



Disclosure Statement for the six months ended 30 September 2018



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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 2018 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). BOB is subject to regulatory oversight by the Reserve Bank of India and the Government of India. BOB is not a New Zealand registered bank and is not subject to regulatory oversight by the Reserve Bank of New Zealand. There has been no change to the ultimate parent bank since 31 March 2018. There have been no changes to the name or address for service of the ultimate parent bank since 31 March 2018.

(a) Ultimate holding company

There have been no changes to the ultimate holding company (BOB) since 31 March 2018. There have been no changes to the name or address for service of the ultimate holding company since 31 March 2018.

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

(b) 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 the Directors sign 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 2018. 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 2018, the publicly disclosed capital of BOB was INR 543,085.06 million (USD 7,492.38 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	Baa2	---	Nil	one-notch upgrade from Baa3 to Baa2 on 12 June 2018
Fitch IBCA, Inc.	BBB-	Stable	Nil	No

Moody's Long Term Counterparty Risk Rating (CRR) of Bank of Baroda (BOB) has been upgraded from Baa3 to Baa2 on 12 June 2018, Moody's CRR do not carry outlooks. The rating was reaffirmed on 25 September 2018

Moody has also affirmed The Long-Term bank deposit domestic and foreign of BOB at Baa3 on 12 June 2018 and the outlook remains as Stable.

Fitch Ratings has affirmed the ratings on BOB. The Long-Term Issuer Default Ratings (IDR) on BOB has been affirmed at 'BBB-' on 26 September 2018. The Outlook on the IDRs is 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;
- Kavita Singh, Non-Executive Director;
- Ranjna Patel, Independent Director;
- Vijay Kumar Goel, Independent Director; and
- Kamini Kirthi Reddy, Independent Director.

Ranjna Patel, Claudio Sandro Oberto, Vijay Kumar Goel and Kamini Kirthi Reddy are Independent Directors and residents of New Zealand.

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

Kavita Singh, Non-Executive Director is a resident of Australia.

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 2018:

Mayankkumar Kullinchandra Mehta, Non-Executive Director has resigned from the Board effective from 30 September 2018;

Kavita Singh has been inducted as Non-Executive Director effective from 18 July 2018; and

Kamini Kirthi Reddy has been inducted as Independent Director effective from 11 October 2018.

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 2018 to 30 September 2018.

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

High LVR lending in respect of non-investment property made in April 2018 has exceeded the 15% limit for the six month period ending 30 September 2018 to 23.8%. This breach, however, stands rectified as on 01 October 2018.

Effective, 1 October 2018, the Reserve Bank of New Zealand (RBNZ) issued revised conditions of registration for the bank, amending the conditions to incorporate some minor and technical changes to the Liquidity Policy Annex (BS13A).

7. Pending proceedings or arbitration

As at the date of this Disclosure Statement is signed, 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 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 13 June 2018, 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 2018

- 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 as noted 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 28th day of November 2018 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 2018 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 2018

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Bank of Baroda (New Zealand) Limited

Statement of comprehensive income

Interim financial statements for the six months ended 30 September 2018

	Note	Unaudited Six months ended 30 Sep 2018 \$000's	Unaudited Six months ended 30 Sep 2017 \$000's	Audited Year ended 31 Mar 2018 \$000's
Interest income	2	2,434	2,188	4,593
Interest expense	2	(878)	(679)	(1,504)
Net interest income		<u>1,556</u>	<u>1,509</u>	<u>3,089</u>
Other income	3	722	753	1,480
Total operating income		<u>2,278</u>	<u>2,262</u>	<u>4,569</u>
Operating expenses	4	(1,488)	(1,406)	(2,931)
Impairment gains/(losses) on loans and advances	5	23	(47)	(67)
Profit before tax		<u>813</u>	<u>809</u>	<u>1,571</u>
Taxation expense	6	(217)	(236)	(428)
Profit after tax		<u>596</u>	<u>573</u>	<u>1,143</u>
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		<u>596</u>	<u>573</u>	<u>1,143</u>



The 30 September 2018 results reflect the adoption of NZ IFRS 9. Prior period comparatives have not been restated. Please refer to Note 1 for details of the changes to accounting policies.

This statement should be read in conjunction with the notes to the interim financial statements.

Bank of Baroda (New Zealand) Limited

Statement of changes in equity

Interim financial statements for the six months ended 30 September 2018

	Share capital \$000's	Retained earnings \$000's	Total equity \$000's
Balance at 1 April 2018 as previously reported	40,000	7,195	47,195
Changes on initial application of NZ IFRS 9*	-	53	53
Adjusted opening balance as at 1 April 2018	40,000	7,248	47,248
Total comprehensive income for the period	-	596	596
Balance at 30 September 2018 (Unaudited)	40,000	7,844	47,844
Comparative period to 30 September 2017			
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
Comparative year to 31 March 2017			
Balance at 1 April 2017	40,000	6,052	46,052
Total comprehensive income for the period	-	1,143	1,143
Balance at 31 March 2018 (Audited)	40,000	7,195	47,195



* The results to 30 September 2018 reflect the adoption of NZ IFRS 9, the impact upon initial adoption is shown on this line. Please refer to Note 1 for details of the changes to accounting policies.

This statement should be read in conjunction with the notes to the interim financial statements.

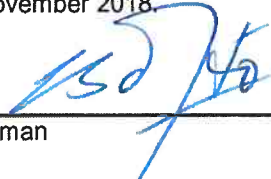
Bank of Baroda (New Zealand) Limited

Statement of financial position

Interim financial statements for the six months ended 30 September 2018

	Note	Unaudited As at 30 Sep 2018 \$000's	Unaudited As at 30 Sep 2017 \$000's	Audited As at 31 Mar 2018 \$000's
ASSETS				
Cash and cash equivalents	8	9,115	10,454	10,096
Balance due from related parties	12	5,584	4,692	4,882
Due from other financial institutions	9	19,200	11,500	14,200
Loans and advances	10	84,341	78,978	85,842
Property, plant and equipment		271	337	301
Deferred tax asset	7	162	369	177
Other assets	11	444	314	381
TOTAL ASSETS		119,117	106,644	115,879
LIABILITIES				
Balance due to related parties	12	1,509	1,168	1,069
Deposits and other borrowings	13	68,918	58,413	67,058
Current taxation	6	222	-	-
Other liabilities	14	624	438	557
TOTAL LIABILITIES		71,273	60,019	68,684
EQUITY				
Share capital		40,000	40,000	40,000
Retained earnings		7,844	6,625	7,195
TOTAL EQUITY		47,844	46,625	47,195
TOTAL EQUITY AND LIABILITIES		119,117	106,644	115,879
Total interest earning and discount bearing assets		116,369	103,984	113,268
Total interest and discount bearing liabilities		65,180	53,928	63,176
Financial assets, pledged as collateral for liabilities or contingent liabilities		-	-	-

The interim financial statements were approved by the Board of Directors and authorised for issue on 28 November 2018.


Chairman


Managing Director



The 30 September 2018 balances reflect the adoption of NZ IFRS 9. Prior period comparatives have not been restated. Please refer to Note 1 for details of the changes to accounting policies.

This statement should be read in conjunction with the notes to the interim financial statements.

Bank of Baroda (New Zealand) Limited

Statement of cash flows

Interim financial statements for the six months ended 30 September 2018

	Unaudited Six months ended 30 Sep 2018 \$000's	Unaudited Six months ended 30 Sep 2017 \$000's	Audited Year ended 31 Mar 2018 \$000's
Cash flows from operating activities			
<u>Cash was provided from:</u>			
Interest received	2,414	2,164	4,482
Fees and other income	722	753	1,479
	<u>3,136</u>	<u>2,917</u>	<u>5,961</u>
<u>Cash was applied to:</u>			
Operating expenses paid	(1,378)	(1,376)	(2,799)
Interest paid	(902)	(685)	(1,468)
	<u>(2,280)</u>	<u>(2,061)</u>	<u>(4,267)</u>
Net cash flows from operating activities before changes in operating assets and liabilities	<u>856</u>	<u>856</u>	<u>1,694</u>
Net changes in operating assets and liabilities:			
Decrease/(Increase) in loans and advances	1,596	(8,955)	(15,839)
(Increase)/Decrease in balances due from other financial institutions	(5,000)	(3,500)	(6,200)
Increase in deposits and other borrowings	1,860	2,894	11,539
Increase/(Decrease) in balance due to related parties	440	171	72
(Increase) in other assets	(42)	(26)	(4)
Increase in other liabilities and provisions	11	-	12
(Increase)/Decrease due from related parties	(702)	613	423
Net cash flow (used in) / from operating activities	<u>(981)</u>	<u>(7,947)</u>	<u>(8,303)</u>
Cash flows (used in) / from investing activities			
<u>Cash was applied to:</u>			
Purchase of property, plant and equipment	-	-	(2)
Net cash flow from investing activities	<u>-</u>	<u>-</u>	<u>(2)</u>
Decrease in cash and cash equivalents	<u>(981)</u>	<u>(7,947)</u>	<u>(8,305)</u>
Cash at the beginning of the year	10,096	18,401	18,401
Foreign exchange on cash and cash equivalents	-	-	-
Cash at the end of the year	<u>9,115</u>	<u>10,454</u>	<u>10,096</u>
<u>Made up of:</u>			
Cash on hand	111	123	136
Call and overnight advances to financial institutions	9,004	10,331	9,960
Cash at the end of the year	<u>9,115</u>	<u>10,454</u>	<u>10,096</u>

This statement should be read in conjunction with the notes to the interim financial statements.



Bank of Baroda (New Zealand) Limited

Reconciliation of net profit after taxation to net cash flow from operating activities
Interim financial statements for the six months ended 30 September 2018

	Unaudited Six months ended 30 Sep 2018 \$000's	Unaudited Six months ended 30 Sep 2017 \$000's	Audited Year ended 31 Mar 2018 \$000's
Net profit after taxation	596	573	1,143
Non cash movements:			
Depreciation	30	38	76
(Decrease)/Increase in collective allowance for impairment losses	(23)	47	67
Increase in individual allowance for impairment losses	-	-	-
(Increase)/Decrease in deferred taxation recognised in profit	(5)	236	428
	<u>2</u>	<u>321</u>	<u>571</u>
Net movement in operating assets and liabilities:			
Decrease/(Increase) in loans and advances	1,596	(8,955)	(15,839)
(Increase)/Decrease in balances due from other financial	(5,000)	(3,500)	(6,200)
Increase in deposits and other borrowings	1,860	2,894	11,539
(Decrease)/Increase in interest payable	(24)	(6)	36
(Increase) in interest receivable	(21)	-	(112)
Increase/(Decrease) in balances due to related parties	440	171	72
(Increase) in other assets	(42)	(50)	(4)
Increase/(Decrease) in other liabilities and provisions	92	(8)	68
(Increase)/Decrease in balances due from related parties	(702)	613	423
Increase in current tax liability	222	-	-
Net cash flows (used in)/from operating activities	<u>(981)</u>	<u>(7,947)</u>	<u>(8,303)</u>



This statement should be read in conjunction with the notes to the interim financial statements.

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

1 Statement of accounting policies

Bank of Baroda (New Zealand) Limited (the Bank) is the reporting entity and these interim financial statements have been prepared in accordance with Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the order).

The Bank's interim financial statements for the six months ended 30 September 2018 have been prepared and presented in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") as appropriate for the interim financial statements of Tier 1 for-profit entities, and in accordance with New Zealand equivalent to International Accounting Standards 34: Interim Financial Reporting (NZ IAS 34), International Accounting Standard 34: Interim Financial Reporting (IAS 34).

These interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Disclosure Statement for the year ended 31 March 2018.

These interim financial statements comply with both IAS 34 and NZ IAS 34.

These interim financial statements were authorised for issue by the Board on 28 November 2018. 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 the New Zealand Dollar (NZD) and the figures have been rounded 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 statements for the year ended 31 March 2018, except as detailed under the *Changes in accounting policies* below.

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 is the credit loss allowance, as described under the *Changes to impairment of financial assets*.

Changes in accounting policies and disclosure

The following outlines changes in accounting policies adopted for the first time in the preparation of these financial statements.

New Zealand equivalent to International Financial Reporting Standards 9: Financial Instruments (NZ IFRS 9)

The Bank has applied NZ IFRS 9 from 1 April 2018 without restatement, in accordance with the transition requirements. NZ IFRS 9 is mandatorily applicable for accounting periods beginning on or after 1 January 2018. This standard sets out new requirements for classification and measurement, impairment and hedge accounting for financial assets and liabilities. It replaces NZ IAS 39 *Financial Instruments: Recognition and Measurement* (NZ IAS 39) and all previous versions of NZ IFRS 9.



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

Changes in accounting policies and disclosure (continued)

The following changes to accounting policies due to application of NZ IFRS 9 have been applied to these interim financial statements.

Classification of financial assets

The Bank classifies its financial assets as subsequently measured at amortised cost, based on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost only if both the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

No changes in measurement (other than impairment provisions) were required, with all previously recognised financial assets being considered to be loans and receivables and measured at amortised cost under NZ IAS 39.

Changes to impairment of financial assets

The NZ IFRS 9 introduces new impairment requirements based on an expected credit loss model, replacing the incurred loss model previously applied under NZ IAS 39. Key changes in the Bank's accounting policy for impairment of financial assets are listed below.

The Bank now applies a three stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost. Assets migrate through the following three stages based on their change in credit quality since initial recognition:

Stage 1: 12-months ECL (Stage 1)

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL - not credit impaired (Stage 2)

For credit exposures where there has been a significant increase in credit risk since initial recognition, but that are not credit impaired, a lifetime ECL is recognised. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Stage 3: Lifetime ECL - credit impaired (Stage 3)

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Bank assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the expected life between that of the reporting date to that of the date of initial recognition.

The Bank assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk rating, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

Changes to impairment of financial assets (continued)

The estimated amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Bank and all the cash flows that the Bank expects to receive. The amount of the loss is recognised using a provision for credit loss allowance.

The Bank considers its historical loss experience and adjusts this for current observable data. In addition, the Bank uses reasonable and supportable forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. The Bank assesses a range of macroeconomic factors which include, but are not limited to, unemployment, interest rates, gross domestic product, inflation and property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions, including any forecasts of future economic conditions are reviewed regularly.

If, in a subsequent reporting period, the credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for credit losses reverts from full lifetime ECL to 12-months ECL.

Allowance is also made for the expected credit losses arising from undrawn loan commitments available to borrowers.

Upon transition to NZ IFRS 9, it has been assessed that any expected credit losses arising from other credit exposures (including both related party advances and amounts due from other financial institutions) were immaterial.

Summary of impact of credit loss allowance measurement changes:

	As previously reported as at 31/3/18 \$000's	Adjustment on adoption of NZ IFRS 9 \$000's	Under NZ IFRS 9 as at 1/4/2018 \$000's
Impact on statement of financial position:			
Loans and advances	85,842	73	85,915
Deferred tax asset	177	(20)	157
Retained earnings	7,195	53	7,248

Impact on impairment provision for loans and advances (including undrawn loan commitments):

	Retail mortgage loans \$000's	Corporate \$000's	Other \$000's	Total \$000's
Opening balance of provision as at 1 April 2018 - collective provision under IAS 39 NZ	224	122	10	356
Change on adoption	(175)	110	(8)	(73)
Credit loss allowance under NZIFRS 9 as at 1 April 2018	49	232	2	283

Classification and measurement of financial liabilities

Classification and measurement of financial liabilities has remained unchanged for the Bank, with all financial liabilities continuing to be measured at amortised cost.

Application of NZ IFRS 15 Revenue from contracts with customers

In addition, the Bank has adopted the requirements of NZ IFRS 15 *Revenue from contracts with customers* from 1 April 2018, which has not had a material effect on the measurement or presentation within the financial statements of the Bank.



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

2 Interest

	Unaudited Six months ended 30 Sep 2018 \$000's	Unaudited Six months ended 30 Sep 2017 \$000's	Audited Year ended 31 Mar 2018 \$000's
Interest income			
Bank deposits/placements	267	1,896	635
Loans & advances to customers	2,167	292	3,958
Total interest income	2,434	2,188	4,593
Interest expense			
Deposits by customers	878	679	1,504
Total interest expense	878	679	1,504

3 Other income

	Unaudited Six months ended 30 Sep 2018 \$000's	Unaudited Six months ended 30 Sep 2017 \$000's	Audited Year ended 31 Mar 2018 \$000's
Banking and lending fee income	111	129	243
Commissions revenue	17	14	30
Net foreign exchange gains	591	607	1,201
Other revenue	3	3	6
Total other income	722	753	1,480

4 Operating expenses

	Unaudited Six months ended 30 Sep 2018 \$000's	Unaudited Six months ended 30 Sep 2017 \$000's	Audited Year ended 31 Mar 2018 \$000's
Audit and review of disclosure statement:			
• Deloitte Limited	54	49	96
Directors' fees	25	20	44
Depreciation:			
• Computer hardware	1	1	2
• Office equipment	-	-	10
• Furniture, fittings and leasehold improvements	30	37	64
Employee benefits:			
• Salary & others	708	702	1,350
• Kiwisaver	8	7	37
Rental and lease costs	273	285	571
Other operating expenses	389	305	757
Total operating expenses	1,488	1,406	2,931



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

5 Provision for credit loss allowances

The following table provides a reconciliation from the opening balance to the closing balance of provision for credit loss allowances.

Unaudited - Six months ended 30 September 2018 - NZ IFRS 9

	Retail mortgage \$000's	Corporate and institutional \$000's	Other exposures \$000's	Total \$000's
For period ended 30 September 2018				
Collective allowance				
Balance at the beginning of the year	224	122	10	356
Adjustment upon adoption of NZ IFRS 9	(175)	110	(8)	(73)
Restated opening balance	49	232	2	283
(Credit)/Charge to profit or loss	8	(30)	(1)	(23)
Total collective allowance for credit losses	57	202	1	260

	Collective provision 12- months ECL	Collective provision lifetime ECL - significant increase in credit risk	Specific provision lifetime ECL - credit impaired	Total
Movement in provision for credit loss allowance				
Residential mortgage lending				
Balance at beginning of period	49	-	-	49
Charge/(credit) to profit or loss	8	-	-	8
Balance at end of period - Residential mortgage lending	57	-	-	57
Other retail exposures				
Balance at beginning of period	2	-	-	2
Charge/(credit) to profit or loss	(1)	-	-	(1)
Balance at end of period - other retail exposures	1	-	-	1
Corporate exposures				
Balance at beginning of period	232	-	-	232
Charge/(credit) to profit or loss	(30)	-	-	(30)
Balance at end of period - Corporate exposures	202	-	-	202
Provision for credit loss allowances - Total				
Balance at beginning of period	283	-	-	283
Charge/(credit) to income statement excluding transfer between ECL stages	(23)	-	-	(23)
Total provision for credit loss allowances balance at end of	260	-	-	260

Impact of changes in gross carrying amount on ECL

The following explains how significant changes in the gross carrying amount of financial assets during the period have contributed to the changes in the provision for credit impairment. Provision for credit impairment reflects ECL measured using the three-stage approach under NZ IFRS 9.



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

5 Provision for credit loss allowances (continued)

Overall, the net decrease in the total provision for credit impairment of \$23,000 during the period was mainly driven by the change in profile of the Bank's loans. A number of corporate loans which existed at 1 April 2018 were repaid during the period to September 2018.

Comparative information - measured under NZ IAS 39 requirements

	Retail mortgage lending \$000's	Corporate and institutional \$000's	Other exposures excluding sovereigns and central bank \$000's	Total \$000's
Unaudited				
For period ended 30 September 2017				
Collective allowance for impairment losses				
Balance at the beginning of the year*	181	98	10	289
Charge to profit or loss*	28	(10)	29	47
Total collective allowance for impairment losses	209	88	39	336
Audited				
For the year ended 31 March 2018				
Collective allowance for impairment losses				
Balance at the beginning of the year	181	98	10	289
Charge to profit or loss	43	24	-	67
Total collective allowance for impairment losses	224	122	10	356

* Collective allowance for impairment losses for 30 September 2017 have been restated due to a change in loan classification as detailed in note 10.

	Unaudited Six months ended 30 Sep 2018 \$000's	Unaudited Six months ended 30 Sep 2017 \$000's	Audited Year ended 31 Mar 2018 \$000's
6 Taxation			
Net profit before taxation	813	809	1,571
Tax calculated at a tax rate of 28%	(227)	(226)	(440)
Other permanent differences	10	-	12
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	-	(10)	-
Taxation expense as per the statement of comprehensive income	(217)	(236)	(428)
Represented by:			
Current tax	(222)	-	-
Deferred tax	5	(236)	(428)
Taxation expense as per the statement of comprehensive income	(217)	(236)	(428)



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

	Unaudited Six months ended 30 Sep 2018 \$000's	Unaudited Six months ended 30 Sep 2017 \$000's	Audited Year ended 31 Mar 2018 \$000's
7 Deferred taxation			
Deferred tax balances			
Balance at the beginning of the year	177	605	605
Change on adoption of NZ IFRS 9	(20)	-	-
Restated opening balance	157	-	-
Credit/(Charge) to profit or loss	5	(236)	(428)
Balance at end of the year	162	369	177
	Unaudited As at 30 Sep 2018 \$000's	Unaudited As at 30 Sep 2017 \$000's	Audited As at 31 Mar 2018 \$000's
8 Cash and cash equivalents			
Cash on hand	111	123	136
Call and overnight advances to financial institutions	9,004	10,331	9,960
Total cash and cash equivalents	9,115	10,454	10,096
Current	9,115	10,454	10,096
	Unaudited As at 30 Sep 2018 \$000's	Unaudited As at 30 Sep 2017 \$000's	Audited As at 31 Mar 2018 \$000's
9 Due from other financial institutions			
Term deposits	19,200	11,500	14,200
Total amount due from other financial institutions	19,200	11,500	14,200
Current	19,200	11,500	14,200
	Unaudited As at 30 Sep 2018 \$000's	Unaudited As at 30 Sep 2017 \$000's	Audited As at 31 Mar 2018 \$000's
10 Loans and advances			
Residential mortgage loans	55,507	49,573	54,122
Corporate exposures*	26,276	27,343	29,684
Other exposures*	2,818	2,398	2,392
Allowances for impairment losses	(260)	(336)	(356)
Total net loans and receivables	84,341	78,978	85,842
Current	23,150	14,822	25,359
Non-current	61,191	64,156	60,483

* Classification of the 30 September 2017 values for these categories have been restated to align with the current period. Corporate exposures for the comparative period to 30 September 2017 have been increased and other exposures decreased by \$6,375,000.

	Unaudited As at 30 Sep 2018 \$000's	Unaudited As at 30 Sep 2017 \$000's	Audited As at 31 Mar 2018 \$000's
11 Other assets			
Other receivables	124	103	82
Interest receivable	320	211	299
Trade and other receivables	444	314	381
Current	444	314	381



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

12 Related party disclosures

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

	Unaudited Six months ended 30 Sep 2018 \$000's	Unaudited Six months ended 30 Sep 2017 \$000's	Audited Year ended 31 Mar 2018 \$000's
Transaction with related parties:			
Interest income			
Bank of Baroda branches and its subsidiaries	27	52	110
Other related parties	-	-	-
Interest expense			
Bank of Baroda branches and its subsidiaries	-	-	-
Other related parties	-	-	-
Support & service fee/management fee			
Bank of Baroda	27	51	141
Processing fees			
Subsidiaries of Bank of Baroda	49	-	-
	Unaudited As at 30 Sep 2018	Unaudited As at 30 Sep 2017	Audited As at 31 Mar 2018
Due to related parties:			
Bank of Baroda	1,453	1,150	1,006
Other related parties	56	18	63
Total due to related parties	1,509	1,168	1,069
Current	1,509	1,168	1,069
Non-current	-	-	-
Total	1,509	1,168	1,069
Due from related parties:			
Bank of Baroda branches	577	155	285
Subsidiaries of Bank of Baroda	4,988	4,523	4,588
Other related parties	19	14	9
Total due from related parties	5,584	4,692	4,882
Current	5,584	4,692	4,882
Non-current	-	-	-
Total	5,584	4,692	4,882
	Unaudited As at 30 Sep 2018 \$000's	Unaudited As at 30 Sep 2017 \$000's	Audited As at 31 Mar 2018 \$000's
13 Deposits and other borrowings			
Retail deposits	68,918	58,413	67,058
Total deposits	68,918	58,413	67,058
Current	56,897	54,904	60,176
Non-current	12,021	3,509	6,882



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

	Unaudited As at 30 Sep 2018 \$000's	Unaudited As at 30 Sep 2017 \$000's	Audited As at 31 Mar 2018 \$000's
14 Other liabilities			
Employee entitlements	90	138	78
Other payables and accruals	534	300	479
Total other liabilities	624	438	557
Current	624	438	557

15 Asset quality

As at 30 September 2018	Residential mortgage loans \$000's	Corporate exposures \$000's	Other exposures excluding central banks \$000's	Total \$000's
<i>Loans and advances</i>				
No significant increase in credit risk				
Not past due	53,011	25,498	2,818	81,327
Less than 30 days past due	2,496	778	-	3,274
Gross loans and advances	55,507	26,276	2,818	84,601
Less allowance for credit losses (see note 5)	(57)	(202)	(1)	(260)
Net loans and advances	55,450	26,074	2,817	84,341
Other financial assets neither past due nor impaired	-	-	34,342	34,342
Total net financial assets	55,450	26,074	37,159	118,683

Movements in gross balances - by credit loss allowance stage	Stage 1	Total
Balance at 1 April 2018	86,198	86,198
Net further lending/repayment	(1,597)	(1,597)
Amounts written off	-	-
Balance at end of period	84,601	84,601

At 1 April 2018 and 30 September 2018 there were no loans in Stage 2 or Stage 3.

Total expected credit loss	Stage 1	Total
Loans and advances	205	205
Undrawn loan commitments	55	55
	260	260

The Bank does not have any restructured assets, and financial, real estate or other assets acquired through security enforcement or any other assets under administration as at 30 September 2018 (31 March 2018 and 30 September 2017 - Nil).

There were no undrawn balances on lending commitments to counterparties classified as individually credit impaired assets at 30 September 2018 (31 March 2018 and 30 September 2017 - Nil).



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

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 its counterparties:

	As at 30 Sep 2018 \$000's
New Zealand	
Finance	28,315
Households	61,079
Electricity, gas and water	211
Construction	10,583
Property services	2,276
Education	4,400
Health and community services	1,050
Personal and other services	13,064
Retail and wholesale trade	3,201
Food and other manufacturing	953
Other financial assets	444
Overseas	
Finance, investment and insurance	5,584
Total financial assets	<u>131,160</u>
Allowance for credit losses	<u>(260)</u>
Total net financial assets	<u>130,900</u>

Analysis of financial assets by geographical sector at reporting date

	As at 30 Sep 2018 \$000's
New Zealand	
Upper North Island	110,474
Lower North Island	15,102
Overseas	
USA New York branch (USD)	533
India Mumbai Main Office (INR)	35
U.K London branch (EURO)	4
Belgium Brussels branch (EURO)	4
Fiji Suva branch (FJD)	2
Australia SBI Sydney (AUD)	18
India (USD)	4,988
Allowance for credit losses	<u>(260)</u>
Total net financial assets	<u>130,900</u>

	As at 30 Sep 2018 \$000's
Maximum exposure to credit risk before collateral held or other credit enhancements	
Loans and advances	96,817
Balances with related parties	5,584
Due from other financial institutions	19,200
Cash and cash equivalents	9,115
Other financial assets	444
Total gross financial assets	<u>131,160</u>
Allowance for impairment losses	<u>(260)</u>
Total net financial assets	<u>130,900</u>



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

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 is as follows:

	Unaudited As at 30 Sep 2018 \$000's
New Zealand	
Financing investment and insurance	1,660
Retail and wholesale trade	1,978
Other	624
Households	65,336
Overseas	
Finance, investment and insurance	1,453
Total financial liabilities	71,051

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

	Unaudited As at 30 Sep 2018 \$000's
New Zealand	
Upper North Island	54,879
Lower North Island	14,719
South Island	-
Overseas	1,453
Total financial liabilities	71,051

	Unaudited As at 30 Sep 2018 \$000's	Unaudited As at 30 Sep 2017 \$000's	Audited As at 31 Mar 2018 \$000's
18 Lease commitments			
Operating lease commitments under non-cancellable operating leases:			
Not later than 1 year	466	481	512
1-2 years	243	404	351
2-5 years	340	511	417
5+ years	-	70	17
Total	1,049	1,466	1,297

Lease commitment includes operating lease under non-cancellable terms taken for branches and officials of the bank.

19 Capital commitments

As at 30 September 2018 there are no material outstanding capital commitments (31 March 2018 and 30 September 2017: nil).



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

	Unaudited As at 30 Sep 2018 \$000's	Unaudited As at 30 Sep 2017 \$000's	Audited As at 31 Mar 2018 \$000's
20 Contingent liabilities			
Performance/financial guarantees issued on behalf of customers	340	840	840
Total contingent liabilities	340	840	840
 Undrawn commitments available to customers	 11,876	 9,243	 9,724

21 Subsequent events after balance date

There were no subsequent events after balance date. (31 March 2018 and 30 September 2017: nil).

22 Interest rate repricing

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

As at 30 September 2018 - Unaudited	Total \$000's	Non Interest bearing \$000's	Up to 3 months \$000's	Over 3 months & up to 6 months \$000's	Over 6 months & up to 1 year \$000's	Over 1 & up to 2 years \$000's	Over 2 & up to 5 years \$000's	Over 5 years \$000's
Financial assets								
Cash and cash equivalents	9,115	1,535	7,580	-	-	-	-	-
Due from other financial institutions	19,200	-	19,200	-	-	-	-	-
Loans and advances	84,341	-	35,279	9,472	20,970	18,620	-	-
Balances with related parties	5,584	596	-	4,988	-	-	-	-
Other financial assets	444	444	-	-	-	-	-	-
Total financial assets	118,684	2,575	62,059	14,460	20,970	18,620	-	-
 Financial liabilities								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	68,918	3,794	35,593	10,598	6,912	7,853	4,168	-
Due to related parties	1,509	1,453	56	-	-	-	-	-
Other financial liabilities	624	624	-	-	-	-	-	-
Total financial liabilities	71,051	5,871	35,649	10,598	6,912	7,853	4,168	-
 On-balance sheet gap	 47,633	 (3,296)	 26,410	 3,862	 14,058	 10,767	 (4,168)	 -
Financial guarantee	340	340	-	-	-	-	-	-
Undrawn commitments	11,876	-	7,945	1,078	1,205	1,648	-	-
Net effective interest rate gap	59,849	(2,956)	34,355	4,940	15,263	12,415	(4,168)	-



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23 Liquidity risk

The tables below summarises the undiscounted cash flows payable or receivable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date.

As at 30 September 2018 - Unaudited

	On Demand \$000's	Up to 3 months \$000's	3 to 12 months \$000's	Between 1 & 5 years \$000's	More than 5 years \$000's	Total \$000's
Financial assets						
Cash and cash equivalents	9,115	-	-	-	-	9,115
Due from other financial institutions	-	19,330	-	-	-	19,330
Loans and advances	-	5,709	23,440	22,069	79,006	130,224
Due from related parties	596	-	4,988	-	-	5,584
Other financial assets	-	444	-	-	-	444
Total financial assets	9,711	25,483	28,428	22,069	79,006	164,697
Financial liabilities						
Deposits and other borrowings	27,981	11,528	17,735	13,238	-	70,482
Due to related parties	1,509	-	-	-	-	1,509
Other financial liabilities	-	624	-	-	-	624
Total financial liabilities	29,490	12,152	17,735	13,238	-	72,615
Net non-derivative cash flows	(19,779)	13,331	10,693	8,831	79,006	92,082
Off balance sheet cash flows						
Financial guarantees to customers	340	-	-	-	-	340
Undrawn commitments to customers	11,876	-	-	-	-	11,876
Total	12,216	-	-	-	-	12,216
Net cash flow	(7,563)	13,331	10,693	8,831	79,006	104,298

Unaudited
As at
30 Sep 2018

The bank holds the following liquid assets for the purpose of managing liquidity risk:

Cash and cash equivalents	9,115
Deposits with financial institutions	19,200
Deposit/cash held with related parties	5,584
Total liquid assets	33,899



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24 Fair values of financial instruments

	Unaudited Six months ended 30 Sep 2018		Unaudited Six months ended 30 Sep 2017		Audited Year ended 31 Mar 2018	
	Carrying Amounts \$000's	Estimated fair value \$000's	Carrying Amounts \$000's	Estimated fair value \$000's	Carrying amounts \$000's	Estimated fair value \$000's
Financial assets						
Cash and cash equivalents	9,115	9,115	10,454	10,454	10,096	10,096
Balances with related parties	5,584	5,584	4,692	4,692	4,882	4,882
Due from other financial institutions	19,200	19,200	11,500	11,500	14,200	14,200
Loans and advances	84,341	87,352	78,978	81,182	85,842	89,174
Other financial assets	444	444	314	314	381	381
Total financial assets	118,684	121,695	105,938	108,142	115,401	118,733
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Due to related parties	1,509	1,509	1,168	1,168	1,069	1,069
Deposits and other borrowings	68,918	69,739	58,413	58,909	67,058	67,878
Other financial liabilities	624	624	438	438	557	557
Total financial liabilities	71,051	71,872	60,019	60,515	68,684	69,504

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 and cash equivalents

For cash assets, 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 and rates of estimated credit losses.

Other financial assets

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

Deposits by customers

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

Due to/from related parties

For due to/from related parties, carrying amounts in the balance sheet are a reasonable estimate of fair value for these assets.

Other financial liabilities

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



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25 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.

Credit exposures to non-bank individual counterparties

The number of individual non-bank 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 common equity tier one capital was:

	As at 30 Sep 2018	Peak end of the day between the previous 1 Apr 2018 and 30 Sep 2018
Number of counterparties without a credit rating:		
- Representing more than 10% but less than 15% of common equity tier one capital	1	1
- Representing more than 15% but less than 20% of common equity tier one capital	1	1

Credit exposures above relate to individual counterparties (not being members of a group of closely related counterparties) and to groups of closely related counterparties and exclude exposures to connected persons, to the central government or central bank of any country with a long-term credit rating of A- or A3 or above, or its equivalent, or to any supranational or quasi-sovereign agency 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.

Credit exposures to bank counterparties

The number of bank 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 common equity tier one capital was:

	As at 30 September 2018	Peak end of the day between the 1 Apr 2018 and 30 Sep 2018
Number of bank counterparties with an AA- Standard & Poors credit rating:		
<i>Number of bank counterparties with an AA- Standard & Poors credit rating:</i>		
- Representing more than or equal to 15% and less than 20% of common equity tier one capital	1	-
- Representing more than or equal to 20% and less than 25% of common equity tier one capital	-	1
- Representing more than or equal to 40% and less than 45% of common equity tier one capital	1	-
- Representing more than or equal to 45% and less than 50% of common equity tier one capital	-	1



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26 Securitisation, funds, management, other fiduciary activities and the marketing and distribution of insurance products

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 business.

27 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 2018.

28 Capital adequacy

The Bank has 40,000,000 fully paid up ordinary shares (tier one capital) issued at NZ \$1.00 per share on 22 May 2008 (25,000,000 shares) and 20 April 2009 (15,000,000 shares).

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 instruments 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.
- The Common Equity Tier One Capital must not be less than 4.5% 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 30 September 2018. The Bank was registered on 1 September 2009 and from the date of registration to 30 September 2018; the Bank has complied with both regulatory and internal capital adequacy requirements which are based on document BS2A.

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



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

28 Capital adequacy (continued)

	Unaudited As at 30 Sep 2018 \$000's
Tier One Capital	
Common equity Tier One Capital	
Issued and fully paid up share capital	40,000
Retained earnings	7,844
Less:	
Deferred tax assets	(162)
Total common equity Tier One Capital	47,682
Additional Tier One Capital	-
Total Tier One Capital	47,682
Tier Two Capital	-
Total capital	47,682

30 September 2018 - Unaudited Calculation of on-balance-sheet exposures	Total exposure after credit risk mitigation \$000's	Risk Weight	Risk weighted exposure \$000's	Minimum pillar 1 capital requirement \$000's
Cash and gold bullion	111	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks (Due from other financial institutions)	28,204	20%	5,641	451
Banks (Due from related parties)	5,584	50%	2,792	223
Corporate	17,150	100%	17,150	1,372
Residential mortgages				
Non property investment-LVR up to 80%	41,783	35%	14,624	1,170
Non property investment-LVR >80% but <90%	1,888	50%	944	76
Property investment-LVR <80%	11,779	40%	4,712	377
Property investment-LVR >80% but <90%	-	70%	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	100%	-	-
All other equity holdings (not deducted from capital)	-	100%	-	-
Non risk weighted assets	11,489	0%	-	-
Other assets	697	100%	697	56
Total on-balance-sheet exposures	118,685		46,560	3,725



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

28 Capital adequacy (continued)

As at 30 September 2018 - Unaudited
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's		\$000's		\$000's	\$000's
Direct credit substitute	-	0%	-	0%	-	-
Asset sales with recourse	-	0%	-	0%	-	-
Forward asset purchase	-	0%	-	0%	-	-
Commitment with certain drawdown	-	0%	-	0%	-	-
Note issuance facility	-	0%	-	0%	-	-
Performance-related contingency	340	50%	170	100%	170	14
Revolving underwriting facility	-	0%	-	0%	-	-
Trade-related contingency	-	0%	-	0%	-	-
Placements of forward deposits	-	0%	-	0%	-	-
Other commitments where original maturity is more than one year	11,876	50%	5,938	62%	3,682	294
Other commitments where original maturity is less than or equal to one year	-	0%	-	0%	-	-
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	0%	-	0%	-	-
Market related contracts						
(a) Foreign exchange contracts	-	0%	-	0%	-	-
(b) Interest rate contracts	-	0%	-	0%	-	-
(c) Other - OTC, etc	-	0%	-	0%	-	-
Total off-balance-sheet exposures	12,216		6,108		3,852	308

Residential mortgages by loan-to-valuation ratio

As at 30 September 2018 - Unaudited (\$000)	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Loan-to-valuation ratio				
On-balance-sheet exposures	53,617	1,890	-	55,507
Off-balance-sheet exposures	5,571	1	-	5,572
Total loan-to-value ratio	59,188	1,891	-	61,079

Reconciliation of residential mortgage-related amounts

	30 September 2018
Residential mortgage loans (as disclosed in Note 15)	55,507
Undrawn commitments related to residential mortgages	5,572
Residential mortgages by loan-to-valuation ratio	61,079



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

28 Capital Adequacy (continued)

Credit risk mitigation

As at 30 September 2018 - Unaudited (\$000)	Total value of on-and-off- balance-sheet exposures covered by eligible collateral (after haircutting) \$000's	Total value of on-and-off- balance-sheet exposures covered by guarantees or credit derivatives \$000's
Exposure class		
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	967	-
Residential mortgage	-	-
Other	1,821	-
Total	2,788	-

Operational risk capital requirement

	Unaudited As at 30 Sep 2018	Total operational risk capital requirement \$000's
	Implied risk weighted exposure \$000's	
Operational risk	4,662	373

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

Total capital requirements

	End-period capital charges		Peak end-of-day capital	
	Implied risk weighted exposure \$000's	Aggregate capital charge \$000's	Implied risk weighted exposure \$000's	Aggregate capital charge \$000's
At 30 September 2018 - Unaudited				
Interest rate risk	3,012	241	3,138	251
Foreign currency risk	1,013	81	1,050	84
Equity risk	-	-	-	-
Total	4,025	322	4,188	335

	Total exposure after credit risk mitigation \$000's	Risk weighted exposure or implied risk weighted exposure \$000's	Capital requirement \$000's
At 30 September 2018 - Unaudited			
Total credit risk + equity	130,901	50,412	4,033
Operational risk	-	4,662	373
Market risk	-	4,025	322
Total	130,901	59,099	4,728



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

28 Capital Adequacy (continued)

Capital ratios

	Common equity tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
At 30 September 2018 - Unaudited			
Ratio	80.68%	80.68%	80.68%
Minimum ratio requirement	4.5%	6.0%	8.0%
At 30 September 2017 - Unaudited			
Ratio	78.66%	78.66%	78.66%
Minimum ratio requirement	4.5%	6.0%	8.0%
At 31 March 2018 - unaudited			
Ratio	78.06%	78.06%	78.06%
Minimum ratio requirement	4.5%	6.0%	8.0%

Buffer ratios

30/09/2018 - Unaudited	
Buffer ratio	72.68%
Buffer ratio requirement	2.5%
30/09/2017 - Unaudited	
Buffer ratio	70.66%
Buffer ratio requirement	2.5%
31/03/2018 - Audited	
Buffer ratio	70.06%
Buffer ratio requirement	2.5%

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 method for calculation of Capital Adequacy. This information is made available to users via the BOB website (www.bankofbaroda.com).

As per the latest available data at 30 September 2018, BOB's Tier One Capital was 11.00% of total risk-weighted assets and total capital was 12.55% of total risk-weighted assets (31 March 2018: Tier One Capital was 11.27% of total risk-weighted assets and total capital was 12.87% of total risk-weighted assets). BOB's capital ratios during the year ended 31 March 2018 and 31 March 2017 exceeded the Reserve Bank of India's minimum capital adequacy requirements.



Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2018

29 Regulatory liquidity ratios

The following were the average values of each of the following regulatory liquidity ratios of the stated periods, calculated based on the average of the close of each working day.

	Three months ended 30 September 2018	Three months ended 30 June 2018
One-week mismatch ratio	26.40	18.30
One-month mismatch ratio	32.90	22.70
Core funding ratio	130.80	125.90

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 BANK OF BARODA NEW ZEALAND LIMITED

We have reviewed pages 9 to 34 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 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

Directors' Responsibilities

The Board of Directors (the '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 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 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

Our responsibility is to express a conclusion on the interim financial statements and the supplementary information based on our review.

Our responsibility is 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 presented by the Directors (excluding the supplementary information), 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*.
- the supplementary information presented by the Directors (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.
- the supplementary information presented by the Directors relating to credit and market risk exposures and capital adequacy is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

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 34 (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 2018 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 34 relating to credit and market risk exposure and capital adequacy as required by Schedule 9 of the Order, is not in all material respects, disclosed in accordance with Schedule 9 of the Order.

Deloitte Limited

Chartered Accountants
Auckland, New Zealand
28 November 2018



This review report relates to the unaudited Disclosure Statement of Bank of Baroda (New Zealand) Limited for the six months ended 30 September 2018 included on the Bank of Baroda (New Zealand) Limited's website. The Board of Directors is responsible for the maintenance and integrity of the Bank's website. We have not been engaged to report on the integrity of the entity's website. We accept no responsibility for any changes that may have occurred to the Disclosure Statement since it was initially presented on the website. The review report refers only to the Disclosure Statement named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this Disclosure Statement. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the Disclosure Statement and related review report dated 28 November 2018 to confirm the information included in the unaudited Disclosure Statement presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.