Bank of Baroda (New Zealand) Ltd.

Disclosure Statement for the six months ended 30 September 2021

Contents

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 2021 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 2021. There have been no changes to the name or address for service of the ultimate parent bank since 31 March 2021.

(b) **Ultimate holding company**

There have been no changes to the ultimate holding company (BOB) since 31 March 2021. There have been no changes to the name or address for service of the ultimate holding company since 31 March 2021.

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 2021. 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 2021, the publicly disclosed capital of BOB was INR 987,040 million (USD 13,297 million) representing (Basel III) 16.06% 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 stable	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 6 October 2021, while Moody's has affirmed the Long term local and foreign currency at Ba1 and Baseline Credit Assessment at B1, it has changed the outlook from negative to stable.

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.

On 3 December 2020, Fitch reaffirmed the rating of BOB at 'BBB-' with negative outlook.

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

As described in Note 1 to the financial statements the potential closure of the subsidiary is in its initial stages of the process. Accordingly, the rating agencies have not been advised as at either 30 September 2021 or the date of signing of this report.

(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 Vijay Kumar Goel and Anupam Srivastava.

4.3 Board of Directors

At present the Board comprises the following Directors:

- Vijay Kumar Goel, Chairperson and Independent Director;
- Jakkaiah Lalam, Non-Executive Director
- Anupam Srivastava, Managing Director;
- Kavita Singh, Non-Executive Director;
- Kamini Kirthi Reddy, Independent Director and
- Nurani Subramanian Venkatachalam, Independent Director.

Vijay Kumar Goel, Kamini Kirthi Reddy and Nurani Subramanian Venkatachalam are independent Directors and residents of New Zealand.

Jakkaiah Lalam , Non-Executive Director is a resident of India.

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

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

Changes in the Directorate:

The following were the changes in the composition of the Board of Directors of the Bank (the “Board”) since 31 March 2021:

- On 31 July 2021, Sunil Kumar Srivastava, Non-Executive Director resigned from the Board.
- On 12 October 2021, Jakkaiah Lalam was appointed as Non-Executive Director on the Board.

Conflict of interest:

The Board has a procedure to ensure that conflicts of interest between the Director’s duty to the Bank and their personal, professional or business interests are avoided or dealt with.

Each Director must make full disclosure to the Board of any direct or indirect interest in a matter relating to the interest of the Bank as soon as practicable where the matter will be discussed in the Board meeting, in which the Board’s practice is to manage any conflict of interest on a case-by-case basis, depending on the circumstances.

Interested transactions:

There have been no transactions entered into by any Director, or any immediate relative or close business associate of any Director, with the Bank, or any member of the Banking group:

1. on terms other than on those which would, in the ordinary course of business of the bank or any member of the banking group, be given to any other person of like circumstances or means; or
2. which would otherwise be reasonably likely to influence materially the exercise of that Director’s duties.

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

Effective 1 July 2021, the Reserve Bank of New Zealand (RBNZ) issued new conditions of registration for the bank. The amendment to the conditions of registration was with regard to tier 2 capital.

Effective 1 October 2021, 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 Banking Prudential Regulations (BPRs) and LVR restrictions.

The revised conditions of registration effective on or after 1 October 2021 are as follows:

The registration of Bank of Baroda (New Zealand) Limited ("the bank") as a registered bank issubject 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.

For the purposes of this condition of registration, —

"Total capital ratio", "Tier 1 capital ratio", and "Common Equity Tier 1 capital ratio" havethe same meaning as in Subpart B2 of BPR100: Capital Adequacy;

"Total capital" has the same meaning as in BPR110: Capital Definitions.

1A. That—

(a) the bank has an internal capital adequacy assessment process ("ICAAP") that accords with the requirements set out in Part D of BPR100: Capital Adequacy;

(b) under its ICAAP the bank identifies and measures its "other material risks" defined in Part D of BPR100: Capital Adequacy; and

(c) the bank determines an internal capital allocation for each identified and measured "other material risk".

1B. That, if the Prudential Capital Buffer (PCB) ratio of the banking group is 2.5% or less,the bank must—

(a) according to the following table, limit the aggregate distributions of the bank's earnings, other than discretionary payments payable to holders of Additional Tier 1 capital instruments, to the percentage limit on distributions that corresponds to the banking group's PCB ratio; and

Banking group's PCB ratio	Percentage limit on distributions of the bank's earnings	Capital Buffer Response Framework stage
0% – 0.5%	0%	Stage 3
>0.5 – 1%	30%	Stage 2
>1 – 2%	50%	Stage 1
>2 – 2.5%	50%	None

(b) comply with the Capital Buffer Response Framework requirements as set out in Part D of BPR120: Capital Adequacy Process Requirements.

For the purposes of this condition of registration,—

“prudential capital buffer ratio”, “distributions”, and “earnings” have the same meaning as in Subpart B2 of BPR100: Capital Adequacy;

an Additional Tier 1 capital instrument is an instrument that meets the requirements of B2.2(2)(a), (c) or (d) of BPR110: Capital Definitions.

1BA. That the bank must not make any distribution on a transitional AT1 capital instrument on or after the date on which on any conversion or write-off provision in the terms and conditions of the instrument is triggered due to either a loss absorption trigger event or a non-viability trigger event.

For the purposes of this condition of registration, “transitional AT1 capital instrument” has the meaning given in section A2.3 of BPR110: Capital Definitions and “loss absorption trigger event” and “non-viability trigger event” have the meanings given in sub-section C2.2(3) of BPR120: Capital Adequacy Requirements.

1C. That, if the prudential capital buffer ratio of the banking group is more than 2.5%, the bank must limit aggregate distributions, other than discretionary payments payable to holders of Additional Tier 1 capital instruments, to no more than 50% of the bank’s earnings.

For the purposes of this condition of registration,—

“prudential capital buffer ratio”, “distributions”, and “earnings” have the same meaning as in Subpart B2 of BPR100: Capital Adequacy;

an Additional Tier 1 capital instrument is an instrument that meets the requirements of B2.2(2)(a), (c) or (d) of BPR110: Capital Definitions;

the bank must not make any individual dividend payment contributing to aggregate distributions for a financial year until it has completed its interim financial accounts for the first six months of its financial year or its annual financial accounts for its full financial year, and must not make any such dividend payment less than six months after any previous such dividend payment.

1D. That:

(a) the bank must not include the amount of an Additional Tier 1 capital instrument or Tier 2 capital instrument issued on or after 1 July 2021 in the calculation of its capital ratios unless it has completed the notification requirements in Part B of BPR120: Capital Adequacy Process Requirements in respect of the instrument; and

(b) the bank meets the requirements of Part C of BPR120: Capital Adequacy Process Requirements in respect of regulatory capital instruments.

For the purposes of this condition of registration,—

an Additional Tier 1 capital instrument is an instrument that meets the requirements of subsection B2.2(2)(a) or (c) of BPR110: Capital Definitions;

a Tier 2 capital instrument is an instrument that meets the requirements of subsection B3.2(2)(a) or (c) of BPR110: Capital Definitions.

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 October 2021.

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

(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:

---

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.)

(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 calculatedin accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated May 2021 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated May 2021.

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 SPVthat 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 ofany 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, forwhich repayment to holders is guaranteed by a SPV, and investors retain an unsecured claim on the issuer.

14. That—

(a) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the notification threshold, and does not meet the non-objection threshold, unless:

(i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and

(ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and

(b) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:

(i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination;

(ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document “Significant Acquisitions Policy” (BS15) dated December 2011; and

(iii) the Reserve Bank has given the bank a notice of non-objection to the significant acquisition or business combination.

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

15. That, for a loan-to-valuation measurement period, the total of the bank’s qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 60%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

16. That, for a loan-to-valuation measurement period ending on or before 31 March 2022, the total of the bank’s qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 20% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

17. That, for a loan-to-valuation measurement period ending on or after 30 April 2022, the total of the bank’s qualifying new mortgage lending amount in respect of non property- investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 10% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to- valuation measurement period.

18. That the bank must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank’s agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

In these conditions of registration,—

“banking group” means Bank of 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.

In these conditions of registration, the version dates of the Reserve Bank of New Zealand Banking Prudential Requirement (BPR) documents that are referred to in the capital adequacy conditions 1 to 1D, or are referred to in turn by those documents or by Banking Supervision Handbook (BS) documents, are—

BPR document	Version date
BPR100: Capital adequacy	1 October 2021
BPR110: Capital definitions	1 October 2021
BPR120: Capital adequacy process requirements	1 July 2021
BPR130: Credit risk RWAs overview	1 July 2021
BPR131: Standardised credit risk RWAs	1 October 2021
BPR132: Credit risk mitigation	1 October 2021

BPR document	Version date
BPR133: IRB credit risk RWAs	1 October 2021
BPR134: IRB minimum system requirements	1 July 2021
BPR140: Market risk exposure	1 October 2021
BPR150: Standardised operational risk	1 July 2021
BPR151: AMA operational risk	1 July 2021
BPR160: Insurance, securitisation, and loantransfers	1 July 2021
BPR001: Glossary	1 July 2021

In conditions of registration 15 to 18,—

"loan-to-valuation ratio", "non property-investment residential mortgage loan", "property-investment residential mortgage loan", "qualifying new mortgage lending amount in respect of property-investment residential mortgage loans", "qualifying newmortgage lending amount in respect of non property-investment residential mortgage loans", and "residential mortgage loan" have the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) dated October 2021:

"loan-to-valuation measurement period" means—

(a) the six calendar month period ending on the last day of March 2022; and

(b) thereafter a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of April 2022.

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.
On 3 December 2020, Fitch reaffirmed the rating of BOB at 'BBB-'with 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 High quality/Very strong Upper medium grade/Strong	Aaa Aa A	AAA AA A	AAA AA A
Medium grade (lowest investment grade)/Adequate Predominately speculative/Less near term vulnerability to default Speculative, low grade/Greater vulnerability	Baa Ba B	BBB BB B	BBB BB B
Poor to default/identifiable vulnerability Highest speculations Lowest quality, no interest	Caa Ca C	CCC CC C	CCC CC 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 2021:

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 26th day of November 2021 and signed by Vijay Kumar Goel and Anupam Srivastava as responsible persons.

Vijay Kumar Goel 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 2021 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 2021

Contents

Page

Bank of Baroda (New Zealand) Limited

Statement of comprehensive income
Interim financial statements for the six months ended 30 September 2021

	Notes	Unaudited Six months ended 30 Sep 2021 $000's	Unaudited Six months ended 30 Sep 2020 $000's	Audited Year ended 31 Mar 2021 $000's
Interest income	2	2,465	2,462	4,864
Interest expense	2	(583)	(821)	(1,523)
Net interest income		1,882	1,641	3,341
Other income	3	612	565	1,132
Total operating income		2,494	2,206	4,473
Operating expenses	4	(1,478)	(1,491)	(3,000)
Impairment losses on loans and advances	5	(39)	(16)	41
Profit before tax		977	699	1,514
Taxation expense	6	(297)	(196)	(406)
Profit after tax		**680**	**503**	**1,108**
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		**680**	**503**	**1,108**

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

Bank of Baroda (New Zealand) Limited

Statement of changes in equity
Interim financial statements for the six months ended 30 September 2021

	Share capital $000's	Retained earnings $000's	Total equity $000's
Balance at 1 April 2021	40,000	9,980	49,980
Total comprehensive income for the year	-	680	680
Transactions with owners			
Dividend paid	-	(500)	(500)
Balance at 30 September 2021 (Unaudited)	**40,000**	**10,160**	**50,160**
Comparative period to 30 September 2020			
Balance at 1 April 2020	**40,000**	**8,872**	**48,872**
Total comprehensive income for the year	-	503	503
Transactions with owners			
Dividend paid	-	-	-
Balance at 30 September 2020 (Unaudited)	**40,000**	**9,375**	**49,375**
Comparative year to 31 March 2021			
Balance at 1 April 2020	40,000	8,872	48,872
Total comprehensive income for the year		1,108	1,108
Transactions with owners			
Dividend paid	-	-	-
Balance at 31 March 2021	**40,000**	**9,980**	**49,980**

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

KPMG

Bank of Baroda (New Zealand) Limited

Statement of financial position
Interim financial statements for the six months ended 30 September 2021

	Notes	Unaudited As at 30 Sep 2021 $000's	Unaudited As at 30 Sep 2020 $000's	Audited As at 31 Mar 2021 $000's
ASSETS				
Cash and cash equivalents	8	18,622	24,042	20,180
Balance due from related parties	13	197	289	185
Due from other financial institutions	9	6,000	12,000	-
Loans and advances	10	127,748	103,672	125,290
Property, plant and equipment		162	180	184
Right of use assets	11	1,681	1,981	1,831
Deferred tax asset	7	290	284	276
Other assets	12	293	313	275
TOTAL ASSETS		**154,993**	**142,761**	**148,221**
LIABILITIES				
Balance due to related parties	13	950	890	857
Deposits and other borrowings	14	101,305	89,710	94,644
Lease liabilities	11	1,831	2,090	1,963
Current taxation		105	61	128
Other liabilities	15	642	635	649
TOTAL LIABILITIES		**104,833**	**93,386**	**98,241**
EQUITY				
Share capital		40,000	40,000	40,000
Retained earnings		10,160	9,375	9,980
TOTAL EQUITY		**50,160**	**49,375**	**49,980**
TOTAL EQUITY AND LIABILITIES		**154,993**	**142,761**	**148,221**
Total interest earning and discount bearing assets		145,130	133,728	139,571
Total interest and discount bearing liabilities		89,540	86,012	85,728
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 26 November 2021.

Chairman

Managing Director

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

KPMG

Bank of Baroda (New Zealand) Limited

Statement of cash flows

Interim financial statements for the six months ended 30 September 2021

	Unaudited As at 30 Sep 2021 $000's	Unaudited As at 30 Sep 2020 $000's	Audited As at 31 Mar 2021 $000's
Cash Flows from Operating Activities			
Cash was provided from:			
Interest received	2,469	2,447	4,869
Fees and other income	612	565	1,132
	3,081	3,012	6,001
Cash was applied to:			
Operating expenses paid	(1,302)	(1,205)	(2,476)
Interest paid	(595)	(818)	(1,531)
Income tax paid	(334)	(215)	(350)
	(2,231)	(2,238)	(4,357)
Net Cash Flows from Operating Activities Before Changes in Operating Assets and Liabilities	**850**	**774**	**1,644**
Net Changes in Operating Assets and Liabilities:			
(Increase)/Decrease in loans and advances	(2,497)	(3,910)	(25,495)
(Increase)/Decrease in balances due from other financial institutions	(6,000)	(9,000)	3,000
Increase in deposits and other borrowings	6,661	10,135	15,069
Increase in balance due to related parties	93	267	234
(Increase) in other assets	(22)	(24)	(6)
Increase/(Decrease) in other liabilities and provisions	1	(18)	(25)
(Increase) in balances due from related parties	(12)	(182)	(78)
Net Cash Flow from / (used in) Operating Activities	**(926)**	**(1,958)**	**(5,657)**
Cash Flows (used in) / from Investing Activities			
Cash was applied to:			
Purchase of property, plant and equipment	-	(1)	(36)
Net Cash Flow from/(used in) Investing Activities	**-**	**(1)**	**(36)**
		-	
Cash Flows used in Financing Activities			
Cash was applied to:			
Lease payments made	(132)	(123)	(250)
Payment of dividend	(500)	-	-
Net Cash Flow (used in)/from Financing Activities	**(632)**	**(123)**	**(250)**
(Decrease)/Increase in cash and cash equivalents	**(1,558)**	**(2,081)**	**(5,943)**
Cash at the beginning of the period	20,180	26,123	26,123
Cash at the end of the period	**18,622**	**24,042**	**20,180**
Made up of:			
Cash on hand	112	155	167
Call and overnight advances to financial institutions	18,510	23,887	20,013
Cash at the end of the period	**18,622**	**24,042**	**20,180**

This statement should be read in conjunction with the notes to the financial statements on pages 20 to 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 2021

	Unaudited As at 30 Sep 2021 $000's	Unaudited As at 30 Sep 2020 $000's	Audited As at 31 Mar 2021 $000's
Net profit after taxation	**680**	**503**	**1,108**
Non cash movements:			
Depreciation	172	169	350
Increase/(Decrease) in provision for impairment losses	39	16	(41)
Increase in deferred taxation	(14)	(25)	(17)
	197	**160**	**292**
Net movement in operating assets and liabilities:			
(Increase) in loans and advances	(2,497)	(3,910)	(25,495)
(Increase)/Decrease in balances due from other financial institutions	(6,000)	(9,000)	3,000
Increase in deposits and other borrowings	6,661	10,135	15,069
(Decrease)/Increase in interest payable	(12)	3	(8)
Decrease/(Increase) in interest receivable	4	(15)	5
(Decrease)/Increase in balances due to related parties	93	267	234
(Increase) in other assets	(22)	(24)	(6)
Increase in other liabilities and provisions	5	99	149
(Increase) in balances due from related parties	(12)	(182)	(78)
(Decrease)/Increase in current tax liability	(23)	6	73
Net cash flows from / (used in) operating activities	**(926)**	**(1,958)**	**(5,657)**

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

KPMG

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 2021 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. They comply 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 2021.

These interim financial statements were authorised for issue by the Board on 26 November 2021.

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 2021.

The interim financial statements have been prepared on a going concern basis in accordance with historical cost concepts. In September 2021, the Bank's parent company, Bank of Baroda, India, as a part of rationalisation of overseas presence has expressed an intention to divest or close the operations of Bank of Baroda (New Zealand) Limited. Whilst the process has been initiated, it is in its very early stages and no decisions confirming any divestment or closure have been made.

These events or conditions indicate that there is a material uncertainty that may cast significant doubt on the Bank’s long-term continuance. As a result of the material uncertainty the Bank may realise its assets and discharge its liabilities at amounts different from those recorded in the financial statements.

During the period of this process, the parent has agreed to provide necessary support for the operations of the Bank. Consequently management considers that the use of the going concern basis of accounting remains appropriate in the preparation of these interim financial statements and the values assigned to assets and liabilities in the disclosure statement represent the best estimate of what they will be settled for.

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 2021. 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. While arriving at ECL, management judgement has been applied based on reasonable and supportable information of forward-looking economic factors commensurate with the nature of bank’s portfolio of loans.

Since the outbreak of the COVID-19 pandemic, global trade, travel, and business and consumer spending have been curtailed significantly. Governments internationally have imposed a variety of restraints on people movement within and across national borders in order to mitigate the virus transmission. There continues to be a level of uncertainty in this respect. The restriction in movement affects the loan borrowers deriving predominant income from travel, tourism, hospitality and transport and may have higher credit risk and such credit exposures continue to be in Stage Two, as defined in Note 1(h). Exposure to such loan exposures have declined by 3% and consequently the provisions to these exposures have declined by 1%.

KPMG

1 Statement of accounting policies (continued)

In response to the COVID-19 situation the government and the regulators have announced fiscal and monetary packages. The government has also announced a wage subsidy scheme and other packages which are expected to support individuals and businesses. Although the outlook still remains uncertain, these measures have mitigated the economic impact of COVID-19. The Bank had offered various forms of assistance to four customers whose incomes have been affected by the recent economic disruption from COVID-19 since August 2021. Such support, by itself, would not automatically result in a significant increase in credit risk warranting movement to Stage Two. Note 5 provides details of the impact of this on the provision for expected credit losses at 30 September 2021.

In determining the provision for expected credit losses as at 30 September 2021, 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.

2 Interest

	Unaudited Six months ended 30 Sep 2021 $000's	Unaudited Six months ended 30 Sep 2020 $000's	Audited Year ended 31 Mar 2021 $000's
Interest income			
Bank deposits/placements	15	45	68
Loans and advances to customers	2,450	2,417	4,796
Total interest income	**2,465**	**2,462**	**4,864**
Interest expense			
Deposits by customers	520	749	1,523
Lease finance costs	63	72	-
Total interest expense	**583**	**821**	**1,523**

3 Other income

	Unaudited Six months ended 30 Sep 2021 $000's	Unaudited Six months ended 30 Sep 2020 $000's	Audited Year ended 31 Mar 2021 $000's
Banking and lending fee income	161	119	251
Commissions revenue	11	10	23
Net foreign exchange gains	439	434	854
Other revenue	2	2	4
Total other income	**612**	**565**	**1,132**

4 Operating expenses

	Unaudited Six months ended 30 Sep 2021 $000's	Unaudited Six months ended 30 Sep 2020 $000's	Audited Year ended 31 Mar 2021 $000's
Audit and review of disclosure statement:			
• Audit of disclosure statement	-	22	98
• Audit of prior year disclosure statement - additional fee	20	-	20
• Half year review of disclosure statement	37	27	27
Directors' fees	25	12	47
Depreciation:			
• Computer hardware	7	-	11
• Office equipment	-	-	5
• Furniture, fittings, and leasehold improvements	15	19	34
• Right of use assets	150	150	300
Employee benefits:			
• Salary & others	854	933	1,757
• Kiwisaver	9	7	14
Rental and lease costs not included in lease liabilities	5	7	44
Other operating expenses	356	314	643
Total operating expenses	**1,478**	**1,491**	**3,000**

5 Credit loss allowances

Unaudited - Six months ended 30 September 2021

	Retail mortgage lending $000's	Corporate and institutional $000's	Other exposures excluding $000's	Total $000's
For period ended 30 September 2021				
Collective allowance				
Balance at the beginning of the period	183	276	8	467
Charge to profit or loss	11	33	(5)	39
Total collective allowance for credit losses at 30 September 2021	**194**	**309**	**3**	**506**
Recognised in:				
Loans and advances - collective provision	**184**	**263**	**1**	**448**
Other liabilities - undrawn commitments (Note 15)	**10**	**46**	**2**	**58**
Total collective allowance for credit losses at 30 September 2021	**194**	**309**	**3**	**506**

For period ended 30 September 2021

Movement in provision for credit loss allowance	**Collective provision 12-months ECL**	**Collective provision lifetime ECL - significant increase in credit risk**	**Specific provision lifetime ECL - credit impaired**	**Total**
Residential mortgage lending				
Balance at beginning of period	154	29	-	183
Charge to profit or loss	(2)	13	-	11
Balance at end of period - Residential mortgage lending	**152**	**42**	-	194
Corporate exposures				
Balance at beginning of period	247	29	-	276
Charge to profit or loss	30	3	-	33
Balance at end of period - Corporate exposures	**277**	**32**	-	309
Other exposures				
Balance at beginning of period	3	5	-	8
Charge to profit or loss	-	(5)	-	(5)
Balance at end of period - Other exposures	**3**	**-**	**-**	**3**
Provision for credit loss allowances - Total				
Balance at beginning of period	404	63	-	467
Charge to profit or loss	28	11	-	39
Total provision for credit loss allowances balance at end of period	**432**	**74**	**-**	**506**

5 Credit loss allowances (continued)

Unaudited - Six month ended 30 September 2020

	Retail mortgage lending $000's	Corporate and institutional $000's	Other exposures $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/(credit) to profit or loss	2	14	-	16
Total collective allowance for credit losses at 30 September 2020	**169**	**352**	**3**	**524**
Recognised in				
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

Movement in provision for credit loss allowance	Collective provision 12-months ECL	Collective provision lifetime ECL - significant increase in credit risk	Specific provision lifetime ECL - credit impaired	Total
Residential mortgage lending				
Balance at beginning of period	118	49	-	167
(Credit)/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/(credit) 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
(Credit)/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/(credit) to profit or loss	19	(3)	-	16
Total provision for credit loss allowances balance at end of period	**433**	**91**	-	**524**

5 Credit loss allowances (continued)

Audited - Year ended 31 March 2021

	Retail mortgage lending $000's	Corporate and institutional $000's	Other exposures excluding $000's	Total $000's
For year ended 31 March 2021				
Collective allowance				
Balance at the beginning of the period	167	338	3	508
Charge to profit or loss	16	(62)	5	(41)
Total collective allowance for credit losses at 31 March 2021	**183**	**276**	**8**	**467**
Recognised in:				
Loans and advances - collective provision	**174**	**230**	**6**	**410**
Other liabilities - undrawn commitments (Note 15)	**9**	**46**	**2**	**57**
Total collective allowance for credit losses at 31 March 2021	**183**	**276**	**8**	**467**

For year ended 31 March 2021

Movement in provision for credit loss allowance	**Collective provision 12-months ECL**	**Collective provision lifetime ECL - significant increase in credit risk**	**Specific provision lifetime ECL - credit impaired**	**Total**
Residential mortgage lending				
Balance at beginning of period	118	49	-	167
Charge to profit or loss	36	(20)	-	16
Balance at end of period - Residential mortgage lending	**154**	**29**	-	**183**
Corporate exposures				
Balance at beginning of period	293	45	-	338
Charge to profit or loss	(46)	(16)	-	(62)
Balance at end of period - Corporate exposures	**247**	**29**	**-**	**276**
Other exposures				
Balance at beginning of period	3	-	-	3
Charge to profit or loss	-	5	-	5
Balance at end of period - Other exposures	**3**	**5**	**-**	**8**
Provision for credit loss allowances - Total				
Balance at beginning of period	414	94	-	508
Charge to profit or loss	(10)	(31)	-	(41)
Total provision for credit loss allowances balance at end of year	**404**	**63**	**-**	**467**

Impact of changes in gross carrying amount in ECL

Overall, the net increase in the total provision for credit impairment of $39,000 during the period to 30 September 2021 was driven by change in the stage from stage 1 to stage 3 in case of one borrower and also contributed to by increase in total credit exposure.

6 Taxation

	Unaudited Six months ended 30 Sep 2021 $000's	Unaudited Six months ended 30 Sep 2020 $000's	Audited Year ended 31 Mar 2021 $000's
Net profit before taxation	977	699	1,514
Tax calculated at a tax rate of 28%	(274)	(196)	(424)
Re-estimation of prior period current tax liability	(19)	-	21
Other permanent differences	(4)	-	(3)
Taxation expense as per the statement of comprehensive income	**(297)**	**(196)**	**(406)**
Represented by:			
Current tax - current year	(311)	(221)	(444)
Current tax - prior year	-	-	21
Deferred tax	14	25	17
Taxation expense as per the statement of comprehensive income	**(297)**	**(196)**	**(406)**

7 Deferred taxation

	Unaudited Six months ended 30 Sep 2021 $000's	Unaudited Six months ended 30 Sep 2020 $000's	Audited Year ended 31 Mar 2021 $000's
Deferred tax balances			
Balance at the beginning of the period	276	259	259
Credit to statement of comprehensive income	14	25	17
Balance at end of the period	**290**	**284**	**276**

For the period ended 30 September 2021

Temporary differences arising from:	Opening balance $000's	Recognised in the profit and loss $000's	Closing balance $000's
Property, plant and equipment	42	(1)	**41**
Provisions	197	11	**207**
Leases	37	4	**42**
Total	**276**	**14**	**290**

For the period ended 30 September 2020

Temporary differences arising from:	Opening balance $000's	Recognised in the profit and loss $000's	Closing balance $000's
Property, plant and equipment	42	(1)	**41**
Provisions	194	18	**212**
Leases	23	8	**31**
Total	**259**	**25**	**284**

For the year ended 31 March 2021

Temporary differences arising from:	Opening balance $000's	Recognised in the profit and loss $000's	Closing balance $000's
Property, plant and equipment	42	-	**42**
Provisions	194	3	**197**
Leases	23	14	**37**
Total	**259**	**17**	**276**

8 Cash and cash equivalents

	Unaudited As at 30 Sep 2021 $000's	Unaudited As at 30 Sep 2020 $000's	Audited As at 31 Mar 2021 $000's
Cash on hand	112	155	167
Call and overnight advances to financial institutions	18,510	23,887	20,013
Total cash and cash equivalents	**18,622**	**24,042**	**20,180**
Current	18,622	24,042	20,180
Non-current	-	-	-

KPMG

9 Due from other financial institutions

	Unaudited As at 30 Sep 2021 $000's	Unaudited As at 30 Sep 2020 $000's	Audited As at 31 Mar 2021 $000's
Term deposits	6,000	12,000	-
Total amount due from other financial institutions	**6,000**	**12,000**	**-**
Current	6,000	12,000	-
Non-current	-	-	-

The term deposits are held with a financial institution with an AA- credit rating from Standard and Poors.

10 Loans and advances

	Unaudited As at 30 Sep 2021 $000's	Unaudited As at 30 Sep 2020 $000's	Audited As at 31 Mar 2021 $000's
Residential mortgage loans	101,416	67,650	97,411
Corporate exposures	24,861	34,542	26,211
Other exposures	1,919	1,923	2,078
Allowances for impairment losses	(448)	(443)	(410)
Total net loans and receivables	**127,748**	**103,672**	**125,290**
Current	14,600	19,188	16,679
Non-current	113,148	84,484	108,611

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 $20,000 (31 March 2021: $44,000 and 30 September 2020: $7,000).

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 $80,000 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 $280,000 (31 March 2021: $630,000 and 30 September 2020: $202,000).

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:

Right of use assets	Unaudited As at 30 Sep 2021	Unaudited As at 30 Sep 2020	Audited As at 31 Mar 2021
Properties - cost	2,431	2,431	2,431
Properties - accumulated depreciation	(750)	(450)	(600)
Right of use assets	**1,681**	**1,981**	**1,831**

Right of use assets	Unaudited Six months ended 30 Sep 2021	Unaudited Six months ended 30 Sep 2020	Audited Year ended 31 Mar 2021
Opening balance at 1 April	1,831	2,131	2,131
Depreciation charge for the period (Note 4)	(150)	(150)	(300)
Closing balance	**1,681**	**1,981**	**1,831**

There were no additions during the period to leased properties.

11 Leases (continued)

Liabilities for leases	Unaudited As at 30 Sep 2021	Unaudited As at 30 Sep 2020	Audited As at 31 Mar 2021
The following amounts are included as lease liabilities:			
Due within one year	277	259	268
Due after one year	1,554	1,831	1,695
	1,831	**2,090**	**1,963**

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:

As at 30 September 2021	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
Lease payments included within lease liabilities	98	293	1,221	682	2,294

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 2021 $000's	Unaudited As at 30 Sep 2020 $000's	Audited As at 31 Mar 2021 $000's
	Short-term leases	Short-term leases	Short-term leases
Not later than 1 year	36	166	35
1-2 years	-	-	-
2-5 years	-	-	-
Total	**36**	**166**	**35**

12 Other assets

	Unaudited As at 30 Sep 2021 $000's	Unaudited As at 30 Sep 2020 $000's	Audited As at 31 Mar 2021 $000's
Other receivables	122	118	100
Interest receivable	171	195	175
Trade and other receivables	**293**	**313**	**275**
Current	293	313	275
Non-current	-	-	-

KPMG

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 2021 $000's	Unaudited Six months ended 30 Sep 2020 $000's	Audited Year ended 31 Mar 2021 $000's
Salaries and other short-term benefits	588	647	1,256
Total key management compensation	**588**	**647**	**1,256**
Deposits from KMP bearing interest at 0% to 0.6% (31 March 2020: 1.25% to 2% and 30 September 2020: 1.25% to 2%)	120	93	85
Loans to KMP at interest rates of 2.85% (31 March 2021: 3.8%, 30 September 2020: 3.00% to 4.00%)	503	506	508
Interest earned from loans with KMP	6	9	6
Interest paid to KMP during the period	-	-	1

Guarantee from Parent
The Banks'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 2021, 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.

The Bank holds foreign currency Nostro current accounts deposits of NZ$197,107 (31 March 2021: NZ$184,887, 30 September 2020: NZ$288,587) 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 $945,991 (31 March 2021: NZ$851,523 and 30 September 2020: NZ$884,260) and Bank of Baroda (Fiji) of NZ$3,866 (31 March 2021: NZ$5,180 and 30 September 2020: NZ$5,556) that are non-interest bearing.

13 Related party disclosures (continued)

	Unaudited As at 30 Sep 2021 $000's	Unaudited As at 30 Sep 2020 $000's	Audited As at 31 Mar 2021 $000's
BOB International Banking Unit Branch, Gandhinagar, India	-	-	-
Total balance	**-**	**-**	**-**
USA New York branch (USD)	99	203	132
India Mumbai main office (INR)	46	17	-
U.K. London branch (GBP)	24	12	6
Belgium Brussels branch (EURO)	7	10	7
Fiji Suva branch (FJD)	4	5	5
Australia Sydney branch (AUD)	17	42	35
Total Nostro balance	**197**	**289**	**185**

	Unaudited Six months ended 30 Sep 2021 $000's	Unaudited Six months ended 30 Sep 2020 $000's	Audited Year ended 31 Mar 2021 $000's
Transaction with related parties:			
Support & service fee/management fee			
Bank of Baroda branches and its subsidiaries	29	41	38
Due to related parties:			
Bank of Baroda branches and its subsidiaries	950	890	857
Total due to related parties	**950**	**890**	**857**
Current	950	890	857
Non-current	-	-	-
Total	**950**	**890**	**857**
Due from related parties:			
Bank of Baroda branches	197	289	185
Subsidiaries of Bank of Baroda	-	-	-
Total due from related parties			
Current	197	289	185
Non-current	-	-	-
Total	**197**	**289**	**185**

14 Deposits and other borrowings

	Unaudited As at 30 Sep 2021 $000's	Unaudited As at 30 Sep 2020 $000's	Audited As at 31 Mar 2021 $000's
Retail deposits	101,305	89,710	94,644
Total deposits	**101,305**	**89,710**	**94,644**
New Zealand	101,305	89,710	94,644
Overseas	-	-	-
Current	93,205	82,626	86,114
Non-current	8,100	7,084	8,530

15 Other liabilities

	Unaudited As at 30 Sep 2021 $000's	Unaudited As at 30 Sep 2020 $000's	Audited As at 31 Mar 2021 $000's
Employee entitlements	187	188	182
Other payables and accruals	397	366	410
Credit loss allowance on undrawn lending commitments (Note 5)	58	81	57
Total other liabilities	**642**	**635**	**649**
Current	642	635	649

16 Asset quality

As at 30 September 2021	Residential mortgage loans $000's	Corporate exposures $000's	Other exposures excluding sovereigns and central banks $000's	Total $000's
Loans and advances				
No significant increase in credit risk				
Not past due	96,424	23,655	1,699	121,778
Less than 30 days past due	2,488	1,206	220	3,914
Loans where payments are in arrears or otherwise impaired				
90+ days	2,504	-	-	2,504
Gross loans and advances	101,416	24,861	1,919	128,196
Less allowance for impairment	(184)	(263)	(1)	(448)
Net loans and advances	101,232	24,598	1,918	127,748
Other assets neither past due nor impaired	-	-	25,112	25,112
Total net financial assets	**101,232**	**24,598**	**27,030**	**152,860**

Movements in gross balances - by credit loss allowance stage	Stage 1	Stage 2	Stage 3	Total
Balance at 1 April 2021	121,488	4,212	-	125,700
Loans repaid in their entirety	(19,716)	-	-	(19,716)
New loans originated	23,090	-	-	23,090
Transfers between loss stages	(2,502)	-	2,502	-
Net further lending/(repayment)	(722)	(156)	2	(876)
Balance at end of period	**121,638**	**4,056**	**2,504**	**128,198**

At 30 September 2021, there is one borrower in Stage 3. At 31 March 2021 and 30 September 2020, 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 2021 (31 March 2021and 30 September 2020-Nil). There were no undrawn balances on lending commitments to counterparties classified as individually credit impaired assets at 30 September 2021 (31 March 2021 and 30 September 2020 - Nil).

KPMG

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 2021 $000's
New Zealand	
Finance	24,622
Households	111,996
Construction	19,897
Property services	6,815
Health and community services	65
Personal and other services	6,641
Retail and wholesale trade	1,444
Food and other manufacturing	749
Other financial assets	293
Overseas	
Finance, investment and insurance	197
Total financial assets and off-balance sheet exposures	172,719
Allowance for impairment losses	(448)
Total net financial assets and off-balance sheet exposures	**172,271**

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

	Unaudited As at 30 Sep 2021 $000's
New Zealand	
Upper North Island	153,824
Lower North Island	18,698
Allowance for impairment losses	(448)
Overseas	
USA New York branch (USD)	99
India Mumbai Main Office (INR)	46
U.K. London branch (EURO)	24
Belgium Brussels branch (EURO)	7
Fiji Suva branch (FJD)	4
Australia Sydney branch (AUD)	17
Total net financial assets	**172,271**

KPMG

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 2021 $000's
Loans and advances	147,607
Balances with related parties	197
Due from other financial institutions	6,000
Cash and cash equivalents	18,622
Other financial assets	293
Total gross financial assets	172,719
Allowance for impairment losses	(448)
Total net financial assets	**172,271**

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 2021 $000's
New Zealand	
Financing investment and insurance	5,072
Retail and wholesale trade	7,252
Other	641
Households	88,981
Overseas	
Finance, investment and insurance	950
Total financial liabilities	**102,896**

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 2021 $000's
New Zealand	
Upper North Island	82,830
Lower North Island	19,116
South Island	-
Overseas	950
Total financial liabilities	**102,896**

19 Capital commitments

As at 30 September 2021 there are no material outstanding capital commitments (31 March 2021 and 30 September 2020: nil).

20 Contingent liabilities

	Unaudited As at 30 Sep 2021 $000's	Unaudited As at 30 Sep 2020 $000's	Audited As at 31 Mar 2021 $000's
Performance/financial guarantees issued on behalf of customers	271	271	271
Total contingent liabilities	**271**	**271**	**271**
Undrawn commitments available to customers	**19,139**	**20,097**	**14,787**

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 2021 - Unaudited	Total	Not 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	18,622	7,240	11,382	-	-	-	-	-
Due from other financial institutions	6,000	-	6,000	-	-	-	-	-
Loans and advances	127,748	-	64,971	20,684	31,897	10,196	-	-
Balances with related parties	197	197	-	-	-	-	-	-
Other financial assets	293	293	-	-	-	-	-	-
Total financial assets	**152,860**	**7,730**	**82,353**	**20,684**	**31,897**	**10,196**	**-**	**-**
Interest and discount bearing liabilities								
Deposits and other borrowings	101,305	13,596	59,751	6,362	13,497	4,858	3,241	-
Due to related parties	950	950	-	-	-	-	-	-
Other financial liabilities	642	642	-	-	-	-	-	-
Lease liabilities*	1,831	-	-	-	-	-	589	1,242
Total interest and discount bearing liabilities	**104,728**	**15,188**	**59,751**	**6,362**	**13,497**	**4,858**	**3,830**	**1,242**
On-balance sheet gap	**48,132**	**(7,458)**	**22,602**	**14,322**	**18,400**	**5,338**	**(3,830)**	**(1,242)**
Financial guarantee	271	271	-	-	-	-	-	-
Undrawn commitments	19,139	-	11,662	4,178	2,950	349	-	-
Net effective interest rate gap	**67,542**	**(7,187)**	**34,264**	**18,500**	**21,350**	**5,687**	**(3,830)**	**(1,242)**

*Lease liabilities are discount bearing liabilities with the repricing period in the above table representing the end of the assessed lease term.

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 2021 - 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	18,622	-	-	-	-	18,622
Due from other financial institutions	-	6,000	-	-	-	6,000
Loans and advances	188	1,882	5,953	30,269	142,322	180,614
Due from related parties	197	-	-	-	-	197
Other financial assets	-	293	-	-	-	293
Total financial assets	**19,007**	**8,175**	**5,953**	**30,269**	**142,322**	**205,726**
Financial liabilities						
Deposits and other borrowings	55,433	18,186	19,976	8,581	-	102,176
Due to related parties	950	-	-	-	-	950
Other financial liabilities	-	642	-	-	-	642
Total financial liabilities	**56,383**	**18,828**	**19,976**	**8,581**	**-**	**103,768**
Net non-derivative cash flows	**(37,376)**	**(10,653)**	**(14,023)**	**21,688**	**142,322**	**101,958**
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	(19,139)	-	-	-	-	(19,139)
Total	**(19,410)**	**-**	**-**	**-**	**-**	**(19,410)**
Net cash flow	**(56,786)**	**(10,653)**	**(14,023)**	**21,688**	**142,322**	**82,548**

The bank holds following liquid assets for the purpose of managing liquidity risk:	**Unaudited As at 30 Sep 2021 $000's**
Cash and cash equivalents	18,622
Deposits with financial institutions	6,000
Deposit/cash held with related parties	197
Total liquid assets	24,819

24 Fair values of financial instruments

	Unaudited As at 30 Sep 2021		Unaudited As at 30 Sep 2020		Audited As at 31 Mar 2021	
	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	18,622	18,622	24,042	24,042	20,180	20,180
Balances with related parties	197	197	289	289	185	185
Due from other financial institutions	6,000	6,000	12,000	12,000	-	-
Loans and advances	127,748	128,014	103,672	124,213	125,290	127,436
Other financial assets	293	293	313	313	275	275
Total financial assets	**152,860**	**153,126**	**140,316**	**160,857**	**145,930**	**148,076**
Financial liabilities						
Due to related parties	950	950	890	890	857	857
Deposits and other borrowings	101,305	101,699	89,710	84,874	94,644	95,161
Other financial liabilities	642	642	635	635	649	649
Total financial liabilities	**102,897**	**103,291**	**91,235**	**86,399**	**96,150**	**96,667**

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.

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 2021	Peak end of the day between 1 Apr 2021 and 30 Sep 2021
Number of counterparties without a credit rating:		
- Representing 10-15% of common equity tier one capital	4	5
- Representing 15-20% of common equity tier one capital	1	-
- Representing 20-25% of common equity tier one capital	1	1
- Representing 25-30% of common equity tier one capital	-	1

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- of 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 2021	Peak end of the day between the previous 1 Apr 2021 and 30 Sep 2021
Number of bank counterparties with an AA- Standard & Poors credit rating:		
- Representing more than or equal to 10% and less than 15% of common equity tier one capital	1	-
- Representing more than or equal to 15% and less than 20% of common equity tier one capital	-	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 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;
- 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 2021.

KPMG

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 2021. The Bank was registered on 1 September 2009 and from the date of registration to 30 September 2021; 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 2021 $000's
Tier One Capital	
Common equity Tier One Capital	
Issued and fully paid up share capital	40,000
Retained earnings	10,160
Deferred tax assets	(290)
Total common equity Tier One Capital	**49,870**
Additional Tier One Capital	
Nil	-
Total Tier One Capital	**49,870**
Tier Two Capital	
Nil	-
Total Tier Two Capital	**-**
Total Capital	**49,870**

28 Capital adequacy (continued)

30 September 2021 - 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	112	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks (Due from other financial institutions)	24,510	20%	4,902	392
Banks (Due from related parties)	197	50%	99	8
Corporate	23,893	100%	23,893	1,911
Residential mortgages not past due			-	-
Non property investment-LVR up to 80%	33,990	35%	11,897	952
Non property investment-LVR >80% but <90%	624	50%	312	25
Property investment-LVR <80%	62,333	40%	24,933	1,995
Property investment-LVR >80% but <90%	1,799	70%	1,259	101
Past due residential mortgages - 90 days and over	2,486	100%	2,486	199
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	2,585	0%	-	-
Other assets	2,174	100%	2,174	174
Total on-balance-sheet exposures	**154,703**		**71,955**	**5,757**

As at 30 September 2021 - 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	19,139	50%	9,569	39%	3,732	299
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	**19,410**		**9,705**		**3,868**	**310**

28 Capital adequacy (continued)

Residential mortgages by loan-to-valuation ratio

As at 30 September 2021 - Unaudited ($000's)	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Loan-to-valuation ratio				
On-balance-sheet exposures	98,987	2,429	-	101,416
Off-balance-sheet exposures	7,416	-	-	7,416
Total loan-to-value ratio	**106,403**	**2,429**	**-**	**108,832**

Reconciliation of residential mortgage-related amounts

	30 September 2021 $000's
Residential mortgage loans (as disclosed in Note 10)	101,416
Undrawn commitments related to residential mortgages	7,416
Residential mortgages by loan-to-valuation ratio	**108,832**

Credit risk mitigation

As at 30 September 2021 - 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	705	5,935	**6,640**
Other	1,880	1,180	**3,060**
Total	**2,585**	**7,115**	**9,700**

The gross amount of non risk weighted amount of $2,585k and undrawn amount of $7,115k totalling $9,700k is 100% mitigated.

Operational risk capital requirement

	Unaudited as at 30 Sep 2021 Implied risk weighted exposure $000's	Total operational risk capital requirement $000's
Operational risk	9,256	740

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	
At 30 September 2021 - Unaudited	**Implied risk $000's**	**Aggregate capital $000's**	**Implied risk $000's**	**Aggregate capital $000's**
Interest rate risk	3,286	263	3,310	265
Foreign currency risk	687	55	736	59
Equity risk	-	-	-	-
Total capital requirements	**3,973**	**318**	**4,046**	**324**

At 30 September 2021 - Unaudited	**Total exposure after credit risk mitigation $000's**	**Risk weighted exposure or implied risk weighted $000's**	**Capital requirement $000's**
Total credit risk + equity	174,113	75,823	6,067
Operational risk	-	9,256	740
Market risk	-	3,973	318
Total	**174,113**	**89,052**	**7,125**

Capital ratios

	Common equity tier 1 capital ratio	**Tier 1 capital ratio**	**Total capital ratio**
At 30 September 2021 - Unaudited			
Ratio	56.00%	56.00%	56.00%
Minimum ratio requirement	4.5%	6.0%	8.0%
At 30 September 2020 - Unaudited			
Ratio	61.06%	61.06%	61.06%
Minimum ratio requirement	4.5%	6.0%	8.0%
At 31 March 2021 - Audited			
Ratio	59.99%	59.99%	59.99%
Minimum ratio requirement	4.5%	6.0%	8.0%

28 Capital adequacy (continued)

Buffer ratios

30/09/2021 - Unaudited	
Buffer ratio	48.00%
Buffer ratio requirement	2.5%
30/09/2020 - Unaudited	
Buffer ratio	53.06%
Buffer ratio requirement	2.5%
31/03/2021 - Audited	
Buffer ratio	51.99%
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 2021, BOB's Tier One Capital was 12.02% of total risk-weighted assets and total capital was 16.06% of total risk-weighted assets (31 March 2021: Tier One Capital was 11.80% of total risk weighted assets and total capital was 15.74% of total risk-weighted assets). BOB's capital ratios during the year ended 31 March 2021 and 31 March 2020 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 2021	Unaudited Three months ended 30 June 2021
One-week mismatch ratio	12.4	18.6
One-month mismatch ratio	21.1	22.0
Core funding ratio	96.7	118.0

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.

KPMG

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 2021 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 disclose it in accordance with Schedule 9 of the Order.

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

- the interim financial statements formed of:
  - the statement of financial position as at 30 September 2021;
  - 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 5,7,13, 16and 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.

Material uncertainty related to going concern

We draw attention to Note 1 *Basis of preparation* to the interim financial statements which describes Bank of Baroda's (the "Parent") intention to divest or close the Registered Bank's operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Registered Bank's ability to continue as a going concern. Our conclusion is not modified in respect to this matter.

Emphasis of Matter

We draw attention to Note 1 *Critical estimates and judgements* in the interim financial statements, which describes the continued uncertain future economic outlook caused by the COVID-19 pandemic, and 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 2021 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, the 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.

KPMG

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.

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 2021 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 these interim financial statements.

KPMG

KPMG
Auckland

26 November 2021