

BANK OF BARODA (GUYANA) INC.

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2016
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 2016

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 2016, 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 44.

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 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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.
CHARTERED ACCOUNTANTS

Date: April 22, 2016

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 2016

	<u>Notes</u>	<u>2015/2016</u>	<u>2014/2015</u>
		G\$ 000	G\$ 000
Interest income			
Loans and advances		726,120	610,504
Investments (treasury bills)	9(b)	94,280	98,008
Local bank deposits		23,505	19,227
Foreign bank deposits		21,258	36,928
		<u>865,163</u>	<u>764,667</u>
Interest expense			
Savings deposits		21,015	20,660
Term deposits		286,572	179,674
Other		3,990	4,063
		<u>311,577</u>	<u>204,397</u>
Net interest income		553,586	560,270
Other income	6	<u>191,051</u>	<u>161,497</u>
Net interest and other income		<u>744,637</u>	<u>721,767</u>
Non-interest expenses			
Salaries and other staff costs		82,929	75,983
Premises and equipment		66,997	66,168
Bad Debts		26,116	97
Other		80,229	43,371
		<u>256,271</u>	<u>185,619</u>
Profit before taxation	7	488,366	536,148
Taxation	5	<u>(152,149)</u>	<u>(237,240)</u>
Profit after taxation		<u>336,217</u>	<u>298,908</u>
Total Comprehensive Income for the year		<u>336,217</u>	<u>298,908</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 2016

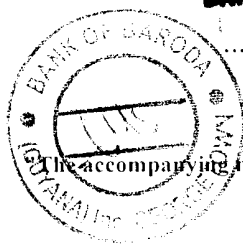
	<u>Note</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Statutory reserve</u>	<u>Total</u>
		G\$ 000	G\$ 000	G\$ 000	G\$ 000
Balance at 1 April 2014		<u>750,000</u>	<u>989,513</u>	<u>190,567</u>	<u>1,930,080</u>
Changes in Equity 2014/2015					
Total comprehensive Income for the year		-	298,908	-	298,908
Transfer	21	-	(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>
Changes in Equity 2015/2016					
Total comprehensive Income for the year		-	336,217	-	336,217
Transfer	21	-	(50,432)	50,432	-
Balance at 31 March 2016		<u>750,000</u>	<u>1,529,370</u>	<u>285,835</u>	<u>2,565,205</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 FINANCIAL POSITION
AS AT 31 MARCH 2016

	<u>Notes</u>	<u>31.3.2016</u> G\$ 000	<u>31.3.2015</u> G\$ 000
ASSETS			
Cash Resources			
Cash and due by banks	8 (a)	2,607,261	2,716,670
Deposits with Bank of Guyana	8 (b)	<u>2,477,645</u>	<u>1,731,281</u>
		<u>5,084,906</u>	<u>4,447,951</u>
Investments			
Treasury bills	9 (a)	4,495,920	3,466,310
Loans and advances	10	<u>7,010,098</u>	<u>6,266,123</u>
		<u>11,506,018</u>	<u>9,732,433</u>
Property and equipment	11	190,624	203,724
Deferred tax	5	1,142	-
Tax recoverable		5,457	309
Other assets	12	<u>197,437</u>	<u>156,496</u>
		<u>394,660</u>	<u>360,529</u>
		<u>16,985,584</u>	<u>14,540,913</u>
EQUITIES AND LIABILITIES			
Capital and reserves			
Share capital	14	750,000	750,000
Retained earnings		1,529,370	1,243,585
Statutory reserve	21	<u>285,835</u>	<u>235,403</u>
		<u>2,565,205</u>	<u>2,228,988</u>
Deposits			
Demand		2,713,431	2,490,364
Savings		2,233,397	2,396,673
Term		<u>9,135,239</u>	<u>7,122,995</u>
		<u>14,082,067</u>	<u>12,010,032</u>
Deferred taxation	5	-	56,010
Tax payable		-	43,801
Other	13	<u>338,312</u>	<u>202,082</u>
		<u>338,312</u>	<u>301,893</u>
		<u>16,985,584</u>	<u>14,540,913</u>

These financial statements were approved by the Board of Directors on 22nd April 2016
On behalf of the Board: **BANK OF BARODA (GUYANA) INC.**



..... Chief Executive Officer and Director
Managing Director
..... Director

"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 2016

	<u>2015/2016</u> G\$ 000	<u>2014/2015</u> G\$ 000
Operating activities		
Profit before taxation	488,366	536,148
Adjustments for:		
Depreciation	<u>16,738</u>	<u>17,307</u>
Operating profit before working capital changes	505,104	553,455
Increase in customers' loans	(743,975)	(1,472,512)
Increase in customers' deposits	2,072,035	925,093
Increase in other assets	(40,941)	(63,472)
Increase/(decrease) in other liabilities	136,230	(549,321)
Increase/(decrease) in required reserve with Bank of Guyana	<u>(746,364)</u>	<u>688,275</u>
Cash provided by operating activities	1,182,089	81,518
Taxation		
Taxes paid/adjusted (net)	<u>(258,249)</u>	<u>(245,021)</u>
Net cash provided by/(used in) operating activities	<u>923,840</u>	<u>(163,503)</u>
Investing activities		
Investments	(1,029,610)	267,850
Additions to fixed assets	<u>(3,639)</u>	<u>(7,709)</u>
Net cash provided by/(used in) investing activities	<u>(1,033,249)</u>	<u>260,141</u>
Net increase/(decrease) in cash and short term funds	(109,409)	96,638
Cash and short term funds at beginning of year	<u>2,716,670</u>	<u>2,620,032</u>
Cash and short term funds at end of year (Note 8 (a))	<u>2,607,261</u>	<u>2,716,670</u>

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

BANK OF BARODA (GUYANA) INC.

(SUBSIDIARY OF BANK OF BARODA (INDIA))

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. New and amended standards and interpretations

Effective for the current year end

Effective for annual periods beginning on or after

New and Amended Standards

IAS 19 Employee Benefits	1 February 2015
Annual Improvements 2010-2012 Cycle	1 February 2015
Annual Improvements 2011-2013 Cycle	1 February 2015

The standards and amendments stated above are not relevant to the entity.

Annual Improvements

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

IFRS 5	- Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	- Financial Instruments Disclosure
IFRS 9	- Financial Instruments
IFRS 14	- Regulatory deferral accounts
IFRS 15	- Revenue from contracts with customers
IFRS 10/IAS 28	- Amendments-Sale or contribution of assets
IFRS 11	- Amendments- Disclosure initiative
IAS 1	- Amendments-Disclosure initiative
IAS 16/IAS 38 amortization	- Clarification of acceptable methods of depreciation and
IAS 16/ IAS 41	- Amendments-Bearer plants
IAS 27	- Amendments-Equity method in separate financial statements
IAS 34	- Interim Financial Reporting

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

NOTES ON THE ACCOUNTS

3. New and amended standards and interpretations-cont'd

Pronouncements effective in future periods

	Effective for annual periods beginning on or after
New and Amended Standards	
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 Annual Improvements 2012-2014 Cycle	1 January 2016 1 July 2016
IFRS 9 Financial Instruments: Classification and Measurement and additions for financial liability accounting	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018

The Company has not opted for early adoption.

The standards and amendments that are expected to have an impact on the Company's accounting policies when adopted are explained below.

BANK OF BARODA (GUYANA) INC.

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NOTES ON THE ACCOUNTS

2. New and amended 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

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to clarify that a depreciation method for the use of an asset that is not appropriate for property, plant and equipment

The application of the amendments may have impact on amounts reported in respect of depreciation. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

Disclosure Initiative (Amendments to IAS 1)

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports

Annual Improvements 2012-2014 Cycle

Makes amendments to the following standards:

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
IFRS 7 - Financial Instruments: Disclosures
IFRS 9 - Financial Instruments
IAS 34 - Interim Financial Reporting

BANK OF BARODA (GUYANA) INC.

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NOTES ON THE ACCOUNTS

2. New and amended standards and interpretations-cont'd

IFRS 9-Financial instrument

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Early adoption must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

IFRS 9-Financial instrument

The standard contains specific transitional provisions for:

- i) classification and measurement of financial assets;
- ii) impairment of financial assets; and
- iii) hedge accounting.

The directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

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

NOTES ON THE ACCOUNTS

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

BANK OF BARODA (GUYANA) INC.

(SUBSIDIARY OF BANK OF BARODA (INDIA))

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 income 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

BANK OF BARODA (GUYANA) INC.

(SUBSIDIARY OF BANK OF BARODA (INDIA))

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

- 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 repossessions
- 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).

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.

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

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

Classification -- cont'd

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.

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.

BANK OF BARODA (GUYANA) INC.

(SUBSIDIARY OF BANK OF BARODA (INDIA))

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

Classification – cont'd

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:

BANK OF BARODA (GUYANA) INC.
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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.

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

BANK OF BARODA (GUYANA) INC.
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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.

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

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 profit or loss 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.

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

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.

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

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.
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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 in the financial statements.

(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>2015/2016</u>	<u>2014/2015</u>
	G\$ 000	G\$ 000
Accounting profit	<u>488,366</u>	<u>536,148</u>
Corporation tax at 40%	195,346	214,459
Add:		
Others	3,363	11,594
Property tax	7,967	7,729
Depreciation for accounting purposes	<u>6,696</u>	<u>6,923</u>
	213,372	240,705
Deduct:		
Tax effect of depreciation for tax purposes	<u>(4,071)</u>	<u>(1,990)</u>
	209,301	238,715
Tax period basis	<u>(50,408)</u>	<u>(4,304)</u>
	158,893	234,411
Deferred taxation	<u>(6,744)</u>	<u>2,829</u>
	<u>152,149</u>	<u>237,240</u>
Taxation - current	209,301	234,411
- deferred	(24,776)	2,829
- prior year adjustment for deferred tax	<u>(32,376)</u>	<u>-</u>
	<u>152,149</u>	<u>237,240</u>

BANK OF BARODA (GUYANA) INC.

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NOTES ON THE ACCOUNTS

5 Taxation - cont'd

Components of deferred tax liabilities/(assets)	<u>31.03.2016</u>	<u>31.03.2015</u>
	G\$ 000	G\$ 000
Fixed assets	(4,506)	2,238
Income	<u>3,364</u>	<u>53,772</u>
	<u>(1,142)</u>	<u>56,010</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 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	53,772	2,238	56,010
Movement during the year	<u>(50,408)</u>	<u>25,632</u>	<u>(24,776)</u>
Adjustment	<u>-</u>	<u>(32,376)</u>	<u>(32,376)</u>
At 31 March 2016	<u>3,364</u>	<u>(4,506)</u>	<u>(1,142)</u>

6 Other income

	<u>2015/2016</u>	<u>2014/2015</u>
	G\$ 000	G\$ 000
Exchange earned	4,680	3,688
Commission earned	108,566	76,123
Profit on disposal	530	-
Profit on exchange	68,962	75,793
Incidental charges	<u>8,313</u>	<u>5,893</u>
	<u>191,051</u>	<u>161,497</u>

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	<u>2015/2016</u>	<u>2014/2015</u>
	G\$ 000	G\$ 000
7 Profit before taxation	<u>488,366</u>	<u>536,148</u>
After charging:		
Auditors' remuneration:	3,673	795
Depreciation	16,739	17,307
Provision for impairment (Note 10 (a))	<u>(15,093)</u>	<u>(4,297)</u>
8 (a) Cash and due by Banks	<u>31.03.2016</u>	<u>31.03.2015</u>
	G\$ 000	G\$ 000
Cash	69,556	71,117
Balances with other banks	<u>2,537,705</u>	<u>2,645,553</u>
	<u>2,607,261</u>	<u>2,716,670</u>
(b) Deposits with Bank of Guyana		
Statutory Deposit	2,477,645	1,731,281
Balance in excess of required reserve	<u>-</u>	<u>-</u>
	<u>2,477,645</u>	<u>1,731,281</u>
(c) Cash and short term funds		
Cash and bank balances	<u>5,084,906</u>	<u>4,447,951</u>

BANK OF BARODA (GUYANA) INC.

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NOTES ON THE ACCOUNTS

	31.03.2016		31.03.2015	
	<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>4,495,920</u>	<u>4,495,920</u>	<u>3,466,310</u>	<u>3,466,310</u>

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

(b) Income from investment

	<u>2015/2016</u>	<u>2014/2015</u>
	G\$ 000	G\$ 000
Treasury bills	<u>94,280</u>	<u>98,008</u>

10 Loans and advances	<u>31.03.2016</u>	<u>31.03.2014</u>
	G\$ 000	G\$ 000
Mortgages	4,676,968	2,995,450
Demand loans	109,435	135,664
Term	101,381	636,311
Overdrafts	2,096,618	2,499,501
Staff Loan	2,275	1,669
Others	38,514	1,825
	<u>7,025,191</u>	<u>6,270,420</u>
Provision for impairment (a)	<u>(15,093)</u>	<u>(4,297)</u>
	<u>7,010,098</u>	<u>6,266,123</u>

(a) Provision for impairment

Individually assessed:

At beginning	4,297	9,238
Movement	<u>10,796</u>	<u>(4,941)</u>
At end	<u>15,093</u>	<u>4,297</u>

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

11 Property, plant and equipment

	Freehold land and buildings G\$ 000	Leasehold Structure G\$ 000	Furniture & Fittings G\$ 000	Motor vehicles G\$ 000	2015/2016 Total G\$ 000	2014/2015 Total G\$ 000
Cost						
At 1 April	257,312	5,185	59,063	15,505	337,065	329,356
Additions	-	-	3,638	-	3,638	7,709
Disposal	-	-	(731)	-	(731)	-
At 31 March	<u>257,312</u>	<u>5,185</u>	<u>61,970</u>	<u>15,505</u>	<u>339,972</u>	<u>337,065</u>
Depreciation						
At 1 April	84,050	2,073	39,310	7,908	133,341	116,034
Charge for the year	8,663	518	5,590	1,967	16,738	17,307
Depreciation written back	-	-	(731)	-	(731)	-
At 31 March	<u>92,713</u>	<u>2,591</u>	<u>44,169</u>	<u>9,875</u>	<u>149,348</u>	<u>133,341</u>
Net book values:						
At 31 March 2016	<u>164,599</u>	<u>2,594</u>	<u>17,801</u>	<u>5,630</u>	<u>190,624</u>	<u>203,724</u>
At 31 March 2015	<u>173,262</u>	<u>3,112</u>	<u>19,753</u>	<u>7,597</u>	<u>203,724</u>	<u>213,322</u>

12 Other assets

	31.03.2016 G\$ 000	31.03.2015 G\$ 000
Interest and commissions accrued	173,087	148,094
Prepayments and other	<u>24,350</u>	<u>8,402</u>
	<u>197,437</u>	<u>156,496</u>

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NOTES ON THE ACCOUNTS

13	Other liabilities	<u>31.03.2016</u> G\$ 000	<u>31.03.2015</u> G\$ 000
	Accrued interest on deposits	170,182	95,157
	Accruals and others	<u>168,130</u>	<u>106,925</u>
		<u>338,312</u>	<u>202,082</u>
14	Share capital		
	Authorised		
	Number of ordinary shares	<u>750,000,000</u>	<u>750,000,000</u>
		<u>G\$ 000</u>	<u>G\$ 000</u>
	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>

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>31.03.2016</u>	<u>31.03.2015</u>
	G\$ 000	G\$ 000
Debt (i)	14,082,067	12,010,032
Cash and Treasury bills	<u>(9,580,826)</u>	<u>(7,914,261)</u>
Net debt	<u>4,501,241</u>	<u>4,095,771</u>
Equity (ii)	<u>2,565,205</u>	<u>2,228,988</u>
Net debt to equity ratio	<u>1.75:1</u>	<u>1.84:1</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 31.03.2016			
		Within	Over	Non-interest	Total
		<u>1 year</u>	<u>5 years</u>	<u>bearing</u>	
		G\$ 000	G\$ 000	G\$ 000	G\$ 000
Assets					
Cash resources	-	2,607,261	2,477,645	-	5,084,906
Investments	4.25	4,495,920	-	-	4,495,920
Loans and advances (net)	12.45	2,180,780	4,829,318	-	7,010,098
Tax recoverable	-	-	-	5,457	5,457
Other	-	-	-	197,437	197,437
		<u>9,283,961</u>	<u>7,306,963</u>	<u>202,894</u>	<u>16,793,818</u>
Liabilities					
Demand deposits	-	-	-	2,713,431	2,713,431
Term deposits	3.5	9,076,756	58,483	-	9,135,239
Savings	3.12	2,233,397	-	-	2,233,397
Other	-	-	-	338,312	338,312
		<u>11,310,153</u>	<u>58,483</u>	<u>3,051,743</u>	<u>14,420,379</u>
Interest sensitivity gap		<u>(2,026,192)</u>	<u>7,248,480</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 31.03.2015			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

(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 2016					
Assets	<u>502</u>	<u>187,822</u>	<u>6,542</u>	<u>3,091</u>	<u>197,957</u>
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>

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>2015/2016</u>	<u>2014/2015</u>
	G\$ 000	G\$ 000
Profit/(loss)	<u>4,696</u>	<u>14,241</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					
	31.3.2016					
	Within one year			Over		Total
On Demand	Due in 3 mths	Due 3 - 12 mths	1 to 5 years	5 years	Total	
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Assets						
Cash resources	2,607,261	-	-	2,477,645	-	5,084,906
Investments	-	-	4,495,920	-	-	4,495,920
Loans and advances (net)	-	2,122,609	58,171	1,481,792	3,347,526	7,010,098
Other	197,437	-	-	-	-	197,437
Tax recoverable	-	-	-	5,457	-	5,457
	<u>2,804,698</u>	<u>2,122,609</u>	<u>4,554,091</u>	<u>3,964,894</u>	<u>3,347,526</u>	<u>16,793,818</u>
Liabilities						
Demand deposits	2,713,431	-	-	-	-	2,713,431
Term deposits	468,494	3,581,804	5,026,458	58,483	-	9,135,239
Savings	2,233,397	-	-	-	-	2,233,397
Other	338,312	-	-	-	-	338,312
	<u>5,753,634</u>	<u>3,581,804</u>	<u>5,026,458</u>	<u>58,483</u>	<u>-</u>	<u>14,420,379</u>
net assets/(liabilities)	<u>(2,948,936)</u>	<u>(1,459,195)</u>	<u>(472,367)</u>	<u>3,906,411</u>	<u>3,347,526</u>	<u>2,373,439</u>

NOTES ON THE ACCOUNTS

18 Financial risk management - cont'd

(b) Liquidity risk - cont'd

	Maturing					
	31.12.2015					
	Within one year			Over		Total
On Demand	Due in 3 mths	Due 3 - 12 mths	1 to 5 years	5 years	Total	
	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)	<u>(2,616,066)</u>	<u>(439,731)</u>	<u>(527,618)</u>	<u>1,140,956</u>	<u>4,523,733</u>	<u>2,081,274</u>

(c) i. 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
 - Promisory 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 TO THE FINANCIAL STATEMENTS

18 Financial Risk Management - cont'd

(c) ii. Credit Risk Measurement

As part of the on-going process of prudent risk management, the company's policy is to risk rate credit facilities at the time of approval and on a regular basis. The Credit Classification System is in place to assign risk indicators to credits in the portfolio and engages the traditional categories utilized by regulatory authorities.

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

	<u>31.3.2016</u> Maximum exposure G' 000	<u>31.3.2015</u> Maximum exposure G' 000
Cash and due by banks	2,607,261	2,716,670
Deposit with Bank of Guyana	2,477,645	1,731,281
Investments	4,495,920	3,466,310
Loans and Advances	<u>7,010,098</u>	<u>6,266,123</u>
Total	<u>16,590,924</u>	<u>14,180,384</u>
Customer liability under bill collections, guarantees and letters of credit	<u>650,334</u>	<u>476,689</u>
	650,334	476,689
Total Credit risk exposure	<u><u>17,241,258</u></u>	<u><u>14,657,073</u></u>

The above table represents a worst case scenario of credit risk exposure to the bank without taking account of any collateral held or other credit enhancements attached.

<u>Credit Quality</u>	<u>31.3.2016</u>	<u>31.3.2015</u>
<u>Loans & Advances</u>	G\$ 000	G\$ 000
Neither past due nor impaired	6,392,716	5,512,810
Past due but not impaired	559,688	745,957
Impaired	<u>72,786</u>	<u>11,752</u>
	<u><u>7,025,190</u></u>	<u><u>6,270,519</u></u>

BANK OF BARODA (GUYANA) INC.

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NOTES TO THE FINANCIAL STATEMENTS

18 Financial Risk Management - cont'd

(c) iii. Credit Risk Measurement-cont'd

Loans and Advances which were Past Due but not Impaired

There are a variety of reasons why certain loans and advances designated as 'past due' are not regarded as impaired. Unless other information is available to the contrary, all loans and advances between 90 and 180 days are not considered impaired as they may be well-secured. In addition, renewals may be delayed due to pending submission of required documentation and as such do not reflect any concern on the creditworthiness of the borrower. Further, past due loans and advances secured in full by cash collateral are not considered impaired, and where appropriate, neither are mortgages in arrears by greater than 90 days where the value of the collateral is sufficient to repay both principal and interest in the event the account is identified for recovery.

Loans and advances which were past due but not impaired as at 31 December can be assessed by reference to the Bank's credit grading system. The following information is based on that system.

	<u>31.3.2016</u>	<u>31.3.2015</u>
	G\$ 000	G\$ 000
Grade 1 - Satisfactory risk	<u>6,392,716</u>	<u>5,512,810</u>
Grade 2 - Monitor list		
- Past Due up to 90 days	<u>559,688</u>	<u>745,957</u>

The security held for these loans are the same as those stated in Note 18 (c) (ii)

(d) Impaired Loans and Advances

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.

	<u>31.03.2016</u>	<u>31.03.2015</u>
	G\$ 000	
Sub- standard Sub- standard Sub- standard		
- Past Due 90 - 179 days	<u>72,117</u>	<u>-</u>
Doubtful and Loss		
- Past Due 180-359 days	-	3,356
- Past Due 360 days and over	<u>669</u>	<u>8,396</u>
Total	<u>72,786</u>	<u>11,752</u>

BANK OF BARODA (GUYANA) INC.
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NOTES TO THE FINANCIAL STATEMENTS

18 Financial Risk Management - cont'd

(d) Impaired Loans and Advances-Cont'd

The tables below depict the Bank's exposure to credit risk where financial instruments are held.

As at 31 March 2016	Guyana	Outside of Guyana	Total
	G\$' 000	G\$' 000	G\$' 000
On Statement of Financial Position			
Cash Resources	3,058,201	2,026,705	5,084,906
Investments	4,495,920	-	4,495,920
Loans and Advances (net)	7,010,098	-	7,010,098
Other assets	197,437	-	197,437
	<u>14,761,656</u>	<u>2,026,705</u>	<u>16,788,361</u>
Off Statement of Financial Position			
Bill Collections, Guarantees and Letters of Credit	650,334	-	650,334
	<u>650,334</u>	<u>-</u>	<u>650,334</u>
Total	<u>15,411,990</u>	<u>2,026,705</u>	<u>17,438,695</u>
As at 31 March 2015	Guyana	Outside of Guyana	Total
	G\$' 000	G\$' 000	G\$' 000
On Statement of Financial Position			
Cash Resources	2,379,641	2,068,310	4,447,951
Investments	3,466,310	-	3,466,310
Loans and Advances (net)	6,266,123	-	6,266,123
Other assets	156,496	-	156,496
	<u>12,268,570</u>	<u>2,068,310</u>	<u>14,336,880</u>
Off Statement of Financial Position			
Bill Collections, Guarantees and Letters of Credit	476,869	-	476,869
	<u>476,869</u>	<u>-</u>	<u>476,869</u>
Total	<u>12,745,439</u>	<u>2,068,310</u>	<u>14,813,749</u>

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NOTES ON THE ACCOUNTS

18 Financial Risk Management - cont'd

(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>31.03.2016</u>	<u>31.03.2015</u>
	G\$ 000	G\$ 000
Loans and advances:		
Agriculture	307,950	309,684
Services	3,398,151	3,552,830
Manufacturing	954,977	1,180,395
Household	251,198	874,795
Construction and engineering	266,923	352,815
Mining & quarrying	23,499	-
Housing loan & commercial real estate	<u>1,822,493</u>	<u>-</u>
	<u>7,025,191</u>	<u>6,270,519</u>
Provision for impairment	<u>(15,093)</u>	<u>(4,396)</u>
	<u>7,010,098</u>	<u>6,266,123</u>

(e) Renegotiated loans and overdraft

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

19 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Key management personnel

(i) Compensation

The Bank's 3 (2014/2015 - 3) key management personnel comprise its Chairman, Directors and Manager. The remuneration paid to key management person for the year was as follows:

	<u>31.3.2016</u>	<u>31.3.2015</u>
	G\$ 000	G\$ 000
Short term employee benefits	<u>25,357,546</u>	<u>17,624,122</u>
(ii) Directors fees		
Chairman	<u>80</u>	<u>-</u>
(iii) Management fees to parent company		
Bank of Baroda India	<u>10,796</u>	<u>-</u>

This represent allocation of management fees for work done on behalf of Bank of Baroda Guyana by the parent company.

BANK OF BARODA (GUYANA) INC.

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NOTES ON THE ACCOUNTS

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

	31.03.2016			
	Under	3 to 12	Over	Total
	<u>3 mths</u>	<u>months</u>	<u>12 mths</u>	
	G\$'000	G\$'000	G\$'000	G\$'000
Commercial sector	-	-	308,715	308,715
	-	-	308,715	308,715

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

21 Statutory reserve

	<u>31.03.2016</u>	<u>31.03.2015</u>
	G\$ 000	G\$ 000
At beginning	235,403	190,567
Movement	<u>50,432</u>	<u>44,836</u>
At end	<u>285,835</u>	<u>235,403</u>

This is computed in accordance with the Financial Institutions Act.

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NOTES ON THE ACCOUNTS

22 Analysis of financial assets and liabilities by measurement

	31.03.2016			31.03.2015	
	Treasury Bills G\$ 000	Loans and receivables G\$ 000	Financial assets and liabilities at amortised cost G\$ 000	Total G\$ 000	Total G\$ 000
Assets					
Cash and due by banks	-	-	2,607,261	2,607,261	2,716,670
Deposits with Bank of Guyana	-	-	2,477,645	2,477,645	1,731,281
Treasury bills	4,495,920	-	-	4,495,920	3,466,310
Loans and advances	-	7,010,098	-	7,010,098	6,266,123
Tax recoverable	-	-	5,457	5,457	309
Other assets	-	-	197,437	197,437	156,496
	<u>4,495,920</u>	<u>7,010,098</u>	<u>5,287,800</u>	<u>16,793,818</u>	
	<u>3,466,310</u>	<u>6,266,123</u>	<u>4,604,756</u>		<u>14,337,189</u>
Liabilities					
Demand deposits	-	-	2,713,431	2,713,431	2,490,364
Savings deposits	-	-	2,233,397	2,233,397	2,396,673
Term deposits	-	-	9,135,239	9,135,239	7,122,995
Tax payable	-	-	-	-	43,801
Other	-	-	338,312	338,312	202,082
	<u>-</u>	<u>-</u>	<u>14,420,379</u>	<u>14,420,379</u>	
			<u>12,255,915</u>		<u>12,255,915</u>

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

23 Determination of fair values

Assets and liabilities are not measured at fair value but stated at fair value for disclosure

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.

	IFRS 13 Fair value hierarchy	31.03.2016		31.03.2015	
		Carrying amount G\$ 000	Fair value G\$ 000	Carrying amount G\$ 000	Fair value G\$ 000
Assets					
Investments	Level 2	4,495,920	4,495,920	3,466,310	3,466,310
Loans	Level 2	7,010,098	7,010,098	6,266,123	6,266,123
Property plant and equipment	Level 2	190,624	190,624	203,724	203,724
Deferred taxation	Level 2	1,142	1,142	-	-
Tax recoverable	Level 2	5,457	5,457	309	309
Other Assets	Level 2	197,437	197,437	156,496	156,496
Cash and bank due by banks	Level 2	2,607,261	2,607,261	2,716,670	2,716,670
Deposits with bank of Guyana	Level 2	2,477,645	2,477,645	1,731,281	1,731,281
		<u>16,985,584</u>	<u>16,985,584</u>	<u>14,540,913</u>	<u>14,540,913</u>
Liabilities					
Deposits	Level 2	14,082,067	14,082,067	12,010,032	12,010,032
Deferred taxation	Level 2	-	-	56,010	56,010
Tax payable	Level 2	-	-	43,801	43,801
Other	Level 2	338,312	338,312	202,082	202,082
		<u>14,420,379</u>	<u>14,420,379</u>	<u>12,311,925</u>	<u>12,311,925</u>

- (i) Loans and advances are net of specific provisions for impairment. The fair value of loans and advances is based on expected realisation of outstanding balances taking into account the bank's history with respect to delinquencies.
- (ii) Financial instruments where the carrying amounts are equal to fair-value:- Due to their short maturity, the carrying value of certain financial instruments approximates their fair values. These include cash and cash equivalents, deferred taxation, tax payable/recoverable and other payables, deposits, investment, property, plant and equipment and other assets.