Bank of India (New Zealand) Limited

Disclosure Statement

For three months ended 30 June 2013

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1. Reporting Directive

This Disclosure Statement has been prepared under the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2013.

2. Registered Bank

Name:	Bank of India (New Zealand) Limited
Address:	10 Manukau Road Epsom Auckland, 1023

Bank of India (New Zealand) Limited (the "Bank") was incorporated on 9 October 2008. It became a Registered Bank on 31 March 2011.

For the purposes of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2013, the Bank is currently the only entity within the Bank's Banking Group in New Zealand and accordingly the term "Bank" has the same meaning as the Bank's Banking Group throughout this Disclosure Statement.

3. Ultimate Parent Bank and Ultimate Holding Company

Name:	Bank of India
Address:	Star House C-5, G Block Bandra Kurla Complex Post Box No. 8135 Bandra (East) Mumbai 400051 India

4. Guarantee Arrangements

The name and address for service of the Guarantor is:
Bank of India, Star House, C-5, G Block, Bandra Kurla Complex, Post Box No.8135, Bandra (East), Mumbai 400051, India.

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

Bank of India has the following credit rating with respect to its long term senior unsecured obligations payable in any country or currency including obligations payable in New Zealand in New Zealand dollars:

Rating Agency:	Standard and Poor's
Current Credit Rating:	BBB- /negative outlook/ A-3

On 25 April 2012, Standard & Poor's has revised the outlooks on the long term counterparty credit ratings on the Bank from BBB- (Stable) to BBB- (Negative).

Bank of India unconditionally guarantees for the benefit of each Creditor the due and punctual payment by Bank of India (New Zealand) Limited of each and every obligation (whether at stated maturity, upon acceleration or otherwise) now or hereafter owing or to become owing by Bank of India (New Zealand) Limited to the Creditor during the term of the guarantee.

There are no limits on the amount of obligations guaranteed under the Guarantee. There are no material conditions applicable to the Guarantee other than non-performance by the principal obligor.

The deed of guarantee does not have an expiry date.

Bank of India (New Zealand) Limited does not have a guarantee under the New Zealand deposit guarantee scheme and it does not have any material cross guarantees as at 28 August 2013.

The most recent full year Disclosure Statement dated 31 March 2013 contains further information about the guarantee. The most recent full year Disclosure Statement is available on Bank of India (New Zealand) Limited's website: *http://www.bankofindia.co.nz*

5. Directors

There have been five changes in the composition of the Bank's board of directors since the most recent full year Disclosure Statement dated 31 March 2013. Philip Crotty resigned from the Board on 31 May 2013, Mukkur Srinivasan Raghavan resigned from the the Board on 19 July 2013. Rabin Sockalingam Rabindran was appointed to the Board on 31 May 2013, Sameer Handa was appointed to the Board on 12 July 2013, Anantharaman Sankara Narayanan Radhamangalam was appointed to the Board on 15 August 2013.

6. Conditions of Registration

Effective 31 March 2013, the Reserve Bank of New Zealand (RBNZ) issued revised conditions of registration for the Bank. The Conditions of Registration has been amended to incorporate the Reserve Bank's Basel III policy. This includes lifting the tier 1 capital ratio from 4% to 6% and inserting new requirement for complying with common equity tier 1 capital ratio and the buffer ratio.

The Bank has complied with all conditions of registration over the accounting period.

7. Pending Proceedings or Arbitration

As of the date of this Disclosure Statement, there are no pending legal proceedings or arbitration concerning any member of the Bank's Banking Group in New Zealand or elsewhere that may have a material adverse effect on the Bank or its Banking Group.

8. Credit Ratings

The Bank has the following general credit rating applicable to its long term senior unsecured obligations payable in New Zealand in New Zealand Dollars.

Rating Agency:	Standard and Poor's
Current Credit Rating:	BBB- /Negative Outlook/A-3

On 25 April 2012, Standard & Poor's has revised the outlooks on the long term counterparty credit ratings on the Bank from BBB- (Stable) to BBB- (Negative).

9. Other material matters

There are no other material matters relating to the business or affairs of the Bank and its Banking Group that are not disclosed in this Disclosure Statement.

10. Audit Report

The name and address of the Bank's auditor is:

PricewaterhouseCoopers
188 Quay Street
Private Bag 92162
Auckland 1142
New Zealand

This Disclosure Statement is neither a half year nor an annual disclosure so is not subject to an audit or review by an external auditor.

Directors' Statement

Each Director of the Bank of India (New Zealand) Limited, believes, after due enquiry, that as at the date on which this Disclosure Statement is signed:

- The Disclosure Statement contains all information that is required by the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2013; and
- The Disclosure Statement is not false or misleading.

Furthermore, each Director believes, after due enquiry that over the three months ended 30 June 2013:

- The Bank has complied with all conditions of registration that applied during the period; and
- Credit Exposure to Connected Persons (if any) were not contrary to the interests of the Bank's Banking Group; and
- The Bank had systems in place to monitor and control adequately the material risks of the Bank's Banking Group 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.

Signed by P. Nageshwar Rao as director and responsible person on behalf of all the directors:
(The Directors of the Bank were Tarun Kanji, Nageshwar Rao Paladugu, Sanjaya Singh Gaur, Sameer Handa, Rabin Sockalingam Rabindran and Anantharaman Sankara Narayanan Radhamangalam)

Nageshwar Rao Paladugu
Managing Director
28 August 2013

Condensed Statement of Comprehensive Income

For the three months ended 30 June 2013

	(Unaudited) 3 months ended 30-Jun-13 $000	(Unaudited) 3 months ended 30-Jun-12 $000
Interest revenue	758	526
Interest expense	(106)	(54)
Net interest income	**652**	**472**
Gains/(losses) on financial instruments at fair value	-	-
Other income	253	27
Total operating income	**905**	**499**
Employee benefits	(246)	(146)
Depreciation	(18)	(18)
Impairment losses on loans and advances	(55)	(33)
Other operating expenses	(326)	(274)
Profit before tax	**260**	**28**
Taxation expense	(73)	(8)
Net profit and total comprehensive income after tax	**187**	**20**

Condensed Statement of Changes in Equity

For the three months ended 30 June 2013

(Unaudited)	Share Capital $000	Retained Earnings $000	Total $000
Balance as at 1 April 2012	**50,000**	**203**	**50,203**
Total comprehensive income for the period	-	20	**20**
Capital contribution from parent	-	-	-
Balance as at 30 June 2012	**50,000**	**223**	**50,223**
Balance as at 1 April 2013	**50,000**	**473**	**50,473**
Total comprehensive income for the period	-	**187**	**187**
Capital contribution from parent	-	-	-
Balance as at 30 June 2013	**50,000**	**660**	**50,660**

The accompanying notes on pages 10 to 13 form part of these condensed financial statements

Condensed Statement of Financial Position

As at 30 June 2013

	Note	(Unaudited) 30-Jun-13 $000	(Audited) 31-Mar-13 $000	(Unaudited) 30-Jun-12 $000
ASSETS				
Cash		28	44	16
Balance due from related parties	6	2,983	3,672	2,826
Due from other financial institutions	7	16,977	29,463	42,249
Loan and advances		43,084	30,490	12,893
Current tax assets		-	36	117
Other assets		366	593	317
Property and equipment		582	600	652
Deferred tax assets		60	45	13
Total assets		**64,080**	**64,943**	**59,083**
Total Interest Earning and Discount Bearing Assets		63,152	63,348	57,935
LIABILITES				
Balance due to related parties	6	5,649	5,568	3,969
Deposits and other borrowings		7,579	8,673	4,816
Current tax liabilities		-	-	-
Deferred tax liabilities		-	-	-
Other liabilities		192	229	75
Total liabilities		**13,420**	**14,470**	**8,860**
Net Assets		**50,660**	**50,473**	**50,223**
EQUITY				
Share Capital		50,000	50,000	50,000
Retained earnings		660	473	223
Total shareholder's equity		**50,660**	**50,473**	**50,223**
Total interest and Discount Bearing Liabilities		12,546	11,557	8,418

No financial assets presented in the condensed statement of financial position have been pledged as collateral for liabilities or contingent liabilities.

The accompanying notes on pages 10 to 13 form part of these condensed financial statements

Condensed Statement of Cash Flows

For the three months ended 30 June 2013

	Note	(Unaudited) 30-Jun-13 $000	(Unaudited) 30-Jun-12 $000
Cash flows from operating activities			
Interest received		1,086	563
GST refund received		149	-
Fees and other income		104	27
Operating expenses paid		(745)	(461)
Interest paid		(74)	(20)
Income tax paid		(51)	2
Increase in advances to customers		(12,648)	(7,587)
Net proceeds from related parties		771	295
(Decrease)/increase in deposits from customers		(1,094)	1,914
Net cash flow from operating activities		**(12,502)**	**(5,267)**
Cash flows from investing activities			
Decrease in balances with other financial institutions		12,500	7,000
Purchase of property and equipment		-	(3)
Net cash flow from investing activities		**12,500**	**6,997**
Cash flows from financing activities			
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		**(2)**	**1,730**
Cash and cash equivalents at the beginning of the period		**4,507**	**3,535**
Cash and cash equivalents at the end of the period		**4,505**	**5,265**
Cash and cash equivalents is made up of:			
Cash	7	28	16
Call deposits	7	4,477	5,249
Total cash and cash equivalents		**4,505**	**5,265**

The accompanying notes on pages 10 to 13 form part of these condensed financial statements

Notes to the Condensed Financial Statements

For the three months ended 30 June 2013

1. Basis of preparation

The reporting entity is Bank of India (New Zealand) Limited (the "Bank"). These condensed financial statements have been drawn up in accordance with the requirements of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2013. These condensed financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. These condensed financial statements also comply with IAS 34.

These condensed financial statements were authorised for issue by the directors on 28 August 2013.

2. Significant accounting policies

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments which are carried at fair value.

The same accounting policies and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Bank's financial statements for year ended 31 March 2013.

3. Income tax expense

Interim period income tax is accrued based on 28% of estimated taxable profit.

4. Dividends

During the interim and prior periods, the Bank has not paid any dividends to its shareholder.

5. Segment information

The Bank operates predominantly in the financial services industry within New Zealand.

6. Related party transactions

Identity of related parties

The Bank is wholly owned by Bank of India, a Company incorporated in India. All related party transactions are conducted on normal commercial terms and conditions. No related party debts have been written off or forgiven during the period.

Notes to the condensed financial statements

For the three months ended 30 June 2013

6. Related party transactions (continued)

Transactions with related parties

	(Unaudited) 3 months ended 30-Jun-13 $000	(Unaudited) 3 months ended 30-Jun-12 $000
Interest income		
Bank of India (parent and ultimate parent)	13	9
Other related parties	-	-
Interest expense		
Bank of India (parent and ultimate parent)	-	-
Other related parties	58	34
Deposits with		
Bank of India (parent and ultimate parent)	2,983	2,826
Other related parties	-	-
Deposits from		
Bank of India (parent and ultimate parent)	150	13
Other related parties	5,499	3,956

Notes to the condensed financial statements

For the three months ended 30 June 2013

7. Liquidity risk

The Bank holds the following financial assets for the purpose of managing liquidity risk:

	(Unaudited) as at 30-Jun-13 $000	(Audited) as at 31-Mar-13 $000	(Unaudited) as at 30-Jun-12 $000
Cash	28	44	16
Due from other financial institutions (call deposits)	4,477	4,463	5,249
Due from other financial institutions (short term deposits)	12,500	25,000	37,000
Balance due from related parties	2,983	3,672	2,826
Total liquid assets	**19,988**	**33,179**	**45,091**

8. Unusual transactions

There have been no unusual transactions materially affecting the financial accounts of the Bank for the period ended 30 June 2013 (31 March 2013: $nil; 30 June 2012: $nil).

9. Contingencies

The Bank has approved $5.1 million of loans and advances which had not been paid out at reporting date (31 March 2013:$3.5 million; 30 June 2012:$6.6million).

10. Commitments

Capital commitments

As at 30 June 2013, the Bank does not have any commitments for capital expenditure (31 March 2013: $nil; 30 June 2012: $nil).

Operating lease commitments

Operating leases relates to the Bank's premises and motor vehicles.

	(Unaudited) as at 30 June 2013 $000	(Audited) as at 31 March 2013 $000	(Unaudited) as at 30 June 2012 $000
No longer than one year	287	175	175
Longer than one year and not longer than five years	906	478	608
Longer than five years	584	-	-
Total	**1,777**	**653**	**783**

11. Events after the end of the reporting period

There were no significant subsequent events subsequent to 30 June 2013.

The following supplementary disclosures are made in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2013.

1. Asset quality

As at 30 June 2013 (Unaudited)	**Residential mortgage loans** $000	**On balance sheet corporate exposures** $000	**Other on balance sheet exposures** $000	**Total** $000
Total individually impaired assets (before allowance for credit impairment loss)	-	-	-	-
Total individual credit impairment allowance	-	-	-	-
Total collective credit impairment allowance	98	95	-	193
Total assets over 90 days past due but not impaired	-	-	-	-
Increase/(decrease) in individual credit impairment allowances charged to statement of comprehensive income	-	-	-	-
Increase/(decrease) in collective credit impairment allowances charged to statement of comprehensive income	16	39	-	55

The Bank does not have any financial assets designated as fair value through profit or loss as at and for the three months ended 30 June 2013. As such, there were no changes in fair value attributable to changes in credit risks that have been charged to the statement of comprehensive income for the three months ended 30 June 2013.

2. Capital adequacy

The following capital adequacy information is disclosed in relation to the Bank and is derived in accordance with the conditions of registration relating to capital adequacy. For the purpose of the conditions of registration, capital requirements and ratios are calculated in accordance with the Reserve Bank of New Zealand Capital Adequacy Framework (Standardised Approach) (BS2A) dated March 2013.

Capital and capital ratios

	$000
As at 30 June 2013 (unaudited)	
Tier 1 capital	
Common Equity Tier 1 ("CET1") capital	
Issued and fully paid up ordinary share capital	50,000
Retained earnings	660
Less deductions from CET1 capital	-
Deferred tax assets	*(60)*
Total Common Equity Tier 1 capital	**50,600**
Additional Tier 1 ("AT1") capital	-
Tier 1 capital	**50,600**
Tier 2 capital	-
Total capital	**50,600**

Capital ratios and solo capital adequacy	**(Unaudited) as at 30 June 2013**	**(Unaudited) as at 30 June 2012**
Common equity Tier 1 capital ratio	125%	n/a
Tier 1 capital ratio	125%	223%
Total capital ratio	125%	223%

Minimum ratio requirement	**(Unaudited) as at 30 June 2013**	**(Unaudited) as at 30 June 2012**
Common equity Tier 1 capital ratio	4.5%	n/a
Tier 1 capital ratio	6%	4%
Total capital ratio	8%	8%

Buffer ratio	**(Unaudited) as at 30 June 2013**	**(Unaudited) as at 30 June 2012**
Buffer ratio	117%	n/a
Buffer ratio requirement	2.5%	n/a

The Bank has 50,000,010 fully paid ordinary shares (tier one capital) issued at NZ$1 per share. Bank of India is the sole shareholder. Each share confers on the holder the right to:

- one vote on a poll at a meeting of the Bank on any resolution
- the right to equal share in dividends authorised by the board
- the right to an equal share in the distribution of the surplus assets of the Bank.

Pillar 1 capital requirements

As at 30 June 2013 (Unaudited)	Pillar 1 capital requirement $000
On-balance sheet credit risk:	
Residential mortgages (including past due)	724
Corporate	1,489
Claims on banks	402
Other	93
Total on-balance sheet credit risk	**2,708**
Other capital requirements:	
Off-balance sheet credit exposures	91
Operational risk	406
Market risk	48
Total other capital requirements	**545**
Total Pillar 1 capital requirement	**3,253**

Residential mortgage by loan-to-valuation ratio (LVR)

LVR range As at 30 June 2013 (Unaudited)	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Value of exposures – On Balance Sheet	20,981	3,414	-	24,395
Value of exposures – Off Balance Sheet	4,305	-	-	4,305
Total value of exposure	**25,286**	**3,414**	**-**	**28,700**

Capital requirements for other material risks

The other material risks that the Bank has identified are described below:

Reputation Risk: The risk of potential damage to the Bank from a deterioration of reputation.

Transfer Risk: The risk that funds in foreign currencies cannot be transferred out of a country. The risk relates to specific explicit government restrictions or simply depleted foreign exchange funds in the non-industrial countries of Africa, Asia, Latin America and Central and Eastern Europe.

Strategic / Business Risks: Current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes.

Tax Risk: Risk arising from adverse changes in relevant taxation laws, failure to correctly identify implications of existing taxation laws or breaches of tax laws.

Legal Risk: Risk arising from legal proceedings or failure to legally enforce a contractual arrangement relating to the Bank's activities.

The Bank has reviewed these other risks and do not believe any individual risk as being material and requiring a capital allocation. The Bank will review this allocation methodology every reporting period in line with industry practice as this area evolves over time.

The Bank measures the primary risks and its overall minimum Capital Adequacy Ratio in accordance with the Reserve Bank document entitled "Capital Adequacy Framework" (Standardised Approach) (BS2A) dated March 2013. The Bank's approach to assess capital adequacy recognises the importance of using both quantitative techniques and qualitative assessment/management judgement in arriving at a final measure of risk. As part of its on-going capital planning and budgeting processes management also develops a range of scenarios as a basis for identifying plausible severe loss events and changes in market conditions and measures/quantifies the potential financial impacts (direct and indirect) on the Bank's capital adequacy for the foreseeable future (2-3 years).

Senior management of the Bank is responsible for the capital planning and budgeting process and is required to perform ongoing calculation of Capital Adequacy Ratio and report this to the board of Directors on a regular basis. The Board of Directors of the Bank is responsible to monitor the Capital Adequacy Ratio on a regular basis.

3. Concentration of credit exposures to individual counterparties

Credit exposure is calculated on the basis of actual exposure net of any amounts offset and any individual credit impairment allowances. The credit exposure information excludes credit exposures to connected persons, bank counterparties and the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent.

There were no individual bank and non-bank counterparties which the Bank's Banking Group has an aggregate credit exposure that equals or exceeds 10% of the Bank's Banking Group's equity as at 30 June 2013.

There were no individual bank and non-bank counterparties which the Bank's Banking Group has a peak end-of-day aggregate credit exposure that equals or exceeds 10% of the Bank's Banking Group's equity for the three months ended 30 June 2013.

4. Insurance Business and Non-Financial Activities

The Bank does not conduct any insurance business or non-financial activities.

5. Risk management policies

There has been no material change in the Bank's risk management policies since the date of the previous Disclosure Statement dated 31 March 2013. The Bank has not been exposed to any new categories of risk since the date of the previous Disclosure Statement dated 31 March 2013.

Conditions of registration apply on and after 31 March 2013.

The registration of Bank of India (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 percent;
   (b) the Tier 1 capital ratio of the banking group is not less than 6 percent; and
   (c) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5 percent; and
   (d) the capital of the banking group is not less than $30 million.
   (e) the process in Subpart 2H of the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated March 2013 is followed for the recognition and repayment of capital.

   For the purposes of this condition of registration, capital, the Total capital ratio, 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 March 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 assessment 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 March 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 purpose of this condition of registration,—

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

This condition of registration applies on and 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 ratings of the bank[1]	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 percent of the banking group's tier 1 capital.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated March 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 31 March 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 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" (BS 14) dated March 2011.

[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.)

7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:

    (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
    (b) the Reserve Bank has advised that it has no objection to that appointment.

8. That a person must not be appointed as chairperson of the board of the bank unless:

    (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
    (b) the Reserve Bank has advised that it has no objection to that appointment.

9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:

    (a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;
    (b) the committee must have at least three members;
    (c) every member of the committee must be a non-executive director of the bank;
    (d) the majority of the members of the committee must be independent; and
    (e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

    For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS 14) 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 purpose 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.

In these conditions of registration,—

"banking group" means Bank of India (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.