ICBC 中国工商银行

Disclosure Statement

Industrial and Commercial Bank of China (New Zealand) Limited

Disclosure statement for the six-month period ended 30 June 2015

Contents

This is the Disclosure Statement of the Industrial and Commercial Bank of China (New Zealand) Limited ("ICBC NZ") for the six-months ended 30 June 2015 in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (the "Order").

The financial statements of ICBC NZ for the six-month period ended 30 June 2015 form part of and should be read in conjunction with this Disclosure Statement.

This Disclosure Statement is available on the registered bank's website at www.icbcnz.com. In addition, any person can request a hard copy of the registered bank's Disclosure Statements at no charge. The copy will be provided by the end of the second working day after the day on which the request is received.

In this Disclosure Statement,

"ICBC NZ", the "Bank", the "Registered Bank" means Industrial and Commercial Bank of China (New Zealand) Limited, incorporated in New Zealand;

"Banking Group" and "Group" means the Bank and its subsidiaries. As at the date of this Disclosure Statement, the Bank does not have any subsidiaries and is the only member of the Banking Group.

"ICBC", the "Ultimate Parent Bank", the "Ultimate Holding Bank", the "Controlling Bank" means the Industrial and Commercial Bank of China Limited, incorporated in China;

"NZD" means the New Zealand Dollar, "RMB" means the Chinese Yuan, "USD" means the United States Dollar and "AUD" means the Australian Dollar;

"Board" means the board of directors of the Bank;

Unless otherwise stated in this Disclosure Statement, words and terms defined in the Order have the same meaning in this document.

1. General Information

1.1 Name and address for service of the registered bank

(a) The full name of the Bank is the Industrial and Commercial Bank of China (New Zealand) Limited and its registered address with the Companies Office is:

Industrial and Commercial Bank of China (New Zealand) Limited

PWC Tower, Level 11, 188 Quay Street,

Auckland 1010, New Zealand

(b) The Bank's website address is www.icbcnz.com

1.2 Details of ultimate parent bank and ultimate holding company

(a) Ultimate parent bank

The Bank's ultimate parent bank is the Industrial and Commercial Bank of China Limited, incorporated in China (ICBC).

ICBC is subject to regulatory oversight by the China Banking Regulatory Commission (CBRC) and the Government of the People's Republic of China (China). ICBC is not a New Zealand registered bank and is not subject to regulatory oversight by the Reserve Bank of New Zealand.

There has been no change to the ultimate parent bank since 31 December 2014. There have been no changes to the name or address for service of the ultimate parent bank since 31 December 2014.

(b) Ultimate holding bank

ICBC is the ultimate holding company of the Bank.

There has been no change to the ultimate holding bank since 31 December 2014. There have been no changes to the name or address for service of the ultimate holding bank since 31 December 2014.

Shareholding in ICBC

As at 31 March 2015, 69.44% of total shares in ICBC were owned by the Chinese government. The remaining 30.56% of the shares in ICBC were held by public shareholding. ICBC shares are listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange. Further details concerning the shareholdings in ICBC are on the ICBC website: www.icbc.com.cn

Annual Report of ICBC

A copy of the latest ICBC annual report is on the ICBC website: www.icbc.com.cn

(c) Summary on restrictions of supporting the Bank

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

1.3 Interests in 5% or more of voting securities of registered bank

The Bank is a wholly-owned subsidiary of ICBC.

2. Subordination of Claims of Creditor

2.1 Priority of claims in the event of liquidation

In the unlikely event that the Bank is put into liquidation or ceases trading, claims of secured creditors and those creditors set out in the Seventh Schedule of the Companies Act 1993 would rank ahead of the claims of unsecured creditors. Deposits from customers are unsecured and rank equally with other unsecured liabilities of the Bank.

3. Guarantees

3.1 Guarantee arrangements

As at the date of this disclosure statement, the bank is fully guaranteed by ICBC.

A copy of the guarantee of the Bank's indebtedness given by ICBC is provided in the Bank's Disclosure Statement for the period ended 31 December 2014. A copy of the Disclosure Statement can be obtained from the Bank's website www.icbcnz.com.

There have been no change in the terms of the guarantee since the date of signing of the year-end Disclosure Statement.

3.2 Details of the guarantor (Parent)

(a) The guarantor is ICBC. ICBC is the Bank's ultimate parent and ultimate holding company. ICBC is not a member of the Banking Group.

The address for service of ICBC is:

55 FuXingMenNei Street,

Xicheng District, 100140,

Beijing,

People's Republic of China

As at 31 March 2015, the most recent publicly disclosed (unaudited) capital of ICBC was RMB 1,621,260 million (per first quarterly report financials - unaudited) (NZD 349,048 million), representing 14.41% of risk weighted exposure.

(b) Credit Rating

ICBC "The ultimate Parent Bank" has the following credit ratings applicable to its long-term senior unsecured obligations:

Rating Agency/Rating Results	**Moody's Investors Service, Inc**	**Standard & Poor's Corporation**
Long-term Foreign Currency Bank Deposits Rating	A1 (Upper-medium grade and low credit risk)	A (Strong Capacity to meet obligation but subject to adverse economic conditions)
Short-term Foreign Currency Bank Deposits Rating	P-1 (Superior ability to repay short-term debt)	A-1 (susceptible to adverse economic conditions but satisfactory capacity to meet obligations)
Outlook	Stable	Stable

(c) Rating movement history

There has not been any rating movement in the last 2 years.

3.3 Details of the guaranteed obligations (Parent)

ICBC fully guarantees due payment of all indebtedness of the Bank to the Bank's depositors and other creditors.

(a) There are no limits on the amount of the obligations guaranteed.

(b) While the parent remain a 100% shareholder, there are no material conditions applicable to the guarantee, other than non-performance by the Bank.

(c) There are no material legislative or regulatory restrictions in China that would have the effect of subordinating the claims of the Bank's creditors under the guarantee to other claims on ICBC in a winding up of ICBC.

(d) The ICBC guarantee does not have an expiry date.

4. Directors

The responsible person authorised to sign the disclosure statement on behalf of the Board, comprising:

- Donald Thomas Brash, Chairman, Independent director
- Martin Philipsen, Independent Director
- John Dalzell, Independent Director
- Qian Hou, Executive Director
- Hongbin Liu, Non-executive Director

- Xuening Yang, Non-executive Director

in accordance to section 82 of the Reserve Bank of New Zealand Act 1989 is Qian Hou (Executive Director).

Details of the changes of the composition of the board are as follows:

- Qian Hou, on 22 April 2015, the Bank received RBNZ's non-objection confirmation relating to the appointment of the Bank's New General Manager and Executive Director.
- Xuening Yang, on 4 May 2015, RBNZ issued a non-objection confirmation for the appointment of Mr Xuening Yang as a non-independent/non-Executive Director. ICBC NZ Board approved Mr Yang's appointment on 28 May 2015.
- Jun Jing, resigned as Executive Director on 22 April 2015.

5. Auditor

The name and address of the auditor whose independent auditor's review report is referred to in this Disclosure Statement is:

KPMG

KPMG Centre

18 Viaduct Harbour Avenue

Auckland 1140 New Zealand

6. Conditions of Registration For Industrial and Commercial Bank of China (New Zealand) Limited

These conditions of registration apply on and after 1 November 2014. The registration of Industrial and Commercial Bank of China (New Zealand) Limited ("the bank") as a registered bank is subject to the following conditions:

1. That—

(a) the Total capital ratio of the banking group is not less than 8%;
(b) the Tier 1 capital ratio of the banking group is not less than 6%;
(c) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5%;
(d) the Total capital of the banking group is not less than $30 million; and
(e) the process in Subpart 2H of the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014 is followed for the recognition and repayment of capital.

For the purposes of this condition of registration, capital, the Total capital ratio, the Tier 1 capital ratio, and the Common Equity Tier 1 capital ratio must be calculated in accordance with the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014.

1A. That—

(a) the bank has an internal capital adequacy assessment process ("ICAAP") that accords with the requirements set out in the document "Guidelines on a bank's internal capital adequacy assessment process ('ICAAP')" (BS12) dated December 2007;

(b) under its ICAAP the bank identifies and measures its "other material risks" defined as all material risks of the banking group that are not explicitly captured in the calculation of the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the Total capital ratio under the requirements set out in the document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014; and

(c) the bank determines an internal capital allocation for each identified and measured "other material risk".

1B. That, if the buffer ratio of the banking group is 2.5% or less, the bank must:

(a) according to the following table, limit the aggregate distributions of the bank's earnings to the percentage limit to distributions that corresponds to the banking group's buffer ratio:

Banking group's buffer ratio	Percentage limit to distributions of the bank's earnings
0% – 0.625%	0%
>0.625 – 1.25%	20%
>1.25 – 1.875%	40%
>1.875 – 2.5%	60%

(b) prepare a capital plan to restore the banking group's buffer ratio to above 2.5% within any timeframe determined by the Reserve Bank for restoring the buffer ratio; and

(c) have the capital plan approved by the Reserve Bank.

For the purposes of this condition of registration,—

"buffer ratio", "distributions", and "earnings" have the same meaning as in Part 3 of the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated July 2014.

2. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.

   In this condition of registration, the meaning of "material" is based on generally accepted accounting practice.

3. That the banking group's insurance business is not greater than 1% of its total consolidated assets.

For the purposes of this condition of registration, the banking group's insurance business is the sum of the following amounts for entities in the banking group:

(a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and

(b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity's insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group's insurance business—

(a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and

(b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,—

"insurance business" means the undertaking or assumption of liability as an insurer under a contract of insurance:
"insurer" and "contract of insurance" have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

4. That the aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) of the banking group to all connected persons do not exceed the rating-contingent limit outlined in the following matrix:

Credit rating of the bank[1]	Connected exposure limit (% of the Banking Group's Tier 1 capital)
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

[1] This table uses the rating scales of Standard & Poor's, Fitch Ratings and Moody's Investors Service. (Fitch Ratings' scale is identical to Standard & Poor's.)

Within the rating-contingent limit, credit exposures (of a non-capital nature and net of any allowances for impairment) to non-bank connected persons shall not exceed 15% of the banking group's Tier 1 capital.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated October 2014.

5. That exposures to connected persons are not on more favorable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.

6. That the bank complies with the following corporate governance requirements:

(a) the board of the bank must have at least five directors;
(b) the majority of the board members must be non-executive directors;
(c) at least half of the board members must be independent directors;
(d) an alternate director,—
 (i) for a non-executive director must be non-executive; and
 (ii) for an independent director must be independent;
(e) at least half of the independent directors of the bank must be ordinarily resident in New Zealand;
(f) the chairperson of the board of the bank must be independent;
(g) the bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the bank); and
(h) that the business and affairs of the bank are managed by, or under the direction or supervision of, the board of the bank.

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated July 2014.

7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the bank unless:

(a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
(b) the Reserve Bank has advised that it has no objection to that appointment.

8. That a person must not be appointed as chairperson of the board of the bank unless:

(a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and

(b) the Reserve Bank has advised that it has no objection to that appointment.

9. That the bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:

(a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;
(b) the committee must have at least three members;
(c) every member of the committee must be a non-executive director of the bank;
(d) the majority of the members of the committee must be independent; and
(e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

For the purposes of this condition of registration, "non-executive" and "independent" have the same meaning as in the Reserve Bank of New Zealand document entitled "Corporate Governance" (BS14) dated July 2014.

10. That a substantial proportion of the bank's business is conducted in and from New Zealand.

11. That the banking group complies with the following quantitative requirements for liquidity-risk management:

(a) the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;
(b) the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and
(c) the one-year core funding ratio of the banking group is not less than 75 per cent at the end of each business day.

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated July 2014 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated December 2011.

12. That the bank has an internal framework for liquidity risk management that is adequate in the bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:

(a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;
(b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;
(c) identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and
(d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.

13. That no more than 10% of total assets may be beneficially owned by a SPV.

For the purposes of this condition,—
"total assets" means all assets of the banking group plus any assets held by any SPV that are not included in the banking group's assets:

"SPV" means a person—
(a) to whom any member of the banking group has sold, assigned, or otherwise transferred any asset;
(b) who has granted, or may grant, a security interest in its assets for the benefit of any holder of any covered bond; and
(c) who carries on no other business except for that necessary or incidental to guarantee the obligations of any member of the banking group under a covered bond:

"covered bond" means a debt security issued by any member of the banking group, for which repayment to holders is guaranteed by a SPV, and investors retain an unsecured claim on the issuer.

14. That—
(a) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the notification threshold, and does not meet the non-objection threshold, unless:

(i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and
(ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011; and

(b) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:

(i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination;
(ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011; and
(iii) the Reserve Bank has given the bank a notice of non-objection to the significant acquisition or business combination.

For the purposes of this condition of registration, "qualifying acquisition or business combination", "notification threshold" and "non-objection threshold" have the same meaning as in the Reserve Bank of New Zealand Banking

Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011.

15. That, for a loan-to-valuation measurement period, the total of the bank's qualifying new mortgage lending amounts must not for residential properties with a loan-to-valuation ratio of more than 80%, exceed 10% of the total of the qualifying new mortgage lending amounts arising in the loan-to-valuation measurement period.

16. That the bank must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

17. That the bank must not permit a borrower to grant a charge in favour of another person over a residential property used as security for a residential mortgage loan unless the sum of the lending secured by the charge and the loan value for the residential mortgage loan would not exceed 80% of the property value of the residential property when the lending secured by the charge is drawn down.

18. That the bank must not provide a residential mortgage loan if the residential property to be mortgaged to the bank as security for the residential mortgage loan is subject to a charge in favour of another person unless the total amount of credit secured by the residential property would not exceed 80% of the property value when the residential mortgage loan is drawn down.

19. That the bank must not act as broker or arrange for a member of its banking group to provide a residential mortgage loan.

In these conditions of registration,— "banking group"—

means Industrial and Commercial Bank of China (New Zealand) Limited (as reporting entity) and all other entities included in the group as defined in section 6(1) of the Financial Markets Conduct Act 2013 for the purposes of Part 7 of that Act (unless paragraph (b) applies).

"generally accepted accounting practice"-

has the same meaning as in section 8 of the Financial Reporting Act 2013 (unless paragraph (b) applies).

In conditions of registration 15 to 19,—

"loan-to-valuation ratio", "loan value", "property value", "qualifying new mortgage lending amount" and "residential mortgage loan" have the same meaning as in the Reserve Bank of New Zealand document entitled

"Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) dated October 2014:

"loan-to-valuation measurement period" means—

(a) the period starting on 19 November 2013 and ending on the last day of April 2014; and
(b) thereafter a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of May 2014.

Non-compliance with conditions of registration
The Bank's Condition of Registration requirement on connected party credit exposure limit was breached, between 4 February and 9 February 2015 when a large customer remittance was received in a related party Nostro account. The connected party exposure limit of 40% was exceeded by 11% for 6 days.

7. Pending Proceedings or Arbitration

As at the date of this Disclosure Statement, there are no pending legal proceedings or arbitration concerning any member of the registered bank's banking Group, whether in New Zealand or elsewhere, that may have a material adverse effect on the Registered Bank or any other member of the Banking Group.

8. Credit Ratings

8.1 ICBC NZ Rating Information

On 5 December 2014, Moody's Investors Service has assigned an A2 long-term issuer and deposit rating and a Prime-1 short-term issuer and deposit rating to the Bank. The outlook on the ratings is stable.The Bank has the following credit ratings as at the date the Directors signed this Disclosure Statement.

Rating Agency/Rating Results	Standard & Poor's Ratings Services	Moody's Investors Service, Inc
Long-term credit Rating	A	A2
Short-term credit Rating	A-1	P-1
Outlook	Stable	Stable

There have been no changes to the credit ratings or rating outlook assigned by Standard & Poor's Ratings Services since the ratings were obtained on 2 July 2013.

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 agency. Investors in the Bank's securities are cautioned to evaluate each rating independently of any other rating.

8.2 Rating Information

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:

Fitch IBCA, Inc	Standard & Poor's Corporation	Moody's Investors Service, Inc	Description of Rating[1,2]
AAA	AAA	Aaa	Ability to repay principal and interest is extremely strong. This is the highest investment category.
AA	AA	Aa	Very strong ability to repay principal and interest in a timely manner.
A	A	A	Strong ability to repay principal and interest although susceptible to adverse changes in economic, business or financial conditions.
BBB	BBB	Baa	Adequate ability to repay principal and interest. More vulnerable to adverse changes (lowest "investment grade").
BB	BB	Ba	Significant uncertainties exist which could affect the payment of principal and interest on a timely basis.
B	B	B	Greater vulnerability and greater likelihood of default.
CCC	CCC	Caa	Likelihood of default considered high Timely repayment of principal and interest depends on favourable financial conditions.
CC-C	CC – C	Ca-C	Highest risk of default.
RD to D	D	-	Obligation currently in default.

[1] *Moody's applies numeric modifiers to each generic rating category from Aa to B, indicating that the counterparty is (1) in the higher end of its letter rating category, (2) in mid-range, or (3) in lower end. Fitch and S&P apply plus (+) or minus (-) signs to ratings from "AA" to "CCC" to indicate relative standing within the major rating categories.*

[2] *Credit ratings are statements of opinion issues by rating agencies. A credit rating is not a statement of fact, an endorsement of the rated entity, or a recommendation to buy, hold, or sell securities. Analytic services provided by rating agencies are the result of separate activities designed to preserve the independence and objectivity of rating opinions.*

9. Other Material Matters

The registered Bank's Directors are of the opinion that there are no other matters relating to the business or affairs of the Registered Bank or its Banking Group that are not contained elsewhere in this Disclosure Statement and which would, if disclosed, materially adversely affect the decision of a person to subscribe for debt securities of which the Registered Bank or any members of the Banking Group are the issuer.

10. Directors' Statements

Each Director of the Registered Bank states that he or she believes, after due enquiry, that:

1. As at the date on which the Disclosure Statement is signed:

(a) The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 ("the Order"); and

(b) The Disclosure Statement is not false or misleading.

2. During the six-month period ended 30 June 2015:

(a) the Bank has complied with its conditions of registration, except as disclosed on page 11 of this Disclosure Statement;

(b) Credit exposures to connected persons were not contrary to the interest of the Banking Group; and

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

This Disclosure Statement is dated 26 August 2015 and has been signed by Qian Hou as responsible person for and on behalf of all the Directors (by Directors' resolution):

(Signature)
Qian Hou
Executive Director

11. Independent Auditor's Review Report

The independent auditor's review report on this Disclosure Statement is attached with the financial statements for the Bank in Appendix 1 to this Disclosure Statement. The information required by Schedule 1 of the Order is included in the independent auditor's review report.

12. Appendix 1 - Financial Statements

Industrial and Commercial Bank of China (New Zealand) Limited

Financial Statements for the six-month period ended 30 June 2015

Contents

Independent auditor's review report

To the shareholder of Industrial and Commercial Bank of China (New Zealand) Limited

We have reviewed pages 19 to 60 of the half year disclosure statement of Industrial and Commercial Bank of China (New Zealand) Limited (the "Bank") which includes interim financial statements prepared and disclosed in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (the "Order") and supplementary information prescribed in schedules 5, 7, 9, 13, 16 and 18 of the Order.

The interim financial statements and supplementary information provide information about the past financial performance and cash flows of the Bank for the six-month period ended 30 June 2015 and its financial position as at 30 June 2015.

Directors' responsibilities

The directors of Industrial and Commercial Bank of China (New Zealand) Limited are responsible for the preparation and presentation of the half year disclosure statement, which includes interim financial statements prepared in accordance with Clause 25 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 Bank as at 30 June 2015 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 5, 7, 9, 13, 16 and 18 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 25 of the Order, and supplementary information disclosed in accordance with schedules 5, 7, 9, 13, 16 and 18 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 Bank as at 30 June 2015 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 5, 7, 13, 16 and 18 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 Bank, 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 Bank'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 Bank in relation to review and other assurance engagements. Subject to certain restrictions, partners and employees of our firm may also deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank. These matters have not impaired our independence as auditor of the Bank for this engagement. The firm has no other relationship with, or interest in, the Bank.

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 19 to 60 (excluding the supplementary information disclosed in accordance with schedules 5, 7, 9, 13, 16 and 18 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 Bank as at 30 June 2015 and its financial performance and cash flows for the six month period ended on that date;

b) the supplementary information (excluding supplementary information relating to capital adequacy) disclosed in accordance with schedules 5, 7, 13, 16 and 18 of the Order, does not fairly state, in all material respects, the matters to which it relates in accordance with those schedules; and

c) the supplementary information relating to capital adequacy disclosed in accordance with schedule 9 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 28 August 2015 and our opinion is expressed as at that date.

KPMG

28 August 2015
Auckland

STATEMENT OF COMPREHENSIVE INCOME		Reviewed	Reviewed	Audited
		30 June 2015 6 months	30 June 2014 6 months	31 December 2014 12 months
For the six months ended 30 June 2015	**Notes Ref.**	**$'000**	**$'000**	**$'000**
Interest Income		4,968	1,190	3,621
Interest Expense		(3,015)	(76)	(656)
Net Interest Income		1,953	1,114	2,965
Net gains/ (losses) on financial instruments at fair value through profit or loss		143	105	20
Other Income (including Fees and commission)	2	1,253	106	611
Total operating income		3,349	1,325	3,596
Operating expenses		(3,512)	(2,416)	(6,046)
Impairment provisioning on loans and advances	3	(94)	(107)	(483)
Net profit/(loss) before taxation		(257)	(1,198)	(2,933)
Taxation (expense)/ benefit	4	-	-	(42)
Net profit/(loss) for the period		(257)	(1,198)	(2,975)
Net change in available-for sale reserve (net of tax)		-	-	-
Net change in cash-flow hedge reserve (net of tax)		-	-	-
Foreign currency translation reserve		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income		(257)	(1,198)	(2,975)

The accompanying notes 1-20 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY	Notes Ref.	Share Capital $'000	Retained Earnings $'000	Total $'000
For the six months ended 30 June 2015 (reviewed)				
Balance at the beginning of the period		60,378	(3,162)	57,216
Net profit/(loss) for the period		-	(257)	(257)
Total comprehensive income for the period		-	(257)	(257)
Balance at 30 June 2015		60,378	(3,419)	56,959
For the six months ended 30 June 2014 (reviewed)				
Balance at the beginning of the period		60,378	(187)	60,191
Net profit/(loss) for the period		-	(1,198)	(1,198)
Total comprehensive income for the period		-	(1,198)	(1,198)
Balance at 30 June 2014		60,378	(1,385)	58,993
For the twelve months ended 31 December 2014 (audited)				
Balance at the beginning of the period		60,378	(187)	60,191
Net profit/(loss) for the period		-	(2,975)	(2,975)
Total comprehensive income for the period		-	(2,975)	(2,975)
Balance at 31 December 2014		60,378	(3,162)	57,216

The accompanying notes 1-20 form an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

As at 30 June 2015	Notes Ref.	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
Assets				
Cash, cash equivalents and balances with central banks		250,970	27,527	376,620
Balances due from related parties	9	-	16,794	246
Due from banks and other financial institutions		182,953	19,500	205,000
Financial assets designated at fair value through profit or loss		-	-	-
Financial assets held for trading		-	-	-
Financial assets held to maturity		4,961	-	-
Available-for-sale assets		-	-	-
Derivative Financial Assets		378	105	20
Loans and advances to customers	5	156,239	62,749	85,696
Property, plant and equipment		1,667	2,121	1,879
Intangible assets		5	9	7
Current taxation		-	-	-
Deferred tax assets		-	-	-
Other assets		1,358	500	1,008
Total assets		598,531	129,305	670,476
Liabilities				
Due to central banks, banks and other financial institutions		1	-	1
Balances due to related parties	9	398,899	34,103	547,019
Financial liabilities held for trading		-	-	-
Derivative Financial Liabilities		215	-	-
Deposits and other borrowings	6	88,898	34,988	13,318
Certificates of Deposit		-	-	-
Debt securities issued	7	50,000	-	50,000
Deferred tax liabilities		-	-	-
Other liabilities		3,559	1,221	2,922
Total liabilities		541,572	70,312	613,260
Shareholder's equity				
Share capital		60,378	60,378	60,378
Reserves		(3,419)	(1,385)	(3,162)
Total shareholder's equity		56,959	58,993	57,216
Total shareholder's equity and liabilities		598,531	129,305	670,476
Total interest earning and discount bearing assets	10	564,981	101,123	667,094
Total interest and discount bearing liabilities	11	491,030	34,884	604,202

The accompanying notes 1-20 form an integral part of these financial statements.
These financial statements were approved by the directors on 26 August 2015 and are signed on their behalf by:

Qian Hou
Executive Director

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STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015	Notes Ref.	Reviewed 30 June 2015 6 months $'000	Reviewed 30 June 2014 6 months $'000	Audited 31 December 2014 12 months $'000
Cash flows from operating activities				
Interest received		4,663	1,070	3,220
Fees and other income		1,386	284	734
Operating expenses paid		(3,264)	(1,678)	(4,224)
Interest paid		(2,256)	(1)	(97)
Taxes paid		-	-	(42)
Net cash flows from operating activities before changes in operating assets and liabilities		529	(325)	(409)
Net changes in operating assets and liabilities:				
(Increase)/decrease in financial assets held for trading		-	-	-
(Increase)/decrease in available-for-sale-assets		-	-	-
(Increase)/decrease in loans and advances		(70,637)	(62,840)	(86,179)
(Increase)/decrease in balances due from other financial institutions		-	-	-
Increase / (decrease) in deposits and other borrowings		75,580	34,988	13,318
Increase/(decrease) in balances due to related parties		(148,120)	34,103	547,019
Increase/ (decrease) in balances due to financial institutions		-	-	1
(Increase) / decrease in other assets		-	69	100
Increase/(decrease) in other liabilities and provisions		(243)	44	271
(Increase)/decrease in balances due from related parties		246	(16,810)	(246)
Increase / (decrease) in certificates of deposit		-	-	-
Net cash flows from operating activities		(142,645)	(10,771)	473,875
Cash flows from investing activities				
Purchase of property, plant and equipment		(88)	(307)	(360)
Purchase of intangible software assets		-	-	-
Purchase of financial instruments		(4,964)	-	-
Purchase of customer relationships		-	-	-
Net cash flows from investing activities		(5,052)	(307)	(360)
Cash flows from financing activities				
Issue of shares		-	-	-
Capital injection from shareholders		-	-	-
Proceeds from term subordinated debt		-	-	-
Proceeds from related parties		-	-	-
Increase in debt securities issued		-	-	50,000
Dividends paid		-	-	-
Net cash flows from financing activities		-	-	50,000
Increase/(Decrease) in cash and cash equivalents		(147,697)	(11,078)	523,515
Add opening cash and cash equivalents		581,620	58,105	58,105
Effect of exchange rate changes on cash and cash equivalents		-	-	-
Cash and cash equivalents		433,923	47,027	581,620

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STATEMENT OF CASH FLOWS (Cont.) For the six months ended 30 June 2015	Notes Ref.	Reviewed 30 June 2015 6 months $'000	Reviewed 30 June 2014 6 months $'000	Audited 31 December 2014 12 months $'000
Reconciliation of net profit after taxation to net cash-flows from operating activities				
Net profit/(loss) after taxation		(257)	(1,198)	(2,975)
Non cash movements:				
Unrealised fair value adjustments		(358)	-	(20)
Depreciation		300	266	561
Amortisation of intangibles		2	2	4
Amortisation of financial instruments		3	-	-
Increase in collective allowance for impairment losses		94	107	483
Increase in individual allowance for impairment losses		-	-	-
(Increase)/decrease in deferred expenditure		-	-	-
Unsecured lending losses		-	-	-
Unrealised foreign exchange loss/(gain)		215	(104)	-
(Increase)/decrease in deferred taxation		-	-	-
Interest expense on debt securities issued		-	-	-
Increase in operating assets and liabilities		256	271	1,028
(Increase)/decrease in interest receivable		(327)	-	(443)
Increase/(decrease) in payable accruals		693	-	625
(Increase)/decrease in loans and advances		(70,637)	(62,840)	(86,179)
(Increase)/decrease in balances due from other financial institutions		-	-	-
Increase/(decrease) in deposits and other borrowings		75,580	34,988	13,318
Increase/(decrease) in balances due to other financial institutions		-	-	1
Increase/(decrease) in other liabilities		(55)	416	1,493
Increase/(decrease) in balances due to related parties		(148,120)	34,103	547,019
(Increase)/decrease in current taxation		-	-	-
(Increase)/decrease in other assets		(24)	299	234
(Increase)/decrease in balances due from related parties		246	(16,810)	(246)
Net cash flows from operating activities		(142,645)	(10,771)	473,875

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1 STATEMENT OF ACCOUNTING POLICIES

(1) Reporting Entity

The reporting entity is Industrial and Commercial Bank of China (New Zealand) Limited (the "Bank"). The Bank does not prepare group financial statements as the bank does not have any subsidiaries. The Bank is registered under the Companies Act 1993 and is incorporated in New Zealand. The Bank was incorporated on 13 March 2013. The financial statements are for the six months ended 30 June 2015. These financial statements have been prepared and presented in accordance with the Registered Bank Disclosure Statements (New Zealand) Incorporated Registered Banks Order 2014 ("the Order").

They were approved for issue by the Directors on 26 August 2015. The address of the Bank's registered office is Level 11, 188 Quay Street, Auckland 1010, New Zealand. The bank provides its products and services to retail and wholesale/institutional customers.

(2) Basis of Preparation

These interim financial statements are for the Bank for the six months ended 30 June 2015. They have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, as appropriate for profit oriented entities, and the New Zealand Equivalent to International Accounting Standards (NZ IAS) 34 Interim Financial Reporting (NZ IAS 34) and the Order, and should be read in conjunction with the Bank's financial statements for the year ended 31 December 2014. These interim financial statements do not include all the disclosures required for full annual financial statement and are condensed financial statements in accordance with NZ IAS 34.

The financial statements have been prepared on a going concern basis in accordance with the historical cost convention, except for derivative financial instruments, financial assets and liabilities held for trading, financial assets and liabilities designated at fair value through profit or loss and available-for-sale financial assets, and all derivative financial instruments that have been measured at fair value, as further explained in the respective accounting policies below. The carrying values of recognised assets and liabilities, that are hedged in fair value hedges and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

For the purpose of the Statement of Cash Flows, due from banks and other financial institutions are treated as cash and cash equivalents as these are short-term highly liquid investments with original maturities of less than three months from the date of acquisition.

(3) Presentation Currency

The reporting currency of these financial statements and notes is New Zealand dollars, the currency of the primary economic environment in which the Bank operates ("the functional currency"). The financial statements are presented in New Zealand dollars and rounded to the nearest thousands ($'000) unless otherwise stated.

(4) Changes in accounting policies

The same accounting policies and methods of computation have been followed in preparing these financial statements as were used in preparing the Disclosure Statement for the period ended 31 December 2014.

(5) Comparative Financial Statements

Certain comparative balances have been reclassified to ensure the consistency with the current financial year's presentation. These reclassifications have no impact on the overall financial performance or financial position for the comparative reporting periods.

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2 OTHER INCOME

Other Income	Reviewed 30 June 2015 6 months $'000	Reviewed 30 June 2014 6 months $'000	Audited 31 December 2014 12 months $'000
Banking and lending fee income	411	160	462
Payment services fee income	183	-	37
Bad debts recovered	-	-	-
Net foreign exchange gains and commissions	640	(55)	109
Gain on sale of property, plant and equipment	-	-	-
Other revenue	19	1	3
Total Other Income	1,253	106	611

3 IMPAIRMENT ALLOWANCE

Reviewed – 30 June 2015

Individually impaired assets	Other exposures excluding sovereigns and central banks $'000	Retail Mortgage Lending $'000	Corporate and institutional $'000	Total as at 30 June 2015 $'000
Balance at the beginning of the period	-	-	-	-
Charge to statement of comprehensive income in current period	-	-	-	-
Bad debts written off	-	-	-	-
Balance at 30 June 2015	-	-	-	-

Collective allowance for impairment losses	Other exposures excluding sovereigns and central banks $'000	Retail Mortgage Lending $'000	Corporate and institutional $'000	Total as at 30 June 2015 $'000
Balance at the beginning of the period	1	19	463	483
Charge to statement of comprehensive income in current period	1	47	46	94
Advances written off	-	-	-	-
Balance at 30 June 2015	2	66	509	577

3 IMPAIRMENT ALLOWANCE continued

Reviewed – 30 June 2014

Individually impaired assets	Other exposures excluding sovereigns and central banks $'000	Retail Mortgage Lending $'000	Corporate and institutional $'000	Total as at 30 June 2014 $'000
Balance at the beginning of the period	-	-	-	-
Charge to statement of comprehensive income in current period	-	-	-	-
Bad debts written off	-	-	-	-
Balance at 30 June 2014	-	-	-	-

Collective allowance for impairment losses	Other exposures excluding sovereigns and central banks $'000	Retail Mortgage Lending $'000	Corporate and institutional $'000	Total as at 30 June 2014 $'000
Balance at the beginning of the period	-	-	-	-
Charge to statement of comprehensive income in current period	-	2	105	107
Advances written off	-	-	-	-
Balance at 30 June 2014	-	2	105	107

Audited 31 December 2014

Individually impaired assets	Other exposures excluding sovereigns and central banks $'000	Retail Mortgage Lending $'000	Corporate and institutional $'000	Total as at 31 December 2014 $'000
Balance at the beginning of the period	-	-	-	-
Charge to statement of comprehensive income in current period	-	-	-	-
Bad debts written off	-	-	-	-
Balance as at 31 December 2014	-	-	-	-

Collective allowance for impairment losses	Other exposures excluding sovereigns and central banks $'000	Retail Mortgage Lending $'000	Corporate and institutional $'000	Total as at 31 December 2014 $'000
Balance at the beginning of the period	-	-	-	-
Charge to statement of comprehensive income in current period	1	19	463	483
Advances written off	-	-	-	-
Balance as at 31 December 2014	1	19	463	483

4 TAXATION

The taxation expense for the six months period ended 30 June 2015 is nil (30 June 2014: nil, 31 December 2014, NZ$41,832).

5 LOANS AND ADVANCES TO CUSTOMERS

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
Residential mortgage loans	37,833	1,263	11,233
Corporate exposures	92,309	54,864	50,660
Syndicated Loans	26,646	6,713	24,278
Retail Loans	28	-	8
Other exposures	-	-	-
Allowance for impairment provisioning	(577)	(91)	(483)
Total net loans and receivables	156,239	62,749	85,696
Current	67,709	41,961	12,901
Non-Current	88,530	20,788	72,795

6 DEPOSITS AND OTHER BORROWINGS

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
Retail deposits	48,988	858	6,262
Wholesale deposits	39,910	34,130	7,056
Other	-	-	-
Total deposits	88,898	34,988	13,318
New Zealand	78,594	34,312	12,005
Overseas	10,304	676	1,313
Current	87,408	34,988	13,298
Non-Current	1,490	-	20

7 DEBT SECURITIES ISSUED

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
Certificates of deposit (CDs)	-	-	-
Other debt securities	50,000	-	50,000
Total debt securities issued	50,000	-	50,000
Current	-	-	-
Non-Current	50,000	-	50,000

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8 ASSET QUALITY

Reviewed 30 June 2015	Other exposures excluding sovereigns and central banks $'000	Residential mortgage loans $'000	Corporate exposures $'000	Total $'000
Total neither past due nor impaired	28	37,833	118,955	156,816
Past due assets 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 assets but not impaired	-	-	-	-
Individually impaired assets				
Balance at beginning of the year	-	-	-	-
Additions	-	-	-	-
Amounts written off	-	-	-	-
Deletions	-	-	-	-
Total individually impaired assets	-	-	-	-
Total gross loans and advances	28	37,833	118,955	156,816
Individually assessed provisions				
Balance at beginning of the year	-	-	-	-
Charged/(credit) to the statement of comprehensive income:				
New provisions	-	-	-	-
Amounts recovered	-	-	-	-
Reversals of previously recognised impairment losses	-	-	-	-
Amounts written off	-	-	-	-
Balance at end of the period	-	-	-	-
Collectively assessed provisions				
Balance at beginning of the year	1	19	463	483
Charged (credit) to the statement of comprehensive income	1	47	46	94
Balance at end of the period	2	66	509	577
Total provisions for impairment losses	2	66	509	577
Total net loans and advances	26	37,767	118,446	156,239

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8 ASSET QUALITY continued

Reviewed 30 June 2014	Other exposures excluding sovereigns and central banks $'000	Residential mortgage loans $'000	Corporate exposures $'000	Total $'000
Total neither past due nor impaired	-	1,263	61,577	62,840
Past due assets 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 assets but not impaired	-	-	-	-
Individually impaired assets				
Balance at beginning of the year	-	-	-	-
Additions	-	-	-	-
Amounts written off	-	-	-	-
Deletions	-	-	-	-
Total individually impaired assets	-	-	-	-
Total gross loans and advances	-	1,263	61,577	62,840
Individually assessed provisions				
Balance at beginning of the year	-	-	-	-
Charged/(credit) to the statement of comprehensive income:				
New provisions	-	-	-	-
Amounts recovered	-	-	-	-
Reversals of previously recognised impairment losses	-	-	-	-
Amounts written off	-	-	-	-
Balance at end of the period	-	-	-	-
Collectively assessed provisions				
Balance at beginning of the year	-	-	-	-
Charged (credit) to the statement of comprehensive income *	-	2	89	91
Balance at end of the period	-	2	89	91
Total provisions for impairment losses	-	2	89	91
Total net loans and advances	-	1,261	61,488	62,749

* The provision charge as per the statement of comprehensive income, also includes a provision of NZ$16,011 for related parties exposure (refer note 9B).

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8 ASSET QUALITY continued

Audited 31 December 2014	Other exposures excluding sovereigns and central banks $'000	Residential mortgage loans $'000	Corporate exposures $'000	Total $'000
Total neither past due nor impaired	8	11,233	74,938	86,179
Past due assets 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 assets but not impaired	-	-	-	-
Individually impaired assets				
Balance at beginning of the year	-	-	-	-
Additions	-	-	-	-
Amounts written off	-	-	-	-
Deletions	-	-	-	-
Total individually impaired assets	-	-	-	-
Total gross loans and advances	8	11,233	74,938	86,179
Individually assessed provisions				
Balance at beginning of the year	-	-	-	-
Charged/(credit) to the statement of comprehensive income:				
New provisions	-	-	-	-
Amounts recovered	-	-	-	-
Reversals of previously recognised impairment losses	-	-	-	-
Amounts written off	-	-	-	-
Balance at end of the period	-	-	-	-
Collectively assessed provisions				
Balance at beginning of the year	-	-	-	-
Charged (credit) to the statement of comprehensive income	1	19	463	483
Balance at end of the period	1	19	463	483
Total provisions for impairment losses	1	19	463	483
Total net loans and advances	7	11,214	74,475	85,696

The weighted average number of days past due for these assets is nil (30 June 2014: nil, 31 December 2014: nil).

These residential mortgages are secured by collaterals in favor of the Bank.

The Bank does not have any restructured assets, any financial, real estate or other assets acquired through security enforcement or any other assets under administration as at 30 June 2015. Therefore, the Bank does not have any such collateral sold or re-pledged.

8 ASSET QUALITY continued

Undrawn balances on lending commitments to counterparties within the neither past due nor impaired asset category were NZ$18,240,876 as at 30 June 2015 (30 June 2014: nil, 31 December 2014: NZ$18,754,000).

There has been no interest revenue foregone on restructured, individually impaired or greater than 90 days past due assets during the period ended 30 June 2015 (30 June 2014: nil, 31 December 2014: nil).

The Bank is wholly owned by the Industrial and Commercial Bank of China Limited, a company incorporated in China. All related party transactions are conducted on normal commercial terms and conditions. No related party debts have been written off or forgiven during the period.

9 TRANSACTIONS WITH RELATED PARTIES

A. Guarantees

The Company's ultimate parent company is the Industrial and Commercial Bank of China Limited (ICBC), a Chinese incorporated bank. ICBC is subject to regulatory oversight by the China Banking Regulatory Commission (CBRC) under their respective rules and guidelines. ICBC is not a New Zealand registered bank and is not subject to regulatory oversight by the Reserve Bank of New Zealand.

As at 31 March 2015, 69.44% of total shares in ICBC were owned by the Chinese government. The remaining 30.56% of the shares in ICBC were held by public shareholding. ICBC shares are listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange.

The obligations of the Bank are guaranteed by ICBC. There are no legislative, regulatory or other restrictions of a legally enforceable nature in China (ICBC's country of incorporation) that may materially inhibit the legal ability of ICBC to provide material financial support to the Bank. As at 30 June 2015, all the obligations of the Bank are guaranteed by ICBC.

ICBC has the following credit rating applicable to its long-term senior unsecured obligations

Rating Agency/Rating Results	Moody's Investors Service, Inc	Standard & Poor's Corporation
Long-term Foreign Currency Bank Deposits Rating	A1 (Upper-medium grade and low credit risk)	A (Strong Capacity to meet obligations but subject to adverse economic conditions)
Short-term Foreign Currency Bank Deposits Rating	P-1 (Superior ability to repay short-term debt)	A-1 (susceptible to adverse economic conditions but satisfactory capacity to meet obligations)
Outlook	Stable	Stable

ICBC guarantees due payment of all obligations of the Bank to the Bank's depositors and other creditors.

(i) There are no limits on the amount of the obligations guaranteed.

(ii) While the parent remain a 100% shareholder, there are no material conditions applicable to the guarantee, other than non-performance by the Bank.

(iii) There are no material legislative or regulatory restrictions in China that would have the effect of subordinating the claims of the Bank's creditors under the guarantee to other claims on ICBC in a winding up of ICBC.

(iv) The ICBC guarantee does not have an expiry date.

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9 TRANSACTIONS WITH RELATED PARTIES continued

B. Balance with related parties

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
Amounts due from parent	-	16,794	246
Total balances due from parent	-	16,794	246
Current	-	16,794	246
Non-Current	-	-	-
Parent Vostro account balance[1]	365,114	-	517,694
Amounts due to parent[2]	33,785	34,103	29,325
Total balances due to parent	398,899	34,103	547,019
Current	398,899	11,239	543,194
Non-Current	-	22,864	3,825
Off Balance sheet transactions			
Due from parent	-	-	4,656
Due to parent	-	-	(6,632)
Total off balance sheet transactions	-	-	(1,976)

Nostro account balance held with parent as at 30 June 2015 is NZ$1,929,531 (31 December 2014: NZ$1,442,575, 30 June 2014: nil). This is included in the cash and cash equivalents balance.
Parent includes ICBC Head Office and other ICBC branches.
Amount due from parent as at 30 June 2014 includes a provision of NZ$16,011. Balances with related parties are unsecured.

C. Related party transactions

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
Income			
Interest received from parent	153	162	313
Other income received from parent	11	-	-
Net foreign exchange gains/losses	(54)	-	-
Total income received from parent	110	162	313
Expense			
Interest paid to parent	1,503	76	566
Other expense paid to parent	19		-
Total expense paid to parent	1,522	76	566
Net operating income from parent	(1,412)	86	(253)

1. ICBC (NZ) operations are guaranteed by the parent ICBC Group which, from time to time, transfers payments through the ICBC (NZ) vostro account. These payment transfers are to optimise the management of currency exposures on the ICBC Group's balance Sheet and/or manage counter party and country level exposures at financial reporting period ends. In July 2015, the majority of the vostro balance has been transferred back to the parent.
2.The amount of NZ$33.785M included in "due to parent" refers to Money Market with ICBC head office.

9 TRANSACTIONS WITH RELATED PARTIES continued

D. Senior management compensation

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
Salaries and other short-term benefits	509	237	503
Other Benefits	-	-	-
Total key management compensation	509	237	503

In the six-month period ended June 2015, the set up costs reimbursed by the Parent was nil (30 June 2014: NZ$365,645, 31 December 2014: NZ$365,545). The salary cost for key management personnel borne by ICBC group is nil (30 June 2014: NZ$45,097, 31 December 2014: NZ$45,097).

10 CONCENTRATION OF CREDIT RISK

The following table breaks down the Bank's main credit exposures at their carrying amounts, as categorised by the industry sectors of its counterparties. Industry analysis as at balance date is as follows. For further details on how credit risk is managed and for On Balance Sheet and Off Balance Sheet credit exposure details, refer to note 18.

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
New Zealand			
Government	58,049	-	280,435
Finance (including banks)	349,505	21,716	299,509
Households	37,935	1,268	11,267
Transport and storage	17,042	-	14,831
Communications	9,854	6,755	8,570
Electricity, gas and water	-	-	-
Construction	-	-	8,665
Property services	6,686	149	152
Agriculture and forestry	46,713	42,124	12,829
Health and community services	-	-	-
Personal and other services	-	-	-
Retail and wholesale trade	4,485	-	-
Food and other manufacturing	-	-	-
Overseas			
Finance, investment and insurance (including ICBC)	32,025	42,322	2,294
Retail and wholesale trade	34,985	12,881	30,367
Less allowance for impairment provisioning	(577)	(107)	(483)
Total financial assets	596,702	127,108	668,436
Less: non-interest earning financial assets	(31,721)	(25,985)	(1,342)
Total interest earning and discount bearing assets	564,981	101,123	667,094

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10 CONCENTRATION OF CREDIT RISK continued

An analysis of financial assets by geographical sector at balance date is as follows

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
New Zealand			
North Island	523,810	71,905	629,848
South Island	6,082	-	6,080
Overseas			
China	535	16,315	841
USA	30,095	25,434	539
Singapore	1,289	573	867
Hong Kong	34,786	12,881	30,214
Australia	56	-	-
Europe	49	-	47
Total financial assets	596,702	127,108	668,436

Maximum Exposure to Credit Risk - On and Off Balance Sheet

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
Loans and advances	156,239	62,749	85,696
Trade and Other Receivables	-	-	-
Other financial assets	1,201	433	602
On Balance Sheet Credit Exposures (excluding credit exposure to connected parties and banks with long-term credit rating of A- or A3 or above)	157,440	63,182	86,298
Cash and cash equivalents	250,970	27,527	376,620
Available-for-sale assets	-	-	-
Financial assets held to maturity	4,961	-	-
Financial assets held for trading	-	-	-
Loans and advances	-	-	-
Balances with related parties	-	16,794	246
Due from other financial institutions	182,953	19,500	205,000
Derivative financial instruments	378	105	20
Tax Receivable	-	-	-
Trade and Other Receivables	-	-	-
Other financial assets	-	-	252
Total on Balance Sheet Credit Exposures	596,702	127,108	668,436
Off Balance Sheet Exposures	23,107	3,286	29,484
Total Off Balance Sheet Credit Exposures	23,107	3,286	29,484

The credit exposures shown are based on actual credit exposures and are calculated net of allowances for impairment loss.

74.91% of the Bank's mortgage portfolio is owner occupied residential properties.

As at the reporting date, of the drawn balances on credit facilities with undrawn commitments, there are none that are classified as individually impaired, or balances under administration.

10 CONCENTRATION OF CREDIT RISK continued

(i) Credit exposure to individual counterparties

Credit exposure concentrations are disclosed on the basis of actual exposures and gross of set-offs. Peak end-of-day aggregate credit exposures have been calculated using the Bank's tier one capital at the end of the half year.

The number of individual counterparties, excluding connected persons, where the period end and peak end-of-day aggregate actual credit exposures, net of individual credit impairment allowances, equalled or exceeded 10% of the Bank's shareholder's equity:

PEAK END OF DAY CREDIT EXPOSURES:	Reviewed During the period ended 30 June 2015 Number of Counterparties		Reviewed During the period ended 30 June 2014 Number of Counterparties		Audited During the period ended 31 December 2014 Number of Counterparties	
Percentage of Bank's shareholders' Equity	**BANK**	**OTHER**	**BANK**	**OTHER**	**BANK**	**OTHER**
10% - 14%	-	1	-	3	-	3
15% - 19%	-	3	-	-	-	1
20% - 24%	-	-	-	1	-	-
25% - 29%	-	2	-	-	-	3
30% - 34%	-	3	-	-	-	2
35% - 39%	-	-	-	-	-	-
40% - 44%	-	-	-	-	-	-
45% - 49%	-	-	-	1[1]	-	-
50% - 54%	-	-	-	-	-	1[2]
55% - 59%	-	-	-	-	-	-
60% - 65%	-	1[3]	-	-	-	-

Peak end-of-day credit exposure is calculated by determining the maximum end-of-day aggregate amount of credit exposure over the financial period for individual counterparties, and then dividing that amount by the Bank's Reserves as at the reporting date.

AS AT REPORTING DATE:	Reviewed During the period ended 30 June 2015 Number of Counterparties		Reviewed During the period ended 30 June 2014 Number of Counterparties		Audited During the period ended 31 December 2014 Number of Counterparties	
Percentage of Bank's shareholders' Equity	**BANK**	**OTHER**	**BANK**	**OTHER**	**BANK**	**OTHER**
10% - 14%	-	1	-	3	-	1
15% - 19%	-	1	-	-	-	1
20% - 24%	-	-	-	1	-	-
25% - 29%	-	2	-	-	-	3
30% - 34%	-	3	-	-	-	2
35% - 39%	-	-	-	-	-	-
40% - 44%	-	-	-	-	-	-
45% - 49%	-	-	-	1[1]	-	-
50% - 54%	-	-	-	-	-	-
55% - 59%	-	-	-	-	-	-
60% - 65%	-	1[3]	-	-	-	-

Individual counterparties in the "Bank" category exclude credit exposures to any bank with a long-term credit rating of A- or A3 or above, or its equivalent.

[1] The loan classified within the 45%-49% category is fully collateralised by cash deposits.

[2] The loan classified within the 50%-54% category is fully collateralised by cash deposits.

[3] The loan classified within the 60%-65% category is fully collateralised by cash deposits.

10 CONCENTRATION OF CREDIT RISK continued

Individual counterparties in the "Other" category exclude credit exposures to connected persons and credit exposure to any central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent. All "Other" counterparties do not have a long-term credit rating.

These calculations are net of individually assessed provisions.

11 CONCENTRATION OF FUNDING

Concentrations of funding arise where the Bank is funded by industries of a similar nature or in particular geographies. An analysis of financial liabilities by industry sector and geography at balance date is as follows:

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
New Zealand			
Transport and storage	2	-	-
Financing investment and insurance	51,227	-	50,065
Electricity, gas and water	-	-	-
Food and other manufacturing	-	-	529
Construction	1,198	-	300
Communication	114	-	116
Government, local authorities and services	-	-	-
Agriculture and forestry	36,403	33,336	4,401
Health and community services	-	-	-
Personal and other services	-	-	-
Property and business services	1,930	456	1,051
Education	-	-	-
Retail and wholesale trade	154	790	1,043
Other	1,867	728	1,653
Households	39,392	182	5,904
Overseas			
Amounts due to related parties	398,899	34,103	547,524
Household	9,827	676	358
Other deposits	477	-	258
Total financial liabilities	541,490	70,271	613,202
Less: non-interest bearing financial liabilities	(50,460)	(35,387)	(9,000)
Total interest and discount bearing liabilities	491,030	34,884	604,202

An analysis of financial liabilities by funding type at balance date is as follows:

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
Deposits	88,898	34,988	13,318
Registered Banks	1	-	1
Financial Investors	-	-	-
Securities issued by Bank (e.g. Notes)	50,000	-	50,000
Related Parties	398,899	34,103	547,019
Other	3,692	1,180	2,864
Total financial liabilities	541,490	70,271	613,202

All deposits are unsecured unsubordinated bank deposits issued by the Registered Bank.

12 CONTINGENT LIABILITIES AND COMMITMENTS

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
Performance/financial guarantees issued on behalf of customers	4,866	-	10,730
Total contingent liabilities	4,866	-	10,730
Undrawn Commitments	18,241	3,286	18,754

As at 30 June 2015 there were no financial assets that have been pledged as collateral for liabilities or contingent liabilities.

13 SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

There were no subsequent events after the 6 months ended 30 June 2015 and prior to 26 August 2015 which would materially affect the financial statements.

14 DIVIDEND

During the 6 months ended 30 June 2015 the Bank has not paid any dividends to its shareholders (30 June 2014: nil, 31 December 2014: nil).

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Reviewed 30 June 2015	**Carrying amount** $'000	**Estimated Fair Value** $'000
Financial assets		
Cash and cash equivalents	250,970	250,970
Due from other financial institutions	182,953	182,953
Financial assets at fair value through profit or loss	-	-
Financial assets held for trading	-	-
Financial assets held to maturity	4,961	5,348
Available-for-sale assets	-	-
Derivative financial assets	378	378
Loans and advances	156,239	157,443
Balances with related parties	-	-
Other financial assets	1,201	1,201
Total financial assets	596,702	598,293
Financial liabilities		
Due to other financial institutions	1	1
Financial liabilities at fair value through profit or loss	-	-
Derivative financial liabilities	215	215
Deposits and other borrowings	88,898	88,990
Debt securities issued	50,000	50,954
Term subordinated debt	-	-
Due to related parties	398,899	399,717
Other financial liabilities	3,477	3,477
Total financial liabilities	541,490	543,354

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15 FAIR VALUE OF FINANCIAL INSTRUMENTS continued

Reviewed 30 June 2014	Carrying amount $'000	Estimated Fair Value $'000
Financial assets		
Cash and cash equivalents	27,527	27,527
Due from other financial institutions	19,500	19,500
Financial assets at fair value through profit or loss	-	-
Financial assets held for trading	-	-
Available-for-sale assets	-	-
Derivative financial assets	105	105
Loans and advances	62,749	62,741
Balances with related parties	16,794	16,778
Other financial assets	433	433
Total financial assets	127,108	127,084
Financial liabilities		
Due to other financial institutions	-	-
Financial liabilities at fair value through profit or loss	-	-
Derivative financial liability	-	-
Deposits and other borrowings	34,988	34,988
Debt securities issued	-	-
Term subordinated debt	-	-
Due to related parties	34,103	33,910
Other financial liabilities	1,180	1,180
Total financial liabilities	70,271	70,078

15 FAIR VALUE OF FINANCIAL INSTRUMENTS continued

Audited 31 December 2014	Carrying amount $'000	Estimated Fair Value $'000
Financial assets		
Cash and cash equivalents	376,620	376,620
Due from other financial institutions	205,000	205,000
Financial assets at fair value through profit or loss	-	-
Financial assets held for trading	-	-
Available-for-sale assets	-	-
Derivative financial assets	20	20
Loans and advances	85,696	85,361
Balances with related parties	246	244
Other financial assets	854	854
Total financial assets	668,436	668,099
Financial liabilities		
Due to other financial institutions	1	1
Financial liabilities at fair value through profit or loss	-	-
Derivative financial liability	-	-
Deposits and other borrowings	13,318	13,285
Debt securities issued	50,000	46,905
Term subordinated debt	-	-
Due to related parties	547,019	546,832
Other financial liabilities	2,864	2,864
Total financial liabilities	613,202	609,887

15 FAIR VALUE OF FINANCIAL INSTRUMENTS continued

Fair value Assumptions

(i) The carrying value of cash and cash equivalents is equivalent to the fair value.

(ii) For on demand and mature within six months deposits, due from/to other financial institutions, the carrying value is considered to be the fair value; for these categories with maturities more than six months, the fair values is calculated in discounted cashflow method using the current interest rate offered for similar maturity.

(iii) The fair value of loans and advances, due to related party, financial assets held to maturity, and balance with related parties is determined by discounted cashflow method, which is based on the interest rate repricing and maturity of the instruments.

(iv) The carrying value of other financial assets and liabilities is considered to be the fair value.

Fair Value Measurements Recognised in the Balance Sheet

Under NZ IFRS 13, the fair value of financial instruments is determined on a hierarchical basis that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Reviewed 30 June 2015	Cash and cash equivalents $'000	Financial assets at fair value through profit or loss $'000	Other financial assets $'000	Debt securities issued $'000	Deposits and other borrowings $'000	Financial Liabilities at fair value through profit or loss $'000	FX contracts $'000	Interest rate swaps $'000	Total $'000
Level 1	-	-	-	-	-	-	-	-	-
Level 2	-	-	-	-	-	-	(215)	378	163
Level 3	-	-	-	-	-	-	-	-	-
Total Amount	-	-	-	-	-	-	(215)	378	163

Reviewed 30 June 2014	Cash and cash equivalents $'000	Financial assets at fair value through profit or loss $'000	Other financial assets $'000	Debt securities issued $'000	Deposits and other borrowings $'000	Financial Liabilities at fair value through profit or loss $'000	FX contracts $'000	Interest rate swaps $'000	Total $'000
Level 1	-	-	-	-	-	-	-	-	-
Level 2	-	-	-	-	-	-	105	-	105
Level 3	-	-	-	-	-	-	-	-	-
Total Amount	-	-	-	-	-	-	105	-	105

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15 FAIR VALUE OF FINANCIAL INSTRUMENTS continued

Audited 31 December 2014	Cash and cash equivalents $'000	Financial assets at fair value through profit or loss $'000	Other financial assets $'000	Debt securities issued $'000	Deposits and other borrowings $'000	Financial Liabilities at fair value through profit or loss $'000	FX contracts $'000	Interest rate swaps $'000	Total $'000
Level 1	-	-	-	-	-	-	-	-	-
Level 2	-	-	-	-	-	-	-	20	20
Level 3	-	-	-	-	-	-	-	-	-
Total Amount	-	-	-	-	-	-	-	20	20

16 LIQUIDITY RISK

Liquidity risk is the risk that capital will not be sufficient or funds will not be raised at a reasonable cost in a timely manner to meet the need of asset growth or repayment of debts due, although remaining solvent. This may arise from amount or maturity mismatches of assets and liabilities.

The Bank manages its liquidity risk through the Treasury Department and aims at:
1. Optimising the structure of assets and liabilities;
2. Maintaining the stability of the deposit base;
3. Projecting cash flows and evaluating the level of current assets; and
4. Maintaining an efficient internal fund transfer mechanism/agreement with the Parent Bank for liquidity.

The tables below summarise the cash flows payable or receivable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are contractual undiscounted cash flows and are not disclosed based on expected cash flows.

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16 LIQUIDITY RISK continued

Reviewed 30 June 2015	On Demand $'000	Up to 3 months $'000	3 to 12 months $'000	Between 1 & 5 years $'000	More than 5 years $'000	Total $'000
Financial assets						
Cash and cash equivalents	250,986	-	-	-	-	250,986
Due from other financial institutions	-	183,062	-	-	-	183,062
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Financial assets held to maturity	-	18	226	2,017	3,638	5,899
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	-	29,123	43,738	62,797	61,632	197,290
Due from related parties	-	-	-	-	-	-
Other financial assets	-	1,108	81	-	151	1,340
Total financial assets	250,986	213,311	44,045	64,814	65,421	638,577
Financial liabilities						
Due to other financial institutions	1	-	-	-	-	1
Financial liabilities held for trading	-	-	-	-	-	-
Deposits and other borrowings	11,737	44,090	32,374	1,614	-	89,815
Debt securities issued	-	256	1,951	53,311	-	55,518
Term subordinated debt	-	-	-	-	-	-
Due to related parties	182,184	217,577	-	-	-	399,761
Other financial liabilities	4	759	2,041	673	-	3,477
Total financial liabilities	193,926	262,682	36,366	55,598	-	548,572
Net non derivative cash flows	57,060	(49,371)	7,679	9,216	65,421	90,005
Derivative cash flows						
Inflows from derivatives	-	8,192	5,137	2,357	87	15,773
Outflows from derivatives	-	(8,549)	(4,873)	(2,030)	(62)	(15,514)
Total	-	(357)	264	327	25	259
Off balance sheet cash flows						
Financial guarantees inflows	-	-	49	50	-	99
Financial guarantees outflows	-	-	(139)	(4,727)	-	(4,866)
Commitments outflows	(3,078)	(671)	(3,625)	(10,867)	-	(18,241)
Total	(3,078)	(671)	(3,715)	(15,544)	-	(23,008)
Net cash flows	53,982	(50,399)	4,228	(6,001)	65,446	67,256

16 LIQUIDITY RISK continued

Reviewed 30 June 2014	On Demand $'000	Up to 3 months $'000	3 to 12 months $'000	Between 1 & 5 years $'000	More than 5 years $'000	Total $'000
Financial assets						
Cash and cash equivalents	27,527	-	-	-	-	27,527
Due from other financial institutions	-	19,500	-	-	-	19,500
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	-	24,644	17,334	19,595	1,176	62,749
Due from related parties	403	16,391	-	-	-	16,794
Other financial assets	-	284	-	-	149	433
Total financial assets	27,930	60,819	17,334	19,595	1,325	127,003
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Deposits and other borrowings	871	13,421	20,696	-	-	34,988
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties	-	11,239	-	22,864	-	34,103
Other financial liabilities	-	147	378	202	453	1,180
Total financial liabilities	871	24,807	21,074	23,066	453	70,271
Net non derivative cash flows	27,059	36,012	(3,740)	(3,471)	872	56,732
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	105	-	-	-	105
Total	-	105	-	-	-	105
Off balance sheet cash flows						
Financial guarantees inflows	-	-	-	-	-	-
Financial guarantees outflows	-	-	-	-	-	-
Commitments outflows	(3,286)	-	-	-	-	(3,286)
Total	(3,286)	-	-	-	-	(3,286)
Net cash flows	23,773	36,117	(3,740)	(3,471)	872	53,551

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16 LIQUIDITY RISK continued

Audited 31 December 2014	On Demand $'000	Up to 3 months $'000	3 to 12 months $'000	Between 1 & 5 years $'000	More than 5 years $'000	Total $'000
Financial assets						
Cash and cash equivalents	376,647	-	-	-	-	376,647
Due from other financial institutions	-	205,248	-	-	-	205,248
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	-	7,426	8,205	62,283	21,979	99,893
Due from related parties	-	248	-	-	-	248
Other financial assets	140	562	81	-	170	953
Total financial assets	376,787	213,484	8,286	62,283	22,149	682,989
Financial liabilities						
Due to other financial institutions	1	-	-	-	-	1
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Deposits and other borrowings	1,801	10,192	1,369	22	-	13,384
Debt securities issued	-	281	2,029	54,620	-	56,930
Term subordinated debt	-	-	-	-	-	-
Due to related parties	9,694	508,146	26,284	3,936	-	548,060
Other financial liabilities	672	352	1,198	318	324	2,864
Total financial liabilities	12,168	518,971	30,880	58,896	324	621,239
Net non derivative cash flows	364,619	(305,487)	(22,594)	3,387	21,825	61,750
Derivative cash flows						
Inflows from derivatives	-	-	1,185	2,370	-	3,555
Outflows from derivatives	-	(282)	(845)	(2,254)	-	(3,381)
Total	-	(282)	340	116	-	174
Off balance sheet cash flows						
Financial guarantees inflows	-	6,682	-	99	-	6,781
Financial guarantees outflows		(6,632)	-	-	-	(6,632)
Commitments outflows	(2,807)	(366)	(2,355)	(10,842)	(2,384)	(18,754)
Total	(2,807)	(316)	(2,355)	(10,743)	(2,384)	(18,605)
Net cash flows	361,812	(306,085)	(24,609)	(7,240)	19,441	43,319

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17 INTEREST RATE RISK

The Bank's interest rate risk mainly arises from the mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities. The Bank manages its interest rate risk by:

1.Regularly monitoring the macroeconomic factors that may have impact on the benchmark interest rates;
2.Optimising the differences in timing between contractual repricing (maturities) of interest-generating assets and interest-bearing liabilities; and
3.Managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the benchmark interest rates.

A principal part of the Bank's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modelling). The Bank aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such hedging on the current revenue.

The following table demonstrates the contractual repricing or maturity dates, whichever is earlier, of the Bank's assets and liabilities:

Reviewed 30 June 2015	Non-interest bearing $'000	Up to 3 months $'000	Over 3 months and up to 6 months $'000	Over 6 months and up to 1 year $'000	Over 1 year and up to 2 years $'000	Over 2 years $'000	Total $'000
Financial assets							
Cash and cash equivalents	30,293	220,677	-	-	-	-	250,970
Due from other financial institutions	-	182,953	-	-	-	-	182,953
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-	-	-
Financial assets held to maturity	-	1,533	-	-	-	3,428	4,961
Available-for-sale assets	-	-	-	-	-	-	-
Loans and advances	-	121,110	1,134	26,411	4,139	3,445	156,239
Derivative financial assets	378	-	-	-	-	-	378
Balances with related parties	-	-	-	-	-	-	-
Other financial assets	1,050	-	-	-	-	151	1,201
Total financial Assets	31,721	526,273	1,134	26,411	4,139	7,024	596,702
Financial liabilities							
Due to other financial institutions	-	1	-	-	-	-	1
Financial liabilities held for trading	-	-	-	-	-	-	-
Derivative financial liabilities	215	-	-	-	-	-	215
Deposits and other borrowings	46,768	24,783	9,313	6,544	1,490	-	88,898
Debt securities issued	-	25,000	-	-	-	25,000	50,000
Term subordinated debt	-	-	-	-	-	-	-
Due to related parties	-	398,899	-	-	-	-	398,899
Other financial liabilities	3,477	-	-	-	-	-	3,477
Total financial liabilities	50,460	448,683	9,313	6,544	1,490	25,000	541,490
On-balance sheet gap	(18,739)	77,590	(8,179)	19,867	2,649	(17,976)	55,212
Net derivative notional principals	-	(11,500)	-	(7,000)	(2,500)	21,000	-
Net effective interest rate gap	(18,739)	66,090	(8,179)	12,867	149	3,024	55,212

17 INTEREST RATE RISK continued

Reviewed 30 June 2014	Non-interest bearing $'000	Up to 3 months $'000	Over 3 months and up to 6 months $'000	Over 6 months and up to 1 year $'000	Over 1 year and up to 2 years $'000	Over 2 years $'000	Total $'000
Financial assets							
Cash and cash equivalents	25,435	2,092	-	-	-	-	27,527
Due from other financial institutions	-	19,500	-	-	-	-	19,500
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-	-
Loans and advances	-	61,488	-	1,261	-	-	62,749
Derivative financial assets	105	-	-	-	-	-	105
Balances with related parties	161	16,633	-	-	-	-	16,794
Other financial assets	284	-	-	-	-	149	433
Total financial Assets	25,985	99,713	-	1,261	-	149	127,108
Financial liabilities							
Due to other financial institutions	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Derivative financial liability	-	-	-	-	-	-	-
Deposits and other borrowings	34,207	331	-	450	-	-	34,988
Debt securities issued	-	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-	-
Due to related parties	-	11,239	-	-	22,864	-	34,103
Other financial liabilities	1,180	-	-	-	-	-	1,180
Total financial liabilities	35,387	11,570	-	450	22,864	-	70,271
On-balance sheet gap							
Net derivative notional principals	-	-	-	-	-	-	-
Net effective interest rate gap	(9,402)	88,143	-	811	(22,864)	149	56,837

17 INTEREST RATE RISK continued

Audited 31 December 2014	Non-interest bearing $'000	Up to 3 months $'000	Over 3 months and up to 6 months $'000	Over 6 months and up to 1 year $'000	Over 1 year and up to 2 years $'000	Over 2 years $'000	Total $'000
Financial assets							
Cash and cash equivalents	620	376,000	-	-	-	-	376,620
Due from other financial institutions	-	205,000	-	-	-	-	205,000
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-	-
Derivative financial assets	20	-	-	-	-	-	20
Loans and advances	-	6,724	35	6,142	16,150	56,645	85,696
Balances with related parties	-	246	-	-	-	-	246
Other financial assets	702	-	-	-	-	152	854
Total financial Assets	1,342	587,970	35	6,142	16,150	56,797	668,436
Financial liabilities							
Due to other financial institutions	-	1	-	-	-	-	1
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Derivative financial liability	-	-	-	-	-	-	-
Deposits and other borrowings	6,136	5,835	1,180	167	-	-	13,318
Debt securities issued	-	25,000	-	-	-	25,000	50,000
Term subordinated debt	-	-	-	-	-	-	-
Due to related parties	-	517,694	-	25,500	3,825	-	547,019
Other financial liabilities	2,864	-	-	-	-	-	2,864
Total financial liabilities	9,000	548,530	1,180	25,667	3,825	25,000	613,202
On-balance sheet gap	(7,658)	39,440	(1,145)	(19,525)	12,325	31,797	55,234
Net derivative notional principals	-	(25,000)	-	-	-	25,000	-
Net effective interest rate gap	(7,658)	14,440	(1,145)	(19,525)	12,325	56,797	55,234

18 CAPITAL ADEQUACY

A. Issued Capital

The Bank had 60,377,729 fully paid up ordinary shares (tier one capital) issued at NZ $1 per share as at 30 June 2015.

ICBC is the sole shareholder. Each share confers on the holder the right to:

- one vote on a poll at a meeting of the shareholders on any resolution to:
  - appoint or remove a Director or auditor; or
  - alter the Bank's constitution; or
  - approve a major transaction; or
  - approve an amalgamation under section 221 of the Companies Act 1993; or
  - put the Bank into liquidation;
- a proportionate share in dividends authorised by the Board; and
- a proportionate share in the distribution of the surplus assets of the Bank.

B. Other classes of capital instrument

The Bank does not have any other classes of capital instrument in its capital structure.

Regulatory capital adequacy ratios are calculated by expressing capital as a percentage of risk weighted exposures. As a condition of registration, the Bank must comply with the following minimum capital requirements set by the RBNZ:

Total regulatory capital must not be less than 8% of risk weighted exposures.

- Tier One capital must not be less than 6% of risk weighted exposures.
- The Common Equity Tier one capital must not be less than 4.5% of risk weighted exposures.
- Capital must not be less than NZ$30 million.

The capital adequacy tables set out below summarise the composition of regulatory capital and capital adequacy ratios for the period ended 30 June 2015 since 31 December 2014. The Bank has complied with both regulatory and internal capital adequacy requirements.

The Bank has considered other material risks not included below and whether to allocate any capital to cover these risks and concluded that these risks are not significant and has therefore not allocated any capital to cover them.

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18 CAPITAL ADEQUACY continued

C. Tier one and two Capital

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 31 December 2014 $'000
Tier one capital			
Common Equity Tier one capital			
Issued and fully paid up share capital	60,378	60,378	60,378
Retained earnings	(3,419)	(1,385)	(3,162)
Accumulated other comprehensive income and other disclosed reserves	-	-	-
Interest from issue of ordinary shares	-	-	-
Less:	-	-	-
Goodwill and other intangible assets	(5)		7
Regulatory adjustments	-	-	-
Deferred tax assets	-	-	-
Total common equity tier one capital	56,954	58,993	57,209
Additional Tier one capital			
High-quality capital	-	-	-
Instruments issued	-	-	-
Share premium from issue of instruments	-	-	-
Associated retained earnings	-	-	-
Less: Regulatory adjustments	-	-	-
Total additional tier one capital	-	-	-
Total tier one capital	56,954	58,993	57,209
Tier two capital			
Instruments issued by bank	-	-	-
Share premium from issue of instruments	-	-	-
Revaluation reserves	-	-	-
Foreign currency translation reserves	-	-	-
Less: Regulatory adjustments	-	-	-
Total tier two capital	-	-	-
Total capital	56,954	58,993	57,209

18 CAPITAL ADEQUACY continued

D. Credit Risk

Reviewed 30 June 2015 Calculation of on-balance-sheet exposures	Total exposure after credit risk mitigation $'000	Risk weight %	Risk weighted exposure $'000	Minimum Pillar 1 capital requirement $'000
Cash and gold bullion	-	-	-	-
Sovereigns and central banks	55,740	0%	-	-
Multilateral development banks and other international organisation	-	-	-	-
Public sector entities	2,228	20%	446	36
Banks rating grade 1	348,891	20%	69,778	5,582
Banks rating grade 2	42,826	20%	8,565	685
Banks unrated	4,716	20%	943	76
Corporate-without recognised mitigation	57,542	100%	57,542	4,603
Corporate-secured with collateral	29,370	20%	5,874	470
Corporate-guaranteed	16,525	100%	16,525	1,322
Residential mortgages not past due -LVR up to 80%.	37,833	35%	13,242	1,059
Residential mortgages not past due -LVR >80% but up to 90%	-	-	-	-
Past due residential mortgages	-	-	-	-
Other past due assets	-	-	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	-	-	-
All other equity holdings (not deducted from capital)	-	-	-	-
Non Risk Weighted Assets	-	-	-	-
Other assets	2,860	100%	2,860	229
Total on-balance sheet exposures after credit risk mitigation	598,531	-	175,775	14,062

18 CAPITAL ADEQUACY continued

D. Credit Risk

Reviewed 30 June 2015 Calculation of off-balance-sheet exposures	Total exposure $'000	Credit Conversion Factor %	Credit equivalent amount $'000	Average risk weight %	Risk weighted exposure $'000	Minimum Pillar 1 capital requirement $'000
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	4,866	50%	2,433	100%	2,433	195
Trade-related contingency	-	-	-	-	-	-
Placements of forward deposits	-	-	-	-	-	-
Other commitments where original maturity is more than one year	16,663	50%	8,331	100%	8,331	667
Other commitments where original maturity is less than or equal to one year	1,578	20%	316	100%	316	25
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	-	-	-	-	-
Market related contracts						
(a) Foreign exchange contracts	11,660	1%	117	100%	117	9
(b) Interest rate contracts (exposure more than one year and less than or equal to five years)	36,500	0.50%	182	100%	182	15
(c) Interest rate contracts (exposure more than five years)	2,000	1.50%	30	100%	30	2
(d) Other - OTC, etc	-	-	-	-	-	-
Total off-balance sheet exposures	73,267	-	11,409	-	11,409	913

18 CAPITAL ADEQUACY continued

D. Credit Risk

Reviewed 30 June 2014 Calculation of on-balance-sheet exposures	Total exposure after credit risk mitigation $'000	Risk weight %	Risk weighted exposure $'000	Minimum Pillar 1 capital requirement $'000
Cash and gold bullion	-	-	-	-
Sovereigns and central banks	-	-	-	-
Multilateral development banks and other international organisation	-	-	-	-
Public sector entities	-	-	-	-
Banks rating grade 1	47,027	20%	9,405	753
Banks rating grade 2	16,810	20%	3,362	269
Banks unrated	13,364	20%	2,673	214
Corporate-unsecured	6,714	100%	6,714	537
Corporate-collateralised	28,639	20%	5,728	458
Corporate-guaranteed	12,861	100%	12,861	1,029
Residential mortgages not past due -LVR up to 80%.	1,263	35%	442	35
Residential mortgages not past due -LVR >80% but up to 90%	-	-	-	-
Past due residential mortgages	-	-	-	-
Other past due assets	-	-	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	-	-	-
All other equity holdings (not deducted from capital)	-	-	-	-
Non Risk Weighted Assets	-	-	-	-
Other assets	2,627	100%	2,627	210
Total on-balance sheet exposures after credit risk mitigation	129,305	-	43,812	3,505

18 CAPITAL ADEQUACY continued

D. Credit Risk

Reviewed 30 June 2014 Calculation of off-balance-sheet exposures	Total exposure $'000	Credit Conversion Factor %	Credit equivalent amount $'000	Average risk weight %	Risk weighted exposure $'000	Minimum Pillar 1 capital requirement $'000
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	-	-	-	-	-	-
Trade-related contingency	-	-	-	-	-	-
Placements of forward deposits	-	-	-	-	-	-
Other commitments where original maturity is more than one year	3,286	50%	1,643	100%	1,643	132
Other commitments where original maturity is less than or equal to one year	-	-	-	-	-	-
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	-	-	-	-	-
Market related contracts						
(a) Foreign exchange contracts	15,388	1%	154	100%	154	12
(b) Interest rate contracts	-	-	-	-	-	-
(c) Other - OTC, etc	-	-	-	-	-	-
Total off-balance sheet exposures	18,674	-	1,797	-	1,797	144

18 CAPITAL ADEQUACY continued

D. Credit Risk

Audited 31 December 2014 Calculation of on-balance-sheet exposures	Total exposure after credit risk mitigation $'000	Risk weight %	Risk weighted exposure $'000	Minimum Pillar 1 capital requirement $'000
Cash and gold bullion	-	-	-	-
Sovereigns and central banks	280,435	0%	-	-
Multilateral development banks and other international organisation	-	-	-	-
Public sector entities	-	-	-	-
Banks rating grade 1	299,204	20%	59,841	4,787
Banks rating grade 2	2,228	20%	446	36
Banks rating grade 4	820	50%	410	33
Bank unrated	2,532	20%	506	40
Corporate - without recognised mitigation	53,912	100%	53,912	4,313
Corporate - without recognised mitigation	3,330	20%	666	53
Corporate - without recognised mitigation	14,344	100%	14,344	1,148
Residential mortgages not past due -LVR up to 80%.	11,233	35%	3,931	315
Residential mortgages not past due -LVR >80% but up to 90%	-	-	-	-
Past due residential mortgages	-	-	-	-
Other past due assets	-	-	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	-	-	-
All other equity holdings (not deducted from capital)	-	-	-	-
Non Risk Weighted Assets	-	-	-	-
Other assets	2,438	100%	2,438	195
Total on balance sheet exposures after credit risk mitigation	670,476	-	136,494	10,920

18 CAPITAL ADEQUACY continued

D. Credit Risk

Audited 31 December 2014 Calculation of off-balance-sheet exposures	Total exposure $'000	Credit Conversion Factor %	Credit equivalent amount $'000	Average Risk weight %	Risk weighted exposure $'000	Minimum Pillar 1 capital require-ment $'000
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	4,098	50%	2,049	100%	2,049	164
Trade-related contingency	6,632	20%	1,326	100%	1,326	106
Placements of forward deposits	-	-	-	-	-	-
Other commitments where original maturity is more than one year	18,754	50%	9,377	100%	9,377	750
Other commitments where original maturity is less than or equal to one year	-	-	-	-	-	-
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	-	-	-	-	-
Market related contracts						
(a) Foreign exchange contracts	-	-	-	-	-	-
(b) Interest rate contracts	25,000	0.50%	125	100%	125	10
(c) Other - OTC, etc	-	-	-	-	-	-
Total off-balance sheet exposures	54,484	-	12,877	-	12,877	1,030

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18 CAPITAL ADEQUACY continued

E. Residential mortgages by loan-to-valuation ratio

Reviewed 30 June 2015 Loan-to-valuation ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Value of exposures	37,833	-	-	37,833

Reviewed 30 June 2014 Loan-to-valuation ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Value of exposures	1,263	-	-	1,263

Audited 31 December 2014 Loan-to-valuation ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Value of exposures	11,233	-	-	11,233

F. Reconciliation of residential mortgage-related amounts

	Reviewed 30 June 2015 $'000	Reviewed 30 June 2014 $'000	Audited 30 December2014 $'000
Residential mortgage loans (as disclosed in Note 5)	37,833	1,263	11,233
Residential mortgages by loan-to-valuation ratio	37,833	1,263	11,233

G. Credit risk mitigation

Reviewed 30 June 2015	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives
Exposure Class	**$'000**	**$'000**
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	29,370	16,525
Residential mortgage	-	-
Other	-	-
Total	29,370	16,525

18 CAPITAL ADEQUACY continued

Reviewed 30 June 2014	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives
Exposure Class	**$'000**	**$'000**
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	28,639	12,861
Residential mortgage	-	-
Other	-	-
Total	28,639	12,861

Audited 31 December 2014	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives
Exposure Class	**$'000**	**$'000**
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	3,330	14,344
Residential mortgage	11,233	-
Other	-	-
Total	14,563	14,344

H. Operational risk capital requirement

Reviewed 30 June 2015	Implied risk weighted exposure	Total operational risk capital requirement
	$'000	**$'000**
Operational risk	6,025	482

Reviewed 30 June 2014	Implied risk weighted exposure	Total operational risk capital requirement
	$'000	**$'000**
Operational risk	2,350	188

Audited 31 December 2014	Implied risk weighted exposure	Total operational risk capital requirement
	$'000	**$'000**
Operational risk	4,407	353

18 CAPITAL ADEQUACY continued

I. Market risk

Market risk exposures have been calculated in accordance with the methodology detailed in Part 10 of the RBNZ's BS2A Capital Adequacy framework, and schedule 9 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014. Peak exposures are calculated using the Bank's shareholders' equity at the end of the period.

Reviewed 30 June 2015	End-period capital charges: Implied risk weighted exposure	End-period capital charges: Aggregate capital charge	Peak end-of-day capital charges: Implied risk weighted exposure	Peak end-of-day capital charges: Aggregate capital charge
	$'000	$'000	$'000	$'000
Interest rate risk	2,638	211	6,400	512
Foreign currency risk	500	40	9,600	768
Equity risk	-	-	-	-
Total capital requirements	3,138	251	16,000	1,280

Reviewed 30 June 2015	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital Requirement
	$'000	$'000	$'000
Total credit risk + equity	671,798	187,184	14,975
Operational risk	-	6,025	482
Market risk	-	3,138	251
Total	671,798	196,347	15,708

Capital Ratios

Reviewed 30 June 2015	Common Equity Tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
	%	%	%
Ratio	29.01%	29.01%	29.01%
Minimum ratio requirement	4.50%	6%	8%

Buffer ratios

Reviewed 30 June 2015	Total Buffer Ratio
	%
Buffer ratio	21.01%
Buffer ratio requirement effective from 1 January 2014	2.50%

Reviewed 30 June 2014	End-period capital charges: Implied risk weighted exposure	End-period capital charges: Aggregate capital charge	Peak end-of-day capital charges: Implied risk weighted exposure	Peak end-of-day capital charges: Aggregate capital charge
	$'000	$'000	$'000	$'000
Interest rate risk	4,475	358	4,475	358
Foreign currency risk	21	2	8,652	692
Equity risk	-	-	-	-
Total capital requirements	4,496	360	13,127	1,050

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18 CAPITAL ADEQUACY continued

Reviewed 30 June 2014	Total exposure after credit risk mitigation $'000	Risk weighted exposure or implied risk weighted exposure $'000	Capital Requirement $'000
Total credit risk + equity	147,979	45,609	3,649
Operational risk	-	2,350	188
Market risk	-	4,496	360
Total	147,979	52,455	4,197

Capital Ratios

Reviewed 30 June 2014	Common Equity Tier 1 capital ratio %	Tier 1 capital ratio %	Total capital ratio %
Ratio	112.46%	112.46%	112.46%
Minimum ratio requirement	4.50%	6%	8%

Buffer ratios

Reviewed 30 June 2014	Total Buffer Ratio %
Buffer ratio	104.46%
Buffer ratio requirement effective from 1 January 2014	2.50%

Audited 31 December 2014	End-period capital charges		Peak end-of-day capital charges	
	Implied risk weighted exposure $'000	Aggregate capital charge $'000	Implied risk weighted exposure $'000	Aggregate capital charge $'000
Interest rate risk	3,563	285	7,063	565
Foreign currency risk	125	10	500	40
Equity risk	-	-	-	-
Total capital requirements	3,688	295	7,563	605

Audited 31 December 2014	Total exposure after credit risk mitigation $'000	Risk weighted exposure or implied risk weighted exposure $'000	Capital Requirement $'000
Total credit risk + equity	724,960	149,371	11,950
Operational risk	-	4,407	353
Market risk	-	3,688	295
Total	724,960	157,466	12,598

Capital Ratios

Audited 31 December 2014	Common Equity Tier 1 capital ratio %	Tier 1 capital ratio %	Total capital ratio %
Ratio	36.33%	36.33%	36.33%
Minimum ratio requirement	4.50%	6%	8%

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18 CAPITAL ADEQUACY continued

Buffer ratios

Audited 31 December 2014	Total Buffer Ratio %
Buffer ratio	28.33%
Buffer ratio requirement effective from 1 January 2014	2.50%

J. Capital for Other Material Risk

The Bank's Internal Capital Adequacy Assessment Process (ICAAP) captures all material risks that the Bank faces including those not captured by Pillar 1 regulatory capital requirements, namely strategic risk, reputational risk and start-up business risk. Noting this, the Bank has set up a buffer at 2% within the board target to mitigate all the Pillar II risks in its ICAAP as a prudent treatment.

K. Capital adequacy of Ultimate Parent Bank

The Ultimate Parent Bank of the Industrial and Commercial Bank of China (New Zealand) Limited is ICBC.

ICBC is required by the China Banking Regulatory Commission (CBRC) to hold minimum capital at least equal to that specified under the standardised Basel II approach . This information is made available to users via the ICBC website (www.icbc.com.cn).

At 31 March 2015, ICBC's Tier One Capital was 12.51% of Total Risk-weighted Assets, and Total Capital was 14.41% of Total Risk-weighted Assets (at 31 December 2014: Tier One Capital was 12.19% of Total Risk-weighted Assets and Total Capital was 14.53% of Total Risk-weighted Assets). ICBC's capital ratios during the period ended 30 June 2015 and year ended 31 December 2014 exceeded both of the CBRC's minimum capital adequacy requirements.

19 RISK MANAGEMENT POLICIES

There have been no material changes to the risk management policies, and no new categories of risk to which the Bank has become exposed since 31 December 2014.

20 FIDUCIARY ACTIVITIES

As at balance date the Bank is not involved in:

- The establishment, marketing, or sponsorship of trust, or custodial services; or
- Funds management and other fiduciary activities; or
- The organisation of securitised assets; or
- The marketing or servicing of securitisation schemes; or
- The marketing and distribution of insurance products.