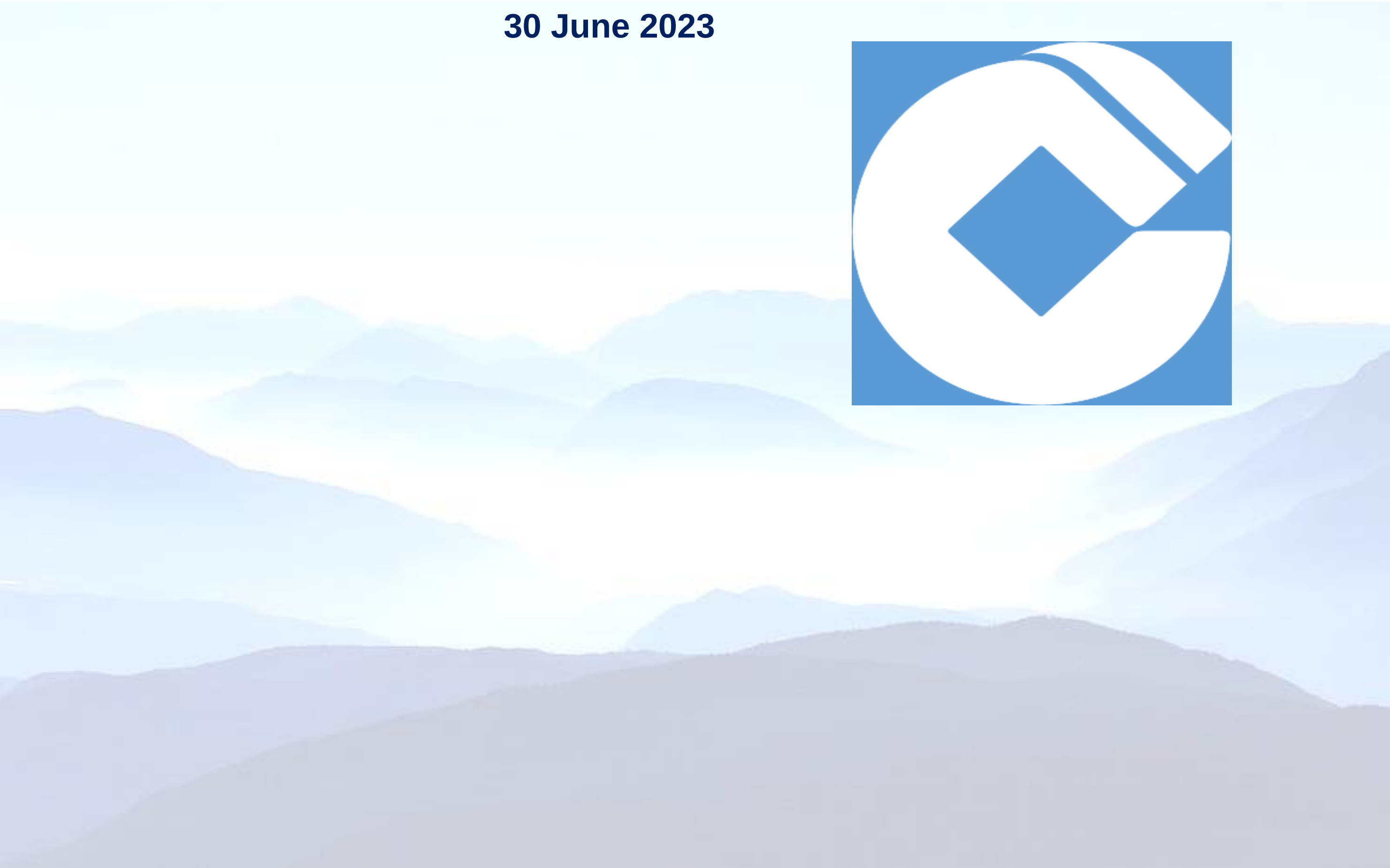
China Construction Bank (New Zealand) Limited

Disclosure Statement

For the six months ended 30 June 2023



CCB 中国建设银行(新西兰) 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
CBRC China Banking Regulatory Commission
CCBNZL China Construction Bank (New Zealand) Limited
CCBC China Construction Bank Corporation
CCCFA Credit Contracts and Consumer Finance Act 2003
CET1 Common Equity Tier 1
CFP Contingency funding plan
EAD Exposure at default
ECL Expected credit losses
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 Swaps 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
RCD Registered Certificate of Deposits
RMB Chinese Yuan Renminbi
SICR Significant increase in credit risk

Disclosure Statement

For the six months ended 30 June 2023

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 2023 in accordance with Section 81 of the Banking (Prudential Supervision) 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;
- "Ultimate Parent Bank", "Immediate Parent Bank", "Overseas Bank" and "CCBC" 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.

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

The Bank 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. The Disclosure Statement of the Bank is available for download, free of charge, on the Bank's website. A printed copy will also be made available, free of charge, upon request and will be dispatched by the end of the second working day after the day on which the request is made.

Ultimate parent and holding company

The Bank is a wholly-owned subsidiary of CCBC which is the Bank's Ultimate Parent Bank and Ultimate Holding Company. CCBC 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. 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 CCBC 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 2022.

Responsible Person

Mr Jun Qi (Executive Director), has been authorised in writing to sign this Disclosure Statement in accordance with section 82 of the Banking (Prudential Supervision) Act 1989 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 CCBC.

A copy of the Deed of Guarantee given by CCB is provided in the Bank’s Disclosure Statement for the year ended 31 December 2022 which can be obtained from the Bank’s website or the Bank’s registered office.

There have been no changes to the Guarantee since the publication of the Bank’s full year Disclosure Statement for the year ended 31 December 2022. However, in January 2022, as part of CBIRC’s effort to further strengthen the supervision of related-party transactions, it has issued Rules on Related-Party Transactions of Banking and Insurance Institutions (the "Rules"), which Article No. 28 of the Rules restricts the regulated banks (CCBC in this case) from providing guarantees to related parties, including entities under their control. The Rules are effective from 1 March 2022, with one year transitional period from that date. In November 2022, CBIRC has granted an exemption to CCBC that allows the Guarantee on all of CCBNZL’s obligations to remain in place. The exemption has no expiry date.

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 CCBC, 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 CCBC’s unaudited consolidated results for the six months period ended 30 June 2023, CCBC Group’s total capital for capital adequacy purposes was RMB 3,805,311 million (NZD 854,981 million) and its total capital ratio was 17.4%. Capital ratios are calculated in accordance with the Capital Rules for Commercial Banks (Provisional) issued by CBIRC.

CCBC has the following credit ratings applicable to its long-term senior unsecured obligations payable in 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' Statement

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 ended 30 June 2023:

(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 28 August 2023 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 23 6 months $000	Unaudited 30 Jun 22 6 months $000	Audited 31 Dec 22 12 months $000
Interest income	2	73,128	39,549	97,017
Interest expense	2	(51,456)	(19,760)	(56,866)
Net interest income	2	**21,672**	**19,789**	**40,151**
Net fees and commission income	3	1,748	1,146	5,555
Other income	3	326	2,668	1,728
Net operating income before operating expenses and impairment charges		**23,746**	**23,603**	**47,434**
Operating expenses		(6,188)	(5,328)	(10,756)
Impairment write-backs / (charges) on credit exposures	4	376	372	391
Profit before income tax		**17,934**	**18,647**	**37,069**
Income tax expense		(5,022)	(5,541)	(10,693)
Profit after income tax attributable to the owner of the Bank		**12,912**	**13,106**	**26,376**
Other comprehensive income, net of tax				
Other comprehensive income / (expense) which may be reclassified to profit and loss [1]				
Net change in cash flow hedge reserve		(2,261)	(1,667)	(1,739)
Net change in FVOCI reserve		87	(34)	(71)
Total other comprehensive income / (expense), net of tax		**(2,174)**	**(1,701)**	**(1,810)**
Total comprehensive income attributable to the owner of the Bank		**10,738**	**11,405**	**24,566**

[1] *Presentation changes have been made to improve consistency and enhance comparability by reporting balances of a similar nature together under the respective other comprehensive income / (expense) categories.*

These interim financial statements are to be read in conjunction with the notes on pages 10 - 40.

Statement of changes in equity

For the six months ended 30 June 23 (Unaudited)	Share capital $000	Retained earnings $000	Cash flow hedge reserve $000	FVOCI reserve $000	Total $000
Balance at 1 January 2023	199,178	90,340	(1,773)	(152)	287,593
Profit after income tax	-	12,912	-	-	12,912
Other comprehensive income / (expense)	-	-	(2,261)	87	(2,174)
Total comprehensive income / (expense) for the period	**-**	**12,912**	**(2,261)**	**87**	**10,738**
Balance at 30 June 2023	**199,178**	**103,252**	**(4,034)**	**(65)**	**298,331**
For the six months ended 30 June 22 (Unaudited)					
Balance at 1 January 2022	199,178	63,964	(34)	(81)	263,027
Profit after income tax	-	13,106	-	-	13,106
Other comprehensive income / (expense)	-	-	(1,667)	(34)	(1,701)
Total comprehensive income / (expense) 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 year ended 31 December 22 (Audited)					
Balance at 1 January 2022	199,178	63,964	(34)	(81)	263,027
Profit after income tax	-	26,376	-	-	26,376
Other comprehensive income / (expense)	-	-	(1,739)	(71)	(1,810)
Total comprehensive income / (expense) for the period	**-**	**26,376**	**(1,739)**	**(71)**	**24,566**
Balance at 31 December 2022	**199,178**	**90,340**	**(1,773)**	**(152)**	**287,593**

These interim financial statements are to be read in conjunction with the notes on pages 10 - 40.

Balance sheet

As at	Note	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Assets				
Cash and balances with central banks	5	170,442	185,074	215,709
Due from other financial institutions	6	22,836	111,651	211,682
Investment securities	7	323,777	166,409	183,202
Loans and advances	8	1,778,962	1,801,195	1,803,022
Due from related parties	15	99	319	205
Derivative financial assets		13,204	17,242	15,576
Property, plant and equipment	9	4,449	5,202	4,937
Intangible assets		6	8	7
Deferred tax assets		6,104	5,436	5,211
Other assets		158	151	150
Total assets		**2,320,037**	**2,292,687**	**2,439,701**
Liabilities				
Due to other financial institutions	10	246,386	51,383	367,601
Deposits from customers	11	404,063	321,637	461,235
Debt securities issued	12	829,680	1,166,499	754,322
Due to related parties	15	515,760	442,312	502,383
Subordinated debt		-	15,131	15,189
Current tax liabilities		1,419	2,414	4,763
Derivative financial liabilities		14,855	8,420	37,703
Other liabilities	13	9,543	10,459	8,912
Total liabilities		**2,021,706**	**2,018,255**	**2,152,108**
Shareholder's equity				
Share capital		199,178	199,178	199,178
Retained earnings		103,252	77,070	90,340
Reserves		(4,099)	(1,816)	(1,925)
Total shareholder's equity		**298,331**	**274,432**	**287,593**
Total liabilities and shareholder's equity		**2,320,037**	**2,292,687**	**2,439,701**
Total interest earning and discount bearing assets		2,302,097	2,273,897	2,420,424
Total interest and discount bearing liabilities		2,015,484	2,009,297	2,117,804

These interim financial statements were approved by the Directors on 28 August 2023 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 - 40.

Statement of cash flows

For the period ended	Note	Unaudited 30 Jun 23 6 months $000	Unaudited 30 Jun 22 6 months $000	Audited 31 Dec 22 12 months $000
Profit after income tax		12,912	13,106	26,376
Adjustments to reconcile to net cash flows from operating activities:				
Impairment losses on credit exposures		(376)	(372)	(391)
Depreciation and amortisation		494	542	1,078
Income tax expense		(3,358)	(2,563)	39
Movement in fair value of financial assets and liabilities		(29,397)	(30,211)	(9,801)
Movement in interest accruals		300	6,815	11,391
Net (increase) / decrease in operating assets:				
GST receivable		(50)	14	36
Loans and advances		26,240	28,928	27,454
Due from related parties		(29)	-	-
Other assets		42	(1)	(23)
Net increase / (decrease) in operating liabilities:				
Due to other financial institutions		(121,215)	(122,308)	193,911
Deposits from customers		(56,675)	(84,011)	52,362
Total adjustments		**(184,024)**	**(203,167)**	**276,056**
Net cash flow (used in) / from operating activities [1]		**(171,112)**	**(190,061)**	**302,432**
Cash flows from investing activities				
Purchase of investment securities		(138,521)	(86,505)	(106,694)
Purchase of property, plant and equipment		(5)	(4)	(274)
Net cash flows used in investing activities		**(138,526)**	**(86,509)**	**(106,968)**
Cash flows from financing activities				
Amount borrowed from related parties		88,222	24,352	63,235
Repayment of due to related parties		(67,350)	(63,883)	(35,588)
Issuance of debt securities	14	245,000	50,000	90,000
Repayment of debt securities	14	(175,000)	(30,000)	(478,178)
Repayment of subordinated debt		(15,000)	-	-
Repayment of lease liabilities	13 (d)	(483)	(481)	(963)
Net cash flows (used in) / provided by financing activities		**75,389**	**(20,012)**	**(361,494)**
Net (decrease) / increase in cash and cash equivalents		(234,249)	(296,582)	(166,030)
Cash and cash equivalents at beginning of the year		427,596	593,626	593,626
Cash and cash equivalents at end of the period	19 (a)	**193,347**	**297,044**	**427,596**
Cash and cash equivalents at end of the period comprise:				
Cash and balances with central banks	19 (a)	170,442	185,074	215,709
Due from other financial institutions (call or original maturity of 3 months or less)	19 (a)	22,836	111,651	211,682
Due from related parties (nostro accounts)	19 (a)	69	319	205
Cash and cash equivalents at end of the period	19 (a)	**193,347**	**297,044**	**427,596**

[1] *For 30 June 2023, the net cash flow from operating activities has been calculated using the indirect method, with prior comparative periods re-presented accordingly. The move from the previously used direct method aligns with the methodology used by the Ultimate Parent Bank.*

These interim financial statements are to be read in conjunction with the notes on pages 10 - 40.

Notes to the Interim 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 2023.

They were approved for issue by the Board on 28 August 2023.

As at 30 June 2023, China Construction Bank (New Zealand) Limited is a company registered under the Companies Act 1993, a registered bank under the Banking (Prudential Supervision) 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 2022.

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 Order. These financial statements comply with 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 2022 and six months ended 30 June 2022. There have been no material changes to the accounting policies during the six months ended 30 June 2023.

Financial Performance

2. Net interest income

	Unaudited Jun 23 6 months $000	Unaudited Jun 22 6 months $000	Audited Dec 22 12 months $000
Interest income			
[1] Cash and balances with central banks	4,588	1,621	5,575
[1] Due from other financial institutions	2,054	649	2,511
[1] Loans and advances	59,306	36,313	84,607
[1] Due from related parties	3	11	11
[2] Investment securities	7,177	955	4,313
Total interest income	**73,128**	**39,549**	**97,017**
Interest expense			
[3] Due to other financial institutions	(3,538)	(371)	(3,146)
[3] Deposits and other borrowings	(9,387)	(3,169)	(9,493)
[3] Due to related parties	(14,800)	(3,233)	(13,549)
[3] Debt securities issued	(23,682)	(12,928)	(30,565)
[3] Lease liabilities	(49)	(59)	(113)
Total interest expense	**(51,456)**	**(19,760)**	**(56,866)**
Total net interest income	**21,672**	**19,789**	**40,151**

[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.*

3. Non-interest income

	Unaudited Jun 23 6 months $000	Unaudited Jun 22 6 months $000	Audited Dec 22 12 months $000
Fees and commission income			
Lending and credit facility related fee income	1,485	879	5,014
Trade finance and other fee income	41	49	92
Management fee income [1]	292	287	589
Total fees and commission income	**1,818**	**1,215**	**5,695**
Other fee expense	(70)	(69)	(140)
Net fees and commission income	**1,748**	**1,146**	**5,555**
Other income			
Net ineffectiveness on qualifying hedges	75	417	161
Net gain on derivatives	251	2,251	1,567
Total other income	**326**	**2,668**	**1,728**
Total net non-interest income	**2,074**	**3,814**	**7,283**

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

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 June 23 (Unaudited)					
Movement in collectively assessed provisions	62	(510)	741	83	376
Movement in individually assessed provisions	-	-	-	-	-
Bad debts written-off directly to the profit and loss	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Total impairment (charges) / write-backs	**62**	**(510)**	**741**	**83**	**376**
For the six months ended 30 June 22 (Unaudited)					
Movement in collectively assessed provisions	5	187	139	41	372
Movement in individually assessed provisions	-	-	-	-	-
Bad debts written-off directly to the profit and loss	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Total impairment (charges) / write-backs	**5**	**187**	**139**	**41**	**372**
For the year ended 31 December 22 (Audited)					
Movement in collectively assessed provisions	(234)	649	(98)	74	391
Movement in individually assessed provisions	-	-	-	-	-
Bad debts written-off directly to the profit and loss	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Total impairment (charges) / write-backs	**(234)**	**649**	**(98)**	**74**	**391**

[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 13).*

Financial Position

5. Cash and balances with central banks

As at	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Settlement account balances with central banks	170,442	185,074	215,709
Total cash and balances with central banks	**170,442**	**185,074**	**215,709**

6. Due from other financial institutions

As at	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Placements with other financial institutions – call	22,851	11,190	40,426
Placements with other financial institutions – term	-	100,462	171,403
Provision for impairment losses	(15)	(1)	(147)
Total amount due from other financial institutions	**22,836**	**111,651**	**211,682**

7. Investment securities

As at	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
At FVOCI			
Registered bank securities	75,618	30,085	30,160
Multilateral development banks and other international organisations	242,377	130,418	147,278
Government securities	5,782	5,906	5,764
Total investment securities at FVOCI	**323,777**	**166,409**	**183,202**

Included in Total investment securities as at 30 June 2023 was $51m encumbered through repurchase agreements (30 June 2022: $51m, 31 December 2022: $51m). These securities have not been derecognised by the Bank as the Bank retains substantially all the risks and rewards of ownership. Counterparties have the right to sell or repledge these encumbered securities. The Bank's obligation to repurchase securities is classified under Note 10.

8. Loans and advances

As at	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Residential mortgages	772,849	767,476	738,651
Corporate exposures	1,020,729	1,048,247	1,079,732
Total gross loans and advances	**1,793,578**	**1,815,723**	**1,818,383**
Unearned income	(1,465)	(1,921)	(903)
Loan origination fees	872	1,133	846
Fair value hedge adjustments	(2,998)	(2,259)	(4,048)
Loans and advances before provision for impairment	**1,789,987**	**1,812,676**	**1,814,278**
Provision for impairment losses	(11,025)	(11,481)	(11,256)
Total net loans and advances	**1,778,962**	**1,801,195**	**1,803,022**

9. Property, plant and equipment

As at	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Property, plant and equipment	4,300	4,025	4,295
Accumulated depreciation	(3,658)	(3,527)	(3,614)
Total property, plant and equipment	**642**	**498**	**681**
Right-of-use assets [1]	7,736	7,736	7,736
Accumulated depreciation	(3,929)	(3,032)	(3,480)
Total right-of-use assets	**3,807**	**4,704**	**4,256**
Total property, plant and equipment	**4,449**	**5,202**	**4,937**

[1] *Includes leases for corporate offices in Auckland and a kitchen appliance.*

Additions to the right-of-use assets for the six months ended 30 June 2023 for the Bank is nil (30 June 2022: nil, 31 December 2022: nil).

10. Due to other financial institutions

As at	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Placements from other financial institutions	192,937	1	315,389
Securities sold under agreements to repurchase from central banks	53,449	51,382	52,212
Total due to other financial institutions	**246,386**	**51,383**	**367,601**

11. Deposits from customers

As at	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Demand deposits bearing interest	30,335	41,723	36,971
Deposits not bearing interest	5,192	2,465	5,689
Term deposits	368,536	277,449	418,575
Total deposits from customers	**404,063**	**321,637**	**461,235**

12. Debt securities issued

As at	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Short term debt			
Registered certificates of deposit	20,000	50,000	40,000
Long term debt			
Medium-term notes [1]	810,000	1,135,746	735,000
Total debt securities issued at face value	**830,000**	**1,185,746**	**775,000**
Movement in debt securities issued			
Balance at beginning of the period	754,322	1,138,356	1,138,356
Issuance during the period	245,000	50,000	90,000
Repayments during the period	(175,000)	(30,000)	(478,178)
Foreign exchange translation impact [2]	-	14,193	11,625
Effect of fair value hedge adjustment	2,856	(7,279)	(7,683)
Net effect of transaction costs and accruals	2,502	1,229	202
Balance at end of the period	829,680	1,166,499	754,322
Total debt securities	**829,680**	**1,166,499**	**754,322**

[1] *Comparatives for periods ending 30 June 2022 and 31 December 2022 include $15m subordinated debt. The subordinated debt was fully repaid in April 2023.*

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

13. Other liabilities

As at	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Other liabilities			
Trade creditors and other accrued expenses	287	386	284
Lease liabilities [1]	4,305	5,166	4,738
Employee entitlements	4,775	4,615	3,631
Provision for impairment on off-balance sheet credit related business	176	292	259
Total other liabilities	**9,543**	**10,459**	**8,912**

[1] *Includes leases for a corporate offices in Auckland and a kitchen appliance which were renewed on 1 July 2021.*

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

	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
(a) Amounts recognised in profit and loss			
Interest on lease liabilities	49	59	113
Depreciation charge on right-of-use assets	449	449	898
Total amounts recognised in profit and loss	**498**	**508**	**1,011**
(b) Maturity analysis of contracted undiscounted cash flows			
Less than one year	1,030	965	997
One to five years	3,296	4,239	3,768
More than five years	187	274	231
Total undiscounted lease liabilities	**4,513**	**5,478**	**4,996**
(c) Lease liabilities included in other liabilities			
Current	974	933	953
Non-current	3,331	4,233	3,785
Total lease liabilities included in other liabilities	**4,305**	**5,166**	**4,738**
(d) Amounts recognised in the statement of cash flows			
Total cash outflow for leases	**483**	**481**	**963**

14. 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

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 2023 (30 June 2022: nil, 31 December 2022: nil). There have been no transfers into / out of Level 3 during the period ended 30 June 2023 (30 June 2022: nil, 31 December 2022: nil).

(b) Fair value of financial instruments

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

As at 30 June 23 (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	170,442	-	-	-	170,442	170,442
Due from other financial institutions	22,836	-	-	-	22,836	22,836
Investment securities	-	323,777	-	-	323,777	323,777
Loans and advances	1,778,962	-	-	-	1,778,962	1,938,509
Due from related parties	99	-	-	-	99	99
Derivative financial assets	-	-	-	13,204	13,204	13,204
Other assets	98	-	-	-	98	98
Total financial assets	**1,972,437**	**323,777**	**-**	**13,204**	**2,309,418**	**2,468,965**
Financial liabilities						
Due to other financial institutions	246,386	-	-	-	246,386	242,492
Deposits from customers	404,063	-	-	-	404,063	409,817
Debt securities issued	829,680	-	-	-	829,680	871,952
Due to related parties	515,760	-	-	-	515,760	533,646
Derivative financial liabilities	-	-	-	14,855	14,855	14,855
Lease liabilities	4,305	-	-	-	4,305	4,305
Total financial liabilities	**2,000,194**	**-**	**-**	**14,855**	**2,015,049**	**2,077,067**

As at 30 June 22 (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 31 December 22 (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	215,709	-	-	-	215,709	215,709
Due from other financial institutions	211,682	-	-	-	211,682	211,682
Investment securities	-	183,202	-	-	183,202	183,202
Loans and advances	1,803,022	-	-	-	1,803,022	1,908,262
Due from related parties	205	-	-	-	205	205
Derivative financial assets	-	-	-	15,576	15,576	15,576
Other assets	48	-	-	-	48	48
Total financial assets	**2,230,666**	**183,202**	**-**	**15,576**	**2,429,444**	**2,534,684**
Financial liabilities						
Due to other financial institutions	367,601	-	-	-	367,601	365,160
Deposits from customers	461,235	-	-	-	461,235	467,201
Debt securities issued	754,322	-	-	-	754,322	755,797
Due to related parties	502,383	-	-	-	502,383	504,513
Subordinated debt	15,189	-	-	-	15,189	15,315
Derivative financial liabilities	-	-	-	37,703	37,703	37,703
Lease liabilities	4,738	-	-	-	4,738	4,738
Total financial liabilities	**2,105,468**	**-**	**-**	**37,703**	**2,143,171**	**2,150,427**

(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 19 “Fair Value of Financial Instruments” in the Bank’s full year Disclosure Statement for the year ended 31 December 2022.

15. Related party transactions and balances

The Bank is a wholly owned subsidiary of CCBC, a company incorporated in China. The Ultimate Parent Bank of the Bank is also CCBC. 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, and 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 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 include 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 23		Unaudited 30 Jun 22		Audited 31 Dec 22	
	NZ Branch $000	Ultimate Parent Bank $000	NZ Branch $000	Ultimate Parent Bank $000	NZ Branch $000	Ultimate Parent Bank $000
(a) Statement of comprehensive income						
Interest income [1]	-	134	-	575	-	714
Interest expense [2]	-	(11,630)	-	(3,785)	-	(14,485)
Non-interest income / (expense)						
Management fee income *(refer Note 3)*	292	-	287	-	589	-
Unrealised gain / (loss) on derivatives	-	30	-	95	-	30
Operating expenses						
Management service expense reimbursement	3,891	-	3,821	-	7,850	-
Total profit and loss impact	**4,183**	**(11,466)**	**4,108**	**(3,115)**	**8,439**	(13,741)
(b) Balance sheet						
Due from related parties						
Cash and liquid assets	-	69	-	319	-	205
Other assets	-	30	-	-	-	-
Total Due from related parties	**-**	**99**	**-**	**319**	**-**	**205**
Derivative financial assets	-	1,231	-	2,357	-	2,269
Total related party assets	**-**	**1,330**	**-**	**2,676**	**-**	**2,474**
Due to related parties						
Deposits and overnight placements	1,372	-	3,287	-	208	-
Borrowings at amortised cost	-	514,388	-	439,025	-	502,175
Total Due to related parties	**1,372**	**514,388**	**3,287**	**439,025**	**208**	**502,175**
Subordinated debt	-	-	-	15,131	-	15,189
Derivative financial liabilities	-	1,197	-	388	-	4,187
Total related party liabilities	**1,372**	**515,585**	**3,287**	**454,544**	**208**	**521,551**

[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 2023 (30 June 2022: nil, 31 December 2022: nil).

Provision for impairments on credit exposure of nil have been recognised in respect of the related party assets as at 30 June 2023 (30 June 2022: nil, 31 December 2022: 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 2022.

B. Global market disruption

The volatility impacting the financial services sector remains elevated as a result of persistently high inflation and interest rates, supply chain disruptions, and the more moderate economic outlooks both locally and globally. To date, the impact on the Bank' existing customer base remains minimal. The Bank intends to continue to closely monitor the operating environment and actively manage the impact on its operating strategy, financial position, portfolio quality and performance.

16. Asset quality

(a) Credit quality information

As at 30 June 23 (Unaudited)	Amortised cost Residential mortgage loans $000	Corporate exposures $000	Other exposures $000	Total loans and advances $000
(a) Asset quality - advances to customers				
Neither past due nor impaired	770,896	1,020,729	-	**1,791,625**
Past due but not impaired	1,953	-	-	**1,953**
Individually impaired assets	-	-	-	**-**
Provision for credit impairment	(7,339)	(3,686)	-	**(11,025)**
Unearned income	-	-	-	**(1,465)**
Loan origination fees	-	-	-	**872**
Fair value hedge adjustments	-	-	-	**(2,998)**
Net carrying amount	**765,510**	**1,017,043**	**-**	**1,778,962**
(b) Ageing of past due but not impaired				
Less than 30 days	-	-	-	**-**
30 to 59 days	1,953	-	-	**1,953**
60 to 89 days	-	-	-	**-**
90 days and over	-	-	-	**-**
Net carrying amount	**1,953**	**-**	**-**	**1,953**
(c) Individually impaired assets				
Balance at beginning of the year	-	-	-	**-**
Additions	-	-	-	**-**
Amounts written off	-	-	-	**-**
Deletions	-	-	-	**-**
Net carrying amount	-	-	-	-
As at 30 June 22 (Unaudited)				
(a) Asset quality - advances to customers				
Neither past due nor impaired	767,476	1,048,247	-	**1,815,723**
Past due but not impaired	-	-	-	**-**
Individually impaired assets	-	-	-	**-**
Provision for credit impairment	(7,291)	(4,190)	-	**(11,481)**
Unearned income	-	-	-	**(1,921)**
Loan origination fees	-	-	-	**1,133**
Fair value hedge adjustments	-	-	-	**(2,259)**
Net carrying amount	**760,185**	**1,044,057**	**-**	**1,801,195**
(b) Ageing of past due but not impaired				
Less than 30 days	-	-	-	**-**
30 to 59 days	-	-	-	**-**
60 to 89 days	-	-	-	**-**
90 days and over	-	-	-	**-**
Net carrying amount	**-**	**-**	**-**	**-**
(c) Individually impaired assets				
Balance at beginning of the year	-	-	-	**-**
Additions	-	-	-	**-**
Amounts written off	-	-	-	**-**
Deletions	-	-	-	**-**
Net carrying amount	-	-	-	-

(a) Credit quality information (continued)

As at 31 December 22 (Audited)	Amortised cost			
	Residential mortgage loans $000	Corporate exposures $000	Other exposures $000	Total loans and advances $000
(a) Asset quality - advances to customers				
Neither past due nor impaired	738,651	1,079,732	-	**1,818,383**
Past due but not impaired	-	-	-	**-**
Individually impaired assets	-	-	-	**-**
Provision for credit impairment	(6,829)	(4,427)	-	**(11,256)**
Unearned income	-	-	-	**(903)**
Loan origination fees	-	-	-	**846**
Fair value hedge adjustments	-	-	-	**(4,048)**
Net carrying amount	**731,822**	**1,075,305**	**-**	**1,803,022**
(b) Ageing of past due but not impaired				
Less than 30 days	-	-	-	**-**
30 to 59 days	-	-	-	**-**
60 to 89 days	-	-	-	**-**
90 days and over	-	-	-	**-**
Net carrying amount	**-**	**-**	**-**	**-**
(c) Individually impaired assets				
Balance at beginning of the year	-	-	-	**-**
Additions	-	-	-	**-**
Amounts written off	-	-	-	**-**
Deletions	-	-	-	**-**
Net carrying amount	-	-	-	-

Asset quality for financial assets designated at FVTPL

The Bank does not have any financial assets designated at FVTPL as at 30 June 2023 (30 June 2022: nil, 31 December 2022: nil).

(b) Movement in loans and advances

	Stage 1	Stage 2	Stage 3		
As at 30 June 23 (Unaudited)	12-months ECL $000	Lifetime ECL not credit impaired $000	Lifetime ECL credit impaired $000	Individually assessed Lifetime ECL $000	Total $000
(a) Residential mortgages					
Gross balance as at 1 January 23	738,651	-	-	-	**738,651**
Additions	101,600	1,953	-	-	**103,553**
Deletions	(69,355)	-	-	-	**(69,355)**
Gross balance as at 30 June 23	**770,896**	**1,953**	**-**	**-**	**772,849**
(b) Corporate exposures					
Gross balance as at 1 January 23	1,076,768	2,964	-	-	**1,079,732**
Additions	98,444	15	-	-	**98,459**
Deletions	(154,483)	(2,979)	-	-	**(157,462)**
Gross balance as at 30 June 23	**1,020,729**	**-**	**-**	**-**	**1,020,729**
(c) Total loans and advances					
Gross balance as at 1 January 23	**1,815,419**	**2,964**	**-**	**-**	**1,818,383**
Additions	**200,044**	**1,968**	**-**	**-**	**202,012**
Deletions	**(223,838)**	**(2,979)**	**-**	**-**	**(226,817)**
Gross balance as at 30 June 23	**1,791,625**	**1,953**	**-**	**-**	**1,793,578**
As at 30 June 22 (Unaudited)					
(a) Residential mortgages					
Gross balance as at 1 January 22	761,979	-	-	-	**761,979**
Additions	55,797	-	-	-	**55,797**
Deletions	(50,300)	-	-	-	**(50,300)**
Gross balance as at 30 June 22	**767,476**	**-**	**-**	**-**	**767,476**
(b) Corporate exposures					
Gross balance as at 1 January 22	1,080,995	-	-	-	**1,080,995**
Additions	139,636	-	-	-	**139,636**
Deletions	(172,384)	-	-	-	**(172,384)**
Gross balance as at 30 June 22	**1,048,247**	**-**	**-**	**-**	**1,048,247**
(c) Total loans and advances					
Gross balance as at 1 January 22	**1,842,974**	**-**	**-**	**-**	**1,842,974**
Additions	**195,433**	**-**	**-**	**-**	**195,433**
Deletions	**(222,684)**	**-**	**-**	**-**	**(222,684)**
Gross balance as at 30 June 22	**1,815,723**	**-**	**-**	**-**	**1,815,723**
As at 31 December 22 (Audited)					
(a) Residential mortgages					
Gross balance as at 1 January 22	761,979	-	-	-	**761,979**
Additions	89,295	-	-	-	**89,295**
Deletions	(112,623)	-	-	-	**(112,623)**
Gross balance as at 31 December 22	**738,651**	**-**	**-**	**-**	**738,651**
(b) Corporate exposures					
Gross balance as at 1 January 22	1,080,995	-	-	-	**1,080,995**
Additions	290,920	2,964	-	-	**293,884**
Deletions	(295,147)	-	-	-	**(295,147)**
Gross balance as at 31 December 22	**1,076,768**	**2,964**	**-**	**-**	**1,079,732**
(c) Total loans and advances					
Gross balance as at 1 January 22	**1,842,974**	**-**	**-**	**-**	**1,842,974**
Additions	**380,215**	**2,964**	**-**	**-**	**383,179**
Amounts written off	**-**	**-**	**-**	**-**	**-**
Deletions	**(407,770)**	**-**	**-**	**-**	**(407,770)**
Gross balance as at 31 December 22	**1,815,419**	**2,964**	**-**	**-**	**1,818,383**

Due from other financial institutions and investment securities balances were all represented in Stage 1 - 12 months ECL.

(c) Movement in provision for impairment losses

As at 30 June 23 (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]	15	-	-	-	**15**
Investment securities [2]	165	-	-	-	**165**
Loans and advances	10,801	224	-	-	**11,025**
Off-balance sheet credit related commitments	176	-	-	-	**176**
Total provision for impairment losses as at 30 June 23	**11,157**	**224**	**-**	**-**	**11,381**
(a) Residential mortgages					
Balance as at 1 January 23	6,829	-	-	-	**6,829**
Transferred to Stage 1	-	-	-	-	**-**
Transferred to Stage 2	(224)	224	-	-	**-**
Transferred to Stage 3	-	-	-	-	**-**
Charged / (credited) to profit and loss	1,155	-	-	-	**1,155**
Amounts written off	-	-	-	-	**-**
Reversals of previously recognised impairment losses	(645)	-	-	-	**(645)**
Recovery	-	-	-	-	**-**
Balance as at 30 June 23	**7,115**	**224**	**-**	**-**	**7,339**
(b) Corporate exposures					
Balance as at 1 January 23	3,975	452	-	-	**4,427**
Transferred to Stage 1	-	-	-	-	**-**
Transferred to Stage 2	-	-	-	-	**-**
Transferred to Stage 3	-	-	-	-	**-**
Charged / (credited) to profit and loss	1,748	-	-	-	**1,748**
Amounts written off	-	-	-	-	**-**
Reversals of previously recognised impairment losses	(2,037)	(452)	-	-	**(2,489)**
Recovery	-	-	-	-	**-**
Balance as at 30 June 23	**3,686**	**-**	**-**	**-**	**3,686**
(c) Total loans and advances					
Balance as at 1 January 23	**10,804**	**452**	**-**	**-**	**11,256**
Transferred to Stage 1	**-**	**-**	**-**	**-**	**-**
Transferred to Stage 2	**(224)**	**224**	**-**	**-**	**-**
Transferred to Stage 3	**-**	**-**	**-**	**-**	**-**
Charged / (credited) to profit and loss	**2,903**	**-**	**-**	**-**	**2,903**
Amounts written off	**-**	**-**	**-**	**-**	**-**
Reversals of previously recognised impairment losses	**(2,682)**	**(452)**	**-**	**-**	**(3,134)**
Recovery	**-**	**-**	**-**	**-**	**-**
Total provision for impairment losses on loans & advances as at 30 June 23	**10,801**	**224**	**-**	**-**	**11,025**

[1] There was no transfer of collective provision for due from other financial institutions between the stages. The total provision of $15,000 (refer Note 6) 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 $165,000 was represented in 'Collective provision 12-months ECL' during the period.

(c) Movement in provision for impairment losses (continued)

As at 30 June 22 (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 22	**11,776**	**-**	**-**	**-**	**11,776**
(a) Residential mortgages					
Balance as at 1 January 22	7,478	-	-	-	**7,478**
Transferred to Stage 1	-	-	-	-	**-**
Transferred to Stage 2	-	-	-	-	**-**
Transferred to Stage 3	-	-	-	-	**-**
Charged / (credited) to profit and loss	813	-	-	-	**813**
Amounts written off	-	-	-	-	**-**
Reversals of previously recognised impairment losses	(1,000)	-	-	-	**(1,000)**
Recovery	-	-	-	-	**-**
Balance as at 30 June 22	**7,291**	**-**	**-**	**-**	**7,291**
(b) Corporate exposures					
Balance as at 1 January 22	4,329	-	-	-	**4,329**
Transferred to Stage 1	-	-	-	-	**-**
Transferred to Stage 2	-	-	-	-	**-**
Transferred to Stage 3	-	-	-	-	**-**
Charged / (credited) to profit and loss	870	-	-	-	**870**
Amounts written off	-	-	-	-	**-**
Reversals of previously recognised impairment losses	(1,009)	-	-	-	**(1,009)**
Recovery	-	-	-	-	**-**
Balance as at 30 June 22	**4,190**	**-**	**-**	**-**	**4,190**
(c) Total loans and advances					
Balance as at 1 January 22	**11,807**	**-**	**-**	**-**	**11,807**
Transferred to Stage 1	**-**	**-**	**-**	**-**	**-**
Transferred to Stage 2	**-**	**-**	**-**	**-**	**-**
Transferred to Stage 3	**-**	**-**	**-**	**-**	**-**
Charged / (credited) to profit and loss	**1,683**	**-**	**-**	**-**	**1,683**
Amounts written off	**-**	**-**	**-**	**-**	**-**
Reversals of previously recognised impairment losses	**(2,009)**	**-**	**-**	**-**	**(2,009)**
Recovery	**-**	**-**	**-**	**-**	**-**
Total provision for impairment losses on loans & advances as at 30 June 22	**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 (refer Note 6) 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 was represented in 'Collective provision 12-months ECL' during the period.*

(c) Movement in provision for impairment losses (continued)

As at 31 December 22 (Audited)	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]	147	-	-	-	**147**
Investment securities [2]	96	-	-	-	**96**
Loans and advances	10,804	452	-	-	**11,256**
Off-balance sheet credit related commitments	259	-	-	-	**259**
Total provision for impairment losses as at 31 December 22	**11,306**	**452**	**-**	**-**	**11,758**
(a) Residential mortgages					
Balance as at 1 January 22	7,478	-	-	-	**7,478**
Transferred to Stage 1	-	-	-	-	**-**
Transferred to Stage 2	-	-	-	-	**-**
Transferred to Stage 3	-	-	-	-	**-**
Charged / (credited) to profit and loss	1,147	-	-	-	**1,147**
Amounts written off	-	-	-	-	**-**
Reversals of previously recognised impairment losses	(1,796)	-	-	-	**(1,796)**
Recovery	-	-	-	-	**-**
Balance as at 31 December 22	**6,829**	**-**	**-**	**-**	**6,829**
(b) Corporate exposures					
Balance as at 1 January 22	4,329	-	-	-	**4,329**
Transferred to Stage 1	-	-	-	-	**-**
Transferred to Stage 2	-	-	-	-	**-**
Transferred to Stage 3	-	-	-	-	**-**
Charged / (credited) to profit and loss	2,545	452	-	-	**2,997**
Amounts written off	-	-	-	-	**-**
Reversals of previously recognised impairment losses	(2,899)	-	-	-	**(2,899)**
Recovery	-	-	-	-	**-**
Balance as at 31 December 22	**3,975**	**452**	**-**	**-**	**4,427**
(c) Total loans and advances					
Balance as at 1 January 22	**11,807**	**-**	**-**	**-**	**11,807**
Transferred to Stage 1	**-**	**-**	**-**	**-**	**-**
Transferred to Stage 2	**-**	**-**	**-**	**-**	**-**
Transferred to Stage 3	**-**	**-**	**-**	**-**	**-**
Charged / (credited) to profit and loss	**3,692**	**452**	**-**	**-**	**4,144**
Amounts written off	**-**	**-**	**-**	**-**	**-**
Reversals of previously recognised impairment losses	**(4,695)**	**-**	**-**	**-**	**(4,695)**
Recovery	**-**	**-**	**-**	**-**	**-**
Total provision for impairment losses on loans & advances as at 31 December 22	**10,804**	**452**	**-**	**-**	**11,256**

[1] There was no transfer of collective provision for due from other financial institutions between the stages. The total provision of $147,000 (refer Note 6) 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 $96,000 was represented in 'Collective provision 12-months ECL' during the period.

As at 30 June 23 (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 23	259	-	-	-	259
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit and loss	365	-	-	-	365
Amounts written off	-	-	-	-	-
Reversals of previously recognised impairment losses	(448)	-	-	-	(448)
Recovery	-	-	-	-	-
Balance as at 30 June 23	176	-	-	-	176
As at 30 June 22 (Unaudited)					
Off-balance sheet credit related business [1]					
Balance as at 1 January 22	333	-	-	-	333
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit and loss	761	-	-	-	761
Amounts written off	-	-	-	-	-
Reversals of previously recognised impairment losses	(802)	-	-	-	(802)
Recovery	-	-	-	-	-
Balance as at 30 June 22	292	-	-	-	292
As at 31 December 22 (Audited)					
Off-balance sheet credit related business [1]					
Balance as at 1 January 22	333	-	-	-	333
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit and loss	991	-	-	-	991
Amounts written off	-	-	-	-	-
Reversals of previously recognised impairment losses	(1,065)	-	-	-	(1,065)
Recovery	-	-	-	-	-
Balance as at 31 December 22	259	-	-	-	259

[1] *The provision for off-balance sheet credit related business is included in other liabilities (Note 13).*

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.

The combined effect from changes in forecast economic environments, and a reduction in gross loans and advances, has resulted in a provision writeback of $4,000 relative to the equivalent period in 2022.

(a) 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 2023 (30 June 2022: nil, 31 December 2022: nil).

(b) Assets under administration

The Bank does not have any assets under administration as at 30 June 2023 (30 June 2022: nil, 31 December 2022: nil).

(c) Restructured assets

The Bank does not have any restructured assets as at 30 June 2023 (30 June 2022: nil, 31 December 2022: nil).

17. 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 codes 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 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Industry sector						
Agriculture, forestry and fishing	25,451	25,314	25,434	6,955	4,500	4,500
Construction	304,697	345,724	325,042	55,790	72,264	84,896
Electricity, gas, water and waste services	80,261	39,194	80,246	-	3,475	-
Financial and insurance services	111,772	159,298	257,770	-	-	-
Information media and telecommunications	99,198	100,464	98,909	1,654	-	-
Manufacturing	72,703	64,536	89,603	6,564	14,594	3,518
Personal lending	772,849	767,476	738,651	940	7,400	1,120
Public administration and safety	418,601	321,398	368,751	-	3,571	-
Rental, hiring and real estate services	433,465	471,838	458,967	22,632	66,611	43,592
Retail trade	4,954	1,003	1,004	127	144	202
Wholesale trade	-	174	527	-	-	-
Subtotal	**2,323,951**	**2,296,419**	**2,444,904**	**94,662**	**172,559**	**137,828**
Unearned income	(1,465)	(1,921)	(903)	-	-	-
Loan origination fees	872	1,133	846	-	-	-
Fair value hedge adjustments	(2,998)	(2,259)	(4,048)	-	-	-
Provisions for impairment losses [1]	(11,040)	(11,482)	(11,403)	(176)	(292)	(259)
Total credit exposures	**2,309,320**	**2,281,890**	**2,429,396**	**94,486**	**172,267**	**137,569**
Geographic area [2]						
New Zealand	1,878,791	1,927,540	2,069,362	94,486	172,267	137,569
Other countries	430,529	354,350	360,034	-	-	-
Total credit exposures	**2,309,320**	**2,281,890**	**2,429,396**	**94,486**	**172,267**	**137,569**

[1] *Provision for impairment losses on On-balance credit exposures includes Loans and advances and Due from other financial institutions.*

[2] *Geographic area classification is based on customer's 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 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 ended 30 June and 31 December then dividing that by the Bank's CET1 capital as at the reporting date for the Disclosure Statement.

As at 30 June 23 (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	-	-	-	-
15% - 19%	1	-	-	1	-	-	1	1
20% - 24%	-	-	-	-	-	-	1	1
25% - 29%	-	-	-	-	-	-	1	1
30% - 34%	-	-	-	-	-	-	2	2
Total	2	-	-	2	-	-	5	5
Peak exposure								
10% - 14%	1	1	-	2	-	-	-	-
15% - 19%	1	-	-	1	-	-	1	1
20% - 24%	-	-	-	-	-	-	1	1
25% - 29%	1	-	-	1	-	-	1	1
30% - 34%	-	-	-	-	-	-	2	2
Total	3	1	-	4	-	-	5	5

As at 30 June 22 (Unaudited)								
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 31 December 22 (Audited)								
End of period exposure	"A" Rated	"B" Rated	Unrated	Total	"A" Rated	"B" Rated	Unrated	Total
10% - 14%	2	-	-	2	-	-	-	-
15% - 19%	-	-	-	-	-	-	1	1
20% - 24%	-	-	-	-	-	-	1	1
25% - 29%	-	-	-	-	-	-	1	1
30% - 34%	-	-	-	-	-	-	1	1
35% - 39%	-	-	-	-	-	-	1	1
60% - 64%	1	-	-	1	-	-	-	-
Total	3	-	-	3	-	-	5	5
Peak exposure								
10% - 14%	1	-	-	1	-	-	-	-
15% - 19%	-	-	-	-	-	-	1	1
20% - 24%	-	-	-	-	-	-	1	1
25% - 29%	-	-	-	-	-	-	1	1
35% - 39%	-	-	-	-	-	-	2	2
60% - 64%	1	-	-	1	-	-	-	-
115% -119%	1	-	-	1	-	-	-	-
Total	3	-	-	3	-	-	5	5

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.

18. 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 2023, 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".

As at 30 June 23 (Unaudited)	Up to 3 months $000	Over 3 to 6 months $000	Over 6 to 12 months $000	Over 1 to 2 years $000	Over 2 years $000	Non-interest bearing $000	Total $000
Financial assets							
Cash and balances with central banks	170,442	-	-	-	-	-	170,442
Due from other financial institutions	22,835	-	-	-	-	1	22,836
Investment securities	75,077	-	109,605	42,876	94,344	1,875	323,777
Loans and advances [1]	1,100,105	180,896	313,884	158,234	33,700	(7,857)	1,778,962
Due from related parties	99	-	-	-	-	-	99
Derivative financial assets	-	-	-	-	-	13,204	13,204
Total financial assets	**1,368,558**	**180,896**	**423,489**	**201,110**	**128,044**	**7,223**	**2,309,320**
Non-financial assets	-	-	-	-	-	10,717	10,717
Total assets	**1,368,558**	**180,896**	**423,489**	**201,110**	**128,044**	**17,940**	**2,320,037**
Financial liabilities							
Due to other financial institutions	126,510	117,034	-	-	-	2,842	246,386
Deposits from customers	222,015	80,133	90,755	5,971	-	5,189	404,063
Debt securities issued	725,000	20,000	-	85,000	-	(320)	829,680
Due to related parties	1,372	-	-	164,150	377,544	(27,306)	515,760
Subordinated debt	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	14,855	14,855
Total financial liabilities	**1,074,897**	**217,167**	**90,755**	**255,121**	**377,544**	**(4,740)**	**2,010,744**
Non-financial liabilities	-	-	-	-	-	10,962	10,962
Total liabilities	**1,074,897**	**217,167**	**90,755**	**255,121**	**377,544**	**6,222**	**2,021,706**
On-balance sheet interest rate repricing gap	**293,661**	**(36,271)**	**332,734**	**(54,011)**	**(249,500)**	**11,718**	**298,331**
Net derivative notional amount	(361,971)	(45,600)	(10,955)	167,920	250,606	-	-
Net interest rate repricing gap	**(68,310)**	**(81,871)**	**321,779**	**113,909**	**1,106**	**11,718**	**298,331**

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

As at 30 June 22 (Unaudited)	Up to 3 months $000	Over 3 to 6 months $000	Over 6 to 12 months $000	Over 1 to 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 the "Non-interest bearing" category are provisions for impairment losses and accrued interest on loans.*

As at 31 December 22 (Audited)	Up to 3 months $000	Over 3 to 6 months $000	Over 6 to 12 months $000	Over 1 to 2 years $000	Over 2 years $000	Non-interest bearing $000	Total $000
Financial assets							
Cash and balances with central banks	215,709	-	-	-	-	-	215,709
Due from other financial institutions	210,288	-	-	-	-	1,394	211,682
Investment securities	35,000	-	-	23,033	123,916	1,253	183,202
Loans and advances [1]	1,041,611	229,234	299,982	203,220	38,226	(9,251)	1,803,022
Due from related parties	205	-	-	-	-	-	205
Derivative financial assets	-	-	-	-	-	15,576	15,576
Total financial assets	**1,502,813**	**229,234**	**299,982**	**226,253**	**162,142**	**8,972**	**2,429,396**
Non-financial assets	-	-	-	-	-	10,305	10,305
Total assets	**1,502,813**	**229,234**	**299,982**	**226,253**	**162,142**	**19,277**	**2,439,701**
Financial liabilities							
Due to other financial institutions	308,360	56,700	-	-	-	2,541	367,601
Deposits from customers	282,185	115,121	43,977	14,266	-	5,686	461,235
Debt securities issued	390,000	135,000	150,000	85,000	-	(5,678)	754,322
Due to related parties	208	-	-	-	521,987	(19,812)	502,383
Subordinated debt	15,000	-	-	-	-	189	15,189
Derivative financial liabilities	-	-	-	-	-	37,703	37,703
Total financial liabilities	**995,753**	**306,821**	**193,977**	**99,266**	**521,987**	**20,629**	**2,138,433**
Non-financial liabilities	-	-	-	-	-	13,675	13,675
Total liabilities	**995,753**	**306,821**	**193,977**	**99,266**	**521,987**	**34,304**	**2,152,108**
On-balance sheet interest rate repricing gap	**507,060**	**(77,587)**	**106,005**	**126,987**	**(359,845)**	**(15,027)**	**287,593**
Net derivative notional amount	(440,835)	135,000	(45,600)	(13,116)	364,551	-	-
Net interest rate repricing gap	**66,225**	**57,413**	**60,405**	**113,871**	**4,706**	**(15,027)**	**287,593**

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

19. 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 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Cash and cash equivalents				
Cash and balances with central banks	5	170,442	185,074	215,709
Due from other financial institutions (call or original maturity of 3 months or less)[1]	6	22,836	111,651	211,682
Due from related parties[2]	15	69	319	205
Total cash and cash equivalents		**193,347**	**297,044**	**427,596**
Investment securities				
Registered bank securities	7	75,618	30,085	30,160
Multilateral development banks and other international organisations	7	242,377	130,418	147,278
Government securities	7	5,782	5,906	5,764
Total investment securities		**323,777**	**166,409**	**183,202**
Total liquidity portfolio		**517,124**	**463,453**	**610,798**

[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 redemptions of term deposits.

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 23 (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	-	75,546	135,223	35,000	-	245,769	246,386
Deposits from customers	30,335	194,767	181,305	6,448	-	412,855	404,063
Debt securities issued	-	159,970	203,534	556,117	-	919,621	829,680
Due to related parties	1,372	3,754	11,961	577,256	-	594,343	515,760
Lease liabilities	-	257	773	3,296	187	4,513	4,305
Total non-derivative financial liabilities	**31,707**	**434,294**	**532,796**	**1,178,117**	**187**	**2,177,101**	**2,000,194**
Derivative financial liabilities							
Held for trading	-	634	-	-	-	634	
Gross settled – cash inflow	-	(3,733)	(78,785)	(576,287)	-	(658,805)	
Gross settled – cash outflow	-	8,194	98,023	568,892	-	675,109	
Total derivative financial liabilities	**-**	**5,095**	**19,238**	**(7,395)**	**-**	**16,938**	**14,855**
Lending commitments (off-balance sheet)	**94,486**	**-**	**-**	**-**	**-**	**94,486**	

As at 30 June 22 (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							
Held for trading	-	-	-	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**
Lending commitments (off-balance sheet)	172,267	-	-	-	-	**172,267**	
As at 31 December 22 (Audited)							
Non-derivative financial liabilities							
Due to other financial institutions	-	258,954	57,703	51,000	-	367,657	367,601
Deposits from customers	28,242	258,845	164,795	15,318	-	467,200	461,235
Debt securities issued	-	42,565	295,401	445,237	-	783,203	754,322
Due to related parties	208	3,380	11,716	567,781	-	583,085	502,383
Subordinated debt	-	189	15,300	-	-	15,489	15,189
Lease liabilities	-	241	756	3,768	231	4,996	4,738
Total non-derivative financial liabilities	**28,450**	**564,174**	**545,671**	**1,083,104**	**231**	**2,221,630**	**2,105,468**
Derivative financial liabilities							
Held for trading	-	-	1,508	-	-	1,508	
Gross settled – cash inflow	-	(66,634)	(168,985)	(577,858)	-	(813,477)	
Gross settled – cash outflow	-	78,310	187,615	583,970	-	849,895	
Total derivative financial liabilities	**-**	**11,676**	**20,138**	**6,112**	**-**	**37,926**	**37,703**
Lending commitments (off-balance sheet)	137,569	-	-	-	-	**137,569**	

(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 months ended on 30 June 2023 and the three months ended on 31 March 2023.

As at	RBNZ minimum ratio requirements %	Unaudited 30 Jun 23 %	Unaudited 31 Mar 23 %
Liquidity ratios			
Quarterly average 1-week mismatch ratio	0%	17.3%	19.8%
Quarterly average 1-month mismatch ratio	0%	19.9%	18.9%
Quarterly average core funding ratio	75%	93.2%	91.8%

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.

20. 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 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Total funding comprises			
Due to other financial institutions	246,386	51,383	367,601
Deposits from customers	404,063	321,637	461,235
Debt securities issued	829,680	1,166,499	754,322
Due to related parties	515,760	442,312	502,383
Subordinated debt	-	15,131	15,189
Total funding	**1,995,889**	**1,996,962**	**2,100,730**
Concentration of funding by industry sector			
Accommodation and food services	10,032	6,042	-
Agriculture, forestry and fishing	2,212	10,389	3,930
Construction	27,044	17,658	29,043
Financial and insurance services	1,232,336	1,339,290	1,349,614
Households	13,483	6,118	11,270
Local government administration	50,657	50,660	51,000
Manufacturing	1,636	452	1,516
Other	77,341	72,794	74,064
Rental, hiring and real estate services	4,853	15,623	11,884
Retail trade	248	250	303
Transport, postal and warehousing	60,228	20,088	50,490
Wholesale trade	59	155	44
Subtotal	**1,480,129**	**1,539,519**	**1,583,158**
Due to related parties (including subordinated debt)	515,760	457,443	517,572
Total funding	**1,995,889**	**1,996,962**	**2,100,730**
Concentration of funding by geographic area [1]			
New Zealand	1,322,204	1,504,048	1,338,303
Other countries	673,685	492,914	762,427
Total funding	**1,995,889**	**1,996,962**	**2,100,730**

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

21. 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 1 are required to calculate capital adequacy using the RBNZ's BPR frameworks.

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 1 covers the capital requirements for banks for credit, operational and market risks. Pillar 2 covers all other material risks not already included in Pillar 1, and Pillar 3 relates to market disclosure.

Other than for operational risk (BPR150), the Bank applied the RBNZ's standardised approach set out in BPR131 - 160, for calculating its regulatory capital requirements. The Bank currently applies a fixed floor (as a percentage 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 (CET1) has greater loss absorbing capability than the other Tier 1 instruments referred to as Additional Tier 1 (AT1) capital. CET1 and AT1 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 RBNZ standardised approach.

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

- 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 was subject to during the reporting period. The Bank's total capital ratio was 18.65% as at 30 June 2023.

Capital management

The primary objectives of the Bank's capital management programme are to ensure that the Bank 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 and comply with the regulatory capital requirements set by the RBNZ.

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 set to be 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 ended 30 June 2023. There were no significant capital initiatives undertaken during the six months ended 30 June 2023.

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 2023. During the six months ended 30 June 2023, 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.

Regulatory Capital As at	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Unaudited 31 Dec 22 $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)	103,252	77,070	90,340
Accumulated other comprehensive income and other disclosed reserves [1]	(4,099)	(1,816)	(1,925)
Less deductions from common equity tier 1 capital			
Intangible assets	6	8	7
Cash flow hedge reserve	(4,034)	(1,701)	(1,773)
Deferred tax assets	6,104	5,436	5,211
Total common equity tier 1 capital	**296,255**	**270,689**	**284,148**
Total tier 1 capital	**296,255**	**270,689**	**284,148**
Tier 2 capital			
Subordinated notes	-	3,000	3,000
Total tier 2 capital	**-**	3,000	3,000
Total capital	**296,255**	**273,689**	**287,148**

[1] *Accumulated other comprehensive income and other disclosed reserves consist of FVOCI revaluation reserve of ($65,000) and cash flow hedge reserve of ($4034,000).*

Capital instruments

Ordinary shares

In accordance with the RBNZ Capital Adequacy Framework (Standardised Approach), ordinary share capital is classified as CET1 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.

Credit risk

a) On-balance sheet exposures

As at 30 June 23 (Unaudited)	Total exposure after credit risk mitigation $000	Risk weight %	Risk weighted exposure $000	Minimum Pillar 1 capital requirement $000
Sovereigns and central banks	176,224	0%	-	-
Multilateral development banks and other international organisations	242,377	0%	-	-
Banks - 20% weighting	53,211	20%	10,642	851
Banks - 50% weighting	45,342	50%	22,671	1,814
Corporate - 100% weighting	1,017,043	100%	1,017,043	81,363
Residential mortgages owner occupied not past due				
< 80% loan to value ratio (LVR)	393,232	35%	137,631	11,010
Residential mortgages property investment not past due				
< 80% loan to value ratio (LVR)	372,278	40%	148,911	11,913
Other assets	3,946	100%	3,946	316
Non-risk weighted assets	16,384	-	-	-
Total on-balance sheet exposures	**2,320,037**		**1,340,844**	**107,267**

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

As at 30 June 23 (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
Revolving underwriting facility	13,403	50%	6,702	100%	6,702	536
Performance-related contingency	1,292	50%	646	100%	646	52
Other commitments where original maturity is less than or equal to one year	940	20%	188	35%	66	5
Other commitments where original maturity is more than one year	78,851	50%	39,426	100%	39,426	3,154
Market related contracts [1]						
(a) Foreign exchange contracts	676,505	n/a	30,322	50%	15,161	1,213
(b) Interest rate contracts	609,232	n/a	12,648	50%	6,324	506
(c) Credit valuation adjustment	-	n/a	-	-	14,804	1,184
Total off-balance sheet exposures	**1,380,223**		**89,932**		**83,129**	**6,650**

[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 23 (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	393,232	-	-	393,232
Residential mortgages - investment	372,278	-	-	372,278
Total on-balance sheet exposures	**765,510**	**-**	**-**	**765,510**
Off-balance sheet exposures	940	-	-	940
Value of exposures	**766,450**	**-**	**-**	**766,450**

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 23 (Unaudited)	Note	$000
Total residential mortgages	8	772,849
Reconciling items:		
Less: Provision for impairment losses on credit exposures	16 (a)	(7,339)
On-balance sheet exposures	16 (a)	**765,510**
Off-balance sheet exposures		**940**
Total residential mortgage exposures		**766,450**

Credit risk mitigation

The Bank's dominant activity is the provision of corporate and residential mortgage finance which, at 30 June 2023, comprised 57% and 43% of the Bank's loan portfolio respectively. These exposures are typically secured by charges over business assets and first-ranking registered mortgages over residential property. Investment security exposures are carried at fair value which reflects the credit risk. The Bank does not hold guarantees or any other forms of collateral against these investments.
The Bank does not currently take into consideration any credit risk mitigants in its capital adequacy calculations.

Operational risk

As at 30 June 23 (Unaudited)	Implied weighted exposure $000	Total operational risk capital $000
Operational risk	127,095	10,168

Market risk

As at 30 June 23 (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	36,477	2,918	45,471	3,638
Foreign currency risk	1,139	91	1,706	136
Total market risk	**37,616**	**3,009**	**47,177**	**3,774**

Peak end-of-day aggregate capital charge for each category of market risk is derived by determining the maximum over the six months ended 30 June 2023 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 23 (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	2,409,969	1,423,973	113,917
Operational risk	n/a	127,095	10,168
Market risk	n/a	37,616	3,009
Total capital requirements	**2,409,969**	**1,588,684**	**127,094**

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 2023 is $34.5 million (30 June 2022: $34.5 million; 31 December 2022: $34.5 million). No material adjustments were made to the ICAAP methodologies and assumptions further to the refinements made in 2022 to improve the quantification of the residual risk not explicitly captured in the Bank's capital ratios which resulted in a slight reduction in the Bank's internal capital allocation. The Board's approval for an extra 2% capital buffer to cover the additional material risks remains in place, taking the total capital ratio to a minimum of 12.5%.

Capital ratios of the Bank

As at	Unaudited 30 Jun 23	Unaudited 30 Jun 22	Unaudited 31 Dec 22
Capital adequacy ratios			
Common equity tier 1 capital ratio	18.65%	15.73%	16.70%
Tier 1 capital ratio	18.65%	15.73%	16.70%
Total capital ratio	18.65%	15.91%	16.87%
RBNZ 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	10.65%	7.91%	8.87%
Conservation buffer	2.50%	2.50%	2.50%

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

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

Both the Ultimate Parent Bank and the Ultimate Parent Bank Group are required to hold minimum capital and disclose capital adequacy ratios in accordance with both the *Capital Rules for Commercial Banks (Provisional)* promulgated by the CBRC in June 2012 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 CBRC as at 30 June 2023, the latest reporting date.

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

As at	Unaudited 30 Jun 23	Unaudited 30 Jun 22	Unaudited 31 Dec 22
Ultimate Parent Bank Group			
Common equity tier 1 capital ratio	12.75%	13.40%	13.69%
Tier 1 capital ratio	13.39%	13.93%	14.40%
Total capital ratio	17.40%	17.95%	18.42%
Ultimate Parent Bank			
Common equity tier 1 capital ratio	12.60%	13.36%	13.67%
Tier 1 capital ratio	13.21%	13.81%	14.35%
Total capital ratio	17.39%	18.03%	18.56%

Other Disclosures

22. 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.

23. 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 were:

As at	Unaudited 30 Jun 23 $000	Unaudited 30 Jun 22 $000	Audited 31 Dec 22 $000
Credit related commitments and contingent liabilities			
Commitments to extend credit [1]	92,336	170,100	135,345
Non-financial guarantees	2,150	2,167	2,224
Total credit related commitments and contingent liabilities	**94,486**	**172,267**	**137,569**

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

There were no other capital commitments and contingent liabilities as at 30 June 2023 (30 June 2022: nil, 31 December 2022: nil).

24. 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.

25. Other material matters

The External Reporting Board ("XRB") issued the following climate-related standards in December 2022:

- Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures (NZ CS 1) - provides a framework for entities to consider climate-related risks and opportunities;
- Aotearoa New Zealand Climate Standard 2: Adoption of Climate-related Disclosures (NZ CS 2) - outlines a limited number of adoption provisions; and
- Aotearoa New Zealand Climate Standard 3: General Requirements for Climate-related Disclosures (NZ CS 3) - establishes principles and general requirements.

These standards are applicable for annual reporting periods beginning on or after 1 January 2023, except for assurance of greenhouse gas ("GHG") emission requirements which are applicable to annual reporting periods that end on or after 27 October 2024. The Bank is working to ensure that climate statements are produced in accordance with this timetable.

The Board is of the opinion that there are no other 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.

26. Conditions of registration

On 28 April 2023 the RBNZ advised the Bank of proposed changes to its conditions of registration which would ease mortgage LVR restrictions. These changes took effect from 1 June 2023 and eased LVR restrictions as follows:

(a) from 10% limit for loans with LVR above 80% for owner occupiers, to 15% limit for loans with LVR above 80% for owner occupiers; and

(b) from 5% limit for loans with LVR above 60% for investors, to 5% limit for loans with LVR above 65% for investors.

There have been no other 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.

27. 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	Stable

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 7 August 2023, 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 4 January 2023, Fitch Ratings affirmed the Bank's A rating, and Stable outlook.

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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Assurance engagements performed by Ernst & Young

Our assurance procedures in relation to China Construction Bank (New Zealand) Limited (the "Bank") as at 30 June 2023 consisted of the following:

- Limited assurance over the condensed interim financial statements (the "Interim Financial Statements") of the Bank for the six months ended 30 June 2023 that are required by Clause 25 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order") included on pages 6 to 37 of the Disclosure Statement. These pages also include the Supplementary Information, and the Capital Adequacy and Regulatory Liquidity Information which are subject to separate conclusions as described below and so are not covered by the Interim Financial Statements assurance.
- Limited assurance over the information required by Clause 22 of the Order to be disclosed in accordance with Schedule 5 (being the "additional information on statement of financial position" that is presented on the balance sheet, "additional information on income statement" that is presented on the statement of comprehensive income and in Note 3, additional information on concentrations of credit risk (Note 17), additional information on concentrations of funding (Note 20), additional information on interest rate sensitivity (Note 18(b)), additional information on liquidity risk (Note 19(b)) and reconciliation of mortgage-related amounts (Note 21)), Schedule 7 (Asset Quality in Note 4 and 16), Schedule 13 (Concentration of Credit Exposures to Individual Counterparties in Note 17), Schedule 16 (Insurance business, securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products in Note 22) and Schedule 18 (Risk Management Policies on page 18) of the Order (together the "Supplementary Information").
- Limited assurance over the information required by Clause 22 of the Order to be disclosed in accordance with Schedule 9 of the Order which is disclosed in Note 21 and Note 19 (c) (the "Capital Adequacy and Regulatory Liquidity Information").

Independent Auditor's Review Report to the Shareholder of China Construction Bank (New Zealand) Limited

Report on the Interim Financial Statements and Supplementary Information

Conclusion

We have reviewed the Interim Financial Statements and Supplementary Information (as defined above). The Interim Financial Statements comprise the:

- balance sheet of the Bank as at 30 June 2023;
- statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended of the Bank; and
- notes to the Interim Financial Statements including a summary statement of significant accounting policies.

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

- Interim Financial Statements 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), and
- Supplementary Information that is required to be disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order:
  - does not present fairly, in all material respects, the matters to which it relates; or
  - is not disclosed, in all material respects, in accordance with those schedules.

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 work, for this report, or for the conclusions we have formed.

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Basis for conclusion

We conducted our review in accordance with New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the 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 financial statement audit, interim review, and other assurance 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.

Directors' responsibilities for the Interim Financial Statements and Supplementary Information

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 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 of the Supplementary Information which presents fairly, in all material respects, the matters to which in relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order.

Auditor's responsibilities for the review of the Financial Statements and Supplementary Information

Our responsibility is to express a conclusion on the Interim Financial Statements and 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, taken as a whole, have not been prepared, in all material respects, in accordance with NZ IAS 34 and IAS 34; and
- Supplementary Information that is required to be disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order:
  - does not present fairly, in all material respects, the matters to which it relates; or
  - is not disclosed, in all material respects, in accordance with those schedules.

A review 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 the Interim Financial Statements and Supplementary Information.

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

Ernst + Young

Chartered Accountants
Auckland
30 August 2023

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Independent Assurance Report to the Shareholder of China Construction Bank (New Zealand) Limited

Limited assurance report on the Capital Adequacy and Regulatory Liquidity Information

Conclusion

We have undertaken a limited assurance engagement on the compliance of the Bank's Capital Adequacy and Regulatory Liquidity Information, in all material respects, with Schedule 9 of the Order.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Capital Adequacy and Regulatory Liquidity Information disclosed in Note 21 and Note 19 (c) to the Disclosure Statement is not disclosed, in all material respects, in accordance with Schedule 9 of the Order.

Basis for Conclusion

We conducted our engagement in accordance with Standard on Assurance Engagements 3100 (Revised) *Compliance Engagements* (SAE 3100 (Revised)) issued by the New Zealand Auditing and Assurance Standards Board.

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Directors' Responsibilities

The Directors are responsible on behalf of the Bank for:

1. Compliance with the Order, including Clause 22 which requires the Capital Adequacy and Regulatory Liquidity Information to be included in the Disclosure Statement in accordance with Schedule 9 of the Order.
2. Identification of risks that threaten compliance with Clause 22 and Schedule 9 of the Order being met, controls which will mitigate those risks and monitoring ongoing compliance.

Our Independence and Quality Management

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

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibilities

Our responsibility is to express a limited assurance conclusion on whether the Bank's Capital Adequacy and Regulatory Liquidity Information is not disclosed, in all material respects, in accordance with Schedule 9 of the Order. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Bank's Capital Adequacy and Regulatory Liquidity Information is not disclosed, in all material respects, in accordance with Schedule 9 of the Order.

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

Given the circumstances of the engagement, in performing the procedures listed above we:

- Obtained an understanding of the Bank's compliance framework and internal control environment to consider whether the Capital Adequacy and Regulatory Liquidity Information is in compliance with the Reserve Bank of New Zealand's (RBNZ) prudential requirements for banks.
- Obtained an understanding of the processes, models, data and internal controls implemented over the preparation of the Capital Adequacy and Regulatory Liquidity Information.
- Agreed selected elements of the Capital Adequacy and Regulatory Liquidity Information to information extracted from the Bank's models, accounting records or other supporting documentation or, in relation to Clause 14 of Schedule 9 of the Order, publicly available information.
- Performed analytical and other procedures on the Capital Adequacy and Regulatory Liquidity Information disclosed in accordance with Schedule 9 and considered its consistency with the Interim Financial Statements of the Bank.
- Obtained an understanding and assessed the impact of any matters of non-compliance, advised to us or of which we otherwise became aware, with the RBNZ's prudential requirements for banks that relate to capital adequacy and regulatory liquidity information and inspected relevant correspondence with RBNZ.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on compliance with the compliance requirements.

Ernst & Young provides financial statement audit, interim review and other assurance 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.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with compliance requirements may occur and not be detected. A limited assurance engagement on the Bank's disclosure of Capital Adequacy and Regulatory Liquidity Information in the Disclosure Statement for the six months ended 30 June 2023 does not provide assurance on whether compliance will continue in the future.

Restrictions on Use of Report

This report has been prepared for the Bank's shareholder for the purpose of providing limited assurance that the Bank's Capital Adequacy and Regulatory Liquidity Information has complied with Schedule 9 of the Order. 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 limited assurance work, for this report, or for the conclusions we have formed. We acknowledge that our report will be included in the Bank's Disclosure Statement

Ernst + Young

Chartered Accountants
Auckland
30 August 2023