



**CITIBANK, N.A.
NEW ZEALAND BRANCH
AND ASSOCIATED BANKING GROUP
DISCLOSURE STATEMENT
30 JUNE 2017**

**Registered office
Citigroup Centre
23 Customs Street East
Auckland 1010**

CITIBANK, N.A. NEW ZEALAND BRANCH AND ASSOCIATED BANKING GROUP

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**CITIBANK, N.A. NEW ZEALAND BRANCH AND ASSOCIATED BANKING GROUP
GENERAL DISCLOSURES**

The financial statements are the aggregated financial statements for the "Banking Group" which consists of Citibank, N.A. New Zealand Branch (CBNA New Zealand Branch) and the Associated Banking Group (Citicorp Services Limited and Citibank Nominees (New Zealand) Limited).

The ultimate holding company of the Banking Group is Citigroup Inc. (Citigroup) which is a global diversified financial services holding company domiciled in the United States of America whose businesses provide a broad range of financial services to consumer and corporate customers.

Registered Bank: Directorate and Responsible Persons

Responsible Person of Citibank, N.A. in New Zealand

Derek Syme
Citi Country Officer
Citibank, N.A. New Zealand Branch

Responsible Person of Citibank, N.A. signing as agent for all Citibank, N.A. directors

Timothy Sedgwick
Chief Financial Officer
Citi Australia / New Zealand

Directors of Citibank, N.A.(CBNA)

Anthony M. Santomero
Ellen M. Costello
Barbara J. Desoer
Duncan P. Hennes
Eugene M. McQuade
James S. Turley

On 25th April, 2017, Joan E. Spero has retired from the Board of Directors of Citibank, N.A. There have been no other changes to CBNA's board of directors since the last full year disclosure statement dated 31 December 2016.

Guarantee Arrangements

CBNA New Zealand Branch does not have any guarantees over any material obligations as at 25th August 2017.

Insurance Business and Non-Financial Activities

CBNA New Zealand Branch and the Banking Group does not conduct any insurance business in New Zealand.
CBNA does not conduct any insurance business or non-financial activities in New Zealand that are outside its Banking Group.

Auditors of Citibank, N.A. New Zealand Branch and Associated Banking Group

KPMG
Level 38, Tower Three
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000 Australia

Conditions of Registration

There has been no change to CBNA's Conditions of Registration since the last disclosure statement dated 31 March 2017.

Credit Ratings

CBNA has the following long-term debt ratings which are applicable to the New Zealand Branch's long-term senior unsecured obligations which are payable in New Zealand in New Zealand dollars.

Rating Agency	Current Rating
Moody's	A1 (stable)
Standard & Poor's	A+ (stable)
Fitch	A+ (stable)

Credit Ratings (continued)

As CBNA New Zealand Branch is part of the same legal entity as CBNA it has an implied rating from Standard & Poor's, Moody's and Fitch equal to CBNA.

No material qualifications attach to the obligations and the ratings have not been withdrawn.

Financial Statements

Any person, upon request and without charge, may obtain a copy of CBNA New Zealand Branch and the Banking Group's most recent Disclosure Statement, which contains a copy of the most recent publicly available consolidated financial statements of CBNA (Citibank Call Report for the six months ended 30 June 2017 ("Citibank Call Report") and the Citigroup Quarterly Report on Form 10-Q for the quarter ended 30 June 2017, immediately by requesting a copy from CBNA's New Zealand office in Auckland. The Disclosure Statement is also available on the Bank's website 'www.citi.co.nz'.

CBNA is an indirect wholly owned subsidiary of Citigroup. The information relating to CBNA contained in the Bank's General Disclosure Statement is derived from, and is qualified in its entirety by reference to, the detailed information and consolidated financial statements included in the Citibank Call Report for the six months ended 30 June 2017.

The Citibank Call Report is prepared in accordance with the regulatory instructions issued by the Federal Financial Institutions Examination Council ("FFIEC"). In 1997, the FFIEC adopted U.S. GAAP as the reporting basis for the consolidated balance sheet, income statement and related schedules included in the Call Report. Despite the adoption of U.S. GAAP as the reporting basis for the Citibank Call Report, the presentation of financial statements in the Citibank Call Report differs significantly from the presentation of financial statements included in the Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission, including without limitation the Citibank Call Report generally contains less disclosure than audited financial statements prepared in accordance with U.S. GAAP.

Profitability and size of Citibank, N.A. (CBNA)

(The following information has not been audited)

(Thousands of US Dollars)

30-Jun-17 30-Jun-16

Profitability

Net profit/(loss) after tax for the six months ended **6,357,000** 6,373,000

Net profit/(loss) after tax over the previous twelve months as a percentage of average total assets **0.93%** 0.93%

Size

Total Assets **1,401,303,000** 1,365,660,000

Percentage Change in total assets over the previous twelve months **2.61%** 2.20%

Asset Quality

Total Impaired Assets **9,361,000** 11,643,000

Total Impaired Assets as a percentage of Total Assets **0.67%** 0.85%

Total Individual Credit Impaired Allowance - -

Total Individual Credit Impaired Allowance as a percentage of Total Impaired Assets 0.00% 0.00%

Total Collective Credit Impairment Allowance - -

Total Collective Credit Impairment Allowance as a percentage of Total Impaired Assets 0.00% 0.00%

Impaired assets for CBNA consist of non-accrual loans, restructured loans, other non-accrual assets and other real estate owned. CBNA maintains an allowance that is available to absorb all probable credit losses inherent in its portfolio. The allowance for loan and lease losses at 30 June 2017 is US\$ 10,321 million (30 June 2016: US\$10,602 million).

Total collective impaired assets for CBNA are not included because such figures are not publicly available.

**CITIBANK, N.A. NEW ZEALAND BRANCH AND ASSOCIATED BANKING GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	Note Numbers	30-Jun-17 \$(000's) unaudited	30-Jun-16 \$(000's) unaudited
Interest Income		26,130	31,864
Interest Expense		11,731	14,345
NET INTEREST INCOME		<u>14,399</u>	<u>17,519</u>
Other Income	3	7,613	7,054
TOTAL REVENUE		<u>22,012</u>	<u>24,573</u>
Operating Expenses		10,120	9,702
PROFIT BEFORE INCOME TAX		<u>11,892</u>	<u>14,871</u>
Income Tax Expense		3,353	4,212
PROFIT FOR THE PERIOD		<u>8,539</u>	<u>10,659</u>
Other Comprehensive Income			
Available For Sale Reserve			
Fair value gain/(loss) taken directly to equity		(15)	(97)
Tax on movements and transfers		4	27
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX, THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT		<u>(11)</u>	<u>(70)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>8,528</u></u>	<u><u>10,589</u></u>

The accompanying notes form part of these financial statements and supplementary information.

**CITIBANK, N.A. NEW ZEALAND BRANCH AND ASSOCIATED BANKING GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	Note Numbers	30-Jun-17 \$(000's) unaudited	30-Jun-16 \$(000's) unaudited
Capital			
Citicorp Services Limited			
Authorized, Issued and Paid-Up Capital		28,595	28,595
25,000,000 (2016: 25,000,000) Ordinary Shares,		<u>28,595</u>	<u>28,595</u>
Head Office Account			
CBNA New Zealand Branch			
At the beginning of the year		33,484	33,665
Movement in share based payment reserve		(76)	(48)
At the end of the period		<u>33,408</u>	<u>33,617</u>
Available For Sale Reserve			
At the beginning of the year		68	61
Other comprehensive income		(11)	(70)
At the end of the period		<u>57</u>	<u>(9)</u>
Retained earnings			
At the beginning of the year		132,410	132,833
Profit after tax		8,539	10,659
At the end of the period		<u>140,949</u>	<u>143,492</u>
Equity at the end of the period			
		<u>203,009</u>	<u>205,695</u>
Represented by:			
Equity at the beginning of the year			
		194,557	195,154
Transactions with owners, recorded directly in equity			
Movement in share based payment reserve		(76)	(48)
Total transactions with owners		<u>(76)</u>	<u>(48)</u>
Total Comprehensive Income for the period			
Profit for the period		8,539	10,659
Other comprehensive income			
Net change in fair value of available for sale assets to profit or loss on disposal		(15)	(97)
Income tax on other comprehensive income		4	27
Total other comprehensive income/ (loss)		<u>(11)</u>	<u>(70)</u>
Total Comprehensive Income for the period		<u>8,528</u>	<u>10,589</u>
Equity at the end of the period			
		<u>203,009</u>	<u>205,695</u>

The accompanying notes form part of these financial statements and supplementary information.

**CITIBANK, N.A. NEW ZEALAND BRANCH AND ASSOCIATED BANKING GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note Numbers	30-Jun-17 \$(000's) unaudited	Banking Group 30-Jun-16 \$(000's) unaudited	31-Dec-16 \$(000's) audited
ASSETS				
Cash and Cash Equivalents	6	417,335	591,081	549,153
Due from Related Parties	8	657,731	14,606	171,824
Derivative Financial Assets	8	3,627	7,874	20,310
Current Tax Assets		2,924	3,112	2,559
Available For Sale Assets		506,695	737,079	504,453
Loans and Advances		827,307	900,278	810,805
Other Assets		4,947	5,934	5,054
Deferred Tax Assets		421	470	474
Property Plant and Equipment		626	860	744
TOTAL ASSETS		2,421,613	2,261,294	2,065,376
LIABILITIES				
Deposits from Other Banks	4	9,396	15,202	4,340
Due to Related Parties	8	1,143,104	817,349	1,014,815
Other Deposits	4	1,024,034	1,206,511	839,617
Derivative Financial Liabilities	8	29,798	10,610	5,624
Provisions		182	176	176
Other Liabilities		12,090	5,751	6,247
TOTAL LIABILITIES		2,218,604	2,055,599	1,870,819
EQUITY				
Issued and Paid-Up Capital		28,595	28,595	28,595
Head Office Account		33,408	33,617	33,484
Available For Sale Reserve		57	(9)	68
Retained Earnings		140,949	143,492	132,410
TOTAL EQUITY		203,009	205,695	194,557
TOTAL LIABILITIES AND EQUITY		2,421,613	2,261,294	2,065,376
Total Interest Earning and Discount Bearing Assets		2,409,068	2,242,464	2,036,235
Total Interest and Discount Bearing Liabilities		2,170,672	2,036,924	1,853,337

The accompanying notes form part of these financial statements and supplementary information.

**CITIBANK, N.A. NEW ZEALAND BRANCH AND ASSOCIATED BANKING GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	Note Numbers	30-Jun-17 \$(000's) unaudited	30-Jun-16 \$(000's) unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		26,111	32,082
Interest paid		(10,626)	(14,907)
Net trading income/ (loss)		40,953	(9,402)
Other income		12,398	6,769
Net (increase)/ decrease in placements due from related companies		(485,907)	66,381
Net (increase)/ decrease available for sale assets		(2,273)	(169,781)
Net (increase)/ decrease in loans and advances		(16,502)	(145,399)
Net increase/ (decrease) in due to related parties		128,222	152,530
Net increase/ (decrease) in customer deposits		189,473	134,290
Income tax paid		(3,635)	(4,334)
Other operating expenses paid		(9,997)	(9,540)
Net cash used in operating activities	7	<u>(131,782)</u>	<u>38,689</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		<u>(1)</u>	<u>(4)</u>
Net cash used in investing activities		<u>(1)</u>	<u>(4)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Head Office account		<u>(102)</u>	<u>(69)</u>
Net cash used in financing activities		<u>(102)</u>	<u>(69)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(131,885)</u>	38,616
Cash and cash equivalents at the beginning of the year		<u>546,929</u>	<u>552,465</u>
Cash and cash equivalents at the end of the year	6	<u><u>415,044</u></u>	<u><u>591,081</u></u>

The accompanying notes form part of these financial statements and supplementary information.

**CITIBANK, N.A. NEW ZEALAND BRANCH AND ASSOCIATED BANKING GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

The financial statements are those of the aggregated financial statements for the Banking Group.

The ultimate holding company of the Banking Group is Citigroup which is a global diversified financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The Banking Group's interim financial statements have been prepared in accordance with the requirements of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended), the Financial Markets Conduct Act 2013 ("FMCA 2013"), the Companies Act 1993, the Financial Reporting Act 2013 and with New Zealand Generally Accepted Accounting Practice ("NZGAAP") as appropriate for profit-oriented entities. They comply with the 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 comply with NZ IAS 34 Interim Financial Reporting ("NZ IAS 34") and International Accounting Standard 34 Interim Financial Reporting.

These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016.

These interim financial statements were authorised for issue by CBNA under power of attorney and by the boards of directors of Citicorp Services Limited and its subsidiaries on this 25th day of August 2017.

b) Basis of preparation

The financial statements are presented in New Zealand dollars, which is the functional currency of the Banking Group.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss, and available for sale assets.

The amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

c) Changes in accounting policy

There have been no material changes in accounting policies since the last annual financial statements dated 31 December 2016.

2. FINANCIAL RISK MANAGEMENT

There have been no material changes in the Banking Group's policies for managing risk, or material exposure to any new types of risk since the last annual financial statements dated 31 December 2016.

3. OTHER INCOME

	30-Jun-17	30-Jun-16
	\$(000's)	\$(000's)
	unaudited	unaudited
Net Trading gain/(loss)	77	(858)
Other Operating Revenue	<u>7,536</u>	<u>7,912</u>
	7,613	7,054

4. TOTAL LIABILITIES TO THIRD PARTIES - BRANCH

	30-Jun-17	30-Jun-16	31-Dec-16
	\$(000's)	\$(000's)	\$(000's)
	unaudited	unaudited	audited
Deposits from Other Banks	9,396	15,202	4,340
Other Deposits	1,024,034	1,206,511	839,617
Other Liabilities	<u>7,638</u>	<u>5,280</u>	<u>4,283</u>
Total liabilities of the Branch, net of amounts due to related parties	<u>1,041,068</u>	<u>1,226,993</u>	<u>848,240</u>

The Branch has no retail deposits as at reporting date.

Above branch information is provided as per the Registered Bank Disclosure Statement (Overseas Incorporated Registered Banks) Order 2014 (as amended).

5. ASSET QUALITY

a) Past due and impaired assets

CBNA New Zealand Branch and the Banking Group have no past due assets, impaired assets, restructured assets, assets (including real estate) acquired through the enforcement of security or other assets under administration.

CBNA New Zealand Branch and the Banking Group have no assets that are past due and not impaired.

**CITIBANK, N.A. NEW ZEALAND BRANCH AND ASSOCIATED BANKING GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

5. ASSET QUALITY (continued)

b) Movement in provision for loan impairments.

CBNA New Zealand Branch and the Banking Group have no past due assets or impaired assets. As such, no provision for loan impairments have been made.

6. CASH BALANCES

Cash and cash equivalents include cash on hand, deposits held overnight or on call with financial institutions, nostro accounts and other short term highly liquid assets which are subject to insignificant risk of change in their fair value and are used by the Banking Group in the management of its short term commitments.

	30-Jun-17	30-Jun-16
	\$(000's)	\$(000's)
	unaudited	unaudited
Cash and Demand Deposits with Central Banks	344,705	543,906
Loans and Advances to Financial Institutions at call	24,237	16
Due from Related Parties	48,393	47,159
Due to Related Parties*	(2,291)	-
Cash and cash equivalents in the statement of cash flows	<u>415,044</u>	<u>591,081</u>

* This represents overdrafts repayable on demand to other banks. It is presented on the statement of financial position within "Due to Related Parties".

7. STATEMENT OF CASH FLOWS RECONCILIATION TO PROFIT

	30-Jun-17	30-Jun-16
	\$(000's)	\$(000's)
	unaudited	unaudited
Reconciliation of net profit after tax to net cash flows from		
Net Profit after Tax	8,539	10,659
Adjustments for:		
Depreciation	119	118
Movements in operating assets less liabilities	(186,987)	38,021
(Decrease)/Increase in accrual of interest expenses	1,105	218
Increase in accrual of other expenses/income	4,844	(562)
Revaluations of financial assets and liabilities	40,872	(165)
Movement in tax provision	(282)	(934)
Increase in accrual of interest income	(19)	(8,544)
Decrease/ (increase) in accrual of fees and commissions	20	(122)
Increase in accrual of provision	6	-
Net Cash Flows from Operating Activities	<u>(131,782)</u>	<u>38,689</u>

8. RELATED PARTY TRANSACTIONS

(a) ULTIMATE HOLDING COMPANY

The ultimate parent of CBNA New Zealand Branch and the Banking Group is Citigroup. These financial statements reflect only the operations of the Banking Group. The financial statements of Citigroup should be read in conjunction with these financial statements.

Members of Citibank, N.A. New Zealand Branch and Associated Banking Group

CBNA New Zealand Branch	Branch of CBNA
Citicorp Services Limited	Locally incorporated wholly-owned subsidiary of Citibank Overseas Investment Corporation
Citibank Nominees (New Zealand) Limited	Locally incorporated wholly-owned subsidiary of Citicorp Services Limited

**CITIBANK, N.A. NEW ZEALAND BRANCH AND ASSOCIATED BANKING GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

8. RELATED PARTY TRANSACTIONS (continued)

(b) BALANCES	30-Jun-17	30-Jun-16	31-Dec-16
	\$(000's)	\$(000's)	\$(000's)
	unaudited	unaudited	audited
Assets			
Due from Related Parties - Head Office (including other branches)	646,265	-	165,955
Due from Related Parties - Other Related Parties	11,466	14,606	5,869
Total Due from Related Parties	<u>657,731</u>	<u>14,606</u>	<u>171,824</u>
Derivative Financial Assets - On Balance Sheet	3,627	7,874	20,310
Other Assets - Head Office (including other branches)	1,918	2,254	2,013
Other Assets - Other Related parties	209	657	332
Total other Related Parties Assets	<u>5,754</u>	<u>10,785</u>	<u>22,655</u>
Liabilities			
Due to Related Parties - Head Office (including other branches)	1,019,563	651,039	949,208
Due to Related Parties - Other Related Parties	123,541	166,310	65,607
Total Due to Related Parties	<u>1,143,104</u>	<u>817,349</u>	<u>1,014,815</u>
Derivative Financial Liabilities - On Balance Sheet	29,798	10,610	5,624
Other Liabilities - Head Office (including other branches)	4,481	238	885
Other Liabilities - Other Related parties	153	409	1,079
Other Related Parties Liabilities	<u>34,432</u>	<u>11,257</u>	<u>7,588</u>
Derivative Notional Amounts			
Interest Rate Swaps			
- Head Office (including other branches)	90,000	180,000	180,000
Foreign Exchange Forwards			
- Head Office (including other branches)	715,346	518,029	718,147

All transactions with related parties are at commercial arms length terms and rates. These are conducted predominantly with other CBNA branches and in the case of the Branch, the Banking Group as well.

Cash balances due to/from related parties are disclosed in Note 6.

9. CONCENTRATIONS OF CREDIT EXPOSURE

	30-Jun-17	30-Jun-16	31-Dec-16
	\$(000's)	\$(000's)	\$(000's)
	unaudited	unaudited	audited
Finance	1,529,410	1,362,928	1,194,172
Accommodation and Restaurants	20,032	-	20,033
Communication	17,723	51,855	10
Food Manufacturing	108,944	79,925	80,298
Government	206,049	-	150,733
Insurance	105,824	109,644	95,262
Property and Business			
Services	573,740	362,736	555,808
Retail Trade	403	295,224	97
Transport	1,630	75,233	475
Wholesale Trade	34,252	-	26,083
Other	75,419	64,827	49,101
	<u>2,673,426</u>	<u>2,402,372</u>	<u>2,172,072</u>
Other Assets	6,198	6,152	6,133
	<u>2,679,624</u>	<u>2,408,524</u>	<u>2,178,205</u>

The concentration of credit exposure includes both on and off balance sheet items. ANZSIC codes have been used as the basis for disclosing industry sectors.

**CITIBANK, N.A. NEW ZEALAND BRANCH AND ASSOCIATED BANKING GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

10. CONCENTRATIONS OF FUNDING

	30-Jun-17	30-Jun-16	31-Dec-16
	\$'(000's)	\$'(000's)	\$'(000's)
	unaudited	unaudited	audited
(a) Industry Sectors			
Finance	1,420,167	1,174,760	1,166,038
Communication	20,059	40,017	28,393
Food Manufacturing	18,858	21,256	19,431
Insurance	163,062	170,983	68,822
Other Manufacturing	216,092	231,123	248,230
Property and Business			
Services	143,273	144,905	136,044
Transport	57,073	45,842	37,763
Wholesale Trade	94,566	142,562	111,625
Other	75,893	80,007	49,635
	<u>2,209,043</u>	<u>2,051,455</u>	<u>1,865,981</u>
Provisions and Other Liabilities	9,561	4,144	4,838
	<u>2,218,604</u>	<u>2,055,599</u>	<u>1,870,819</u>

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

(b) Geographical Areas

Exposures within New Zealand	758,044	909,167	567,770
Exposures to other countries (in NZD) -			
Australia	393,960	109,801	395,862
Great Britain	91,326	122,232	55,056
Singapore	85,159	128,443	174,127
United States	682,971	593,311	486,908
Other	197,583	188,501	186,258
	<u>2,209,043</u>	<u>2,051,455</u>	<u>1,865,981</u>
Provisions and Other Liabilities	9,561	4,144	4,838
	<u>2,218,604</u>	<u>2,055,599</u>	<u>1,870,819</u>

11. CREDIT EXPOSURES TO INDIVIDUAL COUNTERPARTIES

Based on actual credit exposures, no credit exposure to any individual counterparty of CBNA New Zealand Branch and the Banking Group equaled or exceeded 10% of CBNA's equity during this accounting period. This did not include exposures to counterparties if they were booked outside of New Zealand.

12. RESIDENTIAL MORTGAGES BY LOAN-TO-VALUATION RATIO

As at reporting date, CBNA New Zealand Branch and the Banking group do not provide any residential mortgage loans in New Zealand.

**CITIBANK, N.A. NEW ZEALAND BRANCH AND ASSOCIATED BANKING GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

13. FAIR VALUE HIERARCHY

Level 1. Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2. Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3. Fair values measured using inputs for the asset or liability that are not substantially based on observable market data (i.e. unobservable inputs).

Fair Value Hierarchy of Financial Instruments:

	Level 1 \$(000's) unaudited	Level 2 \$(000's) unaudited	Level 3 \$(000's) unaudited	Total \$(000's) unaudited
As at 30 June 2017				
ASSETS				
Derivative Financial Assets	-	3,627	-	3,627
Available For Sale Assets	137,544	369,151	-	506,695
	<u>137,544</u>	<u>372,778</u>	<u>-</u>	<u>510,322</u>
LIABILITIES				
Derivative Financial Liabilities		29,798		29,798
	Level 1 \$(000's) unaudited	Level 2 \$(000's) unaudited	Level 3 \$(000's) unaudited	Total \$(000's) unaudited
As at 30 June 2016				
ASSETS				
Derivative Financial Assets	-	7,874	-	7,874
Available For Sale Assets	-	737,079	-	737,079
	<u>-</u>	<u>744,953</u>	<u>-</u>	<u>744,953</u>
LIABILITIES				
Derivative Financial Liabilities	-	10,610	-	10,610
	Level 1 \$(000's) audited	Level 2 \$(000's) audited	Level 3 \$(000's) audited	Total \$(000's) audited
As at 31 December 2016				
ASSETS				
Derivative Financial Assets	-	20,310	-	20,310
Available For Sale Assets	140,216	364,237	-	504,453
	<u>140,216</u>	<u>384,547</u>	<u>-</u>	<u>524,763</u>
LIABILITIES				
Derivative Financial Liabilities		5,624		5,624

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14. INTEREST RATE RISK REPRICING SCHEDULE

The contractual repricing or maturity periods of financial instruments are as follows:

	0-3 mths \$(000's)	3-6 mths \$(000's)	6-12 mths \$(000's)	1-2 years \$(000's)	More than 2 years \$(000's)	Not Interest Bearing \$(000's)	Total \$(000's)
As at 30 June 2017							
Cash and cash Equivalents	417,335	-	-	-	-	-	417,335
Due from Related Parties	657,731	-	-	-	-	-	657,731
Available for Sale Assets	506,695	-	-	-	-	-	506,695
Loans and Advances	469,807	357,500	-	-	-	-	827,307
	<u>2,051,568</u>	<u>357,500</u>	-	-	-	-	<u>2,409,068</u>
Deposits from Other Banks	9,396	-	-	-	-	-	9,396
Due to Related Parties	1,097,988	10,000	35,000	-	-	116	1,143,104
Other Deposits	1,018,289	-	-	-	-	5,745	1,024,034
	<u>2,125,673</u>	<u>10,000</u>	<u>35,000</u>	-	-	<u>5,861</u>	<u>2,176,534</u>
Foreign Exchange Contracts - receive	711,992	-	-	-	-	-	711,992
Foreign Exchange Contracts - (pay)	(715,346)	-	-	-	-	-	(715,346)
Interest Rate Swaps - receive	50,000	-	-	-	40,000	-	90,000
Interest Rate Swaps - (pay)	(50,000)	-	-	-	(40,000)	-	(90,000)
OFF BALANCE SHEET	(3,354)	-	-	-	-	-	(3,354)
	<u>(3,354)</u>	-	-	-	-	-	<u>(3,354)</u>
As at 30 June 2016							
Cash and cash Equivalents	591,081	-	-	-	-	-	591,081
Due from Related Parties	14,606	-	-	-	-	-	14,606
Available for Sale Assets	657,747	79,332	-	-	-	-	737,079
Loans and Advances	572,698	327,000	-	-	-	580	900,278
	<u>1,836,132</u>	<u>406,332</u>	-	-	-	<u>580</u>	<u>2,243,044</u>
Deposits from Other Banks	15,075	-	-	-	-	127	15,202
Due to Related Parties	777,229	40,000	-	-	-	120	817,349
Other Deposits	1,204,620	-	-	-	-	1,891	1,206,511
	<u>1,996,924</u>	<u>40,000</u>	-	-	-	<u>2,138</u>	<u>2,039,062</u>
Foreign Exchange Contracts - receive	518,029	-	-	-	-	-	518,029
Foreign Exchange Contracts - (pay)	(521,690)	-	-	-	-	-	(521,690)
Interest Rate Swaps - receive	90,000	-	50,000	-	40,000	-	180,000
Interest Rate Swaps - (pay)	(90,000)	-	(40,000)	(10,000)	(40,000)	-	(180,000)
OFF BALANCE SHEET	(3,661)	-	10,000	(10,000)	-	-	(3,661)
	<u>(3,661)</u>	-	<u>10,000</u>	<u>(10,000)</u>	-	-	<u>(3,661)</u>
As at 31 December 2016							
Cash and cash Equivalents	549,153	-	-	-	-	-	549,153
Due from Related Parties	171,824	-	-	-	-	-	171,824
Available for Sale Assets	364,237	140,216	-	-	-	-	504,453
Loans and Advances	428,305	382,500	-	-	-	-	810,805
	<u>1,513,519</u>	<u>522,716</u>	-	-	-	-	<u>2,036,235</u>
Deposits from Other Banks	4,340	-	-	-	-	-	4,340
Due to Related Parties	1,004,179	-	10,000	-	-	636	1,014,815
Other Deposits	834,818	-	-	-	-	4,799	839,617
	<u>1,843,337</u>	-	<u>10,000</u>	-	-	<u>5,435</u>	<u>1,858,772</u>
Foreign Exchange Contracts - receive	716,596	-	-	-	-	-	716,596
Foreign Exchange Contracts - (pay)	(718,147)	-	-	-	-	-	(718,147)
Interest Rate Swaps - receive	90,000	50,000	-	-	40,000	-	180,000
Interest Rate Swaps - (pay)	(90,000)	(40,000)	(10,000)	-	(40,000)	-	(180,000)
OFF BALANCE SHEET	(1,551)	10,000	(10,000)	-	-	-	(1,551)
	<u>(1,551)</u>	<u>10,000</u>	<u>(10,000)</u>	-	-	-	<u>(1,551)</u>

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15. LIQUIDITY RISK - MATURITY PROFILE

a) The contractual maturity periods of financial instruments are as follows:

	On Demand \$(000's)	0-12 mths \$(000's)	1-2 years \$(000's)	2-5 years \$(000's)	More than 5 years \$(000's)	Gross nominal inflow/ (outflow) \$(000's)	Carrying Amount \$(000's)
As at 30 June 2017							
Assets							
Cash and cash Equivalents	417,335	-	-	-	-	417,335	417,335
Due from Related Parties	657,731	-	-	-	-	657,731	657,731
Available for Sale Assets	-	506,695	-	-	-	506,695	506,695
Loans and Advances	29,068	523,340	31,380	187,504	62,205	833,497	827,307
Other Financial Assets	155	2,566	-	-	-	2,721	2,721
	<u>1,104,289</u>	<u>1,032,601</u>	<u>31,380</u>	<u>187,504</u>	<u>62,205</u>	<u>2,417,979</u>	<u>2,411,789</u>

Liabilities							
Deposits from Other Banks	9,396	-	-	-	-	9,396	9,396
Due to Related Parties	214,301	629,545	4,578	307,853	-	1,156,278	1,143,104
Other Deposits	795,184	228,874	-	-	-	1,024,058	1,024,034
Other Financial Liabilities	-	2,710	-	-	-	2,710	2,710
	<u>1,018,881</u>	<u>861,129</u>	<u>4,578</u>	<u>307,853</u>	<u>-</u>	<u>2,192,442</u>	<u>2,179,244</u>

	On Demand \$(000's)	0-12 mths \$(000's)	1-2 years \$(000's)	2-5 years \$(000's)	More than 5 years \$(000's)	Gross nominal inflow/ (outflow) \$(000's)	Carrying Amount \$(000's)
As at 30 June 2016							
Assets							
Cash and cash Equivalents	591,081	-	-	-	-	591,081	591,081
Due from Related Parties	3,406	11,200	-	-	-	14,606	14,606
Available for Sale Assets	-	737,079	-	-	-	737,079	737,079
Loans and Advances	38,757	136,105	326,500	204,488	199,603	905,453	900,278
Other Financial Assets	350	3,874	-	-	-	4,224	4,224
	<u>633,594</u>	<u>888,258</u>	<u>326,500</u>	<u>204,488</u>	<u>199,603</u>	<u>2,252,443</u>	<u>2,247,268</u>

Liabilities							
Deposits from Other Banks	15,202	-	-	-	-	15,202	15,202
Due to Related Parties	139,570	678,517	-	-	-	818,087	817,349
Other Deposits	1,071,311	135,342	-	-	-	1,206,653	1,206,511
Other Financial Liabilities	1,135	648	-	-	-	1,783	1,783
	<u>1,227,218</u>	<u>814,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,041,725</u>	<u>2,040,845</u>

	On Demand \$(000's)	0-12 mths \$(000's)	1-2 years \$(000's)	2-5 years \$(000's)	More than 5 years \$(000's)	Gross nominal inflow/ (outflow) \$(000's)	Carrying Amount \$(000's)
As at 31 December 2016							
Assets							
Cash and cash Equivalents	549,153	-	-	-	-	549,153	549,153
Due from Related Parties	171,824	-	-	-	-	171,824	171,824
Available for Sale Assets	-	504,453	-	-	-	504,453	504,453
Loans and Advances	21,950	158,754	387,534	182,152	66,975	817,365	810,805
Other Financial Assets	147	2,551	-	-	-	2,698	2,698
	<u>743,074</u>	<u>665,758</u>	<u>387,534</u>	<u>182,152</u>	<u>66,975</u>	<u>2,045,493</u>	<u>2,038,933</u>

Liabilities							
Deposits from Other Banks	4,340	-	-	-	-	4,340	4,340
Due to Related Parties	262,664	561,645	-	198,161	-	1,022,470	1,014,815
Other Deposits	830,017	9,608	-	-	-	839,625	839,617
Other Financial Liabilities	-	1,585	-	-	-	1,585	1,585
	<u>1,097,021</u>	<u>572,838</u>	<u>-</u>	<u>198,161</u>	<u>-</u>	<u>1,868,020</u>	<u>1,860,357</u>

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15. LIQUIDITY RISK - MATURITY PROFILE (continued)

b) Liquidity Risk Management

Liquidity risk is managed on the basis of expected maturity dates for certain products (see below) and is based on a business-as-usual view of the Banking Group's funding requirements.

All related party assets and liabilities are managed on a contractual maturity basis.

It is assumed that third party assets will roll over as management is not expecting any reduction in the balance sheet and are therefore shown in the > 2 years category. The only exception is cash with central banks which is treated on a contractual maturity basis.

Third party liabilities are split into two main categories -

- a) Long-term debt which is managed on a contractual maturity basis
- b) Corporate and other deposits. Non-volatile balances are reported in the >2 years bucket and volatile balances in the up to three months bucket. The methodology for calculating the volatile and non-volatile balances is based on an analysis of 2.36 standard deviations of the previous twelve months' balances and the resulting percentages are applied to the balance sheet.

The expected maturity periods of financial instruments are based on the carrying value in the statement of financial position.

The expected maturity periods of financial instruments are as follows:

	On Demand	0-12 mths	1-2 years	More than	Total
	\$(000's)	\$(000's)	\$(000's)	2 years	\$(000's)
				\$(000's)	
As at 30 June 2017					
Assets					
Cash and cash Equivalents	393,098	-	-	24,237	417,335
Due from Related Parties	657,731	-	-	-	657,731
Available for Sale Assets	-	-	-	506,695	506,695
Loans and Advances	-	-	-	827,307	827,307
Other Financial Assets	322	-	-	2,399	2,721
	1,051,151	-	-	1,360,638	2,411,789
Liabilities					
Deposits from Other Banks	1,181	2,194	-	6,021	9,396
Due to Related Parties	214,301	623,718	-	305,085	1,143,104
Other Deposits	128,673	239,166	-	656,195	1,024,034
Other Financial Liabilities	117	1,996	-	597	2,710
	344,272	867,074	-	967,898	2,179,244
Net Assets and Liabilities	706,879	(867,074)	-	392,740	232,545

	On Demand	0-12 mths	1-2 years	More than	Total
	\$(000's)	\$(000's)	\$(000's)	2 years	\$(000's)
				\$(000's)	
As at 30 June 2016					
Assets					
Cash and cash Equivalents	591,081	-	-	-	591,081
Due from Related Parties	3,406	11,200	-	-	14,606
Available for Sale Assets	-	-	-	737,079	737,079
Loans and Advances	-	-	-	900,278	900,278
Other Financial Assets	314	1	-	3,909	4,224
	594,785	11,201	-	1,641,282	2,247,268
Liabilities					
Deposits from Other Banks	4,608	-	-	10,594	15,202
Due to Related Parties	139,570	677,779	-	-	817,349
Other Deposits	365,693	-	-	840,818	1,206,511
Other Financial Liabilities	711	157	-	915	1,783
	510,582	677,936	-	852,327	2,040,845
Net Assets and Liabilities	84,203	(666,735)	-	788,955	206,423

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15. LIQUIDITY RISK - MATURITY PROFILE (continued)

	On Demand	0-12 mths	1-2 years	More than	Total
	\$(000's)	\$(000's)	\$(000's)	2 years	\$(000's)
				\$(000's)	
As at 31 December 2016					
Assets					
Cash and cash Equivalents	549,111	-	-	42	549,153
Due from Related Parties	171,824	-	-	-	171,824
Available for Sale Assets	-	-	-	504,453	504,453
Loans and Advances	-	-	-	810,805	810,805
Other Financial Assets	263	-	-	2,435	2,698
	<u>721,198</u>	<u>-</u>	<u>-</u>	<u>1,317,735</u>	<u>2,038,933</u>
Liabilities					
Deposits from Other Banks	223	889	-	3,228	4,340
Due to Related Parties	262,664	553,990	-	198,161	1,014,815
Other Deposits	43,186	171,994	-	624,437	839,617
Other Financial Liabilities	50	807	-	728	1,585
	<u>306,123</u>	<u>727,680</u>	<u>-</u>	<u>826,554</u>	<u>1,860,357</u>
Net Assets and Liabilities	<u>415,075</u>	<u>(727,680)</u>	<u>-</u>	<u>491,181</u>	<u>178,576</u>

16. EXPOSURES TO MARKET RISK

	Implied Risk	Notional
	Weighted	Capital
	Exposure	Charge
	\$(000's)	\$(000's)
	unaudited	unaudited
As at 30 June 2017		
Interest Rate Risk as at 30/06/17	1,425	114
Peak End-of-Date Interest Rate Risk 01/01/17-30/06/17	3,625	290
Foreign Currency Risk as at 30/06/17	2,225	178
Peak End-of-Date Foreign Currency Risk 01/01/17-30/06/17	3,888	311
Equity Risk as at 30/06/17	-	-
Peak End-of-Date Equity Risk 01/01/17-30/06/17	-	-
As at 30 June 2016		
Interest Rate Risk as at 30/06/16	1,088	87
Peak End-of-Date Interest Rate Risk 01/01/16-30/06/16	1,238	99
Foreign Currency Risk as at 30/06/16	2,138	171
Peak End-of-Date Foreign Currency Risk 01/01/16-30/06/16	2,138	171
Equity Risk as at 30/06/16	-	-
Peak End-of-Date Equity Risk 01/01/16-30/06/16	-	-

Market risk notional capital charges are derived in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A) per the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended).

The Branch segregates its exposure to market risk between trading, non-trading and accrual portfolios. Trading portfolios cover risks arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. Non-trading portfolios cover risks resulting from mainstream banking activities.

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17. CAPITAL ADEQUACY

CBNA New Zealand Branch is a branch of, and each member of the Banking Group is a wholly-owned subsidiary of, CBNA, which is an indirect wholly-owned subsidiary of Citigroup.

Below are the capital ratios of Citibank, N.A.

	30-Jun-17		31-Dec-16	
	Advanced Approaches	Standardised Approach	Advanced Approaches	Standardised Approach
Common Equity Tier 1 Capital ratio ⁽¹⁾	13.25%	12.41%	12.96%	12.61%
Tier 1 Capital ratio ⁽¹⁾	13.40%	12.54%	12.99%	12.63%
Total Capital ratio ⁽¹⁾	14.74%	14.84%	14.25%	15.01%

	30-Jun-17	31-Dec-16
Tier 1 Leverage ratio	9.38%	9.49%
Supplementary Leverage ratio	6.73%	6.80%

⁽¹⁾ As of June 30, 2017 and December 31, 2016, CBNA's reportable Common Equity Tier 1 Capital and Tier 1 Capital ratios were the lower derived under the Basel III Standardized Approach framework. As of June 30, 2017 and December 31, 2016, Citibank's reportable Total Capital ratio was the lower derived under the Basel III Advanced Approaches framework.

During 2017, CBNA is subject to effective minimum Common Equity Tier 1 Capital, Tier 1 Capital and Total Capital ratios, inclusive of the 50% phase-in of the 2.5% Capital Conservation Buffer, of 5.75%, 7.25% and 9.25%, respectively.

Prompt Corrective Action (PCA) Framework

The U.S. Basel III rules revised the PCA regulations applicable to insured depository institutions in certain respects. In general, the PCA regulations direct the U.S. banking agencies to enforce increasingly strict limitations on the activities of insured depository institutions that fail to meet certain regulatory capital thresholds. The PCA framework contains five categories of capital adequacy as measured by risk-based capital and leverage ratios: (i) "well capitalized;" (ii) "adequately capitalized;" (iii) "undercapitalized;" (iv) "significantly undercapitalized;" and (v) "critically undercapitalized."

Accordingly, beginning January 1, 2015, an insured depository institution, such as CBNA, would need minimum Common Equity Tier 1 Capital, Tier 1 Capital, Total Capital, and Tier 1 Leverage ratios of 6.5%, 8%, 10% and 5%, respectively, to be considered "well capitalized." Additionally, Advanced Approaches insured depository institutions, such as CBNA, would need a minimum Supplementary Leverage ratio of 6%, effective January 1, 2018, to be considered "well capitalized."

For information on the Basel III capital adequacy framework in relation to Citigroup see "Capital Resources and Liquidity - Capital Resources" in Citigroup's Quarterly Report on Form 10-Q for the quarter ended 30 June 2017. It is available on the Bank's website 'www.citi.co.nz' as part of the Disclosure Statement dated 30 June 2017.

18. SUBSEQUENT EVENTS

There has not arisen in the interval between 30 June 2017 and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Banking Group, to affect significantly the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

The Directors' and the New Zealand Chief Executive Officer's Statement

The undersigned officers of Citibank, N.A., being the Citigroup Country Officer of Citibank, N.A. New Zealand Branch (the "CCO"), signing this statement on his own behalf in such capacity, and Timothy Sedgwick, the duly authorised agent in writing of each and every director of Citibank, N.A., signing this statement on behalf of each such director, who, after due enquiry by the CCO and such directors, believe that -

As at the date hereof, the disclosure statement contains all the information required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended).

As at the date hereof, the disclosure statement is not false or misleading.


During the six months ended 30 June 2017, Citibank, N.A., New Zealand Branch complied with the conditions of registration imposed on it by the Reserve Bank of New Zealand pursuant to section 74 of the Reserve Bank of New Zealand Act 1989.

During the six months ended 30 June 2017, Citibank, N.A., New Zealand Branch had systems in place to monitor and control adequately the material risks of its Banking Group, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, and other business risks, and those systems were being properly applied.

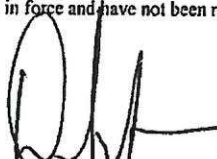
However, no system of internal control can facilitate the perfect management of banking risks.

However, changes in the financial condition of Citibank, N.A., Citibank, N.A. New Zealand Branch and Associated Banking Group, and/or Citigroup Inc. may have occurred after 30 June 2017, the most recent date of any of the financial statements included in this disclosure statement, although such changes, if any, and except as set forth in the disclosure statement, are not believed to be material in the context of such affected entity's overall financial condition.

It is confirmed that the said powers of attorney appointing Timothy Sedgwick as agent are still in force and have not been revoked.


Signed by Timothy Sedgwick
as agent for all the directors

Dated this 25th day of August 2017
in Sydney
Australia


Derek Syme
Citi Country Officer
Citibank, N.A. New Zealand Branch

Dated this 25th day of August 2017
in Auckland
New Zealand



Independent auditor's review report

To the shareholder of Citibank, N.A New Zealand Branch and the Associated Banking Group

We have reviewed pages 3 to 18 of the half year disclosure statement of Citibank, N.A. New Zealand Branch and the Associated Banking Group (the "Banking Group") which includes interim financial statements prepared and disclosed in accordance with the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the "Order") and supplementary information prescribed in schedules 3, 5, 7, 9, 12 and 14 of the Order.

The interim financial statements and supplementary information provide information about the past financial performance and cash flows of the Banking group for the six-month period ended 30 June 2017 and its financial position as at 30 June 2017.

This report is made solely to the shareholder as a body. Our review work has been undertaken so that we might state to the Banking Group's shareholder those matters we are required to state to them in the independent 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 Banking Group's shareholder as a body, for our review work, this report or any of the conclusions we have formed.

Directors' responsibilities

The directors of the Banking Group are responsible for the preparation and presentation of the half year disclosure statement, which includes interim financial statements prepared in accordance with Clause 23 of the Order and NZ IAS 34 *Interim Financial Reporting* ("NZ IAS 34"), which present fairly, in all material respects, the financial position of the Banking Group as at 30 June 2017 and its financial performance and cash flows for the six-month period ended on that date.

The directors are also responsible for such internal controls as they determine are necessary to enable the preparation of the half year disclosure statement that is free from material misstatement whether due to fraud or error.

They are also responsible for the preparation of supplementary information in the half year disclosure statement which fairly states the matters to which it relates in accordance with schedules 3, 5, 7, 9, 12 and 14 of the Order.

Our responsibilities

Our responsibility is to express an independent review opinion on the half year disclosure statement, which includes interim financial statements disclosed in accordance with Clause 23 of the Order, and supplementary information disclosed in accordance with schedules 3, 5, 7, 9, 12 and 14 of the Order, as presented to us by the Directors, and report our opinion to you.

We are responsible for reviewing the interim financial statements (excluding the supplementary information) in order to report to you whether, in our opinion, on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the interim financial statements have not been prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and do not present fairly, in all material respects, the financial position of the Banking Group as at 30 June 2017 and its financial performance and cash flows for the six-month period ended on that date.



We are responsible for reviewing the supplementary information (excluding the supplementary information relating to capital adequacy) in order to report to you whether, in our opinion, on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the supplementary information does not fairly state the matters to which it relates in accordance with schedules 3, 5, 7, 9, 12 and 14 of the Order.

We are responsible for reviewing the supplementary information relating to capital adequacy in order to state whether, on the basis of the procedures described below, anything has come to our attention that would cause us to believe that the information disclosed in accordance with schedule 9 is not, in all material respects, prepared in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9 of the Order.

Basis of opinion

We have performed our review in accordance with the review engagement standard NZ Standard on Review Engagements 2410, *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410') issued by the External Reporting Board. As the auditor of the Banking Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review is limited primarily to enquiries of the Banking Group's personnel and analytical review procedures applied to the financial data, and thus provides less assurance than an audit. 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). Accordingly we do not express an audit opinion on those financial statements.

Our firm has also provided other services to the Banking Group in relation to review and other assurance engagements. Subject to certain restrictions, partners and employees of our firm may also deal with the Banking Group on normal terms within the ordinary course of trading activities of the business of the Banking Group. These matters have not impaired our independence as auditor of the Banking Group for this engagement. The firm has no other relationship with, or interest in, the Banking Group.

Review opinion

We have examined the interim financial statements and supplementary information and based on our review nothing has come to our attention that causes us to believe that:

- a) the interim financial statements on pages 5 to 18 (excluding the supplementary information disclosed in accordance with schedules 3, 5, 7, 9, 12 and 14 of the Order) have not been prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and do not present fairly, in all material respects, the financial position of the Banking Group as at 30 June 2017 and its financial performance and cash flows for the six month period ended on that date;
- b) the supplementary information disclosed in accordance with schedules 3, 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
- c) the supplementary information relating to capital adequacy disclosed in accordance with schedule 9



- d) of the Order, is not, in all material respects prepared in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with schedule 9 of the Order.

Our review was completed on 25 August 2017 and our opinion is expressed as at that date.

KPMG

KPMG

25 August 2017
Sydney