Chartered Accountants

MAURICE SOLOMON & CO.

BANK OF BARODA GUYANA INC.

FINANCIAL STATEMENTS
AS AT 31 MARCH 2020

TOGETHER WITH THE REPORT OF THE AUDITORS

BANK OF BARODA (GUYANA) INC
(SUBSIDIARY OF BANK OF BARODA (INDIA))
31 MARCH 2020

INDEX

Maurice Solomon & Co.
Chartered Accountants/Management Consultants

MSC 19/ 2020

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BANK OF BARODA (GUYANA) INC. (SUBSIDIARY OF BANK OF BARODA (INDIA))

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bank of Baroda (Guyana) Inc. which comprise the Statement of Financial Position as at 31 March 2020, the Statement of Profit or Loss and the 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 in pages 11 to 45.

In our opinion, the accompanying 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 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Financial Institutions Act 1995, Anti- Money Laundering /Countering Terrorism 2009 and Regulation 2010, Deposit Insurance Act No.15 of 2018, Credit Reporting Act No. 9 of 2010 and Act No. 2 of 2016 and the Companies Act 1991.

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 Bank of Baroda (Guyana) Inc. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board for Accountants' Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. The key audit matters noted hereunder were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

92 Oronoque Street, Queenstown, Georgetown, Guyana.
Tel. No :(592) 227-5568, 226-2119, 225-2807, Tel : (592) 227-5564
Email : m.solomon@mauricesolomon.com

Key Audit Matters	How our audit procedures addressed the key audit matter
Implementation of IFRS 9 'Financial Instruments' *Refer to* ***note 3.7 (a) to 3.7 (e)*** *to the financial statements for disclosures of related accounting policies and balances.*	
The Bank adopted the accounting standard IFRS 9 'Financial instruments' during the financial year. The standard introduces new requirements around two (2) main aspects of how financial instruments are treated – measurement and classification and impairment.	
IFRS 9 introduces a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and the underlying cash flow characteristics. IFRS 9 contains three (3) principal classification categories for financial assets: - Measured at amortised cost, - Fair value through other comprehensive income (FVOCI); and - Fair value through profit and loss (FVPL).	With respect to the measurement and classification of the financial assets and liabilities, we read the relevant accounting policies adopted by the Bank and compared them to the requirements of IFRS 9. We obtained an understanding of the Bank's business model assessment and for a sample of instruments verified solely the inputs into payments of principal and interest test performed by the client with original contracts. We tested the adjustment in relation to the adoption of the new standard's classification and measurement requirements.
IFRS 9 introduces new impairment rules which prescribe a new forward looking expected credit loss ('ECL') impairment model which takes into account reasonable and supportable forward looking information which will generally result in the earlier recognition of impairment provisions. We have focused on this area, because there are a number of significant judgments which management will need to determine as a result of the requirements in measuring ECL's under IFRS 9: - Determining the criteria for a significant increase in credit risk; - Techniques used to determine probability of default (PDs) and loss given default (LGD); and - Factoring in possible future economic scenarios.	With respect to the ECL model, our audit approach was as follows: - We obtained the Bank's impairment provisioning policies and compared them to the requirements of IFRS 9; - We tested the ratings used in the ECL model for a sample of instruments. For loans, source documents used in the Bank's rating process were verified; - For a sample of instruments, we tested whether the significant increase in credit risk and default definitions were appropriately applied and the resulting impact of this on the staging of the instruments;

Key Audit Matters	**How our audit procedures addressed the key audit matter**
*Implementation of IFRS 9 'Financial Instruments' Refer to **note 3.7 (a) & 3.7 (e)** to the financial statements for disclosures of related accounting policies and balances. (continued)*	
These judgments have required new models to be built and implemented to measure the expected credit losses on loans and investments. Management developed an internal model to assist in the more complex aspects to determine the expected credit losses. There is a large increase in the data inputs of these models which increases the risk that the data used to develop assumptions and operate the model is not complete or accurate. The impact on net assets from the implementation of the measurement and classification aspects of the standard was not material.	- We tested the loss given default in the ECL calculation for a sample of instruments. - We tested the completeness of the amounts assessed for impairment on Financial Assets.
Impairment Provision for Loans and Mortgages Loans and mortgages amounting to $4.7B (after impairment provision) represent thirty nine (39) percent of the total assets of the Bank as shown in the Statement of Financial Position (page 7). The methodologies required by IFRS 9 and Bank of Guyana in respect of impairment provisions involve significant judgment by management on matters such as: • Loan classification as impaired; • Valuation and realization of collaterals pledged; • Amount and timing of cash flows; and • Forward looking expected credit losses (ECLs) impairment model as required by IFRS 9 as described above.	Our procedures in relation to this key audit matter included, but were not limited to, the following: • We evaluated and tested the Bank's process and documented policy for mortgage loss provisioning; • For loan loss provisions calculated on an individual basis, we tested the factors underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default; • We also tested the aging of the loan portfolios and considered the completeness of the loan book assessed for impairment in conformity with the Bank of Guyana Supervision Guideline 5;

Key Audit Matters	How our audit procedures addressed the key audit matter
With a high degree of significant judgment involved in assessing the mortgage impairment provision and in conformity with Supervision Guideline 5 and IFRS 9, mortgage impairment was considered a key audit matter.	• For mortgage loss provisions calculated on a collective basis, we reviewed management's inherent risk provisions estimate, with a focus on the reasonableness of the factors applied and assumptions used, considering the economic changes in Guyana; and • Finally, we focused on the adequacy of the Bank's financial statement disclosures regarding mortgage and the related provisions as required by IFRS 9
Regulatory Environment The Bank operates in a highly regulated environment and non-compliance with laws and regulations, particularly the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Act could result in the Bank facing penalties and other administrative sanctions by Bank of Guyana and Financial Intelligence Unit (FIU). The Compliance Officer is responsible to establish various controls to ensure that the Bank is AML/CFT compliant with governing regulations.	Our procedures in relation to this key audit matter included, but were not limited to, the following: We evaluated and tested the Bank's internal controls with Emphasis on compliance with AML/CFT policy. This include: • A review of policies and procedures in place including approval of those policies by those charged with governance; • Adequate training and refresher programmes for new and existing bank personnel including those charged with governance; • Testing of transactions to ensure AML/CFT requirements are carried out by bank personnel; and • Reporting to Financial Intelligence Unit (FIU) are in conformity with the requirements of the AML/CFT Act.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the Financial Institutions Act 1995, Bank of Guyana Supervision Guidelines, with International Financial Reporting Standards (IFRSs), the Financial Institutions Act 1995, Anti- Money Laundering /Countering Terrorism 2009 and Regulation 2010, Deposit Insurance Act No.15 of 2018, Credit Reporting Act No. 9 of 2010 and Act No. 2 of 2016 and the Companies Act 1991 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. In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 management.

- Conclude on the appropriateness of management's 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.

We communicate with those charged with governance 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.

Reports on Other Legal and Regulatory Requirements

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

....

Maurice Solomon & Co.
Chartered Accountants
May 29, 2020

BANK OF BARODA (GUYANA) INC
(SUBSIDIARY OF BANK OF BARODA (INDIA))
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2019/2020 G$ 000	2018/2019 G$ 000
ASSETS			
Cash Resources			
Cash and Due by banks	**8 (a)**	2,216,276	1,281,175
Deposits with Bank of Guyana	**8 (b)**	3,291,350	4,108,933
		5,507,626	**5,390,108**
Investments			
Treasury bills	**9 (a)**	1,484,850	989,800
Loans and advances	**10**	4,722,965	4,774,893
		6,207,815	**5,764,693**
Property and equipment	**11**	153,515	161,989
Deferred tax	**5**	48,122	47,533
Tax recoverable		131,814	121,127
Other assets	**12**	48,350	69,895
		381,801	**400,544**
		12,097,242	**11,555,345**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**14**	750,000	750,000
Retained earnings		1,982,551	1,905,926
Statutory reserve		373,750	348,579
Risk reserve		3,779	21,006
		3,110,080	**3,025,511**
Deposits			
Demand		3,008,734	2,408,561
Savings		2,485,710	2,035,157
Term		3,359,858	3,877,081
		8,854,302	**8,320,799**
Other	**13**	97,393	186,632
Taxation payable		35,467	22,403
		132,860	**209,035**
		12,097,242	**11,555,345**

These financial statements were approved by the Board of Directors on 28th May 2020
On behalf of the Board:

.... **Chief Executive Officer and Director**

.... **Director**

FOR BANK OF BARODA (GUYANA) INC

Managing Director

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

BANK OF BARODA (GUYANA) INC
(SUBSIDIARY OF BANK OF BARODA (INDIA))
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2019/2020 G$ 000	2018/2019 G$ 000
Interest income			
Loans and advances		375,034	364,970
Investments: Treasury Bills	9(b)	11,958	15,217
Local bank deposits		28,581	30,862
Foreign bank deposits		3,718	20,139
		419,291	**431,188**
Interest expense			
Savings deposits		42,293	45,492
Term deposits		44,163	93,821
Other		808	767
		87,264	**140,080**
Net interest income		332,027	291,108
Other income	6	211,568	214,581
Net interest and other income		**543,596**	**505,688**
Non-interest expenses			
Salaries and other staff costs		95,569	89,493
Premises and equipment		87,552	70,855
Provision for bad debt		(20,978)	(19,288)
Bad debt write off		27,357	4,925
Other		56,413	58,002
Loss allowances - expected credit losses (ECLs)		(17,227)	21,006
		228,688	**224,993**
Profit before taxation	7	**314,908**	**280,695**
Taxation	5	(147,108)	(132,833)
Profit for the year		**167,800**	**147,863**

The accompanying notes forms 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 2020

	Share Capital	Retained Earnings	Statutory Reserve	Risk Reserve	Total
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Balance at 1 April 2018	750,000	1,759,237	326,400	-	2,835,637
Changes in equity 2018/2019					
Profit for the year	-	147,863	-	-	147,863
Transfer from/(to)	-	(22,179)	22,179	-	-
Application of IFRS 9 - recognition	-	21,006	-	21,006	42,012
Balance as at 31 March 2019	750,000	1,905,926	348,579	21,006	3,025,511
Balance at 1 April 2019	750,000	1,905,926	348,579	21,006	3,025,511
Changes in equity 2019/2020					
Profit for the year	-	167,801	-	-	167,801
Dividends paid	-	(45,000)	-	-	(45,000)
Transfer from/(to)	-	(25,170)	25,170	-	-
ECL Provision -Note 10a	-	(21,006)	-	(17,227)	(38,233)
Balance as at 31 March 2020	750,000	1,982,551	373,750	3,779	3,110,080

The accompanying notes forms 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 2020

	2019/2020	2018/2019
	G$ 000	G$ 000
Operating activities		
Profit before taxation	314,908	280,695
Adjustment for:		
Depreciation	13,156	13,885
(Gain)/Loss on disposal of non-current asset	337	3,977
Loss allowances - expected credit losses (ECLs)	(17,227)	21,006
Operating profit before working capital changes	311,174	319,563
Decrease in loans and advances	30,922	283,061
(Decrease)/ Increase in customers' deposits	533,503	(3,083,185)
Decrease in other assets	21,545	184,043
Increase/ (Decrease) in other liabilities	(89,239)	10,861
(Increase)/ Decrease in required reserve with Bank of Guyana	817,583	(1,566,389)
Cash used in operating activities	1,625,489	(3,852,046)
Taxes paid/adjusted (net)	(145,318)	(189,961)
Net cash used in operating activities	1,480,171	(4,042,007)
Investing activities		
Movement in treasury bills	(495,050)	1,482,350
Proceeds from the sale of non-current assets	-	-
Additions to property and equipment	(5,020)	(5,723)
Net cash used in investing activities	(500,070)	1,476,627
Financing activities		
Dividend Paid	(45,000)	-
Net cash used in Financing activities	(45,000)	-
Net (decrease) in cash and short term funds	935,101	(2,565,380)
Cash and short term funds at beginning of year	1,281,175	3,846,555
Cash and short term funds at end of year	**2,216,276**	**1,281,175**
Cash and Due by Banks	**2,216,276**	**1,281,175**

1. INCORPORATION AND BUSINESS ACTIVITIES

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

a) *Standards, amendments and interperations that are not yet effective in current year and either not relevant or with has no material impact on the Bank's financial reporting.*

IAS 19- Employee Benefits: Amendments regarding plan amendments, curtailments or settlements (effective on or after 1 January 2019)

IAS 28- Amended long term interest in Associates and Joint Ventures Investments (effective on or after 1 January 2019)

IFRS 3- Business Combinations: Remeasurement of previously held interest (effective on or after 1 January 2019)

IFRS 3- Business Combinations: Amendments to clarify the definition of a business (effective on or after 1 January 2020)

IFRS 16 - Leases (effective on or after 1 January 2019)

IFRS 17 will replace IFRS 4 - Insurance Contracts (effective on or after 1 January 2021)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) *The standards and amendments adopted and has material impact on the Bank's financial reporting.*

IFRS 7 - Transition disclosures; Amendments to IFRS 9 (effective upon the adoption of IFRS 9)

IFRS 9 - Financial Instruments: Classification and measurement, impairment, general hedge accounting and de-recognition

The Institution has adopted the requirements of IFRS 9 'Financial Instruments' from 1 January 2018, with the exception of the provisions relating to the presentation of gains and losses on financial liabilities designated at fair value. The classification and measurement, and impairment requirements, are adjusted at the date of initial application. As permitted by IFRS 9, the Institution has not restated comparatives and the impact of adopting IFRS 9 increases net assets as at 31 March 2019 by $21.006m as shown in the statement of changes in equity of the Financial Statements.

c) *The standards and amendments that are effective in the current year and expected to have to no material impact on the Bank's financial reporting.*

IFRS 11- Joint Arrangements -Ammendments, re-measurement of previously held interest (effective on or after 1 January 2019).

IFRS 15- Revenue from Contracts with Customers (effective on or before 1 January 2018)

IFRS 16- Leases (effective on or after 1 January 2019).

IAS 12- Income Taxes: Tax consequence on dividend (effective on or after 1 January 2019).

IAS 23- Borrowing Cost: Eligibility for capitalisation (effective on or after 1 January 2019).

IAS 28- Investments is associates and joint ventures, Amendments reguarding long term interest in associates and joint ventures (effective on or after 1 January 2019).

3. Summary of Significant Accounting Policies

3.1 Accounting convention

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

3.2 Interest income:

Interest Income for all interest bearing financial instruments is recognized in the statement of income on an accrual basis using the effective interest yield method. The effective interest yield is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or where appropiate, a shorter period, to the net carrying amount of the financial asset or financial liability. When collection is considered doubtful, or payment is outstanding for more than 90 days, Interest Income is not recognised.

3.3 Non-interest income:

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

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

3.4 Foreign currency transactions

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

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

3. Summary of Significant Accounting Policies (cont'd)

3.5 Property, plant and equipment

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

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

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

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

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

Freehold building	2% - 5%
Computer equipment	33 (1/3) %
Equipment including furniture and fixtures	10 - 20 %
Motor vehicles	20% - 30%

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

3. Summary of Significant Accounting Policies (cont'd)

3.6 Financial Instruments

a) Classification

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

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

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

Cash and short term funds

Cash and short term funds comprise of cash and due by and to banks and deposits with the Bank of Guyana in excess of the required reserve.
These are readily convertible to a known amount of cash, with maturity dates of less than three (3) months.

Other receivables

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

Deposits and other payables

Other payables' are measured at amortised cost.

3. Summary of Significant Accounting Policies (cont'd)

3.6 Financial Instruments

b) Investments

The bank classifies its investments portfolio into the following category:
"Amortised Cost - Held to maturity investments".
"Held to maturity investments" are those with fixed or determinable payments and fixed maturity for which the Bank has the positive intent and ability to hold to maturity. "Held to maturity investments" are measured at amortised cost using the effective interest rate method. Any gain or loss on these investments is recognized in the statement of income when the assets are derecognized or impaired.

Derecognition of provisions

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

Reporting Divisions

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

c) Critical accounting judgments and key sources of estimation uncertainty

It is the directors' responsibility to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent.
The preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Critical judgements in applying accounting policies

Impairment losses on loans and advances:

The Bank on a regular basis reviews its portfolio of loans with a view of assessing impairment. This is done in addition to what is required under the Bank of Guyana Supervision Guideline No.5 and IFRS 9 with respect to provisioning. Certain judgments are made that reflect the Bank's assessment of several critical factors that can influence future cash flows.

Key sources of estimation uncertainty

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

3. Summary of Significant Accounting Policies (cont'd)

3.6 Financial Instruments

c) Critical accounting judgments and key sources of estimation

Useful lives of plant and equipment:

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

Impairment of financial assets:

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

Held to maturity:

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

3.7 Loans and advances

Loans and advances to customers comprise of loans and advances originated by the bank and are classifed as financial assets as per IFRS 9.

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

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

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

a) *Loan Impairment*

It is the Bank's policy to provide for impaired loans on a consistent basis in accordance with the Bank of Guyana Supervision Guideline no.5 and established International Accounting Standards and Practices. Loans and advances to customers include loans and advances originated by the Bank and are classified as Financial Assets at amortised cost. Loans and advances are recognized when cash is advanced to borrowers and are derecognized when borrowers repay their obligations or when written off.

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

3. Summary of Significant Accounting Policies (cont'd)

3.7 Loans and advances (cont'd)

b) Provisions and adoption of IFRS 9 - Expected Credit Losses (ECLs)

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

The Bank adopt the requirements of IFRS 9 which recognise a loss allowance on a forward-looking expected credit loss model using the general approach which is effective on or after January 1, 2018.

At the date of initial application, the Bank uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that the financial instrument was initially recognised for loan commitments and investments, compare that to the credit risk at the date of initial application of IFRS 9.

c) Classification and recognition of IFRS 9 - Expected Credit Losses (ECLs)

The Bank follows the prescription of the Bank of Guyana Supervision Guideline no.5 and classifies loans into the following categories:-

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.

Pass Due

A loan is classified as past due when:

(i) Principal or interest is due and unpaid for one month to less than three months or

(ii) Interest charges for one to two months have been capitalized, refinanced or rolled over.

Non- Performing Loans

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

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

(i) Principal or interest is due and unpaid for three months or more, or

(ii) Interest charges for three months or more have been capitalized, refinanced or rolled over.

Under the general approach adopted by the Bank, IFRS 9 establishes a three (3) stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. These three (3) stages would determine the amount of impairment to be recognised as expected credit losses (ECLs) at each reporting period as well as the amount of interest revenue to be recorded in future periods. ECLs are defined as the weighted average of credit losses, with the respective risks of a default occurring as the weights.

3. Summary of Significant Accounting Policies (cont'd)

3.7 Loans and advances (Cont'd)

c) Classification and recognition of IFRS 9 - Expected Credit Losses (ECLs) (cont'd)

The stages under ECLs are as follows:-

Stage 1: Credit risk has not increased significantly since initial recognition – recognise 12 months ECL, and recognise interest on a gross basis.

Stage 2: Credit risk has increased significantly since initial recognition – recognise lifetime ECL, and recognise interest on a gross basis.

Stage 3: Impairment occurs when there is objective evidence that an impairment event has occurred at reporting date and a loss allowance equal to lifetime ECLs is recognised and present interest on net basis (i.e gross carrying amount less loss allowance).

For financial assets classified under Stage 3, the Bank directly reduces the gross carrying amount when there is no reasonable expectation of recovery, which required that a write-off constitutes a derecognition event and may relate to either the asset in its entirety or a portion of it.

12 months ECL under stage 1 is calculated by multiplying the probability of default occuring in the next 12 months by the lifetime ECL that would result from that default, regardless when those losses occur.

Lifetime expected credit losses, results from all possible default events over the life of the financial asset. Lifetime expected credit losses are calculated based on a weighted average of the expected credit losses, with weighings being based on the respective probabilities of default.

A loss allowance for lifetime expected credit losses is required for financial asset, if the credit risk on that asset has increased significantly since initial recognition. Additionally, the Bank elect an accounting policy of recognising lifetime expected credit losses for all contract assets, including those that contain a significant financing component.

d) Loan losses

The Bank of Guyana Supervision Guideline no.5 prescribes that a loan be classified as loss where one or more of the following conditions apply:

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

3. Summary of Significant Accounting Policies (cont'd)

3.7 Loans and advances (Cont'd)

d) Loan Losses (Cont'd)

(iii) The unsecured portion of a loan with fixed repayment dates when **(cont'd)**:-

4) Interest charges for twelve months or more have been capitalized, refinanced or rolled over.

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

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

Classification	Level of Provision
Pass	0%
Special Mention	0%
Sub-standard	0-20%
Doubtful	20% - 50%
Loss Accounts	20% - 100%

e) Calculation of Expected Credit Losses (ECLs)

The Bank has the necessary tools to ensure an adequate estimate and timely recognition of expected credit losses (ECLs). Information on historical loss experiences or the impact of current conditions may not fully reflect the credit risk in lending exposures. In that context, the Bank uses experienced credit judgment to thoroughly incorporate the expected impact of all reasonable and supportable forward-looking information, including macroeconomic factors, on its estimate for each stage of ECLs.

The methodologies and key elements for assessing credit risk and measuring the level of allowances for ECL estimates are as follows:

Probability of Default (PD) is assigned to each risk measure and represents a percentage of the likelihood of default. The calculation is for a specific time frame and measures the percentage of loans and investments that default. The PD is then assigned to the risk level, and each risk level has one PD percentage.

For corporate exposures 12 Months PD is determined based on the matrix migration approach which considers migration of internal ratings done by the Bank based on the RAM model. The Lifetime-PD for the time horizon is computed using the basic exponentiation formula based on the average residual maturity of the respective rating grade.

Loss Given Default (LGD) - measures the expected loss and is shown as a percentage of exposure of default (EAD). LGD represents the amount unrecovered by the lender after selling the underlying asset if a default was to occur on a loan and investment.

3. Summary of Significant Accounting Policies (Cont'd)

3.7 Loans and advances (Cont'd)

e) Calculation of Expected Credit Losses (ECLs)

The methodologies and key elements for assessing credit risk and measuring the level of allowances for ECL estimates are as follows:

Exposure at Default (EAD) is seen as an estimation of the extent to which the Bank may be exposed to in the event and at the time of, the borrower's and investment's was to default. The loan and investment repayments patterns and EAD value for each financial assets are then used to determine the overall default risk.

f) Renegotiated Loans:

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

3.8 Revenue Recognition

Loans and Investments

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

3.9 Cash and cash equivalents

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

3.10 Taxation

Tax expense for the period comprises current and deferred Tax. Tax is recognised in the statement of net income.

Current tax

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

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

3. Summary of Significant Accounting Policies (Cont'd)

3.10 Taxation (Cont'd)

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the assets realized based on tax rates (tax laws) that have been enacted by the end of the reporting period. Deferred tax is charged or credited to profit and loss.

3.11 Acceptances, guarantees and letters of credit

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

3.12 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 in note 20(b) of the financial statement.

3.13 Statutory reserve

The Financial Institutions Act 1995 of Guyana 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.

3.14 Reserve requirement

The Bank of Guyana requires that each commercial bank maintain a current account with a balance of 12% of their demand liabilities calculated on a weekly basis. The balance at year end is GUY$3.2b disclosed in note 8(b) of the financial statement.

3. Summary of Significant Accounting Policies (Cont'd)

(g) Risk reserve

The risk reserve is created as an appropriation of retained earnings to account for the difference between the requirements of IFRS 9 (ECLs) adopted by the Bank and the provisions as required under Bank of Guyana Supervision Guideline No.5.

The Bank have adopted the requirements of IFRS 9 and makes specific provisions on loans and advances. The provisions booked as at 31 March, 2020 amounted to **$3.779m** compared with the provision of **$303.855m** as required under Bank Of Guyana Supervision Guideline No. 5.

The risk reserve as at 31 March, 2020 was **$3.779m**. The reduction of **$17.227m** is shown as a transfer from risk reserve for the reduction of loan impairment.

4. Financial Risk Management

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

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

The Bank's management monitor and manages the financial risks relating to the operations of the Bank through internal risk reports which analyse exposures by degree and magnitude of risks. The Bank's risks are measured using methods which reflect the expected loss likely to arise in normal circumstances.

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

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.

4. Financial Risk Management (Cont'd)

Credit Risk (cont'd)

The other cash resource is held with financial institution 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 institution 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 have standard policies and procedures dedicated to controlling and monitoring risk from such activities.

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

i) Collateral offered is subjected to inspection/field visit to enable the Bank to decide whether it concurs with the valuation's opinion. Valuations are assessed conservatively and reviewed regularly with the support of empirical evidence.

ii) Loans and overdrafts are generally collateralised with some or all of the following:
-Cash
-Mortgages
-Bill of Sale
-Guarantees
-Promissary 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.

5. Taxation

Reconciliation of tax expense and accounting profit

	2019/2020 G$ 000	2018/2019 G$ 000
Accounting profit	314,908	280,695
Corporation tax at 40%	125,963	112,278
Add:		
Others	(3,671)	(1,590)
Management fees	-	(847)
Property tax	22,863	22,403
Depreciation for accounting purposes	5,263	5,154
	150,418	137,399
Deduct:		
Tax effect of depreciation for tax purposes	2,721	2,771
	147,697	134,628
Tax period basis	2,081	1,158
	149,778	135,786
Deferred taxation	(2,670)	(2,953)
	147,108	132,833
Taxation:		
-Current	147,697	134,628
-Deferred	(589)	(1,795)
	147,108	132,833

Components of deferred tax liabilities/(assets)	2019/2020 G$ 000	2018/2019 G$ 000
Property and equipment	(51,793)	(49,123)
Income	3,671	1,590
	(48,122)	(47,533)

5. Taxation cont'd

Movement in temporary differences

	Tax Period Basis G$ 000	Property and Equipment G$ 000	Total G$ 000
At 31 March 2018	432	(46,170)	(45,738)
Movement during the year	1,158	(2,953)	(1,795)
At 31 March 2019	1,590	(49,123)	(47,533)
Movement during the year	2,081	(2,670)	(589)
At 31 March 2020	3,671	(51,793)	(48,122)

6. Other Income

	2019/2020 G$ 000	2018/2019 G$ 000
Exchange earned	5,658	6,019
Commission earned	25,270	21,709
Profit on disposal	19	-
Profit on exchange	159,853	173,891
Incidental charges	15,204	12,641
Bad debt recoveries	5,564	321
	211,568	214,581

	2019/2020 G$ 000	2018/2019 G$ 000
7. Profit before taxation	314,908	280,695
After charging:		
Auditor's remuneration	2,355	1,500
Depreciation	13,157	13,885
Provision for impairment (Note 10(a))	6,379	(19,288)
Loss allowance (Expected credit losses (ECLs))	(17,227)	21,006
8. (a) Cash and Due by banks		
Cash	75,415	66,836
Balances with other banks	2,140,861	1,214,339
	2,216,276	1,281,175
(b) Deposits with Bank of Guyana		
Statutory deposit and other balances	3,291,350	4,108,933

	31.03.2020		**31.03.2019**	
	Fair Value G$ 000	**Cost G$ 000**	**Fair Value G$ 000**	**Cost G$ 000**
9. (a) Investments				
Treasury Bills	1,484,850	1,484,850	989,800	989,800

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

9. ***Investment (cont'd)***	2019/2020	2018/2019
(b) Income from investment	G$ 000	G$ 000
Treasury Bills	11,958	15,217

10. Loans and advances

	2019/2020	2018/2019
Mortgages	2,912,578	3,268,728
Demand loans	73,410	74,085
Term	55,433	57,826
Overdrafts	1,901,072	1,657,393
Staff loan	3,638	3,208
Others	80,689	17,480
	5,026,820	5,078,720
Provision for impairment (a)	(303,855)	(303,827)
	4,722,965	4,774,893

(a) Provision for Impairment

	2019/2020	2018/2019
At beginning	303,827	344,121
Increase / (Reduction) in provisions as per Bank of Guyana Supervision Guideline No.5	(20,978)	(19,288)
Provision Reversal	21,006	-21,006
At End	303,855	303,827

(b) Loss allowances - Expected Credit Losses (ECLs)

	2019/2020	2018/2019
At Beginning	21,006	-
Movement for the year - ECLs	(17,227)	21,006
As at year end	**3,779**	**21,006**

11. Property and equipment

	Freehold Land and Buildings G$ 000	Leasehold Structure G$ 000	Furniture and Fittings G$ 000	Motor Vehicles G$ 000	2019/2020 Total G$ 000	2018/2019 Total G$ 000
Cost						
At April 1, 2019	257,312	5,185	61,670	17,625	341,792	353,255
Additions	-	-	5,020	-	5,020	5,723
Disposals	-	-	(9,119)	-	(9,119)	(17,186)
At March 31, 2020	257,312	5,185	57,571	17,625	337,693	341,792
Accumulated depreciation						
At April 1, 2019	116,189	4,146	47,423	12,045	179,803	179,127
Charge for the year	7,056	518	4,118	1,464	13,157	13,885
Depreciation written back	-	-	(8,782)	-	(8,782)	(13,209)
At March 31, 2020	123,245	4,664	42,759	13,509	184,178	179,803
Net book values						
At March 31, 2020	134,067	521	14,812	4,116	153,515	-
At March 31, 2019	141,123	1,039	14,247	5,580	-	161,989

12. Other assets

	31.03.2020 G$ 000	31.03.2019 G$ 000
Interest and commission accrued	38,001	41,063
Sundry Receivables	10,349	28,832
	48,350	69,895

13. Other liabilities

Sundry Payables	68,001	148,958
Accrued interest on deposits	29,392	37,674
	97,393	186,632

14. Share capital

Authorised:		
Number of Ordinary Shares	75,000,000	75,000,000
Issued and fully paid	G$ 000	G$ 000
75,000,000 Ordinary Shares	750,000	750,000
Ordinary shares held by:		
Bank of Baroda (India)	74,999,998	74,999,998
Chairman	1	1
A. K. Gupta	1	1
	75,000,000	75,000,000

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

15. Balances excluded from the accounts	3,538	3,538

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.

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:

	31.03.2020 G$ 000	31.3.2019 G$ 000
Debt (i)	8,854,302	8,320,799
Cash & treasury bills	(6,992,476)	(6,379,908)
Net debt	1,861,826	1,940,891
Equity (ii)	3,110,080	3,025,511
Net Debt to Equity Ratio	0.60:1	0.62:1

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

(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 of 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 financial risks of changes in foreign currency, exchange rates and interest rates. The Bank uses gap analysis, interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest and foreign currency risk. There has been no change in the Bank's exposure to market risks or the manner in which it manages these risks.

(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 risks:

	Maturing 31.03.2020				
	Interest Rate %	Within 1 Year G$ 000	Over 5 Years G$ 000	Non-Interest bearing G$ 000	Total G$ 000
Assets					
Cash resources	1.1 - 1.3	2,140,861	-	3,366,765	5,507,626
Investments	1.20	1,484,850	-	-	1,484,850
Loans and advances (net)	6.8 - 18	1,944,969	2,777,996	-	4,722,965
Tax recoverable		-	-	131,814	131,814
Other assets		-	-	48,350	48,350
		5,570,680	2,777,996	3,546,929	11,895,605
Liabilities					
Demand deposits		-	-	3,008,734	3,008,734
Term deposits	1 - 1.25	2,264,109	1,095,749	-	3,359,858
Savings	1	2,485,710	-	-	2,485,710
Taxation payable		-	-	35,467	35,467
Other Liabilities		-	-	97,393	97,393
		4,749,819	1,095,749	3,141,594	8,987,162
Interest sensitivity gap		820,861	1,682,247		

18. Financial risk management (Cont'd)

(i) *Interest rate risk cont'd*

	Maturing 31.03.2019				
	Interest Rate %	Within 1 Year G$ 000	Over 5 Years G$ 000	Non-Interest bearing G$ 000	Total G$ 000
Assets					
Cash resources	1.1 - 1.3	1,214,339	-	4,175,769	5,390,108
Investments	2.15 - 2.25	989,800	-	-	989,800
Loans and advances (net)	6.8 - 18	2,641,390	2,133,503	-	4,774,893
Tax recoverable			-	121,127	121,127
Other assets		-	-	69,895	69,895
		4,845,529	2,133,503	4,366,791	11,345,823
Liabilities					
Demand deposit		-	-	2,408,561	2,408,561
Term deposit	1 - 1.25	1,672,326	2,204,755	-	3,877,081
Savings	1	2,035,157	-	-	2,035,157
Taxation payables		-	-	22,403	22,403
Other		-	-	186,632	186,632
		3,707,483	2,204,755	2,617,596	8,529,834
Interest sensitivity gap		1,138,046	(71,252)		

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 $'000	USD $'000	£ $'000	Rupees $'000	CAD $'000	Total $'000
As at 31 March 2020						
Assets	286	1,740	24	1,832	-	3,882
As at 31 March 2019						
Assets	0.20	2,174	154	2,040	-	4,368

Foreign currency sensitivity analysis

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

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.

	2019/2020 G$ 000	2018/2019 G$ 000
Profit	97	109

(iii) *Price risk*

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

(b) 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 appropiately balanced and all funding obligations met when due.
It is unusual for banks to have the maturities of its assets and liabilties 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 2020 to the contractual maturity dates.

	Maturing 31.03.2020					
	Within One Year					
	On Demand G$ 000	Due in 3 Months G$ 000	Due in 3-12 Months G$ 000	1 to 5 years G$ 000	Over 5 years G$ 000	Total G$ 000
ASSETS						
Cash resources	5,507,626	-	-		-	5,507,626
Investments	-	-	1,484,850	-	-	1,484,850
Loans and advances (net)	-	145,898	1,099,673	699,398	2,777,996	4,722,965
Other assets	-	-	48,350	-	-	48,350
Tax Recoverable	-	-	-	131,814	-	131,814
	5,507,626	**145,898**	**2,632,873**	**831,212**	**2,777,996**	**11,895,605**
LIABILITIES						
Demand deposits	3,008,734	-	-	-	-	3,008,734
Term deposits	-	596,896	1,667,213	1,095,749	-	3,359,858
Saving deposits	2,485,710	-	-	-	-	2,485,710
Other liabilities	97,393	-	-	-	-	97,393
Taxation payable	35,467	-	-	-	-	35,467
	5,627,304	**596,896**	**1,667,213**	**1,095,749**	-	**8,987,162**
Net assets/(liabilities)	**(119,678)**	**(450,998)**	**965,660**	**(264,537)**	**2,777,996**	**2,908,443**

18. Financial risk management (cont'd)

(b) Liquidity Risk (cont'd)

	Maturing 31.03.2019					
	On Demand G$ 000	**Due in 3 Months G$ 000**	**Due in 3-12 Months G$ 000**	**1 to 5 years G$ 000**	**Over 5 years G$ 000**	**Total G$ 000**
ASSETS						
Cash resources	1,281,175	-	-	4,108,933	-	5,390,108
Investments	-	-	989,800	-	-	989,800
Loans and advances (net)	-	1,113,531	1,353,565	174,294	2,133,503	4,774,893
Other assets	69,895	-	-	-	-	69,895
Tax Recoverable	-	-	-	121,127	-	121,127
	1,351,070	**1,113,531**	**2,343,365**	**4,404,354**	**2,133,503**	**11,345,823**
LIABILITIES						
Demand deposits	2,408,561	-	-	-	-	2,408,561
Term deposits	-	1,141,548	530,778	2,204,755	-	3,877,081
Saving deposits	2,035,157	-	-	-	-	2,035,157
Other liabilities	186,632	-	-	-	-	186,632
Taxation payable	22,403	-	-	-	-	22,403
	4,652,753	**1,141,548**	**530,778**	**2,204,755**	**-**	**8,529,834**
Net assets/(liabilities)	**(3,301,683)**	**(28,017)**	**1,812,587**	**2,199,599**	**2,133,503**	**2,815,989**

(c) Credit risk

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

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

18. Financial risk management (Cont'd)

(c) 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.

	Maximum Exposure	
	31.03.2020 G$ 000	31.03.2019 G$ 000
Cash and due by banks	2,216,276	1,281,175
Deposit with Bank of Guyana	3,291,350	4,108,933
Treasury bills	1,484,850	989,800
Loans and advances(net)	4,722,965	4,774,893
Total	11,715,441	11,154,801
Customer liability under bill collections, guarantees and letters of credit.	183,821	71,737
Total credit risk exposure	11,899,262	11,226,538

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	31.03.2020 G$ 000	31.03.2019 G$ 000
Neither pass due nor impaired	3,515,863	3,425,349
Pass due but not impaired	96,904	251,101
Impaired	1,414,053	1,402,270
	5,026,820	5,078,720

18. Financial risk management (continued)

(c) Credit Risk Measurement (cont'd)

Loans and advances which were pass due but not impaired

There are a variety of reasons why certain loans and advances designated as 'pass due' are not regarded as impaired. Unless other information is available to the contrary, all loans and advances between 90 to 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 to the creditworthiness of the borrower. Further, pass 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 pass due but not impaired as at 31 March can be assessed by reference to the Bank's credit grading system. The following information is based on that system.

	31.03.2020 G$ 000	31.03.2019 G$ 000
Grade 1- Satisfactory risk	3,515,863	3,425,349
Grade 2- Monitor risk		
- Pass due up to 90 days	96,904	251,101

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

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 it 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.

	31.03.2020 G$ 000	31.03.2019 G$ 000
Sub-standard		
-Pass Due 90-179 days	320,280	216,670
Doubtful and loss		
- 180-359 days	9,232	140,618
- 360 days	1,084,541	1,044,982
Total	1,414,053	1,402,270

18. Financial risk management (Cont'd)

(d) Impaired loans and advances cont'd

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

As at 31 March 2020

	Guyana G$ 000	Outside of Guyana G$ 000	Total G$ 000
On Statement of Financial Position			
Cash resources	4,077,765	1,429,861	5,507,626
Treasury bills	1,484,850	-	1,484,850
Loans and advances (net)	4,772,965	-	4,772,965
Other assets	48,350	-	48,350
	10,383,930	1,429,861	11,813,791
Off Statement of Financial Position			
Bill collection, guarantees, letters of credit	183,821	-	183,821
Total	10,567,751	1,429,861	11,997,612

As at 31 March 2019

	Guyana G$ 000	Outside of Guyana G$ 000	Total G$ 000
On Statement of Financial Position			
Cash resources	4,886,193	503,915	5,390,108
Treasury bills	989,800	-	989,800
Loans and advances (net)	4,774,893	-	4,774,893
Other assets	121,127	-	121,127
	10,772,013	503,915	11,275,928
Off Statement of Financial Position			
Bill collection, guarantees, letters of credit	71,737	-	71,737
Total	10,843,750	503,915	11,347,665

18. Financial risk management (Cont'd)

(e) Diversification of exposure

The Bank provides wide range of services to borrowers in over seven sectors within Guyana. As a result its portfolio of finanical instruments with credit risk is highly diversified with no exposure to individual borrowers totalling more than 25% of the Bank's capital base(Group borrowers-40%).

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 below represents the Bank's maximum exposure to credit risk for such loans.

	31.03.2020	31.03.2019
	G$ 000	G$ 000
Loans and advances:		
Agriculture	227,775	206,166
Services	1,951,049	2,076,186
Manufacturing	903,975	744,165
Household	105,295	98,665
Construction and engineering	540,216	288,789
Mining and quarrying	32,388	41,682
Housing loan and commerial real estate	1,266,122	1,623,067
	5,026,820	5,078,720
Provision for impairment (note 10 a)	(303,855)	(303,827)
	4,722,965	4,774,893

(f) Renegotiated loans and overdraft

The Bank renegotiated three (3) facilities which were primarily due to re-scheduling of repayment period and the restructing of an overdraft facilitiy.

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 finanacial or operating decisions.

Listed below are transactions and balances with related parties:

	31.03.2020	31.03.2019
(a) Due from related party	G$ 000	G$ 000
Bank of Baroda Mumbai (i)	5,644	6,284
Bank of Baroda New York (i)	363,638	453,349
Bank of Baroda London (i)	6,750	1,059
Bank of Baroda Brussels (i)	70,729	47
	446,761	460,739
Bank of Baroda London (ii)	264	20,289
Bank of Baroda New York (ii)	7,676	-

19. Related party transactions (cont'd)

(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 at a value of $150,000 and accrued interest income of $113,918 and with the Bank of Baroda New York at a value of $4,500,000 and accrued interest income of $3,176,227.

(b) Key Management personnel

(i) Compensation

The Bank's 6 (2018/2019 - 6) key management personnel comprise its Chairman, Directors, Compliance officer and three Branch Managers. The remuneration paid to key management.

	31.03.2020 G$ 000	31.03.2019 G$ 000
Short term employee benefits	42,720	40,999
(ii) Directors fees		
Chairman	320	240
(iii) Management fees to parent company		
Bank of Baroda (India)	3,137	8,576

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

(iv) Loans and advances		
Balance at end of the year	20,400	3,208

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

No provision was made for loan losses to related parties.

20. Litigations/Contingent Liabilities

(a) The Bank is the claimant in several ligitation 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

	31.03.2020			
	Under 3 Months G$ 000	3 to 12 Months G$ 000	Over 12 Months G$ 000	Total G$ 000
Commercial Sector	-	-	183,821	183,821

20. Contingent liabilities (Cont'd)

	31.03.2019			
	Under 3 Months G$ 000	3 to 12 Months G$ 000	Over 12 Months G$ 000	Total G$ 000
Commercial sector	-	-	71,737	71,737
	-	-	71,737	71,737

21. Statutory reserve

	31.03.2020 G$ 000	31.03.2019 G$ 000
At beginning	348,579	326,400
Movement	25,170	22,179
At end	373,749	348,579

This is computed in accordance with the Financial Institutions Act 1995.

22. Analysis of financial assets and liabilities by measurement basis

	31.03.2020			
	Treasury Bills G$ 000	Loans and receivables G$ 000	Financial assets and liabilities at amortised costs G$ 000	Total G$ 000
ASSETS				
Cash and due by banks	-	-	2,216,276	2,216,276
Deposits with Bank of Guyana	-	-	3,291,350	3,291,350
Treasury Bills	1,484,850	-	-	1,484,850
Loans and advances	-	4,722,965	-	4,722,965
Tax recoverable	-		131,814	131,814
Other assets	-	-	48,350	48,350
	1,484,850	4,722,965	5,687,790	11,895,605
LIABILITIES				
Demand deposits	-	-	3,008,734	3,008,734
Savings deposits	-	-	2,485,710	2,485,710
Term deposits	-	-	3,359,858	3,359,858
Other liabilities	-	-	97,393	97,393
Taxation Payable	-	-	35,467	35,467
	-	-	8,987,163	8,987,163

22. Analysis of financial assets and liabilities by measurement basis

	31.03.2019			
ASSETS	Treasury Bills G$ 000	Loans and Receivables G$ 000	Financial assets and liabilities at amortised costs G$ 000	Total G$ 000
Cash and due by banks	-	-	1,281,175	1,281,175
Deposits with Bank of Guyana	-	-	4,108,933	4,108,933
Treasury Bills	989,800	-	-	989,800
Loans and advances	-	4,774,893	-	4,774,893
Tax recoverable	-	-	121,127	121,127
Other Assets	-	-	69,895	69,895
	989,800	4,774,893	5,581,130	11,345,823
LIABILITIES				
Demand deposits	-	-	2,408,561	2,408,561
Savings deposits	-	-	2,035,157	2,035,157
Term deposits	-	-	3,877,081	3,877,081
Other liabilities	-	-	186,632	186,632
Taxation Payable	-	-	22,403	22,403
	-	-	8,529,834	8,529,834

23. Fair value of financial instruments

Fair values have been determined as follows:

	31.03.2020		31.03.2019	
	Carrying value G$ 000	**Fair value G$ 000**	**Carrying value G$ 000**	**Fair value G$ 000**
Assets				
Treasury Bills	1,484,850	1,484,850	989,800	989,800
Loans and Advances	4,722,965	4,722,965	4,774,893	4,774,893
Tax Recoverable	131,814	131,814	121,127	121,127
Other Assets	48,350	48,350	69,895	69,895
Cash and bank due by banks	2,216,276	2,216,276	1,281,175	1,281,175
Deposits with Bank of Guyana	3,291,350	3,291,350	4,108,933	4,108,933
	11,895,605	11,895,605	11,345,823	11,345,823
Liabilities				
Deposits	8,854,303	8,854,303	8,320,799	8,320,799
Other Liabilities	97,393	97,393	186,632	186,632
Taxation Payable	35,467	35,467	22,403	22,403
	8,987,163	8,987,163	8,529,834	8,529,834
Property and Equipment	153,515	153,515	161,989	161,989

23. Fair value of financial instruments (cont'd)

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

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

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

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

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

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

24. Segment reporting

A business segment reporting 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.

	31.03.2020			31.03.2019		
	Guyana G$ 000	Outside of Guyana G$ 000	Total G$ 000	Guyana G$ 000	Outside of Guyana G$ 000	Total G$ 000
Fair value of treasury bills	1,484,850	-	1,484,850	989,800	-	989,800
Investment Income	11,958	-	11,958	15,217	-	15,217
Total	1,496,808	-	1,496,808	1,005,017	-	1,005,017
Cash resources:						
Local	4,077,765	-	4,077,765	4,886,193	-	4,886,193
Foreign		1,429,861	1,429,861	-	503,039	503,915
Total	4,077,765	1,429,861	5,507,626	4,886,193	503,039	5,390,108
Income from cash resources:						
Local	28,581	-	28,581	97,620	-	97,620
Foreign	-	3,718	3,718	-	20,139	20,139
Total	28,581	3,718	32,300	97,620	20,139	117,759

25. Dividends

Dividends of G$0.50 per share amounting to G$37.50M for every common share is to be proposed at the annual general meeting.

26. Approval of financial statements

The financial statements were approved by the board of directors on MAY 28 2020