Bank of Baroda (New Zealand) Limited

Disclosure Statement

For the Nine months Ended

31 December 2016

Contents

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 where subsidiary has the same meaning as in section 6(1) of the Financial Market Conduct Act 2013;

Board means the Board of Directors of the Bank;

BOB means Bank of Baroda;

Director means a director of the Bank;

INR means Indian Rupees;

Parent Guarantee has the meaning given in section 3.1; and

USD means United States Dollars.

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

2. General information

2.1 Registered Bank

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

This Disclosure Statement is issued by the Bank for the Nine months ended 31 December 2016 in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended).
Words and phrases defined by the Order have the same meanings when used in this Disclosure Statement.

The Bank is not in the business of insurance.

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

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

The Bank's website address is: *www.barodanzltd.co.nz*

2.2 Details of ultimate parent bank and ultimate holding company

(a) **Ultimate parent bank**

The Bank's ultimate parent bank is Bank of Baroda, an Indian incorporated bank (**BOB**). There has been no change to the ultimate parent bank since 31 March 2016. There have been no changes to the name or address for service of the ultimate parent bank since 31 March 2016.

(b) **Ultimate holding company**

There has been no change to the ultimate holding company (Bank of Baroda) since 31 March 2016. There have been no changes to the name or address for service of the ultimate holding company since 31 March 2016.

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

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 Disclosure Statement for the year ended 31 March 2016. A copy of the 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 Disclosure Statement.

(a) **Details of the guarantor**

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

The address for service of the guarantor is:

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

As at 31 December 2016, the publicly disclosed capital of BOB was INR 410,186.40 million (USD 6,038.81 million) representing (Basel III) 12.55% 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-**	Stable	Nil	Nil

On 05-07-2016, Fitch Ratings has affirmed the ratings on BOB. The Long-Term Issuer Default Ratings (IDR) on Bank of Baroda (BOB) has been affirmed at 'BBB-'. The Outlook on the IDRs is Stable.

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

(b) **Details of guaranteed obligations**

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

(i) There are no limits on the amount of the obligations guaranteed.

(ii) There are no material conditions applicable to the guarantee, other than non-performance by the Bank.

(iii) There are no material legislative or regulatory restrictions in India (BOB's country of incorporation) that would have the effect of subordinating the claims of the Bank's creditors under the Parent Guarantee to other claims on BOB in a winding up of BOB.

(iv) The Parent Guarantee does not have an expiry date.

4. Directors

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

4.2 Board of Directors

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

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

At present the Board comprises the following Directors:

- Vailankanni Wenceslaus Melchoir Anthony, Chairperson and Independent Director
- Prahlad Das Gupta, Managing Director
- Vipan Mahajan, Non- Executive Director,
- Ranjna Patel, Independent Director,
- Claudio Sandro Oberto, Independent Director

Vailankanni Wenceslaus Melchoir Anthony, Ranjna Patel, and Claudio Sandro Oberto are independent Directors and resident of New Zealand.

Prahlad Das Gupta, Managing Director is resident of New Zealand.

Vipan Mahajan, Non-Executive Director is a resident of India.

The responsible persons authorised to sign the disclosure statement on behalf of the Board in accordance with section 82 of the Reserve Bank of New Zealand Act 1989 are Vailankanni Wenceslaus Melchoir Anthony and Prahlad Das Gupta.

5. Conditions of registration

The conditions apply on or after 1 October 2016 are as follows:

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

1. That —

   (a) the Total capital ratio of the banking group is not less than 8%;

   (b) the Tier 1 capital ratio of the banking group is not less than 6%;

   (c) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5%;

   (d) the Total capital of the banking group is not less than $30 million;

   (e) the bank must not include the amount of an Additional Tier 1 capital instrument or Tier 2 capital instrument issued after 1 January 2013 in the calculation of its capital ratios unless it has received a notice of non-objection to the instrument from the Reserve Bank; and

   (f) the bank meets the requirements of Part 3 of the Reserve Bank of New Zealand document "Application requirements for capital recognition or repayment and notification requirements in respect of capital" (BS16) dated November 2015 in respect of regulatory capital instruments.

   For the purposes of this condition of registration, —

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

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

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

1A. That—

   (a) the bank has an internal capital adequacy assessment process ("ICAAP") that accords with the requirements set out in the document "Guidelines on a bank's internal capital adequacy assessment process ('ICAAP')" (BS12) dated December 2007;

   (b) under its ICAAP the bank identifies and measures its "other material risks" defined as all material risks of the banking group that are not explicitly captured in the calculation of the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the Total capital ratio under the requirements set out in the document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015; and

(c) the bank determines an internal capital allocation for each identified and measured “other material risk”.

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

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

Banking group’s buffer ratio	**Percentage limit to distributions of the bank’s earnings**
0% – 0.625%	0%
>0.625 – 1.25%	20%
>1.25 – 1.875%	40%
>1.875 – 2.5%	60%

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

(c) have the capital plan approved by the Reserve Bank.

For the purposes of this condition of registration,—

“buffer ratio”, “distributions”, and “earnings” have the same meaning as in Part 3 of the Reserve Bank of New Zealand document: “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated November 2015.

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

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

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

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

(a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and

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

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

(a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and

(b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,—

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

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

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

Credit rating of the bank[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% of the banking group's Tier 1 capital.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated November 2015.

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.

6. That the bank complies with the following corporate governance requirements:

(a) the board of the bank must have at least five directors;

(b) the majority of the board members must be non-executive directors;

(c) at least half of the board members must be independent directors;

[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.)

(d) an alternate director,—

(i) for a non-executive director must be non-executive; and

(ii) for an independent director must be independent;

(e) at least half of the independent directors of the bank must be ordinarily resident in New Zealand;

(f) the chairperson of the board of the bank must be independent; and

(g) the bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the bank).

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

7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:

(a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and

(b) the Reserve Bank has advised that it has no objection to that appointment.

8. That a person must not be appointed as chairperson of the board of the bank unless:

(a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and

(b) the Reserve Bank has advised that it has no objection to that appointment.

9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:

(a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;

(b) the committee must have at least three members;

(c) every member of the committee must be a non-executive director of the bank;

(d) the majority of the members of the committee must be independent; and

(e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

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

10. That a substantial proportion of the bank's business is conducted in and from New Zealand.

11. That the banking group complies with the following quantitative requirements for liquidity-risk management:

(a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;

(b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and

(c) the one-year core funding ratio of the banking group is not less than 75 per cent at the end of each business day.

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

12. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:

(a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;

(b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;

(c) identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and

(d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.

13. That no more than 10% of total assets may be beneficially owned by a SPV. For the purposes of this condition,—

"total assets" means all assets of the banking group plus any assets held by any SPV that are not included in the banking group's assets:
"SPV" means a person—

(a) to whom any member of the banking group has sold, assigned, or otherwise transferred any asset;
(b) who has granted, or may grant, a security interest in its assets for the benefit of any holder of any covered bond; and

(c) who carries on no other business except for that necessary or incidental to guarantee the obligations of any member of the banking group under a covered bond:

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

14. That—

(a) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the notification threshold, and does not meet the non-objection threshold, unless:

(i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and

(ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisition Policy" (BS15) dated December 2011; and

(b) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:

(i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination;

(ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011; and

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

For the purposes of this condition of registration, "qualifying acquisition or business combination", "notification threshold" and "no-objection threshold" have the same meaning as in the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011.

15. That, for a loan-to-valuation measurement period, the total of the bank's qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 60%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

16. That, for a loan-to-valuation measurement period, the total of the bank's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 10% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

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

In these conditions of registration,—

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

"generally accepted accounting practice" has the same meaning as in section 8 of the Financial Reporting Act 2013.

In conditions of registration 15 to 17,—

"loan-to-valuation ratio", "non property-investment residential mortgage loan", "property-investment residential mortgage loan", "qualifying new mortgage lending amount in respect of property-investment residential mortgage loans", "qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans", and "residential mortgage loan" have the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) dated October 2016:

"loan-to-valuation measurement period" means a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of March 2017.

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-	Stable	Nil	Nil

On 05-07-2016, Fitch Ratings has affirmed the above ratings on Bank of Baroda (New Zealand) Limited.

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. The issuer has the same meaning as in section 11 of the Financial Market Conduct Act 2013.

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 nine months ended 31 December 2016 :

a. the Bank has complied with all conditions of registration that applied during the period;

b. credit exposures to connected persons were not contrary to the interests of the Bank;

c. the Bank has systems in place to monitor and control adequately the Bank's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

For and on behalf of all of the Directors of the Bank (authorised to issue by Directors' resolution via circular agenda dated 20.02.2017, this disclosure statement is dated at Auckland, New Zealand this 22.02.2017 and signed by Vailankanni Wenceslaus Melchoir Anthony and Prahlad Das Gupta as responsible persons.

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

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

10. Financial statements

The financial statements for the Bank For the nine months ended 31st December 2016 are attached as Appendix and form part of this disclosure statement.

Bank of Baroda (New Zealand) Limited

Company Number 2135104

Financial Statements For the nine months ended 31 December 2016

Contents: Interim Financial Statements

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME	**Notes**	**Unaudited Nine months ended 31 December 2016 $'000**	**Unaudited Nine months ended 31 December 2015 $'000**	**Audited Year ended 31 March 2016 $'000 (restated)**
Interest income	2	2,914	2,984	3,963
Interest expense	2	(847)	(829)	(1,132)
Net interest income		2,067	2,155	2,831
Other income	3	1,279	1,163	1,594
Total operating income		**3,346**	**3,318**	**4,425**
Operating expenses	4	(2,281)	(2,120)	(3,005)
Impairment losses on loans and advances	5	(30)	(53)	(65)
Net profit/(loss)before taxation		1,035	1,145	1,355
Taxation (expense)/benefit	6	(404)	212	40
Net profit/(loss)after taxation		631	1,357	**1,395**
Other comprehensive income		-	-	- -
Total comprehensive income		**631**	**1,357**	**1,395**

The accompanying notes on pages 25 to 50 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

STATEMENT OF CHANGES IN EQUITY For the nine months ended 31 December 2016	Share Capital $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2016	**40,000**	**5,138**	**45,138**
Net profit after taxation and total comprehensive income	**-**	**631**	**631**
Balance at 31 December 2016 (Unaudited)	**40,000**	**5,769**	**45,769**
Balance at 1 April 2015	**40,000**	**3,743**	**43,743**
Net profit after taxation and total comprehensive income	**-**	**1,395**	**1,395**
Balance as at 31 March 2016 (Audited)	**40,000**	**5,138**	**45,138**
Balance at 1 April 2015	**40,000**	**3,743**	**43,743**
Net profit after taxation and total comprehensive income	**-**	**1,357**	**1,357**
Balance at 31 Dec 2015 (Unaudited)	**40,000**	**5,100**	**45,100**

The accompanying notes on pages 25 to 50 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

BANK OF BARODA (NEW ZEALAND) LIMITED

INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2016

STATEMENT OF FINANCIAL POSITION	Notes	Unaudited 31 December 2016 $'000	Unaudited 31 December 2015 $'000 (Restated)	Audited 31 March 2016 $'000
Assets				
Cash and cash equivalents	8	13,942	9,034	8,355
Balances due from related parties	12	5,486	3,195	3,378
Due from other financial institutions	9	8,500	15,100	14,100
Loans and advances	10	70,699	59,577	64,195
Property, plant and equipment		397	504	471
Current taxation		-	-	-
Deferred tax asset	7	583	1,159	987
Other assets		308	145	196
Total assets		**99,915**	**88,714**	**91,682**
Liabilities				
Balances due to related parties	12	1,248	2,485	2,368
Deposits and other borrowings	14	52,332	40,934	43,863
Current taxation		-	-	-
Other liabilities	15	566	195	313
Total liabilities		**54,146**	**43,614**	**46,544**
Shareholders' equity				
Share capital		40,000	40,000	40,000
Reserves		5,769	5,100	5,138
Total shareholders' equity		**45,769**	**45,100**	**45,138**
Total shareholders' equity and liabilities		**99,915**	**88,714**	**91,682**
Total interest earning and discount bearing assets		**97,376**	**85,186**	88,407
Total interest and discount bearing liabilities		**49,699**	**39,325**	42,752
Financial Assets, pledged as collateral for liabilities or contingent liabilities		**-**	**-**	-

The accompanying notes on pages 25 to 50 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

For and on behalf of the Board

Vailankanni Wenceslaus Melchoir Anthony
Chairman

Prahlad Das Gupta
Managing Director

Dated: 22nd February 2017

CASH FLOW STATEMENT	Unaudited Nine months ended 31 December 2016 $'000	Unaudited Nine months ended 31 December 2015 $'000	Audited Year ended 31 March 2016 $'000
Cash flows from operating activities			
Interest received	2,919	3,083	4,305
Fees and other income	1,279	1,163	1,594
Operating expenses paid	(2,070)	(2,026)	(2,734)
Interest paid	(818)	(817)	(1,349)
Taxes paid			-
Net cash flows from operating activities before changes in operating assets and liabilities	1,310	1,403	1,816
Net changes in operating assets and liabilities:			
Increase in loans and advances	(6,534)	(10,549)	(15,179)
Decrease/(increase) in balances due from other financial institutions	5,600	2,700	3,700
(Decrease)/ Increase in deposits and other borrowings	8,511	8,532	11,461
Increase in balances due to other financial institutions	-	-	-
Increase in other liabilities	-	-	-
Increase in interest receivable	-	-	-
Increase/(decrease) in balances due to	(1,162)	1,505	1,388
(Decrease) /Increase in other assets	(117)	102	55
Increase /(decrease) in other liabilities and provisions	87	(23)	(67)
Decrease/(increase) in balances due from related parties	(2,108)	205	22
Net cash flows from operating activities	**5,587**	**3,875**	**3,196**
Cash flows from investing activities	-	-	-
Net cash flows from investing activities	-	-	-
Cash flows from financing activities	-	-	-
Net cash flows from financing activities	-	-	-
Increase in cash and cash equivalents	5,587	3,875	3,196
Add opening cash and cash equivalents	**8,355**	**5,159**	**5,159**
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Closing cash and cash equivalents	**13,942**	**9,034**	**8,355**
Cash On hand	303	368	328
Call and Overnight advances to Financial Institutions	13,639	8,666	8,027

The accompanying notes on pages 25 to 50 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

CASH FLOW STATEMENT	Unaudited Nine months ended 31 December 2016 $'000	Unaudited Nine months ended 31 December 2015 $'000	Audited Year ended 31 March 2016 $'000
Reconciliation of net profit after taxation to net cash-flows from operating			
Net profit/(loss) after taxation	631	1,357	1,395
Non cash movements:			
Unrealised fair value adjustments	5	99	-
Depreciation	74	94	127
Amortisation of intangibles	-	-	-
Increase in collective allowance for impairment losses	26	48	65
Increase in individual allowance for impairment losses	4	5	-
(Increase)/decrease in deferred expenditure	166	12	(40)
Unrealised Foreign Exchange loss/(gain)	-	-	-
(Increase)/decrease in deferred taxation	404	(212)	-
Net movement in operating assets and liabilities	1,310	1,403	152
Increase in loans and advances	**(6,534)**	**(10,549)**	**(15,179)**
Decrease/(increase) in balances due from other financial institutions	5,600	2,700	3,700
(Decrease) /Increase in deposits and other borrowings	8,511	8,532	11,461
(Decrease)/Increase in Interest Payable	-	-	30
Increase in balances due to other financial institutions	-	-	-
Increase in other liabilities	-	-	-
Increase in interest receivable	-	-	-
Increase/(decrease) in balances due to related parties	(1,162)	1,505	1,388
(Decrease)/Increase in other assets	(117)	102	150
Increase /(decrease) in other liabilities and provisions	87	(23)	77
Decrease/(increase) in balances due from related parties	(2,108)	205	22
Net cash flows from operating activities	**5,587**	**3,875**	**3,196**

The accompanying notes on pages 25 to 50 form an integral part of these interim financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Statutory base
These interim financial statements have been prepared in accordance with the registered Bank Disclosure Statement (New Zealand Incorporated Registered Banks) Order 2014 (as amended). The company is profit-oriented and is an FMC Reporting Entity under Financial Markets Conducts Act 2013.

These interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"), as appropriate for profit-oriented entities, and the New Zealand equivalent to International Accounting Standard ("NZ IAS") 34 *Interim Financial Reporting* and International Accounting Standard IAS 34 and should be read in conjunction with the General Disclosure Statement for the year ended 31 March 2016.

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

These interim financial statements were authorised for issue by the Board on 20.02.2017. The Board has the power to amend the financial statements after they are authorised for issue.

Basis of preparation
The interim financial statements have been prepared under the historical cost convention. The functional and presentation currency is New Zealand Dollar (NZD). The same accounting policies and methods of computation has been followed in preparing these interim financial statements as were used in preparing the financial statements for the year end 31 March 2016.

Changes in accounting policy
There have been no material changes in accounting policies since the last financial statements for year ended 31 March 2016.

Comparative figures (restatements)

There has been a reclassification of $8,666,000/- to 'Cash and Cash Equivalents' from 'Due from Other Financial Institutions' in the Statement of Financial Position as at 31 December 2015 to comply with current year presentation. This error has been corrected by restating each of the affected financial statement line items. The change did not have an impact on total comprehensive income for the period, equity or the Company's operating, investing and financing cash flows.

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

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

2. INTEREST (INCOME AND EXPENSES)

	Unaudited Nine Months ended 31 December 2016 $'000	Unaudited Nine Months ended 31 December 2015 $'000	Audited Year ended 31 March 2016 $'000 (restated)
Interest Income			
Bank Deposits/Placements	424	601	763*
Loans & Advances to Customers	2,490	2,383	3,200
Total Interest income	**2,914**	**2,984**	**3,963**
Interest Expenses			
Deposit by customers	847	829	1,132

*There has been an elimination of $247,000 of 'Inter branch transactions' from 'Interest revenue' and 'Interest expense' in the Statement of Comprehensive Income for the period ended 31 March 2016 to comply with current year presentation. This error has been corrected by restating each of the affected financial statement line items.

3. OTHER INCOME

	Unaudited Nine Months ended 31 December 2016 $'000	Unaudited Nine Months ended 31 December 2015 $'000	Audited Year ended 31 March 2016 $'000 (restated)
Other Income			
Banking and lending fee income	173	142	113
Net commissions revenue	20	19	143
Net foreign exchange gains	1073	985	1,338
Other revenue	13	17	-
Total other income	**1,279**	**1,163**	**1,594**

4. OPERATING EXPENSES

	Unaudited Nine months ended 31 December 2016	Unaudited Nine months ended 31 December 2015	Audited Year ended 31 March 2016
	$'000	$'000	$'000
Auditor's fee	116	60	98
Accounting fees	-	-	-
Internal Auditor fee	23	-	-
Legal & other advisory services	28	38	43
Regulatory advisory services	-	16	16
Directors' fee	37	18	32
Depreciation			
- Computer hardware	4	7	11
- Furniture, fittings and lease hold	69	86	116
Employee benefits	1,137	1,017	1,380
Rent and lease costs	433	432	606
Other operating expenses	434	446	703
Total operating expenses	**2,281**	**2,120**	**3,005**

5. IMPAIRMENT ALLOWANCE

As on 31 December 2016	Retail mortgage lending	Corporate and institutional	Other exposures excluding sovereigns and central banks	Total
	$'000	$'000	$'000	$'000
Individually impaired assets				
Balance at the beginning of the year	-	111	-	111
Charge to statement of comprehensive income	-	4	-	4
Reversal of previous amounts	-	-	-	-
Bad Debts Written off	-	(11)	-	(11)
Balance at the end of the period	**-**	**104**	**-**	**104**
Collective allowance for impairment losses				
Balance at the beginning of the year	192	10	64	266
Charge to statement of comprehensive income	(2)	5	23	26
Advances Written off	-	-	-	-
Total collective allowance for impairment losses	**190**	**15**	**87**	**292**
As on 31 December 2015				
Individually impaired assets				
Balance at the beginning of the year	-	103	8	111
Charge to statement of comprehensive income	-	-	10	10
Reversal of Previous Amounts	-	-	(5)	(5)
Bad Debts Written off	-	-	-	-
Balance at the end of the period	**-**	**103**	**13**	**116**
Collective allowance for impairment losses				
Balance at the beginning of the year	133	50	18	201
Charge to statement of comprehensive income	40	(36)	44	48
Advances Written off	-	-	-	-
Total collective allowance for impairment losses	**173**	**14**	**62**	**249**
As on 31 March 2016				
Individually impaired assets				
Balance at the beginning of the year	-	103	8	111
Charge to statement of comprehensive income	-	8	(8)	-
Bad Debts Written off	-	-	-	-
Balance at the end of the year	**-**	**111**	**-**	**111**
Collective allowance for impairment losses				
Balance at the beginning of the year	133	50	18	201
Charge to statement of comprehensive income	59	(40)	46	65
Advances Written off	-	-	-	-
Total collective allowance for impairment losses	**192**	**10**	**64**	**266**

6. TAXATION

	Unaudited Nine months ended 31 December 2016	Unaudited Nine months ended 31 December 2015	Audited Year ended 31 March 2016
	$'000	$'000	$'000
Net profit before taxation	**1,035**	**1,145**	**1,355**
Tax calculated at a tax rate of 28%	(290)	(318)	(379)
Prior period adjustment	-	-	-
Other permanent differences	-	-	-
Recognition of tax losses	(404)	212	40
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	290	318	379
Taxation (expense)/benefit as per the statement of comprehensive income	(404)	212	40
Represented by			
Current Tax	-	-	-
Deferred Tax	(404)	212	40
Taxation (expense)/benefit as per the statement of comprehensive income	**(404)**	**212**	**40**
The deferred tax (expense)/benefit in the statement of comprehensive income comprises the following Temporary differences:			
Recognised tax losses	(404)	212	40
Total temporary differences	**(404)**	**212**	**40**

7. CURRENT AND DEFERRED TAXATION

	Unaudited Nine months ended 31 December 2016	Unaudited Nine months ended 31 December 2015	Audited Year ended 31 March 2016
	$'000	$'000	$'000
Deferred tax			
Balance at the beginning of the year	987	947	947
(Charge) / Credit to statement of comprehensive income	(404)	212	40
Balance at end of the year / period	**583**	**1,159**	**987**

8. CASH & CASH EQUIVALENTS

	Unaudited Nine months ended 31 December 2016	Unaudited Nine months ended 31 December 2015	Audited Year ended 31 March 2016
	$'000	$'000	$'000
Cash on hand	303	368	328
Call and overnight advances to financial institutions	13,639	8,666	8,027
Total cash and cash equivalents	**13,942**	**9,034**	**8,355**
Current	13,942	9,034	8,355

***** There has also been a reclassification of $8,666,000 to 'Cash and Cash Equivalents' from 'Due from Other Financial Institutions' in the Statement of Financial Position as at 31 December 2015 for consistency with the current year presentation

9. DUE FROM OTHER FINANCIAL INSTITUTIONS

	Unaudited Nine months ended 31 December 2016	Unaudited Nine months ended 31 December 2015	Audited Year ended 31 March 2016
	$'000	$'000	$'000
Term Deposits	8,500	15,100	14,100
Total amount due from other financial institutions	**8,500**	**15,100**	**14,100**
Current	8,500	15,100	14,100
Non-Current	-	-	-

10. LOANS AND ADVANCES

	Unaudited Nine months ended 31 December 2016	Unaudited Nine months ended 31 December 2015	Audited Year ended 31 March 2016
	$'000	$'000	$'000
Residential Mortgage Loans	46,404	42,106	46,767
Corporate exposures	3,595	3,494	2,508
Other Exposures	21,096	14,342	15,297
Allowances for impairment losses	(396)	(365)	(377)
Total net loans and receivables	**70,699**	**59577**	**64,195**
Current	13,694	8,690	9,091
Non-Current	57,005	50,887	55,104

11. OTHER ASSETS

	Unaudited Nine months ended 31 December 2016	Unaudited Nine months ended 31 December 2015	Audited Year ended 31 March 2016
	$'000	$'000	$'000
Other receivables	128	(36)	10
Commissions receivable	-	-	-
Interest Receivable	180	181	186
Trade and other receivables	**308**	**145**	**196**
Current	308	145	196
Non-Current	-	-	-

12. RELATED PARTY DISCLOSURE

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

Key Management Personnel include directors and senior management of the Bank, their relatives and entities controlled by them are also related parties. The information relating to key management personnel disclosed includes transactions with these entities.

	As at 31 December 2016 $'000	As at 31 December 2015 $'000	As at 31 March 2016 $'000
Salary and other short term benefits	887	817	1,120

* The 31 December 2015 salary and other short term benefits have been restated for consistency with the current year presentation to correct computation oversight.

Related Party transactions and balances:

	As at 31 December 2016 $'000	As at 31 December 2015 $'000	As at 31 March 2016 $'000
Transaction with related parties:			
Interest Income			
Bank of Baroda Branches and its subsidiaries	72	54	60
Other related Parties			
Interest Expense			
Bank of Baroda Branches and its subsidiaries			
Other related Parties			
Due to related parties			
Bank of Baroda Branches and its subsidiaries	1206	962	834
Other related Parties	42	1,523	1,534
TOTAL DUE TO RELATED PARTIES	**1,248**	**2,485**	**2,368**
Current	1,248	962	836
Non-Current	-	1,523	1,532
Total	**-**	**-**	**2,368**
Deposits with related parties			
Bank of Baroda Branches and its subsidiaries	**5,486**	**3,195**	**3,378**
Other related Parties			
Total Deposit with Related Parties	**5,486**	**3,195**	**3,378**
Current	5,486	3,195	3,378
Non-Current	-	-	-
Total	**5,486**	**3,195**	**3,378**

13. CONNECTED PARTY EXPOSURE

The Bank does not have any exposure to connected parties as at 31st December 2016. The position was nil as at 31st December 2015 and as at 31 March 2016.

"Connected party" means any person, other than a government of a country which is a member of the Organisation for Economic Cooperation and Development, which is:

(i) an owner (which means any person who has a substantial interest in the registered bank), or
(ii) an entity in which an owner has a substantial interest (other than the registered bank and entities in which the registered bank itself has a substantial interest), or
(iii) a person which has a substantial interest in an owner, or
(iv) a director of the registered bank.

14. DEPOSITS AND OTHER BORROWINGS

	As at 31st December 2016	As at 31st December 2015	As at 31 March 2016
	$'000	**$'000**	**$'000**
Retail deposits	52,332	40,934	43,863
Wholesale deposits	-	-	-
Other	-	-	-
Total Deposits	**52,332**	**40,934**	**43,863**
New Zealand	52,332	40,934	43,863
Overseas	-	-	-
Current	49,984	37,553	34,238
Non-Current	2,348	3,381	9,625

15. OTHER LIABILITIES

	As at 31st December 2016	As at 31st December 2015	As at 31 March 2016
	$'000	$'000	$'000
Employee entitlements	108	-	-
Other payables and accruals	458	195	313
Total other liabilities	**566**	**195**	**313**
Current	566	195	313
Non-Current	-	-	-

16. ASSET QUALITY

As at 31 December 2016 Audited	**Residential mortgage loans**	**Corporate exposures**	**Other exposures excluding sovereigns and central banks**	**TOTAL $'000**
Neither past due nor impaired	46,404	3,491	21,096	70,991
Past due but not impaired	-	-	-	-
Impaired		104		104
Gross loans and advances	**46,404**	**3,595**	**21,096**	**71,095**
Less allowance for impairment	(190)	(119)	(87)	(396)
Net Loans and advances	**46,214**	**3,476**	**21,009**	**70,699**
Other assets neither past due nor impaired	-	-	28,236	28,236
Total net financial assets	**46,214**	**3,476**	**49,245**	**98,935**
Past due but not impaired				
Gross amount of finance receivables that were past due but not impaired were as follows:	-	-	-	-
Total past due but not impaired	**-**	**-**	**-**	**-**
Gross Impaired Assets	**-**	**111**	**-**	**111**
Balance at beginning of the year	-	-	-	-
Net Additions	-	4	-	4
Deletions	-	-	-	-
Amounts written off	-	(11)	-	(11)
Total individually impaired assets	**-**	**104**	**-**	**104**
Individually credit impairment allowance				
Balance at beginning of the year	-	111	-	111
Charged to the statement of comprehensive income		4	-	4
Amounts written off	-	(11)	-	(11)
Recoveries of amounts previously written off	-	-	-	-
Reversals of previously recognised impairment losses	-	-	-	-
Total amount as per Income Statement	-	104	-	104
Balance at end of the year	**-**	**104**	**-**	**104**
Collectively assessed provisions				
Balance at beginning of the year	188	12	69	269
Charged / (credit) to the statement of comprehensive income	2	3	18	23
Amounts written off				
Total amount as per income statements	**2**	**3**	**18**	**23**
Total provisions for impairment losses at the end of the year	**190**	**15**	**87**	**292**

The Bank does not have any restructured assets, any financial, real estate or other assets acquired through security enforcement or any other assets under administration.
There has been no interest revenue foregone on restructured, individually impaired or greater than 90 days past due assets during the -9- month period up to 31 December 2016.

16. ASSET QUALITY (Contd)

As at 31 December 2015 Unaudited	**Residential mortgage loans**	**Corporate exposures**	**Other exposures excluding sovereigns and central banks**	**TOTAL $'000**
Neither past due nor impaired	42,105	2,876	14,853	59,834
Past due but not impaired	1	-	-	1
Impaired	-	70	37	107
Gross loans and advances	42,106	2,946	14,890	59,942
Less allowance for impairment	(177)	(86)	(102)	(365)
Net Loans and advances	**41,929**	**2,860**	**14,788**	**59,577**
Other assets neither past due nor impaired	-	-	27,474	27,474
Total net financial assets	**41,929**	**2,860**	**42,262**	**87,051**
Past due but not impaired Gross amount of finance receivables that were past due but not impaired were as follows: Past due up to 30 days	1	1	1	3
Past due 30 to 60 days				
Past due 60 to 90 days				
At least 90 days past due				
Total past due but not impaired	1	1	1	3
Gross Impaired Assets				
Balance at beginning of the year	-	103	8	111
Net Additions	-	-	3	3
Deletions	-	-	(3)	(3)
Amounts written off				
Total individually impaired assets	**-**	**103**	**8**	**111**
Individually credit impairment allowance				
Balance at beginning of the year	-	103	8	111
Charged to the statement of comprehensive income		-	10	10
Amounts written off		-	-	-
Recoveries of amounts previously written off				
Reversals of previously recognised impairment losses			(5)	(5)
Total amount as per Income Statement		-	5	5
Balance at end of the year		**103**	**13**	**116**
Collectively assessed provisions				
Balance at beginning of the year	133	50	18	201
Charged / (credit) to the statement of comprehensive income Amounts written off	40	(36)	44	48
Total amount as per income statements	**40**	**(36)**	**44**	**48**
Total provisions for impairment losses at the end of the year	**173**	**14**	**62**	**249**

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 31 December 2015.

16. ASSET QUALITY (Contd)

As at 31 March 2016	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	Total
	$'000	$'000	$'000	$'000
Neither past due nor impaired	46,752	2,397	15,279	**64,428**
Past due but not impaired	15	-	18	**33**
Impaired	-	111	-	**111**
Gross loans and advances	**46,767**	**2,508**	**15,297**	**64,572**
Less allowance for impairment	(192)	(121)	(64)	**(377)**
Net loans and advances	**46,575**	**2,387**	**15,233**	**64,195**
Other assets neither past due nor impaired	-	-	25,701	**25,701**
Total net financial assets	**46,575**	**2,387**	**40,934**	**89,896**
Past due but not impaired				
Gross amount of finance receivables that were past due but not impaired were as follows:				
Past due up to 30 days	15	-	18	**33**
Past due 30 – 60 days	-	-	-	**-**
Past due 60 – 90 days	-	-	-	**-**
Past due 90+ days	-	-	-	**-**
Total	**15**	**-**	**18**	**33**
Gross Impaired Assets				
Balance at beginning of the year	-	103	8	**111**
Net additions	-	8	-	**8**
Deletions	-	-	(8)	**(8)**
Amounts written off	-	-	-	**-**
Balance at end of the year	**-**	**111**	**-**	**111**
Individual Credit Impairment Allowance				
Balance at beginning of the year	-	103	8	**111**
Charged to the income statements	-	8	(8)	**-**
Amounts written off	-	-	-	**-**
Recoveries of amounts previously written off	-	-	-	**-**
Reversals of previous amounts	-	-	-	**-**
Total amounts per income statement	-	8	(8)	**-**
Balance at end of the year	**-**	**111**	**-**	**111**
Collective Credit Impairment Allowance				
Balance at beginning of the year	133	50	18	**201**
Charged to the income statements	59	(40)	46	**65**
Amounts written off	-	-	-	-
Total amounts per income statement	59	(40)	46	**65**
Balance at end of the year	**192**	**10**	**64**	**266**

The Bank does not have any restructured assets, any financial, real estate or other assets acquired through security enforcement or any other assets under administration as at 31 March 2016.
There has been no interest revenue foregone on restructured, individually impaired or greater than 90 days past due assets during the year ended 31 March 2016.

17. 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:

	As at 31 December 2016 $'000	As at 31 December 2015 $'000	As at 31 Mar 2016 $'000
New Zealand			-
Government	-	-	-
Finance	22,442	24,279	22,127
Households	46,404	42,106	46,767
Transport and storage	-	-	-
Communications	-	-	-
Electricity, gas and water	-	-	-
Construction	3,892	2,551	1,323
Property services	3,325	2,455	2,384
Agriculture	-	-	-
Education	-	-	-
Health and community services	948	985	983
Personal and other services	11,150	2,505	6762
Retail and wholesale trade	5,116	9,285	6,025
Food & other manufacturing	260	55	328
Other financial assets	308	-	196
Overseas			
Finance, Investment and insurance	5,486	3,195	3,378
Total financial assets	99,331	87,416	90,273
Allowance for impairment losses	(396)	(365)	(377)
Total net financial assets	**98,935**	**87,051**	**89,896**

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

	As at 31 December 2016 $'000	As at 31 December 2015 $'000	As at 31 Mar 2016 $'000
New Zealand			
Upper North Island	**82,555**	**65,162**	75,093
Lower North Island	**11,290**	**19,059**	11,802
South Island	**-**	**-**	-
Overseas	**5,486**	**3,195**	**3,378**
Total financial assets	**99,331**	**87,416**	**90,273**
Allowance for impairment losses	(396)	(365)	(377)
Total net financial assets	**98,935**	**87,051**	**89,896**

Total Financial Assets of 31st December 2016, 31st December 2015 and 31st March 2016 are net of impairment allowance

17. CONCENTRATION OF CREDIT RISK (Contd)

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

	As at 31 December 2016 $'000	As at 31 December 2015 $'000	As at 31 Mar 2016 $'000
Loans and advances	**71,095**	**59,942**	64,572
Balances with related parties	**5,486**	**3,195**	3,378
Due from other financial institutions	**8,500**	**15,100***	14,100
Derivative financial instruments	**-**		-
Financial assets held for trading	**-**		-
Available-for-sale assets	**-**		-
Cash and cash equivalents	**13,942**	**9,034***	8,027
Other financial assets	**308**	**145**	196
Total gross financial assets	**99,331**	**87,416**	**90,273**
Allowance for impairment losses	(396)	(365)	(377)
Total net financial assets	**98,935**	**87,051**	**89,896**

*There has also been a reclassification of $8,666,000 to 'Cash and Cash Equivalents' from 'Due from Other Financial Institutions' in the Statement of Financial Position as at 31 December 2015 for consistency with the current year presentation.

18. 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 31 December 2016 $'000	Unaudited 31 December 2015 $'000	Audited 31 March 2016 $'000
New Zealand			
Financing investment and insurance	**1,569**	1,523	**2,235**
Retail and wholesale trade	**544**	-	**-**
Others	**602**	-	**-**
Other financial liabilities	**566**	195	313
Households	**49,664**	40,934	41,628
Overseas			
Finance, Investment & Insurance	**1,201**	962	2,368
Total financial liabilities	**54,146**	**43,614**	**46,544**

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

	Unaudited as at 31 December 2016	Unaudited as at 31 December 2015	Audited as at 31 March 2016
	$'000	**$'000**	**$'000**
New Zealand			
Upper North Island	41,618	32,180	34,665
Lower North Island	11,327	10,472	11,045
South Island	-	-	-
Overseas	1,201	962	834
Total financial liabilities	**54,146**	**43,614**	**46,544**

19. SEGMENTAL INFORMATION

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

20. LEASE COMMITMENTS

Operating lease commitments under non-cancellable operating leases:	Unaudited 31 December 2016 $'000	Unaudited 31 December 2015 $'000	Audited 31 March 2016 $'000
Not later than 1 year	406	400	376
1-2 years	295	282	259
2-5 years	410	557	514
5+ years		31	13
Total	**1,111**	**1,270**	**1,162**

21. CAPITAL COMMITMENTS

As at 31 December 2016 there are no material outstanding capital commitments (31 December 2015: Nil, 31 March 2016: Nil).

22. CONTINGENT LIABILITIES

	Unaudited 31 December 2016 $'000	Unaudited 31 December 2015 $'000	Audited 31 March 2016 $'000
Contingent Liabilities			
Performance/financial guarantees issued on behalf of customers	840	1,025	225
Documentary Credit (L.C)	-	-	-
Total Contingent Liabilities	**840**	**1,025**	**225**
Undrawn Commitments	**6,879**	**8,696**	**4,572**

23. SUBSEQUENT EVENTS AFTER BALANCE DATE

There were no subsequent events after balance date.

24. LIQUIDITY RISK

The Bank's policies for managing liquidity are set out in General Disclosure Statement for the year ended 31 December 2016. 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.

31 December 2016 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	13,942	-	-	-	-	13,942
Due from other financial institutions	-	5,543	3,043	-	-	8,586
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	45	5,623	15,308	24,226	65,685	110,887
Due from related parties	889	*4,597*	-	-	-	5,486
Other financial assets	308	-	-	-	-	308
Total financial assets	**15,184**	**15,763**	**18,351**	**24,226**	**65,685**	**139,209**
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	**23,669**	**4,653**	**21,376**	**5,673**	-	**55,371**
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties	**1,248**	-	-	-	-	**1,248**
Other financial liabilities	**566**	-	-	-	-	**566**
Total financial liabilities	25,483	4,653	21,376	5,673	-	57,185
Net non derivative cash flows	**(10,299)**	**11,110**	**(3,025)**	**18,553**	**65,685**	**82,024**
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Off balance sheet cash flows						
Financial guarantees	**(840)**	-	-	-	-	(840)
Total	**(840)**	-	-	-	-	(840)
Net cash flows	**(11,139)**	**11,110**	**(3,025)**	**18,553**	**65,685**	**81,184**

24. LIQUIDITY RISK (Contd)

31 December 2015 Unaudited (restated)	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	9,034	-	-	-	-	9,034
Due from other financial institutions	-	14,100	1,000	-	-	15,100
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets						
Loans and advances	20	12,942	38,562	39,181	65,095	155,800
Due from related parties	3,195	-	-	-	-	3,195
Other financial assets	145	-	-	-	-	145
Total financial assets	**12,394**	**27,042**	**39,562**	**39,181**	**65,095**	**183,274**
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	**20,114**	**5,542**	**11,235**	**4,069**	-	**40,960**
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-
Term subordinated debt						
Due to related parties	**962**	-	-	**1,523**	-	**2,485**
Other financial liabilities	**195**	-	-	-	-	**195**
Total financial liabilities	21,271	5,542	11,235	5,592	-	43,640
Net non derivative cash flows	**(8,877)**	**21,500**	**28,327**	**33,589**	**65,095**	**139,634**
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Off balance sheet cash flows		-	-	-	-	-
Financial guarantees	(1,025)	-	-	-	-	(1,025)
Total	**(1,025)**	-	-	-	-	**(1,025)**
Net cash flows	**(9,902)**	**21,500**	**28,327**	**33,589**	**65,095**	**138,609**

24. LIQUIDITY RISK (Contd)

31 March 2016 Audited	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	8,355	-	-	-	-	8,355
Due from other financial institutions	-	10,582	3,650	-	-	14,232
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	12	5,118	8,591	18,359	72,375	104,455
Due from related parties	3,378	-	-	-	-	3,378
Other financial assets	-	*186*	*10*	-	-	196
Total financial assets	**11,745**	**15,886**	**12,251**	**18,359**	**72,375**	**130,616**
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	**20,561**	**8,573**	**10,770**	**3,705**	-	**43,609**
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties	**836**	-	-	**1,711**	-	**2,547**
Other financial liabilities	-	**313**	-	-		**313**
Total financial liabilities	21,397	8,886	10,770	5,416	-	46,469
Net non derivative cash flows	**(9,652)**	**7,000**	**1,481**	**12,943**	**72,375**	**84,147**
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Off balance sheet cash flows						
Financial guarantees	**(225)**					(225)
Total	**(225)**					**(225)**
Net cash flows	**(9,877)**	**7,000**	**1,481**	**12,943**	**72,375**	**83,922**

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

	31 December 2016 $'000	31 December 2015 $'000	31 March 2016 $'000
Cash and bank balances	**13,942**	**9,034***	**8,355**
Short term deposits	**8,500**	**15,100***	**14,100**
Deposit /cash held with related parties	**5,486**	**3,195**	**3,378**
Total Liquid assets	**27,928**	**27,329**	**25,833**

A number of disclosures at 31 December 2015 and 31 March 2016 have been restated for consistency with the current year presentation. Amounts previously reported were (in some cases) based on expected maturity, but have now been presented based on contractual maturity, and all related party receivables are now included. Related subtotals have also been amended as a result.

***** There has also been a reclassification of $8,666,000/- to 'Cash and Cash Equivalents' from 'Due from Other Financial Institutions' in the Statement of Financial Position as at 31, December 2015 for consistency with the current year presentation.

25. 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.

31 December 2016 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	13,942	758	13,184	-	-	-	-	-
Due from other financial institutions	8,500	-	5,500	2,500	500	-	-	-
Loans and advances	70699	-	37,629	2,504	6,036	24,530	-	-
Balances with related parties	5,486	889	4,597	-	-	-	-	-
Other financial assets	308	308	-	-	-	-	-	-
Total financial assets	**98,935**	**1,955**	**60,910**	**5,004**	**6,536**	**24,530**	**-**	**-**
Financial liabilities								
Due to other financial institutions								
Deposits and other borrowings	**52,332**	**2,674**	**35,034**	**9,279**	**2,996**	**1,280**	**1,069**	
Due to related parties	**1,248**	**1,206**	**42**	**-**	**-**	**-**	**-**	**-**
Other financial liabilities	**566**	**566**	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities	**54,146**	**4,446**	**35,076**	**9,279**	**2,996**	**1,280**	**1,069**	**-**
On-balance sheet gap								
Net derivative notional principals	-	-	-	-	-	-	-	-
Net effective interest rate gap	**44,789**	**(2,491)**	**25,834**	**(4,275)**	**3,540**	**23,250**	**(1,069)**	**-**

31 December 2015 Unaudited (restated)	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	9,034	1,193	7,841	-	--	-	-	-
Due from other financial institutions	15,100	-	14,100	1000	-	-	-	-
Loans and advances	59,577	-	40,895	1,486	7,479	9,674	43	-
Balances with related parties	3,195	267	2,928	-	-	-	-	-
Other financial assets	145	145	-	-	-	-	-	-
Total financial assets	**87,051**	**1,605**	**65,764**	**2,486**	**7,479**	**9,674**	**43**	**-**
Financial liabilities								
Due to other financial institutions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Deposits and other borrowings	**40,934**	**2,859**	**22,253**	**5,936**	**5,007**	**779**	**4,100**	**-**
Due to related parties	**2,485**	**962**	**-**	**-**	**-**	**-**	**1,523**	**-**
Other financial liabilities	**195**	**195**	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities	**43,614**	**4,016**	**22,253**	**5,936**	**5,007**	**779**	**5,623**	**-**
On-balance sheet gap								
Net derivative notional principals	-	-	-	-	-	-	-	-
Net effective interest rate gap	43,437	(2,411)	43,511	(34,50)	2,472	8,895	(55,80)	-

25. INTEREST RATE SENSITIVITY (Contd.)

31 March 2016 Audited (restated)	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	8,355	1,527	6,828	-	-	-	-	-
Due from other financial institutions	14,100	-	10,500	2,600	1,000	-	-	-
Loans and advances	64,195	-	37,584	300	2,298	24,013	-	-
Balances with related parties	3,378	471	2,907	-	-	-	-	-
Other financial assets	196	196	-	-	-	-	-	-
Total financial assets	**90,224**	**2,194**	**57,819**	**2,900**	**3,298**	**24,013**	**-**	**-**
Financial liabilities								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	43,863	3,490*	26,686*	6,745*	3,782*	491	2,669	-
Due to related parties	2,368	837	-	-	-	-	1,531	-
Other financial liabilities	313	313	-	-	-	-	-	-
-Total financial liabilities	**46,544**	**4,640**	**26,686**	**6,745**	**3,782**	**491**	**4,200**	**-**
On-balance sheet gap								
Net derivative notional principals								
Net effective interest rate gap	**43,680**	**(2,446)**	**31,133**	**(3,845)**	**(484)**	**23,522**	**(4,200)**	**-**

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

	31 December 2016		31 December 2015		31 March 2016	
30 December 2016 Unaudited	**Carrying Amounts $'000**	**Estimated Fair Value $'000**	**Carrying Amounts $'000** (Restated)	**Estimated Fair Value $'000**	**Carrying Amounts $'000**	**Estimated Fair Value $'000**
Financial assets						
Cash and cash equivalents	13,942	13,942	9,034	9,034	8,355	8,355
Balances with related parties	5,486	5,486	3,195	3,195	3,378	3,378
Due from other financial institutions	8,500	8,500	15,100	15,100	14,100	14,100
Loans and advances	70,699	72,986	59,577	62,128	64,195	67,149
Other assets	308	308	145	145	196	196
Total financial assets	**98,935**	**101,222**	**87,051**	**89,602**	**90224**	**93,178**
Financial liabilities						
Due to related parties	1,248	1,248	2,485	2,485	2,368	2,470
Deposits and other borrowings	52,332	54,862	40,934	42,872	43,863	44,466
Other liabilities	566	566	195	195	313	313
Total financial liabilities	**54,146**	**56,676**	**43,614**	**45,552**	**46,544**	**47,249**

Fair value estimation

Quoted market prices, when available, are used as the measure of fair values for financial instruments. However, for some of the Bank's financial instruments, quoted market prices do not exist. For such financial instruments, fair values presented are estimates derived using present value or other market accepted valuation techniques. These techniques involve uncertainties and are affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rate, estimates of future cash flows, future expected loss experience and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values.

The fair value estimates were determined by application of the methods and assumptions described below.

26. FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd)

Cash

For cash assets, the carrying amount is equivalent to the fair value as they are highly liquid. For short term liquid assets, estimated fair values are based on quoted market prices.

Balance due from other financial institutions

These are call and short term deposits with other financial institutions which are relatively liquid and therefore carrying amount is equivalent to fair value.

Loans and advances

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

Other financial assets

Included in this category are interest receivables and other short term receivables. For these balances the carrying value is considered to approximate the fair values, as they are short term in nature or are receivable on demand.

Deposits by customers

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

Due to/from related parties

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

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

Flow model with reference to market interest rates. For other deposits by customers and related parties, the carrying amount is a reasonable estimate of fair value.

Other financial liabilities

Other financial liabilities are generally short-term and are expected to be settled within one year. Therefore, the carrying amount is equivalent to fair value.

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

Level 1 Quoted market price

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

Level 2 Valuation technique using observable inputs

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

Level 3 Valuation technique with significant unobservable inputs

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

27. CREDIT EXPOSURE CONCENTRATIONS

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

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

- as at 31 December 2016 was nil, and
- in respect of peak end-of-day aggregate credit exposure for the nine months ended 31 December 2016 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.

28. 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
- Conducting marketing or distribution of insurance products.

29. 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 31st March 2016

30. CAPITAL ADEQUACY

Capital

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

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

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

Other classes of capital instrument

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

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

- Total regulatory capital must not be less than 8% of risk weighted exposures.
- Tier One capital must not be less than 6% of risk weighted exposures.
- Capital must not be less than NZ$30 million.

The capital adequacy tables set out below summarise the composition of regulatory capital and capital adequacy ratios for the period ended 31 December 2016. The Bank was registered on 1 September 2009 and from the date of registration to 31 December 2016; the Bank has complied with both regulatory and internal capital adequacy requirements.

The Bank has considered other material risks not included 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.

30. CAPITAL ADEQUACY (Contd)

Tier one capital	As at 30 December 2016 $'000	As at 30 December 2015 $'000	As at 31 March 2016 $'000
Common Equity Tier one capital			
Issued and fully paid up share capital	40,000	40,000	40,000
Retained Earnings	5,769	5,100	5,138
Deferred Tax Assets	(583)	(1,159)	(987)
Total common equity tier one capital	45,186	43,941	44,151
Additional Tier one capital	-	-	-
Total additional tier one capital	-	-	-
Total tier one capital	45,186	43,941	44,151
Tier two capital	-	-	-
Total tier two capital	-	-	-
Total capital	45,186	43,941	44,151

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

Credit risk

Unaudited 31 December 2016 Calculation of on-balance-sheet exposures	Total exposure after credit risk mitigation $'000	Risk weight	Risk weighted exposure $'000	Minimum Pillar 1 capita requirement $'000
Cash and gold bullion	303	0%	-	-
Banks	22,139	20%	4,428	354
Banks	5,486	50%	2,743	220
Corporate	3,478	100%	3,478	278
Residential mortgages not past due				
• Non Property Investment–LVR up to 80%	34,480	35%	12,068	966
• Non Property Investment–LVR >80% but <90%	5,696	50%	2,848	228
• Property Investment- LVR<80%	6,038	40%	2,415	193
• Property Investment-LVR>80% but <90%				
• Past due residential mortgages				
Non Risk Weighted Assets	6,696	0%	-	-
Other assets	14,680	100%	14,680	1,174
Total on balance sheet exposures after credit risk mitigation	98,996		42,660	3,413

Unaudited 31 December 2016 Calculation of off-balance sheet exposures	Total exposure $'000	Credit conversion factor	Credit equivalent amount $'000	Average risk weight	Risk weighted exposure $'000	Minimum Pillar 1 capital require-ment $'000
Undrawn commitments on existing facilities	6,879	50%	3,440	61%	2,094	167
Performance-related contingency	840	50%	420	100%	420	34
Other – OTC etc	-	-	-	-	-	-
Total on balance sheet exposures after	7,719		3,860		2,514	201

Residential mortgages by loan-to-valuation ratio

Unaudited 31 December 2016 Loan –to-value ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Value of exposures	40,685	5,719	-	46,404

30. CAPITAL ADEQUACY (Contd)

Reconciliation of residential mortgage-related amounts

	Unaudited 31 December 2016 $'000
Residential mortgage loans	46,404
Residential mortgages by loan-to-value ratio	46,404

Credit risk mitigation

Unaudited 31 December 2016 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
Corporate	400	-
Other	513	-
Total	**913**	**-**

Operational risk capital requirement

Unaudited 31 December 2016	Implied risk weighted exposure $'000	Total operational risk capital requirement $'000
Operational risk	4,425	354

Market risk

Market risk exposures have been calculated in accordance with the methodology detailed in Part 10 of the RBNZ's BS2A Capital Adequacy framework, and schedule 9 of the Registered Bank Disclosure Statement (Full and half-year - New Zealand Incorporated Registered Banks) Order 2014 (amended). Peak exposures are calculated using the Bank's shareholders' equity at the end of the quarter.

Unaudited 31 December 2016	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	3,963	317	3,963	317
Foreign currency risk	262	21	262	21
Equity risk	-	-	-	-
Total	**4,225**	**338**	**4,225**	**338**

Total Capital Requirement

31 December 2016	Total exposure after credit risk mitigation $'000	Risk weighted exposure or implied risk weighted exposure $'000	Capital requirement $'000
Total credit risk + equity	106,715	45,174	3,614
Operational risk	-	4,425	354
Market risk	-	4,225	338
Total	**106,715**	**53,824**	**4,306**

30. CAPITAL ADEQUACY (Contd)

Credit Risk

Unaudited 31 December 2015 Calculation of on-balance-sheet exposures (restated)	Total exposur after credit ris mitigation $'000	Risk weight	Risk weighted exposure $'000	Minimum Pillar 1 capital requirement $'000
Cash and gold bullion	368	0%	-	-
Banks	23,766	20%	4,753	380
Banks	3,195	50%	1,598	128
Corporate	2,864	100%	2,864	229
Residential mortgages not past due				
• Non Property Investment–LVR up to 80%	33,890	35%	11,862	949
• Non Property Investment–LVR >80% but <90%	8,043	50%	4,021	322
• Property Investment- LVR<80%	-	-	-	-
• Property Investment-LVR>80% but <90%	-	-	-	-
• Past due residential mortgages	-	-	-	-
Non Risk Weighted Assets	5,405	0%	-	-
Other assets	9,609	100%	9,609	769
Total on balance sheet exposures after credit risk mitigation	**87,140**		**34,707**	**2,777**

31 December 2015 Calculation of off-balance sheet exposures	Total exposure $'000	Credit conversion factor	Credit equivalent amount $'000	Average risk weight	Risk weighted exposure $'000	Minimum Pillar 1 capital requirement $'000
Undrawn commitments on existing facilities	8,696	50%	4,348	50%	2,174	174
Performance-related contingency	1,025	50%	513	100%	513	41
Other – OTC etc	-	-	-	-	-	-
Total on balance sheet exposures after credit risk mitigation	**9,721**	**-**	**4,861**	**-**	**2,687**	**215**

Residential mortgages by loan-to-valuation ratio

31 December 2015 Loan –to-value ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Value of exposures	39,689	7,095	-	46,784

Reconciliation of residential mortgage-related amounts

	Unaudited 31 December 2015 $'000
Residential mortgage loans	46,784
Residential mortgages by loan-to-value ratio	46,784

Credit risk mitigation

31 December 2015 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
Corporate	400	-
Other	7,985	-
Total	**8,385**	**-**

30. CAPITAL ADEQUACY (Contd)

Operational risk capital requirement

31 December 2015	Implied risk weighted exposure $'000	Total operational risk capital requirement $'000
Operational risk	3,163	253

Market risk

Market risk exposures have been calculated in accordance with the methodology detailed in Part 10 of the RBNZ's BS2A Capital Adequacy framework, and schedule 9 of the Registered Bank Disclosure Statement (Full and half-year - New Zealand Incorporated Registered Banks) Order 2014 (amended). Peak exposures are calculated using the Bank's shareholders' equity at the end of the quarter.

31 December 2015	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	1213	97	1213	97
Foreign currency risk	512	41	512	41
Equity risk	-	-	-	-
Total	**1,725**	**138**	**1,725**	**138**

Total Capital Requirement

31 December 2015 (restated)	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital requirement
	$'000	$'000	$'000
Total credit risk + equity	96,861	37,394	2,991
Operational risk	-	3,163	253
Market risk	-	1,725	138
Total	**96,861**	**42,282**	**3,382**

Credit Risk

Audited 31 March 2016 Calculation of on-balance-sheet exposures (restated)	Total exposur after credit ris mitigation $'000	Risk weight	Risk weighted exposure $'000	Minimum Pillar 1 capital requirement $'000
Cash and gold bullion	328	0%	-	
Banks	22,127	20%	4,425	354
Banks	3,378	50%	1,689	135
Corporate	2,387	100%	2,387	191
<u>Residential mortgages not past due</u>				
• Non Property Investment–LVR up to 80%	37,397	35%	13,089	1,047
• Non Property Investment–LVR >80% but <90%	7,990	50%	3,995	320
• Property Investment- LVR<80%	1,188	35%	415	33
• Property Investment-LVR>80% but <90%		100%	-	-
• Past due residential mortgages		100%	-	-
Non Risk Weighted Assets	5,793	0%	-	-
Other assets	9,636*	100%	9,636*	771*
Total on balance sheet exposures after credit risk mitigation	**90,224**		**35636**	**2,851**

30. CAPITAL ADEQUACY (Contd)

Audited 31 March 2016 Calculation of off-balance sheet exposures	Total exposure $'000	Credit conversion factor	Credit equivalent amount $'000	Average risk weight	Risk weighted exposure $'000	Minimum Pillar 1 capital require-ment $'000
Undrawn commitments on existing facilities	4,572	50%	2,286	46%	1,052	84
Performance-related contingency where original maturity is more than one year	225	50%	113	100%	113	9
Other commitments where original maturity is less than or equal to one year	-	-	-	-	-	-
Other – OTC etc	-	-	-	-	-	-
Total off-balance sheet exposures	4,797		2,399		1,165	93

Residential mortgages by loan-to-valuation ratio

Audited 31 March 2016 Loan –to-value ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
On Balance Sheet Exposures	38,585	7,990	-	46,575
Off Balance Sheet Exposures				
Total Loan to value ratio	38585	7,990	-	46,575

Reconciliation of residential mortgage-related amounts

	Unaudited 31 March 2016 $'000
Residential mortgage loans	46,575
Residential mortgages by loan-to-value ratio	46,575

Credit risk mitigation

Audited 31 March 2016 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
Corporate	31	-
Other	1,938	-
Total	**1,969**	**-**

Operational risk capital requirement

Audited 31 March 2016	Implied risk weighted exposure $'000	Total operational risk capital requirement $'000
Operational risk	4,021	322

Market risk

Market risk exposures have been calculated in accordance with the methodology detailed in Part 10 of the RBNZ's BS2A Capital Adequacy framework, and schedule 9 of the Registered Bank Disclosure Statement (Full and half-year - New Zealand Incorporated Registered Banks) Order 2014 (amended). Peak exposures are calculated using the Bank's shareholders' equity at the end of the quarter.

31 March 2016	End-period capital charges		Peak end-of-day capital charges	
(restated)	Implied risk weighted exposure $'000	Aggregate capital charge $'000	Implied risk weighted exposure $'000	Aggregate capital charge $'000
Interest rate risk	3,069	246	4,395	351
Foreign currency risk	65	5	777	62
Equity risk	-	-	-	-
Total	**3,134**	**251**	**5,172**	**413**

30. CAPITAL ADEQUACY (Contd)

Total Capital Requirement

Audited 31 March 2016 (restated)	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital requirement
	$'000	$'000	$'000
Total credit risk + equity	95,041	36,801	2,944
Operational risk	-	4,021	322
Market risk	-	3,134	251
Total	**95,041**	**43,956**	**3,517**

Capital Ratios

31 December 2016 unaudited	CET 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Ratio	83.95%	83.95%	83.95%
Minimum ratio requirement	*4.50%*	6%	8%

Capital Ratios

31 December 2015 unaudited(Restated)	CET 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Ratio	103.93%	103.93%	103.93%
Minimum ratio requirement	*4.50%*	6%	8%

Capital Ratios

31 March 2016 audited(restated)	CET 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Ratio	100.44%	100.44%	100.44%
Minimum ratio requirement	*4.50%*	6%	8%

Buffer ratios

	31 December 2016	31 December 2015 (restated)	31 March 2016 (restated)
Buffer ratio	75.95%	95.93	92.44%
Buffer ratio requirement	2.50%	2.50%	2.50%

Capital adequacy of Ultimate Parent Bank

BOB is required by the Reserve Bank of India to hold minimum capital at least equal to that specified under the Basel III. This information is made available to users via the BOB website (www.bankofbaroda.com).

As per the latest available data as at 31 December 2016, BOB's Common Equity Tier One Capital was 9.28% of Total Risk-weighted Assets, Additional Tier One Capital is 0.76% of Total Risk-weighted Assets and Total Capital adequacy ratio is 12.55% of Total Risk-weighted Assets (31 March 2016: Common Equity Tier One Capital was 10.29% of Total Risk-weighted Assets, Additional Tier One Capital 0.50%% of Total Risk-weighted Assets and Total Capital ratio was 13.17%)

BOB's capital ratios during the year ended 31 March 2016 and 31 December 2016 exceeded Reserve Bank of India's minimum capital adequacy requirements.

31. 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.