



Disclosure Statement

For the six months ended 30 June 2024

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Abbreviations

The following abbreviations are used throughout the report:

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

Disclosure Statement

For the six months ended 30 June 2024

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 2024 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 received.

The Bank's Climate Report for the year ending 31 December 2023 can also be accessed on the Bank's website, via the link provided below.

[Climate Report](#)

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

The following changes to the composition of the Board of Directors (the 'Board') have occurred since the Bank's previous full year Disclosure Statement for the year ended 31 December 2023:

- Ms. Hong Yang ceased to serve as Non-executive Director of the Board in August 2024.
- Ms. Ying Yi was appointed as a Non-executive Director of the Board in August 2024.

As at the date of signing this Disclosure Statement, there have been no other changes in the Board since 31 December 2023.

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, Mr. Xingyao Li and Ms. Ying Yi.

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 2023 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 2023.

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 three months period ended 31 March 2024, CCBC Group's total capital for capital adequacy purposes was RMB 4,175,290 million (NZD 939,851 million) and its total capital ratio was 19.34%. Capital ratios are calculated in accordance with the Capital Rules for Commercial Banks (Provisional) issued by NAFR.

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	Credit rating	Qualification
Standard & Poor's Ratings Services	A	Outlook Stable
Moody's Investors Service	A1	Outlook Negative
Fitch Ratings	A	Outlook Negative

On 16 April 2024, Fitch affirmed the Overseas Bank's A rating and adjusted the outlook from stable to negative.

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

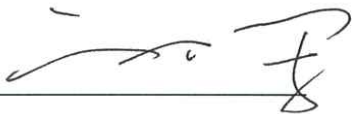
Each Director of the Bank believes, after due enquiry, that, as at the date on which this Disclosure Statement is signed:

- (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 2024:

- (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 26 August 2024 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

<u>For the period ended</u>	Note	Unaudited 30 Jun 2024 6 months	Unaudited 30 Jun 2023 6 months	Audited 31 Dec 2023 12 months
Interest income	2	88,310	73,128	155,104
Interest expense	2	(64,980)	(51,456)	(110,580)
Net interest income	2	23,330	21,672	44,524
Net fees and commission income	3	1,107	1,748	3,584
Other income / (expense)	3	1,720	326	(3,016)
Net operating income before operating expenses and impairment charges		26,157	23,746	45,092
Operating expenses		(6,395)	(6,188)	(12,377)
Impairment write-backs / (charges) on credit exposures	4	(1,129)	376	3,752
Profit before income tax		18,633	17,934	36,467
Income tax expense		(5,310)	(5,022)	(9,784)
Profit after income tax attributable to the owner of the Bank		13,323	12,912	26,683
Other comprehensive income, net of tax				
Other comprehensive income / (expense) which may be reclassified to profit or loss				
Net change in cash flow hedge reserve		(178)	(2,261)	(1,955)
Net change in FVOCI reserve		65	87	286
Total other comprehensive income / (expense), net of tax		(113)	(2,174)	(1,669)
Total comprehensive income attributable to the owner of the Bank		13,210	10,738	25,014

These interim financial statements are to be read in conjunction with the notes on pages 10 - 38.

Statement of changes in equity

	Share capital	Retained earnings	Cash flow hedge reserve	FVOCI reserve	Total
For the six months ended 30 June 2024 (Unaudited)					
Balance at 1 January 2024	199,178	117,023	(3,728)	134	312,607
Profit after income tax	-	13,323	-	-	13,323
Other comprehensive income / (expense)	-	-	(178)	65	(113)
Total comprehensive income / (expense) for the period	-	13,323	(178)	65	13,210
Balance at 30 June 2024	199,178	130,346	(3,906)	199	325,817
For the six months ended 30 June 2023 (Unaudited)					
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 year ended 31 December 2023 (Audited)					
Balance at 1 January 2023	199,178	90,340	(1,773)	(152)	287,593
Profit after income tax	-	26,683	-	-	26,683
Other comprehensive income / (expense)	-	-	(1,955)	286	(1,669)
Total comprehensive income / (expense) for the period	-	26,683	(1,955)	286	25,014
Balance at 31 December 2023	199,178	117,023	(3,728)	134	312,607

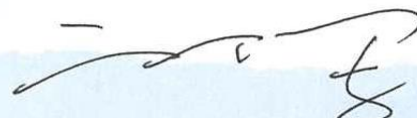
Balance sheet

<u>As at</u>	Note	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Assets				
Cash and balances with central banks	6	292,302	170,442	282,264
Due from other financial institutions	7	252,293	22,836	124,804
Investment securities	8	227,963	323,777	338,889
Loans and advances	9	1,940,023	1,778,962	1,745,571
Due from related parties	16	32	99	79
Derivative financial assets		12,985	13,204	8,430
Property, plant and equipment	10	3,575	4,449	4,058
Intangible assets		76	6	30
Current tax assets		65	-	-
Deferred tax assets		3,192	6,104	2,855
Other assets		345	158	361
Total assets		2,732,851	2,320,037	2,507,341
Liabilities				
Due to other financial institutions	11	549,410	246,386	277,358
Deposits from customers	12	456,417	404,063	507,229
Debt securities issued	13	860,165	829,680	872,408
Due to related parties	16	524,615	515,760	508,462
Current tax liabilities		-	1,419	1,204
Derivative financial liabilities		7,762	14,855	19,658
Other liabilities	14	8,665	9,543	8,415
Total liabilities		2,407,034	2,021,706	2,194,734
Shareholder's equity				
Share capital		199,178	199,178	199,178
Retained earnings		130,346	103,252	117,023
Reserves		(3,707)	(4,099)	(3,594)
Total shareholder's equity		325,817	298,331	312,607
Total liabilities and shareholder's equity		2,732,851	2,320,037	2,507,341
Total interest earning and discount bearing assets		2,714,180	2,302,097	2,493,422
Total interest and discount bearing liabilities		2,390,718	2,015,484	2,163,282

These interim financial statements were approved by the Directors on 26 August 2024 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 - 38.

Statement of cash flows

<u>For the period ended</u>	Note	Unaudited 30 Jun 2024 6 months	Unaudited 30 Jun 2023 6 months	Audited 31 Dec 2023 12 months
Cash flows from operating activities				
Interest received		76,896	65,183	135,887
Interest paid		(65,659)	(49,498)	(106,846)
Income received from financial instruments designated as FVOCI		9,733	5,140	11,619
Non-interest income received		1,187	1,893	3,536
Non-interest expense paid		(21,292)	(29,217)	(5,297)
Operating expenses paid		(5,145)	(4,547)	(10,952)
Income taxes paid		(6,847)	(8,379)	(10,227)
Net cash flows from operating activities before changes in operating assets and liabilities		(11,127)	(19,425)	17,720
Net changes in operating assets and liabilities:				
Net change in GST receivable		12	(50)	(51)
Net change in other assets		5	42	(161)
Net change in loans and advances		(193,173)	26,240	65,998
Net change in due from related parties		3	(29)	(14)
Net change in due to other financial institutions		272,052	(121,215)	(90,243)
Net change in deposits from customers		(49,717)	(56,675)	44,422
Net changes in operating assets and liabilities		29,182	(151,687)	19,951
Net cash flows provided by / (used in) operating activities ¹	5	18,055	(171,112)	37,671
Cash flows from investing activities				
Purchase of investment securities		110,865	(138,521)	(149,918)
Purchase of property, plant and equipment		(65)	(5)	(88)
Purchase of intangible assets		(50)	-	(25)
Net cash flows used in investing activities		110,750	(138,526)	(150,031)
Cash flows from financing activities				
Amount borrowed from related parties		22,249	88,222	2,590
Repayment of due to related parties		(197)	(67,350)	(4,696)
Issuance of debt securities	13	197,141	245,000	455,000
Repayment of debt securities	13	(210,000)	(175,000)	(345,000)
Repayment of subordinated debt		-	(15,000)	(15,000)
Repayment of principal portion of lease liabilities	13 (a)	(515)	(483)	(997)
Net cash flows (used in) / provided by financing activities		8,678	75,389	91,897
Net (decrease) / increase in cash and cash equivalents		137,483	(234,249)	(20,463)
Cash and cash equivalents at beginning of the year		407,133	427,596	427,596
Cash and cash equivalents at end of the period	20 (a)	544,616	193,347	407,133
Cash and cash equivalents at end of the period comprise:				
Cash and balances with central banks	20 (a)	292,302	170,442	282,264
Due from other financial institutions (call or original maturity of 3 months or less)	20 (a)	252,293	22,836	124,804
Due from related parties (nostro account)	20 (a)	21	69	65
Cash and cash equivalents at end of the period	20 (a)	544,616	193,347	407,133

¹ For the period ended 30 June 2024, the presentation of net cash flows from operating activities has been revised back to the Direct method from the Indirect method to align with industry standards in New Zealand, and provide stakeholders with increased clarity. The reconciliation of profit after income tax to net cash flows from operating activities is summarised in Note 5.

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 2024.

They were approved for issue by the Board on 26 August 2024.

As at 30 June 2024, 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 2023.

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 2023 and six months ended 30 June 2023. There have been no material changes to the accounting policies during the six months ended 30 June 2024 apart from the presentation of the cash flow statement as detailed below.

1.4 Presentation of the cash flow statement

During the six months ended 30 June 2024, the Bank changed the presentation of its net cash flow from operating activities back to the Direct method. Previously, the interim cash flow statement was presented using the Indirect method to align with the presentation used by the Ultimate Parent Bank. The change in presentation enhances the ability of users to understand how the Bank generates and uses cash and cash equivalents from operating activities during the reporting periods. The reconciliation of profit after income tax to net cash flows from operating activities is summarised in Note 5.

Financial Performance

2. Net interest income

	Unaudited Jun 2024 6 months	Unaudited Jun 2023 6 months	Audited Dec 2023 12 months
Interest income			
¹ Cash and balances with central banks	4,552	4,588	8,363
¹ Due from other financial institutions	686	2,054	2,473
¹ Loans and advances	73,539	59,306	127,054
¹ Due from related parties	1	3	3
² Investment securities	9,532	7,177	17,211
Total interest income	88,310	73,128	155,104
Interest expense			
³ Due to other financial institutions	(11,045)	(3,538)	(8,281)
³ Deposits and other borrowings	(12,894)	(9,387)	(21,946)
³ Due to related parties	(16,617)	(14,800)	(31,327)
³ Debt securities issued	(24,385)	(23,682)	(48,932)
³ Lease liabilities	(39)	(49)	(94)
Total interest expense	(64,980)	(51,456)	(110,580)
Total net interest income	23,330	21,672	44,524

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 2024 6 months	Unaudited Jun 2023 6 months	Audited Dec 2023 12 months
Fees and commission income			
Lending and credit facility related fee income	863	1,485	3,114
Trade finance and other fee income	7	41	87
Management fee income ¹	354	292	584
Total fees and commission income	1,224	1,818	3,785
Other fee expense	(117)	(70)	(201)
Net fees and commission income	1,107	1,748	3,584
Other income / (expense)			
Net ineffectiveness on fair value hedges	(47)	75	(235)
Net ineffectiveness on cash flow hedges	490	-	(320)
Other gains / (losses) on financial instruments ²	1,277	251	(2,461)
Total other income / (expense)	1,720	326	(3,016)
Total net non-interest income	2,827	2,074	568

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

² Includes customer driven trading income used for hedging purposes.

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

	Other financial assets ¹	Residential mortgage loans	Corporate exposures	Off-balance sheet credit related business ²	Total impairment loss
For the six months ended 30 June 2024 (Unaudited)					
Movement in collectively assessed provisions	79	(2,166)	986	(28)	(1,129)
Movement in individually assessed provisions	-	-	-	-	-
Bad debts written-off directly to the profit or loss	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Total impairment (charges) / write-backs	79	(2,166)	986	(28)	(1,129)
For the six months ended 30 June 2023 (Unaudited)					
Movement in collectively assessed provisions	62	(510)	741	83	376
Movement in individually assessed provisions	-	-	-	-	-
Bad debts written-off directly to the profit or loss	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Total impairment (charges) / write-backs	62	(510)	741	83	376
For the year ended 31 December 2023 (Audited)					
Movement in collectively assessed provisions	22	2,211	1,610	49	3,892
Movement in individually assessed provisions	-	-	-	-	-
Bad debts written-off directly to the profit or loss	(140)	-	-	-	(140)
Bad debts recovered	-	-	-	-	-
Total impairment (charges) / write-backs	(118)	2,211	1,610	49	3,752

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 14).

5. Net cash flows used in operating activities

For the period ended	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Reconciliation of profit after income tax to net cash flows from / (used in) operating activities			
Profit after income tax	13,323	12,912	26,683
Adjustments:			
Impairment losses on credit exposures	1,129	(376)	(3,752)
Depreciation and amortisation	550	494	969
Income tax expense	(1,536)	(3,358)	(443)
Movement in fair value of financial assets and liabilities	(22,931)	(29,397)	(2,328)
Movement in interest accruals	(1,662)	300	(3,409)
Net (increase) / decrease in operating assets:			
GST receivable	12	(50)	(51)
Loans and advances	(193,173)	26,240	65,998
Due from related parties ¹	3	(29)	(14)
Other assets	5	42	(161)
Net increase / (decrease) in operating liabilities:			
Due to other financial institutions	272,052	(121,215)	(90,243)
Deposits from customers	(49,717)	(56,675)	44,422
Net cash flow (used in) / from operating activities	18,055	(171,112)	37,671

¹ The Due from related parties amounts exclude nostro balances held with the Ultimate Parent Bank.

Financial Position

6. Cash and balances with central banks

<u>As at</u>	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Settlement account balances with central banks	292,302	170,442	282,264
Total cash and balances with central banks	292,302	170,442	282,264

7. Due from other financial institutions

<u>As at</u>	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Placements with other financial institutions – call ¹	201,765	22,851	9,833
Placements with other financial institutions – term	50,541	-	114,987
Provision for impairment losses	(13)	(15)	(16)
Total amount due from other financial institutions	252,293	22,836	124,804

¹ Included in Placements with other financial institutions as at 30 June 2024 are unsettled receivables from HSBC Bank Hong Kong amounting to \$196m. These receivables relate to securities issued in June 2024, with settlement scheduled for July 2024. The amount was settled on 9th July 2024.

8. Investment securities

<u>As at</u>	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
At FVOCI			
Registered bank securities	85,679	75,618	85,685
Multilateral development banks and other international organisations	136,370	242,377	247,334
Government securities	5,914	5,782	5,870
Total investment securities at FVOCI	227,963	323,777	338,889

Included in Total investment securities at FVOCI as at 30 June 2024 was \$35m encumbered through repurchase agreements (30 June 2023: \$51m, 31 December 2023: \$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 11.

9. Loans and advances

<u>As at</u>	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Residential mortgages	871,457	772,849	792,174
Corporate exposures	1,081,881	1,020,729	965,471
Total gross loans and advances	1,953,338	1,793,578	1,757,645
Unearned income	(5,512)	(1,465)	(4,874)
Loan origination fees	1,558	872	1,554
Fair value hedge adjustments	(746)	(2,998)	(1,319)
Loans and advances before provision for impairment	1,948,638	1,789,987	1,753,006
Provision for impairment losses	(8,615)	(11,025)	(7,435)
Total net loans and advances	1,940,023	1,778,962	1,745,571

10. Property, plant and equipment

<u>As at</u>	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Property, plant and equipment	4,447	4,300	4,383
Accumulated depreciation	(3,781)	(3,658)	(3,683)
Total property, plant and equipment	666	642	700
Right-of-use assets ¹	7,736	7,736	7,736
Accumulated depreciation	(4,827)	(3,929)	(4,378)
Total right-of-use assets	2,909	3,807	3,358
Total property, plant and equipment	3,575	4,449	4,058

¹ Includes leases for a corporate office in Auckland and a kitchen appliance.

Additions to the right-of-use assets for the six months ended 30 June 2024 for the Bank is nil (30 June 2023: nil, 31 December 2023: nil).

11. Due to other financial institutions

<u>As at</u>	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Placements from other financial institutions	510,818	192,937	222,495
Securities sold under agreements to repurchase from central banks	38,592	53,449	54,863
Total due to other financial institutions	549,410	246,386	277,358

12. Deposits from customers

<u>As at</u>	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Demand deposits bearing interest	31,566	30,335	38,376
Deposits not bearing interest	6,167	5,192	7,261
Term deposits	418,684	368,536	461,592
Total deposits from customers	456,417	404,063	507,229

13. Debt securities issued

<u>As at</u>	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Short term debt			
Registered certificates of deposit	-	20,000	60,000
Long term debt			
Medium-term notes	857,141	810,000	810,000
Total debt securities issued at face value	857,141	830,000	870,000
Movement in debt securities issued			
Balance at beginning of the period	872,408	754,322	754,322
Issuance during the period	197,141	245,000	455,000
Repayments during the period	(210,000)	(175,000)	(345,000)
Effect of fair value hedge adjustment	1,544	2,856	4,876
Net effect of transaction costs and accruals	(928)	2,502	3,210
Balance at end of the period	860,165	829,680	872,408
Total debt securities	860,165	829,680	872,408

14. Other liabilities

<u>As at</u>	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Other liabilities			
Trade creditors and other accrued expenses	342	287	475
Lease liabilities ¹	3,358	4,305	3,835
Employee entitlements	4,727	4,775	3,895
Provision for impairment on off-balance sheet credit related business	238	176	210
Total other liabilities	8,665	9,543	8,415

¹ Includes leases for a corporate office in Auckland and a kitchen appliance.

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

	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
(a) Amounts recognised in profit or loss			
Interest on lease liabilities	39	49	94
Depreciation charge on right-of-use assets	449	449	898
Total amounts recognised in profit or loss	488	498	992
(b) Maturity analysis of contracted undiscounted cash flows			
Less than one year	1,033	1,030	1,032
One to five years	2,352	3,296	2,824
More than five years	98	187	143
Total undiscounted lease liabilities	3,483	4,513	3,999
(c) Lease liabilities included in other liabilities			
Current	956	974	965
Non-current	2,402	3,331	2,870
Total lease liabilities included in other liabilities	3,358	4,305	3,835
(d) Amounts recognised in the statement of cash flows			
Total cash outflow for leases¹	554	532	1,091

¹ Comparative information for 30 June 2023 has been restated to include interest paid on lease liabilities.

15. 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 measured at FVTPL and FVOCI are recognised 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 2024 (30 June 2023: nil, 31 December 2023: nil). There have been no transfers into / out of Level 3 during the period ended 30 June 2024 (30 June 2023: nil, 31 December 2023: nil).

The table below shows the fair value of the Bank's financial instruments measured at fair value on a recurring basis according to the fair value hierarchy described above.

As at	Valuation Hierarchy	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Financial assets				
Investment securities	Level 2	227,963	323,777	338,889
Derivative financial assets	Level 2	12,985	13,204	8,430
Total financial assets measured at fair value		240,948	336,981	347,319
Financial liabilities				
Derivative financial liabilities	Level 2	7,762	14,855	19,658
Total financial liabilities measured at fair value		7,762	14,855	19,658

(b) Fair value of financial instruments

Further information on valuation techniques and assumptions for specific financial instruments is included in Note 19 of the Bank's annual Disclosure Statement.

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

As at 30 June 2024 (Unaudited)	At amortised cost	At FVOCI	At FVTPL	Fair value - derivative instruments	Total carrying amount	Fair value
Financial assets						
Cash and balances with central banks	292,302	-	-	-	292,302	292,302
Due from other financial institutions	252,293	-	-	-	252,293	252,293
Investment securities	-	227,963	-	-	227,963	227,963
Loans and advances	1,940,023	-	-	-	1,940,023	2,296,084
Due from related parties	32	-	-	-	32	32
Derivative financial assets	-	-	-	12,985	12,985	12,985
Other assets	87	-	-	-	87	87
Total financial assets	2,484,737	227,963	-	12,985	2,725,685	3,081,746
Financial liabilities						
Due to other financial institutions	549,410	-	-	-	549,410	541,713
Deposits from customers	456,417	-	-	-	456,417	461,616
Debt securities issued	860,165	-	-	-	860,165	909,113
Due to related parties	524,615	-	-	-	524,615	541,006
Derivative financial liabilities	-	-	-	7,762	7,762	7,762
Lease liabilities	3,358	-	-	-	3,358	3,358
Total financial liabilities	2,393,965	-	-	7,762	2,401,727	2,464,568

	At amortised cost	At FVOCI	At FVTPL	Fair value - derivative instruments	Total carrying amount	Fair value
As at 30 June 2023 (Unaudited)						
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 31 December 2023 (Audited)						
Financial assets						
Cash and balances with central banks	282,264	-	-	-	282,264	282,264
Due from other financial institutions	124,804	-	-	-	124,804	124,804
Investment securities	-	338,889	-	-	338,889	338,889
Loans and advances	1,745,571	-	-	-	1,745,571	2,083,209
Due from related parties	79	-	-	-	79	79
Derivative financial assets	-	-	-	8,430	8,430	8,430
Other assets	99	-	-	-	99	99
Total financial assets	2,152,817	338,889	-	8,430	2,500,136	2,837,774
Financial liabilities						
Due to other financial institutions	277,358	-	-	-	277,358	271,956
Deposits from customers	507,229	-	-	-	507,229	511,051
Debt securities issued	872,408	-	-	-	872,408	917,937
Due to related parties	508,462	-	-	-	508,462	515,423
Derivative financial liabilities	-	-	-	19,658	19,658	19,658
Lease liabilities	3,835	-	-	-	3,835	3,835
Total financial liabilities	2,169,292	-	-	19,658	2,188,950	2,239,860

16. 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. The settlement of the balances will be in cash consideration.

(b) Ultimate Parent Bank

The amounts due from the Ultimate Parent Bank consist 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 consist 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 interest earned on these placements and interest paid on borrowings are at market rates.

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.

	Unaudited 30 Jun 2024		Unaudited 30 Jun 2023		Audited 31 Dec 2023	
	NZ Branch	Ultimate Parent Bank	NZ Branch	Ultimate Parent Bank	NZ Branch	Ultimate Parent Bank
Recognised in						
(a) Transactions with related parties						
Interest income ¹	-	166	-	134	-	301
Interest expense ²	-	(12,043)	-	(11,630)	-	(23,642)
Non-interest income / (expense)						
Management fee income (refer Note 3)	354	-	292	-	584	-
Unrealised gain / (loss) on derivatives	-	216	-	30	-	(240)
Operating expenses						
Management service expense reimbursement	4,717	-	3,891	-	7,784	-
Total profit or loss impact	5,071	(11,661)	4,183	(11,466)	8,368	(23,581)
(b) Balances with related parties						
Due from related parties						
Cash and liquid assets	-	21	-	69	-	65
Other assets	-	11	-	30	-	14
Total due from related parties	-	32	-	99	-	79
Derivative financial assets	-	2,536	-	1,231	-	346
Total related party assets	-	2,568	-	1,330	-	425
Due to related parties						
Deposits and overnight placements	1	-	1,372	-	199	-
Borrowings at amortised cost	-	524,614	-	514,388	-	508,263
Total due to related parties	1	524,614	1,372	514,388	199	508,263
Derivative financial liabilities	-	-	-	1,197	-	2,390
Total related party liabilities	1	524,614	1,372	515,585	199	510,653

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 borrowings with related parties and derivative financial liabilities. Comparatives for periods ending 30 June 2023 and 31 December 2023 also include interest paid on subordinated debt. The subordinated debt was fully repaid in April 2023.

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 the six months ended 30 June 2024 (30 June 2023: nil, 31 December 2023: nil).

Provision for credit impairment of nil has been recognised in respect of the related party assets as at 30 June 2024 (30 June 2023: nil, 31 December 2023: 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 2023.

B. 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's 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.

C. Impacts of climate change on credit risk

The Bank recognises the potential compounding effects climate-related risks may pose to the financial system and the Bank's other risks. As a responsible financial institution, the Bank is committed to understanding and applying a risk-based approach to the management of the risks and opportunities associated with climate change. The Bank's climate risk appetite is designed therefore to ensure that it can effectively manage and mitigate climate-related risks while balancing the needs of its key stakeholders. This includes having clear processes to identify and assess the physical, transition and other climate related risks across its business activities. Additionally, the Bank embraces the opportunity to work with its customers in this area to deliver better customer outcomes.

17. Asset quality

A. Credit quality information

<u>As at 30 June 2024 (Unaudited)</u>	Residential mortgages	Corporate exposures	Other exposures	Total loans and advances
(a) Asset quality - advances to customers				
Neither past due nor impaired	871,457	1,081,881	-	1,953,338
Past due but not impaired	-	-	-	-
Individually impaired assets	-	-	-	-
Provision for credit impairment	(6,784)	(1,831)	-	(8,615)
Unearned income	-	-	-	(5,512)
Loan origination fees	-	-	-	1,558
Fair value hedge adjustments	-	-	-	(746)
Net carrying amount	864,673	1,080,050	-	1,940,023
(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	-	-	-	-

<u>As at 30 June 2023 (Unaudited)</u>	Residential mortgages	Corporate exposures	Other exposures	Total loans and advances
(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	-	-	-	-
<u>As at 31 December 2023 (Audited)</u>				
(a) Asset quality - advances to customers				
Neither past due nor impaired	792,174	965,471	-	1,757,645
Past due but not impaired	-	-	-	-
Individually impaired assets	-	-	-	-
Provision for credit impairment	(4,618)	(2,817)	-	(7,435)
Unearned income	-	-	-	(4,874)
Loan origination fees	-	-	-	1,554
Fair value hedge adjustments	-	-	-	(1,319)
Net carrying amount	787,556	962,654	-	1,745,571
(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 as FVTPL

The Bank does not have any financial assets designated as FVTPL as at 30 June 2024 (30 June 2023: nil, 31 December 2023: nil).

B. Movement in loans and advances

	Stage 1	Stage 2	Stage 3		Total
	<u>12-months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	<u>Individually assessed Lifetime ECL</u>	
As at 30 June 2024 (Unaudited)					
(a) Residential mortgages					
Gross balance as at 1 January 2024	792,174	-	-	-	792,174
Additions	150,517	1,624	-	-	152,141
Deletions	(71,234)	(1,624)	-	-	(72,858)
Gross balance as at 30 June 2024	871,457	-	-	-	871,457
(b) Corporate exposures					
Gross balance as at 1 January 2024	965,471	-	-	-	965,471
Additions	266,181	13,762	-	-	279,943
Deletions	(149,771)	(13,762)	-	-	(163,533)
Gross balance as at 30 June 2024	1,081,881	-	-	-	1,081,881
(c) Total loans and advances					
Gross balance as at 1 January 2024	1,757,645	-	-	-	1,757,645
Additions	416,698	15,386	-	-	432,084
Deletions	(221,005)	(15,386)	-	-	(236,391)
Gross balance as at 30 June 2024	1,953,338	-	-	-	1,953,338
As at 30 June 2023 (Unaudited)					
(a) Residential mortgages					
Gross balance as at 1 January 2023	738,651	-	-	-	738,651
Additions	101,600	1,953	-	-	103,553
Deletions	(69,355)	-	-	-	(69,355)
Gross balance as at 30 June 2023	770,896	1,953	-	-	772,849
(b) Corporate exposures					
Gross balance as at 1 January 2023	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 2023	1,020,729	-	-	-	1,020,729
(c) Total loans and advances					
Gross balance as at 1 January 2023	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 2023	1,791,625	1,953	-	-	1,793,578
As at 31 December 2023 (Audited)					
(a) Residential mortgages					
Gross balance as at 1 January 2023	738,651	-	-	-	738,651
Additions	222,372	1,953	1,027	-	225,352
Deletions	(168,849)	(1,953)	(1,027)	-	(171,829)
Gross balance as at 31 December 2023	792,174	-	-	-	792,174
(b) Corporate exposures					
Gross balance as at 1 January 2023	1,076,768	2,964	-	-	1,079,732
Additions	418,428	15	-	-	418,443
Deletions	(529,725)	(2,979)	-	-	(532,704)
Gross balance as at 31 December 2023	965,471	-	-	-	965,471
(c) Total loans and advances					
Gross balance as at 1 January 2023	1,815,419	2,964	-	-	1,818,383
Additions	640,800	1,968	1,027	-	643,795
Deletions	(698,574)	(4,932)	(1,027)	-	(704,533)
Gross balance as at 31 December 2023	1,757,645	-	-	-	1,757,645

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

	Stage 1	Stage 2	Stage 3		Total provision
	Collective provision	Collective provision	Collective provision	Individually assessed	
	<u>12-months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
As at 30 June 2024 (Unaudited)					
Due from other financial institutions ¹	13	-	-	-	13
Investment securities ²	129	-	-	-	129
Loans and advances	8,615	-	-	-	8,615
Off-balance sheet credit related commitments	238	-	-	-	238
Total provision for impairment losses as at 30 June 2024	8,995	-	-	-	8,995
(a) Residential mortgages					
Balance as at 1 January 2024	4,618	-	-	-	4,618
Transferred to Stage 1	247	(247)	-	-	-
Transferred to Stage 2	(247)	247	-	-	-
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit or loss	2,724	-	-	-	2,724
Reversals of previously recognised impairment losses	(558)	-	-	-	(558)
Balance as at 30 June 2024	6,784	-	-	-	6,784
(b) Corporate exposures					
Balance as at 1 January 2024	2,817	-	-	-	2,817
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	-	176	-	-	176
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit or loss	606	-	-	-	606
Reversals of previously recognised impairment losses	(1,592)	(176)	-	-	(1,768)
Balance as at 30 June 2024	1,831	-	-	-	1,831
(c) Total loans and advances					
Balance as at 1 January 2024	7,435	-	-	-	7,435
Transferred to Stage 1	247	(247)	-	-	-
Transferred to Stage 2	(247)	423	-	-	176
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit or loss	3,330	-	-	-	3,330
Reversals of previously recognised impairment losses	(2,150)	(176)	-	-	(2,326)
Total provision for impairment losses on loans & advances as at 30 June 2024	8,615	-	-	-	8,615

¹ There was no transfer of collective provision for due from other financial institutions between the stages. The total provision of \$13,000 (refer Note 7) was represented in 'Collective provision 12-months ECL' during the period.

² There was no transfer of collective provision for investment securities between the stages. The total provision of \$129,000 was represented in 'Collective provision 12-months ECL' during the period.

C. Movement in provision for impairment losses (continued)

	Stage 1	Stage 2	Stage 3		Total provision
	Collective provision	Collective provision	Collective provision	Individually assessed	
	<u>12-months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
As at 30 June 2023 (Unaudited)					
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 2023	11,157	224	-	-	11,381
(a) Residential mortgages					
Balance as at 1 January 2023	6,829	-	-	-	6,829
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	(224)	224	-	-	-
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit or loss	1,155	-	-	-	1,155
Amounts written off	-	-	-	-	-
Reversals of previously recognised impairment losses	(645)	-	-	-	(645)
Recovery	-	-	-	-	-
Balance as at 30 June 2023	7,115	224	-	-	7,339
(b) Corporate exposures					
Balance as at 1 January 2023	3,975	452	-	-	4,427
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit or 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 2023	3,686	-	-	-	3,686
(c) Total loans and advances					
Balance as at 1 January 2023	10,804	452	-	-	11,256
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	(224)	224	-	-	-
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit or 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 2023	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 7) was represented in 'Collective provision 12-months ECL' during the period.

² There was no transfer of collective provision for investment securities between the stages. The total provision of \$165,000 was represented in 'Collective provision 12-months ECL' during the period.

C. Movement in provision for impairment losses (continued)

	Stage 1	Stage 2	Stage 3		Total provision
	Collective provision	Collective provision	Collective provision	Individually assessed	
	<u>12-months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
As at 31 December 2023 (Audited)					
Due from other financial institutions ¹	16	-	-	-	16
Investment securities ²	205	-	-	-	205
Loans and advances	7,435	-	-	-	7,435
Off-balance sheet credit related commitments	210	-	-	-	210
Total provision for impairment losses as at 31 December 2023	7,866	-	-	-	7,866
(a) Residential mortgages					
Balance as at 1 January 2023	6,829	-	-	-	6,829
Transferred to Stage 1	106	(106)	-	-	-
Transferred to Stage 2	(224)	224	-	-	-
Transferred to Stage 3	-	(118)	118	-	-
Charged / (credited) to profit or loss	2,043	-	168	-	2,211
Reversals of previously recognised impairment losses	(4,136)	-	(286)	-	(4,422)
Balance as at 31 December 2023	4,618	-	-	-	4,618
(b) Corporate exposures					
Balance as at 1 January 2023	3,975	452	-	-	4,427
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit or loss	3,258	-	-	-	3,258
Reversals of previously recognised impairment losses	(4,416)	(452)	-	-	(4,868)
Balance as at 31 December 2023	2,817	-	-	-	2,817
(c) Total loans and advances					
Balance as at 1 January 2023	10,804	452	-	-	11,256
Transferred to Stage 1	106	(106)	-	-	-
Transferred to Stage 2	(224)	224	-	-	-
Transferred to Stage 3	-	(118)	118	-	-
Charged / (credited) to profit or loss	5,301	-	168	-	5,469
Reversals of previously recognised impairment losses	(8,552)	(452)	(286)	-	(9,290)
Total provision for impairment losses on loans & advances as at 31 December 2023	7,435	-	-	-	7,435

¹ There was no transfer of collective provision for due from other financial institutions between the stages. The total provision of \$16,000 (refer Note 7) was represented in 'Collective provision 12-months ECL' during the period.

² There was no transfer of collective provision for investment securities between the stages. The total provision of \$205,000 was represented in 'Collective provision 12-months ECL' during the period.

	Stage 1	Stage 2	Stage 3		Total provision
	Collective provision	Collective provision	Collective provision	Individually assessed	
	<u>12-months ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	<u>Lifetime ECL credit impaired</u>	
As at 30 June 2024 (Unaudited)					
Off-balance sheet credit related business ¹					
Balance as at 1 January 2024	210	-	-	-	210
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit or loss	228	-	-	-	228
Reversals of previously recognised impairment losses	(200)	-	-	-	(200)
Balance as at 30 June 2024	238	-	-	-	238
As at 30 June 2023 (Unaudited)					
Off-balance sheet credit related business ¹					
Balance as at 1 January 2023	259	-	-	-	259
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit or loss	365	-	-	-	365
Reversals of previously recognised impairment losses	(448)	-	-	-	(448)
Balance as at 30 June 2023	176	-	-	-	176
As at 31 December 2023 (Audited)					
Off-balance sheet credit related business ¹					
Balance as at 1 January 2023	259	-	-	-	259
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-
Charged / (credited) to profit or loss	558	-	-	-	558
Reversals of previously recognised impairment losses	(607)	-	-	-	(607)
Balance as at 31 December 2023	210	-	-	-	210

¹ The provision for off-balance sheet credit related business is included in other liabilities (Note 14).

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 changes in the 30 June 2024 ECL outputs are the combined result of movements in the loan portfolio balances and the routine refresh of the PD factors during the six months ending 30 June 2024. This has resulted in an ECL impairment charge of \$1.1m for the Bank's loan portfolio.

(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 2024 (30 June 2023: nil, 31 December 2023: nil).

(b) Assets under administration

The Bank does not have any assets under administration as at 30 June 2024 (30 June 2023: nil, 31 December 2023: nil).

(c) Restructured assets

The Bank does not have any restructured assets as at 30 June 2024 (30 June 2023: nil, 31 December 2023: nil).

18. 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.

As at	On-balance sheet credit exposures			Off-balance sheet credit related commitments		
	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Industry sector						
Accommodation and food services	14,840	-	14,849	-	-	-
Agriculture, forestry and fishing	35,860	25,451	25,459	9,934	6,955	7,552
Construction	215,559	304,697	208,235	34,330	55,790	64,983
Electricity, gas, water and waste services	164,347	80,261	165,140	-	-	-
Financial and insurance services	351,002	111,772	219,014	-	-	-
Information media and telecommunications	149,715	99,198	149,035	20,907	1,654	20,976
Manufacturing	155,370	72,703	87,090	7,698	6,564	4,860
Personal lending	871,457	772,849	792,174	15,872	940	5,766
Public administration and safety	434,586	418,601	535,468	-	-	-
Rental, hiring and real estate services	342,646	433,465	311,916	30,577	22,632	23,598
Retail trade	3,544	4,954	3,747	127	127	127
Subtotal	2,738,926	2,323,951	2,512,127	119,445	94,662	127,862
Unearned income	(5,512)	(1,465)	(4,874)	-	-	-
Loan origination fees	1,558	872	1,554	-	-	-
Fair value hedge adjustments	(746)	(2,998)	(1,319)	-	-	-
Provision for impairment losses ¹	(8,628)	(11,040)	(7,451)	(238)	(176)	(210)
Total credit exposures	2,725,598	2,309,320	2,500,037	119,207	94,486	127,652
Geographic area ²						
New Zealand	2,242,693	1,878,791	2,088,343	119,207	94,486	127,652
Other countries	482,905	430,529	411,694	-	-	-
Total credit exposures	2,725,598	2,309,320	2,500,037	119,207	94,486	127,652

¹ Provision for impairment losses on On-balance sheet 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 2024 and then dividing that by the Bank's CET1 capital as at the reporting date for the Disclosure Statement.

As at 30 June 2024 (Unaudited)

% of CET1 End of period exposure	Number of Bank Counterparties				Number of Non-Bank Counterparties			
	"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	-	-	5	5
30% - 34%	-	-	-	-	-	-	1	1
60% - 64%	1	-	-	1	-	-	-	-
Total	3	-	-	3	-	-	8	8

Peak exposure

10% - 14%	-	-	-	-	-	-	1	1
15% - 19%	1	-	-	1	-	-	1	1
20% - 24%	-	-	-	-	-	-	5	5
30% - 34%	1	-	-	1	-	-	1	1
45% - 49%	-	-	-	-	-	-	-	-
60% - 64%	1	-	-	1	-	-	-	-
Total	3	-	-	3	-	-	8	8

As at 30 June 2023 (Unaudited)

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 31 December 2023 (Audited)

10% - 14%	1	-	-	1	-	-	1	1
15% - 19%	-	-	-	-	-	-	2	2
20% - 24%	-	-	-	-	-	-	2	2
25% - 29%	-	-	-	-	-	-	-	-
30% - 34%	-	-	-	-	-	-	1	1
45% - 49%	1	-	-	1	-	-	-	-
Total	2	-	-	2	-	-	6	6

Peak exposure

15% - 19%	1	-	-	1	-	-	2	2
20% - 24%	-	-	-	-	-	-	2	2
25% - 29%	-	-	-	-	-	-	1	1
30% - 34%	-	-	-	-	-	-	2	2
45% - 49%	1	-	-	1	-	-	-	-
50% - 54%	1	-	-	1	-	-	-	-
Total	3	-	-	3	-	-	7	7

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.

19. 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 2024, 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".

<u>As at 30 June 2024 (Unaudited)</u>	Up to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 years	Over 2 years	Non-interest bearing	Total
Financial assets							
Cash and balances with central banks	292,302	-	-	-	-	-	292,302
Due from other financial institutions	252,119	-	-	-	-	174	252,293
Investment securities	97,185	-	32,490	-	96,714	1,574	227,963
Loans and advances ¹	1,174,031	254,348	335,282	157,605	22,072	(3,315)	1,940,023
Due from related parties	32	-	-	-	-	-	32
Derivative financial assets	-	-	-	-	-	12,985	12,985
Total financial assets	1,815,669	254,348	367,772	157,605	118,786	11,418	2,725,598
Non-financial assets	-	-	-	-	-	7,253	7,253
Total assets	1,815,669	254,348	367,772	157,605	118,786	18,671	2,732,851
Financial liabilities							
Due to other financial institutions	316,084	-	-	-	225,098	8,228	549,410
Deposits from customers	189,035	101,005	136,680	20,097	3,437	6,163	456,417
Debt securities issued	575,000	282,141	-	-	-	3,024	860,165
Due to related parties	1	-	164,285	131,428	246,427	(17,526)	524,615
Derivative financial liabilities	-	-	-	-	-	7,762	7,762
Total financial liabilities	1,080,120	383,146	300,965	151,525	474,962	7,651	2,398,369
Non-financial liabilities	-	-	-	-	-	8,665	8,665
Total liabilities	1,080,120	383,146	300,965	151,525	474,962	16,316	2,407,034
On-balance sheet interest rate repricing gap	735,549	(128,798)	66,807	6,080	(356,176)	2,355	325,817
Net derivative notional amount	(649,021)	74,500	120,081	112,765	341,675	-	-
Net interest rate repricing gap	86,528	(54,298)	186,888	118,845	(14,501)	2,355	325,817

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 2023 (Unaudited)	Up to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 years	Over 2 years	Non-interest bearing	Total
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
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 31 December 2023 (Audited)

Financial assets							
Cash and balances with central banks	282,264	-	-	-	-	-	282,264
Due from other financial institutions	124,607	-	-	-	-	197	124,804
Investment securities	85,100	110,975	11,864	32,012	97,009	1,929	338,889
Loans and advances ¹	1,070,656	179,897	253,825	203,107	42,027	(3,941)	1,745,571
Due from related parties	79	-	-	-	-	-	79
Derivative financial assets	-	-	-	-	-	8,430	8,430
Total financial assets	1,562,706	290,872	265,689	235,119	139,036	6,615	2,500,037
Non-financial assets	-	-	-	-	-	7,304	7,304
Total assets	1,562,706	290,872	265,689	235,119	139,036	13,919	2,507,341
Financial liabilities							
Due to other financial institutions	51,320	-	-	-	221,902	4,136	277,358
Deposits from customers	298,893	114,999	63,144	19,784	3,151	7,258	507,229
Debt securities issued	745,000	40,000	85,000	-	-	2,408	872,408
Due to related parties	199	-	-	204,805	315,085	(11,627)	508,462
Derivative financial liabilities	-	-	-	-	-	19,658	19,658
Total financial liabilities	1,095,412	154,999	148,144	224,589	540,138	21,833	2,185,115
Non-financial liabilities	-	-	-	-	-	9,619	9,619
Total liabilities	1,095,412	154,999	148,144	224,589	540,138	31,452	2,194,734
On-balance sheet interest rate repricing gap							
	467,294	135,873	117,545	10,530	(401,102)	(17,533)	312,607
Net derivative notional amount	(633,405)	11,045	47,839	165,194	409,327	-	-
Net interest rate repricing gap	(166,111)	146,918	165,384	175,724	8,225	(17,533)	312,607

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

20. Liquidity and funding risk management

(a) Liquidity portfolio management

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

<u>As at</u>	Note	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Cash and cash equivalents				
Cash and balances with central banks	6	292,302	170,442	282,264
Due from other financial institutions (call or original maturity of 3 months or less) ¹	7	252,293	22,836	124,804
Due from related parties ²	16	21	69	65
Total cash and cash equivalents		544,616	193,347	407,133
Investment securities				
Registered bank securities	8	85,679	75,618	85,685
Multilateral development banks and other international organisations	8	136,370	242,377	247,334
Government securities	8	5,914	5,782	5,870
Total investment securities		227,963	323,777	338,889
Total liquidity portfolio		772,579	517,124	746,022

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:

<u>As at 30 June 2024 (Unaudited)</u>	On demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
Non-derivative financial liabilities							
Due to other financial institutions	2,300	295,108	27,722	239,025	-	564,155	549,410
Deposits from customers	31,566	157,423	253,113	26,635	-	468,737	456,417
Debt securities issued	-	89,529	124,749	753,106	-	967,384	860,165
Due to related parties	1	3,768	176,234	397,729	-	577,732	524,615
Lease liabilities	-	258	775	2,352	98	3,483	3,358
Total non-derivative financial liabilities	33,867	546,086	582,593	1,418,847	98	2,581,491	2,393,965
Derivative financial liabilities							
Held for trading	-	-	-	752	-	752	-
Gross settled – cash inflow	-	(167,979)	(85,531)	(107,284)	-	(360,794)	-
Gross settled – cash outflow	-	171,831	90,021	106,040	-	367,892	-
Total derivative financial liabilities	-	3,852	4,490	(492)	-	7,850	7,762
Lending commitments (off-balance sheet)							
	119,207	-	-	-	-	119,207	-

<u>As at 30 June 2023 (Unaudited)</u>	On Demand	0-3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
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 31 December 2023 (Audited)							
Non-derivative financial liabilities							
Due to other financial institutions	-	611	54,590	239,299	-	294,500	277,358
Deposits from customers	38,376	265,110	187,813	25,952	-	517,251	507,229
Debt securities issued	-	181,946	239,934	548,700	-	970,580	872,408
Due to related parties	199	3,383	11,708	550,408	-	565,698	508,462
Lease liabilities	-	258	774	2,824	143	3,999	3,835
Total non-derivative financial liabilities	38,575	451,308	494,819	1,367,183	143	2,352,028	2,169,292
Derivative financial liabilities							
Held for trading	-	-	-	1,029	-	1,029	
Gross settled – cash inflow	-	(10,180)	(98,635)	(695,831)	-	(804,646)	
Gross settled – cash outflow	-	15,868	117,101	687,329	-	820,298	
Total derivative financial liabilities	-	5,688	18,466	(7,473)	-	16,681	19,658
Lending commitments (off-balance sheet)	127,652	-	-	-	-	127,652	

(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 30 June 2024 and the three months ended 31 March 2024.

<u>As at</u>	RBNZ minimum ratio requirements	Unaudited 30 Jun 2024	Unaudited 31 Mar 2024
	%	%	%
Liquidity ratios			
Quarterly average 1-week mismatch ratio	0%	14.6%	17.8%
Quarterly average 1-month mismatch ratio	0%	17.3%	18.6%
Quarterly average core funding ratio	75%	91.6%	102.1%

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.

21. 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.

<u>As at</u>	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Total funding comprises			
Due to other financial institutions	549,410	246,386	277,358
Deposits from customers	456,417	404,063	507,229
Debt securities issued	860,165	829,680	872,408
Due to related parties	524,615	515,760	508,462
Total funding	2,390,607	1,995,889	2,165,457
Concentration of funding by industry sector			
Accommodation and food services	43,856	10,032	31,115
Agriculture, forestry and fishing	15,055	2,212	5,200
Construction	17,581	27,044	20,126
Financial and insurance services	1,611,577	1,232,336	1,331,240
Households	13,928	13,483	13,153
Information media & telecommunications	6,671	-	-
Local government administration	-	50,657	82,316
Manufacturing	279	1,636	547
Other	75,931	77,341	55,815
Rental, hiring and real estate services	20,655	4,853	26,067
Retail trade	162	248	156
Transport, postal and warehousing	60,242	60,228	90,596
Wholesale trade	55	59	664
Subtotal	1,865,992	1,480,129	1,656,995
Due to related parties (including subordinated debt)	524,615	515,760	508,462
Total funding	2,390,607	1,995,889	2,165,457
Concentration of funding by geographic area ¹			
New Zealand	1,395,213	1,322,204	1,412,514
Other countries	995,394	673,685	752,943
Total funding	2,390,607	1,995,889	2,165,457

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

22. 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. In September 2023, the RBNZ published their final decisions about amendments to the BPR documents (effective 1 October 2023), with no material impact on the Bank to meet regulatory requirements.

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 NZ\$30 million.

In December 2019, the RBNZ announced changes to capital prudential policy settings following the completion of the Capital Review. These changes are being implemented in stages through to 2028. The next scheduled change is set for 1 July 2024, when the minimum total capital requirement will increase from 8% to 9%, and the minimum Tier 1 capital requirement will rise from 6% to 7%. The revised framework requires the Bank, as a standardised registered bank, to increase its capital ratio to 16% by July 2028. The Bank does not expect the revised framework to result in any changes to the underlying business model or its approach to raising equity.

The Bank has complied with all the relevant RBNZ minimum capital ratios to which it was subject during the reporting period. The Bank's total capital ratio was 18.38% as at 30 June 2024.

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 period ended 30 June 2024. There were no significant capital initiatives undertaken during the six months period ended 30 June 2024.

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 2024. During the six months period ended 30 June 2024, 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	Unaudited	Unaudited	Unaudited
As at	30 Jun 2024	30 Jun 2023	31 Dec 2023
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)	130,346	103,252	117,023
Accumulated other comprehensive income and other disclosed reserves ¹	(3,707)	(4,099)	(3,594)
Less deductions from common equity tier 1 capital			
Intangible assets	76	6	30
Cash flow hedge reserve	(3,906)	(4,034)	(3,728)
Deferred tax assets	3,192	6,104	2,855
Total common equity tier 1 capital	326,455	296,255	313,450
Total tier 1 capital	326,455	296,255	313,450
Tier 2 capital			
Subordinated notes	-	-	-
Total tier 2 capital	-	-	-
Total capital	326,455	296,255	313,450

¹ Accumulated other comprehensive income and other disclosed reserves consist of FVOCI revaluation reserve of \$199,000 (30 June 2023: (\$65,000); 31 December 2023: \$134,000) and cash flow hedge reserve of (\$3,906,000) (30 June 2023: (\$4,034,000); 31 December 2023: (\$3,728,000)).

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

<u>As at 30 June 2024 (Unaudited)</u>	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure
Sovereigns and central banks	298,216	0%	-
Multilateral development banks and other international organisations	136,370	0%	-
Banks - 20% weighting	252,338	20%	50,468
Banks - 50% weighting	85,666	50%	42,833
Corporate - 100% weighting	1,080,050	100%	1,080,050
Residential mortgages owner occupied not past due			
< 80% loan to value ratio (LVR)	432,512	35%	151,379
Residential mortgages property investment not past due			
< 80% loan to value ratio (LVR)	432,161	40%	172,864
Other assets	10,244	100%	10,244
Non-risk weighted assets	5,294	-	-
Total on-balance sheet exposures	2,732,851		1,507,838

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

<u>As at 30 June 2024 (Unaudited)</u>	Total exposure	Credit conversion factor	Credit equivalent amount	Average risk weight	Risk weighted exposure
Revolving underwriting facility	36,338	50%	18,169	100%	18,169
Performance-related contingency	196	50%	98	0%	-
Other commitments where original maturity is less than or equal to one year	15,872	20%	3,174	39%	1,238
Other commitments where original maturity is more than one year	66,801	50%	33,401	100%	33,401
Market related contracts ¹					
(a) Foreign exchange contracts	1,061,121	n/a	44,269	49%	21,692
(b) Interest rate contracts	296,166	n/a	5,430	51%	2,769
(c) Credit valuation adjustment	-	n/a	-	-	14,912
Total off-balance sheet exposures	1,476,494		104,541		92,181

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

<u>As at 30 June 2024 (Unaudited)</u>	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Loan-to-valuation ratio				
On-balance sheet exposures				
Residential mortgages - owner occupied	432,512	-	-	432,512
Residential mortgages - investment	432,161	-	-	432,161
Total on-balance sheet exposures	864,673	-	-	864,673
Off-balance sheet exposures	15,872	-	-	15,872
Value of exposures	880,545	-	-	880,545

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	Note	Unaudited 30 Jun 2024
Total residential mortgages	9	871,457
Reconciling items:		
Less: Provision for impairment losses on credit exposures	17 A.	(6,784)
On-balance sheet exposures	17 A.	864,673
Off-balance sheet exposures		15,872
Total residential mortgage exposures		880,545

Credit risk mitigation

The Bank's dominant activity is the provision of corporate and residential mortgage finance which, at 30 June 2024, comprised 55% and 45% 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

<u>As at 30 June 2024 (Unaudited)</u>	Implied weighted exposure		Total operational risk capital requirement	
Operational risk	142,101		11,368	
Market risk				
<u>As at 30 June 2024 (Unaudited)</u>	End of period capital charge		Peak end-of-day capital charge	
	Implied risk weighted exposure	Aggregate capital charge	Implied risk weighted exposure	Aggregate capital charge
Interest rate risk	33,552	2,684	60,025	4,802
Foreign currency risk	585	47	871	70
Total market risk	34,137	2,731	60,896	4,872

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 2024 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

<u>As at 30 June 2024 (Unaudited)</u>	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Total capital requirement
Total credit risk + equity	2,837,392	1,600,019	128,001
Operational risk	n/a	142,101	11,368
Market risk	n/a	34,137	2,731
Total capital requirements	2,837,392	1,776,257	142,100

Capital requirements for other material risks

The Basel III capital adequacy regime seeks 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 2024 is \$47.6 million (30 June 2023: \$34.5 million, 31 December 2023: \$39.6 million). No material adjustments were made to the ICAAP methodologies during the six months period ended 30 June 2024. The Board's approval for an extra 2% capital buffer to cover the additional material risks remains in place, taking the total required capital ratio to a minimum of 12.5%.

Capital ratios of the Bank

<u>As at</u>	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Unaudited 31 Dec 2023
Capital adequacy ratios			
Common equity tier 1 capital ratio	18.38%	18.65%	19.44%
Tier 1 capital ratio	18.38%	18.65%	19.44%
Total capital ratio	18.38%	18.65%	19.44%
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	10.38%	10.65%	11.44%
Conservation buffer	2.50%	2.50%	2.50%

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

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

The Ultimate Parent Bank Group shall calculate and disclose capital adequacy ratios in accordance with the Rules on Capital Management of Commercial Banks. Based on the approval to implement the advanced capital measurement method granted in 2014, the former China Banking and Insurance Regulatory Commission (now NAFR) approved the Ultimate Parent Bank Group to expand the implementation scope of the advanced capital measurement method in April 2020. Pursuant to the regulatory requirements, the Ultimate Parent Bank Group calculates capital adequacy ratios using both the advanced approach and other approaches for capital measurement and complies with the relevant requirements for capital floors.

The Ultimate Parent Bank Group met the capital requirements imposed on them by the NAFR as at 31 March 2024.

This information is available via the Overseas Bank's website (www.ccb.com).

The capital ratios below have been calculated in accordance with the Rules on Capital Management of Commercial Banks, issued by the NAFR and have been taken from the most recent publicly available financial statements.

<u>As at</u>	Unaudited 31 Mar 2024	Unaudited 30 Jun 2023	Unaudited 31 Dec 2023
Ultimate Parent Bank Group			
Common equity tier 1 capital ratio	14.11%	12.75%	13.15%
Tier 1 capital ratio	15.04%	13.39%	14.04%
Total capital ratio	19.34%	17.40%	17.95%

<u>As at</u>	31 Dec 2023	31 Dec 2022
Ultimate Parent Bank		
Common equity tier 1 capital ratio	13.03%	13.67%
Tier 1 capital ratio	13.91%	14.35%
Total capital ratio	17.98%	18.56%

Other Disclosures

23. 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.

24. 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:

<u>As at</u>	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023	Audited 31 Dec 2023
Credit related commitments and contingent liabilities			
Commitments to extend credit ¹	119,011	92,336	127,456
Non-financial guarantees	196	2,150	196
Total credit related commitments and contingent liabilities	119,207	94,486	127,652

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

There were no other contingent liabilities and capital commitments as at 30 June 2024 (30 June 2023: nil, 31 December 2023: nil).

25. Events subsequent to the reporting date

No material impact on the Bank is anticipated following the post balance date appointment of receivers over a corporate customer. There was no material event that occurred subsequent to the reporting date that requires recognition or additional disclosure in these financial statements.

26. Other material matters

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 this 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.

27. Credit ratings

The Bank has the following credit ratings that apply to its long-term senior unsecured obligations payable in New Zealand in New Zealand dollars as at the date the Directors signed this Disclosure Statement.

Rating agency	Credit rating	Qualification
Moody's Investors Service	A1	Outlook Negative
Fitch Ratings	A	Outlook Negative

On 2 July 2024, Fitch reaffirmed the Bank's A rating while maintaining a negative outlook.

28. Conditions of registration

Changes to the Bank's conditions of registration since the last disclosure statement (for the year ended 31 December 2023)

The Bank's conditions of registration have been amended to incorporate:

- (a) changes regarding connected exposures and risk weights for residential mortgage loans underwritten by Kāinga Ora. (effective 1 April 2024).
- (b) updated version date for BPR131 (Standardised credit risk RWAs) to 1 April 2024.



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Assurance engagements performed by Ernst & Young

Our assurance procedures in relation to China Construction Bank (New Zealand) Limited (the “Bank”) consisted of the following:

- Limited assurance engagement in relation to the condensed interim financial statements (the “Interim Financial Statements”) of the Bank for the six months ended 30 June 2024 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 Ratios Information which are subject to separate conclusions as described below and so are not covered by the Interim Financial Statements assurance.
- Limited assurance engagement in relation to 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 18), additional information on concentrations of funding (Note 21), additional information on interest rate sensitivity (Note 19(b)), additional information on liquidity risk (Note 20(b)) and reconciliation of mortgage-related amounts (Note 22(b))), Schedule 7 (Asset Quality in Notes 4 and 17), Schedule 13 (Concentration of Credit Exposures to Individual Counterparties in Note 18), Schedule 16 (Insurance business, securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products in Note 23) and Schedule 18 (Risk Management Policies on page 19) of the Order (together the “Supplementary Information”). The Supplementary Information is presented for the six months ended 30 June 2024 or as at that date, as applicable.
- Limited assurance engagement in relation to the information required by Clause 22 of the Order to be disclosed in accordance with Schedule 9 of the Order which is disclosed in Notes 20(c) and 22 (the “Capital Adequacy and Regulatory Liquidity Ratios Information”). The Capital Adequacy and Regulatory Liquidity Ratios Information is presented for the six months ended 30 June 2024 or as at that date, as applicable.

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 2024;
- the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended of the Bank; and
- other explanatory information.

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 and supplementary information audit 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 Interim Financial Statements that are free from material misstatement, whether due to fraud or error.

In addition, the directors are responsible, on behalf of the Bank, for the preparation of the Supplementary Information which presents fairly, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 13, 16 and 18 of the Order.

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

Our responsibility is to express a conclusion on the Interim Financial Statements and 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; or
 - if applicable, has not been prepared in all material respects in accordance with any conditions of registration relating to disclosure requirements imposed under section 74(4)(c) of the Banking (Prudential Supervision) Act 1989.

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.

The signature 'Ernst & Young' is written in a black, cursive script font.

Chartered Accountants
Auckland
26 August 2024



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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 Ratios Information

Conclusion

We have undertaken a limited assurance engagement on the compliance, in all material respects, of the Bank's Capital Adequacy and Regulatory Liquidity Ratios Information for the six months ended 30 June 2024 or as at that date, as applicable, 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 Ratios Information for the six months ended 30 June 2024 or as at that date, as applicable, disclosed in Notes 20(c) and 22 to the Interim Financial Statements, 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 Ratios 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 Ratios 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 Ratios 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.



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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 meet the Capital Adequacy and Regulatory Liquidity Ratios Information requirements in accordance 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 Ratios Information.
- Agreed selected elements of the Capital Adequacy and Regulatory Liquidity Ratios 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 Ratios 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 ratios 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 Schedule 9 of the Order.

Ernst & Young provides financial statement and supplementary information audit and interim review 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 Ratios Information in the Disclosure Statement for the six months ended 30 June 2024 or as at that date, as applicable, 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 as to whether the Bank's Capital Adequacy and Regulatory Liquidity Ratios 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. We acknowledge that our report will be included in the Bank's Disclosure Statement.

The signature 'Ernst & Young' is written in a black, cursive script font.

Chartered Accountants
Auckland
26 August 2024