



**Disclosure Statement for the year ended 31 March 2024**

---

## Contents

---

1. Definitions.....	1
2. General information.....	2
3. Guarantee.....	4
4. Directors .....	6
5. Auditor.....	9
6. Conditions of registration .....	9
7. Pending proceedings or arbitration.....	14
8. Credit rating .....	15
9. Historical summary of financial statements .....	16
10. Banking Group .....	17
11. Other material matters.....	17
12. Directors' statements.....	17
13. Independent auditor's report.....	18
14. Financial statements .....	18
Appendix 1: Guarantee .....	19
Appendix 2: Financial statements.....	27



# 1. Definitions

---

In this Disclosure Statement, unless the context otherwise requires:

**Act** means the Reserve Bank of New Zealand Act 1989;

**Bank** means Bank of Baroda (New Zealand) Limited;

**Banking Group** means the Bank and its subsidiaries;

**Board** means the board of directors of the Bank;

**BOB** means Bank of Baroda;

**Director** means a director of the Bank;

**INR** means Indian Rupees;

**Parent Guarantee** has the meaning given in section 3.1; and

**USD** means United States Dollars.

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

## 2. General information

---

### 2.1 Name and address for service of registered bank

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

This Disclosure Statement is issued by the Bank for the year ended 31 March 2024 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 2024, 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 2024, the publicly disclosed capital of BOB was INR 1,370,779.72 million (USD16,435.22 million) representing (Basel III) 16.68% of risk weighted exposure.

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

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	<b>Baa3</b>	Outlook stable	Yes, as per comments below
Fitch Ratings	<b>BBB-</b>	Outlook stable	Yes, as per comments below
Fitch Ratings	<b>BB- (xgs)</b>		Yes, as per comments below

On 20 January 2023, Moody's has upgraded the Long Term local and foreign currency bank deposit ratings to Baa3 from Ba1. The BCA was also upgraded to ba3 from b1.

On 8 December 2023, Moody's has reaffirmed the Baa3 ratings.

On 7 June 2024, Moody's has affirmed the Baa3 Long Term local and foreign currency deposit ratings. Moody's has also upgraded the BCA to ba2 from ba3. The outlook on the long-term rating remains stable.

On 15 June 2022, Fitch revised the outlook to stable while affirming the rating of BOB at BBB-.

On 4 October 2022, Fitch affirmed the rating of BOB at BBB- with outlook stable.

On 28 April 2023, Fitch released a new rating on ex-government support or xgs ratings whereby it has accorded Long Term IDR (xgs) rating of BB-(xgs).

On 31 August 2023, Fitch has reaffirmed the rating of BOB at BBB- with outlook stable.

On 16 April 2024, Fitch has affirmed the Long Term Issuer Default ratings (IDRs) at BBB- with outlook stable and the xgs ratings as BB-(xgs).

On 6 June 2024, Fitch affirmed the rating of BOB at BBB- with outlook stable.

Details of the applicable rating scale can be found at section 8.2 of this Disclosure Statement.

**(b) Details of guaranteed obligations**

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

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



---

## **4. Directors**

### **4.1 Communications**

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

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

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

### **4.2 Responsible person**

The responsible persons authorised to sign this Disclosure Statement on behalf of the Directors in accordance with section 82 of the Act are Vijay Kumar Goel and Nitin Pandey.

### **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  
Globestride Ventures Limited  
United Foundation Limited  
The North and South Trust Limited

#### **Nitin Pandey**

*Managing Director (Executive), Non Independent Director*  
MBA, FRM, CAIIB  
Resident of New Zealand

#### *Interested transactions*

Nil

#### *Primary Occupation*

Managing Director, Bank of Baroda (New Zealand) Limited

#### *Other Directorships*

Nil

**Amulya Kumar**

*Non-Executive, Non Independent Director*

BSc (Hons), CAIIB

Resident of Singapore

*Interested transactions*

Nil

*Primary Occupation*

Chief Executive Officer, Bank of Baroda, Singapore

*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)

Member of Australian Institute of Directors

Resident of New Zealand

*Interested transactions*

Nil

*Primary Occupation*

Director, Reddy group of companies

*Other Directorships*

M No 1 Limited

Kirthi Investments Limited

Ashburn No2 Limited

Hotel Paihia Limited

RG Infra No.1 Limited

Spartik Trustee Company Limited

RG Coffee Limited

Savala Limited

RG Infra Limited

Viya Limited

JNo 1 Limited

Jetwing Symphony PLC, Sri Lanka

Kirthi Trustee Limited

VWR Trustee Company Limited

Ozone Coffee Holdings Limited

West Coast Cocoa Limited

OCR International Limited

Titania Investments Limited

Tanoa Hotels (NZ) Limited

**Nurani Subramanian Venkatachalam**

*Independent Director*

CA (Chartered Accountant)

Advanced Management Program (Harvard Business School)

Resident of New Zealand

*Interested transactions*

Nil

*Primary Occupation*  
Consultant

*Other Directorships*

Myma Digital Limited (Book Me Bob)  
Myma Healthcare Limited  
Myma International Limited  
Vishwamithra Limited  
Global Organisation for Divinity New Zealand Limited  
Book Me Bob Inc, Delaware, USA

**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 2023.

On 28 November 2023, Anupam Srivastava resigned as Managing Director and Nitin Pandey was appointed as the new Managing Director on 28 November 2023.

On 10 January 2024, Raveesh Kumar resigned as non-executive and non-independent director of the board and Amulya Kumar was appointed as the new non-executive and non-independent director of the board on 10 January 2024.

On 31 March 2024, Jakkaiah Lalam resigned as the non-executive and non-independent director of the board

**Conflict of interest:**

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

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

**Interested transactions:**

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

- (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:

- (a) Nurani Subramanian Venkatachalam (Chairperson), Independent Director.
- (b) Vijay Kumar Goel, (Member), Independent Director.
- (c) Amulya Kumar (Member), Non-Executive Director.

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



## 5. Auditor

---

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

---

Effective 1 July 2022, the Reserve Bank of New Zealand (RBNZ) issued changes related to the removal of Covid-19 dividend restrictions and typographical corrections within BS13A (Liquid Assets Annex).

Effective 1 June 2023, the Reserve Bank of New Zealand issued changes related to LVR restrictions.

Effective 1 October 2023, the Reserve Bank of New Zealand issued changes to incorporate decisions relating to Mutual Capital Instruments, Risk weights Omnibus consultation and connected exposures.

Effective 1 April 2024, the Reserve Bank of New Zealand issued to implement changes related to Connected Exposures and risk weights for residential mortgage loans underwritten by Kāinga Ora. These conditions apply on and after 1 April 2024.

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.

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 Subpart B2 of BPR100: Capital Adequacy;

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

1A. That—

- (a) the bank has an internal capital adequacy assessment process ("ICAAP") that accords with the requirements set out in Part D of BPR100: Capital Adequacy;
- (b) under its ICAAP the bank identifies and measures its "other material risks" defined in Part D of BPR100: Capital Adequacy; and
- (c) the bank determines an internal capital allocation for each identified and measured "other material risk".

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

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

<b>Banking group's PCB ratio</b>	<b>Percentage limit on distributions of the bank's earnings</b>	<b>Capital Buffer Response Framework stage</b>
0% – 0.5%	0%	Stage 3
>0.5 – 1%	30%	Stage 2
>1 – 2%	60%	Stage 1
>2 – 2.5%	100%	None

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

For the purposes of this condition of registration,—

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

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

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

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

- 1C. That:

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

For the purposes of this condition of registration,—

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

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

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

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

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

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

- (a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and

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

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

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

For the purposes of this condition of registration,—

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

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

- 4. The bank must comply with all the requirements set out in the following document: BS8 Connected Exposures 1 October 2023.
- 4A. That full year Disclosure Statements are prepared on the basis that clause 6(2)(b), Schedule 14 of the Order does not apply.  
For the purposes of this condition of registration, "Order" means the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014, and "Disclosure Statement" means a disclosure statement to be prepared under the Order.
- 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. That the banking group complies with the following quantitative requirements for liquidity-risk management:
- (a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;
  - (b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and
  - (c) the one-year core funding ratio of the banking group is not less than 75 per cent at the end of each business day.

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated July 2022 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated July 2022.

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 after 30 November 2023, 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 65%, 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 30 November 2023, 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 15% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
17. That the bank must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank’s agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.



In these conditions of registration,—

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

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

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

BPR document	Version date
BPR100: Capital adequacy	1 October 2021
BPR110: Capital definitions	1 October 2023
BPR120: Capital adequacy process requirements	1 October 2023
BPR130: Credit risk RWAs overview	1 October 2023
BPR131: Standardised credit risk RWAs	1 April 2024
BPR132: Credit risk mitigation	1 October 2023
BPR133: IRB credit risk RWAs	1 October 2023
BPR134: IRB minimum system requirements	1 July 2021
BPR140: Market risk exposure	1 October 2021
BPR150: Standardised operational risk	1 July 2021
BPR151: AMA operational risk	1 July 2021
BPR160: Insurance, securitisation, and loan transfers	1 July 2021
BPR001: Glossary	1 October 2023

In conditions of registration 15 to 17,—

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

“loan-to-valuation measurement period” means a period of six calendar months ending on the last day of the sixth calendar month.

## 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 stable	Yes, as per comments below
Fitch IBCA, Inc.	Long-term Issuer Default Rating	BB-(xgs)		Yes, as per comments below

On 22 November 2021, Fitch has reaffirmed the rating of the Bank at BBB- with outlook negative.

On 15 June 2022, Fitch revised rating of the Bank at BBB- with outlook stable.

On 4 October 2022, Fitch affirmed the rating of the Bank at BBB- with outlook stable.

On 28 April 2023, Fitch released a new rating on ex-government support or xgs ratings whereby it has accorded Long Term IDR (xgs) rating of BB-(xgs) to the Bank

On 31 August 2023, Fitch has reaffirmed the rating of the Bank at BBB- with outlook stable.

On 16 April 2024, Fitch has reaffirmed the Long Term Issuer Default ratings (IDRs) at BBB- with outlook stable and the xgs ratings as BB-(xgs).

### 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.

Fitch has recently revised the Bank Ex-Government support Ratings to Banks in Asia-Pacific regions whereby ex-government support xgs is added as suffix to the corresponding ratings.

## 9. Historical summary of financial statements

For the year ended 31 March NZ \$000's	2024	2023	2022	2021	2020
<b>Statement of comprehensive income</b>					
Interest income	9,430	6,554	5,033	4,864	5,279
Interest expense	(3,405)	(1,639)	(1,059)	(1,523)	(1,986)
<b>Net interest income</b>	<b>6,025</b>	<b>4,915</b>	<b>3,974</b>	<b>3,341</b>	<b>3,293</b>
Other income	603	816	1,106	1,132	1,144
<b>Total operating income</b>	<b>6,628</b>	<b>5,731</b>	<b>5,080</b>	<b>4,473</b>	<b>4,437</b>
Expected credit loss allowance	(5)	(55)	2	41	(219)
Other expenses	(3,455)	(2,933)	(3,022)	(3,000)	(3,005)
<b>Net profit before taxation</b>	<b>3,168</b>	<b>2,743</b>	<b>2,060</b>	<b>1,514</b>	<b>1,213</b>
Taxation (expense)/benefit	(871)	(770)	(600)	(406)	(321)
<b>Net profit after taxation</b>	<b>2,297</b>	<b>1,973</b>	<b>1,460</b>	<b>1,108</b>	<b>892</b>
<b>Minority interests</b>	-	-	-	-	-
<b>Dividends paid</b>	<b>1,000</b>	<b>1,000</b>	<b>500</b>	-	<b>123</b>
<b>As at 31 March</b>					
NZ \$000's	2024	2023	2022	2021	2020
<b>Balance sheet</b>					
Total assets	128,687	138,373	145,954	148,221	131,871
Total individually impaired assets	-	-	-	-	-
Total liabilities	75,477	86,460	95,014	98,241	82,999
Total shareholder equity	53,210	51,913	50,940	49,980	48,872
<b>For the year ended</b>					
31 March NZ \$000's	2024	2023	2022	2021	2020
<b>Summary of Cash Flow Statement</b>					
Operating activities	8,008	(3,225)	(302)	(5,657)	18,712
Investing activities	(33)	(2)	(10)	(36)	(6)
Financing activities	(1,293)	(1,295)	(777)	(250)	(341)

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

---

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

---

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

---

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 2024:

- (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) except for the matters disclosed in Note 22 of the Disclosure Statement in relation to the contingent liabilities, 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 21<sup>st</sup> day of June 2024 and signed by Vijay Kumar Goel and Nitin Pandey as responsible persons.

Vijay Kumar Goel  
Chairman

Nitin Pandey  
Managing Director

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

---

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**

---

The financial statements for the Bank for the year ended 31 March 2024 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

### Appendix 1: Guarantee



बैंक ऑफ बरोडा 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



International Division Baroda Corporate Centre, C-28, G-Block, Bandra-Kurla Complex, Mumbai 400 081, India  
Phone: 01 22 8898 8000-04, 8898 8428 II फोन / Fax: 01 22 2882 8609  
ईमेल / E-mail: gm.international.boc@bankofbaroda.com II वेब / Web: www.bankofbaroda.com



बैंक ऑफ बरोडा 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 references

In this Deed:

an agreement includes a contract, deed, license, 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 includes all commissions, charges, fees, 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;



International Division Baroda Corporate Centre, Q-28, G-BLOCK, Bandra-Kurla Complex, Mumbai 400 051, India.  
Phone: +91 22 6888 6000-04, 6688 8428 II फोन / Fax: +91 22 2852 3809  
ईमेल / E-mail: gm.international.boc@bankofbaroda.com II वेब / Web: www.bankofbaroda.com





बैंक ऑफ बरोडा 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

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.

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



International Division Baroda Corporate Office, Q-28, G Block, Balidra-Kudra Complex, Mumbai 400 081, India.  
01 22 6698 5000/04, 6698 6420 II फ़ैक्स / Fax: 01 22 2852 3609

कॉपी, ईमेल: gm.international.bco@bankofbaroda.com II वेब / Web: www.bankofbaroda.com



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

International Division Baroda Corporate Centre, C-28, G Block, Bandra-Kurla Complex, Mumbai 400 061, India.  
Phone: 91 22 6698 8000-04, 6698 6428 II फोन / Fax: 91 22 2652 3009  
E-mail: gm.international.bco@bankofbaroda.com II वेब / Web: www.bankofbaroda.com





बैंक ऑफ बरोडा 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 Addressee 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.

भारतीय बँक, भारतीय कॉर्पोरेट सेंटर, सी-26, जी-ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, मुंबई 400 051, भारत  
International Division Bank of Baroda Corporate Centre, C-26, G-Block, Bandra-Kurla Complex, Mumbai 400 051, India.  
फोन / Phone : 91 22 6690 5000-04, 6690 5426 II फॅक्स / Fax : 01 22 2682 3500  
E-mail: gm.international.buu@bankofbaroda.com II वेब / Web : www.bankofbaroda.com



बैंक ऑफ बरोडा 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 (Privy) 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.

6

बैंक ऑफ बरोडा, भारतीय कॉर्पोरेट सेक्टर, प्लॉट-28, जी-ब्लॉक, बंद्रा-कुर्ला कॉम्प्लेक्स, मुंबई 400 051, भारत  
International Division | Baroda Corporate Centre, G-28, G-Block, Bandra-Kurla Complex, Mumbai 400 051, India.  
फोन / Phone: +91 22 2882 8000-04, 2882 5425 | फैक्स / Fax: 22 2882 2509  
ईमेल / E-mail: [gm.international@bankofbaroda.com](mailto:gm.international@bankofbaroda.com) | वेब / Web: [www.bankofbaroda.com](http://www.bankofbaroda.com)



Appendix 1: Guarantee



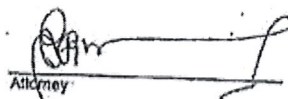
बैंक ऑफ बड़ौदा Bank of Baroda

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



International Operations, Baroda Corporate Centre, C-26, G-Block, Bandra Kurla Complex, Mumbai 400 051, India.  
Phone / Phone : 91 22 6698 5000-04, 6698 6428 B चेखा / Fax : 91 22 2552 3506  
ई-मेल / E-mail : gra.international.bor@bankofbaroda.com B चेखा / Web : www.bankofbaroda.com

Appendix 1: Guarantee



बैंक ऑफ बरोडा 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	+91-22-65985454/5426
Email	<a href="mailto:gm.international.boc@bankofbaroda.com">gm.international.boc@bankofbaroda.com</a>
SWIFT Code	BARBINBBXXX

Bank Details

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

7

बैंक ऑफ बरोडा लिमिटेड, प्लॉट नंबर, G-26, G-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 : 91-22-65985 5030-04, 6598 5426 0 फैक्स / Fax : 91 22 2552 3509  
ईमेल / E-mail : [gm.international.boc@bankofbaroda.com](mailto:gm.international.boc@bankofbaroda.com) वेब / Web : [www.bankofbaroda.com](http://www.bankofbaroda.com)

## **Appendix 2: Financial statements**

---

Bank of Baroda (New Zealand) Limited  
Company Number 2135104

Financial Statements for the year ended 31 March 2024

# Contents

## Page

29	Independent Auditor's Report
37	Statement of Comprehensive Income
38	Statement of Changes in Equity
39	Statement of Financial Position
40	Statement of Cash Flows
41	Reconciliation of net profit after taxation to net cash flow from operating activities
42	Note 1 Statement of accounting policies
47	Note 2 Interest
47	Note 3 Other income
48	Note 4 Operating expenses
48	Note 5 Expected credit loss allowance
50	Note 6 Taxation
50	Note 7 Deferred taxation
50	Note 8 Cash and cash equivalents
50	Note 9 Due from other financial institutions
51	Note 10 Loans and advances
51	Note 11 Leases
52	Note 12 Property, plant & equipment
52	Note 13 Other assets
53	Note 14 Related party disclosures
54	Note 15 Deposits and other borrowings
54	Note 16 Other liabilities
54	Note 17 Equity
55	Note 18 Asset quality
56	Note 19 Concentration of credit risk
57	Note 20 Concentration of funding
57	Note 21 Capital commitments
57	Note 22 Contingent liabilities
57	Note 23 Subsequent events after balance sheet date
58	Note 24 Interest rate repricing
59	Note 25 Financial instruments by category
59	Note 26 Foreign exchange risk
60	Note 27 Liquidity risk
61	Note 28 Sensitivity analysis
62	Note 29 Fair values of financial instruments
63	Note 30 Credit exposure concentrations
64	Note 31 Securitisation, funds, management, other fiduciary activities and the marketing and distribution of insurance products
64	Note 32 Risk management policies
68	Note 33 Capital adequacy
74	Note 34 Regulatory liquidity ratios
74	Note 35 Other material matters



# 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 37 to 74:

- i. give a true and fair view of the Bank's financial position as at 31 March 2024 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Generally Accepted Accounting Practice, which in this instance means New Zealand Equivalents to International Financial Reporting Standards ('NZIFRS') and International Financial Reporting Standards.

In our opinion, the supplementary information (excluding supplementary information relating to Capital Adequacy 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') and is included within notes 33 and 34 of the disclosure statement:

- i. presents fairly the matters to which it relates;
- ii. is disclosed in accordance with those schedules; and
- iii. has been prepared, in all material respects, in accordance with any conditions of registration relating to the disclosure requirements, imposed under section 74(4)(c) of the Banking (Prudential Supervision) Act 1989.

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 2024;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended;
- notes, including material accounting policy information 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 2024. 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.



## Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Bank's parent company, Bank of Baroda, India, has expressed an intention to divest or close the operations of Bank of Baroda (New Zealand) Limited as a part of rationalisation of global presence. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



## 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 \$521,000 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. Except for the matter described in the material uncertainty related to going concern, 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 2024: \$525,000)

Refer to Note 5 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.

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, which included those

## The key audit matter

## How the matter was addressed in our audit

Current economic disruption increases the level of judgement and complexity in respect of assessing the impact on the ability of borrowers to repay their loan obligations, security valuation and the underlying assumptions used to estimate these.

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 of 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').

loans with high credit risk due to internal factors specific to the borrower.

Using these high risk criteria, selecting a sample of loans for testing and performing an independent assessment of whether the loan should have a provision for impairment based on the borrowers' payment history and security valuation.

- 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 26 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.

---

## **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, NZIFRS 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.

---

## **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.





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

For and on behalf of

A handwritten signature in blue ink, appearing to read 'KPMG'.

KPMG  
Auckland

25 June 2024

# Independent Limited Assurance Report to the shareholder of Bank of Baroda (New Zealand) Limited

## Conclusion on the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements

Based on our limited assurance conclusion, which is not a reasonable assurance engagement or audit, nothing has come to our attention that would lead 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 Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (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 2024. 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.

## Standards we followed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements SAE 3100 (Revised) *Assurance Engagements on Compliance*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with those standards:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements is free from material misstatement and non-compliance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

---

## How to interpret limited assurance and material misstatement and non-compliance

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material misstatement and non-compliance with Schedule 9 of the Order is likely to arise.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, within the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements and non-compliance are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements.

---

## Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected.

A limited assurance engagement for the year ended 31 March 2024 does not provide assurance on whether compliance with the with Schedule 9 of the Order will continue in the future.

---

## Restriction of distribution and use

Our report is made solely for Bank of Baroda (New Zealand) Limited. Our assurance work has been undertaken so that we might state to Bank of Baroda (New Zealand) Limited those matters we are required to state to them in the assurance report and for no other purpose. We consent to the Reserve Bank of New Zealand ("RBNZ") receiving a copy of our report. No other third party is intended to receive our report.

Our report should not be regarded as suitable to be used or relied on by any third parties other than Bank of Baroda (New Zealand) Limited and the RBNZ ("Recipients") for any purpose or in any context. Any other party who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

Our report is released to the Recipients on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees accept or assume any responsibility and deny all liability to any party other than Bank of Baroda (New Zealand) Limited for our work, for this independent limited assurance report, and/or for the conclusions we have reached.

---

## Director's responsibility 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 in accordance with Schedule 9 of the Order, which the Directors have determined to meet the needs of the recipients. This responsibility includes such internal control as the Directors determine is necessary to enable the preparation of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements that is free from material misstatement and non-compliance whether due to fraud or error.

---

### Our responsibility

Our responsibility is to express a conclusion to Bank of Baroda (New Zealand) Limited on whether anything has come to our attention that the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements has not, in all material respects, been prepared in accordance with Schedule 9 of the Order for the year ended 31 March 2024.

---

### Our independence and quality control

We have complied with the independence and other ethical requirements of 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, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided other services to Bank of Baroda (New Zealand) Limited (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 2024. 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 assurance providers of the Bank for this engagement. The firm has no other relationship with, or interest in, the Bank.



KPMG  
Auckland

25 June 2024

# Bank of Baroda (New Zealand) Limited

Statement of comprehensive income  
For the year ended 31 March 2024

	Notes	2024 \$000's	2023 \$000's
Interest income	2	9,430	6,554
Interest expense	2	(3,405)	(1,639)
<b>Net interest income</b>		<u>6,025</u>	<u>4,915</u>
Other income	3	603	816
<b>Total operating income</b>		<u>6,628</u>	<u>5,731</u>
Operating expenses	4	(3,455)	(2,933)
Expected credit loss allowance	5	(5)	(55)
<b>Profit before tax</b>		<u>3,168</u>	<u>2,743</u>
Taxation expense	6	(871)	(770)
<b>Profit after tax</b>		<u>2,297</u>	<u>1,973</u>
<b>Other comprehensive income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>2,297</u>	<u>1,973</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 2024

		Share capital \$000's	Retained earnings \$000's	Total equity \$000's
<b>Balance at 1 April 2023</b>		<b>40,000</b>	<b>11,913</b>	<b>51,913</b>
Total comprehensive income for the year		-	2,297	2,297
<i>Transactions with owners</i>				
Dividend paid	17	-	(1,000)	(1,000)
<b>Balance at 31 March 2024</b>		<b>40,000</b>	<b>13,210</b>	<b>53,210</b>
<b>Comparative year to 31 March 2023</b>				
Balance at 1 April 2022		40,000	10,940	50,940
Total comprehensive income for the year		-	1,973	1,973
<i>Transactions with owners</i>				
Dividend paid	17	-	(1,000)	(1,000)
<b>Balance at 31 March 2023</b>		<b>40,000</b>	<b>11,913</b>	<b>51,913</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 2024

	Notes	2024 \$000's	2023 \$000's
<b>ASSETS</b>			
Cash and cash equivalents	8	21,251	14,569
Balance due from related parties	14	1,147	209
Due from other financial institutions	9	4,178	5,100
Loans and advances	10	101,094	117,130
Property, plant and equipment	12	77	76
Right of use assets	11	320	592
Deferred tax asset	7	224	245
Other assets	13	396	452
<b>TOTAL ASSETS</b>		<b>128,687</b>	<b>138,373</b>
<b>LIABILITIES</b>			
Balance due to related parties	14	838	1,846
Deposits and other borrowings	15	72,903	82,589
Lease liabilities	11	378	671
Current taxation payable		442	373
Other liabilities	16	916	981
<b>TOTAL LIABILITIES</b>		<b>75,477</b>	<b>86,460</b>
<b>EQUITY</b>			
Share capital	17	40,000	40,000
Retained earnings	17	13,210	11,913
<b>TOTAL EQUITY</b>		<b>53,210</b>	<b>51,913</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>128,687</b>	<b>138,373</b>
Total interest earning and discount bearing assets		126,007	135,529
Total interest and discount bearing liabilities		70,227	81,321
Financial assets, pledged as collateral for liabilities or contingent liabilities		-	-

The financial statements were approved by the Board of Directors and authorised for issue on 21 June 2024.



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 2024

	2024 \$000's	2023 \$000's
<b>Cash Flows from Operating Activities</b>		
<u>Cash was provided from:</u>		
Interest received	9,500	6,424
Fees and other income	603	816
	<u>10,103</u>	<u>7,240</u>
<u>Cash was applied to:</u>		
Operating expenses paid	(3,128)	(2,533)
Interest paid	(3,459)	(1,598)
Income tax paid	(781)	(625)
	<u>(7,368)</u>	<u>(4,756)</u>
<b>Net Cash Flows from Operating Activities Before Changes in Operating Assets and Liabilities</b>	<u><b>2,735</b></u>	<u><b>2,484</b></u>
<b>Net Changes in Operating Assets and Liabilities:</b>		
Decrease in loans and advances	15,954	6,310
Decrease/(Increase) in balances due from other financial institutions	922	(5,100)
Decrease in deposits and other borrowings	(9,686)	(9,675)
(Decrease)/Increase in balance due to related parties	(1,008)	1,165
(Increase)/Decrease in other assets	(14)	53
Increase in other liabilities and provisions	43	101
(Increase)/Decrease in balances due from related parties	(938)	1,437
	<u><b>8,008</b></u>	<u><b>(3,225)</b></u>
<b>Net Cash Flow from / (used in) Operating Activities</b>		
<b>Cash Flows used in Investing Activities</b>		
<u>Cash was applied to:</u>		
Purchase of property, plant and equipment	(33)	(2)
<b>Net Cash Flow used in Investing Activities</b>	<u><b>(33)</b></u>	<u><b>(2)</b></u>
<b>Cash Flows used in Financing Activities</b>		
<u>Cash was applied to:</u>		
Lease payments made	(293)	(295)
Payment of dividend	(1,000)	(1,000)
<b>Net Cash Flow used in Financing Activities</b>	<u><b>(1,293)</b></u>	<u><b>(1,295)</b></u>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>6,682</b>	<b>(4,522)</b>
Cash at the beginning of the year	14,569	19,091
<b>Cash at the end of the year</b>	<u><b>21,251</b></u>	<u><b>14,569</b></u>
<u>Made up of:</u>		
Cash on hand	63	160
Call and overnight advances to financial institutions	21,188	14,409
<b>Cash at the end of the year</b>	<u><b>21,251</b></u>	<u><b>14,569</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 2024

	2024 \$000's	2023 \$000's
<b>Net profit after taxation</b>	<b>2,297</b>	<b>1,973</b>
<b>Non cash movements:</b>		
Depreciation	304	301
Gain on change from reduction in lease term	-	(22)
Increase in provision for impairment losses	5	55
Decrease in deferred taxation assets	21	12
	<b>330</b>	<b>346</b>
<b>Net movement in operating assets and liabilities:</b>		
Decrease in loans and advances	15,954	6,310
Decrease/(Increase) in balances due from other financial institutions	922	(5,100)
Decrease in deposits and other borrowings	(9,686)	(9,675)
(Decrease)/Increase in interest payable	(54)	41
Decrease/(Increase) in interest receivable	70	(130)
(Decrease)/Increase in balance due to related parties	(1,008)	1,165
(Increase)/Decrease in other assets	(14)	53
Increase in other liabilities and provisions	66	222
(Increase)/Decrease in balances due from related parties	(938)	1,437
Increase in current tax liability	69	133
<b>Net cash flows from / (used in) operating activities:</b>	<b>8,008</b>	<b>(3,225)</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 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 21 June 2024. 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.

The Bank has considered the potential impact of financial reporting standards issued but not yet in effect, and has assessed that there is no material impact to the Bank's Disclosure Statement from these 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.

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

In September 2021, the Bank's parent company, Bank of Baroda, India, as a part of rationalisation of global presence, has expressed an intention to divest or close the operations of Bank of Baroda (New Zealand) Limited.

Whilst the process has been initiated, it is in its very early stages and no decisions confirming any divestment or closure have been made.

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

During the period of this process, the parent has agreed to provide necessary financial support for the operations of the Bank. As expressed in their letter of support, the parent has the willingness to provide support. The parent bank has net assets of NZD 18,788 million which shows their ability to provide support. The parent's support will continue from now on until the completion of the divestment or closure process. Consequently, the directors of the Bank consider that the use of the going concern basis of accounting remains appropriate in the preparation of these financial statements and the values assigned to assets and liabilities in the Disclosure Statement represent the best estimate of what they will be settled for.

### 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 and note 18*

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.

The methodology for ECL calculations remained unchanged from that applied in the Interim Financial Statements for the six-months ended 30 September 2023. For the year ended 31 March 2023, credit exposures deriving predominant income from travel, tourism, hospitality and transport were classified under Stage Two. However, considering the opening of cross border travel across the world, such exposures have now moved to Stage One, other factors remain unchanged.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## Key estimates and judgements (continued)

Three accounts of one customer were classified as Stage Three as at 31 March 2023 which moved to Stage Two during the financial year 2023-24 and again moved to Stage Three as at 31 March 2024. Exposure & provision on loans of this customer as at 31 March 2024 was NZD \$1,997,534 and \$22,728 respectively. Against this, collateral held against the three loans for exposure of NZD \$1,997,534 is in the form of properties worth NZD \$3,450,000.

As at 31 March 2024 the Bank had allowed assistance to one customer by way of conversion of loan to interest only loan for a temporary period for disruption in the project. Such support, by itself, would not automatically result in a significant increase in credit risk warranting movement to Stage Two. Note 5 provides details of the impact of this on the provision for expected credit losses at 31 March 2024.

In determining the provision for expected credit losses as at 31 March 2024, 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.

## Material 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 2023 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 2024

## Material accounting policies (continued)

### (d) Financial assets

#### *Classification of financial assets*

The Bank's financial assets include cash and cash equivalents, balances due from related parties, loans and advances, and other 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) Expected credit losses

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.

#### *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.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## (Material accounting policies (continued))

### (g) Expected credit losses (continued)

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 credit 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).

#### *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.



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## Material accounting policies (continued)

### (h) 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.

### (i) 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.

A deferred tax balance is recognised in respect of all temporary differences arising 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.

### (j) 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.

### (k) 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.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## Material accounting policies (continued)

### (l) 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).

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.

### (m) 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.

### (n) 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.

### (o) 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.

	2024 \$000's	2023 \$000's
<b>2 Interest</b>		
<b>Interest income</b>		
Bank deposits/placements	1,214	589
Loans and advances to customers	8,216	5,965
<b>Total interest income</b>	<b>9,430</b>	<b>6,554</b>
<b>Interest expense</b>		
Deposits by customers	3,182	1,556
Lease finance charges	37	83
Borrowings from related parties	186	-
<b>Total interest expense</b>	<b>3,405</b>	<b>1,639</b>
<b>3 Other income</b>		
	2024 \$000's	2023 \$000's
Banking and lending fee income	181	209
Commissions revenue	65	30
Net foreign exchange gains	355	575
Other revenue	2	2
<b>Total other income</b>	<b>603</b>	<b>816</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 4 Operating expenses

	2024 \$000's	2023 \$000's
Audit and review of Disclosure Statement:		
• Audit of Disclosure Statement - KPMG	200	116
• Audit of prior period Disclosure Statement - additional fee	31	8
• Half year review of Disclosure Statement - KPMG	70	42
Directors' fees	73	76
Depreciation:		
• Computer hardware	7	6
• Office equipment	1	1
• Furniture, fittings, and leasehold improvements	24	15
• Right of use to leased assets	272	279
Employee benefits:		
• Salary & others	1,471	1,417
• Kiwisaver	17	11
Rental and lease costs not included in lease liabilities	46	46
Other operating expenses	1,243	916
<b>Total operating expenses</b>	<b>3,455</b>	<b>2,933</b>

## 5 Expected credit loss allowances

	Retail mortgage lending \$000's	Corporate and institutional \$000's	Other exposures excluding sovereigns and central bank \$000's	Total \$000's
<b>For year ended 31 March 2024</b>				
<b>Collective allowance</b>				
Balance at the beginning of the year	153	364	3	520
Charge/(Credit) to profit or loss	81	(77)	1	5
<b>Total provision for expected credit losses at 31 March 2024</b>	<b>234</b>	<b>287</b>	<b>4</b>	<b>525</b>

### Recognised in:

Loans and advances - collective provision	230	273	4	507
Other liabilities - undrawn commitments	4	14	-	18
<b>Total provision for expected credit losses at 31 March 2024</b>	<b>234</b>	<b>287</b>	<b>4</b>	<b>525</b>

### For year ended 31 March 2024

	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 expected credit losses</b>				
<b>Residential mortgage lending</b>				
Balance at beginning of year	121	32	-	153
Charge to profit or loss	29	52	-	81
<b>Balance at end of period - Residential mortgage lending</b>	<b>150</b>	<b>84</b>	<b>-</b>	<b>234</b>
<b>Corporate exposures</b>				
Balance at beginning of year	336	28	-	364
Credit to profit or loss	(88)	11	-	(77)
<b>Balance at end of period - Corporate exposures</b>	<b>248</b>	<b>39</b>	<b>-</b>	<b>287</b>
<b>Other exposures</b>				
Balance at beginning of year	3	-	-	3
Charge to profit or loss	1	-	-	1
<b>Balance at end of period - Other exposures</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>
<b>Provision for expected credit loss allowances - Total</b>				
Balance at beginning of year	460	60	-	520
(Credit)/charge to profit or loss	(58)	63	-	5
<b>Total provision for expected credit losses at 31 March 2024</b>	<b>402</b>	<b>123</b>	<b>-</b>	<b>525</b>

No expected credit losses are recognised where the collateral is cash. \$3.43m of such exposures exist at balance date (2023: \$3.14m).



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 5 Expected credit loss allowances (continued)

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

There have been no significant changes in the ECL amount during the year to 31 March 2024, with an increase in ECL amount for Stage Two and Stage Three accounts (recognising lifetime credit losses) offset by decrease in ECL amount for Stage One accounts. Repayments have reduced the level of expected credit losses for those recognising 12 months expected credit losses. As on 31 Mar 2024, one customer is classified as Stage Three which was Stage Three as on 31 Mar 2023 too but was moved to Stage Two during the year. Seven customers having nine advance accounts are classified as Stage Two owing to DPDs beyond 30 days, thereby resulting in an increase in expected credit loss in Stage Two accounts.

	Retail mortgage lending \$000's	Corporate and institutional \$000's	Other exposures excluding sovereigns and central bank \$000's	Total \$000's
<b>For year ended 31 March 2023</b>				
<b>Collective allowance</b>				
Balance at the beginning of the year	165	297	3	465
(Credit)/charge to profit or loss	(12)	67	-	55
<b>Total provision for expected credit losses at 31 March 2023</b>	<b>153</b>	<b>364</b>	<b>3</b>	<b>520</b>
<b>Recognised in</b>				
Loans and advances - collective provision	147	278	-	425
Other liabilities - undrawn commitments	6	86	3	95
<b>Total provision for expected credit losses at 31 March 2023</b>	<b>153</b>	<b>364</b>	<b>3</b>	<b>520</b>
<b>For year ended 31 March 2023</b>				
		Collective provision lifetime ECL - significant	Specific provision lifetime ECL - credit impaired	Total
<b>Movement in provision for credit loss allowance</b>	<b>Collective provision 12- months ECL</b>	<b>increase in credit risk</b>		
<b>Residential mortgage lending</b>				
Balance at beginning of period	147	18	-	165
(Credit)/charge to profit or loss	(26)	14	-	(12)
<b>Balance at end of period - Residential mortgage lending</b>	<b>121</b>	<b>32</b>	<b>-</b>	<b>153</b>
<b>Corporate exposures</b>				
Balance at beginning of period	268	29	-	297
Charge/(credit) to profit or loss	68	(1)	-	67
<b>Balance at end of period - Corporate exposures</b>	<b>336</b>	<b>28</b>	<b>-</b>	<b>364</b>
<b>Other exposures</b>				
Balance at beginning of period	3	-	-	3
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 expected credit losses - Total</b>				
Balance at beginning of period	418	47	-	465
Charge to profit or loss	42	13	-	55
<b>Total provision for expected credit losses at 31 March 2023</b>	<b>460</b>	<b>60</b>	<b>-</b>	<b>520</b>



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

6 Taxation	2024 \$000's	2023 \$000's
Net profit before taxation	3,168	2,743
Tax calculated at a tax rate of 28%	(887)	(768)
Re-estimation of prior period current tax liability	20	4
Non-deductible expenses	(4)	(6)
<b>Taxation expense as per the statement of comprehensive income</b>	<b>(871)</b>	<b>(770)</b>

## Represented by:

Current tax - current year	(870)	(762)
Current tax - prior year	20	4
Deferred tax	(21)	(12)
<b>Taxation expense as per the statement of comprehensive income</b>	<b>(871)</b>	<b>(770)</b>

	2024 \$000's	2023 \$000's
<b>Imputation credits available for use in subsequent periods</b>	<b>2,011</b>	<b>1,621</b>

7 Deferred taxation	2024 \$000's	2023 \$000's
Deferred tax balances		
Balance at the beginning of the year	245	257
Credit to statement of comprehensive income	(21)	(12)
<b>Balance at end of the year</b>	<b>224</b>	<b>245</b>

## Movement in composition of balance - 2024 year

	Opening balance as at 1 Apr 2023 \$000's	Recognised in the profit and loss \$000's	Closing balance as at 31 Mar 2024 \$000's
Property, plant and equipment	24	-	24
Provisions	197	(14)	183
Leases	24	(7)	17
<b>Balance</b>	<b>245</b>	<b>(21)</b>	<b>224</b>

## Movement in composition of balance - 2023 year

	Opening balance as at 1 Apr 2022 \$000's	Recognised in the profit and loss \$000's	Closing balance as at 31 Mar 2023 \$000's
Property, plant and equipment	27	(3)	24
Provisions	197	-	197
Leases	33	(9)	24
<b>Balance</b>	<b>257</b>	<b>(12)</b>	<b>245</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.

8 Cash and cash equivalents	2024 \$000's	2023 \$000's
Cash on hand	63	160
Call and overnight advances to financial institutions	21,188	14,409
<b>Total cash and cash equivalents</b>	<b>21,251</b>	<b>14,569</b>
Current	21,251	14,569

9 Due from other financial institutions	2024 \$000's	2023 \$000's
Term deposits	4,173	5,100
On demand deposits	5	-
<b>Total amount due from other financial institutions</b>	<b>4,178</b>	<b>5,100</b>
Current	4,178	5,100
Non-current	-	-

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 10 Loans and advances

	2024	2023
	\$000's	\$000's
Residential mortgage loans	72,067	87,722
Corporate exposures	26,855	27,686
Other exposures	2,679	2,147
Allowances for expected credit losses	(507)	(425)
<b>Total net loans and advances</b>	<b>101,094</b>	<b>117,130</b>
Current	10,898	14,079
Non-current	90,196	103,051

## 11 Leases

### Nature and extent of lease activities

The Bank leases 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 \$46,000 (2023: \$46,000).

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 \$161,480 (2023: \$153,000) 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 \$527,506 (2023: \$523,000).

### 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:

	As at 31 March 2024	As at 31 March 2023
	\$000's	\$000's
<b>Right of use assets</b>		
Properties - cost	1,604	1,755
Properties - accumulated depreciation	(1,284)	(1,012)
Addition remeasurement/(termination)	-	(151)
<b>Right of use assets</b>	<b>320</b>	<b>592</b>
	<b>For the year ended 31 March 2024</b>	<b>For the year ended 31 March 2023</b>
	\$000's	\$000's
<b>Right of use assets</b>		
Balance at 1 April	592	1,022
Adjustment lease term	-	(151)
Depreciation charge for the period	(272)	(279)
<b>Balance at year end</b>	<b>320</b>	<b>592</b>
	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	\$000's	\$000's
<b>Liabilities for leases</b>		
The following amounts are included as lease liabilities:		
Due within one year	258	293
Due after one year	120	378
	<b>378</b>	<b>671</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 2024	82	192	125	-	399
At 31 March 2023	82	248	400	-	730

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 11 Leases (continued)

### 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 2024 \$000's	As at 31 March 2023 \$000's
<b>Short-term leases</b>		
Payments due not later than 1 year	72	27
<b>Total</b>	<b>72</b>	<b>27</b>

## 12 Property, plant and equipment

For the year ended 31 March 2024	Computer hardware \$000's	Office equipment \$000's	Furniture, fittings & leasehold improvements \$000's	Total \$000's
<b>At 1 April 2023</b>				
Opening cost	186	96	752	1,034
Opening accumulated depreciation	(180)	(91)	(687)	(958)
<b>Opening net book value</b>	<b>6</b>	<b>5</b>	<b>65</b>	<b>76</b>
Additions during the 2024 year	6	-	27	33
Depreciation	(7)	(1)	(24)	(32)
<b>Closing net book value</b>	<b>5</b>	<b>4</b>	<b>68</b>	<b>77</b>
<b>At 31 March 2024</b>				
Closing cost	192	96	779	1,067
Closing accumulated depreciation	(187)	(92)	(711)	(990)
<b>Closing net book value</b>	<b>5</b>	<b>4</b>	<b>68</b>	<b>77</b>

For the year ended 31 March 2023	Computer hardware \$000's	Office equipment \$000's	Furniture, fittings & leasehold improvements \$000's	Total \$000's
<b>At 1 April 2022</b>				
Opening cost	184	96	752	1,032
Opening accumulated depreciation	(174)	(90)	(672)	(936)
<b>Opening net book value</b>	<b>10</b>	<b>6</b>	<b>80</b>	<b>96</b>
Additions during the 2023 year	2	-	-	2
Disposals	-	-	-	-
Depreciation	(6)	(1)	(15)	(22)
<b>Closing net book value</b>	<b>6</b>	<b>5</b>	<b>65</b>	<b>76</b>
<b>At 31 March 2023</b>				
Closing cost	186	96	752	1,034
Closing accumulated depreciation	(180)	(91)	(687)	(958)
<b>Closing net book value</b>	<b>6</b>	<b>5</b>	<b>65</b>	<b>76</b>

## 13 Other assets

	2024 \$000's	2023 \$000's
Other receivables	138	124
Interest receivable	258	328
<b>Trade and other receivables</b>	<b>396</b>	<b>452</b>
Current	396	452
Non-current	-	-

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 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.

	2024 \$000's	2023 \$000's
Salaries and other short-term benefits	1,196	1,016
Total key management compensation	<u>1,196</u>	<u>1,016</u>
Deposits from KMP bearing interest at 2.25% (2023: 1.50%)	163	188
Interest paid to KMP during the year	5	1
Loans to KMP at interest rates of 3.75% to 7.19% (2023: 6.50%)	602	546
Interest earned from loans to KMP	37	23

### 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 2024, 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\$1,146,399 (31 March 2023: NZ\$208,606) with other members of BOB group and other related parties, these accounts are non-interest bearing:

USA New York branch (USD)	1,079	172
India Mumbai main office (INR)	32	5
U.K London branch (GBP)	17	14
Belgium Brussels branch (EURO)	-	3
Fiji Suva branch (FJD)	2	1
Australia Sydney branch (AUD)	17	14
Total related party balances	<u>1,147</u>	<u>209</u>

The Bank also has current account balances owing to its parent company, Bank of Baroda of NZ\$832,140 (31 March 2023: NZ\$393,472), Bank of Baroda (Fiji) of NZ\$1,487 (31 March 2023: NZ\$8,107), and Bank of Baroda (Sydney) of \$3,956 (2023: \$341,084) that are non-interest bearing.

The Bank has no interest bearing Term Deposits (31 March 2023: 1,103,322) owing to Bank of Baroda (Sydney).

	2024 \$000's	2023 \$000's
<b>Transaction with related parties:</b>		
<b>Interest income</b>		
Bank of Baroda branches and its subsidiaries	-	-
Other related parties	-	-
<b>Interest expense</b>		
Bank of Baroda branches and its subsidiaries	240	3
Other related parties	-	-
<b>Support &amp; service fee/management fee</b>		
Bank of Baroda	<u>200</u>	<u>160</u>



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 14 Related party disclosures (continued)

	2024 \$000's	2023 \$000's
<b>Due to related parties:</b>		
Bank of Baroda	838	1,846
<b>Total due to related parties</b>	<b>838</b>	<b>1,846</b>
Current	838	1,846
Non-current	-	-
<b>Total</b>	<b>838</b>	<b>1,846</b>
<b>Due from related parties:</b>		
Bank of Baroda	1,147	209
<b>Total due from related parties</b>	<b>1,147</b>	<b>209</b>
Current	1,147	209
Non-current	-	-
<b>Total</b>	<b>1,147</b>	<b>209</b>

During the course of the year ended 31 March 2024, 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

	2024 \$000's	2023 \$000's
Retail deposits	72,903	82,589
<b>Total deposits</b>	<b>72,903</b>	<b>82,589</b>
New Zealand	72,903	82,589
Overseas	-	-
Current	70,142	80,902
Non-current	2,761	1,687

## 16 Other liabilities

	2024 \$000's	2023 \$000's
Employee entitlements	139	113
Other payables and accruals	759	773
Credit loss allowance on undrawn lending commitments	18	95
<b>Total other liabilities</b>	<b>916</b>	<b>981</b>
Current	916	981
Non-current	-	-

## 17 Equity

	2024 \$000's	2023 \$000's
Share capital	40,000	40,000
Retained earnings	13,210	11,913
<b>Total equity</b>	<b>53,210</b>	<b>51,913</b>

40,000,000 shares (2023: 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.

A dividend of \$1,000,000 (2.50 cents per share, imputed at 28%) was paid during the year ended 31 March 2024.  
A dividend of \$1,000,000 (2.50 cents per share, imputed at 28%) was paid during the year ended 31 March 2023.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 18 Asset quality

As at 31 March 2024	Residential mortgage loans \$000's	Corporate exposures \$000's	Other exposures excluding sovereigns and central banks \$000's	Total \$000's
Loans and advances				
Not past due	58,405	24,964	2,196	85,565
Less than 30 days past due and not credit impaired	6,989	-	-	6,989
30-59 days past due and not credit impaired	2,671	1,891	483	5,045
60-89 days past due and not credit impaired	2,004	-	-	2,004
More than 90 days in arrears or otherwise and not credit impaired	1,998	-	-	1,998
<b>Gross loans and advances</b>	<b>72,067</b>	<b>26,855</b>	<b>2,679</b>	<b>101,601</b>
Less expected credit losses	230	273	4	507
<b>Net loans and advances</b>	<b>71,837</b>	<b>26,582</b>	<b>2,675</b>	<b>101,094</b>
Other assets neither past due nor impaired	-	-	26,972	26,972
<b>Total net financial assets</b>	<b>71,837</b>	<b>26,582</b>	<b>29,647</b>	<b>128,066</b>

### Movements in gross balances - by credit

loss allowance stage	Stage 1	Stage 2	Stage 3	Total
Balance at 1 April 2023	112,136	3,337	2,082	117,555
Adjustment for previous year movement	(22)	-	22	-
Loans repaid in their entirety	(23,913)	(659)	(54)	(24,626)
New loans originated	5,709	483	-	6,192
Net further lending/(repayment)	2,532	-	(52)	2,480
Transfers between loss allowance stages	(4,240)	4,240	-	-
<b>Balance at 31 March 2024</b>	<b>92,202</b>	<b>7,401</b>	<b>1,998</b>	<b>101,601</b>

At 31 March 2024 there were \$1,998,000 of loans in Stage 3 (2023: \$2,082,000).

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 2024 (2023: nil).

There has been no foregone interest income on restructured, individually impaired, or greater than 90 days past due assets during the year ended 31 March 2024 (2023: nil).

There were no undrawn balances on lending commitments to counterparties within the impaired asset category as at 31 March 2024 (31 March 2023: nil).

As at 31 March 2023	Residential mortgage loans \$000's	Corporate exposures \$000's	Other exposures excluding sovereigns and central banks \$000's	Total \$000's
Loans and advances				
Not past due	81,006	27,686	2,093	110,785
Less than 30 days past due and not credit impaired	4,666	-	-	4,666
More than 90 days in arrears or otherwise and not credit impaired	2,050	-	54	2,104
<b>Gross loans and advances</b>	<b>87,722</b>	<b>27,686</b>	<b>2,147</b>	<b>117,555</b>
Less expected credit losses	147	278	-	425
<b>Net loans and advances</b>	<b>87,575</b>	<b>27,408</b>	<b>2,147</b>	<b>117,130</b>
Other assets neither past due nor impaired	-	-	20,330	20,330
<b>Total net financial assets</b>	<b>87,575</b>	<b>27,408</b>	<b>22,477</b>	<b>137,460</b>

### Movements in gross balances - by credit

loss allowance stage	Stage 1	Stage 2	Stage 3	Total
Balance at 1 April 2022	120,426	3,438	-	123,864
Loans repaid in their entirety	(26,279)	(575)	-	(26,854)
New loans originated	20,279	723	-	21,002
Net further lending/(repayment)	(208)	(249)	-	(457)
Transfers between loss allowance stages	(2,082)	-	2,082	-
<b>Balance at 31 March 2023</b>	<b>112,136</b>	<b>3,337</b>	<b>2,082</b>	<b>117,555</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 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.

	2024 \$000's	2023 \$000's
<b>New Zealand</b>		
Finance	25,423	19,669
Households	72,878	91,709
Construction	15,758	21,297
Property services	10,969	12,065
Health and community services	40	40
Personal and other services	6,571	5,960
Retail and wholesale trade	1,208	1,331
Food and other manufacturing	-	411
Other financial assets	396	452
<b>Overseas</b>		
Finance, investment and insurance	1,152	209
<b>Total financial assets</b>	<b>134,395</b>	<b>153,143</b>
Less expected credit losses	(507)	(425)
<b>Total net financial assets</b>	<b>133,888</b>	<b>152,718</b>

Analysis of financial assets by geographical sector (based on the location of the counterparty within New Zealand, or if the counterparty is overseas, the domicile of the counterparty) at balance date is as follows:

	2024 \$000's	2023 \$000's
<b>New Zealand</b>		
Upper North Island	125,191	139,239
Lower North Island	8,052	13,695
Less expected credit losses	(507)	(425)
<b>Overseas</b>		
USA - New York branch (USD)	1,079	172
India - Mumbai main office (INR)	32	5
UK - London branch (GBP)	17	14
Belgium - Brussels branch (EURO)	-	3
Standard Chartered Bank Frankfurt (EURO)	5	-
Fiji - Suva branch (FJD)	2	1
Australia - Sydney branch (AUD)	17	14
<b>Total net financial assets</b>	<b>133,888</b>	<b>152,718</b>

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

	2024 \$000's	2023 \$000's
Loans and advances (including undrawn commitments available to customers, refer to note 22)	107,423	132,813
Balances with related parties	1,147	209
Due from other financial institutions	4,178	5,100
Cash and cash equivalents	21,251	14,569
Other financial assets	396	452
<b>Total gross financial assets</b>	<b>134,395</b>	<b>153,143</b>
Less expected credit losses	(507)	(425)
<b>Total net financial assets</b>	<b>133,888</b>	<b>152,718</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 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 is as follows:

	2024 \$000's	2023 \$000's
<b>New Zealand</b>		
Financing investment and insurance	6,657	8,018
Retail and wholesale trade	1,939	1,761
Other	916	981
Households	63,391	71,829
<b>Overseas</b>		
Finance, investment and insurance	838	1,846
<b>Total financial liabilities</b>	<b>73,741</b>	<b>84,435</b>

An analysis of financial liabilities by geographical sector, based on the branch of the customer for New Zealand deposits, and whether the customer is domiciled in New Zealand, at balance date is as follows:

	2024 \$000's	2023 \$000's
<b>New Zealand</b>		
Upper North Island	56,468	65,052
Lower North Island	16,435	17,537
Overseas	838	1,846
<b>Total financial liabilities</b>	<b>73,741</b>	<b>84,435</b>

## 21 Capital commitments

As at 31 March 2024, there are no material outstanding commitments (31 March 2023: nil).

## 22 Contingent liabilities

	2024 \$000's	2023 \$000's
Performance/financial guarantees issued on behalf of customers	271	271
Undrawn commitments available to customers	5,822	15,257
<b>Total contingent liabilities</b>	<b>6,093</b>	<b>15,528</b>

A review by the Reserve Bank of New Zealand (RBNZ) of the Bank's Anti Money Laundering/Countering Financing of Terrorism processes in the 2024 financial year identified certain matters that the RBNZ considered to be non-compliant. The Bank has made improvements in response to these findings and is working with the RBNZ on finalising the matter. The Bank is not in a position to determine at this time whether there are financial statement implications that might arise from these matters.

## 23 Subsequent events after balance sheet date

There have been no material events subsequent to balance date.



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 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 the earlier of the contractual re-pricing or maturity date. In addition, lease liabilities which are discount bearing liabilities are disclosed, with the repricing period representing the end of the assessed lease term. Comparative information has also been updated to provide lease information in the table for the corresponding period overleaf. For further details on how interest rate risk is managed, refer to note 32.2.

As at 31 March 2024	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	21,251	511	20,740	-	-	-	-	-
Due from other financial institutions	4,178	5	4,173	-	-	-	-	-
Loans and advances	101,094	-	50,870	17,548	32,378	298	-	-
Balances with related parties	1,147	1,147	-	-	-	-	-	-
Other financial assets	396	396	-	-	-	-	-	-
<b>Total financial assets</b>	<b>128,066</b>	<b>2,059</b>	<b>75,783</b>	<b>17,548</b>	<b>32,378</b>	<b>298</b>	<b>-</b>	<b>-</b>
<b>Financial and discount bearing liabilities</b>								
Deposits and other borrowings	72,903	3,055	38,641	13,416	15,031	2,052	709	-
Due to related parties	838	838	-	-	-	-	-	-
Other financial liabilities	916	916	-	-	-	-	-	-
Lease liabilities	378	-	-	-	163	-	215	-
<b>Total financial liabilities</b>	<b>75,035</b>	<b>4,809</b>	<b>38,641</b>	<b>13,416</b>	<b>15,194</b>	<b>2,052</b>	<b>924</b>	<b>-</b>
<b>On-balance sheet gap</b>	<b>53,031</b>	<b>(2,750)</b>	<b>37,142</b>	<b>4,132</b>	<b>17,184</b>	<b>(1,754)</b>	<b>(924)</b>	<b>-</b>
Financial guarantee	271	271	-	-	-	-	-	-
Undrawn commitments	5,822	-	1,790	405	3,476	152	-	-
<b>Net effective interest rate gap</b>	<b>59,124</b>	<b>(2,479)</b>	<b>38,932</b>	<b>4,537</b>	<b>20,660</b>	<b>(1,602)</b>	<b>(924)</b>	<b>-</b>

As at 31 March 2023	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	14,569	1,270	13,299	-	-	-	-	-
Due from other financial institutions	5,100	-	5,100	-	-	-	-	-
Loans and advances	117,130	-	52,719	22,518	41,455	438	-	-
Balances with related parties	209	209	-	-	-	-	-	-
Other financial assets	452	452	-	-	-	-	-	-
<b>Total financial assets</b>	<b>137,460</b>	<b>1,931</b>	<b>71,118</b>	<b>22,518</b>	<b>41,455</b>	<b>438</b>	<b>-</b>	<b>-</b>
<b>Financial and discount bearing liabilities</b>								
Deposits and other borrowings	82,589	3,042	48,975	10,748	18,137	672	1,015	-
Due to related parties	1,846	743	1,103	-	-	-	-	-
Other financial liabilities	981	981	-	-	-	-	-	-
Lease liabilities	671	-	-	-	-	367	304	-
<b>Total financial liabilities</b>	<b>86,087</b>	<b>4,766</b>	<b>50,078</b>	<b>10,748</b>	<b>18,137</b>	<b>1,039</b>	<b>1,319</b>	<b>-</b>
<b>On-balance sheet gap</b>	<b>51,373</b>	<b>(2,835)</b>	<b>21,040</b>	<b>11,770</b>	<b>23,318</b>	<b>(601)</b>	<b>(1,319)</b>	<b>-</b>
Financial guarantee	271	271	-	-	-	-	-	-
Undrawn commitments	15,257	-	12,709	1,507	1,035	6	-	-
<b>Net effective interest rate gap</b>	<b>66,901</b>	<b>(2,564)</b>	<b>33,749</b>	<b>13,277</b>	<b>24,353</b>	<b>(595)</b>	<b>(1,319)</b>	<b>-</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 25 Financial instruments by category

	Amortised cost \$000's	Total \$000's
<b>As at 31 March 2024</b>		
<b>Financial assets</b>		
Cash and cash equivalents	21,251	21,251
Due from other financial institutions	4,178	4,178
Loans and advances	101,094	101,094
Balances with related parties	1,147	1,147
Other financial assets	396	396
<b>Total financial assets</b>	<b>128,066</b>	<b>128,066</b>
	Amortised cost \$000's	Total \$000's
<b>As at 31 March 2024</b>		
<b>Financial liabilities</b>		
Deposits and other borrowings	72,903	72,903
Due to related parties	838	838
Other financial liabilities	916	916
Lease liabilities	378	378
<b>Total financial liabilities</b>	<b>75,035</b>	<b>75,035</b>
	Amortised cost \$000's	Total \$000's
<b>As at 31 March 2023</b>		
<b>Financial assets</b>		
Cash and cash equivalents	14,569	14,569
Due from other financial institutions	5,100	5,100
Loans and advances	117,130	117,130
Balances with related parties	209	209
Other financial assets	452	452
<b>Total financial assets</b>	<b>137,460</b>	<b>137,460</b>
	Amortised cost \$000's	Total \$000's
<b>As at 31 March 2023</b>		
<b>Financial liabilities</b>		
Deposits and other borrowings	82,589	82,589
Due to related parties	1,846	1,846
Other financial liabilities	981	981
Lease liabilities	671	671
<b>Total financial liabilities</b>	<b>86,087</b>	<b>86,087</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 2024	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	-	-	-	-	497	-	497
Due from other financial institutions	-	-	5	-	4,173	-	4,178
Loans and advances	-	-	-	-	-	-	-
Balances with related parties	2	17	-	32	1,079	17	1,147
Other financial assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>2</b>	<b>17</b>	<b>5</b>	<b>32</b>	<b>5,749</b>	<b>17</b>	<b>5,822</b>
<b>Financial liabilities</b>							
Due to other financial institutions	-	-	-	-	-	-	-
Deposits and other borrowings	-	-	-	-	5,080	-	5,080
Other financial liabilities	-	-	-	-	-	-	-
Due to related parties	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,080</b>	<b>-</b>	<b>5,080</b>
<b>Net on statement of financial position</b>	<b>2</b>	<b>17</b>	<b>5</b>	<b>32</b>	<b>669</b>	<b>17</b>	<b>742</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 26 Foreign exchange risk (continued)

As at 31 March 2023	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	-	-	-	-	616	-	616
Due from other financial institutions	-	-	-	-	5,100	-	5,100
Loans and advances	-	-	-	-	-	-	-
Balances with related parties	1	14	3	5	172	14	209
Other financial assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>1</b>	<b>14</b>	<b>3</b>	<b>5</b>	<b>5,888</b>	<b>14</b>	<b>5,925</b>
<b>Financial liabilities</b>							
Due to other financial institutions	-	-	-	-	-	-	-
Deposits and other borrowings	-	-	-	-	5,579	-	5,579
Other financial liabilities	-	-	-	-	-	-	-
Due to related parties	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,579</b>	<b>-</b>	<b>5,579</b>
<b>Net on statement of financial position</b>	<b>1</b>	<b>14</b>	<b>3</b>	<b>5</b>	<b>309</b>	<b>14</b>	<b>346</b>

## 27 Liquidity risk

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. The following represents summary level information, the bank does not manage its liquidity risk on this basis. The Bank's policies for managing liquidity are set out in note 32.3.

As at 31 March 2024	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	21,251	-	-	-	-	21,251
Due from other financial institutions	5	4,227	-	-	-	4,232
Loans and advances	2,975	1,796	12,672	36,770	150,221	204,434
Due from related parties	1,147	-	-	-	-	1,147
Other financial assets	-	396	-	-	-	396
<b>Total financial assets</b>	<b>25,378</b>	<b>6,419</b>	<b>12,672</b>	<b>36,770</b>	<b>150,221</b>	<b>231,460</b>
<b>Financial liabilities</b>						
Deposits and other borrowings	23,045	17,437	29,485	3,058	-	73,025
Due to related parties	838	-	-	-	-	838
Other financial liabilities	-	916	-	-	-	916
<b>Total financial liabilities</b>	<b>23,883</b>	<b>18,353</b>	<b>29,485</b>	<b>3,058</b>	<b>-</b>	<b>74,779</b>
<b>Net non-derivative cash flows</b>	<b>1,495</b>	<b>(11,934)</b>	<b>(16,813)</b>	<b>33,712</b>	<b>150,221</b>	<b>156,681</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	5,822	-	-	-	-	5,822
<b>Total</b>	<b>6,093</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,093</b>
<b>Net cash flow</b>	<b>(4,598)</b>	<b>(11,934)</b>	<b>(16,813)</b>	<b>33,712</b>	<b>150,221</b>	<b>150,588</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 27 Liquidity risk (continued)

As at 31 March 2023	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	14,569	-	-	-	-	14,569
Due from other financial institutions	-	5,213	-	-	-	5,213
Loans and advances	-	5,180	18,147	38,182	174,185	235,694
Due from related parties	209	-	-	-	-	209
Other financial assets	-	452	-	-	-	452
<b>Total financial assets</b>	<b>14,778</b>	<b>10,845</b>	<b>18,147</b>	<b>38,182</b>	<b>174,185</b>	<b>256,137</b>
<b>Financial liabilities</b>						
Deposits and other borrowings	30,285	20,098	29,799	1,839	-	82,021
Due to related parties	743	1,112	-	-	-	1,855
Other financial liabilities	-	981	-	-	-	981
<b>Total financial liabilities</b>	<b>31,028</b>	<b>22,191</b>	<b>29,799</b>	<b>1,839</b>	<b>-</b>	<b>84,857</b>
<b>Net non-derivative cash flows</b>	<b>(16,250)</b>	<b>(11,346)</b>	<b>(11,652)</b>	<b>36,343</b>	<b>174,185</b>	<b>171,280</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	15,257	-	-	-	-	15,257
<b>Total</b>	<b>15,528</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,528</b>
<b>Net cash flow</b>	<b>(31,778)</b>	<b>(11,346)</b>	<b>(11,652)</b>	<b>36,343</b>	<b>174,185</b>	<b>155,752</b>

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

	2024 \$000's	2023 \$000's
Cash and cash equivalents	21,251	14,569
Deposits with financial institutions	4,178	5,100
Deposit/cash held with related parties	1,147	209
<b>Total liquid assets</b>	<b>26,576</b>	<b>19,878</b>

## 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 2024	Carrying amounts \$000's	-1% profit \$000's	+1% profit \$000's	-1% equity \$000's	+1% equity \$000's
<b>Financial assets</b>					
Cash and cash equivalents	21,251	(199)	199	(199)	199
Due from other financial institutions	4,178	(35)	35	(35)	35
Loans and advances	101,094	(664)	664	(664)	664
<b>Financial liabilities</b>					
Deposits and other borrowings	72,903	(476)	476	(476)	476



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 28 Sensitivity analysis (continued)

### Interest rate risk

As at 31 March 2023	Carrying amounts \$000's	-1% profit \$000's	+1% profit \$000's	-1% equity \$000's	+1% equity \$000's
<b>Financial assets</b>					
Cash and cash equivalents	14,569	(127)	127	(127)	127
Due from other financial institutions	5,100	(36)	36	(36)	36
Loans and advances	117,130	(729)	729	(729)	729
<b>Financial liabilities</b>					
Deposits and other borrowings	82,589	(546)	546	(546)	546
Balance due to related parties	1,103	(8)	8	(8)	8

### Currency risk

As at 31 March 2024	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	21,251	(50)	50	(50)	50
Balances with related parties	1,147	(115)	115	(115)	115
Due from other financial institutions	4,178	(418)	418	(418)	418
<b>Financial liabilities</b>					
Deposits and other liabilities	72,903	(508)	508	(508)	508

### Currency risk

As at 31 March 2023	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	14,569	(63)	63	(63)	63
Balances with related parties	209	(21)	21	(21)	21
Due from other financial institutions	5,100	(510)	510	(510)	510
<b>Financial liabilities</b>					
Deposits and other liabilities	82,589	(558)	558	(558)	558

## 29 Fair values of financial instruments

The financial assets and financial liabilities listed in the table below are carried at amortised cost on the Bank's balance sheet. While this is the value of the principal and any accrued interest we expect the financial assets to be realised for, and the financial liabilities settled, the table below provides an estimate of the fair value of the financial assets and financial liabilities at balance date.

	As at 31 March 2024			As at 31 March 2023		
	Carrying amounts \$000's	Estimated fair value \$000's	Level of fair value estimate	Carrying amounts \$000's	Estimated fair value \$000's	Level of fair value estimate
<b>Financial assets</b>						
Cash and cash equivalents	21,251	21,251	Level 1	14,569	14,569	Level 1
Balances with related parties	1,147	1,147	Level 2	209	209	Level 2
Due from other financial institutions	4,178	4,232	Level 2	5,100	5,213	Level 2
Loans and advances	101,094	101,300	Level 3	117,130	118,811	Level 3
Other financial assets	396	396	Level 2	452	452	Level 2
<b>Total financial assets</b>	<b>128,066</b>	<b>128,326</b>		<b>137,460</b>	<b>139,254</b>	
<b>Financial liabilities</b>						
Due to related parties	838	838	Level 2	1,846	1,855	Level 2
Deposits and other borrowings	72,903	71,470	Level 3	82,589	80,677	Level 3
Other financial liabilities	916	916	Level 2	981	981	Level 2
<b>Total financial liabilities</b>	<b>74,657</b>	<b>73,224</b>		<b>85,416</b>	<b>83,513</b>	

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 29 Fair values of financial instruments (continued)

### 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.

#### *Due to/from other financial institutions*

For due to/from other financial institutions, fair values have been estimated using a discounted cash flow model with reference to term deposit fixed interest rate.

#### *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.

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.

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

**Level 3** relates to financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

## 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 loss allowances, equalled or exceeded 10% of the Bank's common equity tier one capital was:

	As at 31 March 2024	Peak end of the day between the previous Disclosure Statement and 31 March 2024	As at 31 March 2023	Peak end of the day between the previous Disclosure Statement and 31 March 2023
<b>Number of counterparties without a credit rating:</b>				
- Representing 10-15% of common equity tier one capital	3	5	4	4
- Representing 15-20% of common equity tier one capital	-	-	-	-
- Representing 20-25% of common equity tier one capital	-	-	-	-
- Representing 25-30% of common equity tier one capital	1	1	1	1
- Representing 30-35% of common equity tier one capital	-	-	-	-
- Representing 35-40% of common equity tier one capital	1	1	1	1

Credit exposures to individual counterparties (not being members of a group of closely related counterparties) and to groups of closely related counterparties exclude exposures to connected persons, to the central government or central bank of any country with a long-term credit rating of A- or A3 or above, or its equivalent, or to any supranational or quasi-sovereign agency with a long-term credit rating of A- 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.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 30 Credit exposure concentrations (continued)

### 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 loss allowances, equalled or exceeded 10% of the Bank's common equity tier one capital was:

	As at 31 March 2024	Peak end of the day between the previous Disclosure Statement and 31 March 2024	As at 31 March 2023	Peak end of the day between the previous Disclosure Statement and 31 March 2023
<b>Number of bank counterparties with an AA- Standard &amp; Poors credit rating:</b>				
- Representing more than or equal to 35% and less than 40% of common equity tier one capital	-	-	1	-
- Representing more than or equal to 45% and less than 50% of common equity tier one capital	1	-	-	-
- Representing more than or equal to 50% and less than 55% of common equity tier one capital	-	-	-	1
- Representing more than or equal to 60% and less than 65% of common equity tier one capital	-	1	-	-

### 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 loss 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 2024.

	As at 31 March 2024	Peak end of the day for the year ended 31 March 2024	As at 31 March 2023	Peak end of the day for the year ended 31 March 2023
	\$000's	\$000's	\$000's	\$000's
Credit exposures to connected persons	1,147	1,350	209	884
As a percentage of Tier One Capital of the Bank	2.16%	2.55%	0.40%	1.71%
Credit exposures to non-bank connected persons	602	618	-	-
As a percentage of Tier One Capital of the Bank	1.14%	1.17%	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.



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 32 Risk management policies (continued)

### 32.1 Credit risk (continued)

#### 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.

The Credit Risk Management Committee of the Bank reviews the aspects related to ECL measurement on a quarterly basis. Senior Management of the Bank reviews the ECL Calculation on a monthly basis.

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 2024	Gross loan advances \$000's	Undrawn facility available to borrower \$000's	Performance guarantees \$000's
AAA	6,836	594	-
AA	46,333	945	-
A	22,813	890	-
BBB	21,359	585	-
BB	-	-	-
B	498	-	-
Not scored	3,762	2,808	271
<b>Total exposures</b>	<b>101,601</b>	<b>5,822</b>	<b>271</b>

Internal rating as at 31 March 2023	Gross loan advances \$000's	Undrawn facility available to borrower \$000's	Performance guarantees \$000's
AAA	5,242	2,282	-
AA	50,661	4,423	-
A	31,474	3,586	-
BBB	26,317	1,945	-
BB	-	200	-
B	723	-	-
Not scored	3,138	2,821	271
<b>Total exposures</b>	<b>117,555</b>	<b>15,257</b>	<b>271</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 2024

## 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.

There is no significant changes in the quality of collateral or credit enhancements held as a result of changes in economic environment in the current period.

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 2024 - \$'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	101,094	-	101,094	3,439	97,655

	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	72,903	-	72,903	3,439	69,464

As at 31 March 2023 - \$'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	117,130	-	117,130	3,135	113,995

	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	82,589	-	82,589	3,135	79,454

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 32 Risk management policies (continued)

### 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.

### 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 30 March 2023 and is valid for two years from that date. No external reviews of this policy have been conducted.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 32 Risk management policies (continued)

### 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.

## 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 2024. The Bank was registered on 1 September 2009 and from the date of registration to 31 March 2024; 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.



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 33 Capital adequacy (continued)

	2024 \$000's	2023 \$000's
<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	13,210	11,913
Accumulated other comprehensive income and other disclosed reserves	-	-
Interest from issue of ordinary shares	-	-
Less:		
Regulatory adjustments	-	-
Deferred tax assets	(224)	(245)
<b>Total common equity Tier One Capital</b>	<b>52,986</b>	<b>51,668</b>
<b>Additional Tier One Capital</b>		
Nil	-	-
<b>Total Tier One Capital</b>	<b>52,986</b>	<b>51,668</b>
<b>Tier Two Capital</b>		
Nil	-	-
<b>Total Tier Two Capital</b>	<b>-</b>	<b>-</b>
<b>Total Capital</b>	<b>52,986</b>	<b>51,668</b>

31 March 2024

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	62	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks (Due from other financial institutions)	25,366	20%	5,073	406
Banks (Due from related parties)	1,147	50%	574	46
Corporate	25,499	100%	25,499	2,040
<b>Residential mortgages</b>				
<i>Residential mortgages not past due</i>				
Non property investment-LVR up to 80%	18,651	35%	6,528	522
Non property investment-LVR >80% but <90%	565	50%	283	23
Property investment-LVR <80%	50,647	40%	20,259	1,621
Property investment-LVR >80% but <90%	-	70%	-	-
Residential mortgages past due by more than 90 days	1,975	100%	1,975	158
<b>Sub-total: residential mortgages</b>	<b>71,838</b>		<b>29,045</b>	<b>2,324</b>
Other past due assets	-	100%	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	100%	-	-
All other equity holdings (not deducted from capital)	-	100%	-	-
Non risk weighted assets	3,439	0%	-	-
Other assets	1,112	100%	1,112	89
<b>Total on-balance-sheet exposures</b>	<b>128,463</b>		<b>61,303</b>	<b>4,905</b>

The above exposures are net of any allowance for expected credit losses.



# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 33 Capital adequacy (continued)

As at 31 March 2024		Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum pillar 1 capital requirement
Calculation of off-balance-sheet exposures	Total exposure	%	\$000's	%	\$000's	\$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	5,822	50%	2,911	34%	990	79
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>6,093</b>		<b>3,047</b>		<b>1,126</b>	<b>90</b>

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

As at 31 March 2024	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
<b>Loan-to-valuation ratio</b>				
On-balance-sheet exposures	71,273	565	-	71,838
Off-balance-sheet exposures	1,612	-	-	1,612
<b>Total loan-to-value ratio</b>	<b>72,885</b>	<b>565</b>	<b>-</b>	<b>73,450</b>

### Reconciliation of residential mortgage-related amounts

	31 March 2024
Residential mortgage loans - gross carrying amount (as disclosed in notes 10 and 18)	72,067
Less: Expected credit losses (as disclosed in notes 10 and 18)	(230)
Undrawn commitments related to residential mortgages (Off balance sheet exposures)	1,617
Less: Expected credit losses related to off balance sheet commitments (as disclosed in note 5)	(4)
<b>Residential mortgages by loan-to-valuation ratio</b>	<b>73,450</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 33 Capital adequacy (continued)

31 March 2023 Calculation of on-balance-sheet exposures	Total exposure after credit risk mitigation	Risk Weight	Risk weighted exposure	Minimum pillar 1 capital requirement
	\$000's		\$000's	\$000's
Cash and gold bullion	160	0%	-	-
Sovereigns and central banks	-	0%	-	-
Multilateral development banks and other international organisation	-	0%	-	-
Public sector entities	-	20%	-	-
Banks (Due from other financial institutions)	19,509	20%	3,902	312
Banks (Due from related parties)	209	50%	105	8
Corporate	26,418	100%	26,418	2,113
<b>Residential mortgages not past due</b>				
Non property investment-LVR up to 80%	24,531	35%	8,586	687
Non property investment-LVR >80% but <90%	587	50%	294	24
Property investment-LVR <80%	60,421	40%	24,168	1,933
Property investment-LVR >80% but <90%	-	70%	-	-
Past due residential mortgages by more than 90 days	2,035	100%	2,035	163
<b>Sub-total: residential mortgages</b>	<b>87,574</b>		<b>35,083</b>	<b>2,807</b>
Other past due assets	-	100%	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	100%	-	-
All other equity holdings (not deducted from capital)	-	100%	-	-
Non risk weighted assets	3,135	0%	-	-
Other assets	1,121	100%	1,121	90
<b>Total on-balance-sheet exposures</b>	<b>138,126</b>		<b>66,629</b>	<b>5,330</b>

31 March 2023 Calculation of off-balance-sheet exposures	Total exposure	Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum pillar 1 capital requirement
	\$000's	%	\$000's	%	\$000's	\$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	15,257	50%	7,629	67%	5,111	409
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>15,528</b>		<b>7,765</b>		<b>5,247</b>	<b>420</b>

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 33 Capital adequacy (continued)

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

As at 31 March 2023	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
<b>Loan-to-valuation ratio</b>				
On-balance sheet exposures	86,987	588	-	87,575
Off-balance sheet exposures	3,981	-	-	3,981
<b>Total loan-to value ratio</b>	<b>90,968</b>	<b>588</b>	<b>-</b>	<b>91,556</b>

### Reconciliation of residential mortgage-related amounts

	31 March 2023
Residential mortgage loans (as disclosed in note 18)	87,722
Less: Expected credit losses (as disclosed in notes 10 and 18)	(147)
Undrawn commitments related to residential mortgages	3,987
Less: Expected credit losses related to off balance sheet commitments (as disclosed in note 5)	(6)
<b>Residential mortgages by loan-to-valuation ratio</b>	<b>91,556</b>

### Credit risk mitigation

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

	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
<b>As at 31 March 2024</b>			
<b>Exposure class</b>			
Other	3,439	2,790	6,229
<b>Total</b>	<b>3,439</b>	<b>2,790</b>	<b>6,229</b>

	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
<b>As at 31 March 2023</b>			
<b>Exposure class</b>			
Corporate	-	1,000	1,000
Other	3,135	1,624	4,759
<b>Total</b>	<b>3,135</b>	<b>2,624</b>	<b>5,759</b>

### Operational risk capital requirement

	31 March 2024		31 March 2023	
	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	9,409	753	9,473	758

### 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 2024, BOB's Tier One Capital was 14.49% of total risk-weighted assets and total capital was 16.68% of total risk-weighted assets (31 March 2023: Tier One Capital was 14.52% of total risk weighted assets and total capital was 16.73% of total risk-weighted assets). BOB's capital ratios during the year ended 31 March 2024 and 31 March 2023 exceeded the Reserve Bank of India's minimum capital adequacy requirements.

# Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

## 33 Capital adequacy (continued)

### Market risk

Market risk exposures have been calculated in accordance with the methodology detailed in BPR 140 *Market Risk*, and schedule 9 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014. Peak exposures are calculated using the Bank's shareholders' equity at the end of the quarter.

	End-period capital charges		Peak end-of-day capital charges	
	Implied risk weighted \$000's	Aggregate \$000's	Implied risk weighted \$000's	Aggregate capital \$000's
<b>Year ended 31 March 2024</b>				
Interest rate risk	1,885	151	3,152	252
Foreign currency risk	741	59	742	59
Equity risk	-	-	-	-
<b>Total capital requirements</b>	<b>2,626</b>	<b>210</b>	<b>3,894</b>	<b>311</b>
<b>Year ended 31 March 2023</b>				
Interest rate risk	2,742	219	3,242	259
Foreign currency risk	355	28	1,450	116
Equity risk	-	-	-	-
<b>Total capital requirements</b>	<b>3,097</b>	<b>247</b>	<b>4,692</b>	<b>375</b>

	Total exposure after credit risk mitigation \$000's	Risk weighted exposure or implied risk weighted exposure \$000's	Capital requirement \$000's
<b>As at 31 March 2024</b>			
Total credit risk + equity	134,556	62,429	4,995
Operational risk	-	9,409	753
Market risk	-	2,626	210
<b>Total</b>	<b>134,556</b>	<b>74,464</b>	<b>5,958</b>
<b>As at 31 March 2023</b>			
Total credit risk + equity	153,654	71,876	5,750
Operational risk	-	9,473	758
Market risk	-	3,097	247
<b>Total</b>	<b>153,654</b>	<b>84,446</b>	<b>6,755</b>

### Capital ratios

	Common equity tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
<b>31 March 2024</b>			
Ratio	71.16%	71.16%	71.16%
Minimum ratio requirement	4.5%	6.0%	8.0%
<b>31 March 2023</b>			
Ratio	61.18%	61.18%	61.18%
Minimum ratio requirement	4.5%	6.0%	8.0%

### Prudential capita buffer ratios

<b>31 March 2024</b>	
Prudential capital buffer ratio	63.16%
Buffer trigger ratio	2.5%
<b>31 March 2023</b>	
Prudential capital buffer ratio	53.18%
Buffer trigger ratio	2.5%



## Bank of Baroda (New Zealand) Limited

Notes to the financial statements  
For the year ended 31 March 2024

---

### 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.

	Minimum per conditions of registration applicable to 31 March 2024	Three months ended 31 March 2024	Three months ended 31 December 2023
One-week mismatch ratio	0	27.1	23.3
One-month mismatch ratio	0	28.3	23.1
Core funding ratio	75	116.7	114.3

### 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.