



Disclosure Statement for the six months ended 30 September 2020

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1. Definitions

In this Disclosure Statement, unless the context otherwise requires:

Act means the Reserve Bank of New Zealand Act 1989;

Bank means Bank of Baroda (New Zealand) Limited;

Banking Group means the Bank and its subsidiaries;

Board means the board of directors of the Bank;

BOB means Bank of Baroda;

Director means a director of the Bank;

INR means Indian Rupees;

Parent Guarantee has the meaning given in section 3.1; and

USD means United States Dollars.

Unless otherwise defined in this Disclosure Statement, terms defined in the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) have the same meaning in this document.

2. General information

2.1 Name and address for service of registered bank

Bank of Baroda (New Zealand) Limited (the “Bank”) was incorporated on 27 May 2008 originally as Baroda (New Zealand) Limited and changed its name to Bank of Baroda (New Zealand) Limited on the 1 September 2009.

This Disclosure Statement is issued by the Bank for the six months ended 30 September 2020 in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the “Order”).

Words and phrases defined by the Order have the same meanings when used in this Disclosure Statement.

The Bank is not in the business of insurance.

The full name of the Bank is Bank of Baroda (New Zealand) Limited and its address for service is:

Bank of Baroda (New Zealand) Limited
114 Dominion Road
PB No. 56580, Post Code 1446
Auckland
New Zealand

The Bank’s website address is: www.barodanzltd.co.nz

2.2 Details of ultimate parent bank and ultimate holding company

(a) Ultimate parent bank

The Bank’s ultimate parent bank is Bank of Baroda, an Indian incorporated bank (BOB). BOB is subject to regulatory oversight by the Reserve Bank of India and the Government of India. BOB is not a New Zealand registered bank and is not subject to regulatory oversight by the Reserve Bank of New Zealand. There has been no change to the ultimate parent bank since 31 March 2020. There have been no changes to the name or address for service of the ultimate parent bank since 31 March 2020.

(b) Ultimate holding company

There have been no changes to the ultimate holding company (BOB) since 31 March 2020. There have been no changes to the name or address for service of the ultimate holding company since 31 March 2020.

The ultimate parent bank and ultimate holding company’s address for service is provided under 3.1(a).

(c) A summary of any regulations, legislation or other restrictions of a legally enforceable nature that may materially inhibit the legal ability of BOB to provide material financial support to the Bank

The obligations of the Bank are guaranteed by BOB (see section 3 for further information on the guarantee arrangements).

There are no legislative, regulatory or other restrictions of a legally enforceable nature in India (BOB’s country of incorporation) that may materially inhibit the legal ability of BOB to provide material financial support to the Bank.

2.3 Interest in 5% or more of voting securities of the Bank

The Bank is a wholly owned subsidiary of BOB.

2.4 Registered bank

The Bank was incorporated on 27 May 2008 under the Companies Act 1993 as Baroda (New Zealand) Limited and changed its name to Bank of Baroda (New Zealand) Limited on 1 September 2009 upon registration as a bank at this date. The Bank commenced trading on 21 June 2010.

2.5 Priority of financial liabilities in the event of liquidation

In the unlikely event that the Bank was put into liquidation or ceases to trade, claims of secured creditors and those creditors set out in the Seventh Schedule of the Companies Act 1993 (if applicable) would rank ahead of the claims of unsecured creditors. Deposits from customers are unsecured and rank equally with other unsecured liabilities of the Bank.

3. Guarantee

3.1 Guarantee arrangements

As at the date of this disclosure statement, the obligations of the Bank are guaranteed by Bank of Baroda (BOB).

A copy of the guarantee of the Bank's indebtedness given by BOB is provided in the Bank's Disclosure Statement for the year ended 31 March 2020. A copy of the Disclosure Statement can be obtained from the Bank's website www.barodanzltd.co.nz.

There have been no material changes to the guarantee since the signing of that Disclosure Statement.

(a) Details of the guarantor

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

The address for service of the guarantor is:

Bank of Baroda
Baroda Corporate Centre
C-26, G-Block
Bandra Kurla Complex
Mumbai – 400 051
India

As at 30 September 2020, the publicly disclosed capital of BOB was INR 878,101.50 million (USD 11,903.24 million) representing (Basel III) 14.00% of risk weighted exposure.

BOB has the following credit rating applicable to its long-term senior unsecured obligations (payable in INR):

Rating Agency	Current Rating	Qualifications	Rating Change in the Last 2 Years
Moody's Investor Services Limited	Ba1	Outlook negative	Yes as per comments below
Fitch Ratings	BBB-	Outlook negative	No

On 4 March 2020 Moody's Investor Service downgraded domestic and foreign bank Long –Term Counterparty Risk Rating (CRR) to Baa3 from Baa2.

On 2 June 2020 Moody's has placed the Baa3 long term domestic and foreign bank Long Term Counterparty Risk Rating (CCR) of BOB and their Ba3 Baseline Credit Assessment (BCA) under review for downgrade.

On 4 September 2020 Moody's has downgraded the Long Term local and foreign currency deposit ratings to Ba1 from Baa3 and Baseline Credit Assessment (BCA) to b1 from ba3. In addition, Moody's has downgraded Long Term Counterparty Risk Assessments to Ba1.

On 21 June 2020, Fitch Ratings has affirmed the ratings on BOB. The Long-Term Issuer Default Ratings (IDR) on BOB has been affirmed at 'BBB-' with a change from stable to negative outlook.

Details of the applicable rating scale can be found at section 8.2 of this disclosure statement.

(b) Details of guaranteed obligations

BOB guarantees due payment of all indebtedness of the Bank to the Bank's depositors and other creditors.

- (i) There are no limits on the amount of the obligations guaranteed.
- (ii) There are no material conditions applicable to the guarantee, other than non-performance by the Bank.
- (iii) There are no material legislative or regulatory restrictions in India (BOB's country of incorporation) that would have the effect of subordinating the claims of the Bank's creditors under the Parent Guarantee to other claims on BOB in a winding up of BOB.
- (iv) The Parent Guarantee does not have an expiry date.

4. Directors

4.1 Communications

The address to which any document or communication may be sent to any Director is:

Bank of Baroda (New Zealand) Limited
114 Dominion Road
PB No. 56580, Post Code 1446
Auckland
New Zealand

The document or communication should be marked to the attention of the relevant Director.

4.2 Responsible person

The responsible persons authorised to sign this disclosure statement on behalf of the Directors in accordance with section 82 of the Act are Claudio Sandro Oberto and Anupam Srivastava.

4.3 Board of Directors

At present the Board comprises the following Directors:

- Claudio Sandro Oberto, Chairperson and Independent Director;
- Sunil Kumar Srivastava, Non-Executive Director;
- Anupam Srivastava, Managing Director;
- Kavita Singh, Non-Executive Director;
- Vijay Kumar Goel, Independent Director; and
- Kamini Kirthi Reddy, Independent Director.

Claudio Sandro Oberto, Vijay Kumar Goel and Kamini Reddy are independent Directors and residents of New Zealand.

Sunil Kumar Srivastava, Non-Executive Director is a resident of Singapore.

Anupam Srivastava, Managing Director is a resident of New Zealand.

Kavita Singh, Non-Executive Director is a resident of Australia.

Changes in the Directorate:

There have been no changes in the composition of the Board of Directors of the Bank (the "Board") since 31 March 2020.

5. Auditor

The name and address of the auditor whose independent review report is referred to in this disclosure statement is:

KPMG
KPMG Centre
18 Viaduct Harbour Ave
PO Box 1584
Auckland 1010
New Zealand

6. Conditions of registration

There are no changes to the conditions of registration other than listed below.

Effective 2 April 2020, the Reserve Bank of New Zealand (RBNZ) issued new conditions of registration for the bank. The amendment to the conditions of registration prohibit the payment of distributions (including dividends on ordinary shares), other than discretionary payments payable to holders of Additional Tier I capital (AT1) instruments. Amendments were also made to reduce the minimum core funding ratio from 75% to 50%.

Effective 1 May 2020, the Reserve Bank of New Zealand (RBNZ) further issued revised conditions of registration for the bank. The conditions of registration have been amended to incorporate removal of LVR restrictions.

The revised conditions of registration on or after 1 May 2020 are as follows:

The registration of Bank of Baroda (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, —

"Total capital ratio", "Tier 1 capital ratio", and "Common Equity Tier 1 capital ratio" 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;

"Total capital" has the same meaning as in Part 2 of 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 any distributions of the bank's earnings payable to holders of Additional Tier 1 capital instruments to the percentage limit on distributions that corresponds to the banking group's buffer ratio:

Banking group's buffer ratio	Percentage limit on 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 time frame 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,—

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;

"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.

- 1C. That the bank must make no distributions, whether paid out of earnings, or out of accumulated previous years' retained earnings or other reserves included within the banking group's total capital, other than discretionary payments payable to holders of Additional Tier 1 capital instruments to the extent permitted by condition 1B.

For the purposes of this condition of registration,—

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;

"total capital" has the same meaning as in Part 2 of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015;

"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 bank ¹	Connected exposure limit (% of the banking group's Tier 1 capital)
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

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

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

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.)

- (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 50 per cent at the end of each business day.

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated January 2018 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated October 2018.

12. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:
- (a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;
 - (b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;
 - (c) identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and
 - (d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.

13. That no more than 10% of total assets may be beneficially owned by a SPV.

For the purposes of this condition,—

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

“SPV” means a person—

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

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

14. That—

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

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

In these conditions of registration,—

“banking group” means Bank of Baroda (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.

7. Pending proceedings or arbitration

As at the date of this disclosure statement, there are no pending proceedings or arbitration concerning the Bank, whether in New Zealand or elsewhere, that may have a material adverse effect on the Bank.

8. Credit rating

8.1 Rating information

The credit rating of the Bank is as follows:

Rating Agency	Type of Rating	Current Rating	Qualifications	Rating Change in the Last 2 Years
Fitch IBCA, Inc.	Long-term Issuer Default Rating	BBB-	Outlook negative	No

On 21 June 2020, Fitch Ratings has affirmed the above ratings with a change from stable to negative outlook.

8.2 Applicable ratings scales

Long Term Debt Ratings	Moody's	S&P	FITCH
Highest quality/Extremely strong capacity to pay interest and principal	Aaa	AAA	AAA
High quality/Very strong	Aa	AA	AA
Upper medium grade/Strong	A	A	A
Medium grade (lowest investment grade)/Adequate	Baa	BBB	BBB
Predominately speculative/Less near term vulnerability to default	Ba	BB	BB
Speculative, low grade/Greater vulnerability	B	B	B
Poor to default/identifiable vulnerability	Caa	CCC	CCC
Highest speculations	Ca	CC	CC
Lowest quality, no interest	C	C	C
Payment in default, in arrears – questionable value		D	D

Moody's applies numeric modifiers 1, 2 and 3 to show relative standing within the major rating categories with 1 indicating the higher end of that category and 3 indicating the lower end

Fitch and S&P apply plus (+) or minus (-) signs to ratings from 'AA' to 'CCC' to indicate relative standing within the major rating categories.

9. Other material matters

There are no other matters relating to the business or affairs of the Bank, other than those contained in this disclosure statement that, if disclosed, would materially affect the decision of a person to subscribe for debt securities of which the Bank is the issuer. The issuer has the same meaning as in section 11 of the Financial Markets Conduct Act 2013.

10. Directors' statements

Each Director of the Bank, after due inquiry, believes as at the date of signing that this disclosure statement:

- a. contains all the information that is required by the Order; and
- b. is not false or misleading.


Each Director of the Bank, after due enquiry, believes that for the six months ended 30 September 2020

- a. the Bank had complied with all conditions of registration imposed by the Reserve Bank of New Zealand under section 74 of the Reserve Bank Act 1989;
- b. credit exposures to connected persons were not contrary to interests of the Banking Group; and
- c. the Bank had systems in place to monitor and control adequately the Banking Group's material risks, 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.

For and on behalf of all of the Directors of the Bank (by Directors' Resolution), this Disclosure Statement is dated at Auckland, New Zealand this 27 November 2020 and signed by Claudio Sandro Oberto and Anupam Srivastava as responsible persons.



Claudio Sandro Oberto
Chairman
Bank of Baroda (New Zealand) Limited



Anupam Srivastava
Managing Director
Bank of Baroda (New Zealand) Limited

11. Independent review report

The independent review report on this Disclosure Statement is attached with the Financial Statements for the Bank in the Appendix to this Disclosure Statement. The information required by Schedule 1 of the Order is included in the independent review report.

12. Financial Statements

Financial Statements for the bank for the six months ended 30 September 2020 are attached as Appendix and form part of this Disclosure Statement.

Appendix: Financial Statements

Bank of Baroda (New Zealand) Limited

Company Number 2135104

Financial Statements for the six months ended 30 September 2020

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Bank of Baroda (New Zealand) Limited
Financial statements
For the six months ended 30 September 2020

Bank of Baroda (New Zealand) Limited

Statement of comprehensive income

Interim financial statements for the six months ended 30 September 2020

	Notes	Unaudited Six months ended 30 Sep 2020 \$000's	Unaudited Six months ended 30 Sep 2019 \$000's	Audited Year ended 31 Mar 2020 \$000's
Interest income	2	2,462	2,698	5,279
Interest expense	2	(821)	(1,076)	(1,986)
Net interest income		1,641	1,622	3,293
Other income	3	565	510	1,144
Total operating income		2,206	2,132	4,437
Operating expenses	4	(1,491)	(1,395)	(3,005)
Impairment losses on loans and advances	5	(16)	(62)	(219)
Profit before tax		699	675	1,213
Taxation expense	6	(196)	(192)	(321)
Profit after tax		503	483	892
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		503	483	892

This statement should be read in conjunction with the notes to the financial statements on pages 20-41.

Bank of Baroda (New Zealand) Limited

Statement of changes in equity

Interim financial statements for the six months ended 30 September 2020

	Share capital \$000's	Retained earnings \$000's	Total equity \$000's
Balance at 1 April 2020	40,000	8,872	48,872
Total comprehensive income for the year	-	503	503
<i>Transactions with owners</i>			
Dividend paid	-	-	-
Balance at 30 September 2020 (Unaudited)	40,000	9,375	49,375
Comparative period to 30 September 2019			
Balance at 1 April 2019	40,000	8,103	48,103
Total comprehensive income for the year	-	483	483
<i>Transactions with owners</i>			
Dividend paid	-	(123)	(123)
Balance at 30 September 2019 (Unaudited)	40,000	8,463	48,463
Comparative year to 31 March 2020			
Balance at 1 April 2019	40,000	8,103	48,103
Total comprehensive income for the year		892	892
<i>Transactions with owners</i>			
Dividend paid	-	(123)	(123)
Balance at 31 March 2020	40,000	8,872	48,872

This statement should be read in conjunction with the notes to the financial statements on pages 20-41.

Bank of Baroda (New Zealand) Limited

Statement of financial position

Interim financial statements for the six months ended 30 September 2020

	Notes	Unaudited As at 30 Sep 2020 \$000's	Unaudited As at 30 Sep 2019 \$000's	Audited As at 31 Mar 2020 \$000's
ASSETS				
Cash and cash equivalents	8	24,042	8,438	26,123
Balance due from related parties	13	289	156	107
Due from other financial institutions	9	12,000	17,297	3,000
Loans and advances	10	103,672	102,815	99,779
Property, plant and equipment		180	218	198
Right of use assets	11	1,981	2,281	2,131
Deferred tax asset	7	284	200	259
Other assets	12	313	268	274
TOTAL ASSETS		142,761	131,673	131,871
LIABILITIES				
Balance due to related parties	13	890	1,548	623
Deposits and other borrowings	14	89,710	78,693	79,575
Lease liabilities	11	2,090	2,326	2,213
Current taxation		61	25	55
Other liabilities	15	635	618	533
TOTAL LIABILITIES		93,386	83,210	82,999
EQUITY				
Share capital		40,000	40,000	40,000
Retained earnings		9,375	8,463	8,872
TOTAL EQUITY		49,375	48,463	48,872
TOTAL EQUITY AND LIABILITIES		142,761	131,673	131,871
Total interest earning and discount bearing assets		133,728	127,982	121,543
Total interest and discount bearing liabilities		86,012	76,921	71,050
Financial assets, pledged as collateral for liabilities or contingent liabilities		-	-	-

The financial statements were approved by the Board of Directors and authorised for issue on 27 November 2020.

Chairman

Managing Director

This statement should be read in conjunction with the notes to the financial statements on pages 20-41.

Bank of Baroda (New Zealand) Limited

Statement of cash flows

Interim financial statements for the six months ended 30 September 2020

	Unaudited As at 30 Sep 2020 \$000's	Unaudited As at 30 Sep 2019 \$000's	Audited As at 31 Mar 2020 \$000's
Cash Flows from Operating Activities			
<u>Cash was provided from:</u>			
Interest received	2,447	2,737	5,312
Fees and other income	565	510	1,144
	<u>3,012</u>	<u>3,247</u>	<u>6,456</u>
<u>Cash was applied to:</u>			
Operating expenses paid	(1,205)	(1,453)	(2,886)
Interest paid	(818)	(1,031)	(1,966)
Income tax paid	(215)	(599)	(757)
	<u>(2,238)</u>	<u>(3,083)</u>	<u>(5,609)</u>
Net Cash Flows from Operating Activities Before Changes in Operating Assets and Liabilities	<u>774</u>	<u>164</u>	<u>847</u>
Net Changes in Operating Assets and Liabilities:			
(Increase)/Decrease in loans and advances	(3,910)	(2,294)	599
(Increase)/Decrease in balances due from other financial institutions	(9,000)	(6,297)	8,000
Increase in deposits and other borrowings	10,135	3,962	4,844
Increase/(Decrease) in balance due to related parties	267	249	(676)
(Increase) in other assets	(24)	(10)	(10)
Increase/(Decrease) in other liabilities and provisions	(18)	95	20
(Increase)/Decrease due from related parties	(182)	5,039	5,088
Net Cash Flow from / (used in) Operating Activities	<u>(1,958)</u>	<u>908</u>	<u>18,712</u>
Cash Flows (used in) / from Investing Activities			
<u>Cash was applied to:</u>			
Purchase of property, plant and equipment	(1)	-	(6)
Net Cash Flow from/(used in) Investing Activities	<u>(1)</u>	<u>-</u>	<u>(6)</u>
Cash Flows used in Financing Activities			
<u>Cash was applied to:</u>			
Lease payments made	(123)	(105)	(218)
Payment of dividend	-	(123)	(123)
Net Cash Flow (used in)/from Financing Activities	<u>(123)</u>	<u>(228)</u>	<u>(341)</u>
(Decrease)/Increase in cash and cash equivalents	<u>(2,081)</u>	<u>680</u>	<u>18,365</u>
Cash at the beginning of the period	26,123	7,758	7,758
Cash at the end of the period	<u>24,042</u>	<u>8,438</u>	<u>26,123</u>
<u>Made up of:</u>			
Cash on hand	155	195	74
Call and overnight advances to financial institutions	23,887	8,243	26,049
Cash at the end of the period	<u>24,042</u>	<u>8,438</u>	<u>26,123</u>

This statement should be read in conjunction with the notes to the financial statements on pages 20-41.

Bank of Baroda (New Zealand) Limited

Reconciliation of net profit after taxation to net cash flow from operating activities
Interim financial statements for the six months ended 30 September 2020

	Unaudited As at 30 Sep 2020 \$000's	Unaudited As at 30 Sep 2019 \$000's	Audited As at 31 Mar 2020 \$000's
Net profit after taxation	503	483	892
Non cash movements:			
Depreciation	169	174	349
Increase in provision for impairment losses	16	62	219
Increase in deferred taxation	(25)	(26)	(85)
	160	210	483
Net movement in operating assets and liabilities:			
Decrease/((Increase) in loans and advances	(3,910)	(2,294)	599
(Increase)/Decrease in balances due from other financial institutions	(9,000)	(6,297)	8,000
Increase in deposits and other borrowings	10,135	3,962	4,844
Increase/(Decrease) in interest payable	3	45	20
(Increase)/Decrease in interest receivable	(15)	39	33
(Decrease)/Increase in balances due to related parties	267	249	(676)
(Increase) in other assets	(24)	(10)	(10)
(Decrease)/Increase in other liabilities and provisions	99	(137)	(210)
(Increase)/Decrease in balances due from related parties	(182)	5,039	5,088
Increase/(Decrease) in current tax liability	6	(381)	(351)
Net cash flows from / (used in) operating activities	(1,958)	908	18,712

This statement should be read in conjunction with the notes to the financial statements on pages 20-41.

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

1 Statement of accounting policies

Bank of Baroda (New Zealand) Limited (the Bank) is the reporting entity and these interim financial statements have been prepared in accordance with Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the order).

The Bank's interim financial statements for the six months ended 30 September 2020 have been prepared and presented in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") as appropriate for the interim financial statements of Tier 1 for-profit entities, and in accordance with New Zealand equivalent to International Accounting Standards 34: Interim Financial Reporting (NZ IAS 34), and International Accounting Standard 34: Interim Financial Reporting (IAS 34).

These interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Disclosure Statement for the year ended 31 March 2020.

These interim financial statements comply with both IAS 34 and NZ IAS 34.

These interim financial statements were authorised for issue by the Board on 27 November 2020.

Basis of preparation

The interim financial statements have been prepared under the historical cost convention. The functional and presentation currency is the New Zealand Dollar (NZD) and the figures have been rounded to the nearest thousand, unless otherwise stated. The same accounting policies and methods of computation have been followed in preparing these interim financial statements as were used in preparing the financial statements for the year ended 31 March 2020.

Critical accounting estimates and judgements

In preparing these financial statements, the Bank has made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, revenue and expenses as well as other information reported in the notes.

The judgements made in the process of applying the Bank's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are unchanged from 31 March 2020. The key judgement relates to the recognition of expected credit losses ("ECL") as detailed in Note 5 to these financial statements.

In determining ECL, management is required to exercise judgement in defining what is considered to be a significant increase in credit risk and default events.

In determining the provision for expected credit losses as at 30 September 2020, due to the lack of historical default experience, the Bank used publicly available information while applying the default estimates which were also factored for negative outlook on macro-economic factors.

The probability of default, loss given default, and exposure at default assumptions which support the expected credit loss estimate are reviewed regularly in light of differences between loss estimates and actual loss experience.

In determining the ECL provision as at 30 September 2020, management judgement has been applied based on reasonable and supportable information of forward looking economic factors commensurate with the nature of the Bank's portfolio of loans, including management's assessment of the impact of COVID-19.

The 31 March 2020 financial statements described the uncertain future economic outlook caused by the COVID-19 pandemic, the uncertainty relating to both scale and duration of this event. These uncertainties remain as at 30 September 2020, and therefore continue to impact the assumptions underlying the ECL provision carried as at 30 September 2020 in respect of Loans and advances.

Due to the uncertainty around the future economic conditions, actual economic conditions may differ from the current assumptions, which may significantly impacted ECL.

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

2 Interest

	Unaudited Six months ended 30 Sep 2020 \$000's	Unaudited Six months ended 30 Sep 2019 \$000's	Audited Year ended 31 Mar 2020 \$000's
Interest income			
Bank deposits/placements	45	201	308
Loans and advances to customers	2,417	2,497	4,971
Total interest income	2,462	2,698	5,279
Interest expense			
Deposits by customers	749	997	1,986
Lease finance costs	72	79	-
Total interest expense	821	1,076	1,986

3 Other income

	Unaudited Six months ended 30 Sep 2020 \$000's	Unaudited Six months ended 30 Sep 2019 \$000's	Audited Year ended 31 Mar 2020 \$000's
Banking and lending fee income	119	106	201
Commissions revenue	10	23	46
Net foreign exchange gains	434	379	891
Other revenue	2	2	6
Total other income	565	510	1,144

4 Operating expenses

	Unaudited Six months ended 30 Sep 2020 \$000's	Unaudited Six months ended 30 Sep 2019 \$000's	Audited Year ended 31 Mar 2020 \$000's
Audit and review of disclosure statement:			
• Audit of disclosure statement - KPMG	22	-	72
• Half year review of disclosure statement - KPMG	27	30	30
• Audit and review of disclosure statement - Deloitte	-	10	10
Directors' fees	12	21	44
Depreciation:			
• Computer hardware	-	-	1
• Office equipment	-	-	7
• Furniture, fittings, and leasehold improvements	19	24	41
• Right of use assets	150	150	300
Employee benefits:			
• Salary & others	933	853	1,724
• Kiwisaver	7	8	16
Rental and lease costs not included in lease liabilities	7	19	34
Other operating expenses	314	280	726
Total operating expenses	1,491	1,395	3,005

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

5 Credit loss allowances

Unaudited - Six months ended 30 September 2020

	Retail mortgage lending \$000's	Corporate and institutional \$000's	Other exposures excluding \$000's	Total \$000's
For period ended 30 September 2020				
Collective allowance				
Balance at the beginning of the period	167	338	3	508
Charge to profit or loss	2	14	-	16
Total collective allowance for credit losses at 30 September 2020	169	352	3	524
<i>Recognised in:</i>				
Loans and advances - collective provision	147	295	1	443
Other liabilities - undrawn commitments (Note 15)	22	57	2	81
Total collective allowance for credit losses at 30 September 2020	169	352	3	524

For period ended 30 September 2020

	Collective provision 12- months ECL	Collective provision lifetime ECL - significant increase in credit risk	Specific provision lifetime ECL - credit impaired	Total
Movement in provision for credit loss allowance				
Residential mortgage lending				
Balance at beginning of period	118	49	-	167
Charge to profit or loss	3	(1)	-	2
Balance at end of period - Residential mortgage lending	121	48	-	169
Corporate exposures				
Balance at beginning of period	293	45	-	338
Charge to profit or loss	16	(2)	-	14
Balance at end of period - Corporate exposures	309	43	-	352
Other exposures				
Balance at beginning of period	3	-	-	3
Charge to profit or loss	-	-	-	-
Balance at end of period - Other exposures	3	-	-	3
Provision for credit loss allowances - Total				
Balance at beginning of period	414	94	-	508
Charge to profit or loss	19	(3)	-	16
Total provision for credit loss allowances balance at end of period	433	91	-	524

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

5 Credit loss allowances (continued)

Unaudited - Six month ended 30 September 2019

	Retail mortgage lending \$000's	Corporate and institutional \$000's	Other exposures \$000's	Total \$000's
For period ended 30 September 2019				
Collective allowance				
Balance at the beginning of the period	70	216	3	289
Charge/(credit) to profit or loss	(6)	69	(1)	62
Total collective allowance for credit losses at 30 September 2019	64	285	2	351
Recognised in				
Loans and advances - collective provision	59	223	1	283
Other liabilities - undrawn commitments (Note 15)	5	62	1	68
Total collective allowance for credit losses at 30 September 2019	64	285	2	351

For period ended 30 September 2019

	Collective provision 12- months ECL	Collective provision lifetime ECL - significant increase in credit risk	Specific provision lifetime ECL - credit impaired	Total
Movement in provision for credit loss allowance				
Residential mortgage lending				
Balance at beginning of period	70	-	-	70
(Credit)/charge to profit or loss	(6)	-	-	(6)
Balance at end of period - Residential mortgage lending	64	-	-	64
Corporate exposures				
Balance at beginning of period	216	-	-	216
Charge/(credit) to profit or loss	69	-	-	69
Balance at end of period - Corporate exposures	285	-	-	285
Other exposures				
Balance at beginning of period	3	-	-	3
(Credit)/charge to profit or loss	(1)	-	-	(1)
Balance at end of period - Other exposures	2	-	-	2
Provision for credit loss allowances - Total				
Balance at beginning of period	289	-	-	289
Charge/(credit) to profit or loss	62	-	-	62
Total provision for credit loss allowances balance at end of period	351	-	-	351

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

5 Credit loss allowances (continued)

Audited - Year ended 31 March 2020

	Retail mortgage lending \$000's	Corporate and institutional \$000's	Other exposures excluding \$000's	Total \$000's
For year ended 31 March 2020				
Collective allowance				
Balance at the beginning of the period	70	216	3	289
Charge to profit or loss	97	122	-	219
Total collective allowance for credit losses at 31 March 2020	167	338	3	508
Recognised in:				
Loans and advances - collective provision	155	270	1	426
Other liabilities - undrawn commitments (Note 15)	12	68	2	82
Total collective allowance for credit losses at 31 March 2020	167	338	3	508

For year ended 31 March 2020

	Collective provision 12- months ECL	Collective provision lifetime ECL - significant increase in credit risk	Specific provision lifetime ECL - credit impaired	Total
Movement in provision for credit loss allowance				
Residential mortgage lending				
Balance at beginning of period	70	-	-	70
Charge to profit or loss	48	49	-	97
Balance at end of period - Residential mortgage lending	118	49	-	167
Corporate exposures				
Balance at beginning of period	216	-	-	216
Charge to profit or loss	77	45	-	122
Balance at end of period - Corporate exposures	293	45	-	338
Other exposures				
Balance at beginning of period	3	-	-	3
Charge to profit or loss	-	-	-	-
Balance at end of period - Other exposures	3	-	-	3
Provision for credit loss allowances - Total				
Balance at beginning of period	289	-	-	289
Charge to profit or loss	125	94	-	219
Total provision for credit loss allowances balance at end of year	414	94	-	508

Impact of changes in gross

Overall, the net increase in the total provision for credit losses of \$16,000 (30 September 2019: \$62,000 and 31 March 2020: \$219,000) during the period was mainly driven by the change in the profile of the Bank's loans, with a significant growth in corporate exposures during the period to 30 September 2020.

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

6 Taxation

	Unaudited Six months ended 30 Sep 2020 \$000's	Unaudited Six months ended 30 Sep 2019 \$000's	Audited Year ended 31 Mar 2020 \$000's
Net profit before taxation	699	675	1,213
Tax calculated at a tax rate of 28%	(196)	(189)	(340)
Re-estimation of prior period current tax liability	-	-	39
Other permanent differences	-	(3)	(20)
Taxation expense as per the statement of comprehensive income	(196)	(192)	(321)
Represented by:			
Current tax - current year	(221)	(218)	(445)
Current tax - prior year	-	-	39
Deferred tax	25	26	85
Taxation expense as per the statement of comprehensive income	(196)	(192)	(321)

7 Deferred taxation

	Unaudited Six months ended 30 Sep 2020 \$000's	Unaudited Six months ended 30 Sep 2019 \$000's	Audited Year ended 31 Mar 2020 \$000's
Deferred tax balances			
Balance at the beginning of the period	259	174	174
Credit to statement of comprehensive income	25	26	85
Balance at end of the period	284	200	259

8 Cash and cash equivalents

	Unaudited As at 30 Sep 2020 \$000's	Unaudited As at 30 Sep 2019 \$000's	Audited As at 31 Mar 2020 \$000's
Cash on hand	155	195	74
Call and overnight advances to financial institutions	23,887	8,243	26,049
Total cash and cash equivalents	24,042	8,438	26,123
Current	24,042	8,438	26,123
Non-current	-	-	-

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

9 Due from other financial institutions	Unaudited As at 30 Sep 2020 \$000's	Unaudited As at 30 Sep 2019 \$000's	Audited As at 31 Mar 2020 \$000's
Term deposits	12,000	17,297	3,000
Total amount due from other financial institutions	12,000	17,297	3,000
Current	12,000	17,297	3,000
Non-current	-	-	-

10 Loans and advances	Unaudited As at 30 Sep 2020 \$000's	Unaudited As at 30 Sep 2019 \$000's	Audited As at 31 Mar 2020 \$000's
Residential mortgage loans	67,650	66,549	67,546
Corporate exposures	34,542	34,360	30,681
Other exposures	1,923	2,189	1,978
Allowances for impairment losses	(443)	(283)	(426)
Total net loans and receivables	103,672	102,815	99,779
Current	19,188	19,107	15,572
Non-current	84,484	83,708	84,207

11 Leases

Nature and extent of lease activities

The Bank leases three properties for operational purposes as its branches. These leases contain a variety of lease terms which typically include rent review (fixed, market and/or CPI) and extension options. Further variable costs due under the lease agreements expensed in the current period amounted to \$7,000 (31 March 2020: \$34,000 and 30 September 2019: \$20,000).

In addition, there are lease costs recognised on a straight-line basis in relation to short-term leases of residential properties, provided as accommodation to certain Bank staff members. Costs amounting to \$98,000 were expensed during the period. These have been disclosed as employee benefits, within note 4.

Total cash outflows related to leases during the period under review amounted to \$202,000 (31 March 2020: \$373,000 and 30 September 2019: \$299,000).

Right of use to leased assets

The following amounts are included in the balance sheet in relation to right of use assets held under lease arrangements:

	Unaudited As at 30 Sep 2020	Unaudited As at 30 Sep 2019	Audited As at 31 Mar 2020
Right of use assets			
Properties - cost	2,431	2,431	2,431
Properties - accumulated depreciation	(450)	(150)	(300)
Right of use assets	1,981	2,281	2,131

	Unaudited Six months ended 30 Sep 2020	Unaudited Six months ended 30 Sep 2019	Audited Year ended 31 Mar 2020
Right of use assets			
Opening balance at 1 April	2,131	2,431	2,431
Depreciation charge for the period (Note 4)	(150)	(150)	(300)
Closing balance	1,981	2,281	2,131

There were no additions during the period to leased properties.

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

11 Leases (continued)

	Unaudited As at 30 Sep 2020	Unaudited As at 30 Sep 2019	Audited As at 31 Mar 2020
Liabilities for leases			
The following amounts are included as lease liabilities:			
Due within one year	259	236	250
Due after one year	1,831	2,090	1,963
	2,090	2,326	2,213

The Bank is not exposed to significant liquidity risk as a result of the lease liabilities, which are payable monthly and managed in accordance with the Bank's overall liquidity management.

Maturity profile for lease liabilities

The following undiscounted amounts are due under the Bank's lease arrangements during the assumed lease term:

	Up to 3 months \$000's	3 to 12 months \$000's	Between 1 & 5 years \$000's	More than 5 years \$000's	Total \$000's
As at 30 September 2020					
Lease payments included within lease liabilities	98	293	1,611	682	2,684

Lease commitments where no liability is recognised

In the current period no lease liability has been recognised in relation to short-term leases of less than 12 months duration. In the preceding periods, leases meeting the definition of operating leases under NZ IAS 17 *Leases* were also not recognised as a liability. Payments were due under such leases as follows:

	Unaudited As at 30 Sep 2020 \$000's	Unaudited As at 30 Sep 2019 \$000's	Audited As at 31 Mar 2020 \$000's
	Short-term leases	Short-term leases	Short-term leases
Not later than 1 year	166	104	43
1-2 years	-	-	-
2-5 years	-	-	-
Total	166	104	43

12 Other assets

	Unaudited As at 30 Sep 2020 \$000's	Unaudited As at 30 Sep 2019 \$000's	Audited As at 31 Mar 2020 \$000's
Other receivables	118	94	94
Interest receivable	195	174	180
Trade and other receivables	313	268	274
Current	313	268	274
Non-current	-	-	-

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

13 Related party disclosures

The Bank is wholly owned by the Bank of Baroda, a bank incorporated in India. No related party debts have been written off or forgiven during the year.

Key management personnel

Key management personnel (KMP) are defined as being the directors and senior management of the Bank.

	Unaudited Six months ended 30 Sep 2020 \$000's	Unaudited Six months ended 30 Sep 2019 \$000's	Audited Year ended 31 Mar 2020 \$000's
Salaries and other short-term benefits	647	543	1,124
Total key management compensation	647	543	1,124
Deposits from KMP bearing interest at 1.25% to 2% (31 March 2020: 1.25% to 2% and 30 September 2019: 1.25% to 2%)	93	116	186
Loans to KMP at interest rates of 2.29% to 2.70% (31 March 2020: 2.29% to 2.70% and 30 September 2019: 2.29% to 2.70%)	-	3	1
Loans to KMP at interest rates of 3.00% to 4.00%	506	-	-
Interest earned from loans with KMP	9	-	-
Interest paid to KMP during the period	0	-	1

Guarantee from Parent

The Bank's ultimate parent company is Bank of Baroda, an Indian incorporated bank (BOB). BOB is subject to regulatory oversight by the Reserve Bank of India and the Government of India. BOB is not a New Zealand registered bank and is not subject to regulatory oversight by the Reserve Bank of New Zealand.

The obligations of the Bank are guaranteed by BOB. There are no legislative, regulatory or restrictions of a legally enforceable nature in India (BOB's country of incorporation) that may materially inhibit the legal ability of BOB to provide material financial support to the Bank. As at 30 September 2020, all the obligations of the Bank are guaranteed by BOB.

Related party balances and transactions:

Related parties include branches of Bank of Baroda, its subsidiaries and other related parties.

As at 30 September 2020, the Bank holds no foreign currency deposits (31 March 2020: NZ\$0, 30 September 2019: NZ\$0) with other branches of BOB group, these deposits are interest bearing. The Bank holds foreign currency Nostro current accounts deposits of NZ\$288,587 (31 March 2020: NZ\$106,737, 30 September 2019: NZ\$156,108) with other members of BOB group and other related parties, these accounts are non-interest bearing.

The Bank also has current account balances owing to its parent company, Bank of Baroda of NZ\$884,260 (31 March 2020: NZ\$621,994, 30 September 2019: NZ\$1,508,701) and Bank of Baroda (Fiji) of NZ\$5,556 (31 March 2020: NZ\$1,326 and 30 September 2019: NZ\$1,386) that are non-interest bearing.

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

13 Related party disclosures (continued)

	Unaudited As at 30 Sep 2020 \$000's	Unaudited As at 30 Sep 2019 \$000's	Audited As at 31 Mar 2020 \$000's
BOB International Banking Unit Branch, Gandhinagar, India	-	-	-
Total balance	-	-	-
USA New York branch (USD)	203	129	73
India Mumbai main office (INR)	17	-	-
U.K London branch (GBP)	12	10	9
Belgium Brussels branch (EURO)	10	11	10
Fiji Suva branch (FJD)	5	1	2
Australia SBI Sydney branch (AUD)	42	5	13
Total Nostro balance	289	156	107

	Unaudited Six months ended 30 Sep 2020 \$000's	Unaudited Six months ended 30 Sep 2019 \$000's	Audited Year ended 31 Mar 2020 \$000's
Transaction with related parties:			
Interest income			
Bank of Baroda branches and its subsidiaries	-	64	65
Other related parties	-	-	-
Interest expense			
Bank of Baroda branches and its subsidiaries	-	-	-
Other related parties	-	-	-
Support & service fee/management fee			
Bank of Baroda branches and its subsidiaries	41	55	95

Due to related parties:

Bank of Baroda branches and its subsidiaries	890	1,509	623
Total due to related parties*	890	1,509	623
Current	890	1,509	623
Non-current	-	-	-
Total	890	1,509	623

* Deposits from KMP at commercial rates have been included in the KMP note. In the 30 September 2019 period, \$ 39,000 of deposits from KMP were included within the balances due to related parties amount on the face of balance sheet of \$1,548,000.

Due from related parties:

Bank of Baroda branches	289	156	107
Subsidiaries of Bank of Baroda	-	-	-
Total due from related parties			
Current	289	156	107
Non-current	-	-	-
Total	289	156	107

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

14 Deposits and other borrowings	Unaudited As at 30 Sep 2020 \$000's	Unaudited As at 30 Sep 2019 \$000's	Audited As at 31 Mar 2020 \$000's
Retail deposits	89,710	78,693	79,575
Total deposits	89,710	78,693	79,575
New Zealand	89,710	78,693	79,575
Overseas	-	-	-
Current	82,626	71,419	71,915
Non-current	7,084	7,274	7,660
15 Other liabilities	Unaudited As at 30 Sep 2020 \$000's	Unaudited As at 30 Sep 2019 \$000's	Audited As at 31 Mar 2020 \$000's
Employee entitlements	188	117	126
Other payables and accruals	366	433	325
Credit loss allowance on undrawn lending commitments (Note 5)	81	68	82
Total other liabilities	635	618	533
Current	635	618	533
16 Asset quality			

As at 30 September 2020	Residential mortgage loans \$000's	Corporate exposures \$000's	Other exposures excluding sovereigns and central banks \$000's	Total \$000's
Loans and advances				
<i>No significant increase in credit risk</i>				
Not past due	66,702	34,542	1,923	103,167
Less than 30 days past due	948	-	-	948
Gross loans and advances	67,650	34,542	1,923	104,115
Less allowance for impairment	(147)	(295)	(1)	(443)
Net loans and advances	67,503	34,247	1,922	103,672
Other assets neither past due nor impaired	-	-	36,644	36,644
Total net financial assets	67,503	34,247	38,566	140,316

Movements in gross balances - by credit loss allowance stage

	Stage 1	Stage 2	Total
Balance at 1 April 2020	93,471	6,734	100,205
Loans repaid in their entirety	(16,936)	(31)	(16,968)
New loans originated	20,037	-	20,037
Net further lending/(repayment)	1,009	(168)	841
Balance at end of period	97,580	6,535	104,115

At 30 September 2020, 31 March 2020 and 30 September 2019 there were no loans in Stage 3.

The Bank does not have any restructured assets, and financial, real estate or other assets acquired through security enforcement or any other assets under administration as at 30 September 2020 (31 March 2020 and 30 September 2019 - Nil). There were no undrawn balances on lending commitments to counterparties classified as individually credit impaired assets at 30 September 2020 (31 March 2020 and 30 September 2019 - Nil).

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

17 Concentration of credit risk

The following table breaks down the Bank's main credit exposure at their carrying amounts plus off balance sheet exposures, as categorised by the industry sectors of its counterparties:

	Unaudited As at 30 Sep 2020 \$000's
New Zealand	
Finance	36,041
Households	80,460
Construction	21,869
Property services	5,280
Health and community services	1,029
Personal and other services	12,136
Retail and wholesale trade	2,934
Food and other manufacturing	775
Other financial assets	313
Overseas	
Finance, investment and insurance	289
Total financial assets and off-balance sheet exposures	161,126
Allowance for impairment losses	(443)
Total net financial assets and off-balance sheet exposures	160,683

Analysis of financial assets by geographical sector at balance date is as follows:

	Unaudited As at 30 Sep 2020 \$000's
New Zealand	
Upper North Island	143,808
Lower North Island	17,029
Allowance for impairment losses	(443)
Overseas	
USA New York branch (USD)	203
India Mumbai Main Office (INR)	17
U.K London branch (EURO)	12
Belgium Brussels branch (EURO)	10
Fiji Suva branch (FJD)	5
Australia SBI Sydney (AUD)	42
India - International Banking Unit Branch (USD)	
Total net financial assets	160,683

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

17 Concentration of credit risk (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements at balance date is as follows:

	Unaudited As at 30 Sep 2020 \$000's
Loans and advances	124,483
Balances with related parties	289
Due from other financial institutions	12,000
Cash and cash equivalents	24,041
Other financial assets	313
Total gross financial assets	161,126
Allowance for impairment losses	(443)
Total net financial assets	160,683

18 Concentration of funding

Concentrations of funding arise where the Bank is funded by industries of a similar nature or in particular geographies.

An analysis of financial liabilities by industry sector and geography at balance date is as follows:

	Unaudited As at 30 Sep 2020 \$000's
New Zealand	
Financing investment and insurance	3,795
Retail and wholesale trade	4,367
Other	635
Households	81,548
Overseas	
Finance, investment and insurance	890
Total financial liabilities	91,235

An analysis of financial liabilities by geographical sector, based on the branch of the customer, at balance date is as follows:

	Unaudited As at 30 Sep 2020 \$000's
New Zealand	
Upper North Island	72,048
Lower North Island	18,297
South Island	-
Overseas	890
Total financial liabilities	91,235

19 Capital commitments

As at 30 September 2020 there are no material outstanding capital commitments (31 March 2020 and 30 September 2019: nil).

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

20 Contingent liabilities	Unaudited As at 30 Sep 2020 \$000's	Unaudited As at 30 Sep 2019 \$000's	Audited As at 31 Mar 2020 \$000's
Performance/financial guarantees issued on behalf of customers	271	40	40
Total contingent liabilities	271	40	40
Undrawn commitments available to customers	20,097	15,438	16,681

21 Subsequent events after balance sheet date

There were no material events subsequent to the reporting date that require recognition or additional disclosures to the financial statements.

22 Interest rate repricing

The tables below summarise the Bank's exposure to interest rate risk. It includes the financial instruments at carrying amounts and undrawn amounts, categorised by contractual re-pricing.

As at 30 September 2020 - Unaudited	Total \$000's	Not interest bearing \$000's	Up to 3 months \$000's	Over 3 months & up to 6 months \$000's	Over 6 months & up to 1 year \$000's	Over 1 & up to 2 years \$000's	Over 2 & up to 5 years \$000's	Over 5 years \$000's
Financial assets								
Cash and cash equivalents	24,042	6,429	17,613	-	-	-	-	-
Due from other financial institutions	12,000	-	12,000	-	-	-	-	-
Loans and advances	103,672	-	48,279	14,296	28,559	12,538	-	-
Balances with related parties	289	289	-	-	-	-	-	-
Other financial assets	313	313	-	-	-	-	-	-
Total financial assets	140,316	7,031	77,892	14,296	28,559	12,538	-	-
Financial liabilities								
Deposits and other borrowings	89,710	5,788	53,975	7,712	15,131	4,181	2,923	-
Due to related parties	890	890	-	-	-	-	-	-
Other financial liabilities	635	635	-	-	-	-	-	-
Total financial liabilities	91,235	7,313	53,975	7,712	15,131	4,181	2,923	-
On-balance sheet gap	49,081	(282)	23,917	6,584	13,428	8,357	(2,923)	-
Financial guarantee	271	271	-	-	-	-	-	-
Undrawn commitments	20,097	-	8,143	290	3,589	8,075	-	-
Net effective interest rate gap	69,449	(11)	32,060	6,874	17,017	16,432	(2,923)	-

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

23 Liquidity risk

The tables below summarises the undiscounted cash flows payable or receivable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date.

As at 30 September 2020 - Unaudited	On Demand \$000's	Up to 3 months \$000's	3 to 12 months \$000's	Between 1 & 5 years \$000's	More than 5 years \$000's	Total \$000's
Financial assets						
Cash and cash equivalents	24,042	-	-	-	-	24,042
Due from other financial institutions	-	12,005	-	-	-	12,005
Loans and advances	-	5,128	21,705	35,754	110,246	172,833
Due from related parties	289	-	-	-	-	289
Other financial assets	-	313	-	-	-	313
Total financial assets	24,331	17,446	21,705	35,754	110,246	209,482
Financial liabilities						
Deposits and other borrowings	40,490	14,406	22,583	7,732	-	85,211
Due to related parties	890	-	-	-	-	890
Other financial liabilities	-	635	-	-	-	635
Total financial liabilities	41,380	15,041	22,583	7,732	-	86,736
Net non-derivative cash flows	(17,049)	2,405	(878)	28,022	110,246	122,746
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Off balance sheet cash flows						
Financial guarantees provided to customers	(271)	-	-	-	-	(271)
Undrawn commitments to lend	(20,097)	-	-	-	-	(20,097)
Total	(20,368)	-	-	-	-	(20,368)
Net cash flow	(37,417)	2,405	(878)	28,022	110,246	102,378

Unaudited
As at
30 Sep 2020

The bank holds following liquid assets for the purpose of managing liquidity risk:

\$000's

Cash and cash equivalents	24,042
Deposits with financial institutions	12,000
Deposit/cash held with related parties	289
Total liquid assets	36,331

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

24 Fair values of financial instruments

	Unaudited As at 30 Sep 2020		Unaudited As at 30 Sep 2019		Audited As at 31 Mar 2020	
	Carrying amounts \$000's	Estimated fair value \$000's	Carrying amounts \$000's	Estimated fair value \$000's	Carrying amounts \$000's	Estimated fair value \$000's
Financial assets						
Cash and cash equivalents	24,042	24,042	8,438	8,438	26,123	26,123
Balances with related parties	289	289	156	156	107	107
Due from other financial institutions	12,000	12,000	17,297	17,297	3,000	3,000
Loans and advances	103,672	124,213	102,815	108,782	99,779	108,668
Other financial assets	313	313	268	268	274	274
Total financial assets	140,316	160,857	128,974	134,941	129,283	138,172
Financial liabilities						
Due to related parties	890	890	1,548	1,548	623	623
Deposits and other borrowings	89,710	84,874	78,693	79,685	79,575	80,596
Other financial liabilities	635	635	618	618	533	533
Total financial liabilities	91,235	86,399	80,859	81,851	80,731	81,752

Fair value estimation

For financial instruments not presented in the Bank's balance sheet at their fair value, fair value is estimated as follows:

Cash and cash equivalents

For cash assets, the carrying amount is equivalent to the fair value as assets are short term in nature.

Loans and advances

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 and rates of estimated credit losses.

Other financial assets

For other financial assets, the carrying amount is approximately equal to the fair value.

Deposits by customers

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

Due to/from related parties

For due to/from related parties, carrying amounts in the balance sheet are a reasonable estimate of fair value for these assets.

Other financial liabilities

For other financial liabilities, the carrying amount is equivalent to the fair value.

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

25 Credit exposure concentrations

Credit exposures to individual counterparties

Credit exposure concentrations are disclosed on the basis of actual exposures and gross of set-offs. Peak end-of-day aggregate credit exposures have been calculated using the Bank's Tier One Capital at the end of the quarter.

Credit exposures to individual counterparties

The number of individual counterparties, excluding connected persons, where the period end and peak end-of-day aggregate actual credit exposures, net of individual credit impairment allowances, equalled or exceeded 10% of the Bank's common equity tier one capital was:

	As at 30 Sep 2020	Peak end of the day between the previous 1 Apr 2020 and 30 Sep 2020
Number of counterparties without a credit rating:		
- Representing 15-20% of common equity tier one capital	1	1
- Representing 25-30% of common equity tier one capital	2	2

Credit exposures to individual counterparties (not being members of a group of closely related counterparties) and to groups of closely related counterparties exclude exposures to connected persons, to the central government or central bank of any country with a long-term credit rating of A- or A3 or above, or its equivalent, or to any supranational or quasi-sovereign agency with a long-term credit rating of A- or A3 or above, or its equivalent. These calculations relate only to exposures held in the financial records of the Bank and were calculated net of individually assessed provisions.

Credit exposures to bank counterparties

The number of bank counterparties, excluding connected persons, where the period end and peak end-of-day aggregate actual credit exposures, net of individual credit impairment allowances, equalled or exceeded 10% of the Bank's common equity tier one capital was:

	As at 30 Sep 2020	Peak end of the day between the previous 1 Apr 2020 and 30 Sep 2020
Number of bank counterparties with an AA- Standard & Poors credit rating:		
- Representing more than or equal to 20% and less than 25% of common equity tier one capital	1	1
- Representing more than or equal to 45% and less than 50% of common equity tier one capital	1	-
- Representing more than or equal to 60% and less than 65% of common equity tier one capital	-	1

26 Securitisation, funds, management, other fiduciary activities and the marketing and distribution of insurance products

As at balance date, the Bank is not involved in:

- The establishment, marketing, or sponsorship of trust, custodial, funds management and other fiduciary activities; or
- The origination of securitised assets; or
- The marketing or servicing of securitisation schemes; or
- The marketing and distribution of insurance products or conducting business.

27 Risk management policies

There have been no material changes to the risk management policies and no new categories of risk to which the bank has become exposed since 31 March 2020.

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

28 Capital adequacy

The Bank has 40,000,000 fully paid up ordinary shares (tier one capital) issued at NZ \$1.00 per share on 22 May 2008 (25,000,000 shares) and 20 April 2009 (15,000,000 shares).

BOB is the sole shareholder. Each share confers on the holder the right to:

- one vote on a poll at a meeting of the shareholders on any resolution to:
 - appoint or remove a Director or auditor; or
 - alter the Bank's constitution; or
 - approve a major transaction; or
 - approve an amalgamation under section 221 of the Companies Act 1993; or
 - put the Bank into liquidation;
- a proportionate share in dividends authorised by the Board; and
- a proportionate share in the distribution of the surplus assets of the Bank.

Other classes of capital instrument

The Bank does not have any other classes of capital instruments in its capital structure.

Regulatory capital adequacy ratios are calculated by expressing capital as a percentage of risk weighted exposures. As a condition of registration, the Bank must comply with the following minimum capital requirements set by the RBNZ:

- Total regulatory capital must not be less than 8% of risk weighted exposures.
- Tier One Capital must not be less than 6% of risk weighted exposures.
- The Common Equity Tier One Capital must not be less than 4.5% of risk weighted exposures.
- Capital must not be less than NZ\$30 million.

The capital adequacy tables set out below summarise the composition of regulatory capital and capital adequacy ratios for the period ended 30 September 2020. The Bank was registered on 1 September 2009 and from the date of registration to 30 September 2020; the Bank has complied with both regulatory and internal capital adequacy requirements.

The Bank has considered other material risks not included below and whether to allocate any capital to cover these risks and concluded that these risks are not significant and have therefore not allocated any capital to cover them.

	Unaudited As at 30 Sep 2020 \$000's
Tier One Capital	
Common equity Tier One Capital	
Issued and fully paid up share capital	40,000
Retained earnings	9,375
Deferred tax assets	(284)
Total common equity Tier One Capital	49,091
Additional Tier One Capital	
Nil	-
Total Tier One Capital	49,091
Tier Two Capital	
Nil	-
Total Tier Two Capital	49,091
Total Capital	49,091

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

28 Capital adequacy (continued)

30 September 2020 - Unaudited Calculation of on-balance-sheet exposures	Total exposure after credit risk mitigation \$000's	Risk Weight	Risk weighted exposure \$000's	Minimum pillar 1 capital requirement \$000's
Cash and gold bullion	155	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks (Due from other financial institutions)	35,886	20%	7,177	574
Banks (Due from related parties)	289	50%	145	12
Corporate	26,330	100%	26,330	2,106
Residential mortgages not past due				
Non property investment-LVR up to 80%	27,268	35%	9,544	763
Non property investment-LVR >80% but <90%	1,834	50%	917	73
Property investment-LVR <80%	38,401	40%	15,360	1,229
Property investment-LVR >80% but <90%	-	70%	-	-
Past due residential mortgages	-	35%	-	-
Other past due assets	-	100%	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	100%	-	-
All other equity holdings (not deducted from capital)	-	100%	-	-
Non risk weighted assets	-	0%	-	-
Other assets	2,322	100%	2,322	186
Total on-balance-sheet exposures	132,485		61,795	4,943

As at 30 September 2020 - Unaudited Calculation of off-balance-sheet exposures

	Total exposure \$000's	Credit conversion factor %	Credit equivalent amount \$000's	Average risk weight %	Risk weighted exposure \$000's	Minimum pillar 1 capital requirement \$000's
Direct credit substitute	-	0%	-	0%	-	-
Asset sale with recourse	-	0%	-	0%	-	-
Forward asset purchase	-	0%	-	0%	-	-
Commitment with certain drawdown	-	0%	-	0%	-	-
Note issuance facility	-	0%	-	0%	-	-
Performance-related contingency	271	50%	136	100%	136	11
Revolving underwriting facility	-	0%	-	0%	-	-
Trade-related contingency	-	0%	-	0%	-	-
Placements of forward deposits	-	0%	-	0%	-	-
Other commitments where original maturity is more than one year	20,097	50%	10,049	53%	5,326	426
Other commitments where original maturity is less than or equal to one year	-	0%	-	0%	-	-
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	0%	-	0%	-	-
Market related contracts						
(a) Foreign exchange contracts	-	0%	-	0%	-	-
(b) Interest rate contracts	-	0%	-	0%	-	-
(c) Other - OTC, etc	-	0%	-	0%	-	-
Total off-balance-sheet exposures	20,368		10,185		5,462	437

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

28 Capital adequacy (continued)

Residential mortgages by loan-to-valuation ratio

As at 30 September 2020 - Unaudited (\$000's)	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Loan-to-valuation ratio				
On-balance-sheet exposures	65,811	1,839	-	67,650
Off-balance-sheet exposures	11,589	1,221	-	12,810
Total loan-to-value ratio	77,400	3,060	-	80,460

Reconciliation of residential mortgage-related amounts

	30 September 2020 \$000's
Residential mortgage loans (as disclosed in Note 16)	67,650
Undrawn commitments related to residential mortgages	12,810
Residential mortgages by loan-to-valuation ratio	80,460

Credit risk mitigation

As at 30 September 2020 - Unaudited (\$000's)	On balance sheet exposure \$000's	Off balance sheet exposure \$000's	Total value of on and off balance sheet exposures covered by eligible collateral (after haircutting) \$000's
Exposure class			
Corporate	7,916	1,105	9,021
Other	1,895	977	2,872
Total	9,811	2,082	11,893

The gross amount of non risk weighted amount of \$9,811k and undrawn amount of \$2,082k totalling \$11,893k is 100% mitigated.

Operational risk capital requirement

	Unaudited as at 30 Sep 2020	
	Implied risk weighted exposure \$000's	Total operational risk capital requirement \$000's
Operational risk	8,700	696

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

28 Capital adequacy (continued)

Market risk

Market risk exposures have been calculated in accordance with the methodology detailed in Part 10 of the RBNZ's BS2A Capital Adequacy framework, and schedule 9 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014. Peak exposures are calculated using the Bank's shareholders' equity at the end of the quarter.

	End-period capital charges		Peak end-of-day capital charges	
	Implied risk \$000's	Aggregate capital \$000's	Implied risk \$000's	Aggregate capital \$000's
At 30 September 2020 - Unaudited				
Interest rate risk	3,888	311	5,350	428
Foreign currency risk	550	44	650	52
Equity risk	-	-	-	-
Total capital requirements	4,438	355	6,000	480

	Total exposure after credit risk mitigation \$000's	Risk weighted exposure or implied risk weighted \$000's	Capital requirement \$000's
At 30 September 2020 - Unaudited			
Total credit risk + equity	152,853	67,257	5,381
Operational risk	-	8,700	696
Market risk	-	4,438	355
Total	152,853	80,395	6,432

Capital ratios

	Common equity tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
At 30 September 2020 - Unaudited			
Ratio	61.06%	61.06%	61.06%
Minimum ratio requirement	4.5%	6.0%	8.0%
At 30 September 2019 - Unaudited			
Ratio	62.97%	62.97%	62.97%
Minimum ratio requirement	4.5%	6.0%	8.0%
At 31 March 2020 - Unaudited			
Ratio	64.70%	64.70%	64.70%
Minimum ratio requirement	4.5%	6.0%	8.0%

Bank of Baroda (New Zealand) Limited

Notes to the financial statements

For the six months ended 30 September 2020

28 Capital adequacy (continued)

Buffer ratios

30/09/2020 - Unaudited

Buffer ratio	53.06%
Buffer ratio requirement	2.5%

30/09/2019 - Unaudited

Buffer ratio	54.97%
Buffer ratio requirement	2.5%

31/03/2020 - Audited

Buffer ratio	56.70%
Buffer ratio requirement	2.5%

Capital adequacy of ultimate parent bank

The ultimate parent bank of Bank of Baroda (New Zealand) Limited is BOB.

BOB is required by the Reserve Bank of India to hold minimum capital at least equal to that specified under the Basel III. BOB is using the standardised method for calculation of Capital Adequacy. This information is made available to users via the BOB website (www.bankofbaroda.com).

As per the latest available data at 30 September 2020, BOB's Tier One Capital was 11.53% of total risk-weighted assets and total capital was 14.00% of total risk-weighted assets (31 March 2020: Tier One Capital was 11.32% of total risk-weighted assets and total capital was 13.87% of total risk-weighted assets). BOB's capital ratios during the year ended 31 March 2020 and 31 March 2019 exceeded the Reserve Bank of India's minimum capital adequacy requirements.

29 Regulatory liquidity ratios

The following were the average values of each of the following regulatory liquidity ratios of the stated periods, calculated based on the average of the close of each working day.

	Unaudited Three months ended 30 September 2020	Unaudited Three months ended 30 June 2020
One-week mismatch ratio	25.5	24.6
One-month mismatch ratio	31.0	26.7
Core funding ratio	122.1	121.8

30 Other material matters

There are no other matters relating to the business or affairs of the Bank, other than those contained in the financial statements that if disclosed, would materially affect the decision of a person to subscribe for debt securities of which the Bank is the issuer.



Independent Review Report

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

Report on the half year disclosure statement

Conclusion

Based on our review of the interim financial statements and supplementary information of Bank of Baroda (New Zealand) Limited (the "Registered Bank") on pages 15 to 41, nothing has come to our attention that causes us to believe that:

- i. the interim financial statements do not present fairly in all material respects the Registered Bank's financial position as at 30 September 2020 and its financial performance and cash flows for the six month period ended on that date;
- ii. the interim financial statements (excluding the supplementary information disclosed in accordance with Schedules 5, 7, 9, 13, 16 and 18 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order")), have not been prepared, in all material respects, with NZ IAS 34 Interim Financial Reporting ("NZ IAS 34");
- iii. the supplementary information, does not fairly state, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order; and
- iv. the supplementary information relating to capital adequacy and regulatory liquidity requirements, has not been, in all material respects, disclosed in accordance with Schedule 9 of the Order.

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

- the interim financial statements formed of:
 - the statement of financial position as at 30 September 2020;
 - the statements of comprehensive income, changes in equity and cash flows for the six month period then ended; and
 - notes, including a summary of significant accounting policies and other explanatory information.
- the supplementary information prescribed in Schedules 5, 7, 9, 13, 16 and 18 of the Order.



Basis for conclusion

A review of the half year disclosure statement in accordance with 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, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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

Subject to certain restrictions, partners and employees of our firm may also deal with the Registered Bank on normal terms within the ordinary course of trading activities of the business of the Registered Bank. These matters have not impaired our independence as reviewer of the Registered Bank. The firm has no other relationship with, or interest in, the Registered Bank.



Emphasis of Matter

We draw attention to Note 1 *Critical accounting estimates and judgements* in the interim financial statements, which describes the continued uncertain future economic outlook caused by the COVID-19 pandemic, the uncertainty relating to both scale and duration of this event. These uncertainties continue to impact the assumptions underlying the ECL provision carried as at 30 September 2020 in respect of Loans and advances. Due to the uncertainty around the future economic conditions, actual economic conditions may differ from the current assumptions, which may significantly impact ECL.

In our view, this issue is fundamental to the users' understanding of the interim financial statements and the financial position and performance of the Bank.

Our conclusion on the interim financial statements is not modified in respect of this matter.



Use of this independent review report

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



Responsibilities of the Directors for the half year disclosure statement

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

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



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

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

- the interim financial statements do not present fairly in all material respects the Registered Bank's financial position as at 30 September 2020 and its financial performance and cash flows for the 6 month period ended on that date;
- the interim financial statements do not, in all material respects, comply with NZ IAS 34;
- the supplementary information does not, fairly state, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order; and
- the supplementary information relating to capital adequacy and regulatory liquidity requirements is not, disclosed, in all material respects, in accordance with Schedule 9 of the Order.

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

KPMG

KPMG
Auckland

30 November 2020