



**CITIZENS BANK**

*It's Where You Belong*

INTERIM FINANCIAL  
STATEMENTS 2018

INTERIM REPORT



CITIZENS BANK

## CHAIRMAN'S REPORT

Citizens Bank Guyana Inc. recorded a Profit After Taxation for the six months ended March 31, 2018 of \$277.7 million compared to \$288.7 million for the corresponding period last year.

Interest Income for the six-month period was \$1.4 billion, while Interest Expense was \$253.5 million, resulting in Net Interest Income of \$1.1 billion. Other Income was \$212.6 million, resulting in a surplus before Non-interest Expenses of \$1.3 billion the same as the corresponding period last year.

Operating Expenses were \$718.4 million compared to \$622.8 million for the corresponding period last year, while net impairment on financial assets was \$153.5 million compared to \$176.8 million for the corresponding period last year.

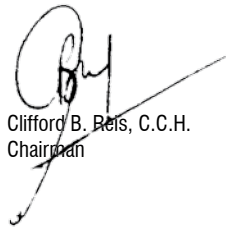
At March 31, 2018, the net loans and advances balance was \$26.1 billion, compared to \$28.6 billion at March 31, 2017. Net investments were \$6.3 billion, compared to \$5.5 billion at March 31, 2017.

Total deposits balance was \$39.6 billion, compared to \$39.4 billion at March 31, 2017.

The Board of Directors has approved an Interim Dividend of \$0.70 per share the same as the corresponding period in 2017.

While the economic and regulatory environment respectively will continue to pose challenges, Citizens Bank Guyana Inc remains ready to respond to the opportunities which the recent development within the petroleum and gas sector, and the need for a local content input, will present.

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.



Clifford B. Reis, C.C.H.  
Chairman

**CITIZENS BANK***It's Where You Belong*INTERIM FINANCIAL  
STATEMENTS 2018**INTERIM REPORT****STATEMENT OF INCOME**

For the Half Year Ended 31 March 2018

Thousands of Guyana Dollars	Unaudited For the three months ended 31-Mar-18	Unaudited For the three months ended 31-Mar-17	Unaudited For the six months ended 31-Mar-18	Unaudited For the six months ended 31-Mar-17	Audited For the year ended 30-Sep-17
INTEREST INCOME	663,397	687,702	1,370,114	1,399,255	3,134,263
INTEREST EXPENSE	(115,661)	(172,991)	(253,525)	(357,362)	(662,682)
<b>NET INTEREST INCOME</b>	<b>547,736</b>	<b>514,711</b>	<b>1,116,589</b>	<b>1,041,893</b>	<b>2,471,581</b>
OTHER INCOME	133,816	113,013	212,582	237,636	419,137
<b>TOTAL NET INCOME</b>	<b>681,552</b>	<b>627,724</b>	<b>1,329,171</b>	<b>1,279,529</b>	<b>2,890,718</b>
OPERATING EXPENSES	(353,300)	(315,858)	(718,364)	(622,841)	(1,370,977)
NET IMPAIRMENT ON FINANCIAL ASSETS	(54,585)	(94,449)	(153,465)	(176,815)	(298,174)
<b>PROFIT BEFORE TAXATION</b>	<b>273,667</b>	<b>217,417</b>	<b>457,342</b>	<b>479,873</b>	<b>1,221,567</b>
TAXATION CHARGE	(106,908)	(87,025)	(179,659)	(191,191)	(495,008)
<b>PROFIT AFTER TAXATION</b>	<b>166,759</b>	<b>130,392</b>	<b>277,683</b>	<b>288,682</b>	<b>726,559</b>
<b>EARNINGS PER SHARE</b>	<b>\$2.80</b>	<b>\$2.19</b>	<b>\$4.67</b>	<b>\$4.85</b>	<b>\$12.21</b>

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**STATEMENT OF COMPREHENSIVE INCOME**

For the Half Year Ended 31 March 2018

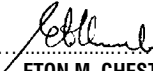
Thousands of Guyana Dollars	Unaudited For the three months ended 31-Mar-18	Unaudited For the three months ended 31-Mar-17	Unaudited For the six months ended 31-Mar-18	Unaudited For the six months ended 31-Mar-17	Audited For the year ended 30-Sep-17
<b>PROFIT AFTER TAXATION</b>	<b>166,759</b>	<b>130,392</b>	<b>277,683</b>	<b>288,682</b>	<b>726,559</b>
<b>OTHER COMPREHENSIVE INCOME:</b>					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Fair value loss on available-for-sale asset	(8,615)	(710)	(13,785)	(651)	(10,686)
Deferred tax credit on fair value loss on available-for-sale asset	3,446	284	5,514	260	4,275
	<b>(5,169)</b>	<b>(426)</b>	<b>(8,271)</b>	<b>(391)</b>	<b>(6,411)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>161,590</b>	<b>129,966</b>	<b>269,412</b>	<b>288,291</b>	<b>720,148</b>

Thousands of Guyana Dollars	Unaudited As At 31-Mar-18	Unaudited As At 31-Mar-17	Audited As At 30-Sep-17
<b>ASSETS</b>			
Cash and balances with Bank of Guyana	10,029,971	8,879,943	12,154,648
Amounts due from other banks	2,384,245	1,078,234	1,223,104
Investment securities	6,282,380	5,492,381	4,197,825
Loans and advances	26,083,022	28,568,823	28,181,255
Other assets	4,216,002	3,904,203	4,215,617
<b>TOTAL ASSETS</b>	<b>48,995,620</b>	<b>47,923,584</b>	<b>49,972,449</b>
<b>LIABILITIES</b>			
Customers' deposits	39,583,688	39,403,079	40,586,097
Other liabilities	1,048,746	697,961	1,173,595
<b>TOTAL LIABILITIES</b>	<b>40,632,434</b>	<b>40,101,040</b>	<b>41,759,692</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	594,913	594,913	594,913
Statutory reserve	594,913	594,913	594,913
General banking risk reserve	459,218	717,991	459,218
Other reserves	42,314	56,605	50,585
Retained earnings	6,671,828	5,858,122	6,513,128
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>8,363,186</b>	<b>7,822,544</b>	<b>8,212,757</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>48,995,620</b>	<b>47,923,584</b>	<b>49,972,449</b>

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
<b>For the three months ended 31 March 2017</b>							
As at beginning of period	594,913	594,913	58,061	(1,030)	717,991	5,793,170	7,758,018
Total comprehensive income	0	0	0	(426)	0	130,392	129,966
Dividend paid	0	0	0	0	0	(65,440)	(65,440)
<b>As at end of period</b>	<b>594,913</b>	<b>594,913</b>	<b>58,061</b>	<b>(1,456)</b>	<b>717,991</b>	<b>5,858,122</b>	<b>7,822,544</b>
<b>For the three months ended 31 March 2018</b>							
As at beginning of period	594,913	594,913	58,061	(10,578)	717,991	6,365,279	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)
<b>As at end of period</b>	<b>594,913</b>	<b>594,913</b>	<b>58,061</b>	<b>(15,747)</b>	<b>717,991</b>	<b>6,413,055</b>	<b>8,363,186</b>
<b>For the six months ended 31 March 2017</b>							
As at beginning of period	594,913	594,913	58,061	(1,065)	717,991	5,634,880	7,599,693
Total comprehensive income	0	0	0	(391)	0	288,682	288,291
Dividend paid	0	0	0	0	0	(65,440)	(65,440)
<b>As at end of period</b>	<b>594,913</b>	<b>594,913</b>	<b>58,061</b>	<b>(1,456)</b>	<b>717,991</b>	<b>5,858,122</b>	<b>7,822,544</b>
<b>For the six months ended 31 March 2018</b>							
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)
<b>As at end of period</b>	<b>594,913</b>	<b>594,913</b>	<b>58,061</b>	<b>(15,747)</b>	<b>459,218</b>	<b>6,671,828</b>	<b>8,363,186</b>

Thousands of Guyana Dollars	Unaudited For the three months ended 31-Mar-18	Unaudited For the three months ended 31-Mar-17	Unaudited For the six months ended 31-Mar-18	Unaudited For the six months ended 31-Mar-17	Audited For the year ended 30-Sep-17
<b>OPERATING ACTIVITIES</b>					
Profit before taxation	273,667	217,417	457,342	479,873	1,221,567
Adjustments to reconcile net profit to net cash provided by operating activities:					
Adjustment for non - cash items	60,177	46,286	124,475	72,504	238,914
Decrease in operating assets	53,403	522,626	2,019,743	195,124	864,784
Decrease in operating liabilities	(934,505)	(364,361)	(1,138,354)	(2,515,248)	(1,267,407)
Reserve requirement with Bank of Guyana	221,533	(20,801)	260,162	438,778	95,235
Taxes paid	(104,045)	(58,594)	(163,048)	(58,619)	(92,112)
<b>NET CASH (OUTFLOW) / INFLOW - OPERATING ACTIVITIES</b>	<b>(429,770)</b>	<b>342,573</b>	<b>1,560,320</b>	<b>(1,387,588)</b>	<b>1,060,981</b>
<b>INVESTING ACTIVITIES</b>					
Net movement of investment securities	(1,115,792)	(1,488,357)	(2,093,545)	(3,853,486)	(2,696,460)
Purchase of property and equipment	(10,893)	0	(13,039)	(2,531)	(550,571)
Purchase of intangible assets	(36,233)	0	(42,420)	0	(47,347)
Proceeds from sale of property and equipment	4,293	0	4,293	0	1,850
<b>NET CASH OUTFLOW - INVESTING ACTIVITIES</b>	<b>(1,158,625)</b>	<b>(1,488,357)</b>	<b>(2,144,711)</b>	<b>(3,856,017)</b>	<b>(3,292,528)</b>
<b>FINANCING ACTIVITIES</b>					
Dividends paid	(118,983)	(65,440)	(118,983)	(65,440)	(107,084)
<b>NET CASH OUTFLOW- FINANCING ACTIVITIES</b>	<b>(118,983)</b>	<b>(65,440)</b>	<b>(118,983)</b>	<b>(65,440)</b>	<b>(107,084)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,707,378)</b>	<b>(1,211,224)</b>	<b>(703,374)</b>	<b>(5,309,045)</b>	<b>(2,338,631)</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD</b>	<b>9,582,290</b>	<b>6,819,096</b>	<b>8,578,286</b>	<b>10,916,917</b>	<b>10,916,917</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>7,874,912</b>	<b>5,607,872</b>	<b>7,874,912</b>	<b>5,607,872</b>	<b>8,578,286</b>

## 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 2017.

## 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	10,001	Nil

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-18 \$'000	As At 31-Mar-17 \$'000	As At 30-Sep-17 \$'000
Loans	1,192,860	1,579,037	1,357,995
Deposits	11,909,466	10,430,431	11,991,580
Letters of Credit & Guarantees	144,099	100,363	143,361
	<b>For the six months ended 31-Mar-18 \$'000</b>	<b>For the six months ended 31-Mar-17 \$'000</b>	<b>For Year Ended 30-Sep-17 \$'000</b>
Interest Income	51,844	59,370	115,357
Interest Expense	66,849	72,822	116,094

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 \$605.0 million owing to the Bank as at 31 March 2018 (31 March 2017: \$1,169.9 million). Of the \$605.0 million obligations, \$102.3 million are guarantees while loans total \$502.7 million, (31 March 2017: \$78.3 million were guarantees while loans totalled \$1,091.6 million). These obligations are included in balances shown in the Note (5).

## 7 CAPITAL COMMITMENTS

	As At 31-Mar-18 \$'000	As At 31-Mar-17 \$'000	As At 30-Sep-17 \$'000
Capital commitments for property and equipment:			
Authorised but not contracted for	383,766	90,521	395,735
Authorised and contracted for	29,410	8,694	145,946

## 8 FAIR VALUE

*Asset carried at fair value*

The Company's available -for-sale investment security of \$204.2 million (2017: \$133.2 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-18	31-Mar-18	31-Mar-17	31-Mar-17
	IFRS 13 Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:					
Investment securities (Held -to-maturity)	Level 2	6,078,146	6,119,777	5,359,152	5,375,879
Loans and advances	Level 2	26,083,022	26,623,061	28,568,823	29,201,523

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.