



Disclosure Statement for the six months ended 30 September 2019

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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 2019 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 2019. There have been no changes to the name or address for service of the ultimate parent bank since 31 March 2019.

(b) Ultimate holding company

There have been no changes to the ultimate holding company (BOB) since 31 March 2019. There have been no changes to the name or address for service of the ultimate holding company since 31 March 2019.

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 2019. 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 2019, the publicly disclosed capital of BOB was INR 795,458.74 million (USD 11,223.40 million) representing (Basel III) 13.45% 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	Outlook	Qualifications	Rating Change in the Last 2 Years
Moody's Investor Services Limited	Baa2	---	Nil	one-notch upgrade from Baa3 to Baa2 on 12 June 2018
Fitch IBCA, Inc.	BBB-	Stable	Nil	No

Moody's Long Term Counterparty Risk Rating (CRR) of Bank of Baroda (BOB) has been upgraded from Baa3 to Baa2 on 12 June 2018, Moody's CRR do not carry outlooks. The rating was reaffirmed on 25 September 2018

Moody has also affirmed The Long-Term bank deposit domestic and foreign of BOB at Baa3 on 25 September 2018 and the outlook remains as Stable.

Fitch Ratings has affirmed the ratings on BOB. The Long-Term Issuer Default Ratings (IDR) on BOB has been affirmed at 'BBB-' on 30 May 2019. The Outlook on the IDRs is Stable.

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 2019.

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 were no changes made to the conditions of registration since 31 March 2019 to 30 September 2019.

Bank of Baroda (New Zealand) Limited has complied with all conditions of registration for the accounting period.

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	Outlook	Qualifications	Rating Change in the Last 2 Years
Fitch IBCA, Inc.	Long-term Issuer Default Rating	BBB-	Stable	Nil	No

There have been no rating changes for Bank of Baroda (New Zealand) Limited within the last two years. On 30 May 2019, Fitch Ratings has affirmed the ratings on Bank of Baroda (New Zealand) Limited. The Long-Term Issuer Default Ratings (IDR) on Bank of Baroda (New Zealand) Limited have been affirmed at 'BBB-'. The Outlook on the IDRs is Stable.

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 to each generic rating category from Aa to B, indicating that the counterparty is (1) in the higher end of its letter-rating category, (2) in mid-range, (3) in 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 2019

- 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 28 November 2019 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 2019 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 2019

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Bank of Baroda (New Zealand) Limited

Statement of comprehensive income

Interim financial statements for the six months ended 30 September 2019

	Note	Unaudited Six months ended 30 Sep 2019 \$000's	Unaudited Six months ended 30 Sep 2018 \$000's	Audited Year ended 31 Mar 2019 \$000's
Interest income	2	2,698	2,434	4,968
Interest expense	2	(1,076)	(878)	(1,828)
Net interest income		<u>1,622</u>	<u>1,556</u>	<u>3,140</u>
Other income	3	510	722	1,231
Total operating income		<u>2,132</u>	<u>2,278</u>	<u>4,371</u>
Operating expenses	4	(1,395)	(1,488)	(3,002)
Impairment gains/(losses) on loans and advances	5	(62)	23	(6)
Profit before tax		<u>675</u>	<u>813</u>	<u>1,363</u>
Taxation expense	6	(192)	(217)	(457)
Profit after tax		<u>483</u>	<u>596</u>	<u>906</u>
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		<u><u>483</u></u>	<u><u>596</u></u>	<u><u>906</u></u>

This statement should be read in conjunction with the notes to the interim financial statements on pages 14 to 37.

Bank of Baroda (New Zealand) Limited

Statement of changes in equity

Interim financial statements for the six months ended 30 September 2019

	Share capital \$000's	Retained earnings \$000's	Total equity \$000's
Balance at 1 April 2019	40,000	8,103	48,103
Total comprehensive income for the period	-	483	483
<i>Transactions with owners</i>			
Dividend paid	-	(123)	(123)
Balance at 30 September 2019 (Unaudited)	<u>40,000</u>	<u>8,463</u>	<u>48,463</u>
Comparative period to 30 September 2018			
Balance at 1 April 2018	40,000	7,195	47,195
Changes on initial application of NZ IFRS 9	-	53	53
Adjusted opening balance as at 1 April 2018	40,000	7,248	47,248
Total comprehensive income for the period	-	596	596
Balance at 30 September 2018 (Unaudited)	<u>40,000</u>	<u>7,844</u>	<u>47,844</u>
Comparative year to 31 March 2019			
Balance at 1 April 2018	40,000	7,195	47,195
Changes on initial application of NZ IFRS 9	-	53	53
Adjusted opening balance as at 1 April 2018	40,000	7,248	47,248
Total comprehensive income for the period	-	906	906
<i>Transactions with owners</i>			
Dividend paid	-	(51)	(51)
Balance at 31 March 2019 (Audited)	<u>40,000</u>	<u>8,103</u>	<u>48,103</u>

This statement should be read in conjunction with the notes to the interim financial statements on pages 14 to 37.


Bank of Baroda (New Zealand) Limited

Statement of financial position

Interim financial statements for the six months ended 30 September 2019

		Unaudited As at 30 Sep 2019	Unaudited As at 30 Sep 2018	Audited As at 31 Mar 2019
	Note	\$000's	\$000's	\$000's
ASSETS				
Cash and cash equivalents	8	8,438	9,115	7,758
Balance due from related parties	13	156	5,584	5,195
Due from other financial institutions	9	17,297	19,200	11,000
Loans and advances	10	102,815	84,396	100,593
Property, plant and equipment		218	271	241
Right of use assets	11	2,281	-	-
Deferred tax asset	7	200	162	174
Other assets	12	268	444	297
TOTAL ASSETS		131,673	119,172	125,258
LIABILITIES				
Balance due to related parties	13	1,548	1,509	1,299
Deposits and other borrowings	14	78,693	68,918	74,731
Lease liabilities	11	2,326	-	-
Current taxation		25	222	406
Other liabilities	15	618	679	719
TOTAL LIABILITIES		83,210	71,328	77,155
EQUITY				
Share capital		40,000	40,000	40,000
Retained earnings		8,463	7,844	8,103
TOTAL EQUITY		48,463	47,844	48,103
TOTAL EQUITY AND LIABILITIES		131,673	119,172	125,258
Total interest earning and discount bearing assets		127,982	116,369	122,861
Total interest and discount bearing liabilities		76,921	65,180	70,522
Financial assets, pledged as collateral for liabilities or contingent liabilities		-	-	-

The interim financial statements were approved by the Board of Directors and authorised for issue on 28 November 2019.



Chairman



Managing Director

This statement should be read in conjunction with the notes to the interim financial statements on pages 14 to 37.

Bank of Baroda (New Zealand) Limited

Statement of cash flows

Interim financial statements for the six months ended 30 September 2019

	Unaudited Six months ended 30 Sep 2019 \$000's	Unaudited Six months ended 30 Sep 2018 \$000's	Audited Year ended 31 Mar 2019 \$000's
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Interest received	2,737	2,414	5,054
Fees and other income	510	722	1,231
	<u>3,247</u>	<u>3,136</u>	<u>6,285</u>
<i>Cash was applied to:</i>			
Operating expenses paid	(1,453)	(1,378)	(2,827)
Interest paid	(1,031)	(902)	(1,852)
Income tax paid	(599)	-	(68)
	<u>(3,083)</u>	<u>(2,280)</u>	<u>(4,747)</u>
Net cash flows from operating activities before changes in operating assets and liabilities	<u>164</u>	<u>856</u>	<u>1,538</u>
Net changes in operating assets and liabilities:			
(Increase)/Decrease in loans and advances	(2,294)	1,596	(14,606)
(Increase)/Decrease in balances due from other financial institutions	(6,297)	(5,000)	3,200
Increase in deposits and other borrowings	3,962	1,860	7,673
Increase/(Decrease) in balance due to related parties	249	440	230
(Increase) in other assets	(10)	(42)	(2)
Increase/(Decrease) in other liabilities and provisions	95	11	(7)
Decrease/(Increase) due from related parties	5,039	(702)	(313)
Net cash flow from / (used in) operating activities	<u>908</u>	<u>(981)</u>	<u>(2,287)</u>
Cash flows used in financing activities			
<i>Cash was applied to:</i>			
Dividends paid	(123)	-	(51)
Repayment of lease liabilities	(105)	-	-
Net cash flow used in financing activities	<u>(228)</u>	<u>-</u>	<u>(51)</u>
Increase/(Decrease) in cash and cash equivalents	<u>680</u>	<u>(981)</u>	<u>(2,338)</u>
Cash at the beginning of the period	7,758	10,096	10,096
Cash at the end of the period	<u>8,438</u>	<u>9,115</u>	<u>7,758</u>
<i>Made up of:</i>			
Cash on hand	195	111	96
Call and overnight advances to financial institutions	8,243	9,004	7,662
Cash at the end of the period	<u>8,438</u>	<u>9,115</u>	<u>7,758</u>

This statement should be read in conjunction with the notes to the interim financial statements on pages 14 to 37.

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 2019

	Note	Unaudited Six months ended 30 Sep 2019 \$000's	Unaudited Six months ended 30 Sep 2018 \$000's	Audited Year ended 31 Mar 2019 \$000's
Net profit after taxation		483	596	906
Non cash movements:				
Depreciation	4	174	30	60
Increase/(Decrease) in collective allowance for impairment losses	5	62	(23)	6
(Increase)/Decrease in deferred taxation	7	(26)	(5)	(17)
		<u>210</u>	<u>2</u>	<u>49</u>
Net movement in operating assets and liabilities:				
(Increase)/Decrease in loans and advances		(2,294)	1,596	(14,606)
(Increase)/Decrease in balances due from other financial institutions		(6,297)	(5,000)	3,200
Increase in deposits and other borrowings		3,962	1,860	7,673
Increase/(Decrease) in interest payable		45	(24)	(24)
Decrease/(Increase) in interest receivable		39	(21)	86
Increase in balances due to related parties		249	440	230
(Increase) in other assets		(10)	(42)	(2)
(Decrease)/Increase in other liabilities and provisions		(137)	92	108
Decrease/(Increase) in balances due from related parties		5,039	(702)	(313)
(Decrease)/Increase in current tax liability		(381)	222	406
Net cash flows from/(used in) operating activities		<u>908</u>	<u>(981)</u>	<u>(2,287)</u>

This statement should be read in conjunction with the notes to the interim financial statements on pages 14 to 37.

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

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 2019 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 2019.

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 28 November 2019.

Basis of preparation

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of lease liabilities at fair value through profit or loss (if any). 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 2019, except as detailed under the *Changes in accounting policies* below.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies.

Estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. There have been no material changes to estimates or judgements in the preparation of these financial statements, other than those used in applying NZ IFRS 16 *Leases*, described in the *Changes in accounting policies* below.

Changes in accounting policies

The following outlines changes in accounting policies adopted for the first time in the preparation of these financial statements.

New Zealand equivalent to International Financial Reporting Standards 16: Leases (NZ IFRS 16)

The Bank has adopted NZ IFRS 16 *Leases* retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period as permitted under the specific transition provisions in the standard. On adoption of NZ IFRS 16, the Bank recognised new lease liabilities in relation to leases which had previously been classified as 'operating leases' under the previous NZ IAS 17 *Leases* standard. These liabilities were measured at the present value of the remaining lease payments, discounted using the Bank's incremental borrowing rate as of 1 April 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 was estimated at 6.65%. This is a key management judgement.

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

Changes in accounting policies and disclosure (continued)

Impact of adoption

Upon adoption, lease liabilities of \$2.431m were recognised, along with corresponding right of use assets of an equal amount.

	Unaudited As at 1 April 2019 \$000's
<i>Reconciliation of previously disclosed lease commitments</i>	
Total minimum lease payments previously disclosed at 31 March 2019	899
Short-term lease payments not included in lease liability	(100)
Additional lease payments included in lease liability (extension options)	2,453
Effect of discounting	(821)
Total lease liability and right of use asset recognised on adoption	<u>2,431</u>

Right of use assets were measured at an amount equal to the lease liability on initial adoption.

Lease liabilities include the net present value of the following lease payments over the lease term:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate to the extent that the variable amount is known.

Variable lease payments that are not based on an index or rate are excluded from lease liabilities, and recognised when they become due.

There are no residual value guarantees, purchase options or termination penalties relevant to the company's lease obligations.

Extension options, exercisable by the Bank, are included in a number of property leases. Where it is considered reasonably certain these will be exercised they are included within the lease term, which is the case for all such options in the current reporting period. Management considers all facts and circumstances that create an economic incentive to exercise an extension option. The assessment will be reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Bank.

The lease payments, over the lease term, are discounted using an estimate of the Bank's incremental borrowing rate for an equivalent asset.

Right-of-use assets arising from lease arrangements are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any restoration costs (such as make good provisions).

When lease payments are made these reduce the related lease liability; a finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term, on a straight-line basis.

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2019

2 Interest	Unaudited Six months ended 30 Sep 2019 \$000's	Unaudited Six months ended 30 Sep 2018 \$000's	Audited Year ended 31 Mar 2019 \$000's
Interest income			
Bank deposits/placements	201	267	579
Loans & advances to customers	2,497	2,167	4,389
Total interest income	2,698	2,434	4,968
Interest expense			
Deposits by customers	997	878	1,828
Lease finance costs	79	-	-
Total interest expense	1,076	878	1,828
3 Other income	Unaudited Six months ended 30 Sep 2019 \$000's	Unaudited Six months ended 30 Sep 2018 \$000's	Audited Year ended 31 Mar 2019 \$000's
Banking and lending fee income	106	111	213
Commissions revenue	23	17	38
Net foreign exchange gains	379	591	974
Other revenue	2	3	6
Total other income	510	722	1,231
4 Operating expenses	Unaudited Six months ended 30 Sep 2019 \$000's	Unaudited Six months ended 30 Sep 2018 \$000's	Audited Year ended 31 Mar 2019 \$000's
Audit and review of disclosure statement:			
• Audit and review of disclosure statement - Deloitte	10	54	102
• Half year review of disclosure statement - KPMG	30	-	-
Directors' fees	21	25	49
Depreciation:			
• Computer hardware	-	1	1
• Office equipment	-	-	8
• Furniture, fittings and leasehold improvements	24	30	51
• Right of use to leased assets*	150	-	-
Employee benefits:			
• Salary & others	853	708	1,396
• Kiwisaver	8	8	16
Rental and lease costs*	19	273	551
Other operating expenses	280	389	828
Total operating expenses	1,395	1,488	3,002

* Comparative information has continued to be presented under NZ IAS 17 whereas current period presentation reflects accounting for leases under NZ IFRS 16.

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2019

5 Credit loss allowances

The following table provides a reconciliation from the opening balance to the closing balance of provision for credit loss allowances.

Unaudited - Six months ended 30 September 2019

	Retail mortgage \$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 year	70	216	3	289
(Credit)/charge to profit or loss	(6)	69	(1)	62
Total collective allowance for credit losses at 30 September	64	285	2	351
<i>Recognised in</i>				
Loans and advances - collective provision	59	223	1	283
Other liabilities - undrawn commitments	5	62	1	68
Total collective allowance for credit losses at 30 September 2019	64	285	2	351
	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 income statement excluding transfer between ECL stages	62	-	-	62
Total provision for credit loss allowances balance at end of period	351	-	-	351

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

5 Credit loss allowances (continued)

Unaudited - Six month ended 30 September 2018

	Retail mortgage \$000's	Corporate and institutional \$000's	Other exposures \$000's	Total \$000's
For period ended 30 September 2018				
Collective allowance				
Balance at the beginning of the year	224	122	10	356
Adjustment upon adoption of NZ IFRS 9	(175)	110	(8)	(73)
Restated opening balance	49	232	2	283
(Credit)/charge to profit or loss	8	(30)	(1)	(23)
Total collective allowance for credit losses at 30 September 2018	57	202	1	260

Movement in provision for credit loss allowance	Collective provision 12-months ECL	Collective lifetime ECL - significant increase in credit risk	Specific provision lifetime ECL - credit impaired	Total
Residential mortgage lending				
Balance at beginning of period	49	-	-	49
(Credit)/charge to profit or loss	8	-	-	8
Balance at end of period - Residential mortgage lending	57	-	-	57
Corporate exposures				
Balance at beginning of period	232	-	-	232
Charge/(credit) to profit or loss	(30)	-	-	(30)
Balance at end of period - Corporate exposures	202	-	-	202
Other exposures				
Balance at beginning of period	2	-	-	2
(Credit)/charge to profit or loss	(1)	-	-	(1)
Balance at end of period - Other exposures	1	-	-	1
Provision for credit loss allowances - Total				
Balance at beginning of period	283	-	-	283
Charge/(credit) to income statement excluding transfer between ECL stages	(23)	-	-	(23)
Total provision for credit loss allowances balance at end of period	260	-	-	260

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

5 Credit loss allowances (continued)

Audited - Year ended 31 March 2019

	Retail mortgage \$000's	Corporate and institutional \$000's	Other exposures \$000's	Total \$000's
For year ended 31 March 2019				
Collective allowance				
Balance at the beginning of the year	224	122	10	356
Adjustment upon adoption of NZ IFRS 9	(175)	110	(8)	(73)
Restated opening balance	49	232	2	283
(Credit)/charge to profit or loss	21	(16)	1	6
Total collective allowance for credit losses at 31 March 2019	70	216	3	289
<i>Recognised in</i>				
Loans and advances - collective provision	65	145	1	211
Other liabilities - undrawn commitments	5	71	2	78
Total collective allowance for credit losses at 31 March 2019	70	216	3	289

	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	49	-	-	49
(Credit)/charge to profit or loss	21	-	-	21
Balance at end of period - Residential mortgage lending	70	-	-	70
Corporate exposures				
Balance at beginning of period	232	-	-	232
Charge/(credit) to profit or loss	(16)	-	-	(16)
Balance at end of period - Corporate exposures	216	-	-	216
Other exposures				
Balance at beginning of period	2	-	-	2
(Credit)/charge to profit or loss	1	-	-	1
Balance at end of period - Other exposures	3	-	-	3
Provision for credit loss allowances - Total				
Balance at beginning of period	283	-	-	283
Charge/(credit) to income statement excluding transfer between ECL stages	6	-	-	6
Total provision for credit loss allowances balance at end of period	289	-	-	289

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2019

5 Credit loss allowances (continued)

Impact of changes in gross carrying amount on ECL

The following explains how significant changes in the gross carrying amount of financial assets during the period have contributed to the changes in the provision for credit impairment. Provision for credit impairment reflects ECL measured using the three-stage approach under NZ IFRS 9.

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

	Unaudited Six months ended 30 Sep 2019 \$000's	Unaudited Six months ended 30 Sep 2018 \$000's	Audited Year ended 31 Mar 2019 \$000's
6 Taxation			
Net profit before taxation	675	813	1,363
Tax calculated at a tax rate of 28%	(189)	(227)	(382)
Re-estimation of prior period current tax liability	-	-	(68)
Other permanent differences	(3)	10	(7)
Taxation expense	(192)	(217)	(457)

Represented by:

Current tax - current period	(218)	(222)	(406)
Current tax - prior period	-	-	(68)
Deferred tax	26	5	17
Taxation expense	(192)	(217)	(457)

	Unaudited Six months ended 30 Sep 2019 \$000's	Unaudited Six months ended 30 Sep 2018 \$000's	Audited Year ended 31 Mar 2019 \$000's
7 Deferred taxation			
Deferred tax balances			
Balance at the beginning of the period	174	177	177
Change on adoption of NZ IFRS 9	-	(20)	(20)
Restated opening balance	174	157	157
Credit to profit or loss	26	5	17
Balance at end of the period	200	162	174

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

	Unaudited As at 30 Sep 2019 \$000's	Unaudited As at 30 Sep 2018 \$000's	Audited As at 31 Mar 2019 \$000's
8 Cash and cash equivalents			
Cash on hand	195	111	96
Call and overnight advances to financial institutions	8,243	9,004	7,662
Total cash and cash equivalents	8,438	9,115	7,758
Current	8,438	9,115	7,758
	Unaudited As at 30 Sep 2019 \$000's	Unaudited As at 30 Sep 2018 \$000's	Audited As at 31 Mar 2019 \$000's
9 Due from other financial institutions			
Term deposits	17,297	19,200	11,000
Total amount due from other financial institutions	17,297	19,200	11,000
Current	17,297	19,200	11,000
	Unaudited As at 30 Sep 2019 \$000's	Unaudited As at 30 Sep 2018* \$000's	Audited As at 31 Mar 2019 \$000's
10 Loans and advances			
Residential mortgage loans	66,549	55,507	73,189
Corporate exposures	34,360	26,276	25,294
Other exposures	2,189	2,818	2,321
Allowances for impairment losses*	(283)	(205)	(211)
Total net loans and receivables	102,815	84,396	100,593
Current	19,107	23,170	18,636
Non-current	83,708	61,226	81,957

*A portion of the September 2018 comparative for impairment losses in relation to undrawn commitments has been reclassified to other liabilities to be consistent with current period presentation.

11 Leases as lessee

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 and expensed in the current period amounted to \$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 \$95,000 were expensed during the period.

Total cash outflows related to leases during the period under review amounted to \$299,000.

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

11 Leases as lessee (continued)

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 2019
Right of use assets	
Properties - cost	2,431
Properties - accumulated depreciation	(150)
Right of use assets	2,281

	Unaudited As at 30 Sep 2019
Right of use assets	
Balance at 1 April 2019	2,431
Depreciation charge for the period	(150)
Balance at 30 September 2019	2,281

There were no additions during the period to leased properties.

	Unaudited As at 30 Sep 2019
Liabilities for leases	
The following amounts are included as lease liabilities:	
Due within one year	236
Due after one year	2,090
	2,326

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.

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 2019 \$000's	Unaudited As at 30 Sep 2018 \$000's	Audited As at 31 Mar 2019 \$000's
	Short-term leases	Operating leases	Operating leases
Not later than 1 year	104	466	460
1-2 years	n/a	243	191
2-5 years	n/a	340	248
Total	104	1,049	899

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

	Unaudited As at 30 Sep 2019 \$000's	Unaudited As at 30 Sep 2018 \$000's	Audited As at 31 Mar 2019 \$000's
12 Other assets			
Other receivables	94	124	84
Interest receivable	174	320	213
Trade and other receivables	268	444	297
Current	268	444	297

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 are defined as being the directors and senior management of the Bank.

	Unaudited Six months ended 30 Sep 2019 \$000's	Unaudited Six months ended 30 Sep 2018 \$000's	Audited Year ended 31 Mar 2019 \$000's
Salaries and other short-term benefits	543	480	981
Total key management compensation	543	480	981
Deposits from KMP at commercial rate	116	145	200
Loans to KMP at rates interest of 2.29% to 2.70%	3	12	7

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 obligation 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 2019, all the obligations of the Bank are guaranteed by BOB.

Related party transactions and balances:

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

As at 30 September 2019, the Bank holds foreign currency deposits equivalent to NZ\$0 (31 March 2019: NZ\$4,903,390, 30 September 2018: NZ\$4,987,908) with other branches of BOB group, these deposits are interest bearing. The Bank also holds the following foreign currency Nostro current accounts deposits of NZ\$156,108 (31 March 2019: NZ\$291,518, 30 September 2018: NZ\$595,756) 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\$1,508,701 (31 March 2019: NZ\$1,215,909, 30 September 2018: NZ\$1,451,063) and Bank of Baroda (Fiji) of NZ\$1,386 (31 March 2019: NZ\$1,446, 30 September 2018: NZ\$1,505) that are non-interest bearing.

The Bank holds foreign currency (USD) cash deposits with subsidiaries and other branches of BOB group, these deposits are interest bearing.

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

13 Related party disclosures (continued)

	Unaudited Six months ended 30 Sep 2019 \$000's	Unaudited Six months ended 30 Sep 2018 \$000's	Audited Year ended 31 Mar 2019 \$000's
BOB International Banking Unit Branch, Gandhinagar, India (USD)	-	4,988	4,903
Total balance	-	4,988	4,903
USA New York branch (USD)	129	533	218
India Mumbai main office (INR)	-	35	32
U.K. London branch (GBP)	10	4	8
Belgium Brussels branch (EURO)	11	4	6
Fiji Suva branch (FJD)	1	2	2
Australia SBI Sydney branch (AUD)	5	18	26
	156	596	292

	Unaudited Six months ended 30 Sep 2019 \$000's	Unaudited Six months ended 30 Sep 2018 \$000's	Audited Year ended 31 Mar 2019 \$000's
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Transaction with related parties:

Interest income

Bank of Baroda branches and its subsidiaries 64 27 107

Support & service fee/management fee

Bank of Baroda 55 27 117

Processing fees

Subsidiaries of Bank of Baroda - 49 -

	Unaudited As at 30 Sep 2019	Unaudited As at 30 Sep 2018	Audited As at 31 Mar 2019
Due to related parties:			
Bank of Baroda	1,509	1,453	1,217
Total due to related parties*	1,509	1,453	1,217
Current	1,509	1,453	1,217
Non-current	-	-	-
Total	1,509	1,453	1,217

* Deposits from KMP at commercial rates have been included in the KMP note.

Due from related parties:

Bank of Baroda branches	156	596	292
Subsidiaries of Bank of Baroda	-	4,988	4,903
Total due from related parties	156	5,584	5,195
Current	156	5,584	5,195
Non-current	-	-	-
Total	156	5,584	5,195

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

	Unaudited As at 30 Sep 2019 \$000's	Unaudited As at 30 Sep 2018 \$000's	Audited As at 31 Mar 2019 \$000's
14 Deposits and other borrowings			
Retail deposits	78,693	68,918	74,731
Total deposits	78,693	68,918	74,731
Current	71,419	56,897	64,120
Non-current	7,274	12,021	10,611
	Unaudited As at 30 Sep 2019 \$000's	Unaudited As at 30 Sep 2018* \$000's	Audited As at 31 Mar 2019 \$000's
15 Other liabilities			
Employee entitlements	117	90	106
Other payables and accruals	433	534	535
Credit loss allowance on undrawn lending commitments*	68	55	78
Total other liabilities	618	679	719
Current	618	679	719

*The comparative information for the period ended 30 September 2018 has been represented to correspond to current period disclosures, with expected credit loss allowances related to undrawn loan commitments presented within other liabilities, rather than loans and advances.

16 Asset quality

As at 30 September 2019	Residential mortgage loans \$000's	Corporate exposures \$000's	Other exposures excluding sovereigns and central banks \$000's	Total \$000's
<i>Loans and advances</i>				
No significant increase in credit risk				
Not past due	60,706	34,360	2,187	97,253
Less than 30 days past due	5,843	-	2	5,845
Gross loans and advances	66,549	34,360	2,189	103,098
Less allowance for credit losses (see note 5)	(59)	(223)	(1)	(283)
Net loans and advances	66,490	34,137	2,188	102,815
Other financial assets neither past due nor impaired	-	-	26,159	26,159
Total net financial assets	66,490	34,137	28,347	128,974
Movements in gross balances - by credit loss allowance stage			<i>Stage 1</i>	Total
Balance at 1 April 2019			100,804	100,804
Net further lending/repayment			2,294	2,294
Balance at end of period			103,098	103,098

At 30 September 2018, 31 March 2019 and 30 September 2019 there were no loans in Stage 2 or 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 2019 (31 March 2019 and 30 September 2018 - Nil). There were no undrawn balances on lending commitments to counterparties classified as individually credit impaired assets at 30 September 2019 (31 March 2019 and 30 September 2018 - Nil).

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2019

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 2019 \$000's
New Zealand	
Finance	25,735
Households	73,528
Electricity, gas and water	172
Construction	21,496
Property services	6,956
Health and community services	1,015
Personal and other services	12,416
Retail and wholesale trade	2,137
Food and other manufacturing	856
Other financial assets	268
Overseas	
Finance, investment and insurance	156
Total financial assets	<u>144,735</u>
Allowance for credit losses	<u>(283)</u>
Total net financial assets	<u>144,452</u>

	Unaudited As at 30 Sep 2019 \$000's
Analysis of financial assets by geographical sector	
New Zealand	
Upper North Island	129,505
Lower North Island	15,074
Overseas	
USA New York branch (USD)	129
U.K London branch (EURO)	10
Belgium Brussels branch (EURO)	11
Fiji Suva branch (FJD)	1
Australia SBI Sydney (AUD)	5
Allowance for credit losses	<u>(283)</u>
Total net financial assets	<u>144,452</u>

	Unaudited As at 30 Sep 2019 \$000's
Maximum exposure to credit risk before collateral held or other credit enhancements	
Loans and advances	118,576
Balances with related parties	156
Due from other financial institutions	17,297
Cash and cash equivalents	8,438
Other financial assets	268
Total gross financial assets	<u>144,735</u>
Allowance for impairment losses	<u>(283)</u>
Total net financial assets	<u>144,452</u>

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

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 is as follows:

	Unaudited As at 30 Sep 2019 \$000's
New Zealand	
Financing, investment and insurance	2,225
Retail and wholesale trade	2,606
Other	618
Households	73,901
Overseas	
Finance, investment and insurance	1,509
Total financial liabilities	<u>80,859</u>

An analysis of financial liabilities by geographical sector at balance date is as follows:

	Unaudited As at 30 Sep 2019 \$000's
New Zealand	
Upper North Island	63,039
Lower North Island	16,311
South Island	-
Overseas	1,509
Total financial liabilities	<u>80,859</u>

19 Capital commitments

As at 30 September 2019 there are no material outstanding capital commitments (31 March 2019 and 30 September 2018: nil).

	Unaudited As at 30 Sep 2019 \$000's	Unaudited As at 30 Sep 2018 \$000's	Audited As at 31 Mar 2019 \$000's
20 Contingent liabilities			
Performance/financial guarantees issued on behalf of customers	40	340	40
Total contingent liabilities	<u>40</u>	<u>340</u>	<u>40</u>
Undrawn commitments available to customers	15,438	11,876	14,561

21 Subsequent events after balance date

There were no subsequent events after balance date.

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2019

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 2019 - Unaudited	Total	Non interest bearing	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 & up to 2 years	Over 2 & up to 5 years	Over 5 years
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial assets								
Cash and cash equivalents	8,438	851	7,587	-	-	-	-	-
Due from other financial institutions	17,297	-	17,297	-	-	-	-	-
Loans and advances	102,815	-	44,957	11,697	22,970	23,191	-	-
Balances with related parties	156	156	-	-	-	-	-	-
Other financial assets	268	268	-	-	-	-	-	-
Total financial assets	128,974	1,275	69,841	11,697	22,970	23,191	-	-
Financial liabilities								
Deposits and other borrowings	78,693	4,137	49,767	7,676	9,839	4,469	2,805	-
Due to related parties	1,548	1,509	39	-	-	-	-	-
Other financial liabilities	618	618	-	-	-	-	-	-
Total financial liabilities	80,859	6,264	49,806	7,676	9,839	4,469	2,805	-
On-balance sheet gap	48,115	(4,989)	20,035	4,021	13,131	18,722	(2,805)	-
Financial guarantee	40	40	-	-	-	-	-	-
Undrawn commitments	15,438	-	10,494	516	1,049	3,379	-	-
Net effective interest rate gap	63,593	(4,949)	30,529	4,537	14,180	22,101	(2,805)	-

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2019

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 2019 - 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	8,438	-	-	-	-	8,438
Due from other financial institutions	-	17,325	-	-	-	17,325
Loans and advances	41	7,223	19,142	34,275	99,824	160,505
Due from related parties	156	-	-	-	-	156
Other financial assets	-	268	-	-	-	268
Total financial assets	8,635	24,816	19,142	34,275	99,824	186,692
Financial liabilities						
Deposits and other borrowings	33,864	19,808	18,345	8,060	-	80,077
Due to related parties	1,548	-	-	-	-	1,548
Other financial liabilities	-	618	-	-	-	618
Total financial liabilities	35,412	20,426	18,345	8,060	-	82,243
Net non-derivative cash flows	(26,777)	4,390	797	26,215	99,824	104,449
Off balance sheet cash flows						
Financial guarantees to customers	(40)	-	-	-	-	(40)
Undrawn commitments to customers	(15,438)	-	-	-	-	(15,438)
Total	(15,478)	-	-	-	-	(15,478)
Net cash flow	(42,255)	4,390	797	26,215	99,824	88,971

**Unaudited
As at
30 Sep 2019
\$000's**

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

Cash and cash equivalents	8,438
Deposits with financial institutions	17,297
Deposit/cash held with related parties	156
Total liquid assets	25,891

Bank of Baroda (New Zealand) Limited

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For the six months ended 30 September 2019

24 Fair values of financial instruments

	Unaudited		Unaudited		Audited	
	Six months		Six months		Year ended	
	ended		ended		31 Mar 2019	
	30 Sep 2019		30 Sep 2018		31 Mar 2019	
	Carrying	Estimated	Carrying	Estimated	Carrying	Estimated
	amounts	fair value	amounts	fair value	amounts	fair value
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial assets						
Cash and cash equivalents	8,438	8,438	9,115	9,115	7,758	7,758
Balances with related parties	156	156	5,584	5,584	5,195	5,195
Due from other financial institutions	17,297	17,297	19,200	19,200	11,000	11,000
Loans and advances	102,815	108,782	84,341	87,352	100,593	104,496
Other financial assets	268	268	444	444	297	297
Total financial assets	128,974	134,941	118,684	121,695	124,843	128,746
Financial liabilities						
Due to related parties	1,548	1,548	1,509	1,509	1,299	1,299
Deposits and other borrowings	78,693	79,685	68,918	69,739	74,731	75,642
Other financial liabilities	618	618	624	624	719	719
Total financial liabilities	80,859	81,851	71,051	71,872	76,749	77,660

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.

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For the six months ended 30 September 2019

25 Credit exposure concentrations

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 period.

Credit exposures to non-bank individual counterparties

The number of individual non-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 2019	Peak end of the day between the previous 1 Apr 2019 and 30 Sep 2019
Number of counterparties without a credit rating:		
- Representing more than 20% but less than 25% of common equity tier one capital	1	1
- Representing more than 25% but less than 30% of common equity tier one capital	1	1

Credit exposures above relate to individual counterparties (not being members of a group of closely related counterparties) and to groups of closely related counterparties and 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 September 2019	Peak end of the day between the 1 Apr 2019 and 30 Sep 2019
Number of bank counterparties with an AA- Standard & Poors credit rating:		
<i>Number of bank counterparties with an AA- Standard & Poors credit rating:</i>		
- Representing more than or equal to 15% and less than 20% of common equity tier one capital	1	1
- Representing more than or equal to 35% and less than 40% of common equity tier one capital	1	-
- Representing more than or equal to 45% and less than 50% of common equity tier one capital	-	1

There is no exposure to bank below AA- rating.

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

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 2019.

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 2019. The Bank was registered on 1 September 2009 and from the date of registration to 30 September 2019; the Bank has complied with both regulatory and internal capital adequacy requirements which are based on document BS2A.

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.

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

28 Capital adequacy (continued)

	Unaudited As at 30 Sep 2019 \$000's
Tier One Capital	
Common equity Tier One Capital	
Issued and fully paid up share capital	40,000
Retained earnings	8,463
Less:	
Deferred tax assets	(200)
Total common equity Tier One Capital	48,263
Additional Tier One Capital	-
Total Tier One Capital	48,263
Tier Two Capital	-
Total capital	48,263

30 September 2019 - 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	195	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks (Due from other financial institutions)	25,540	20%	5,108	409
Banks (Due from related parties)	156	50%	78	6
Corporate	25,271	100%	25,271	2,022
Residential mortgages				
Non property investment-LVR up to 80%	38,612	35%	13,514	1,081
Non property investment-LVR >80% but <90%	1,841	50%	921	74
Property investment-LVR <80%	26,037	40%	10,415	833
Property investment-LVR >80% but <90%	-	70%	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	100%	-	-
All other equity holdings (not deducted from capital)	-	100%	-	-
Other assets	2,889	100%	2,889	231
Total on-balance-sheet exposures	120,541		58,196	4,656

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements

For the six months ended 30 September 2019

28 Capital adequacy (continued)

As at 30 September 2019 - Unaudited Calculation of off-balance-sheet exposures	Total exposure after credit risk mitigation \$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 sales with recourse	-	0%	-	0%	-	-
Forward asset purchase	-	0%	-	0%	-	-
Commitment with certain drawdown	-	0%	-	0%	-	-
Note issuance facility	-	0%	-	0%	-	-
Performance-related contingency	40	50%	20	100%	20	2
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	14,413	50%	7,207	70%	5,045	403
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	14,453		7,227		5,065	405

Residential mortgages by loan-to-valuation ratio

As at 30 September 2019 - Unaudited (\$000's)	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Loan-to-valuation ratio				
On-balance-sheet exposures	64,705	1,844	-	66,549
Off-balance-sheet exposures	6,968	11	-	6,979
Total loan-to-value ratio	71,673	1,855	-	73,528

Reconciliation of residential mortgage-related amounts

	30 September 2019 \$000's
Residential mortgage loans (as disclosed in Note 16)	66,549
Undrawn commitments related to residential mortgages	6,979
Residential mortgages by loan-to-valuation ratio	73,528

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

28 Capital adequacy (continued)

Credit risk mitigation As at 30 September 2019 - Unaudited (\$000's)	Onbalance	Off balance	Total value of On and off
	sheet exposure	sheet exposure	balance sheet exposures covered by eligible collateral after haircutting
Exposure class	\$000's	\$000's	\$000's
Corporate	8,867	58	8,925
Other	1,848	967	2,815
Total	10,715	1,025	11,740

The gross amount of non risk weighted amount of 10,715 and undrawn amount of 1,025 totalling 11,740 is 100% mitigated.

Operational risk capital requirement

	Unaudited as at 30 Sep 2019	
	Implied risk weighted exposure \$000's	Total operational risk capital requirement \$000's
Operational risk	8,113	649

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 (as amended). Peak exposures are calculated using the Bank's shareholders' equity at the end of the period.

Total capital requirements

At 30 September 2019 - Unaudited	End-period capital charges		Peak end-of-day capital	
	Implied risk weighted exposure \$000's	Aggregate capital charge \$000's	Implied risk weighted exposure \$000's	Aggregate capital charge \$000's
Interest rate risk	4,400	352	4,525	362
Foreign currency risk	875	70	875	70
Equity risk	-	-	-	-
Total	5,275	422	5,400	432

At 30 September 2019 - Unaudited	Total exposure after credit risk mitigation \$000's	Risk weighted exposure or implied risk weighted exposure \$000's		Capital requirement \$000's
Total credit risk + equity	134,994	63,261	5,061	
Operational risk	-	8,113	649	
Market risk	-	5,275	422	
Total	134,994	76,649	6,132	

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

28 Capital adequacy (continued)

Capital ratios

	Common equity tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
At 30 September 2019 - Unaudited			
Ratio	62.97%	62.97%	62.97%
Minimum ratio requirement	4.5%	6.0%	8.0%
At 30 September 2018 - Unaudited			
Ratio	80.68%	80.68%	80.68%
Minimum ratio requirement	4.5%	6.0%	8.0%
At 31 March 2019 - Unaudited			
Ratio	72.53%	72.53%	72.53%
Minimum ratio requirement	4.5%	6.0%	8.0%

Buffer ratios

30/09/2019 - Unaudited

Buffer ratio	54.97%
Buffer ratio requirement	2.5%

30/09/2018 - Unaudited

Buffer ratio	72.68%
Buffer ratio requirement	2.5%

31/03/2019 - Audited

Buffer ratio	64.53%
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 2019, BOB's Tier One Capital was 11.41% of total risk-weighted assets and total capital was 13.45% of total risk-weighted assets (31 March 2019: Tier One Capital was 12.72% of total risk-weighted assets and total capital was 14.52% of total risk-weighted assets). BOB's capital ratios during the year ended 31 March 2019 and 31 March 2018 exceeded the Reserve Bank of India's minimum capital adequacy requirements.

Bank of Baroda (New Zealand) Limited

Notes to the interim financial statements
For the six months ended 30 September 2019

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.

	Three months ended 30 September 2019	Three months ended 30 June 2019
One-week mismatch ratio	17.2	13.0
One-month mismatch ratio	29.1	22.0
Core funding ratio	118.0	119.6

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 9 to 37, 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 2019 and its financial performance and cash flows for the 6 month period ended on that date;
- ii. the interim financial statements (excluding the supplementary information disclosed in accordance with Schedules 5, 7, 9, 13, 16 and 18 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order")), have not been prepared, in all material respects, with NZ IAS 34 Interim Financial Reporting ("NZ IAS 34");
- iii. the supplementary information, does not fairly state, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order; and
- iv. the supplementary information relating to capital adequacy and regulatory liquidity requirements, has not been prepared, in all material respects, in accordance with the Registered Banks conditions of registration, Capital Adequacy Framework (Standardised Approach) (BS2A) and 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 2019;
 - the statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
 - notes, including a summary of significant accounting policies and other explanatory information.
- the supplementary information prescribed in Schedules 5, 7, 9, 13, 16 and 18 of the Order.



Basis for conclusion

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

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



Other matter

The financial statements of Bank of Baroda (New Zealand) Limited, for the year ended 31 March 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 26 June 2019. The interim financial statements of Bank of Baroda (New Zealand) Limited, for the 6 month period ending 30 September 2018, were reviewed by another auditor who expressed an unmodified review conclusion on those statements on 28 November 2018.



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 Bank's conditions of registration, Capital Adequacy Framework (Standardised Approach) (BS2A) and Schedule 9 of the Order;
- implementing necessary internal control to enable the preparation of a half year disclosure statement that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



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

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

- the interim financial statements do not present fairly in all material respects the Registered Bank's financial position as at 30 September 2019 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, prepared in all material respects, in accordance with the Registered Banks Conditions of Registration, Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9 of the Order.

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

KPMG

KPMG
Auckland

28 November 2019