



CITIZENS BANK

INTERIM REPORT
2006

INTERIM REPORT

For the Six Months Ended 31 March 2006



CHAIRMAN'S REPORT

The Company recorded Profit Before Taxation of \$172.3 million for the six (6) months ended March 31, 2006, representing a decrease of \$12.3 million or 6.7% below the corresponding period last year.

Interest Income for the six (6) month period was \$532.6 million while Interest Expense was \$231.2 million, resulting in Net Interest Income of \$301.4 million, compared to \$310.4 million for the corresponding period last year. Other Income was \$114.9 million, resulting in a surplus before non-interest expenses of \$416.3 million; this represents a 1.7% decrease on the corresponding period last year.

Operating Expenses were \$237.9 million; this represents a 14.0% increase on the corresponding period last year; the main contributors to the growth were utility charges, security and personnel expenses.

After Tax Profit for the six (6) months was \$139.8 million; compared to the corresponding period last year, this represents a 15.1% decrease. Earnings per share for the six (6) month period were \$2.35 in comparison to \$2.77 for the same period in 2005.

At March 31, 2006, the loans and advances balance was \$6.3 billion, compared to \$5.3 billion at March 31, 2005. At March 31, 2006, total investments were \$6.9 billion compared to \$4.7 billion at March 31, 2005 and total deposits balance was \$14.4 billion, compared to \$11.3 billion at March 31, 2005.

Guyana's economy remained relatively flat and the period under review was a very challenging one. In spite of this, the Company's results to date are relatively good; we expect to have continued good results in the second half of 2006 financial year.

I take this opportunity to assure all shareholders and stakeholders that Citizens Bank Guyana Inc. continues to adhere strictly to 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 2006

Thousands of Guyana Dollars	Unaudited Half Year ended 31 March 2006	Unaudited Half Year ended 31 March 2005	Audited Year ended 30 Sept 2005
INTEREST INCOME	532,628	453,771	951,502
INTEREST EXPENSE	<u>(231,259)</u>	<u>(143,371)</u>	<u>(338,339)</u>
NET INTEREST INCOME	301,369	310,400	613,163
OTHER INCOME	<u>114,943</u>	<u>112,957</u>	<u>243,084</u>
TOTAL NET INCOME	416,312	423,357	856,247
OPERATING EXPENSES	(237,953)	(208,686)	(452,314)
LOAN LOSS EXPENSE	<u>(6,000)</u>	<u>(30,000)</u>	<u>3,955</u>
PROFIT BEFORE TAXATION	172,359	184,671	407,888
TAXATION	<u>(32,502)</u>	<u>(19,998)</u>	<u>(62,428)</u>
PROFIT AFTER TAXATION	<u>139,857</u>	<u>164,673</u>	<u>345,460</u>
EARNINGS PER SHARE	<u>\$2.35</u>	<u>\$2.77</u>	<u>\$5.81</u>

CITIZENS BANK GUYANA INC.

Balance Sheet

31 March 2006

Thousands of Guyana Dollars	Unaudited As at 31 March 2006	Unaudited As at 31 March 2005	Audited As at 30 Sept 2005
ASSETS			
Cash and balances with Bank of Guyana	2,173,526	1,974,512	2,114,361
Amounts due from other banks	880,654	595,973	1,173,753
Investment securities	6,872,212	4,696,114	5,553,956
Loans and advances	6,359,171	5,294,276	5,924,255
Other assets	1,383,329	1,110,765	1,057,255
TOTAL ASSETS	17,668,892	13,671,640	15,823,580
LIABILITIES			
Customers' deposits	14,417,059	11,322,802	13,378,606
Other liabilities	1,574,409	932,568	871,713
TOTAL LIABILITIES	15,991,468	12,255,370	14,250,319
SHAREHOLDERS' EQUITY			
Share capital	594,913	594,913	594,913
Retained earnings	823,608	616,505	683,751
Statutory reserve	208,267	156,447	208,266
General banking reserve	50,636	48,405	50,636
Proposed dividend	0	0	35,695
TOTAL SHAREHOLDERS' EQUITY	1,677,424	1,416,270	1,573,261
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	17,668,892	13,671,640	15,823,580

On behalf of the Board of Directors:


.....
CLIFFORD B. REIS


.....
T. ALAN PARRIS

DIRECTORS

CITIZENS BANK GUYANA INC.

Statement of Changes in Equity

31 March 2006

Thousands of Guyana Dollars	Share Capital	Retained Earnings	Other Reserves	Proposed Dividend	Total
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>
Half Year Ended 31 March 2006					
As at beginning of period	594,913	683,751	258,903	35,695	1,573,262
Net profit for the period	0	139,857	0	0	139,857
Dividend paid	0	0	0	(35,695)	(35,695)
As at end of period	<u>594,913</u>	<u>823,608</u>	<u>258,903</u>	<u>0</u>	<u>1,677,424</u>

CITIZENS BANK GUYANA INC.

Cash Flow Statement

For the Half Year Ended 31 March 2006

Thousands of Guyana Dollars	Unaudited Half year ended 31 March 2006	Unaudited Half year ended 31 March 2005
OPERATING ACTIVITIES		
Profit before taxation	172,359	184,671
Adjustment for non-cash items	62,543	48,715
Increase in operating assets	(456,695)	(551,407)
Increase in operating liabilities	1,354,919	1,526,935
Net taxes paid	<u>(3,774)</u>	<u>(3,906)</u>
NET CASH INFLOW - OPERATING ACTIVITIES	<u>1,129,352</u>	<u>1,205,008</u>
INVESTING ACTIVITIES		
Net movement in investment securities	(2,019,334)	(589,887)
Additions to property and equipment	(10,953)	(12,395)
Proceeds from sale of assets	<u>1,615</u>	<u>134</u>
NET CASH OUTFLOW - INVESTING ACTIVITIES	<u>(2,028,672)</u>	<u>(602,148)</u>
FINANCING ACTIVITIES		
Dividends paid	<u>(35,695)</u>	<u>(29,746)</u>
NET CASH OUTFLOW - FINANCING ACTIVITIES	<u>(35,695)</u>	<u>(29,746)</u>
NET MOVEMENTS IN CASH AND CASH EQUIVALENTS	(935,013)	573,114
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	<u>4,802,250</u>	<u>2,877,027</u>
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	<u>3,867,237</u>	<u>3,450,141</u>

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 2005.

2. TAXATION

Taxation recognised 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 obligations (loans, letters of credit and guarantees) totaling \$517.3 million owing to the bank at 31 March 2006. Of the \$517.3 million obligations, \$493.7 million has been sub-participated. (30 September 2005: \$513.7 million of which \$448.4 million was sub-participated).

4. DIRECTORS' INTERESTS

	Ordinary Shares of No Par Value	
	Beneficial Interest	Associate's Beneficial Interest
Clifford 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	5,173,856
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.