

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

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2015
AN INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
BANK OF BARODA (GUYANA) INC
(SUBSIDIARY OF BANK OF BARODA (INDIA))
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

Report on the Financial Statements

We have audited the accompanying financial statements of Bank of Baroda (Guyana) Inc. which comprise the statement of financial position as at 31 March 2015 and the statement of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 38.

Directors'/Management's Responsibility for the Financial Statements

The Directors/ Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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. Those 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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, in all material respects of the financial position of Bank of Baroda (Guyana) Inc as at 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of Bank of Baroda (Guyana Inc.) for the year ended March 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on April 28, 2014.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Financial Institutions Act 1995 and the Companies Act 1991.

TSD LAL & Co

TSD LAL & Co.
CHARTERED ACCOUNTANTS

Date: April 28, 2015
77 Brickdam
Stabroek, Georgetown,
Guyana

BANK OF BARODA (GUYANA) INC.

(SUBSIDIARY OF BANK OF BARODA (INDIA))

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	<u>Notes</u>	<u>2014/2015</u>	<u>2013/2014</u>
		G\$ 000	G\$ 000
Interest income			
Loans and advances		610,504	483,983
Investments (treasury bills)	9(b)	98,008	63,680
Local bank deposits		19,227	18,980
Foreign bank deposits		36,928	54,786
		<u>764,667</u>	<u>621,429</u>
Interest expense			
Savings deposits		203,849	16,815
Term deposits		-	30,424
Other		548	77,193
		<u>204,397</u>	<u>124,432</u>
Net interest income		560,270	496,997
Other income	6	<u>161,497</u>	<u>175,778</u>
Net interest and other income		<u>721,767</u>	<u>672,775</u>
Non-interest expenses			
Salaries and other staff costs		75,983	73,374
Premises and equipment		66,168	68,969
Bad Debts		97	2,942
Other		43,371	29,793
		<u>185,619</u>	<u>175,078</u>
Profit before taxation	7	536,148	497,697
Taxation	5	<u>(237,240)</u>	<u>(216,757)</u>
Profit after taxation		<u>298,908</u>	<u>280,940</u>
Total Comprehensive Income for the year		<u>298,908</u>	<u>280,940</u>

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

BANK OF BARODA (GUYANA) INC.
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Note	Share capital	Retained earnings	Statutory reserve	Total
		G\$ 000	G\$ 000	G\$ 000	G\$ 000
Balance at 1 April 2013		<u>750,000</u>	<u>750,714</u>	<u>148,426</u>	<u>1,649,140</u>
Changes in Equity 2013/2014					
Total comprehensive Income for the year		-	280,940	-	280,940
Transfer	20	-	(42,141)	42,141	-
Balance at 31 March 2014		<u>750,000</u>	<u>989,513</u>	<u>190,567</u>	<u>1,930,080</u>
Changes in Equity 2014/2015					
Total comprehensive Income for the year		-	298,908	-	298,908
Transfer	20	-	(44,836)	44,836	-
Balance at 31 March 2015		<u>750,000</u>	<u>1,243,585</u>	<u>235,403</u>	<u>2,228,988</u>

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

BANK OF BARODA (GUYANA) INC.
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STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	31.3.2015 G\$ 000	31.3.2014 G\$ 000
ASSETS			
Cash Resources			
Cash and due by banks	8 (a)	2,716,670	2,620,032
Deposits with Bank of Guyana	8 (b)	1,731,281	2,419,556
		<u>4,447,951</u>	<u>5,039,588</u>
Investments			
Treasury bills	9 (a)	3,466,310	3,734,160
Loans and advances	10	<u>6,266,123</u>	<u>4,793,611</u>
Property and equipment	11	203,724	213,322
Tax recoverable		309	309
Other assets	12	<u>156,496</u>	<u>93,024</u>
		<u>360,529</u>	<u>306,655</u>
		<u>14,540,913</u>	<u>13,874,014</u>
EQUITIES AND LIABILITIES			
Capital and reserves			
Share capital	14	750,000	750,000
Retained earnings		1,243,585	989,513
Statutory reserve	20	<u>235,403</u>	<u>190,567</u>
		<u>2,228,988</u>	<u>1,930,080</u>
Deposits			
Demand		2,490,364	2,620,347
Savings		2,396,673	1,837,146
Term		<u>7,122,995</u>	<u>6,627,446</u>
		<u>12,010,032</u>	<u>11,084,939</u>
Deferred taxation	5	56,010	53,181
Tax payable		43,801	54,411
Other	13	<u>202,082</u>	<u>751,403</u>
		<u>301,893</u>	<u>858,995</u>
		<u>14,540,913</u>	<u>13,874,014</u>

These financial statements were approved by the Board of Directors on 28.04.2015.

On behalf of the Board:



FOR

BANK OF BARODA (GUYANA) INC.

Executive Officer and Director

Managing Director

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

BANK OF BARODA (GUYANA) INC.
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	<u>2014/2015</u> G\$ 000	<u>2013/2014</u> G\$ 000
Operating activities		
Profit before taxation	536,148	497,697
Adjustments for:		
Depreciation	17,307	19,280
Operating profit before working capital changes	553,455	516,977
Increase in customers' loans	(1,472,512)	(1,109,912)
Increase in customers' deposits	925,093	724,945
Increase in other assets	(63,472)	(22,211)
Increase/(decrease) in other liabilities	(549,321)	611,741
Increase in required reserve with Bank of Guyana	688,275	(690,359)
Cash provided by operating activities	81,518	31,181
Taxation		
Taxes paid/adjusted (net)	(245,021)	(162,900)
Net cash used in operating activities	(163,503)	(131,719)
Investing activities		
Investments	267,850	268,185
Additions to fixed assets	(7,709)	(7,218)
Net cash provided by investing activities	260,141	260,967
Net increase in cash and short term funds	96,638	129,248
Cash and short term funds at beginning of year	2,620,032	2,490,784
Cash and short term funds at end of year (Note 8 (a))	2,716,670	2,620,032

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

BANK OF BARODA (GUYANA) INC.

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NOTES ON THE ACCOUNTS

1. Incorporation and 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 provision of the Financial Institutions Act 1995.

2. Adoption of new and revised standards and interpretations

Effective for the current year end

**Effective for
annual
periods beginning
on or after**

New and Amended Standards

IFRS 10 Consolidated Financial Statements (Exemptions)	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities (Exemptions)	1 January 2014
IAS 27 Separate Financial Statements (Exemptions)	1 January 2014
IAS 32 Financial Instruments - Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36 Impairment of Assets	1 January 2014
IAS 39 Financial Instruments: Recognition and Measurement	1 January 2014

New interpretation

IFRIC 21 Levies	1 January 2014
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Of the above, the following are relevant to the entity.

Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities
Amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas.

This amendment did not have a material impact on the entity since it does not have any financial assets or liabilities that qualify for offsetting.

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NOTES ON THE ACCOUNTS

2. Adoption of new and revised standards and interpretations – Cont'd

Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets

Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment.

These amendments did not have a material impact on the disclosures or the amounts recognised.

Available for early adoption for the current year end

**Effective for annual
periods beginning
on or after**

New and Amended Standards

IAS 19 Employee Benefits	1 July 2014
Annual Improvements 2010-2012 Cycle	1 July 2014
Annual Improvements 2011-2013 Cycle	1 July 2014
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 11 Joint Arrangements	1 January 2016
IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation And Amortisation	1 January 2016
IAS 16 & IAS 41 Agriculture: Bearer Plants	1 January 2016
IAS 27 Separate Financial Statements	1 January 2016
IFRS 10 & IAS 28 Sale or Contribution of Assets Between Investor and Associate or Joint Venture	1 January 2016
Disclosure Initiative Amendments to IAS 1	1 January 2016
IFRS 10, IFRS 12 & IAS 28 Applying Consolidation Exceptions	1 January 2016
Annual Improvements 2012-2014 Cycle	1 July 2016
IFRS 15 Revenue From Contracts With Customers	1 January 2017
IFRS 7 Financial Instruments: Disclosures	1 January 2017
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 9 Additions for Financial Liability Accounting	1 January 2018

The Company has not opted for early adoption.

Annual Improvements

The annual improvements programme of the International Accounting Standards Board deals with amendments and clarifications to IFRS.

IFRS 1 — First-time Adoption of International Financial Reporting Standards

IFRS 2 — Share-based Payment

IFRS 3 — Business Combinations

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

IFRS 7 – Financial Instruments Disclosure

IFRS 8 — Operating Segments

IFRS 9 – Financial Instruments

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NOTES ON THE ACCOUNTS

2. Adoption of new and revised standards and interpretations – Cont'd

Annual Improvements – cont'd

IFRS 13 — Fair Value Measurement
IAS 16—Property, Plant and Equipment
IAS 24 — Related Party Disclosures
IAS 34 – Interim Financial Reporting
IAS 38 – Intangible Assets
IAS 40 — Investment Property

3. Summary of significant accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and conform with International Financial Reporting Standards. The principal accounting policies are set out below.

(b) Interest income

Interest income for all interest bearing financial instruments is recognized in the statement of profit or loss and other comprehensive 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.

(c) 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

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NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies – cont'd

(d) Loans and advances

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.

The aggregate provisions, which are made during the year, (less recoveries for amounts previously written off) are charged against operating profit.

Upon classification of a loan to a non-accrual status, interest is not taken up in the statement of comprehensive income and financial position on an accrual basis. In subsequent periods, interest is only recognized to the extent payments are received.

(e) Loan Impairment

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.

Throughout the year, the Bank assesses on a case-by-case basis whether there is any objective evidence that a loan is impaired. The following factors are considered in so doing,

- the Bank's aggregate exposure to the customer
 - the viability of the customer's business model and its capability to trade successfully out of financial difficulties and generate sufficient cash flow to service its debt obligations
 - the amount and timing of expected receipts and recoveries
 - the slow legal process as it relates to the registration and realization of security
 - the realizable value of security (or other credit mitigants) and likelihood of successful repossession
 - the likely deduction of any cost involved in recovery of amounts outstanding
- national or local economic conditions that correlate with defaults on the assets of the Bank (e.g. an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers in the Bank

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NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

The Bank's policy requires a review of the level of impairment allowances on individual facilities at least half-yearly. This normally includes a review of collateral held (including reconfirmation of its enforceability) and an assessment of actual and anticipated receipts.

Collateral

It is the Bank's policy that all facilities are fully and tangibly secured. In exceptional cases, depending on the customer's credit history, size and type of product and duration of credit, facilities may also be unsecured.

Classification

The Bank follows the prescriptions of the Financial Institutions Act 1995 and classifies loans and overdrafts into the following categories:-

Pass

Pass represents commercial loans and overdrafts demonstrating financial condition, risk factors and capacity to repay that are good to excellent and generally reflect accounts which are not impaired and are up-to-date in repayments or operating within approved limits as per the Bank's policy guidelines.

Special Mention

Special mention represents satisfactory risk and includes credit facilities which require currently up to date but evidence suggest that certain factors could in the future affect the borrower's ability to service the account properly or impair the collateral. These are accounts that require closer monitoring or require various degrees of special attention, where the collateral is not fully in place; where current market conditions are affecting a sector or industry; and that are progressively between 30 and 90 days past due.

Special mention also represents renegotiated accounts which is up to date in repayments and adequately secured for a minimum of one year after rescheduling and during which period there would have been no inherent weaknesses affecting repayment

Special mention also represents loans for which principal and interest is due and unpaid for one month to less than three months or, where interest charges for one to two months have been capitalised, refinanced or rolled over.

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NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

Classification – cont'd

Substandard

Substandard represents loans and advances accounts where there are well defined credit weaknesses, such as, shortfalls in the borrower's cash flow, several renewals with capitalization of interest; or where the primary source of repayment is insufficient to service the debt and the bank will have to look at secondary sources, such as, collateral or refinancing, for repayment.

Substandard also represents the well-secured portion of the loan or overdraft which would otherwise be classified as doubtful or loss.

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.

The Act further states that the principal balance (and not the amount of delinquent payments) shall be used in calculating the aggregate amount of past-due or non-performing accounts.

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

An overdraft is classified as past due when

- (i) The approved limit has been exceeded for one month to less than three months.
- (ii) The interest charges for one month to two months have not been covered by deposits.
- (iii) The account had turnovers which did not conform to the business cycle.

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. Portfolios of loans are designated 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:

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NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

Classification – cont'd

Loans

- (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.

Overdrafts

- (i) The approved limit has been exceeded for three months or more into a term loan after three months or more.
- (ii) Interest charges for three months or more have not been covered by deposits.
- (iii) The account has developed a hardcore which was not converted.

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 month 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
- (iv) The unsecured portion of an overdraft when
 - (1) The approved limit has been exceeded for six months or more,
or
 - (2) Interest charges for six months or more have not been covered by deposits, or
 - (3) The account has developed a hard core which was not converted into a term loan after 12 months or more.

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NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

Classification – cont'd

Loans and advances under this category include accounts which are considered uncollectible or for which the collection of the debt is highly 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 it is not considered practical nor desirable to defer write-off, for example, where litigation becomes protracted.

The Bank follows the prescriptions of the Financial Institutions Act 1995 and writes off such a loan three months after being so classified unless it shows a definite and significant improvement which indicates recovery within the next six months.

Provisioning

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%
Substandard	0 – 20%
Past Due	20%
Non Performing	100%

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 weaknesses 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.

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NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

Renegotiated loans – cont'd

A credit facility may also be renegotiated upon the request by the client, followed by a subsequent analysis and approval by the Bank's approving committee; which may be due to the occurrence of one or both of the following conditions:

- The merging of total liabilities into one credit facility.
- The refinancing of a loan to facilitate the accessing of additional financing.

Renegotiated credit facilities are permitted subjected to the following conditions:

- The existing financial position of the borrower can service the under the new conditions.
- An account classified as doubtful or loss shall not be renegotiated unless an upfront cash payment is made to cover, at the least, unpaid interest or there is an improvement in the collateral taken which will make the renegotiated account, including unpaid interest, a well secured account.
- A commercial facility shall not be renegotiated more that twice over the life of the original facility and mortgage or personal loans not more than twice in a five-year period.

A renegotiated facility shall not be reclassified upward for a minimum of one year following the new arrangements.

Renegotiating of selected credit facilities can be facilitated upon approval granted by the Bank of Guyana/Ministry of Finance on the occurrence of natural disasters or exceptional circumstances

Impairment Losses

Impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate and comparing the resultant present value with the loan's current carrying value.

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NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

Classification – cont'd

Impairment loans – cont'd

The carrying amount of impaired loans on the reporting date is reduced through the use of a provisioning account in accordance with the Financial Institutions Act. Any loss is charged to the statement of financial position and other comprehensive income.

(f) Foreign currencies

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 each reporting date, 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 recognized directly in equity.

(g) Fixed assets and depreciation

Freehold land and buildings and equipment held for use in the supply of services or for administrative purposes are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses. Depreciation on buildings and other property and equipment is charged to profit or loss.

Freehold buildings and computer equipment are depreciated on the 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 buildings	5%
Furniture & Fittings	18.10%
Leasehold	10%
Computer & Hardwares	33 $\frac{1}{3}$ %
Motor vehicles	26%
Equipment	20%

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NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(h) Acceptances, Guarantees and Letters of Credit

The Bank's potential liability under acceptances, guarantees and letters of credit is reported as a contingent liability.

(i) Balances excluded from the accounts

The accounts do not include certain balances where, in the opinion of management, the Bank bears no financial responsibility as it acts merely as an intermediary. These balances are instead disclosed as a note on the accounts.

(j) 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.

(k) Reserve requirement

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

(l) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement 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.

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NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(l) Taxation- cont'd

Current Tax – cont'd

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

Deferred tax

Deferred tax is recognized on the differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using 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 the deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow all or part of the assets 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 asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

(m) Financial instruments

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 counterparties to purchase securities.

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NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(m) Financial instruments-cont'd

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) months or less

Other receivables

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

Deposits and Other Payables

Deposits and '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.

BANK OF BARODA (GUYANA) INC.
(SUBSIDIARY OF BANK OF BARODA (INDIA))
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3. Summary of significant accounting policies- cont'd

(n) Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

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

(o) Impairment of tangible assets

At each reporting date, 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 recognised 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.

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

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(p) Segment reporting

A business segment is a component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or a service within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Bank's operations are considered a single business unit with certain activities segmented along geographical lines via within Guyana and outside of Guyana.

4. Critical accounting judgements and key sources of estimation uncertainty

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

The preparation of 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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment losses on loans and advances

The Bank on a regular basis reviews its portfolio of loans and advances 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 judgements are made that reflect the Bank's assessment of several critical factors that can influence future cash flows.

BANK OF BARODA (GUYANA) INC.
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NOTES ON THE ACCOUNTS

4. Critical accounting judgements and key sources of estimation uncertainty -cont'd

Key sources of estimation uncertainty- cont'd

(ii) Useful lives of property, plant and equipment

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

(iii) Impairment of financial assets

Management makes judgement at each reporting date 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.

BANK OF BARODA (GUYANA) INC.
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NOTES ON THE ACCOUNTS

5 Taxation

Reconciliation of tax expense and accounting profit

	<u>2014/2015</u> G\$ 000	<u>2013/2014</u> G\$ 000
Accounting profit	<u>536,148</u>	<u>497,697</u>
Corporation tax at 40%	214,459	199,079
Add:		
Depreciation for accounting purposes	<u>6,923</u>	<u>7,712</u>
	221,382	206,791
Deduct:		
Allowable income	-	(3,538)
Tax effect of depreciation for tax purposes	<u>(1,990)</u>	<u>(1,072)</u>
	219,392	202,181
Tax period basis	<u>(4,304)</u>	<u>(21,621)</u>
	215,088	180,560
Deferred taxation	<u>2,829</u>	<u>20,557</u>
	217,917	201,117
Property tax	<u>19,323</u>	<u>15,640</u>
	<u>237,240</u>	<u>216,757</u>
Taxation - current	234,411	196,200
- deferred	<u>2,829</u>	<u>20,557</u>
	<u>237,240</u>	<u>216,757</u>

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

NOTES ON THE ACCOUNTS

5 Taxation - cont'd

	<u>31.03.2015</u>	<u>31.03.2014</u>
Components of deferred tax assets	G\$ 000	G\$ 000
Fixed assets	2,238	4,797
Income	<u>53,772</u>	<u>48,384</u>
	<u>56,010</u>	<u>53,181</u>

Movement in temporary differences

	<u>Tax period basis</u>	<u>Fixed assets</u>	<u>Total</u>
	G\$ 000	G\$ 000	G\$ 000
At 31 March 2013	26,763	5,861	32,624
Movement during the year	<u>21,621</u>	<u>(1,064)</u>	<u>20,557</u>
At 31 March 2014	48,384	4,797	53,181
Movement during the year	<u>5,388</u>	<u>(2,559)</u>	<u>2,829</u>
At 31 March 2015	<u>53,772</u>	<u>2,238</u>	<u>56,010</u>

	<u>2014/2015</u>	<u>2013/2014</u>
	G\$ 000	G\$ 000
6 Other income		
Exchange earned	3,688	4,600
Commission earned	76,123	41,369
Profit on exchange	75,793	126,183
Incidental charges	<u>5,893</u>	<u>3,626</u>
	<u>161,497</u>	<u>175,778</u>

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NOTES ON THE ACCOUNTS

	<u>2014/2015</u>	<u>2013/2014</u>
	G\$ 000	G\$ 000
7 Profit before taxation	<u>536,148</u>	<u>497,697</u>
After charging:		
Auditors' remuneration:	795	995
Depreciation	17,307	19,280
Other expenses	2,193	2,377
Provision for impairment (Note 10 (a))	<u>(4,297)</u>	<u>(9,238)</u>
8 (a) Cash and due by Banks	<u>31.03.2015</u>	<u>31.03.2014</u>
	G\$ 000	G\$ 000
Cash	71,117	80,157
Balances with other banks	<u>2,645,553</u>	<u>2,539,875</u>
	<u>2,716,670</u>	<u>2,620,032</u>
(b) Deposits with Bank of Guyana		
Statutory Deposit	1,731,281	2,419,556
Balance in excess of required reserve	<u>-</u>	<u>-</u>
	<u>1,731,281</u>	<u>2,419,556</u>
(c) Cash and short term funds		
Cash and bank balances	<u>4,447,951</u>	<u>5,039,588</u>

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NOTES ON THE ACCOUNTS

	31.03.2015		31.03.2014	
	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
9 (a) Investments				
Treasury bills	<u>3,466,310</u>	<u>3,466,310</u>	<u>3,734,160</u>	<u>3,734,160</u>

These are Government of Guyana treasury bills and were valued at amortised cost which approximates the fair values

(b) Income from investment

	<u>2014/2015</u>	<u>2013/2014</u>
	G\$ 000	G\$ 000
Treasury bills	<u>98,008</u>	<u>63,680</u>

10 Loans and advances	<u>31.03.2015</u>	<u>31.03.2014</u>
	G\$ 000	G\$ 000
Mortgages	2,995,450	2,734,675
Demand loans	135,664	81,921
Term	636,311	227,151
Overdrafts	2,499,501	1,718,994
Staff Loan	1,669	31,364
Others	1,825	8,744
	<u>6,270,420</u>	<u>4,802,849</u>
Provision for impairment (a)	<u>(4,297)</u>	<u>(9,238)</u>
	<u>6,266,123</u>	<u>4,793,611</u>

(a) Provision for impairment

Individually assessed:

At beginning	9,238	6,146
Movement	<u>(4,941)</u>	<u>3,092</u>
At end	<u>4,297</u>	<u>9,238</u>

BANK OF BARODA (GUYANA) INC.
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NOTES ON THE ACCOUNTS

11 Property, plant and equipment

	Freehold land and <u>buildings</u> G\$ 000	Leasehold <u>Structure</u> G\$ 000	Furniture & <u>Fittings</u> G\$ 000	Motor <u>vehicles</u> G\$ 000	<u>Total</u> G\$ 000
Cost					
At 1 April 2014	257,312	5,185	53,954	12,905	329,356
Additions	-	-	5,109	2,600	7,709
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	257,312	5,185	59,063	15,505	337,065
Depreciation					
At 1 April 2014	74,931	1,555	34,294	5,254	116,034
Charge for the year	9,119	518	5,016	2,654	17,307
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	84,050	2,073	39,310	7,908	133,341
Net book values:					
At 31 March 2015	<u>173,262</u>	<u>3,112</u>	<u>19,753</u>	<u>7,597</u>	<u>203,724</u>
At 31 March 2014	<u>182,381</u>	<u>3,630</u>	<u>19,660</u>	<u>7,651</u>	<u>213,322</u>

12 Other assets

	<u>31.03.2015</u>	<u>31.03.2014</u>
	G\$ 000	G\$ 000
Interest and commissions accrued	148,094	81,742
Prepayments and other	<u>8,402</u>	<u>11,282</u>
	<u>156,496</u>	<u>93,024</u>

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NOTES ON THE ACCOUNTS

13	Other liabilities	<u>31.03.2015</u>	<u>31.03.2014</u>
		G\$ 000	G\$ 000
	Accrued interest on deposits	95,157	42,507
	Accruals and others	<u>106,925</u>	<u>708,896</u>
		<u>202,082</u>	<u>751,403</u>

14	Share capital		
	Authorised		
	Number of ordinary shares	<u>750,000,000</u>	<u>750,000,000</u>
		G\$ 000	G\$ 000
	Issued and fully paid		
	750,000,000 Ordinary shares	<u>750,000</u>	<u>750,000</u>
	Shares held by:		
	Bank of Baroda (India)	74,999,998	74,999,998
	Chairman	1	1
	A. Kumar	1	1
		<u>75,000,000</u>	<u>75,000,000</u>

These are all ordinary shares with equal voting rights, a right to dividend and par value of \$10.

15	Balances excluded from the accounts	<u>3,538</u>	<u>3,538</u>
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Monies received on behalf of customers and deposited in the External Payments Deposits Scheme with the Bank of Guyana, in accordance with the terms of agreement signed with each customer which specifically exclude the Bank from any liability.

BANK OF BARODA (GUYANA) INC.

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NOTES ON THE ACCOUNTS

16 Capital risk management

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>31.03.2015</u>	<u>31.03.2014</u>
	G\$ 000	G\$ 000
Debt (i)	12,010,032	11,084,939
Cash and Treasury bills	<u>(7,914,261)</u>	<u>(8,773,748)</u>
Net debt	<u>4,095,771</u>	<u>2,311,191</u>
Equity (ii)	<u>2,228,988</u>	<u>1,930,080</u>
Net debt to equity ratio	<u>1.84:1</u>	<u>1.2: 1</u>

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

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

17 Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

BANK OF BARODA (GUYANA) INC.

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NOTES ON THE ACCOUNTS

18 Financial risk management

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 the 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 rate 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.

(i) 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 table below summarises the bank's exposure to interest rate risk:

	Average Interest rate %	Maturing 31.03.2015			Total G\$ 000
		Within 1 year G\$ 000	Over 5 years G\$ 000	Non-interest bearing G\$ 000	
Assets					
Cash resources	-	2,716,670	1,731,281	-	4,447,951
Investments	4.25	3,466,310	-	-	3,466,310
Loans and advances (net)	12.45	1,023,397	5,242,726	-	6,266,123
Tax recoverable	-	-	-	309	309
Other	-	-	-	156,496	156,496
		<u>7,206,377</u>	<u>6,974,007</u>	<u>156,805</u>	<u>14,337,189</u>
Liabilities					
Demand deposits	-	-	-	2,490,364	2,490,364
Term deposits	3.5	7,122,995	-	-	7,122,995
Savings	3.12	2,396,673	-	-	2,396,673
Tax payable	-	-	-	43,801	43,801
Other	-	-	-	202,082	202,082
		<u>9,519,668</u>	<u>-</u>	<u>2,736,247</u>	<u>12,255,915</u>
Interest sensitivity gap		<u>(2,313,291)</u>	<u>6,974,007</u>		

BANK OF BARODA (GUYANA) INC.

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NOTES ON THE ACCOUNTS

18 Financial risk management - cont'd

(i) Interest rate risk - cont'd

	Average Interest rate	Maturing 31.03.2014				
	%	Within 1 year G\$ 000	1 to 5 years G\$ 000	Over 5 years G\$ 000	Non-interest bearing G\$ 000	Total G\$ 000
Assets						
Cash resources	-	2,620,032	-	2,419,556	-	5,039,588
Investments	4.25	3,734,160	-	-	-	3,734,160
Loans and advances (net)	12.45	186,827	1,718,993	2,887,791	-	4,793,611
Tax recoverable	-	-	-	-	309	309
Other	-	-	-	-	93,024	93,024
		<u>6,541,019</u>	<u>1,718,993</u>	<u>5,307,347</u>	<u>93,333</u>	<u>13,660,692</u>
Liabilities						
Demand deposits	-	-	-	-	2,620,347	2,620,347
Term deposits	3.5	6,627,446	-	-	-	6,627,446
Savings	3.12	1,837,146	-	-	-	1,837,146
Tax payable	-	-	-	-	54,411	54,411
Other	-	-	-	-	751,403	751,403
		<u>8,464,592</u>	<u>-</u>	<u>-</u>	<u>3,426,161</u>	<u>11,890,753</u>
Interest sensitivity gap		<u>(1,923,573)</u>	<u>1,718,993</u>	<u>5,307,347</u>		

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

NOTES ON THE ACCOUNTS

18 Financial risk management - cont'd

(a) Market risk cont'd

(ii) Currency risk

Assets and liabilities in foreign currencies

The Bank's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from foreign bank balances. The currencies which the Bank is mainly exposed to are Euro, United States Dollars, Pounds Sterling and Indian Rupees

The aggregate amounts of assets and liabilities denominated in currencies other than Guyana dollars are as shown:

	<u>Euro</u>	<u>US \$</u>	<u>£</u>	<u>Rupees</u>	<u>Total</u>
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
At 31 March 2015					
Assets	<u>14,293</u>	<u>569,635</u>	<u>28,120</u>	<u>7,261</u>	<u>619,309</u>
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2014					
Assets	<u>198</u>	<u>1,372,473</u>	<u>8,397</u>	<u>-</u>	<u>1,381,068</u>
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,902)</u>	<u>(11,902)</u>

Foreign currency sensitivity analysis

The following table details the company's sensitivity to a 2.5% increase and decrease in Guyana dollar (G\$) against the United States dollar (US\$)

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 the US dollar strengthens 2.5% against the Guyana dollar for a 2.5% weakening of the US dollar against Guyana dollar there would be an equal and opposite impact on the profit, and balances below would be a negative.

	<u>2014/2015</u>	<u>2013/2014</u>
	G\$ 000	G\$ 000
Profit/(loss)	<u>14,241</u>	<u>34,312</u>

(iii) Price risk

Price risk is the risk that the value of the 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 in order to minimise these risks. The Bank does not actively trade in equity instruments.

The Bank's exposure to price risk is not material to the financial statements.

BANK OF BARODA (GUYANA) INC.
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NOTES ON THE ACCOUNTS

18 Financial risk management - cont'd

(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.

	Maturing					
	31.03.2015					
	Within one year				Over	Total
	On Demand	Due in 3 mths	Due 3 - 12 mths	1 to 5 years	5 years	
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Assets						
Cash resources	2,716,670	-	-	1,731,281	-	4,447,951
Investments	-	1,436,300	2,030,010	-	-	3,466,310
Loans and advances (net)	-	516,267	507,130	718,993	4,523,733	6,266,123
Other	156,496	-	-	-	-	156,496
Tax recoverable	-	-	-	309	-	309
	<u>2,873,166</u>	<u>1,952,567</u>	<u>2,537,140</u>	<u>2,450,583</u>	<u>4,523,733</u>	<u>14,337,189</u>
Liabilities						
Demand deposits	2,490,364	-	-	-	-	2,490,364
Term deposits	400,113	2,348,497	3,064,758	1,309,627	-	7,122,995
Savings	2,396,673	-	-	-	-	2,396,673
Tax payable	-	43,801	-	-	-	43,801
Other	202,082	-	-	-	-	202,082
	<u>5,489,232</u>	<u>2,392,298</u>	<u>3,064,758</u>	<u>1,309,627</u>	<u>-</u>	<u>12,255,915</u>
net assets/(liabilities)	(2,616,066)	(439,731)	(527,618)	1,140,956	4,523,733	2,081,274

NOTES ON THE ACCOUNTS

18 Financial risk management - cont'd

(b) Liquidity risk - cont'd

	Maturing					
	2014.03.31					
	Within one year				Over	Total
	On Demand	Due in 3 mths	Due 3 - 12 mths	1 to 5 years	5 years	
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Assets						
Cash resources	2,496,175	-	2,543,413	-	-	5,039,588
Investments	-	-	3,734,160	-	-	3,734,160
Loans and advances (net)	127,688	80,504	87,873	1,718,993	2,787,791	4,793,611
Other	93,024	-	-	-	-	93,024
Tax recoverable	309	-	-	-	-	309
	<u>2,717,196</u>	<u>80,504</u>	<u>6,365,446</u>	<u>1,718,993</u>	<u>2,787,791</u>	<u>13,660,692</u>
Liabilities						
Demand deposits	2,620,347	-	-	-	-	2,620,347
Term deposits	6,627,446	-	-	-	-	6,627,446
Savings	1,837,146	-	-	-	-	1,837,146
Tax payable	-	54,411	-	-	-	54,411
Other	751,403	-	-	-	-	751,403
	<u>11,836,342</u>	<u>54,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,890,753</u>
net assets/(liabilities)	<u>(9,119,146)</u>	<u>26,093</u>	<u>6,365,446</u>	<u>1,718,993</u>	<u>2,787,791</u>	<u>1,769,939</u>

(c) Credit risk

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 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 valuator'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.
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NOTES ON THE ACCOUNTS

18 Financial risk management - cont'd
(c) Credit Risk cont'd

Impaired Loans and Advances cont'd

The Bank's policy in its reviews of the level of impairment allowances for loans and advances includes a review of collateral held (e.g. reconfirmation of its enforceability) and an assessment of actual and anticipated receipts. For significant commercial and corporate debts, specialized credit committees with experience in insolvency and specific market factors are used to determine likely losses.

Impaired Loans and Advances

	<u>31.03.2015</u> <u>G\$ 000</u>	<u>31.03.2014</u>
Sub- standard Sub- standard Sub- standard Sub- standard		
- Past Due 90 - 179 days	-	-
Doubtful and Loss		
- Past Due 180-359 days	3,356	2,283
- Past Due 360 days and over	8,396	6,146
Total	<u>11,752</u>	<u>8,429</u>

(d) Diversification of exposure

The Bank provides a wide range of services to borrowers in over five sectors within Guyana. As a result its portfolio of financial instruments with credit risk is highly diversified with no exposure to individual borrowers totalling more than 25% of the Bank's capital base.

The major activity of the bank is in providing banking services to commercial, industrial and domestic consumers. The risk is spread over a cross-section of clients.

The carrying amount reflected below represents the Bank's maximum exposure to credit risk for such loans.

	<u>31.03.2015</u> <u>G\$ 000</u>	<u>31.03.2014</u> <u>G\$ 000</u>
Loans and advances		
Agriculture	309,684	170,589
Services	3,552,830	1,366,031
Manufacturing	1,180,395	1,660,461
Household	874,795	908,510
Construction and engineering	352,815	697,258
	<u>6,270,519</u>	<u>4,802,849</u>
Provision for impairment	<u>(4,396)</u>	<u>(9,238)</u>
	<u>6,266,123</u>	<u>4,793,611</u>

(e) Renegotiated loans and overdraft

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

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NOTES ON THE ACCOUNTS

19 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

	31.03.2015			
	<u>Under 3 mths G\$'000</u>	<u>3 to 12 months G\$'000</u>	<u>Over 12 mths G\$'000</u>	<u>Total G\$'000</u>
Commercial sector	-	-	185,289	185,289
	-	-	185,289	185,289

31.03.2014			
<u>Under 3 months</u> G\$ 000	<u>3 to 12 months</u> G\$ 000	<u>Over 12 mths</u> G\$ 000	<u>Total</u> G\$ 000
-	-	1,064,036	1,064,036
<hr/>	<hr/>	<hr/>	<hr/>
-	-	1,064,036	1,064,036
<hr/>	<hr/>	<hr/>	<hr/>

20 Statutory reserve

	31.03.2015 G\$ 000	31.03.2014 G\$ 000
At beginning	190,567	148,426
Movement	44,836	42,141
At end	235,403	190,567

This is computed in accordance with the Financial Institutions Act.

BANK OF BARODA (GUYANA) INC.
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NOTES ON THE ACCOUNTS

21 Analysis of financial assets and liabilities by measurement

	31.03.2015				31.03.2014
	Treasury Bills	Loans and receivables	Financial assets and liabilities at amortised cost	Total	
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Assets					
Cash and due by banks	-	-	2,716,670	2,716,670	2,620,032
Deposits with Bank of Guyana	-	-	1,731,281	1,731,281	2,419,556
Treasury bills	3,466,310	-	-	3,466,310	3,734,160
Loans and advances	-	6,266,123	-	6,266,123	4,793,611
Tax recoverable	-	-	309	309	309
Other assets	-	-	156,496	156,496	93,024
	<u>3,466,310</u>	<u>6,266,123</u>	<u>4,604,756</u>	<u>14,337,189</u>	
	<u>3,734,160</u>	<u>4,793,611</u>	<u>5,132,921</u>		<u>13,660,692</u>
Liabilities					
Demand deposits	-	-	2,490,364	2,490,364	2,620,347
Savings deposits	-	-	2,396,673	2,396,673	1,837,146
Term deposits	-	-	7,122,995	7,122,995	6,627,446
Tax payable	-	-	43,801	43,801	54,411
Other	-	-	202,082	202,082	751,403
	<u>-</u>	<u>-</u>	<u>12,255,915</u>	<u>12,255,915</u>	
			<u>11,890,753</u>		<u>11,890,753</u>

(b) Fair values

(i) Loans and receivables - as stated in Note 3 (e).

(ii) Financial assets and liabilities

The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values.

BANK OF BARODA (GUYANA) INC.
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NOTES ON THE ACCOUNTS

22 Fair value of financial instruments

	31.03.2015		31.03.2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Financial Assets				
Investments	3,466,310	3,466,310	3,734,160	3,734,160
Loans	6,266,123	6,266,123	4,793,611	4,793,611
Tax recoverable	309	309	309	309
Other Assets	156,496	156,496	93,024	93,024
Cash and bank due by banks	2,716,670	2,716,670	2,620,032	2,620,032
Deposits with bank of Guyana	1,731,281	1,731,281	2,419,556	2,419,556
	<u>14,337,189</u>	<u>14,337,189</u>	<u>13,660,692</u>	<u>13,660,692</u>
Financial Liabilities				
Deposits	12,010,032	12,010,032	11,084,939	11,084,939
Tax payable	43,801	43,801	54,411	54,411
Other	202,082	202,082	751,403	751,403
	<u>12,255,915</u>	<u>12,255,915</u>	<u>11,890,753</u>	<u>11,890,753</u>

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 2 based on the degree to which the value is observable

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NOTES ON THE ACCOUNTS

23 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those segments operating in other economic environments.

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

	2015			2014		
	Guyana G\$ 000	Outside of Guyana G\$ 000	Total G\$ 000	Guyana G\$ 000	Outside of Guyana G\$ 000	Total G\$ 000
Fair value of investments	<u>3,466,310</u>	<u>-</u>	<u>3,466,310</u>	<u>3,734,160</u>	<u>-</u>	<u>3,734,160</u>
Investment Income	<u>98,008</u>	<u>-</u>	<u>98,008</u>	<u>63,680</u>	<u>-</u>	<u>63,680</u>
<u>Cash resources:</u>						
Local	<u>2,379,641</u>	<u>-</u>	<u>2,379,641</u>	<u>3,670,422</u>	<u>-</u>	<u>3,670,422</u>
Foreign	<u>-</u>	<u>2,068,310</u>	<u>2,068,310</u>	<u>-</u>	<u>1,369,166</u>	<u>1,369,166</u>
<u>Income from cash resources:</u>						
Local	<u>19,227</u>	<u>-</u>	<u>19,227</u>	<u>18,980</u>	<u>-</u>	<u>18,980</u>
Foreign	<u>-</u>	<u>36,398</u>	<u>36,398</u>	<u>-</u>	<u>54,786</u>	<u>54,786</u>