



CITIZENS BANK

It's Where You Belong

INTERIM FINANCIAL
STATEMENTS 2017

INTERIM REPORT

For the Half Year Ended 31 March 2017



CHAIRMAN'S REPORT

Citizens Bank Guyana Inc. recorded a Profit After Taxation for the six months ended March 31, 2017 of \$288.7 million compared to \$440.8 million for the corresponding period last year.

Interest Income for the six-month period was \$1.4 billion, while Interest Expense was \$357.4 million, resulting in Net Interest Income of \$1.0 billion. Other Income was \$237.6 million, resulting in a surplus before Non-interest Expenses of \$1.3 billion compared to \$1.4 billion for the corresponding period last year.

Operating Expenses were \$622.8 million compared to \$621.6 million for the corresponding period last year, while net impairment on financial assets was \$176.8 million compared to \$64.7 million for the corresponding period last year.

At March 31, 2017, the net loans and advances balance was \$28.6 billion, compared to \$29.4 billion at March 31, 2016. Net investments were \$5.5 billion, compared to \$1.6 billion at March 31, 2016.

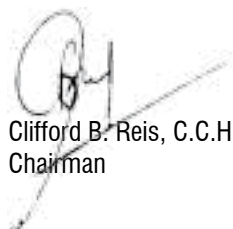
Total deposits balance was \$39.4 billion, compared to \$38.3 billion at March 31, 2016.

The Board of Directors has approved an Interim Dividend of \$0.70 per share, the same as the corresponding period in 2016.

Our new corporate offices and main branch situated at 231-233 Camp and South Streets, Lacytown, Georgetown, was opened to the public on January 23, 2017, significantly improving our delivery of service to our customers and stakeholders.

The remaining six months of our financial year will require us to overcome the many challenges in the economic and regulatory environment respectively. Citizens Bank Guyana Inc is however, optimistic that our strategies will yield a satisfactory performance and increased shareholders' 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.



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

Thousand of Guyana Dollars	Unaudited For the three months ended 31-Mar-17	Unaudited For the three months ended 31-Mar-16	Unaudited For the six months ended 31-Mar-17	Unaudited For the six months ended 31-Mar-16	Audited For the year ended 30-Sep-16
INTEREST INCOME	687,702	768,578	1,399,255	1,553,588	2,825,771
INTEREST EXPENSE	(172,991)	(177,264)	(357,362)	(342,980)	(715,245)
NET INTEREST INCOME	514,711	591,314	1,041,893	1,210,608	2,110,526
OTHER INCOME	113,013	100,464	237,636	206,243	440,094
TOTAL NET INCOME	627,724	691,778	1,279,529	1,416,851	2,550,620
OPERATING EXPENSES	(315,858)	(298,532)	(622,841)	(621,621)	(1,242,921)
NET IMPAIRMENT ON FINANCIAL ASSETS	(94,449)	(31,380)	(176,815)	(64,706)	(548,443)
PROFIT BEFORE TAXATION	217,417	361,866	479,873	730,524	759,256
TAXATION CHARGE	(87,025)	(148,073)	(191,191)	(289,684)	(280,131)
PROFIT AFTER TAXATION	130,392	213,793	288,682	440,840	479,125
EARNINGS PER SHARE	\$2.19	\$3.59	\$4.85	\$7.41	\$8.05

Thousand of Guyana Dollars	Unaudited For the three months ended 31-Mar-17	Unaudited For the three months ended 31-Mar-16	Unaudited For the six months ended 31-Mar-17	Unaudited For the six months ended 31-Mar-16	Audited For the year ended 30-Sep-16
PROFIT AFTER TAXATION	130,392	213,793	288,682	440,840	479,125
OTHER COMPREHENSIVE INCOME:					
<i>Items that will not be reclassified to profit or loss</i>					
Revaluation of property	0	0	0	0	28,960
Deferred tax charge arising on revaluation of property	0	0	0	0	(5,063)
<i>Items that may be subsequently reclassified to profit or loss</i>					
Fair value (loss) / gain on available-for-sale asset	(710)	(1,125)	(651)	355	650
Deferred tax credit / (charge) on fair value (loss) / gain on available-for-sale asset	284	450	260	(142)	(262)
	(426)	(675)	(391)	213	24,285
TOTAL COMPREHENSIVE INCOME	129,966	213,118	288,291	441,053	503,410

Thousand of Guyana Dollars	Unaudited As At 31-Mar-17	Unaudited As At 31-Mar-16	Audited As At 30-Sep-16
ASSETS			
Cash and balances with Bank of Guyana	8,879,943	6,827,773	10,390,854
Amounts due from other banks	1,078,234	5,882,697	5,315,705
Investment securities	5,492,381	1,635,689	1,638,988
Loans and advances	28,568,823	29,433,130	29,159,713
Other assets	3,904,203	2,939,092	3,718,678
TOTAL ASSETS	47,923,584	46,718,381	50,223,938
LIABILITIES			
Customers' deposits	39,403,079	38,274,798	42,092,034
Other liabilities	697,961	864,603	532,211
TOTAL LIABILITIES	40,101,040	39,139,401	42,624,245
SHAREHOLDERS' EQUITY			
Share capital	594,913	594,913	594,913
Statutory reserve	594,913	594,913	594,913
General banking risk reserve	717,991	440,058	717,991
Other reserves	56,605	32,924	56,996
Retained earnings	5,858,122	5,916,172	5,634,880
TOTAL SHAREHOLDERS' EQUITY	7,822,544	7,578,980	7,599,693
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	47,923,584	46,718,381	50,223,938

On behalf of the Board of Directors



CLIFFORD B. REIS
CHAIRMAN



ETON M. CHESTER
MANAGING DIRECTOR

Thousand 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 2016							
As at beginning of period	594,913	594,913	34,164	(565)	383,372	5,860,200	7,466,997
Total comprehensive income	0	0	0	(675)	0	213,793	213,118
Transfer to general banking risk reserve	0	0	0	0	56,686	(56,686)	0
Dividend paid	0	0	0	0	0	(101,135)	(101,135)
As at end of period	594,913	594,913	34,164	(1,240)	440,058	5,916,172	7,578,980
For the three months ended 31 March 2017							
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)
As at end of period	594,913	594,913	58,061	(1,456)	717,991	5,858,122	7,822,544
For the six months ended 31 March 2016							
As at beginning of period	594,913	594,913	34,164	(1,453)	587,088	5,429,437	7,239,062
Total comprehensive income	0	0	0	213	0	440,840	441,053
Transfer from general banking risk reserve	0	0	0	0	(147,030)	147,030	0
Dividend paid	0	0	0	0	0	(101,135)	(101,135)
As at end of period	594,913	594,913	34,164	(1,240)	440,058	5,916,172	7,578,980
For the six months ended 31 March 2017							
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)
As at end of period	594,913	594,913	58,061	(1,456)	717,991	5,858,122	7,822,544

Thousand of Guyana Dollars	Unaudited For the three months 31-Mar-17	Unaudited For the three months ended 31-Mar-16	Unaudited For the six months ended 31-Mar-17	Unaudited For the six months ended 31-Mar-16	Audited For the year ended 30-Sep-16
OPERATING ACTIVITIES					
Profit before taxation	217,417	361,866	479,873	730,524	759,256
Adjustments to reconcile net profit to net cash provided by operating activities:					
Adjustment for non - cash items	46,286	28,054	72,504	59,450	133,946
Decrease in operating assets	522,626	384,190	195,124	997,476	1,528,776
(Decrease) / increase in operating liabilities	(364,361)	(319,428)	(2,515,248)	3,235,194	6,847,882
Reserve requirement with Bank of Guyana	(20,801)	(56,865)	438,778	(409,096)	(985,031)
Taxes paid	(58,594)	(125,886)	(58,619)	(263,327)	(524,443)
NET CASH INFLOW / (OUTFLOW) - INVESTING ACTIVITIES	342,573	271,931	(1,387,588)	4,350,221	7,760,386
INVESTING ACTIVITIES					
Net movement of investment securities	(1,488,357)	(97,451)	(3,853,486)	(1,094,490)	(1,089,293)
Purchase of property and equipment	0	(5,362)	(2,531)	(13,734)	(909,618)
Purchase of intangible assets	0	0	0	(4,586)	(61,072)
Proceeds from sale of property and equipment	0	5,215	0	6,015	6,015
NET CASH OUTFLOW - INVESTING ACTIVITIES	(1,488,357)	(97,598)	(3,856,017)	(1,106,795)	(2,053,968)
FINANCING ACTIVITIES					
Dividends paid	(65,440)	(101,135)	(65,440)	(101,135)	(142,779)
NET CASH OUTFLOW- FINANCING ACTIVITIES	(65,440)	(101,135)	(65,440)	(101,135)	(142,779)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,211,224)	73,198	(5,309,045)	3,142,291	5,563,639
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	6,819,096	8,422,371	10,916,917	5,353,278	5,353,278
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,607,872	8,495,569	5,607,872	8,495,569	10,916,917

1 ACCOUNTING POLICIES

These interim financial statements were prepared to comply with Supervisor 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 2016.

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	4,131,356

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-17 \$'000	As At 31-Mar-16 \$'000	As At 30-Sep-16 \$'000
Loans	1,579,037	1,180,404	1,086,587
Deposits	10,430,431	10,071,780	12,324,143
Letters of Credit & Guarantees	100,363	25,251	34,644
	For Half Year Ended 31-Mar-17 \$'000	For Half Year Ended 31-Mar-16 \$'000	For Year Ended 30-Sep-16 \$'000
Interest Income	59,370	55,003	103,037
Interest Expense	72,822	23,459	75,416

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 \$1,169.9 million owing to the Bank as at 31 March 2017 (31 March 2016: \$568.5 million). Of the \$1,169.9 million obligations, \$78.3 million are letters of credit and guarantees while loans total \$1,091.6 million, (31 March 2016: \$15.0 million were guarantees while loans totalled \$553.5 million). These obligations are included in balances shown in the Note (5).

7 CAPITAL COMMITMENTS

	As At 31-Mar-17 \$'000	As At 31-Mar-16 \$'000	As At 30-Sep-16 \$'000
Capital commitments for property and equipment:			
Authorised but not contracted for	90,521	209,994	90,521
Authorised and contracted for	8,694	558,282	158,694

8 FAIR VALUE

Asset carried at fair value

The Company's available -for-sale investment security of \$133.2 million (2016: \$133.6 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.

	IFRS 13 Level	31-Mar-17 Carrying Amount	31-Mar-17 Fair Value	31-Mar-16 Carrying Amount	31-Mar-16 Fair Value
Assets:					
Investment securities (Held -to-maturity)	Level 2	5,359,152	5,375,879	1,502,105	1,523,453
Loans and advances	Level 2	28,568,823	29,201,523	29,433,130	29,728,123

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.