



CITIZENS BANK

INTERIM FINANCIAL
STATEMENTS
2013

INTERIM REPORT

For the Half Year Ended 31 March 2013



CHAIRMAN'S REPORT

Citizens Bank Guyana Inc. recorded a Profit After Taxation for the six months ended March 31, 2013 of \$475.6 million compared to \$455.9 million for the corresponding period last year representing a 4.3% increase.

Interest Income for the six-month period was \$1.3 billion, while Interest Expense was \$254.3 million, resulting in Net Interest Income of \$1.0 billion compared to \$952.4 million for the corresponding period last year. Other Income was \$173.7 million, resulting in a surplus before Non-interest Expenses of \$1.2 billion; this represents an increase of \$25.9 million or 2.2% over the corresponding period last year.

Operating Expenses were \$475.0 million compared to \$383.6 million for the corresponding period last year. Expense associated with the expansion of our branch network to communities across the country was the major contributor to the 23.8% increase in our operating expenses.

Earnings per share for the six-month period were \$7.99 in comparison to \$7.66 for the same period in 2012.

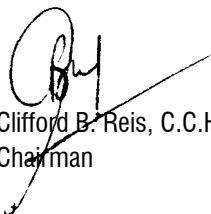
At March 31, 2013, the net loans and advances balance was \$23.1 billion, compared to \$22.0 billion at March 31, 2012. Provision for Loan Losses totalled \$276.4 million at March 31, 2013 compared to \$220.4 million at March 31, 2012. Net investments were \$6.7 billion, compared to \$4.2 billion at March 31, 2012.

Total deposits balance was \$33.3 billion, compared to \$27.1 billion at March 31, 2012.

The Board of Directors has approved an Interim Dividend of \$0.70 per share the same as the corresponding period in 2012.

The remaining six months of our financial year will require us to overcome many challenges. Citizens Bank Guyana Inc is however, optimistic that we will record an improved performance that will result in increased shareholder value.

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.



Clifford B. Reis, C.C.H.
Chairman

CITIZENS BANK GUYANA INC.
 Statement of Comprehensive Income
 For the Half Year Ended 31 March 2013

Thousands of Guyana Dollars	Unaudited Half Year Ended 31-Mar-13	Unaudited Half Year Ended 31-Mar-12	Audited Year ended 30-Sep-12
INTEREST INCOME	1,274,447	1,202,145	2,470,240
INTEREST EXPENSE	(254,340)	(249,734)	(511,499)
NET INTEREST INCOME	1,020,107	952,411	1,958,741
OTHER INCOME	173,721	215,464	409,057
TOTAL NET INCOME	1,193,828	1,167,875	2,367,798
OPERATING EXPENSES	(475,042)	(383,597)	(789,120)
NET IMPAIRMENT ON FINANCIAL ASSETS	27,601	(44,379)	(97,381)
PROFIT BEFORE TAXATION	746,387	739,899	1,481,297
TAXATION CHARGE	(270,792)	(283,952)	(559,549)
PROFIT AFTER TAXATION	475,595	455,947	921,748
OTHER COMPREHENSIVE INCOME			
NET LOSS ARISING ON AVAILABLE - FOR- SALE INVESTMENTS	(8,343)	0	0
GAIN ARISING ON REVALUATION OF PROPERTY	0	35,110	36,921
OTHER COMPREHENSIVE INCOME	(8,343)	35,110	36,921
TOTAL COMPREHENSIVE INCOME	467,252	491,057	958,669
EARNINGS PER SHARE	\$7.99	\$7.66	\$15.49

Thousands of Guyana Dollars	Unaudited As At 31-Mar-13	Unaudited As At 31-Mar-12	Audited As At 30-Sep-12
ASSETS			
Cash and balances with Bank of Guyana	6,537,373	3,959,096	7,011,436
Amounts due from other banks	1,207,842	1,083,577	1,974,354
Investment securities	6,733,772	4,150,047	6,130,915
Loans and advances	23,132,140	21,974,513	21,499,106
Other assets	1,373,151	764,019	1,209,801
TOTAL ASSETS	<u>38,984,278</u>	<u>31,931,252</u>	<u>37,825,612</u>
LIABILITIES			
Customers' deposits	33,262,069	27,107,241	32,184,203
Other liabilities	583,767	489,553	880,982
TOTAL LIABILITIES	<u>33,845,836</u>	<u>27,596,794</u>	<u>33,065,185</u>
SHAREHOLDERS' EQUITY			
Share capital	594,913	594,913	594,913
Statutory reserve	594,913	594,913	594,913
Revaluation reserve	36,921	35,110	36,921
Investment revaluation reserve	(8,343)	0	0
General banking risk reserve	402,161	262,153	402,161
Retained earnings	3,517,877	2,847,369	3,131,519
TOTAL SHAREHOLDERS' EQUITY	<u>5,138,442</u>	<u>4,334,458</u>	<u>4,760,427</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>38,984,278</u>	<u>31,931,252</u>	<u>37,825,612</u>

On behalf of the Board of Directors



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CLIFFORD B. REIS
Chairman



.....
ETON M. CHESTER
Managing Director

CITIZENS BANK GUYANA INC.
Statement of Changes in Equity
31 March 2013

Thousands of Guyana Dollars	Share Capital	Statutory Reserve	Revaluation Reserve	Investment Revaluation Reserve	General Banking Risk Reserve	Retained Earnings	Total
Half Year ended 31 March 2012							
As at beginning of period	594,913	594,913	0	0	262,153	2,462,812	3,914,791
Total comprehensive income	0	0	35,110	0	0	455,947	491,057
Dividend paid	0	0	0	0	0	(71,390)	(71,390)
As at end of period	594,913	594,913	35,110	0	262,153	2,847,369	4,334,458
Half Year ended 31 March 2013							
As at beginning of period	594,913	594,913	36,921	0	402,161	3,131,519	4,760,427
Total comprehensive income	0	0	0	(8,343)	0	475,595	467,252
Dividend paid	0	0	0	0	0	(89,237)	(89,237)
As at end of period	594,913	594,913	36,921	(8,343)	402,161	3,517,877	5,138,442

CITIZENS BANK GUYANA INC.
Statement of Cash Flows
For the Half Year Ended 31 March 2013

Thousands of Guyana Dollars	Unaudited Half Year Ended 31-Mar-13	Unaudited Half Year Ended 31-Mar-12	Audited Year Ended 30-Sep-12
OPERATING ACTIVITIES			
Profit before taxation	746,387	739,899	1,481,297
Adjustments to reconcile net profit to net cash provided by operating activities:			
Adjustment for non - cash items	48,269	36,055	76,805
Increase in operating assets	(1,733,869)	(3,095,201)	(2,533,186)
Increase / (Decrease) in operating liabilities	858,808	(3,396,758)	2,009,207
Reserve requirement with Bank of Guyana	(138,737)	346,678	(244,249)
Taxes paid	(348,949)	(370,663)	(592,015)
NET CASH (OUTFLOW) / INFLOW - OPERATING ACTIVITIES	(568,091)	(5,739,990)	197,859
INVESTING ACTIVITIES			
Net movement of investment securities	(610,599)	3,147,371	1,036,987
Purchase of property and equipment	(111,913)	(224,457)	(779,361)
Proceeds from sale of property and equipment	1,128	0	5,600
NET CASH (OUTFLOW) / INFLOW- INVESTING ACTIVITIES	(721,384)	2,922,914	263,226
FINANCING ACTIVITIES			
Dividends paid	(89,237)	(71,390)	(113,033)
NET CASH OUTFLOW - FINANCING ACTIVITIES	(89,237)	(71,390)	(113,033)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,378,712)	(2,888,466)	348,052
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	5,484,979	5,136,927	5,136,927
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,106,267	2,248,461	5,484,979

1. ACCOUNTING POLICIES

These interim financial statements were prepared in accordance with International Accounting Standard 34. The accounting policies used are consistent with those applied in the annual financial statements for the year ended 30 September 2012.

2. TAXATION

The taxation charge is based on the actual results of 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.

3. DIRECTORS' INTEREST

	Ordinary Shares of No Par Value	
	Beneficial Interest	Associate's Beneficial Interest
Clifford B. Reis	Nil	125,000
Rakesh K. Puri	Nil	9,929,241
Dunstan Barrow	140,000	Nil
Eton M. Chester	10,001	Nil

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

4. SUBSTANTIAL SHAREHOLDERS

	Ordinary Shares of No Par Value
Banks DIH Limited	30,340,557
Continental Agencies Limited	9,929,241
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.

5. RELATED PARTY BALANCES AND TRANSACTIONS

	As At 31-Mar-13 \$'000	As At 31-Mar-12 \$'000	As At 30-Sep-12 \$'000
Loans	1,449,453	910,395	1,558,450
Deposits	4,377,686	3,702,290	4,545,502
Letters of Credit & guarantees	12,144	78,384	6,910
	For Half Year Ended 31-Mar-13 \$'000	For Half Year Ended 31-Mar-12 \$'000	For Year Ended 30-Sep-12 \$'000
Interest Income	97,842	38,401	74,761
Interest Expense	13,404	10,874	20,040

Related parties include major shareholders, key management personnel and other organisations controlled or significantly influenced by key management personnel.

6. INTRA - GROUP OBLIGATIONS

Banks DIH Limited, the parent company of Citizens Bank Guyana Inc, has outstanding obligations comprising of loans and guarantees totalling \$733.8 million owing to the Bank as at 31 March 2013 (31 March 2012: \$78.4 million). Of the \$733.8 million obligations, \$12.1 million are guarantees while loans total \$721.7 million (31 March 2012: \$78.4 million were guarantees). These obligations are included in balances shown in the Note (5).