



# **Bank of India (New Zealand) Limited**

Registered Bank Disclosure Statement

**For the year ended 31 March 2024**

## Table of Contents

<b>Page</b>	<b>Contents</b>
1	General Disclosures
6	Historical summary of financial statements
7	Directors' Statement
8	Index to Financial Statements
42	Appendix 1 - Credit Rating Scales
43	Appendix 2 - Conditions of Registration
51	Appendix 3 - Deed of Guarantee (Bank of India)
60	Independent Auditors' Report

## Bank of India (New Zealand) Limited

### General Disclosures For the year ended 31 March 2024

#### 1. Reporting Directive:

This Disclosure Statement of the Bank as at and for the year ended 31 March 2024 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 2023.

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 31 March 2024, 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.

Details of the capital adequacy for Bank of India as at 31 March 2024 are as follows:

Capital	: INR 699,070,000,000
Capital/Risk Weighted Exposures (%)	: 16.96%

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	: Fitch Ratings
Current Credit Rating	: BBB- /Stable/F3

On 31 August 2023, Fitch Ratings has reaffirmed the rating and outlook on the long-term counterparty credit ratings on the Bank of India at BBB-/Stable.

Descriptions of credit rating scales are contained in Appendix 1.



**General Disclosures**

**For the year ended 31 March 2024**

**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 are three changes in the composition of the Bank's board of directors since the most recent full year Disclosure Statement dated 31 March 2023

Mr. Dhananjay Raghavendra BASRUR was appointed on 23 June 2023

Ms. Sarah Margaret MURRAY was appointed on 17 August 2023

Mr. Edward Peter CHRISTIAN was appointed on 21 January 2024

Ms. Judith Ann WHITEMAN resigned on 14 July 2023

Mr. Rabin Sockalingam RABINDRAN resigned on 30 November 2023

Mr. Swarup DASGUPTA resigned on 1 March 2024

At present, the Bank has the following directors:

- Sameer Handa, Chairman and Independent Director (appointed on 12 July 2013)
- Dhananjay Raghavendra BASRUS (appointed on 23 June 2023)
- Sarah Margaret MURRAY (appointed on 17 August 2023)
- Edward Peter CHRISTIAN (appointed on 21 January 2024)
- Tapan VERMA, Managing Director (appointed on 13 July 2022)

Communications to the directors should be addressed to:

10 Manukau Road, Epsom, Auckland 1023, New Zealand

Sameer HANDA, Dhananjay Raghavendra BASRUR, Sarah Margeret MURRAY and Edward Peter CHRISTIAN are independent directors who are not employees of 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, Dhananjay Raghavendra BASRUR, Sarah Margeret MURRAY and Edward Peter CHRISTIAN are residents in New Zealand.

Tapan Verma, 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.



## Bank of India (New Zealand) Limited

**General Disclosures**  
**For the year ended 31 March 2024**

### Qualifications and other directorship:

	Qualifications	Details of other directorships
Sameer HANDA, MNZM <b>Primary Occupation</b> Managing Director- Glowbal NZ Ltd	Bachelor of Engineering (B.E. Mechanical); Master of Business Administration (MBA)	Asahi Limited; Auckland Health Foundation-Trustee; Buildex NZ Limited; Doncaster Properties Limited; Ecolife Lighting Limited; Export Depot Limited Glowbal NZ Limited; Gray Investments Limited; Hobsonville Point Limited; Hotunui Investments Limited; India NZ Business Council- Executive member; Mynzuni.Com Limited Randwick Properties Limited; S V M Holdings Limited; Swivel Careers and Education Limited; Three 60 Construction Limited; Trust for the destruction of synthetic refrigerants-Trustee; Auckland Health Foundation-Trustee Uniqway Limited. NZ Asian Leaders Incorporated Society-Co-Chair.
Dhananjay Raghavendra BASRUR <b>Primary Occupation</b> Corporate finance and strategy advisor	Bachelor of Science (Hons). MBA (Finance), FCMA/CGMA (UK) FCPA (AUS) MI Institute of Directors	Basrur Consulting Limited CGB Consulting Limited Lakshmi Investments Limited
Sarah Margaret MURRAY <b>Primary Occupation</b> Consultant and Chartered Accountant	Bachelor of Arts Bachelor of Commerce Chartered Accountant of Australia and New Zealand MI Institute of Directors	Ponoko Limited
Edward Peter CHRISTIAN <b>Primary Occupation:</b>	Bachelor of Commerce MI Institute of Directors	Killick Investments Limited Change Capital Limited
Tapan Verma <b>Primary Occupation:</b> Banker	MA, MBA; 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 Committees** are:

Dhananjay Raghavendra BASRUR, Independent director	Chairperson
Sameer HANDA, Independent director	Member
Sarah Margaret MURRAY, Independent Director	Member
Edward Peter CHRISTIAN, 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. Sameer HANDA and Mr. Tapan VERMA

**General Disclosures  
For the year ended 31 March 2024**

**Directors (continued...)**

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 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:**

The Conditions of Registration is revised since last reporting date of 31 March 2023

Effective 1 June 2023, the Loan to Value restrictions were changed:

**From:**

10% limit for loans with LVR above 80% for owner occupiers, and 5% limit for loans with LVR above 60% for investors

**To:**

15% limit for loans with LVR above 80% for owner occupiers, and 5% limit for loans with LVR above 65% for investors.

Effective 1 October 2023, the proposed changes to the Conditions of registration are in respect of:

Mutual Capital Instruments  
Risk Weights Omnibus  
Connected Exposures

**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.



**General Disclosures**  
**For the year ended 31 March 2024**

**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	: Fitch Ratings
Current Credit Rating	: BBB-/Stable

On 1 July 2022, 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.

On 24 February 2023, Fitch Ratings has assigned the Bank Long-Term Foreign-and Local Currency Issue Default Ratings (IDRs) of BBB-/Stable.

On 31 August 2023, Fitch Ratings has reaffirmed the rating and outlook on the long-term counterparty credit ratings on the Bank of India at BBB-/Stable.

Descriptions of credit rating scales are contained in Appendix 1.

**12. Other material matters:**  
**Impairment of Loans and advances:**

Bank of India (NZ) Limited, is required to estimate Expected Credit Loss (ECL) in accordance with NZ IFRS 9 *Financial Instruments*. Under this accounting standard, the allowance for Expected Credit Loss (ECL) would be recognised on certain financial assets from the date of origination depending on the credit quality of the asset. As per the accounting requirement, the following are the assets which shall carry a loss allowance under NZ IFRS 9. The instruments covered under NZ IFRS 9 impairment model for the Bank are:

- 1) Loans & advances measured at amortized cost
- 2) Loan commitments including undrawn commitments issued that are not measured at FVTPL.

The instruments out of scope of ECL computation are listed below:

- 1) Loan commitments and other financial instruments issued that are measured at FVTPL.

The general approach to impairment determines a probability-weighted ECL amount. The key risk parameters required for the calculation of probability-weighted ECL. These include:

- a) Point in Time (PiT) Probability of Default
- b) Loss Given Default
- c) Exposure at Default
- d) Exposure Lifetime
- e) Economic Scenarios and Probability Weights Assigned to the Scenarios
- f) 12-Month and Lifetime Expected Credit Loss

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

## Bank of India (New Zealand) Limited

### Historical Summary of financial statements

(in NZ \$ '000)

<b>Statement of Comprehensive Income For the year ended 31 March</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Interest income	10,704	7,792	5,648	4,190	3,907
Interest expense	(4,067)	(2,257)	(872)	(614)	(1,047)
<b>Net interest income</b>	<b>6,637</b>	<b>5,535</b>	<b>4,776</b>	<b>3,576</b>	<b>2,860</b>
Other income	353	358	339	363	449
<b>Total operating income</b>	<b>6,990</b>	<b>5,893</b>	<b>5,115</b>	<b>3,939</b>	<b>3,309</b>
Operating expenses	(2,805)	(2,505)	(2,287)	(2,260)	(2,632)
Impairment losses on loans and advances	(2,008)	(106)	77	(106)	(330)
<b>Profit before tax</b>	<b>2,177</b>	<b>3,282</b>	<b>2,905</b>	<b>1,573</b>	<b>347</b>
Taxation expense	(631)	(884)	(839)	(452)	(97)
<b>Net profit after taxation</b>	<b>1,546</b>	<b>2,398</b>	<b>2,066</b>	<b>1,121</b>	<b>250</b>
Dividends Paid	-	-	-	-	-
<b>Statement of Financial Position As at 31 March</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total assets</b>	<b>171,833</b>	<b>152,920</b>	<b>150,920</b>	<b>101,620</b>	<b>86,356</b>
<b>Total individually impaired assets</b>	<b>16,897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,625</b>
<b>Total liabilities</b>	<b>109,349</b>	<b>91,982</b>	<b>92,380</b>	<b>45,146</b>	<b>31,003</b>
<b>Total shareholder's equity</b>	<b>62,484</b>	<b>60,938</b>	<b>58,540</b>	<b>56,474</b>	<b>55,353</b>

The amounts disclosed in this historical summary of financial statements have been taken from the audited financial statements of the Bank.



## Bank of India (New Zealand) Limited

### Directors' Statement For the year ended 31 March 2024

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 31 March 2024:


- The Bank has complied with all conditions of registration over the accounting year.
- 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 Tapan VERMA and Sameer HANDA as directors and responsible persons on behalf of all the directors:

(The directors of the Bank are Sameer HANDA, Dhananjay Raghavendra BASRUR, Sarah Margaret MURRAY, Edward Peter CHRISTIAN and Tapan VERMA).



Tapan Verma  
Managing Director  
26 June 2024



Sameer Handa  
Chairman and independent director

Index to financial statements

Page	Contents
9	Statement of Comprehensive Income
9	Statement of Changes in Equity
10	Statement of Financial Position
11	Statement of Cash Flows
12	Notes to financial statements
12	Note 1 Summary of accounting policies
16	Note 2 Interest
17	Note 3 Other income
17	Note 4 Operating expenses
17	Note 5 Loans and advances
18	Note 6 Taxation
18	Note 7 Cash
18	Note 8 Deposits and other borrowings
19	Note 9 Property and Equipment
19	Note 10 Other Assets & Other Liabilities
19	Note 11 Due from other financial institutions
20	Note 12 Related party disclosure
21	Note 13 Share capital
21	Note 14 Net cash flows from operating activities
21	Note 15 Capital adequacy
25	Note 16 Asset quality
29	Note 17 Financial instruments
32	Note 18 Risk management
36	Note 19 Concentration of credit risk
37	Note 20 Concentration of funding
38	Note 21 Concentration of credit exposure to individual counterparties (Bank and Non-bank counterparties)
39	Note 22 Credit exposure to connected persons
40	Note 23 Commitments
40	Note 24 Insurance business and non-financial activities
40	Note 25 Segment information
40	Note 26 Contingent liabilities
41	Note 27 Right of use Assets and Lease Liabilities
41	Note 28 Events after the reporting date

## Bank of India (New Zealand) Limited

### Statement of Comprehensive Income (For the year ended 31 March 2024)

(in NZ \$ '000)

	Note	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
Interest income	2	10,704	7,792
Interest expense	2	(4,067)	(2,257)
<b>Net interest income</b>		<b>6,637</b>	<b>5,535</b>
Other income	3	353	358
<b>Total operating income</b>		<b>6,990</b>	<b>5,893</b>
Operating expenses	4	(2,805)	(2,505)
Impairment (losses)/reversal on loans and advances	16	(2,008)	(106)
<b>Profit before income tax</b>		<b>2,177</b>	<b>3,282</b>
Taxation expense	6	(631)	(884)
<b>Net Profit after tax</b>		<b>1,546</b>	<b>2,398</b>
Other Comprehensive income		-	-
<b>Total comprehensive income</b>		<b>1,546</b>	<b>2,398</b>

### Statement of Changes in Equity (For the year ended 31 March 2024)

(in NZ \$ '000)

	Share Capital	Retained Earnings	Total
<b>Balance as at 1 April 2022</b>	50,000	8,540	58,540
Total comprehensive income for the year	-	2,398	2,398
<b>Balance as at 31 March 2023 (Audited)</b>	<b>50,000</b>	<b>10,938</b>	<b>60,938</b>
<b>Balance as at 1 April 2023</b>	<b>50,000</b>	<b>10,938</b>	<b>60,938</b>
Total comprehensive income for the year	-	1,546	1,546
<b>Balance as at 31 March 2024 (Audited)</b>	<b>50,000</b>	<b>12,484</b>	<b>62,484</b>

The accompanying notes on pages 12 to 41 form an integral part of these financial statements and should be read in conjunction with the financial statements.

## Bank of India (New Zealand) Limited

### Statement of Financial Position (As at 31 March 2024)

(in NZ \$'000)


	Note	(Audited) As at 31.03.2024	(Audited) As at 31.03.2023
<b>ASSETS</b>			
Cash	7	38	60
Due from other financial institutions	11	14,976	19,993
Balance due from related parties	12	7,085	195
Loans and advances	5	146,855	130,871
GST Refundable		26	27
Other assets	10	204	264
Current tax assets		-	-
Property and equipment	9	202	267
Right of use assets	27	1,611	979
Deferred tax assets	6	836	264
<b>Total assets</b>		<b>171,833</b>	<b>152,920</b>
<b>LIABILITIES</b>			
Balance due to related parties	12	82,174	71,335
Deposits and other borrowings	8	23,760	18,870
Other liabilities	10	1,316	455
Lease liabilities	27	1,713	1,046
Current tax liabilities		386	276
<b>Total liabilities</b>		<b>109,349</b>	<b>91,982</b>
<b>NET ASSETS</b>		<b>62,484</b>	<b>60,938</b>
<b>EQUITY</b>			
Share capital	13	50,000	50,000
Retained earnings		12,484	10,938
<b>Total shareholder's equity</b>		<b>62,484</b>	<b>60,938</b>
<b>Total Interest Earning and Discount Bearing Assets</b>		<b>164,546</b>	<b>151,237</b>
<b>Total Interest and Discount Bearing Liabilities</b>		<b>103,120</b>	<b>86,547</b>

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 financial statements for issue on 26 June 2024.

Signed for and on behalf of the board of directors

  
Tapan Verma  
Managing Director  
26 June 2024

  
Sameer Handa  
Chairman and independent director

The accompanying notes on pages 12 to 41 form an integral part of these financial statements and should be read in conjunction with the financial statements.



**Bank of India (New Zealand) Limited**

**Statement of Cash Flows (For the year ended 31 March 2024)**

(in NZ \$'000)

	Note	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
<b>Cash flows from operating activities</b>			
Interest received		10,770	7,472
Fees and other income		378	358
Operating expenses paid		(1,876)	(1,894)
GST (paid)/refund received		1	(1)
Interest paid		(3,879)	(2,235)
Income tax paid		(1,093)	(714)
(Increase) in advances to customers		(17,973)	(23,568)
Increase/(Decrease) in Net proceeds from related parties		3,949	(6,072)
Increase in deposits from customers		4,890	5,788
<b>Net cash flow from operating activities</b>	<b>14</b>	<b>(4,833)</b>	<b>(20,866)</b>
<b>Cash flows from investing activities</b>			
(Increase)/Decrease in balances with other financial institutions		5,350	(5,820)
Purchase of property and equipment	9	(35)	37
Write down of property & equipment		-	(73)
<b>Net cash flow from investing activities</b>		<b>5,315</b>	<b>(5,856)</b>
<b>Cash flow from financing activities</b>			
Principal part of lease payments	27	(171)	(171)
<b>Net cash flow used in financing activities</b>		<b>(171)</b>	<b>(171)</b>
Net increase/(decrease) in cash and cash equivalents		311	(26,893)
Cash and cash equivalents at the beginning of the year		14,233	41,126
<b>Cash and cash equivalents at the end of the year</b>		<b>14,544</b>	<b>14,233</b>
Cash and cash equivalents are made up of:			
Cash	7	38	60
Cash equivalent due from other financial institutions at call	11	14,506	14,173
<b>Total cash and cash equivalents</b>		<b>14,544</b>	<b>14,233</b>

The accompanying notes on pages 12 to 41 form an integral part of these financial statements and should be read in conjunction with the financial statements.

## Bank of India (New Zealand) Limited

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

#### 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 under the Reserve Bank of New Zealand Act 1989.

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 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 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 ("NZ IFRS"). These financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the directors on 26 June 2024

##### 1.2 Basis of preparation:

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

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 2023.

##### 1.3 Comparatives:

When the presentation or classification of items is changed, comparative amounts are reclassified unless the reclassification is impracticable. There have been no changes to comparatives.

##### 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.

##### NZ IFRS 16- Leases:

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 re-measurements 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.

##### 1.5 Foreign currency transactions:

In preparing the 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.



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

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.

**1.6 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.

**1.7 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.

**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 rate 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.

**1.8 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. 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 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.



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

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 comprise 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 financing activities, 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 advances.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Financial assets have fixed or determinable principal and interest payments and are not quoted in an active market. These 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.

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



Notes to financial statements  
For the year ended 31 March 2024

**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.

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.



## Bank of India (New Zealand) Limited

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

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 as either 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.

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 becomes a present legal and constructive obligation as a result of past service provided by the employee and the obligation can be estimated 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:

No new standards have been introduced that are relevant to the Bank.

## 2. INTEREST:

(in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
<b>Interest income</b>		
Loans and advances	9,833	7,006
From other financial institutions	870	786
Others	1	-
From related parties	-	-
<b>Total interest income</b>	<b>10,704</b>	<b>7,792</b>
<b>Interest expenses</b>		
Deposits by customers	870	312
Deposits by related parties	2,468	1,617
Borrowings from related parties	621	261
Interest on lease liability	108	67
<b>Total interest expenses</b>	<b>4,067</b>	<b>2,257</b>

## Bank of India (New Zealand) Limited

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

#### 3 OTHER INCOME:

(in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
Banking and Lending fee income	130	128
Net commission revenue	56	11
Net foreign exchange gains	158	218
Other revenue	9	1
<b>Total other income</b>	<b>353</b>	<b>358</b>

#### 4 OPERATING EXPENSES:

Operating expenses include

(in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
Auditor's remuneration		
- Audit of Disclosure Statements	175	100
- Review of Disclosure Statements	70	40
- Overrun of audit fee for previous year	-	6
Directors' fees	74	47
Depreciation- owned assets		
Leasehold improvements	69	88
Computer equipment	12	16
Office equipment	14	12
Furniture	5	4
<b>Total depreciation</b>	<b>100</b>	<b>120</b>
Depreciation on Right of use assets	206	222
Employee benefit expenses	1,315	1,105
Other Expenses	865	865
<b>Total Operating Expenses</b>	<b>2,805</b>	<b>2,505</b>

#### 5 LOANS AND ADVANCES:

(in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
<b>Residential mortgage loans</b>		
<b>Standard residential mortgage loan</b>		
Non-property investment residential mortgage loan	19,742	19,844
Property investment residential mortgage loan	18,732	18,631
Reverse residential mortgage loan	-	-
<b>Total</b>	<b>38,474</b>	<b>38,475</b>
Corporate loans	111,056	93,099
Other loans	98	81
Interest receivable	420	376
<b>Gross Loans and advances</b>	<b>150,048</b>	<b>132,031</b>
Allowance for expected credit loss	(2,753)	(745)
Amortisation of loan processing charges	(440)	(415)
<b>Net loans and advances</b>	<b>146,855</b>	<b>130,871</b>
Amounts due for settlement within 12 months	43,926	21,893
Amounts due for settlement after 12 months	102,929	108,978
<b>Net loans and advances</b>	<b>146,855</b>	<b>130,871</b>

Note: As at 31 March 2024, other loans include amount of NZD 8,207 (gross) (NZD Eight thousand two hundred seven) loaned to a director. (As at 31 March 2023, the other loans included loans amount of NZD 13,808 (gross) (NZD Thirteen thousand eight hundred eight) loaned to a director).



## Bank of India (New Zealand) Limited

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

#### 6 TAXATION:

(in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
<b>Tax expense comprises:</b>		
Current tax expense in respect of the current year	1,182	969
Deferred tax expense relating to the origination and reversal of temporary differences	(572)	(48)
Expense relating to the origination of permanent difference	6	(2)
Under/(Excess) provision of tax in prior period	15	(35)
<b>Total tax expense</b>	<b>631</b>	<b>884</b>
The total charge for the period can be reconciled to the accounting profit as follows:		
Profit before income tax expense	2,177	3,281
Income tax expense calculated at 28%	610	919
Expense relating to the origination of permanent difference	6	-
Under/(Excess) provision of tax in prior period	15	(35)
<b>Income tax expense recognised in profit or loss</b>	<b>631</b>	<b>884</b>

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

(in NZ \$'000)

For period ended 31 March 2024 (Audited)	Opening Balance	Charged to profit or loss	Closing Balance
<b>Temporary differences</b>			
Property and equipment	27	(1)	26
Impairment allowance	208	563	771
Other liabilities	29	10	39
	<b>264</b>	<b>572</b>	<b>836</b>

(in NZ \$'000)

For period ended 31 March 2023 (Audited)	Opening Balance	Charged to profit or loss	Closing Balance
<b>Temporary differences</b>			
Property and equipment	19	8	27
Impairment allowance	179	29	208
Other liabilities	19	10	29
	<b>217</b>	<b>47</b>	<b>264</b>

#### 7 CASH:

(in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
Cash on hand	38	60
<b>Total cash</b>	<b>38</b>	<b>60</b>

#### 8 DEPOSITS AND OTHER BORROWINGS:

(in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
Retail deposits	23,760	18,870
Wholesale deposits	-	-
<b>Total deposits</b>	<b>23,760</b>	<b>18,870</b>
Amounts due for settlement within 12 months	12,115	18,785
Amounts due for settlement after 12 months	11,645	85
<b>Total deposits</b>	<b>23,760</b>	<b>18,870</b>



## Bank of India (New Zealand) Limited

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

#### 9 PROPERTY AND EQUIPMENT:

(in NZ \$'000)

	Leasehold Improvements	Computer Equipment	Office Equipment	Furniture	Total
<b>Cost</b>					
Balance as at 1 April 2022 (Audited)	1,062	108	137	115	1,422
Additions	-	-	36	1	37
Disposals	-	(55)	(30)	-	(85)
<b>Balance as at 31 March 2023 (Audited)</b>	<b>1,062</b>	<b>53</b>	<b>143</b>	<b>116</b>	<b>1,374</b>
Additions	8	5	5	17	35
Disposals	-	-	-	-	-
<b>Balance as at 31 March 2024 (Audited)</b>	<b>1,070</b>	<b>58</b>	<b>148</b>	<b>133</b>	<b>1,409</b>
<b>Accumulated depreciation</b>					
Balance as at 1 April 2022 (Audited)	836	77	72	75	1,060
Disposals	-	(55)	(18)	-	(73)
Depreciation	88	16	12	4	120
<b>Balance as at 31 March 2023 (Audited)</b>	<b>924</b>	<b>38</b>	<b>66</b>	<b>79</b>	<b>1,107</b>
Disposals	-	-	-	-	-
Depreciation	69	12	14	5	100
<b>Balance as at 31 March 2024 (Audited)</b>	<b>993</b>	<b>50</b>	<b>80</b>	<b>84</b>	<b>1,207</b>
<b>Carrying amount</b>					
Balance as at 31 March 2023 (Audited)	138	15	77	37	267
Balance as at 31 March 2024 (Audited)	77	8	68	49	202

#### 10 OTHER ASSETS:

(in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
Prepayments	137	87
Interest receivable	67	177
<b>Total other assets</b>	<b>204</b>	<b>264</b>
Amounts due for settlement within 12 months	204	264
Amounts due for settlement after 12 months	-	-
<b>Total other assets</b>	<b>204</b>	<b>264</b>

#### OTHER LIABILITIES:

(in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
Accruals	209	104
RWT on Interest on deposits	446	267
Interest payable	226	38
Others	435	46
<b>Total other liabilities</b>	<b>1,316</b>	<b>455</b>
Amounts due for settlement within 12 months	1,316	455
Amounts due for settlement after 12 months	-	-
<b>Total other liabilities</b>	<b>1,316</b>	<b>455</b>

#### 11 DUE FROM OTHER FINANCIAL INSTITUTIONS:

(in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
Call deposits	14,506	14,173
Short term deposits	470	5,820
<b>Total deposits</b>	<b>14,976</b>	<b>19,993</b>

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



## Bank of India (New Zealand) Limited

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

#### 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 of Bank of India and other parties under common control (Other related parties). 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)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
Salary and other short-term benefits	441	379
Loan to directors	8	14

During the year, the Bank accepted the deposits/(withdrawal) of \$(10,000) from the key management personnel (31 March 2023: \$ (1,000)). At the end of 31 March 2024, the total deposit from the key management personnel was \$19,000 (31 March 2023: \$29,000).

As at 31 March 2024, an amount of NZD 8,000 was due from a director. (31 March 2023: NZD 14,000).

#### 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 \$357,000 which is non-interest bearing and payable on demand (31 March 2023: \$350,000).
- Balance of deposits made with related parties amounted to \$ 7,085,000 which is non-interest bearing and receivable on demand (31 March 2023: \$195,000).

(in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
<b>Transactions with related parties</b>		
<b>Interest income</b>		
Bank of India branches	-	-
Other related parties	-	-
<b>Interest expense</b>		
Bank of India branches	621	261
Other related parties	2,468	1,617
<b>Other expense-FCBS expense recharge</b>		
Bank of India (Parent)	52	66
<b>Net deposit/(withdrawals) with related parties</b>	6,890	(1,070)
<b>Net deposit/(withdrawals) by related parties</b>	10,838	(7,142)
<b>Balances with related parties</b>		
<b>Deposits with/Advances to</b>		
Bank of India branches	7,085	195
Other related parties	-	-
<b>Total Deposits with related parties</b>	<b>7,085</b>	<b>195</b>
<b>Deposits and Borrowings from</b>		
Bank of India branches	16,460	8,692
Other related parties	65,714	62,643
<b>Total Deposits and Borrowings from related parties</b>	<b>82,174</b>	<b>71,335</b>
<b>Deposits with /advances to related parties</b>		
Amounts due for settlement within 12 months	7,085	195
Amounts due for settlement after 12 months	-	-
<b>Total Deposits with related parties</b>	<b>7,085</b>	<b>195</b>
<b>Deposits from related parties</b>		
Amounts due for settlement within 12 months	40,564	31,482
Amounts due for settlement after 12 months	41,610	39,853
<b>Total Deposits from related parties</b>	<b>82,174</b>	<b>71,335</b>



## Bank of India (New Zealand) Limited

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

#### 13 SHARE CAPITAL:

(in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
50,000,010 fully paid ordinary shares	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)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
<b>Profit for the period</b>	<b>1,546</b>	<b>2,398</b>
<b>Non-cash items:</b>		
Impairment loss & amortisation of loan processing charges recognised on loans and advances	2,033	521
Depreciation and amortisation of non-current assets	306	342
Loss on disposal of assets	-	11
Deferred tax assets	(572)	(47)
	-	-
<b>Movements in working capital:</b>		
Increase in loans and advances	(18,017)	(23,728)
(Increase)/in interest receivable	110	(160)
Increase/(Decrease)/Increase in deposits from customers	4,890	5,788
Net increase/(decrease) in balances due to related parties	3,949	(6,072)
(Increase)/decrease in prepayments	(50)	1
Decrease/(increase) in GST refundable	1	(1)
Increase in current tax liability	110	217
(Decrease)/Increase in other liabilities	861	(136)
<b>Net cash from operating activities</b>	<b>(4,833)</b>	<b>(20,866)</b>

#### 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 Banking Prudential Requirements (BPR100) 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 31.03.2024
<b>Tier 1 capital</b>	
<b>Common Equity Tier 1 ("CET1") Capital</b>	
Issued and fully paid-up ordinary share capital	50,000
Retained earnings	12,484
Accumulated other comprehensive income and other disclosed reserves	-
	62,484
Less deductions from CET1 capital	
Deferred tax assets	(836)
<b>Total Common Equity Tier 1 Capital</b>	<b>61,648</b>
<b>Additional Tier 1 ("AT1") capital</b>	<b>-</b>
<b>Tier 1 Capital</b>	<b>61,648</b>
<b>Tier 2 Capital</b>	<b>-</b>
<b>Total capital</b>	<b>61,648</b>

Capital ratios and solo capital adequacy	(Unaudited) year to 31.03.2024	(Unaudited) year to 31.03.2023
Common equity Tier 1 capital ratio	39%	45%
Tier 1 capital ratio	39%	45%
Total capital ratio	39%	45%

Minimum ratio requirement	(Unaudited) year to 31.03.2024	(Unaudited) year to 31.03.2023
Common equity Tier 1 capital ratio	4.5%	4.5%
Tier 1 capital ratio	6%	6%
Total capital ratio	8%	8%

Prudential Capital Buffer ratio	(Unaudited) year to 31.03.2024	(Unaudited) year to 31.03.2023
Prudential Capital Buffer ratio	31%	37%
Buffer trigger ratio	2.5%	2.5%



## Bank of India (New Zealand) Limited

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

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 Bank Prudential Requirements (BPR 130). 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 any advance.

As at 31 March 2024, the Bank deposited its funds with financial institutions with a credit rating from Standard & Poor's of AA- (2023: 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 31 March 2024 (Unaudited)	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Cash and gold bullion	38	0%	-	-
Banks-	21,591	20%	4,318	345
	470	50%	235	19
Non-Property investment residential mortgage				
LVR upto 80%	9,824	35%	3,438	275
LVR >80% & upto 90%	3,201	50%	1,600	128
LVR exceeds 90%	-	-	-	-
Impaired loans	6,259	100%	6,259	501
Property investment residential mortgage				
LVR upto 80%	18,534	40%	7,413	593
LVR >80% & upto 90%	-	70%	-	-
LVR exceeds 90%	-	90%	-	-
Corporate Loans	100,096	100%	100,096	8,008
Corporate Loans-impaired	8,425	100%	8,425	674
Other Loans	516	100%	516	41
Other assets	2,043	100%	2,043	164
<b>Total on balance sheet exposure</b>	<b>170,997</b>		<b>134,343</b>	<b>10,748</b>

(in NZ \$'000)

Off Balance Sheet exposures as at 31 March 2024 (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 less than one year	1,114	20%	223	19.89%	44	4
Other commitments where original maturity is more than one year	4,488	50%	2,244	73.29%	1,645	131
<b>Total off balance sheet exposure</b>	<b>5,602</b>		<b>2,467</b>		<b>1,689</b>	<b>135</b>

#### 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.



## Bank of India (New Zealand) Limited

Notes to financial statements  
For the year ended 31 March 2024

### Total capital requirements:

(in NZ \$'000)

As at 31 March 2024 (Unaudited)	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Total capital requirement
Total credit risk + equity risk	176,599	136,032	10,883
Operational risk	n/a	12,418	993
Market risk	n/a	9,642	771
<b>Total</b>	<b>176,599</b>	<b>158,092</b>	<b>12,647</b>

### Credit Risk (continued...)

### Market risk end of period capital charges:

(in NZ \$'000)

As at 31 March 2024 (Unaudited)	Implied risk Weighted Exposure	Aggregate Capital Charge
Interest rate risk	9,623	769
Foreign currency risk	19	2
Equity risk	-	-
<b>Total</b>	<b>9,642</b>	<b>771</b>

### Market risk peak end-of-day capital charges:

(in NZ \$'000)

As at 31 March 2024 (Unaudited)	Implied risk Weighted Exposure	Aggregate Capital Charge
Interest rate risk	10,419	834
Foreign currency risk	104	8
Equity risk	-	-
<b>Total</b>	<b>10,523</b>	<b>842</b>

### Pillar 1 capital requirements:

(in NZ \$'000)

	(Unaudited) 31.03.2024	(Unaudited) 31.03.2023
<b>On-balance sheet credit risk:</b>		
Residential mortgages (including past due, if any)	1,497	1,182
Corporate	8,682	7,379
Claims on banks	364	463
Other	205	159
<b>Total on-balance sheet credit risk</b>	<b>10,748</b>	<b>9,183</b>
<b>Other capital requirements</b>		
Off balance sheet credit exposures	135	216
Operational risk	993	780
Market risk	767	619
<b>Total other capital requirements</b>	<b>1,895</b>	<b>1,615</b>
<b>Total Pillar 1 capital requirement</b>	<b>12,643</b>	<b>10,798</b>

The above capital charges are derived in accordance with the Conditions of Registration relating to capital adequacy and the Reserve Bank document entitled "Bank Prudential Requirements"

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 year ended 31 March 2024	Implied risk Weighted Exposure (Unaudited)	Total operational risk capital requirement (Unaudited)
Operational risk	12,418	993

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

(in NZ \$'000)

LVR range (Unaudited)	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Value of exposures as at 31 March 2024				
On-balance sheet	34,617	3,201	-	37,818
Off-balance sheet	632	-	-	632
<b>Total</b>	<b>35,249</b>	<b>3,201</b>	<b>-</b>	<b>38,450</b>



## Bank of India (New Zealand) Limited

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

#### 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.

#### 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 2023: 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 "Bank Prudential Requirements (BPR)". 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 31.03.2024 (Unaudited)	As at 31.03.2023 (Unaudited)
CET 1 capital ratio	14.24%	13.60%
Tier one capital ratio	14.93%	14.41%
Total capital ratio	16.96%	16.28%

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 31 March 2024 and 31 March 2023 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.

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., 31 March 2024 and 31 March 2023) 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 =  $100 \times (\text{one-week mismatch dollar amount} / \text{total funding})$ .



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

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=  $100 \times (\text{one-month mismatch dollar amount} / \text{total funding})$ .

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 =  $100 \times (\text{one-year core funding dollar amount} / \text{BS13 total loans and advances})$  and must currently remain above 75 percent on a daily basis.

Average for the three months ended (Unaudited)	31.03.2024 (%)	31.12.2023 (%)	31.03.2023 (%)
Quarterly average one-week mismatch ratio	17.75	18.32	12.61
Quarterly average one-month mismatch ratio	13.50	17.50	11.37
Quarterly average core funding ratio	89.81	92.66	93.98

**16 ASSET QUALITY:**

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

In determining credit risk, the Bank considers a borrower to be in default when:

- the borrower is past due by 30 days or more on any credit obligation to the Bank; and
- it is probable that the borrower will restructure or reschedule the asset due to the borrower's inability to pay their credit obligations.

In assessing whether the borrower is in default, the Bank considers indicators that are:

- quantitative i.e. overdue status; and
- qualitative i.e. borrower's restructuring history in conjunction with the prevailing macroeconomic environment.

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. The probability of default is estimated by calculating the average quarterly historical default rates, discounted over the behavioural life of the portfolio.
- 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-"under performing": 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 are not impaired. 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 are impaired 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.

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

The Bank has past due but not impaired assets of NZD 23,620,957 as at 31 March 2024 (31 March 2023: \$7,032,000). The Bank has impaired assets of NZD 16,896,680 as at 31 March 2024 (31 March 2023: Nil).



**Bank of India (New Zealand) Limited**

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

**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.

**Allowances for credit impairment losses:**

(in NZ \$'000)

The following table provides an explanation of causes that contributed to the change in the loss allowance:

As at 31 March 2024 (Audited)	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
<b>Residential Mortgage Lending</b>					
<b>Balance as on 1 April 2023</b>	91	116	-	-	207
Transfer to Stage 1	39	(81)	-	42	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Charge to statement of comprehensive income excluding transfers between stages	(105)	156	-	346	398
<b>Balance as at 31 March 2024</b>	26	191	-	388	605
<b>Corporate Exposures</b>					
<b>Balance as on 1 April 2023</b>	192	333	7	-	531
Transfer to Stage 1	81	(134)	-	53	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Charge to statement of comprehensive income excluding transfers between stages	(1)	(129)	(7)	1,743	1,606
<b>Balance as at 31 March 2024</b>	272	70	-	1,796	2,137
<b>Other retail exposures</b>					
<b>Balance as on 1 April 2023</b>	-	-	-	-	-
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Charge to statement of comprehensive income excluding transfers between stages	1	-	-	-	1
<b>Balance as at 31 March 2024</b>	1	-	-	-	1
<b>Loan commitments &amp; guarantees</b>					
<b>Balance as on 1 April 2023</b>	2	4	-	-	6
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
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	8	(4)	-	-	4
	10	-	-	-	10
<b>Balance as on 1 April 2023</b>	285	453	7	-	745
Charge to statement of comprehensive income	23	(192)	(7)	2,184	2,008
<b>Total provision for credit impairment balance at 31 March 2024</b>	308	261	-	2,184	2,753

(in NZ \$'000)

As at 31 March 2024 (Audited)	Stage 1	Stage 2	Stage 3	Individually assessed	Total
<b>Loans and advances to customers at amortised cost</b>					
Increase/(decrease) due to movement between stages	110	(206)	(3)	99	-
Increase/ (Decrease) in ECL due to increased/decreased credit risk of existing credit exposures and/or due to movement between stages	(136)	63	(4)	2,085	2,008
Increase in ECL due to increase in loan book	87	4	-	-	91
Decrease in ECL due to closure of loans	(38)	(53)	-	-	(91)
<b>Movement in ECL</b>	23	(192)	(7)	2,184	2,008



**Bank of India (New Zealand) Limited**

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

(in NZ \$'000)

As at 31 March 2023 (Audited)	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances to customers at amortised cost</b>				
Increase/(decrease) due to movement between stages		(1)	1	
Increase/(decrease) in ECL due to increased/decreased credit risk of existing credit exposures and/or due to between stages	66	(108)		(42)
Increase in ECL due to increase in loan book	126	171	-	297
Decrease in ECL due to closure of loans	(89)	(60)	-	(149)
Movement in ECL	103	2	1	106

(in NZ \$'000)

As at 31 March 2024 (Audited)	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Loan Commitments & guarantees	Total
<b>Past due but not impaired</b>					
Less than 30 days past due	-	5,990	-	-	5,990
At least 30 days but less than 60 days past due	3,716	8,083	-	-	11,799
At least 60 days but less than 90 days past due	1,821	4,012	-	-	5,833
At least 90 days past due	-	-	-	-	-
<b>Total past due but not impaired</b>	<b>5,537</b>	<b>18,085</b>	<b>-</b>	<b>-</b>	<b>23,622</b>
<b>Past due and credit impaired</b>					
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	6,676	10,221	-	-	16,897
<b>Total past due and credit impaired</b>	<b>6,676</b>	<b>10,221</b>	<b>-</b>	<b>-</b>	<b>16,897</b>
<b>Total Gross loans &amp; advances including loan commitments and guarantees</b>	<b>38,474</b>	<b>111,056</b>	<b>98</b>	<b>7,864</b>	<b>157,492</b>
<b>Collectively assessed provisions</b>					
Balance at 31 March 2023	208	531	-	6	745
Charge to statement of comprehensive income	9	(190)	-	4	(177)
Other movements	-	-	1	-	-
<b>Balance at 31 March 2024</b>	<b>217</b>	<b>341</b>	<b>1</b>	<b>10</b>	<b>569</b>
<b>Individually assessed provisions</b>					
Balance at 1 April 2023	-	-	-	-	-
Charge to statement of comprehensive income	388	1,796	-	-	2,184
Other movements	-	-	-	-	-
<b>Balance at 31 March 2024</b>	<b>388</b>	<b>1,796</b>	<b>-</b>	<b>-</b>	<b>2,184</b>
<b>Total allowance for impairment losses</b>	<b>605</b>	<b>2,137</b>	<b>1</b>	<b>10</b>	<b>2,753</b>

(in NZ \$'000)

As at 31 March 2023 (Audited)	Residential mortgage loans	On balance sheet corporate exposures	Other on balance sheet exposures	Loan Commitments & guarantees	Total
<b>Past due but not impaired</b>					
Less than 30 days past due	-	-	-	-	-
At least 30 days but less than 60 days past due	1,447	5,585	-	-	7,032
At least 60 days but less than 90 days past due	-	-	-	-	-
At least 90 days past due	-	-	-	-	-
<b>Total past due but not impaired</b>	<b>1,447</b>	<b>5,585</b>	<b>-</b>	<b>-</b>	<b>7,032</b>
<b>Past due and credit impaired</b>					
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	-	-	-	-	-
<b>Total past due and credit impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Gross loans &amp; advances including loan commitments and guarantees</b>	<b>38,475</b>	<b>93,099</b>	<b>81</b>	<b>15,382</b>	<b>147,037</b>
<b>Collectively assessed provisions</b>					
Balance at 1 April 2022	224	394	-	21	639
Charge to statement of comprehensive income	(16)	137	-	(15)	106
Other movements	-	-	-	-	-
<b>Balance at 31 March 2023</b>	<b>208</b>	<b>531</b>	<b>-</b>	<b>6</b>	<b>745</b>
<b>Individually assessed provisions</b>					
Balance at 1 April 2022	-	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-	-
Other movements	-	-	-	-	-
<b>Balance at 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total allowance for impairment losses</b>	<b>208</b>	<b>531</b>	<b>-</b>	<b>6</b>	<b>745</b>



## Bank of India (New Zealand) Limited

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

#### 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
<b>Total assessed provisions</b>					
Balance at 1 April 2023	(208)	(531)	-	(6)	(745)
Charge for the current year	(397)	(1,606)	(1)	(4)	(2,008)
<b>Balance at 31 March 2024 (Audited)</b>	<b>(605)</b>	<b>(2,137)</b>	<b>(1)</b>	<b>(10)</b>	<b>(2,753)</b>

(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
<b>Total assessed provisions</b>					
Balance at 1 April 2022	(224)	(394)	-	(21)	(639)
Charge for the current year	16	(137)	-	15	(106)
<b>Balance at 31 March 2023 (Audited)</b>	<b>(208)</b>	<b>(531)</b>	<b>-</b>	<b>(6)</b>	<b>(745)</b>

The Bank does not have any financial assets designated as fair value through profit or loss as at and for the year ended 31 March 2024 (31 March 2023: 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 year ended 31 March 2024 (31 March 2023: 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 year ended 31 March 2024 (31 March 2023: Nil).

There were no other assets under administration as at and for the year ended 31 March 2024 (31 March 2023: Nil).



**Bank of India (New Zealand) Limited**

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

**Movement in gross loans and advances:**

(in NZ \$'000)

As at 31 March 2024 (Audited)	Stage 1	Stage 2	Stage 3	Impaired	Total
<b>Residential Mortgage Lending</b>					
Balance as on 1 April 2023	18,617	19,858	-	-	38,475
Net draw down/(repayment)	(93)	(15)	-	108	-
Transfer to stage 1	5,152	(11,721)	-	6,568	(1)
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
<b>Balance as at 31 March 2024</b>	<b>23,676</b>	<b>8,122</b>	<b>-</b>	<b>6,676</b>	<b>38474</b>
<b>Corporate Exposures</b>					
Balance as on 1 April 2023	34,067	58,270	762	-	93,099
Net draw down/(repayment)	22,772	(5,239)	-	424	17,957
Transfer to stage 1	31,901	(40,936)	(762)	9,797	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
<b>Balance as at 31 March 2024</b>	<b>88,740</b>	<b>12,095</b>	<b>-</b>	<b>10,221</b>	<b>111,056</b>
<b>Other exposures</b>					
Balance as on 1 April 2023	81	-	-	-	81
Net draw down/(repayment)	17	-	-	-	17
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
<b>Balance as at 31 March 2024</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>98</b>
<b>Total</b>					
Balance as on 1 April 2023	52,765	78,128	762	-	131,655
Net draw down/(repayment)	22,696	(5,254)	-	532	17,974
Transfer to stage 1	37,053	-	-	-	37,053
Transfer to stage 2	-	(52,657)	-	-	(52,657)
Transfer to stage 3	-	-	(762)	16,365	15,603
<b>Balance as at 31 March 2024</b>	<b>112,514</b>	<b>20,217</b>	<b>-</b>	<b>16,897</b>	<b>149,628</b>
<b>Commitments and guarantees</b>					
Balance as on 1 April 2023	12,244	3,138	-	-	15,382
Net increase/(decrease) in facilities	(4,520)	(2998)	-	-	(7,518)
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
<b>Balance as at 31 March 2024</b>	<b>7,724</b>	<b>140</b>	<b>-</b>	<b>-</b>	<b>7,864</b>

**7 FINANCIAL INSTRUMENTS:**

**Categories of financial instruments:**

(in NZ \$'000)

As at 31 March 2024 (Audited)	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
<b>Assets</b>			
Cash	38	-	38
Balance due from related parties	7,085	-	7,085
Due from other financial institutions	14,976	-	14,976
Loans and advances	146,855	-	146,855
Interest receivable	67	-	67
<b>Total financial assets</b>	<b>169,021</b>	<b>-</b>	<b>169,021</b>
Non-financial assets	-	-	2,812
<b>Total assets</b>			<b>171,833</b>
<b>Liabilities</b>			
Balance due to related parties	-	82,174	82,174
Deposits and other borrowings	-	23,760	23,760
Lease liability	-	1,713	1,713
Interest payable	-	226	226
<b>Total financial liabilities</b>	<b>-</b>	<b>107,873</b>	<b>107,873</b>
Non-financial liabilities	-	-	1,476
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>109,349</b>





## Bank of India (New Zealand) Limited

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

(in NZ \$'000)

As at 31 March 2023 (Audited)	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
<b>Assets</b>			
Cash	60	-	60
Balance due from related parties	195	-	195
Due from other financial institutions	19,993	-	41,082
Loans and advances	130,871	-	130,871
Interest receivable	177	-	177
<b>Total financial assets</b>	<b>151,296</b>	<b>-</b>	<b>151,296</b>
Non-financial assets	-	-	1,624
<b>Total assets</b>			<b>152,920</b>
<b>Liabilities</b>			
Balance due to related parties	-	71,335	71,335
Deposits and other borrowings	-	18,870	18,870
Lease liability	-	1,046	1,046
Interest payable	-	38	38
<b>Total financial liabilities</b>	<b>-</b>	<b>91,289</b>	<b>91,289</b>
Non-financial liabilities	-	-	693
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>91,982</b>

### Fair value of financial instruments:

(in NZ \$'000)

As at 31 March 2024 (Audited)	Carrying Amounts	Estimated Fair Value
<b>Financial assets</b>		
Cash	38	38
Balance due from related parties	7,085	7,085
Due from other financial institutions	14,976	14,996
Loans and advances	146,855	146,514
Interest receivable	67	67
<b>Total financial assets</b>	<b>169,021</b>	<b>168,700</b>
<b>Financial liabilities</b>		
Balance due to related parties	82,174	82,258
Deposits and other borrowings	23,760	23,464
Lease liability	1,713	1,713
Interest Payable	226	226
<b>Total financial liabilities</b>	<b>107,873</b>	<b>107,661</b>

(in NZ \$'000)

As at 31 March 2023 (Audited)	Carrying Amounts	Estimated Fair Value
<b>Financial assets</b>		
Cash	60	60
Balance due from related parties	195	195
Due from other financial institutions	19,993	20,437
Loans and advances	130,871	130,871
Interest receivable	177	177
<b>Total financial assets</b>	<b>151,296</b>	<b>151,740</b>
<b>Financial liabilities</b>		
Balance due to related parties	71,335	69,933
Deposits and other borrowings	18,870	18,924
Lease liability	1,046	1,046
Interest Payable	38	38
<b>Total financial liabilities</b>	<b>91,289</b>	<b>89,941</b>

### 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.



## Bank of India (New Zealand) Limited

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

#### 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.

As at 31 March 2024 (Audited)	Level 1	Level 2	Level 3	Total
	(in NZ \$'000)			
<b>Cash</b>	38	-		38
<b>Financial assets at amortised cost</b>				
Due from other financial institutions	-	14,996	-	14,996
Due from related parties	-	7,085	-	7,085
Loans and advances	-	-	146,514	146,514
Interest receivable	-	-	67	67
<b>Other financial liabilities</b>				
Balance due to related parties	-	82,258	-	82,258
Deposits and other borrowings	-	23,225	-	23,225
Lease liability	-	1,713		1,713
Interest payable	-	226	-	226

## Bank of India (New Zealand) Limited

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

(in NZ \$'000)

As at 31 March 2023 (Audited)	Level 1	Level 2	Level 3	Total
<b>Cash</b>	60	-	-	60
<b>Financial assets at amortised cost</b>				
Due from other financial institutions	-	20,437	-	20,437
Due from related parties	-	195	-	195
Loans and advances	-	-	130,871	130,871
Interest receivable	-	-	177	177
<b>Other financial liabilities</b>				
Balance due to related parties	-	69,933	-	69,933
Deposits and other borrowings	-	18,924	-	18,924
Lease liability	-	1,046	-	1,046
Interest payable	-	38	-	38

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 31 March 2024 (31 March 2023: 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 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.



## Bank of India (New Zealand) Limited

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

#### 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 as part of its overseas subsidiaries rotation of management audit during the financial year ended 31 March 2024.

#### 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.

(in NZ \$'000)

As at 31 March 2024 (Audited)	Total	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 2 years	Over 2 years	Non-interest bearing
<b>Financial assets</b>							
Cash	38	-	-	-	-	-	38
Balance due from related parties	7,085	-	-	-	-	-	7,085
Due from other financial Institutions	14,976	14,448	470	-	-	-	58
Loans and advances	146,855	143,824	-	-	5,017	787	(2,773)
Interest receivable	67	-	-	-	-	-	67
<b>Total financial assets</b>	<b>169,021</b>	<b>158,272</b>	<b>470</b>	<b>-</b>	<b>5,017</b>	<b>787</b>	<b>4,475</b>
<b>Financial Liabilities</b>							
Balance due to related parties	82,174	10,195	4,478	24,898	41,609	-	994
Deposits and other borrowings	23,760	6,285	1,136	2,874	10,372	1,273	1,820
Lease Liabilities	1,713	-	-	-	-	-	1,713
Interest payable	226	-	-	-	-	-	226
<b>Total financial liabilities</b>	<b>107,873</b>	<b>16,480</b>	<b>5,614</b>	<b>27,772</b>	<b>51,981</b>	<b>1,273</b>	<b>4,753</b>
<b>Net financial assets/(liabilities)</b>	<b>61,148</b>	<b>141,792</b>	<b>(5,144)</b>	<b>(27,772)</b>	<b>(46,964)</b>	<b>(486)</b>	<b>(278)</b>



## Bank of India (New Zealand) Limited

Notes to financial statements  
For the year ended 31 March 2024

### RISK MANAGEMENT (continued...) Interest repricing (continued...)

(in NZ \$'000)

As at 31 March 2023 (Audited)	Total	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 2 years	Over 2 years	Non-interest bearing
<b>Financial assets</b>							
Cash	60	-	-	-	-	-	60
Balance due from related parties	195	-	-	-	-	-	195
Due from other financial institutions	19,993	13,810	5,241	531	-	-	411
Loans and advances	130,871	131,609	-	2	16	28	(784)
Interest receivable	177	-	-	-	-	-	177
<b>Total financial assets</b>	<b>151,296</b>	<b>145,419</b>	<b>5,241</b>	<b>533</b>	<b>16</b>	<b>28</b>	<b>59</b>
<b>Financial Liabilities</b>							
Balance due to related parties	71,335	2,708	13,557	14,867	31,967	7,544	692
Deposits and other borrowings	18,870	10,301	2,274	3,244	80	5	2,966
Lease Liabilities	1,046	-	-	-	-	-	1,046
Interest payable	38	-	-	-	-	-	38
<b>Total financial liabilities</b>	<b>91,289</b>	<b>13,009</b>	<b>15,831</b>	<b>18,111</b>	<b>32,047</b>	<b>7,549</b>	<b>4,742</b>
<b>Net financial assets/(liabilities)</b>	<b>60,007</b>	<b>132,410</b>	<b>(10,589)</b>	<b>(17,578)</b>	<b>(32,373)</b>	<b>(7,521)</b>	<b>(4,342)</b>

#### 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 31 March 2024 (Audited)	Carrying Amounts	-1.0% Profit or Loss	+1.0% Profit or Loss	-1.0% Equity	+1.0% Equity
<b>Financial assets</b>					
Cash	38	-	-	-	-
Balance due from related parties	7,085	-	-	-	-
Due from other financial institutions	14,976	(99)	99	(99)	99
Loans and advances	146,855	(1,036)	1,036	(1,036)	1,036
Interest receivable	67	-	-	-	-
<b>Total financial assets</b>	<b>169,021</b>	<b>(1,135)</b>	<b>1,135</b>	<b>(1,135)</b>	<b>1,135</b>
<b>Financial liabilities</b>					
Balance due to related parties	82,174	589	(589)	589	(589)
Deposits and other borrowings	23,760	130	(130)	130	(130)
Lease liabilities	1,713	-	-	-	-
Interest Payable	226	-	-	-	-
<b>Total financial liabilities</b>	<b>107,873</b>	<b>719</b>	<b>(719)</b>	<b>719</b>	<b>(719)</b>

(in NZ \$'000)

As at 31 March 2023 (Audited)	Carrying Amounts	-1.0% Profit or Loss	+1.0% Profit or Loss	-1.0% Equity	+1.0% Equity
<b>Financial assets</b>					
Cash	60	-	-	-	-
Balance due from related parties	195	-	-	-	-
Due from other financial institutions	19,993	(96)	96	(96)	96
Loans and advances	130,871	(943)	943	(943)	943
Interest receivable	177	-	-	-	-
<b>Total financial assets</b>	<b>151,296</b>	<b>(1,039)</b>	<b>1,039</b>	<b>(1,039)</b>	<b>1,039</b>
<b>Financial liabilities</b>					
Balance due to related parties	71,335	511	(511)	511	(511)
Deposits and other borrowings	18,870	78	(78)	78	(78)
Lease liabilities	1,046	-	-	-	-
Interest payable	38	-	-	-	-
<b>Total financial liabilities</b>	<b>91,289</b>	<b>589</b>	<b>(589)</b>	<b>589</b>	<b>(589)</b>





**Bank of India (New Zealand) Limited**

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

**RISK MANAGEMENT (continued...)**

**Foreign exchange risk:**

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

2in NZ \$'000)

	As at 31 March 2024 (Audited)		As at 31 March 2023 (Audited)	
	(USD)	(INR)	(USD)	(INR)
	\$'000	\$'000	\$'000	\$'000
	NZD Equivalent	NZD equivalent	NZD Equivalent	NZD Equivalent
<b>Financial assets</b>				
Cash	2	-	2	-
Balance due from related parties	7,070	15	125	70
Due from other financial institutions	1,103	-	-	-
Interest receivable	5	-	-	-
<b>Total financial assets</b>	<b>8,180</b>	<b>15</b>	<b>127</b>	<b>70</b>
<b>Financial liabilities</b>				
Balance due to related parties	6,666	-	-	-
Deposits and other borrowings	1,305	-	1,349	-
Interest payable	206	-	-	-
<b>Total financial liabilities</b>	<b>8,176</b>	<b>-</b>	<b>1,349</b>	<b>-</b>
<b>Net Open Position:</b>	<b>4</b>	<b>15</b>	<b>(1,222)</b>	<b>70</b>

**Foreign exchange sensitivity:**

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

(in NZ \$'000)

As at 31 March 2024 (Audited)	Carrying Amounts	-10% Profit or Loss	+10% Profit or Loss	-10% Equity	+10% Equity
<b>Financial assets</b>					
Open Position	19	(1)	1	(1)	1

(in NZ \$'000)

As at 31 March 2023 (Audited)	Carrying Amounts	-10% Profit or Loss	+10% Profit or Loss	-10% Equity	+10% Equity
<b>Financial assets</b>					
Open Position	(1,152)	83	(83)	83	(83)

**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 31 March 2024. 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 31 March 2024 (Audited)	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	On demand	Total
<b>Assets</b>						
Cash	-	-	-	-	38	38
Balance due from related parties	-	-	-	-	7,085	7,085
Due from other financial institutions	879	483	-	-	13,873	15,235
Loan and advances	7,235	41,184	59,509	101,982	7,389	217,299
Interest receivable	67	-	-	-	-	67
<b>Total financial assets</b>	<b>8,181</b>	<b>41,667</b>	<b>59,509</b>	<b>101,982</b>	<b>28,385</b>	<b>239,724</b>
<b>Liabilities</b>						
Balance due to related parties	10,507	31,180	45,909	-	357	87,953
Deposits and other borrowings	2,491	4,191	12,641	-	5,637	24,960
Lease liability	40	125	787	761	-	1,713
Other liabilities	-	-	-	-	226	226
<b>Total financial liabilities</b>	<b>13,038</b>	<b>35,496</b>	<b>59,337</b>	<b>761</b>	<b>6,220</b>	<b>114,852</b>
<b>Net non-derivative cash flows</b>	<b>(4,857)</b>	<b>6,171</b>	<b>172</b>	<b>101,221</b>	<b>22,165</b>	<b>124,872</b>
<b>Off Balance sheet cash flows</b>						
Loan commitments	-	-	-	-	5,292	5,292
Guarantees and Letters of Credit	-	-	-	-	2,572	2,572
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,864</b>	<b>7,864</b>
<b>Net cash flows</b>	<b>(4,857)</b>	<b>6,171</b>	<b>172</b>	<b>101,221</b>	<b>14,301</b>	<b>117,008</b>





**Bank of India (New Zealand) Limited**

Notes to financial statements  
For the year ended 31 March 2024

**RISK MANAGEMENT (continued...)**  
**Liquidity risk (continued...)**

(in NZ \$'000)

As at 31 March 2023 (Audited)	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	On demand	Total
<b>Assets</b>						
Cash	-	-	-	-	60	60
Balance due from related parties	-	-	-	-	195	195
Due from other financial institutions	475	6,042	-	-	13,748	20,265
Loan and advances	7,892	23,073	62,665	108,671	3,419	205,720
Interest receivable	177	-	-	-	-	177
<b>Total financial assets</b>	<b>8,544</b>	<b>29,115</b>	<b>62,665</b>	<b>108,671</b>	<b>17,422</b>	<b>226,417</b>
<b>Liabilities</b>						
Balance due to related parties	2,720	29,137	43,078	-	350	75,285
Deposits and other borrowings	5,208	5,696	88	-	8,094	19,086
Lease liability	52	76	453	465	-	1,046
Other liabilities	-	-	-	-	38	38
<b>Total financial liabilities</b>	<b>7,980</b>	<b>34,909</b>	<b>43,619</b>	<b>465</b>	<b>8,482</b>	<b>95,455</b>
<b>Net non-derivative cash flows</b>	<b>564</b>	<b>(5,794)</b>	<b>19,046</b>	<b>108,206</b>	<b>8,940</b>	<b>130,962</b>
<b>Off Balance sheet cash flows</b>						
Loan commitments	-	-	-	-	11,042	11,042
Guarantee	-	-	-	-	4,340	4,340
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,382</b>	<b>15,382</b>
<b>Net cash flows</b>	<b>564</b>	<b>(5,794)</b>	<b>19,046</b>	<b>108,206</b>	<b>(6,442)</b>	<b>115,580</b>

**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. These concentrations are determined with respect to the industry in which the borrowers operate and their domicile.

(in NZ \$'000)

Analysis of on balance sheet credit exposure by industry	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
Construction	43,523	35,745
Finance, Investment & Insurance	27,075	23,486
Health and Community Services	3,150	2,558
Households	19,843	19,914
Property & Business Services	45,640	45,118
Rental, Hiring and Real Estate	18,759	18,645
Retail and wholesale trade	13,679	6,338
<b>Subtotal</b>	<b>171,669</b>	<b>151,804</b>
Allowance for impairment losses	(2,753)	(745)
<b>Total on-balance sheet credit exposures</b>	<b>168,916</b>	<b>151,059</b>

(in NZ \$'000)

Analysis of on balance sheet exposure by geographical area	31.03.2024 (Audited)	31.03.2023 (Audited)
New Zealand	161,831	150,863
Asia	15	70
America	7,070	126
<b>Total on-balance sheet credit exposures</b>	<b>168,916</b>	<b>151,059</b>

(in NZ \$'000)

Off balance sheet credit exposures	31.03.2024 (Audited)	31.03.2023 (Audited)
Loan commitments	5,292	11,042
Performance/financial guarantees and letter of credit issued on behalf of customers	2,572	4,340
<b>Total off-balance sheet credit exposures</b>	<b>7,864</b>	<b>15,382</b>





## Bank of India (New Zealand) Limited

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

#### CONCENTRATION OF CREDIT RISK (continued...)

(in NZ \$'000)

Analysis of off-balance sheet credit exposure by industry	31.03.2024 (Audited)	31.03.2023 (Audited)
Construction	1,254	9,224
Health and Community Services	-	40
Households	108	956
Property & Business Services	3,360	4,027
Rental, Hiring and Real Estate	570	825
Retail & Wholesale trade	2,262	-
Travel and tourism	310	310
<b>Total off-balance sheet credit exposures</b>	<b>7,864</b>	<b>15,382</b>

#### 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 (Audited) 31.03.2024			Maximum exposure (Audited) 31.03.2023		
	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	14,976	-	14,976	19,993	-	19,993
Net Loans and advances to Customers	146,855	146,773	82	130,871	130,824	47
Balance with related parties	7,085	-	7,085	195	-	195
<b>Total Exposure to Credit Risk</b>	<b>168,916</b>	<b>146,773</b>	<b>22,143</b>	<b>151,059</b>	<b>130,824</b>	<b>20,235</b>

#### 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	31.03.2024 (Audited)	31.03.2023 (Audited)
Finance, Investment and Insurance	88,234	71,335
Households	15,387	15,549
Others	1,298	2,504
Property & business services	1,015	817
<b>Total funding</b>	<b>105,934</b>	<b>90,205</b>

(in NZ \$'000)

Analysis of funding by geographical area	31.03.2024 (Audited)	31.03.2023 (Audited)
New Zealand	86,015	81,513
Asia	9,794	8,692
North America	6,666	
South America	3,459	-
<b>Total funding</b>	<b>105,934</b>	<b>90,205</b>



## Bank of India (New Zealand) Limited

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

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

Credit exposure is calculated on the basis of 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 which the Bank had an aggregate credit exposure that equals or exceeds 10% of the Bank's equity as at 31 March 2024 (31 March 2023: 1).

There were nine (9) non-bank counterparties which the Bank had an aggregate credit exposure that equals or exceeds 10% of the Bank's equity as at 31 March 2024 (31 March 2023: 11).

There was one (1) individual bank counterparties which the Bank had a peak end-of-day aggregate credit exposure that equals or exceeds 10% of the Bank's equity for the year ended 31 March 2024 (31 March 2023: 2).

There were ten (10) non-bank counterparties which the Bank had a peak end-of-day aggregate credit exposure that equals or exceeds 10% of the Bank's equity for the period ended 31 March 2024 (31 March 2023: 11).

Percentage of shareholders' equity	31.03.2024 (Unaudited)			
	Number of non-bank counterparties			
	"A" Rated	"B" Rated	Unrated	Total
<b>As at 31 March 2024</b>				
10% - 14.99%	-	-	1	1
15% - 19.99%	-	-	4	5
20% - 24.99%	-	-	4	3
25%- 29.99%	-	-	-	-
30%- 34.99%	-	-	-	-
<b>Total</b>	-	-	<b>9</b>	<b>9</b>
<b>Peak Exposure</b>				
10% - 14.99%	-	-	2	3
15% - 19.99%	-	-	3	4
20% - 24.99%	-	-	5	3
25%- 29.99%	-	-	-	-
30%- 34.99%	-	-	-	-
<b>Total</b>	-	-	<b>10</b>	<b>10</b>

Percentage of shareholders' equity	31.03.2023 (Unaudited)			
	Number of non-bank counterparties			
	"A" Rated	"B" Rated	Unrated	Total
<b>As at 31 March 2023</b>				
10% - 14.99%	-	-	5	5
15% - 19.99%	-	-	5	5
20% - 24.99%	-	-	1	1
25%-29.99%	-	-	-	-
30%-34.99%	-	-	-	-
<b>Total</b>	-	-	<b>11</b>	<b>11</b>
<b>Peak Exposure</b>				
10% - 14.99%	-	-	5	5
15% - 19.99%	-	-	5	5
20% - 24.99%	-	-	1	1
25%-29.99%	-	-	-	-
30%-34.99%	-	-	-	-
<b>Total</b>	-	-	<b>11</b>	<b>11</b>



**Bank of India (New Zealand) Limited**

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

**CONCENTRATION OF CREDIT EXPOSURE TO INDIVIDUAL COUNTERPARTIES (continued...)**

Percentage of shareholders' equity	31.03.2024 (Audited)			
	Number of bank counterparties			
	"A- or A3 or above or equivalent	B Rated	Unrated	Total
<b>As at 31 March 2024</b>				
10% - 14.99%	-	-	-	-
15% - 19.99%	-	-	-	-
20% - 24.99%	1	-	-	1
25% - 29.99%	-	-	-	-
30% - 34.99%	-	-	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Peak Exposure</b>				
10% - 14.99%	-	-	-	-
15% - 19.99%	-	-	-	-
20% - 24.99%	-	-	-	0
25% - 29.99%	1	-	-	1
30% - 34.99%	-	-	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>

Percentage of shareholders' equity	31.03.2023 (Audited)			
	Number of bank counterparties			
	"A- or A3 or above or equivalent	B Rated	Unrated	Total
<b>As at 31 March 2023</b>				
10% - 14.99%	1	-	-	1
15% - 19.99%	1	-	-	1
20% - 24.99%	-	-	-	-
25% - 29.99%	-	-	-	-
30% - 34.99%	-	-	-	-
<b>Total</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Peak Exposure</b>				
10% - 14.99%	-	-	-	-
15% - 19.99%	-	-	-	-
20% - 24.99%	1	-	-	1
25% - 29.99%	-	-	-	-
30% - 34.99%	1	-	-	1
<b>Total</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>

**22 CREDIT EXPOSURE TO CONNECTED PERSONS:**

(in NZ \$'000)

As at	31.03.2024 (Audited)	31.03.2023 (Audited)
Credit exposure to connected persons	7,085	195
Credit exposure to non-bank connected persons	-	-
<b>Peak end-of-day</b>		
Credit exposure to connected persons	8,368	1,352
Credit exposure to non-bank connected persons	-	-

As at	31.03.2024 (Audited) % of Tier 1 Capital	31.03.2023 (Audited) % of Tier 1 Capital
Credit exposure to connected persons	11.49%	0.32%
Credit exposure to non-bank connected persons	-	-
<b>Peak end-of-day</b>		
Credit exposure to connected persons	13.57%	2.23%
Credit exposure to non-bank connected persons	-	-

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.



## Bank of India (New Zealand) Limited

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

As at 31 March 2024, the rating-contingent limit applicable to the Bank was 15% of tier one capital. Over the year ended 31 March 2024, 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 2023: 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 31 March 2024 is Nil (31 March 2023: Nil).

Aggregate amount of the Bank's individual credit impairment allowances provided against credit exposures to connected persons as at 31 March 2024 is Nil (31 March 2023: Nil).

#### 23 COMMITMENTS:

##### Undrawn loan commitments: (in NZ \$'000)

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
Undrawn loan commitments	5,292	11,042
<b>Total</b>	<b>5,292</b>	<b>11,042</b>

##### Capital commitments:

As at 31 March 2024, the Bank does not have any commitments for capital expenditure (31 March 2023: 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:

	(Audited) year to 31.03.2024	(Audited) year to 31.03.2023
Performance/financial guarantees and letter of credit issued on behalf of customers	2,572	4,340
<b>Total contingent liabilities</b>	<b>2,572</b>	<b>4,340</b>

#### 27 RIGHT OF USE ASSET AND LEASE LIABILITY:

	Real Estate	Total
<b>Right-of-use assets</b>		
Balance as at 1 April 2022	155	155
Additions	1,046	1,046
Adjustments due to lease review	-	-
Disposals	-	-
Depreciation	(222)	(222)
<b>Balance as at 31 March 2023</b>	<b>979</b>	<b>979</b>
Balance as at 1 April 2023	979	979
Additions	-	-
Adjustments due to lease review	838	838
Disposals	-	-
Depreciation	(206)	(206)
<b>Balance as at 31 March 2024</b>	<b>1,611</b>	<b>1,611</b>
<b>Lease liabilities</b>		
Balance as at 1 April 2022	171	171
Additions	1,046	1,046
Adjustments due to lease review	-	-
Lease payments	(238)	(238)
Interest expense on lease liabilities	67	67
<b>Balance as at 31 March 2023</b>	<b>1,046</b>	<b>1,046</b>
Balance as at 1 April 2023	1,046	1,046
Additions	-	-
Adjustments due to lease review	838	838
Lease payments	(279)	(279)
Interest expense on lease liabilities	108	108
<b>Balance as at 31 March 2024</b>	<b>1,713</b>	<b>1,713</b>



## Bank of India (New Zealand) Limited

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

(in NZ \$'000)

Cash outflows for leases	31.03.2024	31.03.2023
Initial payments	-	-
Lease liabilities-principal payments	171	171
Interest expense on lease liabilities	108	67
Short term leases	-	-
<b>Total lease payments</b>	<b>279</b>	<b>238</b>

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 three years from June 2022 and has an option to renew the lease for two (2) terms of three (3) years on 1 June 2025 and 1 June 2028. The final expiry date of the lease is 31 May 2031.
- ii) 31 East Tamaki Road, Papatoetoe, Auckland: The non-cancellable period of the lease is for five (5) years from 15 July 2023 and has an option to renew the lease for a further period of 5 years on 15 July 2028.

### 28 EVENTS AFTER REPORTING DATE:

A loan with an outstanding balance of NZD 5.262 Million classified as a non performing asset as at 31 March 2024 has subsequently been restructured post the balance sheet date.

#### Changes to Conditions of Registration

The Bank's Conditions of Registration were modified by RBNZ as follows:

Effective 1 April 2024 – incorporating RBNZ amendments regarding risk weights for residential loans underwritten by Kianga Ora , and amendments to the Connected Exposures Policy (BS8)

Effective 1 July 2024 – (Proposed) – incorporating RBNZ amendments regarding Capital Adequacy, LVR restrictions and the activation of debt-to-income ratio restrictions. Alongside edits to associated BPR references and the removal of now redundant conditions.

**CREDIT RATINGS SCALES**

<b>Long Term Debt Ratings</b>	<b>Standard and Poor's</b>	<b>Moody's</b>	<b>Fitch IBCA</b>
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 1 October 2023.

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 than 8%;
  - (b) the Tier 1 capital ratio of the banking group is not less than 6%;
  - (c) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5%;
  - (d) the Total capital of the banking group is not less than \$30 million.

For the purposes of this condition of registration, —

“Total capital ratio”, “Tier 1 capital ratio”, and “Common Equity Tier 1 capital ratio” have the same meaning as in Subpart B2 of BPR100: Capital Adequacy;

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

- 1A. That—
  - (a) the bank has an internal capital adequacy assessment process (“ICAAP”) that accords with the requirements set out in Part D of BPR100: Capital Adequacy;
  - (b) under its ICAAP the bank identifies and measures its “other material risks” defined in Part D of BPR100: Capital Adequacy; and
  - (c) the bank determines an internal capital allocation for each identified and measured “other material risk”.
- 1B. That, if the Prudential Capital Buffer (PCB) ratio of the banking group is 2.5% or less, the bank must—
  - (a) according to the following table, limit the aggregate distributions of the bank’s earnings, other than discretionary payments payable to holders of Additional Tier 1 capital instruments, to the percentage limit on distributions that corresponds to the banking group’s PCB ratio; and

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

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

For the purposes of this condition of registration,—

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

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

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

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

- 1C. That:

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

For the purposes of this condition of registration,—

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

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

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

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

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

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

- (a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business



predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and

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

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

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

For the purposes of this condition of registration,—

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

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

4. From 1 October 2023 the bank must comply with all the requirements set out in the following document: BS8 Connected Exposures 1 October 2023, except as noted below.
- (i) The requirements in para A.3(1) to A.3(12) do not take effect until 1 April 2024.
- (ii) From 1 October 2023 to 31 March 2024 the bank must apply the definition of connected person set out in 4(e) to 4(g) of the BS8 Connected Exposures document dated 1 October 2021.
- 4A. That the aggregate credit exposures of the banking group to all connected persons must not exceed the rating-contingent limit outlined in the following matrix at the end of each working day at all times:

Credit rating of the bank <sup>1</sup>	Connected exposure limit (% of the Banking Group's Tier 1 capital)
AA/Aa2 and above	75

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

AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

Within the rating-contingent limit, credit exposures to non-bank connected persons must not exceed 15 percent of the banking group's tier 1 capital at the end of each working day at all times.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated October 2023.

- 4B. That full year disclosure statements are prepared on the basis that clause 6(2)(b), Schedule 14 of the Order does not apply.

For the purposes of this condition of registration, "Order" means the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014, and "disclosure statement" means a disclosure statement to be prepared under the Order.

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That the bank complies with the following corporate governance requirements:
- (a) the board of the bank must have at least five directors;
  - (b) the majority of the board members must be non-executive directors;
  - (c) at least half of the board members must be independent directors;
  - (d) an alternate director,—
    - (i) for a non-executive director must be non-executive; and
    - (ii) for an independent director must be independent;
  - (e) at least half of the independent directors of the bank must be ordinarily resident in New Zealand;
  - (f) the chairperson of the board of the bank must be independent; and



- (g) the bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the bank).

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated July 2014.

- 7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:
  - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
  - (b) the Reserve Bank has advised that it has no objection to that appointment.
- 8. That a person must not be appointed as chairperson of the board of the bank unless:
  - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
  - (b) the Reserve Bank has advised that it has no objection to that appointment.
- 9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:
  - (a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;
  - (b) the committee must have at least three members;
  - (c) every member of the committee must be a non-executive director of the bank;
  - (d) the majority of the members of the committee must be independent; and
  - (e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated July 2014.

- 10. That a substantial proportion of the bank's business is conducted in and from New Zealand.
- 11. That the banking group complies with the following quantitative requirements for liquidity-risk management:
  - (a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;
  - (b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and
  - (c) the one-year core funding ratio of the banking group is not less than 75 per cent at the end of each business day.

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

12. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:
- (a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;
  - (b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;
  - (c) identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and
  - (d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.
13. That no more than 10% of total assets may be beneficially owned by a SPV.

For the purposes of this condition,—

"total assets" means all assets of the banking group plus any assets held by any SPV that are not included in the banking group's assets:

"SPV" means a person—

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

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

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



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

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

15. That, for a loan-to-valuation measurement period ending on or after 30 November 2023, the total of the bank's qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 65%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
16. That, for a loan-to-valuation measurement period ending on or after 30 November 2023, the total of the bank's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 15% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
17. That the bank must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

In these conditions of registration,—

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

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

In conditions of registration 15 to 17,—

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



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

Dated 14<sup>th</sup> January, 2011

**DEED OF GUARANTEE**

By

**BANK OF INDIA**

In respect of the obligations of

**BOI (NEW ZEALAND) LIMITED**





CONTENTS

1. DEFINITIONS AND INTERPRETATION	1
2. GUARANTEE	2
3. DEMAND AND PAYMENT	3
4. PAYMENTS	4
5. TERMINATION OF GUARANTEE	4
6. SUBROGATION	5
7. DEALINGS BETWEEN THE BANK AND THE CREDITORS	5
8. NOTICES	5
9. AMENDMENT	6
10. GOVERNING LAW	7
11. ASSIGNMENT	7
12. CERTIFICATE	7

THIS DEED is made on 14<sup>th</sup> 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 10, 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 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:

"Authorized Officer" means, where a Creditor is a Person other than a natural person, the 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;

*[Handwritten signatures and stamps]*

Authorised Signatory  
 Bandra (E) Branch  
 The North Kanara G.S.B. Co-op. Bank Ltd. Bandra Branch Zapurda  
 Sanyal Sanjeev, Kalanganal,  
 Mumbai-400 051  
 D-5/ST/PT/VE/R/104/2020/ST/300 to 1303  
 (Rupees One Hundred Only)  
 4150 37918  
 133761  
 JAN 13 2011  
 12:54  
 R.0000100/-P85100  
 INDIA STAMP DUTY MAHARASHTRA



"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, statutes 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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Page 2

- 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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Page 3



#### 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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Page 4



**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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Page 5



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

3<sup>rd</sup> Floor, East Wing

Star House

C-5, G Block

Bandra - Kuria 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

)

*[Signature]*

(S.K.-DATTA)  
General Manager  
International

*[Signature]*

(V. ARTHANARI)  
Chief Manager  
International Division

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

)

*[Signature]*

(B.A. PRABHAKAR)  
Director

*[Signature]*

Director P.N. RAO



# Independent Auditor's Report

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

## Report on the audit of the disclosure statement

### Opinion

In our opinion, the accompanying financial statements (excluding supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements) of Bank of India (New Zealand) Limited (the 'Bank') on pages 9 to 41:

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

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

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

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

- the statement of financial position as at 31 March 2024;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended;
- notes, including a summary of significant accounting policies and other explanatory information; and
- the information that is required to be disclosed in accordance with Schedules 4, 7, 13, 14, 15 and 17 of the Order.



### Basis for Opinion

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

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



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

Our firm has also provided other services to the Bank in relation to the half-year review and year-end audit of the Bank's special purpose financial statements, half-year review of the Bank's interim statutory disclosure statement and the issuance of a limited assurance report on the Bank's 31 March 2024 Capital Adequacy and Regulatory Liquidity Requirements in accordance with Schedule 9 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended). Subject to certain restrictions, partners and employees of our firm may also deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank. These matters have not impaired our independence as auditor of the Bank. The firm has no other relationship with, or interest in, the Bank.

## Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at \$314,000 determined with reference to a benchmark of the Bank's net assets. We chose the benchmark because, in our view, this is a key measure of the Bank's financial strength.

## Key audit matters

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

### The key audit matter

### How the matter was addressed in our audit

#### Valuation of loans and advances

Refer to Note 16 to the disclosure statement.

Valuation of loans and advances is a key audit matter owing to the financial significance of loans and advances to the Bank's financial position, the high degree of complexity and judgement applied by management in determining the provision and the high level of subjectivity involved in estimating the provision for impairment. As a result of the ongoing macroeconomic uncertainty, the judgement and complexity is heightened in respect of assessing the impact of the economic disruption on the ability of borrowers to repay their loan obligations and the underlying assumptions used to estimate expected credit losses ("ECL") on an individual as well as on a portfolio basis.

We performed testing of key controls on monitoring overdue accounts and credit risk review.

We assessed the Bank's methodology used in the expected credit loss model to calculate the ECL provision and compared it against the requirements of NZ IFRS 9 *Financial Instruments* (the "Standard").

Our work on the ECL provision focussed on:

- understanding the Bank's methodology and assumptions versus the requirements of the Standard;
- understanding the impairment assessment of loans which were in arrears greater than 30 days as well as non-performing assets (loans in arrears greater than 90 days); and

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## The key audit matter

## How the matter was addressed in our audit

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- understanding any restrictions imposed on the loan valuation process and the market conditions at and post balance date.

In assessing the Bank's specific provisions, we reviewed the overdue accounts report to identify any past due loans showing signs of increased credit risk. For a selection of high-risk credit exposures, we reviewed the loan files to assess the valuation of those loans. Our work on loan reviews focussed on:

- reviewing the impairment assessment prepared by management in respect of the high-risk credit exposures;
- inspecting the borrowers' repayment history and agreeing the repayments to cash receipts; and
- reviewing security documentation to identify if the Bank holds a valid charge on security.

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

We reviewed the disclosures made in note 1.4 and note 16 to the Disclosure Statement which sets out the key judgements and estimates. Our review focussed on ensuring that the disclosures appropriately explain the loan provisioning methodology and assumptions.

*Our audit procedures did not identify any material issues in relation to the valuation of loans and advances as at 31 March 2024.*

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## Other information

The Directors, on behalf of the Bank, are responsible for the other information included in the Bank's statutory Disclosure Statement. Other information includes the supplementary information that is required to be disclosed in accordance with Schedule 2 of the Order. Our opinion on the Disclosure Statement does not cover any other information and we do not express any form of assurance conclusion thereon.

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





## Use of this independent auditor's report

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



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

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

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



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

Our objective is:

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

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

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



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

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

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

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

KPMG

KPMG  
Auckland

26 June 2024



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

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

Based on our limited assurance conclusion, which is not a reasonable assurance engagement or audit, nothing has come to our attention that would lead us to believe that the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements, disclosed in note 15 to the Disclosure Statement, is not, in all material respects disclosed in accordance with Schedule 9 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the 'Order').

We have reviewed the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements, as disclosed in note 15 of the Disclosure Statement for the year ended 31 March 2024.

The supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements comprises the information that is required to be disclosed in accordance with Schedule 9 of the Order.

## Standards we followed

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

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

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

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

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement.





Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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

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### **Inherent Limitations**

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

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

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### **Restriction of distribution and use**

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

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

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

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

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### **Director's responsibility for the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements**

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

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### **Our responsibility**

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



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## Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

Our firm has also provided other services to Bank of India (New Zealand) Limited in relation to the half-year review and year-end audit of the Bank's special purpose financial statements, and half-year review of the Bank's interim statutory Disclosure Statement and audit of the Bank's 31 March 2024 Disclosure Statement. Subject to certain restrictions, partners and employees of our firm may also deal with Bank of India (New Zealand) Limited on normal terms within the ordinary course of trading activities of the business of the Bank. These matters have not impaired our independence as assurance providers of the Bank for this engagement. The firm has no other relationship with, or interest in, the Bank of India (New Zealand) Limited.

KPMG

KPMG  
Auckland

26 June 2024