



CITIZENS BANK

INTERIM FINANCIAL
STATEMENTS
2007

INTERIM REPORT

For the Six Months Ended 31 March 2007



CHAIRMAN'S REPORT

Citizens Bank Guyana Inc.'s performance during the six (6) month period ended March 31, 2007, can be considered good despite a reduction in net profits when compared to the previous period.

Profit After Taxation for the six months was \$131.7 million compared to \$139.8 million for the corresponding period last year despite a non-recurring loss of \$226.5 million arising from the settlement of the Government of Guyana (Guymine) Bonds that is included in total operating expenses of \$489.4 million.

Interest Income for the six-month period was \$647.8 million while interest Expense was \$232.3 million, resulting in Net Interest Income of \$415.5 million, compared to \$301.4 million for the corresponding period last year. Other Income was \$152.1 million, resulting in a surplus before Non-interest Expenses of \$567.6 million; this represents a 36.34% increase on the corresponding period last year.

Operating Expenses were \$489.4 million compared to \$238.0 million for the corresponding period last year. In the period, the Company benefited from a substantial deferred tax credit primarily related to the settlement of the Government of Guyana (Guymine) Bonds.

Earnings per share for the six-month period were \$2.21 in comparison to \$2.35 for the same period in 2006.

At March 31, 2007, the loans and advances balance was \$7.9 billion, compared to \$6.4 billion at March 31, 2006. For the six-month period, Provision For Loan Losses increased by \$6.0 million, taking total provision to \$95.4 million or 71.4% of our non-performing portfolio at March 31, 2007, compared to \$122.9 million or 66.24% of our non-performing portfolio at March 31, 2006. At March 31, 2007, total investments were \$5.7 billion, compared to \$6.6 billion at March 31, 2006 and total deposits balance was \$16.7 billion, compared to \$14.6 billion at March 31, 2006.

The remaining six months of the financial year will be challenging, but the Company anticipates improved results over the period.

I take this opportunity to thank our customers for their support, the management and staff for their dedication and hard work, our shareholders and fellow Directors for their co-operation and assistance.

CITIZENS BANK

CITIZENS BANK GUYANA INC.

Statement of Income and Expenditure

For the Half Year Ended 31 March 2007

Thousands of Guyana Dollars	Unaudited Half Year ended 31 March 2007	Unaudited Half Year ended 31 March 2006	Audited Year ended 30 Sept 2006
INTEREST INCOME	647,822	532,628	1,081,394
INTEREST EXPENSE	<u>(232,312)</u>	<u>(231,259)</u>	<u>(440,896)</u>
NET INTEREST INCOME	415,510	301,369	640,498
OTHER INCOME	<u>152,085</u>	<u>114,943</u>	<u>243,215</u>
TOTAL NET INCOME	567,595	416,312	883,713
OPERATING EXPENSES	(498,438)	(237,953)	(501,557)
LOAN LOSS EXPENSE	<u>(6,000)</u>	<u>(6,000)</u>	<u>20,248</u>
PROFIT BEFORE TAXATION	63,157	172,359	402,404
TAXATION	<u>68,561</u>	<u>(32,502)</u>	<u>(55,057)</u>
PROFIT AFTER TAXATION	<u>131,718</u>	<u>139,857</u>	<u>347,347</u>
EARNINGS PER SHARE	<u>\$2.21</u>	<u>\$2.35</u>	<u>\$5.84</u>

CITIZENS BANK GUYANA INC.

Balance Sheet

31 March 2007

Thousands of Guyana Dollars	Unaudited As at 31 March 2007	Unaudited As at 31 March 2006	Audited As at 30 Sept 2006
ASSETS			
Cash and balances with Bank of Guyana	2,215,314	2,173,526	2,135,578
Amounts due from other banks	2,436,665	1,136,850	713,297
Investment securities	5,715,008	6,616,016	6,316,739
Loans and advances	7,870,341	6,400,649	7,208,291
Other assets	1,649,974	1,341,851	1,298,308
TOTAL ASSETS	19,887,302	17,668,892	17,672,213
LIABILITIES			
Customers' deposits	16,726,304	14,612,617	14,666,505
Other liabilities	1,203,858	1,378,851	1,144,591
TOTAL LIABILITIES	17,930,162	15,991,468	15,811,096
SHAREHOLDERS' EQUITY			
Share capital	594,913	594,913	594,913
Retained earnings	1,051,223	823,608	955,200
Statutory reserve	260,368	208,267	260,368
General banking risk reserve	50,636	50,636	50,636
TOTAL SHAREHOLDERS' EQUITY	1,957,140	1,677,424	1,861,117
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	19,887,302	17,668,892	17,672,213

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 2007

Thousands of Guyana Dollars	Share Capital	Retained Earnings	Statutory Reserves	General Banking Risk Reserves	Total
Half Year ended 31 March 2006					
As at beginning of period	594,913	719,446	208,266	50,636	1,573,261
Net profit for the period	0	139,857	0	0	139,857
Dividend paid	0	(35,695)	0	0	(35,695)
As at end of period	<u>594,913</u>	<u>823,608</u>	<u>208,266</u>	<u>50,636</u>	<u>1,677,423</u>
Half Year Ended 31 March 2007					
As at beginning of period	594,913	955,200	260,368	50,636	1,861,117
Net profit for the period	0	131,718	0	0	131,718
Dividend paid	0	(35,695)	0	0	(35,695)
As at end of period	<u>594,913</u>	<u>1,051,223</u>	<u>260,368</u>	<u>50,636</u>	<u>1,957,140</u>

CITIZENS BANK GUYANA INC.

Cash Flow Statement

For the Half Year Ended 31 March 2007

Thousands of Guyana Dollars	Unaudited Half year ended 31 March 2007	Unaudited Half year ended 31 March 2006
OPERATING ACTIVITIES		
Profit before taxation	63,157	172,359
Adjustment for non-cash items	34,069	62,543
Increase in operating assets	(1,291,362)	(758,627)
Increase in operating liabilities	2,187,405	1,354,919
Net taxes paid	<u>(4,569)</u>	<u>(3,774)</u>
NET CASH INFLOW - OPERATING ACTIVITIES	<u>988,700</u>	<u>827,420</u>
INVESTING ACTIVITIES		
Net movement in investment securities	604,902	(2,019,334)
Additions to property and equipment	(29,078)	(10,953)
Proceeds from sale of assets	<u>2,975</u>	<u>1,615</u>
NET CASH INFLOW / (OUTFLOW) - INVESTING ACTIVITIES	<u>578,799</u>	<u>(2,028,672)</u>
FINANCING ACTIVITIES		
Dividends paid	<u>(35,695)</u>	<u>(35,695)</u>
NET CASH OUTFLOW - FINANCING ACTIVITIES	<u>(35,695)</u>	<u>(35,695)</u>
NET MOVEMENTS IN CASH AND CASH EQUIVALENTS	1,531,804	(1,236,947)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	<u>1,392,924</u>	<u>3,287,846</u>
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	<u><u>2,924,728</u></u>	<u><u>2,050,899</u></u>

1. ACCOUNTING POLICIES

These interim financial statements were prepared in accordance with International Accounting Standard 34. The accounting policies used in their preparation are consistent with those used in the annual financial statements for the year ended 30 September 2006.

2. COMPARATIVES

The comparative figures as at 31 March 2006 have been restated to conform to changes in presentation made in the financial statements as at 30 September 2006.

3. TAXATION

The taxation credit is based on the actual results for the period, adjusted for the provisions of the applicable tax legislation, and includes an allowance for deferred taxation. Deferred taxation is computed using the liability method for all temporary differences arising between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes. In the prior period, the taxation charge was based on the best estimate of the effective annual corporation tax rate expected for the current year.

4. INTRA-GROUP DEBT

Banks DIH Limited, the parent company of Citizens Bank Guyana Inc. has outstanding obligations (loans and guarantees) totaling \$410.7 million owing to the Bank at 31 March 2007 (30 September 2006: \$507.5 million). Of the \$410.7 million obligations, \$6.9 million are guarantees. Loans total \$403.8 million of which \$382.3 million has been sub-participated. (30 September 2006: \$405.5 million).

5. DIRECTORS' INTERESTS

	Ordinary Shares of No Par Value	
	Beneficial Interest	Associate's Beneficial Interest
Clifford B. Reis	Nil	125,000
Rakesh K. Puri	Nil	9,909,241
T. Alan Parris	20,000	Nil

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

6. SUBSTANTIAL SHAREHOLDERS

	Ordinary Shares of No Par Value
Banks DIH Limited	30,340,557
Continental Agency Limited	9,909,241
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.

7. OTHER

During the reporting period, the Bank and the Government of Guyana amicably agreed on a settlement for the Government of Guyana (Guymine) Bonds; the terms and conditions were approved at a Special Shareholders Meeting held on February 22, 2007. The Company incurred a non-recurring loss of \$226.5 million that is included in total operating expenses.