Disclosure Statement

Bank of Baroda (New Zealand) Limited

Disclosure statement for the three months ended 30 June 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 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 June 2012, the publicly disclosed capital of BOB was INR 291,335.60 million (USD 5,238.43) representing 13.74% 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 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. Conditions of registration

The conditions of registration imposed on the Bank which applied on or after 31 December 2011 and were reported in the Bank's Disclosure Statement for the year ended 31 March 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 1 July 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.

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 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.

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.

6. 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.

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-	Negative	Nil	Nil

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

7.2 Applicable ratings scales

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

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.

9. 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 three months ended 30 June 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 28 August 2012 and signed by Navin Chandra Upreti as responsible person.

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

10. **Financial statements**

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

Bank of Baroda (New Zealand) Limited

Company Number 2135104

Financial Statements for the three months ended 30 June 2012

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FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME For the three months ended 30 June 2012	**Notes**	**Unaudited Three months ended 30 June 2012 $'000**	**Unaudited Three months ended 30 June 2011 $'000**	**Audited Year ended 31 March 2012 $'000**
Interest income		665	584	2,635
Interest expense		(157)	(168)	(831)
Net interest income		508	416	**1,804**
Gains/(losses) on financial instruments at fair value through profit or loss		2	-	-
Other income	2	181	250	746
Total operating income		**694**	**666**	**2,550**
Operating expenses		(487)	(386)	(1,812)
Impairment losses on loans and advances	3	(111)	-	(43)
Net profit before taxation		**93**	**280**	**695**
Taxation (expense)/benefit		-	-	-
Net profit after taxation		**93**	**280**	**695**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income		**93**	**280**	**695**

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

STATEMENT OF CHANGES IN EQUITY **For the three months ended 30 June 2012**	**Share Capital** **$'000**	**Retained Earnings** **$'000**	**Total** **$'000**
Balance at 1 April 2012	**40,000**	**964**	**40,964**
Net profit after taxation and total comprehensive income	**-**	**91**	**91**
Balance at 30 June 2012	**40,000**	**1,055**	**41,055**
Balance at 1 April 2011	**40,000**	**269**	**40,269**
Net profit after taxation and total comprehensive income	-	**695**	**695**
Balance as at 31 March 2012	**40,000**	**964**	**40,964**
Balance at 1 April 2011	**40,000**	**269**	**40,269**
Net profit after taxation and total comprehensive income	-	**280**	**280**
Balance at 30 June 2011	**40,000**	**549**	**40,549**

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

BANK OF BARODA (NEW ZEALAND) LIMITED

FINANCIAL STATEMENTS

For the three months ended 30 June 2012

BALANCE SHEET As at 30 June 2012	Notes	Unaudited 30 June 2012 $'000	Unaudited 30 June 2011 $'000	Audited 31 March 2012 $'000
Assets				
Cash and cash equivalents		152	85	768
Balances due from related parties		2,957	2,625	3,006
Due from other financial institutions		36,345	49,375	36,800
Financial assets at fair value through profit or loss		47	-	-
Available-for-sale assets		-	-	-
Loans and advances	3	20,109	10,388	18,527
Property, plant and equipment		1,126	457	1,120
Intangible assets		-	-	-
Current taxation		-	-	-
Deferred tax asset		-	-	-
Other assets		374	367	342
Total assets		**61,110**	**63,297**	**60,563**
Liabilities				
Due to other financial institutions		-	-	-
Balances due to related parties		505	559	356
Deposits and other borrowings		19,397	22,089	19,100
Financial liabilities held at fair value through profit or loss		45	-	-
Debt securities issued		-	-	-
Current taxation		-	-	-
Other liabilities		106	100	143
Term subordinated debt		-	-	-
Total liabilities		**20,053**	**22,748**	**19,599**
Shareholders' equity				
Share capital		40,000	40,000	40,000
Reserves		1,057	549	964
Total shareholders' equity		**41,057**	**40,549**	**40,964**
Total shareholders' equity and liabilities		**61,110**	**63,297**	**60,563**

Total interest earning and discount bearing assets		56,922	61,082	58,098
Total interest and discount bearing liabilities		17,586	20,370	18,602

For and on behalf of the Board

aChandra

Director

Bank of Baroda (New Zealand) Ltd. ★ Auckland ★ New Zealand

Authorised for issue on 14 August 2012

The accompanying notes form an integral part of these financial statements

BANK OF BARODA (NEW ZEALAND) LIMITED

FINANCIAL STATEMENTS

For the three months ended 30 June 2012

CASH FLOW STATEMENT **For the three months ended 30 June 2012**	**Unaudited** **Three months ended** **30 June 2012** **$'000**	**Unaudited** **Three months ended** **30 June 2011** **$'000**	**Audited** **Year ended** **31 March 2012** **$'000**
Cash flows from operating activities			
Interest received	682	584	2,568
Fees and other income	181	250	746
Operating expenses paid	(458)	(360)	(1,642)
Interest paid	(157)	(168)	(831)
Taxes paid	-	-	-
Net cash flows from operating activities before changes in operating assets and liabilities	**248**	**306**	**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	(1,693)	(2,405)	(10,587)
Decrease/(increase) in balances due from other financial institutions	-	-	-
Increase in deposits and other borrowings	297	10,530	7,541
(Decrease)/increase in balances due to related parties	149	(463)	(666)
Increase in balances due to financial institutions	-	-	-
(Increase) in other assets	(49)	(179)	(87)
Increase/(decrease) in other liabilities and provisions	-	28	-
Net cash flows from operating activities	**(1,048)**	**7,817**	**(2,958)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(72)	-	(736)
Purchase of intangible software assets	-	-	-
Purchase of customer relationships	-	-	-
Net cash flows from investing activities	**(72)**	**-**	**(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	**(1,120)**	**7,817**	**(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	**39,454**	**52,085**	**40,574**
Represented by:			
Cash and bank balances	2,597	1,360	768
Short term deposits	33,900	48,100	36,800
Deposit/cash held with related parties	2,957	2,625	3,006
Closing cash and cash equivalents	**39,454**	**52,085**	**40,574**

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

BANK OF BARODA (NEW ZEALAND) LIMITED

FINANCIAL STATEMENTS

For the three months ended 30 June 2012

CASH FLOW STATEMENT **For the three months ended 30 June 2012**	**Unaudited** **Three months ended** **30 June 2012** **$'000**	**Unaudited** **Three months ended** **30 June 2011** **$'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	**93**	**280**	**695**
Non cash movements:			
Unrealised fair value adjustments	(2)	-	-
Depreciation	66	26	99
Amortisation of intangibles	-	-	-
Increase in collective allowance for impairment losses	5	-	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	**175**	**26**	**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	(1,693)	(2,405)	(10,587)
Decrease/(increase) in balances due from other financial institutions	-	-	-
Increase in deposits and other borrowings	297	10,530	7,541
Increase in balances due to other financial institutions	-	-	-
(Decrease)/increase in other liabilities	(37)	28	71
Decrease/(increase) in interest receivable	17	(175)	(67)
Increase/(decrease) in balances due to related parties	149	(463)	(666)
Increase/(decrease) in current taxation	-	-	-
Increase in other assets	(49)	(4)	(87)
Net cash flows from operating activities	**(1,048)**	**7,817**	**(2,958)**

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

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 14 August 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.

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise indicated.

2. OTHER INCOME

	Unaudited Three months ended 30 June 2012 $'000	Unaudited Three months ended 30 June 2011 $'000	Audited Year ended 31 March 2012 $'000
Other Income			
Banking and lending fee income	-	-	-
Net commissions revenue	8	22	100
Payment services fee income	-	-	-
Bad debts recovered	-	-	-
Gain on sale of property, plant and equipment	-	-	-
Net foreign exchange gains	155	217	601
Other revenue	18	11	45
Total other income	**181**	**250**	**746**

3. LOANS AND ADVANCES

	Unaudited 30 June 2012 $'000	Unaudited 30 June 2011 $'000	Audited 31 March 2012 $'000
Loans and advances	20,295	10,420	18,602
Allowance for impairment losses	(186)	(32)	(75)
Total net loans and receivables	20,109	10,388	18,527

Allowance for impairment losses reconciliation			
Balance at beginning of the year	75	32	32
Charged to the income statement	111	-	43
Balance at end of the year	**186**	**32**	**75**

4. ASSET QUALITY

As at 30 June 2012 Unaudited	**Residential mortgage loans**	**Corporate exposures**	**Other exposures excluding sovereigns and central banks**	**TOTAL $'000**
Neither past due nor impaired	8,023	10,435	878	19,336
Past due but not impaired	427	-	-	427
Impaired	-	532	-	532
Gross loans and advances	**8,450**	**10,967**	**878**	**20,295**
Less Allowance for impairment	(32)	(151)	(3)	(186)
Net loans and advances	**8,418**	**10,816**	**875**	**20,109**

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:				
Business				
Past due up to 30 days	-	-	-	-
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	427	-	-	427
Past due 90+ days	-	-	-	-
Total	**427**	**-**	**-**	**427**

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 period	**-**	**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 statement of comprehensive income	-	106	-	106
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	-	-
Total amounts per statement of comprehensive income	**-**	**106**	**-**	**106**
Balance at end of the period	**-**	**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 statement of comprehensive income	5	-	-	5
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	-	-
Total amounts per statement of comprehensive income	**5**	**-**	**-**	**5**
Balance at end of the period	**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 June 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 June 2012 $'000
New Zealand	
Government	-
Finance	33,900
Households	8,450
Transport and storage	150
Communications	-
Electricity, gas and water	-
Construction	1,595
Property services	479
Agriculture	-
Health and community services	1,021
Personal and other services	3,139
Retail and wholesale trade	3,996
Food & other manufacturing	1,465
Overseas	
Finance, Investment and insurance	2,727
Total financial assets (interest earning)	**56,922**
Allowance for impairment losses	(186)
Other financial assets	3,248
Total net financial assets	**59,984**

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

	Unaudited 30 June 2012 $'000
New Zealand	
Upper North Island	20,842
Lower North Island	36,371
South Island	-
Overseas	2,957
Total financial assets	**60,170**
Allowance for impairment losses	(186)
Total net financial assets	**59,984**

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

	Unaudited 30 June 2012 $'000
Loans and advances	20,295
Balances with related parties	2,957
Due from other financial institutions	36,345
Financial assets held at fair value through profit or loss	47
Derivative financial instruments	-
Financial assets held for trading	-
Available-for-sale assets	-
Cash and cash equivalents	152
Other financial assets	374
Total gross financial assets	**60,170**
Allowance for impairment losses	(186)
Total net financial assets	**59,984**

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 June 2012 $'000
New Zealand	
Transport and storage	-
Financing, investment and insurance	7,568
Electricity, gas and water	-
Food & other manufacturing	-
Construction	-
Government, local authorities and services	-
Agriculture	-
Health and community services	-
Personal and other services	516
Property and business services	-
Education	-
Retail and wholesale trade	-
Other	785
Households	8,717
Overseas	
Amounts due to related parties	-
Total financial liabilities (interest bearing)	**17,586**
Other financial liabilities	2,467
Total financial liabilities	**20,053**

7. SEGMENTAL INFORMATION

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

8. LEASE COMMITMENTS

	Unaudited 30 June 2012 Three months ended $'000	Unaudited 30 June 2011 Three months ended $'000	Audited 31 March 2012 Year ended $'000
Operating lease commitments under non-cancellable operating leases:			
Not later than 1 year	434	157	265
1-2 years	328	146	257
2-5 years	974	438	769
5+ years	702	511	430
Total	**2,438**	**1,252**	**1,721**

9. CAPITAL COMMITMENTS

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

10. CONTINGENT LIABILITIES

	Unaudited 30 June 2012 Three months ended $'000	Unaudited 30 June 2011 Three months ended $'000	Audited 31 March 2012 Year ended $'000
Contingent Liabilities			
Performance/financial guarantees issued on behalf of customers	1,111	500	1,104
Documentary Credit (L.C)	31	29	-
Inward Bills for collection	-	98	-
Total Contingent Liabilities	**1,142**	**627**	**1,104**

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 three months ended 30 June 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 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 (the inherent liquidity risk is managed based on expected cash flows).

30 June 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	152	-	-	-	-	152
Due from other financial institutions	2,445	26,145	8,271	-	-	36,861
Financial assets at fair value through profit or loss	-	47	-	-	-	47
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	-	5,886	3,415	5,967	12,815	28,083
Due from related parties	230	2,731	-	-	-	2,961
Other financial assets	-	396	-	-	-	396
Total financial assets	**2,827**	**35,205**	**11,686**	**5,967**	**12,815**	**68,500**
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	1,811	12,106	5,658	102	-	19,677
Financial liabilities held at fair value through profit or loss	-	45	-	-	-	45
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties	505	-	-	-	-	505
Other financial liabilities	-	106	-	-	80	186
Total financial liabilities	**2,316**	**12,257**	**5,658**	**102**	**80**	**20,413**
Net non derivative cash flows	**511**	**22,948**	**6,028**	**5,865**	**12,735**	**48,087**
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Off balance sheet cash flows						
Performance/financial guarantees	-	-	191	920	-	1,111
Documentary credit (L.C)	-	31	-	-	-	31
Total	**-**	**31**	**191**	**920**	**-**	**1,142**
Net cash flows	**511**	**22,917**	**5,837**	**4,945**	**12,735**	**46,945**

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

	30 June 2012 $'000	30 June 2011 $'000	31 March 2012 $'000
Cash and bank balances	2,597	1,360	768
Short term deposits	33,900	48,100	36,800
Deposit/cash held with related parties	2,957	2,625	3,006
Total Liquid assets	**39,454**	**52,085**	**40,574**

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 June 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	152	152	-	-	-	-	-	-
Due from other financial institutions	36,345	2,445	25,900	2,000	6,000	-	-	-
Financial assets held at fair value through profit or loss	47	47	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-	-	-
Loans and advances	20,295	-	20,030	160	73	32	-	-
Balances with related parties	2,957	230	2,727	-	-	-	-	-
Other financial assets	374	374	-	-	-	-	-	-
Total financial assets	**60,170**	**3,248**	**48,657**	**2,160**	**6,073**	**32**	**-**	**-**
Financial liabilities								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	19,397	1,811	11,998	4,461	1,038	73	16	-
Financial liabilities held at fair value through profit or loss	45	45	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-	-	-
Due to related parties	505	505	-	-	-	-	-	-
Other financial liabilities	186	186	-	-	-	-	-	-
Total financial liabilities	**20,133**	**2,547**	**11,998**	**4,461**	**1,038**	**73**	**16**	**-**
On-balance sheet gap								
Net derivative notional principals	-	-	-	-	-	-	-	-
Net effective interest rate gap	40,037	701	36,659	(2,301)	5,035	(41)	(16)	-

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 (which were nil), equalled or exceeded 10% of the Bank's shareholder's equity:

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

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 three months ended 30 June 2012. The Bank was registered on 1 September 2009 and from the date of registration to 30 June 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 June 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	-
Tier one minority interests	-
Tier one capital (before deductions)	**40,964**
Less: deductions from tier one capital (specify each deduction)	-
Plus: other adjustments to tier one capital (specify each adjustment)	-
Total tier one capital (net of all deductions and adjustments)	**40,964**
Tier two capital	
Upper tier two capital	
Unaudited retained profits	93
Revaluation reserves	-
Upper tier two capital instruments (specify)	-
Lower tier two capital	
Term subordinated debt	**-**
Other capital elements with original maturity of five years or more	**-**
Total tier two capital	**93**
Tier one capital plus tier two capital	**41,057**
Less: deductions from total capital (specify each deduction)	**-**
Plus: other adjustments to total capital (specify each adjustment)	**-**
Total capital	**41,057**

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

17. CAPITAL ADEQUACY (Continued)

Credit risk

Unaudited 30 June 2012 Calculation of on-balance-sheet exposures	**Total exposure after credit risk mitigation $'000**	**Risk weight**	**Risk weighted exposure $'000**	**Minimum Pillar 1 capital requirement $'000**
Cash and gold bullion	152	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	36,345	20%	7,269	582
Banks	3,018	50%	1,509	121
Corporate	8,681	100%	8,681	695
Residential mortgages not past due –LVR up to 80%	5,266	35%	1,843	147
Residential mortgages not past due –LVR >80% but up to 90%	2,757	50%	1,379	110
Past due residential mortgages	427	100%	427	34
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	-	0%	-	-
Other assets	2,100	100%	2,100	168
Total on balance sheet exposures after credit risk mitigation	**58,746**		**23,208**	**1,857**

Unaudited 30 June 2012 Calculation of off-balance sheet exposures	**Total exposure $'000**	**Credit conversion factor**	**Credit equivalent amount $'000**	**Average risk weight**	**Risk weighted exposure $'000**	**Minimum Pillar 1 capital require-ment $'000**
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Undrawn commitments on existing facilities	3,285	20%	657	100%	657	53
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility						
Performance-related contingency	1,142	50%	571	100%	571	46
Trade-related contingency	-	-	-	-	-	-
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	2,440	1%	24	100%	24	2
(b) Interest rate contracts	-	-	-	-	-	-
(c) Other – OTC, etc	-	-	-	-	-	-
Total off-balance sheet exposures	**6,867**	**-**	**1,252**	**-**	**1,252**	**101**

Residential mortgages by loan-to-valuation ratio

Loan –to-value ratio	**Does not exceed 80%**	**Exceeds 80% and not 90%**	**Exceeds 90%**	**Total**
Value of exposures	5,693	2,757	-	8,450

Reconciliation of residential mortgage-related amounts

	Unaudited 30 June 2012 $'000
Residential mortgage loans (as disclosed in Note 4)	8,450
Residential mortgages by loan-to-value ratio	8,450

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	2,686	-
Residential mortgage	-	-
Other	264	61
Total	**2,950**	**61**

Operational risk capital requirement

	Implied risk weighted exposure $'000	Total operational risk capital requirement $'000
Operational risk	2,900	232

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	975	78	988	79
Foreign currency risk	150	12	638	51
Equity risk	-	-	-	-
Total capital requirements	**1,125**	**90**	**1,626**	**130**

	Total exposure after credit risk mitigation $'000	Risk weighted exposure or implied risk weighted exposure $'000	Capital requirement $'000
Total credit risk + equity	65,613	24,460	1,958
Operational risk	-	2,900	232
Market risk	-	1,125	90
Total	**65,613**	**28,485**	**2,280**

Capital ratios

	Unaudited 30 June 2012	Unaudited 30 June 2011
Tier one capital ratio	143.8%	196.8%
Total capital ratio	**144.1%**	**198.2%**

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 June 2012, BOB's Tier One Capital was 10.13% of Total Risk-weighted Assets and Total Capital was 13.74% 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 June 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.