



Bank of India (New Zealand) Limited

Disclosure Statement
For the period ended 30 September 2024

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General Disclosures

For the six months ended 30 September 2014

1. Reporting Directive

This Disclosure Statement has been prepared under the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended).

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 2014 (as amended), the Bank is currently the only entity within the Registered 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

The obligations of the Bank are guaranteed by its ultimate parent, Bank of India (refer to section 6 below for further details on the guarantee arrangement).

There are no known regulations, legislation or other restrictions of a legally enforceable nature which may materially inhibit the legal ability of Bank of India to provide material financial support to Bank of India (New Zealand) Limited.

4. Interests in 5% or more of voting securities of registered bank

Bank of India (New Zealand) Limited is 100% owned by Bank of India. Therefore Bank of India has the ability to directly appoint 100% of the board of directors of Bank of India (New Zealand) Limited.

5. Priority of creditors' claims

As at 30 September 2014, all creditors of the Bank have equal priority of claims over the Bank's assets in the event that the Bank is liquidated or ceases to trade.

General Disclosures

For the six months ended 30 September 2014

6 Guarantee Arrangements

The obligations of Bank of India (New Zealand) Limited are guaranteed under a deed of guarantee dated 14 January 2011 given by its ultimate parent bank, Bank of India, in favour of the creditors of Bank of India (New Zealand) Limited ("the Guarantee").

Copies of the Guarantee are attached as Appendix 3.

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.

Details of the capital adequacy for the Bank of India as at 31 March 2014 are as follows:

Capital	373,510,000,000 INR
Capital/Risk Weighted Exposures (%)	10.76 %

The 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 & Poor's
Current Credit Rating:	BBB- /Stable/A-3

On 29 September 2014, Standard & Poor's has revised the outlooks on the long term counterparty credit ratings on the Bank of India from BBB- (negative) to BBB- (stable).

Descriptions of credit rating scales are contained in Appendix 1.

Details of Guaranteed Obligations

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

There are no material legislative or regulatory restrictions in India which would have the effect of subordinating the claims under the Guarantee of any of the creditors of Bank of India (New Zealand) Limited on the assets of the guarantor, to other claims on the guarantor, in a winding up of that guarantor.

The deed of guarantee does not have an expiry date.

6 **Guarantee Arrangements (continued)**

Material Cross Guarantees

There are no material cross guarantees.

7 **Directors**

The Bank has the following directors:

- Rabin Sockalingam Rabindran, Chairman and Independent Director (appointed on 31 May 2013)
- Sanjaya Singh Gaur, Independent Director (appointed on 31 May 2012)
- Sameer Handa, Independent Director (appointed on 12 July 2013)
- Sankara Narayanan Anantharaman Radhamangalam, Director (appointed on 15 August 2013)
- Ranjitkumar Amarendra Jha, Managing Director (appointed on 13 December 2013)
- Judith Ann Whiteman, Independent Director (appointed on 4 March 2014)
- Koteeswaran Rajaveloo (appointed on 14 July 2014)
- Tarun Kanji, Independent Director (resigned on 13 June 2014)

Communications to the directors should be addressed to:
10 Manukau Road, Epsom, Auckland 1023, New Zealand

Sanjaya Singh Gaur, Sameer Handa, Rabin Sockalingam Rabindran and Judith Ann Whiteman are independent directors who are not employees of the Bank of India (New Zealand) Limited or of any other entity able to control or significantly influence the Bank. The Chairman of the Board is therefore independent. Sanjaya Singh Gaur, Sameer Handa, Rabin Sockalingam Rabindran and Judith Ann Whiteman are residents in New Zealand.

Ranjitkumar Amarendra Jha, Managing Director, is resident in New Zealand.

Sankara Narayanan Anantharaman Radhamangalam, Director, is resident in India.

Koteeswaran Rajaveloo, Director, is resident in India.

General Disclosures

For the six months ended 30 September 2014

Qualifications and other directorships

	Qualifications	Details of other directorships
Rabin Sockalingam Rabindran Primary Occupation: Commercial Barrister and International legal consultant.	Barrister-at-Law (Middle Temple), Master of Arts (Business Law), Associate Member of Arbitrators' and Mediators' Institute of NZ Inc.	Auckland Transport, Regional Land Transport Programme Public Hearings Panel (Chairman), Election Signs Bylaw Public Hearings Panel (Chairman), New Zealand Liaoning International Investment & Development Co. Ltd., Solid Energy New Zealand Limited.
Koteeswaran Rajaveloo Primary Occupation Banker	Bachelor of Commerce, Certified Associate of the Indian Institute of Bankers (CAIIB)	Bank of India, India.
Sanjaya Singh Gaur Primary Occupation: Associate Professor at Auckland University of Technology	Master of Science (Hons.), Bachelor of Engineering (Hons.), Master of Philosophy in Management, Doctor of Philosophy in Management.	Nil
Sameer Handa Primary Occupation Chief Executive Officer at Patton Limited	Bachelor of Engineering (B.E. Mechanical), Master of Business Administration (MBA).	Refrigerant Recovery NZ, SVM Holdings, Auckland, Hotunui Investments Ltd. New Zealand, Patton Australia Pte Ltd, Brisbane, Australia, Metjak Pty Ltd., Perth, Australia, Air Conditioning & Refrigeration Parts CQ Pty Ltd, Queensland, Australia, Mcdelea Pty Ltd., New Sould Wales, Australia, Ozcold Pty Ltd., Gold Coast, Australia, Patton Aero Co. Ltd, Bangkok, Thailand, Patton Refrigeration India Pvt. Ltd., India
Sankara Narayanan Anantharaman Radhamangalam Primary Occupation Banker	B.Sc., M.A, Master of Business Administration (MBA), Certified Associate of the Indian Institute of Bankers (C.A.I.I.B), Diploma in Treasury Management and Risk Management, Diploma in Computer ProgramminG, PG Diploma in Financial Management, PG Diploma in Personnel Management.	Commonwealth Finance Corporation Limited, Hong Kong
Ranjit Kumar Amarendra Jha Primary Occupation Banker	Bachelor of Science, Certified Associate of the Indian Institute of Bankers (C.A.I.I.B)	Nil
Judith Ann Whiteman Primary Occupation Independent consultant and Director	BA- Accounting, Institute of Chartered Accountants in Australia, CPA Australia	Presbyterian Support Northern (Independent Trustee), Te Waipuna Puawai Mercy Oasis Ltd.

General Disclosures

For the six months ended 30 September 2014

The directors, their immediate relatives and close business associates have not entered into any transactions with the Bank or any member of the Banking Group which either have been entered into on terms other than those under the ordinary course of business of the Bank, or which could otherwise be reasonably likely to influence materially the exercise of that director's duties.

The Board Audit Committee consists of three directors of which two are independent.

The chairman of the Board Audit Committee is Ms. Judith Ann Whiteman. The other members of the Board Audit Committee are Mr.Rabin Sockalingam Rabindran and Mr.Sankara Narayanan Anatharaman Radhamangalam.

The Bank's code of conduct states: Members of core management are expected to devote their total attention to the business interests of the Bank. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Bank or otherwise is in conflict with or prejudicial to the Bank. If any member of the core management considers investing in securities issued by the Bank's customers, suppliers or competitors they should ensure that these investments do not compromise their responsibilities to the Bank. Many factors including the size and nature of the investment; their ability to influence the Bank's decisions; their access to confidential information of the Bank or any other entity, and the nature of the relationship between the Bank and the counterparty should be considered in determining whether a conflict exists. Additionally they should disclose to the Bank any interest which they have which may conflict with the business of the Bank. As a general rule, the members of the core management should avoid conducting the Bank's business with a relative or any other entity in which the relative is associated in any significant role. If such a related party transaction is unavoidable, they must fully disclose the nature of the transaction to the appropriate authority.

Any dealings with a related party must be conducted in such a way that no preferential treatment is given to that party. In the case of any other transaction or situation giving rise to conflicts of interests, the appropriate authority should, after due deliberations, decide on its impact.

8 Auditor

The name and address of the auditor whose report is referred to in the Disclosure Statement:

KPMG
18 Viaduct Harbour Avenue
P.O.Box 1584 Shortland Street
Auckland 1140
New Zealand

9 Conditions of Registration

Effective 30 March 2014, 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 changes to put into effect restrictions on high loan-to-valuation residential mortgage lending. The conditions of registrations also updated certain definitions in the conditions which become effective on 1 April 2014 under the Financial Reporting Act of 2013. A copy of the full revised conditions of registration effective on or after 30 March 2014 can be found in Appendix 2.

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

General Disclosures

For the six months ended 30 September 2014

Conditions of Registration- continued

Effective 1 July 2014, the Reserve Bank of New Zealand (RBNZ) has made changes to the conditions of registration for the Bank. The changes refer to:

- * Revised version of "Capital Adequacy Framework (Standardised Approach)" (BS2A), to update various defined terms relating to capital requirements for the residential mortgage lending.
- * Revised version of "Framework for Restrictions on High LVR Residential Mortgage Lending" (BS19), to amend certain defined terms in the loan-to-valuation ratio (LVR) restrictions applying to our bank as a consequence of changes to BS2A and to add additional clauses on anti avoidance.
- * New versions of several handbook documents which need updating to take into account of the coming into force of the Financial Reporting Act 2013.

10 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 in New Zealand or elsewhere that may have a material adverse effect on the Bank.

11 Credit Ratings

Bank of India (New Zealand) Limited 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 Crediting Rating:	BBB-/Stable A-3

On 29 September 2014, Standard & Poor's has revised the outlooks on the long term counterparty credit ratings on the Bank of India from BBB- (negative) to BBB- (stable).

Descriptions of credit rating scales are contained in Appendix 1.

12 Other material matters

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

Director's Statement

For the six months ended 30 September 2014

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 is not false or misleading; and
- The Disclosure Statement contains all information that is required by the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended).

Furthermore, each director believes, after due enquiry that over the period ended 30 September 2014:

- The Bank has complied with all conditions of registration that applied during the year;
- Credit exposure to connected persons 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 Ranjitkumar Amarendra Jha as director and responsible person on behalf of all the directors: (The directors of the Bank were Ranjitkumar Amarendra Jha, Koteeswaran Rajaveloo, Sanjaya Singh Gaur, Sameer Handa, Rabin Sockalingam Rabindran, Sankara Narayanan Anantharaman Radhamangalam, Judith Ann Whiteman).



Ranjitkumar Amarendra Jha

Managing Director

11 November 2014

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Statement of Comprehensive Income

For the 6 months ended 30 September 2014

		(Unaudited)	(Audited)	(Unaudited)
	Note	30-Sep-14	31-Mar-14	30-Sep-13
		\$000	\$000	\$000
Interest income	2	1,954	3,287	1,588
Interest expense	2	(398)	(462)	(214)
Net interest income		1,556	2,825	1,374
Other income	3	138	378	257
Total operating income		1,694	3,203	1,631
Operating expenses	4	(1,338)	(2,448)	(1,135)
Impairment losses on loans and advances	16	(12)	(95)	(91)
Profit before income tax		344	660	405
Taxation expense	6	(94)	(194)	(122)
Net Profit after tax		250	466	283
Other Comprehensive income		-	-	-
Total comprehensive income		250	466	283

Statement of Changes in Equity

For the six months ended 30 September 2014

	Share Capital	Retained Earnings	Total
	\$000	\$000	\$000
Balance as at 1 April 2013	50,000	473	50,473
Total comprehensive income for the period	-	283	283
Balance as at 30 September 2013	50,000	756	50,756
Balance as at 1 April 2013	50,000	473	50,473
Total comprehensive income for the year	-	466	466
Balance as at 31 March 2014 (Audited)	50,000	939	50,939
Balance as at 1 April 2014	50,000	939	50,939
Total comprehensive income for the period	-	250	250
Balance as at 30 September 2014	50,000	1,189	51,189

The accompanying notes on pages 12 to 47 form an integral part of these financial statements and should be read in conjunction with the financial statements.

Statement of Financial Position

As at 30 September 2014

	Note	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
ASSETS				
Cash	7	156	65	73
Due from other financial institutions	11	15,478	16,140	13,006
Balance due from related parties	12	3,391	2,742	2,808
Loans and advances	5, 16	55,213	48,564	49,587
Other assets	10	271	361	262
Current tax assets		-	-	-
Property and equipment	9	1,097	1,149	1,152
Deferred tax assets	6	65	60	61
Total assets		75,671	69,081	66,949
<i>Total Interest Earning and Discount Bearing Assets</i>		<i>73,941</i>	<i>67,138</i>	<i>65,531</i>
LIABILITIES				
Balance due to related parties	12	14,191	11,752	6,529
Deposits and other borrowings	8	10,025	6,123	9,437
Other liabilities		232	257	177
Current tax liability		34	10	50
Total liabilities		24,482	18,142	16,193
NET ASSETS		51,189	50,939	50,756
EQUITY				
Share capital	13	50,000	50,000	50,000
Retained earnings		1,189	939	756
Total shareholder's equity		51,189	50,939	50,756
<i>Total interest and Discount Bearing Liabilities</i>		<i>21,891</i>	<i>16,961</i>	<i>13,001</i>

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

The board of directors of Bank of India (New Zealand) Limited authorised these financial statements for issue on 11 November 2014

Signed for and on behalf of the board of directors



The accompanying notes on pages 12 to 47 form an integral part of these financial statements and should be read in conjunction with the financial statements.

Statement of Cash Flows

For the six months ended 30 September 2014

	Note	(Unaudited) 30-Sep-14 \$000	(Unaudited) 30-Sep-13 \$000
Cash flows from operating activities			
Interest received		1,928	1,917
Fees and other income		138	257
Operating expenses paid		(1,249)	(1,095)
GST refund received		44	-
Interest paid		(376)	(238)
Income tax paid		(75)	(52)
Increase in advances to customers		(6,661)	(19,188)
Net proceeds from related parties		1,790	1,825
(Decrease)/Increase in deposits from customers		3,901	764
Net cash flow used in operating activities	14	(560)	(15,810)
Cash flows from investing activities			
Decrease in balances with other financial institutions		2,000	18,000
Purchase of property and equipment		(11)	(618)
Net cash flow from investing activities		1,989	17,382
Cash flows from financing activities			
Proceeds from issuance of shares		-	-
(Payment to)/proceeds from to related parties		-	-
Net cash flow used in financing activities		-	-
Net increase in cash and cash equivalents		1,429	1,572
Cash and cash equivalents at the beginning of the period		7,705	4,507
Cash and cash equivalents at the end of the period		9,134	6,079
Cash and cash equivalent is made up of:			
Cash	7	156	73
Cash equivalent due from other financial institutions at call	11	8,978	6,006
Total cash and cash equivalents		9,134	6,079

The accompanying notes on pages 12 to 47 form an integral part of these financial statements and should be read in conjunction with the financial statements.

Notes to financial statements

For the six months ended 30 September 2014

1 SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

Bank of India (New Zealand) Limited (the "Bank") is a profit-oriented entity incorporated under the Companies Act 1993 and domiciled in New Zealand. Its principal activity is the provision of banking services. Bank of India (New Zealand) Limited was incorporated on 9 October 2008. It became a registered bank on 31 March 2011.

The Bank is a reporting entity for the purposes of the Financial Reporting Act 2013 (FRA 2013). Its financial statements comply with the requirements of that Act and the requirements of the Registered Bank Disclosure Statement (New Zealand Incorporated Banks) Order 2014 (as amended).

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 Standards ("NZ IAS") 34 Interim Financial Reporting and should be read in conjunction with the Disclosure Statement for the year ended 31 March 2014.

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

The financial statements were authorised for issue by the directors on 11 November 2014

1.2 Basis of Preparation

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

The functional and presentation currency is New Zealand Dollars (NZD).

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

1.3 Accounting judgments and major sources of estimation uncertainty

In the application of the Bank's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Allowance for impairment losses

Impairment allowance on each loan or receivable is evaluated based upon management's judgements in applying the accounting policy in 1.14.

The determination of impairment allowance required for loans which are deemed to be individually significant often requires the use of considerable management judgement concerning such matters as local economic conditions, the financial performance of the counterparty and the value of any collateral held, for which there may not be a readily accessible market. The actual amount of the future cash flows and their timing may differ from the estimates used by the management and consequently may cause actual losses to differ from the reported allowances.

Notes to financial statements

For the six months ended 30 September 2014

1.4 Standards and Interpretations effective in current period

The following standards and interpretations have become mandatory for the Bank since the previous balance date.

NZ IAS 32 (Amendment)- Financial Instruments: Presentation- The amendment clarifies existing application issues relating to the offsetting rules and reduces the level of diversity in current practice. It also clarifies the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement".

NZ IFRS 10, NZ IFRS 12 and NZ IFRS 27 (Amendment) - Investment Entities- The amendment requires a qualifying investment entity to account for investment controlled entities -as investments in associates and joint ventures- at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. The consolidation exception is mandatory- not optional.

NZ IAS 36 (Amendment) – *Impairment of Assets* - The amendment reverses the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount for every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amounts is required to be disclosed only when an impairment loss has been recognized or reversed.

NZ IAS 39 (Amendment) - *Financial Instruments: Recognition and Measurement* - The amendment allows hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

IFRIC 21 - *Levies* - The Standard provides guidance on the accounting of levies in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The Standards provides insights regarding the definition of levies, and the timing or recognition of provision related to government impose levies.

The amendments to the standards did not have any impact on the accounting policies, financial position or performance of the Bank.

1.5 Standards and Interpretations in issue not yet adopted

IFRS 15 – Revenue from customers NZ IFRS 15 replaces the following:

- IAS 18 Revenue
- IAS 11 Construction Contracts
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 15 Agreement for the Construction of Real Estate
- IFRIC 18 Transfers of Assets from Customers
- SIC 31 Revenue – Barter Transactions involving Advertising Services

The new Standard has introduced a new model for the recognition of revenue using which revenue is required to be recognized. The model requires revenue to be recognized based on the contractual implications of individual contracts. Moreover, consideration is required to be measured as the amount to which the Company expects to be entitled, rather than fair value of consideration. It is applicable for annual periods beginning on or after 1 January 2016.

Notes to financial statements

For the six months ended 30 September 2014

IFRS 9 – Financial instruments

The Standard has completely been issued by IASB for implementation. The Standard has specified how entity should classify and measure financial assets and liabilities. The Standard has also issued a new impairment model similar to the model proposed in 2013. This Standard is applicable for annual periods beginning on or after 1 January 2017.

NZ IFRS 9 (2013) – Financial instruments

The Standard provides a more principle-based approach to hedge accounting and aligns hedge accounting more closely with risk management. The Standard is applicable for annual periods beginning on or after 1 January 2017.

IAS 27 – Equity method in separate financial statements

The amendments have introduced the option to use equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments are applicable for annual periods beginning on or after 1 January 2016.

Amendments to Defined Benefit Plans: Employee Contributions (Amendment to IAS 19)

The amendments introduce a practical expedient for accounting for certain contributions from employees or third parties to defined benefit plans. The amendments have made such contributions eligible for the practical expedient if they are:

- Set out in the formal terms of the plan
- Linked to service; and
- Independent of the number of years of service.

When contributions are eligible for the practical expedient, a company is permitted to recognize them as a reduction of the service cost in the period in which the related service is rendered. This amendment is applicable for periods beginning on or after 1 July 2014.

Amendments to NZ IAS 8 and IAS 38

The Standard clarifies that it is not appropriate to have a depreciation or amortisation method which is based on revenue generated from an activity includes the use of an asset. It is not appropriate, because a revenue-based method would reflect a pattern of economic benefits generated from operating the business (of which the asset is part), rather than economic benefits consumed through use of the asset. The Standard is applicable for annual periods beginning on or after 1 January 2016.

Amendment to IFRS 11 – Acquisition of interest in joint ventures

This Standard addresses how a joint operator accounts for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business. The joint operator applies the relevant principles for business combinations accounting in NZ IFRS 3 Business Combinations and other relevant Standards. This is applicable for annual periods beginning on or after 1 January 2016.

Annual improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

Effective for reporting periods beginning on or after 1 July 2014. This standard includes amendments to a number of Standards that are largely clarifications, including for example, amendments to NZ IAS 24: Related Party Disclosures, which clarifies that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity.

Notes to financial statements

For the six months ended 30 September 2014

Annual improvements to IFRS 2012-2014 Cycle

The IASB has issued an exposure draft (ED), proposing amendments to the following four standards:

- IFRS 5 Non-current assets held for sale and discontinued operations
- IFRS 7 Financial instruments: Disclosures
- IAS 19 Employee benefits
- IAS 34 Interim Financial Reporting

Except for the proposed amendments to IFRS 5, the proposals would apply retrospectively for annual periods beginning on or after 1 January 2016.

1.6 Foreign currency transactions

The Bank's financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the Bank are expressed in New Zealand dollars (NZD), which is the functional and presentation currency of the Bank and are rounded to the nearest thousand.

In preparing the financial statements of the Bank, transactions in currencies other than the Bank's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except when deferred in other comprehensive income as qualifying cash flow hedges.

1.7 Goods and Services Tax (GST)

The profit and loss component of the statement of comprehensive income and all items in the statement of financial position have been prepared so that all components are stated inclusive of GST except to the extent that GST is recoverable from the Inland Revenue.

1.8 Comparatives

When the presentation or classification of items is changed, comparative amounts are reclassified unless the reclassification is impracticable. There have been no presentation or classification changes in the current period.

1.9 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Bank and that revenue can be reliably measured. The principal sources of revenue are interest income and fees.

Interest

For financial instruments measured at amortised cost, the effective interest method is used to measure the interest income or expense recognised in the statement of comprehensive income.

For financial instruments measured at fair value, interest income or expense is recognised on an accrual basis on a yield to maturity basis.

Fees are generally recognised on an accrual basis when the service has been provided.

Lending Fees

Fees and direct costs relating to loan origination, financing or restructuring and to loan commitments are deferred and amortised to interest income over the life of the loan using the effective interest method. Lending fees not directly related to the origination of a loan are recognised over the period of service.

Notes to financial statements

For the six months ended 30 September 2014

Commission and other fees

Commissions or fees related to specific transactions or events are recognised in the statement of comprehensive income when the service is provided to the customer. When they are charged for services provided over a period, they are taken to other income on an accrual basis as the service is provided.

Other income

Dividend income is recorded in the statement of comprehensive income when the Bank's right to receive the dividend is established. Realised and unrealised gains and losses from remeasurement of financial instruments at fair value through profit or loss are included in other income.

1.10 Finance costs

Interest expense is accrued on a time basis using the effective interest method. All other finance costs are recognised in profit or loss in the period in which they are incurred.

1.11 Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.



Notes to financial statements

For the six months ended 30 September 2014

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

1.12 Cash and cash equivalents

Cash and cash equivalents comprises cash, cash at bank, cash in transit and call deposits due from/to other banks, all of which are used in the day-to-day cash management of the Bank.

1.13 Statement of cash flows

The following terms are used in the statement of cash flows:

- operating activities are the principal revenue producing activities of the Bank and other activities that are not investing or financing activities;
- investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents; and
- financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Bank.

Certain cash flows have been netted in order to provide more meaningful disclosures, as many cash flows are received and disbursed on behalf of customers and reflect the activities of those customers.

1.14 Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Bank classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables that have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate.

Recognition of financial assets

Loans and receivables are recognised on settlement date and are recognised initially at fair value plus directly attributable transaction costs.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Notes to financial statements

For the six months ended 30 September 2014

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as loans and advances, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Bank's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and advances, where the carrying amount is reduced through the use of an allowance account. When a loan or advance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Asset Quality

Impaired assets consist of assets acquired through the enforcement of security and other impaired assets.

Assets acquired through security enforcement are those assets (primarily real estate) acquired through actual foreclosure or in full or partial satisfaction of a debt. Other impaired assets refer to any credit exposure for which an impairment loss is recognised in accordance with NZ IAS 39 – Financial Instruments: Recognition and Measurement.

A 90 day past due asset is any loan which has not been operated by the borrower within its key terms for at least 90 days and which is not an impaired asset. Although not classified as impaired assets or past due assets, assets in which the counter-party is in receivership, liquidation, bankruptcy, statutory management or any form of administration are reported separately. These are classified as "other assets under administration".

Derecognition of financial assets

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to financial statements

For the six months ended 30 September 2014

1.14 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

The Bank classifies all of its financial liabilities as other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss in accordance with the Bank's general policy on financing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern over which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are initially recorded as a liability and are recognised as a reduction of rental expense on a straight-line basis over the lease term.

1.16 Property and equipment

All items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Subsequent costs are capitalised if it is probable that future economic benefits will flow to the Bank and the costs can be measured reliably. All other maintenance costs are recognised as an expense as incurred.

Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, using the straight-line method or the written down value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The following depreciation rates have been used:

Office equipment	10% written down value method
Furniture	10% written down value method
Leasehold improvements	8% straight-line method
Computer equipment	33.33% straight-line method

Notes to financial statements

For the six months ended 30 September 2014

1.17 Impairment of non-financial assets

At the end of each reporting period, the Bank reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.18 Financial liabilities and equity instruments issued by the Bank

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated at FVTPL, are subsequently measured at the higher of the amount of the obligation under the contract, as determined in accordance with NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies as set out at 1.9 above.

1.19 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes to financial statements

For the six months ended 30 September 2014

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.20 Employee benefits

A provision is recognised for benefits accruing to employees in respect of annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Bank in respect of services provided by employees up to the reporting date.

2 INTEREST

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Interest income			
Loans and advances	1,680	2,693	1,232
From other financial institutions	228	526	329
From related parties	46	68	27
Total interest income	1,954	3,287	1,588
Interest expense			
Deposits by customers	76	160	98
Deposits by related parties	322	302	116
Total interest expense	398	462	214

3 OTHER INCOME

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Banking and lending fee income	43	41	15
Net commission revenue	4	4	3
Net foreign exchange gains	89	114	59
Other revenue	2	6	1
GST recovered	-	213	179
Total other income	138	378	257

Notes to financial statements
For the six months ended 30 September 2014

4 OPERATING EXPENSES

Operating expenses include:

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Auditors remuneration			
- Audit of Disclosure Statements	21	75	23
- Review of Disclosure Statements	19	22	-
- Advisory fee -assistance with LVR policy.	5	-	-
Directors' fees	35	61	47
Depreciation			
Leasehold improvements	44	66	21
Computer equipment	8	16	6
Office equipment	5	8	3
Furniture	6	10	5
Total depreciation	63	100	35
Employee benefit expenses	626	954	453
Operating lease rental expenses	145	251	106

5 LOANS AND ADVANCES

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Residential mortgages loans	28,466	26,520	27,796
Corporate loans	26,762	22,051	21,709
Other loans	230	226	311
Allowance for impairment losses	(245)	(233)	(229)
Net loans and advances	55,213	48,564	49,587
Amounts due for settlement within 12 months	9,366	5,211	2,411
Amounts due for settlement after 12 months	45,847	43,353	47,176
Net loans and advances	55,213	48,564	49,587

6 TAXATION

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Tax expense comprises:			
Current tax expense in respect of the current year	99	211	138
Deferred tax expense relating to the origination and reversal of temporary differences	(5)	(17)	(16)
Prior period adjustment	-	-	-
Total tax expense	94	194	122
<i>The total charge for the year can be reconciled to the accounting profit as follows:</i>			
Profit before income tax expense	344	660	405
Income tax expense calculated at 28% (2013: 28%)	96	185	113
Prior period adjustment	(2)	9	9
Income tax expense recognised in profit or loss	94	194	122

Notes to financial statements
For the six months ended 30 September 2014

6 TAXATION (continued)

Deferred tax assets/(liabilities) arise from the following:

	Opening balance	Charged to profit or loss	Closing balance
	\$000	\$000	\$000
For period ended 30 Sept 2014 (Unaudited)			
Temporary differences			
Property, plant & equipment	(4)	2	(2)
Impairment allowance	65	3	68
Other liabilities	(1)	-	(1)
	60	5	65

	Opening balance	Charged to profit or loss	Closing balance
	\$000	\$000	\$000
For period ended 31 March 2014 (Audited)			
Temporary differences			
Property, plant & equipment	(2)	(2)	(4)
Impairment allowance	39	26	65
Other liabilities	8	(9)	(1)
	45	15	60

	Opening balance	Charged to profit or loss	Closing balance
	\$000	\$000	\$000
For period ended 30 Sept 2013 (Unaudited)			
Temporary differences			
Property, plant & equipment	(2)	-	(2)
Impairment allowance	39	25	64
Other liabilities	8	(9)	(1)
	45	16	61

7 CASH

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Cash on hand	156	65	73
Total cash	156	65	73

Notes to financial statements
For the six months ended 30 September 2014

8 DEPOSITS AND OTHER BORROWINGS

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Retail deposits	10,025	6,123	9,437
Wholesale deposits	-	-	-
Total deposits	10,025	6,123	9,437
Amounts due for settlement within 12 months	9,853	5,917	9,437
Amounts due for settlement after 12 months	172	206	-
Total deposits	10,025	6,123	9,437

9 PROPERTY AND EQUIPMENT

	Leasehold Improvements \$000	Computer Equipment \$000	Office Equipment \$000	Furniture \$000	Total \$000
Costs					
Balance as at 1 April 2013 (Unaudited)	506	39	56	105	706
Additions	522	20	18	28	588
Disposals	-	(3)	-	(3)	(6)
Balance as at 30 September 2013 (Unaudited)	1,028	56	74	130	1,288
Additions	34	1	28	1	64
Disposals	-	-	-	-	-
Balance as at 31 March 2014 (Audited)	1,062	57	102	131	1,352
Additions	-	-	10	1	11
Disposals	-	-	-	-	-
Balance as at 30 September 2014 (Unaudited)	1,062	57	112	132	1,363
Accumulated depreciation					
Balance as at 1 April 2013 (Unaudited)	62	20	8	16	106
Disposals	-	(3)	-	(1)	(4)
Depreciation	20	6	3	5	34
Balance as at 30 September 2013 (Unaudited)	82	23	11	20	136
Disposals	-	-	-	-	-
Depreciation	46	11	5	5	67
Balance as at 31 March 2014 (Audited)	128	34	16	25	203
Disposals	-	-	-	-	-
Depreciation	44	8	5	6	63
Balance as at 30 September 2014 (Unaudited)	172	42	21	31	266
Carrying amount					
Balance as at 30 September 2013 (Unaudited)	946	33	63	110	1,152
Balance as at 31 March 2014 (Audited)	934	23	86	106	1,149
Balance as at 30 September 2014 (Unaudited)	890	15	91	101	1,097

Notes to financial statements

For the six months ended 30 September 2014

10 OTHER ASSETS

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Prepayments	54	170	62
GST refund receivable	-	-	62
Interest receivable	217	191	138
Total other assets	271	361	262
Amounts due for settlement within 12 months	271	361	262
Amounts due for settlement after 12 months	-	-	-
Total other assets	271	361	262

11 DUE FROM OTHER FINANCIAL INSTITUTIONS

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Call deposits	8,978	7,640	6,006
Short term deposits	6,500	8,500	7,000
Total deposits	15,478	16,140	13,006

Amounts due from other financial institutions are due for settlement within 12 months of balance date.

12 RELATED PARTY DISCLOSURE

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

Key management personnel

Key management personnel are defined as being the Directors and Senior Management of the Bank. The information relating to the key management personnel disclosed includes transactions with those individuals, their close family members and their controlled entities.

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Salary and other short term benefits	326	510	240

During the period, the Bank accepted deposits from the key management personnel. These were entered into the normal course of the business and are at interest rates prevailing at the time for comparable transactions with other parties.

Guarantee from parent

The obligations of the Bank are guaranteed under a deed of guarantee dated 14 January 2011 given by its ultimate parent, Bank of India, in favour of the creditors of Bank of India (New Zealand) Limited.

There are no material legislative or regulatory restrictions in India which would have the effect of subordinating the claims under the Guarantee of any of the creditors of Bank of India (New Zealand) Limited on the assets of the guarantor, to other claims on the guarantor, in a winding up of that guarantor.

Notes to financial statements

For the six months ended 30 September 2014

12 RELATED PARTY DISCLOSURE (continued)

Transactions with related parties

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Interest income			
Bank of India (parent and ultimate parent)	46	68	27
Other related parties	-	-	-
Interest expense			
Bank of India (parent and ultimate parent)	-	-	-
Other related parties	322	302	116
Deposits with			
Bank of India (parent and ultimate parent)	3391	2,742	2,808
Other related parties	-	-	-
Deposits from			
Bank of India (parent and ultimate parent)	133	157	109
Other related parties	14,058	11,595	6,420
Deposits with			
Amounts due for settlement within 12 months	3,391	2,742	2,808
Amounts due for settlement after 12 months	-	-	-
Total Deposits with	3,391	2,742	2,808
Deposits from			
Amounts due for settlement within 12 months	1,905	4,014	4,413
Amounts due for settlement after 12 months	12,286	7,738	2,116
Total Deposits from	14,191	11,752	6,529

13 SHARE CAPITAL

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
50,000,010 fully paid ordinary shares	50,000	50,000	50,000

The Bank issued 10 ordinary shares on 9 October 2008 and 50,000,000 ordinary shares on 7 February 2011. All ordinary shares have equal voting rights and share equally in dividends and any profits on winding up. Shares do not have a par value.

Notes to financial statements

For the six months ended 30 September 2014

14 NET CASH FLOWS FROM OPERATING ACTIVITIES

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Profit for the year	250	466	282
Non-cash items:			
Impairment loss recognised on loans and advances	12	95	91
Depreciation and amortisation of non-current assets	63	100	35
Deferred tax assets	(5)	(15)	(16)
Movements in working capital:			
Increase in loans and advances	(6,661)	(18,168)	(19,188)
Decrease/(increase) in interest receivable	(26)	276	329
(Decrease)/increase in deposits from customers	3,902	(2,550)	764
Decrease in balances due to other financial institutions	2,000	16,500	18,000
Increase in balances due to related parties	1,790	7,114	1,825
Decrease/(increase) in prepayments	73	-	64
(Increase)/Decrease in GST refundable	44	(45)	(29)
Increase in current tax liability	24	46	86
Increase/(Decrease) in trade and other payables	(26)	28	(53)
(Add)/deduct items reclassified as investing or financing activities	(2,000)	(16,500)	(18,000)
Net cash used by operating activities	(560)	(12,653)	(15,810)

15 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 (BS2A) dated September 2013 and is disclosed under the Basel III framework in accordance with Schedule 9 of the Order. The information for the comparative period is calculated based on the Basel II framework.

Capital and Capital ratios

	(Unaudited) 30-Sep-14 \$000
Tier 1 capital	
Common Equity Tier 1 ("CET1") Capital	
Issued and fully paid up ordinary share capital	50,000
Retained earnings	1,189
<i>Less deductions from CET1 capital</i>	
Deferred tax assets	(65)
Total Common Equity Tier 1 Capital	51,124
Additional Tier 1 ("AT1") capital	-
Tier 1 Capital	51,124
Tier 2 Capital	-
Total capital	51,124

Notes to financial statements
For the six months ended 30 September 2014

15 **CAPITAL ADEQUACY (continued)**

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Capital ratios and solo capital adequacy			
Common equity Tier 1 capital ratio	98%	94%	110%
Tier 1 capital ratio	98%	94%	110%
Total capital ratio	98%	94%	110%

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Minimum ratio requirement			
Common equity Tier 1 capital ratio	4.5%	4.5%	4.5%
Tier 1 capital ratio	6%	6%	6%
Total capital ratio	8%	8%	8%

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Buffer ratio			
Buffer ratio	90%	86%	102%
Buffer ratio requirement	2.5%	2.5%	2.5%

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.
- There is no capital instrument eligible for phase out.

Credit Risk

The Bank's credit risk exposure is derived in accordance with the Reserve Bank document 'Capital adequacy framework (Standardised Approach)' (BS2A) dated September 2013.

On Balance Sheet exposures as at 30 September 2014	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
	\$000 Unaudited	Unaudited	\$000 Unaudited	\$000 Unaudited
Cash and gold bullion	156	0%	-	-
Banks	17,529	20%	3,506	280
	-	50%	0	0
	1,340	100%	1,340	107
Residential mortgages not past due: LVR upto 80%	22,273	35%	7,796	624
LVR >80% & upto 90%	6,192	50%	3,096	248
LVR exceeds 90%	-	75%	-	-
Corporate Loans	26,762	100%	26,762	2,141
Other assets	1,419	100%	1,419	114
Total on balance sheet exposure	75,671		43,919	3,514



Notes to financial statements
For the six months ended 30 September 2014

35 CAPITAL ADEQUACY (continued)

Off Balance Sheet exposures as at 30 September 2014	Total exposure	Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
	\$000		\$000		\$000	\$000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Other commitments where original maturity is more than on year	3,729	50%	1,864	59%	1,099	88
Total off balance sheet exposure	3,729		1,864		1,099	88

Credit risk mitigation

No on or off-balance sheet exposures are covered by eligible collateral, guarantees or credit derivatives.

Total capital requirements

	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital requirement
	\$000	\$000	\$000
	Unaudited	Unaudited	Unaudited
As at 30 September 2014 (Unaudited)			
Total credit risk + equity risk	79,400	45,018	3,602
Operational risk	n/a	5,000	400
Market risk	n/a	2,373	190
Total	79,400	52,391	4,192

Market risk end of period capital charges

	Implied risk Weighted Exposure	Aggregate Capital Charge
	\$000	\$000
	Unaudited	Unaudited
As at 30 September 2014 (Unaudited)		
Interest rate risk	2,314	185
Foreign currency risk	59	5
Equity risk	-	-
Total	2,373	190



Notes to financial statements

For the six months ended 30 September 2014

15 CAPITAL ADEQUACY (continued)

Market risk peak end-of-day capital charges

(Unaudited) For period ended 30 September 2014	Implied risk Weighted Exposure \$000 Unaudited	Aggregate Capital Charge \$000 Unaudited
Interest rate risk	2,314	185
Foreign currency risk	94	8
Equity risk	-	-
Total	2,408	193

The above capital charges are derived in accordance with the Conditions of Registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework" (Standardised Approach) (BS2A) dated September 2013.

Peak end-of-day capital charges are calculated using the Bank's shareholders' equity at the end of the year.

Operational risk

(Unaudited) For period ended 30 September 2014	Implied risk Weighted Exposure \$000 Unaudited	Total operational risk capital requirement \$000 Unaudited
Operational risk	5,000	400

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

LVR range	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
	Unaudited	Unaudited	Unaudited	Unaudited
value of exposures as at 30 September 2014				
On-balance sheet	22,273	6,192	-	28,465
Off-balance sheet	1,753	-	-	1,753
Total	24,026	6,192	-	30,218

Notes to financial statements

For the six months ended 30 September 2014

15 CAPITAL ADEQUACY (continued)

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 September 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 ongoing 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.

Capital ratios of the ultimate parent bank

	At 31 March 2014	As at 30 September 2013
CET 1 capital ratio	6.84%	7.15%
Tier one capital ratio	7.56%	8.13%
Total capital ratio	10.76%	10.77%

The ultimate parent bank is Bank of India, domiciled in India. Figures are taken from Bank of India's Financial Results for the period ended 31 March 2014 from its website. The above ratios are derived in accordance with the Capital Adequacy Framework (Basel II) as per Reserve Bank of India (RBI) guidelines effective 31 March 2008.

Notes to financial statements

For the six months ended 30 September 2014

15 CAPITAL ADEQUACY (continued)

Bank of India is required by the RBI to hold minimum capital at least equal to that specified under the Basel II (standardised) approach. At balance date (i.e. 31 March 2014) Bank of India was in compliance with the requirements imposed.

Bank of India has published pillar three disclosure information on the implementation of the Basel II capital adequacy framework on its website and can be found at <http://www.bankofindia.co.in>.

16 ASSET QUALITY

The Bank has no past due and impaired assets, individually impaired assets, and individual credit impairment allowances as at 30 September 2014 (2013: \$nil).

Allowance for impairment losses

As at 30 September 2014 (Unaudited)	Residential mortgage loans \$000	On balance sheet corporate exposures \$000	Other on balance sheet exposures \$000	Total \$000
Collectively assessed provisions				
Balance at 1 April 2014	106	127	-	233
Charge to statement of comprehensive income	8	4	-	12
Other movements	-	-	-	-
Balance at 30 September 2014	114	131	-	245
Individually assessed provisions				
Balance at 1 April 2014	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-
Other movements	-	-	-	-
Balance at 30 September 2014	-	-	-	-
Total allowance for impairment losses	114	131	-	245

As at 30 September 2013 (Unaudited)	Residential mortgage loans \$000	On balance sheet corporate exposures \$000	Other on balance sheet exposures \$000	Total \$000
Collectively assessed provisions				
Balance at 1 April 2013	82	56	-	138
Charge to statement of comprehensive income	29	62	-	91
Other movements	-	-	-	-
Balance at 30 September 2013	111	118	-	229
Individually assessed provisions				
Balance at 1 April 2013	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-
Other movements	-	-	-	-
Balance at 30 September 2013	-	-	-	-
Total allowance for impairment losses	111	118	-	229

Notes to financial statements
For the six months ended 30 September 2014

16 **ASSET QUALITY (continued)**

Impairment losses on loans and advances

	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Total
	\$000	\$000	\$000	\$000
Collectively assessed provisions	8	4	-	12
Individually assessed provisions	-	-	-	-
Other movements	-	-	-	-
Balance at 30 September 2014	8	4	-	12
Collectively assessed provisions	29	62	-	91
Individually assessed provisions	-	-	-	-
Other movements	-	-	-	-
Balance at 30 September 2013	29	62	-	91

The Bank assesses on a monthly basis whether objective evidence of impairment exists individually for loans and advances. If the Bank determines that no objective evidence of impairment exists for individually assessed loans and advances, loans and advances with similar credit risk characteristics are grouped and assessed collectively for impairment.

The Bank used loss rates from the Reserve Bank of India directives to calculate its collectively assessed provisions. This is because the Bank has no history of losses to calculate its own loss rates. The Bank has assessed these loss rates as appropriate for the credit risk of its loans and advances.

If there is objective evidence that an impairment on loans and advances has been incurred, the amount of the charge is measured as the difference between the loans and advances' carrying amount and the present value of estimated future cash flows discounted at the loans and advances' original effective interest rate.

The Bank does not have any financial assets designated as fair value through profit or loss as at and for the period ended 30 Sep, 2014 (2013: \$nil). 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 period ended 30 Sep, 2014 (2013: \$nil).

There was no aggregate amount of undrawn balances on lending commitments to counterparties for whom drawn balances are classified as individually impaired as at and for the period ended 30 Sep, 2014 (2013: \$nil).

There were no other assets under administration as at and for the year ended 30 September 2014 (2013: \$nil).

Notes to financial statements

For the six months ended 30 September 2014

17 FINANCIAL INSTRUMENTS

Categories of financial instruments

As at 30 September 2014 (Unaudited)	Loans and receivables	Financial liabilities at amortised cost	Total
	\$000	\$000	\$000
Assets			
Cash	156	-	156
Balance due from related parties	3,391	-	3,391
Due from other financial institutions	15,478	-	15,478
Loans and advances	55,213	-	55,213
Interest receivable	217	-	217
Total financial assets	74,455	-	74,455
Non-financial assets			1,216
Total assets			75,671
Liabilities			
Balance due to related parties	-	14,191	14,191
Deposits and other borrowings	-	10,025	10,025
Other liabilities	-	232	232
Total financial liabilities	-	24,448	24,448
Non-financial liabilities			34
Total liabilities			24,482

Categories of financial instruments

As at 30 September 2013 (Unaudited)	Loans and receivables	Financial liabilities at amortised cost	Total
	\$000	\$000	\$000
Assets			
Cash	73	-	73
Balance due from related parties	2,808	-	2,808
Due from other financial institutions	13,006	-	13,006
Loans and advances	49,587	-	49,780
Interest receivable	138	-	138
Total financial assets	65,612	-	65,805
Non-financial assets			1,144
Total assets			66,949
Liabilities			
Balance due to related parties	-	6,529	6,529
Deposits and other borrowings	-	9,437	9,437
Other liabilities	-	177	177
Total financial liabilities	-	16,143	16,143
Non-financial liabilities			50
Total liabilities			16,193

Notes to financial statements
For the six months ended 30 September 2014

17 **FINANCIAL INSTRUMENTS (continued)**

Fair value of financial instruments

As at 30 September 2014 (Unaudited)	Carrying Amounts \$000	Estimated Fair Value \$000
Financial assets		
Cash	156	156
Balance due from related parties	3,391	3,373
Due from other financial institutions	15,478	15,406
Loans and advances	55,213	55,860
Interest receivable	217	233
Total financial assets	74,455	75,028
Financial liabilities		
Balance due to related parties	14,191	13,897
Deposits and other borrowings	10,025	10,047
Other liabilities	232	232
Total financial liabilities	24,448	24,176

As at 30 September 2013 (Unaudited)	Carrying Amounts \$000	Estimated Fair Value \$000
Financial assets		
Cash	73	73
Balance due from related parties	2,808	2,808
Due from other financial institutions	13,006	13,006
Loans and advances	49,587	49,780
Interest receivable	138	138
Total financial assets	65,612	65,805
Financial liabilities		
Balance due to related parties	6,529	6,529
Deposits and other borrowings	9,437	9,437
Other liabilities	177	177
Total financial liabilities	16,143	16,143

Notes to financial statements

For the six months ended 30 September 2014

17 FINANCIAL INSTRUMENTS (continued)

Fair value estimation

Quoted market prices, when available, are used as the measure of fair values for financial instruments. However, for some of the Bank's financial instruments, quoted market prices do not exist. For such financial instruments, fair values presented are estimates derived using present value or other market accepted valuation techniques. These techniques involve uncertainties and are affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values.

The fair value estimates were determined by application of the methods and assumptions described below.

Cash

For cash assets, the carrying amount is equivalent to the fair value as they are highly liquid. For short term liquid assets, estimated fair values are based on quoted market prices.

Balance due from other financial institutions

These are call and short term deposits with other financial institutions which are relatively liquid and therefore carrying amount is equivalent to fair value.

Advances to customers

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

Other financial assets

Included in this category are interest receivables and other short term receivables. For these balances the carrying value is considered to approximate the fair values, as they are short term in nature or are receivable on demand.

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, the carrying amount is a reasonable estimate of fair value.

Other financial liabilities

Other financial liabilities are generally short-term and are expected to be settled within one year. Therefore, the carrying amount is equivalent to fair value. The following table provides an analysis of financial instruments where the fair value is not equivalent to the carrying amount. The financial instruments are group into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Level 3 inputs are unobservable inputs for the asset or liability.

Notes to financial statements

For the six months ended 30 September 2014

17 FINANCIAL INSTRUMENTS (continued)

As at 30 September 2014 (Unaudited)	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
Loans and receivable				
Due from other financial institutions	-	-	15,406	15,406
Due from related parties	-	-	3,373	3,373
Loans and advances	-	-	55,860	55,860
Other financial liabilities				
Balance due to related parties	-	-	13,897	13,897
Deposits and other borrowings	-	-	10,047	10,047
As at 30 September 2013 (Unaudited)	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
Loans and receivable				
Due from other financial institutions	-	-	13,006	13,006
Due from related parties	-	-	2,808	2,808
Loans and advances	-	-	49,780	49,780
Other financial liabilities				
Balance due to related parties	-	-	6,529	6,529
Deposits and other borrowings	-	-	9,437	9,437

Transfers between levels of fair value hierarchy are determined at the end of the reporting period. There have been no transfers between Level 1 and Level 2 during the year. There have also been no transfers into/out of Level 3 during the period ended 30 September 2014 (2013:\$nil).

Credit risk

Credit risk is the risk of loss arising as a result of the diminution in credit quality of the borrower or counterparty and the risk that the borrower or counterparty will default on contractual repayments under and advance.

As at 31 March 2014, the Bank deposited its funds with financial institutions with a credit rating from Standard & Poors' of AA- (2013: AA-) or with related parties. The Bank has established a Credit Committee that specifically oversees and co-ordinates the Bank's credit risk management functions. The Credit Committee has primary responsibility for identifying, measuring and monitoring the Bank's exposure to credit risk. The Credit Committee reports to the Board on credit risk on a quarterly basis.

18 RISK MANAGEMENT

The credit policy has been set by the Credit Committee and approved by the Board. Bank officers seek Credit Committee approval before deviating from any lending guideline or policy. Credit approval authorities have been delegated by the Board to senior executives of the Bank. Compliance with these policies is monitored by the Credit Committee and reported to the Board.

Credit rating models

The Bank assesses risk at the time of appraisal of the loan using its rating model for various types of borrowers. A business portfolio is assessed on a risk rated basis and a retail portfolio on a scoring basis.

Notes to financial statements

For the six months ended 30 September 2014

18 RISK MANAGEMENT (continued)

Credit exposure ceilings

As a means of avoiding concentration of credit risk, the Bank sets ceilings in relation to single/group borrowers, unsecured borrowers and with respect to each industry sector.

Market risk

Market risk is the risk that exposure to price movements in financial instruments, arising as a result of changes in market variables, will result in a loss suffered by the Bank. The Bank has established a Risk Management Committee that is responsible for, among other things, identifying, measuring and monitoring the Bank's exposure to market risk. The Risk Management Committee meets on a quarterly basis and receives guidance and technical support from staff in the Bank of India head office. The relevant process for each category of market risk is as follows:

Interest rate risk

The Bank undertakes interest rate sensitivity gap analysis on a quarterly basis on a contractual basis as a means of monitoring interest rate risk. Short term interest rate risk is calculated using the Net Interest Earnings at Risk tool.

Foreign exchange risk

The Bank undertakes analysis on material open foreign exchange positions through ensuring foreign exchange deposits are matched by corresponding foreign exchange balances held with financial institutions as a means to monitor foreign exchange risk.

Equity risk

The Bank does not have any equity risk.

Liquidity risk

Liquidity risk occurs when an institution is unable to fulfil its commitment in the time when the commitment falls due. The Risk Management Committee is responsible for identifying, measuring and monitoring liquidity risk affecting the Bank.

The Bank monitors its one-week and one-month mismatch ratios and its core funding ratio on a daily basis to ensure compliance with regulatory requirements.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank's senior management is responsible for implementing the operational risk management initiatives formulated by the Board. The Bank's senior management meets monthly to analyse changes or trends in respects of operational risk. The Bank's senior management may make recommendations to the Board on strategies that may improve the Bank's operational risk profile.

Capital adequacy

The Board and senior management undertake capital planning, in accordance with the Bank's internal capital adequacy assessment policy. As part of the capital planning process, the Board reviews:

- The current capital requirements of the Bank;
- The targeted and sustainable capital in terms of business strategy and risk appetite; and
- Future capital planning (with a three year outlook).

The capital plan is revised on an annual basis or more regularly if necessary, to meet the Bank's obligations under Basel III. For further information, see Note 15.

Notes to financial statements

For the six months ended 30 September 2014

18 RISK MANAGEMENT (continued)

Reviews of Bank's risk management systems

There have been no reviews conducted in respect of the Bank's risk management systems since inauguration.

Internal audit function

The Bank utilises an internal audit function as a control measure to enable senior management of the Bank to monitor and review the Bank on an ongoing basis. The internal audit function of the Bank is part of the Bank of India's policy to ensure that all Bank of India branches and subsidiaries have appropriate systems and procedures in place and comply with all applicable home and host country regulations. Specifically, the Bank is subject to a monthly compliance review that is undertaken by senior management of the Bank. The purpose of this review is to check constant and concurrent compliance with all systems and procedures by the Bank. The Bank of India's head office internal audit team has not reviewed the Bank for this financial year as part of its overseas subsidiaries rotation of internal audits.

Interest repricing

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.

As at 30 Sept 2014 (unaudited)	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non - interest-bearing
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets							
Cash	156	-	-	-	-	-	156
Balance due from related parties	3,391	1,893	1,340	-	-	-	158
Due from other financial institutions	15,478	13,700	1,500	-	-	-	278
Loans and advances	55,213	43,706	765	3,654	7,333	-	(245)
Interest receivable	217	-	-	-	-	-	217
Total financial assets	74,455	59,299	3,605	3,654	7,333	-	564
Financial Liabilities							
Balance due to related parties	14,191	-	-	1,772	414	11,872	133
Deposits and other borrowings	10,025	5,896	1,530	235	-	172	2,192
Other liabilities	232	-	-	-	-	-	232
Total financial liabilities	24,448	5,896	1,530	2,007	414	12,044	2,557

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For the six months ended 30 September 2014

18 **RISK MANAGEMENT (continued)**

As at 30 Sept 2013 (unaudited)	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non-interest-bearing
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets							
Cash	73	-	-	-	-	-	73
Balance due from related parties	2,808	228	1,224	1,331	-	-	25
Due from other financial institutions	13,006	7,932	5,000	-	-	-	74
Loans and advances	49,587	37,876	1,061	4,125	6,287	467	(229)
Interest receivable	138	-	-	-	-	-	138
Total financial assets	65,612	46,036	7,285	5,456	6,287	467	81
Financial Liabilities							
Balance due to related parties	6,529	-	509	3,795	1,714	402	109
Deposits and other borrowings	9,437	5,087	1,344	150	-	-	2,856
Other liabilities	177	-	-	-	-	-	177
Total financial liabilities	16,143	5,087	1,853	3,945	1,714	402	3,142

Notes to financial statements
For the six months ended 30 September 2014

18 RISK MANAGEMENT (continued)

Liquidity risk

The table below summarises the cash flows receivable and payable by the Bank under non-derivative financial assets and liabilities by remaining contractual maturities as at 30 September 2014. The amounts disclosed are contractual undiscounted cash flows and is not disclosed based on expected cash flows. The liquid assets are for the purpose of managing liquidity.

As at 30 Sept 2014 (Unaudited)	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	On demand	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Assets						
Cash	-	-	-	-	156	156
Balance due from related parties	437	2,800	-	-	158	3,395
Due from other financial institutions	5,063	1,619	-	-	8,978	15,660
Advances to customers	3,284	9,211	25,002	43,573	2,017	83,087
Interest receivable	217	-	-	-	-	217
Total financial assets	9,001	13,630	25,002	43,573	11,309	102,515
Liabilities						
Balance due to related parties	-	1,861	14,194	-	133	16,188
Deposits and other borrowings	6,001	345	190	-	3,601	10,137
Other liabilities	232	-	-	-	-	232
Total financial liabilities	6,233	2,206	14,384	-	3,734	26,557
Net non derivative cash flows	2,768	11,424	10,618	43,573	7,575	75,958
Off Balance sheet cash flows						
Loan commitments	-	-	-	-	3,729	3,729
Total	-	-	-	-	3,729	3,729
Net cash flows	2,768	11,424	10,618	43,573	3,846	72,229

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For the six months ended 30 September 2014

18 RISK MANAGEMENT (continued)

As at 30 Sept 2013 (Unaudited)	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	On demand	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Assets						
Cash	-	-	-	-	73	73
Balance due from related parties	229	2,635	-	-	25	2,889
Due from other financial institutions	2,019	5,095	-	-	6,006	13,120
Loans and advances	1,145	4,161	25,379	42,153	1,930	74,768
Interest receivable	138	-	-	-	-	138
Total financial assets	3,531	11,891	25,379	42,153	8,034	90,988
Liabilities						
Balance due to related parties	-	4,452	2,322	-	108	6,882
Deposits and other borrowings	4,471	3,545	-	-	3,502	9,518
Other liabilities	-	-	-	-	177	177
Total financial liabilities	4,471	5,997	2,322	-	3,787	16,577
Net non derivative cash flows	(940)	5,894	23,057	42,153	4,247	74,411
Off Balance sheet cash flows						
Loan commitments	-	-	-	-	2,422	2,422
Total	-	-	-	-	2,422	2,422
Net cash flows	(940)	5,894	23,057	42,153	1,825	71,989

Notes to financial statements

For the six months ended 30 September 2014

19 CONCENTRATION OF CREDIT RISK

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by the industry and geography area of the Bank's main counterparties.

Analysis of on balance sheet credit exposure by industry	(Unaudited)	(Unaudited)
	30-Sep-14	30-Sep-13
	\$000	\$000
Personal & Other Services	50	493
Property & Business Services	32,068	21,342
Finance, Investment & Insurance	20,665	1,963
Retail & Wholesale Trade	2,264	3,635
Hospitality	900	-
Health & Community Services	400	-
Other	1,200	2,082
Households	15,651	19,089
Printing & Related Activities	1,129	1,212
Subtotal	74,327	49,816
Allowance for impairment losses	(245)	(229)
Total on-balance sheet credit exposures	74,082	49,587

Analysis of on balance sheet exposures by geographic area	(Unaudited)	(Unaudited)
	30-Sep-14	30-Sep-13
	\$000	\$000
New Zealand	70,691	49,587
Asia	3,245	-
America	146	-
Total on-balance sheet credit exposures	74,082	49,587

Off balance sheet credit exposures	30-Sep-14	30-Sep-13
	\$000	\$000
Loan commitments	3,729	2,422
Total off-balance sheet credit exposures	3,729	2,422

Analysis of off balance sheet credit exposure by industry	30-Sep-14	30-Sep-13
	\$000	\$000
Property & Business Services	2,274	1,527
Finance, Investment & Insurance	-	142
Retail & Wholesale Trade	14	450
Other	2	5
Households	1,439	217
Printing & Related Activities	-	81
Total off-balance sheet credit exposures	3,729	2,422

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For the six months ended 30 September 2014

19 CONCENTRATION OF CREDIT RISK (continued)

Analysis of maximum exposure to credit risk and collateral and other credit enhancements held:

	Maximum exposure (Unaudited) 30-Sep-14 \$000	Maximum exposure (Unaudited) 30-Sep-13 \$000
Fixed rate mortgages ⁽¹⁾	10,999	11,147
Variable rate mortgages ⁽¹⁾	17,468	16,649
Business lending ⁽²⁾	26,762	21,709
Secured lending (other) ⁽³⁾	185	218
Unsecured lending (other)	44	93
Balance with related parties	3,391	2,808
Due from other financial institutions	15,478	13,006
Total gross credit exposure	74,327	65,630
Allowance for impairment losses	(245)	(229)
Total net credit exposures	74,082	65,401

⁽¹⁾ Residential mortgages are fully secured by residential properties.

⁽²⁾ Business lending is fully secured by general security agreements and personal guarantee.

⁽³⁾ Other personal loans are fully secured by deposits.

The carrying value of non-cash collateral reflects the fair value of the physical assets limited to the carrying value of the asset where the exposure is over-collateralised. In certain cases where active markets or recent valuations of the assets are not available, estimates will be used.

For assets collateralised by residential or commercial property (and certain other physical assets), where it is not practicable to assess current market valuations of each underlying property, values reflect historical fair values amended for movements in appropriate external indices.

Notes to financial statements

For the six months ended 30 September 2014

20 CONCENTRATION OF FUNDING

Concentration 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 is as follows:

	(Unaudited) 30-Sep-14	(Unaudited) 30-Sep-13
	\$000	\$000
Analysis of funding by industry sector:		
Finance, Investment and Insurance	14,191	6,829
Households	8,557	5,867
Personal & Other Services	109	100
Health & Community Services	-	500
Others	1,359	2,670
Total funding	24,216	15,966

	(Unaudited) 30-Sep-14	(Unaudited) 30-Sep-13
	\$000	\$000
Analysis of funding by geographical area:		
New Zealand	24,084	15,870
Asia	132	96
Total funding	24,216	15,966

21 CONCENTRATION OF CREDIT EXPOSURE 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 September 2014 (2013: nil).

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 year ended 30 September 2014 (2013: nil)

22 CREDIT EXPOSURE TO CONNECTED PERSONS

	(Unaudited) 30-Sep-14	(Unaudited) 30-Sep-13
	\$000	\$000
As at 30 September 2014		
Credit exposure to connected persons	3,391	2,808
Credit exposure to non-bank connected persons	-	-
Peak end-of-day		
Credit exposure to connected persons	3,391	2,808
Credit exposure to non-bank connected persons	-	-

Notes to financial statements
For the six months ended 30 September 2014

22 CREDIT EXPOSURE TO CONNECTED PERSONS (continued)

	(Unaudited) 30-Sep-14 % of Tier 1 Capital	(Unaudited) 30-Sep-13 % of Tier 1 Capital
As at 30 September		
Credit exposure to connected persons	6.6%	5.5%
Credit exposure to non-bank connected persons	0.0%	0.0%
Peak end-of-day		
Credit exposure to connected persons	6.6%	5.5%
Credit exposure to non-bank connected persons	0.0%	0.0%

This information has been derived in accordance with the Bank's condition of registration and Connected Exposure Policy (B58) and is net of individual credit impairment allowances and excludes advances to connected persons of a capital nature.

Peak end-of-day aggregate exposure is derived by determining the maximum end-of-day aggregate amount of credit exposure over the accounting period and then divided by the Bank's tier one capital as at reporting date.

As at 30 September 2014, the rating-contingent limit applicable to the Bank's banking group was 15% of tier one capital. Over the year ended 30 September 2014, no changes have been made to the rating-contingent limit. Within the overall rating-contingent limit, there is a sublimit of 15% of tier one capital that applies to the aggregate credit exposure to non-bank connected persons. (March 2014: 15%; September 2013: 15%)

Aggregate credit exposure to connected persons has been calculated on a gross basis.

Aggregate amount of contingent exposures of the Bank's banking group to connected persons arising from risk lay-off arrangements in respect of credit exposures to counterparties (excluding counterparties that are connected persons) as at 30 September 2014 is \$nil (March 2014: nil; September 2013: \$nil).

Aggregate amount of the Bank's banking group's individual credit impairment allowances provided against credit exposures to connected persons as at 30 September 2014 is \$nil (March 2014: \$nil; September 2013: nil).

23 COMMITMENTS

Capital Commitments

As at 30 September 2014, the Bank does not have any commitments for capital expenditure. (2013: \$nil).

Operating lease commitments

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

	(Unaudited) 30-Sep-14 \$000	(Audited) 31-Mar-14 \$000	(Unaudited) 30-Sep-13 \$000
Not longer than one year	272	289	292
Longer than one year and not longer than five years	702	773	857
Longer than five years	443	501	560
Total	1,417	1,563	1,709

Notes to financial statements

For the six months ended 30 September 2014

24 INSURANCE BUSINESS AND NON-FINANCIAL ACTIVITIES

The Bank does not conduct any insurance business, securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products.

25 SEGMENT INFORMATION

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

26 CONTINGENT LIABILITIES

The Bank has no material contingent liabilities as at 30 September 2014. (2013: \$nil).

27 SUBSEQUENT EVENTS

There were no significant subsequent events arising up to the date of signing of these accounts.

Credit Ratings Scales

Long Term Debt Ratings	Standard IBCA and Poor's	Moody's	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	BBB	Baa	BBB
Predominately speculative / Less near term vulnerability to default	BB	Ba	BB
Speculative, low grade / Greater vulnerability	B	B	B
Poor to default / identifiable vulnerability	CCC	Caa	CCC
Highest speculations	CC	Ca	CC
Lowest quality, no interest	C	C	C
Payment in default, in arrears – questionable value		D	D

Credit ratings between AA – CCC by Standard & Poor's and Fitch Ratings may be modified by the addition of a plus or minus sign (signalling higher and lower end of the scale respectively). Moody's Investor Services applies numeric modifiers 1, 2 and 3 to each generic rating classification with a 1 indicating a higher rating and a 3 indicating a lower rating within that generic rating category.

Appendix 2

Conditions of registration for Bank of India (New Zealand) Limited These conditions of registration apply on and after 1 July 2014

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

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

- 1A. That-
 - (a) the bank has an internal capital adequacy assessment process ("ICAAP") that accords with the requirements set out in the document "Guidelines on a bank's internal capital adequacy 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 July 2014 ; and
 - (c) the bank determines an internal capital allocation for each identified and measured "other material risk".

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

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

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 July 2014.

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

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

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

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

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

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

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

For the purposes of this condition of registration,-

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

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

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

Credit rating 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% of the banking group's Tier 1 capital.

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

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.

6. That the bank complies with the following corporate governance requirements:
- (a) the board of the bank 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" (BS14) dated July 2014.

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:

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.

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

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

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

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

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

- 10 That a substantial proportion of the bank's business is conducted in and from New Zealand.

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

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

- 12 That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:
- (a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;
 - (b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;
 - (c) identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and
 - (d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.
- 13 That no more than 10% of total assets may be beneficially owned by a SPV. For the purposes of this condition,-

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

SPV means a person-

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

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

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

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

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

- 15. That, for a loan-to-valuation measurement period, the total of the bank's qualifying new mortgage lending amounts must not for residential properties with a loan-to-valuation ratio of more than 80%, exceed 10% of the total of the qualifying new mortgage lending amounts arising in the loan-to-valuation measurement period.
- 16. That the bank must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.
- 17. That the bank must not permit a borrower to grant a charge in favour of another person over a residential property used as security for a residential mortgage loan unless the sum of the lending secured by the charge and the loan value for the residential mortgage loan would not exceed 80% of the property value of the residential property when the lending secured by the charge is drawn down.
- 18. That the bank must not provide a residential mortgage loan if the residential property to be mortgaged to the bank as security for the residential mortgage loan is subject to a charge in favour of another person unless the total amount of credit secured by the residential property would not exceed 80% of the property value when the residential mortgage loan is drawn down.
- 19. That the bank must not act as broker or arrange for a member of its banking group to provide a residential mortgage loan.

In these conditions of registration, "banking group" means Bank of India (New Zealand) Limited (as reporting entity) and all other entities included in the group as defined in section 6(1) of the Financial Markets Conduct Act 2013 for the purposes of Part 7 of that Act.

Generally accepted accounting practice has the same meaning as in section 8 of the Financial Reporting Act 2013.

In conditions of registration 15 to 19, loan-to-valuation ratio, "loan value", "property value", "qualifying new mortgage lending amount" and "residential mortgage loan" have the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) dated July 2014:

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

DEED OF GUARANTEE

Dated 14th January, 2011

DEED OF GUARANTEE

By

BANK OF INDIA

In respect of the obligations of

BOI (NEW ZEALAND) LIMITED

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THIS DEED is made on 14th January 2011

BY

- (1) **BANK OF INDIA** a body corporate constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, having its Head Office at Star House, C-5, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai, India (hereinafter referred to as the "Bank");

AND

- (2) **BOI (NEW ZEALAND) LIMITED** a Company incorporated in New Zealand having its registered office at Level 18, PricewaterhouseCoopers Tower, 188 Quay Street, Auckland, New Zealand (hereinafter referred to as "BoINZ")

IN FAVOUR OF

- (3) **EACH CREDITOR OF BOINZ**

WHEREAS :

- A) BOINZ is a wholly owned subsidiary of the Bank and set up for the purpose of doing the business of banking in New Zealand.
- B) The Bank enters into this Deed of Guarantee for the purpose of guaranteeing the obligations of subsidiary, BoINZ, to the extent provided for by the terms of this Deed.

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Deed and in the Recitals, unless the context otherwise requires:

"Authorised Officer" means, where a Creditor is a Person other than a natural person or secretary of that Person or a person duly authorised by the Creditor under the resolution and seal of the Person;

"Business Day" means any day, other than a Saturday or Sunday or public holiday, on which banks are open for general business in Wellington and Auckland;

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Authorised Signatory
Bandra (E) Branch

The North Kanara G.S.B. Co-op. Bank Ltd., Bandra Branch, Zapurda Sathya Sahasra, Kalamangur, Mumbai-400 051, Dist. D-S-17/V, P.C. R. 104/2008/1300 to 1305

INDIA STAMPS DUTY MAHARASHTRA
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"Creditor" means each and any Person to whom an Obligation is due and owed by BoINZ during the validity period of this Guarantee.

"Guarantee" means the guarantee by the Bank for the benefit of the Creditors pursuant and subject to the terms and conditions of this Deed;

"Obligation" means a legally enforceable, undisputed liability or obligation of BOINZ to a Creditor ranking at least pari passu with the claims of unsecured creditors of BoINZ. PROVIDED THAT "Obligation" shall not include:

- (a) any liability of BoINZ in respect of Special, exemplary or punitive damages; and/or
- (b) any liability for payment of taxes, rates, imposts, duties or similar government charges; and/or
- (c) any claim/liability/obligation which is subject to a bona fide dispute; and/or
- (d) any obligation in respect of which the Creditor has not submitted proper proof and other documents and security, to enable BOINZ to discharge the said obligations; and/or
- (e) any claim/obligation in respect of a contingent liability; and/or
- (f) any claim/liability which is barred by the law of limitation or such similar laws.

"Person" means any person, firm, trust, estate, corporation, association, co-operative, government or governmental agency.

1.2 Words importing the singular number or plural number shall include the plural number and singular number respectively. Words importing any gender shall include every gender.

1.3 References to laws, statutes or legislation are to the laws, statutes or legislation for the time being in force in New Zealand, unless the contrary appears from the context of this Deed.

2. GUARANTEE

2.1 The Bank hereby unconditionally guarantees for the benefit of each Creditor the due and punctual payment by BoINZ of each and every Obligation (whether at stated maturity or upon acceleration) now owing or to become owing by BoINZ to the Creditor during the term of the Guarantee to the intent that should BoINZ default in the due and punctual payment of any such Obligation, the Bank shall, upon written demand by the relevant Creditor under clause 3.2, forthwith pay or cause to be paid to the Creditor all amounts then due and unpaid with respect to such Obligation together with all costs and expenses incurred by the Creditor in enforcing the Guarantee.

2.2 The Guarantee is a continuing guarantee and shall not be considered as satisfied by any intermediate payment and shall remain in force until the termination or expiry of the Guarantee.

2.3 Subject to the terms of this Deed, neither the liability of Bank, nor any of the rights of any Creditor, under the Guarantee shall be affected or discharged by anything which, but for this clause, might operate to affect or discharge the liability of, or otherwise provide a defence to, the Guarantor (whether or not known to, or done or omitted to be done by, the Guarantor).

2.4 Notwithstanding clause 2.2, a Creditor may at any time by an instrument in writing, release the Bank from its liability under the Guarantee in relation to that Creditor.



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2.5 The Bank shall be liable only for payment of an Obligation in the manner, to the extent and up to the amount that BoINZ would be liable or permitted to make payment in satisfaction of such Obligation under applicable laws and regulations and in determining and making such payment the Bank shall be entitled to deduct the amounts (if any) which the Bank is entitled in law or in equity to set-off or counterclaim against the Creditor to whom that Obligation is owed and the amounts (if any) which BoINZ could have set-off or counterclaimed in law or in equity against the Creditor to whom such Obligation is owed if BoINZ were making payment to that Creditor in lieu of the Bank. Nothing contained in this Deed shall reduce the liability of the Bank with respect to any Obligation of BoINZ which is reduced or discharged by reason of the insolvency, administration, liquidation, receivership or reorganisation of BoINZ.

3. DEMAND AND PAYMENT

3.1 A Creditor shall be entitled to make a demand under this Deed if and only if:

- (a) the Creditor has served written demand (a "Primary Demand") on BoINZ with proper proof for the payment of an Obligation which remains unpaid beyond its due date;
- (b) the Creditor has complied with the requirements of BoINZ including with regard to documentation and security and the Primary Demand remains unsatisfied in whole or in part for a period of 5 Business Days after submission of necessary Primary Demand;

3.2 A demand by a Creditor under this Deed (a "Creditors Demand") shall be served on the Bank and shall be accompanied by a statutory declaration made by the Creditor or by an Authorised Officer of the Creditor stating:

- (a) the residency and place of business of the Creditor;
- (b) that BoINZ has failed to meet an Obligation;
- (c) that a Primary Demand in respect of that Obligation has been given to BoINZ (accompanied by a verified copy of that Primary Demand) and that such Primary Demand has remained unsatisfied for a period of 5 Business Days as stated in 3.1(b);
- (d) brief particulars of the nature of that Obligation (accompanied by a verified copy of any document giving rise to that Obligation);
- (e) that the Obligation ranks at least pari passu with the claims of unsecured creditors of BoINZ generally;
- (f) the outstanding amount and currency of that Obligation; and
- (g) that there is no bona fide dispute relating to that Obligation.

3.3 Service of the Creditors Demand and all accompanying documents under clause 3.2 on the Bank shall constitute a written demand by the Creditor under clause 2.1.



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4. PAYMENTS

- 4.1 All payments by the Bank under this Deed shall be made in the currency or currencies in which the relevant Obligation is denominated.
- 4.2 Payments hereunder shall be made free and clear of any deduction or withholdings. In the event that the Bank is prohibited by law from making payments hereunder free of deductions or withholdings, then the Bank shall pay such additional amount to the relevant Creditor as may be necessary in order that the actual amount received after all applicable deductions and withholdings shall equal the amount that would have been received if such deductions or withholdings were not required.

5. REPRESENTATIONS

- 5.1 The Bank represents and warrants that:
 - (a) it is a registered bank duly organised and validly existing under the laws of India;
 - (b) it has the corporate power to enter into this Deed and to perform the obligations imposed upon it under this Deed in accordance with its terms; and
 - (c) this Deed constitutes a valid, binding and enforceable obligation upon it.

6. TERMINATION OF GUARANTEE

- 6.1 Notwithstanding anything to the contrary in this Deed, the Guarantee shall terminate automatically on the first to occur of the following events:
 - (a) in respect of all Obligations if:
 - (i) any substantial asset of BoINZ; or
 - (ii) any share in the issued capital of BoINZ, is expropriated or nationalised by the Government of New Zealand or by any political subdivision thereof (the "Government") or any entity succeeding to the powers of any such Government or any agency of any such Government or any such successor entity or any authority which is owned or controlled by any such Government or any such successor entity except where such expropriation or nationalisation results from the default by BoINZ of any statute, regulation or other binding law; or
 - (b) a change in any law or regulation in any jurisdiction which renders the Guarantee illegal or inoperative in New Zealand or
 - (c) BOINZ ceasing to be a wholly owned subsidiary of the Bank.
- 6.2 Immediately after the Bank becomes aware of the termination of the Guarantee pursuant to clause 6.1, the Bank shall notify BoINZ thereof and give notice of such termination by an advertisement in a newspaper circulating generally throughout New Zealand.



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7. SUBROGATION

7.1 The Bank and BoINZ expressly agree that the Bank is and shall be entitled to all the rights and remedies of a guarantor under law including, without limiting the generality of the foregoing, all rights of subrogation which shall accrue to the Bank by virtue of any payment hereunder by the Bank to or for the benefit of any Creditor and, subject to the law, the Bank shall be entitled to claim the benefit of and participate in any security now or hereafter held by that Creditor from BoINZ either in whole or upon a pro-rata basis, as the case may be, where the Bank has paid all moneys to or for the benefit of that Creditor under this Deed. Notwithstanding the generality of the foregoing, the Bank shall not exercise or seek to enforce any claim against BoINZ (whether or not in liquidation) for reimbursement to the Bank of any moneys paid pursuant to this Deed by the Bank to a Creditor in respect of an Obligation until the default of BoINZ in respect of that Obligation has been fully remedied by BoINZ or the Bank.

8. DEALINGS BETWEEN THE BANK AND THE CREDITORS

8.1 After receipt of a written demand from a Creditor under clause 3.2 the Bank and that Creditor shall deal with one another as principal in relation to all matters under or in relation to this Deed, the Guarantee and BoINZ.

8.2 Without limiting the generality of clause 9, the Bank shall be and is entitled to serve any notice, demands or statements in connection with this Deed upon that Creditor (at its place of business specified in the Creditor's Demand) and the Bank shall be and is entitled to make any payment which it is liable to pay to the Creditor under this Deed directly to that Creditor and not through any other Person.

9. NOTICES

9.1 Any notice to the Creditors generally in respect of this Deed will be validly given if published in a newspaper circulating generally throughout New Zealand. Any such notice shall be deemed to have been given on the date of publication or, if published more than once, on the date of first publication.



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9.2 Any notice, demand, statement or other document required to be served on or delivered to the Bank or BoINZ under or in relation to this Deed ("Notice") shall be in writing signed by the party giving the Notice or by an Authorised Officer of that party, shall be made, served or given (subject in the case of the Bank to clause 11.2) by being left at or sent by prepaid mail or by facsimile as follows:

to the Bank:
Bank of India

International Division

3rd Floor, East Wing
Star House
C-5, G Block

Bandra - Kurla Complex
Bandra (East)
Mumbai - 400 051
India
Attention: The General Manager, International Division

to BoINZ
BOI (New Zealand) Limited

Level 18, PricewaterhouseCoopers Tower
188 Quay Street, Auckland
New Zealand
Attention: Managing Director

or to such other address or facsimile number as shall have been notified (in accordance with this clause) to the other party hereto. No Notice shall be deemed to have been received by the Bank or BoINZ until actually received by the relevant party to whom it is addressed at its designated address.

10. AMENDMENT

10.1 The Bank may, from time to time and without any authority or assent of BoINZ or the Creditors, alter, modify, or add to this Deed if in the reasonable opinion of the Bank:

(a) the alteration, modification or addition is made to correct a manifest error or is of a formal or technical nature;

(b) the modification, alteration or addition is necessary to comply with the provisions of any statute, whether or not required by any statutory authority; or



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(c) the alteration, modification or addition is desirable for the purpose of more advantageously administering the rights and obligations established under this Deed,

and in any case such modification, alteration or addition is considered by the Bank, acting in good faith, not to be materially prejudicial to the Creditors as whole, so far as known to it.

11. GOVERNING LAW

11.1 This Deed shall be governed by and construed in accordance with the laws for the time being in force in New Zealand. The Bank and BoINZ each hereby submit, for the purposes of this Deed, to the non-exclusive jurisdiction of the Courts of New Zealand in respect of all legal actions arising under or in relation to this Deed.

11.2 The Bank hereby irrevocably appoints BoINZ (and BoINZ hereby accepts such appointment) to be the agent of the Bank to accept service of process on behalf of the Bank in respect of all matters in New Zealand arising under or in relation to this Deed and the Bank agrees that any such process shall be properly served upon the Bank if delivered to BoINZ at its address for the service of Notices set out in clause 9.2.

12. ASSIGNMENT

12.1 No party to this Deed may assign its rights or obligations hereunder without the consent in writing of the other party.

13. CERTIFICATE

13.1 BoINZ shall advise the Bank in writing within fourteen (14) days of a request in writing from the Bank (made no more frequently than quarterly or following receipt by it of a Creditor's Demand) to do so, of its best estimate of the aggregate principal amount of the Obligations for which it is indebted as at such date to either all of the Creditors generally or to those Creditors specified by the Bank in its request.

EXECUTED as a Deed



EXECUTED as a DEED for and on behalf of BANK OF INDIA

(Signature)
(S.K-DATTA)
General Manager
International

(Signature)
(V. ARTHANARI)
Chief Manager
International Division

EXECUTED as a DEED for and on behalf of BOI (NEW ZEALAND) LIMITED

(Signature)
(B.A. PRABHAKAR)
Director

(Signature)
Director P.N:RAO



Independent auditor's review report

To the Shareholder of the Bank of India (New Zealand) Limited

We have reviewed pages 9 to 47 of the interim financial statements of Bank of India (New Zealand) Limited (the 'Bank') prepared and disclosed in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Bank) Order 2014 (the 'Order', as Amended), and the supplementary information prescribed in Schedules 3, 5, 7, 9, 13, 16 and 18 of the Order. The interim financial statements, and supplementary information, provide information about the past financial performance and cash flows of the Bank and its financial position as at 30 September 2014.

Directors' responsibilities for the disclosure statement

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

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

Reviewer's responsibility

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

We are responsible for reviewing the interim financial statements (excluding the supplementary information) in order to report to you whether, in our opinion on the bases of the procedures described below, anything has come to our attention that would cause us to believe that the interim financial statements have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34): *Interim Financial Reporting* and do not present a true and fair view of the financial position of the Banking Group as at 31 March 2014 and its financial performance and cash flows for the six months ended on that date.

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



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

Basis of opinion

We have performed our review in accordance with the review engagement standard RS-1 *Statement of Review Engagement Standards* issued by the External Reporting Board. A review is limited primarily to enquiries of the Bank's personnel and analytical review procedures applied to the financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion. Our firm has also provided other services to the Bank in relation to advisory services. Partners and employees of our firm may also deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank. There are, however, certain restrictions on dealings which the partners and employees of our firm can have with the Bank. These matters have not impaired our independence as auditor of the Bank. The firm has no other relationship with, or interest in, the Bank.

Review opinion

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

- the interim financial statements on pages 9 to 47 (excluding the supplementary information) have not been prepared, in all material respects, in accordance with NZ IAS 34: *Interim Financial Reporting* and do not present a true and fair view of the financial position of the Bank as at 30 September 2014 and its financial performance and cash flows for the six months ended on that date;
- the supplementary information prescribed by Schedules 5, 7, 13, 16 and 18 of the Order does not fairly state the matters to which it relates in accordance with those schedules; and
- the supplementary information relating to capital adequacy prescribed by Schedule 9 of the Order is not, in all material respects, prepared in accordance with the Bank's Conditions of Registration, with the Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9 of the Order.

Our review was completed on 11 November 2014 and our conclusion is expressed as at that date.

11 November 2014
Auckland