institutions in Guyana. We are extremely proud to mark this major milestone and look forward to writing the next chapter of our history together.

TESTIMONIALS

EMPLOYEES CELEBRATING 25 YEARS WITH DBL



Mr. John Lee - **Chief Manager - Management Information Systems**

It has been my honor and privilege to contribute to the growth and development of Demerara Bank Limited.



Ms. Deborah Sugrim - **Chief Manager - Operations**

Whilst growing up, my thoughts never went towards being a banker. However, after completing my secondary education, I wanted a job, so I sent out applications and was accepted at the Bank. Over the years, banking has become my career and my successes are attributable to my colleagues and mentors who have guided and instructed me along the way. The road has not always been smooth but the experiences, both good and bad, made me the person I am today.

I would like to use this opportunity to express appreciation to our many valued customers who have made it possible for us to achieve this significant milestone. I would also like to congratulate the Board of Directors, CEO, Management Officers and staff on achieving this momentous occasion and look forward to the Bank flourishing in the years to come.



Mr. David A. Ramdehall - **Manager - Credit Department**

Having heard that a new Commercial Bank was going to be opened in Guyana, curiously I enquired who was behind such a venture, after-all it was very rare this was happening in Guyana.

I then learned it was the brainchild of Mr Yesu Persaud and thought this will be a success story, since the little I knew then about him was that everything he touches turns into Gold.

Having joined 25 years ago, today, Demerara Bank Limited, an organization, I am proud to be part of under the leadership of Dr Yesu Persaud and visionary Directors, has indeed become a success story. Congratulations.



Ms. Indranie Persaud - **Executive Secretary**

I am very happy to be a part of the history of Demerara Bank Limited (Guyana's first indigenous Bank). I would like to thank Mr. R. K. Sharma and Mr. Ahmad Khan (deceased) for having confidence in me thereby recruiting me 25 years ago to assist with the setting up of the Bank. They have given the staff invaluable training and I have had the privilege of working with some of the most amazing and outstanding brains – Mr. Pravinchandra Dave (CEO), Dr. Yesu Persaud and the members of our Board of Directors. I have enjoyed the journey with colleagues who have inspired, motivated and supported me. I would also like to thank my son, husband and family for the support over the years.



Mrs. Deborah Mohamed – **Executive Secretary**

As I celebrate 25 years of service with Demerara Bank Limited, I wish to express my sincere gratitude to the Board of Directors, Management and my fellow colleagues for the extraordinary experience I have had over the years.

It was an honour to be a part of the growth and many successes of this premier banking institution. It has been rewarding both personally and professionally.

Best wishes to our visionary team at the helm as they continue to embrace new products and initiatives to place Demerara Bank Limited at a strategic place among our financial institutions.



Mr. Balkaran Deokaran - **Driver**

Working at Demerara Bank Limited is a great pleasure for me and I am very proud to be celebrating 25 years with the Bank. I am grateful to my colleagues who have contributed to my journey and for the opportunities that afforded me with both personal and professional growth.

My experience continues to be pleasant. It truly feels like we are all part of a big family. I look forward to many more years with Demerara Bank Limited and wish only the best for our continued success in providing efficient banking services.



Mr. Brian Morris – **Chief Security Officer**

This year marks 25 years since I have been working at Demerara Bank Limited. When I first joined the Bank, I was a Security Officer and I never envisaged that I would have been promoted to Chief Security Officer. The Bank has given me the opportunity to develop myself both personally and professionally. I am therefore thankful for the wonderful colleagues who have encouraged and guided me. I am also very happy for the beautiful memories and friendships that I have made over the years. May Demerara Bank continue to progress and provide excellent service to its customers and fruitful employment for its staff.



Mr. Gordon Adamson – **Security Supervisor / Driver**

Time flies so fast!

Twenty five years have passed since I've joined Demerara Bank Limited and I believe many good years are yet to come. My professional growth could not have been possible without everyone's support and I would like to say heartfelt thanks to the Bank and my colleagues for the vital role they played in my professional development.



Mr. Clarence Cummings – **Security Supervisor**

When I joined Demerara Bank Limited in 1994, I knew that I had made the right decision. I have become more disciplined, knowledgeable and courageous in my line of duty and the attributes developed over time now drives me to be better in everything I set out to do.

Having worked as a Security Officer at other firms before joining the Bank, I am proud to say that through hard work and commitment, I am able to experience life and growth in a way I probably would not have enjoyed anywhere else. That being said, I also know how lucky I am to have been part of this great team.

On this grand silver jubilee, I would like to express my gratitude to the Bank and well wishes for continued success in the coming years.

TESTIMONIALS

FOUNDING CUSTOMERS



Mr. Brian Chu-A-Kong – **Photographer**

I have been a customer of Demerara Bank since November, 1994 and for me, it's all about the relationship you share with your bank. Even after twenty-five years, I am an extremely satisfied customer. I find the Bank to be very customer oriented, flexible, and easy to work with.

On the occasion of its 25th anniversary, I wish the team at Demerara Bank many more years of unparalleled success. Congratulations on this significant milestone. Happy Anniversary!



Mrs. Karen B. Vasconcellos – **Retired Banker**

Thank you for inviting me to give a testimony for the 25th Anniversary of the Bank.

Congratulations on being Guyana's first 'home-grown' Bank with branches in strategic locations. It has been a pleasure doing business with you over the past 25 years and I hope it continues to be so. Excellent service by pleasant and efficient staff.



Mr. Sheik Niamatali – **Director, Variety Woods & Greenheart Ltd.**

Variety Woods and Greenheart Limited (VWL), a locally owned and operated family business established since 1986, has been a proud member of the Demerara Bank Limited (DBL) family of clients for the last 25 years.

During these years, Demerara Bank Limited has demonstrated its support to VWL in the management of Guyana's forest resources, the protection of the natural environment, the promotion and exportation of Guyana's tropical hardwood timbers and value - added timber products. This has directly advanced the economic development of our nation's forestry sector.

VWL congratulates Demerara Bank Limited on this occasion of 25 years in the financial sector of Guyana and as a proud client, is assured of the commitment of DBL to the sustainable management of our nation's forest and Guyana's Green Development.



Mr. Bipcharan Dhanraj – **Pastor**

Demerara Bank Limited was established by businessman, Dr. Yesu Persaud, during a time when the banking sector was in a restricted environment as a result of the political climate. All government employees were forced to use the Guyana Co-operative Bank and the three foreign controlled banks did not help to make banking a pleasant experience. Long lines, unfriendly staff made it undesirable to go to banks on month ends.

When DBL came to the rescue, only then did I start to have a friendly banking experience. The staff and supervisors have always been courteous and caring over the years. Gone are the days of spending hours in the bank.

Over the years, I have enjoyed the use of its ATM and Telebanking Services and wish to commend the bank for its high quality of services. I am happy that I am supporting the better of our two indigenous banks. Also, I take this opportunity to express heartfelt congratulations to the management and staff on achieving this significant milestone.



Mr. Kads Khan – **Director, Guysons Engineering and Guysons Oil & Gas**

Guysons extends many congratulations to Demerara Bank on its 25th Anniversary.

To the Chairman, CEO, Directors, Management & Staff, we applaud your achievement.

Demerara Bank stands out significantly as a result of its strong leadership and prudent management, notwithstanding being amongst the youngest commercial banks in Guyana.

As an important partner of ours, I've witnessed first-hand your professionalism, initiative, supportiveness and cordiality, as we evolved to become a market leader in both the Engineering and Oil & Gas sectors.

In my capacity of customer (both personal and corporate) founding member and former Director of this Bank, I take immense pride in this celebration.



Dr. Neville Gobin – **Managing Director, Woodlands Ltd.**

As Managing Director of Woodlands Limited, choosing a Bank that operates in congruence with the principles of our hospital is of utmost importance.

The courteous and friendly staff of Demerara Bank provides a pleasant user experience which I believe is the cornerstone of effective customer service; it is also the reason why Woodlands Limited has been banking with the Demerara Bank for over twenty-four years.

I congratulate Demerara Bank on its 25th Anniversary and wish them continued growth and success.



Mr. Errol Ramdhany – **Businessman**

My decision to establish a banking relationship with an indigenous Bank was as a result of my faith in the iconic and experienced businessman, Dr Yesu Persaud; one of the greatest minds of our time.

Today, after two decades, Demerara Bank Limited continues to be a progressive, innovative and visionary partner, one that is prepared to reach down to the depth of our problems and offer solutions tailored to meet our specific needs. Over the years, I have also benefitted from excellent rates for both deposits and loans and was able to easily diversify the operations of my business.

This Silver Jubilee marks a significant milestone in the journey of the pioneers and is also a representation of the aspirations of the Bank's current management to chart a path for continued success. Congratulations to the Board of Directors, Management & Staff on the celebration of Demerara Bank's 25th Anniversary.



Mr. Verney Massiah – **Businessman/Hall of Famer - 'Legends of Martial Arts'**

I, Verney Massiah (aka "Max Massiah"), am delighted to have been a part of Demerara Bank Limited, from its inception 25 years ago. I was fortunate to have been chosen to be the commercial artist, having the opportunity to be the 1st to design and produce the Bank's flag which flew proudly over the now highly successful banking institution.

I opened an account with DBL shortly after its launch and to this day, I have only one bank that serves me, and to whom I give my business to, and that's Demerara Bank.

Being through the times of Mr Radhakrishna Sharma, Mr. Ahmad Khan, and current CEO Mr. Pravinchandra Dave, has been an awesome experience of great banking and customer services, which I am not only satisfied with, but actually enjoy.

The Chairman, Dr. Yesu Persaud, is indeed extraordinary, and is undoubtedly one of Guyana's most astute business icons.

CONGRATULATIONS to the institution, whose embodiment to produce stimulating growth is admirable.



CELEBRATING OUR
Silver Jubilee

INCORPORATION

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 its 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.



OUR **LOGO**

The elements of the Demerara Bank Limited 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 races 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's commitment 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.

REGISTERED OFFICE

214 Camp Street, North Cummingsburg
Georgetown, Guyana
Tel: +592-226-0601
Fax: +592-225-0619
email: banking@demerarabank.com
Website: www.demerarabank.com

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
Mr. Garfield Wilshire

CORPORATE SECRETARY

Mrs Chandra Gajraj

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."

AUDITORS

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

ATTORNEYS AT LAW

Mr. Arun Gajraj
Attorney-at-Law
Lot 5 Croal Street,
Stabroek, Georgetown

Persaud and Associates
217 South Road,
Georgetown, Guyana

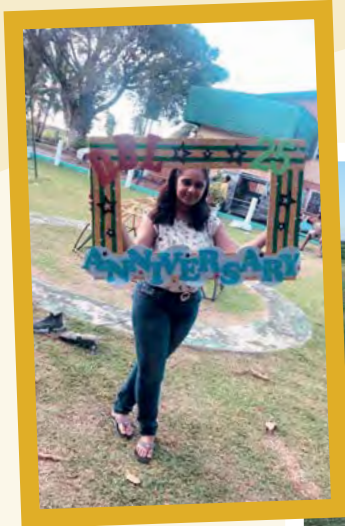
Luckhoo & Luckhoo
Lot 1 Croal Street,
Georgetown, Guyana

REGISTRAR & TRANSFER OFFICE

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

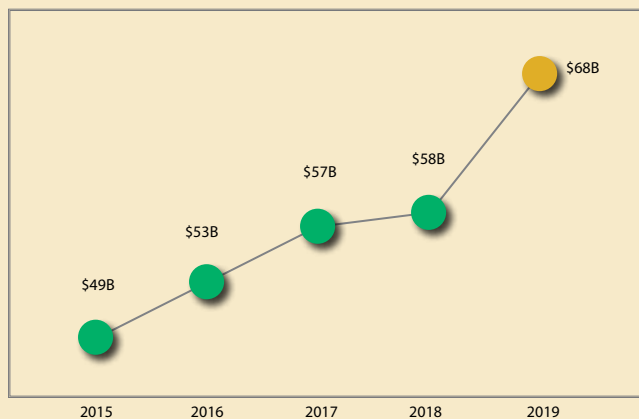
25th Anniversary

STAFF FUN DAY

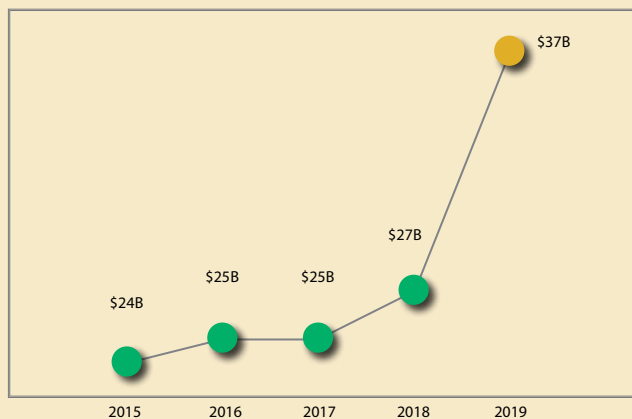


FINANCIAL SUMMARY

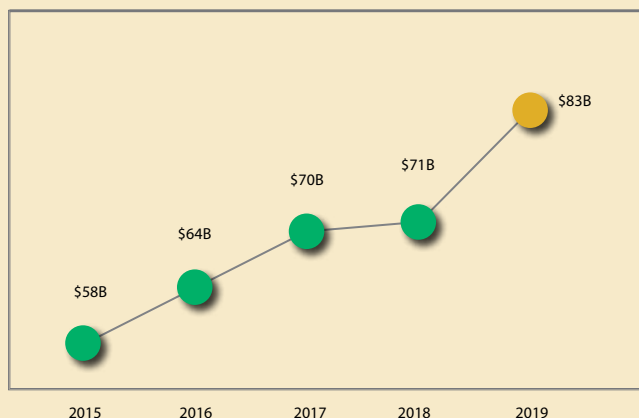
DEPOSITS



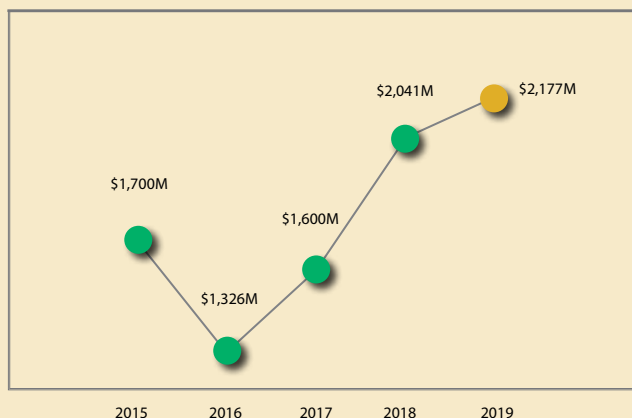
ADVANCES



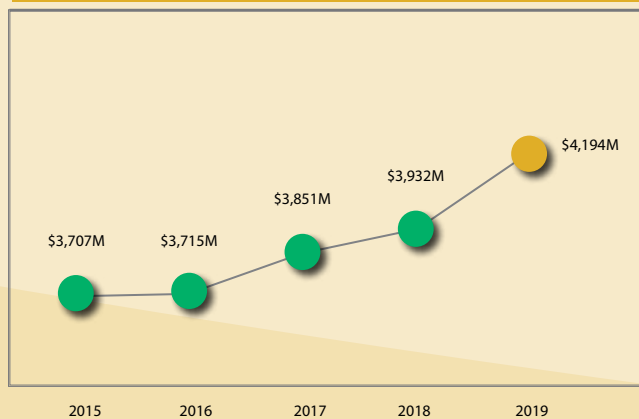
ASSETS



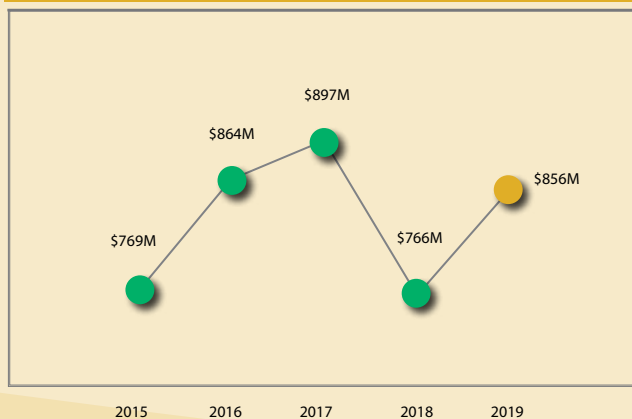
PROFITS AFTER TAXATION



INTEREST INCOME

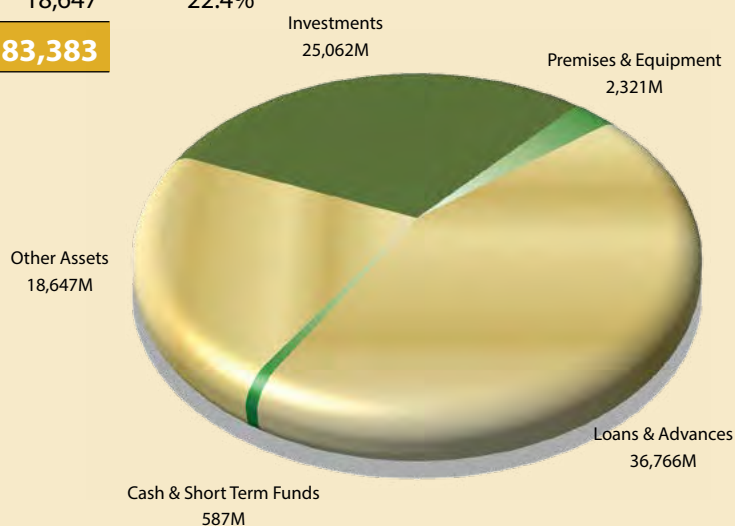


INTEREST EXPENSE



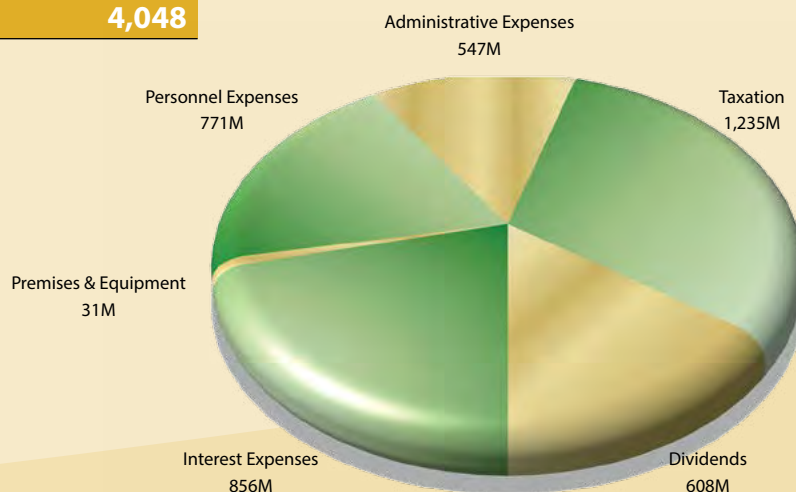
FINANCIAL SUMMARY (continued)

ASSETS	(G\$MLN)	
Investments	25,062	30%
Premises & Equipment	2,321	2.8%
Loans & Advances	36,766	44.1%
Cash & Short Term Funds	587	0.7%
Other Assets	18,647	22.4%
	83,383	



DISTRIBUTION OF INCOME (G\$MLN)

Interest Expenses	856	21.1%
Premises & Equipment	31	0.8%
Personnel Expenses	771	19.1%
Administrative Expenses	547	13.5%
Taxation	1,235	30.5%
Dividends	608	15.0%
	4,048	



Corporate Social Responsibility Activities 2018-2019

Christmas

During the Christmas Season, Demerara Bank Limited hosted its 'Christmas Cheer' – a program aimed at spreading peace, joy and a spark of hope among little boys and girls attached to various orphanages located in Georgetown, East Coast Demerara and East Bank Demerara. In excess of 100 boys and girls were treated to warm meals, entertainment and presents as part of our Christmas Cheer celebrations.



The Bank also hosted a Senior Citizens Party in the Corriverton, Berbice area. During this event, we were able to bring smiles to the elderly who enjoyed a day of entertainment, festive meals and Christmas hampers.



Cancer Awareness

Our employees demonstrated their support in the fight against cancer by volunteering their services to raise funds for the Cancer Institute of Guyana by organizing a Breast Cancer Awareness Bake Sale. All proceeds were donated to the Cancer Institute of Guyana. We continued to educate and empower our employees during the year 2019 and were honoured to have Dr Carl Niamatali, a renowned Oncologist, who facilitated an information session with our team on the benefits of early detection, prevention and treatment of cancer. Staff members also wore pink ribbons & t-shirts and participated in 'Pink Fridays' at the Bank.



Green Initiative

The Bank remains steadfast as an Ambassador of the country's green initiative and continued in its efforts to promote a green and sustainable environment. Our team participated in Guyana's first ever Green Guyana Expo and International Small Business Summit, while also engaging in an exercise of tree planting and environmental beautification on National Tree Planting Day.



Corporate Social Responsibility Activities 2018-2019

Donations



Donation made to the graduation exercise of J.C Chandisingh Secondary - Berbice



Donation made to the graduation exercise of the University of Guyana Berbice Campus



Donation made to the graduation exercise of Vryheid's Lust Primary School



Donation made to the graduation exercise of BV-Quamina Primary School – East Coast Demerara



Donation made to the graduation exercise of Mashabo Primary School – Essequibo Coast

Culture

Our policies remain non-discriminatory as we continue to strive to offer the best services to all our customers, irrespective of gender, ethnicity, cultural backgrounds and beliefs.



TRAINING AND DEVELOPMENT

Continuous training and development were facilitated during the year to ensure that our employees are equipped with the relevant knowledge and skills to provide superior banking services.



Employees participated in a workshop held by the Ethnic Relations Commission.



In March, 2019, we were pleased to have three iconic Guyanese women, Ms. Marva Langevine, Mrs. Annette Arjune-Martins and Dr. Paloma Mohamed-Martin, to address our employees on International Women's Day.



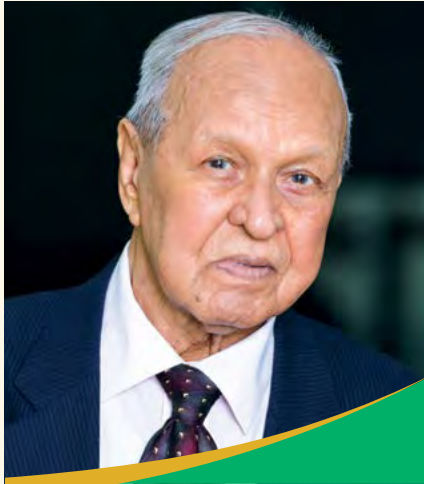
CELEBRATING OUR *Silver Jubilee*

Customer Appreciation Cocktail





BOARD OF DIRECTORS



Dr. Yesu Persaud
CHAIRMAN

Dr. Yesu Persaud is a Chartered Accountant, an experienced finance professional, a national business icon and an 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
CHIEF EXECUTIVE OFFICER

Mr. Pravinchandra Dave is a 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
DIRECTOR

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



Mr. Komal Samaroo
DIRECTOR

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.



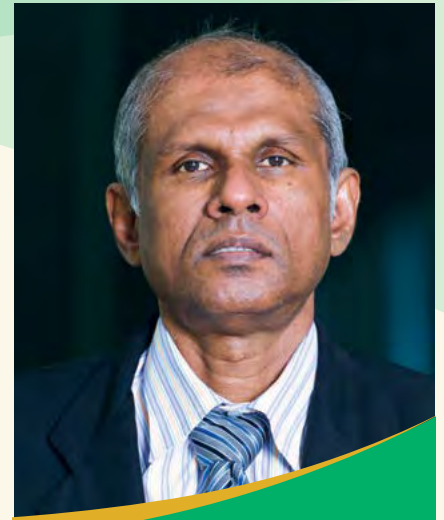
Mr. Hemraj Kissoon
DIRECTOR

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
DIRECTOR

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



Mr. Harryram Parmesar
DIRECTOR

Mr. Harryram Parmesar is a Chartered Accountant and the Senior Partner in the accounting firm of Parmesar & Associates. He served as President of the Institute of Chartered Accountants of Guyana and the Institute of Chartered Accountants of the Caribbean.



Mrs. Sheila George
DIRECTOR

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 a former Chairperson of Habitat for Humanity, Guyana. She is also a former President and Treasurer of the Anglican Mothers' Union.



Mr. Garfield Wiltshire
DIRECTOR

Mr. Garfield Wiltshire is a Chartered Accountant who holds a Masters Degree in Sports Organisational Management. He is currently the Accountant of Bounty Farm Ltd, J.P. Santos and Co Ltd and JPS Trading Inc. He is a former Chief Accountant of Guyana Stores Ltd. and is a long-standing member of the Guyana Olympic Association and the Guyana Squash Association.



MANAGEMENT TEAM

CELEBRATING OUR
Silver Jubilee

SENIOR MANAGEMENT



Mr. John Lee
Chief Manager
Management Information Systems



Ms. Deborah Sugrim
Chief Manager
Operations

SENIOR MANAGEMENT



Mr. David Ramdeholl
Credit Manager



Mr. Dowlath Parbhu
Manager
Corporate Credit



Ms. Amrita Henriques
Manager
Business Research
and Administration



Ms. Pravini Ramotar
Manager
Human Resources
and Administration



Ms. Nekeisha Persaud
Legal Officer



Mr. Jerrett Morgan
Manager
Investment and VISA
Department



Mr. Imran Badruddin
Manager
Main Branch

JUNIOR MANAGEMENT



Mr. Khemraj Narine
System Administrator



Ms. Deborah Shim-Foo
Assistant Manager
Credit Department



Mr. Harrynarine Bhagwandin
System Administrator



Mrs. Kenesha Collins-Phillips
Senior Branch Manager
Corporate Banking Branch



Mr. Deyon D'Oliveira
Junior Manager

JUNIOR MANAGEMENT



Mr. Mandrekar Khemraj
Branch Manager
Rose Hall Branch



Ms. Farahnaz Hosain
Branch Manager (ag.)
Anna Regina Branch



Ms. Bibi Bacchus
Branch Manager (ag.)
Diamond Branch



Ms. Anna Abraham
Branch Manager
Corriverton Branch



Mr. Shridat Singh
Branch Manager
Le Souvenir Branch

SENIOR OFFICIALS



Ms. Christina Correia
Branch Coordinator and
Marketing Officer



Mrs. La Donna Delon
Chief Internal Auditor (ag.)



CELEBRATING OUR *Silver Jubilee*

21st November, 2019





CHAIRMAN'S REPORT

Dr. Yesu Persaud

CELEBRATING OUR
Silver Jubilee

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present our Annual Report for the year ended September 30, 2019.

This financial year is most noteworthy in many aspects, one of which marks the Bank's Silver Jubilee, 25th Anniversary, and the other, producing another year of exceptional results. The Bank over the years has evolved to the needs of the banking industry, however, not without its challenges, we have weathered the storm and have shown great resilience over these 25 years, emerging among our peers in many respects.

At the conception of the idea to form a local bank, the financial fraternity at that time showed a lot of doubt about starting a totally indigenous bank without having any technical, managerial and financial collaboration from abroad. Despite the many challenges, we have successfully managed the establishment and growth of this monumental Guyanese owned and managed bank for the last 25 years. If we carefully examine all major parameters on the Bank's performance, I can say that we have done exceedingly well when compared with the industry.

THE GLOBAL ECONOMY

The prospects for Global Economic Growth continue to weaken and growth forecasts for many countries were downgraded as a result of the high trade tensions and policy uncertainty. In this light, Global growth is projected to decrease to 3.2% when compared with 2018's growth of 3.6%. Trade tensions have escalated with China and last July, US President Donald Trump followed through on months of threats to impose sweeping tariffs on China for its alleged unfair trade practices. So far, the US has slapped tariffs on US\$550 billion worth of Chinese products. China, in turn, has set tariffs on US\$185 billion worth of US goods.

Both sides have also threatened qualitative measures that affect US businesses operating in China. With neither Trump nor China's President Xi Jinping willing to back down, US-China trade tensions have erupted into a full-blown trade war. Recent developments indicate that US-China has reached a Phase 1 agreement, with China reportedly agreeing to purchase agricultural products worth US\$40B – US\$50B from the US with the condition that the US will delay additional increased tariffs that were scheduled for October, 2019.

On the other hand, BREXIT has seen the resignation of Theresa May, appointment of Boris Johnson as Prime Minister and still no deal. Boris Johnson has pledged that the UK will leave the EU by the end of October, 2019 but this seems unlikely with the Labour Party demanding a new referendum and customs union with the EU. The sentiments seem that many British want to remain in the EU.

REGIONAL

Economic activity in Latin America and the Caribbean remains sluggish. Real GDP is expected to grow by 0.6% in 2019—the slowest rate since 2016—before rising to 2.3% in 2020. This weak momentum reflects negative surprises in the first half of 2019, elevated domestic policy uncertainty in some large economies, heightened US-China trade tensions, and somewhat lower global growth.

Fiscal consolidation remains a priority in many countries in the Caribbean Region such as Barbados given high public debt levels. This will likely lower growth, but its contractionary effects can be mitigated by protecting public investment and well-targeted social expenditures, while raising revenue and cutting non-priority expenditure.

More generally, regional growth continues to be impeded by lingering structural problems including high public debt, poor access to finance, high unemployment and vulnerability to commodity and climate-related shocks.

THE GUYANA ECONOMY

The Guyanese economy grew 4% for the period ended June 2019, compared with a growth of 4.5% for the period ended June, 2018, while full year growth for 2018 was 4.1%. Growth was largely driven on account of better performances in sectors such as Agriculture and Forestry (4.7%), Services (4.6%) and Construction (8.2%). The rice industry also grew by 3.7% for the first half of 2019 due to improvements in hectares harvested and yield per acre while the gold sector was estimated to have expanded by 4.4% to reach 300,674 ounces of gold declaration.

On the other hand, the fishing sector faced significant challenges which reflected a contraction of 12.2% with a decline of shrimp production by 36%. Sugar, which was the pride of Guyana, has taken a further hit with a production of 33,531 MT for the first crop of 2019 while the average for 2014 – 2015 was around 80,000 MT, this represents a decline of 138%

while the full year estimate of 107,047 MT for 2019, represents a decline of 112% when compared with the same period.

It is my hope that common ground can be found to alleviate the social impact of the displaced sugar workers who are all in a state of depression. A fair share of these families are single parents, which has caused numerous school dropouts due to unaffordability; at least a subsidy to ensure the coming generation's education could be considered since all those striving for Government have stressed the importance of education and the channeling of resources in this time of desperation should have been considered an immediate priority.

PERFORMANCE OF THE BANK

The Bank has recorded its best year yet, showing growth and returns which exceed most of the other local banks despite a highly challenging and competitive environment.

The Bank was able to achieve Profit before Taxation of \$3.4 billion, an increase of 9.1% over the previous year and an After-Tax Profit of \$2.177 billion, an increase of 6.7% for the period ended September 2019. Achievement of this result was mainly on account of very efficient management of its assets and liabilities, wise investment decisions and prudent lending strategies. Shareholders' fund increased by 18.8% to \$14.1 billion. The bank has maintained exceptionally high Returns on Shareholder's funds over the years, recording a return of 15.5% in 2019.

Total Deposits of the Bank increased from \$58.2 billion to \$68.3 billion; an increase of 17.4% over the previous year. Loans & Advances moved from \$26.8 billion to \$36.7 billion, an increase of 37.0% over the 2018 corresponding period. Investments of the Bank stood at \$25 billion for the year ended September 2019.

The Bank has paid an interim dividend of \$0.35 per share during 2019. The Board of Directors is happy



“The Bank has recorded its best year yet, showing growth and returns which exceed most of the other local banks despite a highly challenging and competitive environment.”

to recommend a final dividend of \$1.05 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 \$1.40 per share during the year which is the highest dividend paid to date by this bank.

CORE BUSINESS STRATEGIES

The Bank continues to be an ambassador in promoting Renewable Energy. In November, 2016, our Corporate Office was the first fully solar powered commercial building in Guyana. Further, in partnership with a number of agencies, the Bank has built an awareness which promoted solar solutions tremendously in the local market. We have noticed numerous businesses which are now solely specialized in supplying and installation of renewable energy products while the Government of Guyana has embraced this trend in converting a fair share of their offices with solar solutions.

Demerara Bank Limited continues to improve its VISA Card services and during the financial year, introduced Visa Debit Cards which replaced its Money Master Cards. This new card, in partnership with VISA, is accepted worldwide. The Bank has adopted the new chip technology by upgrading

the cards to EMV, which offers significant protection against fraud and allows the bank to increase its monitoring and response.

During the year the bank also developed a model for the implementation of IFRS 9 taking into consideration our credit management history to generate Expected Credit Losses (ECL) on the bank's portfolio. This included the implementation of stringent parameters for generating the results in compliance with IAS (International Accounting Standards).

INFORMATION TECHNOLOGY

Embracing new technology can improve our services and by extension the experience of our customers. Implementation of such technology requires the infrastructure; the most important being competitive and available bandwidth which is the main requirement for services such Digital Payment Systems and improvement of existing hardware and software. With the much-anticipated liberalization of the Telecommunications Sector, the Bank is hopeful that improvements in technology, such as 5G, will be implemented and will create a thriving sector for our economy.

We are evaluating certain improvements in our Software such as improving our Internet Banking Platform to cater for the growing needs of improved Web-Based access to monitor and operate accounts. This among other improvements is scheduled for roll-out during the new financial year.

The bank introduced ***Ideal Forex*** during this financial year which allows remittance in more than 134 currencies within the shortest possible time. The Bank will market this product to the public during the new year which reduces the burden of only utilizing the US Dollar, thus creating a more competitive environment against the US Dollar with the option to pay in the supplier's currency for all ***Telex Payments***.

MANAGEMENT AND STAFF

The Bank continues to invest in its employees, whose collective efforts, dedication and enthusiasm have made this year's results possible. With the aim of creating career opportunities for advancement within the organization's hierarchy, the Bank trains, encourages and contributes to employees' personal development since a number of our employees, at varying levels, are pursuing higher education.

On behalf of the Board of Directors, I would profusely like to thank all members of staff and management for their application and commitment in the performance of their duties and for the many times they had to go the extra mile to ensure that superior banking services are given to our customers. We will remain a customer-centric and a highly technologically driven Guyanese Bank.

BOARD OF DIRECTORS

The Bank is guided by a group of highly capable and experienced Board of Directors all having extensive knowledge and experience in different types of industries in Guyana. Their ability to identify business potentials, areas of growth and the linkage with other business organizations have allowed the Bank to have an efficient and quick decision making process.



The Directors have made valuable contributions through their active participation in monthly Board Meetings. I thank them for their invaluable support, trust and guidance over the years and look forward to working with them in the coming years.

PROSPECTS

ExxonMobil is now firmly established in Guyana with 14 oil discoveries since 2015. Production will begin in early 2020 from the Liza Phase 1 development with an estimated production of 120,000 barrels per day. Tullow has also announced oil finds in Guyana in August, 2019 & September, 2019 with an estimated 200 - 300 million barrels of recoverable sweet crude. These discoveries take Guyana's total estimated recoverable around 6 billion to 6.5 billion

barrels which should drive unprecedented growth for Guyana. In this light, we hope the structuring of the Sovereign Wealth Fund is done in the interest of Guyanese to ensure prudent development and prevents misuse and mismanagement of the fund.

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 the continued support from corresponding agencies and other financial institutions and the general public.

Happy 25th Anniversary and best wishes for the coming Season.



CHIEF EXECUTIVE OFFICER'S REPORT

Pravinchandra Dave

CELEBRATING OUR
Silver Jubilee



I extend my greetings and best wishes to all our shareholders and other stakeholders. This year is extra special since we have achieved the best results in the history of the Bank and we are celebrating our 25th Anniversary. Even though we are fairly young as a bank in comparison to our peers, we are comparable in many aspects surpassing most in the industry in both financial and non-financial parameters.

GLOBAL OUTLOOKS

The Global economic growth prospect for 2019 is poised for a reduction, projected at 3.2%, as compared with 3.6% in 2018. Global growth is projected to rise around 3.5% in 2020, subject to certain improvements. While most are predicting a recession in the US economy, key economic indicators point to a healthy economic outlook. The most critical indicator is the gross domestic product, which measures the nation's production output. The GDP growth rate is expected to remain between 2% to 3% in the US during 2019 which is an ideal range while unemployment is forecast to continue at the natural rate of below 3.7% and if there is not too much inflation or deflation, the situation is referred to as a "**Goldilocks economy**".

The US economy while being hurt to an extent by the ongoing US-China trade war, can be further affected by a continuation of this unresolved trade dispute, which may be more dangerous for the global economy as many predict that a Chinese Slowdown could harm the Global economy. Of note, it was recently reported by China's Vice Premier, Liu He, that the US and China have made substantial progress towards a partial trade deal and reiterated that China is willing to work in concert with the US to address each other's core concerns on the basis of equality and mutual respect.

The UK is expected to grow by 1.3% in 2019, compared with 1.4% in 2018, due to prolonged uncertainty about Brexit. Growth in the euro area is

also forecasted to decline from 1.9% in 2018, to 1.3% in 2019, given expectations of lower investment spending, in light of a possible no-deal Brexit.

In Venezuela, the economic and humanitarian crisis continues to worsen. Real GDP is projected to fall by 35% in 2019, bringing the estimated cumulative decline since 2013 to over 60%. Hyperinflation is also projected to continue, and outward migration to intensify, with the total number of migrants from Venezuela expected to surpass 5 million by the end of 2019. This exodus is having sizable spillovers to other countries in the region.

CARIBBEAN ECONOMY

In the Caribbean, economic prospects are generally improving, but with substantial variation across countries. Growth in tourism-dependent economies is expected to strengthen to around 2% in 2019-20, supported by still strong U.S. growth—the main market for tourism in the region—and continued reconstruction from the 2017 hurricanes. With improved energy production and higher commodity prices, commodity exporting countries are expected to see some modest recovery in growth.

Growth prospects overall for 2019 is very mild with a projection of 0.6% since countries are still recovering from the unprecedented hurricane season in 2017. Even so, the region has huge economic potential and growth opportunities. With its stunning scenery and vibrant cultures drawing visitors from across the globe, it is one of the world's top tourist destinations.

In another light, the Caribbean countries could face some challenges as interest rates increase and the US dollar appreciates. Barbados' new government is undergoing a fiscal adjustment programme to avert a twin crisis, which should weigh on activity. Most countries maintain negative output gaps, which are expected to continue closing in the years ahead. Despite some heterogeneity across countries, the Caribbean is among the world's most indebted sub-regions.



GUYANA'S ECONOMY

The Guyanese economy recorded real GDP growth of 4% in the first half of 2019, as compared to the 4.5% growth for the corresponding 2018 period. This growth was largely driven by increases in the agricultural and forestry sectors, the activities of construction and other services sectors. On the other hand, output of the sugar and fishing sectors contracted due to adverse weather conditions and lower production capacity. Sugar production for the first half of 2019 amounted to 33,531 MT while full year production is estimated at 107,047 MT, down by 15.6% as forecasted earlier in the year. The inflation rate was 1.6% on account of increases in food prices.

Guyana's record thus far for the reported oil finds is unprecedented. In a short span of four (4) years Exxon Mobil has discovered 14 wells with an estimated recoverable resource of more than 6 billion oil-equivalent barrels in the Stabroek Block while Tullow Oil, a UK based Company, announced Oil finds in August & September of 2019 that could take the total recoverable resource to around 6.0 – 6.5 billion oil-equivalent barrels. It was also recently reported that Guyana ranks second in Oil Finds for 2019, just after Russia but surpassing the country of Norway.

The commencement of oil production in 2020 will substantially improve Guyana's medium- and long-term outlook. The oil sector is projected to grow rapidly, accounting for around 40% of GDP by 2024 and supporting additional fiscal spending annually, which will help to meet critical social and infrastructural needs. Public debt and the external current account deficit are also projected to decline steadily following the onset of oil production.

We are also hopeful that the mandate for the management of the Sovereign Wealth Fund (SWF) incorporates maximum benefit for both the economic and social wellbeing of Guyanese and measures to protect against mismanagement.

BANKING SCENARIO

Residents' deposits with the commercial banks comprising of the private and public sectors as well as the non-bank financial institutions, showed an increase of 6.1% to G\$400.8 billion for period ended August, 2019. Of this increase, individual customers' deposits increased by 9.5% / \$20.3 billion to \$233 billion, which accounts for 49.2% of the total private sector deposits.

Total liquid assets of the commercial banks expanded by 8% for the period ended August, 2019 while interest rates showed a downward trend. Ninety-one (91) days domestic treasury yield was 1.5% and 182-days domestic treasury yield declined by 13 basis points. In addition to same, the excess reserve maintained by commercial banks remained in the vicinity of \$27 to \$30 Billion, which reflects the excess liquidity in the system. Further, the exchange rate for wire transfers was stable during 2019.

PERFORMANCE OF THE BANK

Notwithstanding the challenges of the banking environment, Demerara Bank Limited continued to excel in many areas and due to prudent management and continued strategic focus we are proud to announce results that historically supersedes all preceding years. Performances recorded during the year were as follows: -

1. Net Profit of the Bank increased by 6.7% to \$2.177 billion in comparison to \$2.041 billion in 2018.
2. Profit before Taxation of the Bank during 2019 was recorded at \$3.4 billion as compared to \$3.1 billion during last year; registering a rise of 9.1% over the previous year.
3. Total Deposits increased from \$58.2 billion to \$68.3 billion; increasing by 17.4% over the previous year.
4. Total Advances of the Bank increased from \$26.8 billion to \$36.8 billion in 2019; showing an exceptional rise of 37.0% over the corresponding 2018 period.
5. Investments of the Bank as at September 30, 2019 amounts to \$25 billion.
6. Gross Non-Performing Advances (GNPA) decreased by 17.4% to \$1.361 billion as at September 30, 2019. The Bank will continue to make every effort to ensure maximum recoverability.
7. Earnings Per Share increased from \$4.53 to \$4.84 per share as at September 30, 2019.
8. Return on Average Assets as at September 30, 2019 was 2.6%.
9. Shareholders' Funds have gone up from \$11.8 billion to \$14.1 billion; showing a rise of 18.8% from the previous year.
10. Return on Shareholders' Funds has been substantial over the year and recorded a return of 15.5% for the year ended 30th September, 2019.
11. The Book Value of the shares has gone up from \$26.29 per share in 2018 to \$31.25 per share in 2019; showing a rise of 18.9% over the previous year.

INCOME AND EXPENSES

The Bank was able to achieve Profit before Taxation of \$3.4 billion, an increase of 9.1% over the previous year and an After-Tax Profit of \$2.177 billion, an increase of 6.7% for the period ended September 30, 2019. This was mainly on account of an increase

in other income and interest income. Other Income expanded from \$1.087 billion to \$1.124 billion during the year, showing a rise of 3.4%. This was as a result of an increase in all segments in this area, namely commission & fees and a surplus from the disposal of investments. Interest Income on Loans

and Advances increased from \$2.262 billion to \$2.672 billion; a rise of 18.1% over the previous year. Total Interest Income rose by 6.7% to \$4.194 billion.

Interest Expenses increased by \$90 million or 11.8% while Non-Interest Expenses have moved from \$1.251 billion to \$1.349 billion; showing a rise of 7.8% over the previous year. The main contributors to Non-Interest Expenses were mainly on account of an increase in staff costs, property taxes, Visa expenses and depreciation. Management of the bank actively strives to achieve the best cost / income ratio in comparison to other banks by constantly creating and researching ideas to reduce cost in all areas. For example, we have over the years reduced our electricity cost which was around \$40 million yearly prior to the implementation of Solar, which gave a saving of more than \$55 million in this area of expenses over the last three years.

DEPOSIT MOBILIZATION

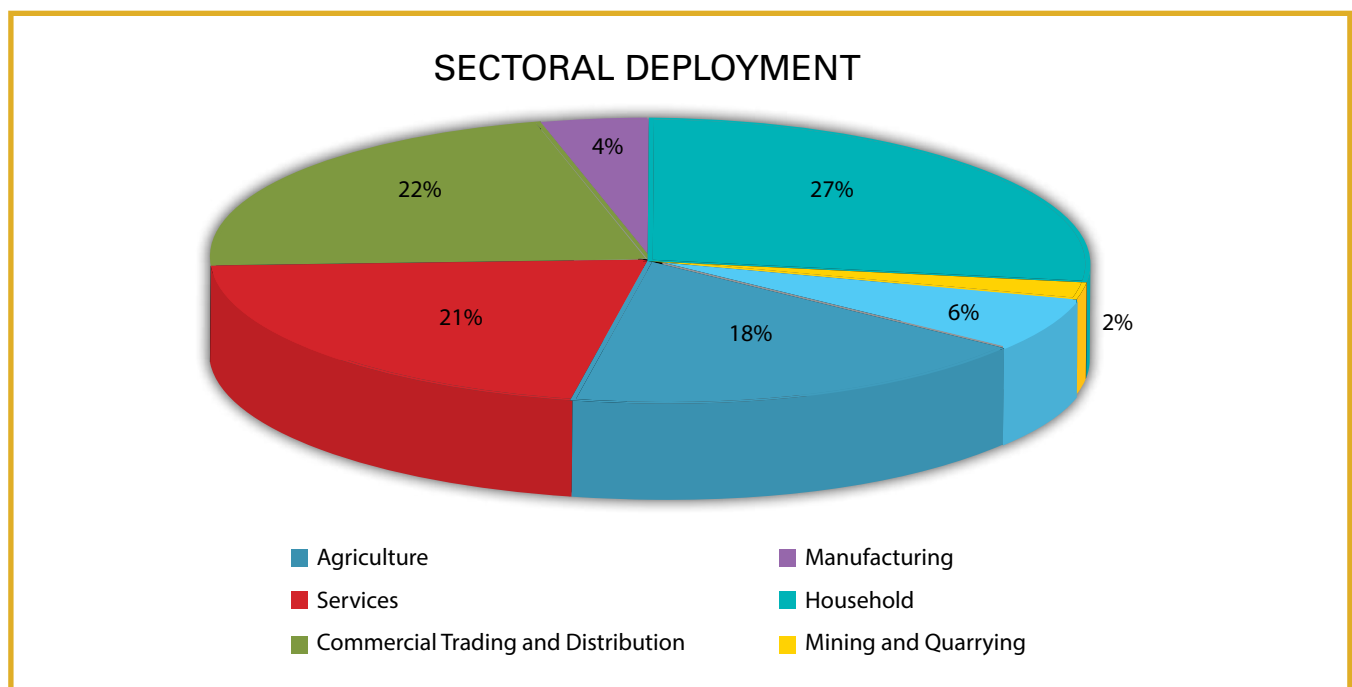
Total Deposits have increased to \$68.3 billion during the year reflecting a growth of 17.4%. The increase in Total Deposits by the Bank was attributable to the growth in all deposit mix; Term Deposits increased by 30.9% and Demand Deposits increased by 19.4%. Saving Deposits which makes up 45.3% of the bank's

total deposit portfolio, increased by \$2.049 billion or 7.1%. The growth in deposits is applaudable given the declining rate of interest in a saturated market. Good marketing efforts by our branches in Berbice, East Coast and Essequibo have contributed to the excellent growth in deposits of the Bank. The Bank will continue to provide superior banking services as it seeks to expand its network of branches countrywide.

LOANS & ADVANCES

Net Loans and Advances during the year increased from \$26.8 billion to \$36.8 billion, showing a rise of 37.0% over the previous year. This was as a result of an increase in lending to the services, housing and other commercial and consumer sectors. Despite the uncertainty in the local economy, the bank was able to prudently market its advances to both the productive and consumer sectors of the economy. Banking sector loans and advances to the private sector for the period ended August, 2019 recorded a marginal increase of 2.3% when compared with December, 2018.

We have a diversified portfolio which is evident from the following chart:



NON-PERFORMING ADVANCES AND LOAN PROVISIONS

Total Non-Performing Advances (NPAs) decreased to \$1.361 billion as at September 30, 2019, and we project further recovery in 2019 - 2020. The majority of our NPAs remains in the rice sector and even though our NPAs are well collateralized, every effort is being made to ensure maximum recoverability. We have provisions of \$671 million against our Non-Performing Loans which is more than 49% of the NPAs. Our Action Plan for 2019 – 2020 is to continue our focus and efforts on the Non-Performing Accounts with a goal of reducing same to less than \$900 million by the next financial year. We will continue to pay our undivided attention to improving the quality of our appraisals and to keep strong controls on all accounts, thereby maintaining the quality and health of our portfolio.

INVESTMENTS

The investments of the Bank as at September 30, 2019 amounts to \$25 billion. Investment across the globe was a little more favorable during the past year. However, investment locally remains a challenge as there are not many opportunities for investment in Guyana. Our Investment Income for 2019 was \$1.522 billion.

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 Tier I Capital Adequacy Ratio stood at 29.18% in 2019. Bank of Guyana is in the process of reviewing the implementation of Basel II / III Framework with the intention of factoring and quantifying market and operational risk in the calculation of this ratio, which is in line with International adaptation of this standard. This will affect the overall ratio once these new standards are fully adapted but are being done in an effort to improve the resilience of the financial system.

IFRS 9 IMPLEMENTATION

Apart from elevated level of regulatory and business risk, the bank implemented IFRS 9 in 2019, which replaces IAS 39. The Bank sought the services of a very reputable firm in the creation of the models required under IFRS 9 in order to ascertain the Expected Credit Losses (ECL's) of the bank's portfolio in three stages over the life of the facility. The results generated also take into consideration the bank's historical lending practices and the general performance of the Loan Portfolio over the last 25 years. This was completed and incorporated in the financials for the year ended September 30, 2019.

REGULATORY COMPLIANCE

The Bank continues to work to strengthen its AML/CFT programme in an effort to incessantly meet our obligations under the law. Revisions were made to the Bank's AML/CFT policy to include broader definitions of terrorist financing and, now, details systems to mitigate the threat of our institution being used to facilitate same.

During 2019, all levels of employees were exposed to continuous training both locally and overseas. We have managed to reduce the numbers of non compliant accounts by 92%; this represents a significant decrease from the previous year as the Bank continues to work towards ensuring all accounts are compliant. In September 2019, the Bank completed its 2018 reporting obligations under the Foreign Account Tax Compliance Act (FATCA) with the submission of its US Reportable Accounts to the Guyana Revenue Authority.

UPHOLDING VALUES AND SOCIAL WORK

As one of our core values, we are an equal opportunity employer. Our policies remain non-discriminatory as we continue to strive to offer the best services to all our customers, irrespective of ethnicity, cultural backgrounds, and religions/beliefs. The Bank continues to play its role as a corporate citizen and



“Our strategy for this new year is to continue with the promotion of a green and sustainable environment and introducing banking assisted technology to improve the banking experience of our customers.”

during the year we have provided valuable support and contribution to noteworthy projects, details as follows:

- Christmas Cheer hosted in 2018, with assistance, meals and toys donated to 100 children in Orphanages located in Georgetown, ECD and EBD
- Breast Cancer Awareness activities
- Tree Planting & Beautification exercise on National Tree Planting Day
- Bursary Awards for 17 students for their outstanding performance at NGSA & CSEC exams in 2019.

The bank remains a proud ambassador of the ‘GO GREEN’ initiative of the Government of Guyana. To date, three of the bank’s locations are solely powered by solar energy with the most recent addition being our branch located on the Essequibo Coast on the 18th October, 2018, while our Main Branch at 230 Camp Street synchronizes with GPL. Through our innovation and forward thinking, the bank has been able to reduce our electricity cost by an average of \$55 million over the last three years, since our electricity cost before solar implementation at all of the locations was around \$40 million yearly.

FUTURE PLANS

Our strategy for this new year is to continue with the promotion of a green and sustainable environment and introducing banking assisted technology to improve the banking experience of our customers. The Bank is also reviewing its strategies to benefit from opportunities that exist in the Oil and Gas industry which could have tremendous advantage for all local businesses.

During this new financial year (2019 – 2020), the bank plans to introduce a new internet banking platform which caters for the growing needs of comfort banking. The new platform will have a plethora of services for both personal and corporate entities for remote monitoring and access.

The bank also plans to review its branch network in the coming year to cater for the growing needs of our customers and expansion of the Oil and Gas related businesses.

We had launched the Demerara Bank Visa Debit card to the general public in 2019. This product brings with it the benefits of a globally accepted card and the convenience of managing your account using

a Debit product. These cards can be accessed by anyone with a valid account, and replaces the previous Money Master cards.

The bank is also cognizant of technological payment assistance such as mobile banking and mobile payment applications which requires just a smart phone. The bank is currently planning its strategy in this area but one of the major hurdles is the availability of reliable, fast and affordable bandwidth services which is the backbone for such development.

The bank is also developing avenues for Guyanese to access alternative investments through the establishment of a Mutual Fund with remunerative yields while still maintaining margins of prudence. The bank is hopeful to provide this service in the coming years which will provide diversification for persons and businesses in their investment objectives while providing affordable access to foreign investment products.

ACKNOWLEDGEMENT

Our clients have been our greatest source of inspiration and support. We are highly grateful to our customers who have shown incredible loyalty and support during the last 25 years of the Bank's

existence. Our Board of Directors has been the backbone of our successes and achievements. They have played an integral role by their active participation in the monthly Board Meetings and have also provided valuable guidance and support during the year. 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, motivated and competent workforce. Our Bank is fortunate to have a very talented and committed pool of Human Resources. I express my profound gratitude to staff members at all levels.

To our Chairman, Dr. Yesu Persaud, I thank him profusely for his trust and support during the year. The progress of the Bank would not have been possible without his guidance and motivation. Dr. Persaud celebrated his 91st Birthday on October 18, 2019. He is an iconic figure, not only in Guyana but in the Caribbean. We wish him a healthy and peaceful life.

Happy 25th Anniversary and best wishes for the coming season.



REPORT OF THE DIRECTORS

The Directors have pleasure in submitting this Report and Audited Financial Statements for the year ended September 30, 2019.

PRINCIPAL ACTIVITIES:

The Bank provides a comprehensive range of banking services through our Head Office & Corporate Banking Branch at 214 Camp Street, North Cummingsburg, Georgetown, our Main Branch at 230 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, 2019 are as follows:

	2019	2018
Profit Before tax	3,412,038	3,126,685
Taxation	1,234,697	1,085,963
Profit After Tax	2,177,341	2,040,722
APPROPRIATIONS		
Dividends Paid	607,500	517,500
Retained Earning	1,569,841	1,523,222

DIVIDEND:

The Directors recommend a dividend of \$1.40 per share, including \$0.35 interim paid in May 2019.

RESERVES AND RETAINED EARNINGS:

The Bank has reached its statutory reserve limit and no further provision is required. The balance of \$1,569,841 is placed in Retained Earnings which now stands at \$13,206,828. The proposed dividend of \$472.5M 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. K. R. Samaroo

Mrs. Sheila George

Dr. Leslie Chin

Mr. Harryram Parmesar

Mr. Garfield Wiltshire

In accordance with Article 97 of the Bank's Articles of Association, the Directors retiring for the time being are Dr. Yesu Persaud, Mr. Pravinchandra Dave, Dr. Leslie Chin, Mr. Garfield Wiltshire and Mr. Hemraj Kissoon.

AUDITORS:

The auditors Nizam Ali & Company, being eligible, offers themselves for re-appointment.

DIRECTORS' EMOLUMENTS:

Dr. Yesu Persaud	\$2,800,000	Mrs. Chandra Gajraj	\$1,500,000
Mr. Hemraj Kissoon	\$1,500,000	Mr. Pravinchandra Dave	\$1,500,000
Mr. K. R. Samaroo	\$1,500,000	Mr. Harryram Parmesar	\$1,500,000
Mrs. Sheila George	\$1,500,000	Mr. Garfield Wiltshire	\$1,500,000
Dr. Leslie Chin	\$1,500,000		

DIRECTORS' INTERESTS:

	Beneficial Interest	Associate's Interest
Dr. Yesu Persaud	5,410,000	Nil
Mr. Hemraj Kissoon	Nil	1,000,500
Mr. K. R. Samaroo	Nil	22,410,000
Mr. Harryram Parmesar	361,346	Nil
Mrs. Sheila George	100,000	Nil
Dr. Leslie Chin (held jointly with associate)	260,000	390,157
Mrs. Chandra Gajraj (Corporate Secretary/Director)	1,000,000	Nil
Mr. Pravinchandra Dave (CEO/Director)	Nil	Nil
Mr. Garfield Wiltshire	125,000	3,000

SERVICE CONTRACTS:

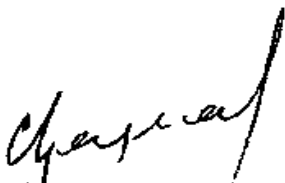
There are no service contracts between the Bank and any of its Directors.

SUBSTANTIAL SHAREHOLDING:

Trust Company (Guyana) Limited 86,078,346 – 19.13%

The Bank is a reporting issuer under the Securities Industry Act. We recognize 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

CELEBRATING OUR *Silver Jubilee*

21st November, 2019



INDEPENDENT **AUDITORS' REPORT**



Nizam Ali & Company Chartered Accountants

215 'C' Camp Street
North Cummingsburg
Georgetown
Guyana

Tel: (592) 227-8825
Tele/Fax: (592) 225-7085
Email: admin@nizamali.net

TO THE SHAREHOLDERS OF DEMERARA BANK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Demerara Bank Limited, which comprise the statement of financial position as at September 30, 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Bank as at September 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended September 30, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters, continued

Key Audit Matters

Investments

The Bank invests a significant portion of its funds in financial instruments that are classified at amortised cost and fair value through other comprehensive income. These instruments comprise equity shares and fixed income securities and are valued based on quoted prices in active markets. As at the year end, there is significant measurement uncertainty involved in these valuations.

Impairment of property, plant and equipment

Significant judgment is exercised in determining the useful life of items of property, plant and equipment. In this regard, based on management's evaluation and assessment, appropriate depreciation rates are allocated to property, plant and equipment. An annual impairment review is also carried out for all property, plant and equipment which entails a high degree of management's judgment.

Credit impairment losses

The Bank adopted IFRS 9 during the financial year resulting in impairment charges being recognised when losses are expected rather than when they are incurred. Management has disclosed information regarding the transitional effects of IFRS 9 in note 2.1 including the impact on shareholders' equity and profit and loss at October 1, 2018. Measurement of loan impairment is deemed a key audit matter as the determination of assumptions for expected credit losses is highly subjective due to the level of judgment applied by management.

The most significant judgments are:

- Assumptions used in the expected credit loss models to assess the credit risk related to the exposure and the expected future cash flows of the customer.

How our audit addressed the key audit matter

In auditing these financial instruments, we reviewed and verified the processes and key controls applied in the valuation of these investments. Additionally, we performed independent price verification of all investments from recognised active financial markets and considered whether disclosures are in compliance with the requirements of relevant International Financial Reporting Standards.

In addressing judgment in determining the useful life of property, plant and equipment, procedures included reviewing the Bank's policy for property, plant and equipment, ensuring that depreciation rates used are consistent with these policies and appropriate rates are applied to respective categories of property, plant and equipment. An assessment was done of the impairment review carried out by management. Additionally, we physically verified a sample of items to ensure consistency with the impairment review.

Our procedures in this area included:

- Assessing the trends in the local credit environment, considering their likely impact on the Bank's exposures and using this information to focus our testing on the key risk areas.
- Assessing and testing the design and operating effectiveness of the controls over the Bank's loan impairment provision.
- Testing key controls over assumptions used in the expected credit loss models to assess the credit risk related to the exposure and the expected future cash flows of the customer.

Key Audit Matters, continued

Key Audit Matters

Credit impairment losses, continued

- Timely identification of exposures with significant increase in credit risk and credit impaired exposures.
- Valuation of collateral and assumptions of future cash flows on manually assessed credit-impaired exposures.

The Bank is also required to compute loan provision in accordance with the Bank of Guyana Supervision Guideline number 5. There is the risk of inappropriate classification of loans and advances in accordance with the Supervision Guideline number 5 that results in inaccurate loan impairment computations.

Where the required provision under IFRS 9 differs from the provision under the Supervision Guideline number 5, at minimum the Bank recognises the impairment required under the provisions of IFRS 9. However, when the application of Supervision Guideline number 5 gives rise to a more prudent provision, then the impairment computed using Supervision Guideline number 5 is recognised.

Going Concern

The Bank's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Bank's financial statements is appropriate. Management has not identified a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Bank's ability to continue as a going concern.

How our audit addressed the key audit matter

How our audit addressed the key audit matter

- Assessing and substantively validating the impairment models by re-performing calculations and agreeing sample of data inputs to source documentation. We also assessed whether the data used in the models is complete and accurate through testing a sample of relevant data fields and their aggregate amounts against data in the source system.
- Obtaining and substantively testing evidence to support the assumptions used in the expected credit loss models applied in stage allocation, assumptions applied to derive lifetime possibility of default and methods applied to derive loss given default.
- Verifying that all loans and advances are secured, active and are monitored in accordance with the Supervision Guideline numbers 5 and 13 and evaluating management's compliance with these guidelines. We also verified whether these loans and advances were classified based on the criteria outlined in these guidelines.
- Assessing whether the disclosures in the financial statements appropriately reflects the Bank's exposure to credit risk.

Other Information

Management is responsible for the other information. The other information comprises all the information included in the Bank's 2019 annual report but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibilities for the Audit of the Financial Statements, continued

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

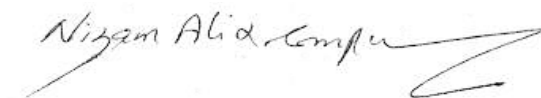
We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable,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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner responsible for the audit resulting in this independent auditors' report is Mr. Leslie Veerasammy, FCCA.



Chartered Accountants
Georgetown, Guyana

October 21, 2019

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

WITH COMPARATIVE FIGURES FOR SEPTEMBER 30, 2018
(EXPRESSED IN GUYANA DOLLARS)

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Cash		586,980	558,717
Due from banks		7,942,433	3,814,077
Deposit with Central Bank other than statutory deposit		2,174,966	2,899,588
Statutory deposit with Central Bank	7	8,433,534	6,995,215
Investment securities	8	25,062,363	26,869,566
Loans and advances	9	36,765,509	26,835,687
Property, plant and equipment	11	2,320,537	2,263,965
Taxation recoverable		6,087	6,087
Deferred Tax	20	14,306	483,454
Other	12	76,747	71,833
		<u>83,383,462</u>	<u>70,798,189</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits	10	68,326,399	58,199,765
Taxation payable		424,168	487,636
Other liabilities	13	572,450	279,415
		<u>69,323,017</u>	<u>58,966,816</u>
SHAREHOLDERS' EQUITY			
Share capital	14	450,000	450,000
Statutory reserve	15 (i)	450,000	450,000
Investment revaluation reserve	15 (ii)	(57,073)	(763,803)
Other reserve	15 (iii)	10,690	-
Retained earnings		13,206,828	11,695,176
		<u>14,060,445</u>	<u>11,831,373</u>
		<u>83,383,462</u>	<u>70,798,189</u>

The financial statements have been approved by the Board of Directors on October 21, 2019 and signed on its behalf by:


Mr. P.S. Dave
Chief Executive Officer
Director


Dr. Yesu Persaud
Chairman

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2019

WITH COMPARATIVE FIGURES FOR SEPTEMBER 30, 2018
(EXPRESSED IN GUYANA DOLLARS)

	Notes	2019 \$'000	2018 \$'000
Interest income			
Loans and advances		2,671,622	2,261,656
Investments		1,522,342	1,670,023
		<u>4,193,964</u>	<u>3,931,679</u>
Interest expense			
Savings deposits		358,984	273,619
Term deposits		491,692	484,855
Others		5,777	7,556
		<u>856,453</u>	<u>766,030</u>
Net interest income		3,337,511	3,165,649
Net credit impairment		<u>299,292</u>	<u>125,000</u>
Income net of credit impairment		3,636,803	3,290,649
Other income	21	<u>1,124,346</u>	<u>1,087,204</u>
Net interest and other income		<u>4,761,149</u>	<u>4,377,853</u>
Non-interest expenses	17	<u>1,349,111</u>	<u>1,251,168</u>
Income before taxation		3,412,038	3,126,685
Taxation	19	1,234,697	1,085,963
Net income for the year	16	<u>2,177,341</u>	<u>2,040,722</u>
Earnings per share in dollars	22	<u>4.84</u>	<u>4.53</u>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AS AT SEPTEMBER 30, 2019

WITH COMPARATIVE FIGURES FOR SEPTEMBER 30, 2018
(EXPRESSED IN GUYANA DOLLARS)

	Notes	2019 \$'000	2018 \$'000
Net income for the year		2,177,341	2,040,722
Other Comprehensive Income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of available-for-sale financial assets		N/A	(1,317,930)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss on disposal		N/A	114,752
Net gain on investments in debt instruments measured at FVOCI		1,447,809	-
Net gain on investments in debt instruments measured at FVOCI reclassified to profit or loss on disposal		(269,924)	-
Tax on components of other comprehensive income		(471,155)	481,269
Total other comprehensive income for the year		706,730	(721,909)
Total comprehensive income for the year		2,884,071	1,318,813

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2019

WITH COMPARATIVE FIGURES FOR SEPTEMBER 30, 2018

	Share capital	Retained earnings	Statutory reserve	Investment revaluation reserve	Other reserve	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at October 1, 2017	450,000	10,171,954	450,000	(41,894)	-	11,030,060
Profit for the year September 30, 2018	-	2,040,722	-	-	-	2,040,722
Dividend (note 23)	-	(517,500)	-	-	-	(517,500)
Net change in fair value of available for sale investment	-	-	-	(721,909)	-	(721,909)
Balance at September 30, 2018	450,000	11,695,176	450,000	(763,803)	-	11,831,373
Changes on initial application of IFRS 9	-	(127,623)	-	-	80,124	(47,499)
Restated balance at October 1, 2018	450,000	11,567,553	450,000	(763,803)	80,124	11,783,874
Profit for the year September 30, 2019	-	2,177,341	-	-	-	2,177,341
Dividend (note 23)	-	(607,500)	-	-	-	(607,500)
Other comprehensive income	-	-	-	706,730	-	706,730
Transfer	-	69,434	-	-	(69,434)	-
Balance at September 30, 2019	450,000	13,206,828	450,000	(57,073)	10,690	14,060,445

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

WITH COMPARATIVE FIGURES FOR SEPTEMBER 30, 2018
(EXPRESSED IN GUYANA DOLLARS)

	2019 <u>\$'000</u>	2018 <u>\$'000</u>
Cash flows from operating activities		
Net income before taxation	3,412,038	3,126,685
Interest income	(4,193,964)	(3,931,679)
Interest expense	856,453	766,030
Adjustments for:		
Depreciation	125,034	121,219
Loss on disposal of plant and equipment	88	41
Interest received	4,257,503	3,781,183
Interest paid	(903,083)	(826,405)
Increase in statutory deposit with Central Bank	(1,438,319)	(37,189)
(Increase) decrease in other assets	(4,913)	88,729
Increase in deposits	10,149,950	1,247,693
Increase (decrease) in other liabilities	293,035	(1,434,759)
Taxes paid	(1,300,167)	(876,337)
Net cash from operating activities	<u>11,253,655</u>	<u>2,025,211</u>
Cash flows from investing activities		
Decrease (increase) in investments	2,828,232	(4,727,570)
Increase in loans and advances	(9,860,697)	(1,357,321)
Purchase of property, plant and equipment	(182,621)	(399,670)
Proceeds from sale of plant and equipment	928	793
Net cash used in investing activities	<u>(7,214,158)</u>	<u>(6,483,768)</u>
Cash flows from financing activities		
Dividends	(607,500)	(517,500)
Net cash used in financing activities	<u>(607,500)</u>	<u>(517,500)</u>
Net increase (decrease) in cash and cash equivalents	3,431,997	(4,976,057)
Cash and cash equivalents, beginning of year	<u>7,272,382</u>	<u>12,248,439</u>
Cash and cash equivalents, end of year	<u>10,704,379</u>	<u>7,272,382</u>
Cash and cash equivalent comprises of the following statement of financial position items:		
Cash	586,980	558,717
Deposit with Central Bank other than statutory deposit	2,174,966	2,899,588
Due from banks	7,942,433	3,814,077
	<u>10,704,379</u>	<u>7,272,382</u>

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(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 (Act 1 of 1995).

The Bank was registered as a reporting issuer under the Securities Industries 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

2.1 *New standards, amendments and interpretations adopted*

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or service. Determining the timing of the transfer of control at a point in time or over time requires judgment.

The Bank has adopted IFRS 15 using the cumulative effect method (without practical expedients) with the effect of initial application (i.e. October 1, 2018). Accordingly, the information presented for 2018 has not been restated. That is, it is presented primarily as previously reported under IAS 18, IAS 11 and related interpretation. Additionally, the disclosure requirements in IFRS 15 have not been applied to the comparative information.

IFRS 15 did not have a significant impact on the Bank's accounting policies with respect to revenue streams.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of non-monetary asset or non-monetary liability.

IFRS 2 (Amendments) Classification and Measurement of Share-based Payment Transactions

The amendments to IFRS 2 clarify the accounting for cash settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

IAS 40 (Amendments) Transfers of Investment Property

The amendments to IAS 40 clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

IFRS 9 Financial Instruments

The Bank has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of January 1, 2018, which resulted in changes in accounting policies and adjustments to amounts previously recognised in the financial statements.

As permitted by the transitional provisions of IFRS 9, the Bank elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

2.1 New standards, amendments and interpretations adopted, continued

IFRS 9 Financial Instruments, continued

Additionally, for note disclosures, the Bank has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves and retained earnings

	Fair value reserve	Retained earnings	Other reserves
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Recognition of expected credit losses under IFRS 9 for debt financial asset at FVOCI	NIL	(127,623)	80,124

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI), fair value through profit or loss (FTVPL). The classification of financial asset under IFRS 9 is generally based on the business model in which a financial asset is managed and its continual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirement of IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant impact on the Bank's accounting policies related to financial liabilities and derivative financial instruments.

The following table and accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Bank's financial assets and financial liabilities as at October 1, 2018.

The effect of adopting IFRS 9 on the carrying amount of financial assets at October 1, 2018 relates solely to the new impairment requirements.

Financial Assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			<u>\$'000</u>	<u>\$'000</u>
Investment securities	AFS/FVOCI	FVOCI	26,830,090	26,830,090
	Amortised cost/ held to maturity	Amortised cost	39,476	39,476
Loans & advances	Loans & receivables	Amortised cost	26,835,687	26,835,687
Cash & cash equivalents	Loans & receivables	Amortised cost	14,267,598	14,267,598
Total financial assets			<u>67,972,851</u>	<u>67,972,851</u>
Deposits	Other financial liabilities	Other financial liabilities	58,199,765	58,199,765
Total financial liabilities			<u>58,199,765</u>	<u>58,199,765</u>

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

2. Changes in accounting policies and disclosures, continued

2.1 New standards, amendments and interpretations adopted, continued

IFRS 9 Financial Instruments, continued

- (a) The corporate debt securities categorised as available for sale under IAS 39 are held by the Bank to provide interest revenue but may be sold to meet liquidity requirements in the normal course of business. The Bank considers that these securities are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling securities. The contractual terms of these financial assets give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These assets have therefore been classified as financial assets FVOCI under IFRS 9.
- (b) The equity securities represent investments that the Bank intends to hold for the long term. As permitted by IFRS 9, the Bank has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss. Under IAS 39, these securities were designated as at FVPL because they were managed on a fair value basis and their performance was monitored on this basis. The assets have been classified as mandatorily measured at FVPL under IFRS 9.
- (c) Loans and advances were classified as loans and receivables under IAS 39 and are now classified at amortised cost. A decrease of \$80,123,720 in the allowance for impairment over these receivables was recognised in retained earnings at October 1, 2018 on transition to IFRS 9.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on October 1, 2018:

	IAS 39 carrying amount at Sept 30, 2018 \$'000	Reclassification \$'000	Remeasurement \$'000	IFRS 9 carrying amount at Oct 1, 2018 \$'000
Amortised cost				
Cash and balances with central bank				
Opening balance under IAS 39 and closing balance under IFRS 9	14,267,598	-	-	14,267,598
Loans and advances to customers				
Opening balance under IAS 39	26,835,687	-	-	-
Remeasurement: ECL	-	-	127,623	-
Closing balance under IFRS 9	-	-	-	26,963,310
Total financial assets measured at amortised cost	41,103,285	-	127,623	41,230,908
Investment securities- available for sale				
Opening balance under IAS 39	26,869,566	-	-	-
Remeasurement: ECL	-	-	(47,499)	-
Closing balance under IFRS 9	-	-	-	26,822,067
Total financial assets measured at FVOCI	26,869,566	-	(47,499)	26,822,067

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

2. Changes in accounting policies and disclosures, continued

2.2 ***New standards, amendments and interpretations not yet adopted*** ***Amendments to IFRS 9, Prepayment Features with Negative Compensation***

Amendments to IFRS 9, *Prepayment Features with Negative Compensation*, which is effective for annual reporting periods beginning on or after January 1, 2019, removes the word “additional” so that negative compensation may be regarded as “reasonable compensation” irrespective of the cause of the early termination. Financial assets with these prepayment features can therefore be measured at amortised cost or at FVOCI if they meet the other relevant requirements of IFRS 9. Retrospective application is required, subject to relevant transitional reliefs.

The Board clarified that IFRS 9 (as issued in 2014) requires preparers to:

- recalculate the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate (EIR); and
- recognise any adjustment to profit or loss.

The accounting treatment is therefore consistent with that required for modifications of financial assets that do not result in derecognition. If the initial application of IFRS 9 results in a change in accounting policy for these modifications or exchanges, then retrospective application is required, subject to transitional reliefs.

The Bank is assessing the impact that this amendment will have on its 2020 financial statements.

IAS 28 (Amendments) Investments in Associates and Joint Ventures

The amendments clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVPL is available separately for each associate or joint venture, and the election should be made at initial recognition.

The Bank is assessing the impact that this amendment will have on its 2020 financial statements.

IFRIC 23 Uncertainty over Tax Treatment

IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst aiming to enhance transparency. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The Bank is assessing the impact that this amendment will have on its 2020 financial statements.

IFRS 16 Leases

IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with a value of US\$5,000 or less.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

The Bank is assessing the impact that this amendment will have on its 2020 financial statements.

Definition of business (amendment to IFRS 3)

The amendment clarified the definition of a business with the aim of helping entities to determine whether a transaction should be accounted for as an asset, acquisition, or business combination.

The Bank is assessing the impact that this amendment will have on its 2020 financial statements.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

2. Changes in accounting policies and disclosures, continued

2.2 *New standards, amendments and interpretations not yet adopted, continued*

Annual Improvement to 2015 - 2017 cycle

- Amendments to IFRS 3, *Business Combinations* and IFRS 11, *Joint Arrangement*, clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. The amendments also provide further guidance on what constitutes the previously held interest. This is the entire previously held interest in the joint operation.
- Amendments to IAS 12, *Income Taxes*, clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits, i.e. in profit or loss, OCI or equity.
- Amendments to IAS 23, *Borrowing Costs*, clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that are intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool. The changes are to be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

The Bank is assessing the impact that this amendment will have on its 2020 financial statements.

Amendments to IAS 19, Plan Amendment, Curtailment or Settlement

Clarify that:

- on amendment, curtailment or settlement of a defined benefit plan, the Bank can now use updated actuarial assumptions to determine its current service cost and net interest for the period; and
- the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

The Bank is assessing the impact that this amendment will have on its 2020 financial statements.

Conceptual framework for financial reporting

Amendments to Reference to Conceptual Framework in IFRSs is a comprehensive revision of the existing framework. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. Most of the concepts are not new. The revised framework codifies the IASB's thinking adopted in recent standards. Some areas such as the distinction between liabilities and equity have been removed from the revised framework and are being dealt with in separate projects.

The Bank is assessing the impact that this amendment will have on its 2020 financial statements.

Definition of material (amendments to IAS 1 and IAS 8)

The amendments are designed to make it easier for companies to define material judgments. They do this by: (1) including in the definition that until now has featured elsewhere in IFRSs, (2) improving explanations that accompany the definitions (3) ensuring the definitions of material are consistent across IFRSs.

The Bank is assessing the impact that this amendment will have on its 2020 financial statements.

Insurance contracts, IFRS 17

IFRS 17 applies to all insurance contracts that an entity issues, reinsurance contracts it holds and investment contracts with a discretionary participation feature. IFRS 17 solves the comparison problem created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner benefiting both investors and insurance companies.

The Bank is assessing the impact that this amendment will have on its 2020 financial statements.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

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 measurement of investments at fair value, of investment securities classified as fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI).

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, 2019.

3.2 Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange ruling at the transaction date. Foreign currency 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 amounts of replaced parts are derecognised. All 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:

Freehold building	2%
Leasehold premises	2%
Furniture and equipment	10% - 20%
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.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

3. Summary of significant accounting policies, continued

3.4 Financial assets

3.4.1 Classification and subsequent measurement

On October 1, 2018 the Bank has applied IFRS 9 and classified its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI) or
- Amortised cost

The classification requirement for debt and equity instruments are described below.

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

- (i) the Bank's business model for managing the asset and
- (ii) the cash flow characteristics of the asset.

Business model: the business model reflects how the Bank manages the assets in order to generate cash flows, that is whether the Bank's objective is solely to collect the contractual cash flow from the assets, that is to collect both the contractual cash flow and cash flow arising from the sale of assets.

Factors considered by the Bank on determining the business model for a group of assets include past experience on how the cash flow for these assets are collected, how the asset performance is calculated and reported to key management and how risks are assessed and managed.

contractual cash flow and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Bank considers whether the contractual cash flow are consistent with a basic lending arrangement, that is interest includes only consideration for the time value of money, credit risk, other basic lending arrangement risk and a profit margin consistent with a basic lending.

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

- *Amortised Cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in interest income using the effective interest rate method.
- *Fair value through other comprehensive income (FVOCI)*: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movement in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instruments amortised cost, which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in investment income. Interest income from these financial assets is included in 'Interest Income' using the effective interest rate method.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

3. Summary of significant accounting policies, continued

3.4 Financial assets

3.4.1 Classification and subsequent measurement, continued

Debt Instruments, continued

● *Fair value through profit or loss (FVPL)*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the profit or loss statement in this period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading in which case they are presented separately in investment income. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the inner perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the inner net assets. The Bank subsequently measures all equity investments at fair value through profit or loss, except when management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investment at fair value through other comprehensive income when these investments are held for the purpose other than to generate investment returns. When this election is used, fair value gains and losses, are recognised in OCI and are not subsequently reclassified through profit or loss, including on disposal. Impairment (and reversal of impairment loss) are not reported separately from other changes in fair value. Dividend, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established. Gains and loss on equity investments at FVPL are included in net income in the statement of profit or loss.

3.4.2 Impairment

Expected credit loss (ECL)

IFRS 9 outlines three stages model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition is classified in 'stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'stage 2' but is not yet to be credit impaired.
- If the financial instrument is credit impaired, the financial instrument moves to 'stage 3'.

Financial instruments in 'stage 1' have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.

The Bank assesses on a forward looking basis the ECL associated with its debt instruments assets at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such loss at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes.
- The time value of money, and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

Purchased or originated credit impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (stage 3).

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

3. Summary of significant accounting policies, continued

3.4 Financial assets

3.4.2 Impairment, continued

Expected credit loss (ECL), continued

The following table summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Stage 1	Stage 2	Stage 3
Initial Recognition	Significant increase in credit risk since initial recognition	(Credit Impaired assets)
12-Month Expected Credit Loss.	Lifetime Expected Credit Loss.	Lifetime Expected Credit Loss.

Loan portfolio review in accordance with the requirements of the Financial Institutions Act

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.

Specific provisions are established as a result of these detailed reviews of individual loans and advances and reflect an amount which in management's judgment, 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
- (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.

3.5 Financial liabilities

In both the current and prior periods, financial liabilities are classified as subsequently measured at amortised cost except for financial guarantee contracts and loan commitments.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

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.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

3. Summary of significant accounting policies, continued

3.6 Loans and advances, continued

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Insertion of collateral, other security or credit enhancements that significantly affects the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial assets recognised is deemed to be credit-impaired at initial recognition, especially in the circumstances where the renegotiation was driven by the borrower being unable to make the originally agreed payments.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss.

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 in note 23 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, fees and commission income which are significant are 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.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

3. Summary of significant accounting policies, continued

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, 2019 amounted to \$2,526,257,087 (2018 - \$2,143,291,240) see note 25 (ii). 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 tax is provided using the balance sheet method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable income (loss). Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. The effect on deferred tax of any changes in the tax rate is charged to the statement of profit or loss and other comprehensive income, except to the extent that it relates to items previously charged or credited directly to equity.

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 2018 figures have been reclassified to conform with the financial statements presentation adopted in 2019.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

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 program 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.

(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.

(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 23.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

4. Financial risk management, continued

(a) (ii) Interest rate risk, continued

	Average Interest rate	Maturing 2019				Total
		Within 1	1-5 years	Over 5 years	Non- interest	
		year			bearing	
%	\$'000	\$'000	\$'000	\$'000	\$'000	
Assets						
Cash resources	1.37	1,553,133	-	-	17,584,780	19,137,913
Net loans to customers	8.33	11,434,253	3,123,167	20,846,291	1,361,798	36,765,509
Investments	5.05	96,746	499,220	24,466,397	-	25,062,363
Others		-	-	-	2,417,677	2,417,677
		13,084,132	3,622,387	45,312,688	21,364,255	83,383,462
Liabilities and shareholders' equity						
Customers' deposits	1.28	39,190,283	20,144,698	-	8,991,418	68,326,399
Other liabilities		-	-	-	996,618	996,618
Shareholders' equity		-	-	-	14,060,445	14,060,445
		39,190,283	20,144,698	-	24,048,481	83,383,462
Interest sensitivity gap		(26,106,151)	(16,522,311)	45,312,688	(2,684,226)	-

	Average Interest rate	2018				Total
		Within 1	1-5 years	Over 5 years	Non- interest	
		year			bearing	
%	\$'000	\$'000	\$'000	\$'000	\$'000	
Assets						
Cash resources	1.00	14,267,597	-	-	-	14,267,597
Net loans to customers	9.20	8,270,754	1,867,024	15,099,804	1,598,105	26,835,687
Investments	5.60	731,245	1,685,470	24,452,851	-	26,869,566
Others		-	-	-	2,825,339	2,825,339
		23,269,596	3,552,494	39,552,655	4,423,444	70,798,189
Liabilities and shareholders' equity						
Customers' deposits	1.28	32,405,179	18,267,085	-	7,527,501	58,199,765
Other liabilities		151,531	-	-	615,520	767,051
Shareholders' equity		-	-	-	11,831,373	11,831,373
		32,556,710	18,267,085	-	19,974,394	70,798,189
Interest sensitivity gap		(9,287,114)	(14,714,591)	39,552,655	(15,550,950)	-

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

4. Financial risk management, continued

(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:

	2019				
	US Dollar	Pound Sterling	Euro	CDN Dollar	Total
	000	000	000	000	000
Assets					
Cash resources	15,146,227	12,151	7,336	18,059	15,183,773
Investments	24,484,622	269,995	-	-	24,754,617
Loans and advances	51,402	-	-	-	51,402
	39,682,251	282,146	7,336	18,059	39,989,792
Liabilities					
Deposits	7,901,233	723	840	6,770	7,909,566
	7,901,233	723	840	6,770	7,909,566
Net	31,781,018	281,423	6,496	11,289	32,080,226
	2018				
	US Dollar	Pound Sterling	Euro	CDN Dollar	Total
	000	000	000	000	000
Assets					
Cash resources	4,267,093	177,696	6,182	143,602	4,594,573
Investments	25,174,971	817,972	-	-	25,992,943
Loans and advances	70,877	-	-	-	70,877
	29,512,941	995,668	6,182	143,602	30,658,393
Liabilities					
Deposits	8,190,761	732	852	6,593	8,198,938
	8,190,761	732	852	6,593	8,198,938
Net	21,322,180	994,936	5,330	137,009	22,459,455

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

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 variables constant:

	Change in exchange rates %	Effect on profit before tax \$'000	Effect on other components of equity \$'000
Year ended September 30, 2019			
Increase in exchange rates			
USD	2%	635,620	634
GBP	2%	5,628	508
EURO	2%	130	-
CAD	2%	226	-
		<u>641,604</u>	<u>1,142</u>
Decrease in exchange rates			
USD	2%	(635,620)	(634)
GBP	2%	(5,628)	(508)
EURO	2%	(130)	-
CAD	2%	(226)	-
		<u>(641,604)</u>	<u>(1,142)</u>
Year ended September 30, 2018			
Increase in exchange rates			
USD	2%	426,444	14,305
GBP	2%	19,899	971
EURO	2%	107	-
CAD	2%	2,740	-
		<u>449,190</u>	<u>15,276</u>
Decrease in exchange rates			
USD	2%	(426,444)	(14,305)
GBP	2%	(19,899)	(971)
EURO	2%	(107)	-
CAD	2%	(2,740)	-
		<u>(449,190)</u>	<u>(15,276)</u>

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

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 commitment 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 2019

	Average Interest rate %	On Demand \$'000	Within 1 year		1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
			Due in 3 mths \$'000	Due 3-12 mths \$'000			
Assets							
Cash resources	1.37	19,137,913	-	-	-	-	19,137,913
Loans to customers	8.33	11,326,089	142,077	1,327,885	3,123,167	20,846,291	36,765,509
Investments	5.05	-	-	96,746	499,220	24,466,397	25,062,363
Others		2,417,677	-	-	-	-	2,417,677
		32,881,679	142,077	1,424,631	3,622,387	45,312,688	83,383,462
Liabilities							
Customers' deposits	1.28	40,173,337	4,198,209	23,952,594	2,259	-	68,326,399
Other liabilities		996,618	-	-	-	-	996,618
		41,169,955	4,198,209	23,952,594	2,259	-	69,323,017
Net gap		(8,288,276)	(4,056,132)	(22,527,963)	3,620,128	45,312,688	14,060,445

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

4. Financial risk management, continued

(b) Liquidity risk, continued

2018							
	Average Interest rate %	On Demand \$'000	Within 1 year		1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
			Due in 3 mths \$'000	Due 3-12 mths \$'000			
Assets							
Cash resources	1.00	14,267,597	-	-	-	-	14,267,597
Loans to customers	9.20	9,182,045	202,077	484,736	1,867,025	15,099,804	26,835,687
Investments	5.90	644,492	-	86,751	1,685,470	24,452,853	26,869,566
Other assets		2,825,339	-	-	-	-	2,825,339
		26,919,473	202,077	571,487	3,552,495	39,552,657	70,798,189
Liabilities							
Customers' deposits	1.32	32,405,179	-	-	25,794,586	-	58,199,765
Other liabilities		767,051	-	-	-	-	767,051
		33,172,230	-	-	25,794,586	-	58,966,816
Net gap		(6,252,757)	202,077	571,487	(22,242,091)	39,552,657	11,831,373

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

4. Financial risk management, continued

(c) Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers, clients 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.

Debt securities and treasury bills are generally unsecured.

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

The Bank's policies regarding obtaining collateral have not changed during the reporting period and there has been no significant change in the overall quality of collateral held by the Bank since the prior period.

The Bank closely monitors collateral held for financial assets considered to be credit impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses.

Impairment and provisioning

Expected Credit Loss (ECL) is measured in either 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposures varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimation as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

- The PD represents the likelihood of borrower's defaulting on their financial obligations, either over the next 12 months (12M PD) or over the remaining lifetime of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months or over the lifetime.
- LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty and availability of collateral or other credit support.

For additional information on impairment refer to note 3.4.2.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

4. Financial risk management, continued

(c) Credit risk, continued

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past its contractual payments.

Qualitative criteria

There are indications that the borrower is in significant financial difficulty. The following are considered indications:

- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant
- An active market for the financial asset has disappeared because of the financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulties
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses

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:

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Loans and advances		
Agriculture and fisheries	6,704,770	6,996,855
Housing	9,924,155	7,706,676
Services	14,130,159	9,486,274
Others	6,467,136	3,434,414
	<u>37,226,220</u>	<u>27,624,219</u>

Credit quality of financial assets

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

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
<u>Credit risk recognised on the statement of financial position</u>		
Deposit with Central Bank	10,608,500	9,894,804
Due from banks	7,942,433	3,814,077
Investment securities	25,062,363	26,869,566
Loans and advances	36,765,509	26,835,687
<u>Credit risk not recognised on the statement of financial position</u>		
Acceptances, guarantees and letters of credit	2,526,257	2,143,291
Total credit risk exposure	<u>82,905,062</u>	<u>69,557,425</u>

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

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:

		2019	2018
		\$'000	\$'000
Investment securities			
Counterparties with credit ratings			
Credit rating	Rating agency		
AA+	Standard & Poor's	-	202,243
AA	Standard & Poor's	-	204,629
A+	Standard & Poor's	206,488	181,582
A-	Standard & Poor's	-	211,956
BBB+	Standard & Poor's	1,418,124	4,501,499
BBB	Standard & Poor's	4,259,177	2,080,390
BBB-	Standard & Poor's	4,522,786	4,882,850
BB+	Standard & Poor's	2,973,828	1,050,370
BB	Standard & Poor's	-	825,870
BB-	Standard & Poor's	2,014,103	2,355,118
B+	Standard & Poor's	3,127,649	2,673,749
CCC+	Standard & Poor's	1,469,601	1,911,961
D	Standard & Poor's	1,512,551	1,233,108
Aaa	Moody's	-	195,087
A3	Moody's	-	201,114
B2	Moody's	1,441,075	1,308,351
Ba2	Moody's	-	211,147
Baa3	Moody's	1,351,003	1,081,741
Counterparties without credit ratings			
Group 2		365,196	1,021,157
		<u>24,661,581</u>	<u>26,333,922</u>

Loans and Advances

	2019			
	Group 1 \$'000	Group 2 \$'000	Group 3 \$'000	Total \$'000
Commercial	10,041,220	17,082,002	99,277	27,222,499
Mortgages	425,370	8,407,112	11,664	8,844,146
Others	131,650	1,027,001	924	1,159,575
	<u>10,598,240</u>	<u>26,516,115</u>	<u>111,865</u>	<u>37,226,220</u>
	2018			
	Group 1 \$'000	Group 2 \$'000	Group 3 \$'000	Total \$'000
Commercial	2,620,350	16,291,278	-	18,911,628
Mortgages	400,700	7,304,989	987	7,706,676
Others	47,131	957,608	1,176	1,005,915
	<u>3,068,181</u>	<u>24,553,875</u>	<u>2,163</u>	<u>27,624,219</u>

		2019	2018
		\$'000	\$'000
Due from banks and short term deposits			
	Group 2	<u>7,942,433</u>	<u>3,814,077</u>
Deposit with Central Bank			
	Group 2	<u>10,608,500</u>	<u>9,894,803</u>

Group 1 - New customers/bankers - less than six months.

Group 2 - Existing customers/bankers more than six months with no defaults in the past.

Group 3 - Existing customers/bankers with some defaults in the past. All defaults were fully recovered.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

4. Financial risk management, continued

(c) Credit risk, continued

Credit quality of financial assets, continued

Credit quality by class of financial assets

As at September 30, 2019

	Neither past due nor impaired \$'000	Past due but not impaired \$'000	Impaired \$'000	Total \$'000
Due from banks and short term investments	7,942,433	-	-	7,942,433
Deposit with Central Bank other than statutory deposit	2,174,966	-	-	2,174,966
Deposit with Central Bank	8,433,534	-	-	8,433,534
Investment securities				
<i>Available for sale:</i>				
Government	13,515,372	1,521,712	-	15,037,084
Corporate	9,343,340	-	-	9,343,340
Others	254,230	26,927	-	281,157
	41,663,875	1,548,639	-	43,212,514
Loans to customers				
Commercial	25,202,048	190,356	1,343,083	26,735,487
Mortgages	8,844,155	6,534	18,715	8,869,404
Others	1,159,575	1,043	-	1,160,618
	35,205,778	197,933	1,361,798	36,765,509
Total	76,869,653	1,746,572	1,361,798	79,978,023

As at September 30, 2018

	Neither past due nor impaired \$'000	Past due but not impaired \$'000	Impaired \$'000	Total \$'000
Due from banks and short term investments	3,814,077	-	-	3,814,077
Deposit with Central Bank other than statutory deposit	2,899,588	-	-	2,899,588
Deposit with Central Bank	6,995,215	-	-	6,995,215
Investment securities				
<i>Available for sale:</i>				
Government	10,053,907	1,233,108	-	11,287,015
Corporate	14,580,651	-	-	14,580,651
Others	466,256	-	-	466,256
	38,809,694	1,233,108	-	40,042,802
Loans to customers				
Commercial	16,277,077	244,795	1,573,833	18,095,705
Mortgages	7,706,676	3,119	24,272	7,734,067
Others	1,005,915	-	-	1,005,915
	24,989,668	247,914	1,598,105	26,835,687
Total	63,799,362	1,481,022	1,598,105	66,878,489

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

4. Financial risk management, continued

(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, 2019 and 2018. During those two years the Bank complied with the externally imposed capital requirements to which they are subject.

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Tier I Capital		
Share capital	450,000	450,000
Statutory reserve	450,000	450,000
Retained earnings	13,206,828	11,695,176
	<u>14,106,828</u>	<u>12,595,176</u>
Tier II Capital		
Securities revaluation reserves	(57,073)	(763,803)
Total regulatory capital	<u>14,049,755</u>	<u>11,831,373</u>
Risk weighted assets:		
On-balance sheet	42,754,220	31,868,323
Off-balance sheet	1,263,129	1,071,646
Total risk weighted assets	<u>44,017,349</u>	<u>32,939,969</u>
Total regulatory capital to risk weighted assets %	<u>31.92</u>	<u>35.92</u>

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

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 3.4.

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 that include inputs for financial assets and liabilities that are not based on observable market data. This category includes financial instruments held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

Due to judgment 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 carrying amount and fair values of the Bank's financial assets and liabilities:

		2019	
	Carrying value \$'000	Fair Value \$'000	Fair value measurement hierarchy
Financial assets			
Cash on hand	586,980	586,980	Level 1
Due from banks	7,942,433	7,942,433	Level 1
Deposit with Central Bank other than statutory deposit	2,174,966	2,174,966	Level 1
Statutory deposit with Central Bank	8,433,534	8,433,534	Level 1
Net loans to customers	36,765,509	36,765,509	Level 3
Fair value through other comprehensive income	24,805,670	24,710,553	Level 1
Fair value through other comprehensive income	364,698	364,698	Level 3
Other financial asset	76,747	76,747	Level 3
Total financial assets	81,150,537	81,055,420	
Financial liabilities			
Deposits	68,326,399	68,326,399	Level 3
Other financial liabilities	996,618	996,618	Level 3
Total financial liabilities	69,323,017	69,323,017	

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

5. Fair value of financial assets and liabilities, continued

Financial assets	Carrying value \$'000	2018	Fair value measurement hierarchy
		Fair Value \$'000	
Cash on hand	558,717	558,717	Level 1
Due from banks	3,814,077	3,814,077	Level 1
Deposit with Central Bank other than statutory deposit	2,899,588	2,899,588	Level 1
Statutory deposit with Central Bank	6,995,215	6,995,215	Level 1
Net loans to customers	26,835,687	26,835,687	Level 3
Available for sale investment	27,750,539	26,477,536	Level 1
Available for sale investment	392,030	392,030	Level 3
Other financial asset	71,833	71,833	Level 3
Total financial assets	69,317,686	68,044,683	
Financial liabilities			
Deposits	58,199,765	58,199,765	Level 3
Other financial liabilities	767,051	767,051	Level 3
Total financial liabilities	58,966,816	58,966,816	

Transfers between Level 1 and 2

For the year ended September 30, 2019, no asset was transferred between Level 1 and Level 2.

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

For the year ended September 30, 2019, there were no Level 3 financial instruments measured at fair value.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

6. Critical accounting estimates and judgments 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 judgments 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) Measurement of expected credit loss allowance

The measurement of expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (eg. likelihood of customers defaulting and the resulting losses). Explanations of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.4.2.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL such as:

- (i) Determining criteria for significant increase in credit risk;
- (ii) Choosing appropriate models and assumptions for the measurement of ECL;
- (iii) Establishing the number and relative weighting of forward-looking scenarios for each type of product/market and the associated ECL; and
- (iv) Establishing groups of similar financial assets for the purpose of measuring ECL.

(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 judgment 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 3.4.1.

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% (2018 - 12%) of total prescribed liabilities.

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Primary	<u>8,433,534</u>	<u>6,995,215</u>
Total	<u><u>8,433,534</u></u>	<u><u>6,995,215</u></u>

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

2019	Stage 1	Stage 2	Stage 3	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Gross				
Shares	69,321	-	-	69,321
Corporate bonds	21,006,326	2,073,382	1,512,552	24,592,260
Accrued interest	339,720	64,789	9,161	413,670
	<u>21,415,367</u>	<u>2,138,171</u>	<u>1,521,713</u>	<u>25,075,251</u>
ECL	(2,947)	(9,941)	-	(12,888)
Net	21,412,420	2,128,230	1,521,713	25,062,363
2018	Stage 1	Stage 2	Stage 3	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Gross				
Shares	70,216	-	-	70,216
Corporate bonds	20,595,163	4,435,432	1,233,110	26,263,705
Accrued interest	344,172	116,736	74,737	535,645
As previously stated	<u>21,009,551</u>	<u>4,552,168</u>	<u>1,307,847</u>	<u>26,869,566</u>
ECL	-	(47,499)	-	(47,499)
Net (restated)	21,009,551	4,504,669	1,307,847	26,822,067

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

9. Loans and advances

2019	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Gross loans				
Agriculture and fisheries	6,084,968	53,035	566,767	6,704,770
Housing	8,749,023	658,067	517,065	9,924,155
Services	12,826,135	735,064	568,960	14,130,159
Others	5,023,362	1,347,933	95,841	6,467,136
	32,683,488	2,794,099	1,748,633	37,226,220
ECLs				
Agriculture and fisheries	4,314	1,171	144,256	149,741
Housing	233,367	15,387	39,670	288,424
Services	8,674	17,284	39,993	65,951
Others	123,984	28,872	-	152,856
Total ECL provision	370,339	62,714	223,919	656,972
Accrued interest	-	-	-	196,261
Net loans	32,313,149	2,731,385	1,524,714	36,765,509
2018	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
Gross loans				
Agriculture and fisheries	6,172,121	-	824,734	6,996,855
Housing	6,779,108	349,058	578,510	7,706,676
Services	8,096,885	653,242	736,147	9,486,274
Others	1,853,531	1,563,368	17,515	3,434,414
	22,901,645	2,565,668	2,156,906	27,624,219
ECLs				
Agriculture and fisheries	949	-	433,095	434,044
Housing	161,305	7,800	14,607	183,712
Services	2,990	16,776	161,172	180,938
Others	11,320	35,780	441	47,541
Total ECL provision	176,564	60,356	609,315	846,235
Accrued interest	-	-	-	137,827
Net loans	22,725,081	2,505,312	1,547,591	26,915,811

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

9. Loans and advances, continued

Loans and advances to customers as at September 30, 2018

	\$'000
Performing loans and advances	26,026,114
Non-accrual loans and advances	1,598,105
	<u>27,624,219</u>
Interest receivable	137,827
	<u>27,762,046</u>
Impairment allowances	<u>(926,359)</u>
Net loans and advances	<u><u>26,835,687</u></u>
Individually assessed impairment	<u>926,359</u>

10. Deposits

	2019	2018
	\$'000	\$'000
<i>Demand</i>	<u>8,991,418</u>	<u>7,532,869</u>
<i>Savings</i>		
Principal	30,899,956	28,855,795
Accrued interest	85,987	80,972
	<u>30,985,943</u>	<u>28,936,767</u>
<i>Term</i>		
Principal	28,153,063	21,505,823
Accrued interest	195,975	224,306
	<u>28,349,038</u>	<u>21,730,129</u>
	<u>68,326,399</u>	<u>58,199,765</u>

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

11. Property, plant and equipment

<u>2019</u>	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, 2018	1,562,829	13,051	318,935	984,514	60,517	2,939,846
Additions	2,728	-	165,683	14,210	-	182,621
Disposals	-	-	(928)	(1,097)	-	(2,025)
Transfers	36,449	-	(84,187)	47,738	-	-
At September 30, 2019	1,602,006	13,051	399,503	1,045,365	60,517	3,120,442
Accumulated depreciation						
At October 1, 2018	177,749	4,573	-	449,342	44,216	675,880
Charge for the year	24,461	132	-	92,006	8,435	125,034
Write back on disposal	-	-	-	(1,009)	-	(1,009)
At September 30, 2019	202,210	4,705	-	540,339	52,651	799,905
Net Book Values						
At September 30, 2019	1,399,796	8,346	399,503	505,026	7,866	2,320,537

<u>2018</u>	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, 2017	1,556,744	13,051	-	914,064	57,217	2,541,076
Additions	6,085	-	318,935	70,450	4,200	399,670
Disposal	-	-	-	-	(900)	(900)
At September 30, 2018	1,562,829	13,051	318,935	984,514	60,517	2,939,845
Accumulated depreciation						
At October 1, 2017	153,333	4,441	-	360,002	36,951	554,727
Charge for the year	24,416	132	-	89,406	7,265	121,219
Write back on disposal	-	-	-	(66)	-	(66)
At September 30, 2018	177,749	4,573	-	449,342	44,216	675,880
Net Book Values						
At September 30, 2018	1,385,080	8,478	318,935	535,172	16,301	2,263,965

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

12. Other assets

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Prepaid expenses	64,726	26,029
Others	12,021	45,804
	<u>76,747</u>	<u>71,833</u>

13. Other liabilities

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Cash margin on credit, guarantees & indemnities	138,984	127,883
Property tax	109,839	89,883
Non-compliant customers accounts	184,874	-
Others	138,753	61,649
	<u>572,450</u>	<u>279,415</u>

14. Share Capital

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Authorised		
450,000,000 ordinary shares of no par value		
Issued and fully paid		
450,000,000 ordinary shares stated value	<u>450,000</u>	<u>450,000</u>

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 and the carrying amount of available-for-sale financial assets at September 30.

(iii) Other reserve

The Bank carries out a detailed review of its loan portfolio twice yearly in accordance with the requirements of the Financial Institutions Act (FIA) 1995. Other reserve is created as an appropriation of retained earnings for the difference between the specific provision as required per Supervision Guideline # 5 and the accounting provision in line with IFRS requirements.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

16. Net income

	2019	2018
	\$'000	\$'000
Net income after taxation:	<u>2,177,341</u>	<u>2,040,722</u>
After charging		
· Auditors' fees and expenses	6,176	4,580
· Directors' remuneration (note i)	17,200	16,600
· Depreciation	<u>125,034</u>	<u>121,219</u>

(i) Directors annual emoluments are as follows: each director is entitled to a fee of \$1,500,000, and the chairman a fee of \$2,800,000. Additionally, the corporate secretary receives an annual remuneration of \$2,400,000. (2018 - Directors annual emoluments were as follows: each director was entitled to a fee of \$1,500,000, the chairman a fee of \$2,800,000 and the corporate secretary, an annual remuneration of \$1,800,000).

17. Non- interest expenses

	2019	2018
	\$'000	\$'000
Staff costs (see note)	770,929	673,467
Directors' remuneration	17,200	16,600
Subscription and donations	20,959	15,208
Property and equipment expenses	30,880	38,741
Rentals	21,421	26,314
Depreciation	125,034	121,219
Stationery	16,184	16,885
Electricity	27,593	21,771
Property tax	109,839	89,883
Licence	7,306	6,826
Advertising	10,649	8,382
Computer expense	44,157	41,558
Visa expense	73,055	50,401
Foreign bank charges	16,489	27,733
Deposit insurance contribution	10,764	-
Others	<u>46,652</u>	<u>96,180</u>
	<u>1,349,111</u>	<u>1,251,168</u>

Note:

The average number of employees during 2019 was 228 (2018 - 211).

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, 2017 revealed a past service surplus of \$1,145,000,000. The next actuarial valuation was statutorily due on December 31, 2020 and 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 \$39,549,701 (2018 - \$33,320,990). This amount was recognised in the statement of profit or loss and other comprehensive income.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

19. Taxation

	2019 \$'000	2018 \$'000
Corporation tax - Current	1,236,699	1,083,373
- Deferred	(2,002)	2,590
	<u>1,234,697</u>	<u>1,085,963</u>

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

	2019 \$'000	2018 \$'000
Profit before tax	<u>3,412,038</u>	<u>3,126,685</u>
Tax calculated at a rate of 40%	1,364,815	1,250,674
Income exempted from tax	(144,843)	(212,095)
Expenses not deductible for tax purposes	14,171	37,538
Difference in accounting depreciation versus tax depreciation	2,556	7,256
	<u>1,236,699</u>	<u>1,083,373</u>

20. Deferred taxation

	2019 \$'000	2018 \$'000
Balance at beginning of year	483,454	4,775
Movement in the year	<u>(469,148)</u>	<u>478,679</u>
Balance at end of year	<u>14,306</u>	<u>483,454</u>
Components of deferred tax		
Accelerated depreciation	(23,742)	(25,745)
Fair value adjustment	<u>38,048</u>	<u>509,199</u>
	<u>14,306</u>	<u>483,454</u>

21. Other income

	2019 \$'000	2018 \$'000
Exchange gain	590,099	844,430
Commissions received	184,783	175,909
Gain on disposal of investment	307,924	66,906
Others	41,540	(41)
	<u>1,124,346</u>	<u>1,087,204</u>

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

22. Earnings per share

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Calculated as follows:		
Net income after tax \$'000	2,177,341	2,040,722
Number of shares '000 (see note 14)	<u>450,000</u>	<u>450,000</u>
Earnings per share in dollars	<u>4.84</u>	<u>4.53</u>

23. Dividends

Dividends accounted for as an appropriation of retained earnings:

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
Final dividend for 2018 \$1.00 per share (2017 - \$0.80)	450,000	360,000
Interim dividend for 2019 \$0.35 per share (2018 - \$0.35)	<u>157,500</u>	<u>157,500</u>
	<u>607,500</u>	<u>517,500</u>

The financial statements do not reflect a final dividend of \$1.05 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.
- (iii) The party is a close member of the family of any individual referred to in (i) or (ii) above.
- (iv) 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.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

24. Related parties, continued

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

Loans, investments and other assets	2019	2018
	\$'000	\$'000
Held by enterprises with which directors are affiliated	1,485,399	206,702
Directors and key management personnel	158,014	105,995
	<u>1,643,413</u>	<u>312,697</u>
Provision for amounts due from related parties	<u>-</u>	<u>-</u>
Deposits and other liabilities		
Held by enterprises with which directors are affiliated	4,336,764	3,761,857
Directors and key management personnel	107,121	99,410
	<u>4,443,885</u>	<u>3,861,267</u>
Interest expense		
Held by enterprises with which directors are affiliated	21,572	19,485
Directors and key management personnel	2,417	2,999
	<u>23,989</u>	<u>22,484</u>
Interest income		
Held by enterprises with which directors are affiliated	70,661	43,441
Directors and key management personnel	4,727	11,713
	<u>75,388</u>	<u>55,154</u>

Key management personnel

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

Twenty (2018 - twenty) individuals are considered as key management personnel. The remuneration paid to key management personnel for the year was as follows:

	2019	2018
	\$'000	\$'000
Short-term employee benefits	<u>209,900</u>	<u>171,313</u>

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

25. Commitments and contingent liability

	2019	2018
	<u>\$'000</u>	<u>\$'000</u>
(i) <i>Operating lease commitments</i>		
Due within one year	16,000	14,336
Due within two to five years	19,600	14,745
(ii) <i>Customers liabilities under Acceptances, Guarantees and Letters of Credit</i>		

	<u>2019</u>				<u>2018</u>		
	Under	3 to 12	Over	Total	Under	3 to 12	Total
	3 mths	months	12 months	\$'000	3 mths	months	\$'000
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Commercial sector	958,136	860,019	686,712	2,504,867	788,475	438,832	2,041,296
Personal sector	5,260	15,500	630	21,390	56,633	17,145	101,995

(iii) *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 businesses and individuals.
- Investment - Local and foreign investment
- Deposit business - Demand, savings and time deposits
- Other - Foreign trade and other non core business.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

26. Segment information, continued

The results of the various operating segments are set out below. 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.

	Corporate & Commercial Banking	Investment		2019	Other	Unallocated	Total
		Local	Foreign	Deposit			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	2,671,622	15,668	1,506,674	-	-	-	4,193,964
Interest expense	-	-	-	(856,453)	-	-	(856,453)
Other income	-	-	-	-	-	1,124,346	1,124,346
Credit impairment losses	299,292	-	-	-	-	-	299,292
Operating expense	-	-	-	-	-	(1,349,111)	(1,349,111)
Profit before tax	2,970,914	15,668	1,506,674	(856,453)	-	(224,765)	3,412,038
Segment assets	36,765,509	320,633	24,741,730	-	-	21,555,589	83,383,462
Segment liabilities	-	-	-	68,326,399	-	996,618	69,323,017

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(EXPRESSED IN GUYANA DOLLARS)

26. Segment information, continued

	Corporate & Commercial Banking	Investment		2018	Other	Unallocated	Total
		Local	Foreign	Deposit			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	2,261,656	15,909	1,654,114	-	-	-	3,931,679
Interest expense	-	-	-	(766,030)	-	-	(766,030)
Other income	-	-	-	-	-	1,087,204	1,087,204
Credit impairment losses	125,000	-	-	-	-	-	125,000
Operating expense	-	-	-	-	-	(1,251,168)	(1,251,168)
Profit before tax	2,386,656	15,909	1,654,114	(766,030)	-	(163,964)	3,126,685
Segment assets	26,835,687	392,030	26,477,536	-	-	17,092,935	70,798,189
Segment liabilities	-	-	-	58,199,765	-	767,051	58,966,816



CELEBRATING OUR
Silver Jubilee

DEMERARA BANK LIMITED BRANCH INFORMATION

HEAD OFFICE & CORPORATE BANKING BRANCH

Lot 214 Camp Street, North Cummingsburg,
Georgetown
Tel: +592-226-0601/5/9/29/32
Email: banking@demerarabank.com
Foreign Exchange: forex@demerarabank.com
Loans: credit@demerarabank.com
Website: www.demerarabank.com

BRANCH NETWORK

MAIN BRANCH

230 Camp & South Streets,
Georgetown
Tel: +592-225-0610-8. Fax: +592-225-0601
Email: banking@demerarabank.com
Foreign Exchange: forex@demerarabank.com
Loans: credit@demerarabank.com
Website: www.demerarabank.com

CORRIVERTON BRANCH

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

DIAMOND BRANCH

Plantation Great Diamond
East Bank Demerara
Tel: +592-265-5706-8
Fax: +592-265-5709
Email: diamond@demerarabank.com

ROSE HALL BRANCH

71 Public Road, Rose Hall,
Corentyne, Berbice
Tel: +592-337-4441
Tel: +592-337-4452
Fax: +592-337-4439
Email: rosehall@demerarabank.com

ESSEQUIBO BRANCH

W ½ Lot 7 Henrietta,
Essequibo Coast
Tel: +592-771-5402-3
Fax: +592-771-5404
Email: annaregina@demerarabank.com

LE RESSOUVENIR BRANCH

E ½ 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

CORRESPONDENT **BANK**



UNITED STATES OF AMERICA
Bank of New York Mellon, New York





CELEBRATING OUR
Silver Jubilee

OUR SERVICES

AUTOMATED TELLER MACHINE

- 24-hour banking
- Withdrawals
- Convenience at its best
- Deposits
- Balance enquiries

VISA DEBIT CARD

- Accepted globally, wherever the VISA logo is displayed
- Convenience and security
- Immediate, direct access to the total balance on your account

PAYMENT OF UTILITY BILLS

- GTT/GPL bills accepted
- Customers' convenience

E-BANKING

- View balances
- View activity up to the last 512 days
- Pay GTT, Digicel, GPL and other merchants
- Request bank drafts
- Inter-Account transfers
- Request certified statements
- Order cheques
- 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

PASSBOOK SAVINGS ACCOUNT

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

STATEMENT SAVINGS ACCOUNT

- 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 VISA Debit 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

DEMERARA BANK VISA CREDIT CARDS

- Visa Signature
- Visa Gold
- Visa Classic

ELECTRONIC FUNDSTRANSFER (EFT) SERVICES

- Faster processing
- Cost effective
- Highly secured transmission channels
- Reduced organisational cost/simplified bookkeeping

IDEAL FOREX

- Quick and efficient transfer of funds in 134 currencies
- Exchange loss avoided
- Competitive exchange rates
- Highly secured remittance channel



PROXY FORM



Demerara Bank Limited
Lot 214 Camp Street North Cummingsburg,
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-Fifth Annual General Meeting of the Bank to be held on Friday, December 20, 2019 or any adjournment thereof in such a manner as such Proxy may think proper.

As witness my hand this _____ day of _____ 2019

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.

2015
CORPORATE OFFICE
214 Camp Street
Georgetown

2011
LE RESSOUVENIR BRANCH



2011
DIAMOND BRANCH



2009
ANNA REGINA BRANCH



2008
CORRIVERTON BRANCH



2004
ROSE HALL BRANCH



Demerara Bank Limited
Lot 214 Camp Street, North Cummingsburg,
Georgetown, Guyana
T: +592.226.0632

Email: banking@demerarabank.com
Foreign Exchange: forex@demerarabank.com
Web: www.demerarabank.com

1994
MAIN BRANCH
Georgetown

