

Disclosure Statement

Bank of Baroda (New Zealand) Limited

Disclosure statement for the six months ended 30 September 2012

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1. Definitions

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 (India);

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 (No 2) 2012 (the **Order**) have the same meaning in this document.

2. General information

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 (India), an Indian incorporated bank (**BOB**). There has been no change to the ultimate parent bank since 31 March 2012. There have been no changes to the name or address for service of the ultimate parent bank since 31 March 2012.

(b) Ultimate holding company

There has been no change to the ultimate holding company since 31 March 2012. There have been no changes to the name or address for service of the ultimate holding company since 31 March 2012.

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

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 General Disclosure Statement for the year ended 31 March 2012. A copy of the General Disclosure Statement can be obtained from the Bank's website www.barodanzltd.co.nz.

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

(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:

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

As at 30 September 2012, the publicly disclosed capital of BOB was INR 300,938.90 million (USD 5,693.67 million) representing 12.91% 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	Baa3	Stable	Nil	Nil
Fitch IBCA, Inc.	BBB-	Negative	Nil	Nil

On 18 June 2012 Fitch IBCA, Inc. changed BOB's credit rating outlook from stable to negative. On 30 January 2012 Moody's Investor services Limited changed BOB's credit rating from Baa2 to Baa3. There have been no other rating changes for BOB within the last two years.

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

(b) Details of guaranteed obligations

- a. BOB guarantees due payment of all indebtedness of the Bank to the Bank's depositors and other creditors.

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

4. Directors

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 2012:

- Vijaya Vaidyanath resigned from the Board with effect from 5 June 2012.
- Vailankanni Wenceslaus Melchoir Anthony was appointed to the Board with effect from 5 June 2012.

4.2 Responsible person

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

- Mangalore Devadas Mallya, Chairman & Non-Executive Director
- Navin Chandra Upreti, Managing Director
- Dr Rajen Prasad, Independent Director
- Vailankanni Wenceslaus Melchoir Anthony, Independent Director

in accordance with section 82 of the Act is Navin Chandra Upreti.

5. Auditor

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

KPMG
KPMG Centre
18 Viaduct Harbour
Auckland
New Zealand

6. Conditions of registration

The conditions of registration imposed on the Bank which applied on or after 1 July 2012 and were reported in the Bank's Disclosure Statement for the three months ended 30 June 2012 remain unchanged at the reporting date of this Disclosure Statement. The Bank has complied with its conditions throughout the period.

The conditions of registration imposed on the Bank which applied on and after 31 October 2012 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 the banking group complies with the following requirements:
 - (a) the total capital ratio of the banking group is not less than 8 percent;
 - (b) the tier one capital ratio of the banking group is not less than 4 percent; and
 - (c) the capital of the banking group is not less than \$30 million.

For the purposes of this condition of registration, capital, the total capital ratio and the tier one capital ratio must be calculated in accordance with the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated October 2010.

- 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 tier one and total capital ratios under the requirements set out in the document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated October 2010; and
 - (c) the bank determines an internal capital allocation for each identified and measured "other material risk".
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 ¹	Connected exposure limit (% of the banking group's Tier 1 capital)
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

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

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated June 2011.

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 four directors, and on and after 1 April 2013 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 non-executive, and on and after 1 April 2013 must be independent; and

¹ 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.)

- (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 March 2011.

- 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 March 2011.

- 10. That a substantial proportion of the bank's business is conducted in and from New Zealand.
- 10A. 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 70 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 March 2011 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated December 2011.

This condition does not apply on or after 1 January 2013.

- 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 March 2011 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated December 2011.

This condition applies on and after 1 January 2013.

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.

In these conditions of registration,—

"banking group" means Bank of Baroda (New Zealand) Limited's financial reporting group (as defined in section 2(1) of the Financial Reporting Act 1993):

"generally accepted accounting practice" has the same meaning as in section 2 of the Financial Reporting Act 1993.

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-	Negative	Nil	Nil

On 18 June 2012 Fitch IBCA, Inc. changed the Bank's credit rating outlook from stable to negative. There have been no other rating changes for the Bank within the last two years.

8.2 Applicable ratings scales

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

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

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

9. Other material matters

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.

10. Directors' statements

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 six months ended 30 September 2012:

- 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, this disclosure statement is dated at Auckland, New Zealand this 12 November 2012 and signed by Navin Chandra Upreti as responsible person.



Navin Chandra Upreti
Managing Director
Bank of Baroda (New Zealand) Limited



11. Independent auditor's review report

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

12. Financial statements

The financial statements for the Bank for the six months ended 30 September 2012 are attached as Appendix and form part of this disclosure statement.

Appendix: Financial Statements

Bank of Baroda (New Zealand) Limited

Company Number 2135104

Financial Statements for the six months ended 30
September 2012

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Independent auditor's review report

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

We have reviewed pages 23 to 38 of the interim financial statements of Bank of Baroda (New Zealand) Limited, (the 'Bank') prepared and disclosed in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order (No 2) 2012 (the 'Order') and the supplementary information prescribed in Schedules 5, 7, 9, 13, 16, and 18 of the Order. The interim financial statements, and supplementary information, provide information about the past financial performance and cash flows of the Bank and its financial position as at 30 September 2012.

Directors' responsibilities

The Directors of Bank of Baroda (New Zealand) Limited are responsible for the preparation and presentation of the Disclosure Statement, which includes interim financial statements prepared in accordance with Clause 25 of the Order and which give a true and fair view of the financial position of the Bank as at 30 September 2012 and its financial performance and cash flows for the six months ended on that date. The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of the Disclosure Statement that is free from material misstatement, whether due to fraud or error.

They are also responsible for the preparation of supplementary information in the Disclosure Statement which fairly states the matters to which it relates in accordance with Schedules 3, 5, 7, 9, 13, 16 and 18 of the Order.

Reviewers' responsibilities

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

We are responsible for reviewing the interim financial statements (excluding the supplementary information) in order to report to you whether, in our opinion on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the interim financial statements have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 ('NZ IAS 34') and do not present a true and fair view of the financial position of the Bank as at 30 September 2012 and its financial performance and cash flows for the six months ended on that date.

We are responsible for reviewing the supplementary information (excluding the supplementary information prescribed in Schedule 9 of the Order relating to capital adequacy) in order to report to you whether, in our opinion on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the supplementary information does not fairly state the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order.

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

Basis of opinion

We have performed our review in accordance with the review engagement standard RS-1 Statement of Review Engagement Standards issued by the External Reporting Board. A review is limited primarily to enquiries of Bank personnel and analytical review procedures applied to the financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our firm also provides other services to the Bank in relation to other audit related services and taxation. In addition, certain partners and employees of our firm may also deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank. There are, however, certain restrictions on dealings which the partners and employees of our firm can have with the Bank. These matters have not impaired our independence as auditors of the Bank. The firm has no other relationships with, or interest in, the Bank.

Review opinion

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

- the interim financial statements on pages 23 to 38 (excluding the supplementary information) have not been prepared, in all material respects, in accordance with NZ IAS 34: Interim Financial Reporting and do not present a true and fair view of the financial position of the Bank as at 30 September 2012 and its financial performance and cash flows for the six months ended on that date;
- the supplementary information prescribed by Schedules 5, 7, 13, 16 and 18 of the Order does not fairly state the matters to which it relates in accordance with those schedules; and
- the supplementary information relating to capital adequacy prescribed by Schedule 9 of the Order is not, in all material respects, prepared in accordance with the Bank's Conditions of Registration, with the Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9 of the Order.

Our review was completed on 12 November 2012 and our opinion is expressed as at that date.


Auckland

BANK OF BARODA (NEW ZEALAND) LIMITED

FINANCIAL STATEMENTS

For the six months ended 30 September 2012

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME For the six months ended 30 September 2012	Notes	Unaudited Six months ended 30 September 2012 \$'000	Unaudited Six months ended 30 September 2011 \$'000	Audited Year ended 31 March 2012 \$'000
Interest income		1,295	1,268	2,635
Interest expense		(299)	(406)	(831)
Net interest income		996	862	1,804
Gains/(losses) on financial instruments at fair value through profit or loss		-	-	-
Other income	2	382	436	746
Total operating income		1,378	1,298	2,550
Operating expenses		(1,196)	(834)	(1,812)
Impairment losses on loans and advances	4	(111)	(18)	(43)
Net profit/(loss) before taxation		71	446	695
Taxation (expense)/benefit		-	-	-
Net profit/(loss) after taxation		71	446	695
Other comprehensive income		-	-	-
Total comprehensive income		71	446	695

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

BANK OF BARODA (NEW ZEALAND) LIMITED**FINANCIAL STATEMENTS****For the six months ended 30 September 2012**

STATEMENT OF CHANGES IN EQUITY For the six months ended 30 September 2012	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2012	40,000	964	40,964
Net profit/(loss) after taxation and total comprehensive income	-	71	71
Balance at 30 September 2012 (Unaudited)	40,000	1,035	41,035
Balance at 1 April 2011	40,000	269	40,269
Net profit/(loss) after taxation and total comprehensive income	-	695	695
Balance as at 31 March 2012 (Audited)	40,000	964	40,964
Balance at 1 April 2011	40,000	269	40,269
Net profit/(loss) after taxation and total comprehensive income	-	446	446
Balance at 30 September 2011 (Unaudited)	40,000	715	40,715

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

BANK OF BARODA (NEW ZEALAND) LIMITED
FINANCIAL STATEMENTS
For the six months ended 30 September 2012
BALANCE SHEET
As at 30 September 2012

	Notes	Unaudited 30 September 2012 \$'000	Unaudited 30 September 2011 \$'000	Audited 31 March 2012 \$'000
Assets				
Cash and cash equivalents		2,255	1,458	768
Balances due from related parties		2,798	1,786	3,006
Due from other financial institutions		31,300	48,400	36,800
Financial assets at fair value through profit or loss		5	-	-
Available-for-sale assets		-	-	-
Loans and advances	3	20,291	12,341	18,527
Property, plant and equipment		1,070	430	1,120
Intangible assets		-	-	-
Current taxation		-	-	-
Deferred tax asset		-	-	-
Other assets		405	331	342
Total assets		58,124	64,746	60,563
Liabilities				
Due to other financial institutions		-	-	-
Balances due to related parties		353	404	356
Deposits and other borrowings		16,563	23,478	19,100
Financial liabilities held at fair value through profit or loss		5	-	-
Debt securities issued		-	-	-
Current taxation		-	-	-
Other liabilities		168	149	143
Term subordinated debt		-	-	-
Total liabilities		17,089	24,031	19,599
Shareholders' equity				
Share capital		40,000	40,000	40,000
Reserves		1,035	715	964
Total shareholders' equity		41,035	40,715	40,964
Total shareholders' equity and liabilities		58,124	64,746	60,563
Total interest earning and discount bearing assets		54,185	62,508	58,098
Total interest and discount bearing liabilities		15,057	22,718	18,602

For and on behalf of the Board

Director
12.11.2012
Director



Authorised for issue on 29 October 2012

The accompanying notes form an integral part of these financial statements

BANK OF BARODA (NEW ZEALAND) LIMITED

FINANCIAL STATEMENTS

For the six months ended 30 September 2012

CASH FLOW STATEMENT

For the six months ended 30 September 2012

	Unaudited Six months ended 30 September 2012 \$'000	Unaudited Six months ended 30 September 2011 \$'000	Audited Year ended 31 March 2012 \$'000
Cash flows from operating activities			
Interest received	1,269	1,234	2,568
Fees and other income	382	436	746
Operating expenses paid	(1,049)	(704)	(1,642)
Interest paid	(283)	(406)	(831)
Taxes paid	-	-	-
Net cash flows from operating activities before changes in operating assets and liabilities	319	560	841
Net changes in operating assets and liabilities:			
(Increase)/decrease in financial assets held for trading	-	-	-
Decrease/(increase) in available-for-sale-assets	-	-	-
Increase in loans and advances	(1,875)	(4,376)	(10,587)
Decrease/(increase) in balances due from other financial institutions	-	-	-
(Decrease)/increase in deposits and other borrowings	(2,537)	11,919	7,541
Increase/(decrease) in balances due to related parties	(3)	(618)	(666)
Increase in balances due to financial institutions	-	-	-
Increase in other assets	(42)	(109)	(87)
Increase/(decrease) in other liabilities and provisions	-	-	-
Net cash flows from operating activities	(4,138)	7,376	(2,958)
Cash flows from investing activities			
Purchase of property, plant and equipment	(83)	-	(736)
Purchase of intangible software assets	-	-	-
Purchase of customer relationships	-	-	-
Net cash flows from investing activities	(83)	-	(736)
Cash flows from financing activities			
Issue of shares	-	-	-
Capital injection from shareholders	-	-	-
Proceeds from term subordinated debt	-	-	-
Proceeds from related parties	-	-	-
Increase in debt securities issued	-	-	-
Dividends paid	-	-	-
Net cash flows from financing activities	-	-	-
(Decrease)/ increase in cash and cash equivalents	(4,221)	7,376	(3,694)
Add opening cash and cash equivalents	40,574	44,268	44,268
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Closing cash and cash equivalents	36,353	51,644	40,574
Represented By:			
Bank balances	2,255	1,458	768
Short term deposits	31,300	48,400	36,800
Cash held with related parties	2,798	1,786	3,006
Closing cash and cash equivalents	36,353	51,644	40,574

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

BANK OF BARODA (NEW ZEALAND) LIMITED

FINANCIAL STATEMENTS

For the six months ended 30 September 2012

CASH FLOW STATEMENT

For the six months ended 30 September 2012

	Unaudited Six months ended 30 September 2012 \$'000	Unaudited Six months ended 30 September 2011 \$'000	Audited Year ended 31 March 2012 \$'000
Reconciliation of net profit after taxation to net cash-flows from operating activities			
Net profit/(loss) after taxation	71	446	695
Non cash movements:			
Unrealised fair value adjustments	-	-	-
Depreciation	133	53	99
Amortisation of intangibles	-	-	-
Increase in collective allowance for impairment losses	5	18	43
Increase in individual allowance for impairment losses	106	-	-
(Increase)/decrease in deferred expenditure	-	-	-
Unsecured lending losses	-	-	-
Unrealised foreign exchange loss/(gain)	-	-	-
(Increase)/decrease in deferred taxation	-	-	-
Net movement in operating assets and liabilities	244	71	142
(Increase)/decrease in financial assets at fair value through profit or loss	-	-	-
Decrease/(increase) in available-for-sale assets	-	-	-
Increase in loans and advances	(1,875)	(4,376)	(10,587)
Decrease/(increase) in balances due from other financial institutions	-	-	-
Increase in deposits and other borrowings	(2,537)	11,919	7,541
Increase in balances due to other financial institutions	-	-	-
Increase in other liabilities	30	77	71
Increase in interest receivable	(26)	(34)	(67)
Increase/(decrease) in balances due to related parties	(3)	(618)	(666)
Increase/(decrease) in current taxation	-	-	-
Increase in other assets	(42)	(109)	(87)
Net cash flows from operating activities	(4,138)	7,376	(2,958)

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

BANK OF BARODA (NEW ZEALAND) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the six months ended 30 September 2012****1. STATEMENT OF ACCOUNTING POLICIES****Statutory base**

These financial statements have been prepared and presented in accordance with the Order and the Reserve Bank Act.

These 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 2012.

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

These financial statements were authorised for issue by the Board on 29 October 2012. The Board has the power to amend the financial statements after they are authorised for issue.

Basis of preparation

These financial statements are based on the general principles of historical cost accounting, as modified by fair value accounting for available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss and all derivative contracts. The going concern concept and the accruals basis of accounting have been adopted. All amounts are expressed in thousands of New Zealand dollars unless otherwise stated.

The same accounting policies and methods of computation have been followed in preparing these financial statements as were used in preparing the General Disclosure Statement for the year ended 31 March 2012.

2. OTHER INCOME

	Unaudited Six months ended 30 September 2012 \$'000	Unaudited Six months ended 30 September 2011 \$'000	Audited Year ended 31 March 2012 \$'000
Other Income			
Banking and lending fee income	-	-	-
Net commissions revenue	20	52	100
Payment services fee income	-	-	-
Bad debts recovered	-	-	-
Gain on sale of property, plant and equipment	-	-	-
Net foreign exchange gains	322	361	601
Other revenue	40	23	45
Total other income	382	436	746

3. LOANS AND ADVANCES

	Unaudited Six months ended 30 September 2012 \$'000	Unaudited Six months ended 30 September 2011 \$'000	Audited Year ended 31 March 2012 \$'000
Loans and advances	20,477	12,391	18,602
Allowance for impairment losses	(186)	(50)	(75)
Total net loans and receivables	20,291	12,341	18,527
Allowance for impairment losses reconciliation			
Balance at beginning of the year	75	32	32
Charged to the income statement	111	18	43
Balance at end of the year	186	50	75

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2012

4. ASSET QUALITY

As at 30 September 2012 Unaudited	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Neither past due nor impaired	9,879	8,287	944	19,110
Past due but not impaired	813	-	22	835
Impaired	-	532	-	532
Gross loans and advances	10,692	8,819	966	20,477
Less Allowance for impairment	(32)	(151)	(3)	(186)
Net loans and advances	10,660	8,668	963	20,291

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:				
Past due up to 30 days	-	-	-	-
Past due 30 – 60 days	-	-	22	22
Past due 60 – 90 days	388	-	-	388
Past due 90+ days	425	-	-	425
Total	813	-	22	835

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	-	-	-	-
Net additions	-	532	-	532
Deletions	-	-	-	-
Amounts written off	-	-	-	-
Balance at end of the year	-	532	-	532
Aggregate individual credit impairment allowances	-	(106)	-	(106)

Individual credit impairment allowances	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Balance at beginning of the year	-	-	-	-
Charged to the income statements	-	106	-	106
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	-	-
Total amounts per income statement	-	106	-	106
Balance at end of year	-	106	-	106

Collective credit impairment allowance	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Balance at beginning of the year	27	45	3	75
Charged to the income statement	5	-	-	5
Amounts written off	-	-	-	-
Total amounts per income statement	5	-	-	5
Balance at end of year	32	45	3	80

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 period to 30 September 2012.

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2012

5. CONCENTRATION OF CREDIT RISK

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

	Unaudited 30 September 2012 \$'000
New Zealand	
Government	-
Finance	31,300
Households	11,312
Transport and storage	49
Communications	-
Electricity, gas and water	-
Construction	3,358
Property services	459
Agriculture	-
Health and community services	1,039
Personal and other services	702
Retail and wholesale trade	2,110
Food & other manufacturing	1,448
Overseas	
Finance, Investment and insurance	2,408
Total financial assets (interest earning)	54,185
Allowance for impairment losses	(186)
Other financial assets	3,055
Total net financial assets	57,054

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

	Unaudited 30 September 2012 \$'000
New Zealand	
Upper North Island	19,678
Lower North Island	34,764
South Island	-
Overseas	2,798
Total financial assets	57,240
Allowance for impairment losses	(186)
Total net financial assets	57,054

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

	Unaudited 30 September 2012 \$'000
Loans and advances	20,477
Balances with related parties ¹	2,798
Due from other financial institutions	33,425
Derivative financial instruments	-
Financial assets held for trading	-
Available-for-sale assets	-
Cash and cash equivalents	130
Other financial assets	410
Total gross financial assets	57,240
Allowance for impairment losses	(186)
Total net financial assets	57,054

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

BANK OF BARODA (NEW ZEALAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 30 September 2012
6. CONCENTRATION OF FUNDING

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

	Unaudited 30 September 2012 Year ended \$'000
New Zealand	
Transport and storage	50
Financing, investment and insurance	3,591
Electricity, gas and water	-
Food & other manufacturing	72
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	791
Households	10,553
Overseas	
Amounts due to related parties	-
Total financial liabilities (interest bearing)	15,057
Other financial liabilities	2,032
Total financial liabilities	17,089

7. SEGMENTAL INFORMATION

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

8. LEASE COMMITMENTS

	Unaudited 30 September 2012 Six months ended \$'000	Unaudited 30 September 2011 Six months ended \$'000	Audited 31 March 2012 Year ended \$'000
Operating lease commitments under non-cancellable operating leases:			
Not later than 1 year	410	274	265
1-2 years	328	256	257
2-5 years	947	769	769
5+ years	648	558	430
Total	2,333	1,857	1,721

9. CAPITAL COMMITMENTS

As at 30 September 2012 there are no material outstanding capital commitments (30 September 2011: Nil, 31 March 2012: Nil).

10. CONTINGENT LIABILITIES AND COMMITMENTS

	Unaudited 30 September 2012 Six months ended \$'000	Unaudited 30 September 2011 Six months ended \$'000	Audited 31 March 2012 Year ended \$'000
Contingent Liabilities			
Performance/financial guarantees issued on behalf of customers	1,101	920	1,104
Documentary Credit (L.C)	24	-	-
Total Contingent Liabilities	1,125	920	1,104
Undrawn Commitments	2,935	2,066	2,863

11. SUBSEQUENT EVENTS AFTER BALANCE DATE

There were no subsequent events after balance date.

BANK OF BARODA (NEW ZEALAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 30 September 2012
12. LIQUIDITY RISK

The Bank's policies for managing liquidity are set out in General Disclosure Statement for the year ended 31 March 2012. 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.

30 September 2012 Unaudited	On Demand \$'000	Up to 3 months \$'000	3 to 12 Months \$'000	Between 1 & 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial assets						
Cash and cash equivalents	2,255	-	-	-	-	2,255
Due from other financial institutions	-	18,479	13,372	-	-	31,851
Financial assets at fair value through profit or loss	-	5	-	-	-	5
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	-	5,157	2,522	6,727	15,440	29,846
Due from related parties	390	2,411	-	-	-	2,801
Other financial assets	-	405	-	-	-	405
Total financial assets	2,645	26,457	15,894	6,727	15,440	67,163
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	1,506	11,652	3,301	289	-	16,748
Financial liabilities held at fair value through profit or loss	-	5	-	-	-	5
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties	353	-	-	-	-	353
Other financial liabilities	-	168	-	-	80	248
Total financial liabilities	1,859	11,825	3,301	289	80	17,354
Net non derivative cash flows	786	14,632	12,593	6,438	15,360	49,809
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Off balance sheet cash flows						
Financial guarantees	-	181	-	920	-	1,101
Total	-	181	-	920	-	1,101
Net cash flows	786	14,451	12,593	5,518	15,360	48,708

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

	30 September 2012 \$'000	30 September 2011 \$'000	31 March 2012 \$'000
Cash and bank balances	2,255	1,458	768
Short term deposits	31,300	48,400	36,800
Deposit/cash held with related parties	2,798	1,786	3,006
Total Liquid assets	36,353	51,644	40,574

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2012

13. 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.

30 September 2012 Unaudited	Total \$'000	Interest insensitive \$'000	Up to 3 months \$'000	Between 3 months & 6 months \$'000	Between 6 months & 1 year \$'000	Between 1 & 2 years \$'000	Between 2 & 5 years \$'000	Over 5 years \$'000
Financial assets								
Cash and cash equivalents	2,255	2,255	-	-	-	-	-	-
Due from other financial institutions	31,300	-	18,300	13,000	-	-	-	-
Financial assets held at fair value through profit or loss	5	5	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-	-	-
Loans and advances	20,477	-	20,265	138	74	-	-	-
Balances with related parties	2,798	390	2,408	-	-	-	-	-
Other financial assets	405	405	-	-	-	-	-	-
Total financial assets	57,240	3,055	40,973	13,138	74	-	-	-
Financial liabilities								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	16,563	1,506	11,595	2,117	1,114	104	127	-
Financial liabilities held at fair value through profit or loss	5	5	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-	-	-
Due to related parties	353	353	-	-	-	-	-	-
Other financial liabilities	354	354	-	-	-	-	-	-
Total financial liabilities	17,275	2,218	11,595	2,117	1,114	104	127	-
On-balance sheet gap								
Net derivative notional principals	-	-	-	-	-	-	-	-
Net effective interest rate gap	39,965	837	29,378	11,021	(1,040)	(104)	(127)	-

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2012

14. CREDIT EXPOSURE CONCENTRATIONS

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

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

- as at 30 September 2012 was nil, and
- in respect of peak end-of-day aggregate credit exposure for the three months ended 30 September 2012 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.

15. 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.

16. 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 2012.

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

For the six months ended 30 September 2012

17. 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 4% 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 half year ended 30 September 2012. The Bank was registered on 1 September 2009 and from the date of registration to 30 September 2012, the Bank has complied with both regulatory and internal capital adequacy requirements.

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

	Unaudited 30 September 2012 \$'000
Tier one capital	
Issued and fully paid up share capital	40,000
Perpetual fully paid up non-cumulative preference shares	-
Revenue and similar reserves ¹	964
Current period's retained profits	71
Tier one minority interests	-
Less: deductions from tier one capital	-
Plus: other adjustments to tier one capital	-
Total tier one capital	41,035
Tier two capital	
Upper tier two capital	
Unaudited retained profits	-
Revaluation reserves	-
Upper tier two capital instruments	-
Lower tier two capital	
Term subordinated debt	-
Other capital elements with original maturity of five years or more	-
Total tier two capital	-
Tier one capital plus tier two capital	41,035
Less: deductions from total capital	-
Plus: other adjustments to total capital	-
Total capital	41,035

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

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2012

17. CAPITAL ADEQUACY (Continued)

Credit risk

Unaudited 30 September 2012	Total exposure after credit risk mitigation \$'000	Risk weight	Risk weighted exposure \$'000	Minimum Pillar 1 capital requirement \$'000
Calculation of on-balance-sheet exposures				
Cash and gold bullion	130	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	33,425	20%	6,685	535
Banks	3,003	50%	1,502	120
Corporate	6,413	100%	6,413	513
Residential mortgages not past due –LVR up to 80%	5,817	35%	2,036	163
Residential mortgages not past due –LVR >80% but up to 90%	4,062	50%	2,031	162
Past due residential mortgages	813	100%	813	65
Other past due assets	22	100%	22	2
Equity holdings (not deducted from capital) that are publicly traded	-	100%	-	-
All other equity holdings (not deducted from capital)	-	100%	-	-
Non Risk Weighted Assets	-	0%	-	-
Other assets	2,079	100%	2,079	166
Total on balance sheet exposures after credit risk mitigation	55,764		21,581	1,726

Unaudited 30 September 2012	Total exposure \$'000	Credit conversion factor	Credit equivalent amount \$'000	Average risk weight	Risk weighted exposure \$'000	Minimum Pillar 1 capital requirement \$'000
Calculation of off-balance sheet exposures						
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Undrawn commitments on existing facilities	2,935	20%	587	100%	587	47
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	1,101	50%	551	100%	551	44
Trade-related contingency	24	20%	5	100%	5	1
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	-	-	-	-	-	-
Market related contracts						
(a) Foreign exchange contracts	211	1%	2	100%	2	1
(b) Interest rate contracts	-	-	-	-	-	-
(c) Other – OTC, etc	-	-	-	-	-	-
Total off-balance sheet exposures	4,271	-	1,145	-	1,145	93

Residential mortgages by loan-to-valuation ratio

	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Loan –to-value ratio				
Value of exposures	6,630	4,062	-	10,692

Reconciliation of residential mortgage-related amounts

	Unaudited 30 September 2012 \$'000
Residential mortgage loans (as disclosed in Note 4)	10,692
Residential mortgages by loan-to-value ratio	10,692

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

For the six months ended 30 September 2012

17. 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	2,663	-
Residential mortgage	-	-
Other	283	61
Total	2,946	61

Operational risk capital requirement

	Implied risk weighted exposure \$'000	Total operational risk capital requirement \$'000
Operational risk	3,063	245

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	1,025	82	1,038	83
Foreign currency risk	50	4	525	42
Equity risk	-	-	-	-
Total capital requirements	1,075	86	1,563	125

	Total exposure after credit risk mitigation \$'000	Risk weighted exposure or implied risk weighted exposure \$'000	Capital requirement \$'000
Total credit risk + equity	60,035	22,726	1,819
Operational risk	-	3,063	245
Market risk	-	1,075	86
Total	60,035	26,864	2,150

Capital ratios

	Unaudited 30 September 2012	Unaudited 30 September 2011
Tier one capital ratio	152.8%	184.1%
Total capital ratio	152.8%	184.1%

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2012

17. 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).

As at 30 September 2012, BOB's Tier One Capital was 9.57% of Total Risk-weighted Assets and Total Capital was 12.91% of Total Risk-weighted Assets (31 March 2012: Tier One Capital was 10.83% of Total Risk-weighted Assets and Total Capital was 14.67% of Total Risk-weighted Assets). BOB's capital ratios during the periods ended 30 September 2012 and 31 March 2012 exceeded both of the Reserve Bank of India's minimum capital adequacy requirements.

18. 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.