



Bank of India (New Zealand) Limited

Registered Bank Disclosure Statement

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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General Disclosures

For the six months ended 30 September 2018

1. Reporting Directive

This Disclosure Statement of the Bank as at and for the six month period ended 30 September 2018 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 2018.

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

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

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

5. Priority of creditors' claims

As at 30 September 2018, 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 six months ended 30 September 2018

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

Details of the capital adequacy for the Bank of India as at 30 June 2018 are as follows:

Capital	354,170,000,000	INR
Capital/Risk Weighted Exposures (%)	11.43%	

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).

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 is one change in the composition of the Bank's board of directors since the most recent full year Disclosure Statement dated 31 March 2018.

Mr. Ashish Kumar Sharma was appointed as a Managing Director on 19 May 2018.

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)
- 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)
- Ashish Kumar Sharma, Managing Director (appointed on 19 May 2018)

Communications to the directors should be addressed to:

10 Manukau Road, Epsom, Auckland 1023, New Zealand

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.

General Disclosures

For the six months ended 30 September 2018

Ashish Kumar Sharma, 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.

Qualifications and other directorships

	Qualifications	Details of other directorships
Rabin Sockalingam Rabindran Primary Occupation: Commercial Barrister and International Legal Consultant.	Barrister-at-Law (Middle Temple); M A (Business Law); Associate of Arbitrators' and Mediators' Institute of NZ Inc	Singapore Chapter of ASEAN New Zealand Business Council (Chairman); New Zealand Liaoning International Investment & Development Co. Ltd. RSR Projects International Limited RSR Legal Consultants Limited
Damodharan Neelam Primary Occupation Banker	Bachelor of Science; Certified Associate of the Indian Institute of Bankers (CAIIB); Diploma in Financial Management.	Bank of India, Executive Director; BOI Merchant Bankers Ltd; The New India Assurance Co Ltd
Sameer Handa Primary Occupation Managing Director- Glowbal NZ Ltd	Bachelor of Engineering (B.E. Mechanical); Master of Business Administration (MBA)	Refrigerant Recovery NZ Ltd Refrigerant Recovery Operating Company Nz Limited S V M Holdings Limited Randwick Properties Limited Gray Investments Limited Hotunui Investments Limited Glowbal Nz Limited Hobsonville Point Limited
Judith Ann Whiteman Primary Occupation Independent consultant and Director	BA-Accounting; Institute of Chartered Accountants Australia and New Zealand; Chartered Member, Institute of Directors, NZ Fellow, Australian Institute of Company Directors	Presbyterian Support Northern (Independent Trustee); Te Waipuna Puawai Mercy Oasis Ltd.(Chairperson); Shine Foundation Ltd (Director) Judy Whiteman & Associates Limited
Mrityunjay Kumar Gupta Primary Occupation: Banker	M.A. (Economics); Certified Associate of the Indian Institute of Bankers (CAIIB); PG Diploma in Personnel Management	Nil
Chandan Ohri Primary occupation: Managing partner - Independent Advisory Services Limited; Business and Technology consultant	Master of Business Administration; Chartered Accountant, Australia and New Zealand; Fellow Chartered Accountant, India; Certified Practising Accountant (CPA) Australia; Certified Information Systems Auditor (CISA); Certified Fraud Examiner.	NZBIZ Ltd; Independent Advisory Services Ltd; AGI Education Ltd; Peter Minturn (New Zealand) Goldsmith School Limited; Sewtec Fashion Academy Limited.
Ashish Kumar Sharma Primary Occupation Banker	Bachelor of Commerce (B. Com); Master of Business Administration- Intl (MBA-Intl); Certified Associate of the Indian Institute of Bankers (CAIIB); Chartered Financial Analyst (CFA); Master of Financial Analysis (MFA); UGC NET in Management.	Nil

General Disclosures

For the six months ended 30 September 2018

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 Rabin dran, Independent Director	Member
Mriyunjay 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 are Mr. Rabin Sockalingam Rabin dran and Mr Ashish Kumar Sharma.

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 2018, the Reserve Bank of New Zealand (RBNZ) issued revised conditions of registration for the bank. The conditions of registration have been amended to incorporate revised version of "Liquidity Policy Annex" (BS13A), which is amended as follows:

Added "Qualifying Crown Agents" to the list of primary liquid assets in Annex 1; Added the Local Government Funding Agency (LGFA) to the Local authority securities category; and amended the eligibility limits that apply to Residential Mortgage -Backed Securities (RMBS) and Registered Certificates of Deposits (RCD) to reference total assets in the monthly Bank Balance Sheet Survey.

A copy of the full revised conditions of registration effective on or after 1 October 2018 can be found in Appendix 2.

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

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).

Descriptions of credit rating scales are contained in Appendix 1.

12. Other material matters

In March 2018, Bank of India (the "Parent") underwent a capital rationalisation exercise and, as a result, expressed the intention to close the operations of Bank of India (New Zealand) Limited. The closure process is dependent on various administrative matters/decisions.

During the period of this process, the Parent has agreed to support the operations of the Bank.

The consultant has been appointed to explore the market. The consultation fees will be borne by the parent. A final decision in relation to closure will be taken after going through the indicative bids.

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 six months ended 30 September 2018

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 six months ended 30 September 2018:

- 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 Ashish Kumar Sharma and Rabin Sockalingam Rabindran as directors and responsible persons on behalf of all the directors:

(The directors of the Bank were Sameer Handa, Rabin Sockalingam Rabindran, Judith Ann Whiteman, Chandan Ohri, Damodharan Neelam, Mrityunjay Kumar Gupta and Ashish Kumar Sharma).



Ashish Kumar Sharma
Managing Director
29 November 2018



Rabin Sockalingam Rabindran
Chairman and independent director

Notes to financial statements
For the six months ended 30 September 2018

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Notes to financial statements
For the six months ended 30 September 2018

Statement of Comprehensive Income
For the six months ended 30 September 2018

	Note	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
		NZ \$ '000	NZ \$ '000	NZ \$ '000
Interest income	2	2,592	5,863	2,968
Interest expense	2	(764)	(2,631)	(1,411)
Net interest income		1,828	3,232	1,557
Other income	3	306	598	289
Total operating income		2,134	3,830	1,846
Operating expenses	4	(1,268)	(2,700)	(1,314)
Impairment (losses)/reversal on loans and advances	16	(192)	7	18
Profit before income tax		674	1,137	550
Taxation expense	6	(189)	(320)	(154)
Net Profit after tax		485	817	396
Other Comprehensive income		-	-	-
Total comprehensive income		485	817	396

Statement of Changes in Equity
For the six months ended 30 September 2018

	Share Capital	Retained Earnings	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Balance as at 1 April 2017	50,000	3,217	53,217
Total comprehensive income for the period	-	396	396
Balance as at 30 September 2017 (Unaudited)	50,000	3,613	53,613
Balance as at 1 April 2017	50,000	3,217	53,217
Total comprehensive income for the year	-	817	817
Balance as at 31 March 2018(Audited)	50,000	4,034	54,034
Changes on initial application of NZ IFRS9 (net of tax)		125	125
Adjusted balance as at 1 April 2018	50,000	4,159	54,159
Total comprehensive income for the period	-	485	485
Balance as at 30 September 2018 (Unaudited)	50,000	4,644	54,644

The accompanying notes on pages 11 to 41 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 six months ended 30 September 2018

Statement of Financial Position

As at 30 September 2018

	Note	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
ASSETS		NZ \$ '000	NZ \$ '000	NZ \$ '000
Cash	7	107	98	71
Due from other financial institutions	11	20,328	14,014	30,794
Balance due from related parties	12	288	971	1,916
Loans and advances	5,16	76,279	86,446	89,471
GST Refundable		19	24	22
Other assets	10	202	279	234
Current tax assets		3	4	7
Property and equipment	9	753	809	866
Deferred tax assets	6	101	95	100
Total assets		98,080	102,740	123,481
Total Interest Earning and Discount Bearing Assets		96,902	100,665	122,170
LIABILITES				
Balance due to related parties	12	26,020	27,128	41,299
Deposits and other borrowings	8	17,048	21,100	28,038
Other liabilities	10	368	478	531
Current tax liability		-	-	-
Total liabilities		43,436	48,706	69,868
NET ASSETS		54,644	54,034	53,613
EQUITY				
Share capital	13	50,000	50,000	50,000
Retained earnings		4,644	4,034	3,613
Total shareholder's equity		54,644	54,034	53,613
Total interest and Discount Bearing Liabilities		36,901	46,008	63,619

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

The board of directors of Bank of India (New Zealand) Limited authorised these financial statements for issue on 29 November 2018.

Signed for and on behalf of the board of directors



Ashish Kumar Sharma
 Managing Director
 29 November 2018



Rabin Sockalingam Rabindran
 Chairman and independent director

The accompanying notes on pages 11 to 41 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

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For the six months ended 30 September 2018

Statement of Cash Flows
For the six months ended 30 September 2018

	Note	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
Cash flows from operating activities		NZ \$ '000	NZ \$ '000	NZ \$ '000
Interest received		2,602	5,884	2,981
Fees and other income		306	598	289
Operating expenses paid		(1,253)	(2,574)	(1,205)
GST refund received		5	(3)	(1)
Interest paid		(766)	(2,663)	(1,557)
Income tax paid		(242)	(365)	(207)
Decrease in advances to customers		10,148	756	1,308
Net proceeds (to)/from related parties		(425)	(7,503)	(4,663)
(Decrease)/Increase in deposits from customers		(4,052)	(2,948)	3,990
Net cash flow from operating activities	14	6,323	(8,818)	935
Cash flows from investing activities				
(Increase)/Decrease in balances with other financial institutions		(1,324)	5,000	(14,500)
Purchase of property and equipment		-	(3)	(15)
Disposal of property, plant & equipment		-	-	12
Net cash flow from investing activities		(1,324)	4,997	(14,503)
Cash flows from financing activities				
Proceeds from issuance of shares		-	-	-
Proceeds (to)/from related parties		-	(7,000)	-
Net cash flow used in financing activities		-	(7,000)	-
Net (decrease)/increase in cash and cash equivalents		4,999	(10,821)	(13,568)
Cash and cash equivalents at the beginning of the year		14,112	24,933	24,933
Cash and cash equivalents at the end of the year		19,111	14,112	11,365
Cash and cash equivalent is made up of:				
Cash	7	107	98	71
Cash equivalent due from other financial institutions at call		19,004	14,014	11,294
Total cash and cash equivalents		19,111	14,112	11,365

The accompanying notes on pages 11 to 41 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 six months ended 30 September 2018

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 2018. 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 29 November 2018.

1.2 Basis of Preparation

The financial statements have been prepared on a going concern basis in accordance with historical cost concepts. In March 2018, Bank of India (the "Parent") underwent a capital rationalisation exercise and, as a result, expressed the intention to close the operations of Bank of India (New Zealand) Limited. The closure process is dependent on various administrative matters/decisions.

During the period of this process, the Parent has also agreed to support the operations of the Bank.

The consultant has been appointed to explore the market. A final decision in relation to closure will be taken after going through the indicative bids. Consequently management considers that the use of going concern basis of accounting in the preparation of these financial statements remains appropriate.

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 financial statements as were used in preparing the financial statements for the year ended 31 March 2018, except as disclosed below.

The following new amendments to standards relevant to the Banking have been adopted from 1 April 2018 and have been applied in the preparation of these interim financial statements.

NZ IFRS 9 Financial instruments: Classification and Measurement effective for periods on or after 1 January 2018 has been adopted. This standard replaces the existing guidance in IAS 39 Financial instruments: Recognition and Measurement. NZ IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It

Notes to financial statements
For the six months ended 30 September 2018

also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

NZ IFRS 9 is on a retrospective basis and includes an exception from the requirements to restate comparative information. The Bank plans to use the exemption from restating comparative information and will recognize any impact on accumulated profit or loss and reserves against the opening balance of retained profits and reserves at 1 April 2018.

Classification and measurement change under NZ IFRS 9

The following table summarises the classification and measurement changes by balance sheet assets class to the Banks financial assets on 1 April 2018, the Bank's date of initial application of NZ IFRS 9. There are no changes in the classification and measurement of financial liabilities of the Bank.

Financial Assets	Original classification and measurement category under NZIAS39	New classification and measurement under NZ IFRS 9	1 April 2018	
			Original carrying amount under NZ IAS39	New carrying amount under NZ IFRS 9
			NZ \$ '000	NZ \$ '000
Cash	Loans and receivables	Amortised cost	98	98
Due from other financial institutions	Loans and receivables	Amortised cost	971	971
Balance due from related parties	Loans and receivables	Amortised cost	14,014	14,014
Loans and advances	Loans and receivables	Amortised cost	86,446	86,619
Other Assets	Loans and receivables	Amortised cost	178	178
Total financial assets			101,707	101,880

Change to impairment of financial assets

The NZ IFRS 9 introduces a new impairment model that requires the recognition of expected credit loss, replacing the incurred loss methodology model under NZ IAS 39. Key changes in the Bank's accounting policy for impairment of financial assets are listed below.

The Bank applies a three-stage approach to measuring expected credit loss (ECL) on financial assets classified as amortised cost. Assets migrate through the following three stages based on the change of their credit quality.

Stage 1- the recognition of 12 month ECL, that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;

Stage 2- lifetime ECL for financial instruments for which credit risk has increased significantly since initial recognition;

Stage 3- lifetime expected credit losses for financial instruments which are credit impaired.

Reconciliation from NZ IAS 39 to NZ IFRS 9- Impairment allowances and provisions

The table below presents a reconciliation of the NZ IAS39 impairment allowances for incurred credit losses to NZ IFRS 9 impairment allocation for expected credit losses.

	NZ \$ '000
Total NZ IAS 39 impairment allowance as 31 March 2018	335
Plus	
Impairment allowance on due from banks and other financial institutions	-
Impairment allowance on balance due from related parties	(12)
Provision for undrawn contractual commitments and guaranteed	15
Impairment allowance on loans and advances	(176)
Total impact of NZ IFRS 9 on impairment allowances and provisions	173
Total impairment allowance under NZ IFRS 9 as at 1 April 2018	162

Notes to financial statements
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Financial instruments with impairment by stage

The table below presents a breakdown of gross financial assets in scope of NZ IFRS 9 where there has been an impairment allowance with stage allocation, including off balance sheet exposure.

As at 1 April 2018	Gross exposure				Impairment allowance			
	Stage 1 NZ \$ '000	Stage 2 NZ \$ '000	Stage 3 NZ \$ '000	Total NZ \$ '000	Stage 1 NZ \$ '000	Stage 2 NZ \$ '000	Stage 3 NZ \$ '000	Total NZ \$ '000
Loans & advances	75,374	11,408	-	86,782	81	66	-	147
Off balance sheet loan commitments and guarantees	14,334	30	-	14,364	15	-	-	15
	89,708	11,438	-	101,146	96	66	-	162

Balance sheet impact of the adoption of NZ IFRS 9

The following table is a reconciliation of the balance sheets from NZ IAS 39 to NZ IFRS 9 as at 1 April 2018

	(Audited) 31 March 2018 NZ \$ '000	NZ IFRS 9 Classification and measurement NZ \$ '000	NZ IFRS 9 Impairment change NZ \$ '000	1 April 2018 NZ \$ '000
ASSETS				
Cash	98	-	-	98
Due from other financial institutions	14,014	-	-	14,014
Balance due from related parties	971	-	-	971
Loans and advances	86,446	-	173	86,619
GST Refundable	24	-	-	24
Other assets	279	-	-	279
Current tax assets	4	-	-	4
Property and equipment	809	-	-	809
Deferred tax assets	95	-	(48)	47
Total assets	102,740	-	125	102,865
LIABILITIES				
Balance due to related parties	27,128	-	-	27,128
Deposits and other borrowings	21,100	-	-	21,100
Other liabilities	478	-	-	478
Current tax liability	-	-	-	-
Total liabilities	48,706	-	-	48,706
Shareholder's Equity				
Share capital	50,000	-	-	50,000
Retained earnings	4,034	-	125	4,159
Total shareholder's equity	54,034	-	125	54,159
Total shareholder's equity and liabilities	102,740	-	125	102,865

1.3 Comparatives

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

2 INTEREST

	(Unaudited) 30.09.2018 NZ \$ '000	(Audited) year to 31.03.2018 NZ \$ '000	(Unaudited) 30.09.2017 NZ \$ '000
Interest income			
Loans and advances	2,476	5,299	2,660
From other financial institutions	115	546	298
From related parties	1	18	10
Total interest income	2,592	5,863	2,968
Interest expenses			
Deposits by customers	217	703	357
Deposits by related parties	547	1,928	1,054
Total interest expenses	764	2,631	1,411

Notes to financial statements
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3 OTHER INCOME

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Banking and lending fee income	22	20	9
Net commission revenue	5	11	6
Net foreign exchange gains	258	553	267
Other revenue	21	14	7
Total other income	306	598	289

4 OPERATING EXPENSES

Operating expenses include:

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Auditors remuneration			
- Audit of Disclosure Statements	16	56	-
- Review of Disclosure Statements	30	25	24
Directors' fees	31	58	27
Depreciation			
Leasehold improvements	49	98	49
Computer equipment	-	1	-
Office equipment	4	8	5
Furniture	3	8	4
Total depreciation	56	115	58
Other Expenses	409	974	495
Employee benefit expenses	587	1,195	572
Operating lease rental expenses	139	277	138
Total Operating Expenses	1,268	2,700	1,314

5 LOANS AND ADVANCES

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Residential mortgages loans			
Standard residential mortgage loan			
Non-property investment residential mortgage loan	9,803	11,117	11,158
Property investment residential mortgage loan	18,262	21,028	23,617
Reverse residential mortgage loan	-	-	-
Total	28,065	32,145	34,775
Corporate loans	48,398	54,444	51,500
Other loans	170	192	3,520
Allowance for impairment losses	(354)	(335)	(324)
Net loans and advances	76,279	86,446	89,471
Amounts due for settlement within 12 months	10,375	7,041	13,605
Amounts due for settlement after 12 months	65,904	79,405	75,866
Net loans and advances	76,279	86,446	89,471

Note: Residential mortgage loan as of 30 September 2018 includes an amount of NZD 2,752 thousand (net of impairment) loaned to a director and corporate loans include an amount of NZD 1,467 thousand (net of impairment) loaned to a director. The gross loan amount to directors is disclosed in Note 12.

Notes to financial statements
For the six months ended 30 September 2018

6 TAXATION

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Tax expense comprises:			
Current tax expense in respect of the current year	243	320	159
Deferred tax expense relating to the origination and reversal of temporary differences	(6)	-	-
Expense relating to the origination of permanent difference	-	-	(5)
Impact of NZ IFRS9 adoption on 1 April 2018	(48)	-	-
Total tax expense	189	320	154
The total charge for the period can be reconciled to the accounting profit as follows:			
Profit before income tax expense	674	1,137	550
Income tax expense calculated at 28% (2017: 28%)	189	318	154
Expense relating to the origination of permanent difference	-	2	-
Prior period adjustment	-	-	-
Income tax expense recognised in profit or loss	189	320	154

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

For period ended 30 September 2018 (Unaudited)	Opening balance	Charged to profit or loss	Closing balance
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Temporary differences			
Property, plant & equipment	1	2	3
Impairment allowance	94	4	98
Other liabilities	-	-	-
	95	6	101

For period ended 31 March 2018 (Unaudited)	Opening balance	Charged to profit or loss	Closing balance
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Temporary differences			
Property, plant & equipment	(1)	2	1
Impairment allowance	96	(2)	94
Other liabilities	-	-	-
	95	-	95

Deferred tax assets/(liabilities) (continued)

For period ended 30 September 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	-	9	9
	95	5	100

7 CASH

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Cash on hand	107	98	71
Total cash	107	98	71

Notes to financial statements
For the six months ended 30 September 2018

8 DEPOSITS AND OTHER BORROWINGS

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Retail deposits	17,048	21,100	28,038
Wholesale deposits	-	-	-
Total deposits	17,048	21,100	28,038
Amounts due for settlement within 12 months	16,449	19,730	21,621
Amounts due for settlement after 12 months	599	1,370	6,417
Total deposits	17,048	21,100	28,038

9 PROPERTY AND EQUIPMENT

	Leasehold Improvements	Computer Equipment	Office Equipment	Furniture	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Costs					
Balance as at 1 April 2017(Unaudited)	1,173	57	121	134	1,485
Additions	-	-	16	-	16
Disposals	-	-	(23)	-	(23)
Balance as at 30 September 2017 (Unaudited)	1,173	57	114	134	1,478
Additions	-	1	(1)	-	-
Disposals	-	-	-	-	-
Balance as at 31 March 2018 (Audited)	1,173	58	113	134	1,478
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at 30 September 2018 (Unaudited)	1,173	58	113	134	1,478
Accumulated depreciation					
Balance as at 1 April 2017(Unaudited)	410	56	44	54	564
Disposals	-	-	(10)	-	(10)
Depreciation	49	-	5	4	58
Balance as at 30 September 2017 (Unaudited)	459	56	39	58	612
Disposals	-	-	-	-	-
Depreciation	49	1	3	4	57
Balance as at 31 March 2018 (Audited)	508	57	42	62	669
Depreciation	49	-	4	3	56
Disposals	-	-	-	-	-
Balance as at 30 September 2018 (Unaudited)	557	57	46	65	725
Carrying amount					
Balance as at 30 September 2017 (Unaudited)	714	1	75	76	866
Balance as at 31 March 2018 (Audited)	665	1	71	72	809
Balance as at 30 September 2018 (Unaudited)	616	1	67	69	753

10 OTHER ASSETS

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Prepayments	34	101	48
Interest receivable	168	178	186
Total other assets	202	279	234
Amounts due for settlement within 12 months	202	279	234
Amounts due for settlement after 12 months	-	-	-
Total other assets	202	279	234

Notes to financial statements
For the six months ended 30 September 2018

OTHER LIABILITIES

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Accruals	80	94	75
RWT on Interest on deposits	144	223	246
Interest payable	23	25	91
Others	121	136	119
Total other liabilities	368	478	531
Amounts due for settlement within 12 months	266	362	431
Amounts due for settlement after 12 months	102	116	100
Total other liabilities	368	478	531

11 DUE FROM OTHER FINANCIAL INSTITUTIONS

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Call deposits	19,004	14,014	11,294
Short term deposits	1,324	-	19,500
Total deposits	20,328	14,014	30,794

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

12 RELATED PARTY DISCLOSURE

The Bank is wholly owned by the Bank of India, a Company incorporated in India. The Bank of India is also the Bank's ultimate parent. 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.

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Salary and other short term benefits	133	270	135
Loan to a director	4,234	4,290	3,579

During the period, the Bank accepted the deposits/(withdrawal) of NZD 30 thousand from the key management personnel (31 March 2018: NZD 17 thousand and 30 September 2017: NZD 16 thousand). At the end of 30 September 2018, the total deposit from the key management personnel was NZD 40 thousand (31 March 2018: NZD 72 thousand and 30 September 2017: NZD 71 thousand). During the period, total interest accrued on the loans was NZD 104 thousand and repayments made on the loans were 161 thousand (31 March 2018: NZD 169 thousand and 30 September 2017: NZD 76 thousand). At the end of the period advances to a director was NZD 4,234 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)

Notes to financial statements
For the six months ended 30 September 2018

Limited on the assets of the guarantor, to other claims on the guarantor, in a winding up of that guarantor.

Transactions/balances with related parties

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

- Balance of deposits received from related parties amounted to NZD 405 thousand which are non-interest bearing and payable on demand (31 March 2018: NZD 583 thousand; 30 September 2017: NZD 462 thousand).
- Balance of deposits made with related parties amounting to NZD 197 thousand which are non-interest bearing and receivable on demand. (31 March 2018: NZD 888 thousand; 30 September 2017: NZD 166 thousand).

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Transactions with related parties			
Interest income			
Bank of India (branches and subsidiaries)	1	18	10
Other related parties	104	169	76
Interest expense			
Bank of India (branches and subsidiaries)	-	280	181
Other related parties	547	1,648	873
Net deposit/(withdrawals) with related parties	(683)	(1,165)	(220)
Net deposit/(withdrawals) by related parties	(1,108)	(15,668)	(1,497)
Balances with related parties			
Deposits with/Advances to			
Bank of India (branches and subsidiaries)	288	971	1,916
Other related parties	4,234	4,290	3,566
Total Deposits with related parties	4,522	5,261	5,482
Deposits from			
Bank of India (branches and subsidiaries)	5,505	583	7,642
Other related parties	20,515	26,545	33,657
Total Deposits from related parties	26,020	27,128	41,299
Deposits with related parties			
Amounts due for settlement within 12 months	1,315	1,992	2,642
Amounts due for settlement after 12 months	3,207	3,269	2,840
Total Deposits with related parties	4,522	5,261	5,482
Deposits from related parties			
Amounts due for settlement within 12 months	12,136	9,539	21,644
Amounts due for settlement after 12 months	13,884	17,589	19,655
Total Deposits from related parties	26,020	27,128	41,299

13 SHARE CAPITAL

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	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.

Notes to financial statements
For the six months ended 30 September 2018

14 NET CASH FLOWS FROM OPERATING ACTIVITIES

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Profit for the period	485	817	396
Non-cash items:			
Impairment loss recognised on loans and advances	192	(7)	(18)
Depreciation and amortisation of non-current assets	56	115	58
Deferred tax assets	(54)	-	(5)
Movements in working capital:			
Decrease in loans and advances	10,148	756	1,308
Decrease in interest receivable	10	21	13
(Decrease)/Increase in deposits from customers	(4,052)	(2,948)	3,990
Net Decrease in balances due to related parties	(425)	(7,503)	(4,843)
Decrease/(Increase) in prepayments	67	(14)	39
(Increase)/Decrease in GST refundable	5	(3)	(1)
Increase/(Decrease) in current tax liability	1	(45)	(48)
(Decrease) in other liabilities	(110)	(7)	46
Net cash from/used in operating activities	6,323	(8,818)	935

15 CAPITAL ADEQUACY

The following capital adequacy information is disclosed in relation to the Bank and is derived in accordance with the conditions of registration relating to capital adequacy. For the purpose of the conditions of registration, capital requirements and ratios are calculated in accordance with the Reserve Bank of New Zealand Capital Adequacy Framework (BS2A) dated November 2015 and is disclosed under the Basel III framework in accordance with Schedule 9 of the Order.

Capital and Capital ratios

	(Unaudited) period upto 30.09.2018
Tier 1 capital	
Common Equity Tier 1 ("CET1") Capital	
Issued and fully paid up ordinary share capital	50,000
Retained earnings	4,644
Accumulated other comprehensive income and other disclosed reserves	-
Less deductions from CET1 capital	
Deferred tax assets	(101)
Total Common Equity Tier 1 Capital	54,543
Additional Tier 1 ("AT1") capital	-
Tier 1 Capital	54,543
Tier 2 Capital	-
Total capital	54,543

Capital ratios and solo capital adequacy	(Unaudited) 30.09.2018	(Unaudited) year to 31.03.2018	(Unaudited) 30.09.2017
Common equity Tier 1 capital ratio	64%	57%	54%
Tier 1 capital ratio	64%	57%	54%
Total capital ratio	64%	57%	54%

Minimum ratio requirement	(Unaudited) 30.09.2018	(Unaudited) year to 31.03.2018	(Unaudited) 30.09.2017
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%

Notes to financial statements
For the six months ended 30 September 2018

Capital and Capital ratios (continued)

Buffer ratio	(Unaudited) 30.09.2018	(Unaudited) year to 31.03.2018	(Unaudited) 30.09.2017
Buffer ratio	56%	49%	46%
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 30 September 2018, the Bank deposited its funds with financial institutions with a credit rating from Standard & Poors' of AA- (2017: 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 30 September 2018 (Unaudited)	Total exposure after credit risk mitigation NZ \$ '000	Risk weight	Risk weighted exposure NZ \$ '000	Minimum Pillar 1 capital requirement NZ \$ '000
Cash and gold bullion	107	0%	-	-
Banks	20,328	20%	4,066	326
	197	50%	98	8
	91	100%	91	7
Non Property investment residential mortgage				
LVR upto 80%	9,803	35%	3,431	274
LVR >80% & upto 90%	-	50%	-	-
LVR exceeds 90%	-	75%	-	-
Property investment residential mortgage				
LVR upto 80%	18,262	40%	7,305	584
LVR >80% & upto 90%	-	70%	-	-
LVR exceeds 90%	-	90%	-	-
Corporate Loans	48,398	100%	48,398	3,872
Other Loans	170	100%	170	14
Other assets	724	100%	724	58
Total on balance sheet exposure	98,080		64,283	5,143

Note: Provision on advances of NZD 354 thousand is adjusted with the Other assets

Off Balance Sheet exposures as at 30 September 2018 (Unaudited)	Total exposure NZ \$ '000	Credit conversion factor	Credit equivalent amount NZ \$ '000	Average risk weight	Risk weighted exposure NZ \$ '000	Minimum Pillar 1 capital requirement NZ \$ '000
Other commitments where original maturity is more than one year	12,761	50%	6,380	90.65%	5,783	463
Total off balance sheet exposure	12,761		6,380		5,783	463

Notes to financial statements
For the six months ended 30 September 2018

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 30 September 2018 (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	110,841	70,066	5,606
Operational risk	n/a	11,650	932
Market risk	n/a	3,154	252
Total	110,841	84,870	6,790

Market risk end of period capital charges

As at 30 September 2018 (Unaudited)	Implied risk Weighted Exposure	Aggregate Capital Charge
	NZ \$ '000	NZ \$ '000
Interest rate risk	3,087	247
Foreign currency risk	67	5
Equity risk	-	-
Total	3,154	252

Market risk peak end-of-day capital charges

For period ended 30 September 2018 (Unaudited)	Implied risk Weighted Exposure	Aggregate Capital Charge
	NZ \$ '000	NZ \$ '000
Interest rate risk	4,672	374
Foreign currency risk	144	11
Equity risk	-	-
Total	4,816	385

Pillar 1 capital requirements

	(Unaudited) '30.09.2018	(Unaudited) '31.03.2018	(Unaudited) '30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
On-balance sheet credit risk:			
Residential mortgages (including past due, if any)	858	993	1,103
Corporate	3,872	4,356	4,120
Claims on banks	341	266	573
Other	72	85	354
Total on-balance sheet credit risk	5,143	5,700	6,150
Other capital requirements			
Off balance sheet credit exposures	463	523	375
Operational risk	932	936	887
Market risk	252	381	514
Total other capital requirements	1,647	1,840	1,776
Total Pillar 1 capital requirement	6,790	7,540	7,926

Notes to financial statements
For the six months ended 30 September 2018

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 the period ended 30 September 2018	Implied risk Weighted Exposure	Total operational risk capital requirement
	NZ \$ '000	NZ \$ '000
Operational risk	11,650	932

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 30 September 2018				
On-balance sheet	28,065	-	-	28,065
Off-balance sheet	1,468	-	-	1,468
Total	29,533	-	-	29,533

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. In March 2018, Bank of India (the "Parent") underwent a capital rationalisation exercise and, as a result, expressed the intention to close the operations of Bank of India (New Zealand) Limited. The closure process is dependent on various administrative matters/decisions.

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

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

The Bank has reviewed these other risks and do not believe any individual risk as being material and requiring a capital allocation (31 March 2018: \$nil, 30 September 2017: \$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).

Notes to financial statements
For the six months ended 30 September 2018

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

Capital ratios of the ultimate parent bank

	As at 30.09.2018	As at 31.03.2018	As at 30.09.2017
CET 1 capital ratio	7.53%	7.87%	7.21%
Tier one capital ratio	7.66%	9.73%	8.86%
Total capital ratio	10.93%	12.94%	12.23%

The ultimate parent bank is Bank of India, domiciled in India. Figures are taken from Bank of India's Financial Results for the period ended 30 September 2018 and 30 September 2017 from its website. The above ratios are derived in accordance with the Capital Adequacy Framework (Basel III) as per Reserve Bank of India (RBI) guidelines effective 30 September 2013.

Bank of India is required by the RBI to hold minimum capital at least equal to that specified under the Basel II (standardised) approach. At balance dates (i.e. 30 September 2018 and 30 September 2017) Bank of India was in compliance with the requirements imposed.

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

16 ASSET QUALITY

Loss allowance for ECL includes consideration of:

Probability of default ("PD") which estimates the probability that a customer will default over the next 12 months;

Exposure at time of default (EAD) which estimates the amount of outstanding principal, undrawn loan commitments and contingent exposures (such as guarantees issued by the Bank) at the time of default; and

Loss given default (LGD) which estimates the expected loss in the event of default, it is the percentage of exposure which will be lost after all recovery efforts, including legal expenses and recovery expenses.

The above inputs have been applied in the calculation of loss allowances for ECL on loan exposures classified within the following stages.

Stage 1- It includes financial Assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.

Stage 2- It includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment.

Stage 3- It includes financial assets that have objective evidence of impairment at the reporting date.

Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amounts of loans and advances.

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

The Bank has past due but not impaired assets of NZD 2,712 thousand as at 30 September 2018: nil (31 March 2018: \$nil, 30 September 2017: \$nil). The Bank has no individually impaired assets, and individual credit impairment allowances as at 30 September 2018 (31 March 2018: \$nil, 30 September 2017: \$nil).

Notes to financial statements
For the six months ended 30 September 2018

Provision for Credit Impairment

As at 30 September 2018	Stage 1 - Collective Provision 12- months ECL	Stage 2- Collective Provision Lifetime ECL Not credit impaired	Stage 3 - Collective provision Lifetime ECL Credit impaired	Specific provision Lifetime ECL Credit impaired	Total
Balance as on 1 April 2018	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Residential Mortgage Lending	32	25	-	-	57
Changes to the opening balance due to transfers between ECL stages	-	-	-	-	-
Transferred to collective provision 12 months ECL	(4)	-	-	-	(4)
Transferred to collective provision lifetime ECL not credit impaired	-	-	-	-	-
Transferred to collective provision life time ECL credit impaired	-	-	-	-	-
Charge to statement of comprehensive income excluding transfer between stages	58	10	-	-	68
Balance as at 30 September 2018	86	35	-	-	121
Balance as on 1 April 2018	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Corporate Exposures	64	41	-	-	105
Changes to the opening balance due to transfers between ECL stages	-	-	-	-	-
Transferred to collective provision 12 months ECL	(7)	-	-	-	(7)
Transferred to collective provision lifetime ECL not credit impaired	-	-	-	-	-
Transferred to collective provision life time ECL credit impaired	-	-	-	-	-
Charge to statement of comprehensive income excluding transfer between stages	119	16	-	-	135
Balance as at 30 September 2018	176	57	-	-	233
Balance as on 1 April 2018	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Other retail exposures	-	-	-	-	-
Changes to the opening balance due to transfers between ECL stages	-	-	-	-	-
Transferred to collective provision 12 months ECL	-	-	-	-	-
Transferred to collective provision lifetime ECL not credit impaired	-	-	-	-	-
Transferred to collective provision life time ECL credit impaired	-	-	-	-	-
Charge to statement of comprehensive income excluding transfer between stages	-	-	-	-	-
Balance as at 30 September 2018	-	-	-	-	-
Total					
Balance as on 1 April 2018	96	66	-	-	162
Changes to the opening balance due to transfers between ECL stages	(11)	-	-	-	(11)
Transferred to collective provision 12 months ECL	-	-	-	-	-
Transferred to collective provision lifetime ECL not credit impaired	-	-	-	-	-
Transferred to collective provision life time ECL credit impaired	-	-	-	-	-
Charge to statement of comprehensive income excluding transfer between stages	177	26	-	-	203
Total provision for credit impairment balance at 30 September 2018	262	92	-	-	354

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For the six months ended 30 September 2018

Allowance for impairment losses

As at 30 September 2018 (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				
Less than 30 days past due	183	-	-	183
At least 30 days but less than 60 days past due	-	-	-	-
At least 60 days but less than 90 days past due	2,529	-	-	2,529
At least 90 days past due	-	-	-	-
Total past due but not impaired	2,712	-	-	2,712
Collectively assessed provisions				
Balance at 31 March 2018	126	208	1	335
Changes on initial application of NZ IFRS 9	(69)	(103)	(1)	(173)
Balance at beginning of the year	57	105	-	162
Charge to statement of comprehensive income	64	128	-	192
Other movements	-	-	-	-
Balance at 30 September 2018	121	233	-	354
Individually assessed provisions				
Balance at 1 April 2018	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-
Other movements	-	-	-	-
Balance at 30 September 2018	-	-	-	-
Total allowance for impairment losses	121	233	-	354

As at 31 March 2018 (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				
Less than 30 days past due	-	-	-	-
At least 30 days but less than 60 days past due	-	-	-	-
At least 60 days but less than 90 days past due	-	-	-	-
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	(32)	25	-	(7)
Other movements	-	-	-	-
Balance at 31 March 2018	126	208	1	335
Individually assessed provisions				
Balance at 1 April 2017	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-
Other movements	-	-	-	-
Balance at 31 March 2018	-	-	-	-
Total allowance for impairment losses	126	208	1	335

Notes to financial statements
For the six months ended 30 September 2018

Allowance for impairment losses (continued)

As at 30 September 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				
Less than 30 days past due	-	-	-	-
At least 30 days but less than 60 days past due	-	-	-	-
At least 60 days but less than 90 days past due	-	-	-	-
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	(26)	9	(1)	(18)
Other movements	-	-	-	-
Balance at 30 September 2017	132	192	-	324
Individually assessed provisions				
Balance at 1 April 2017	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-
Other movements	-	-	-	-
Balance at 30 September 2017	-	-	-	-
Total allowance for impairment losses	132	192	-	324

Impairment losses on loans and advances

Impact on Profit & Loss	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				
Charge on initial application of NZ IFRS 9 on 1 April 2018	(69)	(103)	(1)	(173)
Charge for the current period	133	231	1	365
Individually assessed provisions				
Charge on initial application of NZ IFRS 9 on 1 April 2018	-	-	-	-
Charge for the current period	-	-	-	-
Other movements				
Charge on initial application of NZ IFRS 9 on 1 April 2018	-	-	-	-
Charge for the current period	-	-	-	-
Balance at 30 September 2018 (Unaudited)	64	128	-	192
Collectively assessed provisions	(32)	25	-	(7)
Individually assessed provisions	-	-	-	-
Other movements	-	-	-	-
Balance at 31 March 2018 (Audited)	(32)	25	-	(7)
Collectively assessed provisions	(26)	9	(1)	(18)
Individually assessed provisions	-	-	-	-
Other movements	-	-	-	-
Balance at 30 September 2017 (Unaudited)	(26)	9	(1)	(18)

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.

Notes to financial statements
For the six months ended 30 September 2018

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

The Bank does not have any financial assets designated as fair value through profit or loss as at and for the period ended 30 September 2018 (31 March 2018: \$nil; 30 September 2017: \$nil). As such, there were no changes in fair value attributable to changes in credit risks that have been charged to the statement of comprehensive income for the period ended 30 September 2018 (31 March 2018: \$nil; 30 September 2017: \$nil).

There was no aggregate amount of undrawn balances on lending commitments to counterparties for whom drawn balances are classified as individually impaired as at and for the period ended 30 September 2018 (31 March 2018: \$nil; 30 September 2017: \$nil).

There were no other assets under administration as at and for the period ended 30 September 2018 (31 March 2018: \$nil; 30 September 2017: \$nil).

17 FINANCIAL INSTRUMENTS
Categories of financial instruments

As at 30 September 2018 (Unaudited)	Loans and receivables	Financial liabilities at amortised cost	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Assets			
Cash	107	-	107
Balance due from related parties	288	-	288
Due from other financial institutions	20,328	-	20,328
Loans and advances	76,279	-	76,279
Interest receivable	168	-	168
Total financial assets	97,170	-	97,170
Non-financial assets	-	-	910
Total assets	97,170	-	98,080
Liabilities			
Balance due to related parties	-	26,020	26,020
Deposits and other borrowings	-	17,048	17,048
Interest payable	-	23	23
Total financial liabilities	-	43,091	43,091
Non-financial liabilities	-	-	345
Total liabilities	-	43,091	43,436

As at 31 March 2018 (Audited)	Loans and receivables	Financial liabilities at amortised cost	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Assets			
Cash	98	-	98
Balance due from related parties	971	-	971
Due from other financial institutions	14,014	-	14,014
Loans and advances	86,446	-	86,446
Interest receivable	178	-	178
Total financial assets	101,707	-	101,707
Non-financial assets	-	-	1,033
Total assets	101,707	-	102,740
Liabilities			
Balance due to related parties	-	27,128	27,128
Deposits and other borrowings	-	21,100	21,100
Interest payable	-	25	25
Total financial liabilities	-	48,253	48,253
Non-financial liabilities	-	-	453
Total liabilities	-	48,253	48,706

Notes to financial statements
For the six months ended 30 September 2018

Categories of financial instruments (continued)

As at 30 September 2017 (Unaudited)	Loans and receivables	Financial liabilities at amortised cost	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Assets			
Cash	71	-	71
Balance due from related parties	1,916	-	1,916
Due from other financial institutions	30,794	-	30,794
Loans and advances	89,471	-	89,471
Interest receivable	186	-	186
Total financial assets	122,438	-	122,438
Non-financial assets	-	-	1,043
Total assets	122,438	-	123,481
Liabilities			
Balance due to related parties	-	41,299	41,299
Deposits and other borrowings	-	28,038	28,038
Interest payable	-	91	91
Total financial liabilities	-	69,428	69,428
Non-financial liabilities	-	-	440
Total liabilities	-	69,428	69,868

Fair value of financial instruments

As at 30 September 2018 (Unaudited)	Carrying Amounts	Estimated Fair Value
	NZ \$ '000	NZ \$ '000
Financial assets		
Cash	107	107
Balance due from related parties	288	289
Due from other financial institutions	20,328	20,340
Loans and advances	76,279	76,328
Interest receivable	168	168
Total financial assets	97,170	97,232
Financial liabilities		
Balance due to related parties	26,020	26,651
Deposits and other borrowings	17,048	17,104
Interest Payable	23	23
Total financial liabilities	43,091	43,778

As at 31 March 2018 (Unaudited)	Carrying Amounts	Estimated Fair Value
	NZ \$ '000	NZ \$ '000
Financial assets		
Cash	98	98
Balance due from related parties	971	971
Due from other financial institutions	14,014	14,015
Loans and advances	86,446	86,490
Interest receivable	178	178
Total financial assets	101,707	101,752
Financial liabilities		
Balance due to related parties	27,128	27,744
Deposits and other borrowings	21,100	21,142
Interest Payable	25	25
Total financial liabilities	48,253	48,911

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For the six months ended 30 September 2018

Fair value of financial instruments (continued)

As at 30 September 2017 (Unaudited)	Carrying Amounts	Estimated Fair Value
	NZ \$ '000	NZ \$ '000
Financial assets		
Cash	71	71
Balance due from related parties	1,916	1,919
Due from other financial institutions	30,794	30,941
Loans and advances	89,471	89,481
Interest receivable	186	186
Total financial assets	122,438	122,598
Financial liabilities		
Balance due to related parties	41,299	42,215
Deposits and other borrowings	28,038	28,051
Interest Payable	91	91
Total financial liabilities	69,428	70,357

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.

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.

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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 30 September 2018 (Unaudited)	Level 1	Level 2	Level 3	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Cash	107	-	-	107
Loans and receivable				
Due from other financial institutions	-	20,340	-	20,340
Due from related parties	-	289	-	289
Loans and advances	-	-	76,328	76,328
Interest receivable	-	168	-	168
Other financial liabilities				
Balance due to related parties	-	26,651	-	26,651
Deposits and other borrowings	-	17,104	-	17,104
Interest payable	-	23	-	23

As at 31 March 2018 (Audited)	Level 1	Level 2	Level 3	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Cash	98	-	-	98
Loans and receivable				
Due from other financial institutions	-	14,015	-	14,015
Due from related parties	-	971	-	971
Loans and advances	-	-	86,490	86,490
Interest receivable	-	178	-	178
Other financial liabilities				
Balance due to related parties	-	27,744	-	27,744
Deposits and other borrowings	-	21,142	-	21,142
Interest payable	-	25	-	25

As at 30 September 2017 (Unaudited)	Level 1	Level 2	Level 3	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Cash	71	-	-	71
Loans and receivable				
Due from other financial institutions	-	30,941	-	30,941
Due from related parties	-	1,919	-	1,919
Loans and advances	-	-	89,481	89,481
Interest receivable	-	186	-	186
Other financial liabilities				
Balance due to related parties	-	42,215	-	42,215
Deposits and other borrowings	-	28,051	-	28,051
Interest payable	-	91	-	91

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 30 September 2018(31 March 2018: NZD nil; 30 September 2017: NZD nil).

18 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.

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).

Notes to financial statements
For the six months ended 30 September 2018

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

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.

Interest repricing

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

As at 30 September 2018 (Unaudited)	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non - interest- bearing
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Financial assets							
Cash	107	-	-	-	-	-	107
Balance due from related parties	288	91	-	-	-	-	197
Due from other financial institutions	20,328	20,178	-	-	-	-	150
Loans and advances	76,279	75,622	-	-	1,005	6	(354)
Interest receivable	168	-	-	-	-	-	168
Total financial assets	97,170	95,891	-	-	1,005	6	268
Financial Liabilities							
Balance due to related parties	26,020	552	2,441	3,638	13,885	-	5,504
Deposits and other borrowings	17,048	14,192	479	1,114	475	125	663
Interest payable	23	-	-	-	-	-	23
Total financial liabilities	43,091	14,744	2,920	4,752	14,360	125	6,190

As at 31 March 2018 (Audited)	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non - interest- bearing
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Financial assets							
Cash	98	-	-	-	-	-	98
Balance due from related parties	971	83	-	-	-	-	888
Due from other financial institutions	14,014	13,800	-	-	-	-	214
Loans and advances	86,446	85,768	-	-	1,006	7	(335)
Interest receivable	178	-	-	-	-	-	178
Total financial assets	101,707	99,651	-	-	1,006	7	1,043
Financial Liabilities							
Balance due to related parties	27,128	3,539	2,473	2,944	13,092	4,497	583
Deposits and other borrowings	21,100	12,687	1,808	3,597	1,267	104	1,637
Interest payable	25	-	-	-	-	-	25
Total financial liabilities	48,253	16,226	4,281	6,541	14,359	4,601	2,245

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For the six months ended 30 September 2018

Interest repricing (continued)

As at 30 September 2017 (Unaudited)	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non - interest- bearing
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Financial assets							
Cash	71	-	-	-	-	-	71
Balance due from related parties	1,916	1,750	-	-	-	-	166
Due from other financial institutions	30,794	24,625	6,000	-	-	-	169
Loans and advances	89,471	89,792	-	-	3	-	(324)
Interest receivable	186	-	-	-	-	-	186
Total financial assets	122,438	116,167	6,000	-	3	-	268
Financial Liabilities							
Balance due to related parties	41,299	1,966	12,609	6,427	5,888	13,767	642
Deposits and other borrowings	28,038	15,023	249	1,273	6,011	406	5,076
Interest payable	91	-	-	-	-	-	91
Total financial liabilities	69,428	16,989	12,858	7,700	11,899	14,173	5,809

Interest rate sensitivity

The table below summarise the post-tax sensitivity of financial assets and liabilities to change in interest rate risk. The market value of the assets and liabilities were used as the basis for the analysis and financial modelling was used to determine the impact on those values of changes in each risk scenario.

As at 30 September 2018 (Unaudited)	Carrying Amounts	-1.0% Profit or Loss	+1.0% Profit or Loss	-1.0% Equity	+1.0% Equity
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Financial assets					
Cash	107	-	-	-	-
Balance due from related parties	288	(1)	1	(1)	1
Due from other financial institutions	20,328	(11)	11	(11)	11
Loans and advances	76,279	(545)	545	(545)	545
Interest receivable	168	-	-	-	-
Total financial assets	97,170	(557)	557	(557)	557
Financial liabilities					
Balance due to related parties	26,020	48	(48)	48	(48)
Deposits and other borrowings	17,048	114	(114)	114	(114)
Interest Payable	23	-	-	-	-
Total financial liabilities	43,091	162	(162)	162	(162)

As at 31 March 2018 (Audited)	Carrying Amounts	-1.0% Profit or Loss	+1.0% Profit or Loss	-1.0% Equity	+1.0% Equity
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Financial assets					
Cash	98	-	-	-	-
Balance due from related parties	971	(1)	1	(1)	1
Due from other financial institutions	14,014	(5)	5	(5)	5
Loans and advances	86,446	(618)	618	(618)	618
Interest receivable	178	-	-	-	-
Total financial assets	101,707	(624)	624	(624)	624
Financial liabilities					
Balance due to related parties	27,128	64	(64)	64	(64)
Deposits and other borrowings	21,100	130	(130)	130	(130)
Interest Payable	25	-	-	-	-
Total financial liabilities	48,253	194	(194)	194	(194)

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Interest rate sensitivity (continued)

As at 30 September 2017 (Unaudited)	Carrying Amounts	-1.0% Profit or Loss	+1.0% Profit or Loss	-1.0% Equity	+1.0% Equity
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Financial assets					
Cash	71	-	-	-	-
Balance due from related parties	1,916	(13)	13	(13)	13
Due from other financial institutions	30,794	(220)	220	(220)	220
Loans and advances	89,471	(614)	614	(614)	614
Interest receivable	186	-	-	-	-
Total financial assets	122,438	(847)	847	(847)	847
Financial liabilities					
Balance due to related parties	41,299	153	(153)	153	(153)
Deposits and other borrowings	28,038	119	(119)	119	(119)
Interest Payable	91	-	-	-	-
Total financial liabilities	69,428	272	(272)	272	(272)

Foreign exchange risk

The table below summarises the Bank's open foreign currency position.

	As at 30.09.2018 (Unaudited)		As at 31.03.2018 (Audited)		As at 30.09.2017 (Unaudited)	
	(USD)	(INR)	(USD)	(INR)	(USD)	(INR)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	NZD Equivalent	NZD Equivalent	NZD Equivalent	NZD Equivalent	NZD Equivalent	NZD Equivalent
Financial assets						
Cash	4	-	7	-	7	-
Balance due from related parties	224	64	911	60	1,852	64
Due from other financial institutions	1,461	-	759	-	2	-
Interest receivable	8	-	-	-	2	-
Total financial assets	1,697	64	1,677	60	1,863	64
Financial liabilities						
Balance due to related parties	18	-	-	-	-	-
Deposits and other borrowings	1,676	-	1,676	-	1,848	-
Interest payable	1	-	-	-	1	-
Total financial liabilities	1,695	-	1,676	-	1,849	-
Net Open Position:	2	64	1	60	14	64

Foreign exchange sensitivity

The table below summarises the post-tax sensitivity to changes in foreign exchange rates.

As at 30 September 2018 (Unaudited)	Carrying Amounts	-10% Profit or Loss	+10% Profit or Loss	-10% Equity	+10% Equity
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Financial assets					
Net Open Position	66	(5)	5	(5)	5

As at 31 March 2018 (Audited)	Carrying Amounts	-10% Profit or Loss	+10% Profit or Loss	-10% Equity	+10% Equity
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Financial assets					
Net Open Position	61	(4)	4	(4)	4

As at 30 September 2017 (Unaudited)	Carrying Amounts	-10% Profit or Loss	+10% Profit or Loss	-10% Equity	+10% Equity
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Financial assets					
Net Open Position	78	(6)	6	(6)	6

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For the six months ended 30 September 2018

Liquidity risk

The table below summarises the cash flows receivable and payable by the Bank under non-derivative financial assets and liabilities by remaining contractual maturities as at 30 September 2018. The amounts disclosed are contractual undiscounted cash flows and is not disclosed based on expected cash flows. The liquid assets are for the purpose of managing liquidity.

As at 30 September 2018 (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	-	-	-	-	107	107
Balance due from related parties	92	-	-	-	197	289
Due from other financial institutions	1,471	-	-	-	18,869	20,340
Loan and advances	2,319	9,073	39,000	63,606	5,212	119,210
Interest receivable	168	-	-	-	-	168
Total financial assets	4,050	9,073	39,000	63,606	24,385	140,114
Liabilities						
Balance due to related parties	571	6,439	15,185	-	5,505	27,700
Deposits and other borrowings	6,504	1,638	640	-	8,401	17,183
Other liabilities	23	-	-	-	-	23
Total financial liabilities	7,098	8,077	15,825	-	13,906	44,906
Net non-derivative cash flows	(3,048)	996	23,175	63,606	10,479	95,208
Off Balance sheet cash flows						
Loan commitments	-	4,073	7,617	-	597	12,287
Guarantee	-	-	-	-	474	474
Total	-	4,073	7,617	-	1,071	12,761
Net cash flows	(3,048)	(3,077)	15,558	63,606	9,408	82,447

As at 31 March 2018 (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	-	-	-	-	98	98
Balance due from related parties	83	-	-	-	888	971
Due from other financial institutions	758	-	-	-	13,256	14,014
Loan and advances	2,569	8,447	44,121	75,500	5,173	135,810
Interest receivable	178	-	-	-	-	178
Total financial assets	3,588	8,447	44,121	75,500	19,415	151,071
Liabilities						
Balance due to related parties	3,712	5,732	19,451	-	583	29,478
Deposits and other borrowings	4,435	5,534	1,456	-	9,921	21,346
Other liabilities	25	-	-	-	-	25
Total financial liabilities	8,172	11,266	20,907	-	10,504	50,849
Net non-derivative cash flows	(4,584)	(2,819)	23,214	75,500	8,911	100,222
Off Balance sheet cash flows						
Loan commitments	600	4,515	7,617	-	1,158	13,890
Guarantee	-	-	-	-	474	474
Total	600	4,515	7,617	-	1,632	14,364
Net cash flows	(5,184)	(7,334)	15,597	75,500	7,279	85,858

Notes to financial statements
For the six months ended 30 September 2018

Liquidity risk (continued)

As at 30 September 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	-	-	-	-	71	71
Balance due from related parties	1,794	133	724	4,666	826	8,143
Due from other financial institutions	13,591	6,057	-	-	11,293	30,941
Loan and advances	3,191	9,118	37,395	76,349	7,837	133,890
Interest receivable	186	-	-	-	-	186
Total financial assets	18,762	15,308	38,119	81,015	20,027	173,231
Liabilities						
Balance due to related parties	2,065	20,093	22,020	-	462	44,640
Deposits and other borrowings	8,640	1,547	6,671	-	11,558	28,416
Interest Payable	91	-	-	-	-	91
Total financial liabilities	10,796	21,640	28,691	-	12,020	73,147
Net non-derivative cash flows	7,966	(6,332)	9,428	81,015	8,007	100,084
Off Balance sheet cash flows						
Loan commitments	-	-	-	-	9,372	9,372
Guarantee	-	-	-	-	224	224
Total	-	-	-	-	9,596	9,596
Net cash flows	7,966	(6,332)	9,428	81,015	(1,589)	90,488

Regulatory liquidity ratios

The table below shows the arithmetic 3-month average of the respective daily ratio values in accordance with RBNZ's Liquidity Policy (BS13/BS13A) ("BS13") and the Bank's Conditions of Registration relating to liquidity-risk management.

The one-week mismatch ratio is a measure of the Bank's one-week mismatch amount over its total funding, where the one-week mismatch amount represents the Bank's portfolio of primary liquid assets plus expected cash inflows minus expected cash outflows during a one-week period of stress. The bank is required to maintain this ratio above a minimum level of zero percent on a daily basis. The one-week mismatch ratio = $100 \times (\text{one-week mismatch dollar amount} / \text{total funding})$.

The one-month mismatch ratio is a measure of the Bank's one-month mismatch amount over its total funding, where the one-month mismatch amount represents the Bank's stock of primary and secondary liquid assets plus expected cash inflows minus expected cash outflows during a one-month period of stress. The bank must maintain this ratio above a minimum level of zero percent on a daily basis. The one-month mismatch ratio = $100 \times (\text{one-month mismatch dollar amount} / \text{total funding})$.

The one-year core funding ratio measures the extent to which loans and advances are funded by funding that is considered stable. The one-year core funding ratio = $100 \times (\text{one-year core funding dollar amount} / \text{BS13 total loans and advances})$ and must currently remain above 75 percent on a daily basis.

Average for the three months ended	30.09.2018 (%)	30.06.2018 (%)
Quarterly average one-week mismatch ratio	27.33	22.67
Quarterly average one-month mismatch ratio	28.33	22.67
Quarterly average core funding ratio	111.67	106.33

Notes to financial statements
For the six months ended 30 September 2018

19 CONCENTRATION OF CREDIT RISK

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

Analysis of on balance sheet credit exposure by industry	(Unaudited) year to 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) year to 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Personal & Other Services		-	-
Property & Business Services	42,756	48,802	48,803
Finance, Investment & Insurance	22,198	16,780	34,798
Retail & Wholesale Trade	5,237	5,144	5,653
Hospitality	284	377	668
Health & Community Services	7,634	7,800	8,064
Others	239	2,229	1,613
Households	17,053	19,873	22,038
Restaurants & Accommodation	228	352	493
Education	1,460	111	125
Printing & Related Activities	160	299	436
Subtotal	97,249	101,767	122,691
Allowance for impairment losses	(354)	(336)	(324)
Total on-balance sheet credit exposures	96,895	101,431	122,367

Analysis of on balance sheet exposure by geographical area	30.09.2018 (Unaudited)	31.03.2018 (Audited)	30.09.2017 (Unaudited)
		NZ \$ '000	NZ \$ '000
New Zealand	96,607	100,460	120,440
Asia	179	165	1,847
America	109	806	80
Total on-balance sheet credit exposures	96,895	101,431	122,367

Off balance sheet credit exposures	30.09.2018 (Unaudited)	31.03.2018 (Audited)	30.09.2017 (Unaudited)
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Loan commitments	12,287	13,890	9,372
Performance/financial guarantees issued on behalf of customers	474	474	224
Total off-balance sheet credit exposures	12,761	14,364	9,596

Analysis of off balance sheet credit exposure by industry	30.09.2018 (Unaudited)	31.03.2018 (Audited)	30.09.2017 (Unaudited)
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Property & Business Services	10,920	12,354	8,605
Health & Community Services	43	43	440
Retail & Wholesale Trade	47	102	80
Education	81	81	81
Travel & Tourism	310	310	60
Households	1,333	1,447	303
Restaurants & Accommodation	27	27	27
Total off-balance sheet credit exposures	12,761	14,364	9,596

Maximum exposure to credit risk

The Bank does not have any material exposures on which balances have been netted. As such, the carrying amount of loans and advances (gross of provisions) and commitments as set out in note 23 represent the Bank's maximum exposure to credit risk for on and off Balance Sheet financial instruments.

Coverage provided by Collateral Held on Loan

The table below presents the maximum exposure to credit risk for balance sheet financial instruments before taking account of the financial effect of any collateral held.

The most common types of collateral include:

- Security over real estate
- Cash deposits
- Other security over business assets.

Notes to financial statements
For the six months ended 30 September 2018

CONCENTRATION OF CREDIT RISK (continued)

	Maximum exposure (Unaudited) 30.09.2018			Maximum exposure (Audited) 31.03.2018			Maximum exposure (Unaudited) 30.09.2017		
	Maximum Exposure to Credit Risk	Financial effect of Collateral	Unsecured portion of Credit Exposure	Maximum Exposure to Credit Risk	Financial effect of Collateral	Unsecured portion of Credit Exposure	Maximum Exposure to Credit Risk	Financial effect of Collateral	Unsecured portion of Credit Exposure
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Due from other financial Institutions	20,328	-	20,328	14,014	-	14,014	30,794	-	30,794
Net Loans and advances to Customers	76,279	76,229	50	86,446	86,399	47	89,471	89,407	64
Balance with related parties	288	-	288	971	-	971	1,916	-	1,916
Total exposure to credit risk	96,895	76,229	20,666	101,431	86,399	15,032	122,181	89,407	32,774

20 CONCENTRATION OF FUNDING

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

Analysis of funding by industry sector:	30.09.2018 (Unaudited)	31.03.2018 (Audited)	30.09.2017 (Unaudited)
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Finance, Investment and Insurance	26,020	27,128	41,299
Households	16,385	17,675	23,298
Restaurants	28	28	-
Property & business services	428	2,858	126
Others	207	539	4,614
Total funding	43,068	48,228	69,337

Analysis of funding by geographical area:	30.09.2018 (Unaudited)	31.03.2018 (Audited)	30.09.2017 (Unaudited)
	NZ \$ '000	NZ \$ '000	NZ \$ '000
New Zealand	37,563	47,645	61,695
Asia	5,505	583	7,642
Total funding	43,068	48,228	69,337

21 CONCENTRATION OF CREDIT EXPOSURE TO INDIVIDUAL COUNTERPARTIES

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

There were no individual bank counterparties which the Bank has an aggregate credit exposure that equals or exceeds 10% of the Bank's equity as at 30 September 2018 (31 March 2018: Nil; 30 September 2017: 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 30 September 2018. (31 March 2018: 7; 30 September 2017: 7).

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 the period ended 30 September 2018 (31 March 2018: Nil; 30 September 2017: Nil).

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 30 September 2018: (31 March 2018- 7; 30 September 2017: 7).

Notes to financial statements
For the six months ended 30 September 2018

CONCENTRATION OF CREDIT EXPOSURE TO INDIVIDUAL COUNTERPARTIES
(continued)

Percentage of shareholders' equity	30.09.2018 (Unaudited)			
	Number of Non-Bank Counterparties			
	"A" Rated	"B" Rated	Unrated	Total
As at Balance Date				
10% - 14.99%	-	-	4	4
15% - 19.99%	-	-	1	1
20% - 24.99%	-	-	2	2
Total	-	-	7	7
Peak Exposure				
10% - 14.99%	-	-	4	4
15% - 19.99%	-	-	1	1
20% - 24.99%	-	-	2	2
Total	-	-	7	7

Percentage of shareholders' equity	31.03.2018 (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	30.09.2017 (Unaudited)			
	Number of Non-Bank Counterparties			
	"A" Rated	"B" Rated	Unrated	Total
As at Balance Date				
10% - 14.99%	-	-	4	4
15% - 19.99%	-	-	1	1
20% - 24.99%	-	-	2	2
Total	-	-	7	7
Peak Exposure				
10% - 14.99%	-	-	4	4
15% - 19.99%	-	-	1	1
20% - 24.99%	-	-	2	2
Total	-	-	7	7

22 CREDIT EXPOSURE TO CONNECTED PERSONS

As at	30.09.2018 (Unaudited)	31.03.2018 (Audited)	30.09.2017 (Unaudited)
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Credit exposure to connected persons	4,615	5,350	5,579
Credit exposure to non-bank connected persons	-	-	-
Peak end-of-day			
Credit exposure to connected persons	6,473	6,473	5,875
Credit exposure to non-bank connected persons	-	-	-

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For the six months ended 30 September 2018

CREDIT EXPOSURE TO CONNECTED PERSONS (continued)

As at	30.09.2018 (Unaudited) % of Tier 1 Capital	31.03.2018 (Audited) % of Tier 1 Capital	30.09.2017 (Unaudited) % of Tier 1 Capital
Credit exposure to connected persons	8.45%	9.92%	10.43%
Credit exposure to non-bank connected persons	0.0%	0.00%	0.00%
Peak end-of-day			
Credit exposure to connected persons	11.86%	12.00%	10.98%
Credit exposure to non-bank connected persons	0.0%	0.00%	0.00%

This information has been derived in accordance with the Bank's condition of registration and Connected Exposure Policy (BS8) and is net of individual credit impairment allowances and excludes advances to connected persons of a capital nature.

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

As at 30 September 2018, the rating-contingent limit applicable to the Bank was 15% of tier one capital. Over the period ended 30 September 2018, no changes have been made to the rating-contingent limit. Within the overall rating-contingent limit, there is a sublimit of 15% of tier one capital that applies to the aggregate credit exposure to non-bank connected persons. (31 March 2018: 15%; 30 September 2017: 15%).

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

Aggregate amount of contingent exposures of the Bank to connected persons arising from risk lay-off arrangements in respect of credit exposures to counterparties (excluding counterparties that are connected persons) as at 30 September 2018 is NZD nil (31 March 2018: NZD nil; 30 September 2017: NZD nil).

Aggregate amount of the Bank's individual credit impairment allowances provided against credit exposures to connected persons as at 30 September 2018 is NZ \$nil (31 March 2018: NZD nil; 30 September 2017: NZD nil).

23 COMMITMENTS

Undrawn loan commitments

	(Unaudited) 30.09.2018 NZ \$ '000	(Audited) year to 31.03.2018 NZ \$ '000	(Unaudited) 30.09.2017 NZ \$ '000
Undrawn loan commitments	12,287	13,890	9,372
Total	12,287	13,890	9,372

Capital commitments

As at 30 September 2018, the Bank does not have any commitments for capital expenditure (31 March 2018: \$nil; 30 September 2017: \$nil).

Operating lease commitments

Operating leases relate to the Bank's premises

	(Unaudited) 30.09.2018 NZ \$ '000	(Audited) year to 31.03.2018 NZ \$ '000	(Unaudited) 30.09.2017 NZ \$ '000
Not longer than one year	219	279	312
Longer than one year and not longer than five years	443	492	584
Longer than five years	-	34	92
Total	662	805	988

Notes to financial statements

For the six months ended 30 September 2018

24 INSURANCE BUSINESS AND NON-FINANCIAL ACTIVITIES

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

25 SEGMENT INFORMATION

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

26 CONTINGENT LIABILITIES

	(Unaudited) 30.09.2018	(Audited) year to 31.03.2018	(Unaudited) 30.09.2017
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Performance/financial guarantees issued on behalf of customers	474	474	224
Total contingent liabilities	474	474	224

27 SUBSEQUENT EVENTS

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

Credit Ratings Scales

Long Term Debt Ratings	Standard 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 modifies 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.

Conditions of registration for Bank of India (New Zealand) Limited

These conditions of registration apply on and after 1 October 2018.

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;

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.)

- (c) at least half of the board members must be independent directors;
- (d) an alternate director,—
 - (i) for a non-executive director must be non-executive; and
 - (ii) for an independent director must be independent;
- (e) at least half of the independent directors of the bank must be ordinarily resident in New Zealand;
- (f) the chairperson of the board of the bank must be independent; and
- (g) the bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the bank).

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

- 7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:
 - (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 January 2018 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated October 2018.

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 65%, 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 15% 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 January 2018:

“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 June 2018.

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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"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

)
)

 (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



Independent Review Report

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

Report on the half year disclosure statement

Conclusion

Based on our review of the interim financial statements and supplementary information of the Bank of India (New Zealand) Limited (the "Registered Bank") on pages 8 to 41, nothing has come to our attention that causes us to believe that:

- i. the interim financial statements do not present fairly in all material respects the Registered Bank's financial position as at 30 September 2018 and its financial performance and cash flows for the 6 month period ended on that date;
- ii. the interim financial statements (excluding the supplementary information disclosed in accordance with Schedules 5, 7, 9, 13, 16 and 18 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order")), have not been prepared, in all material respects, with NZ IAS 34 Interim Financial Reporting ("NZ IAS 34");
- iii. the supplementary information, does not fairly state, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 9, 13, 16 and 18 of the Order; and
- iv. the supplementary information relating to capital adequacy, has not been prepared, in all material respects, in accordance with the Registered Bank's conditions of registration, Capital Adequacy Framework (Standardised Approach) (BS2A) and disclose it in accordance with Schedule 9 of the Order.

We have completed a review of the accompanying half year disclosure statement which comprises:

- the interim financial statements formed of:
 - the statement of financial position as at 30 September 2018;
 - the statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
 - notes, including a summary of significant accounting policies and other explanatory information.
- the supplementary information prescribed in Schedules 5, 7, 9, 13, 16 and 18 of the Order.



Basis for conclusion

A review of the half year disclosure statement in accordance with New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Bank of India (New Zealand) Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Registered Bank.



Material uncertainty related to going concern

We draw attention to Note 1.2 to the interim financial statements which describes Bank of India's (the "Parent") intention to close the Registered Bank's operations. Those events stated in note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the Registered Bank's ability to continue as a going concern. Our opinion is not modified in respect to this matter.



Use of this independent review report

This independent review report is made solely to the Shareholder as a body. Our review work has been undertaken so that we might state to the Shareholder those matters we are required to state to them in the independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholder as a body for our review work, this independent review report, or any of the opinions we have formed.



Responsibilities of the Directors for the half year disclosure statement

The Directors, on behalf of the Registered Bank, are responsible for:

- the preparation and fair presentation of the half year disclosure statement in accordance with NZ IAS 34 and Schedules 3, 5, 7, 13, 16 and 18 of the Order;
- the preparation and fair presentation of the supplementary information in regards to capital adequacy in accordance with the Registered Bank's conditions of registration, Capital Adequacy Framework (Standardised Approach) (BS2A) and Schedule 9 of the Order;
- implementing necessary internal control to enable the preparation of a half year disclosure statement that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



x Auditor's responsibilities for the review of the half year disclosure statement

Our responsibility is to express a conclusion on the half year disclosure statement based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the:

- the interim financial statements do not present fairly in all material respects the Registered Bank's financial position as at 30 September 2018 and its financial performance and cash flows for the 6 month period ended on that date;
- the interim financial statements do not, in all material respects, comply with NZ IAS 34;
- the supplementary information does not, fairly state, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order; and
- the supplementary information relating to capital adequacy is not, prepared in all material respects, in accordance with the Registered Bank's Conditions of Registration, Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9 of the Order.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on the half year disclosure statement.

This description forms part of our independent review report.

KPMG
Auckland

29 November 2018