

# **Disclosure Statement**

**Bank of Baroda (New Zealand) Limited**

**Disclosure statement for the six months ended 30 September  
2014**

## Contents

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1.	<b>Definitions.....</b>	<b>2</b>
2.	<b>General information.....</b>	<b>3</b>
3.	<b>Guarantee .....</b>	<b>4</b>
4.	<b>Directors.....</b>	<b>6</b>
5.	<b>Auditor .....</b>	<b>7</b>
6.	<b>Conditions of registration .....</b>	<b>8</b>
7.	<b>Pending proceedings or arbitration .....</b>	<b>14</b>
8.	<b>Credit rating .....</b>	<b>15</b>
9.	<b>Other material matters .....</b>	<b>16</b>
10.	<b>Directors' statements .....</b>	<b>17</b>
11.	<b>Independent auditor's review report.....</b>	<b>18</b>
12.	<b>Financial statements .....</b>	<b>19</b>
	<b>Appendix: Financial Statements .....</b>	<b>20</b>

## 1. Definitions

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In this Disclosure Statement, unless the context otherwise requires:

**Act** means the Reserve Bank of New Zealand Act 1989;

**Bank** means Bank of Baroda (New Zealand) Limited;

**Banking Group** means the Bank and its subsidiaries;

**Board** means the board of directors of the Bank;

**BOB** means Bank of Baroda (India);

**Director** means a director of the Bank;

**INR** means Indian Rupees;

**Parent Guarantee** has the meaning given in section 3.1; and

**USD** means United States Dollars.

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

## **2. General information**

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### **2.1 Name and address for service of registered bank**

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

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

- (b) The Bank's website address is: [www.barodanzltd.co.nz](http://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 2014. There have been no changes to the name or address for service of the ultimate parent bank since 31 March 2014.

- (b) **Ultimate holding company**

There has been no change to the ultimate holding company since 31 March 2014. There have been no changes to the name or address for service of the ultimate holding company since 31 March 2014.

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

The obligations of the Bank are guaranteed by BOB (see section 3 below for further information on the guarantee arrangements).

There are no legislative, regulatory or other restrictions of a legally enforceable nature in India (BOB's country of incorporation) that may materially inhibit the legal ability of BOB to provide material financial support to the Bank.

### **2.4 Priority of financial liabilities in the event of liquidation**

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



### 3. Guarantee

#### 3.1 Guarantee arrangements

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

A copy of the guarantee of the Bank's indebtedness given by BOB is provided in the Bank's Disclosure Statement for the year ended 31 March 2014. A copy of the Disclosure Statement can be obtained from the Bank's website [www.barodanzltd.co.nz](http://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:

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

As at 30 September 2014, the publicly disclosed capital of BOB was INR 386,349.10 million (USD 6,256.82 million) representing 12.19% 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	<b>Baa3</b>	Stable	Nil	YES
Fitch IBCA, Inc.	<b>BBB-</b>	Stable	Nil	YES

On 18 June 2012 Fitch IBCA, Inc. changed BOB's credit rating outlook from stable to negative and on 14 June 2013 it upgraded the outlook from negative to stable. On 30 January 2012 Moody's Investor services limited changed BOB's credit rating from Baa2 to Baa3. On 13 December 2012 Moody's Investor Services Limited changed BOB's credit rating outlook from stable to negative and on 16 August 2013 it changed the outlook from negative to stable. There have been no other rating changes for BOB within the last two years.

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

**(b) Details of guaranteed obligations**

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

## 4. Directors

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### 4.1 Communications

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

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

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

The following changes in the composition of the Board of Directors of the Bank (the “Board”) have been effected since 31 March 2014:

- (i) S.S. Mundra resigned from the Board with effect from 30 July 2014.
- (ii) Navin C. Upreti resigned from the Board on 30<sup>th</sup> September 2014 and repatriated to India on 11<sup>th</sup> October 2014.
- (iii) Prahlad Das Gupta has been inducted as the Managing Director on 11<sup>th</sup> October 2014

### 4.2 Responsible person

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

- Dr Rajen Prasad, Chairman & Independent Director
- Prahlad Das Gupta, Managing Director
- R. S. Setia, Non-Executive (Non-independent) Director
- Vailankanni Wenceslaus Melchoir Anthony, Independent Director
- Ranjna Patel, Independent Director

in accordance with section 82 of the Act is **Prahlad Das Gupta**.

## 5. Auditor

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

**KPMG**  
KPMG Centre  
18 Viaduct Harbour  
Auckland  
New Zealand



## 6. Conditions of registration

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The conditions of registration imposed on the Bank which applied on or after 30 March 2014 and were reported in the Bank's Disclosure Statement for the three months ended 30 June 2014 remain unchanged up to 30 June 2014. The Bank has complied with its conditions throughout the period.

The conditions apply on and after 1 July 2014 are as follows:

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

1. That—
  - (a) the Total capital ratio of the banking group is not less than 8%;
  - (b) the tier one capital ratio of the banking group is not less than 6%;
  - (c) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5%; and
  - (d) the Total capital of the banking group is not less than \$30 million; and
  - (e) the process in Subpart 2H of the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014 is followed for the recognition and repayment of capital.

For the purposes of this condition of registration, capital, the Total capital ratio and the Tier 1 capital ratio, and the Common Equity Tier 1 capital ratio must be calculated in accordance with the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014.

- 1A. That—
  - (a) the bank has an internal capital adequacy assessment process ("ICAAP") that accords with the requirements set out in the document "Guidelines on a Bank's Internal Capital Adequacy Process ("ICAAP")" (BS12) dated December 2007;
  - (b) under its ICAAP, the bank identifies and measures its "other material risks" defined as all material risks of the banking group that are not explicitly captured in the calculation of the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the Total capital ratio under the requirements set out in the document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014; and
  - (c) the bank determines an internal capital allocation for each identified and measured "other material risk".
- 1B. That, if the buffer ratio of the banking group is 2.5% or less, the bank must:
  - (a) according to the following table, limit the aggregate distributions of the bank's earnings to the percentage limit to distributions that corresponds to the banking group's buffer ratio;

<b>Banking group's buffer ratio</b>	<b>Percentage limit to distributions of the bank's earnings</b>
0%-0.625%	0%
>0.625-1.25%	20%
>1.25-1.875%	40%
>1.875-2.5%	60%

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

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

For the purposes of this condition of registration,—

“buffer ratio”, “distributions”, and “earnings” have the same meaning as in Part 3 of the Reserve Bank of New Zealand document: “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated July 2014.

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

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

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

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

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

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

- (a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and
- (b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,—

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



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

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

<b>Credit rating of the bank<sup>1</sup></b>	<b>Connected exposure limit (% of the banking group's Tier 1 capital)</b>
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

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

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled “Connected Exposures Policy” (BS8) dated July 2014.

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That the bank complies with the following corporate governance requirements:
- the board of the bank must have at least five directors,
  - the majority of the board members must be non-executive directors;
  - at least half of the board members must be independent directors;
  - an alternate director,—
    - for a non-executive director must be non-executive; and
    - for an independent director must be independent;
  - at least half of the independent directors of the bank must be ordinarily resident in New Zealand;
  - the chairperson of the board of the bank must be independent; and
  - the bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the bank).

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

<sup>1</sup> This table uses the rating scales of Standard & Poor's, Fitch Ratings and Moody's Investors Service. (Fitch Ratings' scale is identical to Standard & Poor's.)

7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:
- (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
  - (b) the Reserve Bank has advised that it has no objection to that appointment.
8. That a person must not be appointed as chairperson of the board of the bank unless:
- (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
  - (b) the Reserve Bank has advised that it has no objection to that appointment.
9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:
- (a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;
  - (b) the committee must have at least three members;
  - (c) every member of the committee must be a non-executive director of the bank;
  - (d) the majority of the members of the committee must be independent; and
  - (e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

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

10. That a substantial proportion of the bank's business is conducted in and from New Zealand.
11. That the banking group complies with the following quantitative requirements for liquidity-risk management:
- (a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;
  - (b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and
  - (c) the one-year core funding ratio of the banking group is not less than 75 per cent at the end of each business day.

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

12. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:
- (a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;



- (b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;
- (c) identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and
- (d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.

13. That no more than 10% of total assets may be beneficially owned by a SPV.

For the purposes of this condition,—

“total assets” means all assets of the banking group plus any assets held by any SPV that are not included in the banking group’s assets:

“SPV” means a person—

- (a) to whom any member of the banking group has sold, assigned, or otherwise transferred any asset;
- (b) who has granted, or may grant, a security interest in its assets for the benefit of any holder of any covered bond; and
- (c) who carries on no other business except for that necessary or incidental to guarantee the obligations of any member of the banking group under a covered bond:

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

14. That-

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

- (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and
- (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and

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

- (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination;
- (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and
- (iii) the Reserve Bank has given the bank a notice of non-objection to the significant acquisition or business combination.



For the purposes of this condition of registration, “qualifying acquisition or business combination”, “notification threshold” and “non-objection threshold” have the same meaning as in the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011.

15. That for a loan-to-valuation measurement period, the total of the bank’s qualifying new mortgage lending amounts must not for residential properties with a loan-to-valuation ratio of more than 80% exceed 10% of the total of the qualifying new mortgage lending amounts arising in the loan-to-valuation measurement period.

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

17. That the bank must not permit a borrower to grant a charge in favour of another person over a residential property used as security for a residential mortgage loan unless the sum of the lending secured by the charge and the loan value for the residential mortgage loan would not exceed 80% of the property value of the residential property when the lending secured by the charge is drawn down.

18. That the bank must not provide a residential mortgage loan if the residential property to be mortgaged to the bank as security for the residential mortgage loan is subject to a charge in favour of another person unless the total amount of credit secured by the residential property would not exceed 80% of the property value when the residential mortgage loan is drawn down.

19. That the bank must not act as broker or arrange for a member of its banking group to provide a residential mortgage loan.

In these conditions of registration,—

“banking group” ---

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

“generally accepted accounting practice”—

has the same meaning as in section 8 of the Financial Reporting Act 2013.

In conditions of registration 15 to 19, ---

“loan-to-valuation ratio”, “loan value”, “property value”, “qualifying new mortgage lending amount” and residential mortgage loan” have the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High-LVR Residential Mortgage Lending” (BS19) dated July 2014:

“loan-to-valuation measurement period” means a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of March 2014.

## **7. Pending proceedings or arbitration**

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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	YES

On 18 June 2012 Fitch IBCA, Inc. changed BOB (NZ) Limited's credit rating outlook from stable to negative and on 14 June 2013 it upgraded the outlook from negative to 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**

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There are no other matters relating to the business or affairs of the Bank, other than those contained in this disclosure statement that, if disclosed, would materially affect the decision of a person to subscribe for debt securities of which the Bank is the issuer.

## 10. Directors' statements

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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 half year ended 30 September 2014:

- a. the Bank has complied with all conditions of registration that applied during the period;
- b. credit exposures to connected persons were not contrary to the interests of the Bank;
- c. the Bank has systems in place to monitor and control adequately the Bank's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

For and on behalf of all of the Directors of the Bank (authorised to issue by Directors' resolution via circular agenda dated 21 November 2014), this disclosure statement is dated at Auckland, New Zealand this 21 November 2014 and signed by Prahlad Das Gupta as responsible person.

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



## **11. Independent auditor's review report**

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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**

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The financial statements for the Bank for the six months ended 30 September 2014 are attached as Appendix and form part of this disclosure statement.



## **Appendix: Financial Statements**

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**Bank of Baroda (New Zealand) Limited**

**Company Number 2135104**

**Financial Statements for the six months ended 30  
September 2014**

## Contents

Independent Auditor's Review Report	22 -23
Financial Statements	24 - 28
Notes to the Financial Statements	29 - 42



## Independent auditor's review report

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

We have reviewed pages 24 to 42 of the interim financial statements of Bank of Baroda (New Zealand) Limited (the 'Bank') prepared and disclosed in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Bank) Order 2014 (as amended) (the 'Order'), and the supplementary information prescribed in Schedules 3, 5, 7, 9, 13, 16 and 18 of the Order. The interim financial statements, and supplementary information, provide information about the past financial performance and cash flows of the Bank and its financial position as at 30 September 2014.

#### Directors' responsibilities for the disclosure statement

The Directors of Bank of Baroda (New Zealand) Limited are responsible for the preparation and presentation of the Disclosure Statement, which includes interim financial statements prepared in accordance with Clause 25 of the Order and NZ IAS 34, *Interim Financial Reporting* ("NZ IAS 34"); which give a true and fair view of the financial position of the Bank as at 30 September 2014 and its financial performance and cash flows for the six month ended on that date. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of the Disclosure Statement including the interim financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Reviewer's responsibility

We are responsible for reviewing the interim financial information and the supplementary information, disclosed in accordance with Clause 25 and Schedules 3, 5, 7, 9, 13, 16 and 18 of the Order and presented to us by the Directors.

We are responsible for reviewing the interim financial statements (excluding the supplementary information) in order to report to you whether, in our opinion on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the interim financial statements have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34): *Interim Financial Reporting* and do not present a true and fair view of the financial position of the Banking Group as at 30 September 2014 and its financial performance and cash flows for the six months ended on that date.

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



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

#### *Basis of opinion*

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

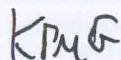
Our firm has also provided other services to the Bank in relation to tax services. Partners and employees of our firm may also deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank. There are, however, certain restrictions on dealings which the partners and employees of our firm can have with the Bank. These matters have not impaired our independence as auditor of the Bank. The firm has no other relationship with, or interest in, the Bank.

#### **Review opinion**

We have examined the interim financial statements including the supplementary information and based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the interim financial statements on pages 24 to 42 (excluding the supplementary information) have not been prepared, in all material respects, in accordance with NZ IAS 34: *Interim Financial Reporting* and do not present a true and fair view of the financial position of the Bank as at 30 September 2014 and its financial performance and cash flows for the six months ended on that date;
- the supplementary information prescribed by Schedules 5, 7, 13, 16 and 18 of the Order does not fairly state the matters to which it relates in accordance with those schedules; and
- the supplementary information relating to capital adequacy prescribed by Schedule 9 of the Order is not, in all material respects, prepared in accordance with the Bank's Conditions of Registration, with the Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9 of the Order.

Our review was completed on 21 November 2014 and our conclusion is expressed as at that date.



21 November 2014  
KPMG

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

**FINANCIAL STATEMENTS**

<b>STATEMENT OF COMPREHENSIVE INCOME For the six months ended 30 September 2014</b>	<b>Notes</b>	<b>Unaudited Six months ended 30 September 2014 \$'000</b>	<b>Unaudited Six months ended 30 September 2013 \$'000</b>	<b>Audited Year ended 31 March 2014 \$'000</b>
Interest income		1,585	1,385	2,922
Interest expense		(319)	(262)	(569)
<b>Net interest income</b>		<b>1,266</b>	<b>1,123</b>	<b>2,353</b>
Gains/(losses) on financial instruments at fair value through profit or loss		-	-	-
Other income	2	639	704	1,361
<b>Total operating income</b>		<b>1,905</b>	<b>1,827</b>	<b>3,714</b>
Operating expenses		(1,484)	(1,330)	(2,807)
Impairment losses on loans and advances	4	(37)	(73)	(28)
<b>Net profit/(loss) before taxation</b>		<b>384</b>	<b>424</b>	<b>879</b>
Taxation (expense)/benefit		-	-	384
<b>Net profit/(loss) after taxation</b>		<b>384</b>	<b>424</b>	<b>1,263</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>384</b>	<b>424</b>	<b>1,263</b>

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

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

<b>STATEMENT OF CHANGES IN EQUITY</b> <b>For the six months ended 30 September 2014</b>	<b>Share Capital</b> <b>\$'000</b>	<b>Retained Earnings</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
Balance at 1 April 2014	40,000	2,917	42,917
Net profit/(loss) after taxation and total comprehensive income	-	384	384
<b>Balance at 30 September 2014 (Unaudited)</b>	<b>40,000</b>	<b>3,301</b>	<b>43,301</b>
Balance at 1 April 2013	40,000	1,654	41,654
Net profit/(loss) after taxation and total comprehensive income	-	1,263	1,263
<b>Balance as at 31 March 2014 (Audited)</b>	<b>40,000</b>	<b>2,917</b>	<b>42,917</b>
Balance at 1 April 2013	40,000	1,654	41,654
Net profit/(loss) after taxation and total comprehensive income	-	424	424
<b>Balance at 30 September 2013 (Unaudited)</b>	<b>40,000</b>	<b>2,078</b>	<b>42,078</b>

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



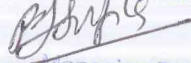
**BANK OF BARODA (NEW ZEALAND) LIMITED**
**FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

<b>BALANCE SHEET</b> As at 30 September 2014	Notes	Unaudited 30 September 2014 \$'000	Unaudited 30 September 2013 \$'000	Audited 31 March 2014 \$'000
<b>Assets</b>				
Cash and cash equivalents		2,496	7,956	4,657
Balances due from related parties		3,299	2,925	2,718
Due from other financial institutions		18,900	16,500	17,300
Financial assets at fair value through profit or loss		-	-	-
Available-for-sale assets		-	-	-
Loans and advances	3	44,849	39,929	43,096
Property, plant and equipment		682	861	762
Intangible assets		-	-	-
Current taxation		-	-	-
Deferred tax asset		816	432	816
Other assets		417	374	354
<b>Total assets</b>		<b>71,459</b>	<b>68,977</b>	<b>69,703</b>
<b>Liabilities</b>				
Due to other financial institutions		-	-	-
Balances due to related parties		724	521	1,337
Deposits and other borrowings		27,191	26,250	25,288
Financial liabilities held at fair value through profit or loss		-	-	-
Debt securities issued		-	-	-
Current taxation		-	-	-
Other liabilities		243	128	161
Term subordinated debt		-	-	-
<b>Total liabilities</b>		<b>28,158</b>	<b>26,899</b>	<b>26,786</b>
<b>Shareholders' equity</b>				
Share capital		40,000	40,000	40,000
Reserves		3,301	2,078	2,917
<b>Total shareholders' equity</b>		<b>43,301</b>	<b>42,078</b>	<b>42,917</b>
<b>Total shareholders' equity and liabilities</b>		<b>71,459</b>	<b>68,977</b>	<b>69,703</b>
 Total interest earning and discount bearing assets		66,420	60,040	64,180
Total interest and discount bearing liabilities		24,240	24,246	23,196

For and on behalf of the Board


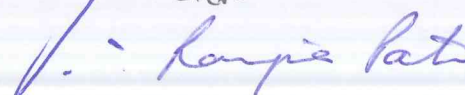
Bank of Baroda (New Zealand) Ltd

  
 Managing Director

Director

Authorised for issue on 21 November 2014

Bank of Baroda (New Zealand) Ltd

  
 Director  


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

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

<b>CASH FLOW STATEMENT</b> <b>For the six months ended 30 September 2014</b>	<b>Unaudited</b> <b>Six months ended</b> <b>30 September 2014</b> <b>\$'000</b>	<b>Unaudited</b> <b>Six months ended</b> <b>30 September 2013</b> <b>\$'000</b>	<b>Audited</b> <b>Year ended</b> <b>31 March 2014</b> <b>\$'000</b>
<b>Cash flows from operating activities</b>			
Interest received	1,587	1,544	3,053
Fees and other income	639	704	1,361
Operating expenses paid	(1,317)	(1,216)	(2,547)
Interest paid	(321)	(271)	(579)
Taxes paid	-	-	-
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>	<b>588</b>	<b>761</b>	<b>1,288</b>
<b>Net changes in operating assets and liabilities:</b>			
(Increase)/decrease in financial assets held for trading	-	-	-
Decrease/(increase) in available-for-sale-assets	-	-	-
Increase in loans and advances	(1,790)	(11,847)	(14,969)
Decrease/(increase) in balances due from other financial institutions	(1,600)	10,300	9,500
(Decrease)/increase in deposits and other borrowings	1,903	5,808	4,846
Increase/(decrease) in balances due to related parties	(613)	(731)	85
Increase in balances due to financial institutions	-	-	-
(Increase)/decrease in other assets	(65)	(166)	214
Increase/(decrease) in other liabilities and provisions	-	-	-
Decrease/(increase) in balances due from related parties	(581)	(61)	146
<b>Net cash flows from operating activities</b>	<b>(2,158)</b>	<b>4,396</b>	<b>1,110</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(3)	(8)	(21)
Purchase of intangible software assets	-	-	-
Purchase of customer relationships	-	-	-
<b>Net cash flows from investing activities</b>	<b>(3)</b>	<b>(8)</b>	<b>(21)</b>
<b>Cash flows from financing activities</b>			
Issue of shares	-	-	-
Capital injection from shareholders	-	-	-
Proceeds from term subordinated debt	-	-	-
Proceeds from related parties	-	-	-
Increase in debt securities issued	-	-	-
Dividends paid	-	-	-
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(Decrease)/ increase in cash and cash equivalents</b>	<b>(2,161)</b>	<b>4,388</b>	<b>1,089</b>
Add opening cash and cash equivalents	4,657	3,568	3,568
Effect of exchange rate changes on cash and cash equivalents	-	-	-
<b>Closing cash and cash equivalents</b>	<b>2,496</b>	<b>7,956</b>	<b>4,657</b>

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



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

<b>CASH FLOW STATEMENT</b> <b>For the six months ended 30 September 2014</b>	<b>Unaudited</b> <b>Six months ended</b> <b>30 September 2014</b> <b>\$'000</b>	<b>Unaudited</b> <b>Six months ended</b> <b>30 September 2013</b> <b>\$'000</b>	<b>Audited</b> <b>Year ended</b> <b>31 March 2014</b> <b>\$'000</b>
<b>Reconciliation of net profit after taxation to net cash-flows from operating activities</b>			
<b>Net profit/(loss) after taxation</b>	<b>384</b>	<b>424</b>	<b>1,263</b>
<b>Non cash movements:</b>			
Unrealised fair value adjustments	-	-	-
Depreciation	83	110	222
Amortisation of intangibles	-	-	-
Increase in collective allowance for impairment losses	14	50	64
Increase in individual allowance for impairment losses	23	23	(36)
(Increase)/decrease in deferred expenditure	-	-	-
Unsecured lending losses	-	-	-
Unrealised foreign exchange loss/(gain)	-	-	-
(Increase)/decrease in deferred taxation	-	-	(384)
<b>Net movement in operating assets and liabilities</b>	<b>120</b>	<b>183</b>	<b>(134)</b>
(Increase)/decrease in financial assets at fair value through profit or loss	-	-	-
Decrease/(increase) in available-for-sale assets	-	-	-
Increase in loans and advances	(1,790)	(11,847)	(14,969)
Decrease/(increase) in balances due from other financial institutions	(1,600)	10,300	9,500
Increase in deposits and other borrowings	1,903	5,808	4,846
Increase in balances due to other financial institutions	-	-	-
(Decrease)/increase in other liabilities	82	(5)	28
Decrease/(increase) in interest receivable	2	159	131
Increase/(decrease) in balances due to related parties	(613)	(731)	85
Increase/(decrease) in current taxation	-	-	-
Increase in other assets	(65)	166	214
Decrease/(increase) in balances due from related parties	(581)	(61)	146
<b>Net cash flows from operating activities</b>	<b>(2,158)</b>	<b>4,396</b>	<b>1,110</b>

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



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

For the six months ended 30 September 2014

**1. STATEMENT OF ACCOUNTING POLICIES****Statutory base**

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

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"), as appropriate for profit-oriented entities, and the New Zealand equivalent to International Accounting Standard ("NZ IAS") 34 *Interim Financial Reporting* and should be read in conjunction with the Disclosure Statement for the year ended 31 March 2014.

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

These financial statements were authorised for issue by the Board on 21 November 2014. The Board has the power to amend the financial statements after they are authorised for issue.

**Basis of preparation**

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

The same accounting policies and methods of computation have been followed in preparing these financial statements as were used in preparing the Disclosure Statement for the year ended 31 March 2014.

**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 are impairment allowance and deferred tax.

**2. OTHER INCOME**

	Unaudited Six months ended 30 September 2014 \$'000	Unaudited Six months ended 30 September 2013 \$'000	Audited Year ended 31 March 2014 \$'000
<b>Other Income</b>			
Banking and lending fee income	54	61	123
Net commissions revenue	30	29	82
Payment services fee income	-	-	-
Bad debts recovered	-	-	-
Gain on sale of property, plant and equipment	-	-	-
Net foreign exchange gains	552	588	1,152
Other revenue	3	26	4
<b>Total other income</b>	<b>639</b>	<b>704</b>	<b>1,361</b>

**3. LOANS AND ADVANCES**

	Unaudited Six months ended 30 September 2014 \$'000	Unaudited Six months ended 30 September 2013 \$'000	Audited Year ended 31 March 2014 \$'000
Loans and advances	45,149	40,237	43,359
Allowance for impairment losses	(300)	(308)	(263)
<b>Total net loans and receivables</b>	<b>44,849</b>	<b>39,929</b>	<b>43,096</b>
<b>Allowance for impairment losses reconciliation</b>			
Balance at beginning of the year	263	235	235
Charged to the income statement	37	73	28
<b>Balance at end of the year</b>	<b>300</b>	<b>308</b>	<b>263</b>

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

**4. ASSET QUALITY**

As at 30 September 2014 Unaudited	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Neither past due nor impaired	33,105	9,021	2,075	44,201
Past due but not impaired	312	524	-	836
Impaired	-	103	9	112
<b>Gross loans and advances</b>	<b>33,417</b>	<b>9,648</b>	<b>2,084</b>	<b>45,149</b>
Less Allowance for impairment	(139)	(143)	(18)	(300)
<b>Net loans and advances</b>	<b>33,278</b>	<b>9,505</b>	<b>2,066</b>	<b>44,849</b>

Past due assets	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Gross amount of finance receivables that were past due but not impaired were as follows:				
Past due up to 30 days	312	501	-	813
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	-	23	-	23
Past due 90+ days	-	-	-	-
<b>Total</b>	<b>312</b>	<b>524</b>	<b>-</b>	<b>836</b>

Individually impaired assets	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Gross Impaired				
Balance at beginning of the year	-	78	11	89
Net additions	-	25	-	25
Deletions	-	-	(2)	(2)
Amounts written off	-	-	-	-
<b>Balance at end of the year</b>	<b>-</b>	<b>103</b>	<b>9</b>	<b>112</b>
<b>Aggregate individual credit impairment allowances</b>	<b>-</b>	<b>(103)</b>	<b>(9)</b>	<b>(112)</b>

Individual credit impairment allowances	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Balance at beginning of the year	-	78	11	89
Charged to the income statements	-	25	-	25
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	(2)	(2)
<b>Total amounts per income statement</b>	<b>-</b>	<b>25</b>	<b>(2)</b>	<b>23</b>
<b>Balance at end of year</b>	<b>-</b>	<b>103</b>	<b>9</b>	<b>112</b>

Collective credit impairment allowance	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Balance at beginning of the year	112	47	15	174
Charged to the income statement	27	-	-	27
Amounts written off	-	7	6	13
<b>Total amounts per income statement</b>	<b>27</b>	<b>(7)</b>	<b>(6)</b>	<b>14</b>
<b>Balance at end of year</b>	<b>139</b>	<b>40</b>	<b>9</b>	<b>188</b>

The Bank does not have any restructured assets, any financial, real estate or other assets acquired through security enforcement or any other assets under administration.

There has been no interest revenue foregone on restructured, individually impaired or greater than 90 days past due assets during the period to 30 September 2014.



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

**5. CONCENTRATION OF CREDIT RISK**

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

	Unaudited 30 September 2014 \$'000	Unaudited 30 September 2013 \$'000
<b>New Zealand</b>		
Government	-	-
Finance	18,900	17,602
Households	35,501	24,984
Transport and storage	-	28
Communications	-	-
Electricity, gas and water	-	-
Construction	3,702	4,321
Property services	2,501	1,632
Agriculture	-	-
Health and community services	1,024	974
Personal and other services	462	5,340
Retail and wholesale trade	1,395	2,452
Food & other manufacturing	564	506
<b>Overseas</b>		
Finance, Investment and insurance	2,671	2,509
<b>Total financial assets (interest earning)</b>	<b>66,720</b>	<b>60,348</b>
Allowance for impairment losses	(300)	(308)
Other financial assets	3,541	7,644
<b>Total net financial assets</b>	<b>69,961</b>	<b>67,684</b>

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

	Unaudited 30 September 2014 \$'000	Unaudited 30 September 2013 \$'000
<b>New Zealand</b>		
Upper North Island	52,064	33,207
Lower North Island	14,898	31,860
South Island	-	-
Overseas	3,299	2,925
<b>Total financial assets</b>	<b>70,261</b>	<b>67,992</b>
Allowance for impairment losses	(300)	(308)
<b>Total net financial assets</b>	<b>69,961</b>	<b>67,684</b>

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

	Unaudited 30 September 2014 \$'000	Unaudited 30 September 2013 \$'000
Loans and advances	45,149	40,237
Balances with related parties <sup>1</sup>	3,299	2,925
Due from other financial institutions	18,900	16,500
Derivative financial instruments	-	-
Financial assets held for trading	-	-
Available-for-sale assets	-	-
Cash and cash equivalents	2,496	7,956
Other financial assets	417	374
<b>Total gross financial assets</b>	<b>70,261</b>	<b>67,992</b>
Allowance for impairment losses	(300)	(308)
<b>Total net financial assets</b>	<b>69,961</b>	<b>67,684</b>

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



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

For the six months ended 30 September 2014

**6. CONCENTRATION OF FUNDING**

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

	Unaudited 30 September 2014 Year ended \$'000	Unaudited 30 September 2013 Year ended \$'000
<b>New Zealand</b>		
Transport and storage	-	50
Financing, investment and insurance	-	-
Electricity, gas and water	-	-
Food & other manufacturing	-	-
Construction	-	-
Government, local authorities and services	-	-
Agriculture	-	-
Health and community services	-	27
Personal and other services	-	-
Property and business services	-	-
Education	-	-
Retail and wholesale trade	-	10
Other	1,916	5,030
Households	22,324	19,129
<b>Overseas</b>		
Amounts due to related parties	-	-
<b>Total financial liabilities (interest bearing)</b>	<b>24,240</b>	<b>24,246</b>
Other financial liabilities	3,194	2,132
<b>Overseas</b>		521
Amounts due to related parties	724	
<b>Total financial liabilities</b>	<b>28,158</b>	<b>26,899</b>

**7. SEGMENTAL INFORMATION**

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

**8. LEASE COMMITMENTS**

	Unaudited 30 September 2014 Six months ended \$'000	Unaudited 30 September 2013 Six months ended \$'000	Audited 31 March 2014 Year ended \$'000
<b>Operating lease commitments under non-cancellable operating leases:</b>			
Not later than 1 year	362	440	389
1-2 years	335	328	332
2-5 years	786	841	820
5+ years	140	431	335
<b>Total</b>	<b>1,624</b>	<b>2,040</b>	<b>1,876</b>

**9. CAPITAL COMMITMENTS**

As at 30 September 2014 there are no material outstanding capital commitments (30 September 2013: Nil, 31 March 2014: Nil).

**10. TRANSACTIONS WITH RELATED PARTIES**

The Bank is wholly owned by the Bank of Baroda, a company incorporated in India. All related party transactions are conducted on normal commercial terms and conditions.

As at 30 September 2014 the Bank holds foreign currency cash deposits of NZD 2,671,000 (30 September 2013: \$2,509,000, 31 March 2014: \$2,395,000) with other branches of BOB group, these deposits are interest bearing. The Bank also holds the following foreign currency nostro current accounts deposits of NZD 628,000 (30 September 2013: \$416,000, 31 March 2014: \$323,000) with other members of BOB group and other related parties, these accounts are non interest bearing.

The Bank also has current account balances owing to its parent company, Bank of Baroda (India) of NZD722,000 (30 September 2013: \$ 509,000, 31 March 2014: \$1,334,000) and Bank of Baroda (Fiji) of NZD 2,000 (30 September 2013: \$12,000, 31 March 2014: \$3,000) that are non interest bearing.

**BANK OF BARODA (NEW ZEALAND) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the six months ended 30 September 2014****Guarantee**

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 materially inhibit the legal ability of BOB to provide material financial support to the Bank. As at 30 September 2014, all the obligations of the Bank are guaranteed by BOB.

**11. CONTINGENT LIABILITIES AND COMMITMENTS**

	Unaudited 30 September 2014 Six months ended \$'000	Unaudited 30 September 2013 Six months ended \$'000	Audited 31 March 2014 Year ended \$'000
<b>Contingent Liabilities</b>			
Performance/financial guarantees issued on behalf of customers	950	570	650
Documentary Credit (L.C)	-	-	-
<b>Total Contingent Liabilities</b>	<b>950</b>	<b>570</b>	<b>650</b>
<b>Undrawn Commitments</b>	<b>4,719</b>	<b>4,421</b>	<b>2,662</b>

**12. SUBSEQUENT EVENTS AFTER BALANCE DATE**

There were no subsequent events after balance date.

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the six months ended 30 September 2014**

**13. LIQUIDITY RISK**

The Bank's policies for managing liquidity are set out in Disclosure Statement for the year ended 31 March 2014. The tables below summarises the cash flows payable or receivable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are contractual undiscounted cash flows and is not disclosed based on expected cash flows.

<b>30 September 2014 Unaudited</b>	<b>On Demand \$'000</b>	<b>Up to 3 months \$'000</b>	<b>3 to 12 Months \$'000</b>	<b>Between 1 &amp; 5 years \$'000</b>	<b>More than 5 years \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>						
Cash and cash equivalents	2,496	-	-	-	-	2,496
Due from other financial institutions	-	17,075	2,046	-	-	19,121
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	-	2,189	10,796	13,370	46,220	72,575
Due from related parties	-	3,263	49	-	-	3,312
Other financial assets	-	417	-	-	-	417
<b>Total financial assets</b>	<b>2,496</b>	<b>22,944</b>	<b>12,891</b>	<b>13,370</b>	<b>46,220</b>	<b>97,921</b>
<b>Financial liabilities</b>						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	8,360	10,229	7,359	1,515	-	27,463
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties	724	-	-	-	-	724
Other financial liabilities	-	234	-	-	-	234
<b>Total financial liabilities</b>	<b>9,084</b>	<b>10,463</b>	<b>7,359</b>	<b>1,515</b>	<b>-</b>	<b>28,421</b>
<b>Net non derivative cash flows</b>	<b>-6,588</b>	<b>12,481</b>	<b>5,532</b>	<b>11,855</b>	<b>-</b>	<b>69,500</b>
<b>Derivative cash flows</b>						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off balance sheet cash flows</b>						
Financial guarantees	-	-	900	50	-	950
<b>Total</b>	<b>-</b>	<b>-</b>	<b>900</b>	<b>50</b>	<b>-</b>	<b>950</b>
<b>Net cash flows</b>	<b>-6,588</b>	<b>12,481</b>	<b>6,432</b>	<b>11,905</b>	<b>46,220</b>	<b>70,450</b>



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

**13. LIQUIDITY RISK (continued)**

30 September 2013 Unaudited	On Demand \$'000	Up to 3 months \$'000	3 to 12 Months \$'000	Between 1 & 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>Financial assets</b>						
Cash and cash equivalents	7,956	-	-	-	-	7,956
Due from other financial institutions	-	11,126	5,654	-	-	16,780
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	-	4,871	6,310	12,719	35,773	59,673
Due from related parties	416	-	2,573	-	-	2,989
Other financial assets	-	374	-	-	-	374
<b>Total financial assets</b>	<b>8,372</b>	<b>16,371</b>	<b>14,537</b>	<b>12,719</b>	<b>35,773</b>	<b>87,772</b>
<b>Financial liabilities</b>						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	1,807	16,128	7,164	1,509	-	26,608
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties	521	-	-	-	-	521
Other financial liabilities	-	128	-	-	160	288
<b>Total financial liabilities</b>	<b>2,328</b>	<b>16,256</b>	<b>7,164</b>	<b>1,509</b>	<b>160</b>	<b>27,417</b>
<b>Net non derivative cash flows</b>	<b>6,044</b>	<b>115</b>	<b>7,373</b>	<b>11,210</b>	<b>35,613</b>	<b>60,355</b>
<b>Derivative cash flows</b>						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off balance sheet cash flows</b>						
Financial guarantees	-	-	-	570	-	570
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>570</b>	<b>-</b>	<b>570</b>
<b>Net cash flows</b>	<b>6,044</b>	<b>115</b>	<b>7,373</b>	<b>10,640</b>	<b>35,613</b>	<b>59,785</b>

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

	30 September 2014 \$'000	30 September 2013 \$'000	31 March 2014 \$'000
Cash and cash equivalents	2,496	7,956	4,657
Short term deposits	18,900	16,500	17,300
Deposit/cash held with related parties	3,299	2,925	2,718
<b>Total Liquid assets</b>	<b>24,695</b>	<b>27,381</b>	<b>24,675</b>

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

**14. INTEREST RATE SENSITIVITY**

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

30 September 2014 Unaudited	Total \$'000	Interest insensitive \$'000	Up to 3 months \$'000	Between 3 months & 6 months \$'000	Between 6 months & 1 year \$'000	Between 1 & 2 years \$'000	Between 2 & 5 years \$'000	Over 5 years \$'000
<b>Financial assets</b>								
Cash and cash equivalents	2,496	2,496	-	-	-	-	-	-
Due from other financial institutions	18,900	-	16,900	1,500	500	-	-	-
Financial assets held at fair value through profit or loss	-	-	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-	-	-
Loans and advances	44,849	-	36,584	1,545	5,908	812	-	-
Balances with related parties	3,299	628	96	-	2,575	-	-	-
Other financial assets	417	417	-	-	-	-	-	-
<b>Total financial assets</b>	<b>69,961</b>	<b>3,541</b>	<b>53,580</b>	<b>3,045</b>	<b>8,983</b>	<b>812</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	27,191	2,951	15,454	2,482	4,804	900	600	-
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-	-	-
Due to related parties	724	724	-	-	-	-	-	-
Other financial liabilities	243	243	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>28,158</b>	<b>3,918</b>	<b>15,454</b>	<b>2,482</b>	<b>4,804</b>	<b>900</b>	<b>600</b>	<b>-</b>
<b>On-balance sheet gap</b>								
Net derivative notional principals	-	-	-	-	-	-	-	-
Net effective interest rate gap	41,803	(377)	38,126	563	4,179	(88)	(600)	-

30 September 2013 Unaudited	Total \$'000	Interest insensitive \$'000	Up to 3 months \$'000	Between 3 months & 6 months \$'000	Between 6 months & 1 year \$'000	Between 1 & 2 years \$'000	Between 2 & 5 years \$'000	Over 5 years \$'000
<b>Financial assets</b>								
Cash and cash equivalents	7,956	6,854	1,102	-	-	-	-	-
Due from other financial institutions	16,500	-	11,000	5,500	-	-	-	-
Financial assets held at fair value through profit or loss	-	-	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-	-	-
Loans and advances	39,929	-	35,831	621	2,589	528	360	-
Balances with related parties	2,925	416	2,509	-	-	-	-	-
Other financial assets	374	374	-	-	-	-	-	-
<b>Total financial assets</b>	<b>67,684</b>	<b>7,644</b>	<b>50,442</b>	<b>6,121</b>	<b>2,589</b>	<b>528</b>	<b>360</b>	<b>-</b>
<b>Financial liabilities</b>								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	26,250	2,004	15,900	2,941	3,997	845	563	-
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-	-	-
Due to related parties	521	521	-	-	-	-	-	-
Other financial liabilities	128	128	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>26,899</b>	<b>2,653</b>	<b>15,900</b>	<b>2,941</b>	<b>3,997</b>	<b>845</b>	<b>563</b>	<b>-</b>
<b>On-balance sheet gap</b>								
Net derivative notional principals	-	-	-	-	-	-	-	-
Net effective interest rate gap	40,785	4,991	34,542	3,180	(1,408)	(317)	(203)	-



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

**15. FAIR VALUE OF FINANCIAL INSTRUMENTS**

30 September Unaudited	2014		2013	
	Carrying Amounts \$'000	Estimated Fair Value \$'000	Carrying Amounts \$'000	Estimated Fair Value \$'000
<b>Financial assets</b>				
Cash and cash equivalents	2,496	2,496	7,956	7,956
Balances with related parties	3,299	3,299	2,925	2,925
Due from other financial institutions	18,900	18,900	16,500	16,500
Financial assets at fair value through profit or loss	-	-	-	-
Available-for-sale assets	-	-	-	-
Loans and advances	44,849	44,707	39,929	39,929
Other assets	417	417	374	374
<b>Total financial assets</b>	<b>69,961</b>	<b>69,819</b>	<b>67,684</b>	<b>67,684</b>
<b>Financial liabilities</b>				
Due to other financial institutions	-	-	-	-
Due to related parties	724	724	521	521
Financial liabilities at fair value through profit or loss	-	-	-	-
Deposits and other borrowings	27,191	27,090	26,250	26,154
Debt securities issued	-	-	-	-
Term subordinated debt	-	-	-	-
Other financial liabilities	243	243	128	128
<b>Total financial liabilities</b>	<b>28,158</b>	<b>28,057</b>	<b>26,899</b>	<b>26,803</b>

**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, prepayment 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.

**Debt securities issued**

For debt securities issued, estimated fair values are based on quoted market prices.

**Term subordinated debt**

For term subordinated debt, estimated fair values are based on quoted market prices.

**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.



## **BANK OF BARODA (NEW ZEALAND) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the six months ended 30 September 2014**

#### **15. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

##### **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.

#### **16. CREDIT EXPOSURE CONCENTRATIONS**

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

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

- as at 30 September 2014 was nil, and
- In respect of peak end-of-day aggregate credit exposure for the three months ended 30 September 2014 was nil.

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

#### **17. 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.

#### **18. 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 2014.

#### **19. CAPITAL ADEQUACY**

##### **Capital**

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

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

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

##### **Other classes of capital instrument**

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

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

- Total regulatory capital must not be less than 8% of risk weighted exposures.
- Tier One capital must not be less than 6% of risk weighted exposures.

**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

**19. CAPITAL ADEQUACY (continued)**

- 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 2014. The Bank was registered on 1 September 2009 and from the date of registration to 30 September 2014; the Bank has complied with both regulatory and internal capital adequacy requirements.

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

	Unaudited 30 September 2014 \$'000
<b>Tier one capital</b>	
<b>Common Equity Tier one capital</b>	
Issued and fully paid up share capital	40,000
Retained earnings	3,301
Accumulated other comprehensive income and other disclosed reserves	-
Interest from issue of ordinary shares	-
Less:	
Regulatory adjustments	-
Deferred tax assets	(816)
<b>Total common equity tier one capital</b>	<b>42,485</b>
<b>Additional Tier one capital</b>	
High-quality capital	-
Instruments issued	-
Share premium from issue of instruments	-
Associated retained earnings	-
Less: Regulatory adjustments	-
<b>Total additional tier one capital</b>	<b>-</b>
<b>Total tier one capital</b>	<b>42,485</b>
<b>Tier two capital</b>	
Instruments issued by bank	-
Share premium from issue of instruments	-
Revaluation reserves	-
Foreign currency translation reserves	-
Less: Regulatory adjustments	-
<b>Total tier two capital</b>	<b>-</b>
<b>Total capital</b>	<b>42,485</b>



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

**19. CAPITAL ADEQUACY (Continued)**

**Credit risk**

Unaudited 30 September 2014 Calculation of on-balance-sheet exposures	Total exposure after credit risk mitigation \$'000	Risk weight	Risk weighted exposure \$'000	Minimum Pillar 1 capital requirement \$'000
Cash and gold bullion	353	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	21,043	20%	4,209	337
Banks	3,361	50%	1,681	134
Corporate	7,057	100%	7,057	565
Residential mortgages not past due –LVR up to 80%	21,535	35%	7,537	603
Residential mortgages not past due –LVR >80% but up to 90%	11,570	50%	5,785	463
Past due residential mortgages	312	100%	312	25
Other past due assets	524	100%	524	42
Equity holdings (not deducted from capital) that are publicly traded	-	100%	-	-
All other equity holdings (not deducted from capital)	-	100%	-	-
Non Risk Weighted Assets	-	0%	-	-
Other assets	1,915	100%	1,915	153
<b>Total on balance sheet exposures after credit risk mitigation</b>	<b>67,670</b>		<b>29,020</b>	<b>2,322</b>

Unaudited 30 September 2014 Calculation of off-balance sheet exposures	Total exposure \$'000	Credit conversion factor	Credit equivalent amount \$'000	Average risk weight	Risk weighted exposure \$'000	Minimum Pillar 1 capital requirement \$'000
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Undrawn commitments on existing facilities	4,719	20%	944	100%	944	76
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	300	50%	150	100%	150	12
Trade-related contingency	-	20%	-	100%	-	-
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	-	-	-	-	-	-
<b>Market related contracts</b>						
(a) Foreign exchange contracts	-	1%	-	100%	-	-
(b) Interest rate contracts	-	-	-	-	-	-
(c) Other – OTC, etc	-	-	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>5,019</b>	<b>-</b>	<b>1,094</b>	<b>-</b>	<b>1,094</b>	<b>88</b>

**Residential mortgages by loan-to-valuation ratio**

	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
<b>Loan –to-value ratio</b>				
Value of exposures	21,845	11,572	-	33,417

**Reconciliation of residential mortgage-related amounts**

	Unaudited 30 September 2014 \$'000
Residential mortgage loans (as disclosed in Note 4)	33,417
Residential mortgages by loan-to-value ratio	33,417



**BANK OF BARODA (NEW ZEALAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 30 September 2014

**19. CAPITAL ADEQUACY (Continued)**

**Credit risk mitigation**

Exposure class	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting) \$'000	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives \$'000
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	2,303	-
Residential mortgage	-	-
Other	2,324	-
<b>Total</b>	<b>4,627</b>	<b>-</b>

**Operational risk capital requirement**

	Implied risk weighted exposure \$'000	Total operational risk capital requirement \$'000
Operational risk	3,288	263

**Market risk**

Market risk exposures have been calculated in accordance with the methodology detailed in Part 10 of the RBNZ's BS2A Capital Adequacy framework, and schedule 5A of the Registered Bank Disclosure Statement (Full and half-year - New Zealand Incorporated Registered Banks) Order 2012. Peak exposures are calculated using the Bank's shareholders' equity at the end of the quarter.

	End-period capital charges		Peak end-of-day capital charges	
	Implied risk weighted exposure \$'000	Aggregate capital charge \$'000	Implied risk weighted exposure \$'000	Aggregate capital charge \$'000
Interest rate risk	2,750	220	2,750	220
Foreign currency risk	388	31	388	31
Equity risk	-	-	-	-
<b>Total capital requirements</b>	<b>3,138</b>	<b>251</b>	<b>3,138</b>	<b>251</b>

	Total exposure after credit risk mitigation \$'000	Risk weighted exposure or implied risk weighted exposure \$'000	Capital requirement \$'000
Total credit risk + equity risk	72,689	30,114	2,409
Operational risk	-	3,288	263
Market risk	-	3,138	251
<b>Total</b>	<b>72,689</b>	<b>36,540</b>	<b>2,923</b>

**Capital ratios**

	Unaudited 30 September 2014	Unaudited 30 September 2013
Tier one capital ratio	116.28%	122.50%
Total capital ratio	116.28%	122.50%

**Buffer ratios**

	Unaudited 30 September 2014	Unaudited 30 September 2013
Buffer ratio	113.90%	114.50%
Buffer ratio requirement	2.50%	2.50%

**19. CAPITAL ADEQUACY (Continued)**

**Capital adequacy of Ultimate Parent Bank**

The Ultimate Parent Bank of Bank of Baroda (New Zealand) Limited is BOB.

BOB is required by the Reserve Bank of India to hold minimum capital at least equal to that specified under the Basel II (standardised) approach. This information is made available to users via the BOB website ([www.bankofbaroda.com](http://www.bankofbaroda.com)).

As at 30 September 2014, BOB's Tier One Capital was 9.19% of Total Risk-weighted Assets and Total Capital was 12.19% of Total Risk-weighted Assets (31 March 2014: Tier One Capital was 9.28% of Total Risk-weighted Assets and Total Capital was 12.28% of Total Risk-weighted Assets). BOB's capital ratios during the periods ended 30 September 2014 and 31 March 2014 exceeded both of the Reserve Bank of India's minimum capital adequacy requirements.

**20. 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.

