



CITIZENS BANK

It's Where You Belong

INTERIM FINANCIAL
STATEMENTS 2019

INTERIM REPORT



CHAIRMAN'S REPORT

Citizens Bank Guyana Inc. recorded a Profit After Taxation for the six months ended March 31, 2019 of \$357.5 million compared to \$277.7 million for the corresponding period last year representing an increase of \$79.8 million or 29.0%.

Interest Income for the six-month period was \$1.4 billion, while Interest Expense was \$160.9 million, resulting in Net Interest Income of \$1.2 billion compared to \$1.1 billion for the corresponding period last year. Other Income was \$280.9 million, resulting in a surplus before Non-interest Expenses of \$1.5 billion; this represents an increase of \$141.2 million or 11.0% over the corresponding period last year.

The Bank's Operating Expenses which were \$743.2 million, reflecting an increase of 3.0% over the corresponding period last year. Increases in the cost of goods and services were the major contributors to the increase in our operating expenses. Net impairment on financial assets was \$130.8 million compared to \$153.5 million for the corresponding period last year.

At March 31, 2019, the net loans and advances balance was \$26.4 billion, compared to \$26.1 billion at March 31, 2018. Net investments were \$3.6 billion, compared to \$6.3 billion at March 31, 2018.

Total deposits balance was \$40.2 billion, compared to \$39.6 billion at March 31, 2018.

The Board of Directors has approved an Interim Dividend of \$0.90 per share compared \$0.70 per share for the corresponding period in 2018.

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

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

CITIZENS BANK

**CITIZENS BANK***It's Where You Belong*INTERIM FINANCIAL
STATEMENTS 2019**INTERIM REPORT****STATEMENT OF INCOME**

For the Half Year Ended 31 March 2019

Thousands of Guyana Dollars	Unaudited For the three months ended 31-Mar-19	Unaudited For the three months ended 31-Mar-18	Unaudited For the six months ended 31-Mar-19	Unaudited For the six months ended 31-Mar-18	Audited For the year ended 30-Sep-18
INTEREST INCOME	662,706	663,397	1,350,268	1,370,114	2,725,802
INTEREST EXPENSE	(89,316)	(115,661)	(160,861)	(253,525)	(481,013)
NET INTEREST INCOME	573,390	547,736	1,189,407	1,116,589	2,244,789
OTHER INCOME	125,088	133,816	280,944	212,582	434,077
TOTAL NET INCOME	698,478	681,552	1,470,351	1,329,171	2,678,866
OPERATING EXPENSES	(349,346)	(353,300)	(743,284)	(718,364)	(1,475,364)
NET IMPAIRMENT ON FINANCIAL ASSETS	(65,400)	(54,585)	(130,800)	(153,465)	(194,109)
PROFIT BEFORE TAXATION	283,732	273,667	596,267	457,342	1,009,393
TAXATION CHARGE	(112,194)	(106,908)	(238,808)	(179,659)	(407,092)
PROFIT AFTER TAXATION	171,538	166,759	357,459	277,683	602,301
EARNINGS PER SHARE	\$2.88	\$2.80	\$6.01	\$4.67	\$10.12



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STATEMENTS 2019

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STATEMENT OF COMPREHENSIVE INCOME
For the Half Year Ended 31 March 2019

Thousands of Guyana Dollars	Unaudited For the three months ended 31-Mar-19	Unaudited For the three months ended 31-Mar-18	Unaudited For the six months ended 31-Mar-19	Unaudited For the six months ended 31-Mar-18	Audited For the year ended 30-Sep-18
PROFIT AFTER TAXATION	171,538	166,759	357,459	277,683	602,301
OTHER COMPREHENSIVE INCOME:					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Fair value gain / (loss) on available-for-sale asset	21,385	(8,615)	23,312	(13,785)	(16,927)
Deferred tax (charge) / credit on fair value loss on available-for-sale asset	(8,554)	3,446	(9,325)	5,514	6,771
	12,831	(5,169)	13,987	(8,271)	(10,156)
TOTAL COMPREHENSIVE INCOME	184,369	161,590	371,446	269,412	592,145

Thousands of Guyana Dollars	Unaudited As At 31-Mar-19	Unaudited As At 31-Mar-18	Audited As At 30-Sep-18
ASSETS			
Cash and balances with Bank of Guyana	13,567,101	10,029,971	12,721,701
Amounts due from other banks	2,558,723	2,384,245	3,754,775
Investment securities	3,595,472	6,282,380	4,323,888
Loans and advances	26,402,405	26,083,022	25,527,124
Other assets	4,165,757	4,216,002	4,154,863
TOTAL ASSETS	50,289,458	48,995,620	50,482,351
LIABILITIES			
Customers' deposits	40,202,208	39,583,688	40,903,223
Other liabilities	1,178,612	1,048,746	934,852
TOTAL LIABILITIES	41,380,820	40,632,434	41,838,075
SHAREHOLDERS' EQUITY			
Share capital	594,913	594,913	594,913
Statutory reserve	594,913	594,913	594,913
General banking risk reserve	468,791	459,218	468,791
Other reserves	54,416	42,314	40,429
Retained earnings	7,195,605	6,671,828	6,945,230
TOTAL SHAREHOLDERS' EQUITY	8,908,638	8,363,186	8,644,276
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	50,289,458	48,995,620	50,482,351

On behalf of the Board of Directors



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CLIFFORD B. REIS
CHAIRMAN



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ETON M. CHESTER
MANAGING DIRECTOR

Thousands of Guyana Dollars	Share Capital	Statutory Reserve	Revaluation Reserve	Investment Revaluation Reserve	General Banking Risk Reserve	Retained Earnings	Total
For the three months ended 31 March 2018							
As at beginning of period	594,913	594,913	58,061	(10,578)	459,218	6,624,052	8,320,579
Total comprehensive income	0	0	0	(5,169)	0	166,759	161,590
Dividend paid	0	0	0	0	0	(118,983)	(118,983)
As at end of period	594,913	594,913	58,061	(15,747)	459,218	6,671,828	8,363,186
For the three months ended 31 March 2019							
As at beginning of period	594,913	594,913	58,061	(16,476)	468,791	7,131,151	8,831,353
Total comprehensive income	0	0	0	12,831	0	171,538	184,369
Dividend paid	0	0	0	0	0	(107,084)	(107,084)
As at end of period	594,913	594,913	58,061	(3,645)	468,791	7,195,605	8,908,638
For the six months ended 31 March 2018							
As at beginning of period	594,913	594,913	58,061	(7,476)	459,218	6,513,128	8,212,757
Total comprehensive income	0	0	0	(8,271)	0	277,683	269,412
Dividend paid	0	0	0	0	0	(118,983)	(118,983)
As at end of period	594,913	594,913	58,061	(15,747)	459,218	6,671,828	8,363,186
For the six months ended 31 March 2019							
As at beginning of period	594,913	594,913	58,061	(17,632)	468,791	6,945,230	8,644,276
Total comprehensive income	0	0	0	13,987	0	357,459	371,446
Dividend paid	0	0	0	0	0	(107,084)	(107,084)
As at end of period	594,913	594,913	58,061	(3,645)	468,791	7,195,605	8,908,638

Thousands of Guyana Dollars	Unaudited For the three months ended 31-Mar-19	Unaudited For the three months ended 31-Mar-18	Unaudited For the six months ended 31-Mar-19	Unaudited For the six months ended 31-Mar-18	Audited For the year ended 30-Sep-18
OPERATING ACTIVITIES					
Profit before taxation	283,732	273,667	596,267	457,342	1,009,393
Adjustments to reconcile net profit to net cash provided by operating activities:					
Adjustment for non - cash items	63,053	60,177	125,849	124,475	251,899
(Increase) / decrease in operating assets	(1,051,431)	53,403	(934,324)	2,019,743	2,600,203
Increase / (decrease) in operating liabilities	1,848,728	(934,505)	(577,215)	(1,138,354)	238,089
Reserve requirement with Bank of Guyana	(229,652)	221,533	96,404	260,162	137,996
Taxes paid	(82,712)	(104,045)	(128,176)	(163,048)	(566,763)
NET CASH INFLOW / (OUTFLOW) - INVESTING ACTIVITIES	831,718	(429,770)	(821,195)	1,560,320	3,670,817
INVESTING ACTIVITIES					
Net movement of investment securities	2,485,684	(1,115,792)	751,728	(2,093,545)	(132,737)
Purchase of property and equipment	(46,128)	(10,893)	(57,137)	(13,039)	(94,833)
Purchase of intangible assets	(14,999)	(36,233)	(21,098)	(42,420)	(50,594)
Proceeds from sale of property and equipment	537	4,293	537	4,293	4,693
NET CASH INFLOW / (OUTFLOW) - INVESTING ACTIVITIES	2,425,094	(1,158,625)	674,030	(2,144,711)	(273,471)
FINANCING ACTIVITIES					
Dividends paid	(107,084)	(118,983)	(107,084)	(118,983)	(160,626)
NET CASH OUTFLOW- FINANCING ACTIVITIES	(107,084)	(118,983)	(107,084)	(118,983)	(160,626)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3,149,728	(1,707,378)	(254,249)	(703,374)	3,236,720
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	8,411,029	9,582,290	11,815,006	8,578,286	8,578,286
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11,560,757	7,874,912	11,560,757	7,874,912	11,815,006

1 ACCOUNTING POLICIES

These interim financial statements were prepared to comply with Supervision Guideline 10 as issued by the Bank of Guyana. The accounting policies used are consistent with those applied in the annual financial statements for the year ended 30 September 2018.

There are some changes to IFRSs that are applicable from this financial year. Of these changes, IFRS 9 is considered relevant and its adoption is described below.

IFRS 9 - Financial Instruments

Of the measures introduced by this Standard, management has identified the forward-looking expected credit loss ('ECL') approach to impairment losses on financial assets, as applicable. The Company is in the process of building a financial model to comply with the impairment requirements of the Standard. The impact of application of the ECL model for this financial year will be recorded in the second half year. As permitted by the Standard, the Company will record any impact on adoption in the opening retained earnings as at 01 October 2018, without restatement of comparative figures.

2 TAXATION

The taxation charge is based on the actual results of the period, adjusted for the provisions of the applicable tax legislation, and includes an allowance for deferred taxation. Deferred taxation is computed using the liability method for all temporary differences arising between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes.

3 DIRECTORS' INTEREST

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

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

4 SUBSTANTIAL SHAREHOLDERS

	Ordinary Shares of No Par Value
Banks DIH Limited	30,340,557
Continental Agencies Limited	9,929,241
Hand - in - Hand Pension Scheme	5,802,885
Hand - in - Hand Group	4,205,356

A substantial shareholder is defined as a person or entity entitled to exercise, or control the exercise of five percent (5%) or more of the voting power at any general meeting.

5 RELATED PARTY BALANCES AND TRANSACTIONS

	As At 31-Mar-19 \$'000	As At 31-Mar-18 \$'000	As At 30-Sep-18 \$'000
Loans	662,036	1,192,860	837,643
Deposits	14,694,499	11,909,466	13,071,062
Letters of Credit & Guarantees	144,099	144,099	143,567

5 RELATED PARTY BALANCES AND TRANSACTIONS (Cont'd)

	For the six months ended 31-Mar-19 \$'000	For the six months ended 31-Mar-18 \$'000	For Year Ended 30-Sep-18 \$'000
Interest Income	32,729	51,844	92,623
Interest Expense	48,917	66,849	127,582

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

6 INTRA - GROUP OBLIGATIONS

Banks DIH Limited, the parent company of Citizens Bank Guyana Inc, has outstanding obligations comprising of loans and guarantees totalling \$320.9 million owing to the Bank as at 31 March 2019 (31 March 2018: \$605.0million). Of the \$320.9 million obligations, \$102.3 million are guarantees while loans total \$218.6 million, (31 March 2018: \$102.3 million were guarantees while loans totalled \$502.7 million). These obligations are included in balances shown in the Note (5).

7 CAPITAL COMMITMENTS

	As At 31-Mar-19 \$'000	As At 31-Mar-18 \$'000	As At 30-Sep-18 \$'000
Capital commitments for property and equipment:			
Authorised but not contracted for	641,261	383,766	684,451
Authorised and contracted for	53,998	29,410	60,498

8 FAIR VALUE

Asset carried at fair value

The Company's available-for-sale investment security of \$224.4 million (2018: \$204.2 million) 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 disclosures of fair value is required.

		31-Mar-19 Carrying Amount	31-Mar-19 Fair Value	31-Mar-18 Carrying Amount	31-Mar-18 Fair Value
Assets:					
Investment securities (Held -to-maturity)	Level 2	3,371,068	3,380,763	6,078,146	6,119,777
Loans and advances	Level 2	26,402,405	26,758,690	26,083,022	26,623,061

The fair value 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.