

Disclosure Statement

Bank of Baroda (New Zealand) Limited

Disclosure statement for the nine months ended 31 December 2013

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1. Definitions

In this Disclosure Statement, unless the context otherwise requires:

Act means the Reserve Bank of New Zealand Act 1989;

Bank means Bank of Baroda (New Zealand) Limited;

Banking Group means the Bank and its subsidiaries;

Board means the board of directors of the Bank;

BOB means Bank of Baroda (India);

Director means a director of the Bank;

INR means Indian Rupees;

Parent Guarantee has the meaning given in section 3.1; and

USD means United States Dollars.

Unless otherwise defined in this disclosure statement, terms defined in the Registered Bank Disclosure Statement (New Zealand Incorporated Registered Banks) Order (No 3) 2013 (the **Order**) have the same meaning in this document.

2. General information

2.1 Name and address for service of registered bank

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

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

- (b) The Bank's website address is: www.barodanzltd.co.nz

2.2 Details of ultimate parent bank and ultimate holding company

(a) Ultimate parent bank

The Bank's ultimate parent bank is Bank of Baroda (India), an Indian incorporated bank (**BOB**). There has been no change to the ultimate parent bank since 31 March 2013. There have been no changes to the name or address for service of the ultimate parent bank since 31 March 2013.

(b) Ultimate holding company

There has been no change to the ultimate holding company since 31 March 2013. There have been no changes to the name or address for service of the ultimate holding company since 31 March 2013.

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

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

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

2.4 Priority of financial liabilities in the event of liquidation

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

3. Guarantee

3.1 Guarantee arrangements

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

A copy of the guarantee of the Bank's indebtedness given by BOB is provided in the Bank's General Disclosure Statement for the year ended 31 March 2013. A copy of the General Disclosure Statement can be obtained from the Bank's website www.barodanzltd.co.nz.

There have been no material changes to the guarantee since the signing of that General Disclosure Statement.

(a) Details of the guarantor

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

The address for service of the guarantor is:

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

As at 31 December 2013, the publicly disclosed capital of BOB was INR 356,541.70 million (USD 5,768.81 million) representing 12.26% of risk weighted exposure.

BOB has the following credit rating applicable to its long-term senior unsecured obligations (payable in INR):

Rating Agency	Current Rating	Outlook	Qualifications	Rating Change in the Last 2 Years
Moody's Investor Services Limited	Baa3	Stable	Nil	Nil
Fitch IBCA, Inc.	BBB-	Stable	Nil	Nil

On 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 7.2 of this disclosure statement.

4. Directors

4.1 Communications

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

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

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

The following changes in the composition of the Board of Directors of the Bank (the "Board") have been effected since 31 March 2013:

- S.S. Mundra was appointed to the Board with effect from 17 April 2013.
- Subir Kumar Das resigned from the Board with effect from 30 November 2013.

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
- Navin Chandra Upreti, Managing Director
- S.S. Mundra, Non-Executive Director
- Vailankanni Wenceslaus Melchoir Anthony, Independent Director
- Ranjna Patel, Independent Director

in accordance with section 82 of the Act is Navin Chandra Upreti.

5. Conditions of registration

The conditions of registration imposed on the Bank which applied on or after 31 March 2013 and were reported in the Bank's Disclosure Statement for the year ended 31 March 2013 remain unchanged up to 30 September 2013. The Bank has complied with its conditions throughout the period.

The conditions apply on and after 01 October 2013 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 September 2013 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 September 2013.

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 September 2013; and
- (c) the bank determines an internal capital allocation for each identified and measured "other material risk".

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

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

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

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

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

For the purposes of this condition of registration,—

“buffer ratio”, “distributions”, and “earnings” have the same meaning as in Part 3 of the Reserve Bank of New Zealand document: “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated September 2013.

This condition of registration applies on or after 1 January 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:

Credit rating of the bank¹	Connected exposure limit (% of the banking group's Tier 1 capital)
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

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

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated September 2013.

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That the bank complies with the following corporate governance requirements:
 - (a) the board of the bank must have at least four directors, and on and after 1 April 2013 must have at least five directors;
 - (b) the majority of the board members must be non-executive directors;
 - (c) at least half of the board members must be independent directors;
 - (d) an alternate director,—
 - (i) for a non-executive director must be non-executive; and
 - (ii) for an independent director must be independent;
 - (e) at least half of the independent directors of the bank must be ordinarily resident in New Zealand;
 - (f) the chairperson of the board of the bank must be non-executive, and on and after 1 April 2013 must be independent; and
 - (g) the bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the bank).

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated March 2011.

7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:
 - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - (b) the Reserve Bank has advised that it has no objection to that appointment.
8. That a person must not be appointed as chairperson of the board of the bank unless:

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

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

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated March 2011.

10. That a substantial proportion of the bank's business is conducted in and from New Zealand.
11. That the banking group complies with the following quantitative requirements for liquidity-risk management:
- (a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;
 - (b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and
 - (c) the one-year core funding ratio of the banking group is not less than 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 March 2011 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated December 2011.

12. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:
- (a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;
 - (b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;
 - (c) identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and
 - (d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.

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

For the purposes of this condition,—

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

"SPV" means a person—

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

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

14. That-

- (a) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the notification threshold, and does not meet the non-objection threshold, unless:
 - (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and
 - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and
- (b) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:
 - (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination;
 - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and
 - (iii) the Reserve Bank has given the bank a notice of non-objection to the significant acquisition or business combination.

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

- 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’s financial reporting group (as defined in section 2(1) of the Financial Reporting Act 1993);

“generally accepted accounting practice” has the same meaning as in section 2 of the Financial Reporting Act 1993.

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 September 2013;

“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.

6. Pending proceedings or arbitration

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

7. Credit rating

7.1 Rating information

The credit rating of the Bank is as follows:

Rating Agency	Type of Rating	Current Rating	Outlook	Qualifications	Rating Change in the Last 2 Years
Fitch IBCA, Inc.	Long-term foreign currency Issuer Default Rating	BBB-	Stable	Nil	Nil

On 18 June 2012 Fitch IBCA, Inc. changed the Bank's credit rating outlook from stable to negative and on 14 June 2013 it upgraded the outlook from negative to stable. There have been no other rating changes for the Bank within the last two years.

7.2 Applicable ratings scales

Long Term Debt Ratings	Moody's	S&P	FITCH
Highest quality/Extremely strong capacity to pay interest and principal	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.

8. **Other material matters**

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

9. Directors' statements

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

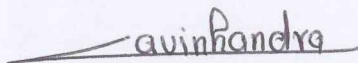
- a. contains all the information that is required by the Order; and
- b. is not false or misleading.

Each Director of the Bank, after due enquiry believes that for the nine months ended 31 December 2013:

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

For and on behalf of all of the Directors of the Bank, this disclosure statement is dated at Auckland, New Zealand this 25 February 2014 and signed by Navin Chandra Upreti as responsible person.





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

10. **Financial statements**

The financial statements for the Bank for the nine months ended 31 December 2013 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 nine months ended 31
December 2013**

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BANK OF BARODA (NEW ZEALAND) LIMITED

FINANCIAL STATEMENTS

For the nine months ended 31 December 2013

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME For the nine months ended 31 December 2013	Notes	Unaudited Nine months ended 31 December 2013 \$'000	Unaudited Nine months ended 31 December 2012 \$'000	Audited Year ended 31 March 2013 \$'000
Interest income		2,138	1,922	2,532
Interest expense		(414)	(404)	(510)
Net interest income		1,724	1,518	2,022
Gains/(losses) on financial instruments at fair value through profit or loss		-	-	-
Other income	2	1,031	665	911
Total operating income		2,755	2,183	2,933
Operating expenses		(2,092)	(1,848)	(2,515)
Impairment losses on loans and advances	4	(73)	(201)	(160)
Net profit/(loss) before taxation		590	134	258
Taxation (expense)/benefit		-	-	432
Net profit/(loss) after taxation		590	134	690
Other comprehensive income		-	-	-
Total comprehensive income		590	134	690

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 nine months ended 31 December 2013**

STATEMENT OF CHANGES IN EQUITY For the nine months ended 31 December 2013	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2013	40,000	1,654	41,654
Net profit/(loss) after taxation and total comprehensive income	-	590	590
Balance at 31 December 2013 ((Unaudited)	40,000	2,244	42,244
<hr/>			
Balance at 1 April 2012	40,000	964	40,964
Net profit/(loss) after taxation and total comprehensive income	-	690	690
Balance as at 31 March 2013 (Audited)	40,000	1,654	41,654
<hr/>			
Balance at 1 April 2012	40,000	964	40,964
Net profit/(loss) after taxation and total comprehensive income	-	134	134
Balance at 31 December 2012 (Unaudited)	40,000	1,098	41,098

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 nine months ended 31 December 2013

BALANCE SHEET As at 31 December 2013	Notes	Unaudited 31 December 2013 \$'000	Unaudited 31 December 2012 \$'000	Audited 31 March 2013 \$'000
Assets				
Cash and cash equivalents		2,327	3,301	3,568
Balances due from related parties		2,798	2,746	2,864
Due from other financial institutions		22,500	27,300	26,800
Financial assets at fair value through profit or loss		-	-	10
Available-for-sale assets		-	-	-
Other assets		435	667	699
Loans and advances	3	37,652	21,782	28,155
Property, plant and equipment		809	1,008	963
Intangible assets		-	-	-
Current taxation		-	-	-
Deferred tax asset		432	-	432
Total assets		66,953	56,804	63,491
Liabilities				
Due to other financial institutions		-	-	-
Balances due to related parties		264	575	1,252
Deposits and other borrowings		24,295	14,984	20,442
Financial liabilities held at fair value through profit or loss		-	-	10
Debt securities issued		-	-	-
Current taxation		-	-	-
Other liabilities		150	147	133
Term subordinated debt		-	-	-
Total liabilities		24,709	15,706	21,837
Shareholders' equity				
Share capital		40,000	40,000	40,000
Reserves		2,244	1,098	1,654
Total shareholders' equity		42,244	41,098	41,654
Total shareholders' equity and liabilities		66,953	56,804	63,491
 Total interest earning and discount bearing assets		 64,021	 51,796	 58,462
Total interest and discount bearing liabilities		21,107	13,626	17,123

For and on behalf of the Board



Director

Authorised for issue on 14 February 2014

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 nine months ended 31 December 2013

CASH FLOW STATEMENT For the nine months ended 31 December 2013	Unaudited Nine months ended 31 December 2013 \$'000	Unaudited Nine months ended 31 December 2012 \$'000	Audited Year ended 31 March 2013 \$'000
Cash flows from operating activities			
Interest received	2,233	1,797	2,320
Fees and other income	1,031	665	911
Operating expenses paid	(1,899)	(1,621)	(2,263)
Interest paid	(424)	(425)	(523)
Taxes paid	-	-	-
Net cash flows from operating activities before changes in operating assets and liabilities	941	416	445
Net changes in operating assets and liabilities:			
(Increase)/decrease in financial assets held for trading	-	-	-
Decrease/(increase) in available-for-sale-assets	-	-	-
Increase in loans and advances	(9,570)	(3,456)	(9,788)
Decrease/(increase) in balances due from other financial institutions	4,300	9,500	10,000
Increase/(decrease) in deposits and other borrowings	3,853	(4,116)	1,342
Increase/(decrease) in balances due to related parties	(988)	219	896
Increase in balances due to financial institutions	-	-	-
(Increase) / decrease in other assets	169	(200)	(145)
Increase/(decrease) in other liabilities and provisions	-	-	-
Decrease/(increase) in balances due from related parties	66	260	142
Net cash flows from operating activities	(1,229)	2,623	2,892
Cash flows from investing activities			
Purchase of property, plant and equipment	(12)	(90)	(92)
Purchase of intangible software assets	-	-	-
Purchase of customer relationships	-	-	-
Net cash flows from investing activities	(12)	(90)	(92)
Cash flows from financing activities			
Issue of shares	-	-	-
Capital injection from shareholders	-	-	-
Proceeds from term subordinated debt	-	-	-
Proceeds from related parties	-	-	-
Increase in debt securities issued	-	-	-
Dividends paid	-	-	-
Net cash flows from financing activities	-	-	-
Increase in cash and cash equivalents	(1,241)	2,533	2,800
Add opening cash and cash equivalents	3,568	768	768
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Closing cash and cash equivalents	2,327	3,301	3,568

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 nine months ended 31 December 2013

CASH FLOW STATEMENT For the nine months ended 31 December 2013	Unaudited Nine months ended 31 December 2013 \$'000	Unaudited Nine months ended 31 December 2012 \$'000	Audited Year ended 31 March 2013 \$'000
Reconciliation of net profit after taxation to net cash-flows from operating activities			
Net profit/(loss) after taxation	590	134	690
Non cash movements:			
Unrealised fair value adjustments	-	-	-
Depreciation	166	202	249
Amortisation of intangibles	-	-	-
Increase in collective allowance for impairment losses	50	10	35
Increase in individual allowance for impairment losses	23	191	125
(Increase)/decrease in deferred expenditure	-	-	-
Unsecured lending losses	-	-	-
Unrealised foreign exchange loss/(gain)	-	-	-
(Increase)/decrease in deferred taxation	-	-	(432)
Net movement in operating assets and liabilities	239	403	(23)
(Increase)/decrease in financial assets at fair value through profit or loss	-	-	-
Decrease/(increase) in available-for-sale assets	-	-	-
Increase in loans and advances	(9,570)	(3,456)	(9,788)
Decrease/(increase) in balances due from other financial institutions	4,300	9,500	10,000
Increase in deposits and other borrowings	3,853	(4,116)	1,342
Increase in balances due to other financial institutions	-	-	-
Increase in other liabilities	17	4	(10)
Decrease/(increase) in interest receivable	95	(125)	(212)
Increase/(decrease) in balances due to related parties	(988)	219	896
Increase/(decrease) in current taxation	-	-	-
Decrease/(increase) in other assets	169	(200)	(145)
Decrease/(increase) in balances due from related parties	66	260	142
Net cash flows from operating activities	(1,229)	2,623	2,892

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 nine months ended 31 December 2013

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 2013.

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

These financial statements were authorised for issue by the Board on 14 February 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 2013. However, the bank has adopted the new standard NZ IFRS 13 Fair Value Measurement and accordingly included the additional disclosures Note 15.

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 Nine months ended 31 December 2013 \$'000	Unaudited Nine months ended 31 December 2012 \$'000	Audited Year ended 31 March 2013 \$'000
Other Income			
Banking and lending fee income	90	-	86
Net commissions revenue	33	45	62
Payment services fee income	-	-	-
Bad debts recovered	-	-	-
Gain on sale of property, plant and equipment	-	-	-
Net foreign exchange gains	871	551	752
Other revenue	37	69	11
Total other income	1,031	665	911

3. LOANS AND ADVANCES

	Unaudited Nine months ended 31 December 2013 \$'000	Unaudited Nine months ended 31 December 2012 \$'000	Audited Year ended 31 March 2013 \$'000
Loans and advances	37,960	22,058	28,390
Allowance for impairment losses	(308)	(276)	(235)
Total net loans and receivables	37,652	21,782	28,155
Allowance for impairment losses reconciliation			
Balance at beginning of the year	235	75	75
Charged to the income statement	73	201	160
Balance at end of the year	308	276	235

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2013

4. ASSET QUALITY

As at 31 December 2013 Unaudited	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Neither past due nor impaired	24,333	8,669	4,039	37,041
Past due but not impaired	-	561	-	561
Impaired	-	344	14	358
Gross loans and advances	24,333	9,574	4,053	37,960
Less Allowance for impairment	(97)	(181)	(30)	(308)
Net loans and advances	24,236	9,393	4,023	37,652

Past due assets	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
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Gross amount of finance receivables that were past due but not impaired were as follows:

Business

Past due up to 30 days	-	-	-	-
Past due 30 – 60 days	-	80	-	80
Past due 60 – 90 days	-	481	-	481
Past due 90+ days	-	-	-	-
Total	-	561	-	561

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	424	455	19	898
Net additions	-	22	-	22
Deletions	(424)	(133)	(5)	(562)
Amounts written off	-	-	-	-
Balance at end of the year	-	344	14	358
Aggregate individual credit impairment allowances	-	(134)	(14)	(148)

Individual credit impairment allowances	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Balance at beginning of the year	43	63	19	125
Charged to the income statements	-	71	-	71
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	(43)	-	(5)	(48)
Total amounts per income statement	(43)	71	(5)	23
Balance at end of year	-	134	14	148

Collective credit impairment allowance	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Balance at beginning of the year	66	36	8	110
Charged to the income statement	31	11	8	50
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previous amounts	-	-	-	-
Total amounts per income statement	31	11	8	50
Balance at end of year	97	47	16	160

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

There has been no interest revenue foregone on restructured, individually impaired or greater than 90 days past due assets during the period to 31 December 2013.

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2013

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 31 December 2013 \$'000
New Zealand	
Government	-
Finance	23,531
Households	26,249
Transport and storage	-
Communications	-
Electricity, gas and water	-
Construction	4,005
Property services	1,602
Agriculture	-
Health and community services	954
Personal and other services	2,208
Retail and wholesale trade	2,400
Food & other manufacturing	542
Overseas	
Finance, Investment and insurance	2,530
Total financial assets (interest earning)	64,021
Allowance for impairment losses	(308)
Other financial assets	2,431
Total net financial assets	66,144

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

	Unaudited 31 December 2013 \$'000
New Zealand	
Upper North Island	30,856
Lower North Island	32,798
South Island	-
Overseas	2,798
Total financial assets	66,452
Allowance for impairment losses	(308)
Total net financial assets	66,144

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

	Unaudited 31 December 2013 \$'000
Loans and advances	37,960
Balances with related parties	2,798
Due from other financial institutions	22,500
Derivative financial instruments	-
Financial assets held for trading	-
Available-for-sale assets	-
Cash and cash equivalents	2,327
Other financial assets	867
Total gross financial assets	66,452
Allowance for impairment losses	(308)
Total net financial assets	66,144

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

For the nine months ended 31 December 2013

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 31 December 2013 \$'000
New Zealand	
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	-
Personal and other services	-
Property and business services	-
Education	-
Retail and wholesale trade	10
Other	822
Households	17,695
Overseas	
Amounts due to related parties	2,530
Total financial liabilities (interest bearing)	21,107
Other financial liabilities	3,602
Total financial liabilities	24,709

7. SEGMENTAL INFORMATION

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

8. LEASE COMMITMENTS

	Unaudited 31 December 2013 Nine months ended \$'000	Unaudited 31 December 2012 Nine months ended \$'000	Audited 31 March 2013 Year ended \$'000
Operating lease commitments under non-cancellable operating leases:			
Not later than 1 year	389	382	373
1-2 years	328	328	327
2-5 years	814	920	894
5+ years	376	591	542
Total	1,907	2,221	2,136

9. CAPITAL COMMITMENTS

As at 31 December 2013 there are no material outstanding capital commitments (31 December 2012: Nil, 31 March 2013: Nil).

10. CONTINGENT LIABILITIES

	Unaudited 31 December 2013 Nine months ended \$'000	Unaudited 31 December 2012 Nine months ended \$'000	Audited 31 March 2013 Year ended \$'000
Contingent Liabilities			
Performance/financial guarantees issued on behalf of customers	820	1,103	420
Documentary Credit (L.C)	-	24	-
Total Contingent Liabilities	820	1,127	420
Undrawn Commitments	3,996	3,694	4,749

The Bank holds cash margin against the performance/financial guarantees issued on behalf of the customers and have sufficient liquid assets to meet the uncertainties relating to the amount or timing of any outflow of contingent liabilities.

11. SUBSEQUENT EVENTS AFTER BALANCE DATE

There were no subsequent events after balance date.

BANK OF BARODA (NEW ZEALAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the nine months ended 31 December 2013
12. LIQUIDITY RISK

The Bank's policies for managing liquidity are set out in General Disclosure Statement for the year ended 31 March 2013. The tables below summarises the cash flows payable or receivable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are contractual undiscounted cash flows and is not disclosed based on expected cash flows.

31 December 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
Financial assets						
Cash and cash equivalents	2,327	-	-	-	-	2,327
Due from other financial institutions	-	12,708	10,254	-	-	22,962
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	-	1,849	7,240	14,701	46,851	70,641
Due from related parties	268	93	2,502	-	-	2,863
Other financial assets	-	508	-	-	-	508
Total financial assets	2,595	15,158	19,996	14,701	46,851	99,301
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	2,970	8,726	7,814	5,117	-	24,627
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties	264	-	-	-	-	264
Other financial liabilities	-	140	-	-	-	140
Total financial liabilities	3,234	8,866	7,814	5,117	-	25,031
Net non derivative cash flows	(639)	6,292	12,182	9,584	46,851	74,270
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Off balance sheet cash flows						
Financial guarantees	-	-	-	820	-	820
Undrawn commitments	-	3,996	-	-	-	3,996
Total	-	3,996	-	820	-	4,816
Net cash flows	(639)	2,296	12,182	8,764	46,851	69,454

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

	31 December 2013 \$'000	31 December 2012 \$'000	31 March 2013 \$'000
Cash and bank balances	2,327	3,301	3,568
Short term deposits	22,500	27,300	26,800
Deposit/cash held with related parties	2,798	2,746	2,864
Total Liquid assets	27,625	33,347	33,232

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

For the nine months ended 31 December 2013

13. INTEREST RATE SENSITIVITY

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

31 December 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
Financial assets								
Cash and cash equivalents	2,327	1,296	1,031	-	-	-	-	-
Due from other financial institutions	22,500	-	12,500	6,500	3,500	-	-	-
Financial assets held at fair value through profit or loss	-	-	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-	-	-
Loans and advances	37,652	-	32,996	98	4,336	12	210	-
Balances with related parties	2,798	268	92	2,438	-	-	-	-
Other financial assets	867	867	-	-	-	-	-	-
Total financial assets	66,144	2,431	46,619	9,036	7,836	12	210	-
Financial liabilities								
Due to other financial institutions	-	-	-	-	-	-	-	-
Deposits and other borrowings	24,295	3,188	12,209	5,520	2,121	702	555	-
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-	-	-
Due to related parties	264	264	-	-	-	-	-	-
Other financial liabilities	150	150	-	-	-	-	-	-
Total financial liabilities	24,709	3,602	12,209	5,520	2,121	702	555	-
On-balance sheet gap								
Net derivative notional principals	-	-	-	-	-	-	-	-
Net effective interest rate gap	41,435	(1,171)	34,410	3,516	5,715	(690)	(345)	-

BANK OF BARODA (NEW ZEALAND) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the nine months ended 31 December 2013****14. CREDIT EXPOSURE CONCENTRATIONS**

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

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

- as at 31 December 2013 was nil, and
- in respect of peak end-of-day aggregate credit exposure for the three months ended 31 December 2013 was nil.

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

15. FIDUCIARY ACTIVITIES

As at balance date the Bank is not involved in:

- The establishment, marketing, or sponsorship of trust, custodial, funds management and other fiduciary activities; or
- The origination of securitised assets; or
- The marketing or servicing of securitisation schemes; or
- The marketing and distribution of insurance products.

16. RISK MANAGEMENT POLICIES

There have been no material changes to the risk management policies and no new categories of risk to which the Bank has become exposed since 31 March 2013.

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

For the nine months ended 31 December 2013

17. CAPITAL ADEQUACY**Capital**

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

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

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

Other classes of capital instrument

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

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

- Total regulatory capital must not be less than 8% of risk weighted exposures.
- Tier One capital must not be less than 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 half year ended 31 December 2013. The Bank was registered on 1 September 2009 and from the date of registration to 31 December 2013, 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 31 December 2013 \$'000
Tier one capital	
Common Equity Tier one capital	
Issued and fully paid up share capital	40,000
Retained earnings	2,244
Accumulated other comprehensive income and other disclosed reserves	-
Interest from issue of ordinary shares	-
Less:	
Regulatory adjustments	-
Deferred tax assets	(432)
Total common equity tier one capital	41,812
Additional Tier one capital	
High-quality capital	-
Instruments issued	-
Share premium from issue of instruments	-
Associated retained earnings	-
Less: Regulatory adjustments	-
Total additional tier one capital	-
Total tier one capital	41,812
Tier two capital	
Instruments issued by bank	-
Share premium from issue of instruments	-
Revaluation reserves	-
Foreign currency translation reserves	-
Less: Regulatory adjustments	-
Total tier two capital	-
Total capital	41,812

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2013

17. CAPITAL ADEQUACY (Continued)

Credit risk

Unaudited 31 December 2013 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	357	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisations	-	0%	-	-
Public sector entities	-	20%	-	-
Banks	24,470	20%	4,894	392
Banks	2,798	50%	1,399	112
Corporate	7,334	100%	7,334	587
Residential mortgages not past due –LVR up to 80%	13,866	35%	4,853	388
Residential mortgages not past due –LVR >80% but up to 90%	10,467	50%	5,234	419
Past due residential mortgages	-	100%	-	-
Other past due assets	14	100%	14	1
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	4,360	100%	4,360	349
Total on balance sheet exposures after credit risk mitigation	63,666		28,088	2,248

Unaudited 31 December 2013 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	3,996	20%	799	100%	799	64
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	820	50%	410	100%	410	33
Trade-related contingency	-	-	-	-	-	-
Placements of forward deposits	-	-	-	-	-	-
Other commitments where original maturity is more than one year	-	-	-	-	-	-
Other commitments where original maturity is less than or equal to one year	-	-	-	-	-	-
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	-	-	-	-	-
Market related contracts						
(a) Foreign exchange contracts	-	-	-	-	-	-
(b) Interest rate contracts	-	-	-	-	-	-
(c) Other – OTC, etc	-	-	-	-	-	-
Total off-balance sheet exposures	4,816	-	1,209	-	1,209	97

Residential mortgages by loan-to-valuation ratio

Loan –to-value ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
On-balance sheet exposures	13,866	10,467	-	24,333
Off-balance sheet exposures	1,411	49	-	1,460
Total loan-to value ratio	15,277	10,516		25,793

Reconciliation of residential mortgage-related amounts

	Unaudited 31 December 2013 \$'000
Residential mortgage loans (as disclosed in Note 4)	24,333
Residential mortgages by loan-to-value ratio	24,333

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2013

17. CAPITAL ADEQUACY (Continued)

Credit risk mitigation

Exposure class	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting) \$'000	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives \$'000
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	2,570	-
Residential mortgage	-	-
Other	1,355	32
Total	3,925	32

Operational risk capital requirement

	Implied risk weighted exposure \$'000	Total operational risk capital requirement \$'000
Operational risk	2,913	233

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	1,675	134	2,238	179
Foreign currency risk	288	23	325	26
Equity risk	-	-	-	-
Total capital requirements	1,963	157	2,563	205

	Total exposure after credit risk mitigation \$'000	Risk weighted exposure or implied risk weighted exposure \$'000	Capital requirement \$'000
Total credit risk + equity	68,482	29,297	2,345
Operational risk	-	2,913	233
Market risk	-	1,963	157
Total	68,482	34,173	2,735

Capital ratios

Unaudited 31 December 2013	Common Equity Tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Ratio	122.4%	122.4%	122.4%
Minimum ratio requirement	4.5%	6.0%	8.0%

Buffer ratios

Unaudited 31 December 2013	
Buffer ratio	114.4%
Buffer ratio requirement	2.5%

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2013

17. CAPITAL ADEQUACY (Continued)

Capital adequacy of Ultimate Parent Bank

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

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

As at 31 December 2013, BOB's Tier One Capital was 8.83% of Total Risk-weighted Assets and Total Capital was 12.26% of Total Risk-weighted Assets (31 March 2012: Tier One Capital was 9.33% of Total Risk-weighted Assets and Total Capital was 12.66% of Total Risk-weighted Assets). BOB's capital ratios during the periods ended 31 December 2013 and 31 March 2013 exceeded both of the Reserve Bank of India's minimum capital adequacy requirements.

18. OTHER MATERIAL MATTERS

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