



Fort \ 72 IQ

Region - Guyana

Asset Class - Equity

Company - Demerara Bank Limited

Nicholas Persaud & Team - 04/09/23

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Company Description – Demerara Bank Limited is a banking financial institution. Through its 8 branches, the bank offers a range of financial services throughout the country.

General Market – Fueled by the newly emerging oil and gas sector, Guyana’s experienced a remarkable growth rate of 62.3% in 2022. Contributions from other major industries such as agriculture, forestry, and fishing accounted for 11.9% of the overall economic growth. On the contrary, the sugar industry faced major setbacks that resulted in an 18.9% decline as unprecedented floods in 2021 disrupted supply chains.

Despite the flourishing economic data in Guyana, the global economy faced pressure in 2022 as rising prices in both domestic and non-domestic sectors were caused by high inflation. The value of the United States Dollar remained constant at US\$1.00 = G\$208 during the second half of 2022. Looking forward, investors should closely monitor inflation and interest rates as they play a crucial role in determining the forecasted growth for 2023.

Industry Analysis – The Banking Sector, encompassing commercial banks and other licensed depository financial institutions, witnessed an influx of financial resources within the first half of 2022. As a result, there was an improvement in the level of non-performing loans compared to that of June 2021, with a rate of 6.1%. The consolidated average capital adequacy ratio, computed at 21%, exceeds the prudential benchmark of 8.0%, indicating the overall resilience of the banking sector during such challenging times.

The COVID-19 pandemic continued to pose a threat in 2022, particularly impacting the banking industry. Nonetheless, the Bank of Guyana has implemented measures to strengthen and protect banks by continuously executing standards to safeguard

Annual Report Highlights

- Auditor – Nizam Ali & Company Chartered Accountants
- Earnings per share – \$6.57
- Dividend – \$2.00 GYD

- Total number of shares outstanding – 450 000 000
- Effective tax rate – 46.3%

Management's Shares

	Beneficial Interest	Associate's Interest
Mr. Hemraj Kissoon	Nil	700,500
Mr. Komal Samaroo (Chairman)	Nil	22,410,000
Mr. Harryram Parmesar	361,346	Nil
Mrs. Chandra Gajraj (Corporate Secretary/Director)	1,000,000	Nil
Mr. Pravinchandra Dave (CEO/Director)	400,000	Nil
Mr. Garfield Wiltshire	125,000	3,000
Mr. Beasraj Singh Roy	Nil	Nil

From Pg.13 of Demerara Bank Annual Report 2022

Substantial Shareholding:

Trust Company (Guyana) Limited 85,265,999 -18.95%

From Pg.13 of Demerara Bank Annual Report 2022

Fort \ 72 IQ Metrics

Note: The data used for our evaluation below is based on the company's annual report and GASCI sessions 946-997 for the fiscal year 2021 – 2022.

Price movement: From \$211.00 to \$385.00

Price to earnings: 58.59

Dividend: GYD \$2.00

Dividend yield: 0.52%

YOY dividend decrease: 21.21%

Market Capitalization: 173,250,000,000

At price per share \$385 from GASCI trading session #997

Guyana's Future Outlook

According to the World Bank's latest Global Economic Prospects report, Global growth for 2023 is expected to come in at 1.7. These estimates are expected to be widespread based on debt burdens and weak investments.

Guyana's economy is poised to sustain remarkable growth due to its emerging Oil and Gas Sectors. As Guyana continues to investments in these sectors, the economy will continue to experience exceptional growth at an abnormal pace.

Furthermore, the Government of Guyana is expected to inject substantial capital investments into public infrastructure, including power and human capacity buildings. The impact of these investments and public policy measures is likely to contribute to additional development in the Guyanese economy, thereby contributing to the country's GDP growth.

Fort \ 72 Investment Thesis

- Track record of growth
- Strong cash flow generation ability
- Diversified lender of companies in country
- No international exposure to the world economy
- Knowledgeable and committed team
- Well positioned for future growth based on country economic conditions

Calendar of events

References Page

Demerara Bank (2022). *Annual Report 2022*. Retrieved from Demerara Bank:
<https://www.demerarabank.com/sites/default/files/2023-01/DBL-Annual%20Report-%202022.pdf>

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https://www.demeraradistillers.com/images/pdf/DDL_AnnualReport_2022.pdf