



Bank of Baroda (New Zealand) Limited
Disclosure Statement

For the Nine Months ended
31 December 2017

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Appendix : Financial Statements

1. Definitions

In this Disclosure Statement, unless the context otherwise requires:

Act means the Reserve Bank of New Zealand Act 1989;

Bank means Bank of Baroda (New Zealand) Limited;

Banking Group means the Bank and its subsidiaries;

Board means the board of directors of the Bank;

BOB means Bank of Baroda;

Director means a director of the Bank;

INR means Indian Rupees;

Parent Guarantee has the meaning given in section 3.1; and

USD means United States Dollars.

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

2. General information

2.1 Name and address for service of registered bank

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

This Disclosure Statement is issued by the Bank for the nine months ended 31 December 2017 in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order").

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

The Bank is not in the business of insurance.

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

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

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

2.2 Details of ultimate parent bank and ultimate holding company

(a) Ultimate parent bank

The Bank's ultimate parent bank is Bank of Baroda, an Indian incorporated bank (**BOB**). There has been no change to the ultimate parent bank since 31 March 2017. There have been no changes to the name or address for service of the ultimate parent bank since 31 March 2017.

(b) Ultimate holding company

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

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

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

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

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

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

The Bank is a wholly owned subsidiary of BOB.

2.4 Registered bank

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

2.5 Priority of financial liabilities in the event of liquidation

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

3. Guarantee

3.1 Guarantee arrangements

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

A copy of the guarantee of the Bank's indebtedness given by BOB is provided in the Bank's Disclosure Statement for the year ended 31 March, 2017. A copy of Disclosure Statement can be obtained from the Bank's website www.barodanzltd.co.nz.

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

(a) Details of the guarantor

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

The address for service of the guarantor is:

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

As at 31 December 2017, the publicly disclosed capital of BOB is INR 406,371.10 million (USD 6,361.97 million) representing (Basel III) 12.08 % of risk weighted exposure.

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

Rating Agency	Current Rating	Outlook	Qualifications	Rating Change in the Last 2 Years
Moody's Investor Services Limited	Baa3	Stable	Nil	No
Fitch IBCA, Inc.	BBB-	Stable	Nil	No

There have been no rating changes for BOB within the last two years. On 27-06-2017, Fitch Ratings has affirmed the ratings on BOB. The Long-Term Issuer Default Ratings (IDR) on Bank of Baroda (BOB) has been affirmed at 'BBB-'. The Outlook on the IDRs is Stable.

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

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

(b) Details of guaranteed obligations

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

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

4. Directors

4.1 Communications

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

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

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

4.2 Responsible person

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

4.3 Board of Directors

At present the Board comprises the following Directors:

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

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

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

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

Changes in the Directorate:

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

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

5. Conditions of registration

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

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

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

Effective, 1 January 2018, the Reserve Bank of New Zealand (RBNZ) issued revised conditions of registration for the bank, amending the conditions to incorporate the changes that are included in the revised version of "Frame work for Restrictions on High-LVR Residential Mortgage Lending" (BS19) and "Liquidity Policy" (BS13).

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	No

There have been no rating changes for Bank of Baroda (New Zealand) Limited within the last two years. On 27-06-2017, Fitch Ratings has affirmed the ratings on Bank of Baroda (New Zealand) Limited. The Long-Term Issuer Default Ratings (IDR) on Bank of Baroda (New Zealand) Limited have been affirmed at 'BBB-'. The Outlook on the IDRs is Stable.

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

9. Directors' statements

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

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

Each Director of the Bank, after due enquiry, believes that for the nine months ended 31 December 2017:

- (a) the Bank had complied with all conditions of registration imposed by the Reserve Bank of New Zealand under section 74 of the Reserve Bank Act 1989, except for the two breaches as detailed on page 5 under conditions of registration;
- (b) credit exposures to connected persons were not contrary to interests of the Banking Group; and
- (c) the Bank had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

For and on behalf of all of the Directors of the Bank (by Directors' Resolution), this Disclosure Statement is dated at Auckland, New Zealand this 26 February 2018 and signed by Claudio Sandro Oberto and Anupam Srivastava as responsible persons.



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



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

10. Financial statements

The financial statements for the bank for the nine months ended 31 December 2017 are attached as Appendix and form part of this disclosure statement.

Appendix: Financial Statements

Bank of Baroda (New Zealand) Limited

Company Number 2135104

Financial Statements for the nine months ended
31 December 2017

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BANK OF BARODA (NEW ZEALAND) LIMITED

INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

STATEMENT OF COMPREHENSIVE INCOME		Unaudited Nine months ended 31 December 2017 \$'000	Unaudited Nine months ended 31 December 2016 \$'000	Audited Year ended 31 March 2017 \$'000
	Notes			
Interest income	2	3,370	2,914	3,922
Interest expense	2	(1,071)	(847)	(1,186)
Net interest income		2,299	2,067	2,736
Other income	3	1,119	1,279	1,760
Total operating income		3,418	3,346	4,496
Operating expenses		(2,125)	(2,281)	(3,174)
Impairment losses on loans and advances		(47)	(30)	(26)
Net profit before taxation		1,246	1,035	1,296
Taxation expense		(338)	(404)	(382)
Net profit after taxation		908	631	914
Other comprehensive income		-	-	-
Total comprehensive income		908	631	914

STATEMENT OF CHANGES IN EQUITY For the nine months ended 31 December 2017	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2017	40,000	6,052	46,052
Net profit after taxation and total comprehensive income for the period	-	908	908
Balance at 31 December 2017 (Unaudited)	40,000	6,960	46,960
Balance at 1 April 2016	40,000	5,138	45,138
Net profit after taxation and total comprehensive income for the period	-	631	631
Balance at 31 December 2016 (Unaudited)	40,000	5,769	45,769
Balance at 1 April 2016	40,000	5,138	45,138
Net profit after taxation and total comprehensive income for the year	-	914	914
Balance as at 31 March 2017 (Audited)	40,000	6,052	46,052

The accompanying notes on pages 13 to 23 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

BANK OF BARODA (NEW ZEALAND) LIMITED

INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

STATEMENT OF FINANCIAL POSITION	Notes	Unaudited 31 December 2017 \$'000	Unaudited 31 December 2016 \$'000	Audited 31 March 2017 \$'000
Assets				
Cash and cash equivalents		7,729	13,942	18,401
Balances due from related parties		4,828	5,486	5,305
Due from other financial institutions		19,700	8,500	8,000
Loans and advances	4	79,931	70,699	70,070
Property, plant and equipment		321	397	375
Deferred tax asset		267	583	605
Other assets		418	308	265
Total assets		113,194	99,915	103,021
Liabilities				
Balances due to related parties		1,005	1,248	997
Deposits and other borrowings	5	64,800	52,332	55,519
Other liabilities		429	566	453
Total liabilities		66,234	54,146	56,969
Shareholders' equity				
Share capital	6	40,000	40,000	40,000
Retained earnings	6	6,960	5,769	6,052
Total shareholders' equity		46,960	45,769	46,052
Total shareholders' equity and liabilities		113,194	99,915	103,021
Total interest earning and discount bearing assets		110,584	97,376	100,370
Total interest and discount bearing liabilities		60,405	49,699	51,361
Financial Assets, pledged as collateral for liabilities or contingent liabilities		-	-	-

The accompanying notes on pages 13 to 23 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

For and on behalf of the Board



Claudio Sandro Oberto

Chairman

Dated: 26 February 2018



Anupam Srivastava

Managing Director

BANK OF BARODA (NEW ZEALAND) LIMITED

INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

CASH FLOW STATEMENT	Unaudited Nine months ended 31 December 2017 \$'000	Unaudited Nine months ended 31 December 2016 \$'000	Audited Year ended 31 March 2017 \$'000
Cash flows from operating activities			
Interest received	3,229	2,919	3,922
Fees and other income	1,119	1,279	1,760
Operating expenses paid	(2,095)	(2,070)	(2,995)
Interest paid	(1,078)	(818)	(1,135)
Net cash flows from operating activities before changes in operating assets and liabilities	1,175	1,310	1,552
Net changes in operating assets and liabilities:			
Increase in loans and advances	(9,908)	(6,534)	(5,901)
Decrease/(increase) in balances due from other financial institutions	(11,700)	5,600	6,100
(Decrease)/ Increase in deposits and other borrowings	9,281	8,511	11,656
Increase in interest receivable	-	-	(1)
Increase/(decrease) in balances due to related parties	8	(1,162)	(1,371)
(Decrease) /Increase in other assets	(12)	(117)	(69)
Increase /(decrease) in other liabilities and provisions	7	87	7
Decrease/(increase) in balances due from related parties	477	(2,108)	(1,927)
Net cash flows (used in)/from operating activities	(10,672)	5,587	10,046
Cash flows from investing activities	-	-	-
Net cash flows from investing activities	-	-	-
Cash flows from financing activities	-	-	-
Net cash flows from financing activities	-	-	-
(Decrease)/ Increase in cash and cash equivalents	(10,672)	5,587	10,046
Add opening cash and cash equivalents	18,401	8,355	8,355
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Closing cash and cash equivalents	7,729	13,942	18,401
Cash on hand	331	303	127
Call and overnight advances to financial institutions	7,398	13,639	18,274

The accompanying notes on pages 13 to 23 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

BANK OF BARODA (NEW ZEALAND) LIMITED

INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

RECONCILIATION OF NET PROFIT AFTER TAXATION TO NET CASH FLOWS FROM OPERATING ACTIVITIES	Unaudited Nine months ended 31 December 2017 \$'000	Unaudited Nine months ended 31 December 2016 \$'000	Audited Year ended 31 March 2017 \$'000
Net profit after taxation	908	631	914
Non cash movements:			
Unrealised fair value adjustments	-	5	-
Depreciation	55	74	97
Increase in collective allowance for impairment losses	47	26	23
Increase in individual allowance for impairment losses	-	4	3
(Increase)/decrease in deferred expenditure	-	166	-
(Increase)/decrease in deferred taxation	-	-	382
	338	404	
	1,348	1,310	1,419
Net movement in operating assets and liabilities:			
Increase in loans and advances	(9,908)	(6,534)	(5,901)
(increase) /Decrease in balances due from other financial institutions	(11,700)	5,600	6,100
Increase in deposits and other borrowings	9,281	8,511	11,656
(Decrease)/Increase in Interest Payable	(7)	-	51
Increase in interest receivable	-	-	(1)
Increase/(Decrease) in balances due to related parties	8	(1,162)	(1,371)
(Increase)/Decrease in other assets	(153)	(117)	(69)
(Decrease)/Increase in other liabilities and provisions	(18)	87	89
Decrease/(increase) in balances due from related parties	477	(2,108)	(1,927)
Net cash flows (used in)/from operating activities	(10,672)	5,587	10,046

The accompanying notes on pages 13 to 23 form an integral part of these interim financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

General accounting policies

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

These interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"), as appropriate for profit-oriented entities, and the New Zealand equivalent to International Accounting Standard ("NZ IAS") 34 *Interim Financial Reporting* and International Accounting Standard IAS 34 and should be read in conjunction with the General Disclosure Statement for the year ended 31 March 2017.

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

These interim financial statements were authorised for issue by the Board on 26 February 2018. The Board has the power to amend the financial statements after they are authorised for issue.

Basis of preparation

The interim financial statements have been prepared under the historical cost convention. The functional and presentation currency is New Zealand Dollar (NZD). The same accounting policies and methods of computation has been followed in preparing these interim financial statements as were used in preparing the financial statements for the year end 31 March 2017.

Critical accounting estimates and judgements

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

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

Changes in accounting policy

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

Comparative figures (restatements)

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

2. INTEREST INCOME AND EXPENSES

	Unaudited Nine Months ended 31 December 2017 \$'000	Unaudited Nine Months ended 31 December 2016 \$'000	Audited Year ended 31 March 2017 \$'000
Interest income			
Bank Deposits/Placements	461	424	572
Loans & Advances to Customers	2,909	2,490	3,350
Total Interest income	3,370	2,914	3,922
Interest expenses			
Deposit by customers	1,071	847	1,186

3. OTHER INCOME

	Unaudited Nine Months ended 31 December 2017 \$'000	Unaudited Nine Months ended 31 December 2016 \$'000	Audited Year ended 31 March 2017 \$'000
Other income			
Banking and lending fee income	210	173	294
Net commissions revenue	21	20	27
Net foreign exchange gains	884	1073	1,425
Other revenue	4	13	14
Total other income	1,119	1,279	1,760

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

4. LOANS AND ADVANCES

	Unaudited As at 31 December 2017 \$'000	Unaudited As at 31 December 2016 \$'000 (Restated)	Audited As at 31 March 2017 \$'000
Residential Mortgage Loans	51,052	46,404	44,145
Corporate exposures	20,213	17,608**	19,944
Other exposures*	9,002	7,083**	6,270
Allowances for impairment losses	(336)	(396)	(289)
Total net loans and receivables	79,931	70,699	70,070
Current	17,242	13,694	11,901
Non-Current	62,689	57,005	58,169

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

*Other exposures mainly comprise of personal loans.

5. DEPOSITS AND OTHER BORROWINGS

	Unaudited As at 31 December 2017 \$'000	Unaudited As at 31 December 2016 \$'000	Audited As at 31 March 2017 \$'000
Retail deposits	64,800	52,332	55,519
Wholesale deposits	-	-	-
Other	-	-	-
Total Deposits	64,800	52,332	55,519
New Zealand	64,800	52,332	55,519
Overseas	-	-	-
Current	58,612	49,984	50,422
Non-Current	6,188	2,348	5,097

6. EQUITY

	Unaudited As at 31 December 2017 \$'000	Unaudited As at 31 December 2016 \$'000	Audited As at 31 March 2017 \$'000
Share capital	40,000	40,000	40,000
Retained earnings	6,960	5,769	6,052
Total equity	46,960	45,552	46,052
Share capital – issued and paid up			
Opening balance	40,000	40,000	40,000
Shares issued	-	-	-
Balance at end of the year	40,000	40,000	40,000

	31 December 2017 Number of shares	31 December 2016 Number of shares	31 March 2017 Number of shares
Number of shares			
Number of shares at the start of the year	40,000,000	40,000,000	40,000,000
Shares issued	-	-	-
Number of shares at the end of the year	40,000,000	40,000,000	40,000,000

All shares have equal voting rights and share equally in dividends and any profits on winding up. Shares do not have a par value.

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

7. ASSET QUALITY

As at 31 December 2017 Unaudited	Residential mortgage loans	Corporate exposures	Other exposures excluding sovereigns and central banks	TOTAL \$'000
Neither past due nor impaired	50,392	20,098	9,002	79,492
Past due but not impaired	660	115	-	775
Impaired	-	-	-	-
Gross loans and advances	51,052	20,213	9,002	80,267
Less allowance for impairment	(213)	(85)	(38)	(336)
Net Loans and advances	50,839	20,128	8,964	79,931
Other assets neither past due nor impaired	-	-	32,675	32,675
Total net financial assets	50,839	20,128	41,639	112,606
Past due but not impaired				
Gross amount of finance receivables that were past due but not impaired were as follows:				
Past due up to 30 days	660	115	-	775
Past due 30 to 60 days	-	-	-	-
Past due 60 to 90 days	-	-	-	-
At least 90 days past due	-	-	-	-
Total past due but not impaired	660	115	-	775
Gross Impaired Assets				
Balance at beginning of the year	-	-	-	-
Net Additions	-	-	-	-
Deletions	-	-	-	-
Amounts written off	-	-	-	-
Total individually impaired assets	-	-	-	-
Individually assessed credit impairment allowance				
Balance at beginning of the year	-	-	-	-
Charged to the statement of comprehensive income	-	-	-	-
Amounts written off	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Reversals of previously recognised impairment losses	-	-	-	-
Total amount as per statement of comprehensive income	-	-	-	-
Balance at end of the year	-	-	-	-
Collectively assessed provisions				
Balance at beginning of the year	181	82	26	289
Charged / (credit) to the statement of comprehensive income	32	3	12	47
Amounts written off	-	-	-	-
Total amount as per statement of comprehensive income	32	3	12	47
Total provisions for impairment losses at the end of the year	213	85	38	336

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

There has been no interest revenue foregone on restructured, individually impaired or greater than 90 days past due assets during the 9 month period up to 31 December 2017. There are no undrawn balances on lending commitment to counterparties for whom drawn balances are classified as individually impaired. There are no other amounts under administration.

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

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

8. CONCENTRATION OF CREDIT RISK

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

Unaudited	As at 31 December 2017 \$'000
New Zealand	
Government	-
Finance	27,429
Households	55,812
Transport and storage	-
Communications	-
Electricity, gas and water	684
Construction	11,061
Property services	2,873
Agriculture	-
Education	4,400
Health and community services	1,149
Personal and other services	10,944
Retail and wholesale trade	3,662
Food & other manufacturing	1,059
Other financial assets	418
Overseas	
Finance, Investment and insurance	4,828
Total financial assets	124,319
Allowance for impairment losses	(336)
Total net financial assets	123,983

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

Unaudited	As at 31 December 2017 \$'000
New Zealand	
Upper North Island	104,998
Lower North Island	14,493
South Island	-
Overseas	4,828
Total financial assets	124,319
Allowance for impairment losses	(336)
Total net financial assets	123,983

Total Financial Assets of 31st December 2017 are stated net of impairment allowances.

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

Unaudited	As at 31 December 2017 \$'000
Loans and advances	91,644
Balances with related parties	4,828
Due from other financial institutions	19,700
Cash and cash equivalents	7,729
Other financial assets	418
Total gross financial assets	124,319
Allowance for impairment losses	(336)
Total net financial assets	123,983

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

For the nine months ended 31 December 2017

9. CONCENTRATION OF FUNDING

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

	As at 31 December 2017 \$'000
New Zealand	
Financing investment and insurance	1,622
Retail and wholesale trade	2,425
Others	-
Other financial liabilities	429
Households	60,792
Overseas	
Finance, Investment & Insurance	966
Total financial liabilities	66,234

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

Unaudited	Unaudited as at 31 December 2017 \$'000
New Zealand	
Upper North Island	51,576
Lower North Island	13,692
South Island	-
Overseas	966
Total financial liabilities	66,234

10. SEGMENTAL INFORMATION

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

11. LEASE COMMITMENTS

	Unaudited 31 December 2017 \$'000	Unaudited 31 December 2016 \$'000	Audited 31 March 2017 \$'000
Operating lease commitments under non-cancellable operating leases:			
Not later than 1 year	477	406	534
1-2 years	404	295	403
2-5 years	437	410	657
5+ years	43	-	123
Total	1,361	1,111	1,717

Lease commitment includes operating leases under non-cancellable terms taken out for branches and official of the bank.

12. CAPITAL COMMITMENTS

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

13. CONTINGENT LIABILITIES

	Unaudited 31 December 2017 \$'000	Unaudited 31 December 2016 \$'000	Audited 31 March 2017 \$'000
Contingent Liabilities			
Performance/financial guarantees issued on behalf of customers	340	840	340
Total Contingent Liabilities	340	840	340
Undrawn Commitments	11,377	6,879	13,311

14. 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 2017

15. LIQUIDITY RISK

The Bank's policies for managing liquidity are set out in General Disclosure Statement for the year ended 31 March 2017. The tables below summarises the cash flows payable or receivable by the Bank under non-derivative financial instruments 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 2017 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	7,729	-	-	-	-	7,729
Due from other financial institutions	-	17,311	2,544	-	-	19,855
Loans and advances	-	3,175	19,810	26,634	71,445	121,064
Due from related parties	172	-	4,656	-	-	4,828
Other financial assets	418	-	-	-	-	418
Total financial assets	8,319	20,486	27,010	26,634	71,445	153,894
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Deposits and other borrowings	30,064	6,867	22,324	6,884	-	66,139
Due to related parties	1,005	-	-	-	-	1,005
Other financial liabilities	429	-	-	-	-	429
Total financial liabilities	31,498	6,867	22,324	6,884	-	67,573
Net non derivative cash flows	(23,179)	13,619	4,686	19,750	71,445	86,321
Off balance sheet cash flows						
Financial guarantees	(340)	-	-	-	-	(340)
Undrawn commitments	(11,377)	-	-	-	-	(11,377)
Total off balance sheet cash flows	(11,717)	-	-	-	-	(11,717)
Net cash flows	(34,896)	13,619	4,686	19,750	71,445	74,604

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

	31 December 2017 \$'000	31 December 2016 \$'000	31 March 2017 \$'000
Cash and bank balances	7,729	13,942	18,401
Short term deposits	19,700	8,500	8,000
Deposit /cash held with related parties	4,828	5,486	5,305
Total Liquid assets	32,257	27,928	31,706

BANK OF BARODA (NEW ZEALAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the nine months ended 31 December 2017
16. 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 2017 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	7,729	1,769	5,960	-	-	-	-	-
Due from other financial institutions	19,700	-	17,200	2,500	-	-	-	-
Loans and advances	79,931	-	36,321	5,542	18,711	19,357	-	-
Balances with related parties	4,828	172	-	4,656	-	-	-	-
Other financial assets	418	418	-	-	-	-	-	-
Total financial assets	112,606	2,359	59,481	12,698	18,711	19,357	-	-
Financial liabilities								
Due to other financial institutions								
Deposits and other borrowings	64,800	4,434	32,441	9,540	12,197	3,904	2,284	-
Due to related parties	1,005	966	39	-	-	-	-	-
Other financial liabilities	429	429	-	-	-	-	-	-
Total financial liabilities	66,234	5,829	32,480	9,540	12,197	3,904	2,284	-
On-balance sheet gap	46,372	(3,470)	27,001	3,158	6,514	15,453	(2,284)	
Off balance sheet items:								
Performance guarantees	340	340	-	-	-	-	-	-
Undrawn commitments	11,377	-	5,817	480	2,056	3,024	-	-
Net effective interest rate gap	58,089	(3,130)	32,818	3,638	8,570	18,477	(2,284)	-

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

	31 December 2017 Unaudited	
	Carrying Amounts \$'000	Estimated Fair Value \$'000
Financial assets		
Cash and cash equivalents	7,729	7,729
Balances with related parties	4,828	4,828
Due from other financial institutions	19,700	19,700
Loans and advances	79,931	82,033
Other assets	418	418
Total financial assets	112,606	114,708
Financial liabilities		
Due to related parties	1,005	1,005
Deposits and other borrowings	64,800	65,554
Other liabilities	429	429
Total financial liabilities	66,234	66,988

Fair value estimation

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

Cash and cash equivalents

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

Loans and advances

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

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

17. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Other financial assets

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

Deposits by customers

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

Due to/from related parties

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

Other financial liabilities

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

18. CREDIT EXPOSURE CONCENTRATIONS

Credit exposures to individual counterparties

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 31 December 2017 was nil (31 March 2017: nil and 31 December 2016: nil)
- in respect of peak end-of-day aggregate credit exposure for the period ended 31 December 2017 was nil (31 March 2017: nil and 31 December 2016: nil)

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

19. SECURITISATION, FUNDS MANAGEMENT, OTHER FIDUCIARY ACTIVITIES AND THE MARKETING AND DISTRIBUTION OF INSURANCE PRODUCTS

As at balance date, the Bank is not involved in:

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

20. RISK MANAGEMENT POLICIES

There have been no material changes to the risk management policies and no new categories of risk to which the Bank has become exposed since 31 March 2017.

21. 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.

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

21. CAPITAL ADEQUACY (continued)

Other classes of capital instrument

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

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

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

The capital adequacy tables set out below summarise the composition of regulatory capital and capital adequacy ratios for the period ended 31 December 2017. The Bank was registered on 1 September 2009 and from the date of registration to 31 December 2017; the Bank has complied with both regulatory and internal capital adequacy requirements.

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

Unaudited	As at 31 December 2017 \$'000
Tier one capital	
Common Equity Tier one capital	
Issued and fully paid up share capital	40,000
Retained Earnings	6,960
Deferred Tax Assets	(267)
Total common equity tier one capital	46,693
Additional Tier one capital	-
Total additional tier one capital	-
Total tier one capital	46,693
Tier two capital	-
Total tier two capital	-
Total capital	46,693

Credit risk

Unaudited 31 December 2017	Total exposure after credit risk mitigation \$'000	Risk weight	Risk weighted exposure \$'000	Minimum Pillar 1 capital requirement \$'000
Calculation of on-balance-sheet exposures				
Cash and gold bullion	331	0%	-	-
Banks	27,098	20%	5,420	434
Banks	4,828	50%	2,414	193
Corporate	20,128	100%	20,128	1,610
Residential mortgages not past due				
<ul style="list-style-type: none"> • Non Property Investment-LVR up to 80% 	39,866	35%	13,953	1116
<ul style="list-style-type: none"> • Non Property Investment-LVR >80% but <90% 	969	50%	485	39
<ul style="list-style-type: none"> • Property Investment- LVR<80% 	10,004	40%	4,002	320
<ul style="list-style-type: none"> • Property Investment-LVR>80% but <90% 				
<ul style="list-style-type: none"> • Past due residential mortgages 				
Non Risk Weighted Assets	8,702	0%	-	-
Other assets	680	100%	680	54
Total on balance sheet exposures after credit risk mitigation	112,606		47,082	3,766

Unaudited 31 December 2017	Total exposure \$'000	Credit conversion factor	Credit equivalent amount \$'000	Average risk weight	Risk weighted exposure \$'000	Minimum Pillar 1 capital requirement \$'000
Calculation of off-balance sheet exposures						
Undrawn commitments on existing facilities	11,377	50%	5,689	58%	3,300	264
Performance-related contingency	340	50%	170	100%	170	14
Total off balance sheet exposures	11,717		5,859		3,470	278

BANK OF BARODA (NEW ZEALAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

21. CAPITAL ADEQUACY (continued)

Residential mortgages by loan-to-valuation ratio

Unaudited 31 December 2017	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Loan-to-value ratio				
On balance sheet exposure (as disclosed in note 4)	50,079	973	-	51,052
Off balance sheet exposure	4,747	13	-	4,760
	54,826	986	-	55,812

Reconciliation of residential mortgages

Unaudited 31 December 2017	Total
On balance sheet exposure (as disclosed in note 4)	51,052
Off balance sheet exposure	4,760
	55,812

Credit risk mitigation

Unaudited 31 December 2017	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives
Exposure class	\$'000	\$'000
Corporate	25,227	-
Other	10,692	-
Residential mortgages	55,812	-
Total	91,731	-

Operational risk capital requirement

Unaudited 31 December 2017	Implied risk weighted exposure	Total operational risk capital requirement
	\$'000	\$'000
Operational risk	4,538	363

Market risk

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

Unaudited 31 December 2017	End-period capital charges		Peak end-of-day capital charges	
	Implied risk weighted exposure	Aggregate capital charge	Implied risk weighted exposure	Aggregate capital charge
	\$'000	\$'000	\$'000	\$'000
Interest rate risk	4,025	322	3,713	297
Foreign currency risk	276	22	773	62
Equity risk	-	-	-	-
Total	4,301	344	4,486	359

Total Capital Requirement

31 December 2017	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital requirement
Unaudited	\$'000	\$'000	\$'000
Total credit risk + equity	124,323	50,551	4,044
Operational risk	-	4,538	363
Market risk	-	4,300	344
Total	124,323	59,388	4,751

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

For the nine months ended 31 December 2017

21. CAPITAL ADEQUACY (continued)**Capital Ratios**

31 December 2017 - Unaudited	CET 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Ratio	78.62%	78.62%	78.62%
Minimum ratio requirement	4.50%	6%	8%

Buffer ratios

31 December 2017 unaudited	Ratio
Buffer ratio	70.62%
Buffer ratio requirement	2.50%

Capital adequacy of Ultimate Parent Bank

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

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

As per the latest available data as at 31 December 2017, BOB's Common Equity Tier One Capital is 8.95% of Total Risk-weighted Assets, Tier One Capital is 10.15% of Total Risk-weighted Assets and Total Capital adequacy ratio is 12.08% of Total Risk-weighted Assets (31 December 2016: BOB's Common Equity Tier One Capital was 9.69% of Total Risk-weighted Assets, Tier One Capital is 10.45% of Total Risk-weighted Assets and Total Capital adequacy ratio is 12.90% of Total Risk-weighted Assets).

BOB's capital ratios during the period ended 31 December 2017 and 31 December 2016 exceeded Reserve Bank of India's minimum capital adequacy requirements.

22. 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.