



CITIZENS BANK
INTERIM REPORT
March 31 2020



CITIZENS BANK

It's Where You Belong

INTERIM FINANCIAL
STATEMENTS 2020

INTERIM REPORT



CHAIRMAN'S REPORT

Citizens Bank Guyana Inc. recorded a Profit After Taxation for the six months ended March 31, 2020 of \$452.1 million compared to \$357.5 million for the corresponding period last year representing an increase of \$94.7 million or 26.5%.

Interest Income for the six-month period was \$1.6 billion, while Interest Expense was \$187.8 million, resulting in Net Interest Income of \$1.4 billion compared to \$1.2 billion for the corresponding period last year. Other Income was \$299.0 million, resulting in a surplus before Non-interest Expenses of \$1.7 billion; this represents an increase of \$238.1 million or 16.2% over the corresponding period last year.

The Bank's Operating Expenses which were \$827.2 million, reflecting an increase of 11.3% over the corresponding period last year. Inflationary increases in the cost of goods and services, adjustments to the emoluments of employees and our payment to the Deposit Insurance Fund, were the major contributors to the increase in our operating expenses. Net impairment on financial assets was \$121.1 million compared to \$130.8 million for the corresponding period last year.

At March 31, 2020, the net loans and advances balance was \$31.3 billion, compared to \$26.4 billion at March 31, 2019. Net investments were \$10.3 billion, compared to \$3.6 billion at March 31, 2019.

Total deposits balance was \$48.4 billion, compared to \$40.2 billion at March 31, 2019.

The Board of Directors believe that we should be cautious and prudent and has approved an Interim Dividend of \$0.90 per share, the same as for the corresponding period in 2019.

While the COVID-19 pandemic, and the still unsettled election 2020 results, present several immediate risks, Citizens Bank Guyana Inc has a strong balance sheet. However, the ultimate impact on the second six months of our financial year is unknown at this time, as it will depend on the resolution to the election 2020 impasse, and on the duration of current precautionary measures, as well as the substance of any stimulus package and the pace of the macroeconomic recovery.

As we navigate this uncharted crisis, Citizens Bank Guyana Inc is cautiously optimistic that our performance 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***It's Where You Belong*INTERIM FINANCIAL
STATEMENTS 2020**INTERIM REPORT****STATEMENT OF INCOME**

For the Half Year Ended 31 March 2020

Thousands of Guyana Dollars	Unaudited For the three months ended 31-Mar-20	Unaudited For the three months ended 31-Mar-19	Unaudited For the six months ended 31-Mar-20	Unaudited For the six months ended 31-Mar-19	Audited For the year ended 30-Sep-19
INTEREST INCOME	801,701	662,706	1,597,226	1,350,268	2,814,714
INTEREST EXPENSE	(91,976)	(89,316)	(187,772)	(160,861)	(349,487)
NET INTEREST INCOME	709,725	573,390	1,409,454	1,189,407	2,465,227
OTHER INCOME	155,322	125,088	298,968	280,944	606,800
TOTAL NET INCOME	865,047	698,478	1,708,422	1,470,351	3,072,027
OPERATING EXPENSES	(410,275)	(349,346)	(827,190)	(743,284)	(1,511,710)
NET MOVEMENT IN IMPAIRMENT OF FINANCIAL ASSETS	(60,083)	(65,400)	(121,143)	(130,800)	39,031
PROFIT BEFORE TAXATION	394,689	283,732	760,089	596,267	1,599,348
TAXATION CHARGE	(158,170)	(112,194)	(307,966)	(238,808)	(644,095)
PROFIT AFTER TAXATION	236,519	171,538	452,123	357,459	955,253
EARNINGS PER SHARE	\$3.98	\$2.88	\$7.60	\$6.01	\$16.06

Thousands of Guyana Dollars	Unaudited For the three months ended 31-Mar-20	Unaudited For the three months ended 31-Mar-19	Unaudited For the six months ended 31-Mar-20	Unaudited For the six months ended 31-Mar-19	Audited For the year ended 30-Sep-19
PROFIT AFTER TAXATION	236,519	171,538	452,123	357,459	955,253
OTHER COMPREHENSIVE INCOME:					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Fair value gain on available-for-sale asset	0	21,385	0	23,312	0
Deferred tax charge on fair value gain on available-for-sale asset	0	(8,554)	0	(9,325)	0
	0	12,831	0	13,987	0
TOTAL COMPREHENSIVE INCOME	236,519	184,369	452,123	371,446	955,253

Thousands of Guyana Dollars	Unaudited As At 31-Mar-20	Unaudited As At 31-Mar-19	Audited As At 30-Sep-19
ASSETS			
Cash and balances with Bank of Guyana	10,633,382	13,567,101	12,619,068
Amounts due from other banks	2,872,063	2,558,723	4,694,019
Investment securities	10,315,100	3,595,472	3,502,225
Loans and advances	31,280,317	26,402,405	29,789,808
Other assets	4,339,149	4,165,757	4,270,639
TOTAL ASSETS	59,440,011	50,289,458	54,875,759
LIABILITIES			
Customers' deposits	48,400,203	40,202,208	44,279,137
Other liabilities	1,398,950	1,178,612	1,274,032
TOTAL LIABILITIES	49,799,153	41,380,820	45,553,169
SHAREHOLDERS' EQUITY			
Share capital	594,913	594,913	594,913
Statutory reserve	594,913	594,913	594,913
General banking risk reserve	291,399	468,791	291,399
Other reserves	58,061	54,416	58,061
Retained earnings	8,101,572	7,195,605	7,783,304
TOTAL SHAREHOLDERS' EQUITY	9,640,858	8,908,638	9,322,590
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	59,440,011	50,289,458	54,875,759

On behalf of the Board of Directors



CLIFFORD B. REIS
CHAIRMAN



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 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 three months ended 31 March 2020							
As at beginning of period	594,913	594,913	58,061	0	291,399	7,998,908	9,538,194
Total comprehensive income	0	0	0	0	0	236,519	236,519
Dividend paid	0	0	0	0	0	(133,855)	(133,855)
As at end of period	594,913	594,913	58,061	0	291,399	8,101,572	9,640,858
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
For the six months ended 31 March 2020							
As at beginning of period	594,913	594,913	58,061	0	291,399	7,783,304	9,322,590
Total comprehensive income	0	0	0	0	0	452,123	452,123
Dividend paid	0	0	0	0	0	(133,855)	(133,855)
As at end of period	594,913	594,913	58,061	0	291,399	8,101,572	9,640,858

Thousands of Guyana Dollars	Unaudited For the three months ended 31-Mar-20	Unaudited For the three months ended 31-Mar-19	Unaudited For the six months ended 31-Mar-20	Unaudited For the six months ended 31-Mar-19	Audited For the year ended 30-Sep-19
OPERATING ACTIVITIES					
Profit before taxation	394,689	283,732	760,089	596,267	1,599,348
Adjustments to reconcile net profit to net cash provided by operating activities:					
Adjustment for non - cash items	63,499	63,053	126,844	125,849	253,493
Increase in operating assets	(455,578)	(1,051,431)	(1,649,423)	(934,324)	(4,511,912)
Increase / (decrease) in operating liabilities	2,821,354	1,848,728	4,103,426	(577,215)	3,486,577
Reserve requirement with Bank of Guyana	(353,791)	(229,652)	(663,821)	96,404	(325,325)
Taxes paid	(82,697)	(82,712)	(165,406)	(128,176)	(394,120)
NET CASH INFLOW / (OUTFLOW) - OPERATING ACTIVITIES	2,387,476	831,718	2,511,709	(821,195)	108,061
INVESTING ACTIVITIES					
Net movement of investment securities	(1,938,613)	2,485,684	(6,812,875)	751,728	783,566
Purchase of property and equipment	(9,229)	(46,128)	(17,553)	(57,137)	(160,650)
Purchase of intangible assets	(18,887)	(14,999)	(18,887)	(21,098)	(62,415)
Proceeds from sale of property and equipment	0	537	0	537	3,350
NET CASH (OUTFLOW) / INFLOW - INVESTING ACTIVITIES	(1,966,729)	2,425,094	(6,849,315)	674,030	563,851
FINANCING ACTIVITIES					
Dividends paid	(133,855)	(107,084)	(133,855)	(107,084)	(160,626)
NET CASH OUTFLOW- FINANCING ACTIVITIES	(133,855)	(107,084)	(133,855)	(107,084)	(160,626)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	286,892	3,149,728	(4,471,461)	(254,249)	511,286
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	7,567,939	8,411,029	12,326,292	11,815,006	11,815,006
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,854,831	11,560,757	7,854,831	11,560,757	12,326,292

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 2019.

2 TAXATION

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

3 DIRECTORS' INTEREST

	Ordinary Shares of No Par Value Beneficial Interest	Associate's Beneficial Interest
Clifford B. Reis	Nil	125,000
Rakesh K. Puri	Nil	9,929,241
Eton M. Chester	Nil	26,251

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-20 \$'000	As At 31-Mar-19 \$'000	As At 30-Sep-19 \$'000
Loans	1,158,323	662,036	704,169
Deposits	17,436,050	14,694,499	15,680,559
Guarantees	154,004	144,099	151,874
	For the six months ended 31-Mar-20 \$'000	For the six months ended 31-Mar-19 \$'000	For Year ended 30-Sep-19 \$'000
Interest Income	56,849	32,729	66,975
Interest Expense	69,846	48,917	133,102

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 \$674.3 million owing to the Bank as at 31 March 2020 (31 March 2019: \$320.9 million). Of the \$674.3 million obligations, \$102.3 million are guarantees while loans total \$572.0 million, (31 March 2019: \$102.3 million were guarantees while loans totalled \$218.6 million). These obligations are included in balances shown in the Note (5).

7 CAPITAL COMMITMENTS

	As At 31-Mar-20 \$'000	As At 31-Mar-19 \$'000	As At 30-Sep-19 \$'000
Capital commitments for property and equipment:			
Authorised but not contracted for	901,851	641,261	925,101
Authorised and contracted for	20,629	53,998	27,098

8 FAIR VALUE

Asset carried at fair value

The Company's fair value through profit or loss investment security of \$218.5 million (2019: AFS - \$224.4 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-20 Carrying Amount	31-Mar-20 Fair Value	31-Mar-19 Carrying Amount	31-Mar-19 Fair Value
Assets:					
Investment securities (amortised cost)	Level 2	10,062,722	10,104,507	3,371,068	3,380,763
Loans and advances (amortised cost)	Level 2	31,280,317	31,540,565	26,402,405	26,758,690

The fair value of amortised cost 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.

The fair value of the property is considered to approximate the carrying value given its recent construction.

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