



Disclosure Statement

Bank of Baroda (New Zealand) Limited

Disclosure Statement for the six months ended 30 September 2017



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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;

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 Name and address for service of registered bank

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

This Disclosure Statement is issued by the Bank for the six months ended 30 September 2017 in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order").

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

The Bank is not in the business of insurance.

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

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

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

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 2017. There have been no changes to the name or address for service of the ultimate parent bank since 31 March 2017.

(b) Ultimate holding company

There have been no changes to the ultimate holding company (BOB) since 31 March 2017. There have been no changes to the name or address for service of the ultimate holding company since 31 March 2017.

The ultimate parent bank and ultimate holding company's address for service is provided under 3.1(a).

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

The obligations of the Bank are guaranteed by BOB (see section 3 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.

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

The Bank is a wholly owned subsidiary of BOB.

2.4 Registered bank

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

2.5 Priority of financial liabilities in the event of liquidation

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



3. Guarantee

3.1 Guarantee arrangements

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

A copy of the guarantee of the Bank's indebtedness given by BOB is provided in the Bank's Disclosure Statement for the year ended 31 March 2017. 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. BOB is not a member of the Banking Group.

The address for service of the guarantor is:

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

As at 30 September 2017, the publicly disclosed capital of BOB was INR 408,273.70 million (USD 6,253.71 million) representing (Basel III) 11.64% 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	No
Fitch IBCA, Inc.	BBB-	Stable	Nil	No

There have been no rating changes for BOB within the last two years. On 27 June 2017, 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.

On 24 July 2017 Moody has affirmed the rating on BOB. The Long-Term bank deposit domestic & foreign has been affirmed at Baa3 & outlook is changed from Positive to Stable.

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

(b) Details of guaranteed obligations

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

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



4. Directors

4.1 Communications

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

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

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

4.2 Responsible person

The responsible persons authorised to sign this disclosure statement on behalf of the Directors in accordance with section 82 of the Act are Claudio Sandro Oberto and Anupam Srivastava.

4.3 Board of Directors

At present the Board comprises the following Directors:

- Claudio Sandro Oberto, Chairperson and Independent Director;
- Anupam Srivastava, Managing Director;
- Mayankkumar Kulinchandra Mehta, Non-Executive Director;
- Ranjna Patel, Independent Director; and
- Vijay Kumar Goel, Independent Director.

Ranjna Patel, Claudio Sandro Oberto and Vijay Kumar Goel are independent Directors and residents of New Zealand.

Anupam Srivastava, Managing Director is a resident of New Zealand.

Mayankkumar Kulinchandra Mehta, Non-Executive Director is a resident of India.

Changes in the Directorate:

The following changes in the composition of the Board of Directors of the Bank (the "Board") have been effected since 31 March 2017:

Mr. Vailankanni Wenceslaus Melchoir Anthony, director & chairperson of the board passed away on 23 July 2017. Mr. Mayankkumar Kulinchandra Mehta has been inducted as Non Executive Director on 8 August 2017 and Mr. Vipin Mahajan, Non Executive Director resigned from the board on 8 August 2017. Mr. Claudio Sandro Oberto has been appointed as Chairperson of the Board on 21 August 2017. Mr. Prahlad Das Gupta resigned as Managing Director on 20 September 2017 and Mr. Anupam Srivastava inducted as Managing Director on 20 September 2017. Mr. Vijay Kumar Goel has been inducted as independent director on 29 September 2017.

5. Auditor

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

Deloitte Limited
Deloitte Centre
80 Queen Street
Auckland 1010
New Zealand



6. Conditions of registration

There were no changes made to the conditions of registration since 31 March 2017.

Bank of Baroda (New Zealand) Limited has complied with all conditions of registration that applied during that period except for the following conditions:

1. Number of board of directors had come down to 4 instead of 5 as required under conditions of registration. This condition was violated due to the sudden demise of Mr. Vailankanni Wenceslaus Melchoir Anthony on 23 July 2017. This violation has been remedied on 29 September 2017.
2. The Bank's prudential exposure limit for connected exposure is 15% of the tier 1 capital which amounts to NZ \$6.817 million. On 15 May 2017, the connected exposure was NZ\$11.844 million (equivalent to 25.77% of tier 1 capital), exceeding the prudential exposure limit by NZ \$ 5.02 million. This violation was remedied on 16 May 2017.

7. Pending proceedings or arbitration

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

8. Credit rating

8.1 Rating information

The credit rating of the Bank is as follows:

Rating Agency	Type of Rating	Current Rating	Outlook	Qualifications	Rating Change in the Last 2 Years
Fitch IBCA, Inc.	Long-term foreign currency Issuer Default Rating	BBB-	Stable	Nil	No

There have been no rating changes for Bank of Baroda (New Zealand) Limited within the last two years. On 27 June 2017, Fitch Ratings has affirmed the ratings on Bank of Baroda (New Zealand) Limited. The Long-Term Issuer Default Ratings (IDR) on Bank of Baroda (New Zealand) Limited have been affirmed at 'BBB-'. The Outlook on the IDRs is Stable.

8.2 Applicable ratings scales

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

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

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



9. 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 Markets Conduct Act 2013.

10. Directors' statements

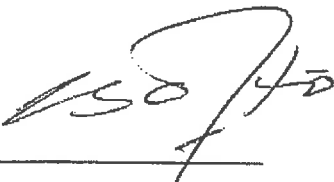
Each Director of the Bank, after due inquiry, believes as at the date of signing that this disclosure statement:

- a. contains all the information that is required by the Order; and
- b. is not false or misleading.

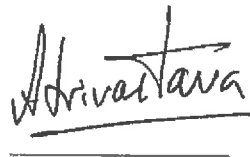
Each Director of the Bank, after due enquiry, believes that for the six months ended 30 September 2017:

- a. the Bank had complied with all conditions of registration imposed by the Reserve Bank of New Zealand under section 74 of the Reserve Bank Act 1989, except for the two breaches as detailed on page 6 under conditions of registration;
- b. credit exposures to connected persons were not contrary to interests of the Banking Group; and
- c. the Bank had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

For and on behalf of all of the Directors of the Bank (by Directors' Resolution), this Disclosure Statement is dated at Auckland, New Zealand this 27 November 2017 and signed by Claudio Sandro Oberto and Anupam Srivastava as responsible persons.



Claudio Sandro Oberto
Chairman
Bank of Baroda (New Zealand) Limited



Anupam Srivastava
Managing Director
Bank of Baroda (New Zealand) Limited

11. Independent auditor's review report

The independent auditor's review report on this Disclosure Statement is attached with the Financial Statements for the Bank in the Appendix to this Disclosure Statement. The information required by Schedule 1 of the Order is included in the independent auditor's review report.

12. Financial Statements

Financial Statements for the bank for the six months ended 30 September 2017 are attached as Appendix and form part of this Disclosure Statement.



Appendix: Financial Statements

Bank of Baroda (New Zealand) Limited

Company Number 2135104

Financial Statements for the six months ended 30 September 2017

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STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 September 2017	Unaudited Six months ended 30 September 2016	Audited Year ended 31 March 2017
		\$'000	\$'000	\$'000
Interest income	2	2,188	1,914	3,922
Interest expense	2	(679)	(563)	(1,186)
Net interest income		1,509	1,351	2,736
Other income	3	753	887	1,760
Total operating income		2,262	2,238	4,496
Operating expenses	4	(1,406)	(1,585)	(3,174)
Impairment losses on loans and advances	5	(47)	(7)	(26)
Net profit before taxation		809	646	1,296
Taxation expense	6	(236)	(250)	(382)
Net profit after taxation		573	396	914
Other comprehensive income		-	-	-
Total comprehensive income		573	396	914

The accompanying notes 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

	Share Capital	Retained Earnings	Total
	\$'000	\$'000	\$'000
Balance at 1 April 2017	40,000	6,052	46,052
Total comprehensive income for the period	-	573	573
Balance at 30 September 2017 (Unaudited)	40,000	6,625	46,625
Balance at 1 April 2016	40,000	5,138	45,138
Total comprehensive income for the year	-	396	396
Balance as at 30 September 2016 (Unaudited)	40,000	5,534	45,534
Balance at 1 April 2016	40,000	5,138	45,138
Total comprehensive income for the period	-	914	914
Balance at 31 March 2017 (Audited)	40,000	6,052	46,052

The accompanying notes 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

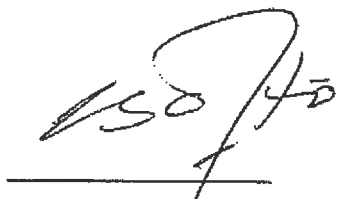
INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

STATEMENT OF FINANCIAL POSITION

	Note	Unaudited as at	Unaudited as at	Audited as at
		30 September 2017	30 September 2016 (Restated)*	31 March 2017
		\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	8	10,454	13,778	18,401
Balances due from related parties	12	4,692	5,019	5,305
Due from other financial institutions	9	11,500	8,500	8,000
Loans and advances	10	78,978	65,281	70,070
Property, plant and equipment		337	422	375
Deferred tax asset	7	369	737	605
Other assets	11	314	253	265
Total assets		106,644	93,990	103,021
Liabilities				
Balances due to related parties	12	1,168	1,687*	997
Deposits and other borrowings	13	58,413	46,176*	55,519
Other liabilities	14	438	593	453
Total liabilities		60,019	48,456	56,969
Shareholders' equity				
Share capital		40,000	40,000	40,000
Retained Earnings		6,625	5,534	6,052
Total shareholders' equity		46,625	45,534	46,052
Total shareholders' equity and liabilities		106,644	93,990	103,021
Total interest earning and discount bearing assets	24	103,984	90,466*	100,370
Total interest and discount bearing liabilities		53,928	42,590*	51,361

* These figures have been restated for consistency with the current year presentation and the nature of the changes are described in the affected note.

For and on behalf of the Board



Claudio Sandro Oberto

Chairman

Authorised for issue on 27.11.2017



Anupam Srivastava

Managing Director

The accompanying notes 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 SIX MONTHS ENDED 30 SEPTEMBER 2017

CASH FLOW STATEMENT

	Unaudited Six months ended 30 September 2017	Unaudited Six months ended 30 September 2016	Audited Year ended 31 March 2017
	\$'000	\$'000	\$'000
Interest received	2,164	1,941	3,922
Fees and other income	753	887	1,760
Operating expenses paid	(1,376)	(1,372)	(2,995)
Interest paid	(685)	(558)	(1,135)
Taxes paid	-	-	-
Net cash flows from operating activities before changes in operating assets and liabilities	856	898	1,552
Net changes in operating assets and liabilities:			
(Increase) in loans and advances	(8,955)	(1,093)	(5,901)
(Increase)/decrease in balances due from other financial institutions	(3,500)	5,600	6,100
Increase/(decrease) in deposits and other borrowings	2,894	753	11,656
(Increase)/decrease in interest receivable	-	-	(1)
Increase/(decrease) in balances due to related parties	171	879	(1371)
(Increase)/decrease in other assets	(26)	(84)	(69)
Increase/(decrease) in other liabilities and provisions	-	111	7
Decrease/(increase) in balances due from related parties	613	(1,641)	(1,927)
Net cash flows (used in)/from operating activities	(7,947)	5,423	10,046
Cash flows from investing activities	-	-	-
Net cash flows from investing activities	-	-	-
Cash flows from financing activities	-	-	-
Net cash flows from financing activities	-	-	-
(Decrease)/Increase in cash and cash equivalents	(7,947)	5,423	10,046
Add opening cash and cash equivalents	18,401	8,355	8,355
Closing cash and cash equivalents	10,454	13,778	18,401
Cash on hand	123	195	127
Call and overnight advances to financial institutions	10,331	13,583	18,274



BANK OF BARODA (NEW ZEALAND) LIMITED

INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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

	Unaudited Six months ended 30 September 2017	Unaudited Six months ended 30 September 2016	Audited Year ended 31 March 2017
	\$'000	\$'000	\$'000
Net profit after taxation	573	396	914
Non-cash movements			
Depreciation	38	49	97
Increase in collective allowance for impairment losses	47	3	23
Increase in individual allowance for impairment losses	-	4	3
Decrease/(increase) in deferred taxation	236	250	382
Increase in operating assets and liabilities	321	306	505
(Increase) in loans and advances	(8,955)	(1,093)	(5,901)
(Increase)/decrease in balances due from other financial institutions	(3,500)	5,600	6,100
Increase/(decrease) in deposits and other borrowings	2,894	753	11,656
(Decrease)/increase in interest payable	(6)	5	51
Increase/(decrease) in interest receivable	-	28	(1)
(Increase)/decrease in other assets	(50)	(84)	(69)
Increase/(decrease) in balances due to related parties	171	879	(1,371)
(Decrease)/increase in other liabilities and provisions	(8)	274	89
Decrease/(increase) in balances due from related parties	613	(1,641)	(1,927)
Net cash flows (used in)/from operating activities	(7,947)	5,423	10,046

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



1. STATEMENT OF ACCOUNTING POLICIES

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

The Bank's 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 equivalents to International Accounting Standard ("NZ IAS 34") Interim Financial Reporting, International Accounting Standard IAS 34 and should be read in conjunction with the General Disclosure Statement for the year ended 31 March 2017.

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 27 November 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, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss (if any). The functional and presentation currency is New Zealand Dollar (NZD) and the figures have been rounded off to the nearest thousand, unless otherwise stated. The same accounting policies and methods of computation have been followed in preparing these interim financial statements as were used in preparing the financial statement for the year ended 31 March 2017.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies.

Estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. There have been no material estimates or judgements in the preparation of these financial statements. The information about estimates and assumptions in applying accounting policies that have the most significant effect on the Disclosure Statement or impairment allowance and deferred tax have been disclosed.

Changes in accounting policy

There have been no material changes in accounting policies since the last financial statements for year ended 31 March 2017.

Comparative figures (restatements)

An amount of \$1,560,000 has been reduced from Due to related parties and added to Deposits and other borrowings for the period ended 30 September 2016 to comply with the current year presentation. Certain amounts previously presented within related parties as at 30 September 2016 were not related parties and now have been included in retail deposits. This has been corrected by restating each of the affected financial statement in items. The change did not have an impact on total financial position for the period.

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

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



2. INTEREST

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
	\$'000	\$'000	\$'000
Interest Income			
Loans and advances to customers	1,896	1,667	3,350
Bank deposits / placements	292	247	572
Total interest income	2,188	1,914	3,922
Interest Expenses			
Deposits by customers	679	563	1,186

3. OTHER INCOME

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
	\$'000	\$'000	\$'000
Banking and lending fee income	129	106	294
Net commissions revenue	14	14	27
Net foreign exchange gains	607	757	1,425
Other revenue	3	10	14
Total other income	753	887	1,760

4. OPERATING EXPENSES

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
	\$'000	\$'000	\$'000
Auditor's fee	49	73	119
- Deloitte Limited			
Accounting fee	14	35	14
- RSM & DFK and others			
Directors' fee	20	26	49
Depreciation			
- Computer hardware	1	3	6
- Furniture, fittings, lease hold and office equipment	37	46	91
Employee benefits	709	843	1,523
Rent and lease costs	285	307	573
Other operating expenses	291	252	799
Total operating expenses	1,406	1,585	3,174



5. IMPAIRMENT ALLOWANCE

As at 30 September 2017	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 period	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-
Reversal of previous amounts	-	-	-	-
Bad Debts written off	-	-	-	-
Balance at the end of the period	-	-	-	-
Collective allowance for impairment losses				
Balance at the beginning of the period	181	82	26	289
Charge to statement of comprehensive income	28	6	13	47
Advances written off	-	-	-	-
Total collective allowance for impairment losses	209	88	39	336
As at 30 September 2016				
Individually impaired assets				
Balance at the beginning of the period	-	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 period	192	49	25	266
Charge to statement of comprehensive income	(4)	5*	2*	3
Advances written off	-	-	-	-
Total collective allowance for impairment losses	188	54	27	269
As at 31 March 2017				
Individually impaired assets				
Balance at the beginning of the period	-	111	-	111
Charge to statement of comprehensive income	-	3	-	3
Bad Debts written off	-	(114)	-	(114)
Balance at the end of the period	-	-	-	-
Collective allowance for impairment losses				
Balance at the beginning of the period	192	49	25	266
Charge to statement of comprehensive income	(11)	33	1	23
Advances written off	-	-	-	-
Total collective allowance for impairment losses	181	82	26	289

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



6. TAXATION

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
	\$'000	\$'000	\$'000
Net profit before taxation	809	646	1,296
Tax calculated at a tax rate of 28%	(226)	(181)	(363)
Prior period adjustment	-	-	-
Other temporary differences	-	(69)	-
Recognition of tax losses	-	-	-
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	(10)	-	(19)
Taxation expense as per the statement of comprehensive income	(236)	(250)	(382)
Represented by			
Current Tax	-	-	-
Deferred Tax	(236)	(250)	(382)
Taxation expense as per the statement of comprehensive income	(236)	(250)	(382)

The effective tax rate on the Bank's profit before tax has been calculated at 28%. Tax loss benefits not recognised in these financial statements amounted to nil as at 30 September 2017 (30 September 2016: nil, 31 March 2017: nil). The availability of these tax benefits is subject to the requirements of income tax legislation being met.

7. DEFERRED TAXATION

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
	\$'000	\$'000	\$'000
Deferred tax			
Balance at the beginning of the year	605	987	987
Charge to statement of comprehensive income	(236)	(250)	(382)
Balance at end of the period	369	737	605

8. CASH & CASH EQUIVALENTS

	As at 30 September 2017	As at 30 September 2016	As at 31 March 2017
	\$'000	\$'000	\$'000
Cash on hand	123	195	127
Call and overnight advances to financial institutions	10,331	13,583	18,274
Total cash and cash equivalents	10,454	13,778	18,401
Current	10,454	13,778	18,401

9. DUE FROM OTHER FINANCIAL INSTITUTIONS

	As at 30 September 2017	As at 30 September 2016	As at 31 March 2017
	\$'000	\$'000	\$'000
Term Deposits	11,500	8,500	8,000
Total amount due from other financial institutions	11,500	8,500	8,000
Current	11,500	8,500	8,000
Non-Current	-	-	-

10. LOANS AND ADVANCES

	As at 30 September 2017	As at 30 September 2016 (Restated)*	As at 31 March 2017
	\$'000	\$'000	\$'000
Residential mortgage loans	49,573	45,746	44,145
Corporate exposures	20,968	13,208*	19,944
Other exposures**	8,773	6,700*	6,270
Allowances for impairment losses	(336)	(373)	(289)
Total net loans and receivables	78,978	65,281	70,070
Current	14,822	11,810	11,901
Non-Current	64,156	53,471	58,169

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

** Other exposures mainly comprise of personal loans.

11. OTHER ASSETS

	As at 30 September 2017	As at 30 September 2016	As at 31 March 2017
	\$'000	\$'000	\$'000
Other receivables	103	95	78
Commissions receivable	-	-	-
Interest receivable	211	158	187
Trade and other receivables	314	253	265
Current	314	253	265
Non-Current	-	-	-



12. RELATED PARTY DISCLOSURE

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

Key Management Personnel

Key Management Personnel include directors and senior management of the Bank.

	Six months ended 30 September 2017	Six months ended 30 September 2016	Year ended 31 March 2017
	\$'000	\$'000	\$'000
Salary and other short term benefits	516	679	1,201

Related Party transactions and balances:

	Six months ended 30 September 2017	Six months ended 30 September 2016 (Restated)*	Year ended 31 March 2017
	\$'000	\$'000	\$'000
Transaction with related parties:			
Interest Income			
Bank of Baroda branches and its subsidiaries	52	41	103
Other related parties	-	-	-
Interest Expense			
Bank of Baroda branches and its subsidiaries	-	-	-
Other related parties	-	25	-
Support & service fee/Management fee	51	-	140
Due to related parties			
Bank of Baroda branches and its subsidiaries	1,150	1,626	941
Other related parties	18	61*	56
Total	1,168	1,687	997
Current	1,168	1,687	997
Non-Current	-	-	-
Total	1,168	1,687	997
Due from related parties			
Bank of Baroda branches	155	602	707
Subsidiaries of Bank of Baroda	4,523	4,394	4,582
Other related parties	14	23	16
Total	4,692	5,019	5,305
Current	4,692	5,019	5,305
Non-current	-	-	-
Total	4,692	5,019	5,305

*Due to related party amounts have been restated to align with the definitions of Due to related parties and for consistency with the current year presentation. Certain amounts previously presented within related parties as at 30 September 2016 were not related parties and have now been included in retail deposits. Related subtotals have also been restated due to this.

13. DEPOSITS AND OTHER BORROWINGS

	As at 30 September 2017	As at 30 September 2016 (Restated)*	As at 31 March 2017
	\$'000	\$'000	\$'000
Retail deposits	58,413	46,176*	55,519
Wholesale deposits	-	-	-
Other	-	-	-
Total deposits	58,413	46,176	55,519
New Zealand	58,413	46,176	55,519
Overseas	-	-	-
Current	54,904	41,011*	50,422
Non-Current	3,509	5,165*	5,097

*Deposits have been restated for consistency with the current year presentation. Certain amounts included in related parties at 30 September 2016 were not related parties and have now been included in retail deposits. Related subtotals have also been restated due to this.

14. OTHER LIABILITIES

	As at 30 September 2017	As at 30 September 2016	As at 31 March 2017
	\$'000	\$'000	\$'000
Employee entitlements	138	136	108
Other payables and accruals	300	457	345
Total other liabilities	438	593	453
Current	438	593	453
Non-Current	-	-	-



15. ASSET QUALITY

As at 30 September 2017	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	Total
	\$'000	\$'000	\$'000	\$'000
Loans and advances				
Neither past due nor impaired	49,573	20,968	8,773	79,314
Past due but not impaired	-	-	-	-
Impaired assets	-	-	-	-
Gross loans and advances	49,573	20,968	8,773	79,314
Less allowance for impairment	(209)	(88)	(39)	(336)
Net loans and advances	49,364	20,880	8,734	78,978
Other assets neither past due nor impaired	-	-	26,960	26,960
Total net financial assets	49,364	20,880	35,694	105,938
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	-	-	-	-
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	-	-	-	-
Past due 90+ days	-	-	-	-
Total	-	-	-	-
Gross impaired assets				
Balance at beginning of the period	-	-	-	-
Net additions	-	-	-	-
Deletions	-	-	-	-
Amounts written off	-	-	-	-
Balance at end of the period	-	-	-	-
Individual credit impairment allowance				
Balance at beginning of the period	-	-	-	-
Charged to the statement of comprehensive income	-	-	-	-
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	-	-
Total amounts per statement of comprehensive income	-	-	-	-
Balance at end of the period	-	-	-	-
Collective credit impairment allowance				
Balance at beginning of the period	181	82	26	289
Charged to the statements of comprehensive income	28	6	13	47
Amounts written off	-	-	-	-
Total amounts per statement of comprehensive income	28	6	13	47
Balance at end of the period	209	88	39	336

15. ASSET QUALITY (Continued)

As at 30 September 2016	Residential mortgage loans	Corporate exposures (Restated)*	Other exposures excluding sovereigns and central banks (Restated)*	Total
	\$'000	\$'000	\$'000	\$'000
Loans and advances				
Neither past due nor impaired	45,741	13,103*	6,700*	65,544
Past due but not impaired	5	1	-	6
Impaired assets	-	104	-	104
Gross loans and advances	45,746	13,208	6,700	65,654
Less allowance for impairment	(188)	(158)*	(27)*	(373)
Net loans and advances	45,558	13,050	6,673	65,281
Other assets neither past due nor impaired	-	-	27,550*	27,550
Total net financial assets	45,558	13,050	34,223	92,831
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	5	1	-	6
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	-	-	-	-
Past due 90+ days	-	-	-	-
Total	5	1	-	6
Gross impaired assets				
Balance at beginning of the period	-	111	-	111
Net additions	-	4	-	4
Deletions	-	(11)	-	(11)
Amounts written off	-	-	-	-
Balance at end of the period	-	104	-	104
Individual credit impairment allowance				
Balance at beginning of the period	-	111	-	111
Charged to the statements of comprehensive income	-	4	-	4
Amounts written off	-	(11)	-	(11)
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	-	-
Total amounts per statement of comprehensive income	-	4	-	4
Balance at end of the period	-	104	-	104
Collective credit impairment allowance				
Balance at beginning of the period	192	49	25	266
Charged to the statements of comprehensive income	(4)	5*	2*	3
Amounts written off	-	-	-	-
Total amounts per statement of comprehensive income	(4)	5*	2*	3
Balance at end of the period	188	54	27	269

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



15. ASSET QUALITY (Continued)

As at 31 March 2017	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	Total
	\$'000	\$'000	\$'000	\$'000
Loans and advances				
Neither past due nor impaired	44,145	19,944	6,267	70,356
Past due but not impaired	-	-	3	3
Impaired assets	-	-	-	-
Gross loans and advances	44,145	19,944	6,270	70,359
Less allowance for impairment	(181)	(82)	(26)	(289)
Net loans and advances	43,964	19,862	6,244	70,070
Other assets neither past due nor impaired	-	-	31,971	31,971
Total net financial assets	43,964	19,862	38,215	102,041
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	-	-	-	-
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	-	-	-	-
Past due 90+ days	-	-	-	-
Total	-	-	-	-
Gross impaired assets				
Balance at beginning of the period	-	111	-	111
Net additions	-	3	-	3
Deletions	-	-	-	-
Amounts written off	-	-	-	-
Balance at end of the period	-	114	-	114
Individual credit impairment allowance				
Balance at beginning of the period	-	111	-	111
Charged to the statements of comprehensive income	-	3	-	3
Amounts written off	-	(114)	-	(114)
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	-	-
Total amounts per statement of comprehensive income	-	3	-	3
Balance at end of the period	-	-	-	-
Collective credit impairment allowance				
Balance at beginning of the period	192	49	25	266
Charged to the statements of comprehensive income	(11)	33	1	23
Amounts written off	-	-	-	-
Total amounts per statement of comprehensive income	(11)	33	1	23
Balance at end of the period	181	82	26	289

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 30 September 2017 (30 September 2016: nil). Therefore, the Bank does not have any such collateral which it can sell or re-pledge.

There is no interest revenue foregone on restructures, individually impaired or greater than 90 days past due assets during the year ended 30 September 2017 (30 September 2016: nil).

There is no undrawn balance on lending commitments to counterparties for whom drawn balances are classified as individually impaired. There are no other amounts under administration.

The bank does not have any financial assets designated as at fair value through profit or loss on which there have been changes in fair value that are attributable to changes in credit risk of the financial asset.



16. CONCENTRATION OF CREDIT RISK

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

	As at 30 September 2017	As at 30 September 2016 (Restated)*	As at 31 March 2017
	\$'000	\$'000	\$'000
New Zealand			
Government	-	-	-
Finance	21,954	22,083	26,401
Households	52,385	49,098*	47,533
Transport and storage	-	-	-
Communications	-	-	-
Electricity, gas and water	713	-	-
Construction	11,279	1,253	13,600
Property services	2,886	2,368*	3,280
Education	5,733	-	5,741
Health and community services	1,181	1,042*	999
Personal and other services	10,176	12,436*	7,013
Retail and wholesale trade	3,660	5,059*	4,404
Food & other manufacturing	544	280	1,440
Other financial assets	314	253	265
Overseas			
Finance, investment & insurance	4,692	5,019	5,305
Total financial assets	115,517	98,891	115,981
Allowance for impairment losses	(336)	(373)	(289)
Total net financial assets	115,181	98,518	115,692

*Assets have been restated for consistency with the current year presentation, including off balance sheet exposures as per note 21. Related sub-totals have also been restated due to this.

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

	As at 30 September 2017	As at 30 September 2016 (Restated)*	As at 31 March 2017
	\$'000	\$'000	\$'000
New Zealand			
Upper North Island	97,367	81,390*	97,728
Lower North Island	13,458	12,482*	12,948
South Island	-	-	-
Overseas	4,692	5,019	5,305
Total financial assets	115,517	98,891	115,981
Allowance for impairment losses	(336)	(373)	(289)
Total net financial assets	115,181	98,518	115,692

*Assets have been restated for consistency with the current year presentation, including off balance sheet exposures as per note 21. Related sub-totals have also been restated due to this.

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

	As at 30 September 2017	As at 30 September 2016 (Restated)*	As at 31 March 2017
	\$'000	\$'000	\$'000
Loans and advances	88,557	71,536*	84,010
Balances with related parties ¹	4,692	5,019	5,305
Due from other financial institutions	11,500	8,500	8,000
Cash and cash equivalents	10,454	13,583	18,401
Other financial assets	314	253	265
Total gross financial assets	115,517	98,891	115,981
Allowance for impairment losses	(336)	(373)	(289)
Total net financial assets	115,181	98,518	115,692

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

*Assets have been restated for consistency with the current year presentation, including off balance sheet exposures as per note 21. Related sub-totals have also been restated due to this.



17. CONCENTRATION OF FUNDING

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

	As at 30 September 2017	As at 30 September 2016	As at 31 March 2017
	\$'000	\$'000	\$'000
New Zealand			
Financing, investment & insurance	1,609	1,560	1,582
Retail and wholesale trade	2240	551	1,783
Other	-	598	-
Households	54,582	43,528	52,210
Other financial liabilities	438	593	453
Overseas			
Finance, investment & insurance	1,150	1,626	941
Total	60,019	48,456	56,969

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

	As at 30 September 2017	As at 30 September 2016	As at 31 March 2017
	\$'000	\$'000	\$'000
New Zealand			
Upper North Island	46,063	35,936	43,550
Lower North Island	12,806	10,894	12,478
South Island	-	-	-
Overseas	1,150	1,626	941
Total financial liabilities	60,019	48,456	56,969

18. SEGMENTAL INFORMATION

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

19. LEASE COMMITMENTS

	As at 30 September 2017	As at 30 September 2016	As at 31 March 2017
	\$'000	\$'000	\$'000
Operating lease commitments under non-cancellable operating leases:			
Not later than 1 year	481	385	534
1-2 years	404	243	403
2-5 years	511	406	657
5+ years	70	-	123
Total	1,466	1,034	1,717

20. CAPITAL COMMITMENTS

As at 30 September 2017 there are no material outstanding capital commitments (30 September 2016: Nil, 31 March 2017: Nil).

21. CONTINGENT LIABILITIES AND COMMITMENTS

The obligations of the Bank are guaranteed by BOB. There are no legislative, regulatory or other restrictions of a legally enforceable nature in India (BOB's country of incorporation) that may inhibit the legal ability of BOB to provide material financial support to the Bank. As at 30 September 2017, all the obligations of the Bank are guaranteed by BOB.

	As at 30 September 2017	As at 30 September 2016	As at 31 March 2017
	\$'000	\$'000	\$'000
Performance/financial guarantees issued on behalf of customers	840	300	340
Total contingent liabilities	840	300	340
Undrawn commitments	9,243	5,882	13,311

22. SUBSEQUENT EVENTS AFTER BALANCE DATE

There were no subsequent events after balance sheet date (30 September 2016: Nil).

23. LIQUIDITY RISK

The Bank's policies for managing liquidity are set out in Disclosure Statement for the year ended 31 March 2017. 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 include principal and future cash flows, and therefore will not agree to the carrying values on the Statement of Financial Position.

30 September 2017	On Demand	Up to 3 months	3 to 12 months	Between 1 & 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	10,454	-	-	-	-	10,454
Due from other financial institutions	-	9,035	2,552	-	-	11,587
Loans and advances	14	5,852	14,460	28,236	68,604	117,166
Due from related parties	169	4,523	-	-	-	4,692
Other financial assets	-	314	-	-	-	314
Total financial assets	10,637	19,724	17,012	28,236	68,604	144,213
Financial liabilities						
Deposits and other borrowings	27,785	15,788	11,754	3,958	-	59,285
Due to related parties	1,168	-	-	-	-	1,168
Other financial liabilities	-	438	-	-	-	438
Total financial liabilities	28,953	16,226	11,754	3,958	-	60,891
Net non-derivative cash flows	(18,316)	3,498	5,258	24,278	68,604	83,322
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Off balance sheet cash flows						
Financial guarantees	(840)	-	-	-	-	(840)
Undrawn commitments	(9,243)	-	-	-	-	(9,243)
Net cash flows	(28,399)	3,498	5,258	24,278	68,604	73,239

30 September 2016 (Restated)*	On Demand	Up to 3 months	3 to 12 months	Between 1 & 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	13,778	-	-	-	-	13,778
Due from other financial institutions	-	7,565	1,016	-	-	8,581
Loans and advances	206	2,019*	14,491*	17,956*	71,071*	105,743
Due from related parties	625	4,394*	-	-	-	5,019
Other financial assets	253	-	-	-	-	253
Total financial assets	14,862	13,978	15,507	17,956	71,071	133,374
Financial liabilities						
Deposits and other borrowings	23,060*	8,486	9,806	5,790*	-	47,142
Due to related parties	1,687*	-	-	-	-	1,687
Other financial liabilities	593	-	-	-	-	593
Total financial liabilities	25,340	8,486	9,806	5,790	-	49,422
Net non-derivative cash flows	(10,478)	5,492	5,701	12,166	71,071	83,952
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Off balance sheet cash flows						
Financial guarantees	(300)	-	-	-	-	(300)
Undrawn commitments	(5,882)*	-	-	-	-	(5,882)
Net cash flows	(16,660)	5,492	5,701	12,166	71,071	77,770

*A number of disclosures have been restated for consistency with the current year presentation, including off balance sheet exposures as per note 21. Related sub-totals have also been restated due to this.

23. LIQUIDITY RISK (Continued)

31 March 2017	On Demand	Up to 3 months	3 to 12 Months	Between 1 & 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	18,401	-	-	-	-	18,401
Due from other financial institutions	-	6,550	1,534	-	-	8,084
Loans and advances	-	8,363	9,279	27,008	65,132	109,782
Due from related parties	723	4,582	-	-	-	5,305
Other financial assets	-	265	-	-	-	265
Total financial assets	19,124	19,760	10,813	27,008	65,132	141,837
Financial liabilities						
Deposits and other borrowings	27,224	10,614	12,876	5,748	-	56,462
Due to related parties	997	-	-	-	-	997
Other financial liabilities	-	453	-	-	-	453
Total financial liabilities	28,221	11,067	12,876	5,748	-	57,912
Net non-derivative cash flows	(9,097)	8,693	(2,063)	21,260	65,132	83,925
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Off balance sheet cash flows						
Financial guarantee	(340)	-	-	-	-	(340)
Undrawn commitments	(13,311)	-	-	-	-	(13,311)
Net cash flow	(22,748)	8,693	(2,063)	21,260	65,132	70,274

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

	As at 30 September 2017	As at 30 September 2016	As at 31 March 2017
	\$'000	\$'000	\$'000
Cash and cash equivalents	10,454	13,778	18,401
Deposits with financial institutions	11,500	8,500	8,000
Deposit/cash held with related parties	4,692	5,019	5,305
Total liquid assets	26,646	27,297	31,706

24. INTEREST RATE REPRICING

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

30 September 2017	Total	Non-Interest Bearing	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash and cash equivalents	10,454	1,471	8,983	-	-	-	-
Due from other financial institutions	11,500	-	9,000	2,000	500	-	-
Loans and advances	78,978	-	36,057	5,279	20,392	16,859	391
Balances with related parties	4,692	169	4,523	-	-	-	-
Other financial assets	314	314	-	-	-	-	-
Total financial assets	105,938	1,954	58,563	7,279	20,892	16,859	391
Financial liabilities							
Due to other financial institutions	-	-	-	-	-	-	-
Deposits and other borrowings	58,413	4,502	39,031	3,882	7,489	1,511	1,998
Due to related parties	1,168	1,150	18	-	-	-	-
Other financial liabilities	438	438	-	-	-	-	-
Total financial liabilities	60,019	6,090	39,049	3,882	7,489	1,511	1,998
On-balance sheet gap							
Net effective interest rate gap	45,919	(4,136)	19,514	3,397	13,403	15,348	(1,607)
Financial guarantee	840	840	-	-	-	-	-
Undrawn commitments	9,243	-	5,624	97	636	2,829	57
Net effective interest rate gap	56,002	(3,296)	25,138	3,494	14,039	18,177	(1,550)

30 September 2016 (Restated)*	Total	Non-Interest Bearing	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash and cash equivalents	13,778	1,487	12,291	-	-	-	-
Due from other financial institutions	8,500	-	7,500	1,000	-	-	-
Loans and advances	65,281	-	27,720*	6,654*	5,342*	25,565*	-
Balances with related parties	5,019	625	4,394	-	-	-	-
Other financial assets	253	253	-	-	-	-	-
Total financial assets	92,831	2,365	51,905	7,654	5,342	25,565	-
Financial liabilities							
Due to other financial institutions	-	-	-	-	-	-	-
Deposits and other borrowings	46,176	3,708*	27,734*	4,243	5,326	3,017*	2,148
Due to related parties	1,687	1,626*	61*	-	-	-	-
Other financial liabilities	593	593	-	-	-	-	-
Total financial liabilities	48,456	5,927	27,795	4,243	5,326	3,017	2,148
On-balance sheet gap							
Net effective interest rate gap	44,375	(3,562)	24,110	3,411	16	22,548	(2,148)
Financial guarantee	300	300	-	-	-	-	-
Undrawn commitments	5,882	-	2,818	1,146	731	1,187	-
Net effective interest rate gap	44,375	(3,262)	26,928	4,557	747	23,735	(2,148)

*A number of disclosures as at 30 September 2016 have been restated for consistency with the current year presentation. Amounts previously reported were (in some cases) based on expected maturity and or roll-over, but have now been presented based on contractual repricing dates. In addition, off balance sheet items have been included. Related sub-totals have also been restated due to this.

24. INTEREST RATE REPRICING (Continued)

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

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

	30 September 2017		30 September 2016 (Restated)*		31 March 2017	
	Carrying Amounts	Estimated Fair Value	Carrying Amounts	Estimated Fair Value	Carrying Amounts	Estimated Fair Value (restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	10,454	10,454	13,778	13,778	18,401	18,401
Balances with related parties	4,692	4,692	5,019	5,019	5,305	5,305
Due from other financial institutions	11,500	11,500	8,500	8,500	8,000	8,000
Loans and advances	78,978	81,182	65,281	68,897*	70,070	76,011
Other assets	314	314	253	253	265	265
Total financial assets	105,938	108,142	92,831	96,447	102,041	107,982
Financial liabilities						
Due to related parties	1,168	1,168	1,687*	1,687*	997	997
Deposits and other borrowings	58,413	58,909	46,176*	46,255*	55,519	56,062
Other liabilities	438	438	593	593	453	453
Total financial liabilities	60,019	60,515	48,456	48,535	56,969	57,512

*Due to related party amounts have been restated to align with the definitions of Due to related parties and for consistency with the current year presentation. Certain amounts previously presented within related parties at 30 September 2016 were not related parties and have now been included in retail deposits. Related subtotals have also been restated due to this.

Fair value estimation

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

Cash

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

Due from other financial institutions

For amounts due from other financial institutions, the carrying amount is equivalent to the fair value as assets are short term in nature.

Loans and advances

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

Other assets

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

25. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Deposits by customers

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

Due to/from related parties

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

Other liabilities

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

Impaired and past due assets

For non-accrual and restructured impaired assets as well as past due loans, the fair values are estimated by discounting the estimated future cash flows using current market interest rates incorporating an appropriate risk factor or, where such loans are collateralised and have been written down to the current market value of the collateral, the estimated fair value is based on the written down carrying value.

26. 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 period.

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

- as at 30 September 2017 is nil (31 March 2017: nil, 30 September 2016: nil); and
- in respect of peak end-of-day aggregate credit exposure for the six months ended 30 September 2017 is nil (31 March 2017: nil, 30 September 2016: nil).

There were no individual bank counterparties which the Bank has a period end or peak end of day aggregate credit exposure that equals or exceeds 10% of the Bank's equity for the period ended 30 September 2017 (31 March 2017: nil, 30 September 2016: nil).

Credit exposures to individual counterparties (not being members of a group of closely related counterparties) and to groups of closely related counterparties exclude exposures to connected persons, to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent, or to any bank with a long-term credit rating of A- or A3 or above, or its equivalent. These calculations relate only to exposures held in the financial records of the Bank and were calculated net of individually assessed provisions.

27. 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 or conducting of insurance business.

28. 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 2017.

29. CAPITAL ADEQUACY

Capital

The Bank has 40,000,000 fully paid up ordinary shares (common equity tier 1 capital) issued at NZ \$1.00 per share. The shares are not subject to phase-out from eligibility as capital is under the Reserve Bank of New Zealand's Basel III transitional arrangements.

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 common equity tier one must not be less than 4.5% of the risk weighted exposure.

The capital adequacy tables set out below summarise the composition of regulatory capital and capital adequacy ratios for the half year ended 30 September 2017. The Bank was registered on 1 September 2009 and from the date of registration to 30 September 2017, the Bank has complied with both regulatory and internal capital adequacy requirements.

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

Tier one capital Common equity tier one capital	As at 30 September 2017	As at 30 September 2016	As at 31 March 2017
	\$'000	\$'000	\$'000
Issued and fully paid up share capital	40,000	40,000	40,000
Retained earnings	6,625	5,534	6,052
Deferred tax assets	(369)	(737)	(605)
Total common equity tier one capital	46,256	44,797	45,447
Additional tier one capital	-	-	-
Total additional tier one capital	-	-	-
Total tier one capital	46,256	44,797	45,447
Tier two capital	-	-	-
Total tier two capital	-	-	-
Total capital	46,256	44,797	45,447

29. CAPITAL ADEQUACY (Continued)

Credit risk

30 September 2017 Calculation of on-balance-sheet exposures	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
	\$'000		\$'000	\$'000
Cash and gold bullion	123	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	21,831	20%	4,366	349
Banks	4,692	50%	2,346	188
Corporate	20,880	100%	20,880	1,670
Residential mortgages not past due				
• Non Property Investment–LVR up to 80%	37,146	35%	13,002	1,040
• Non Property Investment–LVR >80% but <90%	964	50%	482	39
• Property Investment- LVR<80%	11,254	40%	4,501	360
• Past due residential mortgages	-	100%	-	-
Other past due assets	-	100%	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	100%	-	-
All other equity holdings (not deducted from capital)	-	100%	-	-
Non risk weighted assets	8,442	0%	-	-
Other assets	606	100%	606	48
Total on balance sheet exposures after credit risk mitigation	105,938		46,183	3,694

30 September 2017 Calculation of off-balance sheet exposures	Total exposure	Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
	\$'000		\$'000		\$'000	\$'000
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Undrawn commitments on existing facilities	9,243	50%	4,622	73%	3,374	270
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	840	50%	420	100%	420	34
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						
i Foreign exchange contracts	-	-	-	-	-	-
ii Interest rate contracts	-	-	-	-	-	-
iii Other – OTC, etc	-	-	-	-	-	-
Total off-balance sheet exposures	10,083		5,042		3,794	304

29. CAPITAL ADEQUACY (Continued)

Residential mortgages by loan-to-valuation ratio

30 September 2017 Loan-to-value ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
On Balance Sheet Exposures	48,605	968	-	49,573
Off Balance Sheet Exposures	2,788	24	-	2,812
Total	51,393	992	-	52,385

Reconciliation of residential mortgage-related amounts

	30 September 2017 \$'000
Residential mortgage loans (as disclosed in Note 10)	49,573
Off Balance Sheet Exposures	2,812
Total	52,385

Credit risk mitigation

30 September 2017 Exposure class	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives
	\$'000	\$'000
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	27,387	-
Residential mortgage	52,385	-
Other	9,340	-
Total	89,112	-

Operational risk capital requirement

30 September 2017	Implied risk weighted exposure	Total operational risk capital requirement
	\$'000	\$'000
Operational risk	4,587	367

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 (as amended). Peak exposures are calculated using the Bank's shareholders' equity at the end of the period.

30 September 2017	End-period capital charges		Peak end-of-day capital charges	
	Implied risk weighted exposure	Aggregate capital charge	Implied risk weighted exposure	Aggregate capital charge
	\$'000	\$'000	\$'000	\$'000
Interest rate risk	3,988	319	4,350	348
Foreign currency risk	250	20	288	23
Equity risk	-	-	-	-
Total	4,238	339	4,638	371

29. CAPITAL ADEQUACY (Continued)

Total capital requirements

30 September 2017	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital requirement
	\$'000	\$'000	\$'000
Total credit risk + equity	116,021	49,977	3,998
Operational risk	-	4,587	367
Market risk	-	4,238	339
Total	116,021	58,802	4,704

Credit risk

30 September 2016 Calculation of on-balance-sheet exposures (Restated)*	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
	\$'000		\$'000	\$'000
Cash and gold bullion	195	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisations	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	22,083	20%	4,417	353
Banks	5,019	50%	2,510	201
Corporate	13,027*	100%	13,027	1,043
Residential mortgages not past due				
• Non Property Investment–LVR up to 80%	37,660	35%	13,181	1,055
• Non Property Investment–LVR >80% but <90%	1,804	50%	902	72
• Property Investment- LVR<80%	6,094	40%	2,438	195
• Past due residential mortgages	-	100%	-	-
Other past due assets	-	100%	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	100%	-	-
All other equity holdings (not deducted from capital)	-	100%	-	-
Non risk weighted assets	6,333	0%	-	-
Other assets	616*	100%	616	49
Total on balance sheet exposures after credit risk mitigation	92,831		37,091	2,968

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

30 September 2016 Calculation of off-balance sheet exposures	Total exposure	Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
	\$'000		\$'000		\$'000	\$'000
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Undrawn commitments on existing facilities	5,882	50%	2,941	36%	1,073	86
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	300	50%	150	100%	150	12
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						
i Foreign exchange contracts	-	-	-	-	-	-
ii Interest rate contracts	-	-	-	-	-	-
iii Other – OTC, etc	-	-	-	-	-	-
Total off-balance sheet exposures	6,182		3,091		1,223	98

29. CAPITAL ADEQUACY (Continued)

Residential mortgages by loan-to-valuation ratio

30 September 2016 (Restated)* Loan-to-value ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
On Balance Sheet Exposures	43,935	1,811	-	45,746
Off Balance Sheet Exposures	3,351*	1*	-	3,352
Total	47,286	1,812	-	49,098

Reconciliation of residential mortgage-related amounts

	30 September 2016 (Restated)* \$'000
Residential mortgage loans (as disclosed in Note 10)	45,746
Off Balance Sheet Exposures	3,352*
Total	49,098

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

Credit risk mitigation

30 September 2016 Exposure class (Restated)*	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives
	\$'000	\$'000
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	14,421*	-
Residential mortgage	49,098*	-
Other	8,140*	-
Total	71,659	-

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

Operational risk capital requirement

30 September 2016	Implied risk weighted exposure	Total operational risk capital requirement
	\$'000	\$'000
Operational risk	4,331	346

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 (as amended). Peak exposures are calculated using the Bank's shareholders' equity at the end of the period.

30 September 2016	End-period capital charges		Peak end-of-day capital charges	
	Implied risk weighted exposure	Aggregate capital charge	Implied risk weighted exposure	Aggregate capital charge
	\$'000	\$'000	\$'000	\$'000
Interest rate risk	3,815	305	3,815	305
Foreign currency risk	61	5	61	5
Equity risk	-	-	-	-
Total	3,876	310	3,876	310

29. CAPITAL ADEQUACY (Continued)

Total capital requirements

30 September 2016	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital requirement
	\$'000	\$'000	\$'000
Total credit risk + equity	99,013	38,314	3,066
Operational risk	-	4,331	346
Market risk	-	3,876	310
Total	99,013	46,521	3,722

Credit risk

31 March 2017 Calculation of on-balance-sheet exposures	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure	Minimum Pillar capital requirement
	\$'000		\$'000	\$'000
Cash and gold bullion	127	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	26,274	20%	5,255	420
Banks	5,305	50%	2,652	212
Corporate	19,862	100%	19,862	1,589
Residential mortgages not past due				
• Non Property Investment-LVR up to 80%	32,443	35%	11,355	908
• Non Property Investment-LVR >80% but <90%	4,565	50%	2,283	183
• Property Investment- LVR<80%	6,955	35%	2,782	223
• Past due residential mortgages	-	100%	-	-
Other past due assets	-	100%	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	100%	-	-
All other equity holdings (not deducted from capital)	-	100%	-	-
Non risk weighted assets	5,931	0%	-	-
Other assets	579	100%	579	46
Total on balance sheet exposures after credit risk mitigation	102,041		44,768	3,581

31 March 2017 Calculation of off-balance sheet exposures	Total exposure	Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
	\$'000		\$'000		\$'000	\$'000
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	340	50%	170	100%	170	14
Trade-related contingency	-	-	-	-	-	-
Placements of forward deposits	-	-	-	-	-	-
Other commitments where original maturity is more than one year	13,311	50%	6,656	80%	5,324	426
Other commitments where original maturity is less than or equal to one year	-	-	-	-	-	-
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	-	-	-	-	-
Market related contracts						
(a) Foreign exchange contracts	-	-	-	-	-	-
(b) Interest rate contracts	-	-	-	-	-	-
(c) Other – OTC, etc.	-	-	-	-	-	-
Total off-balance sheet exposures	13,651		6,826		5,494	440

29. CAPITAL ADEQUACY (Continued)

Residential mortgages by loan-to-valuation ratio

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

Reconciliation of residential mortgage-related amounts

	31 March 2017
Residential mortgage loans (as disclosed in Note 10)	44,145
Off Balance Sheet Exposures	3,388
Total	47,533

Credit risk mitigation

31 March 2017 Exposure class	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives
	\$'000	\$'000
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	29,465	-
Residential mortgage	47,533	-
Other	6,861	-
Total	83,859	-

Operational risk capital requirement

31 March 2017	Implied risk weighted exposure	Total operational risk capital requirement
	\$'000	\$'000
Operational risk	4,488	359

Market risk

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

31 March 2017	End-period capital charges		Peak end-of-day capital charges	
	Implied risk weighted exposure	Aggregate capital charge	Implied risk weighted exposure	Aggregate capital charge
	\$'000	\$'000	\$'000	\$'000
Interest rate risk	4,000	320	4,000	320
Foreign currency risk	113	9	113	9
Equity risk	-	-	-	-
Total capital requirements	4,113	329	4,113	329

31 March 2017	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital requirement
	\$'000	\$'000	\$'000
Total credit risk + equity	115,692	50,262	4,021
Operational risk	-	4,488	359
Market risk	-	4,113	329
Total	115,692	58,863	4,709

29. CAPITAL ADEQUACY (Continued)

Capital ratios

30 September 2017	CET 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Ratio	78.66%	78.66%	78.66%
Minimum ratio requirement	4.50%	6%	8%

Capital ratios

30 September 2016	CET 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Ratio	96.29%	96.29%	96.29 %
Minimum ratio requirement	4.50%	6%	8%

Capital ratios

31 March 2017	CET 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Ratio	77.21%	77.21%	77.21%
Minimum ratio requirement	4.50%	6%	8%

Buffer ratios

	30 September 2017	30 September 2016	31 March 2017
Buffer ratio	70.66%	88.29%	69.21%
Buffer ratio requirement	2.50%	2.50%	2.50%

The Bank has reviewed other risks & does not believe that any individual risk has been material and requires any capital allocation.

Capital adequacy of Ultimate Parent Bank

The ultimate parent bank of Bank of Baroda (New Zealand) Limited is BOB.

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

As at 30 September 2017, BOB's common equity tier one capital is 8.39% of total risk-weighted assets, additional tier one capital is 1.22% of total risk-weighted assets and total capital adequacy ratio is 11.64% of total risk-weighted assets (30 September 2016: common equity tier one capital was 10.09% of total risk-weighted assets, additional tier one capital was 0.50% of total risk-weighted assets and total capital adequacy ratio was 12.94% of total risk-weighted assets).

BOB's capital ratios during the period ended 30 September 2017, and 30 September 2016 exceeded the Reserve Bank of India's minimum capital adequacy requirements.

30. 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.

INDEPENDENT REVIEW REPORT TO THE SHAREHOLDERS OF THE BANK OF BARODA NEW ZEALAND LIMITED

We have reviewed pages 9 to 37 of the Disclosure Statement of Bank of Baroda (New Zealand) Limited ('the Bank'), which consists of the interim financial statements of the Bank and the supplementary information required to be disclosed under Schedules 5, 7, 9, 13, 16 and 18 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the 'Order').

The interim financial statements comprise the statement of financial position of the Bank, as at 30 September 2017, the statement of comprehensive income, statement of changes in equity and cash flow statement for the six months then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Bank's shareholders, as a body. Our review has been undertaken so that we might state to the Banks's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body, for our engagement, for this report, or for the opinions we have formed.

Board of Directors' Responsibilities

The Board of Directors are responsible for the preparation and fair presentation of the interim financial statements, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors are also responsible for the preparation and presentation of supplementary information which fairly states the matters required to be disclosed under Schedules 3, 5, 7, 9, 13, 16 and 18 of the Order.

Our Responsibilities

We are responsible for reviewing the interim financial statements (excluding the supplementary information) presented by the Directors in order to express a conclusion to you whether, on the basis of the procedures performed by us, anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared and do not present fairly the matters to which they relate, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

We are also responsible for reviewing the supplementary information presented by the Directors (excluding the supplementary information relating to credit and market risk exposures and capital adequacy) to express a conclusion to you whether, on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the supplementary information (excluding the supplementary information relating to credit and market risk exposures and capital adequacy) does not fairly state the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order.

We are also responsible for reviewing the supplementary information presented by the Directors relating to credit and market risk exposures and capital adequacy in order to express a conclusion to you whether, on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the information is not in all material respects prepared in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9.

We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). As the auditor of the Bank, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements, or supplementary information.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that:

- The interim financial statements on pages 9 to 37 (excluding the supplementary information) have not been prepared and do not present fairly, in all material respects, the financial position of the Bank as at 30 September 2017 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*;
- the supplementary information disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order does not fairly state the matters to which it relates in accordance with those Schedules; and
- the supplementary information disclosed on pages 29 to 37 relating to credit and market risk exposure and capital adequacy as required by Schedule 9 of the Order, is not in all material respects prepared in accordance with the conditions of registration and disclosed in accordance with Schedule 9 of the Order.

Deloitte Limited

Deloitte Limited
Chartered Accountants
Auckland, New Zealand
27 November 2017

