

# **Disclosure Statement**

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

**Disclosure Statement for the year ended 31 March 2017**

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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;

**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

Bank of Baroda (New Zealand) Limited (the "Bank") was incorporated on 27th May 2008 originally as Baroda (New Zealand) Limited and changed its name to Bank of Baroda (New Zealand) Limited on the 1<sup>st</sup> September 2009.

This Disclosure Statement is issued by the Bank for the year ended 31 March 2017 in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order").

Words and phrases defined by the Order have the same meanings when used in this Disclosure Statement.

The Bank is not in the business of insurance.

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

The Bank's website address is: [www.barodanzltd.co.nz](http://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). BOB is subject to regulatory oversight by the Reserve Bank of India and the Government of India. BOB is not a New Zealand registered bank and is not subject to regulatory oversight by the Reserve Bank of New Zealand.

The address for service of BOB is:

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

#### (b) Ultimate holding company

BOB is the ultimate holding company of the Bank.

The ultimate Parent Bank and Ultimate Holding Company's address for service is provided under 3.1(a) and 2.2(a).

#### *Shareholding in BANK OF BARODA*

As at 31 March 2017, the Government of India held 59.24% of the total shares in BOB. The remaining 40.76% of the shares in BOB are held by public shareholding (governed by the laws of India). BOB shares are listed on both the National Stock Exchange (India) and on the Bombay Stock Exchange (India). Further details concerning the shareholding in BOB are on its website: [www.bankofbaroda.com](http://www.bankofbaroda.com)



*Annual Report of BOB*

A copy of the latest BOB Annual Report is on the BOB website: [www.bankofbaroda.com](http://www.bankofbaroda.com) and can be requested from the bank.

- (c) **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**

BOB (see section 3 below for further information on the guarantee arrangements) guarantee the obligations of the Bank.

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.

**2.3 Interest in 5% or more of voting securities of the Bank**

The Bank is a wholly owned subsidiary of BOB.

**2.4 Registered bank**

The Bank was incorporated on 27 May 2008 under the Companies Act 1993 as Baroda (New Zealand) Limited and changed its name to Bank of Baroda (New Zealand) Limited on 1 September 2009 upon registration as a bank at this date. The Bank commenced trading on 21 June 2010.

**2.5 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 (if applicable) 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

#### 3.1 Guarantee arrangements

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

A copy of the guarantee of the Bank's indebtedness given by BOB is attached as Appendix 1 (the **Parent Guarantee**).

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

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

The address for service of the guarantor is:

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

As at 31 March 2017, the publicly disclosed capital of BOB was INR 367,272.90 million (USD 5,663.42 million).

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 05-07-2016, 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 of this disclosure statement.

##### (b) Details of guaranteed obligations

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.

### 4.2 Responsible person

The responsible persons authorised to sign this disclosure statement on behalf of the Directors in accordance with section 82 of the Act are **Vailankanni Wenceslaus Melchoir Anthony & Prahlad Das Gupta**.

### 4.3 Directors' details

**Vailankanni Wenceslaus Melchoir Anthony**  
*Chairman and Independent Director*  
B. Com (Hons), Post Graduate in Business Management  
Resident of New Zealand

*Interested transactions*  
Nil

*Primary Occupation*  
Chairman & Managing Director of WAML GROUP LTD

*Other Directorships*  
WA Marketing Limited, Pact Industries Pty Limited (Australia), Swansky Limited, Zelig Limited, WAML Group Limited, WAML Limited, WAML Group PTE Limited (Singapore)

**Prahlad Das Gupta**  
*Managing Director (Executive)*  
B.com (Hons.), CAIIB  
Resident of New Zealand

*Interested transactions*  
Nil

*Primary Occupation*  
Managing Director, Bank of Baroda (New Zealand) Limited

*Other Directorships*  
Nil

**Ranjna Patel**

*Independent Director*  
*No Tertiary Qualification*  
Resident of New Zealand

*Interested transactions*  
Nil

*Primary Occupation*  
Director of Nirvana Health group

*Other Directorships*  
Aynesa Ltd., East Tamaki Healthcare Ltd, Line Properties Ltd., YKN Management Ltd., Swami Narayan Trustee co. Ltd., ETHC Healthcare Group of Companies, Global Medical Health Investments Ltd., Synergia Health Ltd., Otara Integrated Health Centre Ltd., Global Health Ltd., Ranui Medical Centre Ltd., White Swan Medical Investments Ltd., Meera Trustee Co Ltd., Nirvana Central Healthcare Ltd., West Auckland Healthcare, Nirvana Group Ltd., Nirvana Ltd., Lincoln Road Medical Centre Ltd., Nirvana Associates Ltd., YKN Properties Ltd., Ranui Investments Ltd. Jai S Ltd., Manurewa Properties Ltd., Nilkunt Trustee Co. Ltd., Ghanshyam Trustee Co. Ltd., Ratanui Medical services Ltd.

**Claudio Sandro Oberto**

*Independent Director*  
MBA, PG Diploma in Corporate Management, Diploma in Business Policy & Diploma in Banking  
Resident of New Zealand

*Interested transactions*  
Nil

*Primary Occupation*  
Managing Director, NF Global Limited

*Other Directorships*  
NZ Financial Advisors Association, and Amanah Ethical

**Vipan Mahajan**

*Non Executive, Non Independent Director*  
B.Sc., MBA, CAIIB  
Resident of India

*Interested transactions*  
Nil

*Primary Occupation*  
Head, Internal Audit Function of Bank of Baroda, India  
*Other Directorships*  
Nil





**Changes in the Directorate:**

The following changes in the composition of the Board of Directors of the Bank (the "Board") have been effected since 31 March 2016:

- Dr.Rajen Prasad has resigned from the Board with effect from 11.07.2016.
- Neelam Damodharan has resigned from the Board on 08.06.2016.
- Bhuwanchandra Balkrishna Joshi joined the Board on 08.06.2016 as Non- Executive Director, and resigned from the Board on 31.12.2016.
- Vipin Mahajan joined the Board on 08.06.2016 as Non-Executive Director.
- Vailankanni Wenceslaus Melchoir Anthony was appointed Chairperson of the Board on 11.07.2016.

**Conflict of interest:**

The Board has a procedure to ensure that conflicts of interest between the Director's duty to the Bank and their personal, professional or business interests are avoided or dealt with.

Each Director must make full disclosure to the Board of any direct or indirect interest in a matter relating to the interest of the Bank as soon as practicable where the matter will be discussed in the Board meeting, in which the Board's practice is to manage any conflict of interest on a case-by-case basis, depending on the circumstances.

**Interested transactions:**

There have been no transactions entered into by any Director, or any immediate relative or close business associate of any Director, with the Bank, or any member of the Banking group:

- (a) on terms other than on those which would, in the ordinary course of business of the bank or any member of the banking group, be given to any other person of like circumstances or means; or
- (b) which would otherwise be reasonably likely to influence materially the exercise of that Directors duties

**4.4 Audit Committee**

The Bank has an Audit Committee.

The members of the Audit Committee as at the date of this Disclosure Statement are:

- (a) Claudio Sandro Oberto (Chairperson), Independent Director
- (b) Mr. Vipin Mahajan, (member), Non-Executive Director
- (c) Mr. Vailankanni Wenceslaus Melchoir Anthony, (member), Independent Director.

The Audit Committee is responsible for the oversight of financial reporting disclosures and other regulatory and statistical compliance.

## 5. Auditor

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

Deloitte Limited  
Deloitte Centre  
80, Queen Street  
Auckland-1010  
New Zealand

## 6. Conditions of registration

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Effective 1 October 2016, the Reserve Bank of New Zealand (RBNZ) issued revised conditions of registration for the bank. The conditions of registration have been amended to incorporate the changes that are included in the revised version of "Framework for Restriction on High-LVR Residential Mortgage Lending" (BS19).

The Bank has complied with all the conditions of registration for the accounting period.

The revised conditions of registration on or after 1 October 2016 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 1 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%;
  - (d) the Total capital of the banking group is not less than \$30 million;
  - (e) the bank must not include the amount of an Additional Tier 1 capital instrument or Tier 2 capital instrument issued after 1 January 2013 in the calculation of its capital ratios unless it has received a notice of non-objection to the instrument from the Reserve Bank; and
  - (f) the bank meets the requirements of Part 3 of the Reserve Bank of New Zealand document "Application requirements for capital recognition or repayment and notification requirements in respect of capital" (BS16) dated November 2015 in respect of regulatory capital instruments.

For the purposes of this condition of registration, —

the Total capital ratio, the Tier 1 capital ratio, the Common Equity Tier 1 capital ratio and Total capital must be calculated in accordance with the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015;

an Additional Tier 1 capital instrument is an instrument that meets the requirements of subsection 8(2)(a) or (c) of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015.

a Tier 2 capital instrument is an instrument that meets the requirements of subsection 9(2)(a) or (c) of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015.

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 assessment 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 November 2015; 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:

Banking group's buffer ratio	Percentage limit to distributions of the bank's earnings
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 November 2015.

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% 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 November 2015.

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.

<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.)

6. That the bank complies with the following corporate governance requirements:
- (a) the board of the bank must have at least five directors;
  - (b) the majority of the board members must be non-executive directors;
  - (c) at least half of the board members must be independent directors;
  - (d) an alternate director,—
    - (i) for a non-executive director must be non-executive; and
    - (ii) for an independent director must be independent;
  - (e) at least half of the independent directors of the bank must be ordinarily resident in New Zealand;
  - (f) the chairperson of the board of the bank must be independent; and
  - (g) 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.

7. 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:
- (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.
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 Acquisition 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 "no-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 amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 60%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
- 16. That, for a loan-to-valuation measurement period, the total of the bank's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 10% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
- 17. 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 registered bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the 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 17,—

"loan-to-valuation ratio", "non property-investment residential mortgage loan", "property-investment residential mortgage loan", "qualifying new mortgage lending amount in respect of property-investment residential mortgage loans", "qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans", 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 2016:

"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 2017.

## 7. Pending proceedings or arbitration

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

There have been no rating changes for Bank of Baroda (New Zealand) Limited within the last two years. On 05-07-2016, Fitch Ratings has affirmed the ratings on Bank of Baroda (New Zealand) Limited. The Long-Term Issuer Default Ratings (IDR) on Bank of Baroda (New Zealand) Limited 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. Historical summary of financial statements

<b>For the year ended 31 March</b>					
<b>NZ \$000's</b>	<b>2017</b>	<b>2016 (Restated)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Statement of comprehensive</b>					
Interest income	3,922	3,963	3,310	2,922	2,532
Interest expense	(1,186)	(1,132)	(727)	(569)	(510)
<b>Net interest income</b>	<b>2,736</b>	<b>2,831</b>	<b>2,583</b>	<b>2,353</b>	<b>2,022</b>
Other income	1,760	1,594	1,333	1,361	911
<b>Total operating income</b>	<b>4,496</b>	<b>4,425</b>	<b>3,916</b>	<b>3,714</b>	<b>2,933</b>
Impairment losses on loans and	(26)	(65)	(49)	(28)	(160)
Other expenses	(3,174)	(3,005)	(3,172)	(2,807)	(2,515)
<b>Net profit before taxation</b>	<b>1,296</b>	<b>1,355</b>	<b>695</b>	<b>879</b>	<b>258</b>
Taxation (expense)/benefit	(382)	40	131	384	432
<b>Net profit after taxation</b>	<b>914</b>	<b>1,395</b>	<b>826</b>	<b>1,263</b>	<b>690</b>
<b>Minority interests</b>	-	-	-	-	-
<b>Dividends paid</b>	-	-	-	-	-

The restatement of 2016 interest income and expense is described in the financial statements at appendix 2

<b>NZ \$000's</b>					
<b>As at 31 March</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Balance sheet</b>					
Total assets	103,021	91,682	77,331	69,703	63,491
Total individually impaired assets	-	111	111	89	125
Total liabilities	56,969	46,544	33,588	26,786	21,837
Total Shareholder Equity	46,052	45,138	43,743	42,917	41,654

<b>NZ \$000's</b>					
<b>For the year ended</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Summary of Cash Flow Statement</b>					
Operating activities	10,046	3,196	505	1,110	2,892
Investing activities	-	-	-	-	-
Financing activities	-	-	-	-	-

The amounts disclosed in this historical summary of financial statements have been taken from the audited financial statements of the Bank, which were prepared in accordance with New Zealand equivalents to International Financial Reporting Standards.

## 10. Banking Group

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At the date of this disclosure statement, the Bank does not have any subsidiaries and is the only member of the Banking Group.

## 11. Other material matters

---

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.

## 12. Directors' statements

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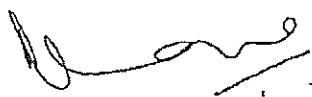
Each Director of the Bank, after due inquiry, believes as at the date of signing that this disclosure statement:

- (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 year ended 31 March 2017:

- (a) the Bank had complied with all conditions of registration imposed by the Reserve Bank of New Zealand under section 74 of the Reserve Bank Act 1989;
- (b) credit exposures to connected persons were not contrary to interests of the Banking Group; and
- (c) the Bank had systems in place to monitor and control adequately the Banking Group'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 (by Directors' Resolution), this disclosure statement is dated at Auckland, New Zealand this 26 June 2017 and signed by Prahlad Das Gupta and Vailankanni Wenceslaus Melchoir Anthony as responsible persons.



---

Vailankanni Wenceslaus Melchoir Anthony  
Chairman and Director  
Bank of Baroda (New Zealand) Limited



---

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

### **13. Independent auditor's report**

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The independent auditor's report on this disclosure statement is attached with the financial statements for the Bank in Appendix 2 to this disclosure statement. The information required by Schedule 1 of the Order is included in the independent auditor's report.

### **14. Financial statements**

---

The financial statements for the Bank for the year ended 31 March 2017 are attached as Appendix 2 to, and form part of, this disclosure statement. The information required by Schedules 2, 4, 7, 9, 13, 14, 15, and 17 of the Order is set out in those financial statements.

## Appendix 1: Guarantee

Appendix 1: Guarantee



बैंक ऑफ बरोडा Bank of Baroda

### Deed of Guarantee

relating to  
all indebtedness of Bank of Baroda (New Zealand) Limited to the  
Creditors

Bank of Baroda  
Guarantor

Date 14.01.2008



International Division  
International Division Bank of Baroda Corporate Centre, C-28, G-Floor, Baroda-Nagar Complex, Mahatma 400 001, India.  
फोन / Phone : 91 22 6696 5000-04, 6696 5425-5 बैंक / Fax : 91 22 2552 3509  
ई-मेल / E-mail : gm.international.bco@bankofbaroda.com ई वेब / Web : www.bankofbaroda.com



बैंक ऑफ बड़ोदा Bank of Baroda

This Deed of Guarantee is made on 19<sup>th</sup> August, 2008  
by Bank of Baroda (Guarantor)

### Introduction

At the request of the Bank, the Guarantor has agreed to guarantee all of the indebtedness of the Bank to the Creditors on the terms of this Deed.

### It is agreed

#### 1. Interpretation

##### 1.1

#### Definitions

In this Deed:

Bank means Baroda (New Zealand) Limited (to be retained Bank of Baroda (New Zealand) Limited);

Creditor means a person to whom the Bank owes indebtedness, including, for the avoidance of doubt, any depositor of the Bank; and

Guaranteed indebtedness means all indebtedness of the Bank to the Creditors.

##### 1.2

#### Construction of certain references

In this Deed:

an agreement includes a contract, deed, licence, undertaking and other document or legally enforceable arrangement in writing (present and future) and includes that document as amended, assigned, novated or substituted from time to time;

a business day means a day (other than a Saturday or Sunday) on which registered banks are open for general banking business in Wellington and, where payment is required in foreign currency, banks are open for business in the required place of payment;

a consent includes an approval, authorization, exemption, filing, licence, order, permit, recording and registration;

costs incurred by a person include all commissions, charges, losses, expenses (including legal fees on a solicitor and own client basis) and taxes incurred by that person;

a guarantee means a suretyship, the economic effect of which is to assume responsibility for the indebtedness or obligations of another person;

indebtedness includes any obligation (whether present or future, secured or unsecured, joint or several, as principal, surety or otherwise) relating to the payment of money;

the liquidation of a person includes the dissolution, administration, winding-up and bankruptcy of that person and any analogous procedure under the law of any jurisdiction in which that person is incorporated, chartered, carries on business or has property.



भारतीय बँक लिमिटेड, १०, बंगला, नारायण मंदिर, मुंबई ४०० ०६१, भारत  
International Division Baroda Corporate Centre, C-20, G-Block, Sakinaka-Kute Complex, Mumbai 400 061, India  
Phone: 91 22 6068 9900-04, 6068 8426 B. Telex: 91 22 2252 2509  
E-mail: gen.information@bankofbaroda.com Web: www.bankofbaroda.com



बैंक ऑफ बरोडा Bank of Baroda

a person includes an individual, body corporate, an association of persons (whether corporate or not), a trust, a state, an agency of a state and any other entity (in each case, established for lawful purposes and whether or not having separate legal personality);

property includes the whole and any part of the relevant person's business, assets, undertaking, revenue and rights (in each case, present and future), and reference to any property includes any legal or equitable interest in it;

writing includes an authenticated SWIFT message, facsimile transmission, an email communication and any means of reproducing words in a tangible and permanently visible form;

a reference to a party, clause, schedule or annexure is a reference to a party to, clause of, schedule to or annexure to, this Deed;

the word including when introducing an example does not limit the meaning of the words to which the example relates;

an agreement, representation or undertaking given by the Guarantor in favour of two or more persons is for the benefit of them jointly and each of them severally, to the extent of cumulative indebtedness only;

a gender includes each other gender;

the singular includes the plural and vice versa;

where a word or phrase is defined, its other grammatical forms have a corresponding meaning; and

any legislation includes a modification and re-enactment of, legislation enacted in substitution for, and a regulation, order-in-council and other instrument from time to time passed or made under, that legislation.

2.

2.1

Headings and the table of contents are to be ignored in construing this Deed.

### Guarantee and Indemnity

#### Guarantee

2.2

The Guarantor unconditionally and irrevocably guarantees to the Creditors due payment by the Bank of the Guaranteed Indebtedness.

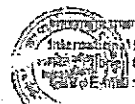
#### Payment

2.3

The Guarantor undertakes to the Creditors that if, for any reason, the Bank does not pay to the Creditors when due (whether by acceleration or otherwise) any Guaranteed Indebtedness, it will pay the relevant amount to each relevant Creditor immediately on receiving a written demand from the Creditor accompanied by proof of the relevant Guaranteed Indebtedness.

#### Unenforceability of obligations

As a separate and continuing undertaking, the Guarantor unconditionally and irrevocably undertakes to the Creditors that, should any Guaranteed Indebtedness not be recoverable from the Bank due to:



International Division Bank of Baroda Corporate Centre, G-26, G-Block, Bafra-Kunda Complex, Jaipur-302 015, India.  
Phone: 01 22 6592 5000-04, 6592 0425 D Fax: 01 22 6592 6599  
E-mail: gm.international@bankofbaroda.com P. Bar / Web: www.bankofbaroda.com





बैंक ऑफ बड़ोदा Bank of Baroda

- (a) a defect in or lack of powers of the Bank or the Guarantor or the irregular exercise of those powers; or
- (b) a defect in or lack of authority by a person purporting to act on behalf of the Bank or the Guarantor; or
- (c) a legal or other limitation (whether under the Liquidator Act 1950 or otherwise), disability or incapacity of the Bank or the Guarantor; or
- (d) a liquidation, amalgamation, change in status, constitution or control, reconstruction or reorganisation of the Bank or the Guarantor (or the commencement of steps to effect the same).

It will, as a sole and independent obligation, pay to the Creditors on demand the amount that the Creditors would otherwise have been able to recover (on a full indemnity basis). In this clause, the expression "Guaranteed Indebtedness" includes any indebtedness that would have been included in that expression but for anything referred to in this clause.

### 3. Nature of guarantee obligations

#### 3.1 Liability as sole principal debtor

As between the Guarantor and the Creditors (but without affecting the obligations of the Bank) the Guarantor is liable under this Deed in relation to the Guaranteed Indebtedness as if it were the sole and principal debtor. However, the Bank will be discharged from its obligations in respect of any Guaranteed Indebtedness to the extent of any payment made by the Guarantor in relation to that Guaranteed Indebtedness.

#### 3.2 No discharge

The Guarantor is not discharged, nor are its obligations affected, by:

- (a) any time, indulgence, waiver or consent at any time given to the Bank; or
- (b) an amendment (however fundamental) to, or replacement of, any agreement; or
- (c) the liquidation, amalgamation, change in status, constitution or control, reconstruction or reorganisation of the Bank (or the commencement of steps to effect any of these).

### 4. Payments

#### 4.1 Mode of payments

Each payment to a Creditor under this Deed is to be made on the due date & immediately available freely transferable funds in the manner that the Creditor, by notice to the Guarantor, specifies from time to time.

Payments to be free and clear

Each payment by the Guarantor to a Creditor under this Deed is to be made:

- (a) free of any restriction or condition; and

International Division Baroda Corporate Centre, C-25, G-Block, Eandri-Maria Complex, Mumbai 400 061, India.  
Phone: +91 22 6606 6000-04, 6606 6426 D. Fax: +91 22 2862 2600  
E-mail: [gm.international@bankofbaroda.com](mailto:gm.international@bankofbaroda.com) Web: [www.bankofbaroda.com](http://www.bankofbaroda.com)

Appendix 1: Guarantee



बैंक ऑफ बड़ोदा Bank of Baroda

- (b) free and clear of and without any deduction or withholding for or on account of tax or on another account, whether by way of set-off, counterclaim or otherwise (except to the extent required by law).

4.3 Reimbursement

If a payment made by the Guarantor to a Creditor pursuant to this Deed is avoided by law,

- (a) that payment will be deemed not to have discharged or allocated the relevant obligation of the Guarantor; and

- (b) that Creditor and the Guarantor will be deemed to be restored to the position in which each would have been if that payment had not been made.

5. Assignment

Neither the Guarantor nor a Creditor may assign or transfer any of its rights or obligations under this Deed.

6. Notices

6.1 Addresses and references

Each notice or other communication under this Deed is to be made in writing and sent by SWIFT messaging, personal delivery or post to the addressee at the address, and marked for the attention of the person or office holder (if any), from time to time designated for its purpose by the addressee in the other party. The SWIFT code, address and relevant person or office holder of the Guarantor, and the address and relevant person or office holder of the Bank, is set out in the Schedule.

6.2 Deemed delivery

No communication will be effective until received in legible form.

7. Remedies and waivers

7.1 Exercise of rights and waivers

Time is of the essence in respect of all dates and times for compliance by the Guarantor with the Guarantor's obligations under this Deed. However, failure to exercise, and delay in exercising, a right of a Creditor under this Deed will not operate as a waiver of that right, subject to leave of limitation, nor will a single or partial exercise of a right preclude another or further exercise of that right or the exercise of another right. No waiver by a Creditor of that Creditor's rights under this Deed is effective unless it is in writing signed by that Creditor.

7.2 Remedies cumulative

The rights of the Creditors under this Deed are cumulative and not exclusive of any rights provided by law.

Signature from: 20, 16-Regar, Newgate Market, Pune 411 001, India  
Institutional Division Baroda Corporate Centre, C-20, G-Block, Bandra-Kurla Complex, Mumbai 400 051, India  
Phone: 91 22 6886 0700-04, 6886 5426 5 / Fax: 91 22 2652 3509  
E-mail: [gm.international@bankofbaroda.com](mailto:gm.international@bankofbaroda.com) / Web: [www.bankofbaroda.com](http://www.bankofbaroda.com)



बैंक ऑफ बड़ोदा Bank of Baroda

## 8. Miscellaneous

### 8.1 Partial invalidity

The legality, validity or unenforceability of a provision of this Deed under any law will not affect the legality, validity or enforceability of that provision under another law or the legality, validity or enforceability of another person.

### 8.2 Enforcement by Creditors

For the purposes of the Contracts (Rights) Act 1982, the Guarantor acknowledges and accepts that its obligations under this Deed shall be enforceable by the Creditors.

## 9. Governing law and jurisdiction

### 9.1 Governing law

This Deed is governed by and is to be construed in accordance with New Zealand law.

### 9.2 In New Zealand

Each of the parties irrevocably and unconditionally agrees that the Courts of New Zealand shall have jurisdiction to hear and determine each suit, action or proceeding (proceedings), and to settle disputes, that may arise out of or in connection with this Deed and for these purposes irrevocably submits to the jurisdiction of those courts.

### 9.3 Service in New Zealand

The Guarantor agrees that the process by which any suit, action or proceeding in New Zealand is begun may be served on it by being delivered to the Bank without prejudice to any other lawful means of service. The address and relevant person or officer holder of the Bank is set out in the Schedule.



International Division, Bank of Baroda, 14-28, 1st Floor, Market Street, Mumbai 400 021, India  
International Division, Bank of Baroda Corporate Centre, C-20, G-Block, Bandra-Kurla Complex, Mumbai 400 051, India  
Phone / Telex: 022-2652 6426 B / 022-2652 6500  
Fax / E-mail: gm.international.bco@bankofbaroda.com / 022 / Web: www.bankofbaroda.com




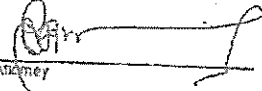
बैंक ऑफ बड़ौदा Bank of Baroda

**Execution**

Executed as a Deed

This Deed of Guarantee in favour of the Creditors of Bank of Baroda (New Zealand) Limited is executed on this the 14<sup>th</sup> day of August 2008 by Bank of Baroda, a body corporate constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970 and having its Head Office at Baroda, Baroda, India and its Corporate Office at Baroda Corporate Centre, C-26, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai, India, by its attorney in the presence of:

  
Witness Signature

  
Attorney

**BHAGAT SINGH BHATT**  
Print Name

**RAJENDRA KUMAR GARG**  
Print Name

Asstt. General Manager  
(International Operations)  
Occupation

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

Address



International Department, Baroda, India  
International Office, Baroda Corporate Centre, C-26, G-Block, Bandra Kurla Complex, Mumbai 400 051, India.  
Tel / Phone : 91 21 6668 8000-04, 6668 8125 & 6668 8126 / Fax : 91 22 2562 9100  
E-mail : gra.international.bar@bankofbaroda.com E Site / Web : www.bankofbaroda.com

Appendix 1: Guarantee



बैंक ऑफ बरोडा Bank of Baroda

The Schedule

Party Details

Guarantor Details

Name	Bank of Baroda
Address for Notices	Plot No. C-26, G-Bldg, Bandra-Maria Complex, Bandra (East), Mumbai - 400051, India.
Attention	General Manager (International Operations)
Telephone Number	+91-22-6688545/5426
Email	<a href="mailto:gminternational@bankofbaroda.com">gminternational@bankofbaroda.com</a>
SWIFT Code	BARBINBXXX

Bank Details

Name	Bank of Baroda (New Zealand) Limited
Address for Notices	The Bank's registered office
Attention	Managing Director

भारतीय बँक (न्यू झीलंड) लिमिटेड, १०/११, चौमल्ल, वायव्य दुर्गा कॉम्प्लेक्स, प्लॉट ४०० ८५१, न्यू  
इंग्लॅंड, व्हाराना, बरोडा कॉर्पोरेट सेंटर, सी-२६, ग-ब्लॉक, बरोडा-मरिया कॉम्प्लेक्स, मुंबई ४०० ०५१, इंडिया  
फोन / Phone : +९१ २२ ६६८८ ५४५, ६६८८ ५४२६ ० फॅक्स / Fax : ९१ २२ २६८२ ३९०९  
ईमेल / Email : [gminternational@bankofbaroda.com](mailto:gminternational@bankofbaroda.com) वेब / Web : [www.bankofbaroda.com](http://www.bankofbaroda.com)

## **Appendix 2: Financial Statements**

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Bank of Baroda (New Zealand) Limited

Company Number 2135104

Financial Statements for the year ended 31 March 2017

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## Independent Auditor's Report

To the Shareholders of Bank of Baroda (New Zealand) Limited

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION (EXCLUDING SUPPLEMENTARY INFORMATION RELATING TO CREDIT AND MARKET RISK EXPOSURES AND CAPITAL ADEQUACY)

#### Opinion

We have audited the financial statements and the supplementary information (excluding the information relating to Credit and Market Risk Exposures and Capital Adequacy on pages 69 to 74) of Bank of Baroda (New Zealand) Limited ('the Bank').

The financial statements comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The supplementary information (excluding the information relating to Credit and Market Risk Exposures and Capital Adequacy) comprise the information required to be disclosed under Schedules 4, 7, 13, 14, 15 and 17 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the 'Order').

In our opinion, the accompanying financial statements, on pages 35 to 74:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the financial position of the Bank as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

In our opinion, the supplementary information (excluding the information relating to Credit and Market Risk Exposures and Capital Adequacy) disclosed in accordance with Schedules 4, 7, 13, 14, 15 and 17 of the Order (the 'Supplementary Information'):

- has been prepared, in all material respects, in accordance with the guidelines issued pursuant to Section 78(3) of the Reserve Bank of New Zealand Act 1989 and any Conditions of Registration;
- is in accordance with the books and records of the Bank in all material respects; and
- fairly states in all material respects the matters to which it relates in accordance with those Schedules.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Supplementary Information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other matter

The financial statements and Supplementary Information of the Bank for the year ended 31 March 2016, were audited by another auditor who expressed an unmodified opinion on those financial statements and Supplementary Information on 15 June 2016.

#### Other information

The directors are responsible on behalf of the Bank for the other information. The other information comprises the information required to be included in the Disclosure Statement in accordance with Schedule 2 of the Order on pages 1 to 28 that accompanies the financial statements, Supplementary Information, and the audit report.

Our opinion on the financial statements and Supplementary Information does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements and Supplementary Information or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.



## **Directors' responsibilities for the financial statements and Supplementary Information**

The directors are responsible on behalf of the Bank for the preparation of financial statements in accordance with NZ IFRS and IFRS and that give a true and fair view of the matters to which they relate. The directors are also responsible on behalf of the Bank for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are also responsible on behalf of the Bank for the preparation of Supplementary Information which fairly states the matters required to be disclosed under Schedules 2, 4, 7, 13, 14, 15 and 17 of the Order and which is prepared in accordance with any guidelines issued pursuant to Section 78(3) of the Reserve Bank of New Zealand Act 1989; any Conditions of Registration; and in accordance with the books and records of the Bank.

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

## **Auditor's responsibilities for the audit of the financial statements and Supplementary Information**

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

It is our responsibility to express an opinion on the financial statements and Supplementary Information prepared and presented by the directors, and report our opinion in accordance with clause 2 of Schedule 1 of the Order. Our responsibility is to express an opinion based on our audit.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-6>

This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements**

In accordance with the requirements of clauses 2(1)(d) and 2(1)(e) of Schedule 1 of the Order, we report that:

- we have obtained all the information and explanations we have required; and
- in our opinion proper accounting records have been kept by the Bank as far as appears from our examination of those records.

## REPORT ON THE REVIEW OF THE SUPPLEMENTARY INFORMATION RELATING TO CREDIT AND MARKET RISK EXPOSURES AND CAPITAL ADEQUACY

<b>Information subject to our review</b>	We have reviewed the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy on pages 69 to 74.
<b>Directors' responsibilities</b>	The directors are responsible on behalf of the Bank for the preparation and fair presentation of the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy prepared in accordance with Schedule 9 of the Order, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy that is free from material misstatement, whether due to fraud or error.
<b>Our responsibilities</b>	<p>Our responsibility is to express a conclusion on the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy based on our review. We conducted our review in accordance with NZ SRE 2410 <i>Review of Financial Statements Performed by the Independent Auditor of the Entity</i> ('NZ SRE 2410'). We are required to conclude whether anything has come to our attention that would cause us to believe that the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy is not in all material respects:</p> <ul style="list-style-type: none"> <li>• prepared in accordance with the guidelines issued pursuant to Section 78(3) of the Reserve Bank of New Zealand Act 1989; any Conditions of Registration; and in accordance with the books and records of the Bank;</li> <li>• prepared in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A); and</li> <li>• disclosed in accordance with Schedule 9 of the Order.</li> </ul> <p>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 of the Bank.</p> <p>A review 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.</p> <p>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 the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy.</p>
<b>Conclusion</b>	<p>Based on our review, nothing has come to our attention that causes us to believe that the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy, disclosed on pages 69 to 74, as required by Schedule 9 of the Order, is not in all material respects:</p> <ul style="list-style-type: none"> <li>• prepared in accordance with the guidelines issued pursuant to Section 78(3) of the Reserve Bank of New Zealand Act 1989; any Conditions of Registration; and in accordance with the books and records of the Bank;</li> <li>• prepared in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A); and</li> <li>• disclosed in accordance with Schedule 9 of the Order.</li> </ul>
<b>Other matter</b>	The supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy in the Disclosure Statement of the Bank for the year ended 31 March 2016 was reviewed by another auditor who expressed an unmodified opinion on 15 June 2016.

## AUDITOR INDEPENDENCE

We are independent of the Bank in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we have no relationship with or interests in the Bank, except that partners and employees of our firm deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank.



## RESTRICTION ON USE

This report is made solely to the Bank's shareholders, as a body. Our audit has been undertaken so that we might state to the Bank's shareholders those matters we are required to state to them in an auditor's 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 Bank's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

*Deloitte Limited*

**Jason Stachurski, Partner  
for Deloitte Limited**  
Auckland, New Zealand  
26 June 2017

This audit report relates to the Disclosure Statement of Bank of Baroda (New Zealand) Limited (the 'Bank') for the year ended 31 March 2017 included on the Bank's website. The Directors are responsible for the maintenance and integrity of the Bank's website. We have not been engaged to report on the integrity of the Bank's website. We accept no responsibility for any changes that may have occurred to the Disclosure Statement since it was initially presented on the website. The audit report refers only to the financial statements and supplementary information described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the Disclosure Statement. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the the Disclosure Statement and related audit report dated 26 June 2017 to confirm the information included in the Disclosure Statement presented on this website.

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

**FINANCIAL STATEMENTS**

For the year ended 31 March 2017

<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>For the year ended 31 March 2017</b>			
	<b>Notes</b>	<b>Year Ended 31.03.2017</b>	<b>Year Ended 31.03.2016 (Restated)</b>
		<b>NZ \$ '000</b>	<b>NZ \$ '000</b>
Interest income	2	3,922	3,963
Interest expense	2	(1,186)	(1,132)
<b>Net interest income</b>		<b>2,736</b>	<b>2,831</b>
Other income	3	1,760	1,594
<b>Total operating income</b>		<b>4,496</b>	<b>4,425</b>
Operating expenses	4	(3,174)	(3,005)
Impairment losses on loans and advances	5	(26)	(65)
<b>Net profit before taxation</b>		<b>1,296</b>	<b>1,355</b>
Taxation (expense) / benefit	6	(382)	40
<b>Net profit for the year</b>		<b>914</b>	<b>1,395</b>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>914</b>	<b>1,395</b>

The accompanying notes on pages 39 to 74 form an integral part of these financial statements and should be read in conjunction with the financial statements.

<b>STATEMENT OF CHANGES IN EQUITY</b>				
<b>For the year ended 31 March 2017</b>				
	<b>Notes</b>	<b>Share Capital \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 April 2016</b>	16	40,000	5,138	45,138
Total comprehensive income		-	914	914
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>914</b>	<b>914</b>
<b>Balance at 31 March 2017</b>	16	40,000	6,052	46,052
<b>Balance at 1 April 2015</b>		40,000	3,743	43,743
Total comprehensive income		-	1,395	1,395
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>1,395</b>	<b>1,395</b>
<b>Balance at 31 March 2016</b>	16	40,000	5,138	45,138

The accompanying notes on pages 39 to 74 form an integral part of these financial statements and should be read in conjunction with the financial statements.

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

**FINANCIAL STATEMENTS**

For the year ended 31 March 2017

<b>STATEMENT OF FINANCIAL POSITION</b>		<b>As at</b>	<b>As at</b>
<b>As at 31 March 2017</b>		<b>31.03.2017</b>	<b>31.03.2016</b>
	<b>Notes</b>	<b>NZ \$ '000</b>	<b>(Restated) NZ \$ '000</b>
<b>Assets</b>			
Cash and cash equivalents	8	18,401	8,355
Balances due from related parties	13	5,305	3,378
Due from other financial institutions	9	8,000	14,100
Loans and advances	10	70,070	64,195
Property, plant and equipment	11	375	471
Deferred tax asset	7	605	987
Other assets	12	265	196
<b>Total assets</b>		<b>103,021</b>	<b>91,682</b>
<b>Liabilities</b>			
Balances due to related parties	13	997	2,368
Deposits and other borrowings	14	55,519	43,863
Current taxation	7	-	-
Other liabilities	15	453	313
<b>Total liabilities</b>		<b>56,969</b>	<b>46,544</b>
<b>Shareholders' equity</b>			
Share capital	16	40,000	40,000
Retained earnings		6,052	5,138
<b>Total shareholders' equity</b>		<b>46,052</b>	<b>45,138</b>
<b>Total shareholders' equity and liabilities</b>		<b>103,021</b>	<b>91,682</b>
Total interest earning and discount bearing assets		100,370	88,030
Total interest and discount bearing liabilities		51,361	41,904
Financial assets, pledged as collateral for liabilities or contingent liabilities		-	-

The accompanying notes on pages 39 to 74 form an integral part of these financial statements and should be read in conjunction with the financial statements.

For and on behalf of the Board



**Vailankanni Wenceslaus Melchoir Anthony**  
**Chairman**

Dated: 26 June 2017

Authorised for issue on 23 June 2017



**Prahlad Das Gupta**  
**Managing Director**

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

**FINANCIAL STATEMENTS**

For the year ended 31 March 2017

<b>CASH FLOW STATEMENT</b>	<b>Year Ended</b>	<b>Year Ended</b>
<b>For the Year ended</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
<b>31 March 2017</b>		<b>(Restated)</b>
	<b>NZ \$ '000</b>	<b>NZ \$ '000</b>
<b>Cash flows from operating activities</b>		
Interest received	3,922	4,305
Fees and other income	1,760	1,594
Operating expenses paid	(2,995)	(2,734)
Interest paid	(1,135)	(1,349)
Taxes paid	-	-
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>	<b>1,552</b>	<b>1,816</b>
<b>Net changes in operating assets and liabilities:</b>		
Increase in loans and advances	(5,901)	(15,179)
Decrease in balances due from other financial institutions	6,100	3,700
Increase in deposits and other borrowings	11,656	11,461
(Increase)/Decrease in interest receivable	(1)	-
(Decrease)/Increase in balances due to related parties	(1,371)	1,388
(Decrease)/Increase in other assets	(69)	55
Increase/(Decrease) in other liabilities and provisions	7	(67)
(Increase)/Decrease in balances due from related parties	(1,927)	22
<b>Net cash flows from operating activities</b>	<b>10,046</b>	<b>3,196</b>
<b>Cash flows from investing activities</b>	-	-
<b>Net cash flows from investing activities</b>	-	-
<b>Cash flows from financing activities</b>	-	-
<b>Net cash flows from financing activities</b>	-	-
<b>Increase in cash and cash equivalents</b>	<b>10,046</b>	<b>3,196</b>
Add opening cash and cash equivalents	8,355	5,159
Effect of exchange rate changes on cash and cash equivalents	-	-
<b>Closing cash and cash equivalents</b>	<b>18,401</b>	<b>8,355</b>
Cash On hand	127	328
Call and Overnight advances to Financial Institutions	18,274	8,027

The accompanying notes on pages 39 to 74 form an integral part of these financial statements and should be read in conjunction with the financial statements



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

**FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**RECONCILIATION OF NET PROFIT AFTER TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES**

<b>CASH FLOW STATEMENT</b>	<b>Year Ended</b>	<b>Year Ended</b>
<b>For the Year ended</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
<b>31 March 2017</b>	<b>NZ \$ '000</b>	<b>NZ \$ '000</b>
<b>Reconciliation of net profit after taxation to net cash-flows from operating activities</b>		
<b>Net profit after taxation</b>	<b>914</b>	<b>1,395</b>
<b>Non cash movements:</b>		
Depreciation	97	127
Increase in collective allowance for impairment losses	23	65
Increase in individual allowance for impairment losses	3	-
Decrease/(Increase) in deferred taxation	382	(40)
<b>Net movement in operating assets and liabilities</b>	<b>505</b>	<b>152</b>
Increase in loans and advances	(5,901)	(15,179)
Decrease in balances due from other financial institutions	6,100	3,700
Increase in deposits and other borrowings	11,656	11,461
Increase in interest payable	51	30
(Increase) in interest receivable	(1)	-
(Decrease)/Increase in balances due to related parties	(1,371)	1,388
(Decrease)/Increase in other assets	(69)	150
Increase in other liabilities and provisions	89	77
(Increase)/Decrease in balances due from related parties	(1,927)	22
<b>Net cash flows from operating activities</b>	<b>10,046</b>	<b>3,196</b>

The accompanying notes on pages 39 to 74 form an integral part of these financial statements.



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

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

**For the year ended 31 March 2017**

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

##### **GENERAL ACCOUNTING POLICIES**

The reporting entity is Bank of Baroda (New Zealand) Limited (the 'Bank'). The Bank is an FMC reporting entity for the purposes of the Financial Markets Conduct Act (FMCA 2013), 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 Companies Act 1993, the Financial Markets Conduct Act 2013, and the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended). They were approved for issue by the Directors on 23/06/2017. 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).

The Bank's financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards.

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss (if any). The functional and presentation currency is New Zealand Dollar (NZD) and the figures have been rounded off to the nearest thousand, unless otherwise stated.

##### **Comparative figures (restatements)**

There has been an elimination of \$247,000 of 'Inter branch transactions' from 'Interest revenue' and 'Interest expense' in the Statement of Comprehensive Income and interest received and interest paid in the cash flow statement for the period ended 31 March 2016 to comply with current year presentation. This error has been corrected by restating each of the affected financial statement line items. The change did not have an impact on total comprehensive income for the period, equity or the Company's net operating, investing and financing cash flows.

Certain other comparative figures have also been re-stated for consistency with current period presentation, and the nature of the changes are described in each affected note.

In addition, interest bearing assets and liabilities on the Statement of Financial Position have been restated in line with the changes described at note 24.

##### **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. There have been no material estimates or judgements in the preparation of these financial statements. 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 5)
- Deferred Taxation (Note 7).

##### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

###### **Change in Accounting Policies**

There have been no significant changes to accounting policies in the year ended 31 March, 2017

###### **Foreign currency translation**

###### *Functional and presentation currency*

Items included in the financial statements of the Bank are measured using New Zealand dollars, the currency of the primary economic environment in which the Bank operates ('the functional currency'). The financial statements are presented in New Zealand dollars and rounded to thousands unless otherwise stated.

###### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.





## BANK OF BARODA (NEW ZEALAND) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

#### 1. STATEMENT OF ACCOUNTING POLICIES (continued)

##### Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Bank and that the revenue can be reliably measured. The principal sources of revenue are interest income, fees and commissions.

##### *Interest income and expense*

Financial instruments are classified in the manner described in the financial assets and liabilities sections below.

For financial instruments measured at amortised cost, interest income and expense is recognised on a time-proportion basis using the effective interest method. When an instrument is impaired, the Bank reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

##### *Lending fees*

Fees and direct costs relating to loan origination, financing or restructuring and to loan commitments are deferred and amortised to interest income over the life of the loan using the effective interest method. Lending fees not directly related to the origination of a loan are recognised over the period of service.

##### *Commissions and other fees*

When commissions or fees relate to specific transactions or events, they are recognised in the profit or loss when the service is provided to the customer. When they are charged for services provided over a period, they are taken to other income on an accruals basis as the service is provided.

##### *Other income*

Dividend income is recorded in the profit and loss when the Bank's right to receive the dividend is established. Realised and unrealised gains and losses from re-measurement of financial instruments at fair value through profit or loss are disclosed separately in the statement of comprehensive income.

##### Expense recognition

Operating lease payments are recognised in profit and loss on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern of the benefit received. All other expenses, excluding interest expense, are recognised in the profit or loss on an accrual basis.

##### Financial assets

##### *Classification*

The Bank classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### *Financial assets at fair value through profit or loss*

Assets in this category are either held for trading or designated at fair value through the profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term, if it eliminates an accounting mismatch or if it is managed by the Bank on a fair value basis. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Bank's loans and receivables generally comprise loans and advances to customers, trade and other receivables, and cash and cash equivalents in the balance sheet (excluding cash balances) and due from related parties and financial institutions.

##### *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Bank commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Bank has transferred substantially all risks and rewards of ownership. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.



## BANK OF BARODA (NEW ZEALAND) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

#### 1. STATEMENT OF ACCOUNTING POLICIES (continued)

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit or loss in the period in which they arise, excluding foreign exchange gains or losses and dividends. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of other income when the Bank's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Bank establishes fair value by using valuation techniques (see note 29) making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The impairment testing of loans and receivables is described further below in the asset quality section.

#### Financial liabilities

The Bank classifies its financial liabilities in the following categories: at fair value through profit or loss; or other financial liabilities. The classification depends on the purpose for which the financial liability was entered into. Management determines the classification of its financial liabilities at initial recognition.

##### *Financial liabilities at fair value through profit or loss*

Liabilities in this category are either held for trading or designated at fair value through the profit or loss at inception. A financial liability is classified in this category if entered into principally for the purpose of selling in the short-term, if it eliminates an accounting mismatch or if it is managed by the Bank on a fair value basis.

Liabilities in this category are measured at fair value.

Derivative liabilities that do not meet the criteria for hedge accounting are classified as held for trading and measured at fair value through profit or loss.

##### *Other financial liabilities*

This category includes all financial liabilities other than those at fair value through profit or loss. Liabilities in this category are measured at amortised cost and include:

##### *Due to other banks*

This represents amounts due to other banks, amounts due to related parties apart from those designated as at fair value through profit or loss.

##### *Deposits from customers*

Deposits from customers cover all forms of funding, and include transactional and savings accounts, term deposits and credit balances on cards.

##### *Other liabilities*

Other liabilities include the accrual of interest coupons and fees payable. For derivatives any accrued interest is recognised and measured as part of the derivative's fair value.

#### Derivative financial instruments and hedge accounting

Derivatives, including foreign exchange contracts, forward rate agreements, futures, options, interest rate swaps and currency swaps, may be used as part of the Bank's financial market activities and to hedge certain assets and liabilities. The Bank recognises derivatives in the balance sheet at their fair value on the date at which the derivative contract is entered into and subsequently re-measured at fair value. Fair values are obtained from market yields and discounted cash flow models or option pricing models as appropriate. Derivative assets are the fair value of derivatives which have a positive fair value. Derivative liabilities are the fair value of derivatives which have a negative fair value.

All derivatives that do not meet the criteria for hedge accounting under NZ IAS 39 are classified as held for trading and at fair value through profit or loss. This includes derivatives transacted as part of the trading activity of the Bank, as well as derivatives transacted as economic hedges, but not qualifying for hedge accounting. Changes in fair value are reflected in the profit or loss immediately when they occur.

The Bank may use derivatives as part of its asset and liability management activities to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions.

No derivatives are in hedge accounting relationships as at balance date (2016: Nil).

#### Offsetting financial instruments

The Bank offsets financial assets and financial liabilities and reports the net balance in the balance sheet where there is a legally enforceable right to set-off and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.



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

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2017**

### **1. STATEMENT OF ACCOUNTING POLICIES (continued)**

#### **Asset quality**

##### *Impaired assets*

Impaired assets consist of restructured assets, assets acquired through the enforcement of security and credit exposures for which an impairment loss has been recognised.

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;
- 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.

##### *Renegotiated assets*

A renegotiated asset is any credit exposure that would otherwise be past due or impaired whose terms have been renegotiated. As at 31 March 2017: Nil (2016: Nil).

#### **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 or 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 account and the amount of the loss is recognised in the profit or loss. If loans or investments has variable interest rates, 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.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2017**

### **1. STATEMENT OF ACCOUNTING POLICIES (continued)**

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.

#### **Property, plant and equipment**

Property, plant and equipment are recognised in the balance sheet at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

The cost amount of property, plant and equipment less the estimated residual value is depreciated over their useful lives on a straight line basis. The range of useful lives of the major assets is:

- Furniture and fittings and leasehold improvements(5-7 years)
- Office equipment (3-5 years)
- Computer hardware (3 years)

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each balance date.

Assets are reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Where the Bank expects the carrying amount of assets held within property, plant and equipment to be recovered principally through a sale transaction rather than through continuing use, these assets are classified as held for sale.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in 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.

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

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

**For the year ended 31 March 2017**

#### **1. STATEMENT OF ACCOUNTING POLICIES (continued)**

##### **Provisions**

A provision is recognised in the balance sheet when: the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

##### **Contingent liabilities and credit commitments**

The Bank is involved in a range of transactions that give rise to contingent and / or future liabilities. The Bank discloses a contingent liability when it has a possible obligation arising from past events that will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Bank's control. A contingent liability is disclosed when a present obligation is not recognised because it is not probable that an outflow of resources will be required to settle an obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Bank issues commitments to extend credit, letters of credit, guarantees and other credit facilities. These financial instruments attract fees in line with market prices for similar arrangements. They are not sold or traded. The items generally do not involve cash payments other than in the event of default. The fee pricing is set as part of the broader customer credit process and reflects the probability of default. They are disclosed as contingent liabilities at their face value. The fair values of guarantees are not considered to be material.

##### **Leases**

The leases entered into by the Bank are operating leases. The total payments made under operating leases are charged to other operating expenses in the profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

##### **Share capital**

###### *Share issue costs*

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

###### *Dividend distribution*

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year that are declared after the balance sheet date are dealt with in the subsequent events note.

##### **Cash and cash equivalents**

Cash and cash equivalents comprises cash, cash at bank, cash in transit and call deposits due from / to other banks, all of which are used in the day-to-day cash management of the Bank.

##### **Goods and Services Tax (GST)**

The financial statements have been prepared so that all components are stated exclusive of GST except where the GST is not recoverable from the IRD. In these circumstances the GST component is recognised as part of the underlying item. Trade and other receivables and payables are stated GST inclusive. The net amount of GST recoverable from or payable to the IRD is included within these categories.

Cash flows in the cash flow statement include GST.

##### **Employee benefits**

###### *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, annual leave and sick leave accruing to employees and expected to be settled within twelve months of the reporting date are recognised and measured at the amounts expected to be paid when the liabilities are settled.

###### *Long service leave*

Liabilities for long service leave, which are not expected to be settled within twelve months of the balance sheet date, are measured as the present value of estimated future cash outflows from the Bank in respect of services provided by employees up to balance date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

## BANK OF BARODA (NEW ZEALAND) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

#### 1. STATEMENT OF ACCOUNTING POLICIES (continued)

##### Standards issued but not yet Effective

The following new standards and interpretations which may have a material impact on the bank have been issued, but are not yet effective and have not been early adopted by the Bank.

**NZ IFRS 9 *Financial Instruments*** (September 2014) ('NZ IFRS 9') will replace NZ IAS 39 *Financial Instruments: Recognition and Measurement* ('NZ IAS 39'). It includes a forward looking 'expected credit loss' impairment model, revised classification and measurement model and modifies the approach to hedge accounting. Unless early adopted, the standard will be effective for the 31 March 2019 financial year. Whilst it is not yet practical to reliably estimate the financial impact on the financial statements, the major changes under the standard are outlined below:

##### *Impairment*

**NZ IFRS 9** introduces a revised impairment model which required entities to recognise expected credit losses based on unbiased forward looking information, replacing the existing incurred loss model which only recognises impairment if there is objective evidence that a loss has been incurred. Key elements of the new impairment model are:

- requires more timely recognition of expected credit losses using a three-stage approach. For financial assets where there has been no significant increase in credit risk since origination, a provision for 12 months expected credit losses is required. For financial assets where there has been a significant increase in credit risk or where the asset is credit impaired, a provision for full lifetime expected losses is required;
- expected credit losses are probability-weighted amounts determined by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions. This will involve a greater use of judgement than the existing impairment model; and
- interest is calculated on the gross carrying amount of financial asset, except where the asset is credit impaired.

##### *Classification and measurement*

**NZ IFRS 9** replaces the classification and measurement model in NZ IAS 39 with a new model that categorises financial assets based on a) the business model within which the assets are managed, and b) whether the contractual cash flows under the instrument solely represent the payment of principal and interest. Financial assets will be measured at:

- amortised cost where the business model is to hold the financial assets in order to collect contractual cash flows and those cash flows represent solely payments of principal and interest;
- fair value through other comprehensive income where the business model is to both collect contractual cash flows and sell financial assets and the cash flows represent solely payments of principal and interest. Non-traded equity instruments can also be measured at fair value through other comprehensive income; or
- fair value through profit or loss if they are held for trading or if the cash flows on the asset do not solely represent payments of principal and interest. An entity can also elect to measure a financial asset at fair value through profit or loss if it eliminates or reduces an accounting mismatch.

The accounting for financial liabilities is largely unchanged.

**NZ IFRS 15 *Revenue from Contracts with Customers*** ('NZ IFRS 15') was issued on 3 July 2014 and will be effective for the 31 March 2019 financial year. The standard provides a single comprehensive model for revenue recognition. It supersedes current recognition and related interpretations. The application of NZ IFRS 15 is not expected to have a material impact on the Bank.

**NZ IFRS 16 *Leases*** ('NZ IFRS 16') was issued on 11 February 2016 and will be effective for the 31 March 2020 financial year. NZ IFRS 16 will replace NZ IAS 17 *Leases* ('NZ IAS 17'). The main changes under the standard for lessees are:

- all operating leases of greater than 12 months duration will be required to be presented on balance sheet. The net present value of these leases will be recognised as an asset and a liability; and
- all leases on balance sheet will give rise to a combination of interest expense on the lease liability and depreciation of the leased asset.

For lessors, the accounting for leases under NZ IFRS 16 remains substantially the same as under NZ IAS 17. The impact of NZ IFRS 16 will be determined by the level of operating lease commitments greater than 12 months duration at adoption. The Bank's operating lease commitments are set out in note 20.



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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**2. INTEREST**

	Year Ended 31.03.2017 NZ \$ '000	Year Ended 31.03.2016 (Restated) NZ \$ '000
<b>Interest income</b>		
Bank Deposits/Placements	572	763*
Loans & Advances to customers	3,350	3,200
<b>Total interest income</b>	<b>3,922</b>	<b>3,963</b>
<b>Interest expense</b>		
Deposits by customers	1,186	1,132*
<b>Total interest expense</b>	<b>1,186</b>	<b>1,132</b>

\*There has been an elimination of \$247,000 of 'Inter Branch Transactions' from 'Interest revenue' and Interest Expense' in the Statement of Comprehensive Income for the period ended 31.03.2016 to comply with current year presentation. This error has been corrected by restating each of the affected financial statement line items.

**3. OTHER INCOME**

	Year Ended 31.03.2017 NZ \$ '000	Year Ended 31.03.2016 NZ \$ '000
<b>Other Income</b>		
Banking and lending fee income	294	113
Commissions revenue	27	143
Net foreign exchange gains	1,425	1,338
Other revenue	14	-
<b>Total other income</b>	<b>1,760</b>	<b>1,594</b>

**4. OPERATING EXPENSES**

	Year Ended 31.03.2017 NZ \$ '000	Year Ended 31.03.2016 NZ \$ '000
<b>Auditor's fee:</b>		
- Audit and review of Disclosure Statement:		
o Deloitte Limited	119	-
o KPMG	14	98
Directors' fees	49	32
<b>Depreciation:</b>		
- Computer hardware	6	11
- Office equipment	13	26
- Furniture, fittings, and leasehold improvements	78	90
<b>Employee benefits</b>		
- Salary & Others	1,512	1,370
- Kiwi Saver	11	10
Rental and lease costs	573	606
Other operating expenses	799	762
<b>Total operating expenses</b>	<b>3,174</b>	<b>3,005</b>



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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**5. IMPAIRMENT ALLOWANCE**

<b>As at 31 March 2017</b>	<b>Retail mortgage lending</b>	<b>Corporate and institutional</b>	<b>Other exposures excluding sovereigns and central banks</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Individually impaired assets</b>				
Balance at the beginning of the year	-	111	-	111
Charge to Profit or Loss	-	3	-	3
Reversal of previous amounts	-	-	-	-
Bad Debts written off	-	(114)	-	(114)
<b>Balance at the end of the period</b>	-	-	-	-
<b>Collective allowance for impairment losses</b>				
Balance at the beginning of the year	192	49	25	266
Charge to Profit or Loss	(11)	33	1	23
Advances written off	-	-	-	-
<b>Total collective allowance for impairment losses</b>	<b>181</b>	<b>82</b>	<b>26</b>	<b>289</b>
<b>As on 31 March 2016</b>				
<b>Individually impaired assets</b>				
Balance at the beginning of the year	-	103	8	111
Charge to Profit or Loss	-	8	(8)	-
Bad Debts written off	-	-	-	-
<b>Balance at the end of the year</b>	-	<b>111</b>	-	<b>111</b>
<b>Collective allowance for impairment losses</b>				
Balance at the beginning of the year	133	50	18	201
Charge to Profit or Loss	59	(1)	7	65
Advances written off	-	-	-	-
<b>Total collective allowance for impairment losses</b>	<b>192</b>	<b>49</b>	<b>25</b>	<b>266</b>

**Impaired loans:**

A loan is impaired when there is evidence that its principal or interest repayments may not be recoverable. At each balance sheet date the bank assesses whether any loans are impaired and the amount of impairment allowance required.

A loan may be impaired due to breach of contract with the bank such as default on interest or principal payments, borrower experiencing significant financial difficulties or adverse economic conditions that relates to defaults.

**Impairment allowance**

The determination of impairment allowance required for loans which are deemed to be individually significant often required the use of considerable management judgement concerning such matters as local economic conditions, the financial performance of the counterparty and the value of any collateral held, for which there may not be readily accessible market. The actual amount of future cash flows and their timing may differ from the estimates used by the management and consequently may cause actual losses to differ from the reported allowances.





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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**6. TAXATION**

	As at 31.03.2017 NZ \$ '000	As at 31.03.2016 NZ \$ '000
<b>Net profit before taxation</b>	<b>1,296</b>	<b>1,355</b>
Tax calculated at a tax rate of 28%	(363)	(379)
Prior period adjustment	-	-
Other permanent differences	-	-
Recognition of tax losses	-	40
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	(19)	379
<b>Taxation (expense)/benefit as per the statement of comprehensive income</b>	<b>(382)</b>	<b>40</b>
<b>Represented by</b>		
Current tax	-	-
Deferred tax	(382)	40
<b>Taxation (expense)/benefit as per the statement of comprehensive income</b>	<b>(382)</b>	<b>40</b>

**7. DEFERRED TAXATION**

	As at 31.03.2017 NZ \$ '000	As at 31.03.2016 NZ \$ '000
<b>Deferred tax balances</b>		
Balance at the beginning of the year	987	947
(Charge) / Credit to statement of comprehensive income	(382)	40
<b>Balance at end of the year</b>	<b>605</b>	<b>987</b>
Recoverable within twelve months	605	448
Recoverable after twelve months	-	539

	Opening Balance As at 31.03.2016 NZ \$ '000	Recognised in the profit and loss NZ \$ '000	Closing Balance As at 31.03.2017 NZ \$ '000
Property, Plant and Equipment	134	(88)	46
Provisions	-	111	111
Tax Losses	853	(405)	448
<b>Balance</b>	<b>987</b>	<b>(382)</b>	<b>605</b>

	Opening Balance As at 31.03.2015 NZ \$ '000	Recognised in the profit and loss NZ \$ '000	Closing Balance As at 31.03.2016 NZ \$ '000
Property, Plant and Equipment	(351)	485	134
Provisions	-	-	-
Tax Losses	1,298	(445)	853
<b>Balance</b>	<b>947</b>	<b>40</b>	<b>987</b>

Deferred tax accounts for temporary differences between the carrying amounts of assets and liabilities in the financial statements and their values for taxation purposes.

Deferred tax is determined using the enacted tax rates and laws for each jurisdiction which are expected to apply when the assets will be realised or the liabilities settled.

Deferred tax assets and liabilities have been offset where they relate to the same taxation authority, the same taxable entity or group, and where there is a legal right and intention to settle on a net basis.

Imputation credits as at 31 March 2017 are NZ\$ Nil (31 March 2016: NZ\$ Nil).



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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2017**

**8. CASH & CASH EQUIVALENTS**

	As at 31.03.2017	As at 31.03.2016
	NZ \$ '000	NZ \$ '000
Cash on hand	127	328
Call and overnight advances to financial institutions	18,274	8,027
<b>Total cash and cash equivalents</b>	<b>18,401</b>	<b>8,355</b>
Current	18,401	8,355
Non-Current	-	-

**9. DUE FROM OTHER FINANCIAL INSTITUTIONS**

	As at 31.03.2017	As at 31.03.2016
	NZ \$ '000	NZ \$ '000
Term deposits	8,000	14,100
<b>Total amount due from other financial institutions</b>	<b>8,000</b>	<b>14,100</b>
Current	8,000	14,100
Non-Current	-	-

**10. LOANS AND ADVANCES**

	As at 31.03.2017	As at 31.03.2016 (Restated)
	NZ \$ '000	NZ \$ '000
Residential mortgage loans	44,145	46,767
Corporate exposures	19,944	11,665*
Other exposures	6,270	6,140*
Allowances for impairment losses	(289)	(377)
<b>Total net loans and receivables</b>	<b>70,070</b>	<b>64,195</b>
Current	11,901	9,091
Non-Current	58,169	55,104

\*Corporate exposures and other exposures have been restated to align with the definitions of corporate loans.

**11. PROPERTY, PLANT & EQUIPMENT**

As at 31 March 2017	Computer hardware \$'000	Office equipment \$'000	Furniture, fittings & leasehold improvements \$'000	TOTAL \$'000
At cost	198	170	1,100	1,468
Accumulated depreciation	(187)	(115)	(695)	(997)
<b>Opening carrying amount</b>	<b>11</b>	<b>55</b>	<b>405</b>	<b>471</b>
Additions	-	-	3	3
Disposals	-	-	(2)	(2)
Depreciation	(6)	(13)	(78)	(97)
<b>Closing carrying amount</b>	<b>5</b>	<b>42</b>	<b>328</b>	<b>375</b>
At cost	198	170	1,101	1,469
Accumulated depreciation	(193)	(128)	(773)	(1,094)
<b>Closing carrying amount</b>	<b>5</b>	<b>42</b>	<b>328</b>	<b>375</b>



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

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

### **11. PROPERTY, PLANT & EQUIPMENT (continued)**

<b>As at 31 March 2016</b>	<b>Computer hardware \$'000</b>	<b>Office equipment \$'000</b>	<b>Furniture, fittings &amp; leasehold improvements \$'000</b>	<b>TOTAL \$'000</b>
At cost	198	170	1,100	1,468
Accumulated depreciation	(176)	(89)	(605)	(870)
<b>Opening carrying amount</b>	<b>22</b>	<b>81</b>	<b>495</b>	<b>598</b>
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation	(11)	(26)	(90)	(127)
<b>Closing carrying amount</b>	<b>11</b>	<b>55</b>	<b>405</b>	<b>471</b>
At cost	198	170	1,100	1,468
Accumulated depreciation	(187)	(115)	(695)	(997)
<b>Closing carrying amount</b>	<b>11</b>	<b>55</b>	<b>405</b>	<b>471</b>

### **12. OTHER ASSETS**

	<b>As at 31.03.2017 NZ \$ '000</b>	<b>As at 31.03.2016 NZ \$ '000</b>
Other receivables	78	10
Commissions receivable	-	-
Interest receivable	187	186
<b>Trade and other receivables</b>	<b>265</b>	<b>196</b>
Current	265	196
Non-Current	-	-

### **13. RELATED PARTY DISCLOSURES**

The Bank is wholly owned by the Bank of Baroda, a Bank incorporated in India. No related party debts have been written off or forgiven during the year.

#### **Key Management Personnel**

Key management personnel are defined as being the Directors and senior management of the bank.

	<b>Year Ended 31.03.2017 NZ \$ '000</b>	<b>Year Ended 31.03.2016 NZ \$ '000</b>
Salaries and other short-term benefits	1,201	1,120
<b>Total key management compensation</b>	<b>1,201</b>	<b>1,120</b>

#### **Guarantee from Parent**

The Company's ultimate parent company is Bank of Baroda (India), an Indian incorporated bank (BOB). BOB is subject to regulatory oversight by the Reserve Bank of India and the Government of India. BOB is not a New Zealand registered bank and is not subject to regulatory oversight by the Reserve Bank of New Zealand.

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 31 March 2017, all the obligations of the Bank are guaranteed by BOB.

#### **Related Party transactions and balances:**

As at 31 March 2017, the Bank holds foreign currency deposits equivalent to NZ\$ 4,582,170 (31 March 2016: NZ\$2,907,000) with other branches of BOB group, these deposits are interest bearing. The Bank also holds the following foreign currency Nostro current accounts deposits of NZ\$ 722,289 (31 March 2016: NZ\$471,000) 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 NZ\$940,259 (31 March 2016: NZ\$832,000) and Bank of Baroda (Fiji) of NZ\$ 1,029 (31 March 2016: NZ\$2,000) that are non-interest bearing.

Related parties include branches of Bank of Baroda, its subsidiaries and other related parties.



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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**13. RELATED PARTY DISCLOSURES (continued)**

The Bank holds foreign currency (USD) cash deposits with subsidiaries other branches of BOB group, these deposits are interest bearing.

	31.03.2017 \$'000	31.03.2016 \$'000
Uganda	2,916	2,907
Kenya	1,666	-
<b>Total balance</b>	<b>4,582</b>	<b>2,907</b>

	31.03.2017 \$'000	31.03.2016 \$'000
USA New York branch (USD)	637	406
India Mumbai Main Office (INR)	61	10
U.K London branch (GBP)	7	19
Belgium Brussels branch (EURO)	1	12
Fiji Suva branch (FJD)	1	4
Australia SBI Sydney branch (AUD)	16	20
<b>Total Nostro balance</b>	<b>723</b>	<b>471</b>

	Year Ended 31.03.2017 NZ \$ '000	Year Ended 31.03.2016 (Restated) NZ \$ '000
<b>Transaction with related parties:</b>		
<i>Interest Income</i>		
Bank of Baroda branches and its subsidiaries	103	60
Other related parties	-	-
<i>Interest Expense</i>		
Bank of Baroda branches and its subsidiaries	-	-
Other related parties	-	-
<b>Support &amp; Service Fee / Management Fee</b>		
Bank of Baroda	140	98
<b>Due to related parties</b>		
Bank of Baroda	941	834
Other related parties	56	1,534*
<b>Total due to related parties</b>	<b>997</b>	<b>2,368</b>
<b>Current</b>	<b>997</b>	<b>836</b>
<b>Non-Current</b>	<b>-</b>	<b>1,532</b>
<b>Total</b>	<b>997</b>	<b>2,368</b>
<b>Due from related parties</b>		
Bank of Baroda branches	707	451*
Subsidiaries of Bank of Baroda	4,582	2,907*
Other related parties	16	20*
<b>Total Due from Related Parties</b>	<b>5,305</b>	<b>3,378</b>
<b>Current</b>	<b>5,305</b>	<b>3,378</b>
<b>Non-Current</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>5,305</b>	<b>3,378</b>

\* Due from related parties have been restated to separate the balances with the parent bank from other related parties



**BANK OF BARODA (NEW ZEALAND) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2017

**14. DEPOSITS AND OTHER BORROWINGS**

	As at 31.03.2017 NZ \$ '000	As at 31.03.2016 NZ \$ '000
Retail deposits	55,519	43,863
Wholesale deposits	-	-
Other	-	-
<b>Total Deposits</b>	<b>55,519</b>	<b>43,863</b>
New Zealand	55,519	43,863
Overseas	-	-
Current	50,422	34,238
Non-Current	5,097	9,625

**15. OTHER LIABILITIES**

	As at 31.03.2017 NZ \$ '000	As at 31.03.2016 NZ \$ '000
Employee entitlements	108	-
Other payables and accruals	345	313
<b>Total other liabilities</b>	<b>453</b>	<b>313</b>
Current	453	313
Non-Current	-	-

**16. EQUITY**

	As at 31.03.2017 NZ \$ '000	As at 31.03.2016 NZ \$ '000
Share capital	40,000	40,000
Retained earnings	6,052	5,138
<b>Total equity</b>	<b>46,052</b>	<b>45,138</b>
<b>Share capital – issued and paid up</b>		
Opening balance	40,000	40,000
Shares issued	-	-
<b>Balance at end of the year</b>	<b>40,000</b>	<b>40,000</b>

	31 March 2017 Number of shares	31 March 2016 Number of shares
Number of shares at the start of the year	40,000,000	40,000,000
Shares issued	40,000,000	40,000,000
<b>Number of shares at the end of the year</b>	<b>40,000,000</b>	<b>40,000,000</b>

All shares have equal voting rights and share equally in dividends and any profits on winding up. Shares do not have a par value.



**BANK OF BARODA (NEW ZEALAND) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2017

**17. ASSET QUALITY**

As at 31 March 2017	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	Total
	NZ \$'000	NZ \$'000	NZ \$'000	NZ \$'000
Neither past due nor impaired	44,145	19,944	6,267	70,356
Past due but not impaired	-	-	3	3
Impaired	-	-	-	-
<b>Gross loans and advances</b>	<b>44,145</b>	<b>19,944</b>	<b>6,270</b>	<b>70,359</b>
Less allowance for impairment	(181)	(62)	(26)	(269)
<b>Net loans and advances</b>	<b>43,964</b>	<b>19,862</b>	<b>6,244</b>	<b>70,070</b>
Other assets neither past due nor impaired	-	-	31,971	31,971
<b>Total net financial assets</b>	<b>43,964</b>	<b>19,862</b>	<b>38,215</b>	<b>102,041</b>
<b>Past due but not impaired</b>				
Gross amount of finance receivables that were past due but not impaired were as follows:	-	-	-	-
Past due up to 30 days	-	-	-	-
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	-	-	-	-
Past due 90+ days	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Gross Impaired Assets</b>				
Balance at beginning of the year	-	111	-	111
Net additions	-	3	-	3
Deletions	-	-	-	-
Amounts written off	-	(114)	-	(114)
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Individual Credit Impairment Allowance</b>				
Balance at beginning of the year	-	111	-	111
Charged to the statement of comprehensive income	-	3	-	3
Amounts written off	-	(114)	-	(114)
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	-	-
Total amounts per statement of comprehensive income	-	3	-	3
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Collective Credit Impairment Allowance</b>				
Balance at beginning of the year (Restated)	192	49*	25*	266
Charged to the statement of comprehensive income	(11)	33	1	23
Amounts written off	-	-	-	-
Total amounts per statement of comprehensive income	(11)	33	1	23
<b>Balance at end of the year</b>	<b>181</b>	<b>82</b>	<b>26</b>	<b>289</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 as at 31 March 2017 (2016: nil). Therefore, the Bank does not have any such collateral which it can sell or re-pledge.

There has been no interest revenue foregone on restructured, individually impaired or greater than 90 days past due assets during the year ended 31 March 2017 (2016: nil).

Undrawn balances on lending commitments to counterparties within the impaired asset category were NZ \$nil as at 31 March 2017 and 31 March 2016 balance was NZ\$ nil.



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For the year ended 31 March 2017

**17. ASSET QUALITY (continued)**

As at 31 March 2016 (Restated)	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	Total
	\$'000	\$'000	\$'000	\$'000
Neither past due nor impaired	46,752	11,554*	6,122*	64,428
Past due but not impaired	15	-	18	33
Impaired	-	111	-	111
Gross loans and advances	46,767	11,665	6,140	64,572
Less allowance for impairment	(192)	(160)	(25)	(377)
Net loans and advances	46,575	11,505	6,115	64,195
Other assets neither past due nor impaired	-	-	26,029	26,029
<b>Total net financial assets</b>	<b>46,575</b>	<b>11,505</b>	<b>32,144</b>	<b>90,224</b>
<b>Past due but not impaired</b>				
Gross amount of finance receivables that were past due but not impaired were as follows:				
Past due up to 30 days	15	-	18	33
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	-	-	-	-
Past due 90+ days	-	-	-	-
<b>Total</b>	<b>15</b>	<b>-</b>	<b>18</b>	<b>33</b>
<b>Gross Impaired Assets</b>				
Balance at beginning of the year	-	103	8	111
Net additions	-	8	-	8
Deletions	-	-	(8)	(8)
Amounts written off	-	-	-	-
<b>Balance at end of the year</b>	<b>-</b>	<b>111</b>	<b>-</b>	<b>111</b>
<b>Individual Credit Impairment Allowance</b>				
Balance at beginning of the year	-	103	8	111
Charged to the statement of comprehensive income	-	8	(8)	-
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	-	-
Total amounts per statement of comprehensive income	-	8	(8)	-
<b>Balance at end of the year</b>	<b>-</b>	<b>111</b>	<b>-</b>	<b>111</b>
<b>Collective Credit Impairment Allowance</b>				
Balance at beginning of the year	133	50	18	201
Charged to the statement of comprehensive income	59	(1)*	7*	65
Amounts written off	-	-	-	-
Total amounts per statement of comprehensive income	59	(1)*	7*	65
<b>Balance at end of the year (Restated)</b>	<b>192</b>	<b>49*</b>	<b>25*</b>	<b>266</b>

\*Corporate exposures and other exposures have been restated to align with the definitions of corporate loans. Related sub-totals have also been restated due to this.



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**18. CONCENTRATION OF CREDIT RISK**

The following table breaks down the Bank's main credit exposure at their carrying amounts plus off balance sheet exposures, as categorised by the industry sectors of its counterparties. For further details on how credit risk is managed and is set out in note 32.1.

	As at 31.03.2017	As at 31.03.2016 (Restated)*
	NZ \$ '000	NZ \$ '000
<b>New Zealand</b>		
Finance	26,401	22,455
Households	47,533	49,609
Transport and storage	-	-
Communications	-	-
Electricity, gas and water	-	-
Construction	13,600	1,356
Property services	3,280	2,435
Agriculture	-	-
Education	5,741	3,974
Health and community services	999	1,086
Personal and other services	7,013	3,242
Retail and wholesale trade	4,404	7,339
Food & other manufacturing	1,440	328
Other financial assets	265	196
<b>Overseas</b>		
Finance, Investment and Insurance	5,305	3,378
<b>Total financial assets</b>	<b>115,981</b>	<b>95,398</b>
Allowance for impairment losses	(289)	(377)
<b>Total net financial assets</b>	<b>115,692</b>	<b>95,021</b>

\*Assets have been restated for consistency with the current year presentation, including off balance sheet exposures as per note 22. Related sub-totals have also been restated due to this.

<b>Analysis of financial assets by geographical sector at balance date is as follows:</b>	<b>Year Ended 31.03.2017</b>	<b>Year Ended 31.03.2016 (Restated)</b>
	<b>NZ \$ '000</b>	<b>NZ \$ '000</b>
<b>New Zealand</b>		
Upper North Island	97,728	79,347*
Lower North Island	12,948	12,673*
South Island	-	-
<b>Overseas</b>		
USA New York branch (USD)	637	406
India Mumbai Main Office (INR)	61	10
U.K London branch (GBP)	7	19
Belgium Brussels branch (EURO)	1	12
Fiji Suva branch (FJD)	1	4
Australia SBI Sydney branch (AUD)	16	20
Uganda	2,916	2,907
Kenya	1,666	-
Allowance for impairment losses	(289)	(377)
<b>Total net financial assets</b>	<b>115,692</b>	<b>95,021</b>

\*Assets have been restated for consistency with the current year presentation, including off balance sheet exposures as per note 22. Related sub-totals have also been restated due to this.





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For the year ended 31 March 2017

**18. CONCENTRATION OF CREDIT RISK (continued)**

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

	AS at 31.03.2017 NZ \$ '000	As at 31.03.2016 (Restated) NZ \$ '000
Loans and advances	84,010	69,369*
Balances with related parties	5,305	3,378
Due from other financial institutions	8,000	14,100
Derivative financial instruments	-	-
Financial assets held for trading	-	-
Available-for-sale assets	-	-
Cash and cash equivalents	18,401	8,355
Other financial assets	265	196
<b>Total gross financial assets</b>	<b>115,981</b>	<b>95,398</b>
Allowance for impairment losses	(289)	(377)
<b>Total net financial assets</b>	<b>115,692</b>	<b>95,021</b>

\*Assets have been restated for consistency with the current year presentation, including off balance sheet exposures as per note 22. Related sub-totals have also been restated due to this.

**19. 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:

	As at 31.03.2017 NZ \$ '000	As at 31.03.2016 NZ \$ '000
<b>New Zealand</b>		
Financing investment and insurance	1,582	2,235
Retail and wholesale trade	1,783	-
Other financial liabilities	453	313
Households	52,210	41,628
<b>Overseas</b>		
Finance, Investment & Insurance	941	2,368
<b>Total financial liabilities</b>	<b>56,969</b>	<b>46,544</b>

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

	As at 31.03.2017 NZ \$ '000	As at 31.03.2016 NZ \$ '000
<b>New Zealand</b>		
Upper North Island	43,550	34,665
Lower North Island	12,478	11,045
South Island	-	-
<b>Overseas</b>	941	834
<b>Total financial liabilities</b>	<b>56,969</b>	<b>46,544</b>



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**20. LEASE COMMITMENTS**

	As at 31.03.2017 NZ \$ '000	As at 31.03.2016 NZ \$ '000
<b>Operating lease commitments under non-cancellable operating leases:</b>		
Not later than 1 year	534	376
1-2 years	403	259
2-5 years	657	514
5+ years	123	13
<b>Total</b>	<b>1,717</b>	<b>1,162</b>

Lease commitment includes operating lease under non-cancellable terms taken for branches & officials of the bank.

**21. CAPITAL COMMITMENTS**

As at 31 March 2017, there are no material outstanding capital commitments (31 March 2016: Nil).

**22. CONTINGENT LIABILITIES**

	Year Ended 31.03.2017 NZ \$ '000	Year Ended 31.03.2016 NZ \$ '000
<b>Contingent liabilities</b>		
Performance/financial guarantees issued on behalf of customers	340	225
Documentary Credit (L C)	-	-
<b>Total contingent liabilities</b>	<b>340</b>	<b>225</b>
<b>Undrawn Commitments</b>	<b>13,311</b>	<b>4,572</b>

**23. SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE**

There were no subsequent events after balance date. (31 March 2016: Nil)

**24. INTEREST RATE REPRICING**

The tables below summarise the Bank's exposure to interest rate risk. It includes the financial instruments at carrying amounts and undrawn amounts, categorised by contractual re-pricing. For further details on how interest rate risk is managed refer to Note 28.

31 Mar 2017	Total	Interest insensitive	Up to 3 months	Between 3 months & 6 months	Between 6 months & 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Cash and cash equivalents	18,401	683	17,718	-	-	-	-	-
Due from other financial institutions	8,000	-	6,500	1,000	500	-	-	-
Loans and advances	70,070	-	34,581	2,057	10,100	23,332	-	-
Balances with related parties	5,305	723	4,582	-	-	-	-	-
Other financial assets	265	265	-	-	-	-	-	-
<b>Total financial assets</b>	<b>102,041</b>	<b>1,671</b>	<b>63,381</b>	<b>3,057</b>	<b>10,600</b>	<b>23,332</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	55,519	4,214	33,565	5,249	7,394	2,877	2,220	-
Due to related parties	997	941	56	-	-	-	-	-
Other financial liabilities	453	453	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>56,969</b>	<b>5,608</b>	<b>33,621</b>	<b>5,249</b>	<b>7,394</b>	<b>2,877</b>	<b>2,220</b>	<b>-</b>
<b>On-balance sheet gap</b>	<b>45,072</b>	<b>(3,937)</b>	<b>29,760</b>	<b>(2,192)</b>	<b>3,206</b>	<b>20,455</b>	<b>(2,220)</b>	<b>-</b>
Net derivative notional principals	-	-	-	-	-	-	-	-
Financial Guarantee	340	340	-	-	-	-	-	-
Undrawn commitments	13,311	-	8,454	212	418	4,227	-	-
<b>Net effective interest rate gap</b>	<b>58,723</b>	<b>(3,597)</b>	<b>38,214</b>	<b>(1,980)</b>	<b>3,624</b>	<b>24,682</b>	<b>(2,220)</b>	<b>-</b>



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**24. INTEREST RATE REPRICING (continued)**

31 Mar 2016 (restated)	Total	Interest insensitive	Up to 3 months	Between 3 months & 6 months	Between 6 months & 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Cash and cash equivalents	8,355	1,527	6,828	-	-	-	-	-
Due from other financial institutions	14,100	-	10,500	2,600	1,000	-	-	-
Loans and advances	64,195	-	36,298*	5,568*	8,605*	13,724*	-	-
Balances with related parties	3,378	471	2,907	-	-	-	-	-
Other financial assets	196	196	-	-	-	-	-	-
<b>Total financial assets</b>	<b>90,224</b>	<b>2,194</b>	<b>56,533</b>	<b>8,168</b>	<b>9,605</b>	<b>13,724</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	43,863	3,490*	26,686*	6,745*	3,782*	491	2,669	-
Due to related parties	2,368	837	-	-	-	-	1,531	-
Other financial liabilities	313	313	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>46,544</b>	<b>4,640</b>	<b>26,686</b>	<b>6,745</b>	<b>3,782</b>	<b>491</b>	<b>4,200</b>	<b>-</b>
<b>On-balance sheet gap</b>	<b>43,680</b>	<b>(2,446)</b>	<b>29,847</b>	<b>1,423</b>	<b>5,823</b>	<b>13,233</b>	<b>(4,200)</b>	<b>-</b>
Net derivative notional principals	-	-	-	-	-	-	-	-
Financial Guarantee	225	225	-	-	-	-	-	-
Undrawn commitments	4,572	-	2,232	621	781	938	-	-
<b>Net effective interest rate gap</b>	<b>48,477</b>	<b>(2,221)</b>	<b>32,079</b>	<b>2,044</b>	<b>6,604</b>	<b>14,171</b>	<b>(4,200)</b>	<b>-</b>

\*A number of disclosures as at 31 March 2016 have been restated for consistency with the current year presentation. Amounts previously reported were (in some cases) based on expected maturity and or roll-over, but have now been presented based on contractual repricing dates. In addition, undrawn amounts have been included. Related subtotals have also been amended as a result.

**25. FINANCIAL INSTRUMENTS BY CATEGORY**

31 March 2017	Loans and receivables \$'000	Available for sale \$'000	Assets at fair value through profit or loss		Derivatives used for hedging \$'000	Total \$'000
			Held for trading \$'000	Designated at FVTPL \$'000		
<b>Financial assets</b>						
Cash and cash equivalents	18,401	-	-	-	-	18,401
Due from other financial institutions	8,000	-	-	-	-	8,000
Loans and advances	70,070	-	-	-	-	70,070
Balances with related parties	5,305	-	-	-	-	5,305
Other financial assets	265	-	-	-	-	265
<b>Total financial assets</b>	<b>102,041</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,041</b>
31 March 2017	Liabilities at fair value through profit or loss		Other financial liabilities at amortised cost		Derivatives used for hedging \$'000	Total \$'000
	Held for trading \$'000	Designated at FVTPL \$'000	Derivatives used for hedging \$'000			
<b>Financial liabilities</b>						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	-	-	-	55,519	-	55,519
Due to related parties	-	-	-	997	-	997
Other financial liabilities	-	-	-	453	-	453
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,969</b>	<b>-</b>	<b>56,969</b>

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**25. FINANCIAL INSTRUMENTS BY CATEGORY (continued)**

31 March 2016	Loans and receivables \$'000	Available for sale \$'000	Assets at fair value through profit or loss		Derivatives used for hedgling \$'000	Total \$'000
			Held for trading \$'000	Designated at FVTPL \$'000		
Financial assets						
Cash and cash equivalents	8,355	-	-	-	-	8,355
Due from other financial institutions	14,100	-	-	-	-	14,100
Loans and advances	64,195	-	-	-	-	64,195
Balances with related parties	3,378	-	-	-	-	3,378
Other financial assets	196	-	-	-	-	196
Total financial assets	90,224	-	-	-	-	90,224
31 March 2016	Liabilities at fair value through profit or loss		Derivative s used for hedging \$'000	Other financial liabilities at amortised cost \$'000	Derivatives used for hedging \$'000	Total \$'000
	Held for trading \$'000	Designated at FVTPL \$'000				
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	-	-	-	43,863	-	43,863
Due to related parties	-	-	-	2,368	-	2,368
Other financial liabilities	-	-	-	313	-	313
Total financial liabilities	-	-	-	46,544	-	46,544

**26. FOREIGN EXCHANGE RISK**

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limits on the level of exposure by currency and in aggregate for overnight positions, which are monitored daily. The table below summarises the Bank's exposure to foreign currency exchange rate risk as at year end. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency. This Note is denominated in New Zealand Dollars.

31 March 2017	FJD \$'000	GBP \$'000	EUR \$'000	INR \$'000	USD \$'000	AUD \$'000	Total \$'000
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	-	13	-	13
Due from other financial institutions	-	-	-	-	209	-	209
Loans and advances	-	-	-	-	-	-	-
Balances with related parties	1	6	1	61	5,219	16	5,304
Other financial assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>61</b>	<b>5,441</b>	<b>16</b>	<b>5,526</b>
<b>Financial liabilities</b>							
Due to other financial institutions	-	-	-	-	-	-	-
Deposits and other borrowings	-	-	-	-	5,420	-	5,420
Other financial liabilities	-	-	-	-	-	-	-
Due to related parties	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,420</b>	<b>-</b>	<b>5,420</b>
<b>Net on statement of financial position</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>61</b>	<b>21</b>	<b>16</b>	<b>106</b>

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**26. FOREIGN EXCHANGE RISK (continued)**

<b>31 March 2016</b>	<b>FJD \$'000</b>	<b>GBP \$'000</b>	<b>EUR \$'000</b>	<b>INR \$'000</b>	<b>USD \$'000</b>	<b>AUD \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	-	5	-	5
Due from other financial institutions	-	-	-	-	144	-	144
Loans and advances	-	-	-	-	-	-	-
Balances with related parties	4	19	12	10	3,313	20	3,378
Other financial assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>4</b>	<b>19</b>	<b>12</b>	<b>10</b>	<b>3,462</b>	<b>20</b>	<b>3,527</b>
<b>Financial liabilities</b>							
Due to other financial institutions	-	-	-	-	-	-	-
Deposits and other borrowings	-	-	-	-	3,519	-	3,519
Other financial liabilities	-	-	-	-	-	-	-
Due to related parties	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,519</b>	<b>-</b>	<b>3,519</b>
<b>Net on statement of financial position</b>	<b>4</b>	<b>19</b>	<b>12</b>	<b>10</b>	<b>(57)</b>	<b>20</b>	<b>8</b>

**27. LIQUIDITY RISK**

The Bank's policies for managing liquidity are set out in Note 32.3. The tables below summarises the undiscounted cash flows payable or receivable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date.

<b>31 March 2017</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	18,401	-	-	-	-	18,401
Due from other financial institutions	-	6,550	1,534	-	-	8,084
Loans and advances	-	8,363	9,279	27,008	65,132	109,782
Due from related parties	723	4,582	-	-	-	5,305
Other financial assets	-	265	-	-	-	265
<b>Total financial assets</b>	<b>19,124</b>	<b>19,760</b>	<b>10,813</b>	<b>27,008</b>	<b>65,132</b>	<b>141,837</b>
<b>Financial liabilities</b>						
Deposits and other borrowings	27,224	10,614	12,876	5,748	-	56,462
Due to related parties	997	-	-	-	-	997
Other financial liabilities	-	453	-	-	-	453
<b>Total financial liabilities</b>	<b>28,221</b>	<b>11,067</b>	<b>12,876</b>	<b>5,748</b>	<b>-</b>	<b>57,912</b>
<b>Net non-derivative cash flows</b>	<b>(9,097)</b>	<b>8,693</b>	<b>(2,063)</b>	<b>21,260</b>	<b>65,132</b>	<b>83,925</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 Guarantee	(340)	-	-	-	-	(340)
Undrawn Commitments	(13,311)	-	-	-	-	(13,311)
<b>Total</b>	<b>(13,651)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,651)</b>
<b>Net Cash Flow</b>	<b>(22,748)</b>	<b>8,693</b>	<b>(2,063)</b>	<b>21,260</b>	<b>65,132</b>	<b>70,274</b>



**BANK OF BARODA (NEW ZEALAND) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**27. LIQUIDITY RISK (continued)**

31 March 2016 (restated)	On Demand	Up to 3 months	3 to 12 Months	Between 1 & 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>						
Cash and cash equivalents	8,355	-	-	-	-	8,355
Due from other financial institutions*	-	10,582	3,650	-	-	14,232
Loans and advances*	12	5,118	8,591	18,359	72,375	104,455
Due from related parties	3,378	-	-	-	-	3,378
Other financial assets	-	186	10	-	-	196
<b>Total financial assets</b>	<b>11,745</b>	<b>15,886</b>	<b>12,251</b>	<b>18,359</b>	<b>72,375</b>	<b>130,616</b>
<b>Financial liabilities</b>						
Deposits and other borrowings*	20,561	8,573	10,770	3,705	-	43,609
Due to related parties	836*	-	-	1,711*	-	2,547
Other financial liabilities	-	313	-	-	-	313
<b>Total financial liabilities</b>	<b>21,397</b>	<b>8,886</b>	<b>10,770</b>	<b>5,416</b>	<b>-</b>	<b>46,469</b>
<b>Net non-derivative cash flows</b>	<b>(9,652)</b>	<b>7,000</b>	<b>1,481</b>	<b>12,943</b>	<b>72,375</b>	<b>84,147</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 Guarantee	(225)	-	-	-	-	(225)
Undrawn Commitments	(4,572)	-	-	-	-	(4,572)
<b>Total</b>	<b>(4,797)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,797)</b>
<b>Net Cash Flow</b>	<b>(14,449)</b>	<b>7,000</b>	<b>1,481</b>	<b>12,943</b>	<b>72,375</b>	<b>79,350</b>

\* A number of disclosures at 31 March 2016 have been restated for consistency with the current year presentation. Amounts previously reported were (in some cases) based on expected maturity, but have now been presented based on contractual maturity, and all related party receivables are now included along with undrawn commitments. Related subtotals have also been amended as a result.

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

	As at 31.03.2017 NZ \$ '000	As at 31.03.2016 NZ \$ '000
Cash and cash equivalents	18,401	8,355
Deposits with financial institutions	8,000	14,100
Deposit/cash held with related parties	5,305	3,378
<b>Total Liquid assets</b>	<b>31,706</b>	<b>25,833</b>

**28. SENSITIVITY ANALYSIS**

The tables below summarise the post-tax sensitivity of financial assets and liabilities to changes in interest rate and currency risks. The carrying value of the assets and liabilities were used as the basis for the analysis and financial modelling was used to determine the impact on those values of changes in each risk scenario. The sensitivity analysis is performed based on the reporting of interest rate risk and foreign currency risk internally to key management personnel and represents management's assessment of the possible change in interest rates and foreign exchange rates.

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**28. SENSITIVITY ANALYSIS (continued)**

**INTEREST RATE RISK**

<b>31 March 2017</b>	<b>Carrying Amounts \$'000</b>	<b>-0.1% Profit \$'000</b>	<b>+0.1% Profit \$'000</b>	<b>-0.1% Equity \$'000</b>	<b>+0.1% Equity \$'000</b>
<b>Financial assets</b>					
Cash and cash equivalents	18,401	(17)	17	(17)	17
Balances with related parties	5,305	(4)	4	(4)	4
Due from other financial institutions	8,000	(7)	7	(7)	7
Loans and advances	70,070	(37)	37	(37)	37
Other financial asset	265	-	-	-	-
<b>Total financial assets</b>	<b>102,041</b>	<b>(65)</b>	<b>65</b>	<b>(65)</b>	<b>65</b>
<b>Financial liabilities</b>					
Due to other financial institutions	-	-	-	-	-
Due to related parties	997	-	-	-	-
Deposits and other borrowings	55,519	37	(37)	37	(37)
Other financial liabilities	453	-	-	-	-
<b>Total financial liabilities</b>	<b>56,969</b>	<b>37</b>	<b>(37)</b>	<b>37</b>	<b>(37)</b>

**INTEREST RATE RISK**

<b>31 March 2016</b>	<b>Carrying Amounts \$'000</b>	<b>-0.1% Profit \$'000</b>	<b>+0.1% Profit \$'000</b>	<b>-0.1% Equity \$'000</b>	<b>+0.1% Equity \$'000</b>
<b>Financial assets</b>					
Cash and cash equivalents	8,355	(5)	5	(5)	5
Balances with related parties	3,378	(2)	2	(2)	2
Due from other financial institutions	14,100	(10)	10	(10)	10
Loans and advances	64,195	(28)	28	(28)	28
Other financial asset	196	-	-	-	-
<b>Total financial assets</b>	<b>90,224</b>	<b>(45)</b>	<b>45</b>	<b>(45)</b>	<b>45</b>
<b>Financial liabilities</b>					
Due to other financial institutions	-	-	-	-	-
Due to related parties	2,368	-	-	-	-
Deposits and other borrowings	43,863	18	(18)	18	(18)
Other financial liabilities	313	-	-	-	-
<b>Total financial liabilities</b>	<b>46,544</b>	<b>18</b>	<b>(18)</b>	<b>18</b>	<b>(18)</b>

**CURRENCY RISK**

<b>31 March 2017</b>	<b>Carrying Amounts \$'000</b>	<b>-10% Profit \$'000</b>	<b>+10% Profit \$'000</b>	<b>-10% Equity \$'000</b>	<b>+10% Equity \$'000</b>
<b>Financial assets</b>					
Cash and cash equivalents	18,401	(22)	22	(22)	22
Balances with related parties	5,305	(531)	531	(531)	531
Due from other financial institutions	8,000	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-
Loans and advances	70,070	-	-	-	-
Other financial asset	265	-	-	-	-
<b>Total financial assets</b>	<b>102,041</b>	<b>(553)</b>	<b>553</b>	<b>(553)</b>	<b>553</b>
<b>Financial liabilities</b>					
Due to other financial institutions	-	-	-	-	-
Due to related parties	997	-	-	-	-
Deposits and other borrowings	55,519	(542)	542	(542)	542
Other financial liabilities	453	-	-	-	-
<b>Total financial liabilities</b>	<b>56,969</b>	<b>(542)</b>	<b>542</b>	<b>(542)</b>	<b>542</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**28. SENSITIVITY ANALYSIS (continued)**

**Currency Risk**

<b>31 March 2016</b>	<b>Carrying Amounts \$'000</b>	<b>-10% Profit \$'000</b>	<b>+10% Profit \$'000</b>	<b>-10% Equity \$'000</b>	<b>+10% Equity \$'000</b>
<b>Financial assets</b>					
Cash and cash equivalents	8,355	-	-	-	-
Balances with related parties	3,378	(10)	10	(10)	10
Due from other financial institutions	14,100	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-
Loans and advances	64,195	(243)	243	(243)	243
Other financial asset	196	-	-	-	-
<b>Total financial assets</b>	<b>90,224</b>	<b>(253)</b>	<b>253</b>	<b>(253)</b>	<b>253</b>
<b>Financial liabilities</b>					
Due to other financial institutions	-	-	-	-	-
Due to related parties	2,368	(253)	253	(253)	253
Deposits and other borrowings	43,863	-	-	-	-
Other financial liabilities	313	-	-	-	-
<b>Total financial liabilities</b>	<b>46,544</b>	<b>(253)</b>	<b>253</b>	<b>(253)</b>	<b>253</b>

**29. FAIR VALUE OF FINANCIAL INSTRUMENTS**

	<b>As at 31.03.2017</b>		<b>As at 31.03.2016 (Restated)</b>	
	<b>Carrying Amounts NZ &amp; '000</b>	<b>Estimated Fair Value NZ &amp; '000</b>	<b>Carrying Amounts NZ &amp; '000</b>	<b>Estimated Fair Value NZ &amp; '000</b>
<b>Financial assets</b>				
Cash and cash equivalents	18,401	18,401	8,355	8,355
Balances with related parties	5,305	5,305	3,378	3,378
Due from other financial institutions	8,000	8,000	14,100	14,100
Loans and advances	70,070	76,011	64,195	67,149*
Other financial asset	265	265	196	196
<b>Total financial assets</b>	<b>102,041</b>	<b>107,982</b>	<b>90,224</b>	<b>93,178</b>
<b>Financial liabilities</b>				
Due to other financial institutions	-	-	-	-
Due to related parties	997	997	2,368	2,470*
Deposits and other borrowings	55,519	56,062	43,863	44,466*
Other financial liabilities	453	453	313	313
<b>Total financial liabilities</b>	<b>56,969</b>	<b>57,512</b>	<b>46,544</b>	<b>47,249</b>

\*A number of disclosures as at 31 March 2016 have been restated for consistency with the current year presentation. Estimated fair value amounts are now calculated using observable market interest rates at balance date. Related subtotals have also been amended as a result.

**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 and cash equivalents**

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, and rates of estimated credit losses.

**Other financial assets**

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



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

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

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

#### **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, carrying amounts in the balance sheet are a reasonable estimate of fair value for these assets.

#### **Other financial liabilities**

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

The following table provides an analysis of financial instruments not measured at fair value. The financial instruments are grouped into Level 1 to 3 based on the degree to which the fair value is observable.

#### **Level 1: Quoted market price**

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

#### **Level 2: Valuation technique using observable inputs**

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

#### **Level 3: Valuation technique with significant unobservable inputs**

Financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

As at 31 March 2017	Level 1 NZ \$ '000	Level 2 NZ \$ '000	Level 3 NZ \$ '000	Total NZ \$ '000
Cash and cash equivalents	-	18,401	-	18,401
Balances with related parties	-	5,305	-	5,305
Due from other financial institutions	-	8,000	-	8,000
Loans and advances	-	-	76,011	76,011
Other assets	-	265	-	265
<b>Total Financial Assets</b>	-	<b>31,971</b>	<b>76,011</b>	<b>107,982</b>
Due to related parties	-	997	-	997
Deposits and borrowings	-	56,062	-	56,062
Other liabilities	-	453	-	453
<b>Total Financial Liabilities</b>	-	<b>57,512</b>	-	<b>57,512</b>

As at 31 March 2016 (Restated)	Level 1 NZ \$ '000	Level 2 NZ \$ '000	Level 3 NZ \$ '000	Total NZ \$ '000
Cash and cash equivalents	-	8,355	-	8,355
Balances with related parties	-	3,378	-	3,378
Due from other financial institutions	-	14,100	-	14,100
Loans and advances	-	-	67,149*	67,149
Other assets	-	196	-	196
<b>Total Financial Assets</b>	-	<b>26,029</b>	<b>67,149</b>	<b>93,178</b>
Due to related parties	-	2,470*	-	2,470
Deposits and borrowings	-	44,466*	-	44,466
Due to other financial institutions	-	313	-	313
<b>Total Financial Liabilities</b>	-	<b>47,249</b>	-	<b>47,249</b>

Transfers between levels of fair value hierarchy are determined at the end of the reporting period. There have been no transfers between Level 1 and Level 2 during the year. There have also been no transfers into/out of Level 3 during the period ended 31 March 2017 (2016:Nil).

\*A number of disclosures as at 31 March 2016 have been restated for consistency with the current year presentation.



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

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

### **30. CREDIT EXPOSURE CONCENTRATIONS**

#### **Credit exposures to individual counterparties**

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 31 March 2017 was nil (31 March 2016: nil), and
- in respect of peak end-of-day aggregate credit exposure for the full year ended 31 March 2017 was nil (31 March 2016: 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.

#### **Credit exposures to connected persons**

The Reserve Bank of New Zealand defines connected persons to be other members of the BOB Group and Directors of the Bank. Credit exposures to connected persons are based on actual credit exposures rather than internal limits. The information on credit exposure to connected persons has been derived in accordance with the Reserve Bank of New Zealand's Connected Exposures Policy (BS8). Peak end-of-day aggregate credit exposures to connected persons expressed as a percentage of Tier One Capital of the Banking Group has been derived by determining the maximum end-of-day aggregate amount of credit exposure over the relevant twelve month period and then dividing that amount by the Bank's Tier One Capital as at the end of the period. The rating-contingent limit, which is applicable to the Bank as at balance date, is 15%. There have been no changes to the limit during the period. Within the rating-contingent limit there is a sub-limit of 15%, which applies to non-bank connected persons. The aggregate credit exposures below have been calculated on a gross basis, net of individual credit impairment allowances and exclude advances to connected persons of a capital nature. There are no individual impairment credit allowances against credit exposures to connected persons nor are there any contingent exposures arising from risk lay-off arrangements to connected persons as at 31 March 2017.

	As at 31 March 2017 \$'000	Peak end of day for the year ended 31 March 2017 \$'000	As at 31 March 2016 \$'000 (Restated)	Peak end of day for the year ended 31 March 2016 \$'000 (Restated)
Credit exposures to connected persons	5,305	6,116	3,378*	3,963*
As a percentage of Tier One Capital of the Bank	11.67%	13.44%	7.66%	8.98%
Credit exposures to non-bank connected persons	-	-	-	-
As a percentage of Tier One Capital of the Bank	0%	0%	0%	0%

The limits on aggregate credit exposure to all connected persons and to non-bank connected persons in the Bank's conditions of registration have been complied with at all times during the year ended 31 March 2017.

\*restated to maintain consistency in classification as the current year.

### **31. SECURITISATION, FUNDS, MANAGEMENT, OTHER FIDUCIARY ACTIVITIES AND THE MARKETING AND DISTRIBUTION OF INSURANCE PRODUCTS**

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.



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

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

**For the year ended 31 March 2017**

#### **32. RISK MANAGEMENT POLICIES**

##### **32.1 Credit Risk**

Credit risk is the risk of loss arising as a result of the diminution in credit quality of the borrower or counterparty and the risk that the borrower or counterparty will default on contractual repayments under an advance.

##### **Credit Risk Management**

The Bank is responsible for implementing and operating within established risk management frameworks and policies and has adapted the Bank's credit risk policy to the Bank's customer and product set.

The Bank has a Credit Committee that specifically oversees and co-ordinates the Bank's credit risk management functions. The Credit Committee has primary responsibility for identifying, measuring and monitoring the Bank's exposure to credit risk. The Credit Committee reports to the Board on credit risk on a quarterly basis.

The Bank has its own credit and lending policy which has been set by the Credit Committee and approved by the Board. Bank officers seek Credit Committee approval before deviating from any lending guideline or policy. Credit approval authorities have been delegated by the Board to lending officers, senior executives of the Bank and the Credit Committee. Compliance with these policies is monitored by the Credit Committee and reported to the Board.

In issuing credit approval, the Credit Committee takes into account the borrower's credit rating, the type of lending (including margins on advances and the pricing of loans), the security offered, the Bank's single and group exposures (with reference to the Bank's credit exposure ceilings) and the Bank's exposure to capital markets.

The Bank has two key systems for controlling credit risk: credit rating models and credit exposure ceilings.

##### **Credit rating models**

The Bank assesses risk at the time of appraisal of the loan using its rating model for various types of borrowers. A business portfolio is assessed on a risk rated basis and a consumer portfolio on a scoring basis.

##### **Credit exposure ceilings**

As a means of avoiding concentration of credit risk, the Bank sets ceilings in relation to single/group borrowers, unsecured borrowers and with respect to each industry sector.

##### **Credit risk mitigation and collateral**

The nature of collateral held for each type of financial asset differs. Cash and cash equivalents are considered zero risk assets and do not have collateral. Amounts due from other financial institutions and related parties are also relatively low risk exposures and are not collateralised.

The Bank uses a variety of techniques to reduce the credit risk arising from its loans and advances. Enforceable legal documentation has established the Bank's direct, irrevocable and unconditional recourse to any collateral, security or other credit enhancements provided.

Housing and other loans for consumer purposes may be secured, partially secured or unsecured depending on the product. Security is typically taken by a fixed and /or floating charge over the property or other assets. Loans for business purposes may be secured, partially secured or unsecured. Security is typically taken by way of a fixed and/or floating charge over property, business assets, or other assets. Other forms of credit protection may also be sought or taken out if warranted, such as guarantees from sovereign entities or authorised deposit – taking institutions and overseas Banks.

The estimated realisable value of collateral held in support of loans is based on a combination of:

- Formal valuations currently held for such collateral; and
- Management's assessment of the estimated realisable value of all collateral held.

This also takes into account relevant knowledge available to management at the time. Updated valuations are obtained when appropriate. Refer to note 33 for further information.



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

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2017**

### **32. RISK MANAGEMENT POLICIES (continued)**

Creditworthy customers may also enter into formal agreements with the Bank, permitting both the bank and the customer to set-off gross credit and debit balances in their nominated accounts. Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements are below:

**As at 31 March 2017**

	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the statement of financial position (b)	Net amounts of financial assets presented in the statement of financial position (c) = (a) – (b)	Related deposits not setoff in the statement of financial position (d)	Net amount (e) = (c) – (d)
Loan and advances	70,070	-	70,070	5,955	64,115

	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial assets set off in the statement of financial position (b)	Net amounts of financial liabilities presented in the statement of financial position (c) = (a) – (b)	Related loans and advances not setoff in the statement of financial position (d)	Net amount (e) = (c) – (d)
Deposits	55,519	-	55,519	5,955	49,564

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

**As at 31 March 2016**

	Gross amounts of recognised financial liabilities (a)	Gross amounts of recognised financial assets set off in the statement of financial position (b)	Net amounts of financial liabilities presented in the statement of financial position (c) = (a) – (b)	Related deposits not setoff in the statement of financial position (d)	Net amount (e) = (c) – (d)
Loan and advances	64,195	-	64,195	5,817	58,378

	Gross amounts of recognised financial liabilities (a)	Gross amounts of recognised financial assets set off in the statement of financial position (b)	Net amounts of financial liabilities presented in the statement of financial position (c) = (a) – (b)	Related loans and advances not setoff in the statement of financial position (d)	Net amount (e) = (c) – (d)
Deposits	43,863	-	43,863	5,817	38,046

### **32.2 Market Risk**

Market risk is the risk that exposure to price movements in financial instruments, arising as a result of changes in market variables, will result in a loss suffered by the Bank. The Bank has an Asset and Liability Committee that is responsible for, among other things, identifying, measuring and monitoring the Bank's exposure to market risk. The Asset and Liability Committee meets on a monthly basis and receives guidance and technical support from staff in the BOB head office. The relevant process for each category of market risk is as follows:

#### **Interest rate risk**

The Bank undertakes interest rate sensitivity gap analysis on a quarterly basis as a means of monitoring interest rate risk. Short term interest rate risk is calculated using the Earnings at Risk tool. The Bank ensures that the tolerance limits in respect of gaps for contractual reprising maturity time buckets are not breached.

#### **Foreign exchange risk**

The Bank undertakes analysis to ensure there are no material open foreign exchange positions through ensuring foreign exchange deposits are matched by corresponding foreign exchange balances held with financial institutions.

#### **Equity risk**

The Bank does not have any equity risk exposure.



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

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

**For the year ended 31 March 2017**

#### **32. RISK MANAGEMENT POLICIES (continued)**

##### **32.3 Liquidity Risk**

Liquidity risk occurs when an institution is unable to fulfil its commitment in the time when the commitment falls due. The Asset and Liability Committee is responsible for identifying, measuring and monitoring liquidity risk affecting the Bank.

To ensure that adequate liquidity is maintained consistently, the Bank ensures that, in the time buckets of 1 day, 2 to 7 days, 8 to 14 days and 15 to 30 days, the cumulative negative liquidity gap should not exceed 5, 10, 15 and 20 percent of cash flows in the respective periods. The Bank reviews the liquidity position on a daily basis to ensure that the negative liquidity gap does not exceed the tolerance limit in the first four time buckets. In addition, the Bank prepares monthly maturity gap reports and liquidity assessment reports to facilitate an appropriately liquid combination of assets and liabilities.

Liquidity risk is measured by flow approach on a monthly basis through Structural Liquidity Gap reports. Dynamic Gap reports, which measure liquidity risk on a dynamic basis, are also prepared monthly.

##### **32.4 Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank's senior management is responsible for implementing the operational risk management initiatives formulated by the Board. The Bank's senior management meet quarterly to analyse changes or trends in respect of operational risk. The Bank's senior management may make recommendations to the Board on strategies that may improve the Bank's operational risk profile.

##### **32.5 Capital Adequacy**

The Board and senior management undertake capital planning, in accordance with the Bank's internal capital adequacy assessment policy. As part of the capital planning process, the Board reviews:

- The current regulatory capital requirements of the Bank;
- The targeted and sustainable capital in terms of business strategy and risk appetite; and
- Future capital planning (with a three year outlook).

The capital plan is revised on an annual basis or more regularly, if necessary, to meet the Bank's obligations under Basel III. For further information see Note 33.

##### **32.6 Reviews of Bank's risk management systems**

Bank's risk management policy was reviewed on 8th June 2016 and is valid for two years from that date.

##### **32.7 Internal audit function**

The Bank utilises services of a chartered accountant firm to carry out internal audit functions as a control measure to enable senior management of the Bank to monitor and review the Bank on an ongoing basis. The Bank is subject to the following internal audit measures:

- A monthly compliance review is undertaken by senior management of the Bank. The purpose of this review is to check and confirm to BOB constant and concurrent compliance with all systems and procedures by the Bank;
- Internal audit carried out by a firm of chartered accountants appointed by Board from time to time; and
- Every three years, senior executives from BOB (for example, a general manager and an executive officer) will undertake an on-site inspection at the Bank.

##### **BOB – Audit Committee of the Board**

BOB, in accordance with the fundamentals of corporate governance and in pursuance of directives of the Reserve Bank of New Zealand, has an Audit Committee of the Board comprising of three BOB directors. A non-executive BOB director who is a professional chartered accountant is the chairman of the committee.

During the year, the Audit Committee of the Board met 4 times.

The main functions of the Audit Committee of the Board are to assess and review the financial reporting system of BOB to ensure that the financial statements are correct, sufficient and credible. It reviews and recommends with BOB management the quarterly / annual financial statements before their submission to the board of BOB.

The Audit Committee of the Board provides directions and oversees the operations of total audit functions of BOB, including the organisation, operation and quality control of internal audit and inspection within BOB and follow up on the statutory / external audit of BOB and inspections by the Reserve Bank of India.

The Audit Committee of the Board also reviews the adequacy of internal control systems, the structure of the internal audit department, its staffing patterns and discussions with the internal auditors / inspectors on any significant finding and follow up action. Further, it reviews the financing and risk management policies of BOB.



# BANK OF BARODA (NEW ZEALAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

### 33. CAPITAL ADEQUACY

The Bank has 40,000,000 fully paid up ordinary shares (tier one capital) issued at NZ \$1.00 per share on 22 May 2008 (25,000,000 shares) and 20 April 2009 (15,000,000 shares).

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.
- The Common Equity Tier one capital must not be less than 4.5% of risk weighted exposures.
- Capital must not be less than NZ\$30 million.

The capital adequacy tables set out below summarise the composition of regulatory capital and capital adequacy ratios for the year ended 31 March 2017. The Bank was registered on 1 September 2009 and from the date of registration to 31 March 2017; 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.

	As at 31.03.2017 NZ \$ '000	As at 31.03.2016 NZ \$ '000
<b>Tier one capital</b>		
<b>Common Equity Tier one capital</b>		
Issued and fully paid up share capital	40,000	40,000
Retained earnings	6,052	5,138
Accumulated other comprehensive income and other disclosed reserves	-	-
Interest from issue of ordinary shares	-	-
Less:	-	-
Regulatory adjustments	-	-
Deferred tax assets	(605)	(987)
<b>Total common equity tier one capital</b>	<b>45,447</b>	<b>44,151</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>-</b>
<b>Total tier one capital</b>	<b>45,447</b>	<b>44,151</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>-</b>
<b>Total capital</b>	<b>45,447</b>	<b>44,151</b>



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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**33. CAPITAL ADEQUACY (continued)**  
**Credit risk**

31 March 2017	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	127	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	26,274	20%	5,255	420
Banks	5,305	50%	2,652	212
Corporate	19,862	100%	19,862	1,589
<b>Residential mortgages not past due</b>				
Non Property Investment-LVR up to 80%	32,443	35%	11,355	908
Non Property Investment-LVR >80% but <90%	4,565	50%	2,283	183
Property Investment- LVR<80%	6,955	40%	2,782	223
Property Investment-LVR>80% but <90%	-	40%	-	-
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	5,931	0%	-	-
Other assets	579	100%	579	46
<b>Total on balance sheet exposures</b>	<b>102,041</b>		<b>44,768</b>	<b>3,581</b>

31 March 2017	Total exposure \$'000	Credit conversion factor NZ \$ '000	Credit equivalent amount \$'000	Average risk weight NZ \$ '000	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	-	-	-	-	-	-
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	340	50%	170	100%	170	14
Trade-related contingency	-	-	-	-	-	-
Placements of forward deposits	-	-	-	-	-	-
Other commitments where original maturity is more than one year	13,311	50%	6,656	80%	5,324	426
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	-	-	-	-	-	-
(b) Interest rate contracts	-	-	-	-	-	-
(c) Other – OTC, etc.	-	-	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>13,651</b>		<b>6,826</b>		<b>5,494</b>	<b>440</b>

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

31 March 2017	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
<b>Loan-to-valuation ratio</b>				
On-balance sheet exposures	39,561	4,584	-	44,145
Off-balance sheet exposures	3,307	81	-	3,388
<b>Total loan-to value ratio</b>	<b>42,868</b>	<b>4,665</b>	<b>-</b>	<b>47,533</b>



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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**33. CAPITAL ADEQUACY (continued)**

**Reconciliation of residential mortgage-related amounts**

	31 March 2017
Residential mortgage loans (as disclosed in Note 17)	44,145
Undrawn commitments related to residential mortgages	3,388
<b>Residential mortgages by loan-to-valuation ratio</b>	<b>47,533</b>

31 March 2016 Calculation of on-balance-sheet exposures (Restated)	Total exposure after credit risk mitigation \$'000	Risk weight	Risk weighted exposure \$'000	Minimum Pillar 1 capital requirement \$'000
Cash and gold bullion	328	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	22,127	20%	4,425	354
Banks	3,378	50%	1,689	135
Corporate	11,617*	100%	11,617*	929*
<b>Residential mortgages not past due</b>				
Non Property Investment-LVR up to 80%	37,397	35%	13,089	1,047
Non Property Investment-LVR >80% but <90%	7,990	50%	3,995	320
Property Investment- LVR<80%	1,188	35%	415	33
Property Investment-LVR>80% but <90%	-	40%	-	-
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	5,793	0%	-	-
Other assets	406*	100%	406*	33*
<b>Total on balance sheet exposures</b>	<b>90,224</b>		<b>35,636</b>	<b>2,851</b>

\*Corporate loans and other assets have been restated for consistency with the current year presentation. Corporate exposures and other exposures have been restated to align with the definitions of corporate loans. Related sub-totals and associated information in the tables below have also been restated due to this.

31 March 2016 Calculation of off-balance sheet exposures	Total exposure \$'000	Credit conversion factor	Credit equivalent amount \$'000	Average risk weight	Risk weighted exposure \$'000	Minimum Pillar 1 capital requirement \$'000
	NZ \$'000	NZ \$'000	NZ \$'000	NZ \$'000	NZ \$'000	NZ \$'000
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	225	50%	113	100%	113	9
Trade-related contingency	-	-	-	-	-	-
Placements of forward deposits	-	-	-	-	-	-
Other commitments where original maturity is more than one year	4,572	50%	2,286	46%	1,052	84
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>						
(b) Foreign exchange contracts	-	-	-	-	-	-
(b) Interest rate contracts	-	-	-	-	-	-
(c) Other – OTC, etc.	-	-	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>4,797</b>		<b>2,399</b>		<b>1,165</b>	<b>93</b>





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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**33. CAPITAL ADEQUACY (continued)**

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

31 March 2016 Loan-to-valuation ratio (Restated)*	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
On-balance sheet exposures	38,744	8,023	-	46,767
Off-balance sheet exposures	2,590	252	-	2,842
<b>Total loan-to value ratio</b>	<b>41,334</b>	<b>8,275</b>	<b>-</b>	<b>49,609</b>

**Reconciliation of residential mortgage-related amounts**

	Unaudited 31 March 2016 (Restated)*
Residential mortgage loans (as disclosed in Note 17)	46,767
Undrawn commitments related to residential mortgages	2,842
<b>Residential mortgages by loan-to-valuation ratio</b>	<b>49,609</b>

\*Reconciliation of residential mortgage-related amounts have been restated to align with current year disclosures to present gross mortgage loans (before provision) and to include undrawn amounts.

**Credit risk mitigation**

31 March 2017	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
<b>Exposure class</b>		
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	29,465	-
Residential mortgage	47,533	-
Other	6,861	-
<b>Total</b>	<b>83,859</b>	<b>-</b>

31 March 2016 (Restated)*	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
<b>Exposure class</b>		
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	12,942	-
Residential mortgage	49,609	-
Other	6,599	-
<b>Total</b>	<b>69,150</b>	<b>-</b>

\*Credit risk mitigation has been restated, as the Bank had not previously included the total value of on and off balance sheet exposures covered by eligible collateral.

**Operational risk capital requirement**

	31 March 2017		31 March 2016 (Restated)*	
	NZ \$ '000		NZ \$ '000	
	Implied risk weighted exposure \$'000	Total operational risk capital requirement \$'000	Implied risk weighted exposure \$'000	Total operational risk capital requirement \$'000
Operational risk	4,488	359	4,021	322

\*Operational risk has been restated as the Bank had not previously included certain operating expenses and was not using the quarterly balances for the calculation.



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

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

### **33. CAPITAL ADEQUACY (continued)**

#### **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 III. BOB is using the Standardised method for calculation of Capital Adequacy. This information is made available to users via the BOB website ([www.bankofbaroda.com](http://www.bankofbaroda.com)).

As per latest available data at 31 March 2017, BOB's Tier One Capital was 9.93% of total risk-weighted assets and total capital was 12.24% of total risk-weighted assets (31 March 2016: Tier One Capital was 10.79% of total risk-weighted assets and total capital was 13.17% of total risk-weighted assets). BOB's capital ratios during the year ended 31 March 2017 and 31 March 2016 exceeded both of the Reserve Bank of India's minimum capital adequacy requirements.

#### **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 9 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014. 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
<b>31 March 2017</b>				
Interest rate risk	4,000	320	4,000	320
Foreign currency risk	113	9	113	9
Equity risk	-	-	-	-
<b>Total capital requirements</b>	<b>4,113</b>	<b>329</b>	<b>4,113</b>	<b>329</b>
<b>31 March 2016 (Restated)</b>				
Interest rate risk*	2,310*	185*	4,395	351
Foreign currency risk	65	5	777	62
Equity risk	-	-	-	-
<b>Total capital requirements</b>	<b>2,375</b>	<b>190</b>	<b>5,172</b>	<b>413</b>

	Total exposure after credit risk mitigation \$'000	Risk weighted exposure or implied risk weighted exposure \$'000	Capital requirement \$'000
<b>31 March 2017</b>			
Total credit risk + equity	115,692	50,262	4,021
Operational risk	-	4,488	359
Market risk	-	4,113	329
<b>Total</b>	<b>115,692</b>	<b>58,863</b>	<b>4,709</b>
<b>31 March 2016 (Restated)</b>			
Total credit risk + equity	95,021	36,801	2,944
Operational risk*	-	4,021	322
Market risk*	-	2,375	190
<b>Total</b>	<b>95,021</b>	<b>43,197</b>	<b>3,456</b>

#### **Capital ratios**

	Common Equity Tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
<b>31 March 2017</b>			
Ratio	77.21%	77.21%	77.21%
Minimum ratio requirement	4.5%	6.0%	8.0%

	Common Equity Tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
<b>31 March 2016 (Restated)</b>			
Ratio*	102.21%	102.21%	102.21%
Minimum ratio requirement	4.5%	6.0%	8.0%



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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2017**

**33. CAPITAL ADEQUACY (Continued)**

**Buffer ratios**

<b>31 March 2017</b>	
Buffer ratio	69.21%
Buffer ratio requirement	2.5%

<b>31 March 2016 (Restated)</b>	
Buffer ratio*	94.21%
Buffer ratio requirement	2.5%

\* A number of disclosures as at 31 March 2016 have been restated for consistency with the current year presentation to correct computation oversights, which have not impacted the Bank's compliance with minimum capital adequacy requirements. Related subtotals have also been amended as a result.

**34. 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.

