TSD LAL & CO.

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Chartered Accountants

BANK OF BARODA (GUYANA) INC.

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH, 2017
AN INDEPENDENT AUDITORS' REPORT

AUDIT, TAX, CONSULTING, FINANCIAL ADVISORY

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

BANK OF BARODA (GUYANA) INC.

(SUBSIDIARY OF BANK OF BARODA (INDIA))

FOR THE YEAR ENDED 31 MARCH 2017

Opinion

We have audited the financial statements of Bank of Baroda (Guyana) Inc., which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 2 to 43.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank of Baroda (Guyana) Inc. as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank within the meaning of the Financial Institution Act 1995 and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The Bank's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Management has not identified a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Bank's ability to continue as a going concern.

Responsibilities of Those Charged with Governance of the Financial Statements

The Directors/Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Directors/Management is responsible for overseeing the Bank's financial reporting process.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as going concern, disclosing, as applicable, matters related to going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The audit committee assists the Directors in discharging their responsibilities for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank's audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirement of the Financial Institution Act 1995 and the Companies Act 1991.

The engagement partner responsible for the audit resulting in this independent auditor's report is Rameshwar Lal-FCCA.

TSD Lal & Co

TSD LAL & CO
CHARTERED ACCOUNTANTS

Date: April 24, 2017

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 2017

	Notes	2016/2017	2015/2016
		G$ 000	G$ 000
Interest income			
Loans and advances		692,094	726,120
Investments (treasury bills)	9(b)	159,028	94,280
Local bank deposits		42,859	23,505
Foreign bank deposits		38,347	21,258
		932,328	865,163
Interest expense			
Savings deposits		87,314	21,015
Term deposits		257,613	286,572
Other		48	3,990
		344,975	311,577
Net interest income		587,353	553,586
Other income	6	201,522	191,051
Net interest and other income		788,875	744,637
Non-interest expenses			
Salaries and other staff costs		89,292	82,929
Premises and equipment		77,135	66,997
Bad Debts		316,901	26,116
Other		81,229	80,229
		564,557	256,271
Profit before taxation	7	224,318	488,366
Taxation	5	(63,905)	(152,149)
Profit after taxation		160,413	336,217
Total Comprehensive income for the year		160,413	336,217

"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 2017

	Note	Share capital	Retained earnings	Statutory reserve	Total
		G$ 000	G$ 000	G$ 000	G$ 000
Balance at 1 April 2015		750,000	1,243,585	235,403	2,228,988
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		750,000	1,529,370	285,835	2,565,205
Changes in equity 2016/2017					
Total comprehensive income for the year		-	160,413	-	160,413
Transfer	21	-	(24,062)	24,062	-
Balance at 31 March 2017		750,000	1,665,721	309,897	2,725,618

"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 2017

	Notes	31.3.2017 G$ 000	31.3.2016 G$ 000
ASSETS			
Cash Resources			
Cash and due by banks	8 (a)	4,467,399	2,607,261
Deposits with Bank of Guyana	8 (b)	3,521,439	2,477,645
		7,988,838	5,084,906
Investments			
Treasury bills	9 (a)	2,935,900	4,495,920
Loans and advances	10	6,050,846	7,010,098
		8,986,746	11,506,018
Property and equipment	11	183,625	190,624
Deferred tax	5	68,650	1,142
Tax recoverable		83,989	59,872
Other assets	12	274,865	197,437
		611,129	449,075
		17,586,713	17,039,999
EQUITIES AND LIABILITIES			
Capital and reserves			
Share capital	14	750,000	750,000
Retained earnings		1,665,721	1,529,370
Statutory reserve	21	309,897	285,835
		2,725,618	2,565,205
Deposits			
Demand		2,509,400	2,713,431
Savings		2,161,287	2,233,397
Term		9,854,930	9,135,239
		14,525,617	14,082,067
Other	13	335,478	392,727
		17,586,713	17,039,999

These financial statements were approved by the Board of Directors on April 24, 2017

On behalf of the Board:

.... Chief Executive Officer and 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 2017

	2016/2017 G$ 000	2015/2016 G$ 000
Operating activities		
Profit before taxation	224,318	488,366
Adjustments for:		
Depreciation	17,110	16,738
Operating profit before working capital changes	241,428	505,104
(Increase)/decrease in loans and advances	959,252	(743,975)
Increase in customers' deposits	443,550	2,072,035
Increase in other assets	(77,428)	(40,941)
Increase/(decrease) in other liabilities	(57,249)	136,230
Increase in required reserve with Bank of Guyana	(1,043,794)	(746,364)
Cash provided by operating activities	465,759	1,182,089
Taxation		
Taxes paid/adjusted (net)	(155,528)	(258,249)
Net cash provided by operating activities	310,231	923,840
Investing activities		
Movement in treasury bills	1,560,020	(1,029,610)
Additions to property and equipment	(10,113)	(3,639)
Net cash provided by/(used in) investing activities	1,549,907	(1,033,249)
Net increase/(decrease) in cash and short term funds	1,860,138	(109,409)
Cash and short term funds at beginning of year	2,607,261	2,716,670
Cash and short term funds at end of year (Note 8 (a))	4,467,399	2,607,261

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

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

New and Amended Standards	Effective for annual periods beginning on or after
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 Amortization	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

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

Pronouncements effective in future periods

New and Amended Standards	**Effective for annual periods beginning on or after**
IAS 12 Income taxes	1 January 2017
IFRS 7 Financial Instruments: Disclosures	1 January 2017
IFRS 2 Share based Payment: Classification and measurement of share based transactions	1 January 2018
IFRS 4 Insurance contracts: Applying IFRS 9 ''Financial Instrument'' with ''IFRS 4 ''Insurance Contracts''	1 January 2018
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 9 Additions for Financial Liability Accounting	1 January 2018
IFRS 15 Revenue from Contracts With Customers	1 January 2018
IFRS 16 Leases	1 January 2019

The Bank has not opted for early adoption.

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

IAS 12: Income Taxes

The amendments to IAS 12: Income Tax are to be applied retrospectively and are effective from 1 January 2017 with earlier application permitted. The amendments were issued to clarify recognition of deferred tax assets for unrealized losses related to debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences.

The amendments also clarify that:

- The carrying amount of an asset does not limit the estimation of probably future profits; and that;
- when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences;

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.

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

New and revised interpretation **Available for early adoption**	**Effective for annual periods beginning on or after**
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

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 method 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

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 income on an accrual basis. In subsequent periods, interest is only recognised 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 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 (eg an increase in the unemployment rate in the geographyical 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.)

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.

This approach is generally applied to the following types of portfolios:

- Personal Loan Financing: - Quality Lifestyle Loans: low income mortgage loans, residential mortgage loans, automobile, consumer care, personal and Single Parent loans.
- Business financing:-Commercial Loan Plan: corporate, manufacturing, agriculture, rice farming and trading & services loans.

Collateral

It is the Bank's policy that all facilities are fully and tangibly secured. However, under the current Quality Lifestyle Loan Plan some loans such as the Consumer Care, Personal and Automobile Loans are issued against Bills of Sale over moveable assets, which are not considered as tangible collateral, hence these facilities can be considered as unsecured. 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:-

Grade 1 represents commercial loans and overdrafts demonstrating financial condition, risk factors and capacity to repay that are good to excellent; Quality Lifestyle loans with low to moderate loan to value ratios; 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

Grade 2 represents satisfactory risk and includes credit facilities which require closer monitoring or which operate outside product guidelines, or which 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.

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

Classification-cont'd

Grade 3 represents overdrafts with approved limits which have been exceeded between 90 and 180 days for reasons such as shortfall in the borrower's cash flow and are being monitored, or which are between 9 and 179 days expired.

Grade 3 also represents loans for which principal and interest is due and unpaid between 90 and 179 days or, where interest charges for three to five months have been capitalized for reasons such as primary source of repayment has become insufficient, and where appropriate, 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 action.

Grade 4 represents loans and advances accounts which are considered uncollectible or for which the collection of the full debt is improbable; accounts which have shown little or no improvement over the twelve months period prior to its present classification; principal or interest is due and unpaid for twelve months or more; or an account which may have some recovery value but it is not considered practical nor desirable to defer write-off, for example, where litigation becomes protracted.

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

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

Classification – cont'd

Past due-cont'd

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:

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.

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

Classification – cont'd

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:-

- Principal or interest is due and unpaid for twelve months or more, or
- Interest charges for twelve months or more have been capitalized, refinanced or rolled over

iv) The unsecured portion of an overdraft when:-

- The approved limit has been exceeded for six months or more, or
- Interest charges for six months or more have not been covered by deposits, or
- The account has developed a hard core which was not converted into a term loan after 12 months or more.

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.

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

Classification – cont'd

Provisioning

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

Classification	Level of Provision
Pass	0%
Special mention	0%
Substandard	0 – 20%
Past Due	20%
Non Performing	100%

A general provision of 1% of the portion of the loan portfolio not individually assessed is also made.

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.

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.

3. Summary of significant accounting policies- cont'd

(e) Loan Impairment- cont'd

Renegotiated loans-cont'd

Renegotiated credit facilities are permitted subjected to the following conditions:

- The existing financial position of the borrower can service the debt 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 than 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

The carrying amount of impaired loans on the financial statement 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.

Assets acquired in exchange for loans

Non-financial assets acquired in exchange for loans in order to achieve an orderly realization are recorded as "Assets Held for Sale". No depreciation is provided in respect of such assets.

3. Summary of significant accounting policies- cont'd

(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 statement of profit or loss and other comprehensive income 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) Property and equipment 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, 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	33⅓%
Motor vehicles	26%
Equipment	20%

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.

<u>Current Tax</u>

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

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.

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 advances, other assets, customer's deposits, other payables, 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 assets

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

Deposits and other Payables

Deposits and other payables are measured at amortised cost

De-recognition

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

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

3. Summary of significant accounting policies- cont'd

(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.

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.

<u>Key sources of estimation uncertainty</u>

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.

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

Key sources of estimation uncertainty- cont'd

(ii) Useful lives of property and equipment

Management reviews the estimated useful lives of property and equipment at the end of each year to determine whether the useful lives of property 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 that the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

5 Taxation

Reconciliation of tax expense and accounting profit

	2016/2017	2015/2016
	G$ 000	G$ 000
Accounting profit	224,318	488,366
Corporation tax at 40%	89,727	195,346
Add:		
Others	24,841	3,363
Management fees	5,920	-
Property tax	8,345	7,967
Depreciation for accounting purposes	6,844	6,696
	135,677	213,372
Deduct:		
Tax effect of depreciation for tax purposes	(4,264)	(4,071)
	131,413	209,301
Tax period basis	(28,205)	(50,408)
	103,208	158,893
Deferred taxation	(39,303)	(6,744)
	63,905	152,149
Taxation - current	131,413	209,301
- deferred	(67,508)	(24,776)
- prior year adjustment for deferred tax	-	(32,376)
	63,905	152,149

5 Taxation - cont'd

Components of deferred tax liabilities/(assets)	31.03.2017	31.03.2016
	G$ 000	G$ 000
Property and equipment	(43,809)	(4,506)
Income	(24,841)	3,364
	(68,650)	(1,142)

Movement in temporary differences

	Tax period basis	Property and Equipment	Total
	G$ 000	G$ 000	G$ 000
At 31 March 2015	53,772	2,238	56,010
Movement during the year	(50,408)	25,632	(24,776)
Adjustment	-	(32,376)	(32,376)
At 31 March 2016	3,364	(4,506)	(1,142)
Movement during the year	(28,205)	(39,303)	(67,508)
At 31 March 2017	(24,841)	(43,809)	(68,650)

6 Other income	2016/2017	2015/2016
	G$ 000	G$ 000
Exchange earned	5,125	4,680
Commission earned	93,183	108,566
Profit on disposal	-	530
Profit on exchange	93,006	68,962
Incidental charges	10,208	8,313
	201,522	191,051

		2016/2017	2015/2016
		G$ 000	G$ 000
7	Profit before taxation	224,318	488,366
	After charging:		
	Auditor's remuneration:	800	800
	Depreciation	17,110	16,739
	Provision for impairment (Note 10(a))	316,901	10,796

		31.03.2017	31.03.2016
8	(a) Cash and due by banks	G$ 000	G$ 000
	Cash	30,234	69,556
	Balances with other banks	4,437,165	2,537,705
		4,467,399	2,607,261
	(b) Deposits with Bank of Guyana		
	Statutory deposit	3,521,439	2,477,645

	31.03.2017		31.03.2016	
	Fair value G$ 000	Cost G$ 000	Fair value G$ 000	Cost G$ 000
9 (a) Investments				
Treasury bills	2,935,900	2,935,900	4,495,920	4,495,920

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

(b) Income from investment

	2016/2017 G$ 000	2015/2016 G$ 000
Treasury bills	159,028	94,280

10 Loans and advances	31.03.2017	31.03.2016
	G$ 000	G$ 000
Mortgages	4,594,834	4,676,968
Demand loans	98,220	109,435
Term	103,758	101,381
Overdrafts	1,548,602	2,096,618
Staff loan	3,918	2,275
Others	33,508	38,514
	6,382,840	7,025,191
Provision for impairment (a)	(331,994)	(15,093)
	6,050,846	7,010,098

(a) Provision for impairment

Individually assessed:

At beginning	15,093	4,297
Movement	316,901	10,796
At end	331,994	15,093

11 Property and equipment

	Freehold land and buildings G$ 000	Leasehold Structure G$ 000	Furniture & Fittings G$ 000	Motor vehicles G$ 000	2016/2017 Total G$ 000	2015/2016 Total G$ 000
Cost						
At 1 April	257,312	5,185	61,970	15,505	339,972	337,065
Additions	-	-	10,113	-	10,113	3,638
Disposal	-	-	-	-	-	(731)
At 31 March	257,312	5,185	72,083	15,505	350,085	339,972
Depreciation						
At 1 April	92,713	2,591	44,169	9,875	149,348	133,341
Charge for the year	8,230	518	6,904	1,458	17,110	16,738
Depreciation written back	-	-	-	-	-	(731)
At 31 March	100,943	3,109	51,073	11,333	166,458	149,348
Net book values:						
At 31 March 2017	156,369	2,076	21,010	4,172	183,627	
At 31 March 2016	164,599	2,594	17,801	5,630		190,624

12 Other assets

	31.03.2017 G$ 000	31.03.2016 G$ 000
Interest and commissions accrued	252,586	173,087
Prepayments and other	22,279	24,350
	274,865	197,437

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:

	31.03.2017	31.03.2016
	G$ 000	G$ 000
Debt (i)	14,525,617	14,082,067
Cash and Treasury bills	(10,924,738)	(9,580,826)
Net debt	3,600,879	4,501,241
Equity (ii)	2,725,618	2,565,205
Net debt to equity ratio	1.32:1	1.75:1

(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.

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 rate is immaterial as its financial instruments are substantially at fixed rates.

The table below summarises the bank's exposure to interest rate risk:

		Maturing			
	Interest	31.03.2017			
	rate	Within 1 year	Over 5 years	Non-interest bearing	Total
	%	G$ 000	G$ 000	G$ 000	G$ 000
Assets					
Cash resources	1.4-1.5	4,467,399	3,521,439	-	7,988,838
Investments	2.15-2.22	2,935,900	-	-	2,935,900
Loans and advances (net)	6.8-16	2,571,072	3,479,774	-	6,050,846
Tax recoverable	-	-	-	83,989	83,989
Other	-	-	-	274,865	274,865
		9,974,371	7,001,213	358,854	17,334,438
Liabilities					
Demand deposits	-	-	-	2,509,400	2,509,400
Term deposits	1-1.25	9,852,424	2,506	-	9,854,930
Savings	1	2,161,287	-	-	2,161,287
Other	-	-	-	335,478	335,478
		12,013,711	2,506	2,844,878	14,861,095
Interest sensitivity gap		(2,039,340)	6,998,707		

18 Financial risk management - cont'd

(i) Interest rate risk - cont'd

	Average Interest rate	Maturing 31.03.2016			
		Within 1 year	Over 5 years	Non-interest bearing	Total
	%	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		-	-	59,872	59,872
Other	-	-	-	197,437	197,437
		9,283,961	7,306,963	257,309	16,848,233
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	-	-	-	392,727	392,727
		11,310,153	58,483	3,106,158	14,474,794
Interest sensitivity gap		(2,026,192)	7,248,480		

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, Canadian dollars and Indian Rupees.

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

	Euro	US $	£	Rupees	CAD	Total
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
At 31 March 2017						
Assets	3,273	2,174,078	2,507	83	26	2,179,967
At 31 March 2016						
Assets	502	187,822	6,542	3,091	-	197,957

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.

	2016/2017	2015/2016
	G$ 000	G$ 000
Profit/(loss)	54,352	4,696

(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.

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 31.3.2017					
		Within one year				
	On Demand G$ 000	Due in 3 mths G$ 000	Due 3 - 12 mths G$ 000	1 to 5 years G$ 000	Over 5 years G$ 000	Total G$ 000
Assets						
Cash resources	4,467,399	-	-	3,521,439	-	7,988,838
Investments	-	-	2,935,900	-	-	2,935,900
Loans and advances (net)	-	1,295,437	33,844	1,241,791	3,479,774	6,050,846
Other	274,865	-	-	-	-	274,865
Tax recoverable	-	-	-	83,989	-	83,989
	4,742,264	1,295,437	2,969,744	4,847,219	3,479,774	17,334,438
Liabilities						
Demand deposits	2,509,400	-	-	-	-	2,509,400
Term deposits	-	1,299,823	8,552,601	2,506	-	9,854,930
Savings	2,161,287	-	-	-	-	2,161,287
Other	335,478	-	-	-	-	335,478
	5,006,165	1,299,823	8,552,601	2,506	-	14,861,095
Net assets/(liabilities)	(263,901)	(4,386)	(5,582,857)	4,844,713	3,479,774	2,473,343

18 Financial risk management - cont'd

(b) Liquidity risk - cont'd

	Maturing 31.03.2016					
	Within one year				Over	
	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	-	-	-	59,872	-	59,872
	2,804,698	2,122,609	4,554,091	4,019,309	3,347,526	16,848,233
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	392,727	-	-	-	-	392,727
	5,808,049	3,581,804	5,026,458	58,483	-	14,474,794
Net assets/(liabilities)	(3,003,351)	(1,459,195)	(472,367)	3,960,826	3,347,526	2,373,439

(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

a) 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

b) Loans and overdrafts are generally collateralised with some or all of the following:

  - Cash
  - Mortgages
  - Bills of Sale
  - Guarantees
  - Promisory notes

c) 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.

18 Financial risk management - cont'd

(c) ii. Credit risk measurement

As part of the on-going process of prudent risk management, the Bank'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.

	31.3.2017 Maximum exposure G' 000	31.3.2016 Maximum exposure G' 000
Cash and due by banks	4,467,399	2,607,261
Deposit with Bank of Guyana	3,521,439	2,477,645
Treasury bills	2,935,900	4,495,920
Loans and advances	6,050,846	7,010,098
Total	16,975,584	16,590,924
Customer liability under bill collections,guarantees and letters of credit	213,810	650,334
Total credit risk exposure	17,189,394	17,241,258

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.

Credit quality Loans and advances	31.3.2017 G$ 000	31.3.2016 G$ 000
Neither past due nor impaired	4,618,688	6,392,716
Past due but not impaired	119,781	559,688
Impaired	1,644,371	72,787
	6,382,840	7,025,191

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 action.

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.

	31.3.2017 G$ 000	31.3.2016 G$ 000
Grade 1 - Satisfactory risk	4,618,688	6,392,716
Grade 2 - Monitor list		
- Past Due up to 90 days	119,781	559,688

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

	31.3.2017 G$ 000	31.3.2016 G$ 000
Sub- standard Sub- standard Sub- standard		
- Past Due 90 - 179 days	1,363,321	72,117
Doubtful and Loss		
- Past Due 180-359 days	278,955	-
- Past Due 360 days and over	2,095	669
Total	1,644,371	72,786

18 Financial risk management - cont'd

(d) Impaired Loans and advances-Cont'd

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

As at 31 March 2017	Guyana	Outside of Guyana	Total
	G$' 000	G$' 000	G$' 000
On Statement of Financial Position			
Cash resources	5,808,871	2,179,967	7,988,838
Treasury bills	2,935,900	-	2,935,900
Loans and Advances (net)	6,050,846	-	6,050,846
Other assets	274,865	-	274,865
	15,070,482	2,179,967	17,250,449
Off Statement of Financial Position			
Bill Collections,Guarantees and Letters of Credit	213,810	-	213,810
Total	15,284,292	2,179,967	17,464,259

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
Treasury bills	4,495,920	-	4,495,920
Loans and advances (net)	7,010,098	-	7,010,098
Other assets	197,437	-	197,437
	14,761,656	2,026,705	16,788,361
Off Statement of Financial Position			
Bill Collections,Guarantees and Letters of Credit	650,334	-	650,334
Total	15,411,990	2,026,705	17,438,695

18 Financial risk management - cont'd

(d) Diversification of exposure

The Bank provides a wide range of services to borrowers in over seven 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.

	31.03.2017	31.03.2016
	G$ 000	G$ 000
Loans and advances:		
Agriculture	308,348	307,950
Services	2,566,585	3,398,151
Manufacturing	1,008,832	954,977
Household	239,740	251,198
Construction and engineering	212,797	266,923
Mining & quarrying	58,575	23,499
Housing loan & commerial real estate	1,987,963	1,822,493
	6,382,840	7,025,191
Provision for impairment	(331,994)	(15,093)
	6,050,846	7,010,098

(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.

Listed below are transactions and balances with related parties:

	31.03.2017	31.03.2016
	G$ 000	G$ 000
(a) Due from related party		
Bank of Baroda Mumbai (i)	82,980	3,091,104
Bank of Baroda New York (i)	391,807,671	187,822,268
Bank of Baroda London (i)	855,298	6,542,341
Bank of Baroda Brussels (i)	3,189,184	502,087
	395,935,133	197,957,800
Bank of Baroda London (ii)	1,776,500,000	1,759,810,000
Bank of Baroda London (ii)-Income	42,858,835	23,505,191

(i) The above balances represents current accounts held with Subsidiaries of Bank of Baroda

(ii) This balance represents placements held with Bank of Baroda London and interest is received at a rate of 1.5% to 1.5%.

(b) Key management personnel

(i) Compensation

The Bank's 6 (2015/2016 - 6) key management personnel comprise its Chairman, Directors, Compliance officer and three Branch Managers. The remuneration paid to key management

	31.03.2017	31.03.2016
	G$ 000	G$ 000
Short term employee benefits	38,378	25,358

19 Related party transactions-cont'd

(b) Key management personnel-cont'd

	31.03.2017	31.03.2016
	G$ 000	G$ 000
(ii) Directors fees		
Chairman	320	80
(iii) Management fees to parent company		
Bank of Baroda (India)	26,138	10,796

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

	31.03.2017	31.03.2016
(iv) Loans and advances		
Balance at end of the year	4,640	-

Employees of the Bank are granted loans at concessionary rates of interest.

No provision was made for loan losses to related parties.

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

	31.03.2017			
	Under 3 mths	3 to 12 months	Over 12 mths	Total
	G$'000	G$'000	G$'000	G$'000
Commercial sector	-	-	213,810	213,810
	-	-	213,810	213,810

	31.03.2016			
	Under 3 months	3 to 12 months	Over 12 mths	Total
	G$ 000	G$ 000	G$ 000	G$ 000
Commercial sector	-	-	650,334	650,334
	-	-	650,334	650,334

21 Statutory reserve

	31.03.2017	31.03.2016
	G$ 000	G$ 000
At beginning	285,835	235,403
Movement	24,062	50,432
At end	309,897	285,835

This is computed in accordance with the Financial Institutions Act.

22 Analysis of financial assets and liabilities by measurement

	31.03.2017				31.03.2016
	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	-	-	4,467,399	4,467,399	2,607,261
Deposits with Bank of Guyana	-	-	3,521,439	3,521,439	2,477,645
Treasury bills	2,935,900	-	-	2,935,900	4,495,920
Loans and advances	-	6,050,846	-	6,050,846	7,010,098
Tax recoverable	-	-	83,989	83,989	59,872
Other assets	-	-	274,865	274,865	197,437
	2,935,900	6,050,846	8,347,692	17,334,438	
	4,495,920	7,010,098	4,604,756		16,848,233
Liabilities					
Demand deposits	-	-	2,509,400	2,509,400	2,713,431
Savings deposits	-	-	2,161,287	2,161,287	2,233,397
Term deposits	-	-	9,854,930	9,854,930	9,135,239
Other	-	-	335,478	335,478	392,727
	-	-	14,861,095	14,861,095	
			12,255,915		14,474,794

23 Fair value estimation

Assets and liabilities are not measured at amortized cost but stated at fair value for disclosure purposes.

Level 1 - Fair value determination is with reference to quoted prices in active markets for identical assets and liabilites.

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilty that are not based on observable market data (unobservable inputs).

The Directors consider that the carrying amounts of assets and liabilities recognized in the financial statement approximate their fair value.

	IFRS 13	31.03.2017		IFRS 13	31.03.2016	
	Fair value hierarchy			Fair value hierarchy		
		Carrying amount	Fair value		Carrying amount	Fair value
Assets		G$ 000	G$ 000		G$ 000	G$ 000
Treasury bills	Level 1	2,935,900	2,935,900	Level 1	4,495,920	4,495,920
Loans and advances	Level 2	6,050,846	6,050,846	Level 2	7,010,098	7,010,098
Tax recoverable	Level 2	83,989	83,989	Level 2	59,872	59,872
Other Assets	Level 2	274,865	274,865	Level 2	197,437	197,437
Cash and bank due by banks	Level 1	4,467,399	4,467,399	Level 1	2,607,261	2,607,261
Deposits with bank of Guyana	Level 1	3,521,439	3,521,439	Level 1	2,477,645	2,477,645
		17,334,438	17,334,438		16,848,233	16,848,233
Liabilities						
Deposits	Level 2	14,525,617	14,525,617	Level 2	14,082,067	14,082,067
Other	Level 2	335,478	335,478	Level 2	392,727	392,727
		14,861,095	14,861,095		14,474,794	14,474,794
Property and equipment	Level 2	183,625	183,625	Level 2	190,624	190,624

(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 invlude cash and cash equivalents, tax recoeverable and other payables, deposits, treasury bills, property and equipment and other assets.

(ii) Property and equipment is stated at cost less accumulated depreciation and any recognized impairment loss. Management determines depreciation rates sufficient to write off the costs of assets over their useful lives.

24 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.

	2017			2016		
	Guyana	Outside of Guyana	Total	Guyana	Outside of Guyana	Total
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Fair value of treasury bills	2,935,900	-	2,935,900	4,495,920	-	4,495,920
Investment income	159,028	-	159,028	94,280	-	94,280
Cash resources:						
Local	5,808,871	-	5,808,871	3,058,201	-	3,058,201
Foreign	7,532	2,172,435	2,179,967	-	2,026,705	2,026,705
Income from cash resources:						
Local	42,859	-	42,859	23,505	-	23,505
Foreign	-	38,347	38,347	-	21,258	21,258

25 Reclassificaion

The following items were reclassified in the prior year to confirm with current year presentation:

	31.3.2016
	G$000
Taxes recoverable increase by:	54,415
Other liabilities increased by:	54,415

26 Approvaal of financial statements

The financial statements were approved by the board of directors on April 24, 2017.