

**Bank of Baroda (New Zealand) Limited**

**Disclosure Statement**

**for the six months ended 30 September 2015**

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## 1. Definitions

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In this Disclosure Statement, unless the context otherwise requires:

**Act** means the Reserve Bank of New Zealand Act 1989;

**Bank** means Bank of Baroda (New Zealand) Limited;

**Banking Group** means the Bank and its subsidiaries where subsidiary has the same meaning as in section 6(1) of the Financial Market Conduct Act 2013;

**Board** means the board of directors of the Bank;

**BOB** means Bank of Baroda;

**Director** means a director of the Bank;

**INR** means Indian Rupees;

**Parent Guarantee** has the meaning given in section 3.1; and

**USD** means United States Dollars.

Unless otherwise defined in this disclosure statement, terms defined in the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) have the same meaning in this document.

## **2. General information**

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### **2.1 Name and address for service of registered bank**

- (a) The full name of the Bank is Bank of Baroda (New Zealand) Limited and its address for service is:

Bank of Baroda (New Zealand) Limited  
114 Dominion Road  
PB No. 56580, Post Code 1446  
Auckland  
New Zealand

- (b) The Bank's website address is: *www.barodanzltd.co.nz*

### **2.2 Details of ultimate parent bank and ultimate holding company**

#### **(a) Ultimate parent bank**

The Bank's ultimate parent bank is Bank of Baroda, an Indian incorporated bank (**BOB**). There has been no change to the ultimate parent bank since 31 March 2015. There have been no changes to the name or address for service of the ultimate parent bank since 31 March 2015.

#### **(b) Ultimate holding company**

There has been no change to the ultimate holding company since 31 March 2015. There have been no changes to the name or address for service of the ultimate holding company since 31 March 2015.

### **2.3 A summary of any regulations, legislation or other restrictions of a legally enforceable nature that may materially inhibit the legal ability of BOB to provide material financial support to the Bank**

The obligations of the Bank are guaranteed by BOB (see section 3 for further information on the guarantee arrangements).

There are no legislative, regulatory or other restrictions of a legally enforceable nature in India (BOB's country of incorporation) that may materially inhibit the legal ability of BOB to provide material financial support to the Bank.

### **2.4 Priority of financial liabilities in the event of liquidation**

In the unlikely event that the Bank was put into liquidation or ceases to trade, claims of secured creditors and those creditors set out in the Seventh Schedule of the Companies Act 1993 would rank ahead of the claims of unsecured creditors. Deposits from customers are unsecured and rank equally with other unsecured liabilities of the Bank.

### 3. Guarantee

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#### 3.1 Guarantee arrangements

As at the date of this disclosure statement, the obligations of the Bank are guaranteed by BOB.

A copy of the guarantee of the Bank's indebtedness given by BOB is provided in the Bank's Disclosure Statement for the year ended 31 March 2015. A copy of the Disclosure Statement can be obtained from the Bank's website [www.barodanzltd.co.nz](http://www.barodanzltd.co.nz).

There have been no material changes to the guarantee since the signing of that Disclosure Statement.

##### (a) Details of the guarantor

The guarantor is Bank of Baroda. Bank of Baroda is the Bank's ultimate parent and ultimate holding company. Bank of Baroda is not a member of the Banking Group.

The address for service of the guarantor is:

Baroda Corporate Centre  
C-26, G-Block  
Bandra Kurla Complex  
Mumbai – 400 051  
India

As at 30 September 2015, the publicly disclosed capital of BOB was INR 433,118 million (USD 6,603.66 million) representing 13.28% of risk weighted exposure.

BOB has the following credit rating applicable to its long-term senior unsecured obligations (payable in INR):

Rating Agency	Current Rating	Outlook	Qualifications	Rating Change in the Last 2 Years
Moody's Investor Services Limited	<b>Baa3</b>	Stable	Nil	No
Fitch IBCA, Inc.	<b>BBB-</b>	Stable	Nil	No

There have been no rating changes for BOB within the last two years. On 01-09-2015, Fitch Ratings has affirmed the ratings on BOB. The Long-Term Issuer Default Ratings (IDR) on Bank of Baroda (BOB) has been affirmed at 'BBB-'. The Outlook on the IDRs is Stable.

Details of the applicable rating scale can be found at section 8.2 of this disclosure statement.

**(b) Details of guaranteed obligations**

- a. BOB guarantees due payment of all indebtedness of the Bank to the Bank's depositors and other creditors.
  - (i) There are no limits on the amount of the obligations guaranteed.
  - (ii) There are no material conditions applicable to the guarantee, other than non-performance by the Bank.
  - (iii) There are no material legislative or regulatory restrictions in India (BOB's country of incorporation) that would have the effect of subordinating the claims of the Bank's creditors under the Parent Guarantee to other claims on BOB in a winding up of BOB.
  - (iv) The Parent Guarantee does not have an expiry date.

## 4. **Directors**

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### 4.1 **Communications**

The address to which any document or communication may be sent to any Director is:

Bank of Baroda (New Zealand) Limited  
114 Dominion Road  
PB No. 56580, Post Code 1446  
Auckland  
New Zealand

The document or communication should be marked to the attention of the relevant Director.

The following changes in the composition of the Board of Directors of the Bank (the “Board”) have been effected since 31 March 2015:

- R.S. Setia resigned from the Board with effect from 30 April 2015.
- Neelam Damodharan joined the Board on 07-09-2015 as Non-Executive Director

### 4.2 **Responsible person**

The responsible persons authorised to sign this disclosure statement on behalf of the Board, comprising:

- Dr Rajen Prasad, Chairman & Independent Director
- Prahlad Das Gupta, Managing Director
- Neelam Damodharan, Non-Executive (Non-independent) Director
- Vailankanni Wenceslaus Melchoir Anthony, Independent Director
- Ranjna Patel, Independent Director
- Claudio Sandro Oberto, Independent Director

in accordance with section 82 of the Act are **Dr Rajen Prasad & Prahlad Das Gupta**.

## 5. Auditor

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The name and address of the auditor whose independent auditor's review report is referred to in this disclosure statement is:

**KPMG**  
KPMG Centre  
18 Viaduct Harbour  
Auckland  
New Zealand



## 6. Conditions of registration

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The conditions of registration imposed on the Bank which applied on or after 31 March 2015 and were reported in the Bank's Disclosure Statement for the quarter ended 30 June 2015 remain unchanged up to 30 September 2015. The Bank has complied with its conditions throughout the period.

The conditions apply on and after 1 November 2014 are as follows:

The registration of Bank of Baroda (New Zealand) Limited ('the bank') as a registered bank is subject to the following conditions:

1. That—

- (a) the Total capital ratio of the banking group is not less than 8%;
- (b) the tier one capital ratio of the banking group is not less than 6%;
- (c) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5%; and
- (d) the Total capital of the banking group is not less than \$30 million; and
- (e) the process in Subpart 2H of the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014 is followed for the recognition and repayment of capital.

For the purposes of this condition of registration, capital, the Total capital ratio and the Tier 1 capital ratio, and the Common Equity Tier 1 capital ratio must be calculated in accordance with the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014.

1A. That—

- (a) the bank has an internal capital adequacy assessment process ("ICAAP") that accords with the requirements set out in the document "Guidelines on a Bank's Internal Capital Adequacy Process ("ICAAP")" (BS12) dated December 2007;
- (b) under its ICAAP, the bank identifies and measures its "other material risks" defined as all material risks of the banking group that are not explicitly captured in the calculation of the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the Total capital ratio under the requirements set out in the document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014; and
- (c) the bank determines an internal capital allocation for each identified and measured "other material risk".

1B. That, if the buffer ratio of the banking group is 2.5% or less, the bank must:

- (a) according to the following table, limit the aggregate distributions of the bank's earnings to the percentage limit to distributions that corresponds to the banking group's buffer ratio;

<b>Banking group's buffer ratio</b>	<b>Percentage limit to distributions of the bank's earnings</b>
0%-0.625%	0%
>0.625-1.25%	20%
>1.25-1.875%	40%
>1.875-2.5%	60%

- (b) prepare a capital plan to restore the banking group's buffer ratio to above 2.5% within any timeframe determined by the Reserve Bank for restoring the buffer ratio; and
- (c) have the capital plan approved by the Reserve Bank.

For the purposes of this condition of registration,—

“buffer ratio”, “distributions”, and “earnings” have the same meaning as in Part 3 of the Reserve Bank of New Zealand document: “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated July 2014.

2. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.

In this condition of registration, the meaning of “material” is based on generally accepted accounting practice.

3. That the banking group's insurance business is not greater than 1% of its total consolidated assets.

For the purposes of this condition of registration, the banking group's insurance business is the sum of the following amounts for entities in the banking group:

- (a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and
- (b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity's insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group's insurance business—

- (a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and
- (b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,—

“insurance business” means the undertaking or assumption of liability as an insurer under a contract of insurance:

“insurer” and “contract of insurance” have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

4. That the aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) of the banking group to all connected persons do not exceed the rating-contingent limit outlined in the following matrix:

Credit rating of the bank <sup>1</sup>	Connected exposure limit (% of the banking group's Tier 1 capital)
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

Within the rating-contingent limit, credit exposures (of a non-capital nature and net of any allowances for impairment) to non-bank connected persons shall not exceed 15 percent of the banking group's Tier 1 capital.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated October 2014.

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That the bank complies with the following corporate governance requirements:
- the board of the bank must have at least five directors,
  - the majority of the board members must be non-executive directors;
  - at least half of the board members must be independent directors;
  - an alternate director,—
    - for a non-executive director must be non-executive; and
    - for an independent director must be independent;
  - at least half of the independent directors of the bank must be ordinarily resident in New Zealand;
  - the chairperson of the board of the bank must be independent; and
  - the bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the bank).

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated July 2014.

- That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:
- the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and

<sup>1</sup> This table uses the rating scales of Standard & Poor's, Fitch Ratings and Moody's Investors Service. (Fitch Ratings' scale is identical to Standard & Poor's.)

- (b) the Reserve Bank has advised that it has no objection to that appointment.
- 8. That a person must not be appointed as chairperson of the board of the bank unless:
  - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
  - (b) the Reserve Bank has advised that it has no objection to that appointment.
- 9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:
  - (a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;
  - (b) the committee must have at least three members;
  - (c) every member of the committee must be a non-executive director of the bank;
  - (d) the majority of the members of the committee must be independent; and
  - (e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated July 2014.

- 10. That a substantial proportion of the bank's business is conducted in and from New Zealand.
- 11. That the banking group complies with the following quantitative requirements for liquidity-risk management:
  - (a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;
  - (b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and
  - (c) the one-year core funding ratio of the banking group is not less than 75 per cent at the end of each business day.

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated July 2014 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated December 2011.

- 12. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:
  - (a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;
  - (b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;
  - (c) identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and
  - (d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.

13. That no more than 10% of total assets may be beneficially owned by a SPV.

For the purposes of this condition,—

“total assets” means all assets of the banking group plus any assets held by any SPV that are not included in the banking group’s assets:

“SPV” means a person—

- (a) to whom any member of the banking group has sold, assigned, or otherwise transferred any asset;
- (b) who has granted, or may grant, a security interest in its assets for the benefit of any holder of any covered bond; and
- (c) who carries on no other business except for that necessary or incidental to guarantee the obligations of any member of the banking group under a covered bond:

“covered bond” means a debt security issued by any member of the banking group, for which repayment to holders is guaranteed by a SPV, and investors retain an unsecured claim on the issuer.

14. That—

- (a) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the notification threshold, and does not meet the non-objection threshold, unless:
  - (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and
  - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and
- (b) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:
  - (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination;
  - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and
  - (iii) the Reserve Bank has given the bank a notice of non-objection to the significant acquisition or business combination.

For the purposes of this condition of registration, “qualifying acquisition or business combination”, “notification threshold” and “non-objection threshold” have the same meaning as in the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011.

15. That for a loan-to-valuation measurement period, the total of the bank’s qualifying new mortgage lending amounts must not for residential properties with a loan-to-valuation ratio

of more than 80% exceed 10% of the total of the qualifying new mortgage lending amounts arising in the loan-to-valuation measurement period.

16. That the bank must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

17. That the bank must not permit a borrower to grant a charge in favour of another person over a residential property used as security for a residential mortgage loan unless the sum of the lending secured by the charge and the loan value for the residential mortgage loan would not exceed 80% of the property value of the residential property when the lending secured by the charge is drawn down.

18. That the bank must not provide a residential mortgage loan if the residential property to be mortgaged to the bank as security for the residential mortgage loan is subject to a charge in favour of another person unless the total amount of credit secured by the residential property would not exceed 80% of the property value when the residential mortgage loan is drawn down.

19. That the bank must not act as broker or arrange for a member of its banking group to provide a residential mortgage loan.

In these conditions of registration,—

“banking group” ---

means Bank of Baroda (New Zealand) Limited (as reporting entity) and all other entities included in the group as defined in section 6(1) of the Financial Markets Conduct Act 2013 for the purposes of Part 7 of that Act.

“generally accepted accounting practice”—

has the same meaning as in section 8 of the Financial Reporting Act 2013.

In conditions of registration 15 to 19, ---

“loan-to-valuation ratio”, “loan value”, “property value”, “qualifying new mortgage lending amount” and residential mortgage loan” have the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High-LVR Residential Mortgage Lending” (BS19) dated October 2014:

“loan-to-valuation measurement period” means a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of March 2014.

## **7. Pending proceedings or arbitration**

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As at the date of this disclosure statement, there are no pending proceedings or arbitration concerning the Bank, whether in New Zealand or elsewhere, that may have a material adverse effect on the Bank.

## 8. Credit rating

### 8.1 Rating information

The credit rating of the bank is as follows:

Rating Agency	Type of Rating	Current Rating	Outlook	Qualifications	Rating Change in the Last 2 Years
Fitch IBCA, Inc.	Long-term foreign currency Issuer Default Rating	BBB-	Stable	Nil	NO
Moody's Investor Services Limited		Baa3	Stable	Nil	NO

There have been no rating changes for BOBNZ within the last two years. On 01-09-2015, Fitch Ratings has affirmed the ratings on BOBNZ. The Long-Term Issuer Default Ratings (IDR) on Bank of Baroda (New Zealand) Limited (BOB NZ) have been affirmed at 'BBB-'. The Outlook on the IDRs is Stable.

### 8.2 Applicable ratings scales

Long Term Debt Ratings	Moody's	S&P	FITCH
Highest quality/Extremely strong capacity to pay interest and principal	Aaa	AAA	AAA
High quality/Very strong	Aa	AA	AA
Upper medium grade/Strong	A	A	A
Medium grade (lowest investment grade)/Adequate	Baa	BBB	BBB
Predominately speculative/Less near term vulnerability to default	Ba	BB	BB
Speculative, low grade/Greater vulnerability	B	B	B
Poor to default/identifiable vulnerability	Caa	CCC	CCC
Highest speculations	Ca	CC	CC
Lowest quality, no interest	C	C	C
Payment in default, in arrears – questionable value		D	D

Moody's applies numeric modifiers to each generic rating category from Aa to B, indicating that the counterparty is (1) in the higher end of its letter rating category, (2) in mid-range, (3) in lower end.

Fitch and S&P apply plus (+) or minus (-) signs to ratings from 'AA to 'CCC' to indicate relative standing within the major rating categories



## 9. **Other material matters**

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There are no other matters relating to the business or affairs of the Bank, other than those contained in this disclosure statement that, if disclosed, would materially affect the decision of a person to subscribe for debt securities of which the Bank is the **issuer** has the same meaning as in section 11 of the Financial Market Conduct Act 2013.

## 10. **Directors' statements**

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Each Director of the Bank, after due inquiry, believes as at the date of signing that this disclosure statement:

- a. Contains all the information that is required by the Order; and
- b. is not false or misleading.

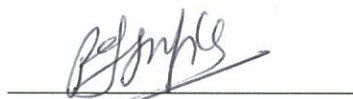
Each Director of the Bank, after due enquiry believes that for the half year ended 30 September 2015:

- a. the Bank has complied with all conditions of registration that applied during the period;
- b. credit exposures to connected persons were not contrary to the interests of the Bank;
- c. the Bank has systems in place to monitor and control adequately the Bank's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

For and on behalf of all of the Directors of the Bank (authorised to issue by Directors' resolution via circular agenda dated 20 November 2015), this disclosure statement is dated at Auckland, New Zealand this 20 November 2015 and signed by Dr. Rajen Prasad and Prahlad Das Gupta as responsible persons.



Dr Rajen Prasad  
Chairman  
Bank of Baroda (New Zealand) Limited



Prahlad Das Gupta  
Managing Director  
Bank of Baroda (New Zealand) Limited

## **11. Independent auditor's review report**

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The independent auditor's review report on this disclosure statement is attached with the financial statements for the Bank in the Appendix to this disclosure statement. The information required by Schedule 1 of the Order is included in the independent auditor's review report.

## 12. **Financial statements**

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The financial statements for the Bank for the six months ended 30 September 2015 are attached as Appendix and form part of this disclosure statement.

## **Appendix: Financial Statements**

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Bank of Baroda (New Zealand) Limited

Company Number 2135104

Financial Statements for the six months ended  
30 September 2015

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## Independent review report

### To the Shareholder of Bank of Baroda (New Zealand) Limited

We have completed a review of the interim financial statements and supplementary information of Bank of Baroda (New Zealand) Limited (the “Bank”) on pages 24 to 52 which comprise the statement of financial position as at 30 September 2015, and the statements of comprehensive income, changes in equity and cash flows for the six month period ended on that date, and a summary of significant accounting policies and other explanatory information. The supplementary information comprises the information that is required to be disclosed in accordance with Schedules 5, 7, 9, 13, 16 and 18 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the “Order”).

This report is made solely to the Shareholder as a body. Our review work has been undertaken so that we might state to the Banks’ Shareholder those matters we are required to state to them in the independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Banks’ Shareholder as a body, for our review work, this report or any of the opinions we have formed.

#### Directors’ responsibilities

The Directors of the Bank are responsible for the preparation and fair presentation of interim disclosure statements, including interim financial statements prepared in accordance with Clause 25 of the Order and NZ IAS 34 *Interim Financial Reporting* and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

They are also responsible for the preparation and fair presentation of supplementary information, in accordance with Schedules 3, 5, 7, 9, 13, 16 and 18 of the Order.

#### Our responsibilities

We are responsible for reviewing the interim disclosure statements, including the interim financial statements prepared in accordance with Clause 25 of the Order, and the supplementary information disclosed in accordance with Schedules 5, 7, 9, 13, 16 and 18 of the Order, as presented to us by the Directors.

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting*. As the auditor of the Bank, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

We are responsible for reviewing the supplementary information (excluding the supplementary information relating to capital adequacy) in order to report to you whether, in our opinion on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the supplementary information does not fairly state the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order.

We are responsible for reviewing the supplementary information relating to capital adequacy in order to state whether, on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the information disclosed in accordance with Schedule 9 is not, in all material respects, prepared in accordance with Bank's Conditions for Registration and with the Capital Adequacy Framework (Standardised Approach) (BS2A); and disclosed in accordance with Schedule 9 of the Order.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on those financial statements.

Our firm has also provided other services to the Bank in relation to advisory services related to FATCA compliance. Subject to certain restrictions, partners and employees of our firm may also deal with the Bank on normal terms within the ordinary course of trading activities of the business of the company. These matters have not impaired our independence as auditors of the Bank. The firm has no other relationship with, or interest in, the Bank.

## Conclusion

We have examined the interim financial statements and supplementary information and based on our review, nothing has come to our attention that causes us to believe that:

- The interim financial statements on page 24 to 52 (excluding the supplementary information) have not been prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and do not present a true and fair view of the financial position of the Bank as at 30 September 2015 and its financial performance and cash flows for the six month period ended on that date;
- The supplementary information (excluding supplementary information relating to capital adequacy) disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order, does not fairly state, in all material respects, the matters to which it relates in accordance with those Schedules; and
- The supplementary information relating to capital adequacy prescribed by Schedule 9 of the Order is not, in all material respects, prepared in accordance with the Bank's Conditions of Registration, with the Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9 of the Order.



20 November 2015  
Auckland



## BANK OF BARODA (NEW ZEALAND) LIMITED

## FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## FINANCIAL STATEMENTS

<b>STATEMENT OF COMPREHENSIVE INCOME</b>		<b>Unaudited Six months ended 30 September 2015 \$'000</b>	<b>Unaudited Six months ended 30 September 2014 \$'000</b>	<b>Audited Year ended 31 March 2015 \$'000</b>
<b>For the six months ended 30 September 2015</b>	<b>Notes</b>			
Interest income		1,978	1,585	3,310
Interest expense		(532)	(319)	(727)
<b>Net interest income</b>		<b>1,446</b>	<b>1,266</b>	<b>2,583</b>
Other income	2	706	639	1,333
<b>Total operating income</b>		<b>2,152</b>	<b>1,906</b>	<b>3,916</b>
Operating expenses	3	(1,394)	(1,484)	(3,172)
Impairment losses on loans and advances	6	(49)	(37)	(49)
<b>Net profit before taxation</b>		<b>709</b>	<b>384</b>	<b>695</b>
Taxation benefit	7	212	-	131
<b>Net profit after taxation</b>		<b>921</b>	<b>384</b>	<b>826</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>921</b>	<b>384</b>	<b>826</b>

The accompanying notes form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

<b>STATEMENT OF CHANGES IN EQUITY For the six months ended 30 September 2015</b>	<b>Share Capital \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Total \$'000</b>
Balance at 1 April 2015	40,000	3,743	43,743
Total comprehensive income for the period	-	921	921
Balance at 30 September 2015 (Unaudited)	40,000	4,664	44,664
Balance at 1 April 2014	40,000	2,917	42,917
Total comprehensive income for the year	-	826	826
Balance as at 31 March 2015 (Audited)	40,000	3,743	43,743
Balance at 1 April 2014	40,000	2,917	42,917
Total comprehensive income for the period	-	384	384
Balance at 30 September 2014 (Unaudited)	40,000	3,301	43,301

The accompanying notes form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements



## BANK OF BARODA (NEW ZEALAND) LIMITED

## FINANCIAL STATEMENTS

For the six months ended 30 September 2015

<b>BALANCE SHEET</b> <b>As at 30 September 2015</b>	<b>Notes</b>	<b>Unaudited</b> <b>30 September</b> <b>2015</b> <b>\$'000</b>	<b>Unaudited</b> <b>30 September</b> <b>2014</b> <b>\$'000</b>	<b>Audited</b> <b>31 March</b> <b>2015</b> <b>\$'000</b>
<b>Assets</b>				
Cash		197	2,496	5,159
Balances due from related parties		4,272	3,299	3,400
Due from other financial institutions	8	25,151	18,900	17,800
Loans and advances	4	59,523	44,849	49,081
Property, plant and equipment		535	682	598
Current taxation		-	-	-
Deferred tax asset	7A	1,159	816	947
Other assets		303	417	346
<b>Total assets</b>		<b>91,140</b>	<b>71,459</b>	<b>77,331</b>
<b>Liabilities</b>				
Balances due to related parties		1,831	724	980
Deposits and other borrowings	5	44,439	27,191	32,402
Current taxation		-	-	-
Other liabilities		206	243	206
<b>Total liabilities</b>		<b>46,476</b>	<b>28,158</b>	<b>33,588</b>
<b>Shareholders' equity</b>				
Share capital		40,000	40,000	40,000
Retained Earnings		4,664	3,301	3,743
<b>Total shareholders' equity</b>		<b>44,664</b>	<b>43,301</b>	<b>43,743</b>
<b>Total shareholders' equity and liabilities</b>		<b>91,140</b>	<b>71,459</b>	<b>77,331</b>
<hr/>				
Total interest earning and discount bearing assets		85,568	66,420	74,135
Total interest and discount bearing liabilities		40,004	24,240	28,744

For and on behalf of the Board



Dr. Rajen Prasad

Chairman



Prahlad Das Gupta

Managing Director

Authorised for issue on 20 November 2015

The accompanying notes form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

<b>CASH FLOW STATEMENT</b> <b>For the six months ended 30 September 2015</b>	<b>Unaudited</b> <b>Six months</b> <b>ended</b> <b>30 September</b> <b>2015</b> <b>\$'000</b>	<b>Unaudited</b> <b>Six months</b> <b>ended</b> <b>30 September</b> <b>2014</b> <b>\$'000</b>	<b>Audited</b> <b>31 March</b> <b>2015</b> <b>\$'000</b>
<b>Cash flows from operating activities</b>			
Interest received	2,071	1,587	3,352
Fees and other income	706	639	1,333
Operating expenses paid	(1,387)	(1,317)	(2,966)
Interest paid	(526)	(321)	(721)
Taxes paid	-	-	-
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>	<b>864</b>	<b>588</b>	<b>998</b>
<b>Net changes in operating assets and liabilities:</b>			
(Increase)/decrease in financial assets held for trading	-	-	-
Decrease/(increase) in available-for-sale-assets	-	-	-
Increase in loans and advances	(10,491)	(1,790)	(6,034)
Decrease/(increase) in balances due from other financial institutions	-	(1,600)	(500)
(Decrease)/increase in deposits and other borrowings	12,037	1,903	7,114
Increase/(decrease) in balances due to related parties	(21)	(65)	(34)
Increase in balances due to financial institutions	-	-	-
(Increase)/decrease in other assets	-	(581)	(682)
Increase/(decrease) in other liabilities and provisions	-	-	-
Decrease/(increase) in balances due from related parties	-	-	-
<b>Net cash flows from operating activities</b>	<b>2,389</b>	<b>(2,158)</b>	<b>505</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	-	(3)	(3)
Purchase of intangible software assets	-	-	-
Purchase of customer relationships	-	-	-
<b>Net cash flows from investing activities</b>	<b>-</b>	<b>(3)</b>	<b>(3)</b>
<b>Cash flows from financing activities</b>			
Issue of shares	-	-	-
Capital injection from shareholders	-	-	-
Proceeds from term subordinated debt	-	-	-
Proceeds from related parties	-	-	-
Increase in debt securities issued	-	-	-
Dividends paid	-	-	-
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(Decrease)/ increase in cash and cash equivalents</b>	<b>2,389</b>	<b>(2,161)</b>	<b>502</b>
Add opening cash and cash equivalents	5,159	4,657	4,657
Effect of exchange rate changes on cash and cash equivalents	-	-	-
<b>Closing cash and cash equivalents#</b>	<b>7,548</b>	<b>2,496</b>	<b>5,159</b>
<b>#cash &amp; cash equivalent includes:</b>			
-cash		197	
-balances in current accounts	8	7,351	

The accompanying notes form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.



## BANK OF BARODA (NEW ZEALAND) LIMITED

## FINANCIAL STATEMENTS

For the six months ended 30 September 2015

<b>CASH FLOW STATEMENT</b> <b>For the six months ended 30 September 2015</b>	<b>Unaudited</b> <b>Six months</b> <b>ended</b> <b>30 September</b> <b>2015</b> <b>\$'000</b>	<b>Unaudited</b> <b>Six months</b> <b>ended</b> <b>30 September</b> <b>2014</b> <b>\$'000</b>	<b>Audited</b> <b>Year ended</b> <b>31 March</b> <b>2015</b> <b>\$'000</b>
<b>Reconciliation of net profit after taxation to net cash-flows from operating activities</b>			
<b>Net profit/(loss) after taxation</b>	<b>921</b>	<b>384</b>	<b>826</b>
<b>Non cash movements:</b>			
Unrealised fair value adjustments	-	-	-
Depreciation	63	83	167
Amortisation of intangibles	-	-	-
Increase in collective allowance for impairment losses	44	14	27
Increase in individual allowance for impairment losses	5	23	22
(Increase)/decrease in deferred expenditure	-	-	-
Unsecured lending losses	-	-	-
Unrealised foreign exchange loss/(gain)	-	-	-
(Increase)/decrease in deferred taxation	(212)	-	(131)
<b>Net movement in operating assets and liabilities</b>	<b>(100)</b>	<b>120</b>	<b>85</b>
(Increase)/decrease in financial assets at fair value through profit or loss	-	-	-
Decrease/(increase) in available-for-sale assets	-	-	-
Increase in loans and advances	(10,491)	(1,790)	(6,034)
Decrease/(increase) in balances due from other financial institutions	-	-	-
Increase in deposits and other borrowings	12,037	(1,600)	(500)
Increase in balances due to other financial institutions	-	1,903	7,114
(Decrease)/increase in other liabilities	-	-	42
Decrease/(increase) in interest receivable	93	82	(357)
Increase/(decrease) in balances due to related parties	851	2	-
Increase/(decrease) in current taxation	-	(613)	(34)
Increase in other assets	(50)	(65)	45
Decrease/(increase) in balances due from related parties	(872)	(581)	(682)
<b>Net cash flows from operating activities</b>	<b>2,389</b>	<b>(2,158)</b>	<b>505</b>

The accompanying notes form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.



## **1. STATEMENT OF ACCOUNTING POLICIES**

### **GENERAL ACCOUNTING POLICIES**

The reporting entity is Bank of Baroda (New Zealand) Limited (the "Bank"). The Bank is registered under the Companies Act 1993 and is incorporated in New Zealand. These financial statements have been drawn up in accordance with the requirements of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended). They were approved for issue by the Directors on 19 November 2015. The address of its registered office is 114 Dominion Road, PB No. 56580, Post Code 1446 Auckland, New Zealand. The Bank provides its products and services to retail and business customers. The Bank is the fully owned **subsidiary** of Bank of Baroda (India). **Subsidiary** has the same meaning as in section 6(1) of the Financial Markets Conduct Act 2013.

These interim financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, as appropriate for profit-oriented entities, and the New Zealand Equivalent to International Accounting Standard ("NZ IAS") 34 *Interim Financial Reporting*, and should be read in conjunction with the Disclosure Statement for the year ended 31 March 2015. These financial statements also comply with International Accounting Standard 34 *Interim Financial Reporting* as issued by International Accounting Standards Board, and they do not include all information required for the complete set of financial statements.

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention. The functional and presentation currency is New Zealand Dollar (NZD). The same accounting policies and methods of computation has been followed in preparing these interim financial statements as were used in preparing the financial statement for the year end 31 March 2015

### **Critical accounting estimates and judgements**

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies.

Estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The information about estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following accounting policies and notes:

- Impairment Allowance (Note 6)
- Taxation Benefit (Note 7)

### **Asset quality**

#### *Impaired assets*

Impaired assets consist of restructured assets, assets acquired through the enforcement of security and other impaired assets.

Other impaired assets means any credit exposures for which an impairment loss is required in accordance with NZ IAS 39, paragraphs 58 to 62, but is not a restructured asset or an asset acquired through the enforcement of security.

A restructured asset is any credit exposure for which:

- the original terms have been changed to grant the counterparty a concession that would not otherwise have been available, due to the counterparty's difficulties in complying with the original terms;

## **BANK OF BARODA (NEW ZEALAND) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the six months ended 30 September 2015**

- the revised terms of the facility are not comparable with the terms of new facilities with comparable risks; and
- the yield on the asset following restructuring is equal to, or greater than, the Bank's average cost of funds, or that a loss is not otherwise expected to be incurred.

Assets acquired through the enforcement of security are those real estate and other assets acquired in full or partial satisfaction of a debt.

#### *Past due assets*

A past due asset is any credit exposure where a counterparty has failed to make a payment when contractually due, and which is not an impaired asset.

#### *Assets under administration*

An asset under administration is any credit exposure which is not an impaired asset or a past due asset, but which is to a counterparty:

- who is in receivership, liquidation, bankruptcy, statutory management or any form of administration in New Zealand; or
- who is in any other equivalent form of voluntary or involuntary administration in an overseas jurisdiction.

### **Impairment of financial assets**

#### *Assets carried at amortised cost*

An assessment is made at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the directors about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- a concession granted to the borrower that the lender would not otherwise consider for economic or legal reasons;
- relating to the borrower's financial difficulty;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group; including adverse changes in the payment status of borrowers in the group.

Firstly an assessment is made whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence exists for an individually assessed financial asset, whether significant or not, the assets are included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance

## **BANK OF BARODA (NEW ZEALAND) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the six months ended 30 September 2015**

account and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient impairment may be measured on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Bank's grading process that considers collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and historical loss experience for assets with similar credit characteristics.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in payment status or other factors indicative of changes in probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off to the profit or loss. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtors credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

### **Taxation**

Income tax on the net profit for the period comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly within equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted as at balance date after taking advantage of all allowable deductions under current taxation legislation and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance date.

A deferred taxation asset is recognised only to the extent that it is probable (i.e. more likely than not) that a future taxable profit will be available against which the asset can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax related to fair value re-measurement of available for sale financial assets, cash flow hedges and the revaluation of non-current assets, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the profit or loss if and when the deferred gain or loss on the related asset or liability affects income.





**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**2. OTHER INCOME**

	Unaudited Six months ended 30 September 2015 \$'000	Unaudited Six months ended 30 September 2014 \$'000	Audited Year ended 31 March 2015 \$'000
<b>Other Income</b>			
Banking and lending fee income	89	54	125
Net commissions revenue	14	30	82
Net foreign exchange gains	594	552	1,126
Other revenue	9	3	-
<b>Total other income</b>	<b>706</b>	<b>639</b>	<b>1,333</b>

**3. OPERATING EXPENSES**

	Unaudited Six months ended 30 September 2015 \$'000	Unaudited Six months ended 30 September 2014 \$'000	Audited Year ended 31 March 2015 \$'000
<b>Operating Expenses</b>			
Wages & staff expenses	695	678	1,429
Rent & Lighting	310	301	611
Directors' fee	11	11	18
Audit Expenses	40	48	80
Other expenses	338	446	1,034
<b>Total operating expenses</b>	<b>1,394</b>	<b>1,484</b>	<b>3,172</b>

**4. LOANS AND ADVANCES**

	Unaudited Six months ended 30 September 2015 \$'000	Unaudited Six months ended 30 September 2014 \$'000	Audited Year ended 31 March 2015 \$'000
Residential mortgage loans	41,859	33,417	38,178
Corporate exposures	4,019	9,648	5,354
Other loans including personal loans	14,006	2,084	5,861
Allowance for impairment losses	(361)	(300)	(312)
<b>Total net loans and receivables</b>	<b>59,523</b>	<b>44,849</b>	<b>49,081</b>
<b>Allowance for impairment losses reconciliation</b>			
Balance at beginning of the year	312	263	263
Charged to the income statement	49	37	49
<b>Balance at end of the year</b>	<b>361</b>	<b>300</b>	<b>312</b>

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**5. DEPOSITS & BORROWINGS**

	Unaudited Six months ended 30 September 2015 \$'000	Unaudited Six months ended 30 September 2014 \$'000	Audited Year ended 31 March 2015 \$'000
<b>Deposits</b>			
<b>Demand Deposit</b>			
- from others	5,943	2,227	3,033
<b>Savings Bank Deposits</b>	16,555	12,531	14,107
<b>Term Deposits</b>			
<12 months	10,266	5,241	5,980
≥12 months	11,675	7,192	9,282
<b>Total Deposits</b>	<b>44,439</b>	<b>27,191</b>	<b>32,402</b>



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**6. ASSET QUALITY**

<b>As at 30 September 2015 Unaudited</b>	<b>Residential mortgage loans</b>	<b>Corporate exposures</b>	<b>Other exposures excluding sovereigns and central banks</b>	<b>TOTAL \$'000</b>
Neither past due nor impaired	41,859	3,916	13,983	59,758
Past due but not impaired	-	-	15	15
Impaired	-	103	8	111
<b>Gross loans and advances</b>	<b>41,859</b>	<b>4,019</b>	<b>14,006</b>	<b>59,884</b>
Less Allowance for impairment	(172)	(119)	(70)	(361)
<b>Net loans and advances</b>	<b>41,687</b>	<b>3,900</b>	<b>13,936</b>	<b>59,523</b>

<b>Past due assets</b>	<b>Residential mortgage loans</b>	<b>Corporate exposures</b>	<b>Other exposures excluding sovereigns and central banks</b>	<b>TOTAL \$'000</b>
Gross amount of finance receivables that were past due but not impaired were as follows:				
Past due up to 30 days	-	-	15	15
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	-	-	-	-
Past due 90+ days	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>15</b>

<b>Individually impaired assets</b>	<b>Residential mortgage loans</b>	<b>Corporate exposures</b>	<b>Other exposures excluding sovereigns and central banks</b>	<b>TOTAL \$'000</b>
Gross Impaired				
Balance at beginning of the year	-	103	8	111
Net additions	-	-	3	3
Deletions	-	-	(3)	(3)
Amounts written off	-	-	-	-
<b>Balance at end of the year</b>	<b>-</b>	<b>103</b>	<b>8</b>	<b>111</b>
<b>Aggregate individual credit impairment allowances</b>	<b>-</b>	<b>(103)</b>	<b>(8)</b>	<b>(111)</b>

<b>Individual credit impairment allowances</b>	<b>Residential mortgage loans</b>	<b>Corporate exposures</b>	<b>Other exposures excluding sovereigns and central banks</b>	<b>TOTAL \$'000</b>
Balance at beginning of the year	-	103	8	111
Charged to the income statements	-	-	10	10
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	(5)	(5)
<b>Total amounts per income statement</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>5</b>
<b>Balance at end of year</b>	<b>-</b>	<b>103</b>	<b>13</b>	<b>116</b>

<b>Collective credit impairment allowance</b>	<b>Residential mortgage loans</b>	<b>Corporate exposures</b>	<b>Other exposures excluding sovereigns and central banks</b>	<b>TOTAL \$'000</b>
Balance at beginning of the year	133	50	18	201
Charged to the income statement	39	(34)	39	44
Amounts written off	-	-	-	-
<b>Total amounts per income statement</b>	<b>39</b>	<b>(34)</b>	<b>39</b>	<b>44</b>
<b>Balance at end of year</b>	<b>172</b>	<b>16</b>	<b>57</b>	<b>245</b>

The Bank does not have any restructured assets, any financial, real estate or other assets acquired through security enforcement or any other assets under administration.

Undrawn commitments of impaired assets are NIL as on 30 September 2015.

Undrawn balances on lending commitments to counterparties within the impaired assets are NIL as on 30 September 2015.

There has been no interest revenue foregone on restructured, individually impaired or greater than 90 days past due assets during the period to 30 September 2015.

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**6. ASSET QUALITY (Contd...)**

As at 31 March 2015	Other exposures excluding sovereigns and central banks	Residential mortgage loans	Corporate exposures	TOTAL \$'000
<b>Neither past due nor impaired</b>				
Strong	4,878	38,177	51	43,106
Good/Satisfactory	951	-	5,193	6,144
Weak	-	-	-	-
<b>Total neither past due nor impaired</b>	<b>5,829</b>	<b>38,177</b>	<b>5,244</b>	<b>49,250</b>
<b>Past due assets not impaired</b>				
Less than 30 days past due	24	1	7	32
At least 30 days but less than 60 days past due	-	-	-	-
At least 60 days but less than 90 days past due	-	-	-	-
At least 90 days past due	-	-	-	-
<b>Total past due assets not impaired</b>	<b>24</b>	<b>1</b>	<b>7</b>	<b>32</b>
<b>Individually impaired assets</b>				
Balance at beginning of the year	11	-	78	89
Additions	-	-	25	25
Amounts written off	-	-	-	-
Deletions	(3)	-	-	(3)
Amounts written off	-	-	-	-
<b>Total individually impaired assets</b>	<b>8</b>	<b>0</b>	<b>103</b>	<b>111</b>
<b>Total gross loans and advances</b>	<b>5,861</b>	<b>38,178</b>	<b>5,354</b>	<b>49,393</b>
<b>Individually assessed provisions</b>				
Balance at beginning of the year	11	-	78	89
Charged/(credit) to the statement of comprehensive income:	(3)	-	25	22
New provisions	-	-	-	-
Amounts recovered	-	-	-	-
Reversals of previously recognised impairment losses	-	-	-	-
Amounts written off	-	-	-	-
<b>Balance at end of the year</b>	<b>8</b>	<b>-</b>	<b>103</b>	<b>111</b>
<b>Collectively assessed provisions</b>				
Balance at beginning of the year	15	112	47	174
Charged (credit) to the statement of comprehensive income	3	21	3	27
	-	-	-	-
<b>Balance at end of the year</b>	<b>18</b>	<b>133</b>	<b>50</b>	<b>201</b>
<b>Total provisions for impairment losses</b>	<b>26</b>	<b>133</b>	<b>153</b>	<b>312</b>
<b>Total net loans and advances</b>	<b>5,835</b>	<b>38,045</b>	<b>5,201</b>	<b>49,081</b>



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**6. ASSET QUALITY (Contd...)**

<b>As at 30 September 2014 Unaudited</b>	<b>Residential mortgage loans</b>	<b>Corporate exposures</b>	<b>Other exposures excluding sovereigns and central banks</b>	<b>TOTAL \$'000</b>
Neither past due nor impaired	33,105	9,021	2,075	44,201
Past due but not impaired	312	524	-	836
Impaired	-	103	9	112
<b>Gross loans and advances</b>	<b>33,417</b>	<b>9,648</b>	<b>2,084</b>	<b>45,149</b>
Less Allowance for impairment	(139)	(143)	(18)	(300)
<b>Net loans and advances</b>	<b>33,278</b>	<b>9,505</b>	<b>2,066</b>	<b>44,849</b>

<b>Past due assets</b>	<b>Residential mortgage loans</b>	<b>Corporate exposures</b>	<b>Other exposures excluding sovereigns and central banks</b>	<b>TOTAL \$'000</b>
Gross amount of finance receivables that were past due but not impaired were as follows:				
Past due up to 30 days	312	501	-	813
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	-	23	-	23
Past due 90+ days	-	-	-	-
<b>Total</b>	<b>312</b>	<b>524</b>	<b>-</b>	<b>836</b>

<b>Individually impaired assets</b>	<b>Residential mortgage loans</b>	<b>Corporate exposures</b>	<b>Other exposures excluding sovereigns and central banks</b>	<b>TOTAL \$'000</b>
Gross Impaired	-	-	-	-
Balance at beginning of the year	-	78	11	89
Net additions	-	25	-	25
Deletions	-	-	(2)	(2)
Amounts written off	-	-	-	-
<b>Balance at end of the year</b>	<b>-</b>	<b>103</b>	<b>9</b>	<b>112</b>
<b>Aggregate individual credit impairment allowances</b>	<b>-</b>	<b>(103)</b>	<b>(9)</b>	<b>(112)</b>

<b>Individual credit impairment allowances</b>	<b>Residential mortgage loans</b>	<b>Corporate exposures</b>	<b>Other exposures excluding sovereigns and central banks</b>	<b>TOTAL \$'000</b>
Balance at beginning of the year	-	78	11	89
Charged to the income statements	-	25	-	25
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	(2)	(2)
<b>Total amounts per income statement</b>	<b>-</b>	<b>25</b>	<b>(2)</b>	<b>23</b>
<b>Balance at end of year</b>	<b>-</b>	<b>103</b>	<b>9</b>	<b>112</b>

<b>Collective credit impairment allowance</b>	<b>Residential mortgage loans</b>	<b>Corporate exposures</b>	<b>Other exposures excluding sovereigns and central banks</b>	<b>TOTAL \$'000</b>
Balance at beginning of the year	112	47	15	174
Charged to the income statement	27	-	-	27
Amounts written off	-	7	6	13
<b>Total amounts per income statement</b>	<b>27</b>	<b>(7)</b>	<b>(6)</b>	<b>14</b>
<b>Balance at end of year</b>	<b>139</b>	<b>40</b>	<b>9</b>	<b>188</b>



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**7. TAXATION BENEFIT**

	30 September 2015 Year ended \$'000	30 September 2014 Year ended \$'000	31 March 2015 Year ended \$'000
Net profit/(loss) before taxation	709	384	695
Tax calculated at a tax rate of 28%	199	108	195
Prior period adjustment	8	-	56
Recognition of tax losses	(212)	-	(131)
Tax losses utilised	(207)	(108)	(251)
Other permanent differences	-	-	-
<b>Taxation charge as per the statement of comprehensive income</b>	<b>212</b>	<b>-</b>	<b>131</b>
<b>Represented by:</b>			
Current tax	-	-	-
Deferred tax	(212)	-	(131)
<b>Taxation charge as per the statement of comprehensive income</b>	<b>(212)</b>	<b>-</b>	<b>(131)</b>
<b>The deferred tax charge in the statement of comprehensive income comprises the following temporary differences:</b>			
Accelerated tax depreciation	-	-	-
Allowances for impairment losses	-	-	-
Other provisions	-	-	-
Tax effect of change in tax rate	-	-	-
Amortisation of intangibles	-	-	-
Recognised tax losses	-	-	-
	212	-	131
<b>Total temporary differences</b>	<b>212</b>	<b>-</b>	<b>131</b>

The effective tax rate on the Bank's profit before tax has been calculated at 28%. Tax loss benefits not recognised in these financial statements amounted to NIL at 30 September 2015 (31 March 2015: \$419,000). The availability of these tax benefits is subject to the requirements of income tax legislation being met.

**7A . DEFERRED TAX ASSET**

	30 September 2015 HY ended \$'000	30 September 2014 HY ended \$'000	31 March 2015 Year ended \$'000
<b>Current income tax (payable)/ receivable</b>			
Balance at beginning of the year	-	-	-
Prior period adjustment	-	-	-
Tax on profits/(losses) taken to reserves	-	-	-
Transfer from deferred tax	-	-	-
Tax return adjustments	-	-	-
Related party purchase of tax losses	-	-	-
Tax refunded	-	-	-
<b>Balance at end of the HY/Year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>			
Balance at beginning of the year	947	816	816
Prior period adjustment	-	-	-
Temporary differences for the year	-	-	-
Tax on losses taken directly to reserves	-	-	-
Tax effect of change in tax rate	-	-	-
Credit to current tax	212	-	131
<b>Balance at end of the HY/Year</b>	<b>1,159</b>	<b>816</b>	<b>947</b>
<b>Deferred income tax assets</b>			
Cash flow hedges	-	-	-
Other provisions and accruals	-	-	-
Other temporary differences	-	-	-
Allowance for loan impairment	-	-	-
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred income tax liabilities</b>			
Accelerated tax depreciation	-	-	-
Net commissions receivable	-	-	-
Intangible assets	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net deferred taxation</b>	<b>1,159</b>	<b>816</b>	<b>947</b>

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**8. DUE FROM OTHER FINANCIAL INSTITUTIONS**

	Unaudited Six months ended 30 September 2015 \$'000	Unaudited Six months ended 30 September 2014 \$'000	Audited Year ended 31 March 2015 \$'000
Balances due from Financial Institution			
Balances in Current Accounts	7,351	2,318	4,906
Balances of Short Term Deposit	17,800	18,900	17,800
<b>Total operating expenses</b>	<b>25,151</b>	<b>21,218</b>	<b>22,706</b>

(Balance in Current Accounts shown here for 30 September 2014 and 31 March 2015 are included in 'cash & cash equivalents' in Balance Sheet given herein above on page number 26. Cash as at 30 September 2014 was \$178K & at 31 March 2015 was \$253K).



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**9. CONCENTRATION OF CREDIT RISK**

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by the industry sectors of our counterparties. Industry analysis as at balance date is as follows:

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 March 2015 \$'000
<b>New Zealand</b>			
Government	-	-	-
Finance	25,151	18,900	22,384
Households	41,859	35,501	38,178
Transport and storage	-	-	-
Communications	-	-	-
Electricity, gas and water	-	-	-
Construction	1,973	3,702	2,306
Property services	2,310	2,501	2,426
Agriculture	-	-	-
Health and community services	989	1,024	1,011
Personal and other services	3,601	462	2,787
Retail and wholesale trade	9,097	1,395	2,221
Food & other manufacturing	55	564	464
Other financial assets	-	3,541	1,398
<b>Overseas</b>			
Finance, Investment and insurance	4,272	2,671	2,670
<b>Total financial assets</b>	<b>89,307</b>	<b>70,261</b>	<b>75,845</b>
Allowance for impairment losses	(361)	(300)	(312)
<b>Total net financial assets</b>	<b>88,946</b>	<b>69,961</b>	<b>75,533</b>

An analysis of financial assets by geographical sector at balance date is as follows:

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 March 2015 \$'000
<b>New Zealand</b>			
Upper North Island	68,350	52,064	60,609
Lower North Island	16,685	14,898	11,836
South Island	-	-	-
Overseas	4,272	3,299	3,400
<b>Total financial assets</b>	<b>89,307</b>	<b>70,261</b>	<b>75,845</b>
Allowance for impairment losses	(361)	(361)	(312)
<b>Total net financial assets</b>	<b>88,946</b>	<b>69,961</b>	<b>75,533</b>

Maximum exposure to credit risk before collateral held or other credit enhancements

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 March 2015 \$'000
Loans and advances	59,884	45,149	49,393
Balances with related parties <sup>1</sup>	4,272	3,299	3,400
Due from other financial institutions	25,151	18,900	17,800
Derivative financial instruments	-	-	-
Financial assets held for trading	-	-	-
Available-for-sale assets	-	-	-
Cash and cash equivalents	-	2,496	4,906
Other financial assets	-	417	346
<b>Total gross financial assets</b>	<b>89,307</b>	<b>70,261</b>	<b>75,845</b>
Allowance for impairment losses	(361)	(300)	(312)
<b>Total net financial assets</b>	<b>88,946</b>	<b>69,961</b>	<b>75,533</b>

<sup>1</sup>The Bank is wholly owned by the Bank of Baroda, a company incorporated in India. As part of the normal course of business, transactions are entered into between the Bank of Baroda (India), its subsidiaries and associated entities.



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the six months ended 30 September 2015**

**10. CONCENTRATION OF FUNDING**

Concentrations of funding arise where the Bank is funded by industries of a similar nature or in particular geographies. An analysis of financial liabilities by industry sector and geography at balance date is as follows:

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 March 2015 \$'000
<b>New Zealand</b>			
Financing, investment & insurance	1,511	-	-
Retail and wholesale trade	844	1,916	2,829
Other	620	22,324	25,915
Households	42,975	3,194	3,658
Other financial liabilities	-	-	206
<b>Overseas</b>			
Finance, Investment & Insurance	320	724	980
<b>Total</b>	<b>46,270</b>	<b>28,158</b>	<b>33,588</b>

An analysis of financial liabilities by geographical sector at balance date is as follows:

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 March 2015 \$'000
<b>New Zealand</b>			
Upper North Island	35,478	21,160	24,358
Lower North Island	10,472	6,274	8,250
South Island	-	-	-
Overseas	320	724	980
<b>Total financial liabilities</b>	<b>46,270</b>	<b>28,158</b>	<b>33,588</b>

**11. SEGMENTAL INFORMATION**

The Bank operates as a single segment in the banking and finance industry in New Zealand.

**12. LEASE COMMITMENTS**

	Unaudited 30 September 2015 Six months ended \$'000	Unaudited 30 September 2014 Six months ended \$'000	Audited 31 March 2015 Year ended \$'000
<b>Operating lease commitments under non-cancellable operating leases:</b>			
Not later than 1 year	447	362	421
1-2 years	305	335	351
2-5 years	600	786	701
5+ years	49	140	85
<b>Total</b>	<b>1,401</b>	<b>1,624</b>	<b>1,558</b>

**13. CAPITAL COMMITMENTS**

As at 30 September 2015 there are no material outstanding capital commitments (30 September 2014: Nil, 31 March 2015: Nil).



**BANK OF BARODA (NEW ZEALAND) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the six months ended 30 September 2015****14. TRANSACTIONS WITH RELATED PARTIES**

The Bank is wholly owned by the Bank of Baroda, a company incorporated in India.

As at 30 September 2015 the Bank holds foreign currency cash deposits of NZD 3,137,000 (30 September 2014: \$2,671,000, 31 March 2015: \$2,670,000) with other branches of BOB group, these deposits are interest bearing. The Bank also holds the following foreign currency nostro current accounts deposits of NZD 227,000 (30 September 2014: \$628,000, 31 March 2015: \$730,000) with other members of BOB group and other related parties, these accounts are non interest bearing.

The Bank also has current account balances owing to its parent company, Bank of Baroda (India) of NZD318,000 (30 September 2014: \$ 722,000, 31 March 2015: \$978,000) and Bank of Baroda (Fiji) of NZD 2,000 (30 September 2014: \$2,000, 31 March 2015: \$2,000) that are non interest bearing.

All due to related parties transactions are as under

Balance in accounts	Unaudited 30 September 2015 \$'000	Audited 31 March 2015 \$'000	Net Transactions \$'000
BANK OF BARODA (INDIA)	318	978	(-) 660
BANK OF BARODA (FIJI)	2	2	-
THE NEW INDIA ASSURANCE	1,511	-	1,511

All due from related parties transactions are as under

Balance in accounts	Unaudited 30 September 2015 \$'000	Audited 31 March 2015 \$'000	Net Transactions \$'000
BANK OF BARODA (INDIA)	924	250	)
BANK OF BARODA (NEW YORK)	119	433	(314)
BANK OF BARODA (FIJI)	9	13	(4)
BANK OF BARODA (BRUSSELS)	55	12	43
BANK OF BARODA (LONDON)	20	16	4
STATE BANK OF INDIA (SYDNEY)	7	6	1
BANK OF BARODA (UGANDA)	3,138	1,335	1,803
BANK OF BARODA (KENYA)	-	1,335	(1,335)

**TRANSACTIONS OF KEY MANAGEMENT PERSONNEL (MD) INCLUDING DIRECTORS**

During the period under review, following information is applicable-

	Unaudited 30 September 2015 \$'000
<b><i>Salary and Fee</i></b>	
Total Remuneration to Managing Director	75
Fee to Board of Directors	11
<b><i>Loans &amp; Advances to Directors/ Key Management Personnel</i></b>	
Balance at the beginning of the year	-
Loans/Advance granted during the interim period	-
Repayments made during interim period	-
Balance at the end of period	-
<b><i>Deposits/Investments by Directors/ Key Management Personnel</i></b>	
Balance at the beginning of the year	61
Net of Deposit/investment made during the interim period	(2)
Balance at the end of period	59

**Guarantee**

The obligations of the Bank are guaranteed by BOB. There are no legislative, regulatory or other restrictions of a legally enforceable nature in India (BOB's country of incorporation) that may materially inhibit the legal ability of BOB to provide material financial support to the Bank. As at 30 September 2015, all the obligations of the Bank are guaranteed by BOB.



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**15. CONTINGENT LIABILITIES AND COMMITMENTS**

	Unaudited 30 September 2015 Six months ended \$'000	Unaudited 30 September 2014 Six months ended \$'000	Audited 31 March 2015 Year ended \$'000
<b>Contingent Liabilities</b>			
Performance/financial guarantees issued on behalf of customers	950	950	950
Documentary Credit (L.C)	-	-	-
<b>Total Contingent Liabilities</b>	<b>950</b>	<b>950</b>	<b>950</b>
<b>Undrawn Commitments</b>	<b>6,299</b>	<b>4,719</b>	<b>4,592</b>

**16. SUBSEQUENT EVENTS AFTER BALANCE DATE**

There were no subsequent events after balance date.



**BANK OF BARODA (NEW ZEALAND) LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS**
**For the six months ended 30 September 2015**
**17. LIQUIDITY RISK**

The Bank's policies for managing liquidity are set out in Disclosure Statement for the year ended 31 March 2014. The tables below summarises the cash flows payable or receivable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are contractual undiscounted cash flows and include principal and future cash flows, and therefore will not agree to the carrying values on the statement of Financial Position.

<b>30 September 2015 Unaudited</b>	<b>On Demand \$'000</b>	<b>Up to 3 months \$'000</b>	<b>3 to 12 Months \$'000</b>	<b>Between 1 &amp; 5 years \$'000</b>	<b>More than 5 years \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>						
Cash and cash equivalents	197	-	-	-	-	197
Due from other financial institutions	7,271	17,974	-	-	-	25,245
Loans and advances	8,733	2,484	3,524	18,923	70,278	103,942
Due from related parties	2,480	-	-	-	-	2,480
Other financial assets	303	-	-	-	-	303
<b>Total financial assets</b>	<b>18,984</b>	<b>20,458</b>	<b>3,524</b>	<b>18,923</b>	<b>70,278</b>	<b>132,167</b>
<b>Financial liabilities</b>						
Deposits and other borrowings	8,384	5,523	13,600	8,094	10,930	46,531
Due to related parties	323	-	-	1,711	-	2,034
Other financial liabilities	191	-	-	-	-	191
<b>Total financial liabilities</b>	<b>8,898</b>	<b>5,523</b>	<b>13,600</b>	<b>9,805</b>	<b>10,930</b>	<b>48,756</b>
<b>Net non derivative cash flows</b>	<b>10,086</b>	<b>14,935</b>	<b>(10,076)</b>	<b>9,118</b>	<b>59,348</b>	<b>83,411</b>
<b>Derivative cash flows</b>						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off balance sheet cash flows</b>						
Financial guarantees	( 950)	-	-	-	-	(950)
<b>Total</b>	<b>(950)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(950)</b>
<b>Net cash flows</b>	<b>9,136</b>	<b>14,935</b>	<b>(10,076)</b>	<b>9,118</b>	<b>59,348</b>	<b>82,461</b>

**17. LIQUIDITY RISK (continued)**

The Bank's policies for managing liquidity are set out in Note 33. The tables below summarises the cash flows payable or receivable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are contractual undiscounted cash flows and is not disclosed based on expected cash flows.

<b>31 March 2015</b>	<b>On Demand \$'000</b>	<b>Up to 3 months \$'000</b>	<b>3 to 12 Months \$'000</b>	<b>Between 1 &amp; 5 years \$'000</b>	<b>More than 5 years \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>						
Cash and cash equivalents	5,159	-	-	-	-	5,159
Due from other financial institutions	-	14,338	3,578	-	-	17,916
Loans and advances	-	1,197	6,645	15,886	55,236	78,964
Due from related parties	730	2,680	-	-	-	3,410
Other financial assets	346	-	-	-	-	346
<b>Total financial assets</b>	<b>6,235</b>	<b>18,215</b>	<b>10,223</b>	<b>15,886</b>	<b>55,236</b>	<b>105,795</b>
<b>Financial liabilities</b>						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	3,658	19,825	7,925	2,227	99	33,734
Due to related parties	980	-	-	-	-	980
Other financial liabilities	206	-	-	-	-	206
<b>Total financial liabilities</b>	<b>4,844</b>	<b>19,825</b>	<b>7,925</b>	<b>2,227</b>	<b>99</b>	<b>34,920</b>
<b>Net non derivative cash flows</b>	<b>1,391</b>	<b>(1,610)</b>	<b>2,298</b>	<b>13,659</b>	<b>55,137</b>	<b>70,875</b>
<b>Derivative cash flows</b>						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off balance sheet cash flows</b>						
Financial guarantees	-	-	800	150	-	950
<b>Total</b>	<b>-</b>	<b>-</b>	<b>800</b>	<b>150</b>	<b>-</b>	<b>950</b>
<b>Net cash flows</b>	<b>1,391</b>	<b>(1,610)</b>	<b>1,498</b>	<b>13,509</b>	<b>55,137</b>	<b>69,837</b>

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**17. LIQUIDITY RISK (continued)**

30 September 2014 Unaudited	On Demand \$'000	Up to 3 months \$'000	3 to 12 Months \$'000	Between 1 & 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>Financial assets</b>						
Cash and cash equivalents	2,496	-	-	-	-	2,496
Due from other financial institutions	-	17,075	2,046	-	-	19,121
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	-	2,189	10,796	13,370	46,220	72,575
Due from related parties	-	3,263	49	-	-	3,312
Other financial assets	-	417	-	-	-	417
<b>Total financial assets</b>	<b>2,496</b>	<b>22,944</b>	<b>12,891</b>	<b>13,370</b>	<b>46,220</b>	<b>97,921</b>
<b>Financial liabilities</b>						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	8,360	10,229	7,359	1,515	-	27,463
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties	724	-	-	-	-	724
Other financial liabilities	-	234	-	-	-	234
<b>Total financial liabilities</b>	<b>9,084</b>	<b>10,463</b>	<b>7,359</b>	<b>1,515</b>	<b>-</b>	<b>28,421</b>
<b>Net non derivative cash flows</b>	<b>(6,588)</b>	<b>12,481</b>	<b>5,532</b>	<b>11,855</b>	<b>-</b>	<b>69,500</b>
<b>Derivative cash flows</b>						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off balance sheet cash flows</b>						
Financial guarantees	-	-	900	50	-	950
<b>Total</b>	<b>-</b>	<b>-</b>	<b>900</b>	<b>50</b>	<b>-</b>	<b>950</b>
<b>Net cash flows</b>	<b>(6,588)</b>	<b>12,481</b>	<b>6,432</b>	<b>11,905</b>	<b>46,220</b>	<b>70,450</b>

The bank holds following liquid assets for the purpose of managing Liquidity Risk.

	30 September 2015 \$'000	30 September 2014 \$'000	31 March 2015 \$'000
Cash and cash equivalents	197	2,496	5,159
Deposits with financial institutions	25,151	18,900	17,800
Deposit/cash held with related parties	4,272	3,299	3,400
<b>Total Liquid assets</b>	<b>29,620</b>	<b>24,695</b>	<b>26,359</b>

**BANK OF BARODA (NEW ZEALAND) LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS**
**For the six months ended 30 September 2015**
**18. INTEREST RATE REPRICING**

The table below summarises the Bank's exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

<b>30 September 2015 Unaudited</b>	<b>Total \$'000</b>	<b>Interest insensitive \$'000</b>	<b>Up to 3 months \$'000</b>	<b>Between 3 months &amp; 6 months \$'000</b>	<b>Between 6 months &amp; 1 year \$'000</b>	<b>Between 1 &amp; 2 years \$'000</b>	<b>Between 2 &amp; 5 years \$'000</b>	<b>Over 5 years \$'000</b>
<b>Financial assets</b>								
Cash and cash equivalents	197	197	-	-	-	-	-	-
Due from other financial institutions	25,151	2,605	22,546	-	-	-	-	-
Financial assets held at fair value through profit or loss	-	-	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-	-	-
Loans and advances	59,523	(361)	1,895	7,336	41,038	9,615	-	-
Balances with related parties	4,272	1,134	3,138	-	-	-	-	-
Other financial assets	303	303	-	-	-	-	-	-
<b>Total financial assets</b>	<b>89,446</b>	<b>3,878</b>	<b>27,579</b>	<b>7,336</b>	<b>41,038</b>	<b>9,615</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	44,439	5,943	5,425	7,270	22,407	564	2,830	-
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-	-	-
Due to related parties	1,831	323	-	-	-	-	1,508	-
Other financial liabilities	191	191	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>46,461</b>	<b>6,457</b>	<b>5,425</b>	<b>7,270</b>	<b>22,407</b>	<b>564</b>	<b>4,338</b>	<b>-</b>
<b>On-balance sheet gap</b>								
Net derivative notional principals	-	-	-	-	-	-	-	-
Net effective interest rate gap	42,985	(2,579)	22,154	66	18,631	9,051	(4,338)	-

<b>31 March 2015</b>	<b>Total \$'000</b>	<b>Interest insensitive \$'000</b>	<b>Up to 3 months \$'000</b>	<b>Between 3 months &amp; 6 months \$'000</b>	<b>Between 6 months &amp; 1 year \$'000</b>	<b>Between 1 &amp; 2 years \$'000</b>	<b>Between 2 &amp; 5 years \$'000</b>	<b>Over 5 years \$'000</b>
<b>Financial assets</b>								
Cash and cash equivalents	5,159	575	4,584	-	-	-	-	-
Due from other financial institutions	17,800	-	14,300	500	3,000	-	-	-
Loans and advances	49,081	-	26,650	543	5,701	16,187	-	-
Balances with related parties	3,400	730	2,670	-	-	-	-	-
Other financial assets	346	346	-	-	-	-	-	-
<b>Total financial assets</b>	<b>75,786</b>	<b>1,651</b>	<b>48,204</b>	<b>1,043</b>	<b>8,701</b>	<b>16,187</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	32,402	3,658	19,787	4,117	2,771	852	1,217	-
Due to related parties	980	980	-	-	-	-	-	-
Other financial liabilities	206	206	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>33,588</b>	<b>4,844</b>	<b>19,787</b>	<b>4,117</b>	<b>2,771</b>	<b>852</b>	<b>1,217</b>	<b>-</b>
<b>On-balance sheet gap</b>								
Net effective interest rate gap	42,198	(3,193)	28,417	(3,074)	5,930	15,335	(1,217)	-



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**18. INTEREST RATE REPRICING (Contd...)**

<b>30 September 2014 Unaudited</b>	<b>Total</b>	<b>Interest Insensitive</b>	<b>Up to 3 months</b>	<b>Between 3 months &amp; 6 months</b>	<b>Between 6 months &amp; 1 year</b>	<b>Between 1 &amp; 2 years</b>	<b>Between 2 &amp; 5 years</b>	<b>Over 5 years</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>								
Cash and cash equivalents	2,496	2,496	-	-	-	-	-	-
Due from other financial institutions	18,900	-	16,900	1,500	500	-	-	-
Financial assets held at fair value through profit or loss	-	-	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-	-	-
Loans and advances	44,849	-	36,584	1,545	5,908	812	-	-
Balances with related parties	3,299	628	96	-	2,575	-	-	-
Other financial assets	417	417	-	-	-	-	-	-
<b>Total financial assets</b>	<b>69,961</b>	<b>3,541</b>	<b>53,580</b>	<b>3,045</b>	<b>8,983</b>	<b>812</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	27,191	2,951	15,454	2,482	4,804	900	600	-
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-	-	-
Due to related parties	724	724	-	-	-	-	-	-
Other financial liabilities	243	243	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>28,158</b>	<b>3,918</b>	<b>15,454</b>	<b>2,482</b>	<b>4,804</b>	<b>900</b>	<b>600</b>	<b>-</b>
<b>On-balance sheet gap</b>								
Net derivative notional principals	-	-	-	-	-	-	-	-
Net effective interest rate gap	41,803	(377)	38,126	563	4,179	(88)	(600)	-

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the six months ended 30 September 2015**

**19. FAIR VALUE OF FINANCIAL INSTRUMENTS**

30 September Unaudited	2015		2014	
	Carrying Amounts \$'000	Estimated Fair Value \$'000	Carrying Amounts \$'000	Estimated Fair Value \$'000
<b>Financial assets</b>				
Cash	197	197	2,496	2,496
Balances with related parties	4,272	4,272	3,299	3,299
Due from other financial institutions	25,151	25,151	18,900	18,900
Loans and advances	59,523	60,018	44,849	44,707
Other assets	303	303	417	417
<b>Total financial assets</b>	<b>89,446</b>	<b>89,941</b>	<b>69,961</b>	<b>69,819</b>
<b>Financial liabilities</b>				
Due to related parties	1,831	1,908	724	724
Deposits and other borrowings	44,439	44,584	27,191	27,090
Other liabilities	191	191	243	243
<b>Total financial liabilities</b>	<b>46,461</b>	<b>46,683</b>	<b>28,158</b>	<b>28,057</b>

**Fair value estimation**

For financial instruments not presented in the Bank's balance sheet at their fair value, fair value is estimated as follows:

**Cash**

For cash assets, the carrying amount is equivalent to the fair value as assets are short term in nature.

**Loans and advances**

For variable rate loans and advances, the carrying amount is a reasonable estimate of fair value. For fixed rate loans and advances, fair values have been estimated using a discounted cash flow model with reference to market interest rates, prepayment rates and rates of estimated credit losses.

**Other assets**

For other assets, the carrying amount is approximately equal to the fair value.

**Deposits by customers**

For fixed term deposits by customers, fair values have been estimated using a discounted cash flow model with reference to market interest rates. For other deposits by customers, such as call and variable rate deposits, the carrying amount is a reasonable estimate of fair value.

**Due to/from related parties**

For due to/from related parties which are short term in nature, the carrying amounts in the balance sheet are a reasonable estimate of fair value of these balances. For long term balances due to/from related parties, fair value have been estimated using a discounted cash flow model with reference to market interest rates.

**Other liabilities**

For other liabilities, the carrying amount is equivalent to the fair value.



# **BANK OF BARODA (NEW ZEALAND) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the six months ended 30 September 2015**

### **19. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

#### **Impaired and past due assets**

For non-accrual and restructured impaired assets as well as past due loans, the fair values are estimated by discounting the estimated future cash flows using current market interest rates incorporating an appropriate risk factor or, where such loans are collateralised and have been written down to the current market value of the collateral, the estimated fair value is based on the written down carrying value.

### **20. CREDIT EXPOSURE CONCENTRATIONS**

Credit exposure concentrations are disclosed on the basis of actual exposures and gross of set-offs. Peak end-of-day aggregate credit exposures have been calculated using the Bank's tier one capital at the end of the quarter.

The number of individual counterparties, excluding connected persons, where the period end and peak end-of-day aggregate actual credit exposures, net of individual credit impairment allowances, equalled or exceeded 10% of the Bank's shareholder's equity:

- as at 30 September 2015 was nil, and
- In respect of peak end-of-day aggregate credit exposure for the three months ended 30 September 2015 was nil.

There were no individual bank counterparties which the Bank has a peak end of day aggregate credit exposure that equals or exceeds 10% of the Bank's equity for the period ended 30 September 2015 (31 March 2015: NIL, 30 September 2014: NIL)

Credit exposures to individual counterparties (not being members of a group of closely related counterparties) and to groups of closely related counterparties exclude exposures to connected persons, to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent, or to any bank with a long-term credit rating of A- or A3 or above, or its equivalent. These calculations relate only to exposures held in the financial records of the Bank and were calculated net of individually assessed provisions.

### **21. FIDUCIARY ACTIVITIES**

As at balance date the Bank is not involved in:

- The establishment, marketing, or sponsorship of trust, custodial, funds management and other fiduciary activities; or
- The origination of securitised assets; or
- The marketing or servicing of securitisation schemes; or
- The marketing and distribution of insurance products or conducting of Insurance business.

### **22. RISK MANAGEMENT POLICIES**

There have been no material changes to the risk management policies and no new categories of risk to which the Bank has become exposed since 31 March 2015.

### **23. CAPITAL ADEQUACY**

#### **Capital**

The Bank has 40,000,000 fully paid up ordinary shares (common equity tier 1 capital) issued at NZ \$1.00 per share. The shares are not subject to phase-out from eligibility as capital under the Reserve Bank of New Zealand's Basel III transitional arrangements.

BOB is the sole shareholder. Each share confers on the holder the right to:

- one vote on a poll at a meeting of the shareholders on any resolution to:
  - appoint or remove a Director or auditor; or
  - alter the Bank's constitution; or
  - approve a major transaction; or
  - approve an amalgamation under section 221 of the Companies Act 1993; or
  - put the Bank into liquidation;
- a proportionate share in dividends authorised by the Board; and
- a proportionate share in the distribution of the surplus assets of the Bank.

#### **Other classes of capital instrument**

The Bank does not have any other classes of capital instrument in its capital structure.

Regulatory capital adequacy ratios are calculated by expressing capital as a percentage of risk weighted exposures. As a condition of registration, the Bank must comply with the following minimum capital requirements set by the RBNZ:

- Total regulatory capital must not be less than 8% of risk weighted exposures.
- Tier One capital must not be less than 6% of risk weighted exposures.



**BANK OF BARODA (NEW ZEALAND) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the six months ended 30 September 2015****23. CAPITAL ADEQUACY (continued)**

- Capital must not be less than NZ\$30 million.
- The common equity tier one must not be less than 4.5% of the risk weighted exposure.

The capital adequacy tables set out below summarise the composition of regulatory capital and capital adequacy ratios for the half year ended 30 September 2015. The Bank was registered on 1 September 2009 and from the date of registration to 30 September 2015; the Bank has complied with both regulatory and internal capital adequacy requirements.

The Bank has considered other material risks not included below and whether to allocate any capital to cover these risks and concluded that these risks are not significant and have therefore not allocated any capital to cover them.

	Unaudited 30 September 2015 \$'000
<b>Tier one capital</b>	
<b>Common Equity Tier one capital</b>	
Issued and fully paid up share capital	40,000
Retained earnings	4,664
Accumulated other comprehensive income and other disclosed reserves	-
Interest from issue of ordinary shares	-
Less:	-
Regulatory adjustments	-
Deferred tax assets	(1,159)
<b>Total common equity tier one capital</b>	<b>43,505</b>
<b>Additional Tier one capital</b>	
High-quality capital	-
Instruments issued	-
Share premium from issue of instruments	-
Associated retained earnings	-
Less: Regulatory adjustments	-
<b>Total additional tier one capital</b>	<b>-</b>
<b>Total tier one capital</b>	<b>43,505</b>
<b>Tier two capital</b>	
Instruments issued by bank	-
Share premium from issue of instruments	-
Revaluation reserves	-
Foreign currency translation reserves	-
Less: Regulatory adjustments	-
<b>Total tier two capital</b>	<b>-</b>
<b>Total capital</b>	<b>43,505</b>

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**23. CAPITAL ADEQUACY (Continued)**

**Credit risk**

Unaudited 30 September 2015	Total exposure after credit risk mitigation \$'000	Risk weight	Risk weighted exposure \$'000	Minimum Pillar 1 capital requirement \$'000
<b>Calculation of on-balance-sheet exposures</b>				
Cash and gold bullion	197	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	25,151	20%	5,030	402
Banks	4,272	50%	2,136	171
Corporate	3,900	100%	3,900	312
Residential mortgages not past due –LVR up to 80%	32,557	35%	11,395	912
Residential mortgages not past due –LVR >80% but up to 90%	9,130	50%	4,565	365
Past due residential mortgages	-	100%	-	-
Other past due assets	-	100%	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	100%	-	-
All other equity holdings (not deducted from capital)	-	100%	-	-
Non Risk Weighted Assets	5,479	0%	-	-
Other assets	10,454	100%	10,454	836
<b>Total on balance sheet exposures after credit risk mitigation</b>	<b>91,140</b>		<b>37,480</b>	<b>2,998</b>

Unaudited 30 September 2015	Total exposure \$'000	Credit conversion factor	Credit equivalent amount \$'000	Average risk weight	Risk weighted exposure \$'000	Minimum Pillar 1 capital requirement \$'000
<b>Calculation of off-balance sheet exposures</b>						
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Undrawn commitments on existing facilities	-	-	-	-	-	-
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	950	50%	475	100%	475	38
Trade-related contingency	-	20%	-	100%	-	-
Placements of forward deposits	-	-	-	-	-	-
Other commitments where original maturity is more than one year	6,299	50%	3,150	58%	1,827	146
Other commitments where original maturity is less than or equal to one year	-	-	-	-	-	-
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	-	-	-	-	-
<b>Market related contracts</b>						
(a) Foreign exchange contracts	-	1%	-	100%	-	-
(b) Interest rate contracts	-	-	-	-	-	-
(c) Other – OTC, etc	-	-	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>7,249</b>	<b>-</b>	<b>3,625</b>	<b>-</b>	<b>2,302</b>	<b>184</b>

**Residential mortgages by loan-to-valuation ratio**

	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
<b>Loan –to-value ratio</b>				
Value of exposures (Gross)	32,692	9,167	-	41,859

**Reconciliation of residential mortgage-related amounts**

	Unaudited 30 September 2015 \$'000
Residential mortgage loans (as disclosed in Note 4)	41,859
Residential mortgages by loan-to-value ratio	41,859



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2015

**23. CAPITAL ADEQUACY (Continued)**

**Credit risk mitigation**

Exposure class	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting) \$'000	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives \$'000
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	400	-
Residential mortgage	-	-
Other	7,858	-
<b>Total</b>	<b>8,258</b>	<b>-</b>

**Operational risk capital requirement**

	Implied risk weighted exposure \$'000	Total operational risk capital requirement \$'000
Operational risk	4,325	346

**Market risk**

Market risk exposures have been calculated in accordance with the methodology detailed in Part 10 of the RBNZ's BS2A Capital Adequacy framework, and schedule 5A of the Registered Bank Disclosure Statement (Full and half-year - New Zealand Incorporated Registered Banks) Order 2014 as amended. Peak exposures are calculated using the Bank's shareholders' equity at the end of the quarter.

	End-period capital charges		Peak end-of-day capital charges	
	Implied risk weighted exposure \$'000	Aggregate capital charge \$'000	Implied risk weighted exposure \$'000	Aggregate capital charge \$'000
Interest rate risk	2,775	222	2,775	222
Foreign currency risk	150	12	150	12
Equity risk	-	-	-	-
<b>Total capital requirements</b>	<b>2,925</b>	<b>234</b>	<b>2,925</b>	<b>234</b>

	Total exposure after credit risk mitigation \$'000	Risk weighted exposure or implied risk weighted exposure \$'000	Capital requirement \$'000
Total credit risk + equity risk	98,389	39,782	3,182
Operational risk	-	4,325	346
Market risk	-	2,925	234
<b>Total</b>	<b>98,389</b>	<b>47,032</b>	<b>3,762</b>

**Capital ratios**

	Unaudited 30 September 2015	Unaudited 30 September 2014	Audited 31 March 2015
Tier one capital ratio	92.50%	116.28%	112.00%
Total capital ratio	92.50%	116.28%	112.00%

**Capital Ratios**

	CET 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Ratio	92.50%	92.50%	92.50%
Minimum ratio requirement	4.50%	6%	8%

**BANK OF BARODA (NEW ZEALAND) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the six months ended 30 September 2015****23. CAPITAL ADEQUACY (Continued)****Buffer ratios**

	<b>Unaudited 30 September 2015</b>	<b>Unaudited 30 September 2014</b>	<b>Audited 31 March 2015</b>
Buffer ratio	84.50%	113.90%	103%
Buffer ratio requirement	2.50%	2.50%	2.50%

The bank has reviewed other risks & does not believe that any individual risk has been material and require any capital allocation.

**Capital adequacy of Ultimate Parent Bank**

The Ultimate Parent Bank of Bank of Baroda (New Zealand) Limited is BOB.

BOB is required by the Reserve Bank of India to hold minimum capital at least equal to that specified under the Basel II (standardised) approach. This information is made available to users via the BOB website ([www.bankofbaroda.com](http://www.bankofbaroda.com)).

As at 30 September 2015, BOB's Common Equity Tier One Capital was 9.42%, Tier One Capital was 9.92% of Total Risk-weighted Assets and Total Capital was 13.28% of Total Risk-weighted Assets (31 March 2015: CET 1 was 9.35%, Tier One Capital 10.14% of Total Risk-weighted Assets and Total Capital was 13.33% of Total Risk-weighted Assets). BOB's capital ratios during the periods ended 30 September 2015 and 31 March 2015 exceeded both of the Reserve Bank of India's minimum capital adequacy requirements.

**26. OTHER MATERIAL MATTERS**

There are no other matters relating to the business or affairs of the Bank, other than those contained in the financial statements that if disclosed, would materially affect the decision of a person to subscribe for debt securities of which the Bank is the issuer.

