



Bank of India (New Zealand) Limited

Registered Bank Disclosure Statement

FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

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General Disclosures

For the nine months ended 31 December 2017

1. Reporting Directive

This Disclosure Statement of the Bank as at and for the period ended 31 December 2017 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 has been no change to the ultimate parent bank or ultimate holding company since 31 March 2017.

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 31 December 2017, 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.

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.

General Disclosures

For the nine months ended 31 December 2017

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

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:	BB+ /Stable/B

On 30 May 2016, Standard & Poor's has revised the outlooks on the long term counterparty credit ratings on the Bank of India from BBB- (negative) to BB+ (stable).

On 16 February 2016, Standard & Poor's had revised the outlooks on the long term counterparty credit ratings on the Bank of India from BBB- (stable) to BBB- (negative).

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.

Material Cross Guarantees

There are no material cross guarantees.

7. Directors

There are three changes in the composition of the Bank's board of directors since the most recent full year Disclosure Statement dated 31 March 2017.

Mr Sanjaya Singh Gaur ceased to be Director from 31 May 2017. Mr.Damodharan Neelam was appointed as a director on 20 August 2017. Mr.Chandan Ohri was appointed as a director on 1 September 2017.

At present, the Bank has the following directors:

- Rabin Sockalingam Rabindran, Chairman and Independent Director (appointed on 31 May 2013)
- Sameer Handa, Independent Director (appointed on 12 July 2013)
- Ranjitkumar Amarendra Jha, Managing Director (appointed on 13 December 2013)
- Judith Ann Whiteman, Independent Director (appointed on 4 March 2014)
- Mrityunjay Kumar Gupta, Director (appointed on 19 February 2016)
- Damodharan Neelam, Director (appointed on 20 August 2017)
- Chandan Ohri, Independent Director (appointed on 1 September 2017)

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

General Disclosures

For the nine months ended 31 December 2017

Sameer Handa, Rabin Sockalingam Rabindran, Judith Ann Whiteman and Chandan Ohri 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. Sameer Handa, Rabin Sockalingam Rabindran, Judith Ann Whiteman and Chandan Ohri are residents in New Zealand.

Ranjitkumar Amarendra Jha, Managing Director is resident in New Zealand. He is effectively the sole executive director of the bank and all other directors are non-executive directors.

Damodharan Neelam, Director and Mrityunjay Kumar Gupta, Director, are resident in India.

The directors, their immediate relatives and close business associates have not entered into any transactions with the Bank which either has 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.

Board Audit Committee members

Judith Ann Whiteman, Independent Director	Chairperson
Rabin Sockalingam Rabindran, Independent Director	Member
Mrityunjay Kumar Gupta, Director	Member

The responsible persons authorised to sign this Disclosure Statement on behalf of the Board in accordance with sec 82 of the Reserve Bank of New Zealand Act 1989 is Mr Ranjitkumar Amarendra Jha.

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 Bank's independent auditor is:

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

9. Conditions of Registration

Effective 1 October 2016, 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 that are included in the revised version of "Framework for Restrictions on High-LVR Residential Mortgage Lending"(BS19).

General Disclosures

For the nine months ended 31 December 2017

A copy of the full revised conditions of registration effective on or after 1 October 2016 can be found in Appendix 2.

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

Subsequently, effective 1 January 2018, 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 that are included in the revised version of "Framework for Restrictions on High-LVR Residential Mortgage Lending"(BS19).

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 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 Credit Rating:	BB+/Stable/B

On 30 May 2016, Standard & Poor's has revised the outlooks on the long term counterparty credit ratings on the Bank of India (New Zealand) Ltd from BBB- (negative) to BB+ (stable).

On 16 February 2016, Standard & Poor's had revised the outlooks on the long term counterparty credit ratings on the Bank of India (New Zealand) Ltd from BBB- (stable) to BBB- (negative).

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.

Directors' Statement
For the nine months ended 31 December 2017

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 nine months ended 31 December 2017:

- The Bank has complied with all conditions of registration that applied during the period;
- Credit exposure to connected persons were not contrary to the interests of the Bank; and
- The Bank had systems in place to monitor and control adequately the material risks of the Bank 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, Sameer Handa, Rabin Sockalingam Rabindran, Judith Ann Whiteman, Chandan Ohri, Damodharan Neelam and Mrityunjay Kumar Gupta).



Ranjitkumar Amarendra Jha
Managing Director
19 February 2018

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Statement of Comprehensive Income

	Note	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
		NZ \$ '000	NZ \$ '000	NZ \$ '000
Interest income	2	4,455	5,599	4,209
Interest expense	2	(2,053)	(2,275)	(1,694)
Net interest income		2,402	3,324	2,515
Other income	3	431	579	451
Total operating income		2,833	3,903	2,966
Operating expenses	4	(1,921)	(2,575)	(1,865)
Impairment reversal/(losses) on loans and advances	15	23	(37)	(45)
Profit before income tax		935	1,291	1,056
Taxation expense	6	(262)	(373)	(296)
Net Profit after tax		673	918	760
Other Comprehensive income		-	-	-
Total comprehensive income		673	918	760

Statement of Changes in Equity

For the nine months ended 31 December 2017

	Share Capital	Retained Earnings	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Balance as at 1 April 2016	50,000	2,299	52,299
Total comprehensive income for the period	-	760	760
Balance as at 31 December 2016 (Unaudited)	50,000	3,059	53,059
Balance as at 1 April 2016	50,000	2,299	52,299
Total comprehensive income for the year	-	918	918
Balance as at 31 March 2017 (Audited)	50,000	3,217	53,217
Balance as at 1 April 2017	50,000	3,217	53,217
Total comprehensive income for the period	-	673	673
Balance as at 31 December 2017 (Unaudited)	50,000	3,890	53,890

The accompanying notes on pages 10 to 29 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

Statement of Financial Position

	Note	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
ASSETS		NZ \$ '000	NZ \$ '000	NZ \$ '000
Cash	7	101	93	134
Due from other financial institutions	10	28,181	29,840	21,420
Balance due from related parties	11	2,048	2,136	2,088
Loans and advances	5,15	87,865	87,195	85,254
GST Refundable		14	21	42
Other assets	9	354	286	304
Current tax assets		63	-	19
Property and equipment		837	921	950
Deferred tax assets	6	91	95	97
Total assets		119,554	120,587	110,308
Total Interest Earning and Discount Bearing Assets		117,995	117,689	108,785
LIABILITIES				
Balance due to related parties	11	39,817	42,796	32,139
Deposits and other borrowings	8	25,149	24,048	24,448
Other liabilities	9	698	485	662
Current tax liability		-	41	-
Total liabilities		65,664	67,370	57,249
NET ASSETS		53,890	53,217	53,059
EQUITY				
Share capital	12	50,000	50,000	50,000
Retained earnings		3,890	3,217	3,059
Total shareholder's equity		53,890	53,217	53,059
Total interest and Discount Bearing Liabilities		60,907	64,638	55,390

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 interim financial statements for issue on 19 February 2018.

Signed for and on behalf of the board of directors



Ranjitkumar Amarendra Jha
Managing Director
19 February 2018

The accompanying notes on pages 10 to 29 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

Statement of Cash Flows

	Note	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
Cash flows from operating activities		NZ \$ '000	NZ \$ '000	NZ \$ '000
Interest received		4,421	5,620	4,252
Fees and other income		431	579	451
Operating expenses paid		(2,108)	(2,429)	(2,052)
GST refund received		7	3	(18)
Interest paid		(1,600)	(2,290)	(1,268)
Income tax paid		(362)	(376)	(361)
Increase in advances to customers		(647)	(13,074)	(11,141)
Net proceeds (to)/from related parties		(2,891)	8,296	4,687
Increase in deposits from customers		1,101	4,557	4,957
Net cash flow from operating activities	13	(1,648)	886	(493)
Cash flows from investing activities				
(Increase)/Decrease in balances with other financial institutions		(1,000)	9,500	11,500
Purchase of property and equipment		(3)	(12)	(12)
Net cash flow from investing activities		(1,003)	9,488	11,488
Cash flows from financing activities				
Proceeds from issuance of shares		-	-	-
Proceeds from related parties		-	7,000	-
Net cash flow used in financing activities		-	7,000	-
Net (decrease)/increase in cash and cash equivalents		(2,651)	17,374	10,995
Cash and cash equivalents at the beginning of the year		24,933	7,559	7,559
Cash and cash equivalents at the end of the year		22,282	24,933	18,554
Cash and cash equivalent is made up of:				
Cash	7	101	93	134
Cash equivalent due from other financial institutions at call		22,181	24,840	18,420
Total cash and cash equivalents		22,282	24,933	18,554

The accompanying notes on pages 10 to 29 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

Notes to financial statements
For the nine months ended 31 December 2017

1. SUMMARY OF ACCOUNTING POLICIES

1.1 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 an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 (FMCA 2013). Its interim financial statements comply with the requirements of Registered Bank Disclosure Statement (New Zealand Incorporated Registered Banks) Order 2014 (as amended).

These interim financial statements have been prepared and presented in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended).

These interim financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, as appropriate for profit-oriented entities and the New Zealand Equivalent to International Financial Reporting Standards ("NZIFRS"), and should be read in conjunction with the Disclosure Statement for the year ended 31 March 2017. These interim financial statements also comply with International Accounting Standard 34 Interim Financial Reporting as issued by International Accounting Standards Board, and they do not include all information required for the complete set of financial statements. These interim financial statements also comply with International Financial Reporting Standards ("IFRS").

The interim financial statements were authorised for issue by the directors on 19 February 2018.

1.2 Basis of Preparation

The interim financial statements have been prepared on a going concern basis in accordance with historical cost concepts.

The functional and presentation currency is New Zealand Dollars (NZD). The amounts in the Disclosure Statement have been rounded off to the nearest thousand dollars, except where otherwise stated.

The same accounting policies and methods of computation have been followed in preparing these interim financial statements as were used in preparing the financial statements for the year ended 31 March 2017.

1.3 Comparatives

When the presentation or classification of items is changed, comparative amounts are reclassified unless the reclassification is impracticable.

2 INTEREST

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Interest income			
Loans and advances	3,977	5,069	3,789
From other financial institutions	462	498	389
From related parties	16	32	31
Total interest income	4,455	5,599	4,209
Interest expenses			
Deposits by customers	526	663	500
Deposits by related parties	1,527	1,612	1,194
Total interest expenses	2,053	2,275	1,694

Notes to financial statements
For the nine months ended 31 December 2017

3 OTHER INCOME

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Banking and lending fee income	15	51	42
Net commission revenue	8	12	10
Net foreign exchange gains	398	511	395
Other revenue	10	5	4
GST recovered	-	-	-
Total other income	431	579	451

4 OPERATING EXPENSES

Operating expenses include:

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Auditors remuneration			
- Audit of Disclosure Statements	-	51	-
- Review of Disclosure Statements	25	24	24
- Advisory fee -assistance with FATCA	-	-	-
Directors' fees	43	62	47
Depreciation			
Leasehold improvements	74	98	71
Computer equipment	1	4	6
Office equipment	6	9	7
Furniture	6	9	7
Total depreciation	87	120	91
Other Expenses	712	961	710
Employee benefit expenses	846	1,086	790
Operating lease rental expenses	208	271	203
Total Operating Expenses	1,921	2,575	1,865

5 LOANS AND ADVANCES

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Residential mortgages loans			
Standard residential mortgage loan			
Non-property investment residential mortgage loan	11,012	10,593	10,560
Property investment residential mortgage loan	20,070	27,770	25,296
Reverse residential mortgage loan	-	-	-
Total	31,082	38,363	35,856
Corporate loans	53,572	45,470	45,858
Other loans	3,530	3,704	3,890
Allowance for impairment losses	(319)	(342)	(350)
Net loans and advances	87,865	87,195	85,254
Amounts due for settlement within 12 months	9,354	10,753	7,389
Amounts due for settlement after 12 months	78,511	76,442	77,865
Net loans and advances	87,865	87,195	85,254

Note: Residential mortgage loan as of December 2017 includes a net amount of NZD 2,775 thousand loaned to a director and corporate loans include a net amount of NZD 1,111 thousand loaned to a director.

Notes to financial statements
For the nine months ended 31 December 2017

6 TAXATION

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Tax expense comprises:			
Current tax expense in respect of the current year	257	375	310
Deferred tax expense relating to the origination and reversal of temporary differences	5	3	(14)
Expense relating to the origination of permanent difference	-	(17)	-
Prior period adjustment	-	12	-
Total tax expense	262	373	296
The total charge for the year can be reconciled to the accounting profit as follows:			
Profit before income tax expense	935	1,291	1,056
Income tax expense calculated at 28% (2017: 28%)	262	361	296
Expense relating to the origination of permanent difference	-	-	-
Prior period adjustment	-	12	-
Income tax expense recognised in profit or loss	262	373	296

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

For period ended 31 December 2017 (Unaudited)	Opening balance	Charged to profit or loss	Closing balance
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Temporary differences			
Property, plant & equipment	(1)	1	-
Impairment allowance	96	(5)	91
Other liabilities	-	-	-
	95	(4)	91

For year ended 31 March 2017 (Audited)	Opening balance	Charged to profit or loss	Closing balance
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Temporary differences			
Property, plant & equipment	(2)	1	(1)
Impairment allowance	86	10	96
Other liabilities	(1)	1	-
	83	12	95

For period ended 31 December 2016 (Unaudited)	Opening balance	Charged to profit or loss	Closing balance
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Temporary differences			
Property, plant & equipment	(2)	1	(1)
Impairment allowance	86	12	98
Other liabilities	(1)	1	-
	83	14	97

7 CASH

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Cash on hand	101	93	134
Total cash	101	93	134

Notes to financial statements
For the nine months ended 31 December 2017

8 DEPOSITS AND OTHER BORROWINGS

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Retail deposits	25,149	24,048	24,448
Wholesale deposits	-	-	-
Total deposits	25,149	24,048	24,448
Amounts due for settlement within 12 months	20,184	17,408	17,888
Amounts due for settlement after 12 months	4,965	6,640	6,560
Total deposits	25,149	24,048	24,448

9 OTHER ASSETS

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Prepayments	121	87	127
Interest receivable	233	199	177
Total other assets	354	286	304
Amounts due for settlement within 12 months	354	286	304
Amounts due for settlement after 12 months	-	-	-
Total other assets	354	286	304

OTHER LIABILITIES

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Accruals	31	86	40
RWT on Interest on deposits	15	233	12
Interest payable	510	57	498
Others	142	109	112
Total other liabilities	698	485	662
Amounts due for settlement within 12 months	577	402	570
Amounts due for settlement after 12 months	121	83	92
Total other liabilities	698	485	662

10 DUE FROM OTHER FINANCIAL INSTITUTIONS

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Call deposits	22,181	24,840	18,420
Short term deposits	6,000	5,000	3,000
Total deposits	28,181	29,840	21,420

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

11 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. Related parties include other branches and subsidiaries of Bank of India and other parties under common control. No related party debts have been written off or forgiven during the period.

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.

Notes to financial statements
For the nine months ended 31 December 2017

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Salary and other short term benefits	203	289	196
Loan to a director	3,886	-	-

During the period, the Bank accepted the deposits/(withdrawal) of NZD 57 thousand from the key management personnel (31 March 2017: NZD 65 thousand and 31 December 2016: (NZD 62 thousand)). At the end of 31 December 2017, the total deposit from the key management personnel was NZD 110 thousand (31 March 2017: NZD 55 thousand and 31 December 2016: NZD 62 thousand).

During the period, the Bank advanced NZD 2,378 thousand to a director and total interest accrued on the loans was NZD 119 thousand and repayments made on the loans were 357 thousand. At the end of the period advances to a director was NZD 3,872 thousand (net of collective provisions of NZD 14 thousand).

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.

Further, at the end of 31 December 2017, there was no loan secured by invocable financial guarantee of Bank of India in favour of Bank of India (New Zealand) Ltd. (31 March 2017: 153 thousand; 31 December 2016: NZD 153 thousand).

Transactions/balances with related parties

All related party balances are unsecured, interest bearing and have a fixed maturity, except for:

- Deposit received from related parties amounting to NZD 936 thousand which are non-interest bearing and payable on demand (31 March 2017: 227 thousand; 31 December 2016 NZD 85 thousand).
- Deposits made with related parties amounting to NZD 254 thousand which are non-interest bearing and receivable on demand. (31 March 2017: NZD 1,425 thousand; 31 December 2016: NZD 186 thousand).

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Transactions with related parties			
Interest income			
Bank of India (branches and subsidiaries)	16	32	31
Other related parties	119	-	-
Interest expense			
Bank of India (branches and subsidiaries)	252	-	-
Other related parties	1,275	1,612	1,194
Net deposit/(withdrawals) with related parties	(88)	(1,546)	(1,594)
Net deposit/(withdrawals) by related parties	(2,979)	13,750	3,093
Balances with related parties			
Deposits with/Advances to			
Bank of India (branches and subsidiaries)	2,048	2,136	2,088
Other related parties	3,886	-	-
Deposits from			
Bank of India (branches and subsidiaries)	8,116	7,227	85
Other related parties	31,701	35,569	32,054
Total deposits from related parties	39,817	42,796	32,139
Deposits with/Advances to related parties			
Amounts due for settlement within 12 months	3,070	2,136	2,088
Amounts due for settlement after 12 months	2,864	-	-
Total Deposits with related parties	5,934	2,136	2,088
Deposits from related parties			
Amounts due for settlement within 12 months	20,162	21,488	14,820
Amounts due for settlement after 12 months	19,655	21,308	17,319
Total Deposits from related parties	39,817	42,796	32,139

Notes to financial statements
For the nine months ended 31 December 2017

12 SHARE CAPITAL

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '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.

13 NET CASH FLOWS FROM OPERATING ACTIVITIES

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Profit for the year	673	918	760
Non-cash items:			
Impairment loss recognised on loans and advances	(23)	37	45
Depreciation and amortisation of non-current assets	87	120	91
Deferred tax assets	4	(12)	(14)
Movements in working capital:			
Increase in loans and advances	(647)	(13,074)	(11,141)
(Increase)/Decrease in interest receivable	(34)	21	43
Increase in deposits from customers	1,101	4,557	4,957
Net Increase in balances due to related parties	(2,891)	8,296	4,687
Decrease/(Increase) in prepayments	(34)	29	(11)
Decrease/(Increase) in GST refundable	7	3	(18)
(Decrease)/Increase in current tax liability	(104)	9	(51)
Increase/(Decrease) in other liabilities	213	(18)	159
Net cash from/used in operating activities	(1,648)	886	(493)

14 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 November 2015 and is disclosed under the Basel III framework in accordance with Schedule 10 of the Order.

Capital and Capital ratios

	(Unaudited) period upto 31.12.2017
	NZ \$ '000
Tier 1 capital	
Common Equity Tier 1 ("CET1") Capital	
Issued and fully paid up ordinary share capital	50,000
Retained earnings	3,890
Accumulated other comprehensive income and other disclosed reserves	-
Less deductions from CET1 capital	
Deferred tax assets	(91)
Total Common Equity Tier 1 Capital	53,799
Additional Tier 1 ("AT1") capital	-
Tier 1 Capital	53,799
Tier 2 Capital	-
Total capital	53,799

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For the nine months ended 31 December 2017

Capital and Capital ratios (continued)

Capital ratios and solo capital adequacy	(Unaudited) 31.12.2017	(Unaudited) year to 31.03.2017	(Unaudited) 31.12.2016
Common equity Tier 1 capital ratio	52%	58%	60%
Tier 1 capital ratio	52%	58%	60%
Total capital ratio	52%	58%	60%

Minimum ratio requirement	(Unaudited) 31.12.2017	(Unaudited) year to 31.03.2017	(Unaudited) 31.12.2016
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%

Buffer ratio	(Unaudited) 31.12.2017	(Unaudited) year to 31.03.2017	(Unaudited) 31.12.2016
Buffer ratio	44%	50%	52%
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 November 2015.

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 December 2017, the Bank deposited its funds with financial institutions with a credit rating from Standard & Poors' of AA- (2016: AA-) or with related parties. The Bank has established a Risk Committee that specifically oversees and co-ordinates the Bank's credit risk management functions. The Risk Committee has primary responsibility for identifying, measuring and monitoring the Bank's exposure to credit risk. The Risk Committee reports to the Board on credit risk on a quarterly basis.

On Balance Sheet exposures as at 31 December 2017 (Unaudited)	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
	NZ \$ '000		NZ \$ '000	NZ \$ '000
Cash and gold bullion	101	0%	-	-
Banks	28,181	20%	5,636	451
	1,963	50%	981	79
	85	100%	85	7
Non-Property investment residential mortgage LVR upto 80%	10,298	35%	3,604	288
LVR >80% & upto 90%	714	50%	357	29
LVR exceeds 90%	-	75%	-	-
Property investment residential mortgage LVR upto 80%	20,070	40%	8,028	642
LVR >80% & upto 90%	-	70%	-	-
LVR exceeds 90%	-	90%	-	-
Corporate Loans	53,572	100%	53,572	4,286
Other Loans	3,530	100%	3,530	282
Other assets	1,040	100%	1,040	83
Total on balance sheet exposure	119,554		76,833	6,147

Note: Provision on advances of NZD 319 thousand has been adjusted with the other assets.

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For the nine months ended 31 December 2017

Credit Risk (continued)

Off Balance Sheet exposures as at 31 December 2017 (Unaudited)	Total exposure	Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
	NZ \$ '000		NZ \$ '000		NZ \$ '000	NZ \$ '000
Other commitments where original maturity is more than one year	16,578	50%	8,289	91.15%	7,555	604
Total off balance sheet exposure	16,578		8,289		7,555	604

Credit risk mitigation

The Bank assesses the integrity and ability of counterparties to meet their contractual financial obligations for repayment and if necessary, takes collateral security in the form of real property or a security interest in personal property.

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

Total capital requirements

As at 31 December 2017 (Unaudited)	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital requirement
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Total credit risk + equity risk	136,132	84,388	6,751
Operational risk	n/a	11,436	915
Market risk	n/a	6,724	538
Total	136,132	102,548	8,204

Market risk end of period capital charges

As at 31 December 2017 (Unaudited)	Implied risk Weighted Exposure	Aggregate Capital Charge
	NZ \$ '000	NZ \$ '000
Interest rate risk	6,647	532
Foreign currency risk	77	6
Equity risk	-	-
Total	6,724	538

Market risk peak end-of-day capital charges

For period ended 31 December 2017 (Unaudited)	Implied risk Weighted Exposure	Aggregate Capital Charge
	NZ \$ '000	NZ \$ '000
Interest rate risk	8,878	710
Foreign currency risk	143	11
Equity risk	-	-
Total	9,021	721

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Pillar 1 capital requirements

	(Unaudited) 31.12.2017	(Unaudited) 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
On-balance sheet credit risk:			
Residential mortgages (including past due, if any)	959	1,194	1,160
Corporate	4,286	3,638	3,669
Claims on banks	537	563	498
Other	365	374	396
Total on-balance sheet credit risk	6,147	5,769	5,723
Other capital requirements			
Off balance sheet credit exposures	604	65	134
Operational risk	915	840	769
Market risk	538	625	481
Total other capital requirements	2,057	1,530	1,384
Total Pillar 1 capital requirement	8,204	7,299	7,107

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 November 2015.

Peak end-of-day capital charges are calculated on daily basis using the Bank's shareholders' equity at the end of the period.

Operational risk

For year ended 31 December 2017	Implied risk Weighted Exposure	Total operational risk capital requirement
	NZ \$ '000	NZ \$ '000
Operational risk	11,436	915

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

LVR range (Unaudited)	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Value of exposures as at 31 December 2017				
On-balance sheet	30,368	714	-	31,082
Off-balance sheet	1,908	-	-	1,908
Total	32,276	714	-	32,990

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.

Notes to financial statements
For the nine months ended 31 December 2017

The Bank has reviewed these other risks and do not believe any individual risk as being material and requiring a capital allocation (March 2017: \$nil, December 2016: \$nil). 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 November 2015. The Bank's approach to assess capital adequacy recognises the importance of using 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.

15 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".

The Bank has no 90 days past due but not impaired assets, individually impaired assets, and individual credit impairment allowances as at 31 December 2017: nil (31 March 2017: \$nil, 31 December 2016: \$nil).

Allowance for impairment losses

As at 31 December 2017 (Unaudited)	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Past due but not impaired				
At least 90 days past due	-	-	-	-
Total past due but not impaired	-	-	-	-
Collectively assessed provisions				
Balance at 1 April 2017	158	183	1	342
Charge to statement of comprehensive income	(40)	18	(1)	(23)
Other movements	-	-	-	-
Balance at 31 December 2017	118	201	-	319
Individually assessed provisions				
Balance at 1 April 2017	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-
Other movements	-	-	-	-
Balance at 31 December 2017	-	-	-	-
Total allowance for impairment losses	118	201	-	319

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For the nine months ended 31 December 2017

Allowance for impairment losses (continued)

	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Total
As at 31 March 2017 (Audited)	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Past due but not impaired				
At least 90 days past due	-	-	-	-
Total past due but not impaired	-	-	-	-
Collectively assessed provisions				
Balance at 1 April 2016	150	145	10	305
Charge to statement of comprehensive income	8	38	(9)	37
Other movements	-	-	-	-
Balance at 31 March 2017	158	183	1	342
Individually assessed provisions				
Balance at 1 April 2016	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-
Other movements	-	-	-	-
Balance at 31 March 2017	-	-	-	-
Total allowance for impairment losses	158	183	1	342

	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Total
As at 31 December 2016 (Unaudited)	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Past due but not impaired				
At least 90 days past due	-	-	-	-
Total past due but not impaired	-	-	-	-
Collectively assessed provisions				
Balance at 1 April 2016	150	145	10	305
Charge to statement of comprehensive income	(3)	43	5	45
Other movements	-	-	-	-
Balance at 31 December 2016	147	188	15	350
Individually assessed provisions				
Balance at 1 April 2016	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-
Other movements	-	-	-	-
Balance at 31 December 2016	-	-	-	-
Total allowance for impairment losses	147	188	15	350

Impairment losses on loans and advances

	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Collectively assessed provisions	(40)	18	(1)	(23)
Individually assessed provisions	-	-	-	-
Other movements	-	-	-	-
Balance at 31 December 2017 (Unaudited)	(40)	18	(1)	(23)
Collectively assessed provisions	8	38	(9)	37
Individually assessed provisions	-	-	-	-
Other movements	-	-	-	-
Balance at 31 March 2017 (Audited)	8	38	(9)	37
Collectively assessed provisions	(3)	43	5	45
Individually assessed provisions	-	-	-	-
Other movements	-	-	-	-
Balance at 31 December 2016 (Unaudited)	(3)	43	5	45

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For the nine months ended 31 December 2017

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.

To assess impairment on a collective basis, loans and advances are grouped on the basis of similar credit risk characteristics. Loans which are individually impaired are excluded from the assessment of collective provisions. The assessment for collective impairment is based on all the available and relevant information, which in case of the Bank is peer group experience of loan losses.

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 31 December 2017 (31 March 2017: \$nil; 31 December 2016: \$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 31 December 2017 (31 March 2017: \$nil; 31 December 2016: \$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 31 December 2017 (31 March 2017: \$nil; 31 December 2016: \$nil).

There were no other assets under administration as at and for the period ended 31 December 2017 (31 March 2017: \$nil; 31 December 2016: \$nil).

16 FINANCIAL INSTRUMENTS

Categories of financial instruments

As at 31 December 2017 (Unaudited)	Loans and receivables	Financial liabilities at amortised cost	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Assets			
Cash	101	-	101
Balance due from related parties	2,048	-	2,048
Due from other financial institutions	28,181	-	28,181
Loans and advances	87,865	-	87,865
Interest receivable	233	-	233
Total financial assets	118,428	-	118,428
Non-financial assets	-	-	1,126
Total assets	118,428	-	119,554
Liabilities			
Balance due to related parties	-	39,817	39,817
Deposits and other borrowings	-	25,149	25,149
Interest payable	-	510	510
Total financial liabilities	-	65,476	65,476
Non-financial liabilities	-	-	188
Total liabilities	-	65,476	65,664

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For the nine months ended 31 December 2017

Categories of financial instruments (continued)

As at 31 March 2017 (Audited)	Loans and receivables	Financial liabilities at amortised cost	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Assets			
Cash	93	-	93
Balance due from related parties	2,136	-	2,136
Due from other financial institutions	29,840	-	29,840
Loans and advances	87,195	-	87,195
Interest receivable	199	-	199
Total financial assets	119,463	-	119,463
Non-financial assets	-	-	1,124
Total assets	119,463	-	120,587
Liabilities			
Balance due to related parties	-	42,796	42,796
Deposits and other borrowings	-	24,048	24,048
Interest payable	-	57	57
Total financial liabilities	-	66,901	66,901
Non-financial liabilities	-	-	469
Total liabilities	-	66,901	67,370

As at 31 December 2016 (Unaudited)	Loans and receivables	Financial liabilities at amortised cost	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Assets			
Cash	134	-	134
Balance due from related parties	2,088	-	2,088
Due from other financial institutions	21,420	-	21,420
Loans and advances	85,254	-	85,254
Interest receivable	177	-	177
Total financial assets	109,073	-	109,073
Non-financial assets	-	-	1,235
Total assets	109,073	-	110,308
Liabilities			
Balance due to related parties	-	32,139	32,139
Deposits and other borrowings	-	24,448	24,448
Other liabilities	-	498	498
Total financial liabilities	-	57,085	57,085
Non-financial liabilities	-	-	164
Total liabilities	-	57,085	57,249

Fair value of financial instruments

As at 31 December 2017 (Unaudited)	Carrying Amounts	Estimated Fair Value
	NZ \$ '000	NZ \$ '000
Financial assets		
Cash	101	101
Balance due from related parties	2,048	2,051
Due from other financial institutions	28,181	28,259
Loans and advances	87,865	87,926
Interest receivable	233	233
Total financial assets	118,428	118,570
Financial liabilities		
Balance due to related parties	39,817	41,581
Deposits and other borrowings	25,149	25,115
Interest Payable	510	510
Total financial liabilities	65,476	67,206

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For the nine months ended 31 December 2017

Fair value of financial instruments (continued)

As at 31 March 2017 (Audited)	Carrying Amounts	Estimated Fair Value
	NZ \$ '000	NZ \$ '000
Financial assets		
Cash	93	93
Balance due from related parties	2,136	2,136
Due from other financial institutions	29,840	29,840
Loans and advances	87,195	87,182
Interest receivable	199	199
Total financial assets	119,463	119,450
Financial liabilities		
Balance due to related parties	42,796	43,918
Deposits and other borrowings	24,048	24,014
Interest Payable	57	57
Total financial liabilities	66,901	67,989

As at 31 December 2016 (Unaudited)	Carrying Amounts	Estimated Fair Value
	NZ \$ '000	NZ \$ '000
Financial assets		
Cash	134	134
Balance due from related parties	2,088	2,088
Due from other financial institutions	21,420	21,420
Loans and advances	85,254	85,177
Interest receivable	177	177
Total financial assets	109,073	108,996
Financial liabilities		
Balance due to related parties	32,139	33,332
Deposits and other borrowings	24,448	24,460
Other liabilities	498	498
Total financial liabilities	57,085	58,290

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, and 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.

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Interest receivables

For Interest receivables 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 and related parties

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

Interest payable

Interest payable is generally short-term and is 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 not measured at fair value. The financial instruments are grouped into Level 1 to 3 based on the degree to which the fair value is observable.

Level 1 Quoted market price

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 Valuation technique using observable inputs

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 Valuation technique with significant unobservable inputs

Financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

As at 31 December 2017 (Unaudited)	Level 1	Level 2	Level 3	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Cash	101	-	-	101
Loans and receivable				
Due from other financial institutions	-	28,259	-	28,259
Due from related parties	-	2,051	-	2,051
Loans and advances	-	-	87,926	87,926
Interest receivable	-	233	-	233
Other financial liabilities				
Balance due to related parties	-	41,581	-	41,581
Deposits and other borrowings	-	25,115	-	25,115
Interest payable	-	510	-	510

As at 31 March 2017 (Audited)	Level 1	Level 2	Level 3	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Cash	93	-	-	93
Loans and receivable				
Due from other financial institutions	-	29,840	-	29,840
Due from related parties	-	2,136	-	2,136
Loans and advances	-	-	87,182	87,182
Interest receivable	-	199	-	199
Other financial liabilities				
Balance due to related parties	-	43,918	-	43,918
Deposits and other borrowings	-	24,014	-	24,014
Interest payable	-	57	-	57

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Fair value estimation (continued)

As at 31 December 2016 (Unaudited)	Level 1	Level 2	Level 3	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Cash	134	-	-	134
Loans and receivable				
Due from other financial institutions	-	21,420	-	21,420
Due from related parties	-	2,088	-	2,088
Loans and advances	-	-	85,177	85,177
Interest receivable	-	177	-	177
Other financial liabilities				
Balance due to related parties	-	33,332	-	33,332
Deposits and other borrowings	-	24,460	-	24,460
Interest payable	-	498	-	498

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 period. There have also been no transfers into/out of Level 3 during the period ended 31 December 2017 (31 March 2017: \$nil; 31 December 2016: \$nil).

17 RISK MANAGEMENT

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

Credit exposure ceilings

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

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.

Notes to financial statements
For the nine months ended 31 December 2017

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 14.

Reviews of Bank's risk management systems

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

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 reviewed the Bank for this financial year as part of its overseas subsidiaries rotation of management audit.

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 31 December 2017. 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 31 December 2017 (Unaudited)	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	On demand	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Assets						
Cash	-	-	-	-	101	101
Balance due from related parties	1,711	86	-	-	254	2,051
Due from other financial institutions	14,079	-	-	-	14,181	28,260
Loan and advances	2,183	8,419	42,589	74,925	8,512	136,628
Interest receivable	233	-	-	-	-	233
Total financial assets	18,206	8,505	42,589	74,925	23,048	167,273
Liabilities						
Balance due to related parties	13,219	6,874	22,020	-	936	43,049
Deposits and other borrowings	5,369	5,259	5,262	-	9,748	25,638
Other liabilities	510	-	-	-	-	510
Total financial liabilities	19,098	12,133	27,282	-	10,684	69,197
Net non-derivative cash flows	(892)	(3,628)	15,307	74,925	12,364	98,076
Off Balance sheet cash flows						
Loan commitments	1,256	9,704	3,112	-	2,032	16,104
Guarantee	-	-	-	-	474	474
Total	1,256	9,704	3,112	-	2,506	16,578
Net cash flows	(2,148)	(13,332)	12,195	74,925	9,858	81,498

Notes to financial statements
For the nine months ended 31 December 2017

Liquidity risk (continued)

As at 31 March 2017 (Audited)	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	On demand	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Assets						
Cash	-	-	-	-	93	93
Balance due from related parties	712	-	-	-	1,424	2,136
Due from other financial institutions	13,055	-	-	-	16,840	29,895
Loan and advances	3,110	8,131	36,928	81,528	8,722	138,419
Interest receivable	199	-	-	-	-	199
Total financial assets	17,076	8,131	36,928	81,528	27,079	170,742
Liabilities						
Balance due to related parties	5,298	17,171	23,878	-	227	46,574
Deposits and other borrowings	6,367	11,078	6,863	-	7,386	31,694
Interest Payable	57	-	-	-	-	57
Total financial liabilities	11,722	28,249	30,741	-	7,613	78,325
Net non-derivative cash flows	5,354	(20,118)	6,187	81,528	19,466	92,417
Off Balance sheet cash flows						
Loan commitments	-	-	-	-	1,468	1,468
Guarantee	-	-	-	-	344	344
Total	-	-	-	-	1,812	1,812
Net cash flows	5,354	(20,118)	6,187	81,528	17,654	90,605

As at 31 December 2016 (Unaudited)	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	On demand	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Assets						
Cash	-	-	-	-	134	134
Balance due from related parties	1,910	-	-	-	186	2,096
Due from other financial institutions	3,021	-	-	-	18,420	21,441
Loan and advances	2,191	8,263	40,509	92,701	4,935	148,599
Interest receivable	177	-	-	-	-	177
Total financial assets	7,299	8,263	40,509	92,701	23,675	172,447
Liabilities						
Balance due to related parties	6,514	9,250	19,252	-	86	35,102
Deposits and other borrowings	8,529	4,564	6,902	-	5,241	25,236
Other liabilities	498	-	-	-	-	498
Total financial liabilities	15,541	13,814	26,154	-	5,327	60,836
Net non-derivative cash flows	(8,242)	(5,551)	14,355	92,701	18,348	111,611
Off Balance sheet cash flows						
Loan commitments	-	-	-	-	4,036	4,036
Guarantee	-	-	-	-	284	284
Total	-	-	-	-	4,320	4,320
Net cash flows	(8,242)	(5,551)	14,355	92,701	14,028	107,291

18 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 counterparties which the Bank has an aggregate credit exposure that equals or exceeds 10% of the Bank's equity as at 31 December 2017 (31 March 2017: nil; 31 December 2016: nil).

There were seven (7) non-bank counterparties which the Bank has an aggregate credit exposure that equals or exceeds 10% of the Bank's equity as at 31 December 2017 (31 March 2017: 6; 31 December 2016:8).

There were no individual bank counterparties which the Bank has a peak end-of-day aggregate credit exposure that equals or exceeds 10% of the Bank's equity for the period ended 31 December 2017 (31 March 2017 :nil; 31 December 2016: nil).

Notes to financial statements
For the nine months ended 31 December 2017

There were seven (7) non-bank counterparties which the Bank has a peak end-of-day aggregate credit exposure that equals or exceeds 10% of the Bank's equity for the period ended 31 December 2017 (31 March 2017:8; 31 December 2016: 8).

Percentage of shareholders' equity	31.12.2017 (Unaudited)			
	Number of Non-Bank Counterparties			
	"A" Rated	"B" Rated	Unrated	Total
As at Balance Date				
10% - 14.99%	-	-	4	4
15% - 19.99%	-	-	-	-
20% - 24.99%	-	-	3	3
Total	-	-	7	7
Peak Exposure				
10% - 14.99%	-	-	4	4
15% - 19.99%	-	-	-	-
20% - 24.99%	-	-	3	3
Total	-	-	7	7

Percentage of shareholders' equity	31.03.2017 (Audited)			
	Number of Non-Bank Counterparties			
	"A" Rated	"B" Rated	Unrated	Total
As at Balance Date				
10% - 14.99%	-	-	3	3
15% - 19.99%	-	-	3	3
20% - 24.99%	-	-	-	-
Total	-	-	6	6
Peak Exposure				
10% - 14.99%	-	-	5	5
15% - 19.99%	-	-	3	3
20% - 24.99%	-	-	-	-
Total	-	-	8	8

Percentage of shareholders' equity	31.12.2016 (Unaudited)			
	Number of Non-Bank Counterparties			
	"A" Rated	"B" Rated	Unrated	Total
As at Balance Date				
10% - 14.99%	-	-	5	5
15% - 19.99%	-	-	3	3
20% - 24.99%	-	-	-	-
Total	-	-	8	8
Peak Exposure				
10% - 14.99%	-	-	5	5
15% - 19.99%	-	-	3	3
20% - 24.99%	-	-	-	-
Total	-	-	8	8

19 COMMITMENTS

Undrawn loan commitments

	(Unaudited) 31.12.2017	(Unaudited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Undrawn loan commitments	16,104	1,468	4,036
Total	16,104	1,468	4,036

Notes to financial statements
For the nine months ended 31 December 2017

Capital commitments

As at 31 December 2017, the Bank does not have any commitments for capital expenditure (31 March 2017: \$nil, 31 December 2016: \$nil).

Operating lease commitments

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

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Not longer than one year	312	313	226
Longer than one year and not longer than five years	534	681	521
Longer than five years	63	151	180
Total	909	1,145	927

20 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.

21 SEGMENT INFORMATION

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

22 CONTINGENT LIABILITIES

	(Unaudited) 31.12.2017	(Audited) year to 31.03.2017	(Unaudited) 31.12.2016
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Performance/financial guarantees issued on behalf of customers	474	344	284
Total contingent liabilities	474	344	284

23 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 and Poor's	Moody's	Fitch IBCA
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 October 2016.

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;
 - (e) the bank must not include the amount of an Additional Tier 1 capital instrument or Tier 2 capital instrument issued after 1 January 2013 in the calculation of its capital ratios unless it has received a notice of non-objection to the instrument from the Reserve Bank; and
 - (f) the bank meets the requirements of Part 3 of the Reserve Bank of New Zealand document "Application requirements for capital recognition or repayment and notification requirements in respect of capital" (BS16) dated November 2015 in respect of regulatory capital instruments.

For the purposes of this condition of registration, —

the Total capital ratio, the Tier 1 capital ratio, the Common Equity Tier 1 capital ratio and Total capital must be calculated in accordance with the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015;

an Additional Tier 1 capital instrument is an instrument that meets the requirements of subsection 8(2)(a) or (c) of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015.

a Tier 2 capital instrument is an instrument that meets the requirements of subsection 9(2)(a) or (c) of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015.

- 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 November 2015 ; 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 November 2015.

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

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

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

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

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

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

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

For the purposes of this condition of registration,—

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

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

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

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

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

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated November 2015.

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,—

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.)

- (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:
 - (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 amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 60%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
16. That, for a loan-to-valuation measurement period, the total of the bank's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 10% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
17. 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 registered bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the 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 17,—

“loan-to-valuation ratio”, “non property-investment residential mortgage loan”, “property-investment residential mortgage loan”, “qualifying new mortgage lending amount in respect of property-investment residential mortgage loans”, “qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans”, 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 October 2016:

“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 2017.

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:

"Authorized Officer" means, where a Creditor is a Person other than a natural person, the director 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, Zaporza,
 Sahydr Sanawas, Kalamagar,
 Mumbai-400 051, SI
 D-05171V/C, R.10420208/1300 to
 1305

(Rupees One Hundred Only)

37918
 133761
 R.0000100/-P85180
 JAN 13 2011
 MAHARASHTRA

"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




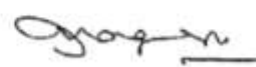
- 5.1 The Bank represents and warrants that:
 - (a) It is a registered bank duly organised and validly existing under the laws of India;
 - (b) It has the corporate power to enter into this Deed and to perform the obligations imposed upon it under this Deed in accordance with its terms; and
 - (c) this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

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)

 (S.K. DATTA)
 General Manager
 International

 (V. ARTHANARI)
 Chief Manager
 International Division

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

)
)

 (B.A. PRABHAKAR)
 Director

 Director P.V. RAO