

**BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

AND

INDEPENDENT AUDITORS' REPORT



MAURICE SOLOMON & CO.
Correspondent firm  Grant Thornton

I N D E X

	PAGE(S)
REPORT OF THE AUDITORS	1/2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7/39

MAURICE SOLOMON & CO.

Chartered Accountants/ Management Consultants
Correspondent firm  Grant Thornton

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BANK OF BARODA (GUYANA) INC. (SUBSIDIARY OF BANK OF BARODA (INDIA))

We have audited the accompanying financial statements of the Bank of Baroda (Guyana) Inc. which comprise the statement of financial position as at 31 March 2013, the statement of income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in pages 3 to 39.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards and the Financial Institutions Act 1995. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These 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 risk 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 the Bank of Baroda (Guyana) Inc. as at 31 March 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Financial Institutions Act 1995.



Maurice Solomon & Co.
Chartered Accountants
Correspondent firm  Grant Thornton

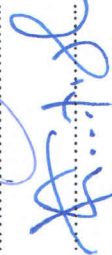
29th April 2013

BANK OF BARODA (GUYANA) INC
(SUBSIDIARY OF BANK OF BARODA (INDIA))
STATEMENT OF FINANCIAL POSITION
As at 31 March, 2013

	Notes	31.3.2013	31.3.2012	Notes	31.3.2013	31.3.2012
		<u>G\$ 000</u>	<u>G\$ 000</u>		<u>G\$ 000</u>	<u>G\$ 000</u>
ASSETS						
Cash and short term funds						
Cash and cash equivalents	6 (a)	2,490,722	1,351,619	Customers' deposits	11	10,359,994
Statutory deposit with Bank of Guyana	6 (b)	1,729,197	2,108,536	Deferred tax		32,624
				Taxation payable		21,049
				Other liabilities	12	139,662
						156,680
Investments	7	4,219,919	3,460,155			9,481,424
Loan and advances	8	4,002,345	4,398,480			
		3,683,699	2,788,808			
Property, plant and equipment	9	225,384	231,219	Share capital	13	750,000
Tax recoverable		309	309	Retained earnings		750,715
				Statutory reserve	14	148,426
Other assets	10	70,813	89,502			124,112
		12,202,469	10,968,473			10,968,473

These financial statements were approved by the Board of Directors on 28 April, 2013 and signed on behalf of the Board by

..... Chief Executive Officer and Director



..... Company Secretary

The accompanying notes form an integral part of these financial statements.

BANK OF BARODA (GUYANA) INC
(SUBSIDIARY OF BANK OF BARODA (INDIA))
STATEMENT OF INCOME
For the year ended 31 March, 2013

		2012/2013	2011/2012
	Notes	<u>G\$ 000</u>	<u>G\$ 000</u>
Interest income			
Loans and advances		367,052	274,319
Investments		63,272	153,533
Local bank deposits		4,344	285
Foreign bank deposits		27,320	18,993
		<u>461,988</u>	<u>447,130</u>
Interest expense			
Savings deposits		26,371	26,802
Term deposits		41,869	44,706
Other		88,193	108,736
		<u>156,433</u>	<u>180,244</u>
Net interest income		305,555	266,886
Other income	15	114,261	108,953
Net interest and other income		<u>419,816</u>	<u>375,839</u>
Non interest expenses	16	131,597	114,095
Net income before taxation		288,219	261,744
Taxation	17	(126,128)	(125,946)
Profit after taxation		<u>162,091</u>	<u>135,798</u>

The accompanying notes form an integral part of these financial statements.

**BANK OF BARODA (GUYANA) INC
(SUBSIDIARY OF BANK OF BARODA (INDIA))
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March, 2013**

	Share Capital	Retained Earnings	Statutory Reserve	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Year Ended 31 March 2013				
Balance as at beginning of year	750,000	612,937	124,112	1,487,049
Profit for the year	-	162,091	-	162,091
Increase in share capital	-	-	-	-
Transfer	-	(24,314)	24,314	-
Balance as at end of year	<u>750,000</u>	<u>750,715</u>	<u>148,426</u>	<u>1,649,140</u>
Year Ended 31 March 2012				
Balance as at beginning of year	750,000	497,509	103,742	1,351,251
Profit for the year	-	135,798	-	135,798
Increase in share capital	-	-	-	-
Transfer	-	(20,370)	20,370	-
Balance as at end of year	<u>750,000</u>	<u>612,937</u>	<u>124,112</u>	<u>1,487,049</u>

The accompanying notes form an integral part of these financial statements.

BANK OF BARODA (GUYANA) INC
(SUBSIDIARY OF BANK OF BARODA (INDIA))
STATEMENT OF CASH FLOWS
For the year ended 31 March, 2013

		2012/2013	2011/2012
	Notes	<u>G\$ 000</u>	<u>G\$ 000</u>
Cash flows from operating activities			
Net income before taxation		288,219	261,744
Adjustments for:			
Loss / (Gain) on disposal of fixed assets		12,399	(2,164)
Depreciation		10,279	8,764
		-----	-----
Operating profit before working capital changes		310,897	268,344
Increase in customers' loans		(894,891)	(603,264)
(Decrease) / Increase in statutory deposit with BOG		379,339	(1,204,867)
Increase in customers' deposits		1,090,039	1,537,125
(Decrease) / Increase in other liabilities		(17,018)	13,386
Decrease / (Increase) in other assets		18,689	9,611
Taxes paid		(139,585)	(135,007)
		-----	-----
Net cash from operating activities		747,470	(114,672)
Cash flows from investing activities			
(Increase) / Decrease in investments		396,135	653,772
Proceeds from disposal of fixed assets		-	7,318
(Increase) in property, plant and equipment		(4,456)	(35,607)
		-----	-----
Net cash used from investing activities		391,679	625,483
Financing Activity			
Increase in share capital		-	-
		-----	-----
Increase in cash and cash equivalents		1,139,149	510,811
Cash and cash equivalents, beginning of year		1,351,635	840,824
		-----	-----
Cash and cash equivalents at end of year	6 (c)	<u>2,490,784</u>	<u>1,351,635</u>

The accompanying notes form an integral part of these financial statements.

1. INCORPORATION AND BUSINESS ACTIVITIES

The company was registered as a banking institution in Guyana on 1 March 1999 and commenced operations on 25 May 1999. The registered office of the company is Lot 10 Regent and Avenue of the Republic, Georgetown, Guyana.

The company is licensed to carry on the business of banking operations in accordance with the provisions of the Financial Institutions Act 1995.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

- a) Standards, amendments and interpretations effective in 2012 that are either not relevant or with no material impact on the Company's financial reporting.**

IAS 1 Presentation of Items of Other Comprehensive Income- Amendments to IAS 1

IAS 12 Income Taxes (Amendment)- Deferred Taxes: Recovery of Underlying Assets

IAS 24 Related Party Transactions (Amendment)

IAS 32 Financial Instruments: Presentation (Amendment)

IFRS 7 Financial Instruments: Disclosures (Amendment)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 BASIS OF PREPARATION (cont'd)

- b) **Standards, amendments and interpretations to existing standards that are not yet effective and are not expected to have a significant impact on the Company's financial reporting.**

IAS 19 - Employee Benefits (Revised) (1 January, 2013)

The revised standard introduces primary amendments to the recognition and presentation of defined benefit plans as well as to the required disclosures. The fundamental change of the revision will be the removing of the corridor method as it relates to the recognition of actuarial gains and losses. Actuarial gains and losses will be recognised directly in Other Comprehensive Income.

IAS 27 - Separate Financial Statements (1 January, 2013)

The Standard calls for an entity preparing separate financial statements, to account for investments in subsidiaries, associates, and jointly controlled entities at either cost, or in accordance with IFRS 9 Financial Instruments. It also covers with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.

IAS 28 - Investments in Associates and Joint Ventures (Revised) (1 January, 2013)

IFRS 9- Classification Benefits and Measurement - Phase 1 (1 January 2015)

All known financial asset that currently falls within the scope of IAS 39 Financial Instruments: Recognition and Measurement will be consequently be measured at amortised cost or fair value. The impairment of financial assets and hedge accounting phases are still on going.

IFRS 10- Consolidated Financial Statements (1 January 2013)

Management will be required to exercise significant judgement when assessing which entities are controlled and required to be consolidated by a parent as compared with what was required in IAS 27.

IFRS 11- Joint Arrangement (1 January 2013)

The principle is that a party to a joint arrangement recognises its rights and obligations arising from the arrangement. It is an improvement on IAS 31 because it establishes a clear principle that is applicable to the accounting for all joint arrangements.

IFRS 12- Disclosure of Interests in Other Entities (1 January 2013)

This standard requires an extensive range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'.

IFRS 13 - Fair Value Measurement (1 January, 2013)

Defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements.

As previously mentioned, all of the above listed amendments and interpretations are either not relevant or have no material impact on the Company's financial reporting.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3. Summary of significant accounting policies

3.1 Accounting convention

The financial statements have been prepared under the historical cost convention and conform with the International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana. The principal accounting policies are set out below.

3.2 Interest Income:

Interest Income for all interest bearing financial instruments is recognized in the statement of income on an accrual basis using the effective interest yield method. The effective interest yield is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

3. Summary of significant accounting policies

3.3 Non-Interest Income:

The Bank earns fee income from a diverse range of services provided to its customers. Income earned from the provision of services is recognized as revenue as the services are provided. Fees and commissions are recognized as earned. Examples of these types of accounts are:

- Commitment Fees - negotiation, application fees for new loan accounts
- Drafts and Transfers - cost of drafts, telegraphic transfer
- Ledger Fees - charge for new cheque book
- Safe Custody - annual rental of safe deposit boxes

3.4 Foreign currency transactions

Transactions in currencies other than Guyana dollars are recorded at the official or Cambio rates of exchange prevailing on the dates of the transaction.

At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the official or Cambio rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised in the statement of comprehensive income.

3.5 Property, Plant and equipment

Property, Plant and equipment are stated generally at historical cost, except for those measured at fair value, when they are tested for impairment. Historical cost includes expenditure directly attributable to the acquisition of the items.

At the end of each reporting period, the Bank reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the statement of net income during the financial period in which they are incurred.

3. Summary of significant accounting policies (cont'd)

3.5 Property, Plant and equipment (cont'd)

Freehold building and computer equipment are depreciated on straight line method to write off the assets over their useful estimated lives. All other property and equipment are depreciated on the reducing balance method at rates sufficient to write off the cost of these assets to their residual values over their estimated useful lives as follows:-

Freehold Building	2%
Computer Equipment	33 (1/3)%
Equipment including furniture and fixtures	10-20 %
Motor Vehicles	20%

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

3.6 Financial Instruments

3.6.1 Classification

Financial assets and liabilities are recognized on the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instruments.

These instruments are intended to be held on a continuing basis and are recognized when the Bank enters into contractual arrangements with the counterparties to purchase securities.

Financial instruments carried on the statement of financial position include investment securities, loans and overdrafts, receivables, customer's deposits, payables, accruals, borrowing and cash resources. The recognition methods adopted for loans and overdrafts and investment securities are disclosed in the individual policy statements.

Cash and short term funds

Cash and short term funds comprise of cash and due by and to banks and deposits with Bank of Guyana in excess of the required reserve.

These are readily convertible to a known amount of cash, with maturity dates of less than three (3)

Other Receivables

Other Receivables' are measured at amortised cost. Appropriate allowances for estimated unrecoverable amounts are recognized in the statement of income when there is objective evidence that the asset is impaired. The allowance recognized is based on management's evaluation of the collectability of the receivables.

Deposits and Other Payables

Other payables' are measured at amortised cost.

Derecognition

Other receivables' and 'cash and short term funds' are derecognized when the right to receive cash flows from the asset has expired.

Financial liabilities are derecognized when they are extinguished, i.e. when the obligation is discharged, cancelled or expired.

3. Summary of significant accounting policies (cont'd)

3.6 Financial Instruments

3.6.2 Investments

The bank classifies its investments portfolio into the following category:
"Held to maturity investments".

"Held to maturity investments" are those with fixed or determinable payments and fixed maturity for which the Bank has the positive intent and ability to hold to maturity. "Held to maturity investments" are measured at amortised cost using the effective interest rate method. Any gain or loss on these investments is recognized in the statement of income when the assets are derecognized or impaired.

Where a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows. When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Derecognition of provisions

Provisions are derecognized when it is no longer probable that an outflow of economic resources will be required to settle the obligation.

3.6.3 Reporting Divisions

The bank's operations are considered a single business unit with certain operations carried out within Guyana and outside of Guyana.

3.6.4 Critical accounting judgments and key sources of estimation uncertainty

It is the directors' responsibility to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent.

The preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimated.

Critical judgements in applying accounting policies

Impairment losses on loans and advances:

The Bank on a regular basis reviews its portfolio of loans with a view of assessing impairment. This is done in addition to what is required under the Financial Institutions Act 1995 with respect to provisioning. Certain judgments are made that reflect the Bank's assessment of several critical factors that can influence future cash flows.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statement.

3. Summary of significant accounting policies (cont'd)

3.6.4 Critical accounting judgments and key sources of estimation uncertainty (cont'd)

Useful lives of plant and equipment:

Management reviews the estimated useful lives of plant and equipment at the end of each year to determine whether the useful lives of plant and equipment should remain the same.

Impairment of financial assets:

Management makes judgment at the end of each reporting period to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

Held to maturity:

Management makes judgment at the end of each reporting period to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

3.7 Loans and advances

Loans and advances to customers comprise of loans and advances originated by the bank and are classified as financial assets at amortised cost.

All loans and advances are recognised when cash is advanced to borrowers and are derecognised when borrowers repay their obligation and when the loan is written off. Loans are written off when all necessary legal procedures have been completed and the amount of the loss is finally determined.

Upon classification of a loan to non-accrual status, interest ceased to accrue and all previously accrued and unpaid interest is reversed in the current period.

Loans and advances are generally returned to accrual status when the timely both principal and interest is reasonably assured and all delinquent principal and collection of interest payments are brought current.

Loan Impairment

It is the Bank's policy to provide for impaired loans on a consistent basis in accordance with the Financial Institutions Act (FIA) 1995 and established International Accounting Standards and Practices. Loans and advances to customers include loans and advances originated by the Bank and are classified as Financial Assets at amortised cost. Loans and advances are recognized when cash is advanced to borrowers and are derecognized when borrowers repay their obligations or when written off.

Losses for impaired loans are recognized promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment losses are calculated on individual loans and on loans assessed collectively.

3.7.1 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

3. Summary of significant accounting policies (cont'd)

3.7.1 Provisions (cont'd)

Classification

The Financial Institutions Act 1995 requires that a Financial Institution shall report in its monthly statement of assets and liabilities, the outstanding balance of its loan portfolio considered to be past due and those considered to be non-performing.

Past Due

A loan is classified as past due when:

- (i) Principal or interest is due and unpaid for one month to less than three months or
- (ii) Interest charges for one to two months have been capitalized, refinanced or rolled over.

Non- Performing Loans

For individually assessed accounts, loans are required to be designated as non-performing as soon as there is objective evidence that an impairment loss has been incurred. Objective evidence of impairment includes observable data such as when contractual payments of principal or interest are 90 days overdue. Portfolio of loans are designed as non- performing if facilities are 90 days or more overdue.

Loan Accounts reported as past due are reclassified and reported as non-performing when:

- (i) Principal or interest is due and unpaid for three months or more, or
- (ii) Interest charges for three months or more have been capitalized, refinanced or rolled over.

Loan losses

The Financial Institutions Act 1995 prescribes that a loan be classified as loss where one or more of the following conditions apply:

- (i) An account is considered uncollectible.
- (ii) An account classified as doubtful with little or no improvement over the twelve months period.
- (iii) The unsecured portion of a loan with fixed repayment dates when:-
 - 1) Principal or interest is due and unpaid for twelve months or more, or
 - 2) Interest charges for twelve months or more have been capitalized, refinanced or rolled over
 - 3) Principal or interest is due and unpaid for twelve months or more, or
 - 4) Interest charges for twelve months or more have been capitalized, refinanced or rolled over.

Loans under this category include accounts which are considered uncollectible or for which the collection of the full debt is improbable; accounts which have shown little or no improvement over the twelve months period prior to its present classification; principal or interest is due and unpaid for twelve months or more; or an account which may have some recovery value but is not considered practical nor desirable to defer write-off, for example, where litigations becomes protracted.

Provisioning for each classification categories are made based on the following minimum level:

<u>Classification</u>	<u>Level of Provision</u>
Pass	0%
Special Mention	0%
Sub-standard	0-20%
Past Due	20%
Non Performing	100%

3. Summary of significant accounting policies (cont'd)

3.7.1 Provisions (cont'd)

Renegotiated Loans:

The Bank's policy in relation to renegotiated loans is in accordance with the Financial Institutions Act (FIA) of 1995 - Supervision Guideline No.5, paragraph No.14. This Act states that a renegotiated facility may be a facility which has been refinanced, rescheduled, hived-off, rolled-over, or otherwise modified because of weakness in the borrower's financial position or the non-servicing of the debt as arranged, where it has been determined by the Bank that the terms of the renegotiated loan are such as to remedy the specific difficulties faced by the borrower.

3.8 Revenue Recognition

Loans and Investments

Interest income is accounted for on the accrual basis for investments and for all loans other than non-accrual loans using the effective interest rate method. When a loan is classified as non-accrual, any previously accrued but unpaid interest thereon is reversed against income in the current period. Thereafter, interest income is recognised only after the loan reverts to performing status.

3.9 Pension

The Bank maintains a defined contribution plan which offers its employees retirement benefits depending on the contributions. The Bank contribution's contribution to the Scheme for the year was G\$ (2012/2013 G\$576,000).

3.10 Cash and cash equivalents

cash and cash equivalents comprise of cash on hand and short term highly liquid investments that are both readily convertible into known amounts of cash and so maturity that they present insignificant risk of changes in value due to changing near to interest rates.

3.11 Acceptances, guarantees, and letters of credit

The Bank's commitments under acceptances, guarantees and letters of credit have been excluded from these financial statements because they do not meet the criteria for recognition. These commitments as at March 31, 2013 amounted to \$1,079,410,000 (\$1,031,052,000 in 2012) In the event of a call on these commitments, the Bank has equal and offsetting claims against its customers.

3.12 Taxation

Tax expense for the period comprises current and deferred Tax. Tax is recognised in the statement of net income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Bank's liability for current tax is calculated using tax rates that have been enacted in Guyana at the end of each reporting period.

3. Summary of significant accounting policies (cont'd)

3.12 Taxation (cont'd)

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the assets realized based on tax rates (tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit and loss, except when it relates to items charged or credited to the statement of comprehensive income, in which case the deferred tax is also dealt with in the statement of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current liabilities, and when they relate to income taxes levied by the same taxation authority, and the Bank intends to settle its current tax assets and liabilities on a net basis.

4. Financial risk management

The Bank's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Bank's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Bank's performance.

Management is responsible for the overall risk management approach and for approving the risk strategies and principles.

The Bank's management monitor and manages the financial risks relating to the operations of the Bank through internal risk reports which analyse exposures by degree and magnitude of risks.

The Bank's risks are measured using methods which reflect the expected loss likely to arise in normal circumstances.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is

4.1 Statutory Reserve

The Financial Institutions Act 1995 requires that a minimum of 15% of the net profit after deduction of taxes in each year must be transferred to a statutory reserve account until the balance on this reserve is not less than the paid up capital. This reserve is not distributable.

4.2 Reserve Requirement

The Bank of Guyana requires that each commercial Bank maintain a current account with a balance of 12% of their time and demand liabilities calculated on a weekly basis.

4. Financial risk management cont'd

4.3 Financial risk management objectives.

The Bank's management monitors and manages the financial risks relating to the operations of the Bank through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The bank seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk which are approved by the board of directors.

(a) *Market risk*

The Bank's activities expose it to financial risks of changes in foreign currency exchange rates and interest rates. The Bank uses gap analysis, interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest and foreign currency risk.

There has been no change in the Bank's exposure to market risks or the manner in which it manages these risks.

(b) *Price Risk*

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio to minimise the risk.

The Bank does not actively trade in equity instruments.

The Bank's exposure to equity price risks arising from equity investments is not material to the financial statements.

(c) *Interest rate risk*

The Bank is exposed to interest rate risk but the Bank's sensitivity to interest is immaterial as its financial instruments are substantially at fixed rates. The Bank's exposure to interest rate risk on financial assets and financial liabilities are disclosed on pages 19 and 20.

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

4.4 Financial Risk Management

Market risk (cont'd)

(i) *Interest rate risk*

	Maturing 31.3.2013					Total
	Within 1	1 to 2	Over 5	Non interest	G\$ 000	
	year	years	years	Bearing		
G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	
Assets						
Cash resources	2,490,722	-	1,729,197	-	-	4,219,919
Loans and advances (net)	1,766,132	646,165	1,271,402			3,683,699
Investments	4,002,345	-	-	-	-	4,002,345
Tax recoverable	-	-	-	309	309	309
Other assets	-	-	-	70,813	70,813	70,813
	8,259,199	646,165	3,000,599	71,122	11,977,085	
Liabilities, assigned capital, reserves and head office account						
Term' deposit	6,849,365	-	-	-	-	6,849,365
Demand' deposit	-	-	-	1,773,662	1,773,662	1,773,662
Savings' deposit	1,736,967	-	-	-	-	1,736,967
Tax Payable	-	-	-	21,049	21,049	21,049
Other	-	-	-	139,662	139,662	139,662
	8,586,332	-	-	1,934,373	10,520,705	
Interest sensitivity gap	(327,133)	646,165	3,000,599	(1,863,251)	1,456,380	

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

4.4 Financial risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

	Maturing 31.3.2012					Total
	Within 1	1 to 2	Over 5	Non interest	G\$ 000	
	year	years	years	Bearing		
G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	
Assets						
Cash resources	1,351,619	-	2,108,536	-	-	3,460,155
Loans and advances (net)	1,082,504	788,764	917,540	-	-	2,788,808
Investments	4,398,480	-	-	-	-	4,398,480
Tax recoverable	-	-	-	309	-	309
Other assets	-	-	-	89,502	-	89,502
	6,832,603	788,764	3,026,076	89,811	89,811	10,737,254
Liabilities, assigned capital, reserves and head office account						
Term' deposit	5,880,893	-	-	-	-	5,880,893
Demand' deposit	-	-	-	1,932,366	-	1,932,366
Savings' deposit	1,456,696	-	-	-	-	1,456,696
Tax Payable	-	-	-	22,278	-	22,278
Other	-	-	-	156,680	-	156,680
	7,337,589	-	-	2,111,324	2,111,324	9,448,913
Interest sensitivity gap	(504,986)	788,764	3,026,076	(2,021,513)	(2,021,513)	1,288,341

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))

Notes to Financial Statements

31 March, 2013

(a) Market risk (continued)

4.4 (ii) Currency risk

The bank have assets and liabilities that are denominated in various currencies other than the reporting currency. Management does not believe that the exposure to foreign currency risk can result in material losses to the bank. The aggregate amount of assets and liabilities denominated in currencies other than Guyana dollars are as follows:

	US Dollar \$'000	Pound Sterling \$'000	Euro Dollar \$'000	Rupees \$'000	Total \$'000
At 31 March, 2013					
Assets	1,735,554	6,835	1,699	2,894	1,746,982
Liabilities					-
Net	1,735,554	6,835	1,699	2,894	1,746,982
At 31 March, 2012					
Assets	1,176,068	2,013	14,371	1,396	1,193,848
Liabilities	482,732	-	-	-	482,732
Net	693,336	2,013	14,371	1,396	711,116

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

(a) Market risk (continued)

4.4 (ii) Currency risk (continued)

Foreign Currency sensitivity analysis

The following table details the company's sensitivity to a 2.5% increase and decrease in the Guyana dollar against balances denominated in foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2.5% change in foreign currency rates. A positive number indicates an increase in profit where foreign currencies strengthens 2.5% against the G\$ for a 2.5% weakening of the foreign currencies against G\$ there would be an equal and opposite impact on the profit and the balances would be negative.

	2012/2013 G\$ 000	2011/2012 G\$ 000
Profit	<u>43,389</u>	<u>17,333</u>

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))

Notes to Financial Statements

31 March, 2013

4.4 Financial risk management (continued)

(b) Liquidity Risk

Liquidity Risk:

The Bank's policy is to maintain a strong liquidity position and to manage the liquidity profile of assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations met when due.

It is unusual for banks to have the maturities of its assets and liabilities completely matched since business transacted is often of uncertain term and differing types. As such the matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank.

The information given below relates to the major financial assets and liabilities based on the remaining period at 31 March to the contractual maturity dates.

	On Demand G\$ 000	Due 3 Mths G\$ 000	Due 3 - 12 Mths G\$ 000	Due 1 - 5 years G\$ 000	Due Over 5 years G\$ 000	Total G\$ 000
Assets						
Cash resources	4,219,919	-	-	-	-	4,219,919
Loans and advances (net)	781,301	131,694	853,137	646,165	1,271,402	3,683,699
Investments	-	3,154,187	848,158	-	-	4,002,345
Tax recoverable	-	-	-	309	-	309
Other assets	70,813	-	-	-	-	70,813
	5,072,033	3,285,881	1,701,295	646,474	1,271,402	11,977,085
Liabilities						
Demand deposits	1,773,661	-	-	-	-	1,773,661
Term deposits	-	6,849,365	-	-	-	6,849,365
Saving deposits	173,967	-	-	-	-	173,967
Other liabilities	139,662	-	-	-	-	139,662
Tax payable	-	21,049	-	-	-	21,049
	2,087,290	6,870,414	-	-	-	8,957,704
Net gap	2,984,743	(3,584,533)	1,701,295	646,474	1,271,402	3,019,381

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))

Notes to Financial Statements

31 March, 2013

4 Financial risk management (continued)

(b) Liquidity Risk (cont'd)

	Maturing 31.3.2012					Total G\$ 000
	On Demand G\$ 000	Due 3 Mths G\$ 000	Due 3 - 12 Mths G\$ 000	Due 1 - 5 years G\$ 000	Due Over 5 years G\$ 000	
Assets						
Cash resources	3,460,155	-	-	-	-	3,460,155
Loans and advances (net)	235,762	189,920	656,822	788,764	917,540	2,788,808
Investments	-	878,060	3,520,420	-	-	4,398,480
Tax recoverable	-	-	-	309	-	309
Other assets	89,502	-	-	-	-	89,502
	3,785,419	1,067,980	4,177,242	789,073	917,540	10,737,254
Liabilities						
Demand deposits	-	1,932,367	-	-	-	1,932,367
Term deposits	-	5,880,892	-	-	-	5,880,892
Saving deposits	-	1,456,696	-	-	-	1,456,696
Other liabilities	-	156,680	-	-	-	156,680
Tax payable	-	22,278	-	-	-	22,278
	-	9,448,913	-	-	-	9,448,913
Net gap	3,785,419	(8,380,933)	4,177,242	789,073	917,540	1,288,341

(c) Credit Risk

Credit risk is the risk that the Bank will incur a loss because its customers, client, or counterparties failed to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount or risk it is willing to accept for individual counterparties and for geographical and industry concentrations and by monitoring exposures in relation to such limits.

The Bank structures the level of credit it undertakes by placing limits on the amounts of risk accepted in relation to one borrower or group of borrowers and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

4 Financial risk management (continued)

(c) Credit Risk (cont'd)

Credit risk is the risk that financial loss arises from the failure of a customer to meet its obligations under a contract. It arises principally from lending.

Balances due by Banks include balances held with correspondent Banks. These Banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due.

The related risk is therefore considered very low.

Investments in Government of Guyana Treasury Bills and the Statutory deposits with the Bank of Guyana are assets for which the likelihood of default is extremely low and have therefore been considered virtually risk-free by the Directors.

The other cash resource is held with financial institutions and the directors have been advised that the risk exposure to the Bank is considered minimal on account of the fact that this investment is for a very short duration, and the institutions have been assessed by the directors to be creditworthy.

The objective of the bank's credit risk management is to optimally manage its credit risk exposure so as to:

- Not adversely affect its profitability and continue as a going concern.
- Comply with the requirements of the prevailing laws and bank regulations.

The bank has a standard policies and procedures dedicated to controlling and monitoring risk from such activities.

Compliance with credit policies and exposure limits is reviewed on a continuous basis. These policies include but are not limited to:

- i) Collateral offered is subjected to inspection/field visit to enable the Bank to decide whether it concurs with the valuation's opinion. Valuations are assessed conservatively and reviewed regularly with the support of empirical evidence.
- ii) Loans and overdrafts are generally collateralised with some or all of the following:
 - Cash
 - Mortgages
 - Bills of Sale
 - Guarantees
 - Promissory Notes
- iii) Security structures and legal conditions are reviewed from time to time to ensure they continue to fulfill their intended purpose and remain in line with current banking practice.

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

	31.3.2013	31.3.2012
	G\$ 000	G\$ 000
(i) Sectorial Analysis		
Agriculture and Mining	345,950	286,399
Manufacturing	663,594	311,128
Household	137,544	118,242
Construction and Engineering	540,943	375,152
Services	2,001,814	1,703,676
	<u>3,689,845</u>	<u>2,794,597</u>
Provision for impairment	6,146	5,789
	<u>3,683,699</u>	<u>2,788,808</u>

(c) Credit Risk (cont'd)

(ii) Credit Quality by Class of Financial Assets
As at 31 March, 2013

	Neither past due nor impaired	Impaired	Impairment Provision	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Due from banks and short term investments	4,219,919	-	-	4,219,919
Investment securities	4,002,345	-	-	4,002,345
Loans and advances	3,667,011	22,834	6,146	3,683,699
Total	<u>11,889,275</u>	<u>22,834</u>	<u>6,146</u>	<u>11,905,963</u>

As at 31 March, 2012

	Neither past due nor impaired	Impaired	Impairment Provision	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Due from banks and short term investments	3,460,155	-	-	3,460,155
Investment securities	4,398,480	-	-	4,398,480
Loans and advances	2,788,808	-	-	2,788,808
Total	<u>10,647,443</u>	<u>-</u>	<u>-</u>	<u>10,647,443</u>

For those exposures that are neither past due nor impaired, they are rated pass due and special mentioned.

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

(c) **Credit Risk (cont'd)**

(iii) The table below shows the Bank's maximum exposure to credit risk.

	<u>31.3.2013</u> Maximum Exposure G\$ 000	<u>31.3.2012</u> Maximum Exposure G\$ 000
Cash and due by banks	2,490,722	1,351,619
Deposits with Bank of Guyana	1,729,197	2,108,536
Investment: Held to maturity	4,002,345	4,398,480
Loans and Advances	3,683,699	2,788,808
Tax recoverable	309	309
Other Assets	70,813	89,502
Total	11,977,085	10,737,254
Customer liability under acceptances, guarantees and letter of credit	1,079,410	1,031,052
	<u><u>13,056,495</u></u>	<u><u>11,768,306</u></u>

(iv) **Deposits**

	<u>2013</u> G\$ 000	<u>2012</u> G\$ 000
Public Sector	587,406	148,986
Commercial Sector	5,670,824	5,216,619
Personal Sector	4,101,763	3,904,350
	<u><u>10,359,993</u></u>	<u><u>9,269,955</u></u>

(v) **Renegotiated loans and overdrafts**

There were no past due or impaired loans and overdraft whose terms have been renegotiated.

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

5. Financial Risk Management

(d) Capital Management (cont'd)

The Bank manages its capital structure on an on-going basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

The Bank's overall strategy remains unchanged from the previous year.

The Capital structure of the Bank consists of equity, comprising issued capital, reserves and retained earnings.

Gearing Ratio

The gearing ratio at the year end was as follows:

	<u>31.3.2013</u>	<u>31.3.2012</u>
	G\$ 000	G\$ 000
Debt (i)	10,359,994	9,269,955
Cash & cash equivalents	<u>(8,222,264)</u>	<u>(7,858,635)</u>
Net Debt	<u>2,137,730</u>	<u>1,411,320</u>
Equity (ii)	<u>1,649,140</u>	<u>1,487,049</u>
Net Debt to Equity Ratio	1.29:1	0.94:1

(i) Debt is defined as long-term and short-term funds.

(ii) Equity includes all capital and reserves of the Bank.

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))

Notes to Financial Statements

31 March, 2013

6 Cash and short term funds

Cash and cash equivalents included in the cash flows comprise the following statement of financial position amounts.

	31.3.2013	31.3.2012
	G\$ 000	G\$ 000
	<u> </u>	<u> </u>
Cash	80,172	44,435
Deposit with Bank of Guyana other than statutory deposit	63,568	63,336
Deposits with head office	2,894	1,396
Deposit with other branches	87,688	142,052
Deposit with overseas banks	1,656,400	1,050,400
Deposit with other banks	600,000	50,000
	-----	-----
a) Cash and cash equivalents	2,490,722	1,351,619
	-----	-----
b) Statutory deposit with Bank of Guyana	1,729,197	2,108,536
	-----	-----
Cash and short term funds	4,219,919	3,460,155
	=====	=====
c) Cash and short term funds:		
Cash and bank balances	2,490,722	1,351,619
Balances in excess of required reserve	62	16
	<u> </u>	<u> </u>
	2,490,784	1,351,635
	=====	=====

The Bank is statutorily required to deposit a percentage of its deposits with the Bank of Guyana which is not freely accessible for the bank to use in its daily operations.

7 Investments

	31.3.2013	31.3.2012
	G\$ 000	G\$ 000
	<u> </u>	<u> </u>
Held to Maturity		
Government of Guyana treasury bills	4,002,345	4,398,480
	=====	=====

The Government of Guyana treasury bills are valued at amortised cost which approximates the fair value

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

8 Loans and Advances

(i) Net loans and advances to customers

	2011/2013	2010/2012
	G\$ 000	G\$ 000
Demand	90,139	81,488
Term	326,556	338,876
Overdrafts	1,262,865	999,164
Staff Loan	22,127	23,161
Mortgages	1,981,212	1,345,554
Other advances	6,946	6,354
	-----	-----
	3,689,845	2,794,597
Less: Provision for losses	(6,146)	(5,789)
	-----	-----
	<u>3,683,699</u>	<u>2,788,808</u>

(ii) Allowance for loan losses

The movement in allowance for loan losses during the year was as follows:

	2012/2013	2011/2012
	G\$ 000	G\$ 000
Balance beginning of year:		
Specific provision	5,789	7,921
General provision	-	2,389
	-----	-----
	5,789	10,310
	=====	=====
Additions net of recovery		
Specific provision	-	12,410
General provision	-	(2,389)
	-----	-----
	-	10,021
	=====	=====
Write-offs		
Specific provision	357	(14,542)
General provision	-	-
	-----	-----
	-	-
	=====	=====
Balance end of year:		
Specific provision	6,146	5,789
General provision	-	-
	-----	-----
	6,146	5,789
	=====	=====

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

9 Property, plant and equipment

	<u>Land and Buildings</u>	<u>Fixtures and Fittings</u>	<u>Motor Vehicles</u>	<u>Leasehold Structure</u>	<u>Total</u>
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Cost					
At March 31, 2012	257,312	51,024	9,430	-	317,766
Additions	-	981	3,475	-	4,456
Disposals	-	(84)	-	-	(84)
Transfers	-	(5,185)	-	5,185	-
At March 31, 2013	257,312	46,736	12,905	5,185	322,138
Accumulated depreciation					
At March 31, 2012	62,765	23,782	-	-	86,547
Charge for the year	2,566	5,081	2,581	52	10,280
Write back on disposal	-	(73)	-	-	(73)
Transfers	-	(985)	-	985	-
At March 31, 2013	65,331	27,805	2,581	1,037	96,754
Net book values					
At March 31, 2012	194,547	27,242	9,430	-	231,219
At March 31, 2013	191,981	18,931	10,324	4,148	225,384

(SUBSIDIARY OF BANK OF BARODA (INDIA))

Notes to Financial Statements

31 March, 2013

10 Other Assets

	31.3.2013	31.3.2012
	G\$ 000	G\$ 000
Interest and commission accrued	37,723	77,030
Prepayments and others	33,090	12,472
	-----	-----
	70,813	89,502
	=====	=====

11 Customers deposits

	31.3.2013	31.3.2012
	G\$ 000	G\$ 000
Demand	1,773,662	1,932,366
Savings	1,736,967	1,456,696
Terms	6,849,365	5,880,893
	-----	-----
	10,359,994	9,269,955
	=====	=====

12 Other Liabilities

	31.3.2013	31.3.2012
	G\$ 000	G\$ 000
Drafts	63,026	72,565
Accruals and others	5,244	9,609
Accrued interest on deposits	71,392	74,506
	-----	-----
	139,662	156,680
	=====	=====

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

13. Share Capital

	<u>31.3.2013</u>	<u>31.3.2012</u>
Authorised:		
Number of ordinary shares	<u>75,000,000</u>	<u>75,000,000</u>
	<u>GS 000</u>	<u>GS 000</u>
Issued and fully paid up		
75,000,000 Ordinary shares at \$10 each	<u>750,000</u>	<u>750,000</u>
Ordinary shares held by:		
Bank of Baroda (India)	74,999,998	74,999,998
V. Sheshadri	-	1
V. K. Sehgal	-	1
P. Sririvas	1	-
A. Kumar	1	-
	<u>75,000,000</u>	<u>75,000,000</u>

All ordinary shares have equal voting rights; a right to dividend and a par value of \$10.

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

14. Statutory reserve

This account represents amounts transferred from net profit after taxation in accordance with the provisions of the Financial Institutions Act 1995, Section 20 (1) which requires 15% of the net profit after deduction of taxes in each year must be transferred to a statutory reserve until the balance on on this reserve is not less than the paid up capital. This reserve is not distributable.

	31.3.2013	31.3.2012
	G\$ 000	G\$ 000
Balance as at 1 April	124,112	103,742
Transfer	24,314	20,370
Balance as at 31 March	<u>148,426</u>	<u>124,112</u>

15 Other Income

	2012/2013	2011/2012
	G\$ 000	G\$ 000
Foreign exchange gains	4,850	3,199
Commissions	19,724	20,138
Profit on exchange	86,453	76,587
Profit on sale of assets	-	2,164
Provision for bad debts written back	35	4,521
Others	3,199	2,344
	<u>114,261</u>	<u>108,953</u>

16. Non - interest expenses

	2012/2013	2011/2012
	G\$ 000	G\$ 000
Staff costs	50,680	42,653
Rental	16,716	11,561
Depreciation	10,280	8,764
Repairs and maintenance	12,497	12,329
Advertising	160	342
Legal and professional fees	4,037	967
Postage & stationery	1,121	2,770
Insurance	4,333	3,944
Utilities	12,065	7,888
Others	19,708	22,185
Bad debt	-	692
	<u>131,597</u>	<u>114,095</u>

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

17 Taxation

The tax charge for the year is made up of as follows:

	2012/2013 G\$ 000	2011/2012 G\$ 000
Corporation tax - Current year	112,921	101,572
Property tax	13,094	11,835
Deferred taxation	113	12,106
Capital Gains tax	-	433
	-----	-----
	126,128	125,946
	=====	=====
Net Income before taxation	288,219	261,744
Tax on accounting profit calculated @ 40%	115,288	104,698
Tax effect of:		
Expenses not allowable for tax purposes	4,112	3,506
	-----	-----
	119,400	108,203
<u>Deduct</u>		
Tax deducted at source	(1,738)	(114)
Income not taxable	(2,916)	(3,255)
Tax effect of depreciation for tax purposes	(1,103)	(1,257)
Deferred taxation	(45)	(1,587)
Interest on low income group for housing loans	(677)	(418)
	-----	-----
	112,921	101,572
Property tax	13,094	11,835
Capital Gains tax	-	433
Deferred taxation	113	12,106
	-----	-----
	126,128	125,946
Taxation:		
Current	126,015	113,840
Deferred	113	12,106
	-----	-----
	126,128	125,946
	=====	=====

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

18 Net Income

	<u>2012/2013</u> <u>G\$ 000</u>	<u>2011/2012</u> <u>G\$ 000</u>
Net income after taxation	<u>162,091</u>	<u>135,798</u>
After charging:		
Auditors' remuneration	4,037	967
Depreciation	10,280	8,764
Provision for impairment	<u>(6,146)</u>	<u>(5,789)</u>

19. Related parties

(a) Identity of Related parties.

The Bank considers key management personnel and persons and entities affiliated with key management personnel as related parties.

Key management personnel

The Bank's 3 key management personnel comprise its Chairman, Director and Manager. The remuneration paid the key management personnel for the year was as follows:

	<u>31.3.2013</u> <u>G\$ 000</u>	<u>31.3.2012</u> <u>G\$ 000</u>
Short-term employee benefits	15,417	13,703
Post-employment benefits	576	561
	<u>15,993</u>	<u>14,264</u>

(b) Related parties loans and advances

	<u>31.3.2013</u> <u>G\$ 000</u>	<u>31.3.2012</u> <u>G\$ 000</u>
Held by key management personnel	<u>11,011</u>	<u>15,382</u>
Interest expense	<u>1,270</u>	<u>1,411</u>

The accounts held by related parties with the Bank represent normal banking relationship. Transactions during the year are carried out at arms length except for loans held by key management personnel, where interest rates are charged at rates varying between 3 - 4%.

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

20 Contingent Liabilities

- (a) The Bank is the claimant in several litigation matters involving defaulting customers. The Directors are of the view that no provision for any contingency is necessary.
- (b) Customers' liability under Acceptances, Guarantees and Letters of Credit

	31.3.2013				
	On Demand	Under 3 mths	Due in 3 - 12 Mths	Over 12 mths	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Commercial Sector	-	-	1,079,410	-	1,079,410

	31.3.2012				
	On Demand	Under 3 mths	Due in 3 - 12 Mths	Over 12 mths	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Commercial Sector	0	-	1,031,052	-	1,031,052

In the ordinary course of business the Bank has bought legal proceedings against defaulting customers. The Bank is also defendant in certain litigation. The Directors do not believe that the outcome of these proceedings will have material adverse effect on the Bank's result of operations and accordingly no provision for contingencies is necessary.

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))

Notes to Financial Statements

31 March, 2012

	<u>G\$ 000</u> <u>31.3.2013</u>	<u>G\$ 000</u> <u>31.3.2012</u>
21. Balances excluded from the accounts	<u>3,538</u>	<u>3,538</u>

22. Reporting division

Management considers its operations to be a single business unit. All business is done in Guyana except for certain activities as shown in the table below.

	<u>G\$ 000</u> <u>31.3.2013</u>			<u>G\$ 000</u> <u>31.3.2012</u>		
	Guyana	Outside of Guyana	Total	Guyana	Outside of Guyana	Total
Fair Value of investments	<u>4,002,345</u>	<u>-</u>	<u>4,002,345</u>	<u>4,398,480</u>	<u>-</u>	<u>4,398,480</u>
Investment Income	<u>63,271</u>	<u>-</u>	<u>63,271</u>	<u>153,533</u>	<u>-</u>	<u>153,533</u>
<u>Cash Resources</u>						
Local	<u>2,472,998</u>	<u>-</u>	<u>2,472,998</u>	<u>2,266,323</u>	<u>-</u>	<u>2,266,323</u>
Foreign	<u>-</u>	<u>1,746,982</u>	<u>1,746,982</u>	<u>-</u>	<u>1,193,848</u>	<u>1,193,848</u>
<u>Income from cash resources:</u>						
Local	<u>4,344</u>	<u>-</u>	<u>4,344</u>	<u>4,344</u>	<u>-</u>	<u>4,344</u>
Foreign	<u>-</u>	<u>27,320</u>	<u>27,320</u>	<u>-</u>	<u>27,320</u>	<u>27,320</u>

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

23 Fair value of financial instruments

Fair values have been determined as follows:

	31.3.2013		31.3.2012	
	Carrying value	Market value	Carrying value	Market value
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Assets				
Cash and due by banks	2,490,722	2,490,722	1,351,619	1,351,619
Deposits with Bank of Guyana	1,729,197	1,729,197	2,108,536	2,108,536
Investments	4,002,345	4,002,345	4,398,480	4,398,480
Loans and advances	3,683,699	3,683,699	2,788,808	2,788,808
Tax recoverable	309	309	309	309
Other Assets	70,813	70,813	89,502	89,502
	<u>11,977,085</u>	<u>11,977,085</u>	<u>10,737,254</u>	<u>10,737,254</u>
Liabilities				
Demand deposits	1,773,662	1,773,662	1,932,366	1,932,366
Savings deposits	1,736,967	1,736,967	1,456,696	1,456,696
Term deposits	6,849,365	6,849,365	5,880,893	5,880,893
Tax payable	21,049	21,049	22,278	22,278
Other liabilities	139,662	139,662	156,680	156,680
	<u>10,520,705</u>	<u>10,520,705</u>	<u>9,448,913</u>	<u>9,448,913</u>

Valuation techniques and assumptions applied for the purposes of measuring fair value:

The fair value of financial assets and financial liabilities were determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets were determined with reference to quoted market prices. Quoted market prices were obtained from independent market valuers.

The fair value of other financial assets and financial liabilities were determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices from observable current market transactions and the company's past experience.

Loans are net of specific and other provisions for impairment. The fair value of loans is based on expected realisation of outstanding balances taking into account the company's history with respect to delinquencies.

Financial instruments where the carrying amounts are equal to fair value :- due to the short maturity, the carrying amounts of certain financial instruments are assumed to approximate their fair value. These includes cash resources, other receivables and liabilities.

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
Notes to Financial Statements
31 March, 2013

24. Analysis of financial assets and liabilities by measurement basis

31.3.2013

	Held to maturity	Loans and receivables	Other financial assets and liabilities at amortised cost	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
ASSETS				
Cash and due by banks	-	-	2,490,722	2,490,722
Deposits with Bank of Guyana	-	-	1,729,197	1,729,197
Investments	4,002,345	-	-	4,002,345
Loans and advances	-	3,683,699	-	3,683,699
Tax recoverable	-	-	309	309
Other Assets	-	-	70,813	70,813
	<u>4,002,345</u>	<u>3,683,699</u>	<u>4,291,041</u>	<u>11,977,085</u>
LIABILITIES				
Demand deposits	-	-	1,773,662	1,773,662
Savings deposits	-	-	1,736,967	1,736,967
Term deposits	-	-	6,849,365	6,849,365
Tax payable	-	-	21,049	21,049
Other liabilities	-	-	139,662	139,662
	<u>-</u>	<u>-</u>	<u>10,520,705</u>	<u>10,520,705</u>

31.3.2012

	Held to maturity	Loans and Receivables	Other financial assets and liabilities at amortised cost	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
ASSETS				
Cash and due by banks	-	-	1,351,619	1,351,619
Deposits with Bank of Guyana	-	-	2,108,536	2,108,536
Investments	4,398,480.00	-	-	4,398,480
Loans and advances	-	2,788,808	-	2,788,808
Tax recoverable	-	-	309	309
Other Assets	-	-	89,502	89,502
	<u>4,398,480</u>	<u>2,788,808</u>	<u>3,549,966</u>	<u>10,737,254</u>
LIABILITIES				
Demand deposits	-	-	1,932,366	1,932,366
Savings deposits	-	-	1,456,696	1,456,696
Term deposits	-	-	5,880,893	5,880,893
Tax payable	-	-	22,278	22,278
Other liabilities	-	-	156,680	156,680
	<u>-</u>	<u>-</u>	<u>9,448,913</u>	<u>9,448,913</u>