

The background of the page features a large, stylized graphic of the Citizens Bank logo. The logo is composed of multiple overlapping chevron shapes, creating a sense of depth and movement. The colors are various shades of green, ranging from a light, minty green to a dark, forest green, with some areas appearing to have a gradient or shadow effect. The chevrons are arranged in a way that they seem to be pointing upwards and outwards from the center.

CITIZENS BANK

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ANNUAL REPORT 2015
CITIZENS BANK

THE MISSION

OF CITIZENS BANK GUYANA INC.
is to attain distinguished leadership
through a team of professionals
delivering innovative, superior
service to our customers.

BUSINESS PROFILE

Citizens Bank with its headquarters
located at 201 Camp & Charlotte Streets,
Georgetown, had assets of \$43.1 billion at
September 30, 2015.

Our one hundred and fifty three (153)
employees serve a customer base of more
than forty seven thousand, six hundred
(47,600).

We provide retail and commercial banking
services through our branch network of
seven (7) branches.

We also provide 24-hour services through
ATM's which are located at each our seven
branches as well as at four (4) off-site
locations.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-First Annual General Meeting of Citizens Bank Guyana Inc. will be held at the Georgetown Club Inc. 208 Camp Street, Georgetown on Tuesday, January 19, 2016 at 5.00 p.m. for the following purposes:

1. To receive the Audited Financial Statements for the year ended 30 September 2015 and the Reports of the Directors and the Auditors thereon.

To consider and (if thought fit) pass the following Resolution:

- 1) "That the Audited Financial Statements for the year ended 30 September 2015 and the Reports of the Directors and Auditors thereon be adopted."
2. To consider the declaration of a final Dividend of \$1.70 as recommended by the Directors in addition to the interim Dividend of \$0.70 previously declared by them and (if thought fit) pass the following resolution:
 - 2) "That the Interim Dividend of \$0.70 already paid be confirmed and that a Final Dividend of \$1.70 as recommended by the Directors in respect to the year ended 30 September 2015 be approved and paid to the shareholders on the Company's Register at the close of business on January 19, 2016."
3. To elect Directors. The Directors retiring are Mr. Wilfred A. Lee, A.A., and Mr. George G. McDonald, who being eligible offer themselves for election.

To consider and (if thought fit) pass the following Resolutions:

- 3.1) "That the Directors be elected en-bloc."
- 3.2) "That Mr. Wilfred A. Lee, A.A., and Mr. George G. McDonald, having retired and being eligible for election be and are hereby elected Directors of the Company."
4. To fix the remuneration of the Directors.

To consider and (if thought fit) pass the following Resolution:

- 4) "That the remuneration of \$1,156,824.00 per annum be paid to the Chairman; the remuneration of \$867,618.00 per annum be paid to each non-executive Director and that a Travelling Allowance for each non-executive Director be fixed at \$364,561.00; and that the additional sum of \$71,946.00 per annum be provided for additional remuneration for each Director serving on Technical Committees."

NOTICE OF ANNUAL GENERAL MEETING CONT'D

5. To re-appoint the incumbent Auditors.

To consider and (if thought fit) pass the following Resolution:

- 5) "That Messrs Jack A. Alli, Sons & Company be and are hereby re-appointed Auditors for the period ending with the conclusion of the next Annual General Meeting."

6. To empower the Directors to fix the remuneration of the auditors.

To consider and (if thought fit) pass the following Resolution:

- 6) "That the Directors be and are hereby authorised to fix the remuneration of the Auditors at a figure to be agreed with them."

7. To consider any other business that may be conducted at an Annual General Meeting.

BY ORDER OF THE BOARD



Frances S. Parris
Corporate Secretary
Registered Office
201 Camp and Charlotte Streets
Lacytown, Georgetown
December 16, 2015

NOTES:

1. Please bring this notice to gain entry to the meeting. Only Shareholders may attend.
2. Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a shareholder.
3. To be valid, the instrument appointing a proxy must bear a G\$10.00 revenue stamp, be completed and deposited with the Secretary, Citizens Bank Guyana Inc, 201 Camp and Charlotte Streets, Lacytown, Georgetown not less than forty-eight (48) hours before the time appointed for the meeting.
4. Any body corporate or association which is a member may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the meeting.
5. A proxy form is attached for use, if desired.



FINANCIAL HIGHLIGHTS

FIVE YEAR FINANCIAL SUMMARY

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|------------------------------|------------|------------|------------|------------|------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Total assets | 43,114,460 | 42,124,160 | 40,685,497 | 37,825,612 | 34,995,053 |
| Loans and advances | 30,680,174 | 28,902,052 | 23,670,913 | 21,499,106 | 18,908,608 |
| Investments | 767,158 | 3,035,138 | 8,725,383 | 6,130,915 | 12,281,586 |
| Deposits | 34,905,524 | 33,225,407 | 34,173,834 | 32,184,203 | 30,570,370 |
| Revenue | 3,707,916 | 3,217,429 | 3,009,754 | 2,879,297 | 2,465,216 |
| Expenses & Taxes | 2,801,070 | 2,228,274 | 2,005,819 | 1,957,549 | 1,660,514 |
| Profit after Taxation | 906,846 | 989,155 | 1,003,935 | 921,748 | 804,702 |
| Shareholder's equity | 7,239,062 | 6,473,254 | 5,625,315 | 4,760,427 | 3,914,791 |
| Return on average assets (%) | 2.1 | 2.4 | 2.6 | 2.5 | 2.6 |
| Return on average equity (%) | 13.2 | 16.4 | 19.3 | 21.3 | 2.6 |
| Earnings per share (Dollars) | 15.2 | 16.6 | 16.9 | 15.5 | 13.5 |

FINANCIAL HIGHLIGHTS

| | 2015 | 2014 | Inc/(Dec) | % |
|------------------------|------------|------------|-------------|--------|
| | \$'000 | \$'000 | \$'000 | Change |
| BALANCE SHEET: | | | | |
| Total assets | 43,114,460 | 42,124,160 | 990,300 | 2.3 |
| Loans and advances | 30,680,174 | 28,902,052 | 1,778,122 | 6.2 |
| Investments | 767,158 | 3,035,138 | (2,267,980) | (74.7) |
| Deposits | 34,905,524 | 33,225,407 | 1,680,117 | 5.1 |
| Shareholders equity | 7,239,062 | 6,473,254 | 765,808 | 11.8 |
| RESULTS OF OPERATIONS: | | | | |
| Revenue | 3,707,916 | 3,217,429 | 490,487 | 15.2 |
| Expenses | 2,240,517 | 1,668,725 | 571,792 | 34.3 |
| Profit before taxation | 1,467,399 | 1,548,704 | (81,305) | (5.2) |
| Taxation | 560,553 | 559,549 | 1,004 | 0.2 |
| Profit after taxation | 906,846 | 989,155 | (82,309) | (8.3) |

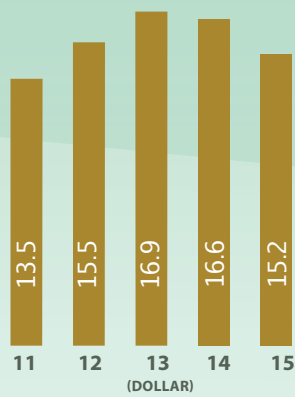
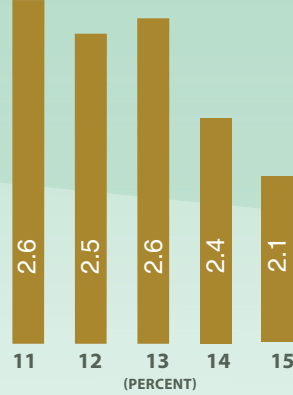
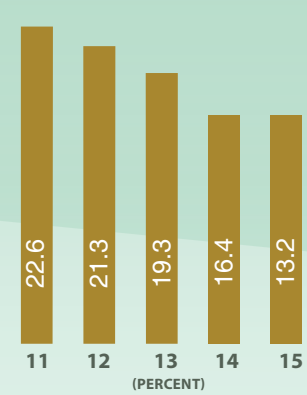
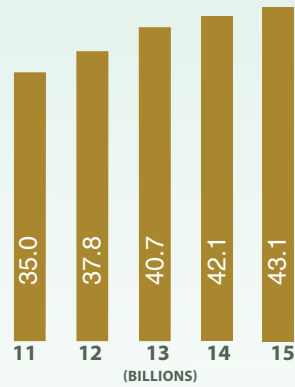
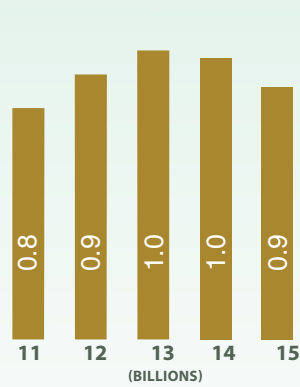
RATIOS:

| | | | | |
|------------------------------|------|------|-------|--------|
| Return on average assets (%) | 2.1 | 2.4 | (0.3) | (12.5) |
| Return on average equity (%) | 13.2 | 16.4 | (3.2) | (19.5) |
| Earnings per share (Dollars) | 15.2 | 16.6 | (1.4) | (8.4) |

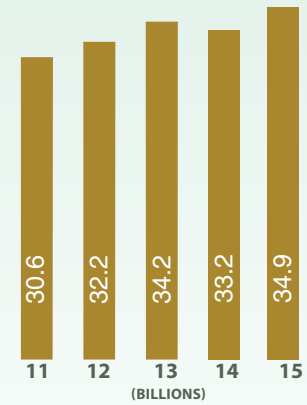
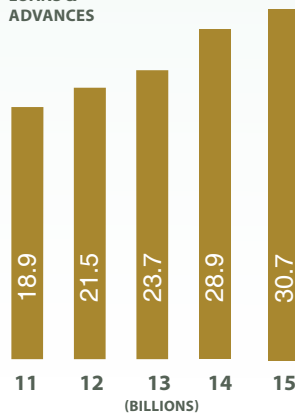
NUMBER OF:

| | | | | |
|------------------|--------|--------|-------|------|
| Shareholders | 93 | 91 | 2 | 2.2 |
| Deposit accounts | 47,609 | 43,878 | 3,731 | 8.5 |
| Employees | 153 | 142 | 11 | 7.7 |
| Locations | 7 | 6 | 1 | 16.7 |

FINANCIAL HIGHLIGHTS

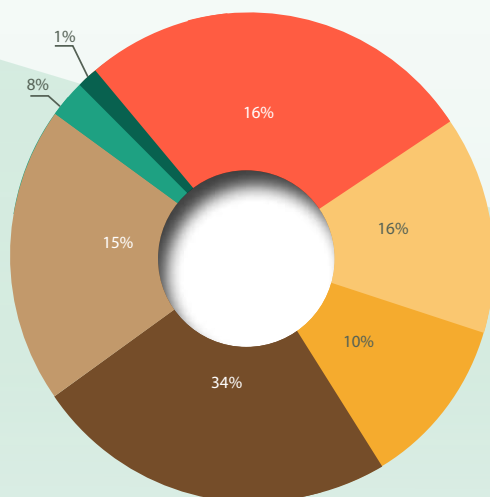
EARNINGS
PER SHARERETURN ON
AVERAGE
ASSETSRETURN ON
AVERAGE
EQUITYTOTAL
ASSETSPROFIT
AFTER
TAXATION

DEPOSITS

LOANS &
ADVANCES

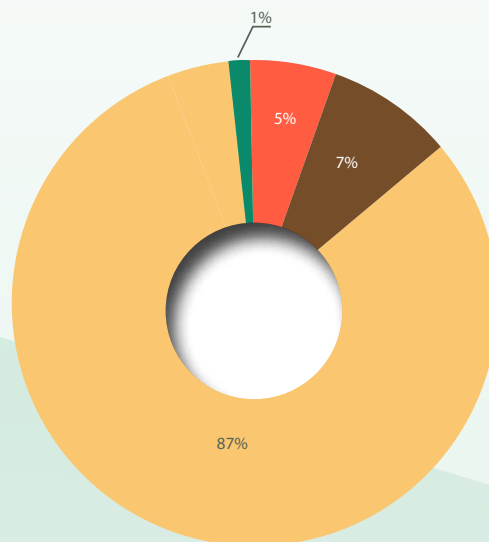


DISTRIBUTION OF INCOME



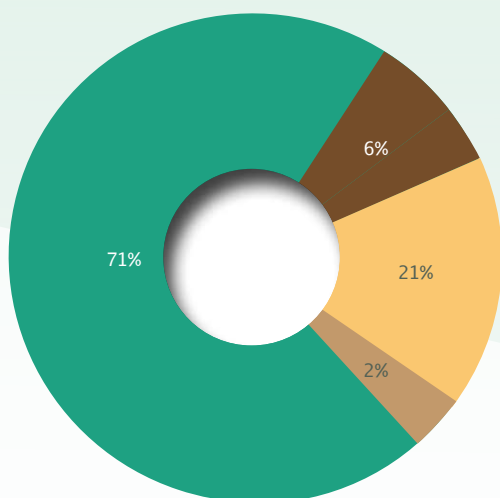
| | |
|-----------------------------|----------------|
| INTEREST EXPENSES | 601.5 |
| PERSONNEL EXPENSES | 387.5 |
| OTHER NON INTEREST EXPENSES | 1,251.5 |
| TAXATION | 560.6 |
| GENERAL BANKING RISK | 290.3 |
| DIVIDENDS | 41.6 |
| RETAINED EARNINGS | 574.9 |
| | <u>3,707.9</u> |

SOURCE OF INCOME



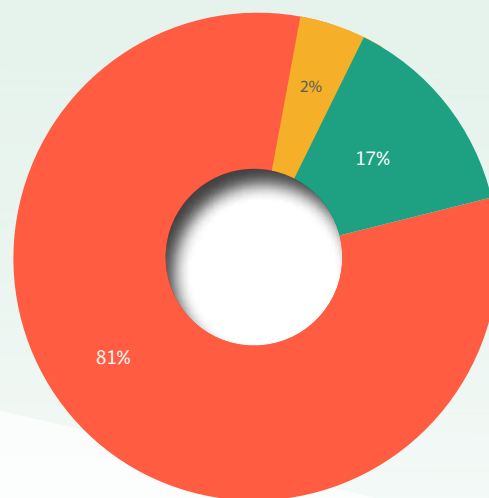
| | |
|----------------------------|----------------|
| LOANS AND ADVANCES | 3,206.3 |
| INVESTMENT SECURITIES | 45.5 |
| FEES AND COMMISSION INCOME | 202.7 |
| FOREIGN EXCHANGE TRADING | 247.5 |
| OTHER INCOME | 5.9 |
| | <u>3,707.9</u> |

ASSETS



| | |
|----------------------|-----------------|
| CASH RESOURCES | 8,942.8 |
| INVESTMENTS | 757.2 |
| LOANS & ADVANCES | 30,680.2 |
| PROPERTY & EQUIPMENT | 2,586.8 |
| OTHER ASSETS | 147.5 |
| | <u>43,114.5</u> |

LIABILITIES & SHAREHOLDERS EQUITY



| | |
|----------------------|-----------------|
| DEPOSITS | 34,905.5 |
| OTHER LIABILITIES | 969.9 |
| SHAREHOLDERS' EQUITY | 7,239.1 |
| | <u>43,114.5</u> |

BOARD OF DIRECTORS

Standing: Mr. R. K. Puri, Mr. M. H. Pereira

Sitting: Mr. E. M. Chester, Mr. W. A. Lee, Mr. R. B. Fields.



CORPORATE INFORMATION DIRECTORS

Mr. Clifford B. Reis, C.C.H., F.I.Mgt.
Chairman/Managing Director – Banks DIH Limited

Mr. Eton M. Chester, B.Sc.
Managing Director – Citizens Bank Guyana Inc.

Mr. George G. McDonald, B.Sc.
Co-Managing Director/Marketing Director – Banks DIH Limited

Mr. Michael H. Pereira
Operations Director – Banks DIH Limited

Mr. Paul A. Carto
Human Resources Director – Banks DIH Limited

Mr. Richard B. Fields, S.C., L.L.M (Lpool)
Attorney-At-Law – Messrs. Fields & Company

Mr. Wilfred A. Lee, A.A., Dip. M., B.Sc, MCIC
Consultant

Mr. Rakesh K. Puri
Managing Director – Continental Agencies Limited



Mr. P. A. Carto, Mr. C. B. Reis, Mr. G. G. McDonald



CORPORATE SECRETARY

Ms. Frances Sarah Parris, B.Sc.
General Manager – Citizens Bank Guyana Inc.

REGISTERED OFFICE

201 Camp & Charlotte Streets, Lacytown,
Georgetown, Guyana

AUDITORS

Messrs. Jack A. Alli , Sons & Company
Chartered Accountants
145 Crown Street, Queenstown, Georgetown, Guyana

ATTORNEYS-AT-LAW

Messrs. Cameron & Shepherd
2 Avenue of the Republic, Georgetown, Guyana
Messrs. Hughes, Fields & Stoby
62 Hadfield Street, Georgetown, Guyana
Messrs. Boston & Boston
Duke Chambers, 2 Croal Street, Stabroek,
Georgetown, Guyana
Messrs. Fields & Company
Equity Chambers,
Demerara Life Commercial Building,
63 Robb St., Georgetown, Guyana

BRANCHES, MANAGEMENT & STAFF



MAIN OFFICE

201 Camp & Charlotte
Streets, Georgetown
Tel: (592) 226-1705-9
Fax: (592) 226-1719



PARIKA

298 Parika Highway
East Bank Essequibo
Tel: (592) 260-4005-8
Fax: (592) 260-4004



BARTICA

16 First Avenue
Bartica, Essequibo
Tel: (592) 455-3012-5
Fax: (592) 455-3016



THIRST PARK

Banks DIH Complex
Mandela Avenue
Thirst Park, Georgetown
Tel: (592) 226-2100-1
Tel/Fax: (592) 223-7659



LINDEN

Lot 11-12 Republic Avenue
and Crabwood Street, Linden
Tel: (592) 444-2938
Fax: (592) 444-2972



CHARITY

98-99 Charity Waterfront
Charity, Essequibo
Tel: (592) 771-1517-20
Fax: (592) 771-1516



NEW AMSTERDAM

18 Main & Kent Streets
New Amsterdam
Berbice
Tel: (592) 333-4475
Fax: (592) 333-5534



BRANCHES:

Head Office: Georgetown, Parika,
Bartica, Thirst Park, Linden,
Charity, New Amsterdam.

CHAIRMAN'S REPORT

Economic Review

Growth prospects across the major countries and regions remain uneven reflecting a further slowdown in emerging markets and a weaker recovery in advanced economies. Relative to 2014, the recovery in the advanced economies is expected to record modest growth, while emerging and developing economies are projected to slow on account of weaker prospects for some large economies and oil exporting countries, decline in commodity prices, reduced capital inflows to emerging markets and a slowdown in investing and manufacturing activities in China. Global growth during the first six months of 2015 was reported at 2.9% and projected growth is 3.1% for fiscal 2015.

Growth in the United States economy was weaker than expected, inspite of a strong second quarter. The overall weaker growth is on account of setbacks to activity during the first quarter caused by one-off factors, notably the harsh winter and port closure and much lower spending on oil. The economy is expected to grow by 2.8% during 2015.

The Guyana economy recorded real economic growth of 0.7% for the first six months of 2015, on account of decrease in output of key productive sectors, gold and bauxite, and the contraction in construction activities. Positive growth was recorded by the agriculture sub-sectors including rice and sugar, as well as the services sector.





The Guyana economy is projected to grow by 3.4% during fiscal 2015, with agriculture, manufacturing and services sectors fueling the growth.

The rate of inflation for 2015 is now projected at 0.5% and during the first six months of 2015, inflation declined by 1.8% due to falling food prices.

The value of the Guyana dollar to the United States dollar during the review period remained relatively stable at US\$1.00 = G\$206.50, the same as at September 30, 2014.

Banking Sector

During the first half of fiscal 2015, the local banking system remained relatively sound and stable with commercial banks reporting higher levels of capital and profits, notwithstanding an increase in the level of nonperforming loans. The average capital adequacy ratio of 25.7% remained well above the prudential benchmark of 8.0%.

Deposits at the commercial banks recorded modest growth, and at September 30, 2015, deposits grew by 5.7% to \$336.5 billion year over year; private sector deposits which grew by 1.8% to \$277.9 billion accounted for 82.6% of total banking sector deposits.

Total loans and advances, grew by 6.1% to \$206.6 billion at September 30, 2015 with credit to the private sector increasing by 3.2% to \$130.1 billion.

Liquidity in the banking sector remains relatively high with required reserve requirements being exceeded by 46.9%, while liquid assets of the sector exceeded the requirements amount by 55.0%, confirming the high liquidity within the sector.

The Bank of Guyana continues to use the auction of Treasury Bills through its open market operation, to sterilise the excess liquidity in the sector and at September 30, 2015, outstanding Treasury Bills totalled \$74.6 billion with commercial banks holding \$61.9 billion or 83.0%.

The 91-day Treasury Bill rate, used as a market reference, improved to 1.9% at September 30, 2015, compared to 1.6% at September 30, 2014.

The weighted average lending rate declined from 11.2% to 10.6% at September 30, 2015, while the average savings rate was 1.3% at September 30, 2015, the same as at September 2014.

Performance of the Bank

I am pleased to report that Citizens Bank Guyana Inc has recorded Net Income for the year ended September 30, 2015 of \$3.1 billion compared to \$2.7 billion the prior year, an increase of \$368.1 million or 13.4%.

Profit Before Taxation was \$1.5 billion compared to \$1.6 billion in the prior year and Profit After Taxation of \$906.8 million compared to \$989.2 million the prior year, representing a decrease of \$82.4 million.

CHAIRMAN'S REPORT

Our performance reflects the many challenges in the operating environment including, but not limited to, a slowdown in the economy from the decline in the performance of the major productive sectors, decline in asset quality, and the still unsettled ongoing political situation.

During the year, total revenue grew by \$0.5 billion or 15.2% to \$3.7 billion, while modest growth was recorded for loans, total assets, and deposits by 6.2%, 2.3% and 5.1% respectively.

The return on average assets was 2.1%, while the return on shareholders' equity was 13.2% compared to 2.4% and 16.4% respectively in the prior year.

The Bank's loan portfolio remains relatively sound. However, the various challenges experienced by our customers because of the decline in business activities during 2015, has impacted the performance of our overall portfolio. Non-performing loans at September 30, 2015 represented 10.9% of our total loan portfolio compared to 8.0% at September 30, 2014. The consolidated banking sector ratio for non-performing loans was 10.8% at September 30, 2015.

The Bank's shares were last traded on the local stock exchange at \$144.00 per share.

Growth Initiatives

The existing factors that have defined the local financial environment during fiscal 2015 are expected to continue during our financial year 2016, stagnated business activities, challenging lending opportunities, limited

investing options, and declining credit quality to mention a few. This will no doubt require us to be creative and to take initiatives that address those components of our operation that we anticipate will ensure growth and sustainable performances.

During the financial year 2016, the Bank will redouble its efforts to improve and strengthen its assessment and management of risk, and improve operational efficiencies and customer care, which is key to our remaining competitive while achieving strong and sustainable results.

Construction of our modern state of the art building that will house our main branch and corporate offices will be completed during the financial year. Upgrades will be done at our Bartica and Thirst Park branches to provide modern facilities and improved accommodation as we seek to provide an improved level of service to our customers.

In 2016, greater focus will be placed on the continuing effort to improve our Human Resources Management capability ensuring that our employees are motivated and are well equipped so that our clients will benefit through the consistent delivery of quality customer care.

The initiatives outlined above will ensure that our bank meets the ever expanding financial needs of our valued customers making Citizens Bank one of the industry's leading financial services providers.



Looking Forward to 2016

Global growth is projected at 3.6% in 2016, following a decline from 3.4% to 3.1% in 2015. This improvement is on account of stronger performance in both emerging and advanced economies, and growth in countries that experienced economic distress in 2015 including Brazil, Russia and some countries in Latin America and the Middle East.

The advanced economies are projected to grow by 2.2%, with the United States growing by 3.1% on account of lower energy prices, reduced fiscal drag, strengthened balance sheets, and an improving housing market. The moderate euro area recovery is expected to continue and is projected to grow by 1.6% in 2016, sustained by lower oil prices and monetary easing and the euro depreciation.

In 2016, growth of 4.5% is projected for emerging markets and developing economies largely on account of improvement in economic conditions in a number of distressed economies.

The Guyana economy is expected to experience growth during the remainder of 2015 and is projected to grow by 3.4% in fiscal 2015. It is anticipated that 2016 shall see moderate growth with key sectors including mining and construction showing improvement due to increased output and renewed government focus with increased spending on major infrastructure projects. The agricultural, manufacturing and service sectors are expected to continue their positive contribution to growth in 2016, though the agricultural sub-sectors (mainly rice and sugar) may be affected by lower prices.

The year 2016, will undoubtedly bring many challenges however, Citizens Bank is firm in its belief that our strategies for growth will enable us to achieve a successful year for stakeholders and continue our contribution to the development of the banking sector and the wider economy.

Dividend

In 2014, shareholders benefited from a dividend of \$2.40 per share. The bank paid an interim dividend of \$0.70 per share in May 2015. The Directors now recommend a final dividend of \$1.70 per share bringing the total dividend payment to \$2.40 per share the same as that paid in 2014 for a total payout of \$142.8 million.

Appreciation

As Chairman I wish to again extend my sincere appreciation to all our employees as well as my colleagues on the Board for their invaluable contributions during the financial year to help achieve these results. I would also like to place on record our gratitude to our regulators.

I wish to acknowledge the sterling contribution of Mr. Dunstan Barrow, A.A., who retired from the Board of Directors on February 11, 2015. We wish him a most rewarding retirement.

To our customers and shareholders, I wish to express my gratitude for their loyalty, commitment and dedication to the success of our institution.

MANAGING DIRECTOR'S REPORT

"...we will continue our efforts of improving our customer relationship, the management of risk, of asset quality maintenance, human resource development and management, corporate governance, the continued leveraging of existing technology and strict expenditure control."

Overview

I wish to report that for the just concluded financial year ended September 30, 2015 Citizens Bank Guyana Inc recorded profits after taxation of \$906.8 million.

Earnings per share were \$15.2 while our book value per share was \$121.7 at September 30, 2015.

Return on Average Assets and Average Equity

The Bank's return on average assets, a key indicator of the utilisation of our assets, was 2.1% while the return on average equity, a key measure of return on our capital employed, was 13.2%

Net Interest Income and Other Income

Net interest income was \$2.6 billion compared to \$2.4 billion in the prior year representing an increase of \$0.2 billion or 8.3%. Increase in our loan portfolio was the main contributor to the growth in our net interest income. Interest income is the most significant contributor to the bank's net operating income accounting for 88.6% compared to 87.5% in 2014.

Other income increased to \$456.2 million from \$366.9 million; an increase of \$89.3 million or 24.3%. Earnings from foreign currency transactions, the major contributor to other income, increased to \$247.5 million from \$162.9 million; an increase of \$84.6 million or 51.9% on account of increased volume of foreign currency traded.

Net operating income increased by \$0.4 billion or 14.8% to \$3.1 billion, compared to \$2.7 billion recorded in 2014.

Non-interest Expenses

Non-interest expenses, which include personnel costs and other operating expenses amounted to \$1.2 billion compared to \$1.0 billion for the prior year; an increase of \$0.2 billion. Increases in employees' emoluments, expenses associated with the expansion of our branch network, inflationary increase in goods and services, depreciation and amortisation, and general administrative expenses all contributed to the increase in non-interest expenses.

Net Impairment Expenses

Net impairment on the valuation of financial assets amounted to \$479.4 million compared to \$120.2 million in 2014, and at September 30, 2015, total reserves for loan losses amounted to \$827.5 million compared to \$440.5 million in 2014, while the general banking risk reserve, which represents statutory and other loss provisions that exceed the impairment provision, amounted to \$587.1 million compared to \$296.8 million at September 30, 2014.

At September 30, 2015, non-accrual loans and advances totalled \$3.4 billion or 10.9% of total loans and advances compared to 8.0% in 2014. The Banking sector ratio of non-accrual loans to total loans stood at 10.8% compared to 7.8% at September 30, 2014.



The increase in non-accrual loans and advances, and corresponding increase in impairment expenses reflect the difficulties encountered by borrowers' due to a slowdown in the economy, and challenges faced by institutions in realising collateral in a timely manner due to an inefficient commercial court system.

Our non-accrual loans and advances are well secured, and we anticipate that our recovery efforts will bring significant results in the financial year 2016.

Investment Securities

Net investments at September 30, 2015 were \$0.8 billion compared to \$3.0 billion at the prior financial year end and accounted for 2.4% of earning assets and 1.8% of total assets, compared to 9.5% and 7.2% respectively in 2014.

Return on our investment securities improved to 3.1% in 2015 compared to 2.2% in 2014 while income from investments represented 1.4% of interest income in 2015 compared to 4.7% in 2014 reflecting the decline in investment balances.

Loans and Advances

Net loans and advances increased by \$1.8 billion or 6.2% to \$30.7 billion from \$28.9 billion. During 2015 growth was recorded in lending to the construction and housing sectors which grew by 15.0% and 12.1% respectively; loans to the services sectors grew by 5.6%. Our sectorial exposure showed marginal changes from the prior year.

During 2015, the yield recorded from our loans and advances was 10.6%. Income from loans and advances represented 98.6% of interest income in 2015, compared to 95.4% in 2014, consistent with the growth in loan portfolio.

Loans and advances accounted for 97.6% of earning assets and 71.2% of total assets compared to 90.5% and 68.7% respectively in 2014.

Customers' Deposits

Customers' deposits at September 30, 2015 were \$34.9 billion compared to \$33.2 billion at September 30, 2014, an increase of \$1.7 billion over the prior year.

Savings deposits amounted to \$14.8 billion representing 42.4% of our deposit base, demand deposits are \$7.7 billion accounting for 22.1% of total deposits while time deposits amounted to \$12.4 billion and now represent 35.5% of total deposits.

Shareholders' Equity

Shareholders' equity increased by \$0.7 billion or 11.8% to \$7.2 billion from \$6.5 billion.

The Bank's capital adequacy ratios are computed in accordance with the Basle Committee guidelines adopted by the Bank of Guyana and at September 30, 2015 the Bank's ratio of capital to risk weighted assets was 24.5% compared to 22.8% the prior year. Our risk based capital is well in excess of the required minimum risk

MANAGING DIRECTOR'S REPORT

based capital to risk weighted assets of 8.0% and the proposed 10.5% with the implementation of Basle III, thus the bank is well positioned to increase its financial portfolio.

Human Resources

During 2015 staff participated in a number of in-house and external training programs as we sought to ensure that our employees are adequately equipped to provide a consistently high level of service. Employees were trained in Customer Care, Internal Audit and Compliance, Anti-money Laundering Activities, Investments and Credit Management and Supervisory Skills. The Bank completed its job evaluation exercise, recommendations from which will be implemented during 2016.

Technology

In 2015, significant investments in technology were made which has resulted in improved system availability and operating efficiency respectively, and are well positioned to roll out technology driven products and services. Work also commenced on the establishment of a new full function Disaster Recovery and Business Continuity Site.

The Future

The many challenges encountered by financial institutions during 2015, are expected to remain during 2016, in spite of the ongoing efforts at stimulating the economy to create an environment conducive to development and growth.

It is therefore imperative that, during the coming financial year, the Bank focuses on those factors that are critical to its success in the immediate and foreseeable future. Consequently, we will continue our efforts of improving our customer relationships, the management of risk, of asset quality maintenance, human resource development and management, corporate governance, the continued leveraging of existing technology and strict expenditure control.

We intend to upgrade our Thirst Park and Bartica branches respectively while construction of our new state-of-the-art corporate offices and main branch will be completed bringing much needed improvement to the delivery of service to our customers and stakeholders.

In 2016, our Automated Telling Machines (ATM) network will join the national switch, point-of-sale (POS) terminals will be deployed and we will commence the issuance of our Visa debit cards. Our website will be relaunched and e-banking service will be offered in 2016. The new full function Disaster Recovery and Business Continuity Site will become operational.

We remain steadfast and confident in our strategies and anticipate sustainable growth and expansion in the coming year.

Appreciation

To our customers, I express my appreciation for your support and confidence. I thank the management and staff for their support, commitment and hard work. I wish to also express my gratitude to members of our Board for their guidance and support and look forward to their continued support during the coming year.



MANAGEMENTS' RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements, which follow, were prepared by the Management of Citizens Bank Guyana Inc.

While the form of the financial statements and the accounting policies followed are similar to those used by many banks and are prepared in conformity with the requirements of the Financial Institutions Act of 1995, the Companies Act 1991, the Securities Industries Act 1998 and in accordance with International Financial Reporting Standards, some amounts must of necessity be based on the best estimates and judgment of management.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorised, assets are safeguarded and proper records maintained. These controls include quality standards in hiring and training of employees, written policies and procedure manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The system of internal control is supported by an Internal Audit function. The Bank Supervision Department of the Bank of Guyana conducts examinations of the Bank's operations in accordance with the Financial Institutions Act 1995.

Messrs Jack A. Alli, Sons & Company, independent Auditors appointed to report to the members of the Bank have examined our financial statements in accordance with International Standards on Auditing.

We have disclosed to the Auditors all matters known to us, which may materially affect the outcome of the financial statements presented. The Auditors have full and free access to the Board Audit Committee to discuss their findings as to the integrity of the Bank's financial reporting and the adequacy of the system of internal control.

ETON M. CHESTER
MANAGING DIRECTOR

FRANCES SARAH PARRIS
GENERAL MANAGER/CORPORATE SECRETARY



PRINCIPAL OFFICERS

Mr. Philip Jaiserrisingh, Dip. Banking & Finance
Senior Manager (ag) - Credit & Marketing

Ms. Margaret Loy
Assistant Manager – Registry

Ms. Pramila Persaud, FCCA
Senior Manager – Finance & Treasury

Ms. Uma Daniels, ACCA Affiliate
Chief Internal Auditor



Ms. Onecia Johnson, EMBA
Manager - Human Resources
& Administration

Mr. Kwabina Griffith, B.Sc.
Senior Manager – MIS

Ms. Rosemary Benjamin-Noble, LLB (Hons.), M.Ed
Senior Manager – Legal & Compliance

Ms. Frances S. Parris, B.Sc.
General Manager/Corporate Secretary

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Citizens Bank Guyana Inc. recognises the importance of good corporate governance and corporate social responsibility in promoting and strengthening the trust of its stakeholders and the public. The Board believes that good corporate governance will enhance shareholder value and it is committed to maintaining the highest level of corporate governance.

In the execution of its duties and responsibilities, the Board is guided by the Laws of Guyana, the by-laws of Citizens Bank Guyana Inc., the recommendations of the Guyana Securities Council, the Guidelines contained in the various Supervision Guidelines issued by the Bank of Guyana (especially Supervision Guideline No. 8 on Corporate Governance) and the Director's Handbook issued by the Bank of Guyana. The Board is also guided by Supervision Guideline 10 on its responsibilities for the Public Disclosure of Information.

The Board of Directors, which governs the Company, meets monthly and comprises seven Non-Executive Directors and the Managing Director. Directors' information is included on page 8 of this Annual Report.

The positions of the Chairman of the Board of Directors and the Managing Director are filled by separate individuals, Mr. Clifford B. Reis (Non-Executive) and Mr. Eton M. Chester (Executive Director), respectively.

The Company's Articles of Association stipulates that each Non-Executive Director must stand for re-election every three (3) years.

The Board of Directors has the following Committees:

The Human Resources & Emoluments Committee, which is responsible for providing approval and oversight of all human resource activities including the formulation of human resource policies, the hiring and retention of the Managing Director and Senior Management, and formalising the remuneration policy for all employees. The current members of the Committee are Messrs. Richard B. Fields (Chairman), Clifford B. Reis, Rakesh K. Puri, Paul A. Carto and Eton M. Chester.

The Credit Committee, which is responsible for developing credit policies and procedures, reviewing credits which exceed the approval authority delegated to Management, and generally overseeing and supporting efficient and effective lending portfolio management. The current members of the Committee are Messrs. Rakesh K. Puri (Chairman), Wilfred A. Lee, George G. McDonald and Eton M. Chester.

The Marketing Committee, which is responsible for providing guidance in developing business and marketing plans and strategies and performing oversight of the implementation of these plans. This includes oversight of branching activities, advertising campaigns and product launching. This Committee currently has a special purpose sub-committee – the Building Sub-Committee. The purpose of this Sub-Committee is to oversee the Corporate Headquarters building project. The current members of the Committee and the associated Sub-Committee are Messrs. Wilfred A. Lee (Chairman), George G. McDonald, Michael H. Pereira and Eton M. Chester.

The Audit, Finance and Risk Management Committee, which is responsible for:

- Reviewing and developing operational policies and procedures to support the implementation of effective internal controls and risk management practices to ensure the safety and soundness of the operations of the Bank.



The Audit, Finance and Risk Management Committee (cont'd)

- Reviewing and developing budgets, business plans and strategies.
- Reviewing and monitoring the internal and external audit and examination process and compliance with all statutory and regulatory requirements.

A key responsibility of the Board of Directors is ensuring that the risks that are significant to the operation of the bank are identified and appropriately mitigated and managed. This oversight is performed by the Board which reviews various indicators on a monthly basis. Additionally the Audit, Finance and Risk Management Committee is specifically tasked with responsibility for overseeing risk management.

The Bank's approach to the management of credit, liquidity, foreign exchange and interest rate risks are fully discussed in note 29 of the financial statements. In terms of operational risk, which is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, the Internal Audit Department provides independent assessment and validation through testing of key processes and controls across the company. Operational risk may occur anywhere in the company and not solely in the operations functions. Its effects may extend beyond financial losses and a sound internal governance structure enhances the effectiveness of the company's operational risk management.

The Company has an Internal Audit Department and a Legal and Compliance Department. These Departments monitor the implementation of internal controls and perform ongoing reviews to ensure full compliance with the Company's internal policies and procedures as well as with all statutory requirements. The Audit, Finance and Risk Management Committee performs an annual review of the work programmes of both of these Departments. The reports of both Departments are reviewed by the Board on a monthly basis.

The current members of the Committee are Messrs. Wilfred A. Lee (Chairman), Clifford B. Reis, George G. McDonald and Eton M. Chester.

The day-to-day operations of the Bank are managed by the Managing Director with the assistance of a General Manager and a senior management team. This team, with combined experience that exceeds 120 years, has responsibility for the management and growth of the credit portfolio, branch operations and all supporting activities required for ensuring the prudent and effective management and security of the Bank's operations. Each member of the team has formal qualifications relevant to their area of responsibility and they each have in excess of eight years of experience in their respective fields. Information on the Management Team is included on pages 20 and 21 of this Annual Report.

The performance of management is reviewed on an annual basis in keeping with the expectations of the Board. These expectations are defined primarily by work program objectives and budget targets. The compensation packages for all employees, including management officers, are commensurate with their responsibilities and experience. These packages comprise basic salary and allowances which are reviewed annually by the Board. Incentive payments are based on a combination of the overall performance of the Bank and individually assessed performances.

The Bank conducts all related party relationships and transactions in keeping with the principles of transparency and prudence. The Board of Directors remains committed to making complete disclosure of all related party transactions. Note 27 of the financial statements contains details of the related party disclosure.

The Board of Directors strongly endorses good corporate governance. The Company has sound governance practices since its incorporation and the Board of Directors will continue to maintain these practices, making improvements as necessary.

CITIZENS OUTREACH



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1. Donation to Children's Ward – Bartica Hospital
2. Donation to Phoenix Sports Club, Bartica
3. Donation for Annual Prize Giving Ceremony – Bartica Secondary School
4. Employee Development – Peer Educator Program Hosted by Guyana Business Coalition for Health Awareness
5. Junior Saver's Award Presentation-CSEC and CAPE
6. Junior Saver's Award Presentation-NGSA
7. Participation at Berbice Expo-2015



3



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- 8. Presentation to Top NGSA Students in Region 6
- 9. Sponsorship of Boat Race at Lake Mainstay Regatta
- 10. Customer Appreciation at Parika Branch
- 11. Employee Development – Onboarding and Orientation Training



7



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11

REPORT OF THE DIRECTORS

The Directors submit their Annual Report and the Audited Financial Statements for the year ended 30 September 2015.

PRINCIPAL ACTIVITIES

The Bank provides a comprehensive range of banking services at seven locations within Guyana. Our main office is located at Lot 201 Camp and Charlotte Streets, Lacytown, Georgetown and our branches are situated at Parika, Bartica, Thirst Park, Linden, Charity and New Amsterdam.

FINANCIAL HIGHLIGHTS

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Net Profit After Taxation | 906,846 | 989,155 |
| Transfer to General Banking Risk Reserve | 290,328 | 31,299 |
| Dividend Paid | 41,644 | 41,644 |
| Revenue Reserves | 574,874 | 916,212 |
| Proposed Dividend | 101,135 | 101,135 |

DIVIDENDS

The Bank paid an interim dividend of \$0.70 per share in May 2015. The Directors now recommend a final dividend of \$1.70 per share bringing the total dividend payment to \$2.40 per share, the same as the prior year.

STATUTORY, GENERAL BANKING RISK AND REVENUE RESERVES

| | 2015 \$'000 | 2014 \$'000 |
|--------------------------|----------------|----------------|
| Statutory reserves | 594,913 | 594,913 |
| General banking reserves | 587,088 | 296,760 |
| Revenue reserves | 5,429,437 | 4,956,024 |

DIRECTORS

The Directors of the Bank are:

| | |
|-----------------------------|------------------------|
| Mr. Clifford B. Reis, C.C.H | Mr. Michael H. Pereira |
| Mr. Richard B. Fields, S.C | Mr. Paul A. Carto |
| Mr. Rakesh K. Puri | Mr. Eton M. Chester |
| Mr. Wilfred A. Lee, A.A | |
| Mr. George G. McDonald | |

We wish to acknowledge the sterling contribution of Mr. Dunstan Barrow, A.A. who retired from the Board of Directors on 11 February 2015.

Directors Mr. Wilfred A. Lee and George G. Mc Donald retired and being eligible, offer themselves for election.



DIRECTORS' AND THEIR ASSOCIATES' INTEREST

The interest of the Directors holding office at 30 September 2015 and their associates in the ordinary shares of the Company were as follows:

| | Ordinary Shares | | Ordinary Shares | |
|--|-----------------------------|----------------------------------|-----------------------------|----------------------------------|
| | 2015 Beneficial Owned | 2015 Beneficial Associates | 2014 Beneficial Owned | 2014 Beneficial Associates |
| Mr. Clifford B. Reis | NIL | 125,000 | NIL | 125,000 |
| Mr. Richard B. Fields | NIL | NIL | NIL | NIL |
| Mr. Wilfred A. Lee | NIL | NIL | NIL | NIL |
| Mr. Rakesh K. Puri | NIL | 9,929,241 | NIL | 9,929,241 |
| Mr. George G. Mc Donald | NIL | NIL | NIL | NIL |
| Mr. Dunstan Barrow (resigned 11 February 2015) | 140,000 | NIL | 140,000 | NIL |
| Mr. Michael Pereira | NIL | NIL | NIL | NIL |
| Mr. Paul A. Carto | NIL | NIL | NIL | NIL |
| Mr. Eton M. Chester | 10,001 | NIL | 10,001 | NIL |

No other director or his known associates has any beneficial interest in any shares of Citizens Bank Guyana Inc.

DIRECTORS' SERVICE CONTRACTS

Other than the standard service contracts under the Companies Act 1991, there are no other service contracts with the Directors proposed for election at the Annual General Meeting or any other Director.

CONTRACTS WITH DIRECTORS

There were no contracts of significance between the Bank and any of its Directors during the year.

SUBSTANTIAL SHAREHOLDERS

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.

| | 2015 | 2015 | 2014 | 2014 |
|------------------------------|------------|------|------------|------|
| | Amount | % | Amount | % |
| Banks DIH Limited | 30,340,557 | 51.0 | 30,340,557 | 51.0 |
| Continental Agencies Limited | 9,929,241 | 16.7 | 9,929,241 | 16.7 |
| Hand-in-Hand Group | 5,318,856 | 8.9 | 5,223,856 | 8.8 |
| Hand-in-Hand Pension | 4,615,385 | 7.8 | 4,615,385 | 7.8 |

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.

REPORT OF THE DIRECTORS

AUDITORS

Messrs Jack A. Alli, Sons & Company – Chartered Accountants, has informed the Bank of their willingness to continue in office as auditors. A resolution proposing their appointment and authorising the Directors to fix their remuneration will be submitted at the Annual General Meeting.

CONTRIBUTION OF EACH ACTIVITY TO OPERATING PROFIT

Banking services is considered as a single business operation which includes lending, investments, foreign exchange and deposit taking. The contribution or cost of these activities to operating profits is disclosed in notes, 17 and 18 of the financial statements.

GEOGRAPHICAL ANALYSIS OF CONSOLIDATED REVENUE AND CONTRIBUTION TO RESULTS

The operations of the Bank are based in Guyana. However, several investments are held overseas from which income of \$16.7 million (2014 - \$30.9 million) was earned during the year.

INTRA GROUP DEBT

Banks DIH Limited, the parent company of Citizens Bank Guyana Inc. has obligations (loans and guarantees) totalling \$599.7 million owing to the Bank at 30 September 2015 (2014 - \$664.2 million). Of the \$599.7 million obligation, \$15.0 million are guarantees while loans total \$584.7 million (2014: \$21.0 million were guarantees, while loans were \$643.2 million).

MATERIAL CONTRACTS AS AT 30 SEPTEMBER 2015

Citizens Bank Guyana Inc. has existing lease agreements to lease from Banks DIH Limited premises situated at Thirst Park, Bartica, Linden and New Amsterdam for the purpose of carrying on banking business.

Citizens Bank Guyana Inc. has an existing lease agreement to lease from Continental Agencies Limited office space at premises situated at Regent and Alexander Streets, Bourda, Georgetown.

CAPITAL EXPENDITURE

The Bank incurred Capital Expenditure amounting to \$931.2 million during the year of which \$809.4 million was related to the construction of the Corporate Headquarters.

BY ORDER OF THE BOARD



FRANCES S. PARRIS

CORPORATE SECRETARY

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF

CITIZENS BANK GUYANA INC.

145 Crown Street
Queenstown
Georgetown
P.O. Box 10351
Guyana
Telephone: (592) 226-2904
Fax: (592) 225-3849
Website: www.jaasco.com

We have audited the accompanying financial statements of Citizens Bank Guyana Inc. which comprise the statement of financial position as at 30 September 2015, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 35 to 73.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the Companies Act and the Financial Institutions Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

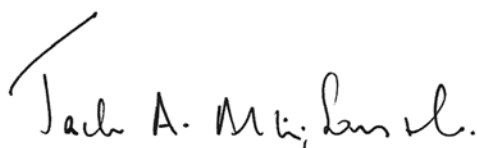
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of Citizens Bank Guyana Inc. as at 30 September 2015 and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act and the Financial Institutions Act.



JACK A. ALLI, SONS & CO.

16 December 2015

STATEMENT OF FINANCIAL POSITION

30 September 2015

| Thousands of Guyana Dollars | Note | 2015 | 2014 |
|---|------|-------------------|-------------------|
| ASSETS | | | |
| Cash and balances with Bank of Guyana | 4 | 5,921,773 | 4,775,560 |
| Amounts due from other banks | 5 | 3,020,996 | 3,453,384 |
| Investment securities | 6 | 757,158 | 3,035,138 |
| Loans and advances | 7 | 30,680,174 | 28,902,052 |
| Property and equipment | 8 | 2,512,515 | 1,671,913 |
| Intangible asset | 9 | 74,294 | 92,159 |
| Taxation recoverable | | 3,248 | 3,248 |
| Deferred taxation | 10 | 1,091 | 2,293 |
| Other assets | 11 | 143,211 | 188,413 |
| TOTAL ASSETS | | 43,114,460 | 42,124,160 |
| LIABILITIES | | | |
| Customers' deposits | 12 | 34,905,524 | 33,225,407 |
| Amount due to other bank | 13 | 0 | 1,300,000 |
| Deferred taxation | 10 | 51,429 | 49,876 |
| Taxation payable | | 149,687 | 199,136 |
| Other liabilities | 14 | 768,758 | 876,487 |
| TOTAL LIABILITIES | | 35,875,398 | 35,650,906 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 15 | 594,913 | 594,913 |
| Statutory reserve | 16 | 594,913 | 594,913 |
| General banking risk reserve | 16 | 587,088 | 296,760 |
| Other reserves | 16 | 32,711 | 30,644 |
| Retained earnings | | 5,429,437 | 4,956,024 |
| TOTAL SHAREHOLDERS' EQUITY | | 7,239,062 | 6,473,254 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 43,114,460 | 42,124,160 |

The notes on pages 35 to 73 form an integral part of these financial statements. The Board of Directors approved these financial statements for issue on 16 December 2015.



Clifford B. Reis
Director



Eton M. Chester
Director



STATEMENT OF INCOME

For the year ended 30 September 2015

| Thousands of Guyana Dollars | Note | 2015 | 2014 |
|------------------------------------|------|-------------|-------------|
| INTEREST INCOME | 17 | 3,251,754 | 2,850,484 |
| INTEREST EXPENSE | 17 | (601,522) | (479,148) |
| NET INTEREST INCOME | | 2,650,232 | 2,371,336 |
| OTHER INCOME | 18 | 456,162 | 366,945 |
| TOTAL NET INCOME | | 3,106,394 | 2,738,281 |
| OPERATING EXPENSES | 19 | (1,159,577) | (1,018,784) |
| NET IMPAIRMENT OF FINANCIAL ASSETS | 21 | (479,418) | (120,223) |
| PROFIT BEFORE TAXATION | | 1,467,399 | 1,599,274 |
| TAXATION CHARGE | 22 | (560,553) | (610,119) |
| PROFIT AFTER TAXATION | | 906,846 | 989,155 |
| EARNINGS PER SHARE | 23 | \$15.24 | \$16.63 |

The notes on pages 35 to 73 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2015

| Thousands of Guyana Dollars | Note | 2015 | 2014 |
|--|------|----------------|----------------|
| PROFIT AFTER TAXATION | | <u>906,846</u> | <u>989,155</u> |
| OTHER COMPREHENSIVE INCOME: | | | |
| <i>Item that may be subsequently reclassified to profit or loss:</i> | | | |
| Fair value gain on available-for-sale asset | | 2,901 | 2,605 |
| Deferred tax charge on fair value gain on available-for-sale asset | 10 | <u>(1,160)</u> | <u>(1,042)</u> |
| | | <u>1,741</u> | <u>1,563</u> |
| TOTAL COMPREHENSIVE INCOME | | <u>908,587</u> | <u>990,718</u> |

The notes on pages 35 to 73 form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2015

Thousands of Guyana Dollars

| | Note | Share Capital | Statutory Reserve | General Banking Risk Reserve | Retained Earnings | Revaluation Reserve | Available- for-Sale Investments Reserve | Total |
|---|------|------------------|----------------------|---------------------------------------|----------------------|------------------------|--|-----------|
| For the year ended 30 September 2014 | | | | | | | | |
| As at beginning of year | | 594,913 | 594,913 | 265,461 | 4,141,273 | 33,512 | (4,757) | 5,625,315 |
| Total comprehensive income | | 0 | 0 | 0 | 989,155 | 0 | 1,563 | 990,718 |
| Transfer to general banking risk reserve | 16 | 0 | 0 | 31,299 | (31,299) | 0 | 0 | 0 |
| Other transfer | | 0 | 0 | 0 | (326) | 326 | 0 | 0 |
| Dividends paid | 24 | 0 | 0 | 0 | (142,779) | 0 | 0 | (142,779) |
| As at end of year | | 594,913 | 594,913 | 296,760 | 4,956,024 | 33,838 | (3,194) | 6,473,254 |
| For the year ended 30 September 2015 | | | | | | | | |
| As at beginning of year | | 594,913 | 594,913 | 296,760 | 4,956,024 | 33,838 | (3,194) | 6,473,254 |
| Total comprehensive income | | 0 | 0 | 0 | 906,846 | 0 | 1,741 | 908,587 |
| Transfer to general banking risk reserve | 16 | 0 | 0 | 290,328 | (290,328) | 0 | 0 | 0 |
| Other transfer | | 0 | 0 | 0 | (326) | 326 | 0 | 0 |
| Dividends paid | 24 | 0 | 0 | 0 | (142,779) | 0 | 0 | (142,779) |
| As at end of year | | 594,913 | 594,913 | 587,088 | 5,429,437 | 34,164 | (1,453) | 7,239,062 |

The notes on pages 35 to 73 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 September 2015

| Thousands of Guyana Dollars | 2015 | 2014 |
|---|--------------------|--------------------|
| OPERATING ACTIVITIES | | |
| Profit before taxation | 1,467,399 | 1,599,274 |
| Adjustments to reconcile net profit to net cash provided by operating activities: | | |
| Depreciation and amortisation | 123,332 | 113,808 |
| Loss / (gain) on disposal of property and equipment | 537 | (192) |
| Net impairment of loans and advances | 472,600 | 121,596 |
| Loans and advances | (2,250,722) | (5,352,735) |
| Net impairment of investment securities | 6,818 | (1,373) |
| Reserve requirement with Bank of Guyana | 17,330 | 11,870 |
| Customers' deposits | 1,680,117 | (948,427) |
| Other assets | 45,202 | (24,185) |
| Other liabilities | (107,729) | 231,749 |
| Taxes paid | (608,407) | (602,551) |
| NET CASH INFLOW / (OUTFLOW) - OPERATING ACTIVITIES | 846,477 | (4,851,166) |
| INVESTING ACTIVITIES | | |
| Additions to investment securities | 0 | (2,842,748) |
| Maturities of investment securities | 2,273,735 | 8,629,447 |
| Purchase of property and equipment | (931,248) | (535,706) |
| Purchase of intangible asset | (15,958) | (52,429) |
| Proceeds from sale of property and equipment | 600 | 850 |
| NET CASH INFLOW - INVESTING ACTIVITIES | 1,327,129 | 5,199,414 |
| FINANCING ACTIVITIES | | |
| Dividends paid | (142,779) | (142,779) |
| Proceeds from borrowings | 0 | 1,300,000 |
| Repayment of borrowings | (1,300,000) | 0 |
| NET CASH (OUTFLOW) / INFLOW - FINANCING ACTIVITIES | (1,442,779) | 1,157,221 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 730,827 | 1,505,469 |
| CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR | 4,622,451 | 3,116,982 |
| CASH AND CASH EQUIVALENTS AS AT END OF YEAR | 5,353,278 | 4,622,451 |
| CASH AND CASH EQUIVALENTS COMPRISE: | | |
| Cash and non-restricted balance with Bank of Guyana | 2,012,103 | 848,560 |
| Amounts due from other banks | 3,020,996 | 3,453,384 |
| Investment securities with original maturity of less than three months | 320,179 | 320,507 |
| | 5,353,278 | 4,622,451 |



NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

1. COMPANY IDENTIFICATION AND PRINCIPAL ACTIVITY

Citizens Bank Guyana Inc. (the 'Company') was incorporated in Guyana on 02 November 1993. Its registered office is situated at 201 Camp and Charlotte Streets, Lacytown, Georgetown, Guyana. Banks DIH Limited, a company incorporated in Guyana, owns 51% of the Company's share capital.

The Company is licensed to carry on the business of banking under the provisions of the Financial Institutions Act 1995.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented.

2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold property and available-for-sale investment securities, and conform with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Pronouncements effective in current year

The following amendments, interpretation and improvements have been published and are effective for the current financial period but do not have a significant impact on the Company's financial reporting.

| | |
|--|--|
| IFRS 10 / IAS 27 | Amendments - Investment entities |
| IAS 19 | Amendments - Defined benefit plans: employee contributions |
| IAS 32 | Amendment - Offsetting financial assets and financial liabilities |
| IAS 36 | Amendment - Recoverable amount disclosures for non-financial assets |
| IAS 39 | Amendment - Novation of derivatives and continuation of hedge accounting |
| IFRIC 21 | Levies |
| Annual improvements cycle (2010 - 2012): | |
| - IFRS 2 | Definition of vesting condition |
| - IFRS 3 | Accounting for contingent consideration in a business combination |
| - IFRS 8 | Aggregation of operating segments and reconciliation of reportable assets |
| - IFRS 13 | Short term receivable and payables |
| - IAS 16 | Revaluation method - proportionate restatement of accumulated depreciation |
| - IAS 24 | Key management personnel |
| Annual improvements cycle (2011 - 2013): | |
| - IFRS 1 | Meaning of effective IFRSs |
| - IFRS 3 | Scope exceptions for joint ventures |
| - IFRS 13 | Portfolio exception |
| - IAS 40 | Relationship with IFRS 3 when classifying property |

NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation (Cont'd)

Pronouncements effective in future periods

The following new standards and amendments and improvements to existing standards have been published and are effective in future financial years.

| | |
|--|--|
| IFRS 9 | Financial instruments |
| IFRS 14 | Regulatory deferral accounts |
| IFRS 15 | Revenue from contracts with customers |
| IFRS 10 / IAS 28 | Amendments - Sale or contribution of assets |
| IFRS 11 | Amendments - Accounting for acquisition of interests in joint operations |
| IAS 1 | Amendments - Disclosure initiative |
| IAS 16 / IAS 38 | Clarification of acceptable methods of depreciation and amortisation |
| IAS 16 / IAS 41 | Amendments - Bearer plants |
| IAS 27 | Amendments - Equity method in separate financial statements |
| Annual improvements cycle (2012 - 2014): | |
| - IFRS 5 | Changes in methods of disposal |
| - IFRS 7 | Servicing contracts |
| - IAS 19 | Discount rate: regional market issue |
| - IAS 34 | Disclosure of information elsewhere in the interim financial report |

Of these pronouncements, only IFRS 9 is expected to have a significant impact on the Company's financial reporting.

IFRS 9- Financial instruments

The standard will be effective for the financial period beginning on 01 October 2018. One component of the standard sets out a single approach to determine whether a financial asset is measured at amortised cost or fair value based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The other components of the standard introduce a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. Management is reviewing the provisions of this standard to determine the impact against current practices.

2.2 Foreign Currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Guyana Dollars, which is the Company's functional currency.

Transactions and balances

Transactions involving foreign currencies are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions (arising on trading or otherwise) and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income. Translation differences arising on non-monetary financial assets, such as equity holdings classified as available-for-sale, are included in other comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Investment Securities

The Company classifies its investment securities into the following categories: 'held-to-maturity' and 'available-for-sale'. Management determines the classification of an investment security at the time of purchase.

Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Were the Company to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale. Held-to-maturity investment securities are carried at amortised cost.

Available-for-sale assets are non-derivative securities that are either designated in this category or not classified in any category of financial asset. Available-for-sale securities are measured at fair value. Unrealised gains and losses arising from changes in the fair value in available-for-sale securities are recognised in other comprehensive income net of applicable deferred tax. When available-for-sale securities become impaired, the related accumulated fair value adjustments previously recognised in equity are included in the statement of income as an impairment expense on investment securities.

2.4 Loans and Advances

Loans and advances to customers are stated at amortised cost net of an allowance for impairment losses. These are financial assets with fixed or determinable payments that are not quoted in an active market.

In accordance with the Bank of Guyana's Supervision Guideline 5 "*Loan Portfolio Review, Classification, Provisioning, and Other Related Requirements*" (SG 5), the Company classifies loans and advances as 'non-performing' when:

- (a) for a loan or an account with fixed repayment dates -
 - (i) principal or interest is due and unpaid for three months or more; or
 - (ii) interest charges for three months or more have been capitalised, refinanced, or rolled-over.
- (b) for an overdraft or an account without fixed repayment dates -
 - (i) approved limit has been exceeded for three months or more; or
 - (ii) credit line has expired for three months or more; or
 - (iii) interest charges for three months or more have not been covered by deposits; or
 - (iv) the account has developed a hardcore which was not converted into a term loan after three months or more.

A non-performing account may be restored to a performing status when all arrears of principal and interest have been paid or when it otherwise becomes well-secured and full collection is expected within three months.

Loans which have been refinanced, rescheduled, rolled-over, or otherwise modified because of weaknesses in the borrower's financial position or the non-repayment of the debt as arranged are classified as renegotiated. Facilities are only renegotiated if the Company is satisfied that the financial position of the borrower can service the debt under the new conditions. Per the SG 5, commercial loans are not renegotiated more than twice over the life of the original loan while mortgages or personal loans are not renegotiated more than twice in a five-year period.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Impairment of Financial Assets

The Company is required to consider the need for impairment of financial assets in accordance with International Accounting Standard 39, 'Financial Instruments: Recognition and Measurement' (IAS 39) along with the provisioning requirements of the Bank of Guyana as set out in SG 5. Where the impairment provision required under SG 5 is greater than that required under IAS 39, the excess is dealt with as an appropriation of retained earnings to a general banking risk reserve.

The separate requirements of IAS 39 and SG 5 are described below.

International Accounting Standard 39

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ('loss event') and that loss event (events) adversely affects the amount or timing of future cash flows from the asset.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the Company about the following loss events.

- a) significant financial difficulties of the borrower;
- b) actual delinquencies;
- c) adverse change in the payment status of the borrower;
- d) bankruptcy or reorganisation by the borrower.

If there is objective evidence that an impairment loss on a financial asset has been incurred, the amount of the allowance for impairment is measured as the difference between the carrying amount and the recoverable amount, being the present value of the expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the asset.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Supervision Guideline 5

The Company is required to conduct a loan review of at least 70 percent of its portfolio including large accounts and off-balance sheet commitments, and all past-due and non-performing accounts.

The following information is considered in the review:

- a) original terms and purpose of facility against current balance and status;
- b) financial information on the borrower;
- c) evaluation of the project being financed;
- d) status of collateral including recent valuation, legal assignments and insurance;
- e) past record of the borrower; and
- f) performance of other members of the group (if applicable).



NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Impairment of Financial Assets (Cont'd)

Following the review of portfolio, accounts are classified into one of five categories being Pass, Special Mention, Substandard, Doubtful or Loss.

The provision levels stipulated in SG 5 are as follows.

| Classification | Provision |
|--|-----------|
| Pass | 0% |
| Special Mention | 0% |
| Substandard | |
| - portion secured by cash, cash substitutes, government securities or government guarantees | 0% |
| - others | 20% |
| Doubtful | 50% |
| Loss | 100% |

Each of the five categories has specific classification criteria based on facility performance, collateral status and financial condition of borrower. Additionally, a general provision equivalent to 1 percent of the portfolio not reviewed is required.

Write-offs and Recoveries

When an asset is uncollectible, it is written off against the related provision for loan impairment. In accordance with SG 5, an account classified as 'Loss' for three months is written off. Recoveries in part or in full of amounts previously written-off are credited to income.

2.6 Acceptances, Guarantees and Letters of Credit

The Company's potential liability under acceptances, guarantees and letters of credit is reported as a contingent liability given that there are equal and offsetting claims against its customers in the event of a call on these commitments. Where there is doubt on the asset cover against these contingent liabilities, a provision for impairment is established.

2.7 Leases

Leases entered into by the Company are operating leases. Payments made under operating leases are charged to the statement of income on a straight line basis over the period of the lease.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash-in-hand, balances held with other banks and the non-restricted balance with the Bank of Guyana, items in course of collection and investment securities with original maturity of less than three months.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, except for freehold property which is stated at revalued amount less accumulated depreciation. Freehold land is not depreciated. Other fixed assets are depreciated on a straight-line method at rates estimated to write off the assets over their expected useful economic lives.

The current rates of depreciation are as follows:

| | |
|-----------------------------------|------------------------------|
| Freehold building | 2% |
| Furniture, fixtures and equipment | 10 - 33 1/3% |
| Motor vehicles | 20% |
| Leasehold improvements | Over the period of the lease |

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or at least at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to income when incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2.10 Intangible Asset (Computer Software)

The costs of acquiring, customising and installing computer software are capitalised and amortised over their estimated useful economic life of five years on a straight line basis. Costs associated with maintenance of computer software are expensed as incurred.

2.11 Share Capital and Dividends

Ordinary shares with discretionary dividends are classified as equity.

Dividends are recognised as a deduction from shareholders' equity in the period in which they are approved by shareholders or, as in the case of interim dividends, when paid by the directors as authorised under the Company's by-laws.

2.12 Customers' Deposits

Customers' deposits are recognised initially at nominal amount of funds received and subsequently at amortised cost.

2.13 Amount due to other bank

The amount is initially recognised at the proceeds received and subsequently at amortised cost.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Interest Income and Expense

Interest income and expense are recognised in the statement of income for all interest bearing instruments on an accrual basis using the effective interest rate method.

In accordance with Bank of Guyana Supervision Guideline 5, interest income on 'non-performing' accounts (note 2.4) is not accrued unless it is well-secured and full collection of arrears is expected within 3 months. Any uncollected interest is reversed from income at the time the facility is classified as 'non-performing'.

IFRS require that when loans become impaired, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. The difference between the regulatory and IFRS bases of interest recognition in this circumstance was assessed to be immaterial.

2.15 Fees and Commission Income

Fees and commission are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred over the term of the loan.

2.16 Taxation

The tax expense for the year comprises of current and deferred tax and is recognised in the statement of income or the other comprehensive income, as appropriate.

The current corporate tax charge is identified on the basis of the tax laws enacted at the reporting date. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company provides for deferred tax 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. The currently enacted tax rate is used to determine deferred corporation tax.

2.17 Retirement Benefit Plan

The Company operates the Citizens Bank Guyana Inc. Pension Scheme which is a defined contribution scheme. The Company's contributions are charged to the statement of income in the year to which they relate.

2.18 Segment Reporting

The Company is managed as a single unit engaged in commercial banking and its operations are located only in Guyana.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Impairment Losses on Financial Assets

To identify impairment in the Company's loan and investment portfolios, judgements are made as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from loans and investment securities. Estimating the quantum and timing of future recoveries involves significant judgement. The size of receipts will depend on the future performance of the borrower / issuer and the value of security, both of which will be affected by future economic conditions; additionally, collateral may not be readily marketable. The actual amount of future cash flows and the date they are received may differ from these estimates and consequently actual losses incurred may differ from those recognised in these financial statements.

3.2 Held-to-Maturity Investments

The Company follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement for which management evaluates its intention and ability to hold such investments to maturity.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

4. CASH AND BALANCES WITH BANK OF GUYANA

| | 2015 | 2014 |
|--|-----------|-----------|
| Cash in hand | 628,007 | 628,957 |
| Balance with Bank of Guyana in excess of reserve requirement | 1,384,096 | 219,603 |
| Included in cash and cash equivalents | 2,012,103 | 848,560 |
| Reserve requirement with Bank of Guyana | 3,909,670 | 3,927,000 |
| | 5,921,773 | 4,775,560 |

The Company is required to maintain a monetary reserve with the Bank of Guyana which is based on customers' deposits and other specified liabilities.

5. AMOUNTS DUE FROM OTHER BANKS

| | 2015 | 2014 |
|----------------------------------|-----------|-----------|
| Items in course of collection | 408,303 | 279,444 |
| Deposits held with foreign banks | 2,612,693 | 3,173,940 |
| | 3,020,996 | 3,453,384 |

Deposits held with foreign banks include amounts due on demand or held for fixed periods not exceeding 90 days.

6. INVESTMENT SECURITIES

| | 2015 | 2014 |
|--|-----------|-----------|
| Held-to-Maturity Securities | | |
| <i>Issued in Guyana:</i> | | |
| Government securities | 0 | 2,086,106 |
| Corporate bonds | 141,919 | 181,485 |
| <i>Issued out of Guyana:</i> | | |
| Government securities | 212,062 | 358,126 |
| Corporate bonds | 473,339 | 475,666 |
| | 827,320 | 3,101,383 |
| Less provision for impairment (note 21) | (203,390) | (196,572) |
| Total Held-to-Maturity Securities | 623,930 | 2,904,811 |
| Available-for-Sale Securities | | |
| <i>Issued out of Guyana:</i> | | |
| Corporate securities | 133,228 | 130,327 |
| Total Investment Securities | 757,158 | 3,035,138 |

7. LOANS AND ADVANCES

| | | |
|---|------------|------------|
| Overdrafts | 2,695,599 | 3,018,986 |
| Term loans | 14,892,532 | 14,858,678 |
| Mortgages | 10,170,166 | 8,934,503 |
| Non-accrual accounts | 3,386,076 | 2,344,797 |
| | 31,144,373 | 29,156,964 |
| Accrued interest receivable | 363,346 | 185,644 |
| Less provision for impairment (note 21) | (827,545) | (440,556) |
| | 30,680,174 | 28,902,052 |

NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

8. PROPERTY AND EQUIPMENT

| | Freehold Land and Buildings | Leasehold Improvements | Furniture, Fixtures and Equipment | Motor Vehicles | Work in Progress | Total |
|---------------------------------|--------------------------------|---------------------------|---|-------------------|---------------------|-----------|
| <i>Cost</i> | | | | | | |
| As at 01 October 2014 | 90,600 | 74,486 | 743,791 | 85,187 | 1,264,421 | 2,258,485 |
| Additions | 0 | 93 | 113,245 | 8,491 | 809,419 | 931,248 |
| Disposals | 0 | 0 | (66,175) | (4,064) | 0 | (70,239) |
| As at 30 September 2015 | 90,600 | 74,579 | 790,861 | 89,614 | 2,073,840 | 3,119,494 |
| <i>Accumulated Depreciation</i> | | | | | | |
| As at 01 October 2014 | (4,238) | (67,769) | (473,521) | (41,044) | 0 | (586,572) |
| Depreciation charge | (1,412) | (1,592) | (70,558) | (15,947) | 0 | (89,509) |
| Written back on disposals | 0 | 0 | 65,038 | 4,064 | 0 | 69,102 |
| As at 30 September 2015 | (5,650) | (69,361) | (479,041) | (52,927) | 0 | (606,979) |
| <i>Net Carrying Amount</i> | | | | | | |
| As at 30 September 2015 | 84,950 | 5,218 | 311,820 | 36,687 | 2,073,840 | 2,512,515 |
| <i>Cost</i> | | | | | | |
| As at 01 October 2013 | 90,600 | 72,941 | 757,778 | 82,713 | 760,211 | 1,764,243 |
| Additions | 0 | 1,545 | 21,645 | 8,306 | 504,210 | 535,706 |
| Disposals | 0 | 0 | (35,632) | (5,832) | 0 | (41,464) |
| As at 30 September 2014 | 90,600 | 74,486 | 743,791 | 85,187 | 1,264,421 | 2,258,485 |
| <i>Accumulated Depreciation</i> | | | | | | |
| As at 01 October 2013 | (3,266) | (63,802) | (445,391) | (31,709) | 0 | (544,168) |
| Depreciation charge | (972) | (3,967) | (63,103) | (15,168) | 0 | (83,210) |
| Written back on disposals | 0 | 0 | 34,973 | 5,833 | 0 | 40,806 |
| As at 30 September 2014 | (4,238) | (67,769) | (473,521) | (41,044) | 0 | (586,572) |
| <i>Net Carrying Amount</i> | | | | | | |
| As at 30 September 2014 | 86,362 | 6,717 | 270,270 | 44,143 | 1,264,421 | 1,671,913 |

During October 2011 the Company revalued its freehold land and building based on a valuation carried out by Patterson Associates on the basis of open market value. The revaluation surplus is restricted from distribution as a cash dividend.

If the freehold land and building was stated on a historical cost basis, the carrying value would be \$41,178 (2014 - \$41,996) at the year end.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

9. INTANGIBLE ASSET

| | 2015 | 2014 |
|---------------------------------|-----------|-----------|
| Computer Software | | |
| <i>Cost</i> | | |
| As at beginning of year | 344,029 | 291,600 |
| Additions | 15,958 | 52,429 |
| As at end of year | 359,987 | 344,029 |
| <i>Accumulated Amortisation</i> | | |
| As at beginning of year | (251,870) | (221,272) |
| Charges | (33,823) | (30,598) |
| As at end of year | (285,693) | (251,870) |
| <i>Net Carrying Amount</i> | | |
| As at end of year | 74,294 | 92,159 |

10. DEFERRED TAXATION

Deferred tax assets arising on:

| | | |
|-----------------------------|-------|-------|
| Deferred income | 121 | 163 |
| Loss on investment security | 970 | 2,130 |
| | 1,091 | 2,293 |

Deferred tax liabilities arising on:

| | | |
|---------------------------------|--------|--------|
| Accelerated tax depreciation | 39,768 | 37,889 |
| Gain on revaluation of property | 11,661 | 11,987 |
| | 51,429 | 49,876 |

Portion of deferred tax balances expected to materialise after more than 12 months:

| | | |
|--------------------------|--------|--------|
| Deferred tax assets | 635 | 2,179 |
| Deferred tax liabilities | 51,103 | 49,551 |

NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

11. OTHER ASSETS

| | 2015 | 2014 |
|-----------------------------|----------------|----------------|
| Accrued interest receivable | 4,438 | 7,597 |
| Prepayments | 86,088 | 129,032 |
| Miscellaneous | 52,685 | 51,784 |
| | <u>143,211</u> | <u>188,413</u> |

12. CUSTOMERS' DEPOSITS

| | | |
|--------------------------|-------------------|-------------------|
| Demand deposits | 7,724,673 | 6,795,428 |
| Savings deposits | 14,735,243 | 14,986,332 |
| Time deposits | 12,111,431 | 11,200,305 |
| | <u>34,571,347</u> | <u>32,982,065</u> |
| Accrued interest payable | 334,177 | 243,342 |
| | <u>34,905,524</u> | <u>33,225,407</u> |

Sectoral Analysis:

| | Personal | Commercial | Government | Total |
|--------------------------------|-------------------|-------------------|------------------|-------------------|
| <i>As at 30 September 2015</i> | | | | |
| Demand deposits | 1,517,404 | 5,258,203 | 949,090 | 7,724,697 |
| Savings deposits | 12,129,478 | 2,531,260 | 111,665 | 14,772,403 |
| Time deposits | 772,558 | 6,745,213 | 4,890,653 | 12,408,424 |
| | <u>14,419,440</u> | <u>14,534,676</u> | <u>5,951,408</u> | <u>34,905,524</u> |
| <i>As at 30 September 2014</i> | | | | |
| Demand deposits | 3,131,621 | 2,835,397 | 828,433 | 6,795,451 |
| Savings deposits | 10,687,133 | 3,653,191 | 681,047 | 15,021,371 |
| Time deposits | 2,817,735 | 4,572,909 | 4,017,941 | 11,408,585 |
| | <u>16,636,489</u> | <u>11,061,497</u> | <u>5,527,421</u> | <u>33,225,407</u> |

13. AMOUNT DUE TO OTHER BANK

| | 2015 | 2014 |
|-----------------|----------|------------------|
| Advance payable | <u>0</u> | <u>1,300,000</u> |

The amount due to other bank represented an overnight loan at an annualised interest rate of 4.5 percent. The amount was not secured.

14. OTHER LIABILITIES

| | 2015 | 2014 |
|--------------------------------|----------------|----------------|
| Accrued expenses | 126,557 | 79,488 |
| Items in the course of payment | 391,989 | 562,629 |
| Deferred income | 136,748 | 134,038 |
| Miscellaneous | 113,464 | 100,332 |
| | <u>768,758</u> | <u>876,487</u> |



NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

| 15. SHARE CAPITAL | 2015 | 2014 |
|--|---------|---------|
| <i>Authorised</i> | | |
| 83,000,000 ordinary shares of no par value | | |
| <i>Issued and Fully Paid</i> | | |
| 59,491,300 ordinary shares of no par value | 594,913 | 594,913 |

16. RESERVES

Statutory Reserve

The Financial Institutions Act 1995 requires registered institutions to transfer annually a minimum of 15% of profit after taxation to a reserve until the balance on this statutory reserve is equal to the paid up capital of the institution.

General Banking Risk Reserve

This reserve represents statutory and other loss provisions that exceed the impairment provision and is appropriated from retained earnings.

Revaluation Reserve

The surplus arising on revaluation of freehold land and building is transferred to this reserve.

Available-for-Sale Investments Reserve

This reserve reflects the accumulated fair value gains and losses, net of deferred tax, arising on available-for-sale investment securities.

| 17. NET INTEREST INCOME | 2015 | 2014 |
|--|-----------|-----------|
| Interest Income: | | |
| Loans and advances | 3,206,291 | 2,715,989 |
| Investment securities - earned in Guyana | 28,780 | 103,642 |
| Investment securities - earned out of Guyana | 16,683 | 30,853 |
| | 3,251,754 | 2,850,484 |
| Interest Expense: | | |
| Demand deposits | 8,465 | 6,752 |
| Savings deposits | 176,270 | 155,400 |
| Time deposits | 416,787 | 316,996 |
| | 601,522 | 479,148 |

18. OTHER INCOME

| | | |
|-----------------------------------|---------|---------|
| Fee and commission income | 202,755 | 195,745 |
| Gains on foreign exchange trading | 247,464 | 162,895 |
| Sundry income | 5,943 | 8,305 |
| | 456,162 | 366,945 |

NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

19. OPERATING EXPENSES

| | 2015 | 2014 |
|---|------------------|------------------|
| Staff costs (note 20) | 387,488 | 345,325 |
| Depreciation and amortisation | 123,332 | 113,808 |
| Operating lease rental | 108,024 | 87,967 |
| Auditors' remuneration (including expenses) | 11,185 | 12,106 |
| General administrative expenses | 380,744 | 367,741 |
| Other operating costs | 148,804 | 91,837 |
| | <u>1,159,577</u> | <u>1,018,784</u> |

20. STAFF COSTS

| | | |
|-----------------------|----------------|----------------|
| Wages and salaries | 300,888 | 273,453 |
| Social security costs | 20,955 | 18,301 |
| Pension costs | 6,131 | 5,816 |
| Other staff costs | 59,514 | 47,755 |
| | <u>387,488</u> | <u>345,325</u> |

21. PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS

Impairment of Loans and Advances

Individually assessed:

| | | |
|-----------------------------------|----------------|----------------|
| Balance as at beginning of year | 431,738 | 310,142 |
| Amounts written off | (85,611) | 0 |
| Additional provision for the year | 571,118 | 224,350 |
| Reversal of provision in the year | (131,757) | (102,754) |
| | <u>785,488</u> | <u>431,738</u> |

Collectively assessed:

| | | |
|-----------------------------------|----------------|----------------|
| Balance as at beginning of year | 8,818 | 8,818 |
| Additional provision for the year | 33,239 | 0 |
| | <u>42,057</u> | <u>8,818</u> |
| Balance as at end of year | <u>42,057</u> | <u>8,818</u> |
| <i>Total:</i> | <u>827,545</u> | <u>440,556</u> |

Impairment of Investment Securities

| | | |
|-----------------------------------|----------------|----------------|
| Balance as at beginning of year | 196,572 | 197,945 |
| Additional provision for the year | 10,205 | 266 |
| Reversal of provision in the year | (3,387) | (1,639) |
| | <u>203,390</u> | <u>196,572</u> |



NOTES TO THE FINANCIAL STATEMENTS

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22. TAXATION

The provisional charge for taxation in the financial statements is made up as follows:

| | 2015 | 2014 |
|---|----------------|----------------|
| Current tax | 558,954 | 600,757 |
| Deferred tax | 1,595 | 7,102 |
| Prior year adjustments | 4 | 2,260 |
| | <u>560,553</u> | <u>610,119</u> |
| Reconciliation of the Company's profit before taxation to the theoretical amount using the basic rate of tax: | | |
| Profit before taxation | 1,467,399 | 1,599,274 |
| Corporation tax on profit at 40% (2014 - 40%) | 586,960 | 639,710 |
| Income not subject to tax | (84,514) | (85,056) |
| Expenses not deductible for tax purposes | 2,747 | 2,167 |
| Property and withholding taxes | 55,356 | 51,038 |
| Prior year adjustments | 4 | 2,260 |
| | <u>560,553</u> | <u>610,119</u> |

23. EARNINGS PER SHARE

| | | |
|--|---------|---------|
| Profit attributable to shareholders | 906,846 | 989,155 |
| Weighted average number of ordinary shares (thousands) | 59,491 | 59,491 |
| Basic earnings per share | \$15.24 | \$16.63 |

24. DIVIDENDS PAID

| | | |
|---|----------------|----------------|
| Prior year final dividend paid \$1.70 per share (2014 - \$1.70) | 101,135 | 101,135 |
| Interim dividend paid \$0.70 per share (2014 - \$0.70) | 41,644 | 41,644 |
| | <u>142,779</u> | <u>142,779</u> |

A final dividend in respect of 2015 of \$1.70 per share (2014 - \$1.70 per share), amounting to \$101,135 (2014 - \$101,135) is to be proposed at the annual general meeting on 19 January 2016.

25. COMMITMENTS

| | 2015 | 2014 |
|--|-----------|-----------|
| Undrawn credit facilities | 1,237,647 | 1,040,497 |
| Capital commitments for property and equipment | | |
| Authorised but not contracted for | 191,007 | 956,209 |
| Authorised and contracted for | 805,378 | 699,916 |
| Capital commitments for intangible assets | | |
| Authorised but not contracted for | 20,223 | 77,120 |
| Authorised and contracted for | 0 | 55,274 |

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26. CONTINGENCIES

Litigations

As at the year end there were certain legal proceedings outstanding against the Company. No provision has been made as management is of the opinion that such proceedings are either without merit or will result in an insignificant loss to the Company.

| <i>Guarantees</i> | 2015 | 2014 |
|-------------------|-------------|-------------|
| Guarantees | 484,191 | 737,057 |

27. RELATED PARTY TRANSACTIONS

(a) Loans, advances and other credit commitments

A number of transactions were entered into with related parties during the course of the year. The related parties include major shareholders, key management personnel and other organisations controlled or significantly influenced by key management personnel. Loans and advances to employees of the Company are extended at preferential rates.

The total loans, advances and other credit commitments, as shown in the tables below, aggregate to 4 percent (2014 - 5 percent) of the total exposure to all customers. Additionally the total loans, advances and other credit commitments extended to the five related parties with the highest exposures as at the year end amount to \$1,138,012 (2014 - \$1,207,797) or 17 percent (2014 - 20 percent) of the capital base.

| 2015 | Parent Company | Other Major Shareholders | Directors | Other Key Management | Other Related Parties | Total |
|--|-----------------------|---------------------------------|------------------|-----------------------------|------------------------------|--------------|
| Loans and advances as at beginning of year | 643,181 | 0 | 211,330 | 102,437 | 356,213 | 1,313,161 |
| Advanced in the year | 0 | 0 | 55,613 | 19,199 | 1,490,941 | 1,565,753 |
| Repaid in the year | (58,447) | 0 | (256,081) | (36,558) | (1,269,107) | (1,620,193) |
| Loans and advances as at end of year | 584,734 | 0 | 10,862 | 85,078 | 578,047 | 1,258,721 |
| Guarantees as at end of year | 14,976 | 0 | 6,165 | 4,110 | 0 | 25,251 |
| Interest income | 53,141 | 0 | 787 | 3,714 | 86,334 | 143,976 |



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27. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Loans, advances and other credit commitments (Cont'd)

| 2014 | Parent Company | Other Major Shareholders | Directors | Other Key Management | Other Related Parties | Total |
|--|----------------|--------------------------|-----------|----------------------|-----------------------|-----------|
| Loans and advances as at beginning of year | 696,818 | 0 | 300,189 | 63,071 | 400,878 | 1,460,956 |
| Advanced in the year | 0 | 0 | 300,362 | 51,816 | 347,593 | 699,771 |
| Repaid in the year | (53,637) | 0 | (389,221) | (12,450) | (392,258) | (847,566) |
| Loans and advances as at end of year | 643,181 | 0 | 211,330 | 102,437 | 356,213 | 1,313,161 |
| Guarantees as at end of year | 20,969 | 0 | 9,248 | 1,027 | 0 | 31,244 |
| Interest income | 57,950 | 0 | 24,806 | 5,203 | 39,070 | 127,029 |

(b) Customers' deposits

| 2015 | Parent Company | Other Major Shareholders | Directors | Other Key Management | Other Related Parties | Total |
|---------------------------------|----------------|--------------------------|-----------|----------------------|-----------------------|--------------|
| Balance as at beginning of year | 1,848,860 | 507,945 | 94,108 | 8,341 | 3,884,657 | 6,343,911 |
| Deposits during the year | 32,242,942 | 2,181,011 | 351,607 | 94,272 | 23,660,533 | 58,530,365 |
| Withdrawals in the year | (30,730,564) | (2,203,535) | (293,829) | (85,807) | (23,399,026) | (56,712,761) |
| Balance as at end of year | 3,361,238 | 485,421 | 151,886 | 16,806 | 4,146,164 | 8,161,515 |
| Interest expense | 6,299 | 2,938 | 1,872 | 112 | 40,420 | 51,641 |
| 2014 | | | | | | |
| Balance as at beginning of year | 1,706,018 | 563,924 | 52,783 | 4,330 | 3,220,414 | 5,547,469 |
| Deposits during the year | 20,224,230 | 2,294,372 | 336,237 | 105,176 | 21,751,726 | 44,711,741 |
| Withdrawals in the year | (20,081,388) | (2,350,351) | (294,912) | (101,165) | (21,087,483) | (43,915,299) |
| Balance as at end of year | 1,848,860 | 507,945 | 94,108 | 8,341 | 3,884,657 | 6,343,911 |
| Interest expense | 5,505 | 1,857 | 532 | 47 | 21,500 | 29,441 |

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27. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key Management Compensation

| | 2015 | 2014 |
|--------------------------|---------------|---------------|
| Short term benefits | 81,152 | 83,406 |
| Post employment benefits | 1,797 | 1,522 |
| | <u>82,949</u> | <u>84,928</u> |

(d) Other Related Party Transactions

| | | |
|---|--------------|---------------|
| Property rent charges from parent company | 46,168 | 28,841 |
| Property rent charges from other related party | 4,291 | 3,710 |
| Professional services provided by other related parties | <u>6,662</u> | <u>12,243</u> |

28. DIRECTORS' EMOLUMENTS

Emoluments, including expenses, paid in respect of services of directors and included in key management compensation:

| | 2015 | 2014 |
|--|--------------|--------------|
| Clifford B. Reis | 1,535 | 1,472 |
| Richard B. Fields | 1,259 | 1,212 |
| Rakesh K. Puri | 1,259 | 1,212 |
| Wilfred A. Lee | 1,259 | 1,212 |
| George McDonald | 1,259 | 1,212 |
| Dunstan Barrow (resigned 11 February 2015) | 525 | 1,212 |
| Michael H. Pereira | 1,259 | 1,212 |
| Paul A. Carto | <u>1,259</u> | <u>1,212</u> |
| | <u>9,614</u> | <u>9,956</u> |

No emoluments were paid to the executive director for his service as a director to the Company.



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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of Financial Instruments

Financial instruments carried at the reporting date include cash resources (cash, balances with Bank of Guyana and amounts due from other banks), investment securities, loans and advances, accrued interest and other receivables, customers' deposits, and other liabilities.

The Company's financial assets are classified into the following categories identified in IFRS 7: held-to-maturity, available-for-sale, and loans and receivables. All of the Company's financial liabilities are classified as financial liabilities measured at amortised cost.

Financial assets classified as held-to-maturity are non-derivative instruments with fixed or determinable payments and fixed maturities that management has the positive intent and ability to hold to maturity. The Company's investment securities are largely classified as held-to-maturity.

Financial assets classified as loans and receivables are non-derivative instruments with fixed or determinable payments that are not quoted in an active market. The Company's cash resources, loan assets and accrued interest and other receivables are classified as loans and receivables.

Financial assets classified as available-for-sale are non-derivative instruments that are either designated in this category or not classified in any of the other categories. The Company had one available-for-sale investment security in the year.

Financial liabilities which are not classified as fair value through the profit and loss are classified as financial liabilities measured at amortised cost. A financial liability which is acquired principally for the purpose of selling in the short-term or derivatives are categorised as fair value through the profit and loss. The Company holds no such financial liabilities. As such, the Company's customers' deposits and other liabilities are classified as financial liabilities measured at amortised cost.

There were no changes in these classifications from the prior year.

Risks arising from Financial Instruments

Financial risks are inherent to the operations of the Company and management of these risks is central to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk, interest rate risk and foreign exchange risk. The objective of the Company's risk management policies and efforts is to minimise the effects of the risks inherent to its operations. Risk management is an ongoing process which involves the identification, assessment and monitoring of risks through the application of various approaches which are guided by the Company's policies.

These risks are continuously monitored at both the executive and directorate levels. Management engages in the daily monitoring of risks and provides the Board of Directors with monthly reports which analyse exposures to the various elements of risk. The main financial risks affecting the Company are discussed in the following parts to this note.

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, through its holding of cash resources, investment securities and loans and advances. It can also arise from guarantees and letters of credit provided by the Company or credit commitments given.

For financial assets recognised on the statement of financial position, the exposure to credit risk equals their carrying amounts. For guarantees and letters of credit, the maximum exposure to credit risk is the amount that the Company would have to pay if the guarantees and letters of credit were to be called upon. For credit commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The following table presents the maximum exposure to credit risk arising from financial instruments, before taking account of any collateral held or other credit enhancements and after allowance for impairment where appropriate.

| | 2015 | 2014 |
|---|------------|------------|
| <i>On statement of financial position:</i> | | |
| Cash and balances with Bank of Guyana | 5,921,773 | 4,775,560 |
| Amounts due from other banks | 3,020,996 | 3,453,384 |
| Investment securities | 623,930 | 2,904,811 |
| Loans and advances | 30,680,174 | 28,902,052 |
| Other financial assets | 57,123 | 59,381 |
| | 40,303,996 | 40,095,188 |
| <i>Off statement of financial position:</i> | | |
| Guarantees | 484,191 | 737,057 |
| Credit commitments | 1,237,647 | 1,040,497 |
| | 1,721,838 | 1,777,554 |
| Maximum exposure to credit risk | 42,025,834 | 41,872,742 |



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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Credit risk is managed to achieve a sustainable and superior risk-reward performance while maintaining exposures within acceptable risk parameters. The Company's policies and processes for managing credit risk are described below for each of its major financial assets.

Management of loans and advances, including off balance sheet exposures

The granting of credit through loans, advances, guarantees and letters of credit is one of the Company's major sources of income and is therefore one of its most significant risks. The Company therefore dedicates considerable resources towards controlling it effectively including a specialised Credit Department responsible for reviewing loan applications and monitoring granted loan facilities within the policies and guidelines established by the Board of Directors.

In executing its lending activities, the following measures are relied upon to mitigate the risk of default:

- (a) Credit applications are initially reviewed by an officer of the Company's Credit Department during which details of the purpose of the facility, the financial standing of the applicant and the collateral available as security are obtained. The applicant's ability to repay the sums required are assessed based on information collected and an initial recommendation made by the Credit Department.
- (b) The Company usually requires that collateral be lodged. Forms of acceptable collateral include cash, real estate, securities, machinery or equipment. The Company has established policies that guide its loan to value based on the type of collateral lodged. During the review of the loan application, an independent valuation of the collateral to be lodged is obtained, where possible.
- (c) Any recommended loan applications are then subject to the approval from either senior management or the Board of Directors depending on the level of the amount applied for. There are internally pre-set limits which dictate the level of approval required.
- (d) The Company's exposure to any single borrower is limited by the applicable provisions of the Financial Institutions Act. Additionally, the Company monitors exposure to industry segments to avoid over-exposure to any one sector.
- (e) The Credit Department is required to carry out weekly reviews of any past due or impaired facilities. For all other facilities, quarterly reviews are carried out by the Credit Department.
- (f) Independent valuations of collateral lodged against facilities are carried out at least every three years, where possible. Where securities are lodged as collateral, management monitors their market performance for indicators of impairment.
- (g) Oversight from the Credit Committee of the Board of Directors.

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Management of investment securities and amounts due from other banks

Managing the credit risks associated with investment securities and cash balances with other banks differs in an important respect from loans originated by the Company in that the counterparties involved are usually government bodies or established financial institutions. Within the Company, management of the portfolio of investment securities and cash balances with other banks is the responsibility of the Finance and Treasury Department.

The Board of Directors of the Company is required to approve all acquisitions of investment securities or the use of new financial institutions for the placement of cash resources. Thereafter re-investments into investment securities or use of banking facilities with financial institutions is at the discretion of management. The Company's acquisition of investment securities is guided by the 'single borrower' limits contained in the Financial Institutions Act.

Collateral is not usually collected on investment securities issued by government bodies or secured on government assets. Corporate investment securities are usually secured on the assets of the issuer. Valuations are not usually carried out on these assets given the corporate standing of the issuers. Collateral is not usually collected on amounts due from other banks as funds are only placed with institutions that are deemed to be financially sound.

Management continuously monitors the financial standing of issuers of investment securities and holders of cash balances.



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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Credit risk concentration

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Company's five most significant credit concentrations (excluding government securities, cash and cash equivalents) expressed as a percentage of the Company's capital base is shown below.

| | 2015 | 2014 |
|----------------|-------|-------|
| Counterparty 1 | 20.2% | 20.5% |
| Counterparty 2 | 20.1% | 19.7% |
| Counterparty 3 | 18.4% | 18.3% |
| Counterparty 4 | 15.9% | 13.9% |
| Counterparty 5 | 15.3% | 12.5% |

The analyses of credit risk concentrations presented in the following tables are based on the industry in which the counterparty is engaged and its geographic location.

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

The tables below analyse the Company's exposure to credit risk on its financial instruments by industry sector.

| As at 30 September 2015 | Households | Services | Real Estate | Manufacturing |
|---|------------|------------|-------------|---------------|
| On statement of financial position: | | | | |
| Cash and balances with Bank of Guyana | 0 | 0 | 0 | 0 |
| Amounts due from other banks | 0 | 0 | 0 | 0 |
| Investment securities | 0 | 141,919 | 0 | 0 |
| Loans and advances | 810,755 | 9,589,840 | 10,948,994 | 2,378,853 |
| Other financial assets | 0 | 3,215 | 0 | 0 |
| | 810,755 | 9,734,974 | 10,948,994 | 2,378,853 |
| Off statement of financial position: | | | | |
| Guarantees | 0 | 296,288 | 0 | 4,701 |
| Credit commitments | 31,402 | 876,984 | 0 | 105,109 |
| | 31,402 | 1,173,272 | 0 | 109,810 |
| Total | 842,157 | 10,908,246 | 10,948,994 | 2,488,663 |
| Individual instruments or group of related instruments aggregating to more than 10% of capital base | 0 | 3,488,796 | 0 | 993,102 |
| As at 30 September 2014 | | | | |
| On statement of financial position: | | | | |
| Cash and balances with Bank of Guyana | 0 | 0 | 0 | 0 |
| Amounts due from other banks | 0 | 0 | 0 | 0 |
| Investment securities | 0 | 0 | 0 | 0 |
| Loans and advances | 1,099,910 | 9,084,835 | 9,769,368 | 2,551,084 |
| Other financial assets | 0 | 0 | 0 | 0 |
| | 1,099,910 | 9,084,835 | 9,769,368 | 2,551,084 |
| Off statement of financial position: | | | | |
| Guarantees | 0 | 330,365 | 0 | 4,701 |
| Credit commitments | 21,764 | 819,980 | 0 | 92,937 |
| | 21,764 | 1,150,345 | 0 | 97,638 |
| Total | 1,121,674 | 10,235,180 | 9,769,368 | 2,648,722 |
| Individual instruments or group of related instruments aggregating to more than 10% of capital base | 0 | 2,995,290 | 0 | 1,692,712 |



| Mining & Quarry | Construction | Agriculture | Government | Financial | Other | Total |
|-----------------|--------------|-------------|------------|-----------|---------|------------|
| 0 | 0 | 0 | 0 | 5,921,773 | 0 | 5,921,773 |
| 0 | 0 | 0 | 0 | 3,020,996 | 0 | 3,020,996 |
| 0 | 0 | 0 | 8,672 | 473,339 | 0 | 623,930 |
| 721,683 | 4,868,142 | 684,698 | 0 | 0 | 677,209 | 30,680,174 |
| 0 | 0 | 0 | 1,038 | 185 | 52,685 | 57,123 |
| 721,683 | 4,868,142 | 684,698 | 9,710 | 9,416,293 | 729,894 | 40,303,996 |
| 0 | 30,847 | 0 | 0 | 0 | 152,355 | 484,191 |
| 4,594 | 127,534 | 0 | 0 | 0 | 92,024 | 1,237,647 |
| 4,594 | 158,381 | 0 | 0 | 0 | 244,379 | 1,721,838 |
| 726,277 | 5,026,523 | 684,698 | 9,710 | 9,416,293 | 974,273 | 42,025,834 |
| 0 | 3,011,292 | 0 | 0 | 7,906,459 | 0 | 15,399,649 |
| 0 | 0 | 0 | 0 | 4,775,560 | 0 | 4,775,560 |
| 0 | 0 | 0 | 0 | 3,453,384 | 0 | 3,453,384 |
| 0 | 181,485 | 0 | 2,247,660 | 475,666 | 0 | 2,904,811 |
| 730,703 | 4,231,649 | 708,621 | 0 | 0 | 725,882 | 28,902,052 |
| 0 | 4,122 | 0 | 3,463 | 12 | 51,784 | 59,381 |
| 730,703 | 4,417,256 | 708,621 | 2,251,123 | 8,704,622 | 777,666 | 40,095,188 |
| 0 | 347,985 | 0 | 0 | 0 | 54,006 | 737,057 |
| 0 | 58,141 | 0 | 0 | 0 | 47,675 | 1,040,497 |
| 0 | 406,126 | 0 | 0 | 0 | 101,681 | 1,777,554 |
| 730,703 | 4,823,382 | 708,621 | 2,251,123 | 8,704,622 | 879,347 | 41,872,742 |
| 0 | 1,921,385 | 0 | 2,086,106 | 7,306,693 | 0 | 16,002,186 |

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

The tables below analyse the Company's exposure to credit risk on its financial instruments by geographic region.

| As at 30 September 2015 | Guyana | Caricom | North America | Europe | Total |
|---------------------------------------|------------|---------|---------------|--------|------------|
| On statement of financial position: | | | | | |
| Cash and balances with Bank of Guyana | 5,921,773 | 0 | 0 | 0 | 5,921,773 |
| Amounts due from other banks | 408,304 | 21,324 | 2,572,482 | 18,886 | 3,020,996 |
| Investment securities | 141,918 | 265,209 | 216,803 | 0 | 623,930 |
| Loans and advances | 30,680,174 | 0 | 0 | 0 | 30,680,174 |
| Other financial assets | 55,900 | 1,156 | 67 | 0 | 57,123 |
| | 37,208,069 | 287,689 | 2,789,352 | 18,886 | 40,303,996 |
| Off statement of financial position: | | | | | |
| Guarantees | 484,191 | 0 | 0 | 0 | 484,191 |
| Credit commitments | 1,237,647 | 0 | 0 | 0 | 1,237,647 |
| | 1,721,838 | 0 | 0 | 0 | 1,721,838 |
| Total | 38,929,907 | 287,689 | 2,789,352 | 18,886 | 42,025,834 |

As at 30 September 2014

| | | | | | |
|---------------------------------------|------------|---------|-----------|--------|------------|
| On statement of financial position: | | | | | |
| Cash and balances with Bank of Guyana | 4,775,560 | 0 | 0 | 0 | 4,775,560 |
| Amounts due from other banks | 279,444 | 13,850 | 3,148,711 | 11,379 | 3,453,384 |
| Investment securities | 2,267,591 | 420,418 | 216,802 | 0 | 2,904,811 |
| Loans and advances | 28,902,052 | 0 | 0 | 0 | 28,902,052 |
| Other financial assets | 55,906 | 3,466 | 9 | 0 | 59,381 |
| | 36,280,553 | 437,734 | 3,365,522 | 11,379 | 40,095,188 |
| Off statement of financial position: | | | | | |
| Guarantees | 737,057 | 0 | 0 | 0 | 737,057 |
| Credit commitments | 1,040,497 | 0 | 0 | 0 | 1,040,497 |
| | 1,777,554 | 0 | 0 | 0 | 1,777,554 |
| Total | 38,058,107 | 437,734 | 3,365,522 | 11,379 | 41,872,742 |



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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Asset quality

The Company monitors the quality of its financial assets through use of an internal grading system representing management's best estimate of the credit risk for the counterparty based on information presently available. The grades used are as follows:

| Grade | Description |
|-------|---|
| 1 | High grade - very strong likelihood of the asset being recovered. |
| 2 | Standard grade - good likelihood of the asset being recovered. |
| 3 | Special monitoring grade - concern over counterparty's ability to make payments when due. |
| 4 | Sub-standard grade - past due or individually impaired. |

The following tables analyse the credit quality of financial assets subject to credit risk, that were neither past due nor impaired, based on the internal grade identified above.

| As at 30 September 2015 | High | Standard | Special Monitoring | Total |
|---------------------------------------|------------|------------|-----------------------|------------|
| On statement of financial position: | | | | |
| Cash and balances with Bank of Guyana | 5,921,773 | 0 | 0 | 5,921,773 |
| Amounts due from other banks | 3,020,996 | 0 | 0 | 3,020,996 |
| Investment securities | 216,803 | 347,428 | 0 | 564,231 |
| Loans and advances | 8,771,273 | 11,371,823 | 162,645 | 20,305,741 |
| Other assets | 67 | 56,941 | 115 | 57,123 |
| | 17,930,912 | 11,776,192 | 162,760 | 29,869,864 |
| Off statement of financial position: | | | | |
| Guarantees | 85,679 | 395,842 | 2,670 | 484,191 |
| Credit commitments | 759,541 | 475,779 | 2,327 | 1,237,647 |
| | 845,220 | 871,621 | 4,997 | 1,721,838 |
| Total | 18,776,132 | 12,647,813 | 167,757 | 31,591,702 |

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Asset quality (Cont'd)

| As at 30 September 2014 | High | Standard | Special Monitoring | Total |
|---------------------------------------|------------|------------|-----------------------|------------|
| On statement of financial position: | | | | |
| Cash and balances with Bank of Guyana | 4,775,560 | 0 | 0 | 4,775,560 |
| Amounts due from other banks | 3,453,384 | 0 | 0 | 3,453,384 |
| Investment securities | 2,086,107 | 750,189 | 0 | 2,836,296 |
| Loans and advances | 7,951,498 | 13,592,381 | 362,975 | 21,906,854 |
| Other assets | 0 | 59,266 | 115 | 59,381 |
| | 18,266,549 | 14,401,836 | 363,090 | 33,031,475 |
| Off statement of financial position: | | | | |
| Guarantees | 70,728 | 666,329 | 0 | 737,057 |
| Credit commitments | 644,075 | 394,606 | 1,816 | 1,040,497 |
| | 714,803 | 1,060,935 | 1,816 | 1,777,554 |
| Total | 18,981,352 | 15,462,771 | 364,906 | 34,809,029 |



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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Financial assets that are past due but not impaired

An age analysis of financial assets that are past due but not individually impaired is set out in the following tables. The Company's sole exposure to past due assets is from among its loans and advances.

For the purposes of this analysis an asset is considered past due and included below when any payment due under the strict contractual terms is received late or missed. The amount included is the entire financial asset, not just the payment of principal or interest or both overdue.

| | Up to 30 days | Between 30-60 days | More than 60 days | Total | Collateral |
|--------------------------------|------------------|-----------------------|----------------------|-----------|------------|
| As at 30 September 2015 | | | | | |
| Loans and advances | 2,508,575 | 1,371,871 | 0 | 3,880,446 | 5,694,300 |
| As at 30 September 2014 | | | | | |
| Loans and advances | 1,713,266 | 1,779,600 | 0 | 3,492,866 | 4,214,589 |

Impaired financial assets

An analysis of the financial assets that have been individually assessed as impaired is shown in the tables below.

| | Original Carrying Amount | Impairment Provision | Revised Carrying Amount | Collateral |
|--------------------------------|--------------------------------|-------------------------|-------------------------------|------------|
| As at 30 September 2015 | | | | |
| Loans and advances | 7,321,532 | 785,488 | 6,536,044 | 9,213,301 |
| Investment securities | 263,089 | 203,390 | 59,699 | 0 |
| As at 30 September 2014 | | | | |
| Loans and advances | 3,942,888 | 431,738 | 3,511,150 | 5,077,305 |
| Investment securities | 265,087 | 196,572 | 68,515 | 0 |

NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Additional analysis of the impairment provision by industry is shown in the table below with the collective element being included in the 'Other' category.

| As at 30 September 2015 | Households | Services | Real Estate | Manufacturing |
|---|------------|-----------|-------------|---------------|
| Investment securities, loans and advances | 810,755 | 9,731,759 | 10,948,994 | 2,378,853 |
| Impaired accounts, including non-performing accounts | 114,799 | 2,394,516 | 1,741,373 | 318,033 |
| Provision for impairment | 49,127 | 298,840 | 117,879 | 113,966 |
| As at 30 September 2014 | | | | |
| Investment securities, loans and advances | 1,099,910 | 9,084,835 | 9,769,368 | 2,551,084 |
| Impaired accounts, including non-performing accounts | 94,443 | 1,763,916 | 1,019,108 | 136,037 |
| Provision for impairment | 27,859 | 112,094 | 91,680 | 24,561 |



NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

| Mining & Quarry | Construction | Agriculture | Government | Financial | Other | Total |
|-----------------|--------------|-------------|------------|-----------|---------|------------|
| 721,683 | 4,868,142 | 684,698 | 8,672 | 473,339 | 677,209 | 31,304,104 |
| 164,890 | 1,995,323 | 373,374 | 109,928 | 153,160 | 219,225 | 7,584,621 |
| 29,725 | 50,778 | 59,062 | 50,230 | 153,160 | 108,168 | 1,030,935 |
| 730,703 | 4,413,134 | 708,621 | 2,247,660 | 475,666 | 725,882 | 31,806,863 |
| 48,693 | 173,217 | 396,730 | 109,928 | 155,159 | 310,744 | 4,207,975 |
| 8,614 | 24,391 | 30,147 | 41,413 | 155,159 | 121,210 | 637,128 |

NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

Collateral Held

The collateral held against past due and impaired financial assets comprise real estate and equipment primarily. The Company's policy is to advertise collateral to the public in an effort to recover outstanding sums.

During the year the Company obtained collateral from defaulting counterparties. The nature and carrying amounts of assets obtained is shown in the table below.

| | 2015 | 2014 |
|-------------|--------|--------|
| Real Estate | 8,027 | 70,324 |
| Equipment | 10,220 | 1,600 |

Renegotiated Facilities

Renegotiations are usually considered upon request or where it is judged that a defaulting borrower will be better able to service outstanding debt under revised conditions.

During the year the Company renegotiated the terms of financial assets with a carrying value of \$586,993 (2014 - \$493,837), which would otherwise have been past due or impaired. The renegotiations were primarily refinancing of facilities or rescheduling of payments.

Liquidity Risk

This is the risk that the Company will be unable to meet its obligations when they fall due and to replace funds when they are withdrawn, with consequent failure to repay depositors and fulfil commitments to lend. The risk that it will be unable to meet its obligations is inherent in banking obligations and can be impacted by a range of institution specific and market-wide events.

Management of Liquidity Risk

The Audit, Finance and Risk Management Committee of the Board of Directors is responsible for approving the Company's risk management policies and practices. Management is responsible for implementing those approved policies and practices.

The Company's liquidity management process is monitored by the Finance and Treasury function and includes the following measures:

- Day to day funding is managed by monitoring future cash flows to ensure that requirements can be met. Projections of cash flow profiles and expected maturities of financial instruments are relied upon to monitor future cash flows.
- Funds are borrowed on the inter-bank market to meet day-to-day shortfalls.
- A portfolio of highly marketable assets is maintained that can be sold or used as collateral for funding in the event of any unforeseen interruption to cash flow.
- Statutory liquidity ratios are regularly monitored.
- The Company is required to retain a balance of cash at the Bank of Guyana to meet any unforeseen and significant shortfalls in liquidity. The amount to be deposited at the Bank of Guyana is dependent on the level of liabilities held in the form of customers' deposits.

Given the nature of the Company's operations, most of its financial liabilities are not demanded on the earliest date that repayment is due.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity Risk (Cont'd)

Contractual maturity of assets and liabilities

The following tables summarise the liquidity risk of the Company by analysing the assets and liabilities into relevant maturity groupings, based on the remaining period from the reporting date to contractual maturity date.

| As at 30 September 2015 | Within 3 months | Over 3 months but not over 6 months | Over 6 months but not over 12 months | Over 1 year but not over 5 years | Over 5 years | Total |
|------------------------------|---------------------|---|--|--|-------------------|-------------------|
| Assets | | | | | | |
| Cash and balances with | | | | | | |
| Bank of Guyana | 5,921,773 | 0 | 0 | 0 | 0 | 5,921,773 |
| Amounts due from other banks | 3,020,996 | 0 | 0 | 0 | 0 | 3,020,996 |
| Investment securities | 463,614 | 102,134 | 0 | 141,918 | 49,492 | 757,158 |
| Loans and advances | 2,432,733 | 504,795 | 1,091,340 | 7,114,320 | 19,536,986 | 30,680,174 |
| Other assets | 143,211 | 0 | 2,590,057 | 1,091 | 0 | 2,734,359 |
| Total assets | 11,982,327 | 606,929 | 3,681,397 | 7,257,329 | 19,586,478 | 43,114,460 |
| Liabilities | | | | | | |
| Customers' deposits | 26,735,507 | 2,835,116 | 4,349,046 | 985,855 | 0 | 34,905,524 |
| Other liabilities | 768,761 | 0 | 149,684 | 51,429 | 0 | 969,874 |
| Total liabilities | 27,504,268 | 2,835,116 | 4,498,730 | 1,037,284 | 0 | 35,875,398 |
| Net liquidity gap | (15,521,941) | (2,228,187) | (817,333) | 6,220,045 | 19,586,478 | |

As at 30 September 2014

| | | | | | | |
|------------------------------|---------------------|------------------|--------------------|------------------|-------------------|-------------------|
| Assets | | | | | | |
| Cash and balances with | | | | | | |
| Bank of Guyana | 4,775,560 | 0 | 0 | 0 | 0 | 4,775,560 |
| Amounts due from other banks | 3,453,384 | 0 | 0 | 0 | 0 | 3,453,384 |
| Investment securities | 913,313 | 1,687,263 | 102,839 | 102,133 | 229,590 | 3,035,138 |
| Loans and advances | 1,526,218 | 1,245,302 | 1,620,970 | 5,223,143 | 19,286,419 | 28,902,052 |
| Other assets | 1,958,026 | 0 | 0 | 0 | 0 | 1,958,026 |
| Total assets | 12,626,501 | 2,932,565 | 1,723,809 | 5,325,276 | 19,516,009 | 42,124,160 |
| Liabilities | | | | | | |
| Customers' deposits | 26,610,772 | 2,721,710 | 3,044,694 | 848,231 | 0 | 33,225,407 |
| Amount due to other bank | 1,300,000 | 0 | 0 | 0 | 0 | 1,300,000 |
| Other liabilities | 1,125,499 | 0 | 0 | 0 | 0 | 1,125,499 |
| Total liabilities | 29,036,271 | 2,721,710 | 3,044,694 | 848,231 | 0 | 35,650,906 |
| Net liquidity gap | (16,409,770) | 210,855 | (1,320,885) | 4,477,045 | 19,516,009 | |

NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity Risk (Cont'd)

Contractual maturity of financial liabilities

The tables below present the cash flows payable by the Company under financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the tables are the contractual undiscounted cash flows of financial liabilities including future payments of interest.

| As at 30 September 2015 | Within 3 months | Over 3 months but not over 6 months | Over 6 months but not over 12 months | Over 1 year but not over 5 years | Over 5 years | Total |
|--------------------------------------|--------------------|---|--|--|-----------------|------------|
| On statement of financial position: | | | | | | |
| Customers' deposits | 26,740,990 | 2,866,489 | 5,450,588 | 53,324 | 0 | 35,111,391 |
| Other financial liabilities | 632,010 | 0 | 0 | 0 | 0 | 632,010 |
| Off statement of financial position: | | | | | | |
| Guarantees | 261,606 | 52,292 | 117,315 | 52,978 | 0 | 484,191 |
| Credit commitments | 1,237,647 | 0 | 0 | 0 | 0 | 1,237,647 |
| | 28,872,253 | 2,918,781 | 5,567,903 | 106,302 | 0 | 37,465,239 |

As at 30 September 2014

| | | | | | | |
|--------------------------------------|------------|-----------|-----------|---------|---|------------|
| On statement of financial position: | | | | | | |
| Customers' deposits | 26,619,841 | 2,739,672 | 3,122,832 | 897,033 | 0 | 33,379,378 |
| Amount due to other bank | 1,300,000 | 0 | 0 | 0 | | 1,300,000 |
| Other financial liabilities | 742,449 | 0 | 0 | 0 | 0 | 742,449 |
| Off statement of financial position: | | | | | | |
| Guarantees | 507,070 | 123,668 | 76,507 | 29,812 | 0 | 737,057 |
| Credit commitments | 1,040,497 | 0 | 0 | 0 | 0 | 1,040,497 |
| | 30,209,857 | 2,863,340 | 3,199,339 | 926,845 | 0 | 37,199,381 |

Foreign Exchange Risk

Foreign currency exposure arises from the Company's holding of foreign denominated assets and liabilities. The risk is that the carrying value of a financial instrument will fluctuate unfavourably because of changes in foreign exchange rates.

The Audit, Finance and Risk Management Committee of the Board of Directors is responsible for approving the Company's risk management policies and practices. Management is responsible for implementing those approved policies and practices.

Management of the Company reviews and manages the risk of unfavourable exchange rate movements by constant monitoring of market trends. The Company holds a large percentage of its foreign - denominated assets and liabilities in stable currencies and maintains net currency exposures within acceptable limits.

The aggregate amounts of assets and liabilities denominated in foreign currencies are shown in the tables below, along with the pre-tax impact of a reasonably possible change in the exchange rate (all changes in exchange rates reflect a strengthening against the Guyana Dollar).



NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign Exchange Risk (Cont'd)

| As at 30 September 2015 | Assets | Liabilities | Net Position | % change | Impact on profit increase/ (decrease) | Impact on OCI increase/ (decrease) |
|--------------------------|-----------|-------------|--------------|----------|---------------------------------------|------------------------------------|
| United States Dollar | 3,023,902 | 2,573,411 | 450,491 | 1.0% | 4,505 | 0 |
| Trinidad & Tobago Dollar | 153,559 | 0 | 153,559 | 1.0% | 203 | 1,332 |
| Other | 64,498 | 39,876 | 24,622 | 1.0% | 246 | 0 |

As at 30 September 2014

| | | | | | | |
|--------------------------|-----------|-----------|-----------|------|--------|-------|
| United States Dollar | 3,704,195 | 2,569,273 | 1,134,922 | 1.0% | 11,349 | 0 |
| Trinidad & Tobago Dollar | 174,903 | 0 | 174,903 | 1.0% | 449 | 1,300 |
| Barbadian Dollar | 1,606 | 0 | 1,606 | 1.0% | 16 | 0 |
| Other | 36,736 | 6,748 | 29,988 | 1.0% | 300 | 0 |

Interest Rate Risk

The Company is exposed to certain risks associated with fluctuations in the prevailing levels of interest rates. Interest rate risk arises from movements in interest rates where the Company's assets and liabilities have varying repricing dates.

The Audit, Finance and Risk Management Committee of the Board of Directors is responsible for approving the Company's risk management policies and practices. Management is responsible for implementing those approved policies and practices.

Management manages this risk by a number of measures, including selection of assets which best match the maturity of liabilities and the offering of deposit opportunities that match the maturity profile of assets. Maturity gap profiles and interest rate sensitivity analysis are relied upon to manage this risk.

The Company holds a minimal amount of floating rate instruments and therefore has limited exposure to the cash flow risk that could arise.

The tables below set out the Company's exposure to interest rate risk by categorising the Company's assets and liabilities, by the earlier of contractual repricing or maturity dates.

NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Interest Rate Risk (Cont'd)

| As at 30 September 2015 | Up to 1 year | Over 1 year but not over 5 years | Over 5 years | Non-interest bearing | Total |
|--|--------------|--|-----------------|-------------------------|------------|
| Assets | | | | | |
| Cash and balances with Bank of Guyana | 0 | 0 | 0 | 5,921,773 | 5,921,773 |
| Amounts due from other banks | 18,728 | 0 | 0 | 3,002,268 | 3,020,996 |
| Investment securities | 432,519 | 141,918 | 49,492 | 133,229 | 757,158 |
| Loans and advances | 3,665,523 | 7,114,320 | 19,536,986 | 363,345 | 30,680,174 |
| Other assets | 0 | 0 | 0 | 2,734,359 | 2,734,359 |
| Total assets | 4,116,770 | 7,256,238 | 19,586,478 | 12,154,974 | 43,114,460 |
| Liabilities | | | | | |
| Customers' deposits | 31,557,685 | 985,855 | 0 | 2,361,984 | 34,905,524 |
| Other liabilities | 0 | 0 | 0 | 969,874 | 969,874 |
| Total liabilities | 31,557,685 | 985,855 | 0 | 3,331,858 | 35,875,398 |
| Interest sensitivity gap | (27,440,915) | 6,270,383 | 19,586,478 | | |

As at 30 September 2014

| | | | | | |
|--|--------------|-----------|------------|------------|------------|
| Assets | | | | | |
| Cash and balances with Bank of Guyana | 0 | 0 | 0 | 4,775,560 | 4,775,560 |
| Amounts due from other banks | 12,972 | 0 | 0 | 3,440,412 | 3,453,384 |
| Investment securities | 2,573,088 | 102,134 | 229,590 | 130,326 | 3,035,138 |
| Loans and advances | 4,206,846 | 5,223,143 | 19,286,419 | 185,644 | 28,902,052 |
| Other assets | 0 | 0 | 0 | 1,958,026 | 1,958,026 |
| Total assets | 6,792,906 | 5,325,277 | 19,516,009 | 10,489,968 | 42,124,160 |
| Liabilities | | | | | |
| Customers' deposits | 29,601,052 | 848,231 | 0 | 2,776,124 | 33,225,407 |
| Amount due to other bank | 1,300,000 | 0 | 0 | 0 | 1,300,000 |
| Other liabilities | 0 | 0 | 0 | 1,125,499 | 1,125,499 |
| Total liabilities | 30,901,052 | 848,231 | 0 | 3,901,623 | 35,650,906 |
| Interest sensitivity gap | (24,108,146) | 4,477,046 | 19,516,009 | | |



NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Interest Rate Risk (Cont'd)

The table below summarises the average effective interest rates for monetary financial instruments:

| | 2015 % | 2014 % |
|--------------------------|-----------|-----------|
| Assets | | |
| Investment securities | 3.1 | 2.2 |
| Loans and advances | 10.6 | 10.6 |
| Liabilities | | |
| Customers' deposits | 2.0 | 1.6 |
| Amount due to other bank | 0.0 | 4.5 |

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholders and benefits to other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and maintain a prudent relationship between the capital base and the underlying risks of the business.

In pursuing these objectives, the Company has regard to capital requirements imposed by the Bank of Guyana. These requirements measure capital adequacy as a percentage of capital resources to risk weighted assets (Risk Asset Ratio). Risk weighted assets are a function of risk weights stipulated by the Bank of Guyana applied to the Company's assets. The Risk Asset Ratio should not be less than 8% with a Tier I component of not less than 4%.

The table below summarises the composition of regulatory capital and the ratios of the Company as at the date of the statement of financial position. The Company complied with the Bank of Guyana's capital requirements throughout the current year and prior year.

| | 2015 | 2014 |
|--|------------------|------------------|
| Regulatory Capital | | |
| Tier I Capital: | | |
| Share capital | 594,913 | 594,913 |
| Statutory reserve | 594,913 | 594,913 |
| Retained earnings | 5,429,438 | 4,956,024 |
| Tier II Capital: | | |
| Revaluation reserve | 34,164 | 33,838 |
| Available-for-sale investments reserve | (1,453) | (3,194) |
| Prescribed deduction | (74,294) | (92,158) |
| | <u>6,577,681</u> | <u>6,084,336</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

Capital Management (Cont'd)

| | 2015 | 2014 |
|-----------------------------|-------------------|-------------------|
| Risk-weighted Assets | | |
| On-balance sheet | 26,627,583 | 26,265,893 |
| Off-balance sheet | 242,095 | 368,528 |
| | <u>26,869,678</u> | <u>26,634,421</u> |
| Regulatory ratios | | |
| Tier I capital ratio | <u>24.6%</u> | <u>23.1%</u> |
| Total capital ratio | <u>24.5%</u> | <u>22.8%</u> |

Fair Values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The sections that follow provide an analysis of the fair values of the Company's assets and liabilities based on the following hierarchy contained in IFRS 13:

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 Inputs for the asset that are not based on observable market data (that is unobservable inputs).

Asset carried at fair value

The Company's available-for-sale investment security is carried at fair value based on a quoted price from an active market. It would therefore be classified as Level 1.

Assets and liabilities not carried at fair value

The table below show the fair values of assets and liabilities which are not carried at fair value on the statement of financial position but for which disclosure of fair value is required.

| | IFRS13 Level | 2015 Carrying Amount | 2015 Fair Value | 2014 Carrying Amount | 2014 Fair Value |
|-----------------------|-----------------|----------------------------|-----------------------|----------------------------|-----------------------|
| <i>Assets:</i> | | | | | |
| Investment securities | Level 2 | 623,930 | 644,237 | 2,904,811 | 2,924,561 |
| Loans and advances | Level 2 | 30,680,174 | 30,939,714 | 28,902,052 | 28,919,969 |

The fair values of held to maturity investment securities and loans and receivables are based on net present values using discount rates reflective of market rates for similar assets.

The fair values of other financial assets and liabilities approximate to their carrying amounts given short term to maturity.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2015

Thousands of Guyana Dollars

30. SEGMENTAL INFORMATION

Sources of Income

The various sources of income earned by the Company are shown in notes 17 and 18.

Geographical Information

The analysis of the Company's revenue between earnings in Guyana and earnings out of Guyana is shown in note 17 to these financial statements.

There are no assets, other than financial instruments, located out of Guyana. The geographic analysis of the Company's financial instruments held at the year end is shown in note 29 to these financial statements.

Major Customers

There was no revenue deriving from transactions with a single customer that amounted to 10 percent or more of the Company's revenue.

CORRESPONDENT BANKS

United States Dollar (USD) TRANSACTIONS

BANK OF AMERICA
100 S.E. 2nd Street, 14th Fl
Miami, Florida 33131

SWIFT: BOFAUS3N
ABA No. 026009593
A/C No. 1901-6-83601 (USD)

Canadian Dollar (CAD) TRANSACTIONS

BANK OF AMERICA NA.; CANADA BRANCH
200 Front Street, West 26th Floor
Toronto, Ontario
M5V 3L2

SWIFT: BOFACATT
SORT CODE#: 024156792
Financial Institution Code: 241
Transit/ Branch #: 56792
A/C No. 49545206 (CAD)

Pound Sterling (GBP) TRANSACTIONS

BANK OF AMERICA NA.
2 King Edward Street
London, ECIA 1HQ
UK

IBAN#: GB13 BOFA 1650 5020 5970 11
SWIFT: BOFAGB22
Branch Code: 6008
A/C No. 20597011 (GBP)

Euro (EUR) TRANSACTIONS

BANK OF AMERICA NA.
2 King Edward Street
London, ECIA 1HQ
UK

IBAN#: GB12 BOFA 1650 5020 5970 29
SWIFT: BOFAGB22
Branch Code: 6008
A/C No. 20597029 (EUR)

Jamaican Dollar (JMD) TRANSACTIONS

SAGICOR BANK JAMAICA LIMITED
17 Dominica Drive
New Kingston
Kingston 5
Jamaica

A/C No. 0341330000159 (JMD)

PRODUCTS AND SERVICES

REGULAR CHEQUING ACCOUNT

Minimum opening balance \$25,000
No Interest
No service charge if minimum balance is over \$25,000
ATM access..... 24 hours
Monthly Statements
Special conditions apply

PREMIUM CHEQUING ACCOUNT

Minimum opening balance \$200,000
Competitive interest accrues on lowest monthly balance over \$200,000 and credited monthly
No service charge if minimum balance is over \$200,000
ATM access ... 24 hours
Monthly Statements
Special conditions apply

CORPORATE CHEQUING ACCOUNT

Minimum opening balance \$500,000
Competitive interest accrues on lowest monthly balance over \$500,000 and credited monthly
No service charge if minimum balance is over \$500,000
Monthly Statements
Special conditions apply

JACKPOT SAVINGS ACCOUNT

Minimum opening balance \$3,000
Competitive interest accrues on minimum quarterly balance and credited twice yearly
Accounts with balances in excess of \$10,000 qualify for a chance to win prizes in Jackpot Draws
ATM access ... 24 hours
Monthly Statements

EXCEL SAVINGS ACCOUNT

Minimum opening balance \$200,000
Competitive interest accrues on minimum monthly balance and credited quarterly
No service charge if minimum balance is over \$200,000
ATM access 24 hours

GOLDEN GRAND SAVINGS ACCOUNT

(Special Account for Senior Citizens)

Minimum opening balance \$1,000
Interest rate above Jackpot Savings rate
Interest accrues on minimum quarterly balance and credited twice yearly
No service charges
No charges on foreign drafts or transfers
ATM access ... 24 hours
Monthly Statements

JUNIOR SAVERS ACCOUNT

(Special account for Children)

Minimum opening balance \$1,000
Receive gift on opening of account
Interest rate above Jackpot Savings rate
Interest accrues on minimum quarterly balance and credited twice yearly
No service charges
Special Incentives for educational achievements
ATM access ... 24 hours
Monthly Statements

MONEY MARKET ACCOUNT

Minimum opening balance \$1,000,000
Competitive interest rate accrues on daily collected balances over \$1,000,000 and credited monthly
ATM access ... 24 hours
Monthly Statements

CERTIFICATE OF DEPOSIT

Minimum deposit \$50,000
Available for standard periods of 90 and 365 days (other terms can be negotiated)
Interest rate is negotiable and guaranteed for a fixed period
Interest accrues daily and is paid at maturity

RETAIL BANKING SERVICES

Consumer Loans
Mortgage Loans
Money Lines and Overdrafts
Sweep transfers for Chequing Accounts
Standing Orders for regular periodic payments

CORPORATE BANKING SERVICES

Commercial Loans and Mortgages
Overdrafts
Sweep transfers for Chequing Accounts
Lines of Credit
Bonds and Guarantees
Letters of Credit
Collections
Banker's Acceptances
Discounting of Drafts
Loan Syndication
Payroll Services
Standing Orders

MONEY CARD

All Citizens Bank personal account holders can get their own personal money card to access our automated teller machines to withdraw funds, transfer funds between accounts and request account balances. Deposits can also be done at some of these machines.

INTERNATIONAL CREDIT CARDS

(For Personal or Corporate Use)

VISA Classic Credit Cards:

Limits US\$300 – US\$5,000
Available for co-applicants

VISA Gold Credit Cards:

Limits US\$5,000 – US\$10,000
Available for co-applicants

VISA Business Credit Cards:

Limits US\$5,000 – US\$50,000
Available with individual or shared limits

FOREIGN EXCHANGE SERVICES

Competitive Exchange Rates
Wire Transfers (incoming and outgoing)
Issuing of Foreign Drafts/Cheques
Negotiation of Foreign Drafts/Cheques
Foreign Currency Accounts (USD, GBP, CAD and EURO) - Special conditions apply

WESTERN UNION MONEY TRANSFER AGENCY

Send and receive Western Union Money Transfers at any of our Branches.

UTILITY BILL PAYMENT SERVICES

Pay your utility bills at any of our Branches
Telephone (GTT+ and Digicel) bills
Water (GWI) bills
Electricity (GPL) bills
No Charges apply

NIGHT DEPOSITORY SERVICES

Secure bags
Secure fire proof chute

notes

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CITIZENS BANK PROXY FORM

This form is for use by shareholders only.

I/We

of

being a member/members of the above named Company, hereby appoint*

of

or, failing him/her

of

as my/our proxy to vote for my/our behalf at the annual general meeting of the Company to be held on

..... and at any adjournment thereof.

Signed this day of 2016. Signature

(Strike out which is not desired)

1. To receive the Report of the Directors and the Audited Financial Statements for the year ended 30 September 2015.

IN FAVOUR OF

AGAINST

2. To approve the declaration of a dividend.

IN FAVOUR OF

AGAINST

3. To Elect Directors

Mr. Wilfred A. Lee, AA

Mr. George G. McDonald

IN FAVOUR OF

AGAINST

IN FAVOUR OF

AGAINST

4. To fix the remuneration of the Directors.

IN FAVOUR OF

AGAINST

5. To re-appoint the incumbent Auditors.

IN FAVOUR OF

AGAINST

6. To empower the Directors to fix the remuneration of the Auditors.

IN FAVOUR OF

AGAINST

Please give the following information in block capitals:

Full name:

Address:

Initials and Surname of any joint holder(s)

Notes:

1. Unless otherwise instructed, the proxy will, at his/her discretion, vote as he/she thinks fits or abstain from voting.
2. Votes by proxy may be given only on a poll.

* If desired, the Chairman of the meeting may be appointed as proxy.

