



ANNUAL REPORT FOR THE YEAR 2019

DEVELOPMENT BANK OF SEYCHELLES

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CORPORATE INFORMATION

BOARD MEMBERS	Ms. Brenda Bastienne Mr. Brian Charlette Mr. Daniel Gappy Mrs. Ina Barbé Mr. Rupert Simeon Mr. Marc Naiken Mr. Roy Clarisse Ms. Nicholle Belle ¹ Mr. Ashwin Bhanderi ² Mr. Dick Labonte ³	Chairperson Vice-Chairperson Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non- Executive Director Non- Executive Director Non- Executive Director Non- Executive Director
BOARD COMMITTEES		
Audit, Risk & Compliance Committee	Mrs. Ina Barbé Mr. Marc Naiken Mr. Brian Charlette Mr. Ashwin Bhanderi	Chairperson Member Member Member
Remuneration Committee	Mr. Rupert Simeon Mr. Roy Clarisse Ms. Nicholle Belle	Chairperson Member Member
MANAGEMENT	Mr. Daniel Gappy Ms. Jean Preira Ms. Rana Fernandes Mrs. Agnes Poris Mrs. Jennifer Loizeau Mr. Roy Charlette	Chief Executive Officer (CEO) Head of Finance Head of Credit Head of Collection & Recovery Head of Compliance, Risk & Legal Head of Corporate Services
AUDITOR	Pool and Patel Chartered Accountants Maison La Rosiere P.O.Box 117, Victoria, Mahe, Seychelles	
REGISTERED OFFICE	Development Bank of Seychelles Independence Avenue P.O Box 217 Victoria, Mahé Seychelles Tel: +248 4294400 Fax:+248 4224274 Website: www.dbs.sc	

¹ Appointed on 25th March, 2019 and ceased to be a member of the Board on 1st May, 2020.

² Appointed on 25th April,2019

³ Appointed on 15th June,2020

Development Bank of Seychelles
Chairperson's Report
For the year ended 31st December, 2019

Dear Shareholders, on behalf of the Development Bank of Seychelles' Board of Directors, I have much pleasure in submitting the enclosed Development Bank of Seychelles 2019 Annual Report and Audited Financials for the Financial Year ending 31st December 2019.



The following reports are concerning our last financial year, however, since then, we have been struck by COVID-19 and the country, as much as the world, is in an unprecedented struggle, where so many things seem to have been overtaken by efforts to mitigate the effects of this virus. My first thought is that you will all be able to keep yourselves and your families safe from the pandemic.

The year 2019

The financial year ending 31st December 2019 was a busy and difficult one where largely the first quarter was characterised by a great deal of “behind the scenes” work to enter into an agreement to take over the Loans Management operations of the Seychelles Business Finance Agency as was announced by the Minister responsible for Finance in the Budget Speech for the year 2019. This followed the need to review the loans management operations of the Agency and a Fund was created to continue assisting small businesses through concessionary loans.

The Agreement between the Bank and the Government of Seychelles was entered into on the 12th April 2019 to manage the newly created Small Business Financing Agency Fund (SBFAF). The SBFAF makes provisions for small loans to micro businesses at 4% to 4.25% interest rate. With approximately 6000 loans in the SBFAF portfolio and tackling of additional responsibilities to on-board and manage these clients, the Bank saw the need to employ additional employees to administer and manage the Fund. It is noted that a transition period had been established until June, 2019 where no new loan facilities would be made available.

On the 29th April 2019, DBS issued two bonds – 6.00% Three Year and 6.5% Five Year – through the Central Bank of Seychelles, which were both fully subscribed and saw the participation of both retail and institutional investors.

During the second quarter of the year, the Bank noted fierce competition from commercial banks as they adopted aggressive marketing tactics to attract clients. It is noted that with a small economy with a small market for banking products and services translate into financial institutions targeting the same clients. Given the manner that the Bank is set up, in that it relies on borrowings rather than deposits to provide its services, therefore hampers its ability to compete. In 2019, commercial banks took over about SCR 40 million worth of loans from DBS portfolio, particularly in the SME sector.

Faced with additional responsibilities and a slowdown in demand of its products, the Bank took proactive measures to redress and launched a marketing campaign from June 2019 to August 2019. The aim of the campaign was two-fold, to increase the Bank's visibility and to offer attractive lending terms to the business community. The interest rate was reduced from 11.5% to 10.5%. For the specific period, DBS accepted applications in the services sector, industry, tourism and renewable energy. Loans for construction of commercial buildings and for the construction of mixed-used buildings with a combination of commercial and residential were encouraged. To support Government's policy, DBS also encouraged investment in environmentally friendly vehicles for example, hybrid cars for car hires looking to expand their fleet or for new entrants in the business. The Bank also encouraged women empowerment through its active promotion of its products to women entrepreneurs. For that period only, the Bank permitted the purchase of property with existing infrastructure for further commercial development.

With the flexible and favourable lending terms and the revised lending policy, demand for lending for the Bank's products boomed. The Bank restructured its Credit Department in an effort to boost service delivery and approved 127 loans worth SCR 164,617,676 million (cf. to 2018 where 63 loans worth SCR 36,464,876 million were approved). It is noted that most of these loans were approved in the 4th quarter following the marketing campaign and represented an increase of 101.5% in terms of number and 351.4% in terms of monetary value from the previous year. With the increased demand, the Bank was on the path to recovery as it is reminded that such revenue

would not be achieved in the year 2019 as other than importation of vehicles, other projects financed would take up to 2 years to complete and for loan repayments to begin.

The increase in loans approved in the last quarter of the financial year 2019, therefore increasing the total amount of outstanding loans in the Bank's portfolio would also in the year 2020 improve the Bank's NPL ratio which climbed to 12.1% at the end of 2019 from 8.2% in 2018. The increase in NPL are largely due to projects encountering payment difficulties due to delays in completion and the slow speed to resolve cases where the Bank has taken legal action to recover the loans. The Bank continues to increase its recovery efforts and at the end of 2019 had 105 cases pending legal action. For the financial year ending 31st December 2019, the Bank recorded a net profit of SCR5,057,182, SCR 3 million lower than its estimated profit for the year 2019 of SCR8 million. With the increase in loans and new measures put in place, the Bank would be on the right path to achieve its estimated profit of SCR9.3 million set for the year 2020.

Achievements

In a first in its history, the Bank obtained an A rating certified by the Association of African Development Finance Institutions (AADFI). It is to be noted that the Bank had scored a D+ by AADFI in 2010 and had made steady improvements since. The better rating is a result of changes in the methodology in assessing the standards and good governance practices of financial development institutions, coupled with efforts by the Bank to put in place appropriate policies. In 2019, the Bank introduced a number of policies and reviewed procedures, namely by introducing an IFRS 9 policy, Risk Appetite Policy, Risk Appetite Statements, Conflict of Interest Policy, reviewed Borrowing Policy, Cash Handling Policy and with anticipated changes in the Anti-Money Laundering legislations, the Bank introduced a new AML-CFT Compliance Manual. It also reviewed its Corporate Social Responsibility Policy, Customer Complaint Handling Policy, Training Policy and reviewed staff remuneration. I would like to take this opportunity, to commend the efforts of my fellow Directors, members of management and all staff members of the Bank who have all contributed to make this possible.

The year 2019 also saw the completion of the renovation of the Bank's Head Office building at Victoria, a project which had long been in the plans. The project took approximately one year and

resulted in a modern and conducive workplace for members of staff whilst improving the image of the Bank.

Supporting our people

The Bank acknowledges that its success relies on the efficiency of its workforce, hence, its commitment to continuously invest in the development of its employees. A series of in-house training was organised during the year in topic such as strategic management for both board members and members of staff. ‘Train the Trainers’ course was also organised for managers. Members of staff also attended training at institutions, both local and abroad, focusing on areas such as performance management, procurement and supply chain management, credit management development finance. There are some members of staff who also enrolled on professional courses in order to attain ACCA qualifications. Some of DBS’ staff are even undertaking post-graduate studies at the University of Seychelles and the Guy Morel Institute and following online graduate and post graduate courses.

Being, a socially responsible organisation, DBS also strives to give back to the community through donations and sponsorship of various causes such graduation ceremonies, medical expenses for the less fortunate, sports awards and adoption of the elderly home at Grand Anse Praslin. In 2019, DBS invested over SCR150, 000 in local communities through donations and sponsorship in different areas of the society.

Corporate Governance

Board Composition

In line with section 9(1) of its Decree, the Bank is governed by a Board of Directors and in the year 2019, saw the appointment of two new members – Ms. Nicholle Belle and Mr. Ashwin Bhanderi on 25th March, 2019 and 25th April, 2019 respectively. It is noted that Ms. Belle terminated her employment with the Government of Seychelles on 16th April, 2020 and as per section 10(5) of the Decree, simultaneously ceased to be a Director of the Bank. Since then, Mr. Dick Labonte, the current Chief Debt Analyst of the Ministry responsible for Finance was appointed to the Board on the 15th June, 2020. The Board, at the date of this Report, consists of

nine Directors, with three of its eight non-executive directors being independent and one executive director.

The Board and management are responsible to ensure that the Bank's operations are conducted in accordance with its Decree and all applicable laws and regulations, as a credible going concern for years to come. The Board met 13 times in the year 2019, further details of which are provided in the Corporate Governance Report on page 10 of this Annual Report.

External Auditor

At the last Annual General Meeting, Baker Tilly (Seychelles) who audited the Bank for the financial year ending 31st December 2018 was recommended to audit the Bank in respect of the financial year 2019 in compliance with section 35(2) of the Development Bank of Seychelles Decree, 1978 and section 36(1) of the Financial Institutions Act, 2004, as amended. However, our Regulator, the Central Bank of Seychelles did not approve the recommendation. Following the Bank's Procurement Policy, the Bank recommended for Pool & Patel Chartered Accountants as its auditors and the same was approved by the Central Bank in November 2019. Although its Decree does not require it to seek the approval of its shareholders on the same, the Bank erred in informing its shareholders of the change in Auditors and, on behalf of the Bank, we will endeavour to ensure that the Bank communicates such matters with its shareholders.

Outlook for 2020

Since the publication of our Audited Financial Statements at the end of May 2020, the situation relating to Covid-19 has developed significantly and, as a result, I may be unable to address and welcome you all in Seychelles to our AGM this year.

Our primary focus remains the health and well-being of our employees and we have implemented a series of preventive health measures for our employees and clients at the Bank in line with Government issued guidance. I am pleased to announce that we have not had to make any employee redundant, nor furlough any staff, due to the COVID-19 crisis. I would like to thank all our employees for their tremendous efforts to support everyone's well-being as well as the business during this time.

Like other businesses, DBS is not spared from the devastating effect of the COVID-19 pandemic. For the year 2020, the immediate focus is to mitigate the adverse impacts of the pandemic on the performance of the Bank. The Bank has already implemented a series of measures which include a halt on capital expenditure and approval of new loans as well as a halt on employee training. The Bank is also doubling its efforts to source new funding both nationally and internationally to meet its existing commitments. Noting the difficult times ahead, in the midst of the adverse impact of the pandemic on the financial sector and the economy in general, the Bank is working actively with all its partners in order to ensure that it continues to deliver on its mandate. To date, we are seeing the impact of policies introduced by the Government and the Central Bank of Seychelles aimed at helping businesses during this difficult time. Despite ongoing uncertainties resulting from the pandemic, with the dedication of our teams means that I am confident we will continue to deliver.

Acknowledgement

On behalf of the Board of Directors, I would like to thank all our esteemed customers, shareholders, directors, executive management and employees of the Bank for their support and dedication towards the Bank.

Thank you



Brenda Bastienne (Ms)

Chairperson

September, 2020

GOVERNANCE

The Bank believes that good governance is essential for achieving long term goals and to enhance value of the Bank. The Bank's corporate philosophy is to ensure fairness, transparency and integrity in the management of the Bank in order to protect the interests of our stakeholders.

There were 13 meetings held in 2019 and all directors remained committed to the work of the Board. It was necessary for the Bank to meet more often in 2019 in order to usher in a number of changes to improve structure and adopt new policies for the Bank. The Board committees were equally very active.

Below is a table portraying the directors' attendance at the Board meetings held during 2019.

<i>Name</i>	<i>Attendance</i>
<i>Brenda Bastienne</i>	11/13
<i>Brian Charlette</i>	10/13
<i>Rupert Simeon</i>	11/13
<i>Ina Barbe</i>	12/13
<i>Roy Clarisse</i>	8/13
<i>Marc Naiken</i>	9/13
<i>Daniel Gappy</i>	13/13
<i>Nicholle Belle</i>	9/13*
<i>Ashwin Bhanderi</i>	8/13*

* Ms. Belle and Mr. Bhanderi appointment is dated 25th March, 2019 and 25th April, 2019 respectively.

Audit, Risk & Compliance Committee

The Audit and Risk Committee is a major part of the corporate governance mechanism of the Bank and its function is to oversee the organization's audits, internal controls, accounting and financial reporting, regulatory compliance and risk management.

The Audit, Risk & Compliance (ARC) committee consists of 3 non-executive directors and it met 4 times in 2019. Its members were:

<i>Name</i>	Position
<i>Ina Barbe</i>	Chairperson (of ARC)
<i>Brian Charlette</i>	Committee Member
<i>Marc Naiken</i>	Committee Member
<i>Ashwin Bhanderi</i>	Committee Member

Remuneration Committee

The major function of the Committee is to assist the Board of Directors in developing and administering a fair and transparent procedure for setting policy on the overall human resources strategy of the Bank.

The Committee is made up of 3 non-executive directors and met 4 times in 2019. Its members were:

<i>Name</i>	Position
<i>Rupert Simeon</i>	Chairperson
<i>Roy Clarisse</i>	Committee Member
<i>Nicholle Bell</i>	Committee Member

Changes to the Composition of the Board

Ms. Nicholle Belle and Mr. Ashwin Bhanderi have been appointed as new Board members effective on the 25th March, 2019 and 25th April, 2019 respectively. Ms. Belle is from the Public Sector. She is the Director of Public Debt at the Ministry responsible for Finance, whilst Mr. Bhanderi is from the private sector. He is a chartered certified accountant and audit partner at Bhanderi and Co.

Directors Remuneration

The structure of the Board's remuneration is in accordance with the 'Board Fee Remuneration Framework and Policy⁴' approved in 2015 and amended in May, 2019 by the Cabinet of Ministers.

DBS Board fees were as follows:

	Fee Per Month	Total Paid for the Year 2019
<i>Chairperson</i>	SCR 8000	SCR 96,000
<i>Vice Chairperson</i>	SCR 7000	SCR 84,0000
<i>Non- Executive Members</i>	SCR 6000	SCR 380,706
<i>Total</i>		SCR 560,706

⁴ Note that the Government of Seychelles amended the Policy in April, 2020 in view of the COVID-19 pandemic and the fees payable to the Chair, Vice-Chair and members are SCR 3920, SCR3136 and SCR2613.33 respectively

MOTTO

Your Partner In Development

VISION

To be amongst the leading customer-oriented development financial institutions in the region.

MISSION

Providing affordable financing for sustainable investments in diversified and emerging sectors of the economy

CORE VALUES

Competence

- Proficiency at all levels when serving customers.
- Professionalism, efficiency, and good governance in discharging responsibilities

Integrity

- Highest standards and ethics at work
- Accountable in all activities

Client Orientation

- Make clients and their needs a primary focus of the Bank's actions, and develop and sustain productive client relationships.
- Align the Bank's activities with new economic business environment in order to meet clients' demand whilst remaining competitive in local financial market.

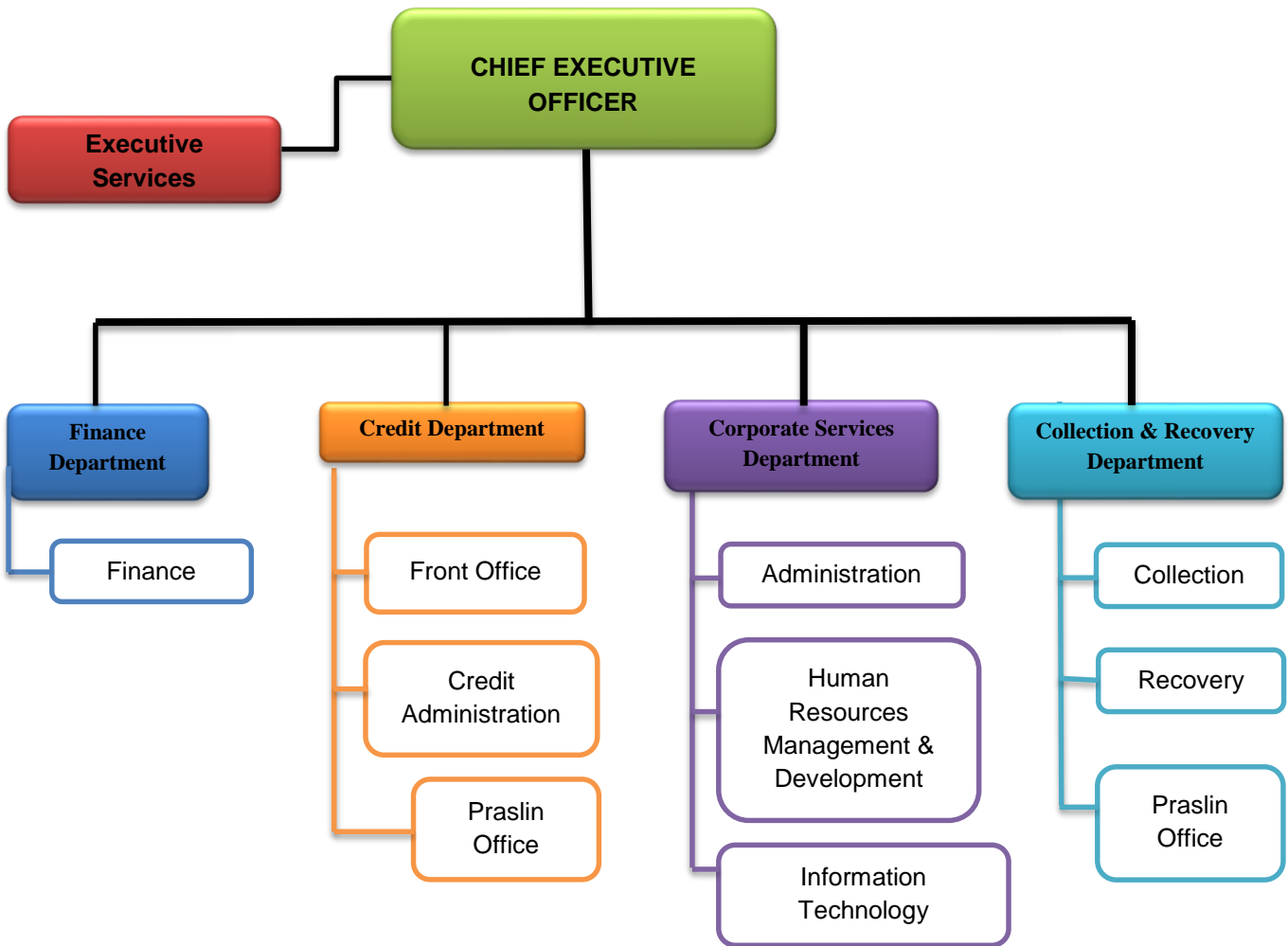
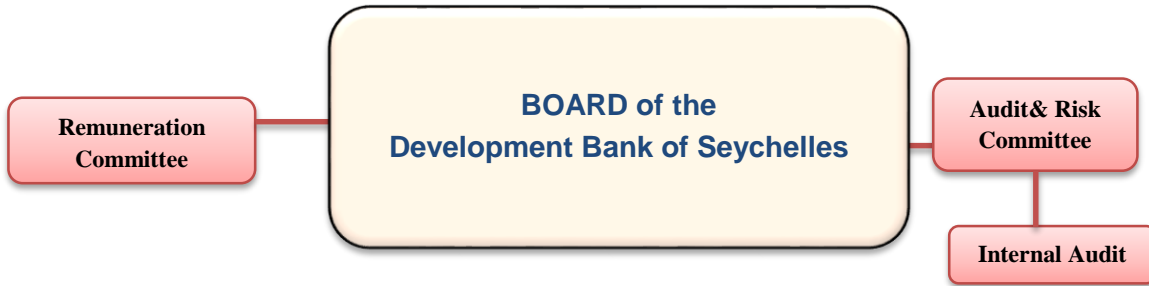
Teamwork

- Committed to create an environment that foster teamwork, encourages equal opportunity and collaboration at all levels in the Bank

Confidentiality

- Strictest level of confidentiality in all its interactions with stakeholders

DBS ORGANISATIONAL CHART



REVIEW OF THE BANK'S PERFORMANCE FOR 2019

LOAN APPROVALS

The primary objective of the Bank is to provide access to affordable credit to the productive sectors namely; agriculture and horticulture, building and construction, fishing, manufacturing, tourism, transport, renewable energy and other services.

The Credit Department undertakes the core business activities of the Bank and in 2019, it recorded an upsurge in loan performance since 2016.

The improvement in performance for the year 2019 was attributed to a Mid-Year promotion campaign which was launched with the objective of increasing visibility in order to attract growth in the loan portfolio and a bigger share of the market.

In order to achieve this objective, a promotion reflecting softer terms and conditions was offered to the public. The promotion ran from June 2019 to September 2019 and only applications submitted during the said period were qualified for processing. The marketing campaign attracted a lot of interest and the inflow of applications exceeded expectation. A total of 334 application was submitted to the Bank.

A total of 127 projects worth SCR164.617 Million was processed and approved by the Bank. Loan approval was primarily dominated by the Building and Construction sector (32%) followed by Tourism Sector (31%) and Transport sector (17%)

The Bank saw the need to revise its Lending Policy. It is to be noted that the policy was last revised when the Bank deemed necessary to impose restrictions in 2018 in order to contain the liquidity position of the Bank.

The same was valid only for applications submitted during the promotion period and in anticipation to diversify the loan portfolio and encourage projects in under developed sectors, meet our client/market demand and promote emerging sectors, the following were reviewed:-

- Open financing in the Industry/manufacturing and Tourism
- Building & Construction sector – allowing the financing for the construction of residential apartment comprising of one bedroom or two bedroom apartments only.

The financing for the construction of mix commercial building was maintained.

- Transportation –Car Hires

Financing for new car hires was allowed however promoter had to purchase hybrid or electric vehicles in order to qualify for financing.

As for existing and past clients (*servicing of car hire*) with very good repayment records in DBS books they were allowed to have the option of purchasing normal vehicles to expand their business activities.

- Services – Growth in this sector was encouraged in order to support businesses such as children’s day care centers, cleaning services, wholesale/retail activities, cleaning contractors, hairdressers, take-away businesses, purchase of specialized equipment, security firms to name but a few.
- Renewable Energy – Aggressive marketing and promotion was made for this sector targeting the existing clients of the Bank. Emphasis was made to sustainable renewable project, installation of Photo Voltaic system, purchase of hybrid/electric vehicles, purchase of energy saving equipment for businesses and tourism establishment. The aim was for DBS to support its major shareholder to promote a more eco friendly environment and to assist the country in reducing its energy consumption.

In addition, the Bank also assist the country to achieve the objective of ensuring that by the year 2030 at least 20% of the vehicles imported in the country are environmentally friendly by encouraging clients to switch from conventional petrol/diesel engine vehicles to hybrid and electric vehicles.

- For that period only DBS also offered financing for the purchase of property with existing infrastructure for further commercial development.

During the Mid-Year Promotion, the Bank also promoted the following:

- Women Entrepreneur :- special considerations were made for businesses owned solely or 51% owned by a woman/women
- Innovative projects

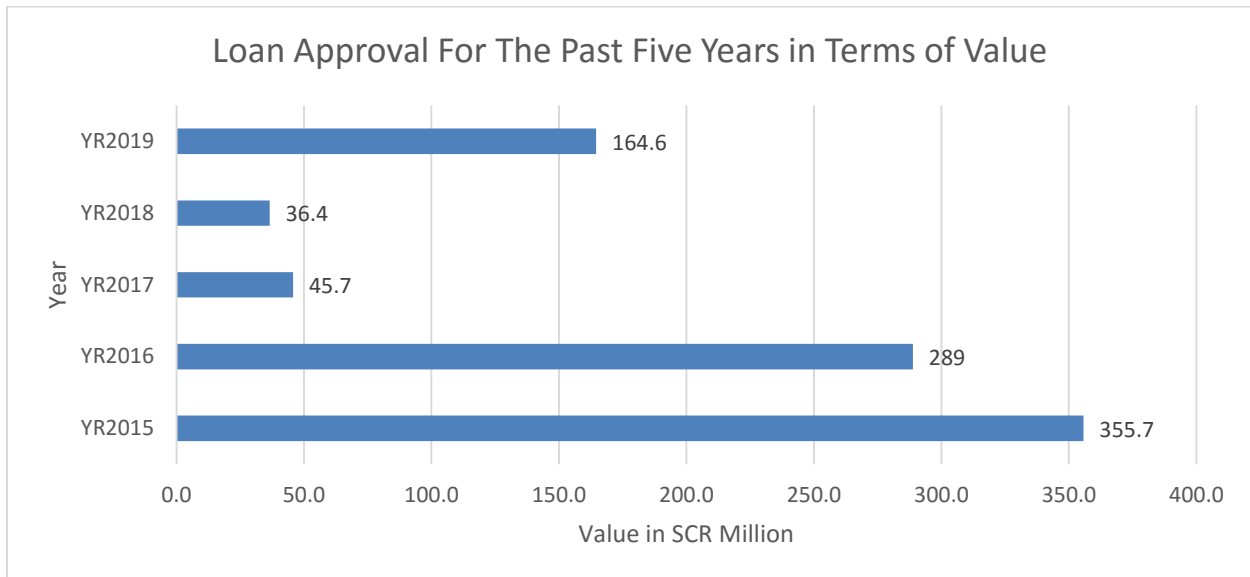
In addition to the above the Interest rate for loans financed under the DBS Scheme was reduced from 11.5% to 10.5% and applicants also benefited in a reduction of 50% in the application fee for both the SME and DBS Scheme.

The promotional campaign was a success as the Bank as demand for DBS’ products exceeded expectations.

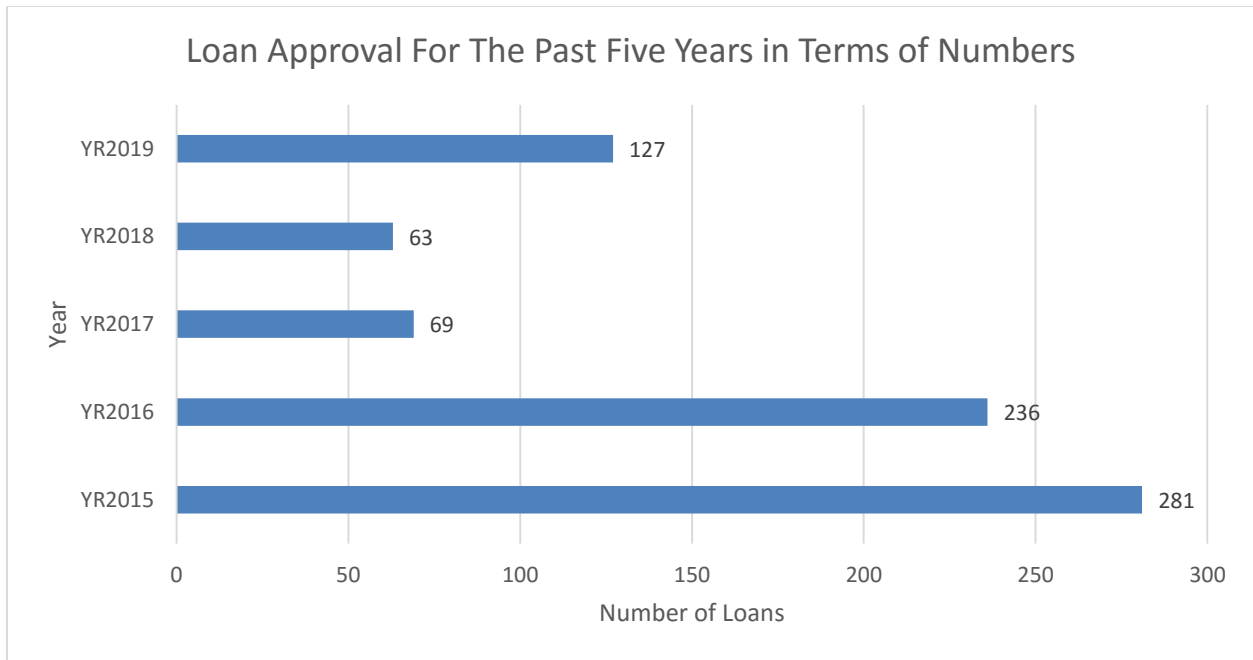
The graphs below shows the trend in loan approval for the past five years

The graphs below shows the trend in loan approval for the past five years

Graph 1: Loan approval for the period 2015 to 2019 in term of value



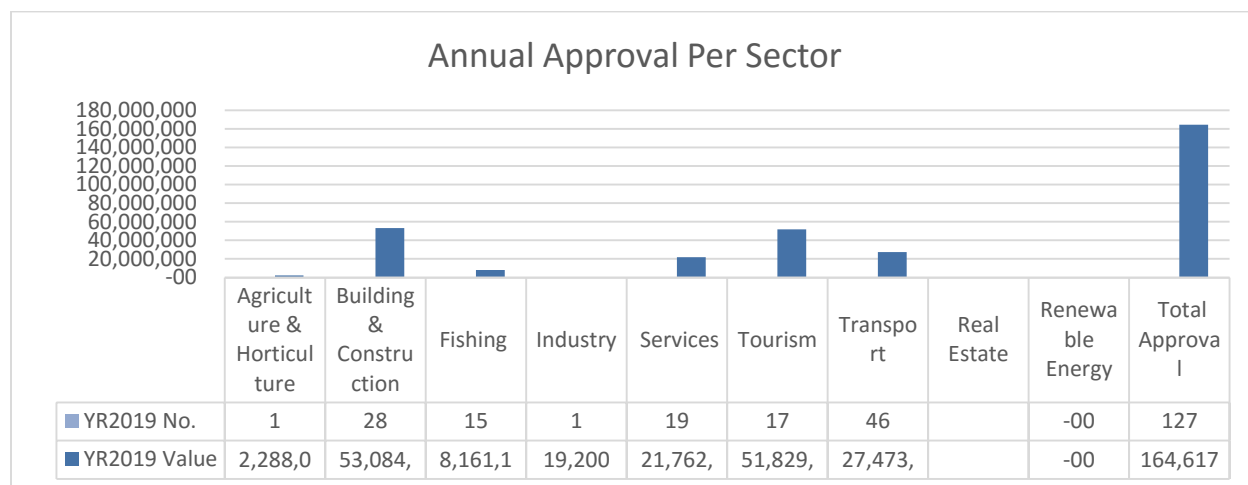
Graph 2: Loan approval for the period 2015 to 2019 in term of numbers



BREAKDOWN OF LOAN APPROVAL BY SECTOR

For the year 2019, an annual budget of SCR125 Million was approved to be allocated to the different economic sectors and loan approval exceeded the budget approved for loan approval. Below is an overview of the performance of the sectors financed by the Bank.

Graph 3: Loan approval for the year 2019 per economic sectors



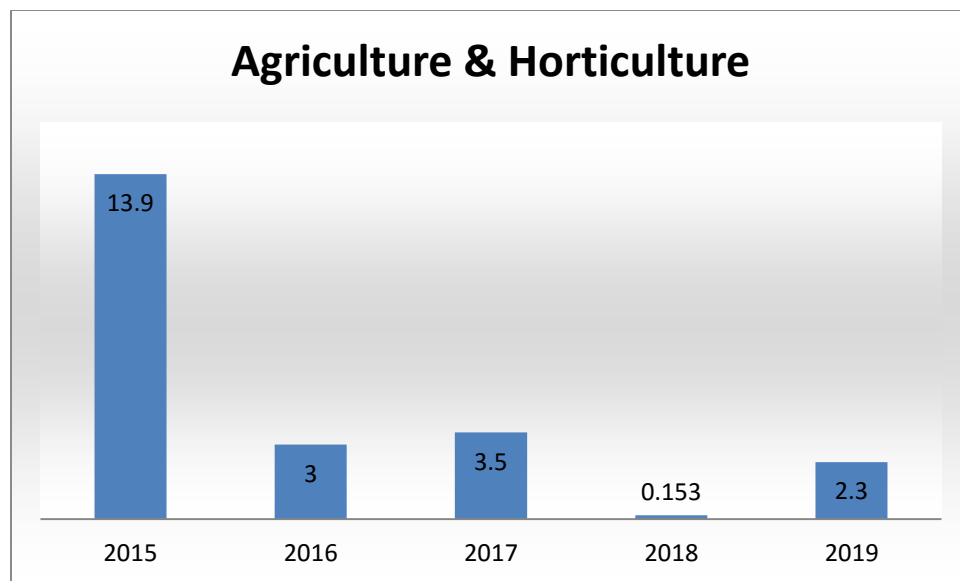
AGRICULTURE & HORTICULTURE

As it has been the case over the past years, operators in this sector continued to face challenges such as fierce competition from imported substitutes and scarcity of arable land. In its effort to support Government’s objective of safeguarding food security of the country, DBS continued to provide financial assistance to farmers/horticulturist to either develop, expand/upgrade existing farm infrastructures, acquired new farms, agricultural equipment and input.

In 2019, only one loan for the value of SCR 2.28 Million was approved. It is to be noted that the sum does not include loans under the Agricultural Development Fund. For this scheme, a total of 25 loans worth SCR 7.321 Million was approved in 2019. DBS’s record shows that promoters tend to opt for financing under the ADF, which DBS manages on behalf of the Ministry of Agriculture & Fisheries. This scheme offers softer terms and conditions to the registered farmers. The maximum loan amount on offer is SCR1 Million with an interest rate of 2.5%.

The normal DBS Scheme and the SME Scheme are available for promoters with bigger projects requiring funding exceeding the maximum loan amount offered under the ADF scheme.

Graph 4: Loan Approval (DBS & SME) in Agriculture & Horticulture for the period 2015 to 2019



FISHERIES

The Fisheries Sector is the second largest contributor of foreign exchange earnings in the country. In view of its vast potential for development, the Government continued to promote investment in this sector during 2019.

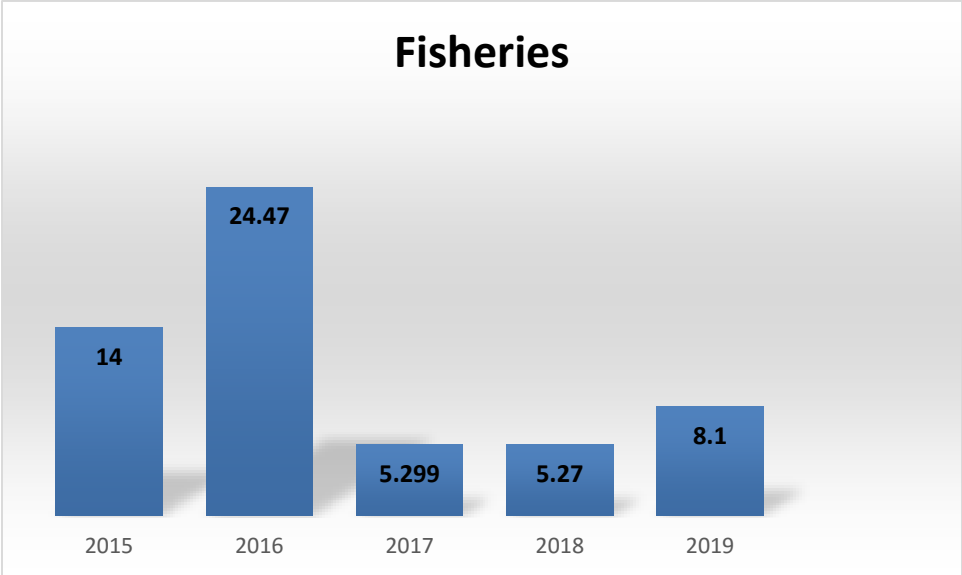
However, given the nature of the profession, fishermen face many challenges such as shortages of fish during south east monsoon, unavailability of market and shortages of skilled workers. The fisheries sector continues to remain a risky sector, hence, the reluctance of most financial institutions to invest in the fishing sector. Albeit, the riskiness and uncertainties of this sector, the Development Bank of Seychelles continued to support this sector through loans for the financing of artisanal & semi industrial fishing, the purchase or construction of boats, purchase of navigational equipment and reparation of fishing boats.

A total of 15 loans for the value of SCR8.1 Million was approved in 2019 compared to 14 loans for SCR5.3 Million approved in 2018.

It is to be noted that the above-mentioned statistics pertaining to loan approval under the fisheries sector does not include loan approvals under the Fisheries Development Fund (FDF). The FDF is a fund from the European Union (EU) for the financing of long line fishing activities and value

addition. This scheme is being managed by DBS on behalf of the Seychelles Fishing Authority (SFA). Only one loan for the value of SCR1.5 Million was approved under this scheme in 2019.

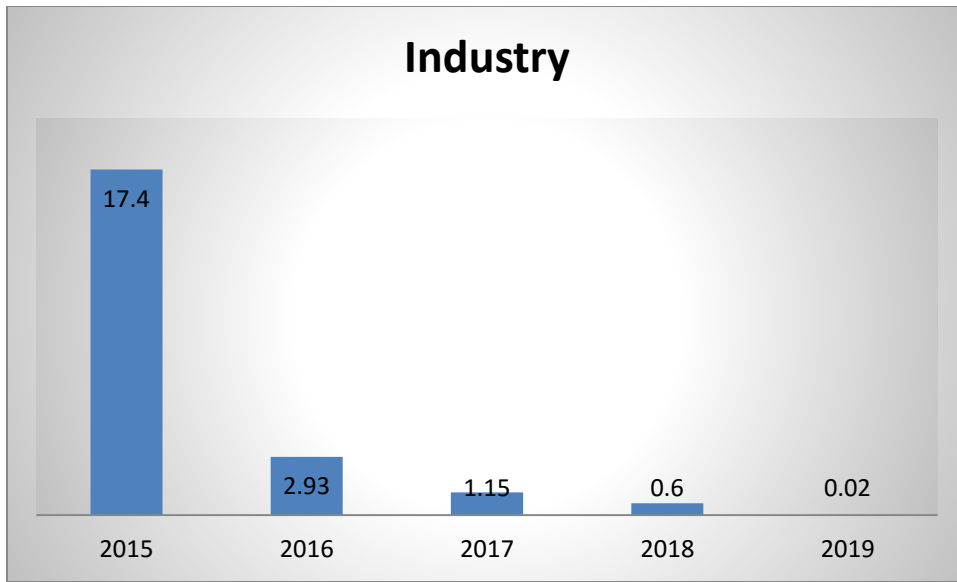
Graph 5: Loan Approval in Fisheries Sector for the period 2015-2019



INDUSTRY

There was only one loan for the value of SCR 19,200 approved for this sector, despite the promotion. It is however noted that there has been a declined in the demand for loan in this sector over the past four years

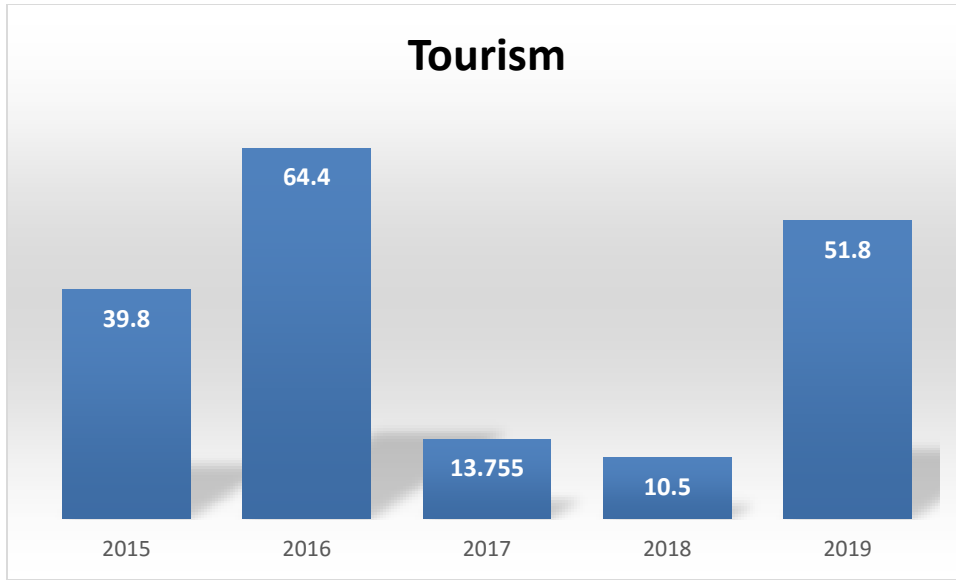
Graph 6: Loan Approval for the Industry Sector for the period 2015 to 2019



TOURISM

A total of 17 loans worth SCR51.8 Million were approved in 2019 compared to 7 loans for SCR10.5 Million recorded in 2018. The requests were mainly for the construction of tourism establishment/self-catering apartments and investment in boat charter projects.

Graph 7: Loan Approval for the Tourism Sector for the period 2015 to 2019

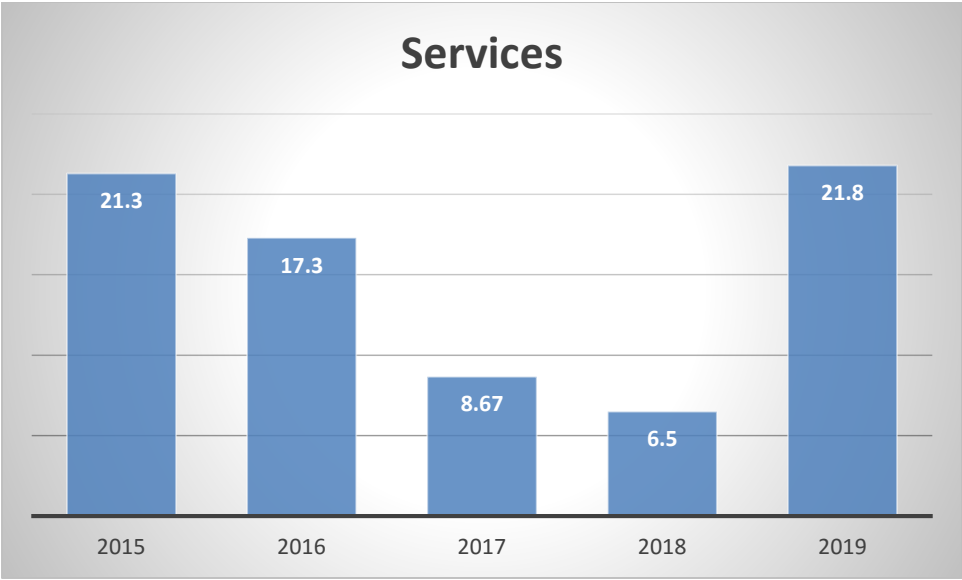


SERVICES

The service sector encompasses a broad spectrum of business activities such as hairdressing, food and take away outlets, retail and wholesale businesses, clearing services, child minding, pharmacy, motor vehicle garages, cleaning agencies, IT services to name a few.

A total of 19 loans worth SCR21.2 Million were approved under this sector in 2019, which represented an increase of over SCR15 Million from the year 2018.

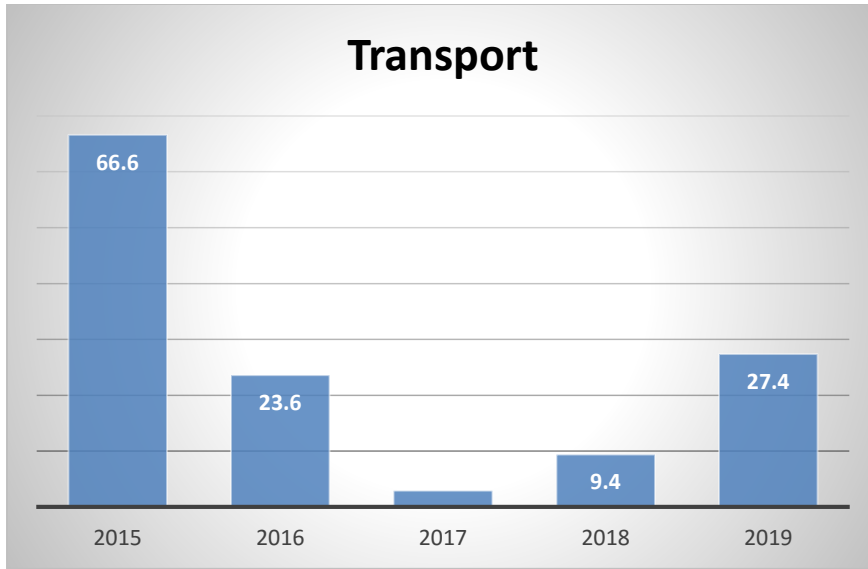
Graph 8: Loan approval for the service sector for the period 2014 to 2018



Transport

The mid-year promotion campaign attracted a lot of interest in the Transport Sector and a total of 46 loans for the value of SCR 27.4 Million were approved in 2019 in comparison to 17 loans for SCR9.4 Million approved in 2018. The demand for loan were primarily for the financing of Car Hires with Hybrid/Electrical Vehicle as per the promotion requirement.

Graph 9: Loan approval for the transport sector for the period 2015 to 2019

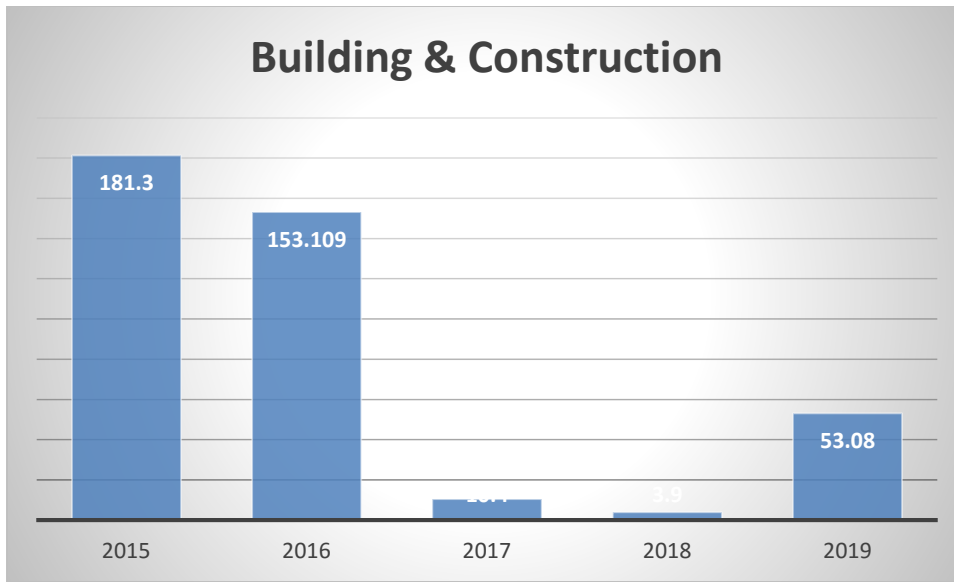


Building & Construction

Financing under this sector is normally for construction of new commercial buildings for commercial use and construction of apartments/ houses for rental purposes. It is however noted that DBS loan portfolio is largely dominated by this sector.

In 2019 a total of 28 loans worth SCR53 Million were approved for this sector, given the favourable offer under the promotion.

Graph 10: Loan approval for the Building and Construction sector for the period 2015 to 2019



LOAN DISBURSEMENT

As it has been the case for the past three years, loan disbursement was contained within allocated budget. Table below illustrates the statistics

Table 1: Approved Budget v/s Actual Disbursement

Year	2017	2018	2019
Approved Budget	SCR 240 Million	SCR180 Million	SCR180 Million
Actual Disbursement	SCR199 Million	SCR73 Million	SCR101 Million

THE SME SCHEME

The SME Financing Incentive Scheme, was launched in 2014 by the Government and with the aim of boosting access to finance for Small and Medium Enterprises. The Bank joined the scheme mid- year 2014 and as at 31st December 2019 the accumulated loan approval (YR2014 to YR2019) was 744 for a total value of SCR733 Million

As explained in the previously, the mid-year promotion had a significant impact on the result under this scheme. Loan approval was at its peak in comparison to the previous years. Table below gives an overview of the trend for the past three years.

Table 2: Loans Approval in terms of number and monetary value

Year	2017	2018	2019
No of Loans	25	41	112
Value of Loans	SCR19.906 Million	SCR23.122 Million	SCR127.277 Million

FUNDS UNDER MANAGEMENT

1. Blue Investment Fund

The Blue Investment Fund is intended to support diversification and expansion of fisheries value chains in Seychelles. It has been designed to allow investments only in value chains, supported by managed fisheries, or investments in pre and post production components of the value chains that will add value without creating additional pressure on vulnerable fish populations. This will allow for continued economic growth in the sector while the main challenges facing the sector are being addressed through strengthening of policy and improved fisheries management.

The Blue Investment Fund has been designed around key principles for selecting eligible activities and evaluating proposals, which are then further defined on the basis of information from commissioned studies

The Blue investment fund was officially launched by the Vice President of Seychelles, Mr. Vincent Meriton, during the Our Ocean Conference held in Bali, Indonesia from the 29th to 30th of October 2018.

The first call for proposal under the scheme was opened in April, 2019. There were a number of investors that showed interest but as at end of year, none had submitted application for processing.

2. SBFAF (Small Business Financing Agency Fund)

In April 2019, DBS signed an agreement with the Ministry of Finance, Trade and Economic Planning (representing the Government of Seychelles) to manage the Small Business Financing Agency Fund. This put additional pressure on existing resources of the Credit Department. Hence,

additional staff had to be recruited in order to ensure efficient delivery of customer service. As at end of year, 2019, 34 loans for a total value of SCR7 Million was approved under the scheme.

Other Funds under Management

In addition to the above, the Bank is also managing the Fisheries Development Fund (FDF), Agricultural Development Fund (ADF), Green Climate Fund and the Photovoltaic fund (PV rebate scheme). For all schemes, the Bank maintained a good working relationship and provided the services as per the MOU with SFA, Ministry of Agriculture & Fisheries and Ministry of Finance, Trade & Economic Planning, UNDP-GEF, Seychelles Energy Commission and the Department for Blue Economy for the processing of these facilities.

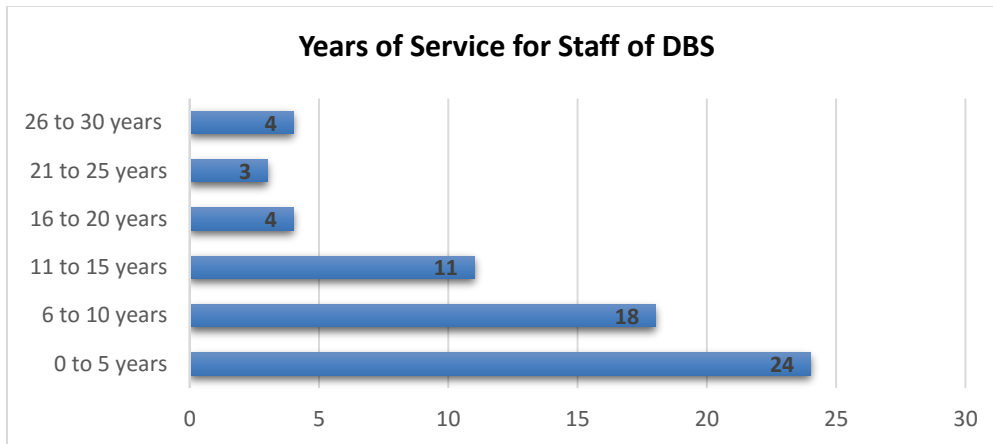
HUMAN RESOURCES

In 2019, Mr. Roy Charlette was promoted to the Head of the Corporate Service Department. The new Head of Corporate Services undertook the challenge of spearheading the project to renovate the DBS' Head Office, in order to create a more conducive working environment for the bank's employee. Members of staff had to be re-allocated in offices at Providence Industrial Estate and Unity House, Victoria whilst the renovation took place.

In 2019, DBS had to recruit additional employees in order to take the additional work load of managing the new fund (SBFAF). DBS workforce was therefore increase to 10 %. At the end of December 2019, DBS' workforce comprised of 64 employees. The employee turnover rate in 2019 was 3%.

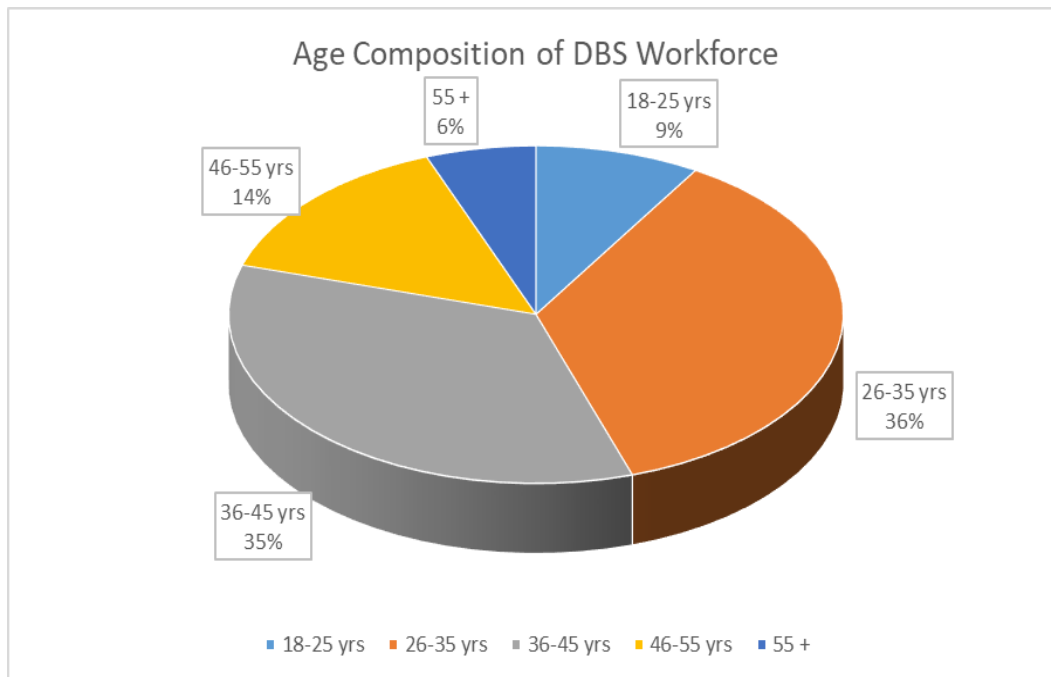
DBS remains an employer which values its members of staff and does its utmost to retain its workforce. The bar graph below gives statistics on the years of service of the Bank's workforce.

Graph 11: Graph indicating years of service of DBS staff



A third of DBS workforce has been in employment with the organization for 10 years or more. There is a good distribution of young and experienced members of staff in DBS workforce. Below is a graphical representation of the age composition of DBS' workforce.

Chart 1: Age Composition of DBS Workforce



Gender-wise, the Bank's workforce is dominated by the female in comparison to male counterparts.

The female domination of DBS' workforce is reflected in positions of leadership within the organisation. In 2019, the Board consisted of five male and three female board members. The Chairperson is female and vice-chairman is male. The management team, on the other hand consisted of six members, of which four are female.

The graphs below give an indication of the gender balance in DBS.

Figure 1: DBS Workforce by Gender

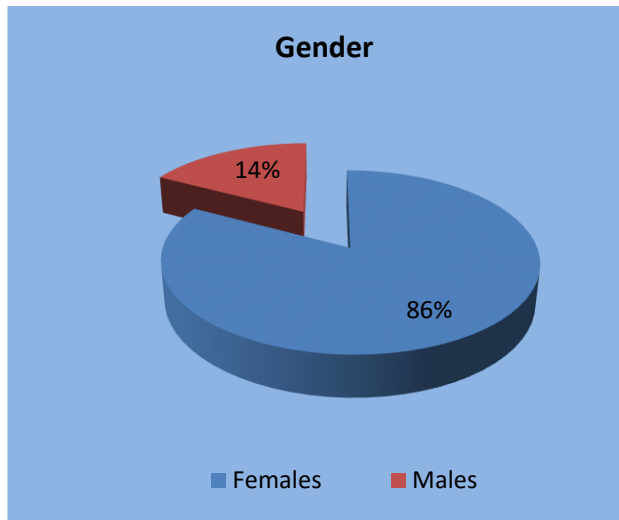
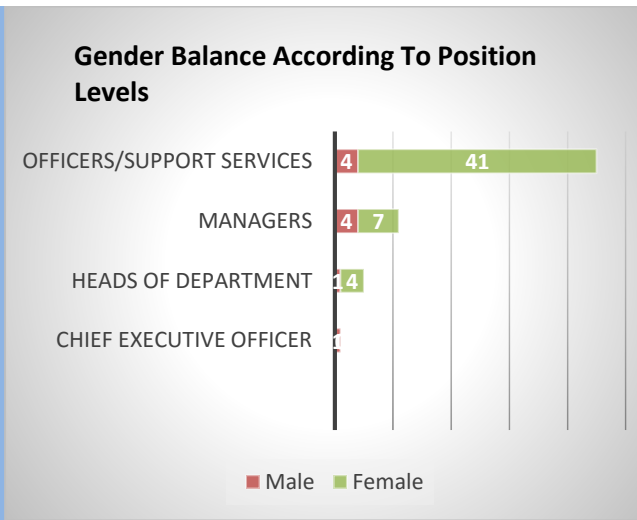


Figure 2: Number of Women in Leadership Position in DBS



Training

DBS' member of staff underwent a series of training in the year 2019. The training scheduled for 2019 included training session for board members as well. In 2019, the HR Department in conjunction with the Guy Morel Institute conducted a series of training on strategic management for board members and members of staff. The training were conducted in-house, at local educational institutions, online and overseas.

Table 3: Training Offered to DBS staff in 2019

Training Undertaken by DBS Staff in 2019	
Number of staff attended in-house training	64
Number of staff attending training at local institutions	6
Number of Staff attended training abroad	5
Number of Staff attending training online	4
Number of Staff attended overseas meeting/forum	3

Staff Welfare

The Management of DBS understand the importance of its employees enjoying a very good work-life balance. Therefore, social activities and sport activities are encouraged by the Bank. DBS often organized activities outside of working hours through its social club and sport club. It is recognized that these activities promotes teamwork, friendship, unity and harmony amongst members of staff within the organization. In 2019, the Bank organized a series of activities which included a sunset cruise, creole night, happy hours, and Christmas party for its staff. These activities gave the management team the opportunity to interact with their staff in a less formal atmosphere.

PUBLIC RELATIONS & MARKETING

In February 2019, the Bank launched its revamped website and this coincided with the celebration of its 41st anniversary. The website gives DBS an online presence, allowing DBS to reach more consumers. It helps gives clients a clear idea of the different types of products and services it has to offer. The launching of the website is also part and parcel of Bank's branding strategy and its effort to improve the image of the Bank.

The Bank observed a slowdown in the demand of loans during the first and second quarter of the year. It therefore launched a special promotion campaign for its products. The promotional campaign lasted from July to September, 2019. The key event was a road show, organized in collaboration with K-radio in July, 2019.

The Bank also actively participated in various educational and financial fairs on Mahe, Praslin and La Digue. DBS also worked in close collaborations with the Department responsible for the development of the Blue Economy of the Vice-President's Office, in order to promote and educate the general public on the Blue Investment Fund (BIF) through a series of presentations at various regions in the country.

The Bank invested a total of SCR 441,000 on activities related to the marketing of the Bank and its products.

CORPORATE SOCIAL RESPONSIBILITY

In 2019, the Bank reviewed its Corporate Social Responsibility Policy to ensure transparency in the selection process of sponsorship and donations made by the Bank. In 2019, the Bank contributed a sum of more than SCR 150,000 in terms of donations and sponsorships to various activities in different areas such as education, sports, health and environment. Members of staff participated in various events; a group of 15 staff volunteered to participate in tree planting activity on Curieuse Island to commemorate the International Day of Forest. Members of staff also participated in the 12th edition of the Eco-Friendly marathon.

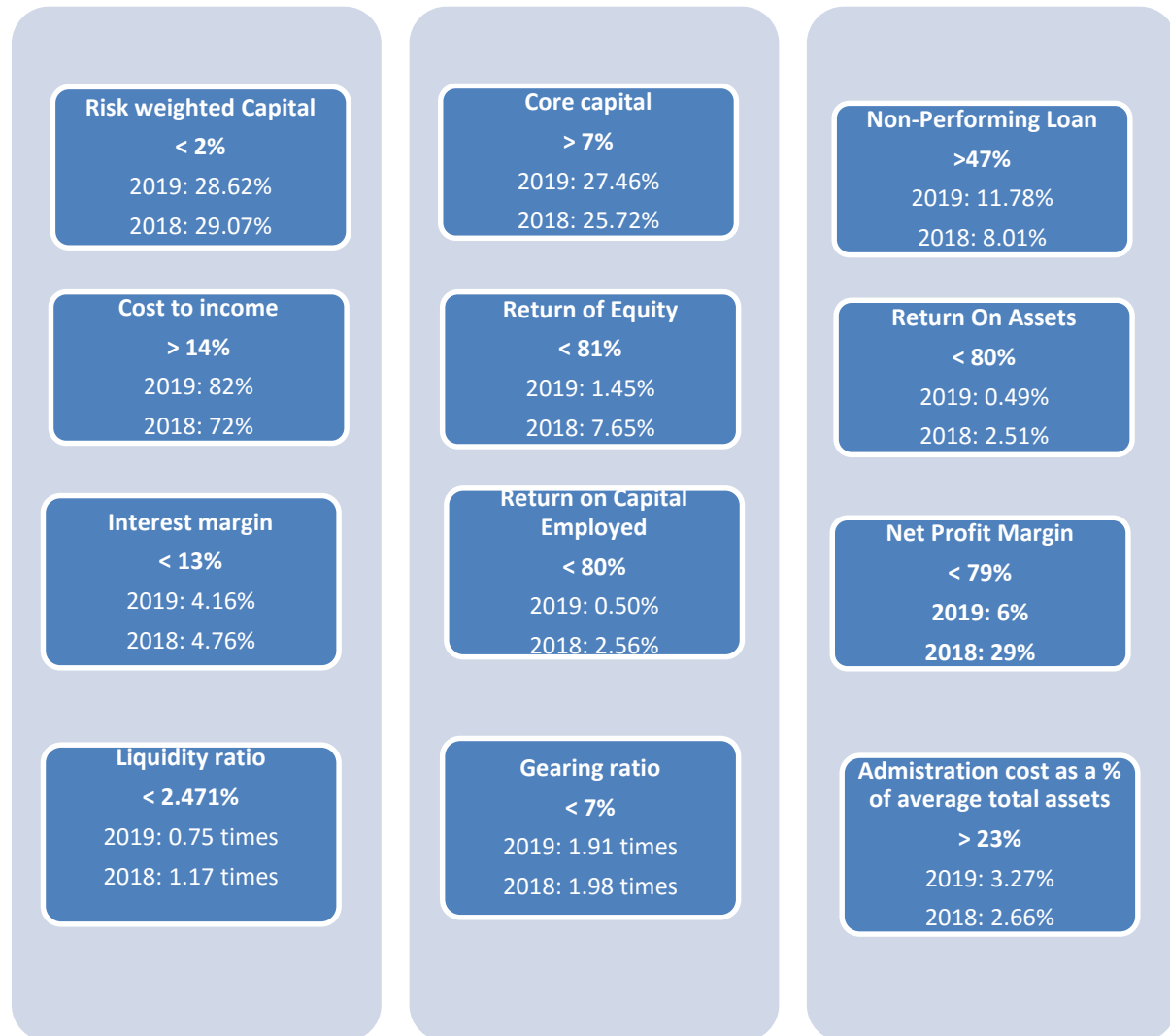
On the International Day of the Older Persons, celebrated on 1st October, 2019, members of staff travelled to Praslin to spend the day with the residents. The group of volunteers took the opportunity to carry out general cleaning of the home and made donations in the form of kitchen wares and paints for their newly refurbished kitchen. It is to be noted that the Bank, adopted this old people home on 14th February, 2018.

Other donations were also made by the Bank in 2019. These included prizes at Sports Awards and post-secondary graduations. Non-Government organizations promoting causes such as cancer awareness and Empowerment of Women also benefited with donations from the Bank.

OPERATING & FINANCIAL REVIEW

FINANCIAL REVIEW

Key Performance Indicators



DBS assesses its financial performance using the above Key Performance Indicators (KPI) which largely stem from the Central Bank of Seychelles' guidelines, the prudential guideline of the Association of African Development Finance Institution (AADFI), the DBS Decree and Creditor's financial covenants. The Management ensures that they are on track with the execution of its strategy in order to ensure sustainable returns and at the same time remain relevant with the Bank's roles and functions as per the Decree.

Summary of Income and Expenses for the Last Five Years

The financial statements from 2015 - 2019 were prepared in accordance with the requirement of the DBS Decree 1977, International Financial Reporting Standards (IFRS), the Financial Institution Act 2004, as amended, the Financial Institution (Application of Act) regulations, 2010 and the regulations and directives of Central Bank of Seychelles.

Table 4: Income & Expenses for the past five years

For the year ended 31 st December	2015 SCR m	2016 SCR m	2017 SCR m	2018 SCR m	2019 SCR m
Operating income	49.37	65.69	81.71	93.31	89.55
Interest expenses	(14.09)	(28.90)	(37.82)	(40.34)	(39.29)
Operating expenses	(25.47)	(26.63)	(24.37)	(26.65)	(32.01)
Profit/(loss) on exchange	(0.20)	(1.53)	1.36	0.17	(0.15)
Allowance for credit impairment	7.05	(2.91)	(3.35)	1.70	(11.01)
Depreciation of property and equipment / amortization of intangible assets	(2.15)	(1.22)	(1.72)	(1.74)	(2.03)
Profit / (Loss) for the year	14.50	4.50	15.82	26.45	5.06

Profitability

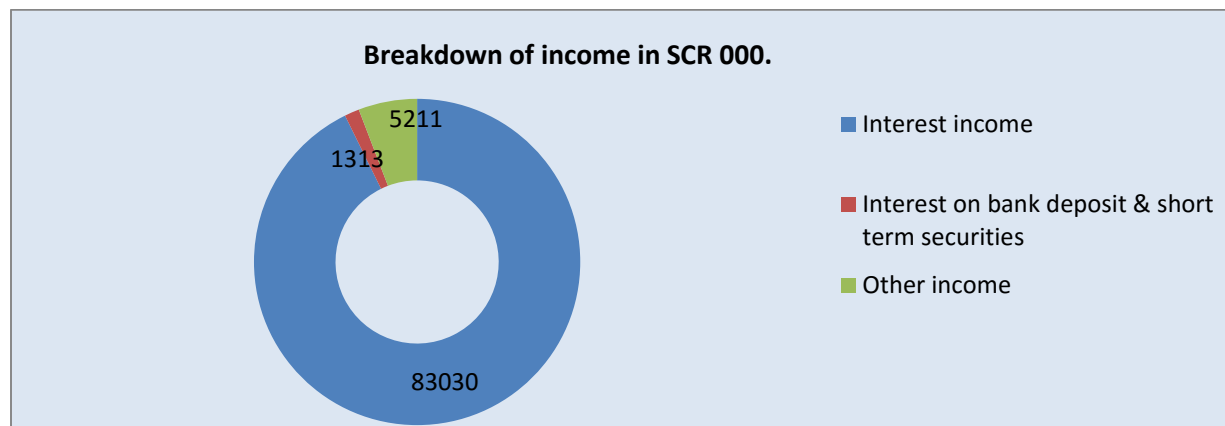
In 2019, DBS achieved a profit of SR 5.06 million which was a significant decrease of 81% compared to the previous year. This was mainly due to 4% decrease in income and 26% increase in operating and other expenses.

Income

Operating income in 2019 decreased by SCR 3.76 million. This represents a decrease of 4% from the previous year's performance. It is to be noted that DBS was charging interest rate between 7.5% and 12% for DBS loans and 5% to 7% for SME loans throughout the year.

The graph below shows the breakdown of operating income.

Chart 2 : Breakdown of Income in SCR 000



The major activity of the Bank is the financing of development projects and therefore its main income is generated from interest on loans. For 2019, interest income was SCR 83.030 million (2018: SCR 91.156 million) and this represents a 9% decrease compared to the previous year. The main reason for the decrease is because of fierce competition within the banking sector as a result of the increased number of banks. DBS lost more than SCR 40 million loans in its portfolio in 2019 as clients chose to transfer their loans to other banks. The interest income on lending represent 93% (2018: 98%) of the total operating income for 2019.

DBS invested excess cash in short term fixed deposit with the Commercial banks or short term securities with the Central Bank of Seychelles. Interest on Bank deposits and short term securities were very minimal at SR 1.313 million (2018: SR 0.814 million) which represent 1.47% of the total operating income. In 2019, DBS had more cash to invest as a result of lump sum payments made by clients opting to pay off their loans.

Other income is mainly fees that DBS charges for its services. This includes management fees for the funds that the bank manages on behalf of Government and other Agencies, application fees, re-scheduling fees, capitalization fees to name a few. In 2019, the other income was recorded at SCR 5.211 million (2018: SCR 1.341 million) represented 5.82 % of the total income. The remarkable increase is because DBS took onboard a new fund to manage on behalf of the Government.

Expenses

Interest expenses were SCR 39.29 million in 2019 (2018: SCR 40.34 million). This represents a 2.6% decrease compared to the previous year. Borrowing rates can be found at Note 12 of the Audited account on page 34. Operating expenses of SCR 32.01 million which include staff costs, administrative expenses and other costs were up by 20% compared to previous years (2018: SCR 26.65 million). In 2019, DBS needed to employ more staff to meet the increasing work load when the Bank agreed to manage a new scheme.

Provisions for credit impairment net of bad debts recovered of SCR 11.01 million showed an increase in provision of SCR 12.71 million or 115% compared to previous year (2018: SCR 1.7 million - write back provision).

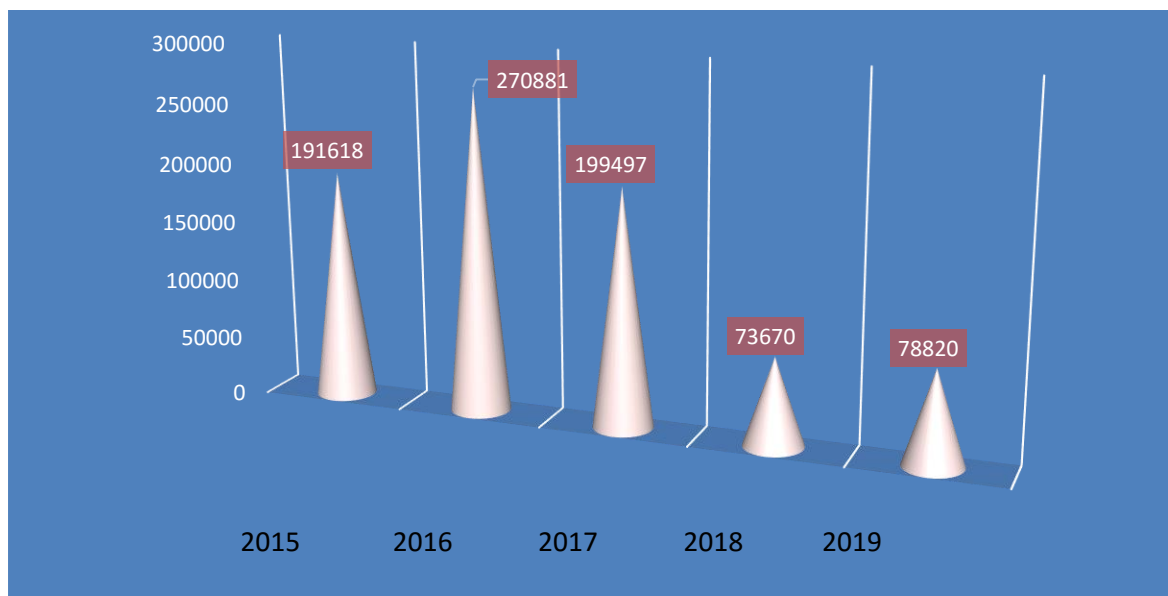
DBS adopted the IFRS 15 accounting standard during 2019. All leased properties are now amortized given that DBS has the right to use the assets. It is to be noted that in previous years the rental expenses were considered as operating expenses. DBS renovated its building in 2019 and had to rent more offices in order to carry out its daily operations. As a result contributed towards the increase in depreciation and amortization costs of SCR 0.29 million or 17% (2018: SCR 1.74 million).

Financial Position

During the year 2019, the Bank disbursed SCR 78.82 million (2018: SCR 73.67 million) which represents an increase of SCR 5.15 million or 7% compared to the previous year. Most of the loans which were approved in 2019 were from the tourism sector and the building and construction sector. Given the nature of the projects, disbursement for these projects are done in tranches and were done over a number of months. The loans commitment at the end of 2019 was SCR 140.26 million (2018: SCR 57.3 million).

The graph below shows the level of disbursement for the last five years.

Graph 12: Disbursement over the Last Five Years in SCR 000



DBS was able to use cash inflows amounting to SCR 166.74 million from loan repayment (2018: SCR 153.69 million) and Debt capital raised solely from issuance of bonds (SCR 100 million) to invest in loan financing. The Bank were able to meet all its financial obligation including payment of SCR 50 million to bond holders whose bonds matured during 2019. This indicated that the liquidity position was very healthy.

Funding

DBS raised funds through borrowings in order to provide financing to the productive sectors of the economy. The Bank normally looks for concessionary lines of credit and bonds issuance on the local market or from providers of credit overseas credit in order to on-lend at affordable rate of interest to its clients. For 2019, the Bank managed to raise SCR 100 million through issuance of bonds.

Summary Statements of Financial Position for the Last Five Years

Table 5: Financial Position for the Last Five Years

For the year ended 31 st December	2015 SCR m	2016 SCR m	2017 SCR m	2018 SCR m	2019 SCR m
Assets					
Cash and Bank Balances/maturity investment	126.83	133.05	158.99	134.03	149.24
Other assets	25.08	16.05	20.37	24.88	29.55
Loans and advances	531.47	747.52	885.15	870.99	835.47
Tangible & Intangible assets	14.78	18.60	18.54	22.16	22.25
Total Assets	698.16	915.22	1,083.05	1,052.06	1,036.51
Liabilities					
Other liabilities	7.27	8.02	8.89	10.48	11.74
Borrowings & DBS Bonds	384.31	594.28	747.67	685.44	667.52
Funds Under Management	12.44	12.46	10.21	10.49	8.66
	404.02	614.75	766.77	706.41	687.92
Equity					
Share capital	39.20	39.20	39.20	39.20	39.20
Reserves	56.75	58.56	58.56	63.39	63.39
Retained earnings	198.19	202.70	218.52	243.06	246.00
	294.14	300.47	316.29	345.65	348.59
Total Liability and equity	698.16	915.22	1,083.05	1,052.06	1,036.51

The total assets of SCR 1.037 billion shows a decrease of 1.43% (2018: 1.052 billion). The decrease is attributed mainly to the decrease of 4% in loans and advances. As mentioned earlier, in 2019 the total outstanding loans in DBS dropped significantly as a result of fierce competition amongst Banks. It is to be noted that DBS received more than SCR 40 million as lump sum payments from clients who wanted to transfer their liabilities to other banks.

Total liabilities of SCR 687.92 shows a decrease of 3% (2018: SCR 706.41). The decrease is attributable to the decrease in borrowings given that DBS managed to meet all obligations on time. The funds under management which are basically funds that the bank managed on behalf of the Government and other agencies decreased by 17%.

On equity side, there were no increase in share capital and reserves. The retained earnings increase by 1% as a result of the meagre profit made in 2019.

AUDITOR'S REPORT

DEVELOPMENT BANK OF SEYCHELLES DIRECTOR'S REPORT

The Management present their report together with the audited financial statements of Development Bank of Seychelles (the "Bank" or "DBS" for the year ended December 31, 2019).

Principal activities

The principal activities of the Bank are:

- to establish, maintain, develop or re-organize or to assist in or promote the establishment, maintenance, development or reorganization of any industry; to establish, maintain or develop;

- or to assist in or promote the establishment, maintenance or development of, money or capital markets in the Seychelles; and

- to co-operate with other institutions and organizations, whether public or private, national or international, which wish to further any of the purposes referred to in section (4) of the Development Bank of Seychelles Decree 1977.

There has been no change in the nature of this activity for the financial year under review.

Results for the year	SCR
Profit for the year	5,057,182
Dividend paid during the year	(2,115,705)
Retained earnings brought forward	243,060,562
Retained earnings carried forward	246,002,039

Equipment

Going concern

The Directors are satisfied that the Bank has adequate resources to continue its operations in the future and as such, the Financial Statements are prepared on the basis of a going concern.

Dividends

A dividend of SCR 5.40 per share amounting to SCR 2,115,705 is declared during the year ended December 31, 2019 out of the profit earned during the year 2018 and approved by the Annual General Meeting of the Bank held on 25th June 2019.

Equipment

Additions to property and equipment during the year amounted to SCR 269k comprised mainly of, Equipment and furnitures (2018: SCR 527k). All property and equipment are stated at historical cost less accumulated depreciation. The Directors are of the opinion that the carrying amount of the assets approximate their fair value and do not require any adjustments for impairment.

Statement of Directors' Responsibilities

The Board of Directors is responsible for the overall management and affairs of the Bank including its operations and the making of financing and investment decisions.

**DEVELOPMENT BANK OF SEYCHELLES
DIRECTOR'S REPORT**

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the Financial Institutions Act 2004, as amended and the Regulations and Directives of the Central Bank of Seychelles and the Development Bank of Seychelles Decree 1977. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Bank as a whole; and making accounting estimates that are reasonable in the circumstances. The Board of Directors have the general responsibility of safeguarding the assets, both owned by the Bank and those that are held in trust and used by the Bank.

The Board takes note that prior to declaration of dividends, authority should be sought from the Central Bank under section 31.

The Board considers that they have met their aforesaid responsibilities.

Directors and their interest in the Bank

The Directors of the bank during the year and their interests were as follows:-

Brenda Bastienne	:	Chairperson
Brian Charlette	:	Vice-Chairperson
Daniel Gappy	:	Director
Ina Barbe	:	Director
Marc Naiken	:	Director
Roy Clarisse	:	Director
Rupert Simeon	:	Director
Nicholle Belle	:	Director (appointed effective March 25, 2019 & resigned on 30th April 2020)
Ashwin Bhanderi	:	Director (appointed effective April 25, 2019)


None of the Directors held any interest in the Bank during the financial year under review (2018 : Nil)

Auditors

The auditors, Messrs. POOL & PATEL CHARTERED ACCOUNTANTS, being appointed for the annual audit of 31 December 2019.

Board Approval


Brenda Bastienne
Chairperson


Brian Charlette
Vice-Chairperson

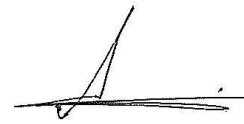

Daniel Gappy
Director


Ina Barbe
Director


Marc Naiken
Director


Roy Clarisse
Director


Rupert Simeon
Director


Ashwin Bhanderi
Director

TO THE SHAREHOLDERS OF DEVELOPMENT BANK OF SEYCHELLES
Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of "Development Bank of Seychelles" set out on pages 7 to 42, which comprise the statement of financial position as at December 31, 2019, and the income statement, 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 of the Bank give a true and fair view of the financial position of the Bank as at December 31, 2019 and of its financial performance and its cash flows for the year then ended in accordance with the, financial reporting provisions of IFRS's, Development Bank of Seychelles Decree 1977, Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles.

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 *Auditor's 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 Seychelles. 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.

Emphasis of matter – Events after the reporting period

We draw your attention to note 28 of the financial statements on concern considerations and concur with the directors of the company's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of our financial statements of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

- 3 -

Key audit matters (cont...)

➤ *Impairment allowance for Financial assets based on IFRS 9:*

Our audit considered impairment allowance for financial assets as a key audit matter. The materiality of the reported amounts for financial assets (and impairment allowance thereof), the subjectivity associated with Management's impairment estimation underpinned our basis for considering it as a key audit matter.

The estimation of impairment allowance for financial assets involved complex manual calculations. Significant estimates and assumptions used by the Management in such calculations are disclosed in Notes 04.

To assess the reasonableness of the impairment allowance, our audit procedures (among others) were designed to obtain sufficient and appropriate audit evidences, included the following:

- We evaluated design effectiveness of controls over estimation of impairment of financial assets, which included assessing the level of oversight, review and approval of impairment policies by the Board Audit Committee and Management.
- We test-checked the underlying calculations and data.
- We assessed the completeness of the underlying information in financial assets used in the impairment calculations by agreeing details to the Bank's source documents and information in information technology system (IT).
- We performed procedures to ensure the competence, objectivity and independence of the Bank's Consultant.
- We assessed the adequacy of the related financial statement disclosures as set out in Note 06.

Other Information

Our opinion on the financial statements does not cover any other information and we will not express any form of assurance conclusion thereon. Management is responsible for the other information. These financial statements do not include any other information.

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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of IFRS's, Development Bank of Seychelles Decree 1977, Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles, and for such internal control as the management determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 the Management either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could 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.
- Conclude on the appropriateness of Management 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 auditor's 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 auditor's 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.

We 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.

Report on Other Legal Regulatory Requirements

Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles

The Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles requires that in carrying out our audit, we consider and report to you the following matters. We confirm that:

- In our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Financial Institutions Act 2004, as amended and Regulations and Directives of the Central Bank of Seychelles.

Report on Other Legal Regulatory Requirements (cont...)

- The explanations or information called for or given to us by management and employees of the Bank were satisfactory.
- The Bank did not carry out any fiduciary duties during the year under review.

ACCA membership number of the engagement partner responsible for signing this independent auditors' report is 2673981.

Pool & Patel
POOL & PATEL
CHARTERED ACCOUNTANTS

Date : 19th May 2020




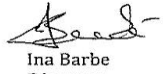


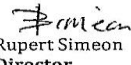
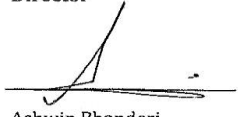
FINANCIAL STATEMENTS

DEVELOPMENT BANK OF SEYCHELLES
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

<i>As at 31st December,</i>	Note	2019 SCR	2018 SCR
Assets			
Cash and cash equivalent	5	121,160,030	134,033,348
Loans and advances	6	835,470,108	870,992,059
Maturity investments	7	28,082,766	-
Other assets	8	29,551,080	24,882,331
Property and equipment	9	20,289,117	22,025,643
Intangible assets	10	62,928	125,538
Right to use asset	11	1,895,760	-
Total assets		1,036,511,789	1,052,058,919
Liabilities and equity			
Liabilities			
Borrowings	12	365,337,996	433,550,622
DBS bonds	13	302,185,619	251,893,151
Lease liability	14	2,006,329	-
Compensation benefit obligations	17	7,086,019	6,348,144
Funds under management	15	8,660,922	10,489,906
Other liabilities	16	2,646,710	4,130,379
		687,923,595	706,412,202
Equity			
Share capital	18	39,200,000	39,200,000
Contingent reserve	19	41,385,321	41,385,321
Revaluation reserve		22,000,834	22,000,834
Retained earnings		246,002,039	243,060,562
		348,588,194	345,646,717
Total liabilities and equity		1,036,511,789	1,052,058,919

Board approval

These financial statements have been approved for issue by the Board of Directors on 19th May 2020.

 Brenda Bastienne Chairperson	 Brian Charlette Vice-Chairperson	 Daniel Gappy Director	 Ina Barbe Director
 Marc Naiken Director	 Roy Clasrisse Director	 Rupert Simeon Director	 Ashwin Bhanderi Director

The notes on pages 11 to 42 form an integral part of these financial statements.
Auditor's Report on pages 3 and 6