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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
\$42.1 billion at September 30, 2014.**

Our one hundred and forty two (142) employees serve
a customer base of **more than forty three thousand,
eight hundred (43,800).**

We provide retail and commercial banking services
through our branch **network of seven (7) branches.** Our
7th branch was opened on November 24, 2014.

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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting of Citizens Bank Guyana Inc. will be held at the Georgetown Club Inc. 208 Camp Street, Georgetown on Tuesday, January 20, 2015 at 5.00 p.m. for the following purposes:

1. To receive the Audited Financial Statements for the year ended 30 September 2014 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 2014 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 2014 be approved and paid to the shareholders on the Company's Register at the close of business on January 20, 2015."
3. To elect Directors. The Directors retiring are Mr. Clifford B. Reis, CCH, Mr. Rakesh K. Puri and Mr. Paul A. Carto, 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. Clifford B. Reis, CCH, Mr. Rakesh K. Puri and Mr. Paul A. Carto, 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 \$1,101,737.00 per annum be paid to the Chairman; the remuneration of \$826,303.00 per annum be paid to each non-executive Director and that a Travelling Allowance for each non-executive Director be fixed at \$364,561; 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 (CONT'D)

5. To re-appoint the incumbent Auditors.

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

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

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

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

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

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

BY ORDER OF THE BOARD



FRANCES S. PARRIS
Corporate Secretary
Registered Office
201 Camp and Charlotte Streets
Lacytown, Georgetown
December 10, 2014

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

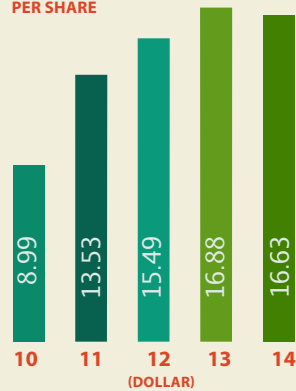
	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000
Total assets	42,124,160	40,685,497	37,825,612	34,995,053	27,157,817
Loans and advances	28,902,052	23,670,913	21,499,106	18,908,608	12,281,586
Investments	3,035,138	8,725,383	6,130,915	7,732,738	7,705,422
Deposits	33,225,407	34,173,834	32,184,203	30,570,370	23,454,562
Revenue	3,217,429	3,009,754	2,879,297	2,465,216	1,944,178
Expenses	2,228,274	2,005,819	1,957,549	1,660,514	1,409,602
Profit after taxation	989,155	1,003,935	921,748	804,702	534,576
Shareholder's equity	6,473,254	5,625,315	4,760,427	3,914,791	3,205,275
Return on average assets (%)	2.39	2.56	2.53	2.59	2.22
Return on average equity (%)	16.35	19.33	21.25	22.60	17.98
Earnings per share (Dollars)	16.63	16.88	15.49	13.53	8.99

FINANCIAL HIGHLIGHTS

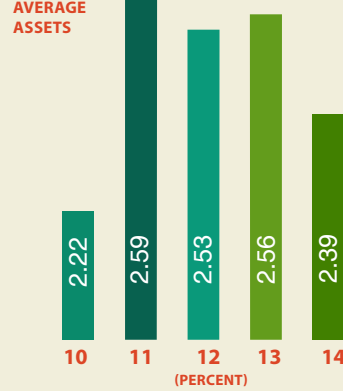
	2014 \$'000	2013 \$'000	INC/(DEC) \$'000	% CHANGE
BALANCE SHEET:				
Total assets	42,124,160	40,685,497	1,438,663	3.54
Loans and advances	28,902,052	23,670,913	5,231,139	22.10
Investments	3,035,138	8,725,383	(5,690,245)	(65.21)
Deposits	33,225,407	34,173,834	(948,427)	(2.78)
Shareholders' equity	6,473,254	5,625,315	847,939	15.07
RESULTS OF OPERATIONS:				
Revenue	3,217,429	3,009,754	207,675	6.90
Expenses	1,618,155	1,407,614	210,541	14.96
Profit before taxation	1,599,274	1,602,140	(2,866)	(0.18)
Taxation	610,119	598,205	11,914	1.99
Profit after taxation	989,155	1,003,935	(14,780)	(1.47)
RATIOS:				
Return on average assets (%)	2.39	2.56	(0.17)	(6.64)
Return on average equity (%)	16.35	19.33	(2.98)	(15.41)
Earnings per share (Dollars)	16.63	16.88	(0.25)	(1.48)
NUMBER OF:				
Shareholders	91	81	10	12.35
Deposit accounts	43,878	39,558	4,320	10.92
Employees	142	129	13	10.08
Locations	6	6	0	0.00

FINANCIAL HIGHLIGHTS

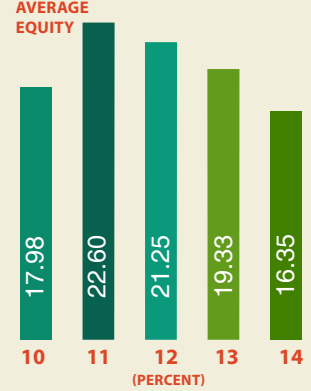
EARNINGS
PER SHARE



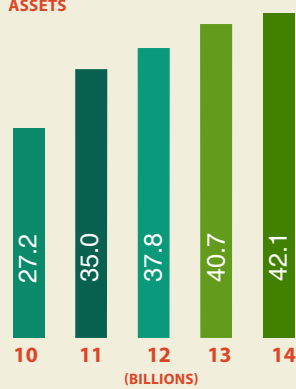
RETURN ON
AVERAGE
ASSETS



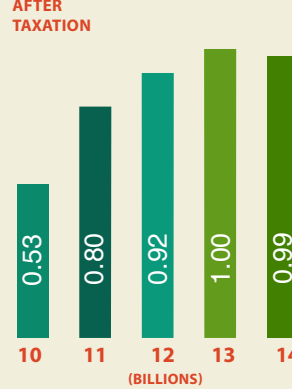
RETURN ON
AVERAGE
EQUITY



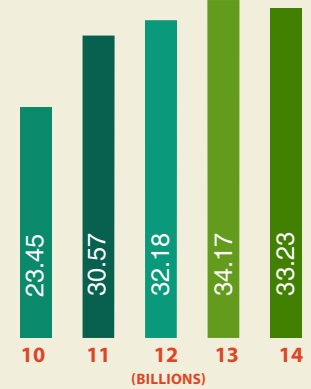
TOTAL
ASSETS



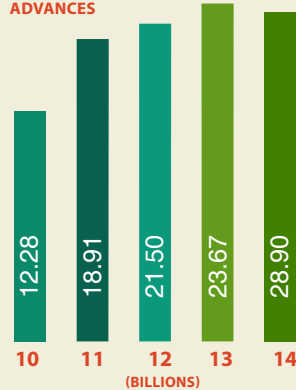
PROFIT
AFTER
TAXATION



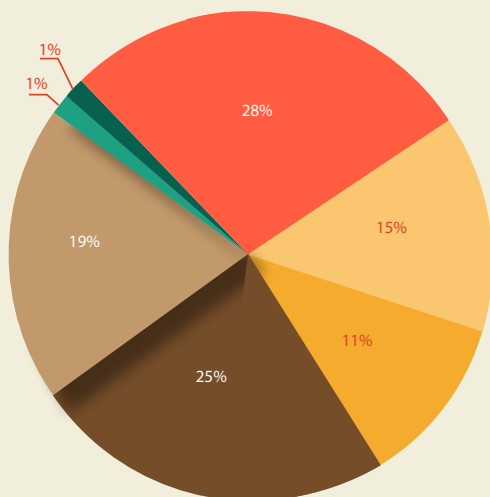
DEPOSITS



LOANS &
ADVANCES

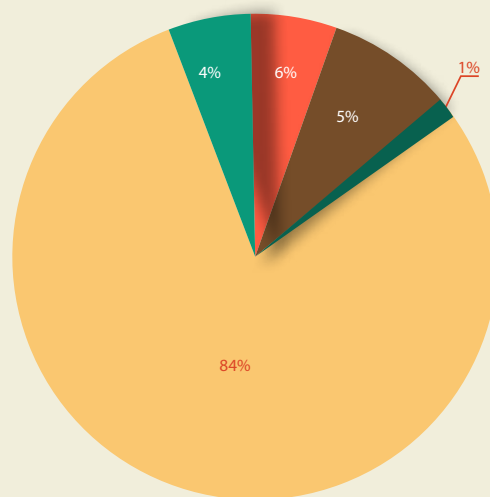


DISTRIBUTION OF INCOME



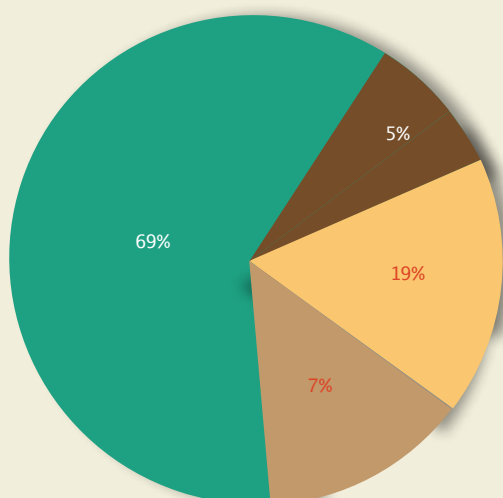
INTEREST EXPENSES	479.2
PERSONNEL EXPENSES	345.3
OTHER NON INTEREST EXPENSES	793.7
TAXATION	610.1
GENERAL BANKING RISK	31.3
DIVIDENDS	41.6
RETAINED EARNINGS	916.2
	<u>3,217.4</u>

SOURCE OF INCOME



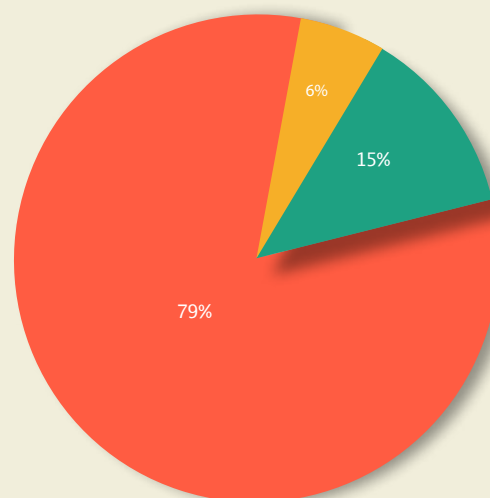
LOANS AND ADVANCES	2,716.0
INVESTMENT SECURITIES	134.5
FEES AND COMMISSION INCOME	195.7
FOREIGN EXCHANGE TRADING	158.4
OTHER INCOME	12.8
	<u>3,217.4</u>

ASSETS



CASH RESOURCES	8,228.9
INVESTMENTS	3,035.1
LOANS & ADVANCES	28,902.1
OTHER ASSETS	1,958.1
	<u>42,124.2</u>

LIABILITIES & SHAREHOLDERS EQUITY



DEPOSITS	33,225.4
OTHER LIABILITIES	2,425.5
SHAREHOLDERS' EQUITY	6,473.3
	<u>42,124.2</u>



BOARD OF DIRECTORS

FROM LEFT PAGE 8

**Mr. E. M. Chester, Mr. W. A. Lee, Mr. R. K. Puri
(SITTING) Mr. R. B. Fields**

FROM LEFT PAGE 9

**Mr. D. Barrow, Mr. P. A. Carto
Mr. G. G. McDonald, Mr. C. B. Reis
(SITTING) Mr. M. H. Pereira**

CORPORATE INFORMATION

DIRECTORS

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

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

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

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

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

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

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

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

Mr. Dunstan Barrow, A.A., B.Sc., MBA
Businessman



CORPORATE SECRETARY

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

REGISTERED OFFICE

201 Camp & Charlotte Streets, Lacytown, Georgetown, Guyana

AUDITORS

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

ATTORNEYS-AT-LAW

Messrs. Cameron & Shepherd
2 Avenue of the Republic, Georgetown, Guyana

Messrs. Hughes, Fields & Stoby
62 Hadfield Street, Georgetown, Guyana

Messrs. Boston & Boston
Duke Chambers, 2 Croal Street, Stabroek, Georgetown, Guyana

Messrs. Fields & Company
Equity Chambers, Demerara Life Commercial Building,
63 Robb St., Georgetown, Guyana

BRANCHES, MANAGEMENT & STAFF



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



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



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



STAFF OF THE MAIN BRANCH

STAFF OF THE PARIKA BRANCH



**STAFF OF THE THIRST PARK
BRANCH**



BARTICA

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



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



STAFF OF THE LINDEN BRANCH



STAFF OF THE BARTICA BRANCH



STAFF OF THE CHARITY BRANCH



CHAIRMAN'S REPORT



Economic Review

The pace of the global recovery continues to be uneven, with weaker than expected global growth for the first half of fiscal year 2014 reflecting a number of surprises, including the fallout in Russia and in neighbouring countries, stagnant euro area growth, slower growth in Latin America, weaker activity in Japan and China and slow growth in the United States of America. Global growth during the first six months of 2014 was reported at 2.7% and it is projected at 3.3% for fiscal year 2014.

After a temporary setback the first quarter, the United States economy recorded an annualized growth of 4.2% in the second quarter of 2014 on account of improving housing activity, stronger nonresidential investment and steady payroll gains that suggest that the rebound is becoming more sustainable. The economy is expected to grow at about 3.0% for the remainder of the year and is projected at 2.2% for fiscal year 2014.

The Guyana economy recorded real economic growth of 3.2% for the first six months of 2014, on account of the performance of all major sectors, excluding mining which contracted due to lower production on account of volatile prices. Agriculture recorded outstanding performance in sugar, rice and forestry due to favourable commodity prices.

The services sector performance continues to record improved performances with contributions from the construction, wholesale and retail, information and communication, financial and insurance activities as well other services sub-sectors. The Guyana economy is projected to grow by 4.5% during fiscal year 2014, with agriculture, manufacturing and services sectors being the major contributors.



The rate of inflation for 2014 is projected at 3.0% and during the first six months of 2014, inflation was recorded at -0.4% due to falling food prices.

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

Banking Sector

During the first half of fiscal year 2014, the local banking system remained sound and stable with commercial banks continuing to report higher levels of profits and capital, in spite of a deterioration in the level of nonperforming loans. The average capital adequacy ratio of 23.3% remained well above the prudential benchmark of 8.0%.

Deposits at the commercial banks remained flat, and at September 30, 2014, deposits grew by 0.5% to \$336.5 billion year over year; private sector deposits which grew by 1.7% to \$272.9 billion accounted for 81.1% of total banking sector deposits.

Total loans and advances, grew by 11.3% to \$194.7 billion at September 30, 2014 with credit to the private sector increasing by 9.0% to \$126.1 billion.

Banking sector reserve requirements were exceeded by 20.9% while liquid assets of the sector exceeded the requirements amount by 109.4% 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, 2014, outstanding Treasury Bills totalled \$78.4 billion with commercial banks holding \$65.3 billion or 83.3%.

The 91 day Treasury Bill rate, used as a market reference, improved to 1.6% at September 30, 2014, as a result of the very competitive bidding, compared to 1.4% at September 30, 2013.

The weighted average lending rate declined from 11.04% to 11.02% at September 30, 2014 while the average savings rate was 1.26% at September 30, 2014, compared to 1.33 % as at September 2013.

Performance of the Bank

I am pleased to report that Citizens Bank Guyana Inc has recorded a profit after taxation of \$989.2 million compared to \$1.0 billion the previous year representing a decrease of \$14.8 million or 1.5%.

The bank does not operate in isolation, and our performance reflects the many challenges in the operating environment including the sloth and decline in business activities, reduction in credit quality and the ongoing political stalemate.

During the year, growth was recorded for loans, total assets, and revenues which grew by 22.1%, 3.5% and 6.9% respectively.

Net Income for the year ended September 30, 2014 was \$2.7 billion compared to \$2.5 billion the prior year, an increase of \$212.0 million or 8.4% and Profit before Taxation was \$1.6 billion in 2014 the same as in the prior year.

The annualised return on average assets was 2.4% while the return on shareholders' equity was 16.4% compared to 2.6% and 19.3% respectively the prior year.

The bank's loan portfolio remains sound and continues to perform well in spite of the various challenges experienced by our customers during 2014 that required us working closely to minimize the impact on our overall portfolio. Non-accrual loans at September 30, 2014 represented 8.0% of our total loan portfolio compared to 4.5% at September 30, 2013. The consolidated banking sector ratio for non-accrual loans was 7.8% at September 30, 2014.

During 2014 the Bank's shares were traded on the local stock exchange at a weighted average price of \$177.72 per share up from \$137.55 per share.

CHAIRMAN'S REPORT

Growth Initiatives

The existing challenges in a local financial environment characterised by declining interest rates, relatively limited lending and investing opportunities and a reduction in credit quality will require initiatives that focus on areas that we anticipate will ensure sustainable performances.

To this end, in fiscal year 2015, the Bank will continue to take proactive measures to manage our loans and investment portfolios and our expenses. Our key priorities include robust risk management, improved operational efficiencies and enhanced corporate governance all of which are key to the attainment of sustainable results.

November 2014, saw the establishment of our New Amsterdam branch, while plans are in train to provide modern facilities and improved accommodation at our Thirst Park and Bartica branches respectively as we seek to provide an improved level of service to our customers. Construction of our modern state of the art building that will house our main branch and corporate offices will continue.

In 2015, we intend to continue to improve our Human Resources Management capability so as to ensure that our committed employees remain well equipped to provide a quality customer experience for our clients.

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 2015

Global economies are expected to rebound in 2015 with a projected growth of 3.8%. The increase in growth will be driven by the rebound in the advance economies, with the United State of America playing the most important role as well as the emerging markets.

The advance economies are projected to grow by 2.3%, with the United States growing by 3.1% on account of an accommodative monetary policy, favourable financial conditions, strengthen household balance sheet and a healthier housing market. In 2015, growth of 5.0% is projected for emerging economies supported by stronger domestic demand as well as a recovery in external demand associated with faster growth in advance economies.

In the euro zone, growth is projected at 1.3% as a weak recovery is expected to take gradual hold, supported by an accommodative monetary policy and improved lending with compression in spreads for stressed economies and record low long-term interest rates in core countries.

The local economy is expected to experience growth during the remainder of 2014 and onwards and is projected to grow by 4.5% in fiscal year 2014 and by 3.8% in 2015. The agricultural, manufacturing and service sectors are expected to continue as the main contributors to this growth in 2015. The agricultural sector is expected to benefit from improved output from the major sub-sectors and services will continue to expand through increase performances in the construction, and other sub-sectors, including communication and financial services respectively.

The performance of Guyana's economy is dependent on the existence of an enabling environment, one that is socio-economic friendly and politically stable. It is therefore incumbent on our parliamentary representatives to work together to bring about the necessary changes that are needed to carry our economy forward.

Citizens Bank remains committed to playing a pivotal role in the continuing development of our banking sector and the country as a whole and though fiscal year 2015 will bring many challenges, it is our firm belief that our strategies for growth will enable us to achieve another successful year for stakeholders.

Dividend

In 2013, shareholders benefited from a dividend of \$2.40 per share. The bank paid an interim dividend of \$0.70 per share in May 2014. The Directors now recommend a final dividend of \$1.70 per share, bringing the total dividend payment to \$2.40 per share the same as that paid in 2013 for a total payout of \$142.8 million.

Appreciation

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

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 for the just concluded financial year ended September 30, 2014 Citizens Bank Guyana Inc recorded profits after taxation of \$989.2 million, a decrease of \$14.8 million or 1.5% over the prior year.

Earnings per share were \$16.6 dollars compared to \$16.9 in 2013 while our book value per share increased by 15.0% to \$108.8 at September 30, 2014 from \$94.5.

Our efforts will be redoubled towards increasing efficiency in use of our resources and controlling expenses throughout the organisation.

During the year our performance was impacted by additional provisions in keeping with the requirements of the Financial Institutions Act (FIA) and the International Financial Reporting Standards (IFRS).

Return on Average Assets

The Bank's return on average assets, a key indicator of the utilisation of our assets, was 2.4% compared to 2.6% in 2013; a decline of 6.6%.

Return on Average Equity

The return on average equity, a key measure of return on our capital employed, was to 16.4% compared to 19.3% in 2013.

Net Interest Income and Other Income

Net interest income was \$2.4 billion compared to \$2.2 billion in the prior year representing an increase of \$0.2 billion or 9.0%. 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 88.6% compared to 87.5% in 2013.

Other income declined from \$376.0 million to \$366.9 million reflecting a decrease of 2.4%. Earnings from foreign currency transactions, the major contributor to other income, declined by 15.9% from \$193.6 million to \$162.9 million due to a decline in volume traded and, lower spreads on transactions.

Net operating income increased by \$0.2 billion or 8.0% to \$2.7 billion, compared to \$2.5 billion recorded in 2013.

Non-interest Expenses

Non-interest expenses, which include personnel costs and other operating expenses amounted to \$1.0 billion compared to \$0.9 billion for the prior year; an increase of \$0.1 billion or 10.0%. Increases in employees' emoluments, inflationary increase in goods and services, depreciation and amortisation, and general administrative expenses all contributed to the increase in non-interest expenses. Our efforts will be redoubled towards increasing efficiency in use of our resources and controlling expenses throughout the organisation.

Net Impairment Expenses

Net impairment on the valuation of financial assets amounted to \$120.2 million compared to a recovery of \$3.4 million in 2013, and at September 30, 2014, total reserves for loan losses amounted to \$440.6 million compared to \$319.0 million in 2013, while the general banking risk reserve, which represents statutory and other loss provisions that exceed the impairment provision, amounted to \$296.7 million compared to \$265.5 million at September 30, 2013.

At September 30, 2014, non-accrual loans and advances totalled \$2.3 billion or 8.0% of total loans and advances compared to 4.5% in 2013. The Banking sector ratio of non-accrual loan to total loans stood at 7.8% compared to 5.3% at September 30, 2013.

We continuously review our risk assessment of our loans and investments to ensure a quality financial portfolio.

Investment Securities

Net investments at September 30, 2014 were \$3.0 billion compared to \$8.7 billion at the prior financial year end. Investments in Government of Guyana Treasury Bills continue to account for the significant portion of our investment securities and at September 30, 2014 Treasury Bills held amounted to \$2.0 billion or 67.3% of total investments compared to \$7.5 billion or 84.8% at the prior year end.

Return on our investment securities increased to 2.2% in 2014 compared to 1.9% in 2013 while income from investments represented 4.7% of interest income in 2014 compared to 6.0% in 2013 reflecting the decline in investments balances.

Investments accounted for 9.5% of earning assets and 7.2% of total assets, compared to 27.4% and 21.4% respectively in 2013.

Loans and Advances

Net loans and advances increased by \$5.2 billion or 22.0% to \$28.9 billion from \$23.7 billion. During 2014 significant growth was recorded in lending to the construction and household sectors which grew by 41.1% and 63.7% respectively. Loans for housing and services sectors grew by 14.1% and 22.9% respectively.

Our sectoral exposure showed marginal changes from the prior year, in spite of the aforementioned growth pattern.

During 2014, interest rates on loans and advances showed marginal changes with the yield on our loans and advances recorded 10.6% compared to 10.4% in 2013, while income from loans and advances represented 95.3% of interest income in 2014, compared to 94.0% in 2013, and reflects our loan portfolio growth and a declining investment balance.

Loans and advances accounted for 90.5% of earning assets and 68.7% of total assets compared to 72.6% and 58.2% respectively in 2013.

MANAGING DIRECTOR'S REPORT CON'TD

Customers' Deposits

Customers' deposits at September 30, 2014 were \$33.2 billion compared to \$34.2 billion at September 30, 2013, a decrease of \$1.0 billion over the prior year.

During the year, savings deposits grew to \$14.9 billion from \$14.3 billion and represent 45.4% of our deposit base compared to 42.1% in the prior year. Demand deposits grew to \$6.8 billion from \$5.8 billion and represents 20.6% of total deposits compared to 16.9% in the prior year. Time Deposits amounted to \$11.2 billion and now represent 34.0% of total deposits compared to 41.0% in the prior year.

Shareholders' Equity

Shareholders' equity increased by \$0.9 billion or 16.0% to \$6.5 billion from \$5.6 billion after the transfer of \$0.9 million from income earned in 2014.

The Bank's capital adequacy ratios are computed in accordance with the Basle Committee guidelines adopted by the Bank of Guyana and at September 30, 2014 the Bank's ratio of capital to risk weighted assets was 22.8%. Our risk based capital is well in excess of the required minimum risk based capital to risk weighted assets of 8.0% and the proposed 10.5% with the implementation of Basle III thus the bank is position to increase its financial portfolio.

Human Resources

The Bank is staffed by a team of employees who remain passionate about their roles and customer service. During 2014, our employees were exposed to both in-house and externally held training in Customer Care, Internal Audit and Compliance, Anti-money Laundering Activities, Investments and Credit Management and Supervisory Skills ensuring that our employees are adequately equipped to provide a consistently high level of service to our stakeholders.

Technology

For the financial year under review our investment in technology enabled the Bank to achieve its goals of high system availability. Citizens Bank is continually improving its systems, and has successfully implemented new technologies for cheque processing and image archiving with a consequential reduction in the time and effort expended on the production of monthly statements and addressing customers queries. Additionally, in response to the numerous data breaches reported worldwide, Citizens Bank has embarked on implementing new systems and procedures to mitigate against the emerging risks that are a product of our constantly evolving technology environment.

The Future

Intense competition amongst commercial banks and non-bank financial institutions is expected to continue in fiscal year 2015. Improved customer relationships, the management of risk, asset quality maintenance, human resource development and management, corporate governance, the continued leveraging of existing technology and expenditure control are identified as critical factors for us to succeed in 2015.

During 2015, we intend to improve our accommodation at our Thirst Park and Bartica branches respectively while construction of our new state-of-the-art corporate offices and main branch is expected to be concluded in 2015. These significant investments that will no doubt improve customer convenience and bring future benefits for stakeholders.

Our Automatic Telling Machines (ATM) will be upgraded to facilitate our participation in the national switch, and the roll out of our Visa international debit cards. Our website will be upgraded and our e-banking service will be launched in 2015.

Fiscal 2015 will undoubtedly bring additional challenges and some opportunities for which we are prepared and confident that we remain well positioned for 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 your continued support during the coming year.



MANAGEMENTS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Eton M. Chester', written over a horizontal line.

ETON M. CHESTER
MANAGING DIRECTOR

A handwritten signature in black ink, appearing to read 'Frances Sarah Parris', written over a horizontal line.

FRANCES SARAH PARRIS
GENERAL MANAGER/CORPORATE SECRETARY



PRINCIPAL OFFICERS

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

Ms. Pramila Persaud, FCCA
Manager – Finance & Treasury

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

Ms. Uma Daniels, ACCA Affiliate
Chief Internal Auditor

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



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. Margaret Loy
Assistant Manager – Registry

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

STATEMENT ON CORPORATE GOVERNANCE

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

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

The Board of Directors, which governs the Company, meets monthly and comprises 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.

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

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

The current members of the Committee are Messrs. 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 27 of the financial statements contains details of the related party disclosure.

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



CITIZENS OUTREACH

Employees of Citizens Bank with Chief Education Officer Mr. Olato Sam and the children of the Smyth Street Nursery School after a presentation was made to the school by Citizens Bank.



Supervisor of Citizens Bank Linden Branch, Kevin Alleyne presents trophy to National Grade Six "Best Graduating Student" of Wismar Hill Primary School.



Partnership with Lions Club of Bartica—"Annual First Sight Project"-Operations Officer of Bartica, Naline Bascom presents cheque to a member of the Lions Club of Bartica.



Presentation of Awards to Junior Savers for their achievement at the Caribbean Secondary Education Certificate (CSEC) examinations and the Caribbean Advanced Proficiency Examination (CAPE) in 2014.



Presentation of Awards to Junior Savers for their achievement at the National Grade Six Assessment examination in 2014.



Human Resources Officer, Althea Thegg, makes presentation to the Red Cross Children's Convalescent Home.



Support of Youth and Sports – Manager-Human Resources and Administration, Onecia Johnson presents cheque to Erwyn Smith, participant in the 2014 North American and Caribbean Power Lifting Championships.



REPORT OF THE DIRECTORS

The Directors submit their Annual Report and the Audited Financial Statements for the year ended 30 September 2014.

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, Linden, Charity and Georgetown. Our seventh branch at New Amsterdam, Berbice was opened on 24 November, 2014.

FINANCIAL HIGHLIGHTS	2014 \$'000	2013 \$'000
Net Profit After Taxation	989,155	1,003,935
Transfer to General Banking Risk Reserve	31,299	0
Dividend	41,644	41,644
Revenue Reserves	916,212	962,291
Proposed Dividend	101,135	101,135

DIVIDENDS

The bank paid an interim dividend of \$0.70 per share in May 2014. The Directors now recommend a final dividend of \$1.70 per share bringing the total dividend payment to \$2.40 per share, the same as the prior year.

STATUTORY, GENERAL BANKING RISK AND REVENUE RESERVES

	2014 \$'000	2013 \$'000
Statutory reserves	594,913	594,913
General banking reserves	296,760	265,461
Revenue reserves	4,956,024	4,141,273

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.

DIRECTORS' AND THEIR ASSOCIATES' INTEREST

The interest of the Directors holding office at 30 September 2014 and their associates in the ordinary shares of the Company were as follows:

	Ordinary Shares		Ordinary Shares	
	2014 Beneficial Owned	2014 Beneficial Associates	2013 Beneficial Owned	2013 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

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.

	2014 Amount	2014 %	2013 Amount	2013 %
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	5,223,856	8.80	5,173,856	8.70
Hand-in-Hand Pension	4,615,385	7.80	4,615,385	7.80

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 17 and 18 of the financial statements.

GEOGRAPHICAL ANALYSIS OF CONSOLIDATED REVENUE AND CONTRIBUTION TO RESULTS

The operations of the Bank are based in Guyana. However, several investments are held overseas from which income of \$30.9 million (2013 - \$60.6 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 \$664.2 million owing to the Bank at 30 September 2014 (2013 - \$807.6 million). Of the \$664.2 million obligation, \$21.0 million are guarantees while loans total \$643.2 million (2013: \$110.8 million were guarantees, while loans were \$696.8 million).

MATERIAL CONTRACTS AS AT 30 SEPTEMBER 2014

Citizens Bank Guyana Inc. has existing lease agreements to lease from Banks DIH Limited premises situated at Thirst Park, Georgetown, 16 First Avenue, Bartica and 11-12 Republic Avenue & Crabwood Streets, 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 2014, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 35 to 73.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements give a true and fair view of the financial position of Citizens Bank Guyana Inc. as at 30 September 2014 and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act and the Financial Institutions Act.



JACK A. ALLI, SONS & CO.

10 December 2014

STATEMENT OF FINANCIAL POSITION
30 September 2014

Thousands of Guyana Dollars	Note	2014	2013
ASSETS			
Cash and balances with Bank of Guyana	4	4,775,560	5,242,774
Amounts due from other banks	5	3,453,384	1,585,047
Investment securities	6	3,035,138	8,725,383
Loans and advances	7	28,902,052	23,670,913
Property and equipment	8	1,671,913	1,220,075
Intangible asset	9	92,159	70,328
Taxation recoverable		3,248	3,320
Deferred taxation	10	2,293	3,429
Other assets	11	188,413	164,228
TOTAL ASSETS		42,124,160	40,685,497
LIABILITIES			
Customers' deposits	12	33,225,407	34,173,834
Amount due to other bank	13	1,300,000	0
Deferred taxation	10	49,876	42,868
Taxation payable		199,136	198,742
Other liabilities	14	876,487	644,738
TOTAL LIABILITIES		35,650,906	35,060,182
SHAREHOLDERS' EQUITY			
Share capital	15	594,913	594,913
Statutory reserve	16	594,913	594,913
General banking risk reserve	16	296,760	265,461
Other reserves	16	30,644	28,755
Retained earnings		4,956,024	4,141,273
TOTAL SHAREHOLDERS' EQUITY		6,473,254	5,625,315
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		42,124,160	40,685,497

The notes on pages 35 to 73 form an integral part of these financial statements. The Board of Directors approved these financial statements for issue on 10 December 2014.


 Clifford B. Reis
 Director


 Eton M. Chester
 Director

STATEMENT OF INCOME
For the year ended 30 September 2014



Thousands of Guyana Dollars	Note	2014	2013
INTEREST INCOME	17	2,850,484	2,633,786
INTEREST EXPENSE	17	(479,148)	(483,502)
NET INTEREST INCOME		2,371,336	2,150,284
OTHER INCOME	18	366,945	375,968
TOTAL NET INCOME		2,738,281	2,526,252
OPERATING EXPENSES	19	(1,018,784)	(927,536)
NET (ADDITION TO) / REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS	21	(120,223)	3,424
PROFIT BEFORE TAXATION		1,599,274	1,602,140
TAXATION CHARGE	22	(610,119)	(598,205)
PROFIT AFTER TAXATION		989,155	1,003,935
EARNINGS PER SHARE	23	\$16.63	\$16.88

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

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2014

Thousands of Guyana Dollars	Note	2014	2013
PROFIT AFTER TAXATION		989,155	1,003,935
OTHER COMPREHENSIVE INCOME:			
<i>Items that will not be reclassified to profit or loss:</i>			
Deferred tax charge on revaluation of property	10	0	(3,409)
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Fair value gain / (loss) on available-for-sale asset		2,605	(7,930)
Deferred tax (charge) / credit on fair value gain / (loss) on available-for-sale asset	10	(1,042)	3,173
		1,563	(8,166)
TOTAL COMPREHENSIVE INCOME		990,718	995,769

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

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2014

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 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 to general banking risk reserve	16	0	0	(136,700)	136,700	0	0	0
Dividends paid	24	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
For the year ended 30 September 2014								
As at beginning of year		594,913	594,913	265,461	4,141,273	33,512	(4,757)	5,625,315
Total comprehensive income		0	0	0	989,155	0	1,563	990,718
Transfer from general banking risk reserve	16	0	0	31,299	(31,299)	0	0	0
Other transfer		0	0	0	(326)	326	0	0
Dividends paid	24	0	0	0	(142,779)	0	0	(142,779)
As at end of year		594,913	594,913	296,760	4,956,024	33,838	(3,194)	6,473,254

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

STATEMENT OF CASH FLOWS
For the year ended 30 September 2014

Thousands of Guyana Dollars	2014	2013
OPERATING ACTIVITIES		
Profit before taxation	1,599,274	1,602,140
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortisation	113,808	99,435
(Gain) / loss on disposal of property and equipment	(192)	2,096
Net impairment of loans and advances	121,596	51,972
Loans and advances	(5,352,735)	(2,223,779)
Net reversal of impairment of investment securities	(1,373)	(55,396)
Reserve requirement with Bank of Guyana	11,870	(211,697)
Customers' deposits	(948,427)	1,989,631
Other assets	(24,185)	123,945
Other liabilities	231,749	10,298
Taxes paid	(602,551)	(606,187)
NET CASH (OUTFLOW) / INFLOW - OPERATING ACTIVITIES	(4,851,166)	782,458
INVESTING ACTIVITIES		
Additions to investment securities	(2,842,748)	(10,296,058)
Maturities of investment securities	8,629,447	7,750,725
Purchase of property and equipment	(535,706)	(458,850)
Purchase of intangible asset	(52,429)	(17,479)
Proceeds from sale of property and equipment	850	2,088
NET CASH INFLOW / (OUTFLOW) - INVESTING ACTIVITIES	5,199,414	(3,019,574)
FINANCING ACTIVITIES		
Dividends paid	(142,779)	(130,881)
Proceeds from Borrowings	1,300,000	0
NET CASH INFLOW / (OUTFLOW) - FINANCING ACTIVITIES	1,157,221	(130,881)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,505,469	(2,367,997)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	3,116,982	5,484,979
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	4,622,451	3,116,982
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and non-restricted balance with Bank of Guyana	848,560	1,303,904
Amounts due from other banks	3,453,384	1,585,047
Investment securities with original maturity of less than three months	320,507	228,031
	4,622,451	3,116,982

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

NOTES TO THE FINANCIAL STATEMENTS

30 September 2014



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.

Pronouncements effective in current year

The following new standards and amendments, revisions and interpretations to existing standards have been published and are effective for the current financial period. They do not have a significant impact on the Company's financial reporting.

IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosures of interests in other entities
IFRS 13	Fair value measurement
IAS 16	Property, plant and equipment (amendment)
IAS 19	Employee benefits (revision)
IAS 27	Separate financial statements (revision)
IAS 28	Investment in associates and joint ventures (revision)
IAS 32	Financial instruments: Presentation (amendment)
IFRS 7	Financial instruments: Disclosure (amendment)
IFRIC 20	Stripping costs in the production phase of a surface mine

Pronouncements effective in future periods

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

IFRS 9	Financial instruments
IFRS 14	Regulatory deferral accounts

NOTES TO THE FINANCIAL STATEMENTS

30 September 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation (Cont'd)

IFRS 15	Revenue from contracts with customers
IAS 32	Financial instruments: Presentation (amendment)
IAS 36	Impairment of assets (amendment)
IFRIC 21	Levies

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

IFRS 9- Financial instruments

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

2.2 Foreign Currencies

Functional and presentation currency

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

Transactions and balances

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

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.



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

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

**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

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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

No depreciation is provided on work in progress.

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.

2.14 Amount due to other bank

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 Segment Reporting

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

NOTES TO THE FINANCIAL STATEMENTS

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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
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4. CASH AND BALANCES WITH BANK OF GUYANA

	2014	2013
Cash in hand	628,957	707,111
Balance with Bank of Guyana in excess of reserve requirement	219,603	596,793
Included in cash and cash equivalents	848,560	1,303,904
Reserve requirement with Bank of Guyana	3,927,000	3,938,870
	4,775,560	5,242,774

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

	2014	2013
Items in course of collection	279,444	307,865
Deposits held with foreign banks	3,173,940	1,277,182
	3,453,384	1,585,047

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

6. INVESTMENT SECURITIES

	2014	2013
Held-to-Maturity Securities		
<i>Issued in Guyana:</i>		
Government securities	2,086,106	7,462,885
Corporate bonds	181,485	200,000
<i>Issued out of Guyana:</i>		
Government securities	358,126	625,473
Corporate bonds	475,666	401,812
Reverse repurchase agreements	0	105,436
	3,101,383	8,795,606
Less provision for impairment (note 21)	(196,572)	(197,945)
Total Held-to-Maturity Securities	2,904,811	8,597,661
Available-for-Sale Securities		
<i>Issued out of Guyana:</i>		
Corporate securities	130,327	127,722
Total Investment Securities	3,035,138	8,725,383

7. LOANS AND ADVANCES

Overdrafts	3,018,986	2,255,573
Term loans	14,858,678	12,916,553
Mortgages	8,934,503	7,538,154
Non-accrual accounts	2,344,797	1,063,715
	29,156,964	23,773,995
Accrued interest receivable	185,644	215,878
Less provision for impairment (note 21)	(440,556)	(318,960)
	28,902,052	23,670,913

NOTES TO THE FINANCIAL STATEMENTS

30 September 2014

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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 2013	90,600	72,941	757,778	82,713	760,211	1,764,243
Additions	0	1,545	21,645	8,306	504,210	535,706
Disposals	0	0	(35,632)	(5,832)	0	(41,464)
As at 30 September 2014	90,600	74,486	743,791	85,187	1,264,421	2,258,485
<i>Accumulated Depreciation</i>						
As at 01 October 2013	(3,266)	(63,802)	(445,391)	(31,709)	0	(544,168)
Depreciation charge	(972)	(3,967)	(63,103)	(15,168)	0	(83,210)
Written back on disposals	0	0	34,973	5,833	0	40,806
As at 30 September 2014	(4,238)	(67,769)	(473,521)	(41,044)	0	(586,572)
<i>Net Book Amount</i>						
As at 30 September 2014	86,362	6,717	270,270	44,143	1,264,421	1,671,913
<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

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 (2013 - \$46,151) is recorded in the revaluation reserve, net of an associated deferred tax charge of \$11,987 (2013 - \$12,639), 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 \$41,996 (2013 - \$42,814) at the year end.

NOTES TO THE FINANCIAL STATEMENTS
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9. INTANGIBLE ASSET

	2014	2013
Computer Software		
<i>Cost</i>		
As at beginning of year	291,600	274,121
Additions	52,429	17,479
As at end of year	344,029	291,600
<i>Accumulated Amortisation</i>		
As at beginning of year	(221,272)	(199,360)
Charges	(30,598)	(21,912)
As at end of year	(251,870)	(221,272)
<i>Net Book Amount</i>		
As at end of year	92,159	70,328

10. DEFERRED TAXATION

Deferred tax assets arising on:

Deferred income	163	256
Loss on investment security	2,130	3,173
	2,293	3,429

Deferred tax liabilities arising on:

Accelerated tax depreciation	37,889	30,229
Gain on revaluation of property	11,987	12,639
	49,876	42,868

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

Deferred tax assets	2,179	0
Deferred tax liabilities	49,551	42,541

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11. OTHER ASSETS	2014	2013
Accrued interest receivable	7,597	11,369
Prepayments	129,032	148,890
Miscellaneous	51,784	3,969
	188,413	164,228
12. CUSTOMERS' DEPOSITS		
Demand deposits	6,795,428	5,751,389
Savings deposits	14,986,332	14,299,058
Term deposits	11,200,305	13,934,071
	32,982,065	33,984,518
Accrued interest payable	243,342	189,316
	33,225,407	34,173,834
Sectoral Analysis:		

	Personal	Commercial	Government	Total
<i>As at 30 September 2014</i>				
Demand deposits	3,131,621	2,835,397	828,433	6,795,451
Savings deposits	10,687,133	3,653,191	681,047	15,021,371
Time deposits	2,817,735	4,572,909	4,017,941	11,408,585
	16,636,489	11,061,497	5,527,421	33,225,407
<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
	15,043,163	13,966,212	5,164,459	34,173,834

13. AMOUNT DUE TO OTHER BANK	2014	2013
Advance payable	1,300,000	0

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

14. OTHER LIABILITIES	2014	2013
Accrued expenses	79,488	63,793
Items in the course of payment	562,629	321,587
Deferred income	134,038	103,784
Miscellaneous	100,332	155,574
	876,487	644,738

NOTES TO THE FINANCIAL STATEMENTS
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15. SHARE CAPITAL

	2014	2013
<i>Authorised</i>		
83,000,000 ordinary shares of no par value		
<i>Issued and Fully Paid</i>		
59,491,300 ordinary shares of no par value	594,913	594,913

16. RESERVES

Statutory Reserve

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

General Banking Risk Reserve

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

Revaluation Reserve

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

Available-for-Sale Investments Reserve

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

17. NET INTEREST INCOME

	2014	2013
Interest Income:		
Loans and advances	2,715,989	2,475,042
Investment securities - earned in Guyana	103,642	101,724
Investment securities - earned out of Guyana	30,853	57,020
	<u>2,850,484</u>	<u>2,633,786</u>
Interest Expense:		
Demand deposits	6,752	7,404
Savings deposits	155,400	156,678
Term deposits	316,996	319,420
	<u>479,148</u>	<u>483,502</u>

18. OTHER INCOME

Fee and commission income	195,745	175,087
Gains on foreign exchange trading	162,895	193,596
Sundry income	8,305	7,285
	<u>366,945</u>	<u>375,968</u>

NOTES TO THE FINANCIAL STATEMENTS
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19. OPERATING EXPENSES

	2014	2013
Staff costs (note 20)	345,325	323,651
Depreciation and amortisation	113,808	99,435
Operating lease rental	87,967	85,177
Auditors' remuneration (including expenses)	12,106	12,450
General administrative expenses	367,741	328,614
Other operating costs	91,837	78,209
	<u>1,018,784</u>	<u>927,536</u>

20. STAFF COSTS

Wages and salaries	273,453	251,235
Social security costs	18,301	16,258
Pension costs	5,816	5,619
Other staff costs	47,755	50,539
	<u>345,325</u>	<u>323,651</u>

21. PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS

Impairment of Loans and Advances

Individually assessed:

Balance as at beginning of year	310,142	260,302
Amounts written off	0	(2,132)
Additional provision for the year	224,350	179,955
Reversal of provision in the year	(102,754)	(127,983)
	<u>431,738</u>	<u>310,142</u>

Collectively assessed:

Balance as at beginning and end of year	<u>8,818</u>	<u>8,818</u>
<i>Total:</i>	<u>440,556</u>	<u>318,960</u>

Impairment of Investment Securities

Balance as at beginning of year	197,945	269,558
Amounts written off	0	(16,217)
Additional provision for the year	266	3,917
Reversal of provision in the year	(1,639)	(59,313)
	<u>196,572</u>	<u>197,945</u>

NOTES TO THE FINANCIAL STATEMENTS
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22. TAXATION

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

	2014	2013
Current tax	600,757	581,681
Deferred tax	7,102	16,572
Prior year adjustments	2,260	(48)
	<u>610,119</u>	<u>598,205</u>
Reconciliation of the Company's profit before taxation to the theoretical amount using the basic rate of tax:		
Profit before taxation	1,599,274	1,602,140
Corporation tax on profit at 40% (2013 - 40%)	639,710	640,856
Income not subject to tax	(85,056)	(88,533)
Expenses not deductible for tax purposes	2,167	2,206
Property and withholding taxes	51,038	43,724
Prior year adjustments	2,260	(48)
	<u>610,119</u>	<u>598,205</u>

23. EARNINGS PER SHARE

Profit attributable to shareholders	989,155	1,003,935
Weighted average number of ordinary shares (thousands)	59,491	59,491
Basic earnings per share	<u>\$16.63</u>	<u>\$16.88</u>

24. DIVIDENDS PAID

Prior year final dividend paid \$1.70 per share (2013 - \$1.50)	101,135	89,237
Interim dividend paid \$0.70 per share (2013 - \$0.70)	41,644	41,644
	<u>142,779</u>	<u>130,881</u>

A final dividend in respect of 2014 of \$1.70 per share (2013 - \$1.70 per share), amounting to \$101,135 (2013 - \$101,135) is to be proposed at the annual general meeting on 20 January 2015.

25. COMMITMENTS

	2014	2013
Undrawn credit facilities	1,040,497	1,620,128
Capital commitments for property and equipment		
Authorised but not contracted for	956,209	1,382,085
Authorised and contracted for	699,916	202,358
Capital commitments for intangible assets		
Authorised but not contracted for	77,120	0
Authorised and contracted for	<u>55,274</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

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26. CONTINGENCIES

Litigations

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

<i>Guarantees</i>	2014	2013
Guarantees	737,057	519,442

27. RELATED PARTY TRANSACTIONS

(a) Loans, advances and other credit commitments

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

The total loans, advances and other credit commitments, as shown in the tables below, aggregate to 5 percent (2013 - 6 percent) of the total exposure to all customers. Additionally the total loans, advances and other credit commitments extended to the five related parties with the highest exposures as at the year end amount to \$1,207,797 (2013 - \$1,337,726) or 20 percent (2013 - 25 percent) of the capital base. A provision for impairment of \$32,869 (2013 - \$19,157) exists at the year end in respect of loans and advances outstanding to related parties. The additional provision of \$13,712 was recognised as an expense in the year (2013 - nil).

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

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27. RELATED PARTY TRANSACTIONS (CONT'D)

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

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	696,818	0	300,189	63,071	400,878	1,460,956
Guarantees and letters of credit as at end of year	110,770	0	0	0	0	110,770
Interest income	67,704	0	50,896	3,906	39,928	162,434

(b) Customers' deposits

2014	Parent Company	Other Major Shareholders	Directors	Other Key Management	Other Related Parties	Total
Balance as at beginning of year	1,706,018	563,924	52,783	4,330	3,220,414	5,547,469
Deposits during the year	20,224,230	2,294,372	336,237	105,176	21,751,726	44,711,741
Withdrawals in the year	(20,081,388)	(2,350,351)	(294,912)	(101,165)	(21,087,483)	(43,915,299)
Balance as at end of year	1,848,860	507,945	94,108	8,341	3,884,657	6,343,911
Interest expense	5,505	1,857	532	47	21,500	29,441
2013						
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

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27. RELATED PARTY TRANSACTIONS (CONT'D)	2014	2013
(c) Key Management Compensation		
Short term benefits	83,406	68,994
Post employment benefits	1,522	1,289
	<u>84,928</u>	<u>70,283</u>
(d) Other Related Party Transactions		
Property rent charges from parent company	28,841	28,717
Property rent charges from other related party	3,710	3,258
Professional services provided by other related parties	<u>12,243</u>	<u>13,273</u>

The prior year rental expense figure has been restated to exclude value-added tax.

28. DIRECTORS' EMOLUMENTS

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

	2014	2013
Clifford B. Reis	1,472	1,396
Richard B. Fields	1,212	1,148
Rakesh K. Puri	1,212	1,148
Wilfred A. Lee	1,212	1,148
George McDonald	1,212	1,148
Dunstan Barrow	1,212	1,148
Michael H. Pereira	1,212	1,148
Paul A. Carto	<u>1,212</u>	<u>1,148</u>
	<u>9,956</u>	<u>9,432</u>

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



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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of Financial Instruments

Financial instruments carried at the reporting date include cash resources (cash, balances with Bank of Guyana and amounts due from other banks), investment securities, loans and advances, accrued interest receivable, customers' deposits, borrowings 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 prior 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, borrowings and other liabilities are classified as financial liabilities measured at amortised cost.

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

Risks arising from Financial Instruments

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

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

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

Credit Risk

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

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

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

	2014	2013
<i>On statement of financial position:</i>		
Cash and balances with Bank of Guyana	4,775,560	5,242,774
Amounts due from other banks	3,453,384	1,585,047
Investment securities	2,904,811	8,597,661
Loans and advances	28,902,052	23,670,913
Other financial assets	59,381	15,338
	40,095,188	39,111,733
<i>Off statement of financial position:</i>		
Guarantees	737,057	519,442
Credit commitments	1,040,497	1,620,128
	1,777,554	2,139,570
Maximum exposure to credit risk	41,872,742	41,251,303

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.



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29. 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 three years, where possible. Where securities are lodged as collateral, management monitors their market performance for indicators of impairment.
- (g) Oversight from the Credit Committee of the Board of Directors.

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

Credit Risk (Cont'd)

Management of investment securities and amounts due from other banks

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

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

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

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

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

Credit Risk (Cont'd)

Credit risk concentration

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

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

	2014	2013
Counterparty 1	20.5%	26.4%
Counterparty 2	19.7%	20.4%
Counterparty 3	18.3%	16.0%
Counterparty 4	13.9%	14.1%
Counterparty 5	12.5%	13.6%

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

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

Credit Risk (Cont'd)

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

As at 30 September 2014	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	1,099,910	9,084,835	9,769,368	2,551,084
Other financial assets	0	0	0	0
	1,099,910	9,084,835	9,769,368	2,551,084
Off statement of financial position:				
Guarantees	0	330,365	0	4,701
Credit commitments	21,764	819,980	0	92,937
	21,764	1,150,345	0	97,638
Total	1,121,674	10,235,180	9,769,368	2,648,722
Individual instruments or group of related instruments aggregating to more than 10% of capital base	0	2,995,290	0	1,692,712
As at 30 September 2013				
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	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



Mining & Quarry	Construction	Agriculture	Government	Financial	Other	Total
0	0	0	0	4,775,560	0	4,775,560
0	0	0	0	3,453,384	0	3,453,384
0	181,485	0	2,247,660	475,666	0	2,904,811
730,703	4,231,649	708,621	0	0	725,882	28,902,052
0	4,122	0	3,463	12	51,784	59,381
730,703	4,417,256	708,621	2,251,123	8,704,622	777,666	40,095,188
0	347,985	0	0	0	54,006	737,057
0	58,141	0	0	0	47,675	1,040,497
0	406,126	0	0	0	101,681	1,777,554
730,703	4,823,382	708,621	2,251,123	8,704,622	879,347	41,872,742
0	1,921,385	0	2,086,106	7,306,693	0	16,002,186
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

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

Credit Risk (Cont'd)

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

As at 30 September 2014	Guyana	Caricom	North America	Europe	Total
On statement of financial position:					
Cash and balances with Bank of Guyana	4,775,560	0	0	0	4,775,560
Amounts due from other banks	279,444	13,850	3,148,711	11,379	3,453,384
Investment securities	2,267,591	420,418	216,802	0	2,904,811
Loans and advances	28,902,052	0	0	0	28,902,052
Other financial assets	55,906	3,466	9	0	59,381
	36,280,553	437,734	3,365,522	11,379	40,095,188
Off statement of financial position:					
Guarantees	737,057	0	0	0	737,057
Credit commitments	1,040,497	0	0	0	1,040,497
	1,777,554	0	0	0	1,777,554
Total	38,058,107	437,734	3,365,522	11,379	41,872,742

As at 30 September 2013

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	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

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

Credit Risk (Cont'd)

Asset quality

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

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

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

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

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

Credit Risk (Cont'd)

Asset quality (Cont'd)

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	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

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

Credit Risk (Cont'd)

Financial assets that are past due but not impaired

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

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

	Up to 30 days	Between 30-60 days	More than 60 days	Total	Collateral
As at 30 September 2014					
Loans and advances	1,713,266	1,779,600	0	3,492,866	4,214,589
As at 30 September 2013					
Loans and advances	2,546,701	1,067,039	0	3,613,740	4,212,391

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 2014				
Loans and advances	3,942,888	431,738	3,511,150	5,077,305
Investment securities	265,087	196,572	68,515	0
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

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

Credit Risk (Cont'd)

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

As at 30 September 2014	Households	Services	Real Estate	Manufacturing
Total investment securities, loans and advances	1,099,910	9,084,835	9,769,368	2,551,084
Non-performing accounts	94,443	1,763,916	1,019,108	136,037
Provision for impairment	27,859	112,094	91,680	24,561
As at 30 September 2013				
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



Mining & Quarry	Construction	Agriculture	Government	Financial	Other	Total
730,703	4,413,134	708,621	2,247,660	475,666	725,882	31,806,863
48,693	173,217	396,730	109,928	155,159	310,744	4,207,975
8,614	24,391	30,147	41,413	155,159	121,210	637,128
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

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

Credit Risk (Cont'd)

Collateral Held

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

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

	2014	2013
Real Estate	70,324	3,278
Equipment	1,600	3,155

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 \$493,837 (2013 - \$231,176), 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.

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**Liquidity Risk (Cont'd)*****Contractual maturity of assets and liabilities***

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

As at 30 September 2014	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	4,775,560	0	0	0	0	4,775,560
Amounts due from other banks	3,453,384	0	0	0	0	3,453,384
Investment securities	913,313	1,687,263	102,839	102,133	229,590	3,035,138
Loans and advances	1,526,218	1,245,302	1,620,970	5,223,143	19,286,419	28,902,052
Other assets	1,958,026	0	0	0	0	1,958,026
Total assets	12,626,501	2,932,565	1,723,809	5,325,276	19,516,009	42,124,160
Liabilities						
Customers' deposits	26,610,772	2,721,710	3,044,694	848,231	0	33,225,407
Amount due to other bank	1,300,000	0	0	0	0	1,300,000
Other liabilities	1,125,499	0	0	0	0	1,125,499
Total liabilities	29,036,271	2,721,710	3,044,694	848,231	0	35,650,906
Net liquidity gap	(16,409,770)	210,855	(1,320,885)	4,477,045	19,516,009	

As at 30 September 2013**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	

NOTES TO THE FINANCIAL STATEMENTS

30 September 2014

Thousands of Guyana Dollars

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

Liquidity Risk (Cont'd)

Contractual maturity of financial liabilities

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

As at 30 September 2014	Within 3 months	Over 3 months but not over 6 months	Over 6 months but not over 12 months	Over 1 year but not over 5 years	Over 5 years	Total
On statement of financial position:						
Customers' deposits	26,619,841	2,739,672	3,122,832	897,033	0	33,379,378
Amount due to other bank	1,300,000	0	0	0	0	1,300,000
Other financial liabilities	742,449	0	0	0	0	742,449
Off statement of financial position:						
Guarantees	507,070	123,668	76,507	29,812	0	737,057
Credit commitments	1,040,497	0	0	0	0	1,040,497
	30,209,857	2,863,340	3,199,339	926,845	0	37,199,381

As at 30 September 2013

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	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

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 2014


Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**Foreign Exchange Risk (Cont'd)**

As at 30 September 2014	Assets	Liabilities	Net Position	% change	Impact on profit increase/ (decrease)	Impact on OCI increase/ (decrease)
United States Dollar	3,704,195	2,569,273	1,134,922	1.0%	11,349	0
Trinidad & Tobago Dollar	174,903	0	174,903	1.0%	449	1,300
Barbadian Dollar	1,606	0	1,606	1.0%	16	0
Other	36,736	6,748	29,988	1.0%	300	0

As at 30 September 2013						
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

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 2014

Thousands of Guyana Dollars

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)**Interest Rate Risk (Cont'd)**

As at 30 September 2014	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	4,775,560	4,775,560
Amounts due from other banks	12,972	0	0	3,440,412	3,453,384
Investment securities	2,573,088	102,134	229,590	130,326	3,035,138
Loans and advances	4,206,846	5,223,143	19,286,419	185,644	28,902,052
Other assets	0	0	0	1,958,026	1,958,026
Total assets	6,792,906	5,325,277	19,516,009	10,489,968	42,124,160
Liabilities					
Customers' deposits	29,601,052	848,231	0	2,776,124	33,225,407
Amount due to other bank	1,300,000	0	0	0	1,300,000
Other liabilities	0	0	0	1,125,499	1,125,499
Total liabilities	30,901,052	848,231	0	3,901,623	35,650,906
Interest sensitivity gap	(24,108,146)	4,477,046	19,516,009		
As at 30 September 2013					
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		

NOTES TO THE FINANCIAL STATEMENTS
30 September 2014



Thousands of Guyana Dollars

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

Interest Rate Risk (Cont'd)

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

	2014 %	2013 %
Assets		
Investment securities	2.2	1.9
Loans and advances	10.6	10.4
Liabilities		
Customers' deposits	1.6	1.6
Amount due to other bank	4.5	0

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 \$514 (2013 - \$511).

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 dates of the statement of financial position. The Company complied with the Bank of Guyana's capital requirements throughout the current year and prior year.

	2014	2013
Regulatory Capital		
Tier I Capital:		
Share capital	594,913	594,913
Statutory reserve	594,913	594,913
Retained earnings	4,956,024	4,141,273
Tier II Capital:		
Revaluation reserve	33,838	33,512
Available-for-sale investments reserve	(3,194)	(4,757)
Prescribed deduction	(92,158)	(70,328)
	6,084,336	5,289,526

NOTES TO THE FINANCIAL STATEMENTS

30 September 2014

Thousands of Guyana Dollars

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

Capital Management (Cont'd)

	2014	2013
Risk-weighted Assets		
On-balance sheet	26,265,893	21,191,990
Off-balance sheet	368,528	231,764
	<u>26,634,421</u>	<u>21,423,754</u>
Regulatory ratios		
Tier I capital ratio	<u>23.1%</u>	<u>24.9%</u>
Total capital ratio	<u>22.8%</u>	<u>24.7%</u>

Fair Values

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

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

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

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

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

Asset carried at fair value

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

Assets and liabilities not carried at fair value

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

	IFRS13 Level	2014 Carrying Amount	2014 Fair Value
<i>Assets:</i>			
Investment securities (Held-to-maturity)	Level 2	2,904,811	2,924,561
Loans and advances	Level 2	<u>28,902,052</u>	<u>28,919,969</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 September 2014



Thousands of Guyana Dollars

30. SEGMENTAL INFORMATION

Sources of Income

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

Geographical Information

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

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

Major Customers

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

CORRESPONDENT BANKS

United States Dollar (USD) TRANSACTIONS

BANK OF AMERICA

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

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

Canadian Dollar (CAD) TRANSACTIONS

BANK OF AMERICA NA. CANADA BRANCH

200 Front Street, West 26th Floor.
Toronto, Ontario, M5V 3L2

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

Pound Sterling (GBP) TRANSACTIONS

BANK OF AMERICA NA.

2 King Edward Street, London, EC1A 1HQ, UK

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

Euro (EUR) TRANSACTIONS

BANK OF AMERICA NA.

2 King Edward Street
London, EC1A 1HQ, UK

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

Jamaican Dollar (JMD) TRANSACTIONS

SAGICOR BANK JAMAICA LIMITED

17 Dominica Drive
New Kingston
Kingston 5
Jamaica

A/C No. 0341330000159 (JMD)



PRODUCTS AND SERVICES

REGULAR CHEQUING ACCOUNT

Minimum opening balance \$25,000
No Interest
No service charge if minimum balance is over \$25,000
ATM access.... 24 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 any of the branches of Citizens Bank Guyana Inc.



[illegible]

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 2015. 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 2014.

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. Clifford B. Reis, CCH
Mr. Rakesh K. Puri
Mr. Paul A. Carto

IN FAVOUR OF	AGAINST
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.

