

CONTENTS

MISSION STATEMENT & BUSINESS PROFILE	2
NOTICE OF ANNUAL GENERAL MEETING	3
FINANCIAL HIGHLIGHTS	5
BOARD OF DIRECTORS / CORPORATE INFORMATION	8
OUR BRANCHES & STAFF	10
CHAIRMAN'S REPORT	12
MANAGING DIRECTOR'S REPORT	16
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	19
PRINCIPAL OFFICERS	20
STATEMENT ON CORPORATE GOVERNANCE	22
REPORT OF THE DIRECTORS	24
REPORT OF THE AUDITORS	27
STATEMENT OF FINANCIAL POSITION	28
STATEMENT OF INCOME	29
STATEMENT OF COMPREHENSIVE INCOME	30
STATEMENT OF CHANGES IN EQUITY	31
STATEMENT OF CASH FLOWS	32
NOTES TO THE FINANCIAL STATEMENTS	33
OUR CORRESPONDENT BANKS	72
OUR PRODUCTS AND SERVICES	73



An artist's impression of the proposed new Citizens Bank building

MISSION STATEMENT

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 \$40.7 billion at September 30, 2013.

Our one hundred and twenty-nine (129) employees serve a customer base of more than thirty nine thousand, five hundred (39,500).

We provide retail and corporate banking services through our branch network of six (6) branches.

We also provide 24-hour services through ATMs which are located at each of our six branches as well as at four (4) off-site locations.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of Citizens Bank Guyana Inc. will be held at the Georgetown Club Inc. 208 Camp Street, Georgetown on Tuesday, January 21, 2014 at 5.00 p.m. for the following purposes:

1. To receive the Audited Financial Statements for the year ended 30 September 2013 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 2013 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 2013 be approved and paid to the shareholders on the Company's Register at the close of business on January 21, 2014."
3. To elect Directors. The Directors retiring are Mr. Richard B. Fields, S.C. and Mr. Michael H. Pereira, 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. Richard B. Fields, S.C. and Mr. Michael H. Pereira, 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 \$1,039,374 per annum be paid to the Chairman; the remuneration of \$779,531 per annum be paid to each non-executive Director and that a Travelling Allowance for each non-executive Director be fixed at \$364,561; and that the additional sum of \$68,250 per annum be provided for additional remuneration for each Director serving on Technical Committees."



NOTICE OF ANNUAL GENERAL MEETING

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 23, 2013

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

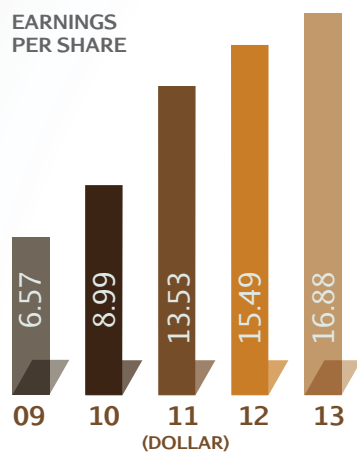
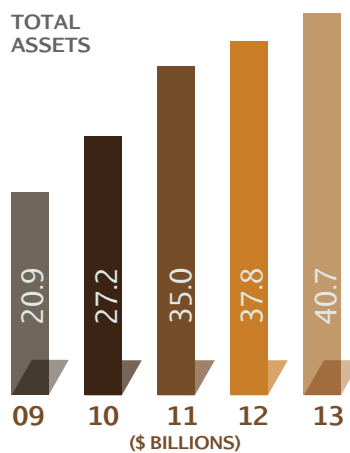
	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000
Total Assets	40,685,497	37,825,612	34,995,053	27,157,817	20,940,152
Loans and Advances	23,670,913	21,499,106	18,908,608	12,281,586	10,425,284
Investments	8,725,383	6,130,915	7,732,738	7,705,422	5,273,293
Deposits	34,173,834	32,184,203	30,570,370	23,454,562	17,917,553
Revenue	3,009,754	2,879,297	2,465,216	1,944,178	1,789,255
Expenses	2,005,819	1,957,549	1,660,514	1,409,602	1,398,460
Profit after Taxation	1,003,935	921,748	804,702	534,576	390,795
Stockholders' Equity	5,625,315	4,760,427	3,914,791	3,205,275	2,742,088
Return on Average Assets(%)	2.56	2.53	2.59	2.22	1.88
Return on Average Equity(%)	19.33	21.25	22.60	17.98	15.12
Earnings per share (Dollars)	16.88	15.49	13.53	8.99	6.57

FINANCIAL HIGHLIGHTS

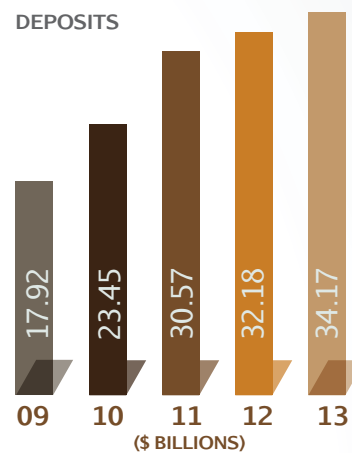
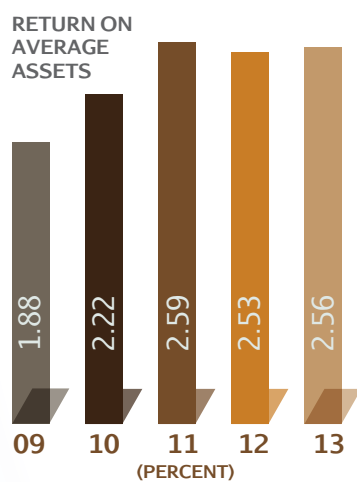
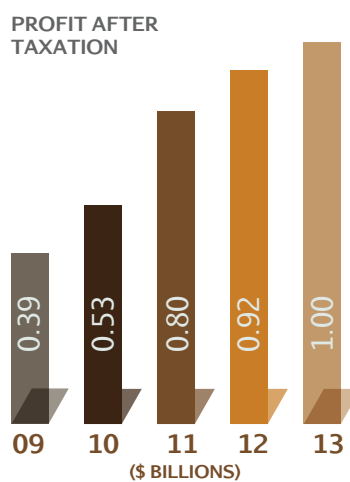
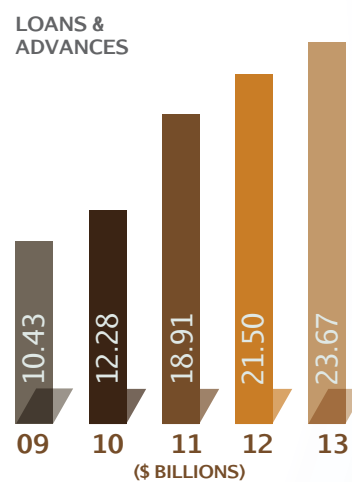
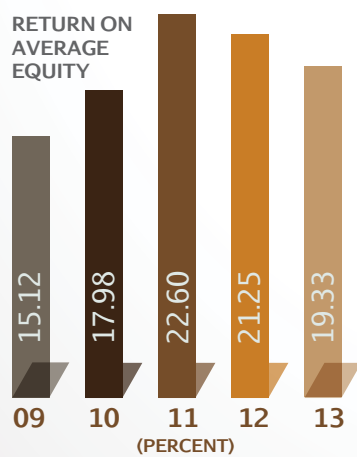
	2013 \$'000	2012 \$'000	INC/(DEC) \$'000	% CHANGE
BALANCE SHEET:				
Total Assets	40,685,497	37,825,612	2,859,885	7.56
Loans and Advances	23,670,913	21,499,106	2,171,807	10.10
Investments	8,725,383	6,130,915	2,594,468	42.32
Deposits	34,173,834	32,184,203	1,989,631	6.18
Stockholders' Equity	5,625,315	4,760,427	864,888	18.17
RESULTS OF OPERATIONS:				
Revenue	3,009,754	2,879,297	130,457	4.53
Expenses	1,407,614	1,398,000	9,614	0.69
Profit before Taxation	1,602,140	1,481,297	120,843	8.16
Taxation	598,205	559,549	38,656	6.91
Profit after Taxation	1,003,935	921,748	82,187	8.92
RATIOS:				
Return on Average Assets(%)	2.56	2.53	0.03	1.19
Return on Average Equity(%)	19.33	21.25	(1.92)	(9.04)
Earnings per share (Dollars)	16.88	15.49	1.39	8.97
NUMBER OF:				
Stockholders	81	77	4	5.19
Deposit Accounts	39,558	33,751	5,807	17.21
Employees	129	133	(4)	(3.01)
Locations	6	5	1	20.00



FINANCIAL HIGHLIGHTS

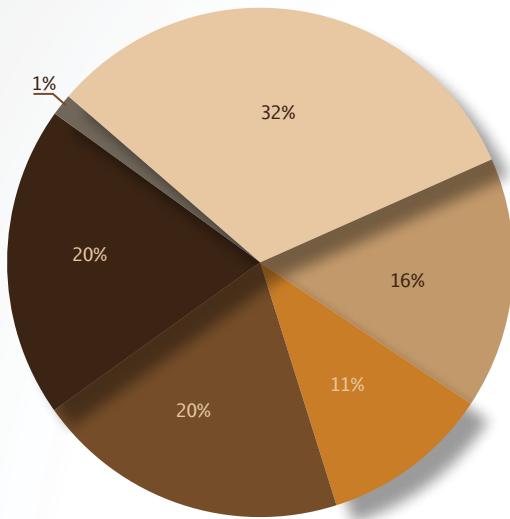
EARNINGS
PER SHARETOTAL
ASSETS

DEPOSITS

RETURN ON
AVERAGE
ASSETSPROFIT AFTER
TAXATIONLOANS &
ADVANCESRETURN ON
AVERAGE
EQUITY

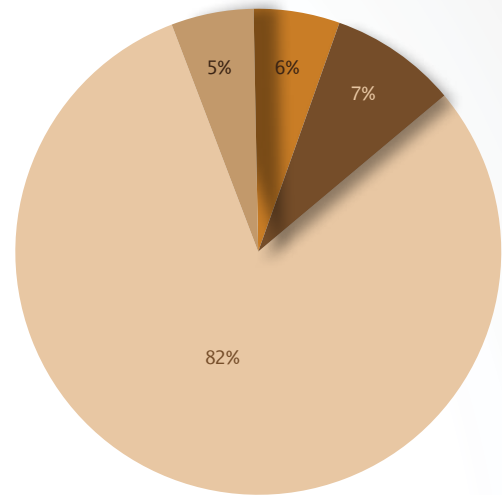


DISTRIBUTION OF INCOME



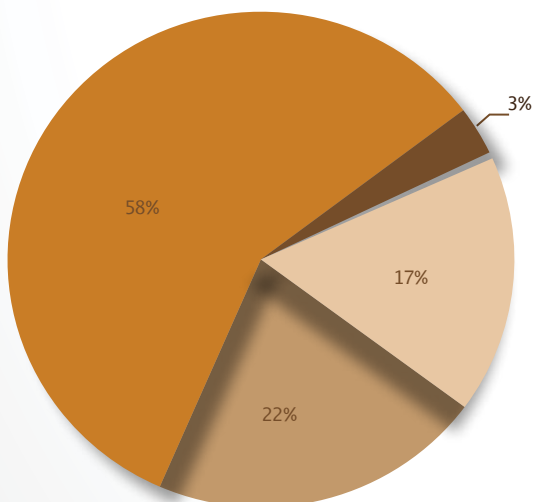
INTEREST EXPENSES	483.5
PERSONNEL EXPENSES	323.7
OTHER NON INTEREST EXPENSES	600.5
TAXATION	598.2
DIVIDENDS	41.6
RETAINED EARNINGS	962.3
	<u>3,009.8</u>

SOURCE OF INCOME



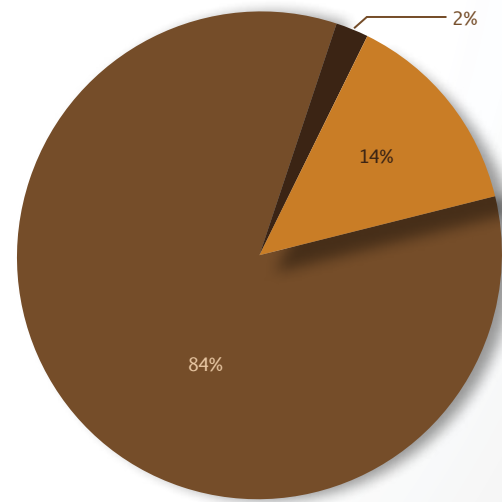
LOANS AND ADVANCES	2,475.0
INVESTMENT SECURITIES	158.8
FEES AND COMMISSION INCOME	175.1
FOREIGN EXCHANGE TRADING	193.6
OTHER INCOME	7.3
	<u>3,009.8</u>

ASSETS



CASH RESOURCES	6,827.8
INVESTMENTS	8,725.4
LOANS & ADVANCES	23,670.9
PROPERTY & EQUIPMENT	1,290.4
OTHER ASSETS	171.0
	<u>40,685.5</u>

LIABILITIES & SHAREHOLDERS' EQUITY



DEPOSITS	34,173.8
OTHER LIABILITIES	886.4
SHAREHOLDERS' EQUITY	5,625.3
	<u>40,685.5</u>

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. Dunstan Barrow, A.A., B.Sc., MBA
BUSINESSMAN



Mr. M. H. Pereira

Mr. R. B. Fields

Mr. R. K. Puri

Mr. E. M. Chester

Mr. W. A. Lee



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 House, 2 Croal Street, Stabroek,
Georgetown, Guyana



Mr. G. G. McDonald

Mr. D. Barrow

Mr. C. B. Reis

Mr. P. A. Carto



BRANCH 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

CHAIRMAN'S REPORT

ECONOMIC REVIEW

The global economy grew by 2.5% in 2013, however the growth recorded was not as anticipated as recovery remains fragile due to continued recession in many European countries and slowdown in emerging market economies.

The United States economy expanded by 3.6% in the third quarter of 2013 due to increased consumer spending, state and government outlay and gains in residential and commercial investment. Despite the aforementioned level of growth, the Government continues to take measures to support the economy as some sectors remain weak and the global economy continues to pose downside risk.

The Guyana economy recorded real economic growth of 3.9% in the first six months of 2013, on account of the performance of all major sectors, with agriculture recording exceptional performance in rice and forestry. Mining and quarrying recorded increased output however, the decline in the world price for gold had an adverse effect leading to lower earnings and expenditure from this sector.

The services sector performance was buoyed by improved performances in construction, financial and insurance activities as well as the wholesale and retail sub-sector.

The rate of inflation for 2013 is projected at 4.3% and during the first six months of 2013, inflation was recorded at 0.5% due to falling food prices.

It's Where
YOU BELONG

to attain distinguished
leadership through a
team of professionals
delivering innovative,
superior service to our
customers.

CITIZENS BANK MISSION



The value of the Guyana dollar to the United States dollar during the review period declined moderately by 0.5% on account of seasonal demands with a resultant upward pressure on the exchange rate.

BANKING SECTOR

In spite of the challenges in identifying viable lending and investing opportunities, the local banking system remained sound and stable with commercial banks continuing to report higher levels of profits and capital. The capital adequacy ratio remains well above the prudential benchmark of 8.0%.

Deposits at the commercial banks increased by 11.1% to \$335.5 billion; private sector deposits which grew by 7.5% to \$268.4 billion accounted for 88.0% of total banking sector deposits.

Total loans and advances, grew by 14.8% to \$174.9 billion at September 30, 2013 with credit to the private sector increasing by 13.2% to \$115.0 billion.

Banking sector reserve requirements were exceeded by 36.8% while liquid assets of the sector exceeded the required amount by 72.3% confirming the high liquidity within the sector.

The Bank of Guyana continues to use the auction of Treasury Bills as a monetary tool to mop up the excess liquidity in the sector and at September 30, 2013, outstanding treasury bills totalled \$84.9 billion with commercial banks holding \$73.8 billion or 86.9%.





CHAIRMAN'S REPORT

The 91 day Treasury Bill rate, used as a market reference, declined to 1.4% at September 30, 2013, as a result of the high excess liquidity and competitive bidding, compared to 1.5% at September 30, 2012.

The weighted average lending rate declined from 11.4% to 11.0% at September 30, 2013 while the average savings rate was 1.3% at September 30, 2013, compared to 1.7 % as at September 2012.

PERFORMANCE OF THE BANK

I am pleased to report that Citizens Bank Guyana Inc has completed another good year by recording profit after taxation of \$1.0 billion compared to \$921.7 million the previous year representing an increase of \$82.2 million or 8.9%.

This performance was accomplished inspite of the many challenges in the market including high liquidity, lower interest rates and intensive competition amongst lending institutions. The results were achieved through the growth of our loans portfolio as the bank continues to invest in the development of the local economy and also the prudent management of our expenses.

During the year, growth was also recorded for deposits, total assets, and revenues which grew by 6.2%, 7.6% and 4.5% respectively.

Net Income for the year ended September 30, 2013 was \$2.5 billion compared to \$2.4 billion the prior year, an increase of \$158.5 million or 6.7% and Profit before Taxation was \$1.6 billion in 2013 compared to \$1.5 billion for the previous year, an increase of \$120.8 million or 8.2%.

The annualised return on average assets was 2.6% while the return on shareholders' equity was 19.3% compared to 2.5% and 21.5% respectively the prior year.

The bank's loan portfolio remains sound and continues to perform well inspite of the various challenges experienced by our customers during 2013 which required us working closely

to minimise the impact on our overall portfolio. Non-performing loans at September 30, 2013 represented 4.5% of our total loan portfolio compared to 4.4% at September 30, 2012. This ratio continues to compare favourably with the consolidated banking sector ratio of 5.3%.

During 2013 the Bank's shares were traded on the local stock exchange at a weighted average price of \$137.5 per share up from \$65.0 per share reaffirming investors' confidence in the Bank's performance and growth potential.

GROWTH INITIATIVES

To be successful in a local financial environment which is characterised by intensive competition amongst commercial banks and other financial institutions, declining interest rates, excess liquidity and relatively limited lending and investing opportunities, it is imperative that our initiatives focus on areas that we anticipate will ensure growth and stability.

In 2014, the Bank will continue its efforts at managing our expenses and ensuring robust risk management which remains key to our continuing success in a very dynamic sector.

The sales and marketing of our retail banking products including consumer loans and mortgages will intensify during 2014 as well as the continuation of our customer service strategies.

We intend to develop our banking network with the expansion of our automatic telling machine (ATM) and branch networks respectively and an application will be submitted to the Bank of Guyana for the establishment of a strategically located new branch. Construction of a modern state of the art building that will house our main branch and corporate offices will continue.

The utilisation of technology to improve our operating processes leading to increased efficiency will continue during 2014 bringing benefits to our customers and the organisation.



CHAIRMAN'S REPORT

The importance of our employees to the success of the company cannot be over emphasised and in 2014 we will continue implementing measures to improve our human resources management capability.

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 2014

Global economies are expected to record moderate growth of 2.9% during 2013 with emerging countries recording on average higher growth rates than their developed counterparts. In 2013, growth of 4.5% is projected for emerging economies and 1.2% for developed economies respectively. In 2014, developed economies are projected to grow by 2.0% and emerging economies by 5.1%

The euro zone is expected to contract by 0.4% in 2013 and grow by 1.0% in 2014, while the United States is projected to grow by 1.6% in 2013 and 2.6% in 2014. The growth in 2014 is on account of reduced fiscal restraint and increased consumer spending and residential construction.

The local economy is expected to experience growth during the remainder of 2013 and onwards and is projected to grow by 4.8% in 2013 and by 5.8% in 2014. Mining and quarrying, manufacturing and service sectors are expected to be the main contributors to this growth with the mining sector benefiting from increased output and from investments in the gold and bauxite mining. The manufacturing sector will experience growth by improvement in rice milling and other manufacturing and the service sector from expansion in the construction activities thus creating opportunities for the Bank.

The performance of the agricultural sector is projected to be flat due to lower output from sugar, fishing and forestry; while rice, livestock and other crops are expected to increase.

In 2012, I noted the need for co-operation amongst our elected representatives in parliament if the Guyana economy is going to continue to record consistent growth. The failure to enact new legislation on anti-money laundering and countering the financing of terrorism and the resultant sanctioning of the country brings to the fore how critical co-operation is for our economy to remain buoyant.

Citizens Bank stands firm in its commitment to the development of the local banking sector and the Guyana economy despite the anticipated challenges in fiscal 2014. We remain confident that our strategies for growth will enable us to attain set goals that would produce another successful year.

DIVIDEND

In 2012, shareholders benefited from a dividend of \$2.20 per share. The bank paid an interim dividend of \$0.70 per share in May 2013. The Directors now recommend a final dividend of \$1.70 per share bringing the total dividend payment to \$2.40 per share, compared to \$2.20 per share in 2012, for a total payout of \$142.8 million.

APPRECIATION

On behalf of the Board of Directors, I wish to again extend my sincere appreciation to all our employees as well as my colleague Directors for their invaluable contributions during the financial year which helped to achieve these results. I would also like to place on record our gratitude to our regulators for their guidance.

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

OVERVIEW

I am pleased to report that the just concluded financial year ended September 30, 2013 saw Citizens Bank Guyana Inc having another solid year with profits after taxation of \$1.0 billion, an increase of \$82.2 million or 8.9% over the prior year.

Earnings per share were increased by 8.9% to \$16.9 dollars compared to \$15.5 in 2012, while our book value per share increased by 18.1% to \$94.6 at September 30, 2013 from \$80.0.

During the year we were able to achieve growth in loans, investments, deposits, total assets, revenues and equity notwithstanding the many socioeconomic challenges existing in 2013.

RETURN ON AVERAGE ASSETS

The Bank's return on average assets, a key indicator of the utilisation of our assets, was 2.6% compared to 2.5% in 2012; an increase of 4.0%.

RETURN ON AVERAGE EQUITY

The return on average equity, a key measure of return on our capital employed, was to 19.3% compared to 21.3% in 2012.

NET INTEREST INCOME AND OTHER INCOME

Net interest income was \$2.2 billion compared to \$1.9 billion in the prior year representing an increase of \$191.5 million or 9.8%. Increases in our loan portfolio and lower cost of deposits contributed to the growth in our net interest income. Interest income is the most significant contributor to the bank's net operating income accounting for 85.8% compared to 82.7% in 2012.

Other income declined from \$409.1 million to \$376.0 million reflecting a decrease of 9.0%. Earnings from foreign currency transactions, the major contributor to other income, declined by 20.5% from \$243.5 million to \$193.6 million due to a decline in volume traded and, lower spreads on transactions.



Net operating income increased by \$158.5 million or 6.7% to \$2.5 billion, compared to \$2.4 billion recorded in 2012.

NON-INTEREST EXPENSES

Non-interest expenses, which include personnel costs and other operating expenses, increased by 17.5% to \$927.5 million compared to \$789.1 million for the prior year on account of increases in employees' emoluments, inflationary increase in goods and services, depreciation and amortisation, general administrative expenses and the cost associated with the operating of our new branch. We have recommitted towards increasing efficiency in use of our resources and controlling expenses throughout the organisation.

NET IMPAIRMENT EXPENSES

Net recovery on impairment of financial assets amounted to \$3.4 million compared to an additional impairment of \$97.4 million in 2012 and at September 30, 2013, total reserves for loan losses amounted to \$319.0 million compared to \$269.1 million in 2012, while the general banking risk reserve, which represents statutory and other loss provisions that exceed the impairment provision, amounted to \$265.5 million compared to \$402.2 million at September 30, 2012.



MANAGING DIRECTOR'S REPORT

Asset quality remained a focal point for the Bank during 2013. However, at September 30, 2013, non-accrual loans and advances totalled \$1.1 billion or 4.5% of total loans and advances compared to 4.4% in 2012. The Banking sector ratio of non-accrual loans to total loans stood at 5.3% at September 30, 2013.

Our delinquency and charge-off ratios remained consistent with that prevailing in the sector and we continuously review our risk assessment of our loans and investments to ensure a quality financial portfolio.

INVESTMENT SECURITIES

Net investments at September 30, 2013 were \$8.7 billion compared to \$6.1 billion at the prior financial year; an increase of \$2.6 billion or 42.3%. Investments in Government of Guyana Treasury Bills continue to account for the significant portion of our investment securities and as at September 30, 2013 Treasury Bills held amounted to \$7.5 billion or 85.5% of total investments compared to \$4.5 billion or 70.8% at the prior year end.

Return on our investment securities declined to 1.9% in 2013 compared to 2.7% in 2012 while income from investments represented 6.0% of interest income in 2013 compared to 6.4% in 2012 reflecting the declining returns on investments which comprises mainly Government of Guyana Treasury Bills.

Investments accounted for 27.4% of earning assets and 21.4% of total assets, compared to 22.2% and 16.2% respectively in 2012.

LOANS AND ADVANCES

Net loans and advances increased by \$2.2 billion or 10.1% to \$23.7 billion from \$21.5 billion. During 2013 significant growth was recorded in the household and manufacturing sectors which grew by 30.0% and 23.5% respectively. Loans for housing grew by 12.6% and the services sector grew by 7.3%.

In spite of the growth recorded in the aforementioned sectors, our sectorial exposure showed marginal changes from the prior year.

Excess liquidity and continuing competition within the sector combined to push interest rates downwards and during 2013 yields on our loans and advances declined to 10.4% compared to 10.6% in 2012, while income from loans and advances represented 94.0% of interest income in 2013, compared to 93.6% in 2012, a marginal decline, and reflects our loan portfolio growth and a declining yield on investments.

Loans and advances accounted for 72.6% of earning assets and 58.2% of total assets compared to 77.8% and 56.8% respectively in 2012.

CUSTOMERS' DEPOSITS

During 2013, customers' deposits grew by 6.2% and at September 30, 2013, total deposits stood at \$34.2 billion, an increase of \$2.0 billion over the prior year.

During the year, savings deposits grew to \$14.3 billion from \$14.2 billion and represented 42.1% of our deposit base compared to 44.6% in the prior year. Term deposits grew to \$13.9 billion from \$12.5 billion, while demand deposits grew to \$5.8 billion from \$5.2 billion and now represent 41.0% and 16.9% of total deposits respectively compared to 39.2% and 16.2% the prior year.

SHAREHOLDERS' EQUITY

Shareholders' equity increased by \$864.9 million or 18.2% to \$5.6 billion from \$4.7 billion after the transfer of the net profits earned for the fiscal year 2013.

The Bank's capital adequacy ratios are computed in accordance with Basle the Committee guidelines adopted by the Bank of Guyana and at September 30, 2013 the Bank's ratio of capital to risk weighted assets was 24.7% at September 30, 2013, compared to 20.7% at September 30, 2012. Our risk based capital is well in excess of the required minimum



MANAGING DIRECTOR'S REPORT

risk based capital to risk weighted assets of 8.0% and the proposed 10.5% with the implementation of Basle III thus reaffirming our strong capital base and high quality assets.

HUMAN RESOURCES

The key to our success over the year has been the contribution of our employees, the most important asset of the bank. During 2013, the bank continued in its efforts to employ and retain a cadre of employees to deliver quality service to our growing customer base and as part of our employee development programme. In 2013 employees received training in Customer Care, Internal Audit and Compliance, Anti-money Laundering Activities, Investments and Credit Management and Marketing ensuring that our employees are adequately equipped to take the bank forward.

TECHNOLOGY

During 2013 our ATM network saw significant improvements. Older machines were replaced and the network was expanded. Citizens Bank ATM customers are now protected by the latest anti-fraud hardware technology and enjoy higher service availability. Significant investment in the datacentre means that recovery after a disaster is now simpler, faster and more reliable.

Additionally, testing of our Visa international credit card and our e-banking service commenced in 2013 and thus we are now positioned to offer our customers and prospective clients a suite of modern banking products and services for greater convenience.

THE FUTURE

An enabling environment conducive to growth and development is key if Guyana's economy is expected to grow during 2014.

Intense competition amongst commercial banks and non-bank financial institutions, excess liquidity in the banking system and declining interest rates are expected to continue in fiscal 2014. Improved customer relationships, the management of risk, asset quality maintenance, human resource development and management, leveraging of existing technology and expenditure control are critical factors for our success in 2014.

During 2014, we intend to expand our branch and ATM networks while construction of our new state-of-the-art corporate offices and main branch is expected to gain momentum during 2014, significant investments that will no doubt improve customer convenience and bring future benefits for stakeholders. The launch of our e-banking service and Visa international credit and debit cards respectively will be in addition to other value added services we intend to offer during fiscal 2014.

Fiscal 2014 will undoubtedly bring new challenges as well as opportunities for which we are prepared and are confident that we have aligned our strategies such that we anticipate continued 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 and 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.



MANAGEMENT'S 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. Kwabina Griffith, B.Sc.
Senior Manager – MIS

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

Mr. Lindel Harlequin, Dip. Ag., B.Sc Econs/Finance, MBA
Senior Manager – Credit & Marketing

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



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

Mr. Philip Jaiserrisingh, Dip. Banking & Finance
Manager - Credit & Marketing

Ms. Pramila Persaud, FCCA
Manager – Finance & Treasury

Ms. Uma Daniels, ACCA Affiliate
Chief Internal Auditor



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 eight 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 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, Dunstan Barrow, 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), Dunstan Barrow, 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.
 - Reviewing and developing budgets and business plans and strategies.
 - Reviewing and monitoring the internal and external audit and examination processes and compliance with all statutory and regulatory requirements.



STATEMENT ON CORPORATE GOVERNANCE

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

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 the responsibility for overseeing risk management.

The Bank's approach to the management of credit, liquidity, foreign exchange and interest rates are fully discussed in note 28 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. Dunstan Barrow (Chairman), Clifford B. Reis, Wilfred A. Lee, 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 programme 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 26 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.



REPORT OF THE DIRECTORS

The Directors submit their Annual Report and the Audited Financial Statements for the year ended 30 September 2013.

PRINCIPAL ACTIVITIES

The Bank provides a comprehensive range of banking services at six 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 in Georgetown, Linden and Charity.

FINANCIAL HIGHLIGHTS

	2013 \$'000	2012 \$'000
Net Profit After Taxation	1,003,935	921,748
Transfer to General Banking Risk Reserve	0	140,008
Dividend	41,644	41,643
Revenue Reserves	962,291	740,097
Proposed Dividend	101,135	89,237

DIVIDENDS

The bank paid an interim dividend of \$0.70 per share in May 2013. The Directors now recommend a final dividend of \$1.70 per share bringing the total dividend payment to \$2.40 per share, compared to \$2.20 for 2012, for the total payout of \$142.8 million.

STATUTORY, GENERAL BANKING RISK AND REVENUE RESERVES:

	2013 \$'000	2012 \$'000
Statutory reserves	594,913	594,913
General banking reserves	265,461	402,161
Revenue reserves	4,141,273	3,131,519

DIRECTORS

The Directors of the Bank are:

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

Directors Mr. Richard B. Fields and Mr. Michael H. Pereira retired and being eligible, offer themselves for election.



REPORT OF THE DIRECTORS

DIRECTORS' AND THEIR ASSOCIATES' INTEREST

The interest of the Directors holding office at 30 September 2013 and their associates in the ordinary shares of the Company were as follows:

	Ordinary Shares		Ordinary Shares	
	2013	2012	2013	2012
	Beneficial Owned	Beneficial Associates	Beneficial Owned	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	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

	2013 Amount	2013 %	2012 Amount	2012 %
Banks DIH Limited	30,340,557	51.00	30,340,557	51.00
Continental Agencies Limited	9,929,241	16.70	9,929,241	16.70
Hand-in-Hand Group	5,173,856	8.70	5,173,856	8.70
Hand-in-Hand Pension	4,615,385	7.80	4,615,385	7.80

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.

AUDITORS

Messrs Jack A. Alli, Sons & Company - Chartered Accountants, have 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.



REPORT OF THE DIRECTORS

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 16 and 17 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 \$60.6 million (2012 - \$47.5 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 \$807.6 million owing to the Bank at 30 September 2013 (2012 - \$756.9 million). Of the \$807.6 million obligation, \$110.8 are guarantees while loans total \$696.8 million (2012: \$6.9 million were guarantees, while loans were \$750.0 million).

MATERIAL CONTRACTS AS AT 30 SEPTEMBER 2013

Citizens Bank Guyana Inc. has existing lease agreements to lease from Banks DIH Limited premises situated at Thirst Park, Georgetown and 16 First Avenue, Bartica and 11-12 Republic Avenue & Crabwood Street, Linden 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.

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 2013, 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 33 to 71.

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, 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 2013 and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act.

The financial statements comply with the requirements of the Financial Institutions Act except as described in note 26(a) in relation to a breach of a prescribed lending limit.



JACK A. ALLI, SONS & CO.
20 December 2013



STATEMENT OF FINANCIAL POSITION

30 September 2013

Thousands of Guyana Dollars	Note	2013	2012
ASSETS			
Cash and balances with Bank of Guyana	4	5,242,774	7,011,436
Amounts due from other banks	5	1,585,047	1,974,354
Investment securities	6	8,725,383	6,130,915
Loans and advances	7	23,670,913	21,499,106
Property and equipment	8	1,220,075	842,932
Intangible asset	9	70,328	74,761
Taxation recoverable		3,320	3,320
Deferred taxation	10	3,429	615
Other assets	11	164,228	288,173
TOTAL ASSETS		40,685,497	37,825,612
LIABILITIES			
Customers' deposits	12	34,173,834	32,184,203
Deferred taxation	10	42,868	23,294
Taxation payable		198,742	223,248
Other liabilities	13	644,738	634,440
TOTAL LIABILITIES		35,060,182	33,065,185
SHAREHOLDERS' EQUITY			
Share capital	14	594,913	594,913
Statutory reserve	15	594,913	594,913
General banking risk reserve	15	265,461	402,161
Other reserves	15	28,755	36,921
Retained earnings		4,141,273	3,131,519
TOTAL SHAREHOLDERS' EQUITY		5,625,315	4,760,427
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		40,685,497	37,825,612

The notes on pages 33 to 71 form an integral part of these financial statements. The Board of Directors approved these financial statements for issue on 12 December 2013.


 Clifford B. Reis
 Director


 Eton M. Chester
 Director



STATEMENT OF INCOME
For the year ended 30 September 2013

Thousands of Guyana Dollars	Note	2013	2012
INTEREST INCOME	16	2,633,786	2,470,240
INTEREST EXPENSE	16	(483,502)	(511,499)
NET INTEREST INCOME		2,150,284	1,958,741
OTHER INCOME	17	375,968	409,057
TOTAL NET INCOME		2,526,252	2,367,798
OPERATING EXPENSES	18	(927,536)	(789,120)
NET REVERSAL OF / (ADDITION TO) IMPAIRMENT ON FINANCIAL ASSETS	20	3,424	(97,381)
PROFIT BEFORE TAXATION		1,602,140	1,481,297
TAXATION CHARGE	21	(598,205)	(559,549)
PROFIT AFTER TAXATION		1,003,935	921,748
EARNINGS PER SHARE	22	\$16.88	\$15.49

The notes on pages 33 to 71 form an integral part of these financial statements.



STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2013

Thousands of Guyana Dollars	Note	<u>2013</u>	<u>2012</u>
PROFIT AFTER TAXATION		1,003,935	921,748
OTHER COMPREHENSIVE INCOME:			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain arising on revaluation of property	8	0	46,151
Deferred tax charge on revaluation of property	10	(3,409)	(9,230)
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Fair value loss on available-for-sale asset		(7,930)	0
Deferred tax credit on fair value loss on available-for-sale asset	10	3,173	0
		<u>(8,166)</u>	<u>36,921</u>
TOTAL COMPREHENSIVE INCOME		<u>995,769</u>	<u>958,669</u>

The notes on pages 33 to 71 form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2013

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 2012								
As at beginning of year		594,913	594,913	262,153	2,462,812	0	0	3,914,791
Total comprehensive income		0	0	0	921,748	36,921	0	958,669
Transfer to general banking risk reserve	15	0	0	140,008	(140,008)	0	0	0
Dividends paid	23	0	0	0	(113,033)	0	0	(113,033)
As at end of year		594,913	594,913	402,161	3,131,519	36,921	0	4,760,427
For the year ended 30 September 2013								
As at beginning of year		594,913	594,913	402,161	3,131,519	36,921	0	4,760,427
Total comprehensive income		0	0	0	1,003,935	(3,409)	(4,757)	995,769
Transfer from general banking risk reserve	15	0	0	(136,700)	136,700	0	0	0
Dividends paid	23	0	0	0	(130,881)	0	0	(130,881)
As at end of year		594,913	594,913	265,461	4,141,273	33,512	(4,757)	5,625,315

The notes on pages 33 to 71 form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

For the year ended 30 September 2013

Thousands of Guyana Dollars	2013	2012
OPERATING ACTIVITIES		
Profit before taxation	1,602,140	1,481,297
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortisation	99,435	77,192
Loss / (gain) on disposal of property and equipment	2,096	(387)
Net impairment of loans and advances	51,972	83,537
Loans and advances	(2,223,779)	(2,674,035)
Net impairment of investment securities	(55,396)	13,844
Reserve requirement with Bank of Guyana	(211,697)	(244,249)
Customers' deposits	1,989,631	1,613,833
Other assets	123,945	43,468
Other liabilities	10,298	395,374
Taxes paid	(606,187)	(592,015)
NET CASH INFLOW - OPERATING ACTIVITIES	782,458	197,859
INVESTING ACTIVITIES		
Additions to investment securities	(10,296,058)	(5,460,641)
Maturities of investment securities	7,750,725	6,497,628
Purchase of property and equipment	(458,850)	(694,523)
Purchase of intangible asset	(17,479)	(84,838)
Proceeds from sale of property and equipment	2,088	5,600
NET CASH (OUTFLOW) / INFLOW- INVESTING ACTIVITIES	(3,019,574)	263,226
FINANCING ACTIVITIES		
Dividends paid	(130,881)	(113,033)
NET CASH OUTFLOW - FINANCING ACTIVITIES	(130,881)	(113,033)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(2,367,997)	348,052
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	5,484,979	5,136,927
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	3,116,982	5,484,979
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and non-restricted balance with Bank of Guyana	1,303,904	3,284,263
Amounts due from other banks	1,585,047	1,974,354
Investment securities with original maturity of less than three months	228,031	226,362
	3,116,982	5,484,979

The notes on pages 33 to 71 form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

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 all 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.

The following amendments to existing standards have been published and are effective for the current financial period.

IAS 1	Presentation of financial statements (amendments)
IAS 12	Income taxes (amendment)

They do not have a significant impact on the Company's financial reporting except that an amendment to IAS 1 requires that items presented in other comprehensive income be categorised on the basis of whether they are potentially reclassifiable to profit or loss in a subsequent period. The amendment does not change the nature of the items that are currently recognised in other comprehensive income, nor does it impact the determination of whether such items are reclassified through profit and loss in future periods.

The following new standards, changes to existing standards and interpretations have also been published but are not mandatory for the current financial period. Except for IFRS 9, they are not expected to have a significant impact on the Company's financial reporting.

IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosures of interests in other entities
IFRS 13	Fair value measurement
IAS 19	Employee benefits (revision)
IAS 27	Separate financial statements (revision)
IAS 28	Investments in associates and joint ventures (revision)



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation (Cont'd)

IAS 32	Financial instruments: Presentation (amendment)
IFRS 7	Financial instruments: Disclosures (amendment)
IFRIC 20	Stripping costs in the production phase of a surface mine
IFRIC 21	Levies

IFRS 9 will be effective for the financial period beginning on 01 October 2015. It sets out a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. Management is reviewing the provisions of this standard to determine the impact, if any, against current practices. The Company intends to adopt the standard in the financial period when it becomes effective.

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.

2.3 Investment Securities

The Company classifies its investment securities, except reverse repurchase agreements (note 2.4), 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.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Reverse Repurchase Agreements

Securities purchased under agreements to resell (reverse repurchase agreements) are collateralised financing transactions. The difference between the purchase and resale price is treated as interest and accrued over the life of the agreement.

2.5 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.

2.6 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.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Impairment of Financial Assets (Cont'd)

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).

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



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Impairment of Financial Assets (Cont'd)

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.

2.7 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.

2.8 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.

2.9 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 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 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.

2.11 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.

2.12 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.

2.13 Customers' Deposits

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



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

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 2.5) 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.

2.19 Comparative Information

Comparative information has been amended to comply with Supervision Guideline 10 *Public Disclosure of Information*, issued under the Financial Institutions Act.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

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 2013

Thousands of Guyana Dollars

4. CASH AND BALANCES WITH BANK OF GUYANA

	2013	2012
Cash in hand	707,111	500,556
Balance with Bank of Guyana in excess of reserve requirement	596,793	2,783,707
Included in cash and cash equivalents	1,303,904	3,284,263
Reserve requirement with Bank of Guyana	3,938,870	3,727,173
	5,242,774	7,011,436

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

	2013	2012
Items in course of collection	307,865	344,453
Deposits held with foreign banks	1,277,182	1,629,901
	1,585,047	1,974,354

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

6. INVESTMENT SECURITIES

	2013	2012
Held-to-Maturity Securities		
<i>Issued in Guyana:</i>		
Government securities	7,462,885	4,533,155
Corporate bonds	200,000	200,000
<i>Issued out of Guyana:</i>		
Government securities	625,473	1,074,537
Corporate bonds	401,812	488,834
Reverse repurchase agreements	105,436	103,947
	8,795,606	6,400,473
Less provision for impairment (note 20)	(197,945)	(269,558)
	8,597,661	6,130,915
Available-for-Sale Securities		
<i>Issued out of Guyana:</i>		
Corporate securities	127,722	0
Total Investment Securities	8,725,383	6,130,915

7. LOANS AND ADVANCES

Overdrafts	2,255,573	2,968,572
Term loans	12,916,553	11,091,855
Mortgages	7,538,154	6,578,869
Non-performing accounts	1,063,715	949,473
	23,773,995	21,588,769
Accrued interest receivable	215,878	179,457
Less provision for impairment (note 20)	(318,960)	(269,120)
	23,670,913	21,499,106



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

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 2012	90,600	66,529	641,720	62,832	487,314	1,348,995
Additions	0	6,412	153,160	26,381	272,897	458,850
Disposals	0	0	(37,102)	(6,500)	0	(43,602)
As at 30 September 2013	90,600	72,941	757,778	82,713	760,211	1,764,243
<i>Accumulated Depreciation</i>						
As at 01 October 2012	(1,634)	(60,222)	(418,990)	(25,217)	0	(506,063)
Depreciation charge	(1,632)	(3,580)	(60,269)	(12,042)	0	(77,523)
Written back on disposals	0	0	33,868	5,550	0	39,418
As at 30 September 2013	(3,266)	(63,802)	(445,391)	(31,709)	0	(544,168)
<i>Net Book Amount</i>						
As at 30 September 2013	87,334	9,139	312,387	51,004	760,211	1,220,075
<i>Cost</i>						
As at 01 October 2011	55,490	59,095	483,613	52,432	0	650,630
Additions	0	7,434	181,780	17,995	487,314	694,523
Revaluation	35,110	0	0	0	0	35,110
Disposals	0	0	(23,673)	(7,595)	0	(31,268)
As at 30 September 2012	90,600	66,529	641,720	62,832	487,314	1,348,995
<i>Accumulated Depreciation</i>						
As at 01 October 2011	(11,042)	(59,095)	(397,660)	(18,902)	0	(486,699)
Depreciation charge	(1,633)	(1,127)	(43,389)	(10,311)	0	(56,460)
Written back on revaluation	11,041	0	0	0	0	11,041
Written back on disposals	0	0	22,059	3,996	0	26,055
As at 30 September 2012	(1,634)	(60,222)	(418,990)	(25,217)	0	(506,063)
<i>Net Book Amount</i>						
As at 30 September 2012	88,966	6,307	222,730	37,615	487,314	842,932

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 of \$46,151 (2012 - \$46,151) is recorded in the revaluation reserve, net of an associated deferred tax charge of \$12,639 (2012 - \$9,230), and 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 \$42,814 (2012 - \$43,632) at the year end.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

9. INTANGIBLE ASSET

	2013	2012
Computer Software		
<i>Cost</i>		
As at beginning of year	274,121	209,428
Additions	17,479	84,838
Disposals	0	(20,145)
As at end of year	291,600	274,121
<i>Accumulated Amortisation</i>		
As at beginning of year	(199,360)	(198,773)
Charges	(21,912)	(20,732)
Written back on disposals	0	20,145
As at end of year	(221,272)	(199,360)
<i>Net Book Amount</i>		
As at end of year	70,328	74,761

10. DEFERRED TAXATION

Deferred tax assets arising on:

Deferred income	256	615
Loss on investment security	3,173	0
	3,429	615

Deferred tax liabilities arising on:

Accelerated tax depreciation	30,229	14,064
Gain on revaluation of property	12,639	9,230
	42,868	23,294

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

Deferred tax assets	0	228
Deferred tax liabilities	42,541	23,294



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

11. OTHER ASSETS

	2013	2012
Accrued interest receivable	11,369	42,422
Prepayments	148,890	214,522
Miscellaneous	3,969	31,229
	<u>164,228</u>	<u>288,173</u>

12. CUSTOMERS' DEPOSITS

Demand deposits	5,751,389	5,182,823
Savings deposits	14,299,058	14,216,426
Term deposits	13,934,071	12,482,184
	<u>33,984,518</u>	<u>31,881,433</u>
Accrued interest payable	189,316	302,770
	<u>34,173,834</u>	<u>32,184,203</u>

Sectoral Analysis:

	Personal	Commercial	Government	Total
<i>As at 30 September 2013</i>				
Demand deposits	2,446,872	2,659,278	645,276	5,751,426
Savings deposits	10,399,555	3,259,487	669,634	14,328,676
Time deposits	2,196,736	8,047,447	3,849,549	14,093,732
	<u>15,043,163</u>	<u>13,966,212</u>	<u>5,164,459</u>	<u>34,173,834</u>
<i>As at 30 September 2012</i>				
Demand deposits	2,352,596	2,553,094	277,165	5,182,855
Savings deposits	9,435,164	4,153,989	659,017	14,248,170
Time deposits	2,910,472	4,349,649	5,493,057	12,753,178
	<u>14,698,232</u>	<u>11,056,732</u>	<u>6,429,239</u>	<u>32,184,203</u>

13. OTHER LIABILITIES

	2013	2012
Accrued expenses	63,793	37,283
Items in the course of payment	321,587	428,428
Deferred income	103,784	99,047
Miscellaneous	155,574	69,682
	<u>644,738</u>	<u>634,440</u>



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

14. SHARE CAPITAL	2013	2012
<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

15. 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.

16. NET INTEREST INCOME	2013	2012
Interest Income:		
Loans and advances	2,475,042	2,312,181
Investment securities - earned in Guyana	101,724	110,514
Investment securities - earned out of Guyana	57,020	47,545
	2,633,786	2,470,240
Interest Expense:		
Demand deposits	7,404	12,501
Savings deposits	156,678	188,001
Term deposits	319,420	310,997
	483,502	511,499
17. OTHER INCOME		
Fee and commission income	175,087	165,124
Gains on foreign exchange trading	193,596	243,474
Sundry income	7,285	459
	375,968	409,057



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

18. OPERATING EXPENSES

	2013	2012
Staff costs (note 19)	323,651	272,266
Depreciation and amortisation	99,435	77,192
Operating lease rental	85,177	72,212
Auditors' remuneration (including expenses)	12,450	9,628
General administrative expenses	328,614	278,990
Other operating costs	78,209	78,832
	<u>927,536</u>	<u>789,120</u>

19. STAFF COSTS

Wages and salaries	251,235	216,884
Social security costs	16,258	13,999
Pension costs	5,619	4,911
Other staff costs	50,539	36,472
	<u>323,651</u>	<u>272,266</u>

20. PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS

Impairment of Loans and Advances

Individually assessed:

Balance as at beginning of year	260,302	143,675
Amounts written off	(2,132)	(1,606)
Additional provision for the year	179,955	209,281
Reversal of provision in the year	(127,983)	(91,048)
	<u>310,142</u>	<u>260,302</u>

Collectively assessed:

Balance as at beginning of year	8,818	43,514
Reversal of provision in the year	0	(34,696)
	<u>8,818</u>	<u>8,818</u>
<i>Total:</i>	<u>318,960</u>	<u>269,120</u>

Impairment of Investment Securities

Balance as at beginning of year	269,558	255,714
Amounts written off	(16,217)	0
Additional provision for the year	3,917	42,312
Reversal of provision in the year	(59,313)	(28,468)
	<u>197,945</u>	<u>269,558</u>



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

21. TAXATION

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

	2013	2012
Current tax	581,681	552,677
Deferred tax	16,572	6,986
Prior year adjustments	(48)	(114)
	<u>598,205</u>	<u>559,549</u>
Reconciliation of the Company's profit before taxation to the theoretical amount using the basic rate of tax:		
Profit before taxation	1,602,140	1,481,297
Corporation tax on profit at 40% (2012 - 40%)	640,856	592,519
Income not subject to tax	(88,533)	(73,910)
Expenses not deductible for tax purposes	2,206	1,940
Property and withholding taxes	43,724	39,114
Prior year adjustments	(48)	(114)
	<u>598,205</u>	<u>559,549</u>

22. EARNINGS PER SHARE

Profit attributable to shareholders	1,003,935	921,748
Weighted average number of ordinary shares (thousands)	<u>59,491</u>	<u>59,491</u>
Basic earnings per share	<u>\$16.88</u>	<u>\$15.49</u>

23. DIVIDENDS PAID

Prior year final dividend paid \$1.50 per share (2012 - \$1.20)	89,237	71,390
Interim dividend paid \$0.70 per share (2012 - \$0.70)	41,644	41,643
	<u>130,881</u>	<u>113,033</u>

A final dividend in respect of 2013 of \$1.70 per share (2012 - \$1.50 per share), amounting to \$101,135 (2012 - \$89,237) is to be proposed at the annual general meeting on 21 January 2014.

24. COMMITMENTS

	2013	2012
Undrawn credit facilities	<u>1,620,128</u>	<u>816,188</u>
Capital commitments for property and equipment		
Authorised but not contracted for	1,382,085	2,637,349
Authorised and contracted for	<u>202,358</u>	<u>0</u>
Capital commitments for intangible assets		
Authorised but not contracted for	<u>0</u>	<u>21,239</u>



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

25. 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.

Guarantees and letters of credit

	2013	2012
Guarantees	519,442	615,774
Letters of credit	0	21,164
	<u>519,442</u>	<u>636,938</u>

26. 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 6 percent (2012 - 7 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 amounted to \$1,337,726 (2012 - \$1,529,959) or 25 percent (2012 - 36 percent) of the capital base. A provision for impairment of \$19,157 (2012 - \$19,157) exists at the year end in respect of loans and advances outstanding to related parties. No additional provision was recognised as an expense in the year (2012 - \$9,741).

A debenture to secure the loan facility of \$750,000 to the Parent Company was not perfected as at 30 September 2013 rendering the Company to be in breach of Section 14 (3) (c) of the Financial Institutions Act which stipulates that unsecured advances to a related party should not exceed 2% of the capital base. Subsequent to the year end the Parent Company hypothecated deposits held with the Company to reduce the unsecured portion of the loan facility.

2013	Parent Company	Other Major Shareholders	Directors	Other Key Management	Other Related Parties	Total
Loans and advances as at beginning of year	750,000	0	259,461	77,857	471,132	1,558,450
Advanced in the year	0	0	264,790	1,100	269,182	535,072
Repaid in the year	(53,182)	0	(224,062)	(15,886)	(339,436)	(632,566)
Loans and advances as at end of year	<u>696,818</u>	<u>0</u>	<u>300,189</u>	<u>63,071</u>	<u>400,878</u>	<u>1,460,956</u>
Guarantees and letters of credit as at end of year	<u>110,770</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>110,770</u>
Interest income	<u>67,704</u>	<u>0</u>	<u>50,896</u>	<u>3,906</u>	<u>39,928</u>	<u>162,434</u>



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

26. RELATED PARTY TRANSACTIONS (CONT'D)

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

2012	Parent Company	Other Major Shareholders	Directors	Other Key Management	Other Related Parties	Total
Loans and advances as at beginning of year	0	0	244,494	88,793	602,256	935,543
Advanced in the year	750,000	0	592,176	4,000	12,558	1,358,734
Repaid in the year	0	0	(577,209)	(14,936)	(143,682)	(735,827)
Loans and advances as at end of year	750,000	0	259,461	77,857	471,132	1,558,450
Guarantees and letters of credit as at end of year	6,910	0	0	0	0	6,910
Interest income	5,498	0	9,799	4,138	55,236	74,671

(b) Customers' deposits

2013	Parent Company	Other Major Shareholders	Directors	Other Key Management	Other Related Parties	Total
Balance as at beginning of year	2,102,362	721,049	56,683	2,935	1,662,473	4,545,502
Deposits during the year	20,378,731	3,421,019	222,684	52,511	19,679,935	43,754,880
Withdrawals in the year	(20,775,075)	(3,578,144)	(226,584)	(51,116)	(18,121,994)	(42,752,913)
Balance as at end of year	1,706,018	563,924	52,783	4,330	3,220,414	5,547,469
Interest expense	6,389	3,463	569	29	11,431	21,881
2012						
Balance as at beginning of year	1,898,476	588,359	61,169	2,090	1,378,547	3,928,641
Deposits during the year	19,860,599	4,638,532	308,867	48,600	3,711,891	28,568,489
Withdrawals in the year	(19,656,713)	(4,505,842)	(313,353)	(47,755)	(3,427,965)	(27,951,628)
Balance as at end of year	2,102,362	721,049	56,683	2,935	1,662,473	4,545,502
Interest expense	7,981	4,349	938	22	6,750	20,040



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

26. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key Management Compensation

	2013	2012
Short term benefits	68,994	64,658
Post employment benefits	1,289	1,472
	<u>70,283</u>	<u>66,130</u>

(d) Other Related Party Transactions

Property rent charges from parent company	33,313	32,791
Property rent charges from other related party	3,258	3,258
Acquisition of property from parent company	0	450,000
Professional services provided by other related parties	13,273	500
	<u>13,273</u>	<u>500</u>

27. DIRECTORS' EMOLUMENTS

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

	2013	2012
Clifford B. Reis	1,396	1,279
Richard B. Fields	1,148	1,041
Rakesh K. Puri	1,148	1,041
Wilfred A. Lee	1,148	1,041
George G. McDonald	1,148	1,041
Dunstan Barrow	1,148	1,041
Michael H. Pereira	1,148	1,041
Paul A. Carto	1,148	1,041
	<u>9,432</u>	<u>8,566</u>

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



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

28. 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 receivable, 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 receivable 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 acquired 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.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

28. 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.

	2013	2012
<i>On statement of financial position:</i>		
Cash and balances with Bank of Guyana	5,242,774	7,011,436
Amounts due from other banks	1,585,047	1,974,354
Investment securities	8,597,661	6,130,915
Loans and advances	23,670,913	21,499,106
Other financial assets	15,338	73,651
	39,111,733	36,689,462
<i>Off statement of financial position:</i>		
Guarantees and letters of credit	519,442	636,938
Credit commitments	1,620,128	816,188
	2,139,570	1,453,126
Maximum exposure to credit risk	41,251,303	38,142,588

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.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

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

Credit Risk (Cont'd)

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 two 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.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

28. 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.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

28. 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 and cash resources) expressed.

	2013	2012
Counterparty 1	26.4%	35.2%
Counterparty 2	20.4%	23.7%
Counterparty 3	16.0%	21.2%
Counterparty 4	14.1%	20.4%
Counterparty 5	13.6%	17.5%

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.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

28. 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 2013

	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	0	0	0
Loans and advances	671,912	7,393,085	8,390,054	2,094,795
Other financial assets	0	0	0	0
	671,912	7,393,085	8,390,054	2,094,795
Off statement of financial position:				
Guarantees and letters of credit	0	278,579	0	107,860
Credit commitments	0	1,362,061	0	96,616
	0	1,640,640	0	204,476
Total	671,912	9,033,725	8,390,054	2,299,271
Individual instruments or group of related instruments aggregating to more than 10% of capital base	0	2,535,061	0	1,757,112

As at 30 September 2012

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	547,713	6,884,449	7,450,928	1,696,867
Other financial assets	0	0	0	0
	547,713	6,884,449	7,450,928	1,696,867
Off statement of financial position:				
Guarantees and letters of credit	0	141,188	0	4,000
Credit commitments	0	385,669	0	276,120
	0	526,857	0	280,120
Total	547,713	7,411,306	7,450,928	1,976,987
Individual instruments or group of related instruments aggregating to more than 10% of capital base	0	2,730,641	0	1,368,187



Mining & Quarry	Construction	Agriculture	Government	Financial	Other	Total
0	0	0	0	5,242,774	0	5,242,774
0	0	0	0	1,585,047	0	1,585,047
0	200,000	0	8,151,495	246,166	0	8,597,661
520,852	2,926,777	914,838	0	0	758,600	23,670,913
0	4,547	0	6,565	257	3,969	15,338
520,852	3,131,324	914,838	8,158,060	7,074,244	762,569	39,111,733
0	61,542	0	0	0	71,461	519,442
0	66,563	0	0	0	94,888	1,620,128
0	128,105	0	0	0	166,349	2,139,570
520,852	3,259,429	914,838	8,158,060	7,074,244	928,918	41,251,303
0	2,012,120	0	7,462,885	5,804,488	0	19,571,666
0	0	0	0	7,011,436	0	7,011,436
0	0	0	0	1,974,354	0	1,974,354
0	200,000	0	5,699,220	231,695	0	6,130,915
514,794	2,982,766	882,306	0	0	539,283	21,499,106
0	4,547	0	37,765	110	31,229	73,651
514,794	3,187,313	882,306	5,736,985	9,217,595	570,512	36,689,462
0	359,196	0	0	0	132,554	636,938
0	68,184	20,236	0	0	65,979	816,188
0	427,380	20,236	0	0	198,533	1,453,126
514,794	3,614,693	902,542	5,736,985	9,217,595	769,045	38,142,588
0	2,402,535	0	4,533,155	8,079,850	0	19,114,368



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

28. 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 2013	Guyana	Caricom	North America	Europe	Total
On statement of financial position:					
Cash and balances with Bank of Guyana	5,242,774	0	0	0	5,242,774
Amounts due from other banks	307,865	8,751	1,257,622	10,809	1,585,047
Investment securities	7,540,982	912,683	143,996	0	8,597,661
Loans and advances	23,670,913	0	0	0	23,670,913
Other financial assets	8,516	6,620	202	0	15,338
	36,771,050	928,054	1,401,820	10,809	39,111,733
Off statement of financial position:					
Guarantees and letters of credit	519,442	0	0	0	519,442
Credit commitments	1,620,128	0	0	0	1,620,128
	2,139,570	0	0	0	2,139,570
Total	38,910,620	928,054	1,401,820	10,809	41,251,303

As at 30 September 2012

On statement of financial position:					
Cash and balances with Bank of Guyana	7,011,436	0	0	0	7,011,436
Amounts due from other banks	344,453	65,248	1,550,261	14,392	1,974,354
Investment securities	4,733,155	1,254,292	143,468	0	6,130,915
Loans and advances	21,499,106	0	0	0	21,499,106
Other financial assets	35,775	37,765	111	0	73,651
	33,623,925	1,357,305	1,693,840	14,392	36,689,462
Off statement of financial position:					
Guarantees and letters of credit	636,938	0	0	0	636,938
Credit commitments	816,188	0	0	0	816,188
	1,453,126	0	0	0	1,453,126
Total	35,077,051	1,357,305	1,693,840	14,392	38,142,588



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

28. 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 2013	High	Standard	Special Monitoring	Total
On statement of financial position:				
Cash and balances with				
Bank of Guyana	5,242,774	0	0	5,242,774
Amounts due from other banks	1,585,047	0	0	1,585,047
Investment securities	7,864,515	666,187	0	8,530,702
Loans and advances	3,232,584	14,457,364	148,192	17,838,140
Other assets	15,224	0	114	15,338
	17,940,144	15,123,551	148,306	33,212,001
Off statement of financial position:				
Guarantees and letters of credit	110,770	408,672	0	519,442
Credit commitments	850,202	769,926	0	1,620,128
	960,972	1,178,598	0	2,139,570
Total	18,901,116	16,302,149	148,306	35,351,571



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

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

Credit Risk (Cont'd)

Asset quality (Cont'd)

As at 30 September 2012	High	Standard	Special Monitoring	Total
On statement of financial position:				
Cash and balances with				
Bank of Guyana	7,011,436	0	0	7,011,436
Amounts due from other banks	1,974,354	0	0	1,974,354
Investment securities	5,039,969	1,010,146	0	6,050,115
Loans and advances	3,100,109	13,446,573	87,509	16,634,191
Other assets	69,643	0	4,008	73,651
	17,195,511	14,456,719	91,517	31,743,747
Off statement of financial position:				
Guarantees and letters of credit	9,064	627,874	0	636,938
Credit commitments	117,202	698,954	32	816,188
	126,266	1,326,828	32	1,453,126
Total	17,321,777	15,783,547	91,549	33,196,873



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

28. 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 2013					
Loans and advances	2,546,701	1,067,039	0	3,613,740	4,212,391
As at 30 September 2012					
Loans and advances	2,055,955	1,486,366	418,547	3,960,868	5,066,755

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 2013				
Loans and advances	2,537,993	310,142	2,227,851	2,604,140
Investment securities	264,904	197,945	66,959	0
As at 30 September 2012				
Loans and advances	1,173,167	260,302	912,865	1,321,075
Investment securities	350,358	269,558	80,800	0



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

28. 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 2013	Households	Services	Real Estate	Manufacturing
Total investment securities, loans and advances	671,912	7,393,085	8,390,054	2,094,795
Non-performing accounts	36,336	1,188,656	839,520	51,015
Provision for impairment	10,775	129,372	91,564	18,572
As at 30 September 2012				
Total investment securities, loans and advances	547,713	6,884,449	7,450,928	1,696,867
Non-performing accounts	43,650	301,650	575,219	14,184
Provision for impairment	11,831	97,146	88,930	14,184



Mining & Quarry	Construction	Agriculture	Government	Financial	Other	Total
520,852	3,126,777	914,838	8,151,495	246,166	758,600	32,268,574
74,203	43,124	227,753	109,259	155,645	77,386	2,802,897
8,041	8,224	25,736	42,300	155,645	26,676	516,905
514,795	3,182,766	882,306	5,699,220	231,695	539,282	27,630,021
25,294	20,463	134,446	107,058	243,301	58,260	1,523,525
8,179	1,116	17,442	66,548	203,010	30,292	538,678



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

28. 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.

	<u>2013</u>	<u>2012</u>
Real Estate	3,278	0
Equipment	<u>3,155</u>	<u>15,540</u>

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 \$231,176 (2012 - \$49,244), 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:

- (a) 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.
- (b) Funds are borrowed on the inter-bank market to meet day-to-day shortfalls.
- (c) A portfolio of highly marketable assets (including government securities) is maintained that can be sold or used as collateral for funding in the event of any unforeseen interruption to cash flow.
- (d) Statutory liquidity ratios are regularly monitored.
- (e) 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 2013

Thousands of Guyana Dollars

28. 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 2013	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	5,242,774	0	0	0	0	5,242,774
Amounts due from other banks	1,585,047	0	0	0	0	1,585,047
Investment securities	2,726,452	2,042,297	3,270,814	311,556	374,264	8,725,383
Loans and advances	1,751,172	951,865	953,501	3,326,038	16,688,337	23,670,913
Other assets	1,461,124	0	0	256	0	1,461,380
Total assets	12,766,569	2,994,162	4,224,315	3,637,850	17,062,601	40,685,497
Liabilities						
Customers' deposits	24,454,288	1,394,082	8,325,464	0	0	34,173,834
Other liabilities	843,471	0	0	42,877	0	886,348
Total liabilities	25,297,759	1,394,082	8,325,464	42,877	0	35,060,182
Net liquidity gap	(12,531,190)	1,600,080	(4,101,149)	3,594,973	17,062,601	

As at 30 September 2012

Assets						
Cash and balances with						
Bank of Guyana	7,011,436	0	0	0	0	7,011,436
Amounts due from other banks	1,974,354	0	0	0	0	1,974,354
Investment securities	2,917,237	2,039,629	595,069	358,887	220,093	6,130,915
Loans and advances	1,986,986	869,593	2,064,593	3,288,984	13,288,950	21,499,106
Other assets	1,209,575	0	0	226	0	1,209,801
Total assets	15,099,588	2,909,222	2,659,662	3,648,097	13,509,043	37,825,612
Liabilities						
Customers' deposits	25,099,066	1,000,078	5,493,860	591,199	0	32,184,203
Other liabilities	857,688	0	0	23,294	0	880,982
Total liabilities	25,956,754	1,000,078	5,493,860	614,493	0	33,065,185
Net liquidity gap	(10,857,166)	1,909,144	(2,834,198)	3,033,604	13,509,043	



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

28. 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 2013	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	24,465,163	1,402,027	8,475,754	0	0	34,342,944
Other financial liabilities	498,077	0	0	42,877	0	540,954
Off statement of financial position:						
Guarantees and letters of credit	227,186	80,468	128,713	83,075	0	519,442
Credit commitments	1,620,128	0	0	0	0	1,620,128
	26,810,554	1,482,495	8,604,467	125,952	0	37,023,468

As at 30 September 2012

On statement of financial position:						
Customers' deposits	25,108,861	1,008,180	5,591,959	624,343	0	32,333,343
Other financial liabilities	535,393	0	0	0	0	535,393
Off statement of financial position:						
Guarantees and letters of credit	482,682	66,478	87,778	0	0	636,938
Credit commitments	816,188	0	0	0	0	816,188
	26,943,124	1,074,658	5,679,737	624,343	0	34,321,862

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 2013

Thousands of Guyana Dollars

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

Foreign Exchange Risk (Cont'd)

As at 30 September 2013	Assets	Liabilities	Net Position	% change	Impact on profit increase/ (decrease)	Impact on OCI increase/ (decrease)
United States Dollar	2,606,383	2,211,304	395,079	0.5%	1,975	0
Trinidad & Tobago Dollar	166,423	0	166,423	0.5%	193	639
Barbadian Dollar	1,092	0	1,092	0.5%	5	0
Other	15,842	4,777	11,065	0.5%	55	0

As at 30 September 2012

United States Dollar	2,698,286	2,077,357	620,929	0.5%	3,105	0
Trinidad & Tobago Dollar	135,685	0	135,685	0.5%	678	0
Eastern Caribbean Dollar	253,976	0	253,976	0.5%	1,270	0
Barbadian Dollar	4,190	0	4,190	0.5%	21	0
Other	19,488	6,526	12,962	0.5%	65	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 2013

Thousands of Guyana Dollars

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

Interest Rate Risk (Cont'd)

As at 30 September 2013	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	5,242,774	5,242,774
Amounts due from other banks	8,098	0	0	1,576,949	1,585,047
Investment securities	8,039,563	311,556	246,542	127,722	8,725,383
Loans and advances	3,440,761	3,326,038	16,688,236	215,878	23,670,913
Other assets	0	0	0	1,461,380	1,461,380
Total assets	11,488,422	3,637,594	16,934,778	8,624,703	40,685,497
Liabilities					
Customers' deposits	32,297,881	0	0	1,875,953	34,173,834
Other liabilities	0	0	0	886,348	886,348
Total liabilities	32,297,881	0	0	2,762,301	35,060,182
Interest sensitivity gap	(20,809,459)	3,637,594	16,934,778		

As at 30 September 2012

Assets					
Cash and balances with Bank of Guyana	0	0	0	7,011,436	7,011,436
Amounts due from other banks	0	0	0	1,974,354	1,974,354
Investment securities	5,551,935	358,887	220,093	0	6,130,915
Loans and advances	4,741,715	3,288,984	13,288,950	179,457	21,499,106
Other assets	0	0	0	1,209,801	1,209,801
Total assets	10,293,650	3,647,871	13,509,043	10,375,048	37,825,612
Liabilities					
Customers' deposits	29,618,566	591,199	0	1,974,438	32,184,203
Other liabilities	0	0	0	880,982	880,982
Total liabilities	29,618,566	591,199	0	2,855,420	33,065,185
Interest sensitivity gap	(19,324,916)	3,056,672	13,509,043		



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

28. 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:

	2013 %	2012 %
Assets		
Investment securities	1.9	2.7
Loans and advances	10.4	10.6
Liabilities		
Customers' deposits	1.6	1.9

Sensitivity analysis

As the Company's fixed rate financial instruments are carried at amortised cost, changes in market interest rates would not impact the carrying values or future income/expense from these instruments. However, in relation to the floating rate assets which are denominated in United States Dollars, changes in market interest rates by 50 basis points would impact profit before tax by \$511 (2012 - \$509).

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 year end. The Company complied with the Bank of Guyana's capital requirements throughout the current year and prior year.

	2013	2012
Regulatory Capital		
Tier I Capital:		
Share capital	594,913	594,913
Statutory reserve	594,913	594,913
Retained earnings	4,141,273	3,131,519
Tier II Capital:		
Revaluation reserve	33,512	36,921
Available-for-sale investments reserve	(4,757)	0
Prescribed deduction	(70,328)	(74,761)
	<u>5,289,526</u>	<u>4,283,505</u>

NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

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

Capital Management (Cont'd)

	2013	2012
Risk-weighted Assets		
On-balance sheet	21,191,990	20,363,979
Off-balance sheet	231,764	329,051
	<u>21,423,754</u>	<u>20,693,030</u>
Regulatory ratios		
Tier I capital ratio	<u>24.9%</u>	<u>20.9%</u>
Total capital ratio	<u>24.7%</u>	<u>20.7%</u>

Fair Values

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between knowledgeable willing parties.

The following table summarises the carrying amounts of financial assets and financial liabilities presented on the Company's statement of financial position and their fair values.

	Basis	2013 Carrying Amount	2013 Fair Value	2012 Carrying Amount	2012 Fair Value
<i>Financial assets:</i>					
Cash and balances					
with Bank of Guyana	A	5,242,774	5,242,774	7,011,436	7,011,436
Amounts due from other banks	A	1,585,047	1,585,047	1,974,354	1,974,354
Investment securities (HTM)	B	8,597,661	8,652,456	6,103,915	6,184,781
Investment securities (AFS)	C	127,722	127,722	0	0
Loans and advances	B	23,670,913	24,221,652	21,499,106	21,588,564
Other financial assets	A	15,338	15,338	73,651	73,651
<i>Financial liabilities:</i>					
Customers' deposits	A	34,173,834	34,173,834	32,184,203	32,184,203
Other financial liabilities	A	540,954	540,954	535,393	535,393

Basis of estimating fair value

A - Approximates fair value due to short-term nature of the financial instrument

B - Fair values estimated using discounted cash flows.

C - Fair value based on quoted market price in active market

Based on the categorisation of the Company's financial instruments (as explained in note 2 to these financial statements), there is no fair value measurement recognised in the statement of financial position at the year end except for the available-for-sale investment security which is based on a quoted market price.



NOTES TO THE FINANCIAL STATEMENTS

30 September 2013

Thousands of Guyana Dollars

29. SEGMENTAL INFORMATION

Sources of Income

The various sources of income earned by the Company are shown in notes 16 and 17.

Geographical Information

The analysis of the Company's revenue between earnings in Guyana and earnings out of Guyana is shown in note 16 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 28 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) Transaction

BANK OF AMERICA

100 S.E. 2nd Street, 14th Fl
Miami, Florida 33131, U.S.A.
SWIFT: BOFAUS3N
ABA No. 026009593

A/C No. 1901-6-83601

Canadian Dollar (CAD) Transaction

**BANK OF AMERICA NA.;
CANADA BRANCH**

200 Front Street, West 26th Floor
Toronto, Ontario, M5V 3L2, Canada
SWIFT: BOFACATT
SORT CODE: 024156792
Financial Institution Code: 241
Transit Branch No.: 56792

A/C No. 49545206

Pound Sterling (GBP) Transaction

BANK OF AMERICA NA.

2 King Edward Street
London, EC1A 1HQ, United Kingdom
IBAN: GB13 BOFA 1650 5020 5970 11
SWIFT: BOFAGB22
Branch Code: 6008

A/C No. 20597011

Euro (EUR) Transaction

BANK OF AMERICA NA.

2 King Edward Street
London, EC1A 1HQ, United Kingdom
IBAN: GB12BOFA16505020597029
SWIFT: BOFAGB22
Branch Code: 6008

A/C No. 20597029

Jamaican Dollar (JMD) Transaction

RBC ROYAL BANK (JAMAICA)

17 Dominica Drive
New Kingston
Kingston 5
Jamaica
SWIFT: RBTTJMKNXXX

A/C No. 0341330000159

PRODUCTS & SERVICES

REGULAR CHEQUING ACCOUNT

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

GOLDEN GRAND SAVINGS ACCOUNT

(Special account for senior citizens)
Minimum opening balance \$1,000
Interest rate above regular saving rate. Interest accrues on minimum quarterly balance and credited twice yearly
No service charge
No charge on drafts or transfers
ATM access.... 24 hour
Monthly Statements



JUNIOR SAVERS ACCOUNT

(Special account for Children)
Minimum opening balance \$1,000
Interest rate above regular saving rate. Interest accrues on minimum quarterly balance and credited twice yearly
No service charge
Special incentives for educational achievements
ATM access.... 24 hour
Monthly statements
Receive gift on opening of this account

MONEY MARKET ACCOUNT

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

CERTIFICATE OF DEPOSIT

Minimum deposit \$50,000
Available for terms of 60, 90 and 365 days
Interest rate is negotiable and guaranteed for a fixed period
Interest accrues daily and is paid on maturity

MONEY CARD

Open a Citizens Bank account and get your own personal money card which gives you access to state-of-the-art automated teller machines at ten (10) locations.
Deposit/Withdraw
Transfer funds between accounts
Request current account statements
Request account balances

CORPORATE BANKING SERVICES

We have expertise in:
Trade finance
Letters of Credit
Collections
Banker's acceptances
Discounting drafts
Bonds and guarantees
Commercial loans
Lines of Credit
Sweep Transfers
Loan syndications
Payroll service

RETAIL BANKING SERVICES

Consumer loans
Money lines and overdrafts
Sweep Transfers
Low income mortgage loans

FOREIGN EXCHANGE

Competitive exchange rates
Negotiation of drafts
Wire transfers
Foreign currency accounts

NIGHT DEPOSITORY

Secure bags
Secure fire proof chute

PAYMENT OF UTILITY BILLS

Pay your GT&T, GWI, Digicel and GPL bills at any of the branches of Citizens Bank Guyana Inc.

WESTERN UNION MONEY TRANSFER AGENCY

Send and receive Western Union Money Transfers at our Branches in Thirst Park, Parika, Bartica, Linden and Charity.

notes

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 2014. 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 2013.

IN FAVOUR OF	AGAINST
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2. To approve the declaration of a dividend.

IN FAVOUR OF	AGAINST
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3. To Elect Directors
Mr. Richard B. Fields, S.C.
Mr. Michael H. Pereira

IN FAVOUR OF	AGAINST
IN FAVOUR OF	AGAINST

4. To fix the remuneration of the Directors.

IN FAVOUR OF	AGAINST
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5. To re-appoint the incumbent Auditors.

IN FAVOUR OF	AGAINST
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6. To empower the Directors to fix the remuneration of the Auditors.

IN FAVOUR OF	AGAINST
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Please give the following information in block capitals:

Full name:

Address:

Initials and Surname of any joint holder(s)

Notes:

- Unless otherwise instructed, the proxy will, at his/her discretion, vote as he/she thinks fits or abstain from voting.
 - Votes by proxy may be given only on a poll.
- * If desired, the Chairman of the meeting may be appointed as proxy.

