



Bank of India (New Zealand) Limited

Registered Bank Disclosure Statement

FOR THE YEAR ENDED 31 MARCH 2017

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1. Reporting Directive

This Disclosure Statement of the Bank as at and for the year ended 31 March 2017 has been prepared under the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended).

2. Registered Bank

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

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

For the purposes of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended), the Bank is currently the only entity within the Registered Bank's Banking Group in New Zealand and accordingly the term "Bank" has the same meaning as the Bank's Banking Group throughout this Disclosure Statement.

3. Ultimate Parent Bank and Ultimate Holding Company

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

The obligations of the Bank are guaranteed by its ultimate parent, Bank of India (refer to section 6 below for further details on the guarantee arrangement). There has been no change to the ultimate parent bank or ultimate holding company since 31 March 2016.

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

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

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

5. Priority of creditors' claims

As at 31 March 2017, all creditors of the Bank have equal priority of claims over the Bank's assets in the event that the Bank is liquidated or ceases to trade.

6. Guarantee Arrangements

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

Copies of the Guarantee are attached as Appendix 3.

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

General Disclosures

For the year ended 31 March 2017

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

Details of the capital adequacy for the Bank of India as at 31 March 2017 are as follows:

Capital	420,820,000,000 INR
Capital/Risk Weighted Exposures (%)	12.14%

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

Rating Agency:	Standard & Poor's
Current Credit Rating:	BB+ /Stable/B

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

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

Descriptions of credit rating scales are contained in Appendix 1.

Details of Guaranteed Obligations

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

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

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

The deed of guarantee does not have an expiry date.

Material Cross Guarantees

There are no material cross guarantees.

7. Directors

There are two changes in the composition of the Bank's board of directors since the most recent full year Disclosure Statement dated 31 March 2016.

Mr. Ravindra Prabhakar Marathe resigned on 26 September 2016. Mr Sanjaya Singh Gaur is ceased to be Director from 31 May 2017.

At present, the Bank has the following directors:

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

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

General Disclosures

For the year ended 31 March 2017

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

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

Mrityunjay Kumar Gupta, Director, is 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 Member of Arbitrators' and Mediators' Institute of NZ Inc	Auckland Transport, Regional Land Transport Programme Public Hearings Panel (Chairman), Election Signs Bylaw Public Hearings Panel (Chairman), Trading & Events in Public Places Bylaw Hearing (Commissioner), Solid Energy New Zealand Limited, Swift Energy New Zealand Limited, Swift Energy New Zealand Holdings Limited, Kowhai Operating Limited, Counties Manukau District Health Board (Deputy Chairman), New Zealand Health Partnerships Limited, Singapore Chapter of ASEAN New Zealand Business Council (Chairman) New Zealand Liaoning International Investment & Development Co. Limited.
Sameer Handa Primary Occupation Ex Managing Director, Beijer Ref., Austrasia	Bachelor of Engineering (B.E. Mechanical), Master of Business Administration (MBA)	Patton Ltd, NZ; Real Cold NZ Ltd, Refrigerant Recovery NZ Ltd Ltd, Patton Refrigeration India Pvt. Ltd., India.
Mrityunjay Kumar Gupta Primary Occupation: Banker	M.A. (Economics), Certified Associate of the Indian Institute of Bankers (CAIB), PGDPM	Nil
Ranjit Kumar Amarendra Jha Primary Occupation Banker	Bachelor of Science, Certified Associate of the Indian Institute of Bankers (CAIB)	Nil
Judith Ann Whiteman Primary Occupation Independent consultant and Director	BA-Accounting; Chartered Accountants Australia and New Zealand , CPA Australia ; Chartered Member, Institute of Directors NZ	Presbyterian Support Northern (Independent Trustee), Te Waipuna Puawai Mercy Oasis Ltd.(Independent Director) Shine Foundation Ltd (Director)

General Disclosures
For the year ended 31 March 2017

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

Board Audit Committee members

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

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

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

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

8. Auditor

The name and address of the Bank's independent auditor is:
KPMG
18 Viaduct Harbour Avenue
P. O. Box 1584 Shortland Street
Auckland 1140
New Zealand

9. Conditions of Registration

Effective 1 October 2016, the Reserve Bank of New Zealand (RBNZ) issued revised conditions of registration for the bank. The conditions of registration has been amended to incorporate the changes that are included in the revised version of "Framework for Restrictions on High-LVR Residential Mortgage Lending"(BS19).

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

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

10. Pending Proceedings or Arbitration

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

11. Credit Ratings

Bank of India (New Zealand) Limited has the following general credit rating applicable to its long term senior unsecured obligations payable in New Zealand in New Zealand dollars.

Rating Agency: Standard and Poor's
Current Credit Rating: BB+/Stable/B

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

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

Descriptions of credit rating scales are contained in Appendix 1.

12. Other material matters

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

General Disclosures
For the year ended 31 March 2017

Historical summary of financial statements

Statement of Comprehensive Income					
For the year ended 31 March	2017	2016	2015	2014	2013
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Interest income	5,599	5,100	4,158	3,287	2,523
Interest expense	(2,275)	(1,730)	(972)	(462)	(300)
Net interest income	3,324	3,370	3,186	2,825	2,223
Other income	579	482	358	378	187
Total operating income	3,903	3,852	3,544	3,203	2,410
Operating expenses	(2,575)	(2,765)	(2,656)	(2,448)	(1,918)
Impairment losses on loans and advances	(37)	(49)	(23)	(95)	(117)
Profit before tax	1,291	1,038	865	660	375
Taxation expense	(373)	(296)	(247)	(194)	(105)
Net profit after taxation	918	742	618	466	270
Dividends Paid	-	-	-	-	-
Statement of Financial Position	2017	2016	2015	2014	2013
As at 31 March	\$000	\$000	\$000	\$000	\$000
Total assets	120,587	101,371	85,743	69,081	64,943
Total individually impaired assets	-	-	-	-	-
Total liabilities	67,370	49,072	34,186	18,142	14,470
Total shareholder's equity	53,217	52,299	51,557	50,939	50,473

The amounts disclosed in this historical summary of financial statements have been taken from the audited financial statements of the Bank.

Directors' Statement
For the year ended 31 March 2017

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

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

Furthermore, each director believes, after due enquiry that over the year ended 31 March 2017:

- The Bank has complied with all conditions of registration that applied during the period;
- Credit exposure to connected persons were not contrary to the interests of the Bank; and
- The Bank had systems in place to monitor and control adequately the material risks of the Bank including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

Signed by Ranjitkumar Amarendra Jha and Rabin Sockalingam Rabindran as directors and responsible persons on behalf of all the directors:

(The directors of the Bank were Ranjitkumar Amarendra Jha, Sameer Handa, Rabin Sockalingam Rabindran, Judith Ann Whiteman and Mrityunjay Kumar Gupta).

Ranjitkumar Amarendra Jha
Managing Director
12 June 2017

Rabin Sockalingam Rabindran
Chairman and independent director

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Statement of Comprehensive Income

	Note	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
		NZ \$ '000	NZ \$ '000
Interest income	2	5,599	5,100
Interest expense	2	(2,275)	(1,730)
Net interest income		3,324	3,370
Other income	3	579	482
Total operating income		3,903	3,852
Operating expenses	4	(2,575)	(2,765)
Impairment losses on loans and advances	16	(37)	(49)
Profit before income tax		1,291	1,038
Taxation expense	6	(373)	(296)
Net Profit after tax		918	742
Other Comprehensive income		-	-
Total comprehensive income		918	742

Statement of Changes in Equity

For the year ended 31 March 2017

	Share Capital	Retained Earnings	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Balance as at 1 April 2015	50,000	1,557	51,557
Total comprehensive income for the year	-	742	742
Balance as at 31 March 2016 (Audited)	50,000	2,299	52,299
Balance as at 1 April 2016	50,000	2,299	52,299
Total comprehensive income for the year	-	918	918
Balance as at 31 March 2017(Audited)	50,000	3,217	53,217

The accompanying notes on pages 12 to 41 form an integral part of these financial statements and should be read in conjunction with the financial statements.

Statement of Financial Position

	Note	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
		NZ \$ '000	NZ \$ '000
ASSETS			
Cash	7	93	293
Due from other financial institutions	11	29,840	21,766
Balance due from related parties	12	2,136	3,682
Loans and advances	5,16	87,195	74,158
GST Refundable		21	24
Other assets	10	286	336
Current tax assets		-	-
Property and equipment	9	921	1,029
Deferred tax assets	6	95	83
Total assets		120,587	101,371
Total Interest Earning and Discount Bearing Assets		117,689	99,606
LIABILITIES			
Balance due to related parties	12	42,796	29,046
Deposits and other borrowings	8	24,048	19,491
Other liabilities	10	485	503
Current tax liability		41	32
Total liabilities		67,370	49,072
NET ASSETS		53,217	52,299
EQUITY			
Share capital	13	50,000	50,000
Retained earnings		3,217	2,299
Total shareholder's equity		53,217	52,299
Total interest and Discount Bearing Liabilities		64,638	46,537

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 12 June 2017.

Signed for and on behalf of the board of directors



Ranjitkumar Amarendra Jha
Managing Director
12 June 2017



Rabin Sockalingam Rabindran
Chairman and independent director

The accompanying notes on pages 12 to 41 form an integral part of these financial statements and should be read in conjunction with the financial statements.

Statement of Cash Flows

	Note	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
Cash flows from operating activities		NZ \$ '000	NZ \$ '000
Interest received		5,620	5,095
Fees and other income		579	430
Operating expenses paid		(2,429)	(2,480)
GST refund received		3	28
Interest paid		(2,290)	(1,734)
Income tax paid		(376)	(392)
Increase in advances to customers		(13,074)	(11,967)
Net proceeds from related parties		8,296	7,467
Increase in deposits from customers		4,557	7,228
Net cash flow from operating activities	14	886	3,675
Cash flows from investing activities			
Decrease/(Increase) in balances with other financial institutions		9,500	(10,500)
Purchase of property and equipment		(12)	(111)
Net cash flow from investing activities		9,488	(10,611)
Cash flows from financing activities			
Proceeds from issuance of shares		-	-
proceeds from/to related parties		7,000	-
Net cash flow used in financing activities		7,000	-
Net increase/(Decrease) in cash and cash equivalents		17,374	(6,936)
Cash and cash equivalents at the beginning of the year		7,559	14,495
Cash and cash equivalents at the end of the year		24,933	7,559
Cash and cash equivalent is made up of:			
Cash	7	93	293
Cash equivalent due from other financial institutions at call	11	24,840	7,266
Total cash and cash equivalents		24,933	7,559

The accompanying notes on pages 12 to 41 form an integral part of these financial statements and should be read in conjunction with the financial statements.

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 financial statements comply with the requirements of the Financial Reporting Act 2013 (FRA 2013) and the requirements of Registered Bank Disclosure Statement (New Zealand Incorporated Registered Banks) Order 2014 (as amended).

These 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 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"). These financial statements also comply with International Accounting Financial Reporting Standards ("IFRS").

To ensure consistency with the current period, comparative figures have been restated where appropriate.

The financial statements were authorised for issue by the directors on 12 June 2017.

1.2 Basis of Preparation

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

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

The same accounting policies and methods of computation have been followed in preparing these financial statements as were used in preparing the financial statements for the year ended 31 March 2016.

1.3 Comparatives

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

1.4 Accounting judgments and major sources of estimation uncertainty

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

Allowance for impairment losses

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

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

Notes to financial statements

For the year ended 31 March 2017

and their timing may differ from the estimates used by the management and consequently may cause actual losses to differ from the reported allowances.

1.5 Standards and Interpretations effective in current period

The annual improvements include amendments to the following standards:

- IFRS 5 Guidance on changes in method of disposal
- IFRS 7 Clarifies 'continuing involvement for servicing contracts' and clarifies offsetting disclosures are not specifically required in interim financial statements, but may be included under the general requirements of NZ IAS 34.
- NZ IAS 19- Clarifies that the discount rate used should be in the same currency as the benefits to be paid are.
- NZ IAS 34- Clarifies that disclosures may be incorporated in the interim financial statements by cross reference to another part of the interim financial report.
- NZ IAS 1- The amendments do not require any significant change to current practice, but should facilitate improved reporting, including an emphasis on only including material disclosures, clarity on the aggregations and disaggregation of line items, the presentation of subtotals, the ordering of notes, and the identification of significant accounting practices.

1.6 Standards and interpretations not yet effective but available for early adoption

Disclosure Initiative (Amendments to NZ IAS 7)

The amendment enforces additional disclosures to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as effects of changes in foreign exchange rates and changes in fair values).

Recognition of Deferred Tax Assets for unrealised Losses (Amendments to NZ IAS 12)

The amendments clarify that the existence of a deductive temporary difference depends solely on a comparison for the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. Guidance on how to determine future taxable profit for the recognition test is also provided.

IFRS 15 – Revenue from Contracts with Customers

Clarifications to NZ IFRS 15 Revenue from Contracts with Customers

NZ IFRS 15 replaces the following:

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

The new Standard has introduced a new 5 step model to determine when to recognise revenue, and at what amount. The standard requires revenue to be recognized based on the contractual implications of individual contracts. Moreover, consideration is required to be measured as the amount to which the entity expects to be entitled, rather than fair value of consideration. It is applicable for annual periods beginning on or after 1 January 2018.

The clarification to the Standard issued clarifies the application of principle versus agent considerations as well as practical expedients on transition relating to contract modifications and completed contracts.

IFRS 9 – Financial instruments

The XRB has released the completed NZ IFRS 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published. It supersedes the previous NZ IFRS 9 issued in November 2009, November 2010, and December 2013. It is effective for period beginning 1 January 2018. The Bank is in the process of assessing the impact of application of NZ IFRS 9 and is not yet able to reasonably estimate the impact on its financial statements.

Notes to financial statements
For the year ended 31 March 2017

NZ IFRS 16- Leases

NZ IFRS 16 removes the classification of leases as either operating or finance leases- for the lessee-effectively treating all leases as finance leases.

Lessor accounting remains similar to current practice- i.e. lessors continue to classify leases as finance and operating leases. This standard is only available for early adoption where the entity has early adopted NZ IFRS 15.

1.7 Foreign currency transactions

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

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

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

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

1.8 Goods and Services Tax (GST)

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

1.9 Revenue recognition

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

Interest

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

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

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

Lending Fees

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

Commission and other fees

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

Other income

Dividend income is recorded in the statement of comprehensive income when the Bank's right to receive the dividend is established.

Notes to financial statements
For the year ended 31 March 2017

1.10 Finance costs

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

1.11 Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

1.12 Cash and cash equivalents

Cash and cash equivalents comprises cash, cash at bank, cash in transit and call and short term deposits (having an original maturity period of less than 3 months from the date of acquisition) due from/to other banks, all of which are used in the day-to-day cash management of the Bank.

Notes to financial statements
For the year ended 31 March 2017

1.13 Statement of cash flows

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

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

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

1.14 Financial Assets

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

Loans and receivables

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

Recognition of financial assets

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

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For the year ended 31 March 2017

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

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

1.15 Financial Liabilities

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

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

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

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

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

1.16 Leases

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

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

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

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

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

1.17 Property and equipment

All items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by

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For the year ended 31 March 2017

discounting the amounts payable in the future to their present value as at the date of acquisition. Subsequent costs are capitalised if it is probable that future economic benefits will flow to the Bank and the costs can be measured reliably. All other maintenance costs are recognised as an expense as incurred.

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

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

1.18 Impairment of non-financial assets

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

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

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

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

1.19 Financial liabilities and equity instruments issued by the Bank

Classification as debt or equity

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

Equity instruments

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

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated at FVTPL, are subsequently measured at the higher of the amount of the obligation under the contract, as determined in accordance with NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

Notes to financial statements
For the year ended 31 March 2017

the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies as set out at 1.9 above.

1.20 Provisions

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

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

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

1.21 Employee benefits

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

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

2 INTEREST

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
Interest income	NZ \$ '000	NZ \$ '000
Loans and advances	5,069	4,506
From other financial institutions	498	478
From related parties	32	116
Total interest income	5,599	5,100
Interest expenses		
Deposits by customers	663	422
Deposits by related parties	1,612	1,308
Total interest expenses	2,275	1,730

3 OTHER INCOME

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Banking and lending fee income	51	32
Net commission revenue	12	11
Net foreign exchange gains	511	380
Other revenue	5	7
GST recovered	-	52
Total other income	579	482

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4 OPERATING EXPENSES

Operating expenses include:

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Auditors remuneration		
- Audit of Disclosure Statements	51	50
- Review of Disclosure Statements	24	23
- Advisory fee -assistance with FATCA	-	2
Directors' fees	62	62
Depreciation		
Leasehold improvements	98	96
Computer equipment	4	8
Office equipment	9	9
Furniture	9	9
Total depreciation	120	122
Other Expenses	961	1,050
Employee benefit expenses	1,086	1,185
Operating lease rental expenses	271	271
Total Operating Expenses	2,575	2,765

5 LOANS AND ADVANCES

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Residential mortgage loans		
Standard residential mortgage loan		
Non-property investment residential mortgage loan	10,593	11,512
Property investment residential mortgage loan	27,770	24,969
Reverse residential mortgage loan	-	-
Total	38,363	36,481
Corporate loans	45,470	35,444
Other loans	3,704	2,538
Allowance for impairment losses	(342)	(305)
Net loans and advances	87,195	74,158
Amounts due for settlement within 12 months	10,753	4,735
Amounts due for settlement after 12 months	76,442	69,423
Net loans and advances	87,195	74,158

6 TAXATION

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Tax expense comprises:		
Current tax expense in respect of the current year	375	290
Deferred tax expense relating to the origination and reversal of temporary differences	3	-
Expense relating to the origination of permanent difference	-	1
Expense relating to the origination of permanent difference	(17)	5
Prior period adjustment	12	-
Total tax expense	373	296
The total charge for the year can be reconciled to the accounting profit as follows:		
Profit before income tax expense	1,291	1,038
Income tax expense calculated at 28% (2016: 28%)	361	291
Expense relating to the origination of permanent difference	-	5
Prior period adjustment	12	-
Income tax expense recognised in profit or loss	373	296

Notes to financial statements
For the year ended 31 March 2017

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

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

For year ended 31 March 2016 (Audited)	Opening balance	Charged to profit or loss	Closing balance
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Temporary differences			
Property, plant & equipment	(2)	-	(2)
Impairment allowance	72	14	86
Other liabilities	14	(15)	(1)
	84	(1)	83

7 CASH

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Cash on hand	93	293
Total cash	93	293

8 DEPOSITS AND OTHER BORROWINGS

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Retail deposits	24,048	19,491
Wholesale deposits	-	-
Total deposits	24,048	19,491
Amounts due for settlement within 12 months	17,408	16,356
Amounts due for settlement after 12 months	6,640	3,135
Total deposits	24,048	19,491

Notes to financial statements
For the year ended 31 March 2017

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 2015(Unaudited)	1,062	59	112	132	1,365
Additions	111	-	-	-	111
Disposals	-	(3)	-	-	(3)
Balance as at 31 March 2016 (Audited)	1,173	56	112	132	1,473
Additions	-	1	9	2	12
Disposals	-	-	-	-	-
Balance as at 31 March 2017 (Audited)	1,173	57	121	134	1,485
Accumulated depreciation					
Balance as at 1 April 2015(Unaudited)	216	47	26	36	325
Disposals	-	(3)	-	-	(3)
Depreciation	96	8	9	9	122
Balance as at 31 March 2016 (Audited)	312	52	35	45	444
Disposals	-	-	-	-	-
Depreciation	98	4	9	9	120
Balance as at 31 March 2017 (Audited)	410	56	44	54	564
Carrying amount					
Balance as at 31 March 2016 (Audited)	861	4	77	87	1,029
Balance as at 31 March 2017 (Audited)	763	1	77	80	921

10 OTHER ASSETS

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Prepayments	87	116
Interest receivable	199	220
Total other assets	286	336
Amounts due for settlement within 12 months	286	336
Amounts due for settlement after 12 months	-	-
Total other assets	286	336

OTHER LIABILITIES

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Accruals	86	111
RWT on Interest on deposits	233	204
Interest payable	57	72
Others	109	116
Total other liabilities	485	503
Amounts due for settlement within 12 months	402	411
Amounts due for settlement after 12 months	83	92
Total other liabilities	485	503

11 DUE FROM OTHER FINANCIAL INSTITUTIONS

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Call deposits	24,840	7,266
Short term deposits	5,000	14,500
Total deposits	29,840	21,766

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

Notes to financial statements
For the year ended 31 March 2017

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.

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Salary and other short term benefits	289	329

During the period, the Bank accepted deposits from the key management personnel.

Guarantee from parent

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

There are no material legislative or regulatory restrictions in India which would have the effect of subordinating the claims under the Guarantee of any of the creditors of Bank of India (New Zealand) Limited on the assets of the guarantor, to other claims on the guarantor, in a winding up of that guarantor. Further, Bank of India has issued financial guarantee in favour of Bank of India (New Zealand) Ltd to secure loans given by the Bank amounting to NZD 153 thousand. The Guarantee is invocable in the event of default in repayment of loan by the customer (31 March 2016: 244 thousand).

Transactions/balances with related parties

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

- Deposit received from related parties amounting to NZD 227 thousand which are non-interest bearing and payable on demand (31 March 2016: 506 thousand).
- Deposits made with related parties amounting to NZD 1,425 thousand which are non-interest bearing and receivable on demand (31 March 2016: 269 thousand).

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Transactions with related parties		
Interest income		
Bank of India (branches and subsidiaries)	32	116
Other related parties	-	-
Interest expense		
Bank of India (branches and subsidiaries)	-	-
Other related parties	1,612	1,308
Net deposit/(withdrawals) with related parties	(1,546)	133
Net deposit/(withdrawals) by related parties	13,750	7,600
Balances with related parties		
Deposits with		
Bank of India (branches and subsidiaries)	2,136	3,682
Other related parties	-	-
Deposits from		
Bank of India (branches and subsidiaries)	7,227	506
Other related parties	35,569	28,540
Deposits with related parties	2,136	3,682
Amounts due for settlement within 12 months	2,136	3,682
Amounts due for settlement after 12 months	-	-
Total Deposits with related parties	2,136	3,682
Deposits from related parties		
Amounts due for settlement within 12 months	21,488	6,978
Amounts due for settlement after 12 months	21,308	22,068
Total Deposits from related parties	42,796	29,046

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For the year ended 31 March 2017

13 SHARE CAPITAL

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
50,000,010 fully paid ordinary shares	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.

14 NET CASH FLOWS FROM OPERATING ACTIVITIES

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Profit for the year	918	742
Non-cash items:		
Impairment loss recognised on loans and advances	37	49
Depreciation and amortisation of non-current assets	120	122
Deferred tax assets	(12)	1
Movements in working capital:		
(Increase) in loans and advances	(13,074)	(11,967)
(Increase)/Decrease in interest receivable	21	(5)
Increase in deposits from customers	4,557	7,228
Net Increase in balances due to related parties	8,296	7,467
Decrease in prepayments	29	4
Decrease/(Increase) in GST refundable	3	(24)
Increase/(Decrease) in current tax liability	9	(97)
(Decrease)/Increase in other liabilities	(18)	155
Net cash used/from in operating activities	886	3,675

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) year to 31.03.2017
	NZ \$ '000
Tier 1 capital	
Common Equity Tier 1 ("CET1") Capital	
Issued and fully paid up ordinary share capital	50,000
Retained earnings	3,217
Accumulated other comprehensive income and other disclosed reserves	-
	53,217
Less deductions from CET1 capital	
Deferred tax assets	(95)
Total Common Equity Tier 1 Capital	53,122
Additional Tier 1 ("AT1") capital	-
Tier 1 Capital	53,122
Tier 2 Capital	-
Total capital	53,122

Notes to financial statements
For the year ended 31 March 2017

Capital and Capital ratios (continued)

Capital ratios and solo capital adequacy	(Unaudited) year to 31.03.2017	(Unaudited) year to 31.03.2016
Common equity Tier 1 capital ratio	58%	70%
Tier 1 capital ratio	58%	70%
Total capital ratio	58%	70%

Minimum ratio requirement	(Unaudited) year to 31.03.2017	(Unaudited) year to 31.03.2016
Common equity Tier 1 capital ratio	4.5%	4.5%
Tier 1 capital ratio	6%	6%
Total capital ratio	8%	8%

Buffer ratio	(Unaudited) year to 31.03.2017	(Unaudited) year to 31.03.2016
Buffer ratio	50%	62%
Buffer ratio requirement	2.5%	2.5%

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

- One vote on a poll at a meeting of the Bank on any resolution.
- The right to equal share in dividends authorised by the board.
- The right to an equal share in the distribution of the surplus assets of the Bank.
- There is no capital instrument eligible for phase out.

Credit Risk

The Bank's credit risk exposure is derived in accordance with the Reserve Bank document 'Capital adequacy framework (Standardised Approach)' (BS2A) dated November 2015.

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

As at 31 March 2017, the Bank deposited its funds with financial institutions with a credit rating from Standard & Poors' of AA- (2016: AA-) or with related parties. The Bank has established a Risk Committee that specifically oversees and co-ordinates the Bank's credit risk management functions. The Risk Committee has primary responsibility for identifying, measuring and monitoring the Bank's exposure to credit risk. The Risk Committee reports to the Board on credit risk on a quarterly basis.

On Balance Sheet exposures as at 31 March 2017 (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	93	0%	-	-
Banks	29,840	20%	5,968	478
	2,136	50%	1,068	85
	-	100%	-	-
Non Property investment residential mortgage not pas due				
LVR upto 80%	9,867	35%	3,454	276
LVR >80% & upto 90%	726	50%	363	29
LVR exceeds 90%	-	75%	-	-
Property investment residential mortgage not past due				
LVR upto 80%	27,770	40%	11,108	889
LVR >80% & upto 90%	-	70%	-	-
LVR exceeds 90%	-	90%	-	-
Past due residential mortgages	-	100%	-	-
Corporate Loans	45,470	100%	45,470	3,638
Other Loans	3,704	100%	3,704	296
Other assets	981	100%	981	78
Total on balance sheet exposure	120,587		72,116	5,769

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For the year ended 31 March 2017

Credit Risk (continued)

Off Balance Sheet exposures as at 31 March 2017 (Unaudited)	Total exposure	Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
	NZ \$ '000		NZ \$ '000		NZ \$ '000	NZ \$ '000
Other commitments where original maturity is more than one year	1,812	50%	906	89.62%	812	65
Total off balance sheet exposure	1,812		906		812	65

Credit risk mitigation

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

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

Total capital requirements

As at 31 March 2017 (Unaudited)	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital requirement
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Total credit risk + equity risk	122,399	72,928	5,834
Operational risk	n/a	10,506	840
Market risk	n/a	7,815	625
Total	122,399	91,249	7,299

Market risk end of period capital charges

As at 31 March 2017 (Unaudited)	Implied risk Weighted Exposure	Aggregate Capital Charge
	NZ \$ '000	NZ \$ '000
Interest rate risk	7,787	623
Foreign currency risk	28	2
Equity risk	-	-
Total	7,815	625

Market risk peak end-of-day capital charges

For year ended 31 March 2017 (Unaudited)	Implied risk Weighted Exposure	Aggregate Capital Charge
	NZ \$ '000	NZ \$ '000
Interest rate risk	7,845	628
Foreign currency risk	284	23
Equity risk	-	-
Total	8,129	651

Notes to financial statements
For the year ended 31 March 2017

Pillar 1 capital requirements

	31.03.2017	31.03.2016
	NZ \$ '000	NZ \$ '000
On-balance sheet credit risk:		
Residential mortgages (including past due, if any)	1,194	1,054
Corporate	3,638	2,818
Claims on banks	563	626
Other	374	314
Total on-balance sheet credit risk	5,769	4,812
Other capital requirements		
Off balance sheet credit exposures	65	37
Operational risk	840	652
Market risk	625	435
Total other capital requirements	1,530	1,124
Total Pillar 1 capital requirement	7,299	5,936

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

	Implied risk Weighted Exposure	Total operational risk capital requirement
For year ended 31 March 2017 (Unaudited)	NZ \$ '000	NZ \$ '000
Operational risk	10,506	840

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

LVR range (Unaudited)	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Value of exposures as at 31 March 2017				
On-balance sheet	37,637	726	-	38,363
Off-balance sheet	306	-	-	306
Total	37,943	726	-	38,669

Capital requirements for other material risks

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

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

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

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

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

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

The Bank has reviewed these other risks and do not believe any individual risk as being material and requiring a capital allocation (March 2016: \$nil). The Bank will review this allocation methodology every reporting period in line with industry practice as this area evolves over time.

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The Bank measures the primary risks and its overall minimum Capital Adequacy Ratio in accordance with the Reserve Bank document entitled "Capital Adequacy Framework" (Standardised Approach) (BS2A) dated November 2015. The Bank's approach to assess capital adequacy recognises the importance of using quantitative techniques and qualitative assessment /management judgement in arriving at a final measure of risk. As part of its ongoing capital planning and budgeting processes management also develops a range of scenarios as a basis for identifying plausible severe loss events and changes in market conditions and measures / quantifies the potential financial impacts (direct and indirect) on the Bank's capital adequacy for the foreseeable future (2-3 years).

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

Capital ratios of the ultimate parent bank

	As at 31.03.2017	As at 31.03.2016
CET 1 capital ratio	7.17%	7.97%
Tier one capital ratio	8.90%	9.03%
Total capital ratio	12.14%	12.01%

The ultimate parent bank is Bank of India, domiciled in India. Figures are taken from Bank of India's Financial Results for the period ended 31 March 2017 and 31 March 2016 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. 31 March 2017 and 31 March 2016) 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

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

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

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

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

Notes to financial statements
For the year ended 31 March 2017

Allowance for impairment losses

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

	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Total
As at 31 March 2016 (Audited)	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	-	223	-	-
At least 60 days but less than 90 days past due	-	-	-	-
At least 90 days past due	-	-	-	-
Total past due but not impaired	-	223	-	-
Collectively assessed provisions				
Balance at 1 April 2015	115	141	-	256
Charge to statement of comprehensive income	35	4	10	49
Other movements	-	-	-	-
Balance at 31 March 2016	150	145	10	305
Individually assessed provisions				
Balance at 1 April 2015	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-
Other movements	-	-	-	-
Balance at 31 March 2016	-	-	-	-
Total allowance for impairment losses	150	145	10	305

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	8	38	(9)	37
Individually assessed provisions	-	-	-	-
Other movements	-	-	-	-
Balance at 31 March 2017 (Audited)	8	38	(9)	37
Collectively assessed provisions	35	4	10	49
Individually assessed provisions	-	-	-	-
Other movements	-	-	-	-
Balance at 31 March 2016(Audited)	35	4	10	49

Notes to financial statements
For the year ended 31 March 2017

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

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

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

The Bank does not have any financial assets designated as fair value through profit or loss as at and for the year ended 31 March 2017 (31 March 2016: \$nil). As such, there were no changes in fair value attributable to changes in credit risks that have been charged to the statement of comprehensive income for the year ended 31 March 2017 (31 March 2016: \$nil).

There was no aggregate amount of undrawn balances on lending commitments to counterparties for whom drawn balances are classified as individually impaired as at and for the year ended 31 March 2017 (31 March 2016: \$nil).

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

17 FINANCIAL INSTRUMENTS

Categories of financial instruments

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

Notes to financial statements
For the year ended 31 March 2017

Categories of financial instruments (continued)

As at 31 March 2016 (Audited)	Loans and receivables	Financial liabilities at amortised cost	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000
Assets			
Cash	293	-	293
Balance due from related parties	3,682	-	3,682
Due from other financial institutions	21,766	-	21,766
Loans and advances	74,158	-	74,158
Interest receivable	220	-	220
Total financial assets	100,119	-	100,119
Non-financial assets	-	-	1,252
Total assets	100,119	-	101,371
Liabilities			
Balance due to related parties	-	29,046	29,046
Deposits and other borrowings	-	19,491	19,491
Interest payable	-	72	72
Total financial liabilities	-	48,609	48,609
Non-financial liabilities	-	-	463
Total liabilities	-	48,609	49,072

Fair value of financial instruments

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

As at 31 March 2016 (Audited)	Carrying Amounts	Estimated Fair Value
	NZ \$ '000	NZ \$ '000
Financial assets		
Cash	293	293
Balance due from related parties	3,682	3,682
Due from other financial institutions	21,766	21,766
Loans and advances	74,158	74,524
Interest receivable	220	220
Total financial assets	100,119	100,485
Financial liabilities		
Balance due to related parties	29,046	30,061
Deposits and other borrowings	19,491	19,679
Other liabilities	72	72
Total financial liabilities	48,609	49,812

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.

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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.

Other financial assets

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

Deposits by customers 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.

Other financial liabilities

Other financial liabilities are generally short-term and are expected to be settled within one year. Therefore, the carrying amount is equivalent to fair value.

The following table provides an analysis of financial instruments not measured at fair value. The financial instruments are grouped into Level 1 to 3 based on the degree to which the fair value is observable.

Level 1 Quoted market price

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

Level 2 Valuation technique using observable inputs

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

Level 3 Valuation technique with significant unobservable inputs

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

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

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For the year ended 31 March 2017

Fair value estimation (continued)

As at 31 March 2016 (Audited)	Level 1	Level 2	Level 3	Total
	NZ \$ '000	NZ \$ '000	NZ \$ '000	NZ \$ '000
Cash	293	-	-	293
Loans and receivable				
Due from other financial institutions	-	21,766	-	21,766
Due from related parties	-	3,682	-	3,682
Loans and advances	-	-	74,524	74,524
Interest receivable	-	89	131	220
Other financial liabilities				
Balance due to related parties	-	30,061	-	30,061
Deposits and other borrowings	-	19,679	-	19,679
Interest payable	-	72	-	72

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 year ended 31 March 2017 (31 March 2016: \$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.

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

Operational risk

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

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

Capital adequacy

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

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

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

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 not reviewed the Bank for this financial year as part of its overseas subsidiaries rotation of internal audits.

Interest repricing

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

As at 31 March 2017 (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	93	-	-	-	-	-	93
Balance due from related parties	2,136	711	-	-	-	-	1,425
Due from other financial institutions	29,840	29,441	-	-	-	-	399
Loans and advances	87,195	86,487	-	1,045	5	-	(342)
Interest receivable	199	-	-	-	-	-	199
Total financial assets	119,463	116,639	-	1,045	5	-	1,774
Financial Liabilities							
Balance due to related parties	42,796	5,055	1,776	14,430	8,649	12,659	227
Deposits and other borrowings	24,048	11,725	782	2,923	4,216	2,423	1,979
Interest payable	57	-	-	-	-	-	57
Total financial liabilities	66,901	16,780	2,558	17,353	12,865	15,082	2,263

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For the year ended 31 March 2017

Interest repricing (continued)

As at 31 March 2016 (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	293	-	-	-	-	-	293
Balance due from related parties	3,682	-	1,896	1,517	-	-	269
Due from other financial institutions	21,766	21,731	-	-	-	-	35
Loans and advances	74,158	72,464	446	1,112	433	8	(305)
Interest receivable	220	-	-	-	-	-	220
Total financial assets	100,119	94,195	2,342	2,629	433	8	512
Financial Liabilities							
Balance due to related parties	29,046	-	437	6,036	13,710	8,357	506
Deposits and other borrowings	19,491	9,762	1,359	3,741	340	2,795	1,494
Other liabilities	72	-	-	-	-	-	72
Total financial liabilities	48,609	9,762	1,796	9,777	14,050	11,152	2,072

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 31 March 2017 (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	93	-	-	-	-
Balance due from related parties	2,136	(5)	5	(5)	5
Due from other financial institutions	29,840	(212)	212	(212)	212
Loans and advances	87,195	(588)	588	(588)	588
Interest receivable	199	-	-	-	-
Total financial assets	119,463	(805)	805	(805)	805
Financial liabilities					
Balance due to related parties	42,796	306	(306)	306	(306)
Deposits and other borrowings	24,048	159	(159)	159	(159)
Interest Payable	57	-	-	-	-
Total financial liabilities	66,901	465	(465)	465	(465)

As at 31 March 2016 (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	293	-	-	-	-
Balance due from related parties	3,682	(25)	25	(25)	25
Due from other financial institutions	21,766	(156)	156	(156)	156
Loans and advances	74,158	(468)	468	(468)	468
Interest receivable	220	-	-	-	-
Total financial assets	100,119	(649)	649	(649)	649
Financial liabilities					
Balance due to related parties	29,046	205	(205)	205	(205)
Deposits and other borrowings	19,491	130	(130)	130	(130)
Other liabilities	72	-	-	-	-
Total financial liabilities	48,609	335	(335)	335	(335)

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Foreign exchange risk

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

	As at 31.03.2017 (Audited)		As at 31.03.2016 (Audited)	
	(USD)	(INR)	(USD)	(INR)
	\$'000	\$'000	\$'000	\$'000
	NZD Equivalent	NZD Equivalent	NZD Equivalent	NZD Equivalent
Financial assets				
Cash	3	-	8	-
Balance due from related parties	2,109	26	3,597	85
Due from other financial institutions	2	-	2	-
Interest receivable	1	-	6	-
Total financial assets	2,115	26	3,613	85
Financial liabilities				
Balance due to related parties	-	-	-	-
Deposits and other borrowings	2,113	-	3,571	-
Interest payable	-	-	6	-
Total financial liabilities	2,113	-	3,577	-
Net Open Position:	2	26	36	85

Foreign exchange sensitivity

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

As at 31 March 2017 (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	28	(2)	2	(2)	2

As at 31 March 2016 (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	121	(9)	9	(9)	9

Liquidity risk

The table below summarises the cash flows receivable and payable by the Bank under non-derivative financial assets and liabilities by remaining contractual maturities as at 31 March 2017. The amounts disclosed are contractual undiscounted cash flows and is not disclosed based on expected cash flows. The liquid assets are for the purpose of managing liquidity.

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

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Liquidity risk (continued)

As at 31 March 2016 (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	-	-	-	-	293	293
Balance due from related parties	221	3,258	-	-	269	3,748
Due from other financial institutions	15,636	-	-	-	6,266	21,902
Loan and advances	1,890	6,200	34,982	76,907	3,890	123,869
Interest receivable	220	-	-	-	-	220
Total financial assets	17,967	9,458	34,982	76,907	10,718	150,032
Liabilities						
Balance due to related parties	-	6,975	24,632	-	506	32,113
Deposits and other borrowings	6,761	5,249	3,472	-	4,546	20,028
Other liabilities	72	-	-	-	-	72
Total financial liabilities	6,833	12,224	28,104	-	5,052	52,213
Net non-derivative cash flows	11,134	(2,766)	6,878	76,907	5,666	97,819
Off Balance sheet cash flows						
Loan commitments	-	-	-	-	830	830
Guarantee	-	-	-	-	163	163
Total	-	-	-	-	993	993
Net cash flows	11,134	(2,766)	6,878	76,907	4,673	96,826

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	31.03.2017 (Audited)	31.03.2016 (Audited)
	NZ \$ '000	NZ \$ '000
Personal & Other Services	-	49
Property & Business Services	47,949	38,108
Finance, Investment & Insurance	33,158	26,957
Retail & Wholesale Trade	5,600	4,277
Hospitality	911	1,099
Health & Community Services	5,900	4,464
Other	690	815
Households	23,426	22,914
Restaurants & Accommodation	515	632
Education	798	-
Printing & Related Activities	566	816
Subtotal	119,513	100,131
Allowance for impairment losses	(342)	(305)
Total on-balance sheet credit exposures	119,171	99,826

Analysis of on balance sheet exposure by geographical area	31.03.2017 (Audited)	31.03.2016 (Audited)
	NZ \$ '000	NZ \$ '000
New Zealand	116,882	95,900
Asia	914	3,765
America	1,375	161
Total on-balance sheet credit exposures	119,171	99,826

Off balance sheet credit exposures	31.03.2017 (Audited)	31.03.2016 (Audited)
	NZ \$ '000	NZ \$ '000
Loan commitments	1,468	830
Performance/financial guarantees issued on behalf of customers	344	163
Total off-balance sheet credit exposures	1,812	993

Notes to financial statements
For the year ended 31 March 2017

CONCENTRATION OF CREDIT RISK (continued)

Analysis of off balance sheet credit exposure by industry	31.03.2017 (Audited)	31.03.2016 (Audited)
	NZ \$ '000	NZ \$ '000
Property & Business Services	889	262
Personal & Other Services	-	1
Health & Community Services	46	45
Finance, Investment & Insurance	-	-
Retail & Wholesale Trade	157	160
Other	27	96
Education	81	-
Travel & Tourism	60	-
Households	552	429
Printing & Related Activities	-	-
Total off-balance sheet credit exposures	1,812	993

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.

	Maximum exposure (Audited)			Maximum exposure (Audited)		
	31.03.2017			31.03.2016		
	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
Due from other financial institutions	29,840	-	29,840	21,814	-	21,814
Net Loans and advances to customers	87,195	87,137	58	74,322	74,284	38
Balance with related parties	2,136	-	2,136	3,690	-	3,690
Total exposure to credit risk	119,171	87,137	32,034	99,826	74,284	25,542

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:	31.03.2017 (Audited)	31.03.2016 (Audited)
	NZ \$ '000	NZ \$ '000
Finance, Investment and Insurance	42,796	29,046
Households	20,988	18,345
Restaurants	27	-
Property & business services	2,773	-
Others	260	1,146
Total funding	66,844	48,537

Notes to financial statements
For the year ended 31 March 2017

CONCENTRATION OF FUNDING (continued)

Analysis of funding by geographical area:	31.03.2017	31.03.2016
	(Audited)	(Audited)
	NZ \$ '000	NZ \$ '000
New Zealand	59,617	48,031
Asia	7,227	506
Total funding	66,844	48,537

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 31 March 2017 (31 March 2016: nil).

There were six (6) non-bank counterparties which the Bank has an aggregate credit exposure that equals or exceeds 10% of the Bank's equity as at 31 March 2017 (31 March 2016: 5).

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

There were eight (8) 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 year ended 31 March 2017 (31 March 2016: 6).

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

Percentage of shareholders' equity	31.03.2016 (Audited)			
	Number of Non-Bank Counterparties			
	"A" Rated	"B" Rated	Unrated	Total
As at Balance Date				
10% - 14.99%	-	-	3	3
15% - 19.99%	-	-	2	2
Total	-	-	5	5
Peak Exposure				
10% - 14.99%	-	-	4	4
15% - 19.99%	-	-	2	2
Total	-	-	6	6

22 CREDIT EXPOSURE TO CONNECTED PERSONS

As at	31.03.2017	31.03.2016
	(Audited)	(Audited)
	NZ \$ '000	NZ \$ '000
Credit exposure to connected persons	2,136	3,682
Credit exposure to non-bank connected persons	-	-
Peak end-of-day		
Credit exposure to connected persons	3,819	4,081
Credit exposure to non-bank connected persons	-	-

Notes to financial statements
For the year ended 31 March 2017

CREDIT EXPOSURE TO CONNECTED PERSONS (continued)

As at	31.03.2017 (Unaudited) % of Tier 1 Capital	31.03.2016 (Unaudited) % of Tier 1 Capital
Credit exposure to connected persons	4.02%	7.10%
Credit exposure to non-bank connected persons	0.00%	0.00%
Peak end-of-day		
Credit exposure to connected persons	7.19%	7.80%
Credit exposure to non-bank connected persons	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 31 March 2017, the rating-contingent limit applicable to the Bank was 15% of tier one capital. Over the year ended 31 March 2017, 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 2016: 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 31 March 2017 is \$nil (31 March 2016: \$nil).

Aggregate amount of the Bank's individual credit impairment allowances provided against credit exposures to connected persons as at 31 March 2017 is \$nil (31 March 2016: \$nil).

23 COMMITMENTS

Undrawn loan commitments

	(Unaudited) year to 31.03.2017 NZ \$ '000	(Audited) year to 31.03.2016 NZ \$ '000
Undrawn loan commitments	1,468	830
Total	1,468	830

Capital commitments

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

Operating lease commitments

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

	(Audited) year to 31.03.2017 NZ \$ '000	(Audited) year to 31.03.2016 NZ \$ '000
Not longer than one year	313	305
Longer than one year and not longer than five years	681	581
Longer than five years	151	268
Total	1,145	1,154

Notes to financial statements
For the year ended 31 March 2017

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

	(Audited) year to 31.03.2017	(Audited) year to 31.03.2016
	NZ \$ '000	NZ \$ '000
Performance/financial guarantees issued on behalf of customers	344	163
Total contingent liabilities	344	163

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 modifiers 1,2 and 3 to each generic rating classification with a 1 indicating a higher rating and a 3 indicating a lower rating within that generic rating category.

Appendix 2

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

These conditions of registration apply on and after 1 October 2016.

The registration of Bank of India (New Zealand) Limited ("the bank") as a registered bank is subject to the following conditions:

1. That—
 - (a) the Total capital ratio of the banking group is not less than 8%;
 - (b) the Tier 1 capital ratio of the banking group is not less than 6%;
 - (c) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5%;
 - (d) the Total capital of the banking group is not less than \$30 million;
 - (e) the bank must not include the amount of an Additional Tier 1 capital instrument or Tier 2 capital instrument issued after 1 January 2013 in the calculation of its capital ratios unless it has received a notice of non-objection to the instrument from the Reserve Bank; and
 - (f) the bank meets the requirements of Part 3 of the Reserve Bank of New Zealand document "Application requirements for capital recognition or repayment and notification requirements in respect of capital" (BS16) dated November 2015 in respect of regulatory capital instruments.

For the purposes of this condition of registration, —

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

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

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

- 1A. That—
 - (a) the bank has an internal capital adequacy assessment process ("ICAAP") that accords with the requirements set out in the document "Guidelines on a bank's internal capital adequacy assessment process ("ICAAP")" (BS12) dated December 2007;
 - (b) under its ICAAP the bank identifies and measures its "other material risks" defined as all material risks of the banking group that are not explicitly captured in the calculation of the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the Total capital ratio under the requirements set out in the document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015 ; and

- (c) the bank determines an internal capital allocation for each identified and measured "other material risk".
- 1B. That, if the buffer ratio of the banking group is 2.5% or less, the bank must:
- (a) according to the following table, limit the aggregate distributions of the bank's earnings to the percentage limit to distributions that corresponds to the banking group's buffer ratio:

Banking group's buffer ratio	Percentage limit to distributions of the bank's earnings
0% – 0.625%	0%
>0.625 – 1.25%	20%
>1.25 – 1.875%	40%
>1.875 – 2.5%	60%

- (b) prepare a capital plan to restore the banking group's buffer ratio to above 2.5% within any timeframe determined by the Reserve Bank for restoring the buffer ratio; and
- (c) have the capital plan approved by the Reserve Bank.

For the purposes of this condition of registration,—

"buffer ratio", "distributions", and "earnings" have the same meaning as in Part 3 of the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015.

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

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

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

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

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

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

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

For the purposes of this condition of registration,—

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

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

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

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

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

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

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That the bank complies with the following corporate governance requirements:
 - (a) the board of the bank must have at least five directors;
 - (b) the majority of the board members must be non-executive directors;
 - (c) at least half of the board members must be independent directors;
 - (d) an alternate director,—

¹ This table uses the rating scales of Standard & Poor's, Fitch Ratings and Moody's Investors Service. (Fitch Ratings' scale is identical to Standard & Poor's.)

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

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

- 7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:
 - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - (b) the Reserve Bank has advised that it has no objection to that appointment.
- 8. That a person must not be appointed as chairperson of the board of the bank unless:
 - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - (b) the Reserve Bank has advised that it has no objection to that appointment.
- 9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:
 - (a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;
 - (b) the committee must have at least three members;
 - (c) every member of the committee must be a non-executive director of the bank;
 - (d) the majority of the members of the committee must be independent; and
 - (e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

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

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

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

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

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

For the purposes of this condition,—

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

"SPV" means a person—

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

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

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

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

15. That, for a loan-to-valuation measurement period, the total of the bank’s qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 60%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
16. That, for a loan-to-valuation measurement period, the total of the bank’s qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 10% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
17. That the bank must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank’s agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

Ref #RRR9NR9

In these conditions of registration,—

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

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

In conditions of registration 15 to 17,—

“loan-to-valuation ratio”, “non property-investment residential mortgage loan”, “property-investment residential mortgage loan”, “qualifying new mortgage lending amount in respect of property-investment residential mortgage loans”, “qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans”, and “residential mortgage loan” have the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High-LVR Residential Mortgage Lending” (BS19) dated October 2016:

“loan-to-valuation measurement period” means a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of March 2017.

Dated 14th January, 2011

DEED OF GUARANTEE

By

BANK OF INDIA

In respect of the obligations of

BOI (NEW ZEALAND) LIMITED

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THIS DEED is made on 14th January 2011

BY

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

AND

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

IN FAVOUR OF

- (3) EACH CREDITOR OF BOINZ

WHEREAS :

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

1. DEFINITIONS AND INTERPRETATION

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

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

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

[Handwritten signatures and names]

Authorised Signatory
Bandra (E) Branch

The North Kanara C.S.B. Co-Op.
Bank Ltd., Bandra Branch, Zaporza,
Sahydr Sanawas, Kalamagar,
Mumbai-400 051, SI
D-05171V/C, R.10420208/1300 to
1305

(Rupees One Hundred Only)

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R.0000100/-P85180
INDIA
STAMP DUTY
MAHARASHTRA
JAN 13 2011
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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




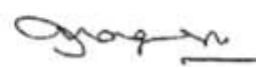
- 5.1 The Bank represents and warrants that:
 - (a) It is a registered bank duly organised and validly existing under the laws of India;
 - (b) It has the corporate power to enter into this Deed and to perform the obligations imposed upon it under this Deed in accordance with its terms; and
 - (c) this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

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)

 (S.K. DATTA)
 General Manager
 International

 (V. ARTHANARI)
 Chief Manager
 International Division

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

)
)

 (B.A. PRABHAKAR)
 Director

 Director P.N. RAO



Independent Auditor's Report

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

Report on the Bank disclosure statement

Opinion

In our opinion, the accompanying financial statements (excluding supplementary information relating to Capital Adequacy) of Bank of India (New Zealand) Limited (the "Bank") on pages 9 to 41:

- i. give a true and fair view of the Bank's financial position as at 31 March 2017 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Generally Accepted Accounting Practice, which in this instance means New Zealand Equivalents to International Financial Reporting Standards ("NZIFRS") and International Financial Reporting Standards.

In our opinion, the supplementary information (excluding supplementary information relating to Capital Adequacy) that is required to be disclosed in accordance with Schedules 4, 7, 13, 14, 15 and 17 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order"):

- i. has been prepared, in all material respects, in accordance with the guidelines issued pursuant to section 78(3) of the Reserve Bank of New Zealand Act 1989 and any conditions of registration;
- ii. is in accordance with the books and records of the in all material respects; and
- iii. fairly states the matters to which it relates in accordance with those Schedules

We have audited the accompanying financial statements and supplementary information (excluding supplementary information relating to Capital Adequacy) which comprise:

- the statement of financial position as at 31 March 2017;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended;
- notes, including a summary of significant accounting policies and other explanatory information; and
- the information that is required to be disclosed in accordance with Schedules 4, 7, 13, 14, 15 and 17 of the Order.



Basis for Opinion

We conducted our Audit in accordance with International Standards on Auditing (New Zealand) (ISA's (NZ)). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We are independent of the Bank in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.



Our responsibilities under ISA (NZ) are further described in the Auditor's Responsibilities for the Audit of the financial statements (excluding supplementary information relating to Capital Adequacy) section of our report.

Our firm has also provided other services to the Bank in relation to review of the half year and off quarter disclosure statements. Subject to certain restrictions, partners and employees of our firm may also deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank. These matters have not impaired our independence as auditor of the Bank. The firm has no other relationship with, or interest in, the Bank.

Other Information

The Directors, on behalf of the Bank, are responsible for the other information included in the Bank's disclosure statement. Other information includes the supplementary information that is required to be disclosed in accordance with Schedule 2 of the Order. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Report on other legal and regulatory requirements

In accordance with the requirements of clauses 2(1)(d) and 2(1)(e) of Schedule 1 of the Order, we report that:

- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Bank, as far as appears from our examination of those records.



Responsibilities of Directors for the financial statements and supplementary information (excluding supplementary information relating to Capital Adequacy)

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

- the preparation and fair presentation of the financial statements in accordance with Clause 24 of the Order, NZIFRS and International Financial Reporting Standards;
- the preparation and fair presentation of supplementary information (excluding the supplementary information relating to Capital Adequacy), in accordance with Schedules 2, 4, 7, 13, 14, 15 and 17 of the Order;
- implementing necessary internal control to enable the preparation of financial statements that are 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.

 **Auditor’s Responsibilities for the Audit of the financial statements and supplementary information (excluding supplementary information relating to Capital Adequacy)**

Our objective is:

- to obtain reasonable assurance about whether the disclosure statement, including the financial statements prepared in accordance with Clause 24 of the Order, and supplementary information (excluding the supplementary information relating to Capital Adequacy), in accordance with Schedules 4, 7, 13, 14, 15 and 17 of the Order as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor’s Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

A further description of our responsibilities for the Audit of these financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page6.aspx

This description forms part of our Auditor’s Report.

Review conclusion on the supplementary information relating to Capital Adequacy

Based on our review, nothing has come to our attention that causes us to believe that the supplementary information relating to Capital Adequacy, disclosed in note 15 to the disclosure statement, is not, in all material respects:

- i. prepared in accordance with the Bank’s conditions of registration; and
- ii. disclosed in accordance with Schedule 9 of the Order.

We have reviewed the supplementary information relating to Capital Adequacy, as disclosed in note 15 of the disclosure statement for the year ended 31 March 2017. The supplementary information relating to Capital Adequacy comprises the information that is required to be disclosed in accordance with Schedule 9 of the Order.



Basis for conclusion on the supplementary information relating to Capital Adequacy

A review of the supplementary information relating to Capital Adequacy in accordance with NZ SRE 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, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our responsibilities under that standard are further described in the Auditor’s Responsibilities for the Review of the supplementary information relating to capital adequacy section of our report.



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.



Responsibilities of Directors for the supplementary information relating to capital adequacy

The directors are responsible for the preparation of supplementary information relating to Capital Adequacy that is required to be disclosed under Schedule 9 of the Order and prepared in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A) and described in note 15 to the disclosure statement.



Auditor's Responsibilities for the Review of the supplementary information relating to capital adequacy

Our responsibility is to express a conclusion on the Capital Adequacy information based on our review. We conducted our review in accordance with NZ SRE 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity ("NZ SRE 2410") issued by the New Zealand External Reporting Board. 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, and plan and perform the review to obtain limited assurance about whether the capital adequacy information is, in all material respects:

- prepared in accordance with the Bank's conditions of registration; and
- disclosed in accordance with Schedule 9 of the Order.

A review of the Capital Adequacy information in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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 supplementary information relating to Capital Adequacy disclosures.



Use of this Auditor's Report

This report is made solely to the shareholder as a body. Our work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the Auditor's 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 work, this report, or any of the opinions or conclusions we have formed.

John Kensington

For and on behalf of

KPMG
Auckland

15 June 2017