



CITIZENS BANK

INTERIM REPORT
2005

INTERIM REPORT

For the Six Months Ended March 31 2005



CHAIRMAN'S REPORT

The Company recorded Profit Before Taxation of \$184.7 million for the six (6) months ended March 31, 2005, representing an increase of \$67.6 million or 57.7% over the corresponding period last year.

Interest Income for the six (6) month period was \$453.8 million while Interest Expense was \$143.4 million, resulting in Net Interest Income of \$310.4 million, compared to \$299.5 million for the corresponding period last year. Other Income was \$112.9 million, resulting in a surplus before non-interest expenses of \$423.4 million; this represents a 16.8% increase on the corresponding period last year.

Operating Expenses were \$208.7 million; this represents a 4.6% increase on the corresponding period last year.

After Tax Profit for the six (6) months was \$164.7 million; compared to the corresponding period last year, this represents a 58.7% increase. Earnings per share for the six (6) month period were \$2.77 in comparison to \$1.75 for the same period in 2004.

At March 31, 2005, the loans and advances balance was \$5.3 billion, compared to \$4.6 billion at March 31, 2004; for the six (6) month period, Provision For Loan Losses increased by \$30.0 million, taking total provision to \$159.7 million or 3.0% of our loan portfolio at March 31, 2005, compared to \$177.0 million or 3.9% of our loan portfolio at March 31, 2004. At March 31, 2005, total investments were \$4.7 billion, compared to \$3.6 billion at March 31, 2004 and total deposits balance was \$11.3 billion, compared to \$9.7 billion at March 31, 2004.

The economic environment in which the Company operated displayed mixed results during the period under review and the January/February 2005 flood is likely to impact negatively on production in the Agriculture, Manufacturing and Services sectors in the year 2005. In spite of this, the Company's results to date are good, and barring any unforeseen developments, we expect to have continued good results in the second half of 2005 financial year.

I take this opportunity to assure all shareholders and stakeholders that Citizens Bank Guyana Inc. continues to observe good Corporate Governance practices and the laws and regulations under which the Company's operations must be managed.

CITIZENS BANK

Citizens Bank Guyana INC.

Statement of Income and Expenditure

For the Half Year Ended 31 March 2005

Thousands of Guyana Dollars	Unaudited Half year ended 31 March 2005	Unaudited Half year ended 31 March 2004	Audited Year ended 30 Sept 2004
INTEREST INCOME	453,771	422,648	855,463
INTEREST EXPENSE	<u>(143,371)</u>	<u>(123,160)</u>	<u>(259,069)</u>
NET INTEREST INCOME	310,400	299,488	596,394
OTHER INCOME	<u>112,957</u>	<u>63,056</u>	<u>189,038</u>
TOTAL NET INCOME	423,357	362,544	785,432
OPERATING EXPENSES	(208,686)	(199,581)	(396,588)
LOAN LOSS EXPENSE	<u>(30,000)</u>	<u>(45,900)</u>	<u>(45,845)</u>
PROFIT BEFORE TAXATION	184,671	117,063	342,999
TAXATION	<u>(19,998)</u>	<u>(13,295)</u>	<u>(64,682)</u>
PROFIT AFTER TAXATION	<u>164,673</u>	<u>103,768</u>	<u>278,317</u>
EARNINGS PER SHARE	<u>\$2.77</u>	<u>\$1.75</u>	<u>\$4.68</u>

Citizens Bank Guyana INC.

Balance Sheet

31 March 2005

Thousands of Guyana Dollars	Unaudited As at 31 March 2005	Unaudited As at 31 March 2004	Audited As at 30 Sept 2004
ASSETS			
Cash and balances with Bank of Guyana	1,974,512	1,575,469	1,376,366
Amounts due from other banks	595,973	708,829	617,800
Investment securities	4,696,114	3,574,134	4,109,432
Loans and advances	5,294,276	4,596,872	4,714,094
Other assets	1,110,765	840,281	1,077,306
TOTAL ASSETS	<u>13,671,640</u>	<u>11,295,585</u>	<u>11,894,998</u>
LIABILITIES			
Customers' deposits	11,322,802	9,736,311	9,946,409
Other liabilities	932,568	428,684	667,246
TOTAL LIABILITIES	<u>12,255,370</u>	<u>10,164,995</u>	<u>10,613,655</u>
SHAREHOLDERS' EQUITY			
Share capital	594,913	594,913	594,913
Retained earnings	616,505	402,328	451,832
Statutory reserve	156,447	114,699	156,447
General banking reserve	48,405	18,650	48,405
Proposed dividend	0	0	29,746
TOTAL SHAREHOLDERS' EQUITY	<u>1,416,270</u>	<u>1,130,590</u>	<u>1,281,343</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>13,671,640</u>	<u>11,295,585</u>	<u>11,894,998</u>

On behalf of the Board of Directors:


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CLIFFORD B. REIS


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T. ALAN PARRIS

DIRECTORS

Citizens Bank Guyana INC.

Statement of Changes in Equity

31 March 2005

Thousands of Guyana Dollars	Share Capital	Retained Earnings	Other Reserves	Proposed Dividend	Total
Half year ended 31 March 2004					
As at beginning of period	594,913	298,560	133,349	47,593	1,074,415
Net profit for the period	0	103,768	0	0	103,768
Dividend paid	0	0	0	(47,593)	(47,593)
As at end of period	<u>594,913</u>	<u>402,328</u>	<u>133,349</u>	<u>0</u>	<u>1,130,590</u>
Half year ended 31 March 2005					
As at beginning of period	594,913	451,832	204,852	29,746	1,281,343
Net profit for the period	0	164,673	0	0	164,673
Dividend paid	0	0	0	(29,746)	(29,746)
As at end of period	<u>594,913</u>	<u>616,505</u>	<u>204,852</u>	<u>0</u>	<u>1,416,270</u>

Citizens Bank Guyana INC.

Cash Flow Statement

For the Half Year Ended 31 March 2005

Thousands of Guyana Dollars	Unaudited Half year ended 31 March 2005	Unaudited Half year ended 31 March 2004
OPERATING ACTIVITIES		
Profit before taxation	184,671	117,063
Adjustment for non-cash items	48,715	64,688
Increase in operating assets	(551,407)	(240,887)
Increase in operating liabilities	1,526,935	1,239,166
Net taxes paid	(3,906)	(8,419)
NET CASH INFLOW - OPERATING ACTIVITIES	<u>1,205,008</u>	<u>1,171,611</u>
INVESTING ACTIVITIES		
Net movement in investment securities	(589,887)	(754,035)
Additions to property and equipment	(12,395)	(5,118)
Proceeds from sale of assets	134	0
NET CASH OUTFLOW - INVESTING ACTIVITIES	<u>(602,148)</u>	<u>(759,153)</u>
FINANCING ACTIVITIES		
Dividends paid	(29,746)	(47,593)
NET CASH OUTFLOW - FINANCING ACTIVITIES	<u>(29,746)</u>	<u>(47,593)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	573,114	364,865
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	<u>2,877,027</u>	<u>2,678,179</u>
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	<u>3,450,141</u>	<u>3,043,044</u>

Citizens Bank Guyana INC.

Notes to the Interim Financial Statements

31 March 2005

1. ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2004.

2. TAXATION

Taxation recognized is based on the best estimate of the effective annual corporate tax rate expected for the current year.

3. INTRA - GROUP DEBT

Banks DIH Limited, the parent company of Citizens Bank Guyana Inc. has outstanding loans totaling \$569.4 million owing to the bank at 31 March 2005. Of the \$569.4 million owed, \$250.0 million has been sub-participated. (30 September 2004: \$62.4 million of which \$8.8 million was sub-participated).

4. DIRECTORS' INTERESTS

	Ordinary Shares Of No Par Value	
	Beneficial Interest	Associate's Beneficial Interest
Clifford B. Reis	Nil	125,000
Rakesh K. Puri	Nil	9,769,241
T. Alan Parris	20,000	Nil

No other Director or his known associate has any beneficial interest in any shares of the Company.

5. SUBSTANTIAL SHAREHOLDERS

	Ordinary Shares Of No Par Value
Banks DIH Limited	30,340,557
Continental Agency Limited	9,769,241
Hand-in-Hand Group	4,836,656
Hand-in-Hand Pension Scheme	4,615,385

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