

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

**for the Nine Months Ended**  
**31 December 2015**

## Contents

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1.	Definitions.....	2
2.	General information.....	3
3.	Guarantee.....	4
4.	Directors .....	6
5.	Conditions of registration.....	7
6.	Pending proceedings or arbitration.....	13
7.	Credit rating .....	14
8.	Other material matters .....	15
9.	Directors' statements .....	16
10.	Financial statements .....	17
	Appendix: Financial Statements .....	18

## 1. Definitions

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In this Disclosure Statement, unless the context otherwise requires:

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

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

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

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

**BOB** means Bank of Baroda;

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

**INR** means Indian Rupees;

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

**USD** means United States Dollars.

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

## 2. General information

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

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

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

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

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

#### (a) Ultimate parent bank

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

#### (b) Ultimate holding company

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

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

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

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

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

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

### 3. Guarantee

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#### 3.1 Guarantee arrangements

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

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

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

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

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

The address for service of the guarantor is:

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

As at 31 December 2015, the publicly disclosed capital of BOB was INR 399,946 million (USD 6,025.08 million) representing 12.18% of risk weighted exposure.

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

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

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

Details of the applicable rating scale can be found at section 7.2 of this disclosure statement.

**(b) Details of guaranteed obligations**

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

## 4. Directors

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### 4.1 Communications

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

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

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

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

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

### 4.2 Responsible person

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

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

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

## 5. Conditions of registration

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

The conditions apply on and after 1 November 2015 are as follows:

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

1. That—

- (a) the Total capital ratio of the banking group is not less than 8%;
- (b) the tier one capital ratio of the banking group is not less than 6%;
- (c) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5%; and
- (d) the Total capital of the banking group is not less than \$30 million; and
- (e) the 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 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.

1A. That—

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

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

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

For the purposes of this condition of registration,—

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

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

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

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

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<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.)

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 Acquisitions Policy” (BS15) dated December 2011; and
- (b) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:
  - (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination;
  - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking

Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and

- (iii) the Reserve Bank has given the bank a notice of non-objection to the significant acquisition or business combination.

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

15. That for a loan-to-valuation measurement period, the total of the bank’s qualifying new mortgage lending amount in respect of APIL with a loan-to-valuation ratio of more than 70% must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of APIL 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 ANPIL 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 APIL arising in the loan-to-valuation measurement period.

17. That for a loan-to-valuation measurement period, the total of the bank’s qualifying new mortgage lending amount in respect of non-Auckland loans with a loan-to-valuation ratio of more than 80%, must not exceed 15% of the total of the qualifying new mortgage lending amount in respect of non-Auckland loans arising in the loan-to-valuation measurement period.

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

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 18, ---

“ANPIL”, “APIL”, “loan-to-valuation ratio”, “non-Auckland loan”, “qualifying new mortgage lending amount” in respect of [...] 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 November 2015:

“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 April 2016.

## **6. Pending proceedings or arbitration**

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

## 7. Credit rating

### 7.1 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 01-09-2015, 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.

### 7.2 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.

## 8. **Other material matters**

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



## 9. Directors' statements

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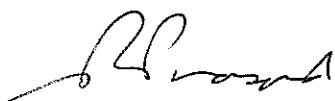
Each Director of the Bank, after due inquiry, believes as at the date of signing that this disclosure statement:

- 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 nine months ended 31 December 2015:

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

For and on behalf of all of the Directors of the Bank (authorised to issue by Directors' resolution via circular agenda dated 19 February 2016), this disclosure statement is dated at Auckland, New Zealand this 19 February 2016 and signed by Dr. Rajen Prasad and Prahlad Das Gupta as responsible persons.



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



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



## 10. **Financial statements**

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The financial statements for the Bank for the nine months ended 31 December 2015 are attached as Appendix and form part of this disclosure statement.

## **Appendix: Financial Statements**

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Bank of Baroda (New Zealand) Limited

Company Number 2135104

Financial Statements for the nine months ended  
31 December 2015

**Contents: Interim Financial Statements**

Statement of Comprehensive Income	20
Statement of Changes in Equity	21
Statement of Financial Position	22
Cash Flow Statement	23
<b>Notes to the Financial Statements</b>	
1. Statement of Accounting Policies	25
2. Interest Income	25
3. Other Income	25
4. Operating Expenses	26
5. Due from Related Parties	26
6. Due from other Financial Institution	27
7. Loans & Advances	27
8. Deferred Tax Asset	28
9. Due to Related Parties	29
10. Deposits & Borrowings	29
11. Asset Quality	30
12. Concentration of Credit Risk	31
13. Concentration of Funding	32
14. Segmental Information	32
15. Lease Commitments	32
16. Capital Commitments	32
17. Contingent Liabilities	33
18. Subsequent Events after Balance Date	33
19. Liquidity Risk	34
20. Interest Rate Sensitivity	35
21. Fair Value of Financial Instruments	35
22. Credit Exposure Concentrations	37
23. Fiduciary Activities	37
24. Risk Management Policies	37
25. Capital Adequacy	38
26. Other Material Matters	43

**FINANCIAL STATEMENTS**

<b>STATEMENT OF COMPREHENSIVE INCOME For the nine months ended 31 December 2015</b>	<b>Notes</b>	<b>Unaudited Nine months ended 31 December 2015 \$'000</b>	<b>Unaudited Nine months ended 31 December 2014 \$'000</b>	<b>Audited Year ended 31 March 2015 \$'000</b>
Interest income	2	2,984	2,457	3,310
Interest expense		(829)	(513)	(727)
<b>Net interest income</b>		<b>2,155</b>	<b>1,944</b>	<b>2,583</b>
Other income	3	1,163	975	1,333
<b>Total operating income</b>		<b>3,318</b>	<b>2,919</b>	<b>3,916</b>
Operating expenses	4	(2,120)	(2,227)	(3,172)
Impairment losses on loans and advances		(53)	(50)	(49)
<b>Net profit/(loss)before taxation</b>		<b>1,145</b>	<b>642</b>	<b>695</b>
Taxation (expense)/benefit		212	-	131
<b>Net profit/(loss)after taxation</b>		<b>1,357</b>	<b>642</b>	<b>826</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>1,357</b>	<b>642</b>	<b>826</b>

The accompanying notes on pages 25 to 43 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements

BANK OF BARODA (NEW ZEALAND) LIMITED  
 FINANCIAL STATEMENTS  
 For the nine months ended 31 December 2015

<b>STATEMENT OF CHANGES IN EQUITY For the nine months ended 31 December 2015</b>	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 April 2015	<b>40,000</b>	<b>3,743</b>	<b>43,743</b>
Net profit/(loss) after taxation and total comprehensive income	-	<b>1,357</b>	<b>1,357</b>
<b>Balance at 31 December 2015 (Unaudited)</b>	<b>40,000</b>	<b>5,100</b>	<b>45,100</b>
Balance at 1 April 2014	<b>40,000</b>	<b>2,917</b>	<b>42,917</b>
Net profit/(loss) after taxation and total comprehensive income	-	<b>826</b>	<b>826</b>
<b>Balance as at 31 March 2015 (Audited)</b>	<b>40,000</b>	<b>3,743</b>	<b>43,743</b>
Balance at 1 April 2014	<b>40,000</b>	<b>2,917</b>	<b>42,917</b>
Net profit/(loss) after taxation and total comprehensive income	-	<b>642</b>	<b>642</b>
<b>Balance at 31 December 2014 (Unaudited)</b>	<b>40,000</b>	<b>3,559</b>	<b>43,559</b>

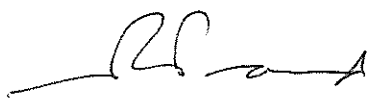
The accompanying notes on pages 25 to 43 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements

<b>STATEMENT OF FINANCIAL POSITION</b> <b>As at 31 December 2015</b>	<b>Notes</b>	<b>Unaudited 31 December 2015 \$'000</b>	<b>Unaudited 31 December 2014 \$'000</b>	<b>Audited 31 March 2015 \$'000</b>
<b>Assets</b>				
Cash and cash equivalents		368	2,935	5,159
Balances due from related parties	5	3,195	2,974	3,400
Due from other financial institutions	6	23,766	14,600	17,800
Loans and advances	7	59,577	50,033	49,081
Property, plant and equipment		504	640	598
Current taxation		-	-	-
Deferred tax asset	8	1,159	816	947
Other assets		145	377	346
<b>Total assets</b>		<b>88,714</b>	<b>72,375</b>	<b>77,331</b>
<b>Liabilities</b>				
Balances due to related parties	9	2,485	598	980
Deposits and other borrowings	10	40,934	28,042	32,402
Current taxation		-	-	-
Other liabilities		195	176	206
<b>Total liabilities</b>		<b>43,614</b>	<b>28,816</b>	<b>33,588</b>
<b>Shareholders' equity</b>				
Share capital		40,000	40,000	40,000
Reserves		5,100	3,559	3,743
<b>Total shareholders' equity</b>		<b>45,100</b>	<b>43,559</b>	<b>43,743</b>
<b>Total shareholders' equity and liabilities</b>		<b>88,714</b>	<b>72,375</b>	<b>77,331</b>

Total interest earning and discount bearing assets	85,186	69,093	74,135
Total interest and discount bearing liabilities	39,325	25,755	28,744
Financial Assets, pledged as collateral for liabilities or contingent liabilities	-	-	-

The accompanying notes on pages 25 to 43 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

For and on behalf of the Board

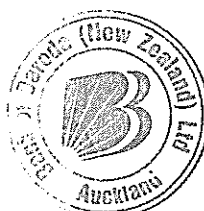


**Dr. Rajen Prasad**  
**Chairman**



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

Authorised for issue on 19 February 2016



## BANK OF BARODA (NEW ZEALAND) LIMITED

## FINANCIAL STATEMENTS

For the nine months ended 31 December 2015

**CASH FLOW STATEMENT****For the nine months ended 31 December 2015**

	Unaudited Nine months ended 31 December 2015 \$'000	Unaudited Nine months ended 31 December 2014 \$'000	Audited Year ended 31 March 2015 \$'000
<b>Cash flows from operating activities</b>			
Interest received	3,083	2457	3,352
Fees and other income	1,163	975	1,333
Operating expenses paid	(2,026)	(2,227)	(2,966)
Interest paid	(817)	(513)	(721)
Taxes paid	-	-	-
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>	<b>1,403</b>	<b>692</b>	<b>998</b>
<b>Net changes in operating assets and liabilities:</b>			
Increase in loans and advances	(10,549)	(6,937)	(6,034)
Decrease/(increase) in balances due from other financial institutions	(1,060)	2,700	(500)
Increase in deposits and other borrowings	8,532	2,754	7,114
Increase in balances due to other financial institutions	-	-	-
Increase in other liabilities	-	-	-
Increase in interest receivable	-	-	-
Increase/(decrease) in balances due to related parties	1,505	(739)	(357)
Increase in other assets	102	(23)	(34)
Increase/(decrease) in other liabilities and provisions	(23)	-	-
Decrease/(increase) in balances due from related parties	205	(256)	(682)
<b>Net cash flows from operating activities</b>	<b>115</b>	<b>(1,722)</b>	<b>505</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	-	-	(3)
Purchase of intangible software assets	-	-	-
Purchase of customer relationships	-	-	-
<b>Net cash flows from investing activities</b>	<b>-</b>	<b>-</b>	<b>(3)</b>
<b>Cash flows from financing activities</b>			
Issue of shares	-	-	-
Capital injection from shareholders	-	-	-
Proceeds from term subordinated debt	-	-	-
Proceeds from related parties	-	-	-
Increase in debt securities issued	-	-	-
Dividends paid	-	-	-
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>	<b>115</b>	<b>(1,722)</b>	<b>502</b>
Add opening cash and cash equivalents	253	4,657	4,657
Effect of exchange rate changes on cash and cash equivalents	-	-	-
<b>Closing cash and cash equivalents#</b>	<b>368</b>	<b>2,935</b>	<b>5,159</b>

#cash & cash equivalent (Due to change in accounting for showing cash and current account balances separately, in December 2015, only cash portion of March 2015 is taken in December 2015. Closing cash and cash equivalent in March 2015 of \$5,159K included CASH of \$253K. **For December 2015, it should be read as Closing cash)**

The accompanying notes on pages 25 to 43 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements



## BANK OF BARODA (NEW ZEALAND) LIMITED

## FINANCIAL STATEMENTS

For the nine months ended 31 December 2015

**CASH FLOW STATEMENT  
For the nine months ended  
31 December 2015**

	Unaudited Nine months ended 31 December 2015 \$'000	Unaudited Nine months ended 31 December 2014 \$'000	Audited Year ended 31 March 2015 \$'000
<b>Reconciliation of net profit after taxation to net cash-flows from operating activities</b>			
<b>Net profit/(loss) after taxation</b>	<b>1,357</b>	<b>642</b>	<b>826</b>
<b>Non cash movements:</b>			
Unrealised fair value adjustments	99	-	-
Depreciation	94	125	167
Amortisation of intangibles	-	-	-
Increase in collective allowance for impairment losses	48	27	27
Increase in individual allowance for impairment losses	5	23	22
(Increase)/decrease in deferred expenditure	12	-	-
Unsecured lending losses	-	-	-
Unrealised foreign exchange loss/(gain)	-	-	-
(Increase)/decrease in deferred taxation	(212)	-	(131)
<b>Net movement in operating assets and liabilities</b>	<b>46</b>	<b>175</b>	<b>85</b>
Increase in loans and advances	(10,549)	(6,937)	(6,034)
Decrease/(increase) in balances due from other financial institutions	(1,060)	2,700	(500)
Increase in deposits and other borrowings	8,532	2,754	7,114
Increase in balances due to other financial institutions	-	-	-
Increase in other liabilities	-	-	-
Increase in interest receivable	-	-	42
Increase/(decrease) in balances due to related parties	1,505	(739)	(357)
Increase in other assets	102	(23)	(34)
Increase /(decrease) in other liabilities and provisions	(23)	-	45
Decrease/(increase) in balances due from related parties	205	(256)	(682)
<b>Net cash flows from operating activities</b>	<b>115</b>	<b>(1,722)</b>	<b>505</b>

The accompanying notes on pages 25 to 43 form an integral part of these interim financial statements.

**1. STATEMENT OF ACCOUNTING POLICIES****Statutory base**

These interim financial statements have been prepared in accordance with the registered Bank Disclosure Statement (New Zealand Incorporated Registered Banks) Order 2014 (as amended).

These interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"), as appropriate for profit-oriented entities, and the New Zealand equivalent to International Accounting Standard ("NZ IAS") 34 *Interim Financial Reporting* and should be read in conjunction with the General Disclosure Statement for the year ended 31 March 2015.

These interim financial statements comply with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

These interim financial statements were authorised for issue by the Board on 18 February 2016. The Board has the power to amend the financial statements after they are authorised for issue.

**Basis of preparation**

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

**2. INTEREST INCOME**

	Unaudited Nine months ended 31 December 2015 \$'000	Unaudited Nine months ended 31 December 2014 \$'000	Audited Year ended 31 March 2015 \$'000
<b>Interest Income</b>			
Bank Deposits/Placements	601	576	754
Loans & Advances to Customers	2,383	1,881	2,556
<b>Total Interest income</b>	<b>2,984</b>	<b>2,457</b>	<b>3,310</b>

**3. OTHER INCOME**

	Unaudited Nine months ended 31 December 2015 \$'000	Unaudited Nine months ended 31 December 2014 \$'000	Audited Year ended 31 March 2015 \$'000
<b>Other Income</b>			
Banking and lending fee income	142	16	125
Net commissions revenue	19	7	82
Net foreign exchange gains	985	829	1,126
Other revenue	17	123	-
<b>Total other income</b>	<b>1,163</b>	<b>975</b>	<b>1,333</b>

#### 4. OPERATING EXPENSES

	Unaudited nine months ended 31 December 2015 \$'000	Unaudited nine months ended 31 December 2014 \$'000	Audited Year ended 31 March 2015 \$'000
<b>Operating Expenses</b>			
Wages & staff expenses	1,017	1,034	1,429
Rent & Lighting	458	459	611
Directors' fee	18	13	18
Audit Expenses	76	32	90
Other expenses	551	689	1,024
<b>Total operating expenses</b>	<b>2,120</b>	<b>2,227</b>	<b>3,172</b>

#### 5. DUE FROM RELATED PARTIES

All due from related parties transactions are as under

<b>Balance in accounts</b>	Unaudited nine months ended 31 December 2015 \$'000	Unaudited nine months ended 31 December 2014 \$'000	Audited Year ended 31 March 2015 \$'000
Bank of Baroda (India)	-	18	250
Bank of Baroda (Newyork)	214	248	433
Bank of Baroda (Fiji)	6	12	13
Bank of Baroda (Brussels)	12	7	12
Bank of Baroda (London)	23	23	16
State Bank of India (Sydney)	12	16	6
Bank of Baroda (Uganda)	2,928	1,325	1,335
Bank of Baroda (Kenya)	-	1,325	1,335
<b>Due from Related Parties</b>	<b>3,195</b>	<b>2,974</b>	<b>3,400</b>

## 6. DUE FROM OTHER FINANCIAL INSTITUTIONS

	Unaudited nine months ended 31 December 2015 \$'000	Unaudited nine months ended 31 December 2014 \$'000	Audited Year ended 31 March 2015 \$'000
Balances due from Financial Institution			
Balances in Current Accounts	8,666	2,404	4,906
Balances of Short Term Deposit	15,100	14,600	17,800
<b>Due from other financial institutions</b>	<b>23,766</b>	<b>17,004</b>	<b>22,706</b>

(Balance in Current Accounts shown here for 31 December 2014 and 31 March 2015 is part of 'cash & cash equivalents' in Balance Sheet table on page number 22. There, cash as at 31 December 2014: \$531K & at 31 March 2015: \$253K is also added).

## 7. LOANS AND ADVANCES

	Unaudited nine months ended 31 December 2015 \$'000	Unaudited nine months ended 31 December 2014 \$'000	Audited Year ended 31 March 2015 \$'000
Residential mortgage loans	42,106	39,134	38,178
Corporate exposures	3,494	9,631	5,354
Other loans including personal loans	14,342	1,581	5,861
Allowance for impairment losses	(365)	(313)	(312)
<b>Total net loans and receivables</b>	<b>59,577</b>	<b>50,033</b>	<b>49,081</b>
<b>Allowance for impairment losses reconciliation</b>			
Balance at beginning of the year	312	263	263
Charged to the income statement	53	50	49
<b>Balance at end of the year</b>	<b>365</b>	<b>313</b>	<b>312</b>

**8 . DEFERRED TAX ASSET**

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

## 9. DUE TO RELATED PARTIES

All due to related parties transactions are as under

<b>Balance in accounts</b>	<b>Unaudited nine months ended 31 December 2015 \$'000</b>	<b>Unaudited nine months ended 31 December 2014 \$'000</b>	<b>Audited Year ended 31 March 2015 \$'000</b>
Bank of Baroda (India)	960	578	978
Bank of Baroda (Fiji)	2	20	2
New India assurance	1,523	--	--
<b>Due to related parties</b>	<b>2,485</b>	<b>598</b>	<b>980</b>

## 10. DEPOSITS & BORROWINGS

	<b>Unaudited nine months ended 31 December 2015 \$'000</b>	<b>Unaudited nine months ended 31 December 2014 \$'000</b>	<b>Audited Year ended 31 March 2015 \$'000</b>
<b>Deposits</b>			
<b>Demand Deposit</b>			
- from others	2,657	2,078	3,033
<b>Savings Bank Deposits</b>	17,350	12,327	14,107
<b>Term Deposits</b>			
<12 months	11,328	7,599	5,980
≥12 months	9,599	6,038	9,282
<b>Total Deposits</b>	<b>40,934</b>	<b>28,042</b>	<b>32,402</b>

## 11. ASSET QUALITY

As at 31 December 2015 Unaudited	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Neither past due nor impaired	42,105	3,390	14,333	59,828
Past due but not impaired	1	1	1	3
Impaired		103	8	111
<b>Gross loans and advances</b>	<b>42,106</b>	<b>3,494</b>	<b>14,342</b>	<b>59,942</b>
Less Allowance for impairment	(173)	(117)	(75)	(365)
<b>Net loans and advances</b>	<b>41,933</b>	<b>3,377</b>	<b>14,267</b>	<b>59,577</b>

Past due assets	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Gross amount of finance receivables that were past due but not impaired were as follows:				
<b>Business</b>				
Past due up to 30 days	1	1	1	3
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	-	-	-	-
Past due 90+ days	-	-	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>

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

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

Collective credit impairment allowance	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Balance at beginning of the year	133	50	18	201
Charged to the income statement	40	(36)	44	48
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	-	-
Total amounts per income statement	40	(36)	44	48
<b>Balance at end of period</b>	<b>173</b>	<b>14</b>	<b>62</b>	<b>249</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.

There has been no interest revenue foregone on restructured, individually impaired or greater than 90 days past due assets during the -9- month period up to 31 December 2015.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the nine months ended 31 December 2015**

**12. CONCENTRATION OF CREDIT RISK**

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

	<b>Unaudited 31 December 2015 \$'000</b>
<b>New Zealand</b>	
Government	-
Finance	24,279
Households	42,106
Transport and storage	-
Communications	-
Electricity, gas and water	-
Construction	2,551
Property services	2,455
Agriculture	-
Health and community services	985
Personal and other services	2,505
Retail and wholesale trade	9,285
Food & other manufacturing	55
<b>Overseas</b>	
Finance, Investment and insurance	3,195
<b>Total financial assets</b>	<b>87,416</b>
Allowance for impairment losses	(365)
<b>Total net financial assets</b>	<b>87,051</b>

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

	<b>Unaudited 31 December 2015 \$'000</b>
<b>New Zealand</b>	
Upper North Island	65,162
Lower North Island	19,059
South Island	-
Overseas	3,195
<b>Total financial assets</b>	<b>87,416</b>
Allowance for impairment losses	(365)
<b>Total net financial assets</b>	<b>87,051</b>

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

	<b>Unaudited 31 December 2015 \$'000</b>
Loans and advances	59,942
Balances with related parties	3,195
Due from other financial institutions	23,766
Derivative financial instruments	-
Financial assets held for trading	-
Available-for-sale assets	-
Cash and cash equivalents	368
Other financial assets	145
<b>Total gross financial assets</b>	<b>87,416</b>
Allowance for impairment losses	(365)
<b>Total net financial assets</b>	<b>87,051</b>



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

For the nine months ended 31 December 2015

**13. 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:

	<b>Unaudited 31 December 2015 \$'000</b>
<b>New Zealand</b>	
Transport and storage	-
Financing, investment and insurance	1,523
Electricity, gas and water	-
Food & other manufacturing	-
Construction	-
Government, local authorities and services	-
Agriculture	-
Health and community services	-
Personal and other services	-
Property and business services	-
Education	-
Retail and wholesale trade	-
Other	922
Households	40,012
<b>Overseas</b>	
Amounts due to related parties	962
<b>Total</b>	<b>43,419</b>

**14. SEGMENTAL INFORMATION**

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

**15. LEASE COMMITMENTS**

	<b>Unaudited 31 December 2015 Nine months ended \$'000</b>	<b>Unaudited 31 December 2014 Nine months ended \$'000</b>	<b>Audited 31 March 2015 Year ended \$'000</b>
<b>Operating lease commitments under non-cancellable operating leases:</b>			
Not later than 1 year	400	362	421
1-2 years	282	335	351
2-5 years	557	786	701
5+ years	31	141	85
<b>Total</b>	<b>1,270</b>	<b>1,624</b>	<b>1,558</b>

**16. CAPITAL COMMITMENTS**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the nine months ended 31 December 2015**

**17. CONTINGENT LIABILITIES**

	<b>Unaudited 31 December 2015 Nine months ended \$'000</b>	<b>Unaudited 31 December 2014 Nine months ended \$'000</b>	<b>Audited 31 March 2015 Year ended \$'000</b>
<b>Contingent Liabilities</b>			
Performance/financial guarantees issued on behalf of customers	1,025	875	950
Documentary Credit (L.C)	-	-	-
<b>Total Contingent Liabilities</b>	<b>1,025</b>	<b>875</b>	<b>950</b>
<b>Undrawn Commitments</b>	<b>8,696</b>	<b>2,835</b>	<b>4,592</b>

**18. SUBSEQUENT EVENTS AFTER BALANCE DATE**

There were no subsequent events after balance date.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the nine months ended 31 December 2015**

**19. LIQUIDITY RISK**

The Bank's policies for managing liquidity are set out in General Disclosure Statement for the year ended 31 March 2013. The tables below summarises the cash flows payable or receivable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are contractual undiscounted cash flows and is not disclosed based on expected cash flows.

<b>31 December 2015 Unaudited</b>	<b>On Demand \$'000</b>	<b>Up to 3 months \$'000</b>	<b>3 to 12 Months \$'000</b>	<b>Between 1 &amp; 5 years \$'000</b>	<b>More than 5 years \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>						
Cash and cash equivalents	368	-	-	-	-	368
Due from other financial institutions	8,666	15,158	1,008	-	-	24,832
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	8,571	1,119	3,685	18,570	71,047	102,992
Due from related parties	3,195	-	-	-	-	3,195
Other financial assets	145	-	-	-	-	145
<b>Total financial assets</b>	<b>20,945</b>	<b>16,277</b>	<b>4,693</b>	<b>18,570</b>	<b>71,047</b>	<b>131,532</b>
<b>Financial liabilities</b>						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	6,027	6,621	11,513	11,164	9,911	45,236
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties	962	-	-	1,711	-	2,673
Other financial liabilities	195	-	-	-	-	195
<b>Total financial liabilities</b>	<b>7,184</b>	<b>6,621</b>	<b>11,513</b>	<b>12,875</b>	<b>9,911</b>	<b>48,104</b>
<b>Net non derivative cash flows</b>	<b>13,761</b>	<b>9,656</b>	<b>(6,820)</b>	<b>5,695</b>	<b>61,136</b>	<b>83,428</b>
<b>Derivative cash flows</b>						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off balance sheet cash flows</b>						
Financial guarantees	(1,025)	-	-	-	-	(1,025)
<b>Total</b>	<b>(1,025)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,025)</b>
<b>Net cash flows</b>	<b>12,736</b>	<b>9,656</b>	<b>(6,820)</b>	<b>5,695</b>	<b>61,136</b>	<b>82,403</b>

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

	<b>31December 2015 \$'000</b>	<b>31December 2014 \$'000</b>	<b>31 March 2015 \$'000</b>
Cash and bank balances	368	2,935	5,159
Short term deposits	23,766	14,600	17,800
Deposit/cash held with related parties	3,195	2,974	3,400
<b>Total Liquid assets</b>	<b>27,329</b>	<b>20,509</b>	<b>26,359</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the nine months ended 31 December 2015**

**20. INTEREST RATE SENSITIVITY**

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

<b>31 December 2015 Unaudited</b>	<b>Total</b>	<b>Interest insensitive</b>	<b>Up to 3 months</b>	<b>Between 3 months &amp; 6 months</b>	<b>Between 6 months &amp; 1 year</b>	<b>Between 1 &amp; 2 years</b>	<b>Between 2 &amp; 5 years</b>	<b>Over 5 years</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>								
Cash and cash equivalents	368	368	-	-	-	-	-	-
Due from other financial institutions	23,766	1,085	21,681	1,000	-	-	-	-
Loans and advances	59,577	-	4,374	2,742	47,530	4,931	-	-
Balances with related parties	3,195	267	2,928	-	-	-	-	-
Other financial assets	145	145	-	-	-	-	-	-
<b>Total financial assets</b>	<b>87,051</b>	<b>1,865</b>	<b>28,983</b>	<b>3,742</b>	<b>47,530</b>	<b>4,931</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	40,934	3,132	6,625	5,936	21,885	779	2,577	-
Due to related parties	2,485	962	-	-	-	-	1,523	-
Other financial liabilities	195	195	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>43,614</b>	<b>4,289</b>	<b>6,625</b>	<b>5,936</b>	<b>21,885</b>	<b>779</b>	<b>4,100</b>	<b>-</b>
<b>On-balance sheet gap</b>								
Net derivative notional principals	-	-	-	-	-	-	-	-
Net effective interest rate gap	43,437	(2,424)	22,358	(2,194)	25,645	4,152	(4,100)	-

**21. FAIR VALUE OF FINANCIAL INSTRUMENTS**

<b>31 December Unaudited</b>	<b>2015</b>		<b>2014</b>	
	<b>Carrying Amounts \$'000</b>	<b>Estimated Fair Value \$'000</b>	<b>Carrying Amounts \$'000</b>	<b>Estimated Fair Value \$'000</b>
<b>Financial assets</b>				
Cash	368	368	531	531
Balances with related parties	3,195	3,195	2,794	2,794
Due from other financial institutions	23,766	23,766	17,004	17,004
Loans and advances	59,577	62,128	50,033	50,888
Other assets	145	145	377	377
<b>Total financial assets</b>	<b>87,051</b>	<b>89,602</b>	<b>70,739</b>	<b>71,594</b>
<b>Financial liabilities</b>				
Due to related parties	2,485	2,485	596	596
Deposits and other borrowings	40,934	42,872	28,042	28,489
Other liabilities	195	195	176	176
<b>Total financial liabilities</b>	<b>43,614</b>	<b>45,552</b>	<b>28,814</b>	<b>29,261</b>

**Fair value estimation**

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

**Cash**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the nine months ended 31 December 2015**

**Loans and advances**

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

**Other assets**

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

**Deposits by customers**

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

**Due to/from related parties**

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

**Other liabilities**

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

## **22. CREDIT EXPOSURE CONCENTRATIONS**

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

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

- as at 31 December 2015 was nil, and
- in respect of peak end-of-day aggregate credit exposure for the nine months ended 31 December 2015 was 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.

## **23. FIDUCIARY ACTIVITIES**

As at balance date the Bank is not involved in:

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

## **24. RISK MANAGEMENT POLICIES**

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

## 25. CAPITAL ADEQUACY

### Capital

The Bank has 40,000,000 fully paid up ordinary shares (tier one capital) issued at NZ \$1.00 per share.

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.
- 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 period ended 31 December 2015. The Bank was registered on 1 September 2009 and from the date of registration to 31 December 2015; the Bank has complied with both regulatory and internal capital adequacy requirements.

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

BANK OF BARODA (NEW ZEALAND) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
For the nine months ended 31 December 2015

	Unaudited 31 December 2015 \$'000
<b>Tier one capital</b>	
Issued and fully paid up share capital	40,000
Perpetual fully paid up non-cumulative preference shares	-
Revenue and similar reserves <sup>1</sup>	3,743
Current period's retained profits	1,357
Tier one minority interests	-
Less: deductions from tier one capital	(1,159)
Plus: other adjustments to tier one capital	-
<b>Total tier one capital</b>	<b>43,941</b>
<b>Tier two capital</b>	
<b>Upper tier two capital</b>	
Unaudited retained profits	-
Revaluation reserves	-
Upper tier two capital instruments (specify)	-
<b>Lower tier two capital</b>	
Term subordinated debt	-
Other capital elements with original maturity of five years or more	-
<b>Total tier two capital</b>	<b>-</b>
Tier one capital plus tier two capital	43,941
Less: deductions from total capital (specify each deduction)	-
Plus: other adjustments to total capital (specify each adjustment)	-
<b>Total capital</b>	<b>43,941</b>
(Deferred Tax Asset \$1,159K has been deducted for capital adequacy calculation)	

1 Revenue and similar reserves consists of prior period retained profits.



**25. CAPITAL ADEQUACY (Continued)****Credit risk**

<b>Unaudited 31 December 2015 Calculation of on-balance-sheet exposures</b>	<b>Total exposure after credit risk mitigation \$'000</b>	<b>Risk weight</b>	<b>Risk weighted exposure \$'000</b>	<b>Minimum Pillar 1 capital requirement \$'000</b>
Cash and gold bullion	368	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	23,766	20%	4,753	380
Banks	3,195	50%	1,598	128
Corporate	3,377	100%	3,377	270
<b><u>Residential mortgages not past due</u></b>				
Non Property Investment–LVR up to 80%	33,758	35%	11,816	945
Non Property Investment–LVR >80% but <90%	8,043	50%	4,022	322
Property Investment- LVR<80%	132	40%	53	4
Property Investment-LVR>80% but <90%	-	70%	-	-
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	5,405	0%	-	-
Other assets	10,670	100%	10,670	854
<b>Total on balance sheet exposures after credit risk mitigation</b>	<b>88,714</b>		<b>36,289</b>	<b>2,903</b>

## BANK OF BARODA (NEW ZEALAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2015

**Unaudited  
31 December 2015**

<b>Calculation of off-balance sheet exposures</b>	<b>Total exposure</b>	<b>Credit conversion factor</b>	<b>Credit equivalent amount</b>	<b>Average risk weight</b>	<b>Risk weighted exposure</b>	<b>Minimum Pillar 1 capital requirement</b>
	<b>\$'000</b>		<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Undrawn commitments on existing facilities	8,696	50%	4,348	50%	2,174	174
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	1,025	50%	513	100%	513	41
Trade-related contingency	-	20%	-	100%	-	-
Placements of forward deposits	-	-	-	-	-	-
Other commitments where original maturity is more than one year	-	-	-	-	-	-
Other commitments where original maturity is less than or equal to one year	-	-	-	-	-	-
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	-	-	-	-	-
<b>Market related contracts</b>						
(a) Foreign exchange contracts	-	1%	-	100%	-	-
(b) Interest rate contracts	-	-	-	-	-	-
(c) Other – OTC, etc	-	-	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>9,721</b>	<b>-</b>	<b>4,861</b>	<b>-</b>	<b>2,687</b>	<b>215</b>

## Residential mortgages by loan-to-valuation ratio

	<b>Does not exceed 80%</b>	<b>Exceeds 80% and not 90%</b>	<b>Exceeds 90%</b>	<b>Total</b>
<b>Loan-to-value ratio</b>				
Value of exposures	34,030	8,076	-	42,106

## Reconciliation of residential mortgage-related amounts

	<b>Unaudited 31 December 2015 \$'000</b>
Residential mortgage loans (as disclosed in Note 4)	42,106
Residential mortgages by loan-to-value ratio	42,106

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the nine months ended 31 December 2015

**25. CAPITAL ADEQUACY (Continued)**

**Credit risk mitigation**

Exposure class	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting) \$'000	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives \$'000
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	400	-
Residential mortgage	-	-
Other	7,985	-
<b>Total</b>	<b>8,385</b>	<b>-</b>

**Operational risk capital requirement**

	Implied risk weighted exposure \$'000	Total operational risk capital requirement \$'000
Operational risk	4,488	359

**Market risk**

Market risk exposures have been calculated in accordance with the methodology detailed in Part 10 of the RBNZ's BS2A Capital Adequacy framework, and schedule 5A of the Registered Bank Disclosure Statement (Full and half-year - New Zealand Incorporated Registered Banks) Order 2012. Peak exposures are calculated using the Bank's shareholders' equity at the end of the quarter.

	End-period capital charges		Peak end-of-day capital charges	
	Implied risk weighted exposure \$'000	Aggregate capital charge \$'000	Implied risk weighted exposure \$'000	Aggregate capital charge \$'000
Interest rate risk	1,950	156	2,775	222
Foreign currency risk	513	41	150	12
Equity risk	-	-	-	-
<b>Total capital requirements</b>	<b>2,463</b>	<b>197</b>	<b>2,925</b>	<b>234</b>

	Total exposure after credit risk mitigation \$'000	Risk weighted exposure or implied risk weighted exposure \$'000	Capital requirement \$'000
Total credit risk + equity	98,435	38,976	3,118
Operational risk	-	4,488	359
Market risk	-	2,463	197
<b>Total</b>	<b>98,435</b>	<b>45,927</b>	<b>3,674</b>

**Capital ratios**

	RBNZ Minimum Ratio Requirement	Unaudited 31 December 2015	Unaudited 31 December 2014
Common Equity Tier 1 Capital ratio	4.5%	95.68%	113.64%
Tier one capital ratio	6.0%	95.68%	113.64%
Total capital ratio	8.0%	95.68%	113.64%

**Buffer ratios**

Unaudited 31 December 2015	
Buffer ratio	87.68%
Buffer ratio requirement	2.5%

**25. 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 II (standardised) approach. This information is made available to users via the BOB website ([www.bankofbaroda.com](http://www.bankofbaroda.com)).

As at 31 December 2015, BOB's Common Equity Tier One Capital was 9.04%, Tier One Capital was 9.57% of Total Risk-weighted Assets and Total Capital was 12.18% (Basel III) of Total Risk-weighted Assets (31 March 2015: CET 1 was 9.35%, Tier One Capital 10.14% of Total Risk-weighted Assets and Total Capital was 13.33% of Total Risk-weighted Assets). BOB's capital ratios during the periods ended 31 December 2015 and 31 March 2015 exceeded both of the Reserve Bank of India's minimum capital adequacy requirements.

**26. OTHER MATERIAL MATTERS**

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