



***Bank of Baroda (New Zealand) Ltd.***

**Disclosure Statement for the year ended 31 March 2021**

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# 1. Definitions

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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

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### 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 year ended 31 March 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](http://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.

The address for service of BOB is:

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

#### (b) Ultimate holding company

BOB is the ultimate holding company of the Bank.

The ultimate parent bank and ultimate holding company's address for service is provided under 3.1(a) and 2.2(a).

##### *Shareholding in BOB*

As at 31 March 2021, the Government of India held 63.97% of the total shares in BOB. The remaining 36.03% of the shares in BOB are held by public shareholding (governed by the laws of India). BOB shares are listed on both the National Stock Exchange (India) and on the Bombay Stock Exchange (India). Further details concerning the shareholding in BOB are on its website: [www.bankofbaroda.com](http://www.bankofbaroda.com).

##### *Annual Report of BOB*

A copy of the latest BOB Annual Report is on the BOB website: [www.bankofbaroda.com](http://www.bankofbaroda.com) and can be requested from the bank.

**(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**

BOB (see section 3 below for further information on the guarantee arrangements) guarantee the obligations of the Bank.

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 attached as Appendix 1 (Guarantee).

##### (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 31 March 2021, the publicly disclosed capital of BOB was INR 1,010,530 million (USD13,822 million) representing (Basel III) 15.74% of risk weighted exposure.

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

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

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

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

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

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

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.

##### (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.

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## 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 Directors' details

#### **Vijay Kumar Goel**

*Chairman and Independent Director*

B.Com, CA (Australia & New Zealand); FCA (India); FFin  
Resident of New Zealand

*Interested transactions*

Nil

*Primary Occupation*

Managing Director, Nine Consulting Limited

*Other Directorships*

Aurea Properties Limited

#### **Sunil Kumar Srivastava**

*Non-Executive, Non Independent Director*

B.Sc., CAIIB  
Resident of India

*Interested transactions*

Nil

*Primary Occupation*

Chief General Manager (International Operations), Bank of Baroda, Mumbai, India

*Other Directorships*

Bank of Baroda (UK) Limited

#### **Anupam Srivastava**

*Managing Director (Executive), Non Independent Director*

Master of Finance & Control, CAIIB  
Resident of New Zealand

*Interested transactions*

Nil

*Primary Occupation*

Managing Director, Bank of Baroda (New Zealand) Limited

*Other Directorships*

Nil

**Kavita Singh**

*Non Executive, Non Independent Director*

M.Sc., CAIIB

Resident of Australia

*Interested transactions*

Nil

*Primary Occupation*

Chief Executive, Bank of Baroda, Australia

*Other Directorships*

Nil

**Kamini Kirthi Reddy**

*Independent Director*

*BA/BCOM (majors in Japanese and Accounting), OPM (Harvard Business School)*

*CA (Chartered Accountants Australia and New Zealand)*

Resident of New Zealand

*Interested transactions*

Nil

*Primary Occupation*

Director, Reddy group of companies

M no 1 Limited

Escape Marketing Limited

Kirthi Investment Limited

Ashburn No2 Limited

EQ No.1 Limited

Hotel Paihia Limited

RG Infra No.1 Limited

Tanda Hotels (NZ) Limited

Tanda Hotels Management Limited

Russel Cottages Limited

Spartik Trustee Company Limited

RG Coffee Limited

Savala Limited

Reddy Group Limited

RG Infra Limited

Viya Limited

Cloud Group Limited

S no 1 Limited

*Other Directorships*

Kirthi Trustee Limited

VMR trustee company limited

Ozone Coffee Holdings Limited

West Coast Cocoa Limited

OCR International Limited

Jetwing Symphony PLC, Sri Lanka

**Nurani Subramanian Venkatachalam**

*Independent Director*

*CA (Chartered Accountant)*

Resident of New Zealand



*Interested transactions*

Nil

*Primary Occupation*

Consultant

*Other Directorships*

Myma Digital Limited (Book Me Bob)

Myma Healthcare Limited

Vishwamithra Limited

Global Organisation for Divinity New Zealand Limited

**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 2020.

On 7 January 2021, Claudio Sandro Oberto resigned as Chairperson of the Board and as a Director. On the same day Vijay Kumar Goel was appointed as new Chairperson of the Board.

Nurani Subramanian Venkatachalam was appointed as new Independent Director of the Board on 7 January 2021.

**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:

- (a) 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
- (b) which would otherwise be reasonably likely to influence materially the exercise of that Director's duties.

#### **4.4 Audit Committee**

The Bank has an Audit Committee.

The members of the Audit Committee as at the date of this Disclosure Statement are:

- (c) Nurani Subramanian Venkatachalam (Chairperson), Independent Director.
- (d) Kavita Singh (Member), Non-Executive Director.
- (e) Vijay Kumar Goel, (Member), Independent Director.

The Audit Committee is responsible for the oversight of financial reporting disclosures and other regulatory and statistical compliance.

## 5. Auditor

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The name and address of the auditor whose independent auditor's report is referred to in this Disclosure Statement is:

KPMG  
18 Viaduct Harbour Avenue  
Auckland 1010  
New Zealand

## 6. Conditions of registration

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Effective 1 February 2021, the Reserve Bank of New Zealand (RBNZ) issued new conditions of registration for the Bank amending the liquidity policy. For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated February 2021 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated February 2021.

Effective 1 March 2021 RBNZ proposed changes in the condition of registration that will reinstate conditions that impose restrictions on the bank's new residential mortgage lending at high loan –to-value ratios (LVRs).

The amendment to the conditions of registration prohibit the payment of distributions (including dividends on ordinary shares), other than discretionary payments payable to holders of Additional Tier 1 capital (AT1) instruments. Amendments were also made to reduce the minimum core funding ratio from 75% to 50%.

Effective 29 April 2021, the Reserve Bank of New Zealand (RBNZ) further issued revised conditions of registration for the bank regarding dividend payments from the bank.

The revised conditions of registration apply on and after 29 April 2021, except as provided otherwise are as follows:

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

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

For the purposes of this condition of registration, —

"Total capital ratio", "Tier 1 capital ratio", and "Common Equity Tier 1 capital ratio" have the same meaning as in Part 3 of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015;

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

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

1A. That—

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

1B. That, if the buffer ratio of the banking group is 2.5% or less, the bank must:

- (a) according to the following table, limit the aggregate distributions of the bank's earnings to the percentage limit on distributions that corresponds to the banking group's buffer ratio:

<b>Banking group's buffer ratio</b>	<b>Percentage limit on distributions of the bank's earnings</b>
0% – 0.625%	0%
>0.625 – 1.25%	20%
>1.25 – 1.875%	40%
>1.875 – 2.5%	50%

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

For the purposes of this condition of registration,—

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

1C. That, if the 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,—

an Additional Tier 1 capital instrument is an instrument that meets the requirements of subsection 8.2(a) or (c) of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015;

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

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.

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

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

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

<sup>1</sup> 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.)

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:
  - (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. Before and on 30 April 2021, that the banking group complies with the following quantitative requirements for liquidity-risk management:
- (a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;
  - (b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and
  - (c) the one-year core funding ratio of the banking group is not less than 50 per cent at the end of each business day.

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

- 11A. On and after 1 May 2021, that the banking group complies with the following quantitative requirements for liquidity-risk management:
- (a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;
  - (b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and
  - (c) the one-year core funding ratio of the banking group is not less than 50 per cent at the end of each business day.

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated 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 SPV that are not included in the banking group's assets:

"SPV" means a person—

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

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

14. That—

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

- (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and
  - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011; and
- (b) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:
- (i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination;
  - (ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011; and
  - (iii) the Reserve Bank has given the bank a notice of non-objection to the significant acquisition or business combination.

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

15. That, for a loan-to-valuation measurement period ending on or before 30 September 2021, 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 70%, 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 after 31 October 2021, 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.
17. That, for a loan-to-valuation measurement period, the total of the bank's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 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.
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 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 new mortgage lending amount in respect of non property-investment residential mortgage loans", and "residential mortgage loan" have the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) dated January 2019:

- “loan-to-valuation measurement period” means—
- (a) the six calendar month period ending on the last day of August 2021; 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 September 2021.

## 7. Pending proceedings or arbitration

As at the date of this Disclosure Statement is signed, 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	Aaa	AAA	AAA
High quality/Very strong	Aa	AA	AA
Upper medium grade/Strong	A	A	A
Medium grade (lowest investment grade)/Adequate	Baa	BBB	BBB
Predominately speculative/Less near term vulnerability to default	Ba	BB	BB
Speculative, low grade/Greater vulnerability	B	B	B
Poor to default/identifiable vulnerability	Caa	CCC	CCC
Highest speculations	Ca	CC	CC
Lowest quality, no interest	C	C	C
Payment in default, in arrears – questionable value		D	D

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

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



## 9. Historical summary of financial statements

<b>For the year ended 31 March NZ \$000's</b>					
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Statement of comprehensive income</b>					
Interest income	4,864	5,279	4,968	4,593	3,922
Interest expense	(1,523)	(1,986)	(1,828)	(1,504)	(1,186)
<b>Net interest income</b>	<b>3,341</b>	<b>3,293</b>	<b>3,140</b>	<b>3,089</b>	<b>2,736</b>
Other income	1,132	1,144	1,231	1,480	1,760
<b>Total operating income</b>	<b>4,473</b>	<b>4,437</b>	<b>4,371</b>	<b>4,569</b>	<b>4,496</b>
Impairment losses on loans and advances	41	(219)	(6)	(67)	(26)
Other expenses	(3,000)	(3,005)	(3,002)	(2,931)	(3,174)
<b>Net profit before taxation</b>	<b>1,514</b>	<b>1,213</b>	<b>1,363</b>	<b>1,571</b>	<b>1,296</b>
Taxation (expense)/benefit	(406)	(321)	(457)	(428)	(382)
<b>Net profit after taxation</b>	<b>1,108</b>	<b>892</b>	<b>906</b>	<b>1,143</b>	<b>914</b>
Minority interests	-	-	-	-	-
Dividends paid	-	123	51	-	-
<b>As at 31 March NZ \$000's</b>					
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Balance sheet</b>					
Total assets	148,221	131,871	125,258	115,879	103,021
Total individually impaired assets	-	-	-	-	-
Total liabilities	98,241	82,999	77,155	68,684	56,969
Total shareholder equity	49,980	48,872	48,103	47,195	46,052
<b>For the year ended 31 March NZ \$000's</b>					
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Summary of Cash Flow Statement</b>					
Operating activities	(5,657)	18,712	(2,287)	(8,303)	10,046
Investing activities	(36)	(6)	-	(2)	-
Financing activities	(250)	(341)	(51)	-	-

The amounts disclosed in this historical summary of financial statements have been taken from the audited financial statements of the Bank, which were prepared in accordance with New Zealand equivalents to International Financial Reporting Standards.

## 10. Banking Group

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At the date of this Disclosure Statement, the Bank does not have any subsidiaries and is the only member of the Banking Group.

## 11. Other material matters

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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.

## 12. Directors' statements

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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.

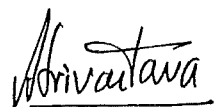
Each Director of the Bank, after due enquiry, believes that for the year ended 31 March 2021:

- (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 25<sup>th</sup> day of June 2021 and signed by Vijay Kumar Goel and Anupam Srivastava as responsible persons.



Vijay Kumar Goel  
Chairman



Anupam Srivastava  
Managing Director

### **13. Independent auditor's report**

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The independent auditor's report on this Disclosure Statement is attached with the financial statements of the Bank in Appendix 2 to this Disclosure Statement. The information required by Schedule 1 of the Order is included in the independent auditor's report.

### **14. Financial statements**

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The financial statements for the Bank for the year ended 31 March 2021 are attached at Appendix 2, and form part of, this Disclosure Statement. The information required by Schedules 2, 4, 7, 9, 13, 14, 15, and 17 of the Order is set out in those financial statements.

## Appendix 1: Guarantee



बैंक ऑफ बड़ोदा **Bank of Baroda**

### Deed of Guarantee

relating to  
all indebtedness of Bank of Baroda (New Zealand) Limited to the  
Creditors

Bank of Baroda  
Guarantor

Date 14.08.2008



अंतरराष्ट्रीय प्रभाग : बड़ोदा कार्पोरेट सेन्टर, सी-26, जी-ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, मुंबई 400 051, भारत  
International Division Baroda Corporate Centre, C-26, G-Block, Bandra-Kurla Complex, Mumbai 400 051, India.  
फोन / Phone : 91 22 6898 5000-04, 6898 8428 ☐ फैक्स / Fax : 91 22 2852 3509  
ई-मेल / E-mail : gm.international.bcc@bankofbaroda.com ☐ वेब / Web : www.bankofbaroda.com



बैंक ऑफ बड़ोदा Bank of Baroda

This Deed of Guarantee is made on 13<sup>th</sup> August, 2008  
by Bank of Baroda (Guarantor)

### Introduction

At the request of the Bank, the Guarantor has agreed to guarantee all of the indebtedness of the Bank to the Creditors on the terms of this Deed.

### It is agreed

#### 1. Interpretation

##### 1.1

#### Definitions

In this Deed:

Bank means Baroda (New Zealand) Limited (to be renamed Bank of Baroda (New Zealand) Limited);

Creditor means a person to whom the Bank owes indebtedness, including, for the avoidance of doubt, any depositor of the Bank; and

Guaranteed Indebtedness means indebtedness of the Bank to the Creditors.

##### 1.2

#### Construction of certain terms

In this Deed:

an agreement includes a contract, deed, licence, undertaking and other document or legally enforceable arrangement in writing (present and future) and includes that document as amended, assigned, novated or substituted from time to time;

a business day means a day (other than a Saturday or Sunday) on which registered banks are open for general banking business in Wellington and, where payment is required in foreign currency, banks are open for business in the required place of payment;

a consent includes an approval, authorisation, exemption, filing, licence, order, permit, recording and registration;

costs incurred by a person include all commissions, charges, losses, expenses (including legal fees on a solicitor and own client basis) and taxes incurred by that person;

a guarantee means a suretyship, the economic effect of which is to assume responsibility for the indebtedness or obligations of another person;

Indebtedness includes any obligation (whether present or future, secured or unsecured, joint or several, as principal, surety or otherwise) relating to the payment of money;

the liquidation of a person includes the dissolution, administration, winding-up and bankruptcy of that person and any analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled, carries on business or has property;



बैंक ऑफ बड़ोदा कारपोरेट सेन्टर, सी-26, जी-ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, मुंबई 400 051, भारत  
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ईमेल / E-mail: gm.international.bcc@bankofbaroda.com वेब / Web: www.bankofbaroda.com

## Appendix 1: Guarantee



बैंक ऑफ बड़ोदा Bank of Baroda

a person includes an individual, body corporate, an association of persons (whether corporate or not), a trust, a state, an agency of a state and any other entity (in each case, established for lawful purposes and whether or not having separate legal personality);

property includes the whole and any part of the relevant person's business, assets, undertaking, revenues and rights (in each case, present and future), and reference to any property includes any legal or equitable interest in it;

writing includes an authenticated SWIFT message, facsimile transmission, an email communication and any means of reproducing words in a tangible and permanently visible form;

a reference to a party, clause, schedule or annexure is a reference to a party to, clause of, schedule to or annexure to, this Deed;

the word including when introducing an example does not limit the meaning of the words to which the example relates;

an agreement, representation or undertaking given by the Guarantor in favour of two or more persons is for the benefit of them jointly and each of them severally; to the extent of cumulative indebtedness only;

a gender includes each other gender;

the singular includes the plural and vice versa;

where a word or phrase is defined, its other grammatical forms have a corresponding meaning; and

2. any legislation includes a modification and re-enactment of, legislation enacted in substitution for, and a regulation, order-in-council and other instrument from time to time issued or made under, that legislation.

2.1 Headings and the table of contents are to be ignored in construing this Deed.

### Guarantee and indemnity

#### Guarantee

2.2 The Guarantor unconditionally and irrevocably guarantees to the Creditors due payment by the Bank of the Guaranteed Indebtedness.

#### Payment

2.3 The Guarantor undertakes to the Creditors that if, for any reason, the Bank does not pay to the Creditors when due (whether by acceleration or otherwise) any Guaranteed Indebtedness, it will pay the relevant amount to each relevant Creditor immediately on receiving a written demand from the Creditor accompanied by proof of the relevant Guaranteed Indebtedness.

#### Unenforceability of obligations

As a separate and continuing undertaking, the Guarantor unconditionally and irrevocably undertakes to the Creditors that, should any Guaranteed Indebtedness not be recoverable from the Bank due to



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## Appendix 1: Guarantee



बैंक ऑफ बड़ोदा **Bank of Baroda**

- (a) a defect in or lack of powers of the Bank or the Guarantor or the irregular exercise of those powers; or
- (b) a defect in or lack of authority by a person purporting to act on behalf of the Bank or the Guarantor; or
- (c) a legal or other limitation (whether under the Limitation Act 1950 or otherwise), disability or incapacity of the Bank or the Guarantor; or
- (d) a liquidation, amalgamation, change in status, constitution or control, reconstruction or reorganisation of the Bank or the Guarantor (or the commencement of steps to effect the same).

It will, as a sole and independent obligation, pay to the Creditors on demand the amount that the Creditors would otherwise have been able to recover (on a full indemnity basis). In this clause, the expression "Guaranteed Indebtedness" includes any indebtedness that would have been included in that expression but for anything referred to in this clause.

### 3. Nature of guarantee obligations

#### 3.1 Liability as sole principal debtor

As between the Guarantor and the Creditors (but without affecting the obligations of the Bank) the Guarantor is liable under this Deed in relation to the Guaranteed Indebtedness as if it were the sole and principal debtor. However, the Bank will be discharged from its obligations in respect of any Guaranteed Indebtedness to the extent of any payment made by the Guarantor in relation to that Guaranteed Indebtedness.

#### 3.2 No discharge

The Guarantor is not discharged, nor are its obligations affected, by:

- (a) any time, indulgence, waiver or consent at any time given to the Bank; or
- (b) an amendment (however fundamental) to, or replacement of, any agreement; or
- (c) the liquidation, amalgamation, change in status, constitution or control, reconstruction or reorganisation of the Bank (or the commencement of steps to effect any of these).

### 4. Payments

#### 4.1 Mode of payments

Each payment to a Creditor under this Deed is to be made on the due date in immediately available freely transferable funds in the manner that the Creditor, by notice to the Guarantor, specifies from time to time.

#### Payments to be free and clear

Each payment by the Guarantor to a Creditor under this Deed is to be made:

- (a) free of any restriction or condition; and



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## Appendix 1: Guarantee



बैंक ऑफ बड़ोदा Bank of Baroda

- (b) free and clear of and without any deduction or withholding for or on account of tax or on another account, whether by way of set-off, counterclaim or otherwise (except to the extent required by law).

### 4.3 Reinstatement

If a payment made by the Guarantor to a Creditor pursuant to this Deed is avoided by law:

- (a) that payment will be deemed not to have discharged or affected the relevant obligation of the Guarantor; and
- (b) that Creditor and the Guarantor will be deemed to be restored to the position in which each would have been if that payment had not been made.

### 5. Assignment

Neither the Guarantor nor a Creditor may assign or transfer any of its rights or obligations under this Deed.

### 6. Notices

#### 6.1 Addresses and references

Each notice or other communication under this Deed is to be made in writing and sent by SWIFT messaging, personal delivery or post to the addressee at the address, and marked for the attention of the person or office holder (if any), from time to time designated for the purpose by the addressee to the other party. The SWIFT code, address and relevant person or office holder of the Guarantor, and the address and relevant person or office holder of the Bank, is set out in the Schedule.

#### 6.2 Deemed delivery

No communication will be effective until received in legible form.

### 7. Remedies and waivers

#### 7.1 Exercise of rights and waivers

Time is of the essence in respect of all dates and times for compliance by the Guarantor with the Guarantor's obligations under this Deed. However, failure to exercise, and delay in exercising, a right of a Creditor under this Deed will not operate as a waiver of that right, subject to laws of limitation, nor will a single or partial exercise of a right preclude another or further exercise of that right or the exercise of another right. No waiver by a Creditor of that Creditor's rights under this Deed is effective unless it is in writing signed by that Creditor.

#### 7.2 Remedies cumulative

The rights of the Creditors under this Deed are cumulative and not exclusive of any rights provided by law.

अंतर्राष्ट्रीय विभाग: मंड्रीवा कारपोरेट सेंटर, सी-26, जी-ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, मुंबई 400 051, भारत  
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बैंक ऑफ बड़ोदा Bank of Baroda

## 8. Miscellaneous

### 8.1 Partial Invalidity

The illegality, invalidity or unenforceability of a provision of this Deed under any law will not affect the legality, validity or enforceability of that provision under another law or the legality, validity or enforceability of another person.

### 8.2 Enforcement by Creditors

For the purposes of the Contracts (Privity) Act 1982, the Guarantor acknowledges and accepts that its obligations under this Deed shall be enforceable by the Creditors.

## 9. Governing law and jurisdiction

### 9.1 Governing law

This Deed is governed by and is to be construed in accordance with New Zealand law.

### 9.2 In New Zealand

Each of the parties irrevocably and unconditionally agrees that the Courts of New Zealand shall have jurisdiction to hear and determine each suit, action or proceeding (proceedings), and to settle disputes, that may arise out of or in connection with this Deed and for these purposes irrevocably submits to the jurisdiction of those courts.

### 9.3 Service in New Zealand

The Guarantor agrees that the process by which any suit, action or proceeding in New Zealand is begun may be served on it by being delivered to the Bank without prejudice to any other lawful means of service. The address and relevant person or office holder of the Bank is set out in the Schedule.



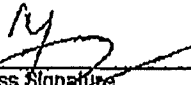


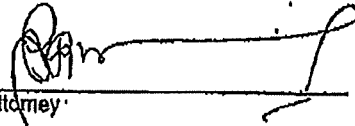
बैंक ऑफ़ बड़ोदा Bank of Baroda

**Execution**

Executed as a deed

This Deed of Guarantee in favour of the Creditors of Bank of Baroda (New Zealand) Limited is executed on this the 14<sup>th</sup> day of August 2008 by Bank of Baroda, a body corporate constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970 and having its Head Office at Mandvi, Baroda, India and its Corporate Office at Baroda Corporate Centre, C-26, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai, India, by its attorney in the presence of:

  
Witness Signature

  
Attorney

**BHAGAT SINGH BISHT**  
Print Name

**RAJENDRA KUMAR GARG**  
Print Name

Asstt. General Manager  
(International Operations)  
Occupation

Baroda Corporate Centre  
C-26, G-Block  
Bandra Kurla Complex  
Mumbai - 400 051  
INDIA

Address



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अंतरराष्ट्रीय प्रभाग : अहमदाबाद सेन्टर, सी-26, जी-ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, मुंबई 400 051, भारत  
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Appendix 1: Guarantee



बैंक ऑफ़ बड़ोदा Bank of Baroda

The Schedule

Party Details

Guarantor Details

Name	Bank of Baroda
Address for Notices	Plot No. G-26, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051, India.
Attention	General Manager (International Operations)
Telephone Number	+91-22-66985464/5426
Email	<a href="mailto:gm.international.bcc@bankofbaroda.com">gm.international.bcc@bankofbaroda.com</a>
SWIFT Code	BARBINBXXX

Bank Details

Name	Bank of Baroda (New Zealand) Limited
Address for Notices	The Bank's registered office
Attention	Managing Director

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अंतरराष्ट्रीय भुगतान केन्द्र, सी-26, पी-ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, मुंबई 400 051, भारत  
International Office: Baroda Corporate Centre, C-26, G-Block, Bandra-Kurla Complex, Mumbai 400 051, India.  
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## **Appendix 2: Financial statements**

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Bank of Baroda (New Zealand) Limited  
Company Number 2135104

Financial Statements for the year ended 31 March 2021

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# Independent Auditor's Report

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

## Report on the audit of the Disclosure Statement

### Opinion

In our opinion, the accompanying financial statements (excluding supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements) of Bank of Baroda (New Zealand) Limited (the 'Bank') on pages 34 to 79:

- i. give a true and fair view of the Bank's financial position as at 31 March 2021 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Generally Accepted Accounting Practice, which in this instance means New Zealand Equivalents to International Financial Reporting Standards ('NZIFRS') and International Financial Reporting Standards ('IFRS').

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

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

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

- the statement of financial position as at 31 March 2021;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended;
- notes, including a summary of significant accounting policies and other explanatory information; and
- the information that is required to be disclosed in accordance with Schedules 4, 7, 13, 14, 15 and 17 of the Order.



### Basis for Opinion

We conducted our Audit in accordance with International Standards on Auditing (New Zealand) ('ISA's (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



We are independent of the Bank in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISA (NZ) are further described in the auditor's responsibilities for the audit of the financial statements (excluding supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements) section of our report.

Our firm has also provided other services to the Bank in relation to review of the Bank's half-year Disclosure Statement and audit of the Bank's Group Reporting Package for the year ended 31 March 2021. Subject to certain restrictions, partners and employees of our firm may also deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank. These matters have not impaired our independence as auditor of the Bank. The firm has no other relationship with, or interest in, the Bank.



## Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at \$493,000 determined with reference to a benchmark of the Bank's net assets. We chose the benchmark because, in our view, this is a key measure of the Bank's financial strength.



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholder as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements

### The key audit matter

### How the matter was addressed in our audit

#### Provision for credit impairment (31 March 2021: \$467k)

Refer to Note 5 (credit loss allowance) to the Disclosure Statement.

The expected credit loss (ECL) provision is a key audit matter owing to the financial significance of loans and advances and the high degree of judgement and complexity involved in estimating the provision, including the ongoing impact of COVID-19.

Our audit procedures included:

- Testing key controls relating to the Bank's lending, credit review and loan monitoring processes, including testing the approval of new lending facilities and review of the provision for credit impairment calculation.
- **Provisions for loans identified as impaired (individual provisions)**  
Determining high risk criteria that could indicate a loan is at higher risk of being individually impaired;



### The key audit matter

### How the matter was addressed in our audit

There is judgement involved in identifying whether a loan is individually impaired, and if recognised, further judgement with the assessment of expected future cash flows, principally derived from estimating the timing and proceeds from the future sale of the property securing the loans.

For the provision for non-impaired loans, judgement is required to incorporate a forward-looking economic view in the estimation of the collective provision and the probability of default (PD) in the future and the amount of loss given default (LGD).

Using these high risk criteria, selecting a sample of loans for testing and performed an independent assessment of whether the loan should have a provision for impairment.

- **Provision estimated for the loan portfolio as a whole (collective provisioning)**

We involved our technical specialists to develop an alternative comparison ECL model using the observable industry data relating to the probability of default and loss given default. The collective provision derived from the alternative comparison ECL model was compared to the Bank's collective provision to assess if the Bank's collective provision is within an acceptable range.

Assessing the Bank's significant accounting policies and disclosures in the financial statements against the requirements of the accounting standards.

## Other information

The Directors, on behalf of the Bank, are responsible for the other information included in the Bank's Disclosure Statement. Other information includes the information required to be included in the Disclosure Statement in accordance with Schedule 2 of the Order on pages 1 to 25 that accompanies the financial statements, and the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements. Our opinion on the Disclosure Statement does not cover any other information and we do not express any form of assurance conclusion thereon.

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




## Report on other legal and regulatory requirements

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

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



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## **Responsibilities of Directors for the financial statements and supplementary information (excluding supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements)**

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

- the preparation and fair presentation of the financial statements in accordance with Clause 24 of the Order, NZ IFRS and International Financial Reporting Standards;
- the preparation and fair presentation of supplementary information (excluding the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements), in accordance with Schedules 2, 4, 7, 13, 14, 15 and 17 of the Order;
- implementing necessary internal control to enable the preparation of financial statements that are fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

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## **Auditor's responsibilities for the audit of the financial statements and supplementary information (excluding supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements)**

Our objective is:

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's (NZ) will always detect a material misstatement when it exists.

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

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

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

This description forms part of our independent auditor's report.

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## **Review conclusion on the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements**

Based on our review, nothing has come to our attention that causes us to believe that the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements, disclosed in notes 33 and 34 to the Disclosure Statement, is not, in all material respects disclosed in accordance with Schedule 9 of the Order.

We have reviewed the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements, as disclosed in notes 33 and 34 of the Disclosure Statement for the year ended 31 March 2021. The supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements comprises the information that is required to be disclosed in accordance with Schedule 9 of the Order.



## **Basis for conclusion on the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements**

A review of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements 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. Our responsibilities under that standard are further described in the Auditor's Responsibilities for the Review of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements section of our report.

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.



## **Responsibilities of Directors for the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements**

The directors are responsible for the preparation of supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements that is required to be disclosed under Schedule 9 of the Order and prepared in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A) and described in notes 33 and 34 to the Disclosure Statement.



## **Auditor's responsibilities for the review of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements**

Our responsibility is to express a conclusion on the supplementary information relating Capital Adequacy and Regulatory Liquidity Requirements based on our review. We conducted our review in accordance with NZ SRE 2410 issued by the New Zealand External Reporting Board.



As the auditor of Bank of Baroda (New Zealand) Limited, NZ SRE 2410 requires that we plan and perform the review to obtain limited assurance about whether the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements is, in all material respects disclosed in accordance with Schedule 9 of the Order.

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

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with ISA's (NZ). Accordingly we do not express an audit opinion on the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements disclosures.



### **Use of this independent auditor's report**

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

The engagement partner on the audit resulting in this independent auditor's report is Kay Baldock.

For and on behalf of

KPMG  
Auckland

28 June 2021

# Bank of Baroda (New Zealand) Limited

Statement of comprehensive income  
For the year ended 31 March 2021

	Notes	2021 \$000's	2020 \$000's
Interest income	2	4,864	5,279
Interest expense	2	(1,523)	(1,986)
<b>Net interest income</b>		<u>3,341</u>	<u>3,293</u>
Other income	3	1,132	1,144
<b>Total operating income</b>		<u>4,473</u>	<u>4,437</u>
Operating expenses	4	(3,000)	(3,005)
Impairment loss reversals/(expense)	5	41	(219)
<b>Profit before tax</b>		<u>1,514</u>	<u>1,213</u>
Taxation expense	6	(406)	(321)
<b>Profit after tax</b>		<u>1,108</u>	<u>892</u>
<b>Other comprehensive income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>1,108</u>	<u>892</u>

*This statement should be read in conjunction with the notes to the financial statements.*

# Bank of Baroda (New Zealand) Limited

Statement of changes in equity  
For the year ended 31 March 2021

	Share capital \$000's	Retained earnings \$000's	Total equity \$000's
<b>Balance at 1 April 2020</b>	<b>40,000</b>	<b>8,872</b>	<b>48,872</b>
Total comprehensive income for the year	-	1,108	1,108
<b>Balance at 31 March 2021</b>	<b>40,000</b>	<b>9,980</b>	<b>49,980</b>
<b>Comparative year to 31 March 2020</b>			
Balance at 1 April 2019	40,000	8,103	48,103
Total comprehensive income for the year	-	892	892
<i>Transactions with owners</i>			
Dividend paid	-	(123)	(123)
<b>Balance at 31 March 2020</b>	<b>40,000</b>	<b>8,872</b>	<b>48,872</b>

*This statement should be read in conjunction with the notes to the financial statements.*


# Bank of Baroda (New Zealand) Limited

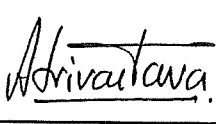
Statement of financial position

As at 31 March 2021

	Notes	2021 \$000's	2020 \$000's
<b>ASSETS</b>			
Cash and cash equivalents	8	20,180	26,123
Balance due from related parties	14	185	107
Due from other financial Institutions	9	-	3,000
Loans and advances	10	125,290	99,779
Property, plant and equipment	12	184	198
Right of use assets	11	1,831	2,131
Deferred tax asset	7	276	259
Other assets	13	275	274
<b>TOTAL ASSETS</b>		<b>148,221</b>	<b>131,871</b>
<b>LIABILITIES</b>			
Balance due to related parties	14	857	623
Deposits and other borrowings	15	94,644	79,575
Lease liabilities	11	1,963	2,213
Current taxation payable		128	55
Other liabilities	16	649	533
<b>TOTAL LIABILITIES</b>		<b>98,241</b>	<b>82,999</b>
<b>EQUITY</b>			
Share capital	17	40,000	40,000
Retained earnings	17	9,980	8,872
<b>TOTAL EQUITY</b>		<b>49,980</b>	<b>48,872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>148,221</b>	<b>131,871</b>
<b>Total interest earning and discount bearing assets</b>		<b>139,571</b>	<b>121,543</b>
<b>Total interest and discount bearing liabilities</b>		<b>85,728</b>	<b>71,050</b>
<b>Financial assets, pledged as collateral for liabilities or contingent liabilities</b>		<b>-</b>	<b>-</b>

The financial statements were approved by the Board of Directors and authorised for issue on 25 June 2021.

  
 \_\_\_\_\_  
 Chairman

  
 \_\_\_\_\_  
 Managing Director

This statement should be read in conjunction with the notes to the financial statements.

# Bank of Baroda (New Zealand) Limited

Statement of cash flows

For the year ended 31 March 2021

	2021 \$000's	2020 \$000's
<b>Cash Flows from Operating Activities</b>		
<u>Cash was provided from:</u>		
Interest received	4,869	5,312
Fees and other income	1,132	1,144
	<u>6,001</u>	<u>6,456</u>
<u>Cash was applied to:</u>		
Operating expenses paid	(2,476)	(2,886)
Interest paid	(1,531)	(1,966)
Income tax paid	(350)	(757)
	<u>(4,357)</u>	<u>(5,609)</u>
<b>Net Cash Flows from Operating Activities Before Changes in Operating Assets and Liabilities</b>	<u><b>1,644</b></u>	<u><b>847</b></u>
<b>Net Changes in Operating Assets and Liabilities:</b>		
(Increase)/Decrease in loans and advances	(25,495)	599
Decrease in balances due from other financial institutions	3,000	8,000
Increase in deposits and other borrowings	15,069	4,844
Increase/(Decrease) in balance due to related parties	234	(676)
(Increase) in other assets	(6)	(10)
(Decrease)/Increase in other liabilities and provisions	(25)	20
(Increase)/Decrease due from related parties	(78)	5,088
<b>Net Cash Flow (used in) / from Operating Activities</b>	<u><b>(5,657)</b></u>	<u><b>18,712</b></u>
<b>Cash Flows (used in) / from Investing Activities</b>		
<u>Cash was applied to:</u>		
Purchase of property, plant and equipment	(36)	(6)
<b>Net Cash Flow (used in)/from Investing Activities</b>	<u><b>(36)</b></u>	<u><b>(6)</b></u>
<b>Cash Flows used in Financing Activities</b>		
<u>Cash was applied to:</u>		
Lease payments made	(250)	(218)
Payment of dividend	-	(123)
<b>Net Cash Flow (used in)/from Financing Activities</b>	<u><b>(250)</b></u>	<u><b>(341)</b></u>
<b>(Decrease)/Increase in cash and cash equivalents</b>	<u><b>(5,943)</b></u>	<u><b>18,365</b></u>
Cash at the beginning of the year	26,123	7,758
<b>Cash at the end of the year</b>	<u><b>20,180</b></u>	<u><b>26,123</b></u>
<u>Made up of:</u>		
Cash on hand	167	74
Call and overnight advances to financial institutions	20,013	26,049
<b>Cash at the end of the year</b>	<u><b>20,180</b></u>	<u><b>26,123</b></u>

This statement should be read in conjunction with the notes to the financial statements.

# Bank of Baroda (New Zealand) Limited

Reconciliation of net profit after taxation to net cash flow from operating activities  
For the year ended 31 March 2021

	2021 \$000's	2020 \$000's
<b>Net profit after taxation</b>	<b>1,108</b>	<b>892</b>
<b>Non cash movements:</b>		
Depreciation	350	349
(Decrease)/Increase in provision for impairment losses	(41)	219
(Increase)/decrease in deferred taxation assets	(17)	(85)
	<u>292</u>	<u>483</u>
<b>Net movement in operating assets and liabilities:</b>		
(Increase)/Decrease in loans and advances	(25,495)	599
Decrease in balances due from other financial institutions	3,000	8,000
Increase in deposits and other borrowings	15,069	4,844
(Decrease)/Increase in interest payable	(8)	20
Decrease in interest receivable	5	33
Increase/(Decrease) in balances due to related parties	234	(676)
(Increase) in other assets	(6)	(10)
Increase/(Decrease) in other liabilities and provisions	149	(210)
(Increase)/Decrease in balances due from related parties	(78)	5,088
Increase/(Decrease) in current tax liability	73	(351)
<b>Net cash flows (used in) / from operating activities</b>	<b><u>(5,657)</u></b>	<b><u>18,712</u></b>



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

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## 1 Statement of accounting policies

The reporting entity is Bank of Baroda (New Zealand) Limited ("the Bank" or "the Company"). The Bank is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 ("FMCA 2013"), registered under the Companies Act 1993 and is incorporated in New Zealand. These financial statements have been drawn up in accordance with the requirements of the Companies Act 1993, the Financial Markets Conduct Act 2013, Financial Reporting Act 2013 and the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended). They were approved for issue by the Directors on 25 June 2021. The address of its registered office is 114 Dominion Road, Auckland 1446, New Zealand. The Bank provides its products and services to retail and business customers. The Bank is a fully owned subsidiary of Bank of Baroda ("BOB"), an Indian incorporated bank.

The Bank's financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards.

### Statement of compliance and basis of preparation

The 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.

### Key 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 identified below.

#### *Recognition of expected credit losses ("ECL") - See note 5*

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). However, the exposure to such loan exposures have declined by 40% and consequently the provisions to these exposures have declined by 39%.

In response to the COVID-19 situation the government and the regulators announced fiscal and monetary packages. The Reserve Bank of New Zealand announced a significant reduction in the Official Cash Rate and a Large-Scale Asset Purchase Programme. The government also provided a wage subsidy scheme, income support package and tax package which supported individuals and businesses. Although the outlook still remains uncertain, these measures have mitigated the economic impact of COVID-19. The Bank offered various forms of assistance to 17 customers whose incomes have been affected by the economic disruption from COVID-19 in 2020-21. Such loan deferral, by itself, would not automatically result in a significant increase in credit risk warranting movement to Stage Two. In the case of loan deferral packages, all customers who took advantage of a deferral package have reverted back to loan repayments. Note 5 provides details of the impact of this on the provision for expected credit losses at 31 March 2021.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

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## *Recognition of expected credit losses ("ECL") - (continued)*

In determining the provision for expected credit losses as at 31 March 2021, due to the lack of historical default experience, publicly available information was considered while applying 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.

### **Specific accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### **(a) Changes in accounting policies**

There were no changes in accounting policies adopted in the preparation of these financial statements since those applied in the 31 March 2020 financial statements.

#### **(b) Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

#### **(c) Revenue recognition**

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

##### *Interest income and expense*

Financial instruments are classified in the manner described in the financial assets and liabilities sections below.

For financial instruments measured at amortised cost, interest income and expense is recognised on a time-proportion basis using the effective interest method.

##### *Banking and lending fees*

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

##### *Commissions revenue*

When commissions or similar fees are related to specific non-lending transactions or events, they are recognised in the profit or loss when the service is provided to the customer. When they are charged for service provided over a period, they are taken to other income on an accrual basis as the service is provided.

##### *Net foreign exchange gains*

Net foreign exchange gains represent the net amount of foreign exchange gains and losses recognised during the period.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

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## **(d) Financial assets**

### *Classification of financial assets*

The Bank classifies its financial assets as subsequently measured at amortised cost, based on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is classified as measured at amortised cost only if both the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

### *Recognition and measurement*

Regular purchases and sales of financial assets were recognised on the trade-date - the date on which the Bank commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Bank has transferred substantially all risks and rewards of ownership.

## **(e) Financial liabilities**

Financial liabilities are recognised when an obligation arises and derecognised when it is discharged, cancelled or expired. Financial liabilities are initially recognised at fair value less transaction costs, except where they are designated at fair value, in which case transaction costs are expensed as incurred.

The Bank's financial liabilities include balances due to related parties, deposit and other borrowings, and other liabilities. Deposits from customers cover all forms of funding, and include transactional and savings accounts, term deposits and credit balances on cards. Other liabilities include the accrual of interest coupons and fees payable.

The Bank classified its financial liabilities as subsequently measured at amortised cost, as it has no held for trading or derivative financial liabilities.

## **(f) Derivative financial instruments and hedge accounting**

In both the current and preceding period, the Bank has not entered into any derivative financial instruments and does not apply hedge accounting to any transactions.

## **(g) Offsetting financial instruments**

The Bank offsets financial assets and financial liabilities and reports the net balance in the balance sheet where there is a legally enforceable right to set-off and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## **(h) Impairment of financial assets**

The Bank applies a three stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost. Such assets may move through the following three stages based on their change in credit quality since their initial recognition:

### *Stage 1: 12-months ECL (Stage 1)*

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

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## (h) Impairment of financial assets (continued)

### *Stage 2: Lifetime ECL - not credit impaired (Stage 2)*

For credit exposures where there has been a significant increase in credit risk since initial recognition, but that are not credit impaired, a lifetime ECL is recognised. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

### *Stage 3: Lifetime ECL - credit impaired (Stage 3)*

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

### *Assessment of significant increases in credit risk*

At each reporting date, the Bank assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the expected life between that of the reporting date to that of the date of initial recognition.

The Bank assesses whether the credit risk on a financial asset has increased significantly on an individual and collective basis. For the purposes of collective evaluation, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, internal credit risk rating, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

Regardless of other changes since the origination of the financial asset, it will be considered to have had a significant increase in credit risk where it is more than 30 days past due.

### *Subsequent improvement in credit quality*

If, in a subsequent reporting period, the credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for credit losses reverts from full lifetime ECL to 12-months ECL.

### *Measurement of expected credit losses*

The estimated amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Bank and all the cash flows that the Bank expects to receive. The amount of the loss is recognised using a provision for credit loss allowance.

The Bank considers its historical loss experience and adjusts this for current observable data. In addition, the Bank uses reasonable and supportable forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. The Bank assesses a range of macroeconomic factors which include, but are not limited to, unemployment, interest rates, gross domestic product, inflation and property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions, including any forecasts of future economic conditions are reviewed regularly.

### *Collective assessment of credit loss allowances*

For collectively assessed provisions, expected credit losses are estimated based on the probability of default, loss given default, and the anticipated exposure at default.

### *The probability of default ("PD")*

This estimates the likelihood of default occurring (either over the lifetime of the financial instrument, or within 12 months from reporting period).

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

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## (h) Impairment of financial assets (continued)

### *Exposure at default ("EAD")*

An estimate of the exposure at a future default date, taking into account expected changes in the exposure after reporting date – for instance due to available borrowing facilities.

### *Loss given default ("LGD")*

This is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Banks would expect to receive, including cash flows expected from collateral and other credit enhancements.

For credit-impaired financial assets that are assessed on an individual basis, a discounted cash flow calculation will be performed and consider multiple cash flow scenarios. However, no loans have been recognised in this category since adoption of NZ IFRS 9.

Allowance is also made for the expected credit losses arising from undrawn loan commitments available to borrowers, which is recognised within other liabilities.

### *Default*

In defining default for the purposes of determining the risk of a default occurring, the Bank applies a default definition consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and considers qualitative indicators when appropriate. The Bank applies a presumption that default does not occur later than when a financial asset is 90 days past due, or where it operates outside of agreed facility limits for a period of more than 90 days.

### *Write-off of financial assets*

Financial assets (and the related impairment allowances) will be written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. No loans have been written off during the current reporting period.

### *Purchased or originated credit impaired assets*

The Bank has no purchased or originated credit impaired assets during the current reporting period.

## (i) Asset quality disclosures

### *Restructured assets*

A restructured asset is any credit exposure for which:

- the original terms have been changed to grant the counterparty a concession that would not otherwise have been available, due to the counterparty's difficulties in complying with the original terms;
- the revised terms of the facility are not comparable with the terms of new facilities with comparable risks; and
- the yield on the asset following restructuring is equal to or greater than, the Bank's average cost of funds, or that a loss is not otherwise expected to be incurred.

Assets acquired through the enforcement of security are those real estate and other assets acquired in full or partial satisfaction of a debt.

### *Past due assets*

A financial asset is disclosed as a past due asset where a counterparty has failed to make a payment when contractually due, and which is not an impaired asset.

### *Assets under administration*

An asset under administration is any credit exposure which is not an impaired asset or a past due asset, but which is to a counterparty:

- who is in receivership, liquidation, bankruptcy, statutory management or any form of administration in New Zealand; or
- who is in any other equivalent form of voluntary or involuntary administration in an overseas jurisdiction.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

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## (j) Taxation

Income tax on the net profit for the period comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted as at balance date after taking advantage of all allowable deductions under current taxation legislation and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance date.

A deferred taxation asset is recognised only to the extent that it is probable (i.e. more likely than not) that a future taxable profit will be available against which the asset can be utilised.

## (k) Provisions

A provision is recognised in the balance sheet when: the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

## (l) Contingent liabilities and credit commitments

The Bank is involved in a range of transactions that give rise to contingent and/or future liabilities. The Bank discloses a contingent liability when it has possible obligation arising from past events that will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Bank's control. A contingent liability is disclosed when a present obligation is not recognised because it is not probable that an outflow of resources will be required to settle an obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Bank issues commitments to extend credit, letters of credit, guarantees and other credit facilities. These financial instruments attract fees in line with market prices for similar arrangements. They are not sold or traded. The items generally do not involve cash payments other than in the event of default. The fee pricing is set as part of the broader customer credit process and reflects the probability of default. They are disclosed as contingent liabilities at their face value. The fair values of guarantees are not considered to be material.

## (m) Leases

Lease liabilities include the net present value of the following lease payments over the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate to the extent that the variable amount is known.

Variable lease payments that are not based on an index or rate are excluded from lease liabilities, and recognised when they become due. There are no residual value guarantees, purchase options or termination penalties relevant to the company's lease obligations.

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

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

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

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

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## (m) Leases (continued)

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

## (n) Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year that are declared after the balance date are dealt with in the subsequent events note.

## (o) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash at bank, cash in transit and call deposits due from/to other banks, all of which are used in the day-to-day cash management of the Bank.

## (p) Goods and Services Tax (GST)

The financial statements have been prepared so that all components are stated exclusive of GST except where the GST is not recoverable from the IRD. In these circumstances the GST component is recognised as part of the underlying item. Trade and other receivables and payables are stated GST inclusive. The net amount of GST recoverable from or payable to the IRD is included within these categories. Cash flows in the statement of cash flows include GST.

2 Interest	2021	2020
	\$000's	\$000's
<b>Interest income</b>		
Bank deposits/placements	68	308
Loans and advances to customers	4,796	4,971
<b>Total interest income</b>	<b>4,864</b>	<b>5,279</b>
<b>Interest expense</b>		
Deposits by customers	1,523	1,986
<b>Total interest expense</b>	<b>1,523</b>	<b>1,986</b>
3 Other income	2021	2020
	\$000's	\$000's
Banking and lending fee income	251	201
Commissions revenue	23	46
Net foreign exchange gains	854	891
Other revenue	4	6
<b>Total other income</b>	<b>1,132</b>	<b>1,144</b>
4 Operating expenses	2021	2020
	\$000's	\$000's
Audit and review of Disclosure Statement:		
• Audit of Disclosure Statement - KPMG	98	72
• Audit of Disclosure Statement - 2020 (additional fee - KPMG)	20	-
• Half year review of Disclosure Statement - KPMG	27	30
• Audit and review of Disclosure Statement - Deloitte	-	10
Directors' fees	47	44
Depreciation:		
• Computer hardware	11	1
• Office equipment	5	7
• Furniture, fittings, and leasehold improvements	34	41
• Right of use to leased assets	300	300
Employee benefits:		
• Salary & others	1,757	1,724
• Kiwisaver	14	16
Rental and lease costs not included in lease liabilities	44	34
Other operating expenses	643	726
<b>Total operating expenses</b>	<b>3,000</b>	<b>3,005</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 5 Credit loss allowances

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

## 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
<b>Residential mortgage lending</b>				
Balance at beginning of year	118	49	-	167
Charge/(Credit) to profit or loss	36	(20)	-	16
<b>Balance at end of period - Residential mortgage lending</b>	<b>154</b>	<b>29</b>	<b>-</b>	<b>183</b>
<b>Corporate exposures</b>				
Balance at beginning of year	293	45	-	338
Credit to profit or loss	(46)	(16)	-	(62)
<b>Balance at end of period - Corporate exposures</b>	<b>247</b>	<b>29</b>	<b>-</b>	<b>276</b>
<b>Other exposures</b>				
Balance at beginning of year	3	-	-	3
Charge to profit or loss	-	5	-	5
<b>Balance at end of period - Other exposures</b>	<b>3</b>	<b>5</b>	<b>-</b>	<b>8</b>
<b>Provision for credit loss allowances - Total</b>				
Balance at beginning of year	414	94	-	508
Credit to profit or loss	(10)	(31)	-	(41)
<b>Total provision for credit loss allowances balance at end of year</b>	<b>404</b>	<b>63</b>	<b>-</b>	<b>467</b>

### Impact of changes in gross carrying amount on ECL

Overall, the net decrease in the total provision for credit impairment of \$41,000 during the year was mainly driven by a change in profile of the Bank's loans, as the proportion of residential mortgage lending increased from 62% to 73% and the proportion of other loans (including development loans) decreased from 38% to 27% during this period. Further the exposure to Stage 2 loans have declined by 40% and consequently the provisions to these exposures have declined by 39%.



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 5 Credit loss allowances (continued)

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

## For year ended 31 March 2020

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

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

6 Taxation	2021 \$000's	2020 \$000's
<b>Net profit before taxation</b>	1,514	1,213
Tax calculated at a tax rate of 28%	(424)	(340)
Re-estimation of prior period current tax liability	21	39
Other permanent differences	(3)	(20)
<b>Taxation expense as per the statement of comprehensive income</b>	<b>(406)</b>	<b>(321)</b>
<b>Represented by:</b>		
Current tax - current year	(444)	(445)
Current tax - prior year	21	39
Deferred tax	17	85
<b>Taxation expense as per the statement of comprehensive income</b>	<b>(406)</b>	<b>(321)</b>

	2021 \$000's	2020 \$000's
<b>Imputation credits available for use in subsequent periods</b>	<b>1,237</b>	<b>814</b>

7 Deferred taxation	2021 \$000's	2020 \$000's
<b>Deferred tax balances</b>		
Balance at the beginning of the year	259	174
Credit to statement of comprehensive income	17	85
<b>Balance at end of the year</b>	<b>276</b>	<b>259</b>

## Movement in composition of balance - 2021 year

	Opening balance as at 1 Apr 2020 \$000's	Recognised in the profit and loss \$000's	Closing balance as at 31 Mar 2021 \$000's
Property, plant and equipment	42	-	42
Provisions	194	3	197
Leases	23	14	37
<b>Balance</b>	<b>259</b>	<b>17</b>	<b>276</b>

## Movement in composition of balance - 2020 year

	Opening balance as at 1 Apr 2019 \$000's	Recognised in the profit and loss \$000's	Closing balance as at 31 Mar 2020 \$000's
Property, plant and equipment	46	(4)	42
Provisions	128	66	194
Leases	-	23	23
<b>Balance</b>	<b>174</b>	<b>62</b>	<b>259</b>

Deferred tax accounts for temporary differences between the carrying amounts of assets and liabilities in the financial statements and their values for taxation purposes.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

<b>8 Cash and cash equivalents</b>	<b>2021</b>	<b>2020</b>
	<b>\$000's</b>	<b>\$000's</b>
Cash on hand	167	74
Call and overnight advances to financial institutions	20,013	26,049
<b>Total cash and cash equivalents</b>	<b>20,180</b>	<b>26,123</b>
Current	20,180	26,123
Non-current	-	-
<b>9 Due from other financial institutions</b>	<b>2021</b>	<b>2020</b>
	<b>\$000's</b>	<b>\$000's</b>
Term deposits	-	3,000
<b>Total amount due from other financial institutions</b>	<b>-</b>	<b>3,000</b>
Current	-	3,000
Non-current	-	-
<b>10 Loans and advances</b>	<b>2021</b>	<b>2020</b>
	<b>\$000's</b>	<b>\$000's</b>
Residential mortgage loans	97,411	67,546
Corporate exposures	26,211	30,681
Other exposures	2,078	1,978
Allowances for impairment losses	(410)	(426)
<b>Total net loans and advances</b>	<b>125,290</b>	<b>99,779</b>
Current	16,679	15,572
Non-current	108,611	84,207

## 11 Leases

### Nature and extent of lease activities

The Bank leases three properties for operational purposes as its branches. These leases contain a variety of lease terms which typically include rent review (fixed, market and/or CPI) and extension options. Further variable costs due under the lease agreements and expensed in the current period amounted to \$44,000 (2020: \$34,000).

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 \$196,000 (2020: \$193,000) 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 \$630,000 (2020: \$600,000).

### 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:

	<b>As at</b>	<b>As at</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Right of use assets</b>		
Properties - cost	2,431	2,431
Properties - accumulated depreciation	(600)	(300)
<b>Right of use assets</b>	<b>1,831</b>	<b>2,131</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 11 Leases (continued)

	For the year ended 31 March 2020 \$000's	For the year ended 31 March 2020 \$000's
<b>Right of use assets</b>		
Balance at 1 April 2020	2,131	2,431
Depreciation charge for the period	(300)	(300)
<b>Balance at 31 March 2021</b>	<b>1,831</b>	<b>2,131</b>

There were no additions during the period to leased properties nor modifications to existing lease agreements.

	As at 31 March 2021 \$000's	As at 31 March 2020 \$000's
<b>Liabilities for leases</b>		
The following amounts are included as lease liabilities:		
Due within one year	268	250
Due after one year	1,695	1,963
	<b>1,963</b>	<b>2,213</b>

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

### Maturity profile for lease liabilities

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

	Up to 3 months \$000's	3 to 12 months \$000's	Between 1 & 5 years \$000's	More than 5 years \$000's	Total \$000's
Lease payments included within lease liabilities					
At 31 March 2021	98	293	1,319	779	2,489
At 31 March 2020	97	293	1,518	971	2,879

### 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. Payments were due under such leases as follows:

	As at 31 March 2021 \$000's	As at 31 March 2020 \$000's
<b>Short-term leases</b>		
Payments due not later than 1 year	35	43
<b>Total</b>	<b>35</b>	<b>43</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 12 Property, plant and equipment

For the year ended 31 March 2021	Computer hardware \$000's	Office equipment \$000's	Furniture, fittings & leasehold improvements \$000's	Total \$000's
<b>At 1 April 2020</b>				
Opening cost	199	170	1,108	1,477
Opening accumulated depreciation	(197)	(153)	(929)	(1,279)
<b>Opening net book value</b>	<b>2</b>	<b>17</b>	<b>179</b>	<b>198</b>
Additions during the 2021 year	34	-	2	36
Depreciation	(11)	(5)	(34)	(50)
<b>Closing net book value</b>	<b>25</b>	<b>12</b>	<b>147</b>	<b>184</b>
<b>At 31 March 2021</b>				
Closing cost	233	170	1,110	1,513
Closing accumulated depreciation	(208)	(158)	(963)	(1,329)
<b>Closing net book value</b>	<b>25</b>	<b>12</b>	<b>147</b>	<b>184</b>

For the year ended 31 March 2020	Computer hardware \$000's	Office equipment \$000's	Furniture, fittings & leasehold improvements \$000's	Total \$000's
<b>At 1 April 2019</b>				
Opening cost	198	170	1,103	1,471
Opening accumulated depreciation	(196)	(146)	(888)	(1,230)
<b>Opening net book value</b>	<b>2</b>	<b>24</b>	<b>215</b>	<b>241</b>
Additions during the 2020 year	1	-	5	6
Depreciation	(1)	(7)	(41)	(49)
<b>Closing net book value</b>	<b>2</b>	<b>17</b>	<b>179</b>	<b>198</b>
<b>At 31 March 2020</b>				
Closing cost	199	170	1,108	1,477
Closing accumulated depreciation	(197)	(153)	(929)	(1,279)
<b>Closing net book value</b>	<b>2</b>	<b>17</b>	<b>179</b>	<b>198</b>

## 13 Other assets

	2021 \$000's	2020 \$000's
Other receivables	100	94
Interest receivable	175	180
<b>Trade and other receivables</b>	<b>275</b>	<b>274</b>
Current	275	274
Non-current	-	-

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 14 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.

	2021 \$000's	2020 \$000's
Salaries and other short-term benefits	1,256	1,124
Total key management compensation	<u>1,256</u>	<u>1,124</u>
Deposits from KMP bearing interest at 1.25% to 2% (2020: 1.25% to 2%)	85	186
Loans to KMP at interest rates of 3.8% (2020: 2.29% to 2.70%)	508	1
Interest earned from loans with KMP	6	-
Interest paid to KMP during the year	1	1

### Guarantee from Parent

The Bank's ultimate parent 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 31 March 2021, all the obligations of the Bank are guaranteed by BOB.

### Related party transactions and balances:

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

The Bank holds foreign currency Nostro current accounts deposits of NZ\$184,887 (31 March 2020: NZ\$106,737) with other members of BOB group and other related parties, these accounts are non-interest bearing:

USA New York branch (USD)	132	73
India Mumbai main office (INR)	-	-
U.K London branch (GBP)	6	9
Belgium Brussels branch (EURO)	7	10
Fiji Suva branch (FJD)	5	2
Australia Sydney branch (AUD)	35	13
<b>Total Nostro balances</b>	<u>185</u>	<u>107</u>

The Bank also has current account balances owing to its parent company, Bank of Baroda of NZ\$851,523 (31 March 2020: NZ\$621,994) and Bank of Baroda (Fiji) of NZ\$5,180 (31 March 2020: NZ\$1,326) that are non-interest bearing.

	2021 \$000's	2020 \$000's
<b>Transaction with related parties:</b>		
<b>Interest income</b>		
Bank of Baroda branches and its subsidiaries	-	65
Other related parties	-	-
<b>Interest expense</b>		
Bank of Baroda branches and its subsidiaries	-	-
Other related parties	-	-
<b>Support &amp; service fee/management fee</b>		
Bank of Baroda	<u>38</u>	<u>95</u>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

14 Related party disclosures (continued)	2021 \$000's	2020 \$000's
<b>Due to related parties:</b>		
Bank of Baroda	857	623
<b>Total due to related parties</b>	<b>857</b>	<b>623</b>
Current	857	623
Non-current	-	-
<b>Total</b>	<b>857</b>	<b>623</b>
<b>Due from related parties:</b>		
Bank of Baroda branches	185	107
Subsidiaries of Bank of Baroda	-	-
<b>Total due from related parties</b>	<b>185</b>	<b>107</b>
Current	185	107
Non-current	-	-
<b>Total</b>	<b>185</b>	<b>107</b>

During the course of the year ended 31 March 2021, the Bank entered into foreign currency transactions to buy and sell INR, USD, GBP, EUR, AUD and FJD with its parent company, Bank of Baroda, and the resulting balances from these transactions are included in the balance due to related parties of the face of the statement of financial position.

15 Deposits and other borrowings	2021 \$000's	2020 \$000's
Retail deposits	94,644	79,575
<b>Total deposits</b>	<b>94,644</b>	<b>79,575</b>
New Zealand	94,644	79,575
Overseas	-	-
Current	86,114	71,915
Non-current	8,530	7,660
<b>16 Other liabilities</b>		
	<b>2021</b>	<b>2020</b>
	<b>\$000's</b>	<b>\$000's</b>
Employee entitlements	182	126
Other payables and accruals	410	325
Credit loss allowance on undrawn lending commitments	57	82
<b>Total other liabilities</b>	<b>649</b>	<b>533</b>
Current	649	533
<b>17 Equity</b>		
	<b>2021</b>	<b>2020</b>
	<b>\$000's</b>	<b>\$000's</b>
Share capital	40,000	40,000
Retained earnings	9,980	8,872
<b>Total equity</b>	<b>49,980</b>	<b>48,872</b>

40,000,000 shares (2020: 40,000,000) have been issued with equal voting rights and share equally in dividends and any profits on winding up. Shares have a par value of one NZD each. There have been no issues or other changes in share capital in the current or previous year.

No dividends were paid during the year ended 31 March 2021. A dividend was paid of \$123,392 (0.31 cents per share, imputed at 28%) in May 2019.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 18 Asset quality

As at 31 March 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				
<i>No significant increase in credit risk</i>				
Not past due	94,672	26,195	2,078	122,945
Less than 30 days past due	2,739	16	-	2,755
<b>Gross loans and advances</b>	<b>97,411</b>	<b>26,211</b>	<b>2,078</b>	<b>125,700</b>
Less allowance for impairment	(174)	(230)	(6)	(410)
<b>Net loans and advances</b>	<b>97,237</b>	<b>25,981</b>	<b>2,072</b>	<b>125,290</b>
Other assets neither past due nor impaired	-	-	20,640	20,640
<b>Total net financial assets</b>	<b>97,237</b>	<b>25,981</b>	<b>22,712</b>	<b>145,930</b>

### Movements in gross balances - by credit loss allowance stage

	Stage 1	Stage 2	Total
Balance at 1 April 2020	93,471	6,734	100,205
Loans repaid in their entirety	(32,838)	(1,908)	(34,746)
New loans originated	57,921	198	58,119
Net further lending/(repayment)	2,934	(812)	2,122
Transfers between loss allowance stages	-	-	-
<b>Balance at end of period</b>	<b>121,488</b>	<b>4,212</b>	<b>125,700</b>

At 1 April 2020 and 31 March 2021 there were no loans in Stage 3.

The Bank does not have any modified or restructured assets, and financial, real estate or other assets acquired through security enforcement or any other assets under administration as at 31 March 2021 (2020: nil).

There has been no interest revenue foregone on restructured, individually impaired or greater than 90 days past due assets during the year ended 31 March 2021 (2020: nil).

There were no undrawn balances on lending commitments to counterparties within the impaired asset category as at 31 March 2021 (31 March 2020: None).



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 18 Asset quality (continued)

As at 31 March 2020	Residential mortgage loans \$000's	Corporate exposures \$000's	Other exposures excluding sovereigns and central banks \$000's	Total \$000's
Loans and advances				
<i>No significant increase in credit risk</i>				
Not past due	58,479	30,503	1,978	90,960
Less than 30 days past due	9,067	178	-	9,245
<b>Gross loans and advances</b>	<b>67,546</b>	<b>30,681</b>	<b>1,978</b>	<b>100,205</b>
Less allowance for impairment	(155)	(270)	(1)	(426)
<b>Net loans and advances</b>	<b>67,391</b>	<b>30,411</b>	<b>1,977</b>	<b>99,779</b>
Other assets neither past due nor impaired	-	-	29,504	29,504
<b>Total net financial assets</b>	<b>67,391</b>	<b>30,411</b>	<b>31,481</b>	<b>129,283</b>

### Movements in gross balances - by credit loss allowance stage

	Stage 1	Stage 2	Total
Balance at 1 April 2019	100,804	-	100,804
Loans repaid in their entirety	(23,986)	-	(23,986)
New loans originated	28,038	-	28,038
Net further lending/(repayment)	(4,651)	-	(4,651)
Transfers between loss allowance stages	(6,734)	6,734	-
<b>Balance at end of period</b>	<b>93,471</b>	<b>6,734</b>	<b>100,205</b>

# Bank of Baroda (New Zealand) Limited

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## 19 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. For further details on how credit risk is managed and is set out in note 32.1.

	2021 \$000's	2020 \$000's
<b>New Zealand</b>		
Finance	20,180	29,123
Households	105,577	74,398
Electricity, gas and water	-	154
Construction	16,898	20,881
Property services	3,869	6,095
Health and community services	973	1,076
Personal and other services	8,960	12,078
Retail and wholesale trade	3,459	1,411
Food and other manufacturing	751	833
Other financial assets	275	274
<b>Overseas</b>		
Finance, investment and insurance	185	107
<b>Total financial assets</b>	<b>161,127</b>	<b>146,430</b>
Allowance for impairment losses	(410)	(426)
<b>Total net financial assets</b>	<b>160,717</b>	<b>146,004</b>

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

	2021 \$000's	2020 \$000's
<b>New Zealand</b>		
Upper North Island	143,043	130,483
Lower North Island	17,899	15,840
Allowance for impairment losses	(410)	(426)
<b>Overseas</b>		
USA New York branch (USD)	132	73
U.K London branch (GBP)	6	9
Belgium Brussels branch (EURO)	7	10
Fiji Suva branch (FJD)	5	2
Australia Sydney branch (AUD)	35	13
India - International Banking Unit Branch (USD)	-	-
<b>Total net financial assets</b>	<b>160,717</b>	<b>146,004</b>

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

	2021 \$000's	2020 \$000's
Loans and advances (including undrawn commitments available to customers, refer to note 22)	140,487	116,926
Balances with related parties	185	107
Due from other financial institutions	-	3,000
Cash and cash equivalents	20,180	26,123
Other financial assets	275	274
<b>Total gross financial assets</b>	<b>161,127</b>	<b>146,430</b>
Allowance for impairment losses	(410)	(426)
<b>Total net financial assets</b>	<b>160,717</b>	<b>146,004</b>

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## 20 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:

	2021 \$000's	2020 \$000's
<b>New Zealand</b>		
Financing investment and insurance	7,391	2,258
Retail and wholesale trade	2,265	2,865
Other	649	533
Households	84,988	74,452
<b>Overseas</b>		
Finance, investment and insurance	857	623
<b>Total financial liabilities</b>	<b>96,150</b>	<b>80,731</b>

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

	2021 \$000's	2020 \$000's
<b>New Zealand</b>		
Upper North Island	77,155	63,724
Lower North Island	18,138	16,384
South Island	-	-
Overseas	857	623
<b>Total financial liabilities</b>	<b>96,150</b>	<b>80,731</b>

## 21 Capital commitments

As at 31 March 2021, there are no material outstanding commitments (31 March 2020: nil).

## 22 Contingent liabilities

	2021 \$000's	2020 \$000's
Performance/financial guarantees issued on behalf of customers	271	40
<b>Total contingent liabilities</b>	<b>271</b>	<b>40</b>
<b>Undrawn commitments available to customers</b>	<b>14,787</b>	<b>16,681</b>

# Bank of Baroda (New Zealand) Limited

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## 23 Subsequent events after balance sheet date

There have been no material events subsequent to balance date.

## 24 Interest rate repricing

The tables below summarise the Bank's exposure to interest rate risk. It includes the financial instruments at carrying amounts, financial guarantees and undrawn amounts, categorised by contractual re-pricing. For further details on how interest rate risk is managed, refer to note 32.2.

As at 31 March 2021	Total \$000's	Not interest bearing \$000's	Up to 3 months \$000's	Over 3 months & up to 6 months \$000's	Over 6 months & up to 1 year \$000's	Over 1 & up to 2 years \$000's	Over 2 & up to 5 years \$000's	Over 5 years \$000's
<b>Financial assets</b>								
Cash and cash equivalents	20,180	6,308	13,872	-	-	-	-	-
Due from other financial institutions	-	-	-	-	-	-	-	-
Loans and advances	125,290	-	52,481	9,559	50,787	12,463	-	-
Balances with related parties	185	185	-	-	-	-	-	-
Other financial assets	275	275	-	-	-	-	-	-
<b>Total financial assets</b>	<b>145,930</b>	<b>6,768</b>	<b>66,353</b>	<b>9,559</b>	<b>50,787</b>	<b>12,463</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Deposits and other borrowings	94,644	8,916	45,983	13,530	17,685	4,122	4,408	-
Due to related parties	857	857	-	-	-	-	-	-
Other financial liabilities	649	649	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>96,150</b>	<b>10,422</b>	<b>45,983</b>	<b>13,530</b>	<b>17,685</b>	<b>4,122</b>	<b>4,408</b>	<b>-</b>
<b>On-balance sheet gap</b>	<b>49,780</b>	<b>(3,654)</b>	<b>20,370</b>	<b>(3,971)</b>	<b>33,102</b>	<b>8,341</b>	<b>(4,408)</b>	<b>-</b>
Financial guarantee	271	271	-	-	-	-	-	-
Undrawn commitments	14,787	-	7,404	405	5,274	1,704	-	-
<b>Net effective interest rate gap</b>	<b>64,838</b>	<b>(3,383)</b>	<b>27,774</b>	<b>(3,566)</b>	<b>38,376</b>	<b>10,045</b>	<b>(4,408)</b>	<b>-</b>

# Bank of Baroda (New Zealand) Limited

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## 24 Interest rate repricing (continued)

As at 31 March 2020	Total \$000's	Not interest bearing \$000's	Up to 3 months \$000's	Over 3 months & up to 6 months \$000's	Over 6 months & up to 1 year \$000's	Over 1 & up to 2 years \$000's	Over 2 & up to 5 years \$000's	Over 5 years \$000's
<b>Financial assets</b>								
Cash and cash equivalents	26,123	7,785	18,338	-	-	-	-	-
Due from other financial institutions	3,000	-	3,000	-	-	-	-	-
Loans and advances	99,779	-	40,828	15,271	23,786	19,894	-	-
Balances with related parties	107	107	-	-	-	-	-	-
Other financial assets	274	274	-	-	-	-	-	-
<b>Total financial assets</b>	<b>129,283</b>	<b>8,166</b>	<b>62,166</b>	<b>15,271</b>	<b>23,786</b>	<b>19,894</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Deposits and other borrowings	79,575	10,738	38,891	8,852	13,435	5,290	2,369	-
Due to related parties	623	623	-	-	-	-	-	-
Other financial liabilities	533	533	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>80,731</b>	<b>11,894</b>	<b>38,891</b>	<b>8,852</b>	<b>13,435</b>	<b>5,290</b>	<b>2,369</b>	<b>-</b>
<b>On-balance sheet gap</b>	<b>48,552</b>	<b>(3,729)</b>	<b>23,275</b>	<b>6,419</b>	<b>10,351</b>	<b>14,604</b>	<b>(2,369)</b>	<b>-</b>
Financial guarantee	40	40	-	-	-	-	-	-
Undrawn commitments	16,681	-	10,508	2,518	1,502	2,153	-	-
<b>Net effective interest rate gap</b>	<b>65,273</b>	<b>(3,689)</b>	<b>33,783</b>	<b>8,937</b>	<b>11,853</b>	<b>16,757</b>	<b>(2,369)</b>	<b>-</b>

## 25 Financial instruments by category

As at 31 March 2021	Amortised cost \$000's	Total \$000's
<b>Financial assets</b>		
Cash and cash equivalents	20,180	20,180
Due from other financial institutions	-	-
Loans and advances	125,290	125,290
Balances with related parties	185	185
Other financial assets	275	275
<b>Total financial assets</b>	<b>145,930</b>	<b>145,930</b>
<b>Financial liabilities</b>		
Deposits and other borrowings	94,644	94,644
Due to related parties	857	857
Other financial liabilities	649	649
<b>Total financial liabilities</b>	<b>96,150</b>	<b>96,150</b>

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## 25 Financial instruments by category (continued)

As at 31 March 2020	Amortised cost \$000's	Total \$000's
<b>Financial assets</b>		
Cash and cash equivalents	26,123	26,123
Due from other financial institutions	3,000	3,000
Loans and advances	99,779	99,779
Balances with related parties	107	107
Other financial assets	297	297
<b>Total financial assets</b>	<b>129,306</b>	<b>129,306</b>

As at 31 March 2020	Amortised cost \$000's	Total \$000's
<b>Financial liabilities</b>		
Deposits and other borrowings	79,575	79,575
Due to related parties	623	623
Other financial liabilities	533	533
<b>Total financial liabilities</b>	<b>80,731</b>	<b>80,731</b>

## 26 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limits on the level of exposure by currency and in aggregate for overnight positions, which are monitored daily. The table below summarises the Bank's exposure to foreign currency exchange rate risk as at year end. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency. This note is denominated in New Zealand Dollars.

As at 31 March 2021	FJD \$000's	GBP \$000's	EUR \$000's	INR \$000's	USD \$000's	AUD \$000's	Total \$000's
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	-	5,515	-	5,515
Due from other financial institutions	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-
Balances with related parties	5	6	7	-	132	35	185
Other financial assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>-</b>	<b>5,647</b>	<b>35</b>	<b>5,700</b>
<b>Financial liabilities</b>							
Due to other financial institutions	-	-	-	-	-	-	-
Deposits and other borrowings	-	-	-	-	5,191	-	5,191
Other financial liabilities	-	-	-	-	-	-	-
Due to related parties	-	-	-	44	-	-	44
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>5,191</b>	<b>-</b>	<b>5,235</b>
<b>Net on statement of financial position</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>(44)</b>	<b>456</b>	<b>35</b>	<b>465</b>

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## 26 Foreign exchange risk (continued)

As at 31 March 2020	FJD \$000's	GBP \$000's	EUR \$000's	INR \$000's	USD \$000's	AUD \$000's	Total \$000's
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	-	6,286	-	6,286
Due from other financial institutions	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-
Balances with related parties	2	9	10	-	73	13	107
Other financial assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>2</b>	<b>9</b>	<b>10</b>	<b>-</b>	<b>6,359</b>	<b>13</b>	<b>6,393</b>
<b>Financial liabilities</b>							
Deposits and other borrowings	-	-	-	-	5,832	-	5,832
Other financial liabilities	-	-	-	-	-	-	-
Due to related parties	-	-	-	1	-	-	1
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>5,832</b>	<b>-</b>	<b>5,833</b>
<b>Net on statement of financial position</b>	<b>2</b>	<b>9</b>	<b>10</b>	<b>(1)</b>	<b>527</b>	<b>13</b>	<b>560</b>

## 27 Liquidity risk

The Bank's policies for managing liquidity are set out in note 32.3. The tables below summarises the undiscounted cash flows payable or receivable by the Bank under non-derivative financial assets and liabilities by remaining contractual maturities at the balance sheet date.

As at 31 March 2021	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
<b>Financial assets</b>						
Cash and cash equivalents	20,180	-	-	-	-	20,180
Due from other financial institutions	-	-	-	-	-	-
Loans and advances	-	5,449	9,599	26,651	136,376	178,075
Due from related parties	185	-	-	-	-	185
Other financial assets	-	275	-	-	-	275
<b>Total financial assets</b>	<b>20,365</b>	<b>5,724</b>	<b>9,599</b>	<b>26,651</b>	<b>136,376</b>	<b>198,715</b>
<b>Financial liabilities</b>						
Deposits and other borrowings	44,238	10,491	31,847	9,077	-	95,653
Due to related parties	857	-	-	-	-	857
Other financial liabilities	-	649	-	-	-	649
<b>Total financial liabilities</b>	<b>45,095</b>	<b>11,140</b>	<b>31,847</b>	<b>9,077</b>	<b>-</b>	<b>97,159</b>
<b>Net non-derivative cash flows</b>	<b>(24,730)</b>	<b>(5,416)</b>	<b>(22,248)</b>	<b>17,574</b>	<b>136,376</b>	<b>101,556</b>
<b>Derivative cash flows</b>						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off balance sheet cash flows</b>						
Financial guarantees provided to customers	(271)	-	-	-	-	(271)
Undrawn commitments to lend	(14,787)	-	-	-	-	(14,787)
<b>Total</b>	<b>(15,058)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,058)</b>
<b>Net cash flow</b>	<b>(39,788)</b>	<b>(5,416)</b>	<b>(22,248)</b>	<b>17,574</b>	<b>136,376</b>	<b>86,498</b>

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## 27 Liquidity risk (continued)

As at 31 March 2020	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
<b>Financial assets</b>						
Cash and cash equivalents	26,123	-	-	-	-	26,123
Due from other financial institutions	-	3,014	-	-	-	3,014
Loans and advances	1,199	3,028	18,381	34,290	99,902	156,800
Due from related parties	107	-	-	-	-	107
Other financial assets	-	274	-	-	-	274
<b>Total financial assets</b>	<b>27,429</b>	<b>6,316</b>	<b>18,381</b>	<b>34,290</b>	<b>99,902</b>	<b>186,318</b>
<b>Financial liabilities</b>						
Deposits and other borrowings	41,286	8,529	22,767	8,383	-	80,965
Due to related parties	623	-	-	-	-	623
Other financial liabilities	-	533	-	-	-	533
<b>Total financial liabilities</b>	<b>41,909</b>	<b>9,062</b>	<b>22,767</b>	<b>8,383</b>	<b>-</b>	<b>82,121</b>
<b>Net non-derivative cash flows</b>	<b>(14,480)</b>	<b>(2,746)</b>	<b>(4,386)</b>	<b>25,907</b>	<b>99,902</b>	<b>104,197</b>
<b>Derivative cash flows</b>						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off balance sheet cash flows</b>						
Financial guarantees provided to customers	(40)	-	-	-	-	(40)
Undrawn commitments to lend	(16,681)	-	-	-	-	(16,681)
<b>Total</b>	<b>(16,721)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,721)</b>
<b>Net cash flow</b>	<b>(31,201)</b>	<b>(2,746)</b>	<b>(4,386)</b>	<b>25,907</b>	<b>99,902</b>	<b>87,476</b>

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

	2021 \$000's	2020 \$000's
Cash and cash equivalents	20,180	26,123
Deposits with financial institutions	-	3,000
Deposit/cash held with related parties	185	107
<b>Total liquid assets</b>	<b>20,365</b>	<b>29,230</b>



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## 28 Sensitivity analysis

The table below summarise the post-tax sensitivity of financial assets and liabilities to changes in interest rate and currency risks. The carrying value of the assets and liabilities were used as the basis for the analysis and financial modelling was used to determine the impact on those values of changes in each risk scenario. The sensitivity analysis is performed based on the reporting of interest risk and foreign exchange rates.

### Interest rate risk

As at 31 March 2021	Carrying amounts \$000's	-0.5% profit \$000's	+0.5% profit \$000's	-0.5% equity \$000's	+0.5% equity \$000's
<b>Financial assets</b>					
Cash and cash equivalents	20,180	(66)	66	(66)	66
Balances with related parties	185	-	-	-	-
Loans and advances	125,290	(341)	341	(341)	341
Other financial asset	275	-	-	-	-
<b>Total financial assets</b>	<b>145,930</b>	<b>(407)</b>	<b>407</b>	<b>(407)</b>	<b>407</b>
<b>Financial liabilities</b>					
Due to related parties	857	-	-	-	-
Deposits and other borrowings	94,644	280	(280)	280	(280)
Other financial liabilities	649	-	-	-	-
<b>Total financial liabilities</b>	<b>96,150</b>	<b>280</b>	<b>(280)</b>	<b>280</b>	<b>(280)</b>

### Interest rate risk

As at 31 March 2020	Carrying amounts \$000's	-0.5% profit \$000's	+0.5% profit \$000's	-0.5% equity \$000's	+0.5% equity \$000's
<b>Financial assets</b>					
Cash and cash equivalents	26,123	(88)	88	(88)	88
Balances with related parties	107	-	-	-	-
Due from other financial institutions	3,000	(14)	14	(14)	14
Loans and advances	99,779	(273)	273	(273)	273
Other financial asset	274	-	-	-	-
<b>Total financial assets</b>	<b>129,283</b>	<b>(375)</b>	<b>375</b>	<b>(375)</b>	<b>375</b>
<b>Financial liabilities</b>					
Due to related parties	623	-	-	-	-
Deposits and other borrowings	79,575	227	(227)	227	(227)
Other financial liabilities	533	-	-	-	-
<b>Total financial liabilities</b>	<b>80,731</b>	<b>227</b>	<b>(227)</b>	<b>227</b>	<b>(227)</b>

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## 28 Sensitivity analysis (continued)

### Currency risk

As at 31 March 2021	Carrying amounts \$000's	-10% profit \$000's	+10% profit \$000's	-10% equity \$000's	+10% equity \$000's
<b>Financial assets</b>					
Cash and cash equivalents	20,180	(552)	552	(552)	552
Balances with related parties	185	(19)	19	(19)	19
Loans and advances	125,290	-	-	-	-
Other financial asset	275	-	-	-	-
<b>Total financial assets</b>	<b>145,930</b>	<b>(571)</b>	<b>571</b>	<b>(571)</b>	<b>571</b>
Due to related parties	857	4	(4)	4	(4)
Deposits and other liabilities	94,644	519	(519)	519	(519)
Other financial liabilities	649	-	-	-	-
<b>Total financial liabilities</b>	<b>96,150</b>	<b>523</b>	<b>(523)</b>	<b>523</b>	<b>(523)</b>

### Currency risk

As at 31 March 2020	Carrying amounts \$000's	-10% profit \$000's	+10% profit \$000's	-10% equity \$000's	+10% equity \$000's
<b>Financial assets</b>					
Cash and cash equivalents	26,123	(629)	629	(629)	629
Balances with related parties	107	(12)	12	(12)	12
Due from other financial institutions	3,000	-	-	-	-
Loans and advances	99,779	-	-	-	-
Other financial asset	274	-	-	-	-
<b>Total financial assets</b>	<b>129,283</b>	<b>(641)</b>	<b>641</b>	<b>(641)</b>	<b>641</b>
<b>Financial liabilities</b>					
Due to related parties	623	-	-	-	-
Deposits and other liabilities	79,575	583	(583)	583	(583)
Other financial liabilities	533	-	-	-	-
<b>Total financial liabilities</b>	<b>80,731</b>	<b>583</b>	<b>(583)</b>	<b>583</b>	<b>(583)</b>

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## 29 Fair values of financial instruments

	As at 31 March 2021		As at 31 March 2020	
	Carrying Amounts \$000's	Estimated fair value \$000's	Carrying amounts \$000's	Estimated fair value \$000's
<b>Financial assets</b>				
Cash and cash equivalents	20,180	20,180	26,123	26,123
Balances with related parties	185	185	107	107
Due from other financial institutions	-	-	3,000	3,000
Loans and advances	125,290	127,436	99,779	108,668
Other financial assets	275	275	274	274
<b>Total financial assets</b>	<b>145,930</b>	<b>148,076</b>	<b>129,283</b>	<b>138,172</b>
<b>Financial liabilities</b>				
Due to related parties	857	857	623	623
Deposits and other borrowings	94,644	95,161	79,575	80,596
Other financial liabilities	649	649	533	533
<b>Total financial liabilities</b>	<b>96,150</b>	<b>96,667</b>	<b>80,731</b>	<b>81,752</b>

### 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.

The following table provides an analysis of financial instruments not measured at fair value.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 29 Fair values of financial instruments (continued)

### Fair value estimation (continued)

#### Level 1: Quoted market price

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

#### Level 2: Valuation technique using observable inputs

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

#### Level 3: Valuation technique with significant unobservable inputs

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

As at 31 March 2021	Level 1 \$000's	Level 2 \$000's	Level 3 \$000's	Total \$000's
Cash and cash equivalents	-	20,180	-	20,180
Balances with related parties	-	185	-	185
Due from other financial institutions	-	-	-	-
Loans and advances	-	-	127,436	127,436
Other assets	-	275	-	275
<b>Total financial assets</b>	<b>-</b>	<b>20,640</b>	<b>127,436</b>	<b>148,076</b>
Due to related parties	-	857	-	857
Deposits and borrowings	-	95,161	-	95,161
Other liabilities	-	649	-	649
<b>Total financial liabilities</b>	<b>-</b>	<b>96,667</b>	<b>-</b>	<b>96,667</b>
<b>As at 31 March 2020</b>	<b>Level 1 \$'000s</b>	<b>Level 2 \$'000s</b>	<b>Level 3 \$'000s</b>	<b>Total \$'000s</b>
Cash and cash equivalents	-	26,123	-	26,123
Balances with related parties	-	107	-	107
Due from other financial institutions	-	3,000	-	3,000
Loans and advances	-	-	108,668	108,668
Other assets	-	274	-	274
<b>Total financial assets</b>	<b>-</b>	<b>29,504</b>	<b>108,668</b>	<b>138,172</b>
Due to related parties	-	623	-	623
Deposits and borrowings	-	80,596	-	80,596
Other liabilities	-	533	-	533
<b>Total financial liabilities</b>	<b>-</b>	<b>81,752</b>	<b>-</b>	<b>81,752</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 30 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.

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 31 March 2021	Peak end of the day between the previous Disclosure Statement and 31 March 2021	As at 31 March 2020	Peak end of the day between the previous Disclosure Statement and 31 March 2020
<b>Number of counterparties without a credit rating:</b>				
- Representing 20-25% of common equity tier one capital	1	1	-	-
- Representing 25-30% of common equity tier one capital	1	1	2	2

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

### Credit exposures to bank counterparties

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

	As at 31 March 2021	Peak end of the day between the previous Disclosure Statement and 31 March 2021	As at 31 March 2020	Peak end of the day between the previous Disclosure Statement and 31 March 2020
<b>Number of bank counterparties with an AA- Standard &amp; Poors credit rating:</b>				
- Representing more than or equal to 30% and less than 35% 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	-	-	1
- Representing more than or equal to 45% and less than 50% of common equity tier one capital	-	-	-	-
- Representing more than or equal to 50% and less than 55% of common equity tier one capital	-	1	1	1

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 30 Credit exposure concentrations (continued)

### Credit exposures to connected persons

The Reserve Bank of New Zealand defines connected persons to be other members of the BOB Group and Directors of the Bank. Credit exposures to connected persons are based on actual credit exposures rather than internal limits. The information on credit exposure to connected persons has been derived in accordance with the Reserve Bank of New Zealand's Connected Exposures Policy (BS8). Peak end-of-day aggregate credit exposures to connected persons expressed as a percentage of Tier One Capital of the Banking Group has been derived by determining the maximum end-of-day aggregate amount of credit exposure over the relevant twelve month period and then dividing that amount by the Bank's Tier One Capital as at the end of the period. The rating-contingent limit, which is applicable to the Bank as at balance date, is 15%. There have been no changes to the limit during the period. Within the rating-contingent limit there is a sub-limit of 15%, which applies to non-bank connected persons. The aggregate credit exposures below have been calculated on a gross basis, net of individual credit impairment allowances and exclude advances to connected persons of a capital nature. There are no individual impairment credit allowances against credit exposures to connected persons, nor are there any contingent exposures arising from risk lay-off arrangements to connected persons as at 31 March 2021.

	As at 31 March 2021 \$000's	Peak end of the day for the year ended 31 March 2021 \$000's	As at 31 March 2020 \$000's	Peak end of the day for the year ended 31 March 2020 \$000's
Credit exposures to connected persons	185	2,683	107	5,121
As a percentage of Tier One Capital of the Bank	0.37%	5.40%	0.22%	10.53%
Credit exposures to non-bank connected persons	-	-	-	-
As a percentage of Tier One Capital of the Bank	0%	0%	0%	0%

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

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

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

## 32 Risk management policies

### 32.1 Credit risk

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

#### Credit risk management

The Bank is responsible for implementing and operating within established risk management frameworks and policies and has adapted the Bank's credit risk policy to the Bank's customer and product set.

The Bank has a Credit Committee that specifically oversees and co-ordinates the Bank's credit risk management functions. The Credit Committee has primary responsibility for identifying, measuring and monitoring the Bank's exposure to credit risk. The Credit Committee reports to the Board on credit risk on a quarterly basis.

The Bank has its own credit and lending policy which has been set by the Credit Committee and approved by the Board. Bank officers seek Credit Committee approval before deviating from any lending guideline or policy. Credit approval authorities have been delegated by the Board to lending officers, senior executives of the Bank and the Credit Committee, compliance with these policies is monitored by the Credit Committee and reported to the Board.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 32.1 Credit risk (continued)

In issuing credit approval, the Credit Committee takes into account the borrower's credit rating, the type of lending (including margins on advances and the pricing of loans), the security offered, the Bank's single and group exposures (with reference to the Bank's credit exposure ceilings) and the Bank's exposure to capital markets.

The Bank has two key systems for controlling credit risk: credit rating models and credit exposure ceilings.

### Credit rating models

The Bank assesses risk at the time of appraisal of the loan using its rating model for various types of borrowers. A business portfolio is assessed on a risk rated basis and a consumer portfolio on a scoring basis.

### Gross loan exposures by internal rating

Internal rating as at 31 March 2021	Gross loan	Undrawn	Performance
	advances	facility available	guarantees
	\$000's	to borrower	\$000's
		\$000's	
AAA	10,518	1,800	-
AA	52,201	4,757	-
A	28,345	2,315	-
BBB	26,529	1,029	-
BB	1,353	89	-
Not scored	6,754	4,797	271
<b>Total exposures</b>	<b>125,700</b>	<b>14,787</b>	<b>271</b>

Internal rating as at 31 March 2020	Gross loan	Undrawn	Performance
	advances	facility available	guarantees
	\$000's	to borrower	\$000's
		\$000's	
AAA	12,501	3,248	-
AA	37,938	3,637	-
A	22,844	3,592	-
BBB	16,443	1,927	-
BB	1,537	82	-
Not scored	8,942	4,195	40
<b>Total exposures</b>	<b>100,205</b>	<b>16,681</b>	<b>40</b>

Internal ratings measure the borrower's credit worthiness across various parameters such as their performance, financial strength, collateral coverage, value of the account, industry performance and market scenario. In the above, AAA ratings represent the strongest rating.

Loans and advances not scored primarily include those which are secured by bank deposits held either by Bank of Baroda (New Zealand) Limited or its parent entity, Bank of Baroda (India).

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 32 Risk management policies (continued)

### 32.1 Credit risk (continued)

#### Credit exposure ceilings

As a means of avoiding concentration of credit risk, the Bank sets ceilings in relation to single/group borrowers, unsecured borrowers and with respect to each industry sector.

#### Credit risk mitigation and collateral

The nature of collateral held for each type of financial asset differs. Cash and cash equivalents are considered zero risk assets and do not have collateral. Amounts due from other financial institutions and related parties are also relatively low risk exposures and are not collateralised.

The Bank uses a variety of techniques to reduce the credit risk arising from its loans and advances. Enforceable legal documentation has established the Bank's direct, irrevocable and unconditional recourse to any collateral, security or other credit enhancements provided.

Housing and other loans for consumer purposes may be secured, partially secured or unsecured depending on the product. Security is typically taken by a fixed and/or floating charge over property, business assets, or other assets. Other forms of credit protection may also be sought or taken out if warranted, such as guarantees from sovereign entities or authorised deposit-taking institutions and overseas banks.

The estimated realisable value of collateral held in support of loans is based on a combination of:

- Formal valuations currently held for such collateral; and
- Management's assessment of the estimated realisable value of all collateral held.

This also takes into account relevant knowledge available to management at the time. Updated valuations are obtained when appropriate. Refer to note 33 for further information.

Creditworthy customers may also enter into formal agreements with the Bank, permitting both the Bank and the customer to set-off gross credit and debit balances in their nominated accounts. Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements are below:

As at 31 March 2021 - \$'000's

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related deposits not set off in the statement of financial position	Net amount
	(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) - (d)
Loans and advances	125,290	-	125,290	6,690	118,600

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related loans not set off in the statement of financial position	Net amount
	(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) - (d)
Deposits	94,644	-	94,644	6,690	87,954



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 32 Risk management policies (continued)

### 32.1 Credit risk (continued)

As at 31 March 2020 - \$'000's

	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the statement of financial position (b)	Net amounts of financial assets presented in the statement of financial position (c) = (a) - (b)	Related deposits not set off in the statement of financial position (d)	Net amount (e) = (c) - (d)
Loans and advances	99,779	-	99,779	8,491	91,288

	Gross amounts of recognised financial liabilities (a)	Gross amounts of recognised financial assets set off in the statement of financial position (b)	Net amounts of financial liabilities presented in the statement of financial position (c) = (a) - (b)	Related loans not set off in the statement of financial position (d)	Net amount (e) = (c) - (d)
Deposits	79,575	-	79,575	8,491	71,084

### 32.2 Market risk

Market risk is the risk that exposure to price movements in financial instruments, arising as a result of changes in market variables, will result in a loss suffered by the Bank. The Bank has an Asset and Liability Committee that is responsible for, among other things, identifying, measuring and monitoring the Bank's exposure to market risk. The Asset and Liability Committee meets on a monthly basis and receives guidance and technical support from staff in the BOB head office. The relevant process for each category of market risk is as follows:

#### *Interest rate risk*

The Bank undertakes interest rate sensitivity gap analysis on a quarterly basis as a means of monitoring interest rate risk. Short term interest rate risk is calculated using the Earnings at Risk tool. The Bank ensures that the tolerance limits in respect of gaps for contractual repricing maturity time buckets are not breached.

#### *Foreign exchange risk*

The Bank undertakes analysis to ensure there are no material open foreign exchange positions through ensuring foreign exchange deposits are matched by corresponding foreign exchange balances held with financial institutions.

#### *Equity risk*

The Bank does not have any equity risk exposure.

### 32.3 Liquidity risk

Liquidity risk occurs when an institution is unable to fulfil its commitment in the time when the commitment falls due. The Asset and Liability Committee is responsible for identifying, measuring and monitoring liquidity risk affecting the Bank, and compliance with the RBNZ's liquidity requirements.

To ensure that adequate liquidity is maintained consistently, the Bank ensures that, in the time buckets of 1 day, 2 to 7 days, 8 to 14 days and 15 to 30 days, the cumulative negative liquidity gap should not exceed 5, 10, 15 and 20 percent of cash flows in the respective periods. The Bank reviews the liquidity position on a daily basis to ensure that the negative liquidity gap does not exceed the tolerance limit in the first four time buckets. In addition, the Bank prepares monthly maturity gap reports and liquidity assessment reports to facilitate an appropriately liquid combination of assets and liabilities.

Liquidity risk is measured by flow approach on a monthly basis through Structural Liquidity Gap reports. Dynamic Gap reports, which, measure liquidity risk on a dynamic basis, are also prepared monthly.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

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## 32 Risk management policies (continued)

### 32.4 Operational risk

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

The Bank's senior management is responsible for implementing the operational risk management initiatives formulated by the Board. The Bank's senior management may make recommendations to the Board on strategies that may improve the Bank's operational risk profile.

### 32.5 Capital adequacy

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

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

The capital plan is revised on an annual basis or more regularly, if necessary, to meet the Bank's obligations under Basel III. For further information see note 33.

### 32.6 Reviews of Bank's risk management systems

Bank's risk management policy was reviewed on 26 February 2021 and is valid for two years from that date.

### 32.7 Internal audit function

The Bank utilises services of a chartered accounting firm to carry out internal audit functions as a control measure to enable senior management of the Bank to monitor and review the Bank on an ongoing basis. The Bank is subject to the following internal audit measures:

- A monthly compliance review is undertaken by senior management of the Bank. The purpose of this review is to check and confirm constant and concurrent compliance with all systems and procedures by the Bank; and
- Internal audit carried out by a firm of chartered accountants appointed by Board from time to time.

### Audit committee of the Board

The Bank, in accordance with the fundamentals of corporate governance and in pursuance of the directives of the Reserve Bank of New Zealand, has an Audit Committee of the Board comprising of three directors. A non-executive independent director who is a chartered accountant is the chairman of the committee.

During the year, the Audit Committee of the Board met 4 times.

The main functions of the Audit Committee of the Board are to assess and review the financial reporting system of the Bank to ensure that the financial statements are correct, sufficient and credible. It reviews and recommends with Bank management the half-year/annual financial statements before their submission to the board of directors.

The Audit Committee of the Board provides directions and oversees the operations of total audit functions of the bank, including the organisation, operation and quality control of internal audit and inspection within the Bank and follow up on the statutory/external audit of the Bank.

The Audit Committee of the Board also reviews the adequacy of internal control systems and discussions with the internal auditors/inspectors on any significant finding and follow up action. Further, it reviews the financing and risk management policies of the Bank.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 33 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 as at and for the year ended 31 March 2021. The Bank was registered on 1 September 2009 and from the date of registration to 31 March 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.

<b>Unaudited</b>	<b>2021</b>	<b>2020</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Tier One Capital</b>		
<b>Common equity Tier One Capital</b>		
Issued and fully paid up share capital	40,000	40,000
Retained earnings	9,980	8,872
Accumulated other comprehensive income and other disclosed reserves	-	-
Interest from issue of ordinary shares	-	-
Less:		
Regulatory adjustments	-	-
Deferred tax assets	(276)	(259)
<b>Total common equity Tier One Capital</b>	<b>49,704</b>	<b>48,613</b>
<b>Additional Tier One Capital</b>		
Nil	-	-
<b>Total Tier One Capital</b>	<b>49,704</b>	<b>48,613</b>
<b>Tier Two Capital</b>		
Nil	-	-
<b>Total Tier Two Capital</b>	<b>-</b>	<b>-</b>
<b>Total Capital</b>	<b>49,704</b>	<b>48,613</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 33 Capital adequacy (continued)

Unaudited 31 March 2021 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	167	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks (Due from other financial institutions)	20,013	20%	4,003	320
Banks (Due from related parties)	184	50%	92	7
Corporate	21,078	100%	21,078	1,686
<b>Residential mortgages not past due</b>				
Non property investment-LVR up to 80%	32,708	35%	11,448	916
Non property investment-LVR >80% but <90%	1,822	50%	911	73
Property investment-LVR <80%	60,889	40%	24,356	1,948
Property investment-LVR >80% but <90%	1,818	70%	1,273	102
Past due residential mortgages	-	35%	-	-
Other past due assets	-	100%	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	300%	-	-
All other equity holdings (not deducted from Non risk weighted assets)	-	400%	-	-
Other assets	2,575	100%	2,575	206
<b>Total on-balance-sheet exposures</b>	<b>141,254</b>		<b>65,736</b>	<b>5,258</b>

Unaudited As at 31 March 2021 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	14,787	50%	7,394	45%	3,323	266
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%	-	-
<b>Market related contracts</b>						
(a) Foreign exchange contracts	-	0%	-	0%	-	-
(b) Interest rate contracts	-	0%	-	0%	-	-
(c) Other - OTC, etc	-	0%	-	0%	-	-
<b>Total off-balance-sheet exposures</b>	<b>15,058</b>		<b>7,530</b>		<b>3,459</b>	<b>277</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 33 Capital adequacy (continued)

### Residential mortgages by loan-to-valuation ratio

#### Unaudited

As at 31 March 2021	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
<b>Loan-to-valuation ratio</b>				
On-balance-sheet exposures	95,584	1,827	-	97,411
Off-balance-sheet exposures	4,386	1,216	-	5,602
<b>Total loan-to-value ratio</b>	<b>99,970</b>	<b>3,043</b>	<b>-</b>	<b>103,013</b>

### Reconciliation of residential mortgage-related amounts

#### Unaudited

	31 March 2021
Residential mortgage loans (as disclosed in Note 18)	97,411
Undrawn commitments related to residential mortgages	5,602
<b>Residential mortgages by loan-to-valuation ratio</b>	<b>103,013</b>

Unaudited 31 March 2020	Total exposure after credit risk mitigation \$000's	Risk Weight	Risk weighted exposure \$000's	Minimum pillar 1 capital requirement \$000's
<b>Calculation of on-balance-sheet exposures</b>				
Cash and gold bullion	74	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks (Due from other financial institutions)	29,049	20%	5,810	465
Banks (Due from related parties)	107	50%	54	4
Corporate	23,803	100%	23,803	1,904
<b>Residential mortgages not past due</b>				
Non property investment-LVR up to 80%	31,846	35%	11,146	892
Non property investment-LVR >80% but <90%	1,829	50%	915	73
Property investment-LVR <80%	33,716	40%	13,486	1,079
Property investment-LVR >80% but <90%	-	70%	-	-
Past due residential mortgages	-	35%	-	-
Other past due assets	-	100%	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	300%	-	-
All other equity holdings (not deducted from capital)	-	400%	-	-
Non risk weighted assets	-	0%	-	-
Other assets	2,499	100%	2,499	200
<b>Total on-balance-sheet exposures</b>	<b>122,923</b>		<b>57,713</b>	<b>4,617</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2021

## 33 Capital adequacy (continued)

Unaudited 31 March 2020	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
<b>Calculation of off-balance-sheet exposures</b>						
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%	-	-
Revolving underwriting facility	-	0%	-	0%	-	-
Performance-related contingency	40	50%	20	100%	20	2
Trade-related contingency	-	0%	-	0%	-	-
Placements of forward deposits	-	0%	-	0%	-	-
Other commitments where original maturity is more than one year	16,681	50%	8,341	55%	4,588	367
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%	-	-
<b>Market related contracts</b>						
(a) Foreign exchange contracts	-	0%	-	0%	-	-
(b) Interest rate contracts	-	0%	-	0%	-	-
(c) Other - OTC, etc	-	0%	-	0%	-	-
<b>Total off-balance-sheet exposures</b>	<b>16,721</b>		<b>8,361</b>		<b>4,608</b>	<b>369</b>

### Residential mortgages by loan-to-valuation ratio

Unaudited As at 31 March 2020	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
<b>Loan-to-valuation ratio</b>				
On-balance sheet exposures	66,374	1,172	-	67,546
Off-balance sheet exposures	6,851	1	-	6,852
<b>Total loan-to value ratio</b>	<b>73,225</b>	<b>1,173</b>	<b>-</b>	<b>74,398</b>

### Reconciliation of residential mortgage-related amounts

Unaudited	31-Mar-20
Residential mortgage loans (as disclosed in Note 18)	67,546
Undrawn commitments related to residential mortgages	6,852
<b>Residential mortgages by loan-to-valuation ratio</b>	<b>74,398</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
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## 33 Capital adequacy (continued)

### Credit risk mitigation

The following are the gross and non-risk weighted amounts of exposures which are 100% mitigated, by exposure class:

Unaudited As at 31 March 2021	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	3,300	1,010	4,310
Other	3,390	3,711	7,101
<b>Total</b>	<b>6,690</b>	<b>4,721</b>	<b>11,411</b>

Unaudited As at 31 March 2020	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	6,609	2,316	8,925
Other	1,882	964	2,846
<b>Total</b>	<b>8,491</b>	<b>3,280</b>	<b>11,771</b>

### Operational risk capital requirement

	31 March 2021		31 March 2020	
Unaudited	Implied risk weighted exposure \$000's	Total operational risk capital requirement \$000's	Implied risk weighted exposure \$000's	Total operational risk capital requirement \$000's
Operational risk	8,934	715	8,000	684

### 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](http://www.bankofbaroda.com)).

As per latest available data at 31 March 2021, BOB's Tier One Capital was 11.80% of total risk-weighted assets and total capital was 15.74% of total risk-weighted assets (31 March 2020: Tier One Capital was 11.32% of total risk-weighted assets and total capital was 13.87% of total risk-weighted assets). BOB's capital ratios during the year ended 31 March 2021 and 31 March 2020 exceeded the Reserve Bank of India's minimum capital adequacy requirements.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
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## 33 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.

Unaudited	End-period capital charges		Peak end-of-day capital charges	
	Implied risk \$000's	Aggregate \$000's	Implied risk \$000's	Aggregate capital \$000's
<b>Year ended 31 March 2021</b>				
Interest rate risk	4,264	341	5,350	428
Foreign currency risk	466	37	750	60
Equity risk	-	-	-	-
<b>Total capital requirements</b>	<b>4,730</b>	<b>378</b>	<b>6,100</b>	<b>488</b>
<b>Year ended 31 March 2020</b>				
Interest rate risk	3,700	296	4,563	365
Foreign currency risk	563	45	1,713	137
Equity risk	-	-	-	-
<b>Total capital requirements</b>	<b>4,263</b>	<b>341</b>	<b>6,275</b>	<b>502</b>

Unaudited	Total exposure after credit risk mitigation \$000's	Risk weighted	Capital requirement \$000's
		exposure or implied risk weighted \$000's	
<b>As at 31 March 2021</b>			
Total credit risk + equity	156,312	69,195	5,535
Operational risk	-	8,934	715
Market risk	-	4,730	378
<b>Total</b>	<b>156,312</b>	<b>82,859</b>	<b>6,628</b>
<b>As at 31 March 2020</b>			
Total credit risk + equity	139,644	62,321	4,986
Operational risk	-	8,550	684
Market risk	-	4,263	341
<b>Total</b>	<b>139,644</b>	<b>75,134</b>	<b>6,011</b>

### Capital ratios

Unaudited	Common equity tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
<b>31-Mar-21</b>			
Ratio	59.99%	59.99%	59.99%
Minimum ratio requirement	4.5%	6.0%	8.0%
<b>31-Mar-20</b>			
Ratio	64.70%	64.70%	64.70%
Minimum ratio requirement	4.5%	6.0%	8.0%



# Bank of Baroda (New Zealand) Limited

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## 33 Capital adequacy (continued)

### Buffer ratios - Unaudited

#### 31-Mar-21

Buffer ratio	51.99%
Buffer ratio requirement	2.5%

#### 31-Mar-20

Buffer ratio	56.70%
Buffer ratio requirement	2.5%

## 34 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	Minimum per conditions of registration applicable to 31 March 2021	Three months ended 31 March 2021	Three months ended 31 December 2020
One-week mismatch ratio	0	13.9	23.2
One-month mismatch ratio	0	22.2	27.1
Core funding ratio	75	116.6	124.2

## 35 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.