Bank of India (New Zealand) Limited

Registered Bank Disclosure Statement

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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General Disclosures
For the six months ended 30 September 2020

1. Reporting Directive

This Disclosure Statement of the Bank as at and of the six months ended 30 September 2020 has been prepared under the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended).

2. Registered Bank

Name :	Bank of India (New Zealand) Limited
Address :	10 Manukau Road Epsom Auckland 1023

Bank of India (New Zealand) Limited (the "Bank") was incorporated on 9 October 2008. It became a registered bank on 31 March 2011.

For the purposes of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended), the Bank is currently the only entity within the Registered Bank's Banking Group in New Zealand and accordingly the term "Bank" has the same meaning as the Bank's Banking Group throughout this Disclosure Statement.

3. Ultimate Parent Bank and Ultimate Holding Company

Name :	Bank of India
Address:	Star House C-5, G Block Bandra Kurla Complex Post Box No. 8135 Bandra (East) Mumbai 400051 India

The obligations of the Bank are guaranteed by its ultimate parent, Bank of India (refer to section 6 below for further details on the guarantee arrangement). There has been no change to the ultimate parent bank or ultimate holding company since 31 March 2020.

There are no known regulations, legislation or other restrictions of a legally enforceable nature which may materially inhibit the legal ability of Bank of India to provide material financial support to Bank of India (New Zealand) Limited.

4. Interests in 5% or more of voting securities of registered bank

Bank of India (New Zealand) Limited is 100% owned by Bank of India. Therefore Bank of India has the ability to directly appoint 100% of the board of directors of Bank of India (New Zealand) Limited.

5. Priority of creditors' claims

As at 30 September 2020, all creditors of the Bank have equal priority of claims over the Bank's assets in the event that the Bank is liquidated or ceases to trade.

6. Guarantee Arrangements

The obligations of Bank of India (New Zealand) Limited are guaranteed under a deed of guarantee dated 14 January 2011 given by its ultimate parent bank, Bank of India, in favour of the creditors of Bank of India (New Zealand) Limited ("the Guarantee") .

Copies of the Guarantee are attached as Appendix 3.

The name and address for service of the Guarantor is:
Bank of India, Star House, C-5, G Block, Bandra Kurla Complex, Post Box No.8135, Bandra (East), Mumbai 400051, India.

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

Guarantee Arrangements (continued…)

Details of the capital adequacy for the Bank of India as at 30 September 2020 are as follows:

Capital	: INR 379,450,000,000
Capital/Risk Weighted Exposures (%)	: 12.80%

The Bank of India has the following credit rating with respect to its long term senior unsecured obligations payable in any country or currency including obligations payable in New Zealand in New Zealand dollars:

Rating Agency	: Standard & Poor's
Current Credit Rating	: BB+ /Stable/B

On 17 April 2020, Standard & Poor's has maintained the outlook on the long-term counterparty credit ratings on the Bank of India at BB+ /Stable /B.

Descriptions of credit rating scales are contained in Appendix 1.

Details of Guaranteed Obligations

Bank of India unconditionally guarantees for the benefit of each creditor the due and punctual payment by Bank of India (New Zealand) Limited of each and every obligation (whether at stated maturity, upon acceleration or otherwise) now or hereafter owing or to become owing by Bank of India (New Zealand) Limited to the creditor during the term of the guarantee.

There are no limits on the amount of the obligations guaranteed under the Guarantee. There are no material conditions applicable to the Guarantee other than non-performance by the principal obligor.

There are no material legislative or regulatory restrictions in India which would have the effect of subordinating the claims under the Guarantee of any of the creditors of Bank of India (New Zealand) Limited on the assets of the guarantor, to other claims on the guarantor, in a winding up of that guarantor.

The deed of guarantee does not have an expiry date.

Material Cross Guarantees

There are no material cross guarantees.

7. Directors

There is one change in the composition of the Bank's board of directors since the most recent full year Disclosure Statement dated 31 March 2020.

Mr. Chandan Ohri ceased to be director from 29 September 2020.

At present, the Bank has the following directors:

- Rabin Sockalingam Rabindran, Chairman and Independent Director (appointed on 31 May 2013)
- Sameer Handa, Independent Director (appointed on 12 July 2013)
- Judith Ann Whiteman, Independent Director (appointed on 4 March 2014)
- Onkar Nath Thakur, Managing Director (appointed on 17 April 2019)

Communications to the directors should be addressed to:

10 Manukau Road, Epsom, Auckland 1023, New Zealand

Sameer Handa, Rabin Sockalingam Rabindran and Judith Ann Whiteman are independent directors who are not employees of the Bank of India (New Zealand) Limited or of any other entity able to control or significantly influence the Bank. The Chairman of the Board is therefore independent. Sameer Handa, Rabin Sockalingam Rabindran and Judith Ann Whiteman are residents in New Zealand.

Onkar Nath Thakur, Managing Director is resident in New Zealand. He is effectively the sole executive director of the bank and all other directors are non-executive directors.

Qualifications and other directorship

	Qualifications	Details of other directorships
Rabin Sockalingam Rabindran **Primary Occupation**: Commercial Barrister and International Legal Consultant	Barrister-at-Law (Middle Temple); M A (Business Law); Associate of Arbitrators' and Mediators' Institute of NZ Inc	Singapore Chapter of ASEAN New Zealand Business Council (Chairman); New Zealand Liaoning International Investment & Development Co. Ltd; RSR Projects International Limited; RSR Legal Consultants Limited; Marsden Maritime Holdings Limited.
Sameer Handa **Primary Occupation** Managing Director- Glowbal NZ Ltd	Bachelor of Engineering (B.E. Mechanical); Master of Business Administration (MBA)	Refrigerant Recovery NZ Ltd; Refrigerant Recovery Operating Company NZ Limited; S V M Holdings Limited; Randwick Properties Limited; Gray Investments Limited; Hotunui Investments Limited; Glowbal NZ Limited; Hobsonville Point Limited; Ecolife Lighting Limited; Three 60 Construction Limited; Asahi Limited; Doncaster Properties Limited; Trustee, Auckland Health Foundation Chairman, India NZ Business Council.
Judith Ann Whiteman **Primary Occupation** Independent consultant and Director	BA-Accounting; Institute of Chartered Accountants Australia and New Zealand; Chartered Member, Institute of Directors, NZ Fellow, Australian Institute of Company Directors	Shine Foundation Ltd (Director); Judy Whiteman & Associates Limited.
Onkar Nath Thakur **Primary Occupation**: Banker	BA, MA (Economics); Certified Associate of the Indian Institute of Bankers (CAIIB)	Nil

The directors, their immediate relatives and close business associates have not entered into any transactions with the Bank, which either has been entered into on terms other than those under the ordinary course of business of the Bank, or which could otherwise be reasonably likely to influence materially the exercise of that director's duties.

The members of the combined **Audit and Risk Committee** are:

Sameer Handa , Independent Director	Chairperson
Rabin Sockalingam Rabindran, Independent Director	Member
Judith Ann Whiteman, Independent Director	Member

The responsible persons authorised to sign this Disclosure Statement on behalf of the Board in accordance with sec 82 of the Reserve Bank of New Zealand Act 1989 are Mr. Rabin Sockalingam Rabindran and Mr. Onkar Nath Thakur.

The Bank's code of conduct states: Members of core management are expected to devote their total attention to the business interests of the Bank. They are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Bank or otherwise is in conflict with or prejudicial to the Bank. If any member of the core management considers investing in securities issued by the Bank's customers, suppliers or competitors they should ensure that these investments do not compromise their responsibilities to the Bank. Many factors including the size and nature of the investment; their ability to influence the Bank's decisions; their access to confidential information of the Bank or any other entity, and the nature of the relationship between the Bank and the counterparty should be considered in determining whether a conflict exists. Additionally they should disclose to the Bank any interest which they have which may conflict with the business of the Bank. As a general rule, the members of the core management should avoid conducting the Bank's business with a relative or any other entity in which the relative is associated in any significant role. If such a related party transaction is unavoidable, they must fully disclose the nature of the transaction to the appropriate authority.

Any dealings with a related party must be conducted in such a way that no preferential treatment is given to that party. In the case of any other transaction or situation giving rise to conflicts of interests, the appropriate authority should, after due deliberations, decide on its impact.

8. Auditor

The name and address of the Bank's independent auditor is:

KPMG
18 Viaduct Harbour Avenue
P.O.Box 1584, Shortland Street
Auckland 1140, New Zealand

9. Conditions of Registration

As at the date of the balance sheet, there are no changes in the conditions of registration since the last disclosure statement as at 31 March 2020 and the Bank has complied with all conditions of registration, with the exception of a breach noted below.

Since 29 September 2020, the Bank Board has not had five directors, which was in breach of conditions of registration. This breach was reported to RBNZ and the parent. The parent has nominated one director and the process for suitability assessment test by RBNZ is underway.

Effective 2 April 2020, the Reserve Bank of New Zealand (RBNZ) issued revised conditions of registration for the Bank. The conditions of registration amended:

i) the condition that imposes requirements when the banking group's buffer ratio falls below 2.5%. The restrictions on distributions that currently apply in increasing steps once the buffer ratio is below 2.5% will be replaced by a complete ban on distributions that will apply regardless of the size of the buffer ratio.

ii) to reduce the minimum requirement for the core-funding ratio from 75% to 50%.

Effective 1 May 2020, the Reserve Bank of New Zealand (RBNZ) issued revised conditions of registration for the Bank. The revision removed:

i) The three conditions that impose restrictions on the Bank's new residential mortgage lending at high loan-to-valuation rations (LVRs).

10. Pending Proceedings or Arbitration

As of the date of this Disclosure Statement, there are no pending legal proceedings or arbitration concerning any member of the Bank in New Zealand or elsewhere that may have a material effect on the Bank.

11. Credit Ratings

Bank of India (New Zealand) Limited has the following general credit rating applicable to its long term senior unsecured obligations payable in New Zealand in New Zealand dollars.

Rating Agency	:	Standard and Poor's
Current Credit Rating	:	BB+/Stable/B

On 14 November 2019, Standard & Poor's has maintained the outlook on the long term counterparty credit ratings on the Bank of India (New Zealand) Limited, at BB+ /Stable/B.

Descriptions of credit rating scales are contained in Appendix 1.

12. Other material matters

In March 2018, Bank of India (the "Parent") underwent a capital rationalisation exercise and, as a result, expressed the intention to close the operations of Bank of India (New Zealand) Limited. The closure process is dependent on various administrative matters/decisions.

During the period of this process, the Parent has agreed to support the operations of the Bank.

The organisation who made a direct enquiry and did some preliminary due diligence did not proceed to make any bid for the Bank. The Bank has therefore re-engaged the consultants who had previously been told to put their work on hold. The consultants have done the preliminary work to prepare the Information Memorandum but as a consequence of the impact of Covid19, the process has been put on hold until more favourable economic conditions present themselves.

The consultants' fees will be borne by the parent.

A final decision in relation to closure will be taken after going through any indicative bids that may be received. Consequently, management considers that the use of going concern basis of accounting in the preparation of these financial statements remains appropriate. It should, however, be noted that the uncertain outcome and timing of the final decision constitutes a material uncertainty on the Bank's ability to continue as a going concern.

Impairment of Loans and advances

In recognising credit losses, the Bank considers a broader range of information, including past events, current conditions, and security held that affect the expected collectability of the future cash flows of financial assets.

The present scenario of Covid19 is an unprecedented one and the determination of ECL in this environment is more complex, requires more judgements, and is subject to a higher degree of estimation uncertainty. The Bank has re-assessed its loan exposures and accordingly increased ECL with the impact of Covid19 overlay by using the existing model (Stages 1-3) to make this assessment. (Refer to note 16 for further detail on the overlay ECL adjustment).

There are no other material matters relating to the business or affairs of the Bank that are not disclosed in this Disclosure Statement.

Directors' Statement
For the six months ended 30 September 2020

Each director of the Bank of India (New Zealand) Limited, believes, after due enquiry, that as at the date on which this Disclosure Statement is signed:

- The Disclosure Statement is not false or misleading; and
- The Disclosure Statement contains all information that is required by the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended).

Furthermore, each director believes, after due enquiry that over the year ended 30 September 2020:

- The Bank has complied with all conditions of registration over the accounting year, except as noted on page 4.
- Credit exposure to connected persons were not contrary to the interests of the Bank; and
- The Bank had systems in place to monitor and control adequately the material risks of the Bank 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.

Signed by Onkar Nath Thakur and Rabin Sockalingam Rabindran as directors and responsible persons on behalf of all the directors:

(The directors of the Bank were Sameer Handa, Rabin Sockalingam Rabindran, Judith Ann Whiteman and Onkar Nath Thakur).

Onkar Nath Thakur
Managing Director
26 November 2020

R S Rabindran

Rabin Sockalingam Rabindran
Chairman and Independent director

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Statement of Comprehensive Income (For the six months ended 30 September 2020)

(in NZ $ '000)

	Note	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Interest income	2	1,949	3,907	2,057
Interest expense	2	(301)	(1,047)	(532)
Net interest income		**1,648**	**2,860**	**1,525**
Other income	3	177	449	223
Total operating income		**1,825**	**3,309**	**1,748**
Operating expenses	4	(1,124)	(2,632)	(1,380)
Impairment (losses)/reversal on loans and advances	16	30	(330)	(125)
Profit before income tax		**731**	**347**	**243**
Taxation expense	6	(205)	(97)	(68)
Net Profit after tax		**526**	**250**	**175**
Other Comprehensive income		**-**	**-**	**-**
Total comprehensive income		**526**	**250**	**175**

Statement of Changes in Equity (For the six months ended 30 September 2020)

(in NZ $ '000)

	Share Capital	Retained Earnings	Total
Balance as at 1 April 2019	50,000	5,103	55,103
Total comprehensive income for the period	-	175	175
Balance as at 30 September 2019 (Unaudited)	**50,000**	**5,278**	**55,278**
Balance as at 1 April 2019	50,000	5,103	55,103
Total comprehensive income for the year	-	250	250
Balance as at 31 March 2020(Audited)	**50,000**	**5,353**	**55,353**
Adjusted balance as at 1 April 2020	**50,000**	**5,353**	**55,353**
Total comprehensive income for the period	-	**526**	526
Balance as at 30 September 2020 (Unaudited)	**50,000**	**5,879**	**55,879**

The accompanying notes on pages 11 to 45 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

Statement of Financial Position (For the six months ended 30 September 2020)

(in NZ $'000)

	Note	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
ASSETS				
Cash	**7**	80	53	65
Due from other financial institutions	**11**	15,396	26,458	25,032
Balance due from related parties	**12**	1,617	229	171
Loans and advances	**5,16**	77,882	58,152	59,915
GST Refundable		26	22	36
Other assets	**10**	31	128	64
Current tax assets		123	113	88
Property and equipment	**9**	476	519	561
Right of use assets	**27**	378	501	624
Deferred tax assets	**6**	175	181	121
Total assets		**96,184**	**86,356**	**86,677**
Total Interest Earning and Discount Bearing Assets		**93,505**	**84,973**	**85,066**
LIABILITES				
Balance due to related parties	**12**	23,734	17,235	17,132
Deposits and other borrowings	**8**	15,813	12,801	13,315
Other liabilities	**10**	360	448	316
Lease liabilities	**27**	398	519	636
Current tax liabilities		-	-	-
Total liabilities		**40,305**	**31,003**	**31,399**
NET ASSETS		**55,879**	**55,353**	**55,278**
EQUITY				
Share capital	**13**	50,000	50,000	50,000
Retained earnings		5,879	5,353	5,278
Total shareholder's equity		**55,879**	**55,353**	**55,278**
Total Interest and Discount Bearing Liabilities		**36,633**	**28,850**	**27,831**

No financial assets presented in the statement of financial position have been pledged as collateral for liabilities or contingent liabilities.

The board of directors of Bank of India (New Zealand) Limited authorised these interim financial statements for issue on 26 November 2020.

Signed for and on behalf of the board of directors

Onkar Nath Thakur
Managing Director
26 November 2020

Rabin Sockalingam Rabindran
Chairman and Independent director

The accompanying notes on pages 11 to 45 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

Statement of Cash Flows (For the six months ended 30 September 2020)

(in NZ $'000)

	Note	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Cash flows from operating activities				
Interest received		1,931	3,929	2,026
Fees and other income		177	449	223
Operating expenses paid		(945)	(2,374)	(1,276)
GST (paid)/refund received		(4)	4	(10)
Interest paid		(332)	(971)	(524)
Income tax paid		(209)	(314)	(200)
(Increase)/Decrease in advances to customers		(19,648)	12,106	10,583
Net proceeds (to) related parties		5,112	(2,978)	(3,023)
Increase/(Decrease) in deposits from customers		3,012	(441)	73
Net cash flow from operating activities	**14**	**(10,906)**	**9,410**	**7,872**
Cash flows from investing activities				
(Increase)/Decrease in balances with other financial institutions		4,646	(9,496)	(5,811)
Purchase of property and equipment		(8)	(7)	-
Net cash flow from investing activities		**4,638**	**(9,503)**	**(5,811)**
Cash flows from financing activities				
Principal part of lease payments	**27**	(121)	**(228)**	**(111)**
Net cash flow used in financing activities		**(121)**	**(228)**	**(111)**
Net increase/(decrease) in cash and cash equivalents		(6,389)	(321)	1,950
Cash and cash equivalents at the beginning of the year		15,865	16,186	16,186
Cash and cash equivalents at the end of the year		9,476	15,865	18,136
Cash and cash equivalents is made up of:				
Cash	**7**	80	53	65
Cash equivalent due from other financial institution at call		9,396	15,812	18,071
Total cash and cash equivalents		**9,476**	**15,865**	**18,136**

The accompanying notes on pages 11 to 45 form an integral part of these interim financial statements and should be read in conjunction with the interim financial statements.

1. SUMMARY OF ACCOUNTING POLICIES

1.1 Statement of Compliance

Bank of India (New Zealand) Limited (the "Bank") is a profit-oriented entity incorporated under the Companies Act 1993 and domiciled in New Zealand. Its principal activity is the provision of banking services. Bank of India (New Zealand) Limited was incorporated on 9 October 2008. It became a registered bank on 31 March 2011.

The Bank is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 (FMCA 2013). Its financial statements comply with the requirements of the Financial Market Conduct Act 2013 (FMCA 2013) and the requirements of Registered Bank Disclosure Statement (New Zealand Incorporated Registered Banks) Order 2014 (as amended).

These interim financial statements have been prepared and presented in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended).

These interim financial statements have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, as appropriate for profit-oriented entities and the New Zealand Equivalent to International Financial Reporting Standards ("NZIFRS"). These interim financial statements also comply with International Financial Reporting Standards ("IFRS").

The interim financial statements were authorised for issue by the directors on 26 November 2020.

1.2 Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with historical cost concepts. In March 2018, Bank of India (the “Parent”) underwent a capital rationalisation exercise and, as a result, expressed the intention to close the operations of Bank of India (New Zealand) Limited. The closure process is dependent on various administrative matters/decisions.

During the period of this process, the Parent has agreed to support the operations of the Bank.

The organisation who made a direct enquiry and did some preliminary due diligence did not proceed to make any bid for the Bank. The Bank has therefore re-engaged the consultants who had previously been told to put their work on hold. The consultants have done the preliminary work to prepare the Information Memorandum but as a consequence of the impact of Covid19, the process has been put on hold until more favourable economic conditions present themselves.

The consultants' fees will be borne by the parent.

A final decision in relation to closure will be taken after going through any indicative bids that may be received. Consequently, management considers that the use of going concern basis of accounting in the preparation of these financial statements remains appropriate. It should, however, be noted that the uncertain outcome and timing of the final decision constitutes a material uncertainty on the Bank’s ability to continue as a going concern.

The functional and presentation currency is New Zealand Dollars (NZD). The amounts in the Disclosure Statement have been rounded to the nearest thousand dollars, except where otherwise stated.

The same accounting policies and methods of computation have been followed in preparing these financial statements as were used in preparing the financial statements for the year ended 31 March 2020.

1.3 Comparatives

When the presentation or classification of items is changed, comparative amounts are reclassified unless the reclassification is impracticable.

1.4 Accounting judgments and major sources of estimation uncertainty

In the application of the Bank’s accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Bank takes into consideration historical data, the quality of the securities held as collateral and current market conditions in determining ECL. Due to uncertainties in the current and future economic environment as a result of Covid19, the Bank considered it prudent to apply an adjustment to the ECL.

Accounting judgments and major sources of estimation uncertainty (continued…)

The Covid19 overlay in the ECL model has significant judgement as specific impact on customers is as not fully known. It is expected treatment of these loans will evolve as the full impact of Covid19 on borrowers unfolds and more data is available to model or understand the loss implications from the Covid19 pandemic and the mitigating impact of government stimulus packages. Over time, this estimation and any related overlay will change as the impact will be better understood and therefore reflected in the modelled outcomes. Note 16 shows further details on the allowance overlay.

1.5 NZ IFRS 16- Leases (effective from 1 April 2019)

The Bank leases office premises. Under NZ IFRS 16, the Bank recognises right-of-use assets and lease liabilities for the leases on balance sheet.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the interest rate implicit in the lease or if that cannot be readily determined, the Bank's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability, and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

1.6 Foreign currency transactions

The Bank's interim financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the Bank are expressed in New Zealand dollars (NZD), which is the functional and presentation currency of the Bank and are rounded to the nearest thousand.

In preparing the interim financial statements of the Bank, transactions in currencies other than the Bank's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except when deferred in other comprehensive income as qualifying cash flow hedges.

1.7 Goods and Services Tax (GST)

The profit and loss component of the statement of comprehensive income and all items in the statement of financial position has been prepared so that all components are stated exclusive of GST except to the extent that GST is recoverable from the Inland Revenue.

1.8 Revenue recognition

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

Interest

For financial instruments measured at amortised cost, the effective interest method is used to measure the interest income or expense recognised in the statement of comprehensive income.

Fees

Fees are generally recognised on an accrual basis when the service has been provided.

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.

Commission and other fees

Commissions or fees related to specific transactions or events are recognised in the statement of comprehensive income when the service is provided to the customer. When they are charged for services provided over a period, they are taken to other income on an accrual basis as the service is provided.

Other income
Dividend income is recorded in the statement of comprehensive income when the Bank's right to receive the dividend is established.

1.9 Finance costs
Interest expense is accrued on a time basis using the effective interest method. All other finance costs are recognised in profit or loss in the period in which they are incurred.

1.10 Taxation
Income tax expense represents the sum of the current tax and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

1.11 Cash and cash equivalents
Cash and cash equivalents comprises cash on hand, cash at bank, cash in transit and call and short term deposits (having an original maturity period of less than 3 months from the date of acquisition) due from/to other banks, all of which are used in the day-to-day cash management of the Bank.

1.12 Statement of cash flows
The following terms are used in the statement of cash flows:

- Operating activities are the principal revenue producing activities of the Bank and other activities that are not investing or financing activities;
- Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents; and
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Bank.

Certain cash flows have been netted in order to provide more meaningful disclosures, as many cash flows are received and disbursed on behalf of customers and reflect the activities of those customers.

The amounts due from and to related parties have been netted off.

1.13 Financial Assets

According to NZ IFRS 9, financial assets are classified into the following specified categories:

- Financial assets measured 'at fair value through profit or loss' (FVTPL),
- Financial assets measured at amortised cost.
- Financial assets measured at fair value through comprehensive income.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Bank's financial assets are primarily in the nature of loans and receivables.

Loans and receivables are fixed or determinable payments and are not quoted in an active market. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment loss. Interest income is recognised by applying the effective interest rate.

The bank records the financial assets at settlement date.

Impairment of financial assets

NZ IFRS 9 requires an 'expected credit loss' model to be used. This impairment model applies to certain loan commitments and financial guarantee contracts but not to equity investments.

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For further details of how the bank applies the impairment requirements of NZ IFRS 9, see note 16 (Asset quality).

Derecognition of financial assets

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.14 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities' measured at amortised cost.

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

The Bank classifies all of its financial liabilities as other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire.

1.15 Property and equipment (including Right of use Assets)

All items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Subsequent costs are capitalised if it is probable that future economic benefits will flow to the Bank and the costs can be measured reliably. All other maintenance costs are recognised as an expense as incurred.

Property and equipment (including Right of use Assets) (continued…)

Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, using the straight-line method or the written down value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The following depreciation rates have been used:

Office equipment	: 10% written down value method
Furniture	: 10% written down value method
Leasehold improvements	: 8% straight-line method
Computer equipment	: 33.33% straight-line method

Right of use assets recognized under NZ IFRS 16 are depreciated over the lease term on a straight-line basis.

1.16 Impairment of non-financial assets

At the end of each reporting period, the Bank reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.17 Financial liabilities and equity instruments issued by the Bank

Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated at FVTPL, are subsequently measured at the higher of the amount of the obligation under the contract, as determined in accordance with NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies as set out at 1.8 above.

1.18 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions (continued…)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.19 Employee benefits

A provision is recognised for benefits accruing to employees in respect of annual leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits, which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Bank in respect of services provided by employees up to the reporting date.

1.20 Standards and Interpretations in issue not yet adopted

There are no new standards, amendments to standards or interpretations relevant to the Bank which are not yet effective and have not yet been applied in preparing the financial statements.

2 INTEREST:

(in NZ $’000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Interest income			
Loans and advances	1,892	3,615	1,922
From other financial institutions	57	291	134
From related parties	-	1	1
Total interest income	**1,949**	**3,907**	**2,057**
Interest expenses			
Deposits by customers	67	206	102
Deposits by related parties	218	796	405
Interest on lease liabilities	16	45	25
Total interest expenses	**301**	**1,047**	**532**

3 OTHER INCOME:

(in NZ $’000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Banking and Lending fee income	18	58	42
Net commission revenue	2	8	5
Net foreign exchange gains	154	362	164
Other revenue	3	21	12
Total other income	**177**	**449**	**223**

4 OPERATING EXPENSES:

Operating expenses include (in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Auditors remuneration			
- Audit of Disclosure Statements	-	76	-
- Review of Disclosure Statements	40	30	30
-Off quarter review	-	52	30
- Overrun of audit fee for previous year	20	30	25
Directors' fees	31	62	31
Depreciation- owned assets			
Leasehold improvements	44	92	48
Computer equipment	1	1	-
Office equipment	3	7	4
Furniture	3	6	3
Total depreciation	**51**	**106**	**55**
Depreciation on Right of use assets	123	246	123
Operating lease rental expenses (short term leases)	-	10	9
Branch closure expenses	-	-	22
Employee benefit expenses	470	1,046	562
Other expenses	389	974	493
Total Operating Expenses	**1,124**	**2,632**	**1,380**

5 LOANS AND ADVANCES

(in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Residential mortgages loans			
Standard residential mortgage loan			
Non-property investment residential mortgage loan	15,735	8,545	8,526
Property investment residential mortgage loan	9,848	9,752	11,467
Reverse residential mortgage loan	-	-	-
Total	**25,583**	**18,297**	**19,993**
Corporate loans	52,382	39,929	39,837
Other loans	329	420	366
Interest receivable	168	116	124
Allowance for expected credit loss	(580)	(610)	(405)
Net loans and advances	**77,882**	**58,152**	**59,915**
Amounts due for settlement within 12 months	7,601	4,192	6,627
Amounts due for settlement after 12 months	70,281	53,960	53,288
Net loans and advances	**77,882**	**58,152**	**59,915**

Note: Residential mortgage loan as of 30 September 2020 includes an amount of $2,740,000 (gross) loaned to a former director and corporate loans include an amount of $1,286,000 (gross) loaned to a former director and his companies. As at the date of signing of these financial statements, these loans have been fully settled.

6 TAXATION

(in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Tax expense comprises:			
Current tax expense in respect of the current year	199	168	79
Deferred tax expense relating to the origination and reversal of temporary differences	6	(71)	(11)
Expense relating to the origination of permanent difference	-	-	-
Total tax expense	**205**	**97**	**68**
The total charge for the period can be reconciled to the accounting profit as follows:			
Profit before income tax expense	731	347	243
Income tax expense calculated at 28% (2019:28%)	205	97	68
Expense relating to the origination of permanent difference	-	-	-
Prior period adjustment	-	-	-
Income tax expense recognised in profit or loss	**205**	**97**	**68**

Deferred tax assets/ (liabilities) arise from the following:

(in NZ $'000)

For period ended 30 September 2020 (Unaudited)	Opening balance	Charged to profit or loss	Closing balance
Temporary differences			
Property and equipment	10	2	12
Impairment allowance	171	(8)	163
Other liabilities	-	-	-
	181	**(6)**	**175**

(in NZ $'000)

For period ended 31 March 2020 (Audited)	Opening balance	Charged to profit or loss	Closing balance
Temporary differences			
Property and equipment	27	(17)	10
Impairment allowance	78	93	171
Other liabilities	5	(5)	-
	110	**71**	**181**

(in NZ $'000)

For period ended 30 September 2019 (Unaudited)	Opening balance	Charged to profit or loss	Closing balance
Temporary differences			
Property and equipment	27	(25)	2
Impairment allowance	78	36	114
Other liabilities	5	-	5
	110	**11**	**121**

7 CASH

(in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Cash on hand	80	53	65
Total cash	**80**	**53**	**65**

8 DEPOSITS AND OTHER BORROWINGS

(in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Retail deposits	15,813	12,801	13,315
Wholesale deposits	-	-	-
Total deposits	**15,813**	**12,801**	**13,315**
Amounts due for settlement within 12 months	15,745	12,769	13,310
Amounts due for settlement after 12 months	68	32	5
Total deposits	**15,813**	**12,801**	**13,315**

9 PROPERTY AND EQUIPMENT

(in NZ $'000)

	Leasehold Improvements	Computer Equipment	Office Equipment	Furniture	Total
Costs					
Balance as at 1 April 2019(Unaudited)	**1,062**	**58**	**113**	**131**	**1,364**
Additions	-	-	-	-	**-**
Disposals	-	-	-	(13)	**(13)**
Write down of assets	-	-	-	(3)	**(3)**
Balance as at 30 September 2019 (Unaudited)	**1,062**	**58**	**113**	**115**	**1,348**
Additions	**-**	**8**	**-**	**-**	**8**
Disposals	**-**	**-**	**-**	**-**	**-**
Write down of assets	**-**	**-**	**-**	**-**	**-**
Balance as at 31 March 2020 (Audited)	**1,062**	**66**	**113**	**115**	**1,356**
Additions	**-**	**8**	**-**	**-**	**8**
Disposals	**-**	**-**	**-**	**-**	**-**
Write down of assets	**-**	**-**	**-**	**-**	**-**
Balance as at 30 September 2020 (Unaudited)	**1,062**	**74**	**113**	**115**	**1,364**
Accumulated depreciation					
Balance as at 1 April 2019 (Unaudited)	**571**	**57**	**49**	**68**	**745**
Disposals	-	-	-	(13)	**(13)**
Write down of assets	-	-	-	-	**-**
Depreciation	48	-	4	3	**55**
Balance as at 30 September 2019 (Unaudited)	**619**	**57**	**53**	**58**	**787**
Disposals	(4)	-	-	-	**(4)**
Write down of assets	-	-	-	-	**-**
Depreciation	44	-	3	7	**54**
Balance as at 31 March 2020 (Audited)	**659**	**57**	**56**	**65**	**837**
Disposals	**-**	**-**	**-**	**-**	**-**
Write down of assets	-	-	-	-	**-**
Depreciation	**44**	**1**	**3**	**3**	**51**
Balance as at 30 September 2020 (Unaudited)	**703**	**58**	**59**	**68**	**888**
Carrying amount					
Balance as at 30 September 2019 (Unaudited)	**443**	**1**	**60**	**57**	**561**
Balance as at 31 March 2020 (Audited)	**403**	**9**	**57**	**50**	**519**
Balance as at 30 September 2020 (Unaudited)	**359**	**16**	**54**	**47**	**476**

10 OTHER ASSETS

(in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Prepayments	30	93	11
Interest receivable	1	35	53
Total other assets	**31**	**128**	**64**
Amounts due for settlement within 12 months	31	128	64
Amounts due for settlement after 12 months	-	-	-
Total other assets	**31**	**128**	**64**

OTHER LIABILITIES

(in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Accruals	95	141	76
RWT on Interest on deposits	42	78	110
Interest payable	69	99	31
Others	154	130	99
Total other liabilities	**360**	**448**	**316**
Amounts due for settlement within 12 months	235	388	240
Amounts due for settlement after 12 months	125	60	76
Total other liabilities	**360**	**448**	**316**

11 DUE FROM OTHER FINANCIAL INSTITUTIONS

(in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Call deposits	9,396	15,812	18,071
Short term deposits	6,000	10,646	6,961
Total deposits	**15,396**	**26,458**	**25,032**

Amounts due from other financial institutions are due for settlement within 12 months of balance date.

12 RELATED PARTY DISCLOSURE

The Bank is wholly owned by the Bank of India, a Company incorporated in India. Bank of India is also the Bank's ultimate parent. Related parties include other branches and subsidiaries of Bank of India and other parties under common control. No related party debts have been written off or forgiven during the period.

Key management personnel

Key management personnel are defined as being the Directors and Senior Management of the Bank. The information relating to the key management personnel disclosed includes transactions with those individuals, their close family members, and their controlled entities. (in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Salary and other short term benefits	138	269	134
Loan to directors	-	4,171	4,263

During the period, the Bank accepted the deposits/ (withdrawal) of $ Nil from the key management personnel (31 March 2020: $8,000; 30 September 2019: $ 353,000). At the end of 30 September 2020, the total deposit from the key management personnel was $ 26,000 (31 March 2020: $ 37,000; 30 September 2019: $383,000).

During the period, total interest accrued on the loans to an ex-director was $ 96,000 and repayments made on the loans were $241,000. (31 March 2020: $215,000 & $ 516,000 respectively and 30 September 2019: $110,000 & $ 319,000 respectively).

Guarantee from parent

The obligations of the Bank are guaranteed under a deed of guarantee dated 14 January 2011 given by its ultimate parent, Bank of India, in favour of the creditors of Bank of India (New Zealand) Limited.

There are no material legislative or regulatory restrictions in India which would have the effect of subordinating the claims under the Guarantee of any of the creditors of Bank of India (New Zealand) Limited on the assets of the guarantor, to other claims on the guarantor, in a winding up of that guarantor.

Transactions/balances with related parties

All related party balances are unsecured, interest bearing and have a fixed maturity, except for:

- Balance of deposits received from related parties amounted to $ 434,000 which is non-interest bearing and payable on demand (31 March 2020: $ 259,000; 30 September 2019: $ 1,652,000).
- Balance of deposits made with related parties amounted to $ 1,616,000, which is non-interest bearing and receivable on demand (31 March 2020:$ 229,000; 30 September 2019:$ 73,000).

(in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Transactions with related parties			
Interest income			
Bank of India (branches and subsidiaries)	-	1	1
Other related parties	96	215	109
Interest expense			
Bank of India (branches and subsidiaries)	-	-	-
Other related parties	218	796	405
Other expense-FCBS expense recharge			
Bank of India (parent)	23	120	59
Net deposit/(withdrawals) with related parties	1,387	32	(26)
Net deposit/(withdrawals) by related parties	6,499	(2,946)	(3,049)
Balances with related parties			
Deposits with/Advances to			
Bank of India (branches and subsidiaries)	1,617	229	171
Other related parties	-	4,171	4,263
Total Deposits with related parties	**1,617**	**4,400**	**4,434**
Deposits from			
Bank of India (branches and subsidiaries)	434	259	1,652
Other related parties	23,300	16,976	15,480
Total Deposits from related parties	**23,734**	**17,235**	**17,132**
Deposits with/ advances to related parties			
Amounts due for settlement within 12 months	1,617	1,411	1,353
Amounts due for settlement after 12 months	-	2,989	3,081
Total Deposits with related parties	**1,617**	**4,400**	**4,434**
Deposits from related parties			
Amounts due for settlement within 12 months	14,721	17,235	17,132
Amounts due for settlement after 12 months	9,013	-	-
Total Deposits from related parties	**23,734**	**17,235**	**17,132**

13 SHARE CAPITAL

(in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
50,000,010 fully paid ordinary shares	50,000	50,000	50,000

The Bank issued 10 ordinary shares on 9 October 2008 and 50,000,000 ordinary shares on 7 February 2011. All ordinary shares have equal voting rights and share equally in dividends and any profits on winding up. Shares do not have a par value.

14 NET CASH FLOWS FROM OPERATING ACTIVITIES

(in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Profit for the period	**526**	**250**	**175**
Non-cash items:			
Impairment loss recognised on loans and advances	30	330	125
Depreciation and amortisation of non-current assets	174	352	178
Deferred tax assets	6	(71)	(11)
Write down in property and equipment			3
Movements in working capital:			
(Increase)/Decrease in loans and advances	(19,760)	12,141	10,583
Decrease/(Increase) in interest receivable	34	(13)	(31)
Increase/((decrease) in deposits from customers	3,012	(441)	73
Net Increase/(Decrease) in balances due to related parties	5,112	(2,978)	(3,023)
Decrease/(Increase) in prepayments	62	(48)	33
(Increase)/Decrease in GST refundable	(4)	4	(10)
Increase/(Decrease) in current tax liability	(10)	(146)	(121)
(Decrease) in other liabilities	(88)	30	(102)
Net cash from operating activities	**(10,906)**	**9,410**	**7,872**

15 CAPITAL ADEQUACY

The following capital adequacy information is disclosed in relation to the Bank and is derived in accordance with the conditions of registration relating to capital adequacy. For the purpose of the conditions of registration, capital requirements and ratios are calculated in accordance with the Reserve Bank of New Zealand Capital Adequacy Framework (BS2A) dated November 2015 and is disclosed under the Basel III framework in accordance with Schedule 9 of the Order.

Capital and Capital ratios

(in NZ $'000)

	(Unaudited) year to 30.09.2020
Tier 1 capital	
Common Equity Tier 1 ("CET1") Capital	
Issued and fully paid up ordinary share capital	50,000
Retained earnings	5,879
Accumulated other comprehensive income and other disclosed reserves	-
	55,879
Less deductions from CET1 capital	
Deferred tax assets	(175)
Total Common Equity Tier 1 Capital	**55,704**
Additional Tier 1 ("AT1") capital	-
Tier 1 Capital	**55,704**
Tier 2 Capital	-
Total capital	**55,704**

Capital ratios and solo capital adequacy	(Unaudited) 30.09.2020	(Unaudited) year to 31.03.2020	(Unaudited) 30.09.2019
Common equity Tier 1 capital ratio	66%	79%	78%
Tier 1 capital ratio	66%	79%	78%
Total capital ratio	66%	79%	78%

Minimum ratio requirement	(Unaudited) 30.09.2020	(Unaudited) year to 31.03.2020	(Unaudited) 30.09.2019
Common equity Tier 1 capital ratio	4.5%	4.5%	4.5%
Tier 1 capital ratio	6%	6%	6%
Total capital ratio	8%	8%	8%

Capital and Capital ratios (continued…)

Buffer ratio	(Unaudited) 30.09.2020	(Unaudited) year to 31.03.2020	(Unaudited) 30.09.2019
Buffer ratio	58%	71%	70%
Buffer ratio requirement	2.5%	2.5%	2.5%

The Bank has 50,000,010 fully paid ordinary shares (tier one capital) issued at $1 per share. Bank of India is the sole shareholder. Each share confers on the holder the right to:

- One vote on a poll at a meeting of the Bank on any resolution.
- The right to equal share in dividends authorised by the board.
- The right to an equal share in the distribution of the surplus assets of the Bank.
- There is no capital instrument eligible for phase out.

Credit Risk

The Bank's credit risk exposure is derived in accordance with the Reserve Bank document 'Capital adequacy framework (Standardised Approach)' (BS2A) dated November 2015.

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 and advance.

As at 30 September 2020, the Bank deposited its funds with financial institutions with a credit rating from Standard & Poor's of AA- (31 March 2020: AA-;and 30 September 2019: AA-) or with related parties. The Bank has established an Audit and Risk Committee that specifically oversees and co-ordinates the Bank's credit risk management functions. The Audit and Risk Committee has primary responsibility for identifying, measuring and monitoring the Bank's exposure to credit risk. The Audit and Risk Committee reports to the Board on credit risk on a quarterly basis.

(in NZ $'000)

On Balance Sheet exposures as at 30 September 2020 (Unaudited)	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Cash and gold bullion	80	0%	-	-
Banks	15,396	20%	3,079	246
	1,617	50%	809	65
	-	100%	-	-
Non Property investment residential mortgage				
LVR upto 80%	15,735	35%	5,507	441
LVR >80% & upto 90%	-	50%	-	-
LVR exceeds 90%	-	75%	-	-
Property investment residential mortgage LVR upto 80%	9,848	40%	3,939	315
LVR >80% & upto 90%	-	70%	-	-
LVR exceeds 90%	-	90%	-	-
Impaired Loans: Over 89 days LVR upto 80%	-	100%	-	-
Corporate Loans	52,382	100%	52,382	4,190
Other Loans	497	100%	497	40
Other assets	629	100%	629	50
Total on balance sheet exposure	**96,184**		**66,842**	**5,347**

Note: Provision on advances of $580,000 is adjusted with the other assets.

(in NZ $'000)

Off Balance Sheet exposures as at 30 September 2020(Unaudited)	Total exposure	Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Other commitments where original maturity is more than one year	9,750	50%	4,875	91.12%	4,442	355
Total off balance sheet exposure	**9,750**		**4,875**		**4,442**	**355**

Credit risk mitigation

The Bank assesses the integrity and ability of counterparties to meet their contractual financial obligations for repayment and if necessary, takes collateral security in the form of real property or a security interest in personal property.

No on or off-balance sheet exposures are covered by eligible collateral, guarantees or credit derivatives.

Total capital requirements

(in NZ $'000)

As at 30 September 2020 (Unaudited)	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Total capital requirement
Total credit risk + equity risk	105,934	71,284	5,702
Operational risk	n/a	9,344	748
Market risk	n/a	4,181	334
Total	**105,934**	**84,809**	**6,784**

Market risk end of period capital charges

(in NZ $'000)

As at 30 September 2020 (Unaudited)	Implied risk weighted exposure	Aggregate capital charge
Interest rate risk	4,122	330
Foreign currency risk	59	4
Equity risk	-	-
Total	**4,181**	**334**

Market risk peak end-of-day capital charges

(in NZ $'000)

As at 30 September 2020 (Unaudited)	Implied risk weighted exposure	Aggregate capital charge
Interest rate risk	4,431	354
Foreign currency risk	464	37
Equity risk	-	-
Total	**4,895**	**391**

Pillar 1 capital requirements

(in NZ $'000)

	(Unaudited) 30.09.2020	(Unaudited) 31.03.2020	(Unaudited) 30.09.2019
	NZ $ '000	**NZ $ '000**	**NZ $ '000**
On-balance sheet credit risk:			
Residential mortgages (including past due, if any)	756	630	689
Corporate	4,190	3,194	3,187
Claims on banks	311	432	412
Other	90	112	126
Total on-balance sheet credit risk	**5,347**	**4,368**	**4,414**
Other capital requirements			
Off balance sheet credit exposures	355	330	255
Operational risk	748	799	866
Market risk	334	83	113
Total other capital requirements	**1,437**	**1,212**	**1,234**
Total Pillar 1 capital requirement	**6,784**	**5,580**	**5,648**

The above capital charges are derived in accordance with the Conditions of Registration relating to capital adequacy and the Reserve Bank document entitled "Capital Adequacy Framework" (Standardised Approach) (BS2A) dated November 2015.

Peak end-of-day capital charges are calculated on daily basis using the Bank's shareholders' equity at the end of the period.

Operational risk

(in NZ $'000)

For the six months ended 30 September 2020	Implied risk Weighted Exposure	Total operational risk capital requirement
Operational risk	9,344	748

Residential mortgage by loan-to-valuation ratio (LVR)

(in NZ $'000)

LVR range (Unaudited)	Does not exceed 80%	Exceeds80% and not 90%	Exceeds 90%	Total
Value of exposures as at 30 September 2020				
On-balance sheet	25,583	-	-	25,583
Off-balance sheet	1,287	-	-	1,287
Total	**26,870**	**-**	**-**	**26,870**

Capital requirements for other material risks

The other material risks that the Bank has identified are described below:

Reputation Risk:

The risk of potential damage to the Bank from a deterioration of reputation.

Transfer Risk:

The risk that funds in foreign currencies cannot be transferred out of a country. The risk relates to specific explicit government restrictions or simply depleted foreign exchange funds in the non-industrial countries of Africa, Asia, Latin America and Central and Eastern Europe.

Strategic / Business Risks:

Current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. In March 2018, Bank of India (the "Parent") underwent a capital rationalisation exercise and, as a result, expressed the intention to close the operations of Bank of India (New Zealand) Limited. During the period of this process, the Parent has agreed to support the operations of the Bank. A consultant has been appointed to explore the market.

The consultants have done the preliminary work to prepare the Information Memorandum but as a consequence of the impact of Covid19, the process has been put on hold until more favourable economic conditions present themselves. At this time, no offer has been received. The closure process is dependent on various administrative matters/decisions.

Tax Risk:

Risk arising from adverse changes in relevant taxation laws, failure to correctly identify implications of existing taxation laws or breaches of tax laws.

Legal Risk:

Risk arising from legal proceedings or failure to legally enforce a contractual arrangement relating to the Bank's activities.

The Bank has reviewed these other risks and do not believe any individual risk as being material and requiring a capital allocation (31 March 2020: Nil; 30 September 2019: Nil). The Bank will review this allocation methodology every reporting period in line with industry practice as this area evolves over time.

The Bank measures the primary risks and its overall minimum Capital Adequacy Ratio in accordance with the Reserve Bank document entitled "Capital Adequacy Framework" (Standardised Approach) (BS2A) dated November 2015. The Bank's approach to assess capital adequacy recognises the importance of using quantitative techniques and qualitative assessment /management judgement in arriving at a final measure of risk. As part of its on-going capital planning and budgeting processes management also develops a range of scenarios as a basis for identifying plausible severe loss events and changes in market conditions and measures / quantifies the potential financial impacts (direct and indirect) on the Bank's capital adequacy for the foreseeable future (2-3 years).

Senior management of the Bank is responsible for the capital planning and budgeting process and is required to perform ongoing calculation of Capital Adequacy Ratio and report this to the Board of Directors on a regular basis. The Board of Directors of the Bank is responsible to monitor the Capital Adequacy Ratio on a regular basis.

Capital ratios of the ultimate parent bank

	As at 30.09.2020	As at 31.03.2020	As at 30.09.2019
CET 1 capital ratio	9.67%	9.88%	11.00%
Tier one capital ratio	9.67%	9.90%	11.06%
Total capital ratio	12.80%	13.10%	14.09%

The ultimate parent bank is Bank of India, domiciled in India. Figures are taken from Bank of India's Financial Results for the period ended 30 September 2020; 31 March 2020 and 30 September 2019 from its website. The above ratios are derived in accordance with the Capital Adequacy Framework (Basel III) as per Reserve Bank of India (RBI) guidelines effective 30 September 2013.

Capital ratios of the ultimate parent bank (Continued…)

Bank of India is required by the RBI to hold minimum capital at least equal to that specified under the Basel III (standardised) approach. At balance dates (i.e. 30 September 2020; 31 March 2020 and 30 September 2019), Bank of India was in compliance with the requirements imposed.

Bank of India has published pillar three disclosure information on the implementation of the Basel III capital adequacy framework on its website and can be found at http://www.bankofindia.co.in

Regulatory liquidity ratios

The table below shows the arithmetic 3-month average of the respective daily ratio values in accordance with RBNZ's Liquidity Policy (BS13/BS13A) ("BS13") and the Bank's Conditions of Registration relating to liquidity-risk management.

The one-week mismatch ratio is a measure of the Bank's one-week mismatch amount over its total funding, where the one-week mismatch amount represents the Bank's portfolio of primary liquid assets plus expected cash inflows minus expected cash outflows during a one-week period of stress. The bank is required to maintain this ratio above a minimum level of zero percent on a daily basis. The one-week mismatch ratio = 100 x (one-week mismatch dollar amount / total funding).

The one-month mismatch ratio is a measure of the Bank's one-month mismatch amount over its total funding, where the one-month mismatch amount represents the Bank's stock of primary and secondary liquid assets plus expected cash inflows minus expected cash outflows during a one-month period of stress. The bank must maintain this ratio above a minimum level of zero percent on a daily basis. The one-month mismatch ratio = 100 x (one-month mismatch dollar amount / total funding).

The one-year core funding ratio measures the extent to which loans and advances are funded by funding that is considered stable. The one-year core funding ratio = 100 x (one-year core funding dollar amount / BS13 total loans and advances) and must currently remain above 75 percent on a daily basis.

Average for the three months ended	30.09.2020 (%)	31.03.2020 (%)	30.09.2019 (%)
Quarterly average one-week mismatch ratio	33.32	34.20	36.72
Quarterly average one-month mismatch ratio	42.39	43.10	45.72
Quarterly average core funding ratio	110.24	116.30	109.12

16 ASSET QUALITY

The bank uses a "days past due" model for ECL calculation.

Loss allowance for ECL includes consideration of:

Probability of default ("PD") which estimates the probability that a customer will default over the next 12 months;

Exposure at time of default (EAD) which estimates the amount of outstanding principal, undrawn loan commitments and contingent exposures (such as guarantees issued by the Bank) at the time of default; and Loss given default (LGD) which estimates the expected loss in the event of default, it is the percentage of exposure which will be lost after all recovery efforts, including legal expenses and recovery expenses.

The above inputs have been applied in the calculation of loss allowances for ECL on loan exposures classified within the following stages.

Stage 1- 12 month ECL-"performing": It includes financial Assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. Under stage 1, the bank includes all financial assets with days past due of less than 30 days (0-29 days).

Stage 2- Lifetime ECL-"underperforming": It includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. Under stage 2, the bank includes all financial assets with days past due between 30-89 days.

Stage 3- Lifetime ECL-"non performing": It includes financial assets that have objective evidence of impairment at the reporting date. Under stage 3, the bank includes all financial assets with days past due of 90 days and above. It also includes assets identified as substandard, doubtful, loss and restructured.

ASSET QUALITY (Continued…)

Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amounts of loans and advances.

Impaired assets consist of assets acquired through the enforcement of security and other impaired assets.

The Bank has past due but not impaired assets of $15,415,000 as at 30 September 2020. (31 March 2020: $17,628,000; and 30 September 2019: $8,913,000).

The Bank has NIL impaired assets of as at 30 September 2020. (31 March 2020: $1,625,000; and 30 September 2019: $1,739,000).

Significant increase in credit risk

While considering a transfer from stage-1 to stage-2, a significant increase in credit risk for financial assets are assessed by comparing the risk of default at reporting date to the corresponding risk of default at origination. In determining what constitutes a significant increase in credit risk, the Bank has considered reasonable and supportable quantitative and qualitative information. For the majority of portfolio, the primary indicator of significant increase in credit risk is a default in the terms and conditions of the contract resulting in a significant deterioration in the internal credit rating. The Bank also uses a range of secondary indicators such as, 30 days past due arrears etc.

The Bank received applications and requests from borrowers for a suitable restructuring of both mortgage and business loan repayments. The Bank decided to provide relief to the borrowers and restructure their respective accounts initially up to 6 months and after the expiry of the first 6 months period, to review the situation on a case-to-case basis. As at the date of this interim financial statement, the Bank has provided repayment deferrals to 12 groups of customers for a period of 6 months up to 30 September 2020. The total of deferred loans due to Covid19 outstanding as at 30 September 2020 is $ 29.17 million. The total outstanding of the groups where these deferred loans fall under is $57.81 million as at 30 September 2020.

With respect to business loans, the cash flow of the borrowers may be affected as lower spending occurs in the economy. As a result of this, the servicing of the repayment may be delayed. Accordingly, the Bank has considered the outstanding balances of the business loans under stage 2 of the ECL calculations to account for this significant uncertainty.

ECL measurement and forward looking information

ECLs are probability weighted credit losses estimated by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions. The Bank has developed and tested NZ IFRS9 compliant models for loan portfolios.

The present scenario of Covid19 is an unprecedented one and the determination of ECL in this environment is more complex, requires more judgements, and is subject to a higher degree of estimation uncertainty. The Bank re-assessed its loan exposures and accordingly increased ECL on loans for which deferral of the payment was provided.

The business exposures for the Bank, relate to businesses such as construction sector, hospitality sector, retail/wholesale trading sector, health sector, training/education sector etc.

Under the given circumstances, the Bank assessed whether there was a significant increase in credit risk for individual borrowers and at a portfolio level. As such, the Bank used its NZ IFRS 9 model in place and the ECL has been re-worked for both residential mortgage loans and business loans categories based on the downgrade of the loans to the stage 2 category for the loans where deferral of the payment was provided.

With respect to the project loans, during the tenure of the loan, the borrower will have to service the interest only and the loan will be repaid by bullet payments, out of the sale proceeds of the residential units, at the completion of the project. The borrower will service the interest by their other sources of income. The project loans are considered for two different projects for the construction of residential units and the promoters are considered to be experienced and versatile in their field. They do have the diversity and associated with other business activities as well to continue servicing the project loans. The Bank has continued to classify these as Stage 1 exposures, due to the lower credit risk. The new loans drawn down in the current period are all classified under Stage 1, as no amount is overdue on these new loans beyond 29 days.

Allowances for credit impairment losses

(in NZ $'000)

As at 30 September 2020 (Unaudited)	Stage 1 12-month ECL	Stage 2 Lifetime ECL Not credit impaired	Stage 3 Lifetime ECL Credit Impaired	Specific provision Lifetime ECL Credit impaired	Total
Balance as on 1 April 2020					
Residential Mortgage Lending	**82**	**80**	**33**	**-**	**195**
Changes to the opening balance due to transfers between ECL states	-	-	-	-	**-**
Transferred to collective provisions -12 month ECL	-	33	(33)	-	**-**
Transferred to collective provision -lifetime ECL -not credit impaired	-	-	-	-	**-**
Transferred to collective provision -lifetime ECL-credit impaired	-	-	-	-	**-**
Charge to statement of comprehensive income excluding transfers between stages	28	(48)	-	-	**(20)**
Balance as at 30 September 2020	**110**	**65**	**-**	**-**	**175**
Balance as on 1 April 2020					
Corporate Exposures	**178**	**178**	**1**	**-**	**357**
Changes to the opening balance due to transfers between ECL stages	-	-	-	-	**-**
Transferred to collective provision-12 month ECL	-	-	-	-	**-**
Transferred to collective provision-lifetime ECL-not credit impaired	-	-	-	-	**-**
Transferred to collective provision-lifetime ECL-credit impaired	-	-	-	-	**-**
Charge to statement of comprehensive income excluding transfers between stages	63	(50)	(1)	-	**12**
Balance as at 30 September 2020	**241**	**128**	**-**	**-**	**369**
Balance as on 1 April 2020					
Other retail exposures	**3**	**-**	**-**	**-**	**3**
Changes to the opening balance due to transfers between ECL stages	-	-	-	-	**-**
Transferred to collective provision-12 month ECL	-	-	-	-	**-**
Transferred to collective provision-lifetime ECL-not credit impaired	-	-	-	-	**-**
Transferred to collective provision-lifetime ECL-credit impaired	-	-	-	-	**-**
Charge to statement of comprehensive income excluding transfers between stages	-	-	-	-	**-**
Balance as at 30 September 2020	**3**	**-**	**-**	**-**	**3**
Balance as on 1 April 2020					
Loan commitments & guarantees	**2**	**53**	**-**	**-**	**55**
Changes to the opening balance due to transfers between ECL stages	-	**-**	**-**	**-**	**-**
Transferred to collective provision-12 month ECL	**-**	**-**	**-**	**-**	**-**
Transferred to collective provision-lifetime ECL-not credit impaired	**-**	**-**	**-**	**-**	**-**
Transferred to collective provision-lifetime ECL-credit impaired	**-**	**-**	**-**	**-**	**-**
Charge to statement of comprehensive income excluding transfers between stages	30	**(52)**	**-**	**-**	**(22)**
Balance as at 30 September 2020	**32**	**1**	**-**	**-**	**33**
Balance as on 1 April 2020	**265**	**311**	**34**	**-**	**610**
Charge to statement of comprehensive income	121	(117)	(34)	-	(30)
Total provision for credit impairment balance at 30 September 2020	**386**	**194**	**-**	**-**	**580**

Allowances for credit impairment losses (continued)…

(in NZ $'000)

As at 30 September 2020 (Unaudited)	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Loan Commitments & guarantees	Total
Total neither past due not impaired	**18,975**	**43,774**	**263**	**9,750**	**72,762**
Past due but not impaired					
Less than 30 days past due	5,942	8,452	218	-	14,612
At least 30 days but less than 60 days past due	666	156	16	-	838
At least 60 days but less than 90 days past due	-	-	-	-	-
At least 90 days past due	-	-	-	-	-
Total past due but not impaired	**6,608**	**8,608**	**234**	**-**	**15,450**
Past due and credit impaired					
Less than 30 days past due	-	-	-	-	-
At least 30 days but less than 60 days past due	-	-	-	-	-
At least 60 days but less than 90 days past due	-	-	-	-	-
At least 90 days past due	-	-	-	-	-
Total past due but not impaired	-	-	-	-	-
Total gross loans and advances including loan commitments and guarantees	**25,583**	**52,382**	**497**	**9,750**	**88,212**
Collectively assessed provisions					
Balance as at 1 April 2020	195	357	3	55	610
Charge to statement of comprehensive income	(21)	13	-	(22)	(30)
Other movements	-	-	-	-	-
Balance at 30 September 2020	**174**	**370**	**3**	**33**	**580**
Individually assessed provisions					
Balance at 1 April 2020	-	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-	-
Other movements	-	-	-	-	-
Balance at 30 September 2020	**-**	**-**	**-**	**-**	**-**
Total allowance for impairment losses	**174**	**370**	**3**	**33**	**580**
Total net loans and advances including loan commitments and guarantees	**25,409**	**52,012**	**494**	**9,717**	**87,632**

(in NZ $'000)

As at 31 March 2020 (Audited)	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Loan Commitments & guarantees	Total
Total neither past due not impaired	**11,264**	**27,709**	**536**	**8,259**	**47,768**
Past due but not impaired					
Less than 30 days past due	-	-	-	-	-
At least 30 days but less than 60 days past due	1,718	643	-	-	2,361
At least 60 days but less than 90 days past due	3,737	11,530	-	-	15,267
At least 90 days past due	-	-	-	-	-
Total past due but not impaired	**5,455**	**12,173**	**-**	**-**	**17,628**
Past due and credit impaired					
Less than 30 days past due	-	-	-	-	-
At least 30 days but less than 60 days past due	-	-	-	-	-
At least 60 days but less than 90 days past due	-	-	-	-	-
At least 90 days past due	1,578	47	-	-	1,625
Total past due but not credit impaired	**1,578**	**47**	**-**	**-**	**1,625**
Total gross loans and advances including loan commitments and guarantees	**18,297**	**39,929**	**536**	**8,259**	**67,021**
Collectively assessed provisions					
Balance at 31 March 2019	101	169	1	9	280
Charge to statement of comprehensive income	94	188	2	46	330
Other movements	-	-	-	-	-
Balance at 31 March 2020	**195**	**357**	**3**	**55**	**610**
Individually assessed provisions					
Balance at 31 March 2019	-	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-	-
Other movements	-	-	-	-	-
Balance at 30 September 2020	-	**-**	**-**	**-**	**-**
Total allowance for impairment losses	**195**	**357**	**3**	**55**	**610**
Total net loans and advances including loan commitments and guarantees	**18,102**	**39,572**	**533**	**8,204**	**66,411**

Allowance for credit impairment losses (continued…)

(in NZ $'000)

As at 30 September 2019 (Unaudited)	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Loan Commitments & guarantees	Total
Total neither past due nor impaired	**16,687**	**32,496**	**490**	**6,400**	**56,073**
Past due but not impaired					
Less than 30 days past due	-	-	-	-	-
At least 30 days but less than 60 days past due	-	661	-	-	661
At least 60 days but less than 90 days past due	1,567	6,680	-	-	8,247
At least 90 days past due	-	-	-	-	-
Total past due but not impaired	**1,567**	**7,341**	**-**	**-**	**8,908**
Past due and credit impaired					
Less than 30 days past due	-	-	-	-	-
At least 30 days but less than 60 days past due	-	-	-	-	-
At least 60 days but less than 90 days past due	-	-	-	-	-
At least 90 days past due	1,739	-	-	-	1,739
Total past due but not impaired	**1,739**	**-**	**-**	**-**	**1,739**
Total gross loans and advances including loan commitments and guarantees	**19,993**	**39,837**	**490**	**6,400**	**66,720**
Collectively assessed provisions					
Balance as at 1 April 2019	101	169	1	9	280
Charge to statement of comprehensive income	37	85	1	2	125
Other movements	-	-	-	-	-
Balance at 30 September 2019	**138**	**254**	**2**	**11**	**405**
Individually assessed provisions					
Balance at 1 April 2019	-	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-	-
Other movements	-	-	-	-	-
Balance at 30 September 2019	**-**	**-**	**-**	**-**	**-**
Total allowance for impairment losses	**138**	**254**	**2**	**11**	**405**
Total net loans and advances including loan commitments and guarantees	**19,855**	**39,583**	**488**	**6,389**	**66,315**

Credit impairment losses on loans and advances

(in NZ $'000)

Impact on Profit & Loss	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Off balance sheet exposures	Total
Collectively assessed provisions					
Balance as on 1 April 2020	(195)	(357)	(3)	**(55)**	**(610)**
Charge for the current period	21	(13)	-	**22**	**30**
Balance at 30 September 2020 (Unaudited)	**(174)**	**(370)**	**(3)**	**(33)**	**(580)**

(in NZ $'000)

Impact on Profit & Loss	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Off balance sheet exposures	Total
Collectively assessed provisions					
Balance as on 1 April 2019	(103)	(176)	(1)	**-**	**(280)**
Charge for the current year	(92)	(181)	(2)	**(55)**	**(330)**
Balance at 31 March 2020 (Audited)	**(195)**	**(357)**	**(3)**	**(55)**	**(610)**

(in NZ $'000)

Impact on Profit & Loss	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Off balance sheet exposures	Total
Collectively assessed provisions					
Balance as on 1 April 2019	(103)	(176)	(1)	**-**	**(280)**
Charge for the current year	(36)	(88)	(1)	**-**	**(125)**
Balance at 30 September 2019 (Unaudited)	**(139)**	**(264)**	**(2)**	**-**	**(405)**

The Bank assesses on a monthly basis whether objective evidence of ECL exists individually for loans and advances. If the Bank determines that no objective evidence of ECL exists for individually assessed loans and advances, loans and advances with similar credit risk characteristics are grouped and assessed collectively for ECL. The assessment for collective ECL is based on the history of impairment of the loan portfolios.

Allowance for credit impairment losses (continued…)

The objective of impairment requirements under the approach is to recognise lifetime ECLs for all financial instruments for which there has been a significant increase in credit risk since origination. The assets, which have not undergone any significant deterioration, shall be recognised with only 12-month ECL. ECL is calculated based on the stage of financial instrument.

The Bank does not have any financial assets designated as fair value through profit or loss as at and for the six months ended 30 September 2020 (31 March 2020: Nil; 30 September 2019: Nil).

As such, there were no changes in fair value attributable to changes in credit risks that have been charged to the statement of comprehensive income for the six months ended 30 September 2020 (31 March 2020: Nil; 30 September 2019: Nil).

There was no aggregate amount of undrawn balances on lending commitments to counterparties for whom drawn balances are classified as individually impaired as at and for the six months ended 30 September 2020 (31 March 2020: Nil; 30 September 2019: Nil).

There were no other assets under administration as at and for the six months ended 30 September 2020 (31 March 2020: Nil; 30 September 2019: Nil).

17 FINANCIAL INSTRUMENTS

Categories of financial instruments

(in NZ $'000)

As at 30 September 2020 (Unaudited)	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Total**
Assets			
Cash	80	-	80
Balance due from related parties	1,617	-	1,617
Due from other financial institutions	15,396	-	15,396
Loans and advances	77,882	-	77,882
Interest receivable	1	-	1
Total financial assets	**94,976**	**-**	**94,976**
Non-financial assets	-	-	1,208
Total assets	**94,976**	**-**	**96,184**
Liabilities			
Balance due to related parties	-	23,734	23,734
Deposits and other borrowings	-	15,813	15,813
Lease liabilities		398	398
Interest payable	-	69	69
Total financial liabilities	**-**	**40,014**	**40,014**
Non-financial liabilities	-	-	291
Total liabilities	**-**	**40,014**	**40,305**

(in NZ $'000)

As at 31 March 2020 (Audited)	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Total**
Assets			
Cash	53	-	53
Balance due from related parties	229	-	229
Due from other financial institutions	26,458	-	26,458
Loans and advances	58,152	-	58,152
Interest receivable	35	-	35
Total financial assets	**84,927**	**-**	**84,927**
Non-financial assets	-	-	1,429
Total assets	**84,927**	-	**86,356**
Liabilities			
Balance due to related parties	-	17,235	17,235
Deposits and other borrowings	-	12,801	12,801
Lease liability	-	519	519
Interest payable	-	99	99
Total financial liabilities	**-**	**30,654**	**30,654**
Non-financial liabilities	-	-	349
Total liabilities	**-**	**30,654**	**31,003**

FINANCIAL INSTRUMENTS (continued…)

(in NZ $'000)

As at 30 September 2019 (Unaudited)	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Assets			
Cash	65	-	65
Balance due from related parties	171	-	171
Due from other financial institutions	25,032	-	25,032
Loans and advances	59,915	-	59,915
Interest receivable	53	-	53
Total financial assets	**85,236**	**-**	**85,236**
Non-financial assets	-	-	1,441
Total assets	**85,236**	-	**86,677**
Liabilities			
Balance due to related parties	-	17,132	17,132
Deposits and other borrowings	-	13,315	13,315
Lease liabilities	-	636	636
Interest payable	-	31	31
Total financial liabilities	**-**	**31,114**	**31,114**
Non-financial liabilities	-	-	285
Total liabilities	**-**	**31,114**	**31,399**

Fair value of financial instruments

(in NZ $'000)

As at 30 September 2020 (Unaudited)	Carrying Amounts	Estimated Fair Value
Financial assets		
Cash	80	80
Balance due from related parties	1,617	1,617
Due from other financial institutions	15,396	15,408
Loans and advances	77,882	77,882
Interest receivable	1	1
Total financial assets	**94,976**	**94,988**
Financial liabilities		
Balance due to related parties	23,734	23,902
Deposits and other borrowings	15,813	15,855
Lease liabilities	398	398
Interest payable	69	69
Total financial liabilities	**40,014**	**40,224**

(in NZ $'000)

As at 31 March 2020 (Audited)	Carrying Amounts	Estimated Fair Value
Financial assets		
Cash	53	53
Balance due from related parties	229	229
Due from other financial institutions	26,458	26,516
Loans and advances	58,152	58,152
Interest receivable	35	35
Total financial assets	**84,927**	**84,985**
Financial liabilities		
Balance due to related parties	17,235	17,526
Deposits and other borrowings	12,801	12,867
Lease liability	519	519
Interest Payable	99	99
Total financial liabilities	**30,654**	**31,011**

Fair value of financial instruments (continued…)

(in NZ $'000)

As at 30 September 2019 (Unaudited)	Carrying Amounts	Estimated Fair Value
Financial assets		
Cash	65	65
Balance due from related parties	171	171
Due from other financial institutions	25,032	25,032
Loans and advances	59,915	59,915
Interest receivable	53	53
Total financial assets	**85,236**	**85,236**
Financial liabilities		
Balance due to related parties	17,132	17,830
Deposits and other borrowings	13,315	13,381
Lease liabilities	636	636
Interest Payable	31	31
Total financial liabilities	**31,114**	**31,878**

Fair value estimation

Quoted market prices, when available, are used as the measure of fair values for financial instruments. However, for some of the Bank's financial instruments, quoted market prices do not exist. For such financial instruments, fair values presented are estimates derived using present value or other market accepted valuation techniques.

These techniques involve uncertainties and are affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, and estimates of future cash flows, future expected loss experience and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values.

The fair value estimates were determined by application of the methods and assumptions described below.

Cash

For cash assets, the carrying amount is equivalent to the fair value as they are highly liquid. For short term liquid assets, estimated fair values are based on quoted market prices.

Balance due from other financial institutions

These are call and short-term deposits with other financial institutions, which are relatively liquid, and therefore carrying amount is equivalent to fair value.

Advances to customers

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, prepayment rates and rates of estimated credit losses.

Interest receivables

For Interest receivables, the carrying value is considered to approximate the fair values, as they are short term in nature or are receivable on demand.

Deposits by customers and related parties

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

Interest payable

Interest payable is generally short-term and is expected to be settled within one year. Therefore, the carrying amount is equivalent to fair value.

The following table provides an analysis of financial instruments not measured at fair value. The financial instruments are grouped into Level 1 to 3 based on the degree to which the fair value is observable.

Level 1 Quoted market price

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

Level 2 Valuation technique using observable inputs

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

Level 3 Valuation technique with significant unobservable inputs

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

(in NZ $'000)

As at 30 September 2020 (Unaudited)	Level 1	Level 2	Level 3	Total
Cash	80	-	-	**80**
Financial assets at amortised cost				
Due from other financial institutions	-	15,408	-	**15,408**
Due from related parties	-	1,617	-	**1,617**
Loans and advances	-	-	77,882	**77,882**
Interest receivable	-	1	-	**1**
Other financial liabilities				
Balance due to related parties	-	23,902	-	**23,902**
Deposits and other borrowings	-	15,855	-	**15,855**
Lease liabilities	-	398	-	**398**
Interest payable	-	69	-	**69**

(in NZ $'000)

As at 31 March 2020 (Audited)	Level 1	Level 2	Level 3	Total
Cash	53	-	-	**53**
Financial assets at amortised cost				
Due from other financial institutions	-	26,516	-	**26,516**
Due from related parties	-	229	-	**229**
Loans and advances	-	-	58,152	**58,152**
Interest receivable	-	35	-	**35**
Other financial liabilities				
Balance due to related parties	-	17,526	-	**17,526**
Deposits and other borrowings	-	12,867	-	**12,867**
Lease liability	-	519	-	**519**
Interest payable	-	99	-	**99**

(in NZ $'000)

As at 30 September 2019 (Unaudited)	Level 1	Level 2	Level 3	Total
Cash	65	-	-	**65**
Financial assets at amortised cost				
Due from other financial institutions	-	25,032	-	**25,032**
Due from related parties	-	171	-	**171**
Loans and advances	-	-	59,915	**59,915**
Interest receivable	-	53	-	**53**
Other financial liabilities				
Balance due to related parties	-	17,830	-	**17,830**
Deposits and other borrowings	-	13,381	-	**13,381**
Lease liabilities	-	636	-	**636**
Interest payable	-	23	-	**23**

Transfers between levels of fair value hierarchy are determined at the end of the reporting period. There have been no transfers between Level 1 and Level 2 during the period. There have also been no transfers into/out of Level 3 during the period ended 30 September 2020(31 March 2020: Nil; and 31 March 2019: Nil).

18. RISK MANAGEMENT

The credit policy has been set by the Board. Bank officers seek Board approval before deviating from any lending guideline or policy outside of delegations. Credit approval authorities have been delegated by the Board to senior executives of the Bank. Compliance with these policies is monitored by the Audit and Risk Committee and reported to the Board.

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 retail portfolio on a scoring basis.

Credit exposure ceilings

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

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 established a Risk Management

Market risk (continued…)

Committee that is responsible for, among other things, identifying, measuring and monitoring the Bank's exposure to market risk. The Risk Management Committee meets on a quarterly basis and receives guidance and technical support from staff in the Bank of India 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 on a contractual basis as a means of monitoring interest rate risk. Short-term interest rate risk is calculated using the Net Interest Earnings at Risk tool.

Foreign exchange risk
The Bank undertakes analysis on material open foreign exchange positions through ensuring foreign exchange deposits are matched by corresponding foreign exchange balances held with financial institutions as a means to monitor foreign exchange risk.

Equity risk
The Bank does not have any equity risk.

Liquidity risk
Liquidity risk occurs when an institution is unable to fulfil its commitment in the time when the commitment falls due. The Risk Management Committee is responsible for identifying, measuring and monitoring liquidity risk affecting the Bank.

The Bank monitors its one-week and one-month mismatch ratios and its core-funding ratio on a daily basis to ensure compliance with regulatory requirements.

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 meets monthly to analyse changes or trends in respects of operational risk. The Bank's senior management may make recommendations to the Board on strategies that may improve the Bank's operational risk profile.

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 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 15.

Reviews of Bank's risk management systems
There have been no reviews conducted in respect of the Bank's risk management systems to date.

Internal audit function
The Bank utilises an internal audit function as a control measure to enable senior management of the Bank to monitor and review the Bank on an ongoing basis. The internal audit function of the Bank is part of the Bank of India's policy to ensure that all Bank of India branches and subsidiaries have appropriate systems and procedures in place and comply with all applicable home and host country regulations. Specifically, the Bank is subject to a monthly compliance review that is undertaken by senior management of the Bank. The purpose of this review is to check constant and concurrent compliance with all systems and procedures by the Bank. The Bank of India's head office internal audit team last reviewed the Bank for as part of its overseas subsidiaries rotation of management audit during the financial year ended 31 March 2018.

Interest repricing
The table below summarises the Bank’s exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

Interest repricing (continued…)

(in NZ $'000)

As at 30 September 2020 (Unaudited)	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non - interest-bearing
Financial assets							
Cash	80	-	-	-	-	-	80
Balance due from related parties	1,617	-	-	-	-	-	1,617
Due from other financial institutions	15,396	15,211	-	-	-	-	185
Loans and advances	77,882	78,294	-	-	-	-	(412)
Interest receivable	1	-	-	-	-	-	1
Total financial assets	**94,976**	**93,505**	**-**	**-**	**-**	**-**	**1,471**
Financial Liabilities							
Balance due to related parties	23,734	5,742	2,020	6,525	1,100	7,913	434
Deposits and other borrowings	15,813	8,796	750	3,719	68	-	2,480
Lease liabilities	398	-	-	-	-	-	398
Interest payable	69	-	-	-	-	-	69
Total financial liabilities	**40,014**	**14,538**	**2,770**	**10,244**	**1,168**	**7,913**	**3,381**
Net financial assets/(liabilities)	**54,962**	**78,967**	**(2,770)**	**(10,244)**	**(1,168)**	**(7,913)**	**(1,910)**

(in NZ $'000)

As at 31 March 2020 (Audited)	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non-interest bearing
Financial assets							
Cash	53	-	-	-	-	-	53
Balance due from related parties	229	-	-	-	-	-	229
Due from other financial institutions	26,458	25,565	646	-	-	-	247
Loans and advances	58,152	58,760	-	2	-	-	(610)
Interest receivable	35	-	-	-	-	-	35
Total financial assets	**84,927**	**84,325**	**646**	**2**	**-**	**-**	**(46)**
Financial Liabilities							
Balance due to related parties	17,235	7,169	2,100	7,707	-	-	259
Deposits and other borrowings	12,801	8,819	2,831	192	32	-	927
Lease liabilities	519	-	-	-	-	-	519
Interest payable	99	-	-	-	-	-	99
Total financial liabilities	**30,654**	**15,988**	**4,931**	**7,899**	**32**	**-**	**1,804**
Net financial assets/(liabilities)	**54,273**	**68,337**	**(4,285)**	**(7,897)**	**(32)**	**-**	**(1,850)**

(in NZ $'000)

As at 30 September 2019 (Unaudited)	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non - interest-bearing
Financial assets							
Cash	65	-	-	-	-	-	65
Balance due from related parties	171	98	-	-	-	-	73
Due from other financial institutions	25,032	24,772	-	-	-	-	260
Loans and advances	59,915	60,192	-	-	3	-	(280)
Interest receivable	53	-	-	-	-	-	53
Total financial assets	**85,236**	**85,062**	**-**	**-**	**3**	**-**	**171**
Financial Liabilities							
Balance due to related parties	17,132	-	9,370	6,110	-	-	1,652
Deposits and other borrowings	13,315	10,795	1,356	195	5	-	964
Lease liabilities	636	-	-	-	-	-	636
Interest payable	31	-	-	-	-	-	31
Total financial liabilities	**31,114**	**10,795**	**10,726**	**6,305**	**5**	**-**	**3,283**
Net financial assets/(liabilities)	**54,122**	**74,267**	**(10,726)**	**(6,305)**	**(2)**	**-**	**(3,112)**

Interest rate sensitivity

The table below summarise the post-tax sensitivity of financial assets and liabilities to change in interest rate risk. The market 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.

(in NZ $'000)

As at 30 September 2020 (Unaudited)	Carrying Amounts	-1.0% Profit or Loss	+1.0% Profit or Loss	-1.0% Equity	+1.0% Equity
Financial assets					
Cash	80	-	-	-	-
Balance due from related parties	1,617	-	-	-	-
Due from other financial institutions	15,396	(43)	43	(43)	43
Loans and advances	77,882	(564)	564	(564)	564
Interest receivable	1	-	-	-	-
Total financial assets	**94,976**	**(607)**	**607**	**(607)**	**607**
Financial liabilities					
Balance due to related parties	23,734	103	(103)	103	(103)
Deposits and other borrowings	15,813	95	(95)	95	(95)
Lease liabilities	398	-	-	-	-
Interest Payable	69	-	-	-	-
Total financial liabilities	**40,014**	**198**	**(198)**	**198**	**(198)**

(in NZ $'000)

As at 31 March 2020 (Audited)	Carrying Amounts	-1.0% Profit or Loss	+1.0% Profit or Loss	-1.0% Equity	+1.0% Equity
Financial assets					
Cash	53	-	-	-	-
Balance due from related parties	229	-	-	-	-
Due from other financial institutions	26,458	(134)	134	(134)	134
Loans and advances	58,152	(423)	423	(423)	423
Interest receivable	35	-	-	-	-
Total financial assets	**84,927**	**(557)**	**557**	**(557)**	**557**
Financial liabilities					
Balance due to related parties	17,235	122	(122)	122	(122)
Deposits and other borrowings	12,801	85	(85)	85	(85)
Lease liabilities	519	-	-	-	-
Interest Payable	99	-	-	-	-
Total financial liabilities	**30,654**	**207**	**(207)**	**207**	**(207)**

As at 30 September 2019 (Unaudited)	Carrying Amounts	-0.50% Profit or Loss	+0.50% Profit or Loss	-0.50% Equity	+0.50% Equity
Financial assets					
Cash	65	-	-	-	-
Balance due from related parties	171	-	-	-	-
Due from other financial institutions	25,032	(89)	89	(89)	89
Loans and advances	59,915	(217)	217	(217)	217
Interest receivable	53	-	-	-	-
Total financial assets	**85,236**	**(306)**	**306**	**(306)**	**306**
Financial liabilities					
Balance due to related parties	17,132	-	-	-	-
Deposits and other borrowings	13,315	33	(33)	33	(33)
Lease liabilities	636	-	-	-	-
Interest Payable	31	-	-	-	-
Total financial liabilities	**31,114**	**33**	**(33)**	**33**	**(33)**

Foreign exchange risk

The table below summarises the Bank's open foreign currency position.

	As at 30.09.2020 (Unaudited)		As at 31.03.2020 (Audited)		As at 30.09.2019 (Unaudited)	
	(USD) $'000 NZD Equivalent	(INR) $'000 NZD Equivalent	(USD) $'000 NZD Equivalent	(INR) $'000 NZD Equivalent	(USD) $'000 NZD Equivalent	(INR) $'000 NZD Equivalent
Financial assets						
Cash	5	-	6	-	5	-
Balance due from related parties	1,586	30	197	32	135	36
Due from other financial Institutions	-	-	1,645	-	1,568	-
Interest receivable	-	-	1	-	9	-
Total financial assets	**1,591**	**30**	**1,849**	**32**	**1,717**	**36**
Financial liabilities						
Balance due to related parties	-	-	-	-	-	-
Deposits and other borrowings	1,563	-	1,805	-	1,674	-
Interest payable	-	-	-	-	4	-
Total financial liabilities	**1,563**	**-**	**1,805**	**-**	**1,678**	**-**
Net Open Position:	**28**	**30**	**44**	**32**	**39**	**36**

Foreign exchange sensitivity

The table below summarises the post-tax sensitivity to changes in foreign exchange rates.

The table below summarises the post-tax sensitivity to changes in foreign exchange rates.

(in NZ $'000)

As at 30 September 2020 (Unaudited)	Carrying Amounts	-10% Profit or Loss	+10% Profit or Loss	-10% Equity	+10% Equity
Financial assets					
Open Position	58	(4)	4	(4)	4

(in NZ $'000)

As at 31 March 2020 (Audited)	Carrying Amounts	-10% Profit or Loss	+10% Profit or Loss	-10% Equity	+10% Equity
Financial assets					
Open Position	76	(6)	6	(6)	6

(in NZ $'000)

As at 30 September 2019 (Unaudited)	Carrying Amounts	-10% Profit or Loss	+10% Profit or Loss	-10% Equity	+10% Equity
Financial assets					
Open Position	75	(5)	5	(5)	5

Liquidity risk

The table below summarises the cash flows receivable and payable by the Bank under non-derivative financial assets and liabilities by remaining contractual maturities as at 30 September 2020. The amounts disclosed are contractual undiscounted cash flows and is not disclosed based on expected cash flows. The liquid assets are for the purpose of managing liquidity.

(in NZ $'000)

As at 30 September 2020 (Unaudited)	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	On demand	Total
Assets						
Cash	-	-	-	-	80	80
Balance due from related parties	-	-	-	-	1,617	1,617
Due from other financial institutions	6,013	-	-	-	9,396	15,409
Loan and advances	4,622	11,876	37,508	52,739	3,015	109,760
Interest receivable	168	-	-	-	-	168
Total financial assets	**10,803**	**11,876**	**37,508**	**52,739**	**14,108**	**127,034**
Liabilities						
Balance due to related parties	5,817	8,696	9,517	-	434	24,464
Deposits and other borrowings	3,725	4,552	70	-	7,565	15,912
Lease liabilities	62	140	196	-	-	398
Other liabilities	69	-	-	-	-	69
Total financial liabilities	**9,673**	**13,388**	**9,783**	**-**	**7,999**	**40,843**
Net non-derivative cash flows	**1,130**	**(1,512)**	**27,725**	**52,739**	**6,109**	**86,191**
Off Balance sheet cash flows						
Loan commitments	-	-	-	-	9,289	9,289
Guarantee	-	-	-	-	461	461
Total	**-**	**-**	**-**	**-**	**9,750**	**9,750**
Net cash flows	**1,130**	**(1,512)**	**27,725**	**52,739**	**(3,641)**	**76,441**

(in NZ $'000)

As at 31 March 2020 (Audited)	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	On demand	Total
Assets						
Cash	-	-	-	-	53	53
Balance due from related parties	-	-	-	-	229	229
Due from other financial institutions	18,052	648	-	-	7,816	26,516
Loan and advances	1,181	3,844	32,811	41,540	4,053	83,429
Interest receivable	151	-	-	-	-	151
Total financial assets	**19,384**	**4,492**	**32,811**	**41,540**	**12,151**	**110,378**
Liabilities						
Balance due to related parties	7,414	10,012	-	-	259	17,685
Deposits and other borrowings	3,662	3,054	33	-	6,124	12,873
Lease liability	60	186	273	-	-	519
Other liabilities	99	-	-	-	-	99
Total financial liabilities	**11,235**	**13,252**	**306**	**-**	**6,383**	**31,176**
Net non-derivative cash flows	**8,149**	**(8,760)**	**32,505**	**41,540**	**5,768**	**79,202**
Off Balance sheet cash flows						
Loan commitments	-	-	-	-	7,785	7,785
Guarantee	-	-	-	-	474	474
Total	**-**	**-**	**-**	**-**	**8,259**	**8,259**
Net cash flows	**8,149**	**(8,760)**	**32,505**	**41,540**	**(2,491)**	**70,943**

Liquidity risk (continued…)

(in NZ $'000)

As at 30 September 2019 (Unaudited)	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	On demand	Total
Assets						
Cash	-	-	-	-	65	65
Balance due from related parties	97	-	-	-	74	171
Due from other financial institutions	11,620	-	-	-	13,467	25,087
Loan and advances	2,592	7,260	29,683	44,953	4,078	88,566
Interest receivable	53	-	-	-	-	53
Total financial assets	**14,362**	**7,260**	**29,683**	**44,953**	**17,684**	**113,942**
Liabilities						
Balance due to related parties	-	16,307	-	-	1,652	17,959
Deposits and other borrowings	4,406	1,577	6	-	7,396	13,385
Lease liabilities	58	180	398	-	-	636
Other liabilities	31	-	-	-	-	31
Total financial liabilities	**4,495**	**18,064**	**404**	**-**	**9,048**	**32,011**
Net non-derivative cash flows	**9,867**	**(10,804)**	**29,279**	**44,953**	**8,636**	**81,931**
Off Balance sheet cash flows						
Loan commitments	1,571	4,355	-	-	-	5,926
Guarantee	-	-	-	-	474	474
Total	**1,571**	**4,355**	**-**	**-**	**474**	**6,400**
Net cash flows	**8,296**	**(15,159)**	**29,279**	**44,953**	**8,162**	**75,531**

19 CONCENTRATION OF CREDIT RISK

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by the industry and geography area of the Bank's main counterparties.

(in NZ $'000)

Analysis of on balance sheet credit exposure by industry	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Property & Business Services	27,120	35,100	34,431
Finance, Investment & Insurance	17,884	27,588	26,341
Construction	19,478	-	-
Retail & Wholesale Trade	4,692	3,471	4,043
Hospitality	-	-	131
Health & Community Services	3,059	3,888	3,943
Others	519	579	552
Households	20,553	13,411	14,484
Restaurants & Accommodation	-	-	85
Education	1,290	1,412	1,513
Rental/Hiring/Real Estate	880	-	-
Subtotal	95,475	85,449	85,523
Allowance for impairment losses	(580)	(610)	(405)
Total on-balance sheet credit exposures	**94,895**	**84,839**	**85,118**

(in NZ $'000)

Analysis of on balance sheet exposure by geographical area	30.09.2020 (Unaudited)	31.03.2020 (Audited)	30.09.2019 (Unaudited)
New Zealand	93,278	84,609	84,947
Asia	55	59	159
America	1,562	171	12
Total on-balance sheet credit exposures	**94,895**	**84,839**	**85,118**

(in NZ $'000)

Off balance sheet credit exposures	30.09.2020 (Unaudited)	31.03.2020 (Audited)	30.09.2019 (Unaudited)
Loan commitments	9,289	7,785	5,926
Performance/financial guarantees issued on behalf of customers	461	474	474
Total off-balance sheet credit exposures	**9,750**	**8,259**	**6,400**

CONCENTRATION OF CREDIT RISK (continued…)

(in NZ $'000)

Analysis of off balance sheet credit exposure by industry	30.09.2020 (Unaudited)	31.03.2020 (Audited)	30.09.2019 (Unaudited)
Property & Business Services	-	7,788	5,871
Construction	7,934	-	-
Health & Community Services	43	43	43
Retail & Wholesale Trade	-	-	3
Education	81	81	81
Travel & Tourism	310	310	310
Households	1,355	10	65
Restaurants & Accommodation	27	27	27
Total off-balance sheet credit exposures	**9,750**	**8,259**	**6,400**

Maximum exposure to credit risk

The Bank does not have any material exposures on which balances have been netted. As such, the carrying amount of loans and advances (gross of provisions) and commitments as set out in note 23 represent the Bank's maximum exposure to credit risk for on and off Balance Sheet financial instruments.

Coverage provided by Collateral Held on Loan

The table below presents the maximum exposure to credit risk for balance sheet financial instruments before taking account of the financial effect of any collateral held.

The most common types of collateral include:

- Security over real estate
- Cash deposits
- Other security over business assets.

(in NZ $'000)

	Maximum exposure (Unaudited) 30.09.2020			Maximum exposure (Audited) 31.03.2020			Maximum exposure (Unaudited) 30.09.2019		
	Maximum Exposure to Credit Risk	Financial effect of Collateral	Unsecured portion of Credit Exposure	Maximum Exposure to Credit Risk	Financial effect of Collateral	Unsecured portion of Credit Exposure	Maximum Exposure to Credit Risk	Financial effect of Collateral	Unsecured portion of Credit Exposure
Due from other financial Institutions	15,396	-	15,396	26,458	-	26,458	25,032	-	25,032
Net Loans and advances to Customers	77,882	77,848	34	58,152	58,105	47	59,915	59,898	17
Balance with related parties	1,617	-	1,617	229	-	229	171	-	171
Total exposure to credit risk	**94,895**	**77,848**	**17,047**	**84,839**	**58,105**	**26,734**	**85,118**	**59,898**	**25,220**

20 CONCENTRATION OF FUNDING

Concentration of funding arises where the Bank is funded by industries of a similar nature or in particular geographies. An analysis of financial liabilities by industry sector and geography is as follows:

(in NZ $'000)

Analysis of funding by industry sector:	30.09.2020 (Unaudited)	31.03.2020 (Audited)	30.09.2019 (Unaudited)
Finance, Investment and Insurance	23,734	17,235	17,132
Households	14,998	12,263	12,639
Restaurants	27	27	27
Property & business services	136	133	129
Others	652	378	520
Total funding	**39,547**	**30,036**	**30,447**

(in NZ $'000)

Analysis of funding by geographical area:	30.09.2020 (Unaudited)	31.03.2020 (Audited)	30.09.2019 (Unaudited)
New Zealand	39,113	29,777	30,045
Asia	434	259	402
Total funding	**39,547**	**30,036**	**30,447**

21 CONCENTRATION OF CREDIT EXPOSURE TO INDIVIDUAL COUNTERPARTIES (BOTH BANK AND NON-BANK COUNTERPARTIES)

Credit exposure is calculated based on actual exposure net of any amounts offset and any individual credit impairment allowances. The credit exposure information excludes credit exposures to connected persons and the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent.

There was one (1) individual bank counterparties to which the Bank had an aggregate credit exposure that equalled or exceeded 10% of the Bank's equity as at 30 September 2020 (31 March 2020: 2 and 30 September 2019:2).

There were six (6) non-bank counterparties, which the Bank had an aggregate credit exposure that equalled or exceeded 10% of the Bank's equity as at 30 September 2020 (31 March 2020: 5 and 30 September 2019: 6).

There were two (2) individual bank counterparties which the Bank has a peak end-of-day aggregate credit exposure that equalled or exceeded 10% of the Bank's equity for the period ended 30 September 2020 (31 March 2020: 2 and 30 September 2019: 2).

There were six (6) non-bank counterparties which the Bank has a peak end-of-day aggregate credit exposure that equalled or exceeded 10% of the Bank's equity for the period ended 30 September 2020 (31 March 2020: 6 and 30 September 2019: 6).

Percentage of shareholders' equity	30.09.2020 (Unaudited) Number of non-bank counterparties			
	"A" Rated	"B" Rated	Unrated	Total
As at 30.09.2020				
10% - 14.99%	-	-	1	1
15% - 19.99%	-	-	3	3
20% - 24.99%	-	-	1	1
25%-29.99%	-	-	-	-
30%-34.99%	-	-	1	1
Total	**-**	**-**	**6**	**6**
Peak Exposure				
10% - 14.99%	-	-	1	1
15% - 19.99%	-	-	3	3
20% - 24.99%	-	-	1	1
25%-29.99%	-	-	-	-
30%-34.99%	-	-	1	1
Total	**-**	**-**	**6**	**6**

Percentage of shareholders' equity	31.03.2020 (Audited) Number of non-bank counterparties			
	"A" Rated	"B" Rated	Unrated	Total
As at 31.03.2020				
10% - 14.99%	-	-	1	1
15% - 19.99%	-	-	4	4
20% - 24.99%	-	-	-	-
25%-29.99%	-	-	-	-
30%-34.99%	-	-	-	-
Total	**-**	**-**	**5**	**5**
Peak Exposure				
10% - 14.99%	-	-	2	2
15% - 19.99%	-	-	4	4
20% - 24.99%	-	-	-	-
25%-29.99%	-	-	-	-
30%-34.99%	-	-	-	-
Total	**-**	**-**	**6**	**6**

CONCENTRATION OF CREDIT EXPOSURE TO INDIVIDUAL COUNTERPARTIES (continued…)

Percentage of shareholders' equity	30.09.2019 (Unaudited)			
	Number of non-bank counterparties			
	"A" Rated	"B" Rated	Unrated	Total
As at 30.09.2019				
10% - 14.99%	-	-	4	4
15% - 19.99%	-	-	2	2
20% - 24.99%	-	-	-	-
25%-29.99%	-	-	-	-
30%-34.99%	-	-	-	-
Total	**-**	**-**	**6**	**6**
Peak Exposure				
10% - 14.99%	-	-	3	3
15% - 19.99%	-	-	3	3
20% - 24.99%	-	-	-	-
25%-29.99%	-	-	-	-
30%-34.99%	-	-	-	-
Total	**-**	**-**	**6**	**6**

Percentage of shareholders' equity	30.09.2020 (Unaudited)			
	Number of bank counterparties			
	"A- or A3or above or equivalent	B Rated	Unrated	Total
As at 30.09.2020				
10%-14.99%	-	-	-	-
15%-19.99%	-	-	-	-
20%-24.99%	1	-	-	1
25%-29.99%	-	-	-	-
30%-34.99%	-	-	-	-
35%-39.99%	-	-	-	-
Total	**1**	**-**	**-**	**1**
Peak Exposure				
10% - 14.99%	-	-	-	-
15%-19.99%	-	-	-	-
20%-24.99%	1	-	-	1
25%-29.99%	-	-	-	-
30%- 34.99%	-	-	-	-
35%-39.99%	-	-	-	-
40%-44.99%	1	-	-	1
Total	**2**	**-**	**-**	**2**

Percentage of shareholders' equity	31.03.2020 (Audited)			
	Number of bank counterparties			
	"A- or A3or above or equivalent	B Rated	Unrated	Total
As at 31.03.2020				
10%-14.99%	1	-	-	1
15%-19.99%	-	-	-	-
20%-24.99%	-	-	-	-
25-29.99%	-	-	-	-
30%-34.99%	1	-	-	1
35%-39.99%	-	-	-	-
Total	**2**	**-**	**-**	**2**
Peak Exposure				
10% - 14.99%	-	-	-	-
15%-19.99%	-	-	-	-
20%-24.99%	-	-	-	-
25%-29.99%	-	-	-	-
30%- 34.99%	2	-	-	2
35%-39.99%	-	-	-	-
40%-44.99%	-	-	-	-
Total	**2**	**-**	**-**	**2**

CONCENTRATION OF CREDIT EXPOSURE TO INDIVIDUAL COUNTERPARTIES (continued…)

	30.09.2019 (Unaudited)			
	Number of bank counterparties			
Percentage of shareholders' equity	**"A- or A3or above or equivalent**	**B Rated**	**Unrated**	**Total**
As at 30.09.2019				
10%-14.99%	-	-	-	-
15%-19.99%	1	-	-	1
20%-24.99%	-	-	-	-
25%-29.99%	1	-	-	1
30%-34.99%	-	-	-	-
35%-39.99%	-	-	-	-
Total	**2**	**-**	**-**	**2**
Peak Exposure				
10% - 14.99%	-	-	-	-
15%-19.99%	1	-	-	1
20%-24.99%	-	-	-	-
25%-29.99%	-	-	-	-
30%- 34.99%	1	-	-	1
35%-39.99%	-	-	-	-
40%-44.99%	-	-	-	-
Total	**2**	**-**	**-**	**2**

22 CREDIT EXPOSURE TO CONNECTED PERSONS

(in NZ $'000)

As at	**30.09.2020 (Unaudited)**	**31.03.2020 (Audited)**	**30.09.2019 (Unaudited)**
Credit exposure to connected persons	1,617	4,482	4,522
Credit exposure to non-bank connected persons	-	-	-
Peak end-of-day	-		
Credit exposure to connected persons	5,791	5,785	4,937
Credit exposure to non-bank connected persons	-	-	-

As at	**30.09.2020 (Unaudited) % of Tier-1 Capital**	**31.03.2020 (Audited) % of Tier-1 Capital**	**30.09.2019 (Unaudited) % of Tier-1 Capital**
Credit exposure to connected persons	2.90%	8.10%	8.20%
Credit exposure to non-bank connected persons	-	0.00%	0.00%
Peak end-of-day			
Credit exposure to connected persons	10.40%	10.45%	8.95%
Credit exposure to non-bank connected persons	-	0.00%	0.00%

This information has been derived in accordance with the Bank's condition of registration and Connected Exposure Policy (BS8) and is net of individual credit impairment allowances and excludes advances to connected persons of a capital nature.

Peak end-of-day aggregate exposure is derived by determining the maximum end-of-day aggregate amount of credit exposure over the accounting period and then divided by the Bank's tier one capital as at reporting date.

As at 30 September 2020, the rating-contingent limit applicable to the Bank was 15% of tier one capital. Over the period ended 30 September 2020, no changes have been made to the rating-contingent limit. Within the overall rating-contingent limit, there is a sublimit of 15% of tier one capital that applies to the aggregate credit exposure to non-bank connected persons (31 March 2020: 15%, and 30 September 2019: 15%).

Aggregate credit exposure to connected persons has been calculated on a gross basis.

Aggregate amount of contingent exposures of the Bank to connected persons arising from risk lay-off arrangements in respect of credit exposures to counterparties (excluding counterparties that are connected persons) as at 30 September 2020 is Nil (31 March 2020: Nil; and 30 September 2019: Nil).

Aggregate amount of the Bank's individual credit impairment allowances provided against credit exposures to connected persons as at 30 September 2020 is Nil (31 March 2020: Nil; and 30 September 2019: Nil).

23 COMMITMENTS

Undrawn loan commitments

(in NZ $'000)

	(Unaudited) 30.09.2020	**(Audited) year to 31.03.2020**	**(Unaudited) 30.09.2019**
Undrawn loan commitments	9,289	7,785	5,926
Total	**9,289**	**7,785**	**5,926**

Capital commitments

As at 30 September 2020, the Bank does not have any commitments for capital expenditure (31 March 2020: Nil; and 30 September 2019: Nil).

24 INSURANCE BUSINESS AND NON-FINANCIAL ACTIVITIES

The Bank does not conduct any insurance business, securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products.

25 SEGMENT INFORMATION

The Bank operates in a single segment, predominantly in the banking and finance industry in New Zealand.

26 CONTINGENT LIABILITIES

(in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Performance/financial guarantees issued on behalf of customers	461	474	474
Total contingent liabilities	**461**	**474**	**474**

27 RIGHT OF USE ASSET AND LEASE LIABILITY

(in NZ $'000)

	Real Estate	Total
Right-of-use assets		
Balance as at 1 April 2019	747	747
Additions	-	-
Adjustments due to lease review	-	-
Disposals	-	-
Depreciation	(123)	(123)
Balance as at 30 September 2019 (Unaudited)	**624**	**624**
Balance as at 1 April 2019	747	747
Additions	-	-
Adjustments due to lease review	-	-
Disposals	-	-
Depreciation	(246)	(246)
Balance as at 31 March 2020 (audited)	**501**	**501**
Balance as at 1 April 2020	**501**	**501**
Additions	-	-
Adjustments due to lease review	-	-
Disposals	-	-
Depreciation	(123)	(123)
Balance as at 30 September 2020	**378**	**378**
Lease liabilities		
Balance as at 1 April 2019	747	747
Additions	-	-
Adjustments due to lease review	-	-
Lease payments	(136)	(136)
Interest expense on lease liabilities	25	25
Balance as at 30 September 2019	**636**	**636**
Balance as at 1 April 2019	747	747
Additions	-	-
Adjustments due to lease review	-	-
Lease payments	(273)	(273)
Interest expense on lease liabilities	45	45
Balance as at 31 March 2020	**519**	**519**
Balance as at 1 April 2020	519	519
Additions	-	-
Adjustments due to lease review	-	-
Lease payments	(137)	(137)
Interest expense on lease liabilities	16	16
Balance as at 30 September 2020	**398**	**398**

Cash outflows for leases

(in NZ $'000)

	(Unaudited) 30.09.2020	(Audited) year to 31.03.2020	(Unaudited) 30.09.2019
Initial payments	-	-	-
Lease liabilities-principal payments	121	228	111
Interest expenses-lease liabilities	16	45	25
Short term leases	-	9	9
Total lease payments	**137**	**282**	**145**

The Bank's lease portfolio consists of two real estate leases at:

i) 10 Manukau Road, Epsom, Auckland: The non-cancellable period of the lease is for one year from June 2020 and has an option to extend the lease for a further year, through to May 2022. As at the reporting date, the Bank is reasonably certain to exercise the renewal option.

ii) 31 East Tamaki Road, Papatoetoe, Auckland: The non-cancellable period of the lease is for ten years from July 2013, ending in July 2023.

28 EVENTS AFTER REPORTING DATE

No further matters or circumstances have arisen since the end of the reporting date and up until the date of approval of disclosure statement, which significantly affect the operations of the Bank.

CREDIT RATINGS SCALES

Long Term Debt Ratings	Standard and Poor's	Moody's	Fitch IBCA
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	BBB	Baa	BBB
Predominately speculative / Less near term vulnerability to default	BB	Ba	BB
Speculative, low grade / Greater vulnerability	B	B	B
Poor to default / identifiable vulnerability	CCC	Caa	CCC
Highest speculations	CC	Ca	CC
Lowest quality, no interest	C	C	C
Payment in default, in arrears – questionable value		D	D

Credit ratings between AA – CCC by Standard & Poor's and Fitch Ratings may be modified by the addition of a plus or minus sign (signalling higher and lower end of the scale respectively). Moody's Investor Services applies numeric modifies 1,2 and 3 to each generic rating classification with a 1 indicating a higher rating and a 3 indicating a lower rating within that generic rating category.

Conditions of registration for Bank of India (New Zealand) Limited

These conditions of registration apply on and after 2 April 2020.

The registration of Bank of India (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 than8%;
   (b) the Tier 1 capital ratio of the banking group is not less than6%;
   (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 $30million;
   (e) the bank must not include the amount of an Additional Tier 1 capital instrument or Tier 2 capital instrument issued after 1 January 2013 in the calculation of its capital ratios unless it has received a notice of non-objection to the instrument from the Reserve Bank;and
   (f) the bank meets the requirements of Part 3 of the Reserve Bank of New Zealand document “Application requirements for capital recognition or repayment and notification requirements in respect of capital” (BS16) dated November 2015 in respect of regulatory capitalinstruments.

   For the purposes of this condition of registration, —
   “Total capital ratio”, “Tier 1 capital ratio”, and “Common Equity Tier 1 capital ratio” have the same meaning as in Part 3 of the Reserve Bank of New Zealand document “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated November 2015;

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

   an Additional Tier 1 capital instrument is an instrument that meets the requirements of subsection 8(2)(a) or (c) of the Reserve Bank of New Zealand document “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated November 2015.

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

1A. That—
   (a) the bank has an internal capital adequacy assessment process (“ICAAP”) that accords with the requirements set out in the document “Guidelines on a bank’s internal capital adequacy assessment process (‘ICAAP’)” (BS12) dated December2007;

   (b) under its ICAAP the bank identifies and measures its “other material risks” definedasallmaterialrisksofthebankinggroupthatarenotexplicitly captured in the calculation of the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the Total capital ratio under the requirements set out in the document “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated November 2015 ;and

   (c) the bank determines an internal capital allocation for each identified and measured “other materialrisk”.

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

   (a) according to the following table, limit any distributions of the bank’s earnings payable to holders of Additional Tier 1 capital instruments to the percentage limit on distributions that corresponds to the banking group’s bufferratio:

Banking group’s buffer ratio	Percentage limit on distributions of the bank’s earnings
0% – 0.625%	0%
>0.625 – 1.25%	20%
>1.25 – 1.875%	40%
>1.875 – 2.5%	60%

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

(c) have the capital plan approved by the ReserveBank.

For the purposes of this condition of registration,—

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

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

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

For the purposes of this condition of registration,—

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

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

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

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

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 notgreater than 1% of itstotal 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 businessand 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 itsinsurance 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 insurancebusiness.

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) Act2010.

4. That the aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) of the banking group to all connected persons do not exceed the rating-contingent limit outlined in the followingmatrix:

Credit rating of the bank[1]	**Connected exposure limit (% of the Banking Group's Tier 1 capital)**
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

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

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

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connectedpersons.

6. That the bank complies with the following corporate governancerequirements:

(a) the board of the bank must have at least fivedirectors;
(b) the majority of the board members must be non-executivedirectors;
(c) at least half of the board members must be independentdirectors;
(d) an alternate director,—
  (i) for a non-executive director must be non-executive;and
  (ii) for an independent director must beindependent;
(e) at least half of the independent directors of the bank must be ordinarily resident in NewZealand;
(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. thebank).

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:

1 This table uses the rating scales of Standard & Poor's, Fitch Ratings and Moody's Investors Service. (Fitch Ratings' scale is identical to Standard & Poor's.)

(a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee;and
(b) the Reserve Bank has advised that it has no objection to thatappointment.

8. That a person must not be appointed as chairperson of the board of the bankunless:
(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 thatappointment.

9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the followingrequirements:
(a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal auditstandards;
(b) the committee must have at least threemembers;
(c) every member of the committee must be a non-executive director of thebank;
(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 thebank.

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-riskmanagement:

(a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each businessday;
(b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day;and
(c) the one-year core funding ratio of the banking group is not less than 50 per cent at the end of each businessday.

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

12. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, inparticular:
(a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidityrisk;
(b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity riskmanagement;
(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 fundingplan.

13. That no more than 10% of total assets may be beneficially owned by a SPV. For the purposes of thiscondition,—

"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 anyasset;
(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 coveredbond:

"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 theissuer.

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 thresholdunless:

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

(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 businesscombination.

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

15. That, for a loan-to-valuation measurement period, the total of the bank's qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 70%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurementperiod.

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

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 theloan.

In these conditions of registration,—

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

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

In conditions of registration 15 to 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 January 2019:

"loan-to-valuation measurement period" means a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of June2019.

Conditions of registration apply on and after 1 May 2020.

The registration of Bank of India (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 than8%;
   (b) the Tier 1 capital ratio of the banking group is not less than6%;
   (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 $30million;
   (e) the bank must not include the amount of an Additional Tier 1 capital instrument or Tier 2 capital instrument issued after 1 January 2013 in the calculation of its capital ratios unless it has received a notice of non-objection to the instrument from the Reserve Bank;and
   (f) the bank meets the requirements of Part 3 of the Reserve Bank of New Zealand document "Application requirements for capital recognition or repayment and notification requirements in respect of capital" (BS16) dated November 2015 in respect of regulatory capitalinstruments.

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

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

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

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

That—
   (a) the bank has an internal capital adequacy assessment process ("ICAAP") that accords with the requirements set out in the document "Guidelines on a bank's internal capital adequacy assessment process ('ICAAP')" (BS12) dated December2007;
   (b) under its ICAAP the bank identifies and measures its "other material risks" definedasallmaterialrisksofthebankinggroupthatarenotexplicitly captured in the calculation of the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the Total capital ratio under the requirements set out in the document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated November 2015 ;and
   (c) the bank determines an internal capital allocation for each identified and measured "other materialrisk".

1B. That, if the buffer ratio of the banking group is 2.5% or less, the bankmust:
   (a) according to the following table, limit any distributions of the bank's earnings payable to holders of Additional Tier 1 capital instruments to the percentage limit on distributions that corresponds to the banking group's bufferratio:

Banking group's buffer ratio	Percentage limit on distributions of the bank's earnings
0% – 0.625%	0%
>0.625 – 1.25%	20%
>1.25 – 1.875%	40%
>1.875 – 2.5%	60%

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

For the purposes of this condition of registration,—

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

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

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

For the purposes of this condition of registration,—
an Additional Tier 1 capital instrument is an instrument that meets the requirements of subsection 8.2(a) or (c) of the Reserve Bank of New Zealand document “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated November 2015;

“total capital” has the same meaning as in Part 2 of the Reserve Bank of New Zealand document “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated November2015;

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

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

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 notgreater than 1% of its total consolidatedassets.

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 businessand 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 totalliabilities relating to the entity’s insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of itsinsurance 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 insurancebusiness.

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) Act2010.

4. That the aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) of the banking group to all connected persons do not exceed the rating-contingent limit outlined in the followingmatrix:

Credit rating of the bank[1]	**Connected exposure limit (% of the Banking Group's Tier 1 capital)**
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

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

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

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connectedpersons.

6. That the bank complies with the following corporate governancerequirements:

(a) the board of the bank must have at least fivedirectors;
(b) the majority of the board members must be non-executivedirectors;
(c) at least half of the board members must be independentdirectors;
(d) an alternatedirector,—
  (i) for a non-executive director must be non-executive;and
  (ii) for an independent director must beindependent;
(e) at least half of the independent directors of the bank must be ordinarily resident in NewZealand;
(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. thebank).

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:

[1] This table uses the rating scales of Standard & Poor's, Fitch Ratings and Moody's Investors Service. (Fitch Ratings' scale is identical to Standard & Poor's.)

(a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee;and
(b) the Reserve Bank has advised that it has no objection to thatappointment.

8. That a person must not be appointed as chairperson of the board of the bankunless:
(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 thatappointment.

9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the followingrequirements:
(a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal auditstandards;
(b) the committee must have at least threemembers;
(c) every member of the committee must be a non-executive director of thebank;
(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 thebank.

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 businessday;
(b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day;and
(c) the one-year core funding ratio of the banking group is not less than 50 per cent at the end of each businessday.

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

12. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, inparticular:

(a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidityrisk;
(b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity riskmanagement;
(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 fundingplan.

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

purposes of thiscondition,—

"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 anyasset;

(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 theissuer.

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 thresholdunless:

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

(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 businesscombination.

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

In these conditions of registration,—

"banking group" means Bank of India (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.

Dated 14th January, 2011

DEED OF GUARANTEE

By

BANK OF INDIA

In respect of the obligations of

BOI (NEW ZEALAND) LIMITED

CONTENTS

THIS DEED is made on 14th January 2011

BY

(1) **BANK OF INDIA** a body corporate constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, having its Head Office at Star House, C-5, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai, India (hereinafter referred to as the "**Bank**");

AND

(2) **BOI (NEW ZEALAND) LIMITED** a Company incorporated in New Zealand having its registered office at Level 18, PricewaterhouseCoopers Tower, 188 Quay Street, Auckland, New Zealand (hereinafter referred to as "**BoINZ**")

IN FAVOUR OF

(3) **EACH CREDITOR OF BOINZ**

WHEREAS :

A) BOINZ is a wholly owned subsidiary of the Bank and set up for the purpose of doing the business of banking in New Zealand.

B) The Bank enters into this Deed of Guarantee for the purpose of guaranteeing the obligations of its subsidiary, BoINZ, to the extent provided for by the terms of this Deed.

1. DEFINITIONS AND INTERPRETATION

1.1 In this Deed and in the Recitals, unless the context otherwise requires:

"**Authorised Officer**" means, where a Creditor is a Person other than a natural person, a director or secretary of that Person or a person duly authorised by the Creditor under the resolution and seal of the Person;

"**Business Day**" means any day, other than a Saturday or Sunday or public holiday, on which banks are open for general business in Wellington and Auckland;

Authorised Signatory
Bandra (E) Branch

(Rupees One Hundred Only)
The North Kanara G.S.B. Co-op. Bank Ltd., Bandra Branch, Zapurza, Sahitya Sahawas, Kalanagar, Mumbai-400 051. D-5/STP(V)/C.R.1043/02/05/1300 to 1303
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JAN 13 2011
INDIA STAMP DUTY MAHARASHTRA
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"**Creditor**" means each and any Person to whom an Obligation is due and owed by BoINZ during the validity period of this Guarantee.

"**Guarantee**" means the guarantee by the Bank for the benefit of the Creditors pursuant and subject to the terms and conditions of this Deed;

"**Obligation**" means a legally enforceable, undisputed liability or obligation of BOINZ to a Creditor ranking at least pari passu with the claims of unsecured creditors of BoINZ. PROVIDED THAT "Obligation" shall not include:

(a) any liability of BoINZ in respect of Special, exemplary or punitive damages; and/or

(b) any liability for payment of taxes, rates, imposts, duties or similar government charges; and/or

(c) any claim/liability/obligation which is subject to a bona fide dispute; and/or

(d) any obligation in respect of which the Creditor has not submitted proper proof and other documents and security, to enable BOINZ to discharge the said obligations; and/or

(e) any claim/obligation in respect of a contingent liability; and/or

(f) any claim/liability which is barred by the law of limitation or such similar laws.

"**Person**" means any person, firm, trust, estate, corporation, association, co-operative, government or governmental agency.

1.2 Words importing the singular number or plural number shall include the plural number and singular number respectively. Words importing any gender shall include every gender.

1.3 References to laws, statutes or legislation are to the laws, statues or legislation for the time being in force in New Zealand, unless the contrary appears from the context of this Deed.

2. GUARANTEE

2.1 The Bank hereby unconditionally guarantees for the benefit of each Creditor the due and punctual payment by BoINZ of each and every Obligation (whether at stated maturity or upon acceleration) now owing or to become owing by BoINZ to the Creditor during the term of the Guarantee to the intent that should BoINZ default in the due and punctual payment of any such Obligation, the Bank shall, upon written demand by the relevant Creditor under clause 3.2, forthwith pay or cause to be paid to the Creditor all amounts then due and unpaid with respect to such Obligation together with all costs and expenses incurred by the Creditor in enforcing the Guarantee.

2.2 The Guarantee is a continuing guarantee and shall not be considered as satisfied by any intermediate payment and shall remain in force until the termination or expiry of the Guarantee.

2.3 Subject to the terms of this Deed, neither the liability of Bank, nor any of the rights of any Creditor, under the Guarantee shall be affected or discharged by anything which, but for this clause, might operate to affect or discharge the liability of, or otherwise provide a defence to, the Guarantor (whether or not known to, or done or omitted to be done by, the Guarantor).

2.4 Notwithstanding clause 2.2, a Creditor may at any time by an instrument in writing, release the Bank from its liability under the Guarantee in relation to that Creditor.

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2.5 The Bank shall be liable only for payment of an Obligation in the manner, to the extent and up to the amount that BoINZ would be liable or permitted to make payment in satisfaction of such Obligation under applicable laws and regulations and in determining and making such payment the Bank shall be entitled to deduct the amounts (if any) which the Bank is entitled in law or in equity to set-off or counterclaim against the Creditor to whom that Obligation is owed and the amounts (if any) which BoINZ could have set-off or counterclaimed in law or in equity against the Creditor to whom such Obligation is owed if BoINZ were making payment to that Creditor in lieu of the Bank. Nothing contained in this Deed shall reduce the liability of the Bank with respect to any Obligation of BoINZ which is reduced or discharged by reason of the insolvency, administration, liquidation, receivership or reorganisation of BoINZ.

3. DEMAND AND PAYMENT

3.1 A Creditor shall be entitled to make a demand under this Deed if and only if:

(a) the Creditor has served written demand (a "**Primary Demand**") on BoINZ with proper proof for the payment of an Obligation which remains unpaid beyond its due date;

(b) the Creditor has complied with the requirements of BOINZ including with regard to documentation and security and the Primary Demand remains unsatisfied in whole or in part for a period of 5 Business Days after submission of necessary Primary Demand;

3.2 A demand by a Creditor under this Deed (a "**Creditors Demand**") shall be served on the Bank and shall be accompanied by a statutory declaration made by the Creditor or by an Authorised Officer of the Creditor stating:

(a) the residency and place of business of the Creditor;

(b) that BoINZ has failed to meet an Obligation;

(c) that a Primary Demand in respect of that Obligation has been given to BoINZ (accompanied by a verified copy of that Primary Demand) and that such Primary Demand has remained unsatisfied for a period of 5 Business Days as stated in 3.1(b);

(d) brief particulars of the nature of that Obligation (accompanied by a verified copy of any document giving rise to that Obligation);

(e) that the Obligation ranks at least pari passu with the claims of unsecured creditors of BoINZ generally;

(f) the outstanding amount and currency of that Obligation; and

(g) that there is no bona fide dispute relating to that Obligation.

3.3 Service of the Creditors Demand and all accompanying documents under clause 3.2 on the Bank shall constitute a written demand by the Creditor under clause 2.1.

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4. PAYMENTS

4.1 All payments by the Bank under this Deed shall be made in the currency or currencies in which the relevant Obligation is denominated.

4.2 Payments hereunder shall be made free and clear of any deduction or withholdings. In the event that the Bank is prohibited by law from making payments hereunder free of deductions or withholdings, then the Bank shall pay such additional amount to the relevant Creditor as may be necessary in order that the actual amount received after all applicable deductions and withholdings shall equal the amount that would have been received if such deductions or withholdings were not required.

5. REPRESENTATIONS

5.1 The Bank represents and warrants that:

(a) it is a registered bank duly organised and validly existing under the laws of India;

(b) it has the corporate power to enter into this Deed and to perform the obligations imposed upon it under this Deed in accordance with its terms; and

(c) this Deed constitutes a valid, binding and enforceable obligation upon it.

6. TERMINATION OF GUARANTEE

6.1 Notwithstanding anything to the contrary in this Deed, the Guarantee shall terminate automatically on the first to occur of the following events:

(a) in respect of all Obligations if:

(i) any substantial asset of BoINZ; or

(ii) any share in the issued capital of BoINZ,

is expropriated or nationalised by the Government of New Zealand or by any political subdivision thereof (the "**Government**") or any entity succeeding to the powers of any such Government or any agency of any such Government or any such successor entity or any authority which is owned or controlled by any such Government or any such successor entity except where such expropriation or nationalisation results from the default by BoINZ of any statute, regulation or other binding law; or

(b) a change in any law or regulation in any jurisdiction which renders the Guarantee illegal or inoperative in New Zealand or

(c) BOINZ ceasing to be a wholly owned subsidiary of the Bank.

6.2 Immediately after the Bank becomes aware of the termination of the Guarantee pursuant to clause 6.1, the Bank shall notify BoINZ thereof and give notice of such termination by an advertisement in a newspaper circulating generally throughout New Zealand.

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7. **SUBROGATION**

7.1 The Bank and BoINZ expressly agree that the Bank is and shall be entitled to all the rights and remedies of a guarantor under law including, without limiting the generality of the foregoing, all rights of subrogation which shall accrue to the Bank by virtue of any payment hereunder by the Bank to or for the benefit of any Creditor and, subject to the law, the Bank shall be entitled to claim the benefit of and participate in any security now or hereafter held by that Creditor from BoINZ either in whole or upon a pro-rata basis, as the case may be, where the Bank has paid all moneys to or for the benefit of that Creditor under this Deed. Notwithstanding the generality of the foregoing, the Bank shall not exercise or seek to enforce any claim against BoINZ (whether or not in liquidation) for reimbursement to the Bank of any moneys paid pursuant to this Deed by the Bank to a Creditor in respect of an Obligation until the default of BoINZ in respect of that Obligation has been fully remedied by BoINZ or the Bank.

8. **DEALINGS BETWEEN THE BANK AND THE CREDITORS**

8.1 After receipt of a written demand from a Creditor under clause 3.2 the Bank and that Creditor shall deal with one another as principal in relation to all matters under or in relation to this Deed, the Guarantee and BoINZ.

8.2 Without limiting the generality of clause 9, the Bank shall be and is entitled to serve any notice, demands or statements in connection with this Deed upon that Creditor (at its place of business specified in the Creditor's Demand) and the Bank shall be and is entitled to make any payment which it is liable to pay to the Creditor under this Deed directly to that Creditor and not through any other Person.

9. **NOTICES**

9.1 Any notice to the Creditors generally in respect of this Deed will be validly given if published in a newspaper circulating generally throughout New Zealand. Any such notice shall be deemed to have been given on the date of publication or, if published more than once, on the date of first publication.

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9.2 Any notice, demand, statement or other document required to be served on or delivered to the Bank or BoINZ under or in relation to this Deed ("**Notice**") shall be in writing signed by the party giving the Notice or by an Authorised Officer of that party, shall be made, served or given (subject in the case of the Bank to clause 11.2) by being left at or sent by prepaid mail or by facsimile as follows:

to the Bank:
Bank of India

International Division

3rd Floor, East Wing
Star House
C-5, G Block
Bandra – Kurla Complex
Bandra (East)
Mumbai – 400 051
India
Attention: The General Manager, International Division

to BoINZ
BOI (New Zealand) Limited

Level 18, PricewaterhouseCoopers Tower
188 Quay Street, Auckland
New Zealand
Attention: Managing Director

or to such other address or facsimile number as shall have been notified (in accordance with this clause) to the other party hereto. No Notice shall be deemed to have been received by the Bank or BoINZ until actually received by the relevant party to whom it is addressed at its designated address.

10. AMENDMENT

10.1 The Bank may, from time to time and without any authority or assent of BoINZ or the Creditors, alter, modify, or add to this Deed if in the reasonable opinion of the Bank:

(a) the alteration, modification or addition is made to correct a manifest error or is of a formal or technical nature;

(b) the modification, alteration or addition is necessary to comply with the provisions of any statute, whether or not required by any statutory authority; or

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(c) the alteration, modification or addition is desirable for the purpose of more advantageously administering the rights and obligations established under this Deed,

and in any case such modification, alteration or addition is considered by the Bank, acting in good faith, not to be materially prejudicial to the Creditors as whole, so far as known to it.

11. GOVERNING LAW

11.1 This Deed shall be governed by and construed in accordance with the laws for the time being in force in New Zealand. The Bank and BoINZ each hereby submit, for the purposes of this Deed, to the non-exclusive jurisdiction of the Courts of New Zealand in respect of all legal actions arising under or in relation to this Deed.

11.2 The Bank hereby irrevocably appoints BoINZ (and BoINZ hereby accepts such appointment) to be the agent of the Bank to accept service of process on behalf of the Bank in respect of all matters in New Zealand arising under or in relation to this Deed and the Bank agrees that any such process shall be properly served upon the Bank if delivered to BoINZ at its address for the service of Notices set out in clause 9.2.

12. ASSIGNMENT

12.1 No party to this Deed may assign its rights or obligations hereunder without the consent in writing of the other party.

13. CERTIFICATE

13.1 BoINZ shall advise the Bank in writing within fourteen (14) days of a request in writing from the Bank (made no more frequently than quarterly or following receipt by it of a Creditor's Demand) to do so, of its best estimate of the aggregate principal amount of the Obligations for which it is indebted as at such date to either all of the Creditors generally or to those Creditors specified by the Bank in its request.

EXECUTED as a Deed

EXECUTED as a **DEED** for and on behalf of **BANK OF INDIA**)
)

(S.K. DATTA)
General Manager
International

(V. ARTHANARI)
Chief Manager
International Division

EXECUTED as a **DEED** for and on behalf of **BOI (NEW ZEALAND) LIMITED**)
)
)

(B.A. PRABHAKAR)
Director

Director P.N. RAO

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Independent Review Report

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

Report on the half year disclosure statement

Conclusion

Based on our review of the interim financial statements and supplementary information of the Bank of India (New Zealand) Limited (the "Registered Bank") on pages 8 to 45, nothing has come to our attention that causes us to believe that:

i. the interim financial statements do not present fairly in all material respects the Registered Bank's financial position as at 30 September 2020 and its financial performance and cash flows for the six month period ended on that date;

ii. the interim financial statements (excluding the supplementary information disclosed in accordance with Schedules 5, 7, 9, 13, 16 and 18 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order")), have not been prepared, in all material respects, with NZ IAS 34 Interim Financial Reporting ("NZ IAS 34");

iii. the supplementary information, does not fairly state, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 9, 13, 16 and 18 of the Order; and

iv. the supplementary information relating to capital adequacy and regulatory liquidity requirements, has not been prepared, in all material respects, in accordance with the Registered Bank's conditions of registration, Capital Adequacy Framework (Standardised Approach) (BS2A) and disclose it in accordance with Schedule 9 of the Order.

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

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

Basis for conclusion

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

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

Our firm has also provided other services to the Registered Bank in relation the review of interim special purpose financial statements prepared for group consolidation purposes. Subject to certain restrictions, partners and employees of our firm may also deal with the Registered Bank on normal terms within the ordinary course of trading activities of the business of the Registered Bank. These matters have not impaired our independence as reviewer of the Registered Bank. The firm has no other relationship with, or interest in, the Registered Bank.

Material uncertainty related to going concern

We draw attention to Note 1.2 to the interim financial statements which describes Bank of India's (the "Parent") intention to close the Registered Bank's operations. As stated in Note 1.2, these events or conditions, along with other matters as set forth in Note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the Registered Bank's ability to continue as a going concern. Our conclusion is not modified in respect to this matter.

Emphasis of Matter

We draw attention to Note 1.4 to the interim financial statements, which describes the significant estimation uncertainty that exists in estimating expected credit losses resulting from the potential impacts of Coronavirus ("COVID-19") pandemic.

In our view, this issue is fundamental to the users' understanding of the interim financial statements and the financial position and performance of the Bank. Our conclusion on the interim financial statements is not modified in respect of this matter.

Use of this independent review report

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

Responsibilities of the Directors for the half year disclosure statement

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

- the preparation and fair presentation of the half year disclosure statement in accordance with NZ IAS 34 and Schedules 3, 5, 7, 13, 16 and 18 of the Order;

— the preparation and fair presentation of the supplementary information in regards to capital adequacy and regulatory liquidity requirements in accordance with the Registered Bank's conditions of registration, Capital Adequacy Framework (Standardised Approach) (BS2A) and Schedule 9 of the Order;

— implementing necessary internal control to enable the preparation of a half year disclosure statement that is fairly presented and free from material misstatement, whether due to fraud or error; and

— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

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

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

— the interim financial statements do not present fairly in all material respects the Registered Bank's financial position as at 30 September 2020 and its financial performance and cash flows for the six month period ended on that date;

— the interim financial statements do not, in all material respects, comply with NZ IAS 34;

— the supplementary information does not, fairly state, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order; and

— the supplementary information relating to capital adequacy and regulatory liquidity requirements is not, prepared in all material respects, in accordance with the Registered Bank's Conditions of Registration, Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9 of the Order.

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

KPMG

KPMG
Auckland

26 November 2020