CCB 中国建设银行(新西兰)
China Construction Bank (New Zealand) Ltd.

China Construction Bank (New Zealand) Limited

Disclosure Statement

For the six months ended
30 June 2022

China Construction Bank (New Zealand) Ltd.

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Abbreviations

The following abbreviations are used throughout the report:

ALCO Asset and Liability Committee
ANZSIC Australia and New Zealand Standard Industrial Classifications
BARC Board Audit, Risk and Compliance Committee
BPR Banking Prudential Requirements
CBIRC China Banking and Insurance Regulatory Commission
CCCFA Credit Contracts and Consumer Finance Act 2003
CET1 Common Equity Tier 1
CFP Contingency funding plan
EAD Exposure at default
ECL Expected credit loss
EWI Early warning indicator
FC Foreign currency
FVOCI Fair value through other comprehensive income
FVTPL Fair value through profit or loss
ICAAP Internal capital adequacy assessment process
IRB Internal rating based
IRRBB Interest rate risk in the banking book
ISDA International Swap and Derivatives Association
LGD Loss given default
LVR Loan-to-valuation ratio
NII Net interest income
NZ GAAP New Zealand Generally Accepted Accounting Principles
NZ IAS New Zealand equivalent to International Accounting Standards
NZ IFRS New Zealand equivalent to International Financial Reporting Standards
PD Probability of default
POCI Purchased and originated credit impaired
RBNZ Reserve Bank of New Zealand
RMB Chinese Yuan Renminbi
SICR Significant increase in credit risk
VaR Value at risk

Disclosure Statement

For the six months ended 30 June 2022

General information and definitions

This Disclosure Statement has been issued by China Construction Bank (New Zealand) Limited (the "Bank") for the six months ended 30 June 2022 in accordance with Section 81 of the Reserve Bank of New Zealand Act 1989 and the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order").

In this Disclosure Statement:

- "Banking Group" refers to the Bank and its subsidiaries. As at the date of this Disclosure Statement, the Bank does not have any subsidiaries and is the only member of the Banking Group;
- the "Ultimate Parent Bank", "Immediate Parent Bank", "Overseas Bank" and "CCB" mean China Construction Bank Corporation;
- China Construction Bank Corporation New Zealand branch ("the branch") – refers to the New Zealand branch of the Ultimate Parent Bank and includes all banking business transacted in New Zealand through the branch;
- "Board" means the Board of Directors of the Bank; and
- "RBNZ" means the Reserve Bank of New Zealand.

Words and phrases defined by the Order have the same meaning when used in this Disclosure Statement. All amounts referred to in this Disclosure Statement are in thousands of New Zealand dollars unless otherwise stated.

Corporate information

China Construction Bank (New Zealand) Limited was incorporated under the Companies Act 1993 (Company Number 4929019) on 30 January 2014. It became a registered bank on 15 July 2014.

The Bank's registered office and address for service is Level 29, Vero Centre, 48 Shortland Street, Auckland 1010, New Zealand. The Bank's website address is: http://nz.ccb.com. A copy of this Disclosure Statement is available on the Bank's website or upon request at the Bank's registered office.

Ultimate parent and holding company

The Bank is a wholly-owned subsidiary of CCB which is the Bank's Ultimate Parent Bank and Ultimate Holding Company. CCB was incorporated in China and is subject to supervision by banking regulatory bodies empowered by the State Council of the People's Republic of China. The address for service of CCB is No. 25, Financial Street, Xicheng District, Beijing 100033, the People's Republic of China.

Significant interest in the registered bank

The Ultimate Parent Bank has a direct qualifying interest in 100% of the voting securities of the Bank and has the power to directly appoint up to 100% of the Board of Directors of the Bank. All appointments to the Board must be approved by the RBNZ.

Limits on material financial support by the Ultimate Parent Bank

There are no regulations, legislation or other restrictions of a legally enforceable nature in China that may materially inhibit the legal ability of CCB to provide material financial support to the Bank.

Changes in the Bank's Board of Directors

As at the date of signing this Disclosure Statement, there have been no changes in the Board since 31 December 2021.

Responsible Person

Mr Jun Qi (Executive Director), has been authorised in writing to sign this Disclosure Statement in accordance with section 82 of the Reserve Bank Act on behalf of the Directors, being:

Dr Murray Horn (Chair), Dr Alan Bollard, Sir Robert Arnold McLeod, Xingyao Li and Hong Yang.

Guarantee arrangements

(a) Details of guaranteed obligations

As at the date of this Disclosure Statement, under the terms of the Deed of Guarantee (“the Guarantee”), the obligations of the Bank are guaranteed by CCB.

A copy of the Deed of Guarantee given by CCB is provided in the Bank’s Disclosure Statement for the year ended 31 December 2021 which can be obtained from the Bank’s website http://nz.ccb.com or the Bank’s registered office.

There have been no changes to the Deed of Guarantee since the publication of the Bank’s full year Disclosure Statement for the year ended 31 December 2021. In January 2022, and in order to further strengthen the supervision of related-party transactions, CBIRC issued Rules on Related-Party Transactions of Banking and Insurance Institutions (the "Rules"). The Rules are effective from 1 March 2022 but with a one year transitional period from that date. An exemption is currently being sought on any potential impact that the Rules may have on the Guarantee.

Under the Guarantee:

(a) There are no limits on the amount of the obligations guaranteed.
(b) There are no material conditions applicable to the Guarantee other than non-performance by the Bank.
(c) There are no material legislative or regulatory restrictions in China that would have the effect of subordinating the claims under the Guarantee of any of the Bank’s creditors on the assets of the Ultimate Parent Bank, to other claims on the Ultimate Parent Bank in a winding up of the Ultimate Parent Bank.
(d) The Guarantee does not have an expiry date.

(b) Details of the Guarantor

The guarantor is CCB, which is not a member of the Banking Group. The address for service of the guarantor is No. 25, Financial Street, Xicheng District, Beijing 100033, the People's Republic of China.

As disclosed in CCB’s unaudited consolidated results for the three months period ended 31 March 2022, CCB Group’s total capital for capital adequacy purposes was RMB 3,356,982 million (NZD 805,399 million) and its total capital ratio was 17.91%. Capital ratios are calculated in accordance with the Capital Rules for Commercial Banks (Provisional) issued by CBIRC.

CCB has the following credit ratings applicable to its long-term senior unsecured obligations payable in Chinese Yuan Renminbi (“RMB”) as at the date the Directors signed this Disclosure Statement:

Rating Agency	Current credit	Rating outlook
Standard & Poor's Ratings Services	A	Stable
Moody's Investors Service	A1	Stable
Fitch Ratings	A	Stable

In May 2021, Standard & Poor's affirmed the Overseas Bank's A rating. In June 2021, Moody's Investors Service affirmed the Overseas Bank's A1 rating. In June 2021, Fitch affirmed the Overseas Bank's A rating.

Pending proceedings or arbitration

There are no pending legal proceedings or arbitration at the date of this Disclosure Statement involving the Bank, whether in New Zealand or elsewhere, that may have a material adverse effect on the Bank.

Auditor

Ernst & Young (“EY”), 2 Takutai Square, Britomart, Auckland 1010, New Zealand.

Directors' statements

Each Director of the Bank believes, after due enquiry, that, as at the date on which this Disclosure Statement is signed:

(a) the Disclosure Statement contains all the information that is required by the Order; and
(b) the Disclosure Statement is not false or misleading.

Each Director of the Bank believes, after due enquiry that, for the six months period ended 30 June 2022:

(a) the Bank has complied in all material respects with each condition of registration that applied during that period;
(b) credit exposures to connected persons (if any) were not contrary to the interests of the Banking Group; and
(c) the Bank had systems in place to monitor and control adequately the material risks of the Banking Group 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.

This Disclosure Statement is dated 11 August 2022 and has been signed by Mr Jun Qi as the responsible person for and on behalf of all the Directors (by Directors' resolution):

Mr Jun Qi
EXECUTIVE DIRECTOR

Statement of comprehensive income

For the period ended	Note	Unaudited 30 Jun 2022 6 months $000	Unaudited 30 Jun 2021 6 months $000	Audited 31 Dec 2021 12 months $000
Interest income	2	39,549	28,268	59,101
Interest expense	2	(19,760)	(9,888)	(22,059)
Net interest income	2	**19,789**	**18,380**	**37,042**
Net fees and commission income [1]	3	1,146	2,001	4,971
Other income [1]	3	2,668	386	498
Net operating income before operating expenses and impairment charges		**23,603**	**20,767**	**42,511**
Operating expenses		(5,328)	(5,277)	(10,556)
Impairment write-backs / (charges) on credit exposures	4	372	909	(1,095)
Profit before income tax		**18,647**	**16,399**	**30,860**
Income tax expense		(5,541)	(4,673)	(8,561)
Profit after income tax attributable to the owner of the Bank		**13,106**	**11,726**	**22,299**
Other comprehensive income, net of tax				
Other comprehensive (expense) / income which may be reclassified to income statement		(1,701)	(35)	(126)
Total other comprehensive income, net of tax		**(1,701)**	**(35)**	**(126)**
Total comprehensive income attributable to the owner of the Bank		**11,405**	**11,691**	**22,173**

[1] *Presentation changes have been made to improve consistency and enhance comparability by reporting balances of a similar nature together under the respective non-interest income categories.*

These interim financial statements are to be read in conjunction with the notes on pages 10 - 37.

Statement of changes in equity

For the 6 months ended 30 June 2022 (Unaudited)	Share capital $000	Retained earnings $000	Cash flow hedge reserve $000	FVOCI reserve $000	Total $000
Balance at 1 January 2022	199,178	63,964	(34)	(81)	263,027
Profit after income tax	-	13,106	-	-	13,106
Other comprehensive expense	-	-	(1,667)	(34)	(1,701)
Total comprehensive income for the period	**-**	**13,106**	**(1,667)**	**(34)**	**11,405**
Balance at 30 June 2022	**199,178**	**77,070**	**(1,701)**	**(115)**	**274,432**

For the 6 months ended 30 June 2021 (Unaudited)	Share capital $000	Retained earnings $000	Cash flow hedge reserve $000	FVOCI reserve $000	Total $000
Balance at 1 January 2021	199,178	41,665	(194)	205	240,854
Profit after income tax	-	11,726	-	-	11,726
Other comprehensive income / (expense)	-	-	95	(130)	(35)
Total comprehensive income for the period	**-**	**11,726**	**95**	**(130)**	**11,691**
Balance at 30 June 2021	**199,178**	**53,391**	**(99)**	**75**	**252,545**

For the 12 months ended 31 December 2021 (Audited)	Share capital $000	Retained earnings $000	Cash flow hedge reserve $000	FVOCI reserve $000	Total $000
Balance at 1 January 2021	199,178	41,665	(194)	205	240,854
Profit after income tax	-	22,299	-	-	22,299
Other comprehensive income / (expense)	-	-	160	(286)	(126)
Total comprehensive income for the year	**-**	**22,299**	**160**	**(286)**	**22,173**
Balance at 31 December 2021	**199,178**	**63,964**	**(34)**	**(81)**	**263,027**

These interim financial statements are to be read in conjunction with the notes on pages 10 - 37.

Balance sheet

As at	Note	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Assets				
Cash and balances with central banks	6	185,074	82,800	496,758
Due from other financial institutions	7	111,651	60,973	96,556
Investment securities	8	166,409	81,333	82,729
Loans and advances	9	1,801,195	1,654,307	1,831,033
Due from related parties	17	319	269	312
Derivative financial assets	10	17,242	17,323	8,881
Property, plant and equipment	11	5,202	1,076	5,738
Intangible assets		8	21	10
Deferred tax assets		5,436	3,748	4,903
Other assets		151	123	163
Total assets		**2,292,687**	**1,901,973**	**2,527,083**
Liabilities				
Due to other financial institutions	12	51,383	16,007	173,690
Deposits from customers	13	321,637	347,573	404,751
Debt securities issued	14	1,166,499	1,056,759	1,138,356
Due to related parties	17	442,312	180,458	495,048
Subordinated debt	17	15,131	15,088	15,101
Current tax liabilities		2,414	2,025	5,093
Derivative financial liabilities	10	8,420	27,203	21,569
Other liabilities	15	10,459	4,315	10,448
Total liabilities		**2,018,255**	**1,649,428**	**2,264,056**
Shareholder's equity				
Share capital		199,178	199,178	199,178
Retained earnings		77,070	53,391	63,964
Reserves		(1,816)	(24)	(115)
Total shareholder's equity		**274,432**	**252,545**	**263,027**
Total liabilities and shareholder's equity		**2,292,687**	**1,901,973**	**2,527,083**
Total interest earning and discount bearing assets		2,273,897	1,887,450	2,515,670
Total interest and discount bearing liabilities		2,009,297	1,603,387	2,222,871

These interim financial statements were approved by the Directors on 11 August 2022 and are signed on their behalf by:

Dr Murray Horn
CHAIR

Mr Jun Qi
EXECUTIVE DIRECTOR

These interim financial statements are to be read in conjunction with the notes on pages 10 - 37.

Statement of cash flows

For the period ended	Note	Unaudited 30 Jun 2022 6 months $000	Unaudited 30 Jun 2021 6 months $000	Audited 31 Dec 2021 12 months $000
Cash flows from operating activities				
Interest received		37,907	28,001	57,854
Interest paid		(15,518)	(10,593)	(21,135)
Income received from financial instruments designated as FVOCI / FVTPL		3,744	351	1,952
Non-interest income received		1,631	(20,146)	5,271
Non-interest expense paid		(28,029)	20,737	(382)
Operating expenses paid		(4,314)	(4,963)	(8,778)
Income taxes paid		(8,104)	(5,177)	(7,177)
Net cash flows from operating activities before changes in operating assets and liabilities		**(12,683)**	**8,210**	**27,605**
Net changes in operating assets and liabilities:				
Net decrease / (increase):				
GST receivable		14	26	2
Other assets		(1)	16	-
Loans and advances		28,928	(79,718)	(257,856)
Due from related parties		-	(4)	(4)
Net increase/(decrease):				
Due to other financial institutions		(122,308)	16,007	173,690
Deposits from customers		(84,011)	34,139	90,687
Net changes in operating assets and liabilities		**(177,378)**	**(29,534)**	**6,519**
Net cash flows provided by / (used in) operating activities	5	**(190,061)**	**(21,324)**	**34,124**
Cash flows from investing activities				
Purchase of investment securities		(86,505)	(48,846)	(51,633)
Purchase of property, plant and equipment		(4)	(33)	(286)
Purchase of intangible assets		-	-	(8)
Net cash flows used in investing activities		**(86,509)**	**(48,879)**	**(51,927)**
Cash flows from financing activities				
Amount borrowed from related parties		24,352	21,323	665,504
Repayment of due to related parties		(63,883)	(2,330)	(332,687)
Issuance of debt securities	14	50,000	165,000	395,000
Repayment of debt securities	14	(30,000)	(185,000)	(331,552)
Repayment of lease liabilities	15 (d)	(481)	(456)	(544)
Net cash flows (used in) / provided by financing activities		**(20,012)**	**(1,463)**	**395,721**
Net increase / (decrease) in cash and cash equivalents		(296,582)	(71,666)	377,918
Cash and cash equivalents at beginning of the year		593,626	215,708	215,708
Cash and cash equivalents at end of the period	21 (a)	**297,044**	**144,042**	**593,626**
Cash and cash equivalents at end of the period comprise:				
Due from other financial institutions (call or original maturity of 3 months or less)	21 (a)	111,651	60,973	96,556
Cash and balances with central banks	21 (a)	185,074	82,800	496,758
Due from related parties (nostro account)	21 (a)	319	269	312
Cash and cash equivalents at end of the period	21 (a)	**297,044**	**144,042**	**593,626**

These interim financial statements are to be read in conjunction with the notes on pages 10 - 37.

Notes to the Financial Statements

1. Statement of accounting policies

1.1 Reporting entity

These condensed interim financial statements are for China Construction Bank (New Zealand) Limited for the six months ended 30 June 2022.

They were approved for issue by the Board on 11 August 2022.

As at 30 June 2022, China Construction Bank (New Zealand) Limited is a company registered under the Companies Act 1993, a registered bank under the Reserve Bank Act 1989 and a FMC reporting entity for the purposes of Part 7 of the Financial Markets Conduct Act 2013.

The principal activity of the Bank is the provision of a range of banking products and services to business, corporate, institutional and retail customers.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the Bank's financial statements for the full year ended 31 December 2021.

1.2 Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the “Order”). These financial statements comply with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”) as appropriate for Tier 1 for-profit entities and the New Zealand equivalent to IAS 34 Interim Financial Reporting. These financial statements also comply with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board.

These condensed interim financial statements have been prepared in accordance with the historical cost basis, except by the application of fair value measurements required or allowed by relevant accounting standards.

The going concern and the accrual bases of accounting have been adopted. All amounts are expressed in thousands of New Zealand dollars, unless otherwise stated.

Certain comparative information has been reclassified to ensure consistency with the current reporting period. This has been highlighted in the relevant notes.

1.3 Changes in accounting policies

The accounting policies and methods of computation are consistent with those of the Bank’s financial statements for the full year ended 31 December 2021 and half year ended 30 June 2021. There have been no material changes to the accounting policies during the six months ended 30 June 2022.

Financial Performance

2. Net interest income

	Unaudited Jun 2022 6 months $000	Audited Jun 2021 6 months $000	Audited Dec 2021 12 months $000
Interest income			
[1] Cash and balances with central banks	1,621	204	709
[1] Due from other financial institutions	649	78	263
[1] Loans and advances [*]	36,313	27,750	57,527
[1] Due from related parties	11	4	7
[2] Investment securities	955	232	595
Total interest income	**39,549**	**28,268**	**59,101**
Interest expense			
[3] Due to other financial institutions	(371)	(7)	(104)
[3] Deposits and other borrowings	(3,169)	(1,471)	(3,219)
[3] Due to related parties	(3,233)	(589)	(1,278)
[3] Debt securities issued	(12,928)	(7,812)	(17,387)
[3] Lease liabilities	(59)	(9)	(71)
Total interest expense	**(19,760)**	**(9,888)**	**(22,059)**
Total net interest income	**19,789**	**18,380**	**37,042**

[1] *Interest earned on financial assets classified and measured at amortised cost.*
[2] *Interest earned on financial assets classified and measured at FVOCI.*
[3] *Interest expense on financial liabilities classified and measured at amortised cost.*
[*] *Interest earned on impaired assets is nil, (30 June 2021: nil, 31 December 2021: nil).*

3. Non-interest income

	Unaudited Jun 2022 6 months $000	Unaudited Jun 2021 6 months $000	Audited Dec 2021 12 months $000
Fees and commission income			
Lending and credit facility related fee income	879	1,784	4,546
Trade finance and other fee income	49	25	69
Management fee income [1]	287	289	567
Total fees and commission income	**1,215**	**2,098**	**5,182**
Other fee expense	(69)	(97)	(211)
Net fees and commission income	**1,146**	**2,001**	**4,971**
Other income			
Net ineffectiveness on qualifying hedges	417	18	89
Net gain on derivatives	2,251	368	409
Total other income	**2,668**	**386**	**498**
Total net non-interest income	**3,814**	**2,387**	**5,469**

[1] *Includes Management fee received from the branch for provision of management services.*

Presentation changes have been made to improve consistency and enhance comparability by reporting balances of a similar nature together under the respective non-interest income categories.

4. Impairment charges / (write-backs) on credit exposures

	Other financial assets [1] $000	Loans and advances: Residential mortgage loans $000	Loans and advances: Corporate exposures $000	Off-balance sheet credit related business [2] $000	Total impairment loss $000
For the six months ended 30 Jun 2022 (Unaudited)					
Movement in collective provision 12-months ECL	(5)	(187)	(139)	(41)	(372)
Movement in collective provision Lifetime ECL not credit impaired	-	-	-	-	-
Movement in collective provision Lifetime ECL credit impaired	-	-	-	-	-
Movement in individually assessed Lifetime ECL credit impaired	-	-	-	-	-
Bad debts written-off directly to the income statement	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Total impairment charges / (write-backs)	**(5)**	**(187)**	**(139)**	**(41)**	**(372)**
For the six months ended 30 Jun 2021 (Unaudited)					
Movement in collective provision 12-months ECL	6	(854)	(89)	28	(909)
Movement in collective provision Lifetime ECL not credit impaired	-	-	-	-	-
Movement in collective provision Lifetime ECL credit impaired	-	-	-	-	-
Movement in individually assessed Lifetime ECL credit impaired	-	-	-	-	-
Bad debts written-off directly to the income statement	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Total impairment charges / (write-backs)	**6**	**(854)**	**(89)**	**28**	**(909)**
For the year ended 31 December 2021 (Audited)					
Movement in collective provision 12-months ECL	4	598	160	333	1,095
Movement in collective provision Lifetime ECL not credit impaired	-	-	-	-	-
Movement in collective provision Lifetime ECL credit impaired	-	-	-	-	-
Movement in individually assessed Lifetime ECL credit impaired	-	-	-	-	-
Bad debts written-off directly to the income statement	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Total impairment charges / (write-backs)	**4**	**598**	**160**	**333**	**1,095**

[1] *Other financial assets includes impairment losses on due from other financial institutions and investment securities.*

[2] *The provision for off-balance sheet credit related business is included in other liabilities (Note 15).*

5. Net cash flows used in operating activities

For the six months ended	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Reconciliation of profit after income tax to net cash flows from / (used in) operating activities			
Profit after income tax	13,106	11,726	22,299
Adjustments:			
Impairment losses on credit exposures	(372)	(909)	1,095
Depreciation and amortisation	542	534	1,082
Income tax expense	(2,563)	(504)	1,384
Movement in fair value of financial assets and liabilities	(30,211)	(1,795)	(580)
Movement in interest accruals	6,815	(842)	2,325
Net (increase) / decrease in operating assets:			
GST receivable	14	26	2
Loans and advances	28,928	(79,718)	(257,856)
Due from related parties [1]	-	(4)	(4)
Other assets	(1)	16	-
Net increase / (decrease) in operating liabilities:			
Due to other financial institutions	(122,308)	16,007	173,690
Deposits from customers	(84,011)	34,139	90,687
Net cash flow from / (used in) operating activities	**(190,061)**	**(21,324)**	**34,124**

[1] *The amount of Due from related parties excludes nostro balances held with the Ultimate Parent Bank.*

Financial Position

6. Cash and balances with central banks

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Settlement account balances with central banks	185,074	82,800	496,758
Total cash and balances with central banks	**185,074**	**82,800**	**496,758**

7. Due from other financial institutions

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Placements with other financial institutions – call	11,190	26,673	23,276
Placements with other financial institutions – term	100,462	34,307	73,287
Provision for impairment losses	(1)	(7)	(7)
Total amount due from other financial institutions	**111,651**	**60,973**	**96,556**

8. Investment securities

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
At FVOCI			
Registered bank securities	30,085	25,671	20,626
Multilateral development banks and other international organisations	130,418	55,662	55,947
Government securities	5,906	-	6,156
Total investment securities at FVOCI	**166,409**	**81,333**	**82,729**

9. Loans and advances

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Residential mortgages	767,476	720,781	761,979
Corporate exposures	1,048,247	944,397	1,080,995
Total gross loans and advances	**1,815,723**	**1,665,178**	**1,842,974**
Unearned income	(1,921)	(2,129)	(1,292)
Loan origination fees	1,133	1,364	1,486
Fair value hedge adjustments	(2,259)	-	(328)
Loans and advances before provisions for impairment	**1,812,676**	**1,664,413**	**1,842,840**
Provision for impairment losses	(11,481)	(10,106)	(11,807)
Total net loans and advances	**1,801,195**	**1,654,307**	**1,831,033**

10. Derivative financial instruments

	As at 30 Jun 2022 (Unaudited)			As at 30 Jun 2021 (Unaudited)		
	Notional amount $000	Fair value assets $000	Fair value liabilities $000	Notional amount $000	Fair value assets $000	Fair value liabilities $000
Held for trading						
Interest rate swaps	192,191	1,072	(879)	195,617	4,510	(4,328)
Forward contracts	-	-	-	44,463	1,893	(1,875)
FX swaps	-	-	-	681	7	(13)
Fair value hedges						
Interest rate swaps	585,842	6,075	(7,272)	390,178	10,024	-
Dual fair value and cash flow hedges						
Cross currency interest rate swaps	610,834	10,039	(269)	348,024	-	(20,987)
Economic hedge						
Cross currency interest rate swaps	-	-	-	-	-	-
Forward contracts	-	-	-	-	-	-
FX swaps	6,931	56	-	65,747	889	-
Total derivative financial instruments	**1,395,798**	**17,242**	**(8,420)**	**1,044,710**	**17,323**	**(27,203)**

	As at 31 Dec 2021 (Audited)		
	Notional amount $000	Fair value assets $000	Fair value liabilities $000
Held for trading			
Interest rate swaps	195,617	1,747	(1,567)
Forward contracts	22,200	-	(1,340)
FX swaps	20,774	-	(578)
Fair value hedges			
Interest rate swaps	441,214	4,590	(2,848)
Dual fair value and cash flow hedges			
Cross currency interest rate swaps	157,604	-	(11,244)
Economic hedge			
Cross currency interest rate swaps	45,113	-	(3,145)
Forward contracts	-	-	-
FX swaps	222,797	2,544	(847)
Total derivative financial instruments	**1,105,319**	**8,881**	**(21,569)**

11. Property, plant and equipment

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Property, plant and equipment	4,025	3,768	4,021
Accumulated depreciation	(3,527)	(3,357)	(3,436)
Total property, plant and equipment	**498**	**411**	**585**
Right-of-use assets	7,736	2,799	2,799
Accumulated depreciation	(3,032)	(2,134)	(2,583)
Additions to right-of-use assets	-	-	4,937
Total right-of-use assets	**4,704**	**665**	**5,153**
Total property, plant and equipment	**5,202**	**1,076**	**5,738**

Additions to the right-of-use assets for the six months ended 30 June 2022 is nil (30 June 2021: nil, 31 December 2021: $4,937,000).

12. Due to other financial institutions

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Placements from other financial institutions	1	-	122,622
Securities sold under agreements to repurchase from central banks	51,382	16,007	51,068
Total due to other financial institutions	**51,383**	**16,007**	**173,690**

13. Deposits from customers

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Demand deposits bearing interest	41,723	66,388	43,340
Deposits not bearing interest	2,465	938	1,568
Term deposits	277,449	280,247	359,843
Total deposits from customers	**321,637**	**347,573**	**404,751**

14. Debt securities issued

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Short term debt			
Registered certificates of deposit	50,000	-	30,000
Long term debt			
Medium-term notes [1]	1,135,746	1,045,837	1,121,552
Total debt securities issued at face value	**1,185,746**	**1,045,837**	**1,151,552**
Movement in debt securities issued			
Balance at beginning of the period	1,138,356	1,074,472	1,074,472
Issuance during the period	50,000	165,000	395,000
Repayments during the period	(30,000)	(185,000)	(331,552)
Foreign exchange translation impact [2]	14,193	8,905	16,173
Effect of fair value hedge adjustment	(7,279)	(7,288)	(16,682)
Net effect of transaction costs and accruals	1,229	670	945
Balance at end of the period	1,166,499	1,056,759	1,138,356
Total debt securities	**1,166,499**	**1,056,759**	**1,138,356**

[1] *Includes subordinated debt.*
[2] *FX translation impact on debt issued in USD currency.*

15. Other liabilities

As at	Note	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Other liabilities				
Trade creditors and other accrued expenses		386	312	400
Lease liabilities [1]		5,166	678	5,588
Employee entitlements		4,615	3,297	4,127
Provision for impairment on off-balance sheet credit related business	4	292	28	333
Total other liabilities		**10,459**	**4,315**	**10,448**

[1] *Includes leases for corporate office in Shortland Street, Auckland and coffee machine which were renewed on 1 July 2021.*

Other information about leases for which the Bank is a lessee is presented below.

	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
(a) Amounts recognised in the income statement			
Interest on lease liabilities	59	9	71
Depreciation charge on right-of-use assets	449	439	887
Total amounts recognised in profit or loss	**508**	**448**	**958**
(b) Maturity analysis of contracted undiscounted cash flows			
Less than one year	965	60	963
One to five years	4,239	319	4,177
More than five years	274	360	819
Total undiscounted lease liabilities	**5,478**	**739**	**5,959**
(c) Lease liabilities included in other liabilities			
Current	933	54	942
Non-current	4,233	624	4,646
Total lease liabilities included in other liabilities	**5,166**	**678**	**5,588**
(d) Amounts recognised in the statement of cash flows			
Total cash outflow for leases	481	456	544

16. Fair value of financial instruments

Classification of financial instruments and estimates of fair value

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used in the fair value estimates are described below.

(a) Fair value hierarchy of financial instruments measured at fair value

The best evidence of fair value is a quoted price in an active market. Wherever possible the Bank determines the fair value of a financial instrument based on the quoted price.

Where no quoted price in an active market is available, the Bank applies present value estimates or other valuation techniques based on current market conditions.
These valuation techniques rely on market observable inputs wherever possible or in a limited number of instances rely on inputs which are unobservable but are reasonable assumptions based on market conditions.

The Bank categorises all fair value measurements according to the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

"Level 1" – Quoted market price

Fair value measurement where inputs are quoted market prices (unadjusted) in an active market for identical financial assets or financial liabilities.

"Level 2" – Valuation technique using observable inputs

Fair value measurement where quoted market prices are not available in active markets for similar instruments. Fair values have been estimated using present value or valuation techniques using significant inputs that are observable for the financial asset or financial liability, either directly or indirectly from market data.

"Level 3" – Valuation technique with significant non-observable inputs

Fair value measurement where at least one input which could have a significant effect on the instrument's valuation is not based on observable market data.

All of the Bank's financial instruments are recognised and measured at fair value on a recurring basis within Level 2.

The Bank considers transfers between levels, if any, are deemed to have occurred at the beginning of the reporting period.

There have been no transfers between Level 1 and 2 of the fair value hierarchy during the period ended 30 June 2022 (31 December 2021: nil). There have been no transfers into / out of Level 3 during the period ended 30 June 2022 (31 December 2021: nil).

(b) Fair value of financial instruments

The following table below compares the fair value of financial instruments with their carrying amounts.

As at 30 Jun 2022 (Unaudited)	At amortised cost $000	At FVOCI $000	At FVTPL $000	Fair value - derivative instruments $000	Total carrying amount $000	Fair value $000
Financial assets						
Cash and balances with central banks	185,074	-	-	-	185,074	185,074
Due from other financial institutions	111,651	-	-	-	111,651	111,651
Investment securities	-	166,409	-	-	166,409	166,409
Loans and advances	1,801,195	-	-	-	1,801,195	1,832,027
Due from related parties	319	-	-	-	319	319
Derivative financial assets	-	-	-	17,242	17,242	17,242
Other assets	70	-	-	-	70	70
Total financial assets	**2,098,309**	**166,409**	**-**	**17,242**	**2,281,960**	**2,312,792**
Financial liabilities						
Due to other financial institutions	51,383	-	-	-	51,383	53,769
Deposits from customers	321,637	-	-	-	321,637	320,941
Debt securities issued	1,166,499	-	-	-	1,166,499	1,148,754
Due to related parties	442,312	-	-	-	442,312	447,263
Subordinated debt	15,131	-	-	-	15,131	15,677
Derivative financial liabilities	-	-	-	8,420	8,420	8,420
Lease liabilities	5,166	-	-	-	5,166	5,166
Total financial liabilities	**2,002,128**	**-**	**-**	**8,420**	**2,010,548**	**1,999,990**
As at 30 Jun 2021 (Unaudited)						
Financial assets						
Cash and balances with central banks	82,800	-	-	-	82,800	82,800
Due from other financial institutions	60,973	-	-	-	60,973	60,973
Investment securities	-	81,333	-	-	81,333	81,333
Loans and advances	1,654,307	-	-	-	1,654,307	1,874,664
Due from related parties	269	-	-	-	269	269
Derivative financial assets	-	-	-	17,323	17,323	17,323
Other assets	60	-	-	-	60	60
Total financial assets	**1,798,409**	**81,333**	**-**	**17,323**	**1,897,065**	**2,117,422**
Financial liabilities						
Due to other financial institutions	16,007	-	-	-	16,007	16,172
Deposits from customers	347,573	-	-	-	347,573	348,371
Debt securities issued	1,056,759	-	-	-	1,056,759	1,087,109
Due to related parties	180,458	-	-	-	180,458	182,128
Subordinated debt	15,088	-	-	-	15,088	15,958
Derivative financial liabilities	-	-	-	27,203	27,203	27,203
Lease liabilities	678	-	-	-	678	678
Total financial liabilities	**1,616,563**	**-**	**-**	**27,203**	**1,643,766**	**1,677,619**

As at 31 Dec 2021 (Audited)	At amortised cost $000	At FVOCI $000	At FVTPL $000	Fair value - derivative instruments $000	Total carrying amount $000	Fair value $000
Financial assets						
Cash and balances with central banks	496,758	-	-	-	496,758	496,758
Due from other financial institutions	96,556	-	-	-	96,556	96,556
Investment securities	-	82,729	-	-	82,729	82,729
Loans and advances	1,831,033	-	-	-	1,831,033	1,930,478
Due from related parties	312	-	-	-	312	312
Derivative financial assets	-	-	-	8,881	8,881	8,881
Other assets	84	-	-	-	84	84
Total financial assets	**2,424,743**	**82,729**	**-**	**8,881**	**2,516,353**	**2,615,798**
Financial liabilities						
Due to other financial institutions	173,690	-	-	-	173,690	174,692
Deposits from customers	404,751	-	-	-	404,751	404,449
Debt securities issued	1,138,356	-	-	-	1,138,356	1,129,579
Due to related parties	495,048	-	-	-	495,048	493,745
Subordinated debt	15,101	-	-	-	15,101	15,708
Derivative financial liabilities	-	-	-	21,569	21,569	21,569
Lease liabilities	5,588	-	-	-	5,588	5,588
Total financial liabilities	**2,232,534**	**-**	**-**	**21,569**	**2,254,103**	**2,245,330**

(c) Estimation of fair value

Cash and balances with central banks, due from other financial institutions, due from related parties, other assets and lease liabilities

For these balances, the carrying amount is considered to approximate the fair value, as they are short term in nature or are receivable / payable on demand. A detailed description of how fair value is derived for financial instruments not measured at fair value is disclosed in Note 20 “Fair Value of Financial Instruments” in the Bank’s full year Disclosure Statement for the year ended 31 December 2021.

17. Related party transactions

The Bank is a wholly owned subsidiary of CCB, a company incorporated in China. The Ultimate Parent Bank of the Bank is also CCB. The Ultimate Parent Bank Group refers to the Ultimate Parent Bank and its subsidiaries.

(a) Nature of transactions and balances with related parties

The Bank undertakes transactions with the Ultimate Parent Bank and other members of the Ultimate Parent Bank Group.

These transactions principally consist of funding (interest bearing) and hedging transactions (interest bearing) and the provision of technology and process support transactions with related parties are conducted on an arm’s length basis and on normal commercial terms.

(b) Ultimate Parent Bank

The amount due from the Ultimate Parent Bank consists of nostro accounts held with the Ultimate Parent Bank, which is reflected as cash and liquid assets.

The Bank raised NZ $15 million (issuing 15,000 redeemable, subordinated and unsecured medium term notes at a face value of NZ $1,000) from the Sydney branch of the Ultimate Parent Bank in April 2016. The amount is expected to be settled on 28 April 2023.

The amounts due to the Ultimate Parent Bank consists of placements and borrowed funds from the Ultimate Parent Bank measured at amortised cost. These placements are reflected as deposits and overnight placements and borrowings are reflected as borrowings. These placements and borrowings are made in the normal course of business and are at arm's length.

The amounts due from and due to the Ultimate Parent Bank also includes derivative instruments held with the Ultimate Parent Bank, which are marked to market and reflected as derivative financial assets and liabilities.

Recognised in	Unaudited 30 Jun 2022 NZ Branch $000	Unaudited 30 Jun 2022 Ultimate Parent Bank $000	Unaudited 30 Jun 2021 NZ Branch $000	Unaudited 30 Jun 2021 Ultimate Parent Bank $000	Audited 31 Dec 2021 NZ Branch $000	Audited 31 Dec 2021 Ultimate Parent Bank $000
Statement of comprehensive income						
Interest income [1]	-	575	-	1,261	-	2,069
Interest expense [2]	-	(3,785)	-	(761)	-	(1,630)
Non-interest income / (expense)						
Management fee income *(refer Note 3)*	287	-	289	-	567	-
Unrealised gain / (loss) on derivatives	-	95	-	137	-	444
Operating expenses						
Management service expense reimbursement	3,821	-	3,847	-	7,558	-
Total profit or loss impact	**4,108**	**(3,115)**	**4,136**	**637**	**8,125**	**883**
Balance Sheet						
Due from related parties						
Cash and liquid assets	-	319	-	269	-	312
Derivative financial assets	-	2,357	-	4,728	-	2,950
Total assets	**-**	**2,676**	**-**	**4,997**	**-**	**3,262**
Subordinated debt	-	15,131	-	15,088	-	15,101
Due to related parties						
Deposits and overnight placements	3,287	-	51,288	-	10,065	-
Borrowings at amortised cost	-	439,025	-	129,170	150,023	334,960
Derivative financial liabilities	-	388	-	10,719	-	4,712
Total liabilities	**3,287**	**454,544**	**51,288**	**154,977**	**160,088**	**354,773**

[1] *Included in related party interest income are interest earned on liquid assets and derivative financial assets.*
[2] *Included in related party interest expense are interest paid on subordinated debt, borrowings with related parties and derivative financial liabilities.*

Transactions and balances with the branch are not included in the balances with the Ultimate Parent Bank.
There were no debts with any related parties written off or forgiven during the six months ended 30 June 2022 (30 June 2021: nil, 31 December 2021: nil).
Provision for impairments on credit exposure of nil have been recognised in respect of the related party assets as at 30 June 2022 (30 June 2021: nil, 31 December 2021: nil).

Risk Management

A. Risk management disclosure

There have been no material changes to the risk management policies and no new categories of risk to which the Bank has become exposed since 31 December 2021.

B. Covid-19 pandemic

Covid-19 has had a significant impact on global and domestic economies. The Bank has provided support options to its customers, which included options ranging from loan covenant forebearance and repayment deferrals up to and including restructuring of loans. However, these options have now been removed and there are no longer any lending arrangements subject to special support actions as a direct result of Covid-19.

C. Global market disruption

External volatility impacting the Bank has also been extensive, with unprecedented increases in inflation and correspondingly rapid increases in interest rates. Furthermore, supply chain disruptions, regulatory change proposals, Covid-19 lockdown protocol changes, and the war in the Ukraine have all conspired to create a level of uncertainty in the financial markets in which the Bank operates which has arguably not been seen since the early 1970s.

The risks of a more testing credit environment continue to rise, with indicators showing rises in inflation and inflation expectations, increased interest rates, and subdued growth in property assets now a reality rather than a rumour. Furthermore, supply chain constraints and the Ukrainian conflict are continuing to place more pressure on the credit environment both domestically and internationally. To date, the impact on our existing customer base is minimal. Impacts are mainly being seen in potential and actual covenant breaches in some commercial lending activity. These exposures are being monitored individually and customers are being monitored, reviewed and regraded where necessary to ensure that pain points are identified early and lending is still undertaken in a sound manner.

18. Asset quality

a) Credit quality information

	FVTPL	Amortised cost			
As at 30 June 2022 (Unaudited)	**Investment securities $000**	**Residential mortgage loans $000**	**Corporate exposures $000**	**Other exposures $000**	**Total loans and advances $000**
Neither past due nor impaired	-	767,476	1,048,247	-	**1,815,723**
Past due but not impaired:					
Less than 30 days past due	-	-	-	-	**-**
At least 30 days but less than 60 days past due	-	-	-	-	**-**
At least 60 days but less than 90 days past due	-	-	-	-	**-**
At least 90 days past due	-	-	-	-	**-**
Total past due but not impaired	**-**	**-**	**-**	**-**	**-**
Movements in individually impaired assets					
Balance at beginning of the year	-	-	-	-	**-**
Additions	-	-	-	-	**-**
Amounts written off	-	-	-	-	**-**
Deletions	-	-	-	-	**-**
Total individually impaired assets	-	-	-	-	-
Total gross loans and advances	-	767,476	1,048,247	-	1,815,723
Total provision for impairment losses	-	(7,291)	(4,190)	-	(11,481)
Unearned income	-	-	-	-	(1,921)
Loan origination fees	-	-	-	-	1,133
Fair value hedge adjustments	-	-	-	-	(2,259)
Total net loans and advances	**-**	**760,185**	**1,044,057**	**-**	**1,801,195**

b) Movement in loans and advances

As at 30 June 2022 (Unaudited)	**Stage 1 12-months ECL $000**	**Stage 2 Lifetime ECL not credit impaired $000**	**Stage 3 Lifetime ECL credit impaired $000**	**Individually assessed Lifetime ECL $000**	**Total $000**
Residential mortgages					
Gross balance as at 1 January 2022	761,979	-	-	-	**761,979**
Additions	55,797	-	-	-	**55,797**
Amounts written off	-	-	-	-	**-**
Deletions	(50,300)	-	-	-	**(50,300)**
Gross balance as at 30 June 2022	**767,476**	**-**	**-**	**-**	**767,476**
Corporate exposures					
Gross balance as at 1 January 2022	1,080,995	-	-	-	**1,080,995**
Additions	139,636	-	-	-	**139,636**
Amounts written off	-	-	-	-	**-**
Deletions	(172,384)	-	-	-	**(172,384)**
Gross balance as at 30 June 2022	**1,048,247**	**-**	**-**	**-**	**1,048,247**
Total					
Gross balance as at 1 January 2022	**1,842,974**	**-**	**-**	**-**	**1,842,974**
Additions	**195,433**	**-**	**-**	**-**	**195,433**
Amounts written off	**-**	**-**	**-**	**-**	**-**
Deletions	**(222,684)**	**-**	**-**	**-**	**(222,684)**
Gross balance as at 30 June 2022	**1,815,723**	**-**	**-**	**-**	**1,815,723**

Due from other financial institutions and investment securities balances (refer to Notes 7 and 8) were all represented in Stage 1 - 12 months ECL.

c) Movement in provision for impairment losses

As at 30 June 2022 (Unaudited)	Stage 1 Collective provision 12-months ECL $000	Stage 2 Collective provision Lifetime ECL not credit impaired $000	Stage 3 Collective provision Lifetime ECL credit impaired $000	Stage 3 Individually assessed Lifetime ECL credit impaired $000	Total provision $000
Due from other financial institutions [1]	1	-	-	-	**1**
Investment securities [2]	2	-	-	-	**2**
Loans and advances	11,481	-	-	-	**11,481**
Off-balance sheet credit related commitments	292	-	-	-	**292**
Total provision for impairment losses as at 30 June 2022	**11,776**	**-**	**-**	**-**	**11,776**
Residential mortgages					
Balance as at 1 January 2022	7,478	-	-	-	**7,478**
Transferred to collective provision 12-months ECL	-	-	-	-	**-**
Transferred to collective provision lifetime ECL not credit impaired	-	-	-	-	**-**
Transferred to collective provision lifetime ECL credit impaired	-	-	-	-	**-**
Transferred to individually assessed lifetime ECL credit impaired	-	-	-	-	**-**
Charge to income statement excluding transfer between ECL stages	813	-	-	-	**813**
Amounts written off	-	-	-	-	**-**
Reversals of previously recognised impairment losses	(1,000)	-	-	-	**(1,000)**
Recovery of amounts written off	-	-	-	-	**-**
Balance as at 30 June 2022	**7,291**	**-**	**-**	**-**	**7,291**
Corporate exposures					
Balance as at 1 January 2022	4,329	-	-	-	**4,329**
Transferred to collective provision 12-months ECL	-	-	-	-	**-**
Transferred to collective provision lifetime ECL not credit impaired	-	-	-	-	**-**
Transferred to collective provision lifetime ECL credit impaired	-	-	-	-	**-**
Transferred to individually assessed lifetime ECL credit impaired	-	-	-	-	**-**
Charge to income statement excluding transfer between ECL stages	870	-	-	-	**870**
Amounts written off	-	-	-	-	**-**
Reversals of previously recognised impairment losses	(1,009)	-	-	-	**(1,009)**
Recovery of amounts written off	-	-	-	-	**-**
Balance as at 30 June 2022	**4,190**	**-**	**-**	**-**	**4,190**
Total loans and advances					
Balance as at 1 January 2022	**11,807**	**-**	**-**	**-**	**11,807**
Transferred to collective provision 12-months ECL	**-**	**-**	**-**	**-**	**-**
Transferred to collective provision lifetime ECL not credit impaired	**-**	**-**	**-**	**-**	**-**
Transferred to collective provision lifetime ECL credit impaired	**-**	**-**	**-**	**-**	**-**
Transferred to individually assessed lifetime ECL credit impaired	**-**	**-**	**-**	**-**	**-**
Charge to income statement excluding transfer between ECL stages	**1,683**	**-**	**-**	**-**	**1,683**
Amounts written off	**-**	**-**	**-**	**-**	**-**
Reversals of previously recognised impairment losses	**(2,009)**	**-**	**-**	**-**	**(2,009)**
Recovery of amounts written off	**-**	**-**	**-**	**-**	**-**
Total provision for impairment losses on loans & advances as at 30 June 2022	**11,481**	**-**	**-**	**-**	**11,481**

[1] *There was no transfer of collective provision for due from other financial institutions between the stages. The total provision of $1,000 (30 June 2021: $7,000, 31 December 2021: $7,000) (refer Note 7) was represented in 'collective provision 12-months ECL' during the period.*

[2] *There was no transfer of collective provision for investment securities between the stages. The total provision of $2,000 (30 June 2021: $3,000, 31 December 2021: $1,000) was represented in 'collective provision 12-months ECL' during the period.*

As at 30 June 2022 (Unaudited)	Stage 1 Collective provision 12-months ECL $000	Stage 2 Collective provision Lifetime ECL not credit impaired $000	Stage 3 Collective provision Lifetime ECL credit impaired $000	Stage 3 Individually assessed Lifetime ECL credit impaired $000	Total provision $000
Off-balance sheet credit related business [1]					
Balance as at 1 January 2022	333	-	-	-	333
Transferred to collective provision 12-months ECL	-	-	-	-	-
Transferred to collective provision lifetime ECL not credit impaired	-	-	-	-	-
Transferred to collective provision lifetime ECL credit impaired	-	-	-	-	-
Transferred to individually assessed lifetime ECL credit impaired	-	-	-	-	-
Charge to income statement excluding transfer between ECL stages	761	-	-	-	761
Amounts written off	-	-	-	-	-
Reversals of previously recognised impairment losses	(802)	-	-	-	(802)
Recovery of amounts written off	-	-	-	-	-
Balance as at 30 June 2022	**292**	-	-	-	**292**

[1] *The provision for off-balance sheet credit related business is included in other liabilities (Note 15).*

The impairment loss on an impaired asset is calculated as the difference between the asset's carrying amount and the estimated future cash flows discounted to their present value using the original effective interest rate for the asset. This discount unwinds as interest income over the period the asset is held.

An increase in volatility and uncertainty in the global economic environment has resulted in an increase in the overall impairment expense by $0.5m relative to the equivalent period in 2021.

Credit commitments to counterparties

Undrawn balances on credit commitments to counterparties for whom drawn balances are classified as individually impaired were nil as at 30 June 2022 (30 June 2021: nil, 31 December 2021: nil).

Assets under administration

The Bank does not have any assets under administration as at 30 June 2022 (30 June 2021: nil, 31 December 2021: nil).

Restructured assets

The Bank does not have any restructured assets as at 30 June 2022 (30 June 2021: nil, 31 December 2021: nil).

19. Concentration of credit exposures

Concentration of credit exposures arise where the Bank is exposed to risk in industries of a similar nature or in particular geographies. The following table presents the Bank's concentration of credit exposures reported by industry and geographic area.

ANZSIC have been used as the basis for disclosing industry sectors.

	On-balance sheet credit exposures			Off-balance sheet credit related commitments		
As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Industry sector						
Agriculture, forestry and fishing	25,314	28,926	20,601	4,500	-	3,600
Manufacturing	64,536	72,995	82,617	14,594	3,668	3,600
Electricity, gas, water and waste services	39,194	90,977	89,901	3,475	1,749	2,874
Construction	345,724	299,527	305,246	72,264	112,907	141,632
Retail trade	1,003	-	1,003	144	144	144
Wholesale trade	174	-	-	-	-	-
Accommodation and food services	-	4,806	-	-	-	-
Information media and telecommunications	100,464	92,086	100,312	-	-	-
Financial and insurance services	159,298	104,243	126,382	-	-	-
Rental, hiring and real estate services	471,838	355,080	481,315	66,611	9,682	71,965
Public administration and safety	321,398	138,462	558,861	3,571	3,571	3,571
Local government administration	-	-	-	-	-	-
Personal lending	767,476	720,781	761,979	7,400	48,881	8,176
Subtotal	**2,296,419**	**1,907,883**	**2,528,217**	**172,559**	**180,602**	**235,562**
Unearned income	(1,921)	(2,129)	(1,292)	-	-	-
Loan origination fees	1,133	1,364	1,486	-	-	-
Fair value hedge adjustments	(2,259)	-	(328)	-	-	-
Provisions for impairment losses	(11,482)	(10,113)	(11,814)	(292)	(28)	(333)
Total credit exposures	**2,281,890**	**1,897,005**	**2,516,269**	**172,267**	**180,574**	**235,229**
Geographical area [1]						
New Zealand	1,927,540	1,541,596	2,126,896	172,267	180,574	235,229
Overseas	354,350	355,409	389,373	-	-	-
Total credit exposures	**2,281,890**	**1,897,005**	**2,516,269**	**172,267**	**180,574**	**235,229**

[1] *Geographic area classification is based on customers' tax residency status.*

Concentration of credit exposures to individual counterparties

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

The following disclosures show the number of individual counterparties (Bank and Non-Bank) or groups of closely related counterparties where the period end and peak end-of-day credit exposures equalled or exceeded 10% of the Bank's Common Equity Tier 1 (CET1) capital as at balance date.

The peak end-of-day exposure aggregate credit exposure to an individual counterparty or a group of closely related counterparties has been calculated by determining the maximum end-of-day aggregate amount of actual credit exposure for the relevant six months period ended 30 June 2022 and then dividing that by the Bank's Common Equity Tier 1 capital as at the reporting date for the disclosure statement.

As at 30 June 2022 (Unaudited)								
% of CET1	**Number of Bank Counterparties**				**Number of Non-Bank Counterparties**			
End of period exposure	**"A" Rated**	**"B" Rated**	**Unrated**	**Total**	**"A" Rated**	**"B" Rated**	**Unrated**	**Total**
10% - 14%	1	-	-	**1**	-	-	2	**2**
15% - 19%	-	-	-	**-**	-	-	3	**3**
35% - 39%	1	-	-	**1**	-	-	2	**2**
Total	**2**	**-**	**-**	**2**	**-**	**-**	**7**	**7**
Peak exposure								
10% - 14%	-	-	-	**-**	-	-	3	**3**
15% - 19%	2	-	-	**2**	-	-	3	**3**
35% - 39%	-	-	-	**-**	-	-	2	**2**
40% - 44%	1	-	-	**1**	-	-	-	**-**
Total	**3**	**-**	**-**	**3**	**-**	**-**	**8**	**8**

As at 30 June 2021 (Unaudited)								
End of period exposure	**"A" Rated**	**"B" Rated**	**Unrated**	**Total**	**"A" Rated**	**"B" Rated**	**Unrated**	**Total**
10% - 14%	1	-	-	**1**	-	-	4	**4**
15% - 19%	-	-	-	**-**	-	-	4	**4**
20% - 24%	-	-	-	**-**	-	-	1	**1**
35% - 39%	-	-	-	**-**	-	-	1	**1**
40% - 44%	-	-	-	**-**	-	-	1	**1**
Total	**1**	**-**	-	**1**	**-**	**-**	**11**	**11**
Peak exposure								
10% - 14%	1	-	-	**1**	-	-	4	**4**
15% - 19%	1	-	-	**1**	-	-	4	**4**
20% - 24%	1	-	-	**1**	-	-	1	**1**
35% - 39%	-	-	-	**-**	-	-	1	**1**
40% - 44%	-	-	-	**-**	-	-	1	**1**
Total	**3**	**-**	**-**	**3**	**-**	**-**	**11**	**11**

As at 31 December 2021 (Audited)								
End of period exposure	**"A" Rated**	**"B" Rated**	**Unrated**	**Total**	**"A" Rated**	**"B" Rated**	**Unrated**	**Total**
10% - 14%	-	-	-	**-**	-	-	5	**5**
15% - 19%	-	-	-	**-**	-	-	4	**4**
25% - 29%	-	1	-	**1**	-	-	-	**-**
35% - 39%	-	-	-	**-**	-	-	2	**2**
Total	**-**	**1**	**-**	**1**	**-**	**-**	**11**	**11**
Peak exposure								
10% - 14%	-	-	-	**-**	-	-	5	**5**
15% - 19%	-	-	-	**-**	-	-	4	**4**
25% - 29%	1	1	-	**2**	-	-	-	**-**
35% - 39%	-	-	-	**-**	-	-	1	**1**
40% - 44%	-	-	-	**-**	-	-	1	**1**
60% - 64%	1	-	-	**1**	-	-	-	**-**
Total	**2**	**1**	**-**	**3**	**-**	**-**	**11**	**11**

Notes:
"A" Rated - those counterparties that have a long-term credit rating of A- or A3 or above, or its equivalent.
"B" Rated - those counterparties that have a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent.
Unrated - those counterparties that have a long-term credit rating lower than BBB- or Baa3, or its equivalent and those counterparties that do not have a long-term credit rating.

20. Market risk management

(a) Interest rate risk

Interest rate risk is the risk of loss in earnings or in economic value as a consequence of movements in interest rates. All traded market interest rate risk is derived from customer deals that are systematically hedged at the time of trading, leaving no residual risk. The Bank's non-traded interest rate risk mainly comprises of yield curve, repricing, basis and optionality risks arising from mismatch of term structure and pricing basis of assets and liabilities in the banking book. The Bank uses the following tools to monitor and manage its interest rate risk:

- Interest rate repricing gap limits: This includes both limits on the aggregate net position, curve risk and limits applied to the short or long position for each repricing time bucket.
- Simulations using interest rate scenarios are used to provide a series of potential NII outcomes. NII is modelled using a 100 basis point parallel shift in the yield curve above and below current levels. NII outcomes from these yield curve shocks are monitored and reported internally against a prescribed monitoring trigger. Additional stressed interest rate scenarios are also considered and modelled.

(b) Interest rate repricing gap analysis

The following table presents the Bank's assets and liabilities at their carrying amounts as at 30 June 2022, categorised by the earlier of the contractual repricing or maturity dates. The carrying amounts of derivative financial instruments, which are principally used to reduce the Bank's exposure to interest rate movements, are included under the heading "Non-interest bearing".

The Bank does not manage its interest rate risk based on the analysis presented in the table below:

As at 30 June 2022 Unaudited	0-3 months $000	3-6 months $000	6-12 months $000	1-2 years $000	Over 2 years $000	Non-interest bearing $000	Total $000
Financial assets							
Cash and balances with central banks	185,074	-	-	-	-	-	185,074
Due from other financial institutions	111,197	-	-	-	-	454	111,651
Investment securities	29,982	-	4,984	11,791	118,810	842	166,409
Loans and advances [1]	1,078,179	91,576	305,719	273,487	62,779	(10,545)	1,801,195
Due from related parties	319	-	-	-	-	-	319
Derivative financial assets	-	-	-	-	-	17,242	17,242
Total financial assets	**1,404,751**	**91,576**	**310,703**	**285,278**	**181,589**	**7,993**	**2,281,890**
Non-financial assets	-	-	-	-	-	10,797	10,797
Total assets	**1,404,751**	**91,576**	**310,703**	**285,278**	**181,589**	**18,790**	**2,292,687**
Financial liabilities							
Due to other financial institutions	51,000	-	-	-	-	383	51,383
Deposits from customers	120,492	92,800	103,514	2,370	-	2,461	321,637
Debt securities issued	650,746	150,000	135,000	150,000	85,000	(4,247)	1,166,499
Due to related parties	3,287	-	-	-	450,088	(11,063)	442,312
Subordinated debt	15,000	-	-	-	-	131	15,131
Derivative financial liabilities	-	-	-	-	-	8,420	8,420
Total financial liabilities	**840,525**	**242,800**	**238,514**	**152,370**	**535,088**	**(3,915)**	**2,005,382**
Non-financial liabilities	-	-	-	-	-	12,873	12,873
Total liabilities	**840,525**	**242,800**	**238,514**	**152,370**	**535,088**	**8,958**	**2,018,255**
On-balance sheet interest rate repricing gap	**564,226**	**(151,224)**	**72,189**	**132,908**	**(353,499)**	**9,832**	**274,432**
Net derivative notional amount	(563,011)	140,000	135,000	(72,455)	360,466	-	-
Net interest rate repricing gap	**1,215**	**(11,224)**	**207,189**	**60,453**	**6,967**	**9,832**	**274,432**

[1] *Included in loans and advances under "Non-interest bearing" category are provisions for impairment losses and accrued interest on loans.*

21. Liquidity and funding risk management

(a) Liquidity portfolio management

The Bank held the following financial assets for the purpose of managing liquidity risk:

As at	Note	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Cash and cash equivalents:				
Cash and balances with central banks	6	185,074	82,800	496,758
Due from other financial institutions (call or original maturity of 3 months or less)[1]	7	111,651	60,973	96,556
Due from related parties[2]	17	319	269	312
Total cash and cash equivalents		**297,044**	**144,042**	**593,626**
Investment securities				
Registered bank securities	8	30,085	25,671	20,626
Multilateral development banks and other international organisations	8	130,418	55,662	55,947
Government securities	8	5,906	-	6,156
Total investment securities		**166,409**	**81,333**	**82,729**
Total liquidity portfolio		**463,453**	**225,375**	**676,355**

[1] Due from other financial institutions includes nostro accounts and short-term placements held with other financial institutions.

[2] Due from related parties includes nostro account balances held with the Ultimate Parent Bank.

(b) Contractual maturity analysis of financial liabilities

The table below presents the Bank's cash flows by remaining period to contractual maturity as at reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows and include principal and future interest cash flows and therefore will not agree to the carrying amounts on the balance sheet, except for derivatives held for trading where the full mark to market amount has been included.

Actual cash flows may differ significantly from the contractual cash flows presented below as a result of future actions of the Bank and its counterparties such as early repayments or refinancing of term loans.

The contractual maturity analysis for off-balance sheet commitments and contingent liabilities has been prepared using the earliest date at which the Bank can be called upon to pay. The liquidity risk of credit related commitments and contingent liabilities may be less than the contract amount and does not necessarily represent future cash requirements as many of these facilities are expected to be only partially used or to expire unused.

The Bank does not manage its liquidity risk based on the analysis presented in the table below:

As at 30 June 2022 Unaudited	On demand $000	0-3 months $000	3-12 months $000	1-5 years $000	Over 5 years $000	Total $000	Carrying amount $000
Non-derivative financial liabilities							
Due to other financial institutions	-	300	1,058	52,511	-	53,869	51,383
Deposits from customers	41,723	79,235	201,293	2,469	-	324,720	321,637
Debt securities issued	-	213,574	386,205	596,258	-	1,196,037	1,166,499
Due to related parties	3,287	661	11,664	485,219	-	500,831	442,312
Subordinated debt	-	188	15,496	-	-	15,684	15,131
Lease liabilities	-	241	724	4,239	274	5,478	5,166
Total non-derivative financial liabilities	**45,010**	**294,199**	**616,440**	**1,140,696**	**274**	**2,096,619**	**2,002,128**
Derivative financial liabilities							
Net settled	-	-	-	879	-	879	
Gross settled – cash inflow	-	(143,457)	(106,736)	(147,702)	-	(397,895)	
Gross settled – cash outflow	-	145,217	110,179	150,381	-	405,777	
Total derivative financial liabilities	**-**	**1,760**	**3,443**	**3,558**	**-**	**8,761**	**8,420**

(c) Regulatory liquidity ratios

The Bank is subject to the conditions of the RBNZ's liquidity policy as set out in BS13 *Liquidity Policy* . The Bank has the appropriate internal framework and tools for liquidity risk management to ensure compliance with these regulatory requirements, as well as internal targets and limits.

The following table shows the average regulatory liquidity ratios over the three month period ended on 30 June 2022 and the three month period ended on 31 March 2022.

As at	Reserve Bank minimum ratio requirements %	Unaudited 30 Jun 2022 %	Unaudited 31 Mar 2022 %
Liquidity ratios			
The one-week mismatch ratio	0%	15.6%	16.3%
The one-month mismatch ratio	0%	17.1%	16.1%
The core funding ratio[1]	75%	89.4%	88.1%

[1] *Changes to the Bank's conditions of registration, effective from 1 January 2022, increased the minimum core funding ratio to 75% from 50%.*

The average value of a ratio was calculated at the close of each working day in the relevant three-month period in accordance with the conditions of registration of the Bank relating to liquidity risk management, and calculating the arithmetic average of all of the daily ratio figures.

22. Concentrations of funding

Concentrations of funding arise where the Bank is funded by industries of a similar nature or in particular geographies. The following table presents the Bank's concentrations of funding, which are reported by industry and geographic area.

ANZSIC codes have been used as the basis for disclosing industry sectors.

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Total funding comprises			
Due to other financial institutions	51,383	16,007	173,690
Deposits from customers	321,637	347,573	404,751
Debt securities issued	1,166,499	1,056,759	1,138,356
Due to related parties	442,312	180,458	495,048
Subordinated debt	15,131	15,088	15,101
Total funding	**1,996,962**	**1,615,885**	**2,226,946**
Concentration of funding by industry sector			
Accommodation and food services	6,042	7,026	7,070
Agriculture, forestry and fishing	10,389	15,214	2,675
Construction	17,658	19,223	21,355
Financial and insurance services	1,339,290	1,256,868	1,525,312
Households	6,118	7,347	7,156
Manufacturing	452	184	1,092
Local government administration	50,660	40,026	105,459
Rental, hiring and real estate services	15,623	26,253	11,994
Retail trade	250	269	239
Transport, postal and warehousing	20,088	10,001	-
Wholesale trade	155	290	177
Other	72,794	37,638	34,268
Subtotal	**1,539,519**	**1,420,339**	**1,716,797**
Due to related parties (including subordinated debt)	457,443	195,546	510,149
Total funding	**1,996,962**	**1,615,885**	**2,226,946**
Concentration of funding by geographical areas [1]			
New Zealand	1,504,048	1,454,363	1,758,132
China	316,230	145,562	353,566
Australia	15,221	15,088	115,172
Rest of overseas	161,463	872	76
Total funding	**1,996,962**	**1,615,885**	**2,226,946**

[1] *The geographic area used for debt securities issued is based on the nature of the debt programmes.*

23. Capital adequacy

The Bank is subject to the capital adequacy requirements for registered banks as specified by the RBNZ. Locally incorporated registered banks in New Zealand using the RBNZ's standardised approach under Pillar One are required to calculate capital adequacy using the frameworks set out below:

- BPR131: Standardised Credit Risk RWAs
- BPR132: Credit Risk Mitigation
- BPR140: Market Risk
- BPR150: Standardised Operational Risk
- BPR160: Insurance, Securitisation and Loan Transfers

The framework is consistent with the internationally agreed framework (commonly known as Basel III) developed by the Basel Committee on Banking Supervision. These requirements define what is acceptable as capital and provide methods for measuring the risks incurred by the Bank.

The objective of the Basel III Framework is to develop capital adequacy guidelines that are more accurately aligned with the individual risk profile of banks. Basel III consists of three pillars – Pillar One covers the capital requirements for banks for credit, operational and market risks. Pillar Two covers all other material risks not already included in Pillar One, and Pillar Three relates to market disclosure.

Other than for operational risk (BPR150), the Bank applied the RBNZ's standardised approach set out in BPR 131 - 160, for calculating its regulatory capital requirements.

The Bank currently applies BPR150 in its calculation of capital requirements for operational risk, subject to a fixed floor (as a % of its total weighted exposures) of 8% of its operational risk regulatory capital requirement, as required by the RBNZ, due to insufficient historical observation points from the length of time in operation.

The Basel III standards for bank capital distinguish between Tier 1 and Tier 2 capital. Tier 1 capital is permanently and freely available to absorb losses without the bank being obliged to cease trading, while Tier 2 capital generally only absorbs losses in a winding up. Within Tier 1 capital, Common Equity (CET 1) has greater loss absorbing capability than the other Tier 1 instruments referred to as Additional Tier 1 (AT 1) capital. Common Equity and Additional Tier 1 capital primarily consists of shareholders' equity and other capital instruments acceptable to the RBNZ less intangible and deferred tax assets and other prescribed deductions. Tier 2 can comprise other capital instruments acceptable to the RBNZ.

Capital ratios are used to define minimum capital requirements for each of: CET1, Tier 1 capital (CET1 plus AT1), and Total capital

(Tier 1 plus Tier 2), as a percentage of risk-weighted assets calculated in accordance with the Reserve Bank standardised approach.

As a condition of registration, the Bank must comply with the following minimum requirements set by the Reserve Bank:

- Total capital ratio must not be less than 8% of risk weighted exposures;
- Tier 1 capital ratio must not be less than 6% of risk weighted exposures;
- Common Equity Tier 1 capital ratio must not be less than 4.5% of risk weighted exposures;
- Capital of the Bank must not be less than $30 million.

The Bank has complied with all the relevant RBNZ minimum capital ratios to which it is subject to during the reporting period.
In addition to the minimum capital requirements, BPR100 Capital Adequacy prescribes a Prudential Capital Buffer (PCB) ratio of 2.5% above the minimum CET1 capital ratio requirement. Prior to 2nd April 2020, there were restrictions on capital distributions in increasing steps once the buffer ratio was below 2.5%. This was replaced by a complete ban on distributions regardless of the size of the buffer ratio from 2nd April 2020. This restriction was eased on 22 April 2021, which allowed the Bank to pay up to 50% of its earnings as dividends to its shareholders based on its capital position in relation to the PCB ratio.

Banking group's prudential restrictions capital buffer ratio	Banking group's prudential restrictions capital buffer ratio
0%–0.5%	%
>0.5–1%	30%
>1–2%	60%
>2–2.5%	100%

The RBNZ released its final decisions on capital requirements applicable to New Zealand registered banks on 5th December 2019. Due to the Covid-19 pandemic, the RBNZ has delayed the start date for the increased capital requirements to 1 July 2022. The revised framework requires the Bank, as a standardised registered bank, to increase its total capital ratio to 16% over a seven year period starting from the revised start date of 1 July 2022, as follows:

Date	Changes impacting the bank	Total Capital Requirement
1-Jul-22	Start of the Capital Regime change implementation.	10.5%
1-Jul-24	Minimum Tier 1 capital requirement increases from 6% to 7%;	11.5%
	Minimum Total capital requirement increases from 8% to 9%	
1-Jul-25	Conservation buffer increases from 2.5% to 3.5%	12.5%
1-Jul-26	Conservation buffer increases from 3.5% to 4.5%	13.5%
1-Jul-27	Conservation buffer increases from 4.5% to 5.5%	14.5%
1-Jul-28	Countercyclical capital buffer set at 1.5%;	16.0%
	Non-qualifying AT1 and Tier 2 instruments fully derecognised	

The Bank's total capital ratio was 15.91% as at 30 June 2022. It does not expect the revised framework to result in any changes to the underlying business model or its approach to raising equity.

Capital management

The primary objectives of the Bank’s capital management program are to ensure that the Bank complies with the regulatory capital requirements set by the RBNZ and maintains strong credit ratings and healthy capital ratios in order to support the future development and growth of the business and to maximise shareholder value.

The Board has ultimate responsibility for ensuring that the Bank has adequate overall capital in relation to its risk profile and establishes minimum internal capital levels and limits above the regulatory minimum to reduce the risk of breaching its conditions of registration. The Bank actively monitors its capital adequacy as part of the Bank’s ICAAP, which complies with the requirements set out in BPR100: Capital Adequacy , and reports this on a regular basis to senior management and the Board.

The Bank’s ICAAP is a documented process that evaluates all material risk types and estimates and ensures appropriate levels of capital are held against these key risks, including the impacts of adverse economic scenarios and future strategic requirements. The Bank’s ICAAP is reviewed and approved at least annually by senior management and the Board.

The Bank manages its capital structure and makes adjustments according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payments to shareholders, return/issue capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes during the six months period ended 30 June 2022. There were no significant capital initiatives undertaken during the six months period ended 30 June 2022.

The capital adequacy tables set out on the following pages summarise the composition of regulatory capital, risk-weighted assets and the capital adequacy ratios for the Bank as at 30 June 2022. During the six months ended 30 June 2022, the Bank complied in full with all externally imposed RBNZ capital requirements as set out in the Bank’s conditions of registration.

Capital

The table below shows the qualifying capital for the Bank.

	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Unaudited 31 Dec 2021 $000
Tier 1 capital			
Common equity tier 1 capital			
Issued and fully paid-up ordinary share capital	199,178	199,178	199,178
Retained earnings (net of appropriations)	77,070	53,391	63,964
Accumulated other comprehensive income and other disclosed reserves [1]	(1,816)	(24)	(115)
Less deductions from common equity tier 1 capital			
Intangible assets	8	21	10
Cash flow hedge reserve	(1,701)	(99)	(34)
Deferred tax assets	5,436	3,748	4,903
Total common equity tier 1 capital	**270,689**	**248,875**	**258,148**
Additional tier 1 capital	-	-	-
Total additional tier 1 capital	-	-	-
Total tier 1 capital	**270,689**	**248,875**	**258,148**
Tier 2 capital			
Subordinated notes	3,000	6,000	6,000
Total tier 2 capital	**3,000**	6,000	6,000
Total capital	**273,689**	**254,875**	**264,148**

[1] *Accumulated other comprehensive income and other disclosed reserves consist of FVOCI revaluation reserve of ($115,000) and cash flow hedge reserve of ($1701,000).*

Capital instruments

Ordinary shares

In accordance with the Reserve Bank Capital Adequacy Framework (Standardised Approach), ordinary share capital is classified as Common Equity Tier 1 capital.

In relation to the ordinary shares:

- there are no options or facilities for early redemptions, conversion, write-down or capital repayment;
- there is no predetermined dividend rate;
- there is no maturity date;
- there are no options granted or to be granted pursuant to any arrangement;
- they have equal voting rights and share equally in dividends and profit on winding up. They represent the most subordinated claim on winding up; and
- dividends are declared and paid out from distributable items (including retained earnings), subject to restrictions as per the conditions of registration applicable to the Bank.

Subordinated notes

On 28 April 2016, the Bank issued $15 million (15,000 subordinated and unsecured medium term notes at a face value of $1,000 “the Notes”) to the Sydney branch of the Ultimate Parent Bank. The Notes will mature on 28 April 2023. The Notes are redeemable, subordinated and unsecured securities of the Bank. The Notes are subordinated to the claims of depositors and other unsubordinated creditors of the Bank and qualify for Tier 2 regulatory recognition in accordance with BPR110: Capital Definitions.

The Bank obtained relief from the allowance for tax in accordance with section 10f(5), of subpart 2F in BS2A in recognising the full face value of the Tier 2 instrument for regulatory capital purposes effective 30 June 2018 following amendment to the Income Tax Act 2007. The Bank may redeem all the Notes on any interest payment date, subject to certain conditions including the RBNZ’s written approval (“Redemption of Term Subordinated Notes”). Early redemption of all but not some of the Notes for tax reasons or regulatory reasons is permitted subject to Redemption of Term Subordinated Notes.

The Notes bear interest at a rate based on the 3-month Bank Bill Rate plus a fixed margin of 3.00% per annum. Interest is payable quarterly in arrears and commenced on 28 July 2016.

This instrument is subject to phase-out from Tier 2 in accordance with Part D3 of BPR110: Capital Definitions. The phase-out is over five consecutive years, with the amount of the instrument qualifying as Tier 2 capital reducing by 20% each year commencing on 29 April 2019 to maturity being 28 April 2023.

If a non-viability trigger event occurs, CCBNZL must apply the conditions as stipulated in the terms of the debt programme. A non-viability trigger event occurs if:

a) the Reserve Bank has reasonable grounds to believe that the Bank meets any of the grounds of sub sections 113 (a) to (e) of the Reserve Bank Act 1989 requiring the Bank to write off (in whole or in part) a class of capital instrument that includes the Notes; or

b) the Bank is subject to statutory management and the statutory manager decides to write off the Notes (in whole or in part).

Credit risk

a) On-balance sheet exposures

As at 30 June 2022 (Unaudited)	Total exposure after credit risk mitigation $000	Risk weight %	Risk weighted exposure $000	Minimum Pillar 1 capital requirement $000
Cash and gold bullion	-	-	-	-
Sovereigns and central banks	190,980	0%	-	-
Multilateral development banks and other international organisations	130,418	0%	-	-
Public sector entities	-	-	-	-
Banks - 20% weighting	61,642	20%	12,328	986
Banks - 50% weighting	80,413	50%	40,207	3,217
Banks - 100% weighting	-	100%	-	-
Corporate - 100% weighting	1,044,057	100%	1,044,057	83,525
Residential mortgages not past due - 35% weighting	386,367	35%	135,228	10,818
Residential mortgages not past due - 40% weighting	373,818	40%	149,527	11,962
Past due residential mortgages	-	-	-	-
Other lending	795	100%	795	64
Other past due assets	-	-	-	-
Equity holdings (not deducted from capital) included in the NZX 50 or overseas equivalent index	-	-	-	-
All other equity holdings (not deducted from capital)	-	-	-	-
Other assets	5,353	100%	5,353	428
Non-risk weighted assets	18,844	-	-	-
Total on-balance sheet exposures	**2,292,687**		**1,387,495**	**111,000**

(b) Off-balance sheet exposures and market related contracts

As at 30 June 2022 (Unaudited)	Total exposure $000	Credit conversion factor $000	Credit equivalent amount $000	Average risk weight %	Risk weighted exposure $000	Minimum Pillar 1 capital requirement $000
Direct credit substitute	-	100%	-	0%	-	-
Revolving underwriting facility	27,599	50%	13,800	90%	12,377	990
Performance-related contingency	2,167	50%	1,084	51%	552	44
Other commitments where original maturity is more than one year	135,126	50%	67,563	100%	67,563	5,405
Other commitments where original maturity is less than or equal to one year	7,400	20%	1,480	38%	557	45
Market related contracts [1]						
(a) Foreign exchange contracts	617,765	NA	34,276	50%	17,138	1,371
(b) Interest rate contracts	778,033	NA	9,727	52%	5,058	405
(c) Credit valuation adjustment					17,704	1,416
Total off-balance sheet exposures	**1,568,090**		**127,930**		**120,949**	**9,676**

[1] *The credit equivalent amount for market related contracts was calculated as set out in BPR131 Standardised Credit Risk RWAs and the Bank uses the simple approach for credit risk mitigation with regards to measurement of fair value of collaterals.*

Additional mortgage information

Residential mortgages by loan-to-valuation ratio

As at 30 June 2022 (Unaudited)	Does not exceed 80% $000	Exceeds 80% and not 90% $000	Exceeds 90% $000	Total $000
Loan-to-valuation ratio				
On-balance sheet exposures				
Residential mortgages - owner occupied	386,367	-	-	386,367
Residential mortgages - investment	373,818	-	-	373,818
Total on-balance sheet exposures	**760,185**	**-**	**-**	**760,185**
Off-balance sheet exposures	7,400	-	-	7,400
Value of exposures	**767,585**	**-**	**-**	**767,585**

The information in the above table is in respect of the total residential mortgage loans used to calculate the Bank's Pillar 1 capital requirement for credit risk, categorised by loan-to-valuation ratio.

Any residential mortgage loan for which no loan-to-valuation ratio is available is included in the category for loan-to-valuation ratios that exceed 90%.

The following table is a reconciliation between any figures disclosed elsewhere in the Disclosure Statement that relate to mortgages on residential property:

Reconciliation of residential mortgage related amount

As at 30 June 2022 (Unaudited)	Note	$000
Total residential mortgages	**9**	767,476
Reconciling items:		
Less: - Provision for impairment losses on credit exposures	18 (a)	(7,291)
On-balance sheet exposures	18 (a)	**760,185**
Off-balance sheet exposures		**7,400**
Total residential mortgages exposures		**767,585**

Credit risk mitigation

As at 30 June 2022 (Unaudited)	Total value of on- and off-balance sheet exposures covered by eligible collateral (after haircutting) $000	Total value of on- and off-balance sheet exposures covered by guarantees or credit derivatives $000
Sovereign or central banks	-	-
Multilateral development banks	-	-
Public sector entities	-	-
Banks	-	-
Corporates	1,063	-
Residential mortgages	-	-
Other	-	-
Total	**1,063**	-

Operational risk

As at 30 June 2022 (Unaudited)	Implied weighted exposure $000	Total operational risk capital $000
Operational risk	137,651	11,012

Market risk

As at 30 June 2022 (Unaudited)	End of period capital charge		Peak end-of-day capital charge	
	Implied risk weighted exposure $000	Aggregate capital charge $000	Implied risk weighted exposure $000	Aggregate capital charge $000
Interest rate risk	74,082	5,927	113,686	9,095
Foreign currency risk	458	37	677	54
Equity risk	-	-	-	-
Total market risk	**74,540**	**5,964**	**114,363**	**9,149**

Peak end-of-day aggregate capital charge for each category of market risk is derived by determining the maximum over the 6 month period ended 30 June 2022 of the aggregate capital charge at the close of each business day derived in accordance with Part A of BPR140: Market Risk.

Total capital requirements

As at 30 June 2022 (Unaudited)	Total exposure after credit risk mitigation $000	Risk weighted exposure or implied risk weighted exposure $000	Total capital requirement $000
Total credit risk + equity	2,420,617	1,508,444	120,676
Operational risk	n/a	137,651	11,012
Market risk	n/a	74,540	5,964
Total capital requirements	**2,420,617**	**1,720,635**	**137,652**

Capital requirements for other material risks

The Basel III capital adequacy regime intends to ensure that banks have adequate capital to support all material risks inherent in their business activities. Consequently, the Bank's ICAAP captures all material risks that the Bank faces including those not captured by Pillar 1 regulatory capital requirements. These other material risks for the Bank include liquidity and funding risk, strategic and business risk, and reputational risk.

The Bank's internal capital allocation for other material risks as at 30 June 2022 is $34.5 million (30 June 2021: $34.5 million; 31 December 2021: $34.5 million). Further refinements have been made in 2022 to the ICAAP methodologies and assumptions which improved the quantification of the residual risk not explicitly captured in the Bank's capital ratios and resulted in a slight reduction in the Bank's internal capital allocation. The Board has included an extra 2% capital buffer to cover the additional material risks, taking the total capital ratio to a minimum of 12.5%.

Capital ratios of the Bank

As at	Unaudited 30 Jun 2022	Unaudited [1] 30 Jun 2021	Unaudited 31 Dec 2021
Capital adequacy ratios			
Common equity tier 1 capital ratio	15.73%	16.75%	14.14%
Tier 1 capital ratio	15.73%	16.75%	14.14%
Total capital ratio	15.91%	17.16%	14.47%
Reserve Bank minimum ratio requirements			
Common equity tier 1 capital ratio	4.50%	4.50%	4.50%
Tier 1 capital ratio	6.00%	6.00%	6.00%
Total capital ratio	8.00%	8.00%	8.00%
Prudential capital buffer ratio			
Prudential capital buffer ratio	7.91%	9.16%	6.47%
Buffer trigger ratio	2.50%	2.50%	2.50%

[1] *Capital adequacy ratios for 30 June 2021 has been restated. As part of its Operational Risk uplift programme the Bank identified an error in the calculation of the credit equivalent amounts of off-balance sheet exposures used to determine the amount of regulatory capital required to be held by the Bank. This error impacted the reported Common equity tier 1 capital ratio, Tier 1 capital ratio, Total capital ratios for period ending 30 June 2021. The RBNZ have confirmed the Bank's view that the error is not material item for disclosure under its obligations arising from the RBNZ breach reporting regime. The matter is however disclosed here as it impacts already disclosed capital ratios of the Bank. The impact of these adjustments increased the Common equity tier 1 and Tier 1 capital ratios by 0.17% and Total capital ratio by 0.18% for the half year period ending 30 June 2021.*

Capital adequacy of the Ultimate Parent Bank Group and Ultimate Parent Bank

The Ultimate Parent Bank of the Bank is CCB. The Ultimate Parent Bank Group comprises the Ultimate Parent Bank and its subsidiaries.

Both the Overseas Bank and the Overseas Banking Group are required to hold minimum capital and disclose capital adequacy ratios in accordance with both the Capital Rules for Commercial Banks (Provisional) (CBRC Order [2012] No. 1) and are required to publicly disclose this capital adequacy information on a quarterly basis. This information is available via the Overseas Bank's website (www.ccb.com).

The Ultimate Parent Bank and the Ultimate Parent Bank Group each met the capital requirements imposed on them by the CBIRC as at 31 March 2022, the latest reporting date.

The capital ratios below have been calculated in accordance with the Capital Rules for Commercial Banks (Provisional), issued by the CBIRC.

As at	Unaudited 31 Mar 2022	Unaudited 30 Jun 2021	Unaudited 31 Dec 2021
Ultimate Parent Bank Group			
Common equity tier 1 capital ratio	13.67%	13.23%	13.59%
Tier 1 capital ratio	14.21%	13.80%	14.14%
Total capital ratio	17.91%	16.58%	17.85%
Ultimate Parent Bank			
Common equity tier 1 capital ratio	13.71%	13.15%	13.61%
Tier 1 capital ratio	14.17%	13.63%	14.09%
Total capital ratio	18.06%	16.55%	18.03%

Capital ratios for 31 December 2021 have been taken from CCBC audited financial statements as at 31 December 2021.

Other Disclosures

24. Insurance business, securitisation, funds management, other fiduciary activities and the marketing and distribution of insurance products

Insurance

The Bank does not conduct any insurance business.

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

The Bank is also not involved in:

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

25. Commitments and contingent liabilities

The Bank is party to financial instruments with off-balance sheet credit risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, financial guarantees, standby letters of credit, trade letters of credit, non-financial guarantees and underwriting facilities.

The Bank's exposure to credit loss in the event of non-performance by the other party is represented by the contract or notional amount of those financial instruments. The Bank uses the same credit policies in making commitments and conditional obligations for off-balance sheet risk as it does for on-balance sheet financial instruments.

Credit related and other commitments (contractual or notional amount) and contingent liabilities arising in respect of the Bank's operations as at 30 June 2022 were:

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Credit related commitments and contingent liabilities			
Commitments to extend credit [1]	170,100	179,260	234,166
Non-financial guarantees	2,167	1,314	1,063
Total credit related commitments and contingent liabilities	**172,267**	**180,574**	**235,229**

[1] *Commitments to extend credit includes provision for off-balance sheet credit related business.*

There were no other contingent liabilities and capital commitments as at 30 June 2022 (30 June 2021: nil; 31 December 2021: nil).

26. Conditions of registration

The RBNZ has made the following changes to the Bank's conditions of registration since the reporting date of the Bank's previous Disclosure Statement and the reporting date for this Disclosure statement:

(a) Effective on and after 1 January 2022, and for a loan-to-valuation measurement period ending on or after 31 October 2021, the total of the Bank's qualifying new mortgage lending amount in respect of property investment residential mortgage loans with a loan-to-valuation ratio of more than 60%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to valuation measurement period.

(b) Effective on and after 1 January 2022, the minimum one-year core funding ratio increased from 50% to 75%.

(c) Effective on and after 1 January 2022, the referenced timing in the conditions of registration wording for LVR restrictions was clarified.

There have been no other changes to the Bank's conditions of registration.

27. Events subsequent to the reporting date

There was no material event that occurred subsequent to the reporting date that requires recognition or additional disclosure in these financial statements.

28. Other material matters

The Board is of the opinion that there are no material matters relating to the business or affairs of the Bank which are not contained elsewhere in the Disclosure Statement and which would, if disclosed in this Disclosure Statement, materially affect the decision of a person to subscribe for debt securities of which the Bank is the issuer.

29. Credit ratings

The Bank has the following credit ratings as at the date the Directors signed this Disclosure Statement.

	Moody's Investors Service	Fitch Ratings
Long-term credit rating	A1	A
Short-term credit rating	P-1	F1+
Outlook	Stable	Negative

A credit rating is not a recommendation to buy, sell or hold securities of the Bank. Such ratings are subject to revision, qualification, suspension or withdrawal at any time by the assigning rating agencies. Investors in the Bank's securities are cautioned to evaluate each rating independently of any other rating. On 14 July 2022, Moody's Investors Service affirmed the Bank's A1 rating. There have been no changes to Moody's credit ratings in the two years prior to the signing date of this Disclosure Statement.

On 10 August 2022, Fitch Ratings affirmed the Bank's A rating, but revised the outlook to Negative (from Stable). This change reflects new rules on related-party transactions issued by CBIRC in early 2022. The new rating will be resolved once it is determined whether the new rules will result in the removal of guarantees on all of the Bank's senior unsecured creditors or if CBIRC will allow the guarantees to remain. This could take a number of months. Fitch Ratings have affirmed the ratings assigned to outstanding debt issuance will remain guaranteed until maturity as per the termination clause of the guarantee.

Descriptions of the credit rating scales are as follows:

The following is a summary of the descriptions of the major ratings categories of each rating agency for the rating of long-term senior unsecured obligations:

Rating Agency	S&P Global Ratings[1]	Moody's Investors Service[2]	Fitch Ratings[1]
Investment grade:			
Ability to repay principal and interest is extremely strong. This is the highest investment category.	AAA	Aaa	AAA
Very strong ability to repay principal and interest.	AA	Aa	AA
Strong ability to repay principal and interest although somewhat susceptible to adverse changes in economic, business or financial conditions.	A	A	A
Adequate ability to repay principal and interest. More vulnerable to adverse changes.	BBB	Baa	BBB
Speculative grade:			
Significant uncertainties exist which could affect the payment of principal and interest on a timely basis.	BB	Ba	BB
Greater vulnerability and therefore greater likelihood of default.	B	B	B
Likelihood of default now considered high. Timely repayment of principal and interest is dependent on favourable financial conditions.	CCC	Caa	CCC
Highest risk of default.	CC to C	Ca to C	CC to C
Obligations currently in default.	D	-	RD & D

[1] *S&P Global Ratings and Fitch Ratings may be modified by the addition of "+" or "-" to show the relative standing within the "AA" to "B" categories.*

[2] *Moody's Investors Service applies numerical modifiers 1, 2, and 3 to each of the "Aa" to "Caa" classifications with 1 indicating the higher end and 3 the lower end of the rating category.*

S&P Global Ratings

A-1 A short-term obligation rated 'A-1' is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments on these obligations is extremely strong.

A-2 A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitments on the obligation is satisfactory.

A-3 A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken an obligor's capacity to meet its financial commitments on the obligation.

B A short-term obligation rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties that could lead to the obligor's inadequate capacity to meet its financial commitments.

C A short-term obligation rated 'C' is currently vulnerable to non-payment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation.

D A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. A rating on an obligation is lowered to 'D' if it is subject to a distressed exchange offer.

Moody's Investors Service

P-1 Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.
P-2 Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.
P-3 Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.
NP NP Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

Fitch Ratings

F1 Highest Short-Term Credit Quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2 Good Short-Term Credit Quality. Good intrinsic capacity for timely payment of financial commitments.
F3 Fair Short-Term Credit Quality. The intrinsic capacity for timely payment of financial commitments is adequate.
B Speculative Short-Term Credit Quality. Minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions.
C High Short-Term Default risk. Default is a real possibility.
RD Restricted Default. Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Typically applicable to entity ratings only.
D Default. Indicates a broad-based default event for an entity, or the default of a short-term obligation.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholder of China Construction Bank (New Zealand) Limited

Conclusions

We have reviewed the interim financial statements required by Clause 25 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order") and the supplementary information required by Schedules 5, 7, 9, 13, 16 and 18 of the Order of China Construction Bank (New Zealand) Limited (the "Bank") for the six month period ended 30 June 2022 as included on pages 6 to 37 of the Disclosure Statement. The interim financial statements and supplementary information comprise:

- the balance sheet of the Bank as at 30 June 2022;
- the statement of comprehensive income, statement of changes in equity and cash flow statement for the six months then ended;
- the notes to the interim financial statements including a statement of accounting policies and selected explanatory information for the Bank; and
- the supplementary information required by Schedules 5, 7, 9, 13, 16 and 18 of the Order.

Based on our review, nothing has come to our attention that causes us to believe that:

- the interim financial statements on pages 6 to 37 (excluding the supplementary information required to be disclosed under Schedules 5, 7, 9, 13, 16 and 18 of the Order (together the "supplementary information")) have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting (NZ IAS 34) and International Accounting Standard 34: Interim Financial Reporting (IAS 34);
- the supplementary information (excluding information relating to capital adequacy disclosed in Note 23 and the regulatory liquidity ratios disclosed in Note 21) required to be disclosed under Schedules 5, 7, 13, 16 and 18 of the Order does not fairly state, in all material respects, the matters to which it relates in accordance with those schedules; and
- the supplementary information relating to capital adequacy (disclosed in Note 23) and regulatory liquidity requirements (being the regulatory liquidity ratios disclosed in Note 21) that is required to be disclosed under Schedule 9 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

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

Basis for Conclusions

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of Interim Financial Statements and Supplementary Information* section of our report. We are independent of the Bank in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Ernst & Young provides audit services to the Bank. Partners and employees of our firm may deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank. We have no other relationship with, or interest in, the Bank.

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Directors' Responsibilities for the Interim Financial Statements and Supplementary Information

The Directors of the Bank (the "Directors") are responsible, on behalf of the Bank, for the preparation and fair presentation of the interim financial statements in accordance with Clause 25 of the Order, which requires the interim financial statements to comply with NZ IAS 34 and IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Directors are responsible, on behalf of the Bank, for the preparation and fair presentation of the supplementary information in the Disclosure Statement which complies with Schedules 3, 5, 7, 9, 13, 16 and 18 of the Order.

Auditor's Responsibilities for the Review of the Interim Financial Statements and Supplementary Information

Our responsibility is to express a conclusion on the interim financial statements and the supplementary information based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that:

- the interim financial statements (excluding the supplementary information), taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 and IAS 34.
- the supplementary information (excluding information relating to capital adequacy in Note 23 and the regulatory liquidity ratios disclosed in Note 21) does not fairly state in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18.
- the supplementary information relating to capital adequacy disclosed in Note 23 and regulatory liquidity requirements (being the regulatory liquidity ratios disclosed in Note 21) that is required to be disclosed under Schedule 9 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on any element of this Disclosure Statement

The engagement partner on the review resulting in this independent auditor's review report is Emma Winsloe.

Ernst + Young

Chartered Accountants
Auckland
15 August 2022