China Construction Bank Corporation New Zealand Banking Group

Disclosure Statement

For the six months ended
30 June 2022

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Abbreviations

The following abbreviations are used throughout the report:

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

Disclosure Statement

For the six months ended 30 June 2022

General information and definitions

Certain information contained in this half year Disclosure Statement for the six months ended 30 June 2022, is as required by section 81 of the Reserve Bank of New Zealand Act 1989 and is in accordance with the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the "Order").

In this Disclosure Statement:

- China Construction Bank Corporation otherwise referred to as the ("Overseas Bank"), ("Registered Bank"), ("Ultimate Parent Bank") or ("CCBC"), is domiciled in China – refers to the worldwide business of China Construction Bank Corporation excluding its controlled entities;
- China Construction Bank Corporation Group otherwise referred to as the ("Overseas Banking Group") is domiciled in China – refers to the worldwide business of China Construction Bank Corporation including its controlled entities;
- China Construction Bank Corporation New Zealand Branch ("the branch") – refers to the New Zealand branch of the Ultimate Parent Bank;
- China Construction Bank (New Zealand) Limited referred to as ("CCBNZL") – refers to the locally incorporated subsidiary of the Overseas Bank;
- China Construction Bank Corporation New Zealand Banking Group referred to as the ("NZ Banking Group) – refers to the New Zealand banking operations of the Overseas Banking Group, including:
  (a) the branch; and
  (b) CCBNZL;
- "RBNZ" means the Reserve Bank of New Zealand.
- The Board of Directors of the Overseas Bank referred to as (" the Board").

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

Registered Bank

Address for service - Overseas Bank's principal office outside of New Zealand is:

China Construction Bank Corporation
No. 25 Financial Street,
Xicheng District,
Beijing 100033,
The People's Republic of China

Address for service - branch:

China Construction Bank Corporation, New Zealand Branch
Level 29 Vero Centre,
48 Shortland Street,
Auckland 1010,
New Zealand

A copy of the NZ Banking Group and the Overseas Banking Group's most recent published financial statements will be made available, free of charge upon a request being made to the above address of the branch. A copy of the NZ Banking Group's financial statements can also be obtained from the NZ Banking Group's website (http://nz.ccb.com).

A copy of the Overseas Banking Group's financial statement can also be obtained from the Overseas Bank's website (http://en.ccb.com/en/investorv3/interimreports/interim.html?ptId=5&ctId=2).

Subordination of claims of creditors

There are no material legislative and regulatory restrictions in the People's Republic of China that, in the event of a liquidation of the Overseas Bank, may subordinate the claims of unsecured creditors of the branch on the assets of the Overseas Bank to those of other unsecured creditors of the Overseas Bank.

Requirement to hold excess assets over deposit liabilities

The Overseas Bank is not required by any statute to hold in New Zealand an excess of assets over deposit liabilities.

Requirement to maintain sufficient assets to cover ongoing obligation to pay deposit liabilities

The Overseas Bank is required to hold sufficient high quality liquid assets as per the regulatory or legislative requirement in the Peoples Republic of China in order to cover an ongoing obligation to pay deposit liabilities under a stressed scenario.

Guarantee arrangements

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

Limits on material financial support by the Ultimate Parent Bank

There are no regulations, legislation or other restrictions of a legally enforceable nature in the People's Republic of China that may materially inhibit the legal ability of CCBC to provide material financial support to the NZ Banking Group.

Changes in the Bank's Board of Directors

The following changes to the composition of the Board have occurred since the Overseas Bank's previous full year Disclosure Statement for the year ended 31 December 2021:

- Mr Jiang Wang resigned as a Executive Director of the Board in March 2022.
- Mr Jinliang Zhang was appointed as a Executive Director of the Board in June 2022.

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

New Zealand Chief Executive Officer of the branch

Name	Mr Jun Qi
Primary Occupation	Chief Executive Officer, China Construction Bank (New Zealand) Limited
Residence	Auckland, New Zealand
External directorship	None

Pending proceedings or arbitration

There are no pending legal proceedings or arbitrations concerning any member of the NZ Banking Group or, if publicly available, the Overseas Banking Group, whether in New Zealand or elsewhere, that may have a material adverse effect on the Overseas Bank or the NZ Banking Group.

Auditor

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

Directors' and New Zealand Chief Executive Officer's Statements

Each Director and the New Zealand Chief Executive Officer 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 and the New Zealand Chief Executive Officer believes, after due enquiry, that, for the six months period ended 30 June 2022:

(a) the Registered Bank has complied in all material respects with each condition of registration that applied during that period;

(b) the branch and CCBNZL of the Registered Bank had systems in place to monitor and control adequately the material risks of the NZ Banking Group including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, and other business risks, and that those systems were being properly applied.

Signed by the New Zealand Chief Executive Officer of China Construction Bank Corporation New Zealand Branch

Mr Jun Qi
Dated: 26 August 2022

Signed by and on behalf of all the Directors of China Construction Bank Corporation

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DIRECTOR - Mr Guoli Tian
Dated: 26 August 2022

Statement of comprehensive income

For the period ended	Note	Unaudited 30 Jun 2022 6 months $000	Unaudited 30 Jun 2021 6 months $000	Audited 31 Dec 2021 12 months $000
Interest income	2	69,177	47,477	100,602
Interest expense	2	(34,848)	(16,995)	(39,497)
Net interest income	2	**34,329**	**30,482**	**61,105**
Net fees and commission income [1]	3	2,072	3,481	8,969
Other income / (expense) [1]	3	4,263	(107)	(3,242)
Net operating income before operating expenses and impairment charges		**40,664**	**33,856**	**66,832**
Operating expenses		(9,229)	(9,225)	(18,328)
Impairment (charges) / write-backs on credit exposures	4	(325)	1,154	(210)
Profit before income tax		**31,110**	**25,785**	**48,294**
Income tax expense		(9,173)	(7,342)	(13,442)
Profit after income tax attributable to the owner of the NZ Banking Group		**21,937**	**18,443**	**34,852**
Other comprehensive income, net of tax				
Other comprehensive (expense) / income which may be reclassified to income statement		(4,844)	58	(42)
Total other comprehensive income, net of tax		**(4,844)**	**58**	**(42)**
Total comprehensive income attributable to the owner of the NZ Banking Group		**17,093**	**18,501**	**34,810**

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

These interm financial statements are to be read in conjunction with the notes on pages 10 - 32.

Statement of changes in equity

For the 6 months ended 30 June 2022 (Unaudited)	NZ Banking Group								Total
	NZ Branch				CCBNZL				
	Share capital	Retained earnings	Cash flow hedge reserve	FVOCI reserve	Share capital	Retained earnings	Cash flow hedge reserve	FVOCI reserve	
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 January 2022	-	24,037	(32)	-	199,178	63,964	(34)	(81)	287,032
Profit after income tax	-	8,831	-	-	-	13,106	-	-	21,937
Other comprehensive income	-	-	(3,143)	-	-	-	(1,667)	(34)	(4,844)
Total comprehensive income for the period	**-**	**8,831**	**(3,143)**	**-**	**-**	**13,106**	**(1,667)**	**(34)**	**17,093**
Balance at 30 June 2022	**-**	**32,868**	**(3,175)**	**-**	**199,178**	**77,070**	**(1,701)**	**(115)**	**304,125**

For the 6 months ended 30 June 2021 (Unaudited)	NZ Banking Group								Total
	NZ Branch				CCBNZL				
	Share capital	Retained earnings	Cash flow hedge reserve	FVOCI reserve	Share capital	Retained earnings	Cash flow hedge reserve	FVOCI reserve	
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 January 2021	-	11,484	(116)	-	199,178	41,665	(194)	205	252,222
Profit after income tax	-	6,717	-	-	-	11,726	-	-	18,443
Other comprehensive income	-	-	93	-	-	-	95	(130)	58
Total comprehensive income for the period	**-**	**6,717**	**93**	**-**	**-**	**11,726**	**95**	**(130)**	**18,501**
Balance at 30 June 2021	**-**	**18,201**	**(23)**	**-**	**199,178**	**53,391**	**(99)**	**75**	**270,723**

For the year ended 31 December 2021 (Audited)	NZ Banking Group								Total
	NZ Branch				CCBNZL				
	Share capital	Retained earnings	Cash flow hedge reserve	FVOCI reserve	Share capital	Retained earnings	Cash flow hedge reserve	FVOCI reserve	
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 January 2021	-	11,484	(116)	-	199,178	41,665	(194)	205	252,222
Profit after income tax	-	12,553	-	-	-	22,299	-	-	34,852
Other comprehensive income	-	-	84	-	-	-	160	(286)	(42)
Total comprehensive income for the period	**-**	**12,553**	**84**	**-**	**-**	**22,299**	**160**	**(286)**	**34,810**
Balance at 31 December 2021	**-**	**24,037**	**(32)**	**-**	**199,178**	**63,964**	**(34)**	**(81)**	**287,032**

These interm financial statements are to be read in conjunction with the notes on pages 10 - 32.

Balance sheet

As at	Note	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Assets				
Cash and balances with central banks	6	251,078	82,800	706,758
Due from other financial institutions	7	115,946	68,439	100,946
Investment securities	8	166,409	81,333	82,729
Loans and advances	9	3,630,517	3,149,050	3,411,717
Due from related parties	17	904	602	24,077
Derivative financial assets	10	100,254	24,881	37,910
Property, plant and equipment	11	5,202	1,076	5,738
Intangible assets		8	21	10
Deferred tax assets		8,056	5,126	6,105
Other assets		204	157	203
Total assets		**4,278,578**	**3,413,485**	**4,376,193**
Liabilities				
Due to other financial institutions	12	474,514	331,124	569,112
Deposits from customers	13	324,506	421,957	415,027
Debt securities issued	14	1,166,499	1,056,759	1,138,356
Due to related parties	17	1,968,149	1,256,567	1,891,277
Subordinated debt	17	15,131	15,088	15,101
Current tax liabilities		5,223	3,514	7,501
Derivative financial liabilities	10	9,335	52,384	41,281
Other liabilities	15	11,096	5,369	11,506
Total liabilities		**3,974,453**	**3,142,762**	**4,089,161**
Head Office account				
Branch capital		-	-	-
Retained earnings		32,868	18,201	24,037
Reserves		(3,175)	(23)	(32)
Total Head Office account		**29,693**	**18,178**	**24,005**
Equity				
Share capital		199,178	199,178	199,178
Retained earnings		77,070	53,391	63,964
Reserves		(1,816)	(24)	(115)
Total equity		**274,432**	**252,545**	**263,027**
Total equity attributable to the owner of the NZ Banking Group		**304,125**	**270,723**	**287,032**
Total liabilities and equity		**4,278,578**	**3,413,485**	**4,376,193**
Total interest earning and discount bearing assets		4,175,454	3,397,638	4,338,298
Total interest and discount bearing liabilities		3,975,913	3,065,999	4,021,122

These interim financial statements were approved and signed on behalf of the Board of Directors by:

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DIRECTOR - Guoli Tian
Dated: 26 August 2022

DIRECTOR - Jinliang Zhang
Dated: 26 August 2022

These interm financial statements are to be read in conjunction with the notes on pages 10 - 32.

Statement of cash flows

For the period ended	Note	Unaudited 30 Jun 2022 6 months $000	Unaudited 30 Jun 2021 6 months $000	Audited 31 Dec 2021 12 months $000
Cash flows from operating activities				
Interest received		63,978	47,360	99,354
Interest paid		(28,146)	(18,706)	(38,053)
Income received from financial instruments designated as FVOCI / FVTPL		3,744	351	1,952
Non-interest income received		2,641	(52,243)	9,866
Non-interest expense paid		(74,894)	40,321	(28,101)
Operating expenses paid		(8,190)	(8,831)	(16,577)
Income taxes paid		(11,531)	(8,851)	(11,964)
Net cash flows from operating activities before changes in operating assets and liabilities		**(52,398)**	**(599)**	**16,477**
Net changes in operating assets and liabilities:				
Net decrease / (increase):				
GST receivable		9	30	4
Other assets		(10)	17	(2)
Loans and advances		(217,295)	(434,593)	(697,769)
Due from related parties		-	(4)	(4)
Net increase / (decrease):				
Due to other financial institutions		(94,598)	(171,994)	65,994
Deposits from customers		(91,342)	3,640	(3,762)
Net changes in operating assets and liabilities		**(403,236)**	**(602,904)**	**(635,539)**
Net cash flows provided by / (used in) operating activities	5	**(455,634)**	**(603,503)**	**(619,062)**
Cash flows from investing activities				
Purchase of investment securities		(86,505)	(48,846)	(51,633)
Placements with other financial institutions		-	-	-
Purchase of property, plant and equipment		(4)	(33)	(286)
Purchase of intangible assets		-	-	(8)
Net cash flows used in investing activities		**(86,509)**	**(48,879)**	**(51,927)**
Cash flows from financing activities				
Amount borrowed from related parties		262,060	(122,485)	1,978,044
Repayment of due to related parties		(203,289)	414,886	(1,070,456)
Issuance of debt securities	14	50,000	165,000	395,000
Repayment of debt securities	14	(30,000)	(185,000)	(331,552)
Repayment of principal portion of lease liabilities	15 (d)	(481)	(456)	(544)
Net cash flows provided by / (used in) financing activities		**78,290**	**271,945**	**970,492**
Net (decrease) / increase in cash and cash equivalents		(463,853)	(380,437)	299,503
Cash and cash equivalents at beginning of the year		831,781	532,278	532,278
Cash and cash equivalents at end of the period	21 (a)	**367,928**	**151,841**	**831,781**
Cash and cash equivalents at end of the period comprise:				
Due from other financial institutions (call or original maturity of 3 months or less)	21 (a)	115,946	68,439	100,946
Cash and balances with central banks	21 (a)	251,078	82,800	706,758
Due from related parties (nostro account)	21 (a)	904	602	24,077
Cash and cash equivalents at end of the period		**367,928**	**151,841**	**831,781**

These interm financial statements are to be read in conjunction with the notes on pages 10 - 32.

Notes to the financial statements

1. Statement of accounting policies

1.1 Reporting entity

The reporting entity is the NZ Banking Group as described under General Information and Definitions. It is an aggregation of the China Construction Bank Corporation New Zealand Branch "the branch" and China Construction Bank (New Zealand) Limited "the subsidiary". The principal activity of the NZ Banking Group is the provision of a range of banking products and services to business, corporate, institutional and retail customers.

These financial statements were approved for issue by the Board of the Overseas Bank on 26 August 2022.
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 NZ Banking Group's financial statements for the full year ended 31 December 2021.

1.2 Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the "Order"). These financial statements comply with Generally Accepted Accounting Practice in New Zealand ("GAAP") and with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate for Tier 1 for-profit entities. They also comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC")

These condensed interim financial statements have been prepared on a 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.

1.3 Basis of aggregation

The basis of aggregation is an addition of the branch and the subsidiary balances, with any transactions between the branch and the subsidiary eliminated to form the combined financial statements.

1.4 Presentation currency and rounding

All amounts contained in the financial statements are presented in New Zealand dollars, which is the NZ Banking Group's functional and presentation currency. The amounts are rounded to the nearest thousand dollars.

1.5 Comparative data

Certain comparative information has been reclassified to ensure consistency with the current reporting period where appropriate.

1.6 Changes in accounting policies

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

Financial Performance

2. Net interest income

	Unaudited 30 Jun 2022 6 months $000	Unaudited 30 Jun 2021 6 months $000	Audited 31 Dec 2021 12 months $000
Interest income			
[1] Cash and balances with central banks	2,125	204	709
[1] Due from other financial institutions	5,714	2,264	8,586
[1] Loans and advances *	59,563	44,681	90,489
[1] Due from related parties	820	96	223
[2] Investment securities	955	232	595
Total interest income	**69,177**	**47,477**	**100,602**
Interest expense			
[3] Due to other financial institutions	(1,335)	(646)	(1,179)
[3] Deposits and other borrowings	(3,530)	(1,855)	(3,886)
[3] Due to related parties	(16,998)	(6,673)	(16,974)
[3] Debt securities issued	(12,926)	(7,812)	(17,387)
[3] Lease liabilities	(59)	(9)	(71)
Total interest expense	**(34,848)**	**(16,995)**	**(39,497)**
Total net interest income	**34,329**	**30,482**	**61,105**

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

3. Non-interest income

	Note	Unaudited 30 Jun 2022 6 months $000	Unaudited 30 Jun 2021 6 months $000	Audited 31 Dec 2021 12 months $000
Fees and commission income				
Lending and credit facility related fee income		1,834	3,321	8,637
Trade finance and other fee income		316	270	572
Total fees and commission income		**2,150**	**3,591**	**9,209**
Other fee expense		(78)	(110)	(240)
Net fees and commission income		**2,072**	**3,481**	**8,969**
Other income / (expense)				
Net ineffectiveness on qualifying hedges		492	377	657
Net gain / (loss) on derivatives		3,771	(484)	(3,899)
Total other income / (expense)		**4,263**	**(107)**	**(3,242)**
Total net non-interest income		**6,335**	**3,374**	**5,727**

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

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

	Other financial assets [1] $000	Loans and advances: Residential mortgage loans $000	Loans and advances: Corporate exposures $000	Loans and advances: Other exposures $000	Off-balance sheet credit related business [2] $000	Total impairment loss $000
For the six months ended 30 Jun 2022 (Unaudited)						
Movement in collective provision 12-months ECL	(4)	(187)	1,448	(446)	(486)	325
Movement in collective provision Lifetime ECL not credit impaired	-	-	-	-	-	-
Movement in collective provision Lifetime ECL credit impaired	-	-	-	-	-	-
Movement in individually assessed Lifetime ECL credit impaired	-	-	-	-	-	-
Bad debts written-off directly to the income statement	-	-	-	-	-	-
Bad debts recovered	-	-	-	-	-	-
Total impairment charges / (write-backs)	**(4)**	**(187)**	**1,448**	**(446)**	**(486)**	**325**
For the six months ended 30 Jun 2021 (Unaudited)						
Movement in collective provision 12-months ECL	(4)	(854)	(1,567)	377	894	(1,154)
Movement in collective provision Lifetime ECL not credit impaired	-	-	-	-	-	-
Movement in collective provision Lifetime ECL credit impaired	-	-	-	-	-	-
Movement in individually assessed Lifetime ECL credit impaired	-	-	-	-	-	-
Bad debts written-off directly to the income statement	-	-	-	-	-	-
Bad debts recovered	-	-	-	-	-	-
Total impairment charges / (write-backs)	**(4)**	**(854)**	**(1,567)**	**377**	**894**	**(1,154)**
For the year ended 31 December 2021 (Audited)						
Movement in collective provision 12-months ECL	(9)	598	(2,252)	562	1,311	210
Movement in collective provision Lifetime ECL not credit impaired	-	-	-	-	-	-
Movement in collective provision Lifetime ECL credit impaired	-	-	-	-	-	-
Movement in individually assessed Lifetime ECL credit impaired	-	-	-	-	-	-
Bad debts written-off directly to the income statement	-	-	-	-	-	-
Bad debts recovered	-	-	-	-	-	-
Total impairment charges / (write-backs)	**(9)**	**598**	**(2,252)**	**562**	**1,311**	**210**

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

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

5. Net cash flows used in operating activities

For the six months ended	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Reconciliation of profit after income tax to net cash flows from / (used in) operating activities			
Profit after income tax	21,937	18,443	34,852
Adjustments:			
Impairment losses on credit exposures	325	(1,154)	210
Depreciation and amortisation	542	534	1,082
Income tax expense	(2,358)	(1,508)	1,478
Movement in fair value of financial assets and liabilities	(78,588)	(15,297)	(23,963)
Movement in interest accruals	5,744	(1,618)	2,819
Net (increase) / decrease in operating assets:			
GST receivable	9	30	4
Loans and advances	(217,295)	(434,593)	(697,769)
Due from related parties [1]	-	(4)	(4)
Other assets	(10)	18	(3)
Net increase / (decrease) in operating liabilities:			
Due to other financial institutions	(94,598)	(171,994)	65,994
Deposits from customers	(91,342)	3,640	(3,762)
Net cash flow from / (used in) operating activities	**(455,634)**	**(603,503)**	**(619,062)**

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

Financial Position

6. Cash and balances with central banks

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Settlement account balances with central banks	251,078	82,800	706,758
Total cash and balances with central banks	**251,078**	**82,800**	**706,758**

7. Due from other financial institutions

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Placements with other financial institutions – call	15,485	34,142	27,666
Placements with other financial institutions – term	100,462	34,307	73,287
Provision for impairment losses	(1)	(10)	(7)
Total amount due from other financial institutions	**115,946**	**68,439**	**100,946**

8. Investment securities

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

9. Loans and advances

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Residential mortgages	767,476	720,781	761,979
Corporate exposures	2,765,129	1,976,993	2,254,628
Other exposures [1]	119,393	471,692	412,968
Total gross loans and advances	**3,651,998**	**3,169,466**	**3,429,575**
Unearned income	(4,509)	(7,701)	(3,985)
Loan origination fees	1,133	1,364	1,486
Fair value hedge adjustments	(2,259)	-	(328)
Loans and advances before provisions for impairment	**3,646,363**	**3,163,129**	**3,426,748**
Provision for impairment losses	(15,846)	(14,079)	(15,031)
Total net loans and advances	**3,630,517**	**3,149,050**	**3,411,717**

[1] *Other exposures include forfaiting lending to other banks.*

[1] *Other exposures include loans to related parties totalling $23.8m as at 30 June 2022 (30 June 2021: $20.1m, 31 December 2021: nil) (refer Note 17).*

10. Derivative financial instruments

	As at 30 Jun 2022 (Unaudited)			As at 30 Jun 2021 (Unaudited)		
	Notional amount $000	Fair value assets $000	Fair value liabilities $000	Notional amount $000	Fair value assets $000	Fair value liabilities $000
Held for trading						
Interest rate swaps	192,191	1,072	(879)	195,617	4,510	(4,328)
Forward contracts	1,464	38	(35)	44,463	1,893	(1,875)
FX swaps	12,494	494	(251)	681	7	(13)
Fair value hedges						
Interest rate swaps	585,842	6,075	(7,272)	390,178	10,024	-
Dual fair value and cash flow hedges						
Cross currency interest rate swaps	1,125,221	24,644	(898)	739,193	1,092	(42,354)
Economic hedge						
Forward contracts	1,823	4	-	-	-	-
FX swaps	1,031,177	67,927	-	459,402	7,355	(3,814)
Total derivative financial instruments	**2,950,212**	**100,254**	**(9,335)**	**1,829,534**	**24,881**	**(52,384)**

	As at 31 Dec 2021 (Audited)		
Held for trading			
Interest rate swaps	195,617	1,747	(1,567)
Forward contracts	35,069	65	(1,385)
FX swaps	20,774	-	(578)
Fair value hedges			
Interest rate swaps	441,214	4,590	(2,848)
Dual fair value and cash flow hedges			
Cross currency interest rate swaps	262,714	1,641	(13,460)
Economic hedge			
Cross currency interest rate swaps	272,084	-	(14,003)
FX swaps	1,421,428	29,867	(7,440)
Total derivative financial instruments	**2,648,900**	**37,910**	**(41,281)**

11. Property, plant and equipment

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

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

12. Due to other financial institutions

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Placements from other financial institutions	423,132	315,117	518,044
Securities sold under agreements to repurchase from central banks	51,382	16,007	51,068
Total amount due to other financial institutions	**474,514**	**331,124**	**569,112**

13. Deposits from customers

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Demand deposits bearing interest	44,592	68,622	45,102
Deposits not bearing interest	2,466	1,171	1,645
Term deposits	277,448	352,164	368,280
Total deposits from customers	**324,506**	**421,957**	**415,027**

The branch held no retail deposits as at 30 June 2022 (30 June 2021: nil, 31 December 2021: nil).

14. Debt securities issued

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

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

15. Other liabilities

As at	Note	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Other liabilities				
Trade creditors and other accrued expenses		490	500	480
Lease liabilities [1]		5,166	678	5,588
Employee entitlements		4,615	3,297	4,127
Provision for impairment on off-balance sheet credit related business	4	825	894	1,311
Total other liabilities		**11,096**	**5,369**	**11,506**

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

Other information about leases for which the NZ Banking Group is a lessee is presented below.

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

16. Fair value of financial instruments

Classification of financial instruments and estimates of fair value

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

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

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

Where no quoted price in an active market is available, the NZ Banking Group 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 NZ Banking Group 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

This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

All of the NZ Banking Group's financial instruments are recognised and measured at fair value on a recurring basis within Level 2. The NZ Banking Group considers transfers between levels, if any, are deemed to have occurred at the beginning of the reporting period.

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

(b) Fair value of financial instruments not measured at fair value

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

As at 30 June 2022 (Unaudited)	At amortised cost $000	At FVOCI $000	At FVTPL $000	Fair value - derivative instruments $000	Total carrying amount $000	Fair value $000
Financial assets						
Cash and balances with central banks	251,078	-	-	-	251,078	251,078
Due from other financial institutions	115,946	-	-	-	115,946	115,946
Investment securities	-	166,409	-	-	166,409	166,409
Loans and advances	3,630,517	-	-	-	3,630,517	3,682,770
Due from related parties	904	-	-	-	904	904
Derivative financial assets	-	-	-	100,254	100,254	100,254
Other assets	77	-	-	-	77	77
Total financial assets	**3,998,522**	**166,409**	**-**	**100,254**	**4,265,185**	**4,317,438**
Financial liabilities						
Due to other financial institutions	474,514	-	-	-	474,514	476,920
Deposits from customers	324,506	-	-	-	324,506	323,810
Debt securities issued	1,166,499	-	-	-	1,166,499	1,148,754
Due to related parties	1,968,149	-	-	-	1,968,149	1,972,124
Subordinated debt	15,131	-	-	-	15,131	15,677
Derivative financial liabilities	-	-	-	9,335	9,335	9,335
Lease liabilities	5,166	-	-	-	5,166	5,166
Total financial liabilities	**3,953,965**	**-**	**-**	**9,335**	**3,963,300**	**3,951,786**

As at 30 June 2021 (Unaudited)	At amortised cost $000	At FVOCI $000	At FVTPL $000	Fair value - derivative instruments $000	Total carrying amount $000	Fair value $000
Financial assets						
Cash and balances with central banks	82,800	-	-	-	82,800	82,800
Due from other financial institutions	68,439	-	-	-	68,439	68,439
Investment securities	-	81,333	-	-	81,333	81,333
Loans and advances	3,149,050	-	-	-	3,149,050	3,410,100
Due from related parties	602	-	-	-	602	602
Derivative financial assets	-	-	-	24,881	24,881	24,881
Other assets	60	-	-	-	60	60
Total financial assets	**3,300,951**	**81,333**	**-**	**24,881**	**3,407,165**	**3,668,215**
Financial liabilities						
Due to other financial institutions	331,124				331,124	331,193
Deposits from customers	421,957	-	-	-	421,957	422,799
Debt securities issued	1,056,759	-	-	-	1,056,759	1,087,109
Due to related parties	1,256,567	-	-	-	1,256,567	1,267,167
Subordinated debt	15,088	-	-	-	15,088	15,958
Derivative financial liabilities	-	-	-	52,384	52,384	52,384
Lease liabilities	678	-	-	-	678	678
Total financial liabilities	**3,082,173**	**-**	**-**	**52,384**	**3,134,557**	**3,177,288**

As at 31 December 2021 (Audited)	At amortised cost $000	At FVOCI $000	At FVTPL $000	Fair value - derivative instruments $000	Total carrying amount $000	Fair value $000
Financial assets						
Cash and balances with central banks	706,758	-	-	-	706,758	706,758
Due from other financial institutions	100,946	-	-	-	100,946	100,946
Investment securities	-	82,729	-	-	82,729	82,729
Loans and advances	3,411,717	-	-	-	3,411,717	3,524,386
Due from related parties	24,077	-	-	-	24,077	24,077
Derivative financial assets	-	-	-	37,910	37,910	37,910
Other assets	86	-	-	-	86	86
Total financial assets	**4,243,584**	**82,729**	**-**	**37,910**	**4,364,223**	**4,476,892**
Financial liabilities						
Due to other financial institutions	569,112	-	-	-	569,112	570,250
Deposits from customers	415,027	-	-	-	415,027	414,749
Debt securities issued	1,138,356	-	-	-	1,138,356	1,129,579
Due to related parties	1,891,277	-	-	-	1,891,277	1,890,239
Subordinated debt	15,101	-	-	-	15,101	15,708
Derivative financial liabilities	-	-	-	41,281	41,281	41,281
Lease liabilities	5,588	-	-	-	5,588	5,588
Total financial liabilities	**4,034,461**	**-**	**-**	**41,281**	**4,075,742**	**4,067,394**

(c) Estimation of fair value

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

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

17. Related party transactions

During the period ended 30 June 2022, the NZ Banking Group has entered into or had in place various financial transactions with members of the Overseas Banking Group, represented by the Ultimate Parent Bank.

(a) Nature of transactions and balances with related parties

The NZ Banking Group undertakes transactions with the Overseas Banking 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 outside of the NZ Banking Group and are conducted on an arm’s length basis and on normal commercial terms. The settlement of the balances will be in cash consideration.

(b) Ultimate Parent Bank

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

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

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

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

Recognised in	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Statement of comprehensive income			
Interest income [1]	(452)	562	630
Interest expense [2]	(15,769)	(6,090)	(15,704)
Non-interest income / (expense)			
Unrealised gain/(loss) on derivatives	853	(539)	(1,282)
Total profit or loss impact	**(15,368)**	**(6,067)**	**(16,356)**
Balance sheet			
Due from related parties			
Cash and liquid assets	904	602	24,077
Loans and advances	23,752	20,123	-
Derivative financial assets	37,373	5,819	9,933
Total assets	**62,029**	**26,544**	**34,010**
Subordinated debt	15,131	15,088	15,101
Due to related parties			
Borrowings at amortised cost	1,968,149	1,256,567	1,891,277
Derivative financial liabilities	1,017	35,635	17,785
Total liabilities	**1,984,297**	**1,307,290**	**1,924,163**

[1] *Included in related party interest income are interest earned on liquid assets, loans and advances and derivative financial assets.*

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

There were no debts with any related parties written off or forgiven during the six months ended 30 June 2022 (30 June 2021: nil, 31 December 2021: nil).

Provision for impairments on credit exposure of nil have been recognised in respect of the related party assets as at 30 June 2022 (30 June 2021: nil, 31 December 2021: nil).

Risk Management

A. Risk management disclosure

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

B. Covid-19 pandemic

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

C. Global market disruption

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

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

18. Asset quality

a) Credit quality information

	FVTPL	Amortised cost			
As at 30 June 2022 (Unaudited)	Investment securities $000	Residential mortgage loans $000	Corporate exposures $000	Other exposures $000	Total loans and advances $000
Neither past due nor impaired	-	767,476	2,765,129	119,393	**3,651,998**
Past due but not impaired:					
Less than 30 days past due	-	-	-	-	-
At least 30 days but less than 60 days past due	-	-	-	-	-
At least 60 days but less than 90 days past due	-	-	-	-	-
At least 90 days past due	-	-	-	-	-
Total past due but not impaired	-	-	-	-	-
Movements in individually impaired assets					
Balance at beginning of the year	-	-	-	-	-
Additions	-	-	-	-	-
Amounts written off	-	-	-	-	-
Deletions	-	-	-	-	-
Total individually impaired assets	-	-	-	-	-
Total gross loans and advances	-	767,476	2,765,129	119,393	3,651,998
Total provision for impairment losses	-	(7,291)	(8,439)	(116)	(15,846)
Unearned income	-	-	-	-	(4,509)
Loan origination fees	-	-	-	-	1,133
Fair value hedge adjustments	-	-	-	-	(2,259)
Total net loans and advances	-	**760,185**	**2,756,690**	**119,277**	**3,630,517**

b) Movement in loans and advances

As at 30 June 2022 (Unaudited)	Stage 1 12-months ECL $000	Stage 2 Lifetime ECL not credit impaired $000	Stage 3 Lifetime ECL credit impaired $000	Individually assessed Lifetime ECL $000	Total $000
Residential mortgages					
Gross balance as at 1 January 2022	761,979	-	-	-	**761,979**
Additions	55,797	-	-	-	**55,797**
Amounts written off	-	-	-	-	-
Deletions	(50,300)	-	-	-	**(50,300)**
Gross balance as at 30 June 2022	**767,476**	-	-	-	**767,476**
Corporate exposures					
Gross balance as at 1 January 2022	2,141,499	113,129	-	-	**2,254,628**
Additions	955,537	63,338	-	-	**1,018,875**
Amounts written off	-	-	-	-	-
Deletions	(331,907)	(176,467)	-	-	**(508,374)**
Gross balance as at 30 June 2022	**2,765,129**	-	-	-	**2,765,129**
Other exposures					
Gross balance as at 1 January 2022	412,968	-	-	-	**412,968**
Additions	534,704	-	-	-	**534,704**
Amounts written off	-	-	-	-	-
Deletions	(828,279)	-	-	-	**(828,279)**
Gross balance as at 30 June 2022	**119,393**	-	-	-	**119,393**
Total					
Gross balance as at 1 January 2022	**3,316,446**	**113,129**	-	-	**3,429,575**
Additions	**1,546,038**	**63,338**	-	-	**1,609,376**
Amounts written off	-	-	-	-	-
Deletions	**(1,210,486)**	**(176,467)**	-	-	**(1,386,953)**
Gross balance as at 30 June 2022	**3,651,998**	-	-	-	**3,651,998**

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

c) Movement in provision for impairment losses

As at 30 June 2022 (Unaudited)	Stage 1 Collective provision 12-months ECL $000	Stage 2 Collective provision Lifetime ECL not credit impaired $000	Stage 3 Collective provision Lifetime ECL credit impaired $000	Stage 3 Individually assessed Lifetime ECL credit impaired $000	Total provision $000
Due from other financial institutions [1]	1	-	-	-	**1**
Investment securities [2]	2	-	-	-	**2**
Loans and advances	15,846	-	-	-	**15,846**
Off-balance sheet credit related commitments	825	-	-	-	**825**
Total provision for impairment losses as at 30 June 2022	**16,674**	**-**	**-**	**-**	**16,674**
Residential mortgages					
Balance as at 1 January 2022	7,478	-	-	-	**7,478**
Transferred to collective provision 12-months ECL	-	-	-	-	**-**
Transferred to collective provision lifetime ECL not credit impaired	-	-	-	-	**-**
Transferred to collective provision lifetime ECL credit impaired	-	-	-	-	**-**
Transferred to individually assessed lifetime ECL credit impaired	-	-	-	-	**-**
Charge to income statement excluding transfer between ECL stages	813	-	-	-	**813**
Amounts written off	-	-	-	-	**-**
Reversals of previously recognised impairment losses	(1,000)	-	-	-	**(1,000)**
Recovery of amounts written off	-	-	-	-	**-**
Balance as at 30 June 2022	**7,291**	**-**	**-**	**-**	**7,291**
Corporate exposures					
Balance as at 1 January 2022	6,339	652	-	-	**6,991**
Transferred to collective provision 12-months ECL	-	-	-	-	**-**
Transferred to collective provision lifetime ECL not credit impaired	-	-	-	-	**-**
Transferred to collective provision lifetime ECL credit impaired	-	-	-	-	**-**
Transferred to individually assessed lifetime ECL credit impaired	-	-	-	-	**-**
Charge to income statement excluding transfer between ECL stages	3,540	76	-	-	**3,616**
Amounts written off	-	-	-	-	**-**
Reversals of previously recognised impairment losses	(1,440)	(728)	-	-	**(2,168)**
Recovery of amounts written off	-	-	-	-	**-**
Balance as at 30 June 2022	**8,439**	**-**	**-**	**-**	**8,439**
Other exposures					
Balance as at 1 January 2022	562	-	-	-	**562**
Transferred to collective provision 12-months ECL	-	-	-	-	**-**
Transferred to collective provision lifetime ECL not credit impaired	-	-	-	-	**-**
Transferred to collective provision lifetime ECL credit impaired	-	-	-	-	**-**
Transferred to individually assessed lifetime ECL credit impaired	-	-	-	-	**-**
Charge to income statement excluding transfer between ECL stages	516	-	-	-	**516**
Amounts written off	-	-	-	-	**-**
Reversals of previously recognised impairment losses	(962)	-	-	-	**(962)**
Recovery of amounts written off	-	-	-	-	**-**
Balance as at 30 June 2022	**116**	**-**	**-**	**-**	**116**
Total loans and advances					
Balance as at 1 January 2022	**14,379**	**652**	**-**	**-**	**15,031**
Transferred to collective provision 12-months ECL	**-**	**-**	**-**	**-**	**-**
Transferred to collective provision lifetime ECL not credit impaired	**-**	**-**	**-**	**-**	**-**
Transferred to collective provision lifetime ECL credit impaired	**-**	**-**	**-**	**-**	**-**
Transferred to individually assessed lifetime ECL credit impaired	**-**	**-**	**-**	**-**	**-**
Charge to income statement excluding transfer between ECL stages	**4,869**	**76**	**-**	**-**	**4,945**
Amounts written off	**-**	**-**	**-**	**-**	**-**
Reversals of previously recognised impairment losses	**(3,402)**	**(728)**	**-**	**-**	**(4,130)**
Recovery of amounts written off	**-**	**-**	**-**	**-**	**-**
Total provision for impairment losses on loans & advances as at 30 June 2022	**15,846**	**-**	**-**	**-**	**15,846**

[1] *There was no transfer of collective provision for 'due from other financial institutions' between the stages. The total provision of $1,000 (30 June 2021: $10,000, 31 December 2021: $7,000) (refer Note 7) was represented in 'collective provision 12-months ECL' during the period.*

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

As at 30 June 2022 (Unaudited)	Stage 1 Collective Provision 12-months ECL $000	Stage 2 Collective Provision Lifetime ECL not credit impaired $000	Stage 3 Collective Provision Lifetime ECL credit impaired $000	Stage 3 Individually assessed Lifetime ECL credit impaired $000	Total provision $000
Off-balance sheet credit related business [1]					
Balance as at 1 January 2022	1,060	251	-	-	**1,311**
Transferred to collective provision 12-months ECL	-	-	-	-	**-**
Transferred to collective provision lifetime ECL not credit impaired	-	-	-	-	**-**
Transferred to collective provision lifetime ECL credit impaired	-	-	-	-	**-**
Transferred to individually assessed lifetime ECL credit impaired	-	-	-	-	**-**
Charge to income statement excluding transfer between ECL stages	1,322	92	-	-	**1,414**
Amounts written off	-	-	-	-	**-**
Reversals of previously recognised impairment losses	(1,557)	(343)	-	-	**(1,900)**
Recovery of amounts written off	-	-	-	-	**-**
Balance as at 30 June 2022	**825**	**-**	**-**	**-**	**825**

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

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

An increase in volatility and uncertainty in the global economic environment has resulted in an increase in the overall impairment expense by $1.5m relative to the equivalent period in 2021.

Credit commitments to counterparties

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

Assets under administration

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

Restructured assets

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

19. Concentration of credit exposures

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

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

	On-balance sheet credit exposures			Off-balance sheet credit related commitments		
	Unaudited 30 Jun 2022	Unaudited 30 Jun 2021	Audited 31 Dec 2021	Unaudited 30 Jun 2022	Unaudited 30 Jun 2021	Audited 31 Dec 2021
As at	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Industry sector						
Agriculture, forestry and fishing	49,808	104,570	94,810	8,519	8,573	12,264
Mining	34,018	30,026	30,044	26,143	-	-
Manufacturing	913,455	268,461	461,366	29,594	206,034	3,600
Electricity, gas, water and waste services	102,675	136,742	114,572	283,702	240,376	244,771
Construction	419,875	394,903	406,102	191,728	123,758	147,457
Retail trade	1,003	-	1,003	144	144	144
Wholesale trade	174	-	-	-	22,500	-
Accommodation and food services	-	50,348	-	-	2,500	-
Health care and social assistance	120,278	-	-	-	-	-
Transport, postal and warehousing	118,461	168,243	69,143	142,000	122,500	211,000
Information media and telecommunications	100,464	110,005	116,842	-	-	-
Financial and insurance services	366,583	591,295	596,534	-	-	-
Rental, hiring and real estate services	904,918	713,695	960,746	171,495	171,164	118,926
Public administration and safety	387,402	138,462	768,861	3,571	3,571	3,571
Personal lending	767,476	720,781	761,979	7,400	48,881	8,176
Subtotal	**4,286,590**	**3,427,531**	**4,382,002**	**864,296**	**950,001**	**749,909**
Unearned income	(4,509)	(7,701)	(3,985)	-	-	-
Loan origination fees	1,133	1,364	1,486	-	-	-
Fair value hedge adjustments	(2,259)	-	(328)	-	-	-
Provisions for impairment losses	(15,847)	(14,089)	(15,038)	(825)	(894)	(1,311)
Total credit exposures	**4,265,108**	**3,407,105**	**4,364,137**	**863,471**	**949,107**	**748,598**
Geographical area [1]						
New Zealand	3,283,921	2,576,120	3,530,068	364,450	820,480	616,701
Overseas	981,187	830,985	834,069	499,021	128,627	131,897
Total credit exposures	**4,265,108**	**3,407,105**	**4,364,137**	**863,471**	**949,107**	**748,598**

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

20. Market risk management

(a) Interest rate risk

Interest rate risk is the risk of loss in earnings or in economic value as a consequence of movements in interest rates. All traded market interest rate risk is derived from customer deals that are systematically hedged at the time of trading, leaving no residual risk. The NZ Banking Group'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 NZ Banking Group's book. The NZ Banking Group 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 NZ Banking Group's assets and liabilities at their carrying amounts as at 30 June 2022, categorised by the earlier of the contractual repricing or maturity dates. The carrying amounts of derivative financial instruments, which are principally used to reduce the NZ Banking Group's exposure to interest rate movements, are included under the heading "Non-interest bearing".

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

As at 30 June 2022 Unaudited	0-3 months $000	3-6 months $000	6-12 months $000	1-2 years $000	Over 2 years $000	Non interest bearing [1] $000	Total $000
Financial assets							
Cash and balances with central banks	251,078	-	-	-	-	-	251,078
Due from other financial institutions	115,493	-	-	-	-	453	115,946
Investment securities	29,982	-	4,984	11,791	118,810	842	166,409
Loans and advances [1]	2,529,392	405,565	348,088	296,588	62,779	(11,895)	3,630,517
Due from related parties	904	-	-	-	-	-	904
Derivative financial assets	-	-	-	-	-	100,254	100,254
Total financial assets	**2,926,849**	**405,565**	**353,072**	**308,379**	**181,589**	**89,654**	**4,265,108**
Non-financial assets	-	-	-	-	-	13,470	13,470
Total assets	**2,926,849**	**405,565**	**353,072**	**308,379**	**181,589**	**103,124**	**4,278,578**
Financial liabilities							
Due to other financial institutions	424,935	-	48,224	-	-	1,355	474,514
Deposits from customers	123,361	92,800	103,514	2,370	-	2,461	324,506
Debt securities issued	650,746	150,000	135,000	150,000	85,000	(4,247)	1,166,499
Due to related parties	509,698	491,521	93,567	241,119	659,058	(26,814)	1,968,149
Subordinated debt	15,000	-	-	-	-	131	15,131
Derivative financial liabilities	-	-	-	-	-	9,335	9,335
Total financial liabilities	**1,723,740**	**734,321**	**380,305**	**393,489**	**744,058**	**(17,779)**	**3,958,134**
Non-financial liabilities	-	-	-	-	-	16,319	16,319
Total liabilities	**1,723,740**	**734,321**	**380,305**	**393,489**	**744,058**	**(1,460)**	**3,974,453**
On-balance sheet interest rate repricing gap	**1,203,109**	**(328,756)**	**(27,233)**	**(85,110)**	**(562,469)**	**104,584**	**304,125**
Net derivative notional amount	(980,458)	140,000	135,000	151,070	554,388	-	-
Net interest rate repricing gap	**222,651**	**(188,756)**	**107,767**	**65,960**	**(8,081)**	**104,584**	**304,125**

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

21. Liquidity and funding risk management

(a) Liquidity portfolio management

The NZ Banking Group held the following financial assets for the purpose of managing liquidity risk:

As at	Note	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Cash and cash equivalents:				
Cash and balances with central banks	6	251,078	82,800	706,758
Due from other financial institutions (call or original maturity of 3 months or less)[1]	7	115,946	68,439	100,946
Due from related parties[2]	17	904	602	24,077
Total cash and cash equivalent		**367,928**	**151,841**	**831,781**
Investment securities				
Registered bank securities	8	30,085	25,671	20,626
Multilateral development banks and other international organisations	8	130,418	55,662	55,947
Government securities	8	5,906	-	6,156
Total investment securities		**166,409**	**81,333**	**82,729**
Total liquidity portfolio		**534,337**	**233,174**	**914,510**

[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 NZ Banking Group'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.

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

The contractual maturity analysis for off-balance sheet commitments and contingent liabilities has been prepared using the earliest date at which the NZ Banking Group 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 NZ Banking Group does not manage its liquidity risk based on the analysis presented in the below table.

As at 30 June 2022 Unaudited	On demand $000	0-3 months $000	3-12 months $000	1-5 years $000	Over 5 years $000	Total $000	Carrying amount $000
Non derivative financial liabilities							
Due to other financial institutions	-	375,536	50,739	52,511	-	478,786	474,514
Deposits from customers	44,592	79,235	201,293	2,469	-	327,589	324,506
Debt securities issued	-	213,574	386,205	596,258	-	1,196,037	1,166,499
Due to related parties	-	512,304	609,508	952,568	-	2,074,380	1,968,149
Subordinated debt	-	168	377	15,168	-	15,713	15,131
Lease liabilities	-	241	724	4,239	274	5,478	5,166
Total non-derivative financial liabilities	**44,592**	**1,181,058**	**1,248,846**	**1,623,213**	**274**	**4,097,983**	**3,953,965**
Derivative financial liabilities							
Net settled	-	-	-	1,165	-	1,165	
Gross settled – cash inflow	-	(144,116)	(107,399)	(198,675)	-	(450,190)	
Gross settled – cash outflow	-	146,128	112,071	200,365	-	458,564	
Total derivative financial liabilities	**-**	**2,012**	**4,672**	**2,855**	**-**	**9,539**	**9,335**

22. Concentrations of funding

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

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

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Total funding comprises			
Due to other financial institutions	474,514	331,124	569,112
Deposits from customers	324,506	421,957	415,027
Debt securities issued	1,166,499	1,056,759	1,138,356
Due to related parties	1,968,149	1,256,567	1,891,277
Subordinated debt	15,131	15,088	15,101
Total funding	**3,948,799**	**3,081,495**	**4,028,873**
Concentration of funding by industry sector			
Accommodation and food services	6,042	7,026	7,070
Agriculture, forestry and fishing	11,469	15,216	2,696
Construction	17,914	22,010	23,136
Electricity, gas, water and waste services	-	40,023	-
Financial and insurance services	1,762,422	1,571,986	1,920,733
Households	6,118	7,347	7,156
Manufacturing	1,156	888	1,795
Local government administration	50,660	40,026	105,459
Rental, hiring and real estate services	16,437	26,940	12,681
Retail trade	250	269	239
Transport, postal and warehousing	20,088	40,169	7,070
Wholesale trade	170	304	191
Other	72,793	37,636	34,269
Subtotal	**1,965,519**	**1,809,840**	**2,122,495**
Due to related parties (including subordinated debt)	1,983,280	1,271,655	1,906,378
Total funding	**3,948,799**	**3,081,495**	**4,028,873**
Concentration of funding by geographic region [1]			
New Zealand	1,503,629	1,477,458	1,608,320
China	2,268,486	1,588,077	2,305,305
Australia	15,221	15,088	115,172
Rest of overseas	161,463	872	76
Total funding	**3,948,799**	**3,081,495**	**4,028,873**

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

23. Capital adequacy

The NZ Banking Group is subject to the capital adequacy requirements for registered banks as specified by the RBNZ for two banking licenses, one for CCBNZL and another in relation to the branch. The RBNZ has set minimum regulatory capital requirements for banks that are 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 banks. The branch and CCBNZL must comply with RBNZ's registration requirements, including any minimum capital ratios under the conditions of registration for each respective banking licence.

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

Capital management

The primary objectives of the NZ Banking Group's capital management is to ensure that the NZ Banking Group complies with the externally imposed capital requirements set by the RBNZ and maintains strong credit ratings and healthy capital ratios in order to support the future development and growth of the business and to maximise shareholder value.

The Boards of Directors for CCBNZL and the Overseas Bank have ultimate responsibility for ensuring there is adequate overall capital in relation to the entities' risk profile and establishes minimum internal capital levels and limits above the regulatory minimum to reduce the risk of breaching regulatory requirements. CCBNZL and the Overseas Bank each actively monitor their capital adequacy as part of ICAAP, for CCBNZL, which complies with the requirements set out in BPR100: Capital Adequacy, and the "Internal Capital Assessment" for the Overseas Bank, and reports this on a regular basis to senior management and the respective Boards.

The key features of the Internal Capital Assessment and ICAAP include:

- Development of a capital management strategy, including preferred capital range, capital buffers and contingency plans;
- Consideration of regulatory capital requirements, the Overseas Banking Group's strategy and risk appetite;
- Identifying and evaluating all risk types, estimating capital utilisation and incorporating the impact of adverse economic scenarios; and
- Consideration of the perspectives of external stakeholders including rating agencies, equity investors and debt investors.

CCBNZL regulatory requirement

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. CCBNZL calculated its regulatory capital requirements in accordance with the RBNZ's revised Capital Adequacy Framework (Standardised Approach). As a condition of registration, CCBNZL 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 CCBNZL must not be less than $30 million.

During the reporting period, CCBNZL has complied with all the RBNZ minimum capital ratios to which it is subject.

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

The RBNZ released its final decisions on capital requirements applicable to New Zealand registered banks on 5th December 2019. Due to the Covid-19 pandemic, the RBNZ delayed the start date for the increased capital requirements to 1 July 2021. The revised framework requires CCBNZL, as a standardised registered bank, to increase its Total Capital Ratio to 16% over a seven year period starting from the revised start date of 1 July 2021.

CCBNZL's Total Capital Ratio was 15.91% as at 30 June 2022. It does not expect the revised framework to result in any changes to the underlying business model or its approach to raising equity.

Overseas Banking Group regulatory requirement

In accordance with the CBRC's Capital Rules for Commercial Banks (Provisional) and relevant regulations, commercial banks should meet the minimum capital requirements from 1 January 2013. The Common Equity Tier 1 ratio should be at or above a minimum of 5%, Tier 1 ratio at or above a minimum of 6% and the total capital ratio at or above a minimum of 8%. Besides capital conservation buffer requirements, additional buffer requirements of Global and Domestic Systemically Important Banks should also be met. If a countercyclical buffer is required or the Pillar 2 capital requirement is raised by the regulator to a specific commercial bank, the minimum requirements should be met within the transitional period.

Based on the approval for the Group to implement the advanced capital management method in 2014, the CBIRC approved the Group to expand the implementation scope of the advanced capital management method in April 2020. The Group calculated the capital requirements for financial institution credit exposures and corporate credit risk exposures that meet regulatory requirements with the foundation internal ratings-based approach, the capital requirements for retail credit risk exposures with the internal ratings-based approach, the capital requirements for market risk with the internal models approach, and the capital requirements for operational risk with the standardised approach.

Both the Overseas Bank and the Overseas Banking Group are required to hold minimum capital and disclose capital adequacy ratios in accordance with both the Capital Rules for Commercial Banks (Provisional) (CBIRC Order [2012] No. 1) and are required to publicly disclose this capital adequacy information on a quarterly basis.

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

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

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

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

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

Capital instruments

Ordinary shares

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

In relation to the ordinary shares:

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

Subordinated notes

On 28 April 2016, CCBNZL issued NZ $15 million (15,000 subordinated and unsecured medium term notes at a face value of NZ $1,000 "the Notes") to the Sydney branch of the Ultimate Parent Bank (Sydney branch). The Notes will mature on 28 April 2023. The Notes are redeemable, subordinated and unsecured securities of CCBNZL. The Notes are subordinated to the claims of depositors and other unsubordinated creditors of CCBNZL and qualify for Tier 2 regulatory recognition in accordance with BPR110: Capital Definitions and is subject to the allowance for tax in accordance with section 10f(5), of subpart 2F under BS2A. CCBNZL may redeem all the Notes on any interest payment date, subject to certain conditions including the RBNZ's written approval ("Redemption of Term Subordinated Notes"). Early redemption of all but not some of the Notes for tax reasons or regulatory reasons is permitted subject to Redemption of Term Subordinated Notes.

This instrument is subject to phase-out from Tier 2 in accordance with Part D3 of BPR110: Capital Definitions. The phase-out will be over five consecutive years, with the amount of the instrument qualifying as Tier 2 capital reducing by 20% each year commencing April 2018 to maturity in April 2023.

The Notes bear interest at a rate based on the 3 month Bank Bill Rate plus a fixed margin of 3.00% per annum. Interest is payable quarterly in arrears and commenced on 28 July 2016. If a non-viability trigger event occurs, CCBNZL must apply the conditions as stipulated in the terms of the debt programme. A non-viability trigger event occurs if:

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

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

Credit and market risk
Additional mortgage information

Residential mortgages by loan-to-valuation ratio

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

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

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

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

Reconciliation of residential mortgage related amount

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

Market risk

	End-period capital charge		Peak end-of-day capital charge	
As at 30 June 2022 (Unaudited)	Implied risk weighted exposure $000	Aggregate capital charge $000	Implied risk weighted exposure $000	Aggregate capital charge $000
Interest rate risk	92,414	7,393	161,707	12,937
Foreign currency risk	2,485	199	2,485	199
Equity risk	-	-	-	-
Total market risk	**94,899**	**7,592**	**164,192**	**13,136**

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

Other Disclosures

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

Insurance

The NZ Banking Group does not conduct any insurance business.

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

The NZ Banking Group is 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 or distribution of insurance products.

25. Commitments and contingent liabilities

The NZ Banking Group 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 NZ Banking Group'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 NZ Banking Group 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 NZ Banking Group's operations as at 30 June 2022 were:

As at	Unaudited 30 Jun 2022 $000	Unaudited 30 Jun 2021 $000	Audited 31 Dec 2021 $000
Credit related commitments and contingent liabilities			
Commitments to extend credit [1]	716,633	817,265	613,737
Standby letters of credit	144,671	128,627	131,897
Non-financial guarantees	2,167	3,215	2,964
Total credit related commitments and contingent liabilities	**863,471**	**949,107**	**748,598**

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

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

26. Other information on the Overseas Banking Group

As at	31 March 2022
Profitability	
Net profit after tax for the period ended 31 March 2022	RMB 87,818 million
Net profit after tax for the 12 months ended 31 March 2022 as a % of average total assets	1.01%
Size	
Total assets	RMB 32,012,252 million
% change in total assets from 31 March 2021	8.97%

As at	31 December 2021
Asset quality	
Total gross individually impaired assets	RMB 266,071 million
Total individually impaired assets as a % of total assets	0.88%
Total individual credit impairment allowance	RMB 172,666 million
Total individual credit impairment allowance as a % of total gross individually impaired assets	64.89%
Total collective impairment allowance	RMB 464,672 million

The amounts included in this summary have been taken from the most recent publicly available data.

27. Conditions of registration

The branch and CCBNZL have complied with all conditions of registration over the accounting period.
There have been no changes to the conditions of registration between 1 January 2022 to 30 June 2022 for the branch.

28. Events subsequent to the reporting date

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

29. Other material matters

The Board is of the opinion that there are no material matters relating to the business or affairs of the NZ Banking Group 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 NZ Banking Group is the issuer.

30. Credit ratings of the Overseas Bank

As at the date of signing this Disclosure Statement, the following credit ratings were assigned to the Overseas Bank applicable to its long-term senior unsecured obligations payable in foreign currency:

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

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

Descriptions of the credit rating scales are as follows:

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

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

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

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

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INDEPENDENT AUDITOR'S REVIEW REPORT
To the Directors of China Construction Bank Corporation

Conclusions

We have reviewed the interim financial statements required by Clause 26 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks)) Order 2014 (as amended) (the "Order") and the supplementary information required by Schedules 5, 7, 9, 12 and 14 of the Order of China Construction Bank Corporation New Zealand Banking Group (the "NZ Banking Group"), for the six month period ended 30 June 2022 as included on pages 6 to 32 of the Disclosure Statement. The NZ Banking Group comprises the New Zealand branch of China Construction Bank Corporation and China Construction Bank (New Zealand) Limited. The interim financial statements and supplementary information comprise:

- the balance sheet of the NZ Banking Group as at 30 June 2022;
- the statement of comprehensive income, statement of changes in equity and cash flow statement for the six months then ended;
- the notes to the interim financial statements including a statement of accounting policies and selected explanatory information for the NZ Banking Group; and
- the supplementary information required by Schedules 5,7,9,12 and 14 of the Order.

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

- the interim financial statements on pages 6 to 32 (excluding the supplementary information required to be disclosed under Schedules 5, 7, 9, 12 and 14 of the Order (together the "supplementary information")) have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting (NZ IAS 34)* and International Accounting Standard 34*: Interim Financial Reporting (IAS 34);*
- the supplementary information (excluding information relating to credit and market risk exposures and capital adequacy disclosed in Note 23) required to be disclosed under Schedules 5, 7, 12 and 14 of the Order, does not fairly state, in all material respects, the matters to which it relates in accordance with those schedules; and
- the supplementary information relating to credit and market risk exposures and capital adequacy (disclosed in Note 23) that is required to be disclosed under Schedule 9 of the Order, is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

This report is made solely to the Directors of China Construction Bank Corporation, as a body. Our review has been undertaken so that we might state to the Directors 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 NZ Banking Group and the Directors, as a body, for our review procedures, for this report, or for the conclusions we have formed.

Basis for Conclusions

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

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

Directors' Responsibilities for the Interim Financial Statements and Supplementary Information

The Directors are responsible, on behalf of China Construction Bank Corporation, for the preparation and fair presentation of the interim financial statements in accordance with Clause 26 of the Order, which requires the interim financial statements to comply with NZ IAS 34 and IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Directors are responsible, on behalf of the China Construction Bank Corporation, for the preparation and fair presentation of the supplementary information in the Disclosure Statement which complies with Schedules 3, 5, 7, 9, 12 and 14 of the Order.

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

Our responsibility is to express a conclusion on the interim financial statements and the supplementary information based on our review.

NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that:

- the interim financial statements (excluding the supplementary information), taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 and IAS 34.
- the supplementary information (excluding information relating to credit and market risk exposures and capital adequacy in Note 23) does not fairly state in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 12 and 14.
- the supplementary information relating to credit and market risk exposures and capital adequacy disclosed in Note 23, is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

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

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

Ernst + Young

Chartered Accountants
Auckland
30 August 2022