

# INDUSTRIAL AND COMMERCIAL BANK OF CHINA (NEW ZEALAND) LIMITED

## Disclosure Statement

For the nine months ended 30<sup>th</sup> September 2015



## Disclosure Statement

### For the nine months ended 30<sup>th</sup> September 2015

This Disclosure Statement has been issued by Industrial and Commercial Bank of China (New Zealand) Limited for the nine months ended 30<sup>th</sup> September 2015 in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order").

In this Disclosure Statement, unless the context otherwise requires:

- a) "Bank", "Registered Bank" or "ICBC (NZ)" means Industrial and Commercial Bank of China (New Zealand) Limited;
- b) "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;
- c) "ICBC", the "Ultimate Parent Bank", the "Ultimate Holding Company", the "Parent" and the "Controlling Bank" mean the Industrial and Commercial Bank of China Limited, incorporated in China;
- d) "NZD" means the New Zealand Dollar, "RMB" means the Chinese Yuan, "USD" means the United States Dollar and "AUD" means the Australian Dollar;
- e) "Board" means the board of directors of the Bank; and
- f) Words and phrases defined by the Order have the same meanings when used in this Disclosure Statement.

The financial statements of ICBC NZ for the nine-month period ended 30<sup>th</sup> September 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](http://www.icbcnz.com). In addition, any person can request a hard copy of the Registered Bank's Disclosure Statement 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.

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## Industrial and Commercial Bank of China (New Zealand) Limited Corporate Information

### Address for Service

- (a) The name of the Registered 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](http://www.icbcnz.com)

### Nature of Business

The Bank was incorporated on 13 March 2013 and was granted a banking licence on 19 November 2013 by the Reserve Bank of New Zealand. The Bank currently provides a range of banking and financial products to retail, corporate and institutional customers.

### 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 Company

ICBC is the Ultimate Holding Company of the Bank.

There has been no change to the Ultimate Holding Company since 31 December 2014. There have been no changes to the name or address for service of the Ultimate Holding Company since 31 December 2014.

#### Shareholding in ICBC

As at 30 September 2015, 68.11% of total shares in ICBC are owned by the Chinese government. The remaining 31.89% of the shares in ICBC is 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](http://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](http://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.

### Interests in 5% or more of voting securities of Registered Bank

The Bank is a wholly-owned subsidiary of ICBC.

## Subordination of Claims of Creditor

### 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.

## Guarantee

### Guarantee arrangements

As at the date of this Disclosure Statement, the Bank is guaranteed by ICBC.

A copy of the guarantee arrangement between the Bank and ICBC is attached (**Appendix 2**).

### Details of the guarantor (Parent)

- (a) The guarantor is ICBC. ICBC is the Bank's Ultimate Parent Bank 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 30 September 2015, the most recent publicly disclosed (unaudited) capital of ICBC was RMB 1,690,652 million (per three quarterly report financial - unaudited) (NZ\$416,616 million), representing 14.43% 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.

### 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) Termination of the guarantee under any of the circumstances outlined in clause 6 Termination of the Guarantee is subject to satisfaction of the relevant obligations in respect of each Creditor which have been incurred on or prior to the date of termination.
- (c) While the Parent remains a 100% shareholder, there are no material conditions applicable to the guarantee, other than non-performance by the Bank.
- (d) 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.
- (e) The ICBC guarantee does not have an expiry date.

## Directors

The responsible person authorised to sign the Disclosure Statement on behalf of the Board, in accordance with section 82 of the Reserve Bank of New Zealand Act 1989, is Qian Hou (Executive Director).

The Board comprises:

- 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

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 replacement Chief Executive Officer & 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 Chief Executive Officer & General Manager and Executive Director on 22 April 2015.

## Auditor

The name and address of the auditor referred to in this disclosure statement is:

KPMG  
KPMG Centre  
18 Viaduct Harbour Avenue  
Auckland 1140 New Zealand

## 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: 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.

Credit rating of the bank <sup>1</sup>	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

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 favourable 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.

<sup>1</sup> 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.)

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.

## 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.

## Credit Ratings

### ICBC NZ Rating Information

On 28 August 2015, Moody’s Investors Service upgraded long-term Bank deposits, senior unsecured and issuer ratings to A1 from A2. The Bank’s senior unsecured MTN (medium term note) rating was also upgraded to (P)A1 from (P)A2. Short-term Bank deposits and issuer ratings were affirmed at P-1 while the Bank’s deposit note/RCD (registered certificate of deposit) Program was also affirmed at (P)P-1. The outlook on the ratings is stable.

Rating Agency/Rating Results	Standard & Poor's Ratings Services	Moody's Investors Service, Inc
Long-term credit Rating	A	A1
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.

## 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 <sup>1,2</sup>
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.

<sup>1</sup> 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.

<sup>2</sup> 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.

## 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.

## Directors' Statements

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

- As at the date on which the Disclosure Statement is signed:
  - The Disclosure Statement contains all the information that is required by the "Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended)", ("the Order"); and
  - The Disclosure Statement is not false or misleading.
- During the nine-month period ended 30 September 2015:

- (a) the Registered Bank has complied with all conditions of registration that applied during the period, except as disclosed on page 9 of this Disclosure Statement;
- (b) Credit exposures to connected persons were not contrary to the interests 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 25 November 2015 and has been signed by Qian Hou as the responsible person for and on behalf of all the Directors (by Directors' resolution):



Qian Hou  
Executive Director

## Appendix 1 - Financial Statements

### **Industrial and Commercial Bank of China (New Zealand) Limited**

Financial Statements for the nine-month period ended 30 September 2015

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# Statement of Comprehensive Income

		Unaudited 30 September 2015 9 months	Unaudited 30 September 2014 9 months	Audited 31 December 2014 12 months
	Notes Ref.	\$'000	\$'000	\$'000
<b>For the nine months ended 30 September 2015</b>				
Interest Income		8,383	2,181	3,621
Interest Expense		(4,809)	(237)	(656)
<b>Net Interest Income</b>		<b>3,574</b>	<b>1,944</b>	<b>2,965</b>
Net gains/ (losses) on financial instruments at fair value via P&L		2,020	529	20
Other Income (including Fees and commission)	2	489	(118)	611
<b>Total operating income</b>		<b>6,083</b>	<b>2,355</b>	<b>3,596</b>
Operating expenses		(5,748)	(4,061)	(6,046)
Impairment provisioning on loans and advances to customers	3	(379)	(209)	(483)
<b>Net profit/(loss) before taxation</b>		<b>(44)</b>	<b>(1,915)</b>	<b>(2,933)</b>
Taxation (expense)/ benefit	4	-	-	(42)
<b>Net profit/(loss) for the period</b>		<b>(44)</b>	<b>(1,915)</b>	<b>(2,975)</b>
Net change in available-for sale reserve (net of tax)		-	-	-
Net change in cash-flow hedge reserve (net of tax)		-	-	-
Foreign currency translation reserve		-	-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>(44)</b>	<b>(1,915)</b>	<b>(2,975)</b>

# Statement of Changes in Equity

	Notes Ref.	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
<b>For the nine months ended 30 September 2015 (unaudited)</b>				
Balance at the beginning of the period		60,378	(3,162)	57,216
Net profit/(loss) for the period		-	(44)	(44)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(44)</b>	<b>(44)</b>
<b>Balance at 30 September 2015</b>		<b>60,378</b>	<b>(3,206)</b>	<b>57,172</b>
<b>For the nine months ended 30 September 2014 (unaudited)</b>				
Balance at the beginning of the period		60,378	(187)	60,191
Net profit/(loss) for the period		-	(1,915)	(1,915)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(1,915)</b>	<b>(1,915)</b>
<b>Balance at 30 September 2014</b>		<b>60,378</b>	<b>(2,102)</b>	<b>58,276</b>
<b>For the twelve months ended 31 December 2014 (audited)</b>				
Balance at the beginning of the period		60,378	(187)	60,191
Net profit/(loss) for the period		-	(2,975)	(2,975)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(2,975)</b>	<b>(2,975)</b>
<b>Balance at 31 December 2014</b>		<b>60,378</b>	<b>(3,162)</b>	<b>57,216</b>

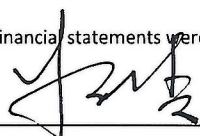
The accounting policies and other notes (1-18) form part of and should be read in conjunction with these Financial Statements.

## Statement of Financial Position

As at 30 September 2015	Notes Ref.	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 December 2014 \$'000
<b>Assets</b>				
Cash, cash equivalents and balances with central banks		47,108	21,333	376,620
Amounts due from related parties	9	-	11,350	246
Due from banks and other financial institutions		30,989	23,400	205,000
Financial assets designated at fair value through profit or loss		-	-	-
Financial assets held for trading		-	-	-
Financial assets held to maturity		4,951	-	-
Available-for-sale assets		-	-	-
Derivative Financial Assets		2,543	529	20
Loans and advances to customers	5	303,780	68,163	85,696
Property, plant and equipment		1,531	2,005	1,879
Intangible assets		5	8	7
Current taxation		-	-	-
Deferred tax assets		-	-	-
Other assets		2,537	556	1,008
<b>Total assets</b>		<b>393,444</b>	<b>127,344</b>	<b>670,476</b>
<b>Liabilities</b>				
Due to central banks and other financial institutions		1	-	1
Amounts due to related parties	9	141,465	32,033	547,019
Financial liabilities held for trading		-	-	-
Derivative Financial Liabilities		503	-	-
Deposits from customers	6	140,452	30,610	13,318
Certificates of Deposit		-	-	-
Debt securities issued	7	50,000	-	50,000
Deferred tax liabilities		-	-	-
Other liabilities		3,851	6,425	2,922
<b>Total liabilities</b>		<b>336,272</b>	<b>69,068</b>	<b>613,260</b>
<b>Shareholder's equity</b>				
Share capital		60,378	60,378	60,378
Reserves		(3,206)	(2,102)	(3,162)
<b>Total shareholder's equity</b>		<b>57,172</b>	<b>58,276</b>	<b>57,216</b>
<b>Total shareholder's equity and liabilities</b>		<b>393,444</b>	<b>127,344</b>	<b>670,476</b>
Total interest earning and discount bearing assets	10	368,285	106,510	667,094
Total interest and discount bearing liabilities		271,794	32,902	604,202

The accounting policies and other notes (1-18) form part of and should be read in conjunction with these Financial Statements.

These financial statements were approved by the directors on 25 November 2015 and are signed on their behalf by:



Qian Hou  
Executive Director

## Statement of Cash Flows

	Notes Ref.	Unaudited 30 September 2015 9 months \$'000	Unaudited 30 September 2014 9 months \$'000	Audited 31 December 2014 12 months \$'000
<b>For the nine months ended 30 September 2015</b>				
<b>Cash flows from operating activities</b>				
Interest received		7,115	2,046	3,220
Fees and other income		586	27	734
Operating expenses paid		(5,334)	(2,829)	(4,224)
Interest paid		(3,939)	(69)	(97)
Taxes paid		-	-	(42)
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>		<b>(1,572)</b>	<b>(825)</b>	<b>(409)</b>
<b>Net changes in operating assets and liabilities arising from cash flow movements:</b>				
(Increase)/decrease in financial assets held for trading		-	-	-
(Increase)/decrease in available-for-sale-assets		-	-	-
(Increase)/decrease in loans and advances to customers		(218,463)	(68,372)	(86,179)
(Increase)/decrease in amounts due from other financial institutions		-	-	-
Increase / (decrease) in deposits from customers		127,134	30,610	13,318
Increase/(decrease) in amounts due to related parties		(405,554)	32,033	547,019
Increase/ (decrease) in amounts due to financial institutions		-	-	1
(Increase) / decrease in other assets		-	56	100
Increase/(decrease) in other liabilities		(241)	4,815	271
(Increase)/decrease in amounts due from related parties		246	(11,350)	(246)
Increase / (decrease) in certificates of deposit		-	-	-
<b>Net cash flows from operating activities</b>		<b>(498,450)</b>	<b>(13,033)</b>	<b>473,875</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		(109)	(339)	(360)
Purchase of intangible software assets		-	-	-
Purchase of assets held to maturity		(4,964)	-	-
Purchase of customer relationships		-	-	-
<b>Net cash flows from investing activities</b>		<b>(5,073)</b>	<b>(339)</b>	<b>(360)</b>
<b>Cash flows from financing activities</b>				
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		-	-	-
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>	<b>50,000</b>
Increase/(Decrease) in cash and cash equivalents		(503,523)	(13,372)	523,515
Add opening cash and cash equivalents		581,620	58,105	58,105
Effect of exchange rate changes on cash and cash equivalents		-	-	-
<b>Cash and cash equivalents</b>		<b>78,097</b>	<b>44,733</b>	<b>581,620</b>

The accounting policies and other notes (1-18) form part of and should be read in conjunction with these Financial Statements.



# Statement of Cash Flows (cont)

		Unaudited 30 September 2015 9 months \$'000	Unaudited 30 September 2014 9 months \$'000	Audited 31 December 2014 12 months \$'000
<b>For the nine months ended 30 September 2015</b>	<b>Notes Ref.</b>			
<b>Reconciliation of net profit/(loss) after taxation to net cash-flows from operating activities</b>				
<b>Net profit/(loss) after taxation</b>		<b>(44)</b>	<b>(1,915)</b>	<b>(2,975)</b>
<b>Non cash movements:</b>				
Unrealised fair value adjustments		(1,010)	-	(20)
Depreciation		457	414	561
Amortisation of intangibles		2	3	4
Amortisation of financial instruments		13	-	-
Increase in collective allowance for impairment losses	3	379	209	483
Increase in individual allowance for impairment losses	3	-	-	-
(Increase)/decrease in deferred expenditure		-	-	-
Unsecured lending losses		-	-	-
Unrealised foreign exchange loss/(gain)		(1,010)	(529)	-
(Increase)/decrease in deferred taxation		-	-	-
<b>Net changes in operating assets and liabilities</b>		<b>(1,169)</b>	<b>97</b>	<b>1,028</b>
(Increase)/decrease in interest receivable		(1,370)	-	(443)
Increase/(decrease) in payable accruals		804	-	625
(Increase)/decrease in loans and advances to customers		(218,463)	(68,372)	(86,179)
(Increase)/decrease in amounts due from other financial institutions		-	-	-
Increase/(decrease) in deposits from customers		127,134	30,610	13,318
Increase/(decrease) in amounts due to other financial institutions		-	-	1
Increase/(decrease) in other liabilities		126	5,620	1,493
Increase/(decrease) in amounts due to related parties		(405,554)	32,033	547,019
(Increase)/decrease in current taxation		-	-	-
(Increase)/decrease in other assets		(160)	244	234
(Increase)/decrease in amounts due from related parties		246	(11,350)	(246)
<b>Net cash flows from operating activities</b>		<b>(498,450)</b>	<b>(13,033)</b>	<b>473,875</b>

The accounting policies and other notes (1-18) form part of and should be read in conjunction with these Financial Statements.

## Note 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 nine months ended 30 September 2015. These financial statements have been prepared and presented in accordance with the Registered Bank Disclosure Statements (New Zealand) Incorporated Registered Banks Order 2014 (as amended) ("the Order").

They were approved for issue by the Directors on 25 November 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 nine months ended 30 September 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 statements 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.

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 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 year ended 31 December 2014.

### (5) Comparative Financial Statements

Certain comparative balances have been reclassified to ensure 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.

## NOTE 2 - OTHER INCOME

	Unaudited 30 September 2015 9 months \$'000	Unaudited 30 September 2014 9 months \$'000	Audited 31 December 2014 12 months \$'000
<b>Other Income</b>			
Banking and lending fee income	744	336	462
Payment services fee income	355	-	37
Bad debts recovered	-	-	-
Net foreign exchange gains/(losses) and commissions	(700)	(456)	109
Gain on sale of property, plant and equipment	-	-	-
Other revenue	90	2	3
<b>Total Other Income</b>	<b>489</b>	<b>(118)</b>	<b>611</b>

### Note 3 - Impairment Allowance

#### Unaudited– 30 September 2015

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

	Other exposures excluding sovereigns and central banks	Retail Mortgage Lending	Corporate and institutional	Total as at 30 September 2015
Collective allowance for impairment losses	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the period	1	19	463	483
Charge to statement of comprehensive income in current period	2	140	237	379
Advances written off	-	-	-	-
<b>Balance at 30 September 2015</b>	3	159	700	862

### Note 3 - Impairment Allowance (continued)

Unaudited– 30 September 2014

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

	Other exposures excluding sovereigns and central banks	Retail Mortgage Lending	Corporate and institutional	Total as at 30 September 2014
Collective allowance for impairment losses	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the period	-	-	-	-
Charge to statement of comprehensive income in current period	-	15	194	209
Advances written off	-	-	-	-
<b>Balance at 30 September 2014</b>	-	15	194	209

Audited 31 December 2014

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

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

#### Note 4 - Taxation

The taxation expense for the nine month period ended 30 September 2015 is nil (30 September 2014: nil, 31 December 2014, NZ\$41,832).

#### Note 5 - Loans and Advances to Customers

	Unaudited 30 September 2015	Unaudited 30 September 2014	Audited 31 December 2014
	\$'000	\$'000	\$'000
Residential mortgage loans	91,054	8,443	11,233
Corporate exposures	172,949	51,266	50,660
Syndicated Loans	40,568	8,663	24,278
Credit Cards	71	-	8
Other exposures	-	-	-
Allowance for impairment provisioning	(862)	(209)	(483)
<b>Total net loans and receivables</b>	<b>303,780</b>	<b>68,163</b>	<b>85,696</b>
Current	130,500	20,779	12,901
Non-Current	173,280	47,384	72,795

#### Note 6 - Deposits from Customers

	Unaudited 30 September 2015	Unaudited 30 September 2014	Audited 31 December 2014
	\$'000	\$'000	\$'000
Retail deposits	41,618	2,002	6,262
Wholesale deposits	98,834	28,608	7,056
Other	-	-	-
<b>Total deposits from customers</b>	<b>140,452</b>	<b>30,610</b>	<b>13,318</b>
New Zealand	130,035	28,643	12,005
Overseas	10,417	1,967	1,313
Current	92,469	30,590	13,298
Non-Current	47,983	20	20

#### Note 7 - Debt Securities Issued

	Unaudited 30 September 2015	Unaudited 30 September 2014	Audited 31 December 2014
	\$'000	\$'000	\$'000
Certificates of deposit (CDs)	-	-	-
Other debt securities	50,000	-	50,000
<b>Total debt securities issued</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>
Current	-	-	-
Non-Current	50,000	-	50,000

## Note 8 - Asset Quality

Unaudited 30 September 2015	Other exposures excluding sovereigns and central banks \$'000	Residential mortgage loans \$'000	Corporate exposures \$'000	Total \$'000
<b>Total neither past due nor impaired</b>	71	91,054	213,517	304,642
<b>Past due assets but not impaired</b>				
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	-	-	-	-
<b>Total past due assets but not impaired</b>	-	-	-	-
<b>Individually impaired assets</b>				
Balance at beginning of the year	-	-	-	-
Additions	-	-	-	-
Amounts written off	-	-	-	-
Deletions	-	-	-	-
<b>Total individually impaired assets</b>	-	-	-	-
<b>Total gross loans and advances to customers</b>	71	91,054	213,517	304,642
<b>Individually assessed provisions</b>				
Balance at beginning of the year	-	-	-	-
<b>Charge/(credit) to the statement of comprehensive income:</b>				
New provisions	-	-	-	-
Amounts recovered	-	-	-	-
Reversals of previously recognised impairment losses	-	-	-	-
Amounts written off	-	-	-	-
<b>Balance at end of the period</b>	-	-	-	-
<b>Collectively assessed provisions</b>				
Balance at beginning of the year	1	19	463	483
Charge (credit) to the statement of comprehensive income	2	140	237	379
<b>Balance at end of the period</b>	3	159	700	862
<b>Total provisions for impairment losses</b>	3	159	700	862
<b>Total net loans and advances to customers</b>	68	90,895	212,817	303,780

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

The residential mortgages are secured by charges over residential properties in favour 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 September 2015 (30 September 2014: nil, 31 December 2014: nil). Therefore, the Bank does not have any such collateral sold or re-pledged.

Undrawn balances on lending commitments to counterparties within the neither past due nor impaired asset category were NZ\$27,623,136 (refer Note 11) as at 30 September 2015 (30 September 2014: NZ\$18,336,751, 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 September 2015 (30 September 2014: nil, 31 December 2014: nil).

## Note 8 - Asset Quality (continued)

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 current or comparative period.

Unaudited 30 September 2014	Other exposures excluding sovereigns and central banks \$'000	Residential mortgage loans \$'000	Corporate exposures \$'000	Total \$'000
<b>Total neither past due nor impaired</b>	-	8,443	59,929	68,372
<b>Past due assets but not impaired</b>				
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	-	-	-	-
<b>Total past due assets but not impaired</b>	-	-	-	-
<b>Individually impaired assets</b>				
Balance at beginning of the year	-	-	-	-
Additions	-	-	-	-
Amounts written off	-	-	-	-
Deletions	-	-	-	-
<b>Total individually impaired assets</b>	-	-	-	-
<b>Total gross loans and advances to customers</b>	-	8,443	59,929	68,372
<b>Individually assessed provisions</b>				
Balance at beginning of the year	-	-	-	-
<b>Charge/(credit) to the statement of comprehensive income:</b>				
New provisions	-	-	-	-
Amounts recovered	-	-	-	-
Reversals of previously recognised impairment losses	-	-	-	-
Amounts written off	-	-	-	-
<b>Balance at end of the period</b>	-	-	-	-
<b>Collectively assessed provisions</b>				
Balance at beginning of the year	-	-	-	-
Charge (credit) to the statement of comprehensive income	-	15	194	209
<b>Balance at end of the period</b>	-	15	194	209
<b>Total provisions for impairment losses</b>	-	15	194	209
<b>Total net loans and advances to customers</b>	-	8,428	59,735	68,163

**Note 8 - Asset Quality (continued)**

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



## Note 9 - Transactions with Related Parties

### A. Balance with related parties

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 December 2014 \$'000
Amounts due from parent	-	11,350	246
<b>Total amounts due from parent</b>	-	11,350	246
Current	-	11,350	246
Non-Current	-	-	-
Parent Vostro account balance	57,199	-	517,694
Amounts due to parent	84,266	32,033	29,325
<b>Total amounts due to parent</b>	141,465	32,033	547,019
Current	84,948	6,267	543,194
Non-Current	56,517	25,766	3,825
<b>Off Balance sheet transactions</b>			
Due from parent	-	-	4,656
Due to parent	-	-	(6,632)
<b>Total off balance sheet transactions</b>	-	-	(1,976)

ICBC (NZ) operations are guaranteed by the Parent, Industrial and Commercial Bank of China Limited ("ICBC"), 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's balance sheet and/or manage counter party and country level exposures at financial reporting period ends.

The amounts included in "due to parent" refers to Money Market borrowing from ICBC.

The nostro account balance held with the Parent as at 30 September 2015 is NZ\$2,107,646 (30 September 2014: NZ\$1,191,345, 31 December 2014: NZ\$1,442,575). This is included in the cash and cash equivalents balance.

Parent includes ICBC Head Office and other ICBC branches.

### B. Related party transactions

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 December 2014 \$'000
<b>Income</b>			
Interest received from parent	162	246	313
Other income received from parent	11	-	-
Net foreign exchange gains/losses	(54)	-	-
<b>Total income received from parent</b>	119	246	313
<b>Expense</b>			
Interest paid to parent	2,213	230	566
Other expense paid to parent	19	-	-
<b>Total expense paid to parent</b>	2,232	230	566
<b>Net operating income from parent</b>	(2,113)	16	(253)

## Note 9 - Transactions with Related Parties (continued)

### C. 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 30 September 2015, 68.11% of total shares in ICBC were owned by the Chinese government. The remaining 31.89% 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 September 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) Termination of the guarantee under any of the circumstances outlined in clause 6 Termination of the Guarantee is subject to satisfaction of the relevant obligations in respect of each Creditor which have been incurred on or prior to the date of termination.

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

(iv) 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.

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

### D. Senior management compensation

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 December 2014 \$'000
Salaries and other short-term benefits	968	338	503
Other benefits	-	-	-
<b>Total key management compensation</b>	<b>968</b>	<b>338</b>	<b>503</b>

In the nine-month period ended September 2015, the set-up costs reimbursed by the Parent were nil (30 September 2014: NZ\$365,645, 31 December 2014: NZ\$365,545). Included in these figures are the salary costs of key management personnel borne by ICBC (30 September 2015: Nil, 30 September 2014: NZ\$45,097, 31 December 2014: NZ\$45,097).

## Note 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 16.

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 December 2014 \$'000
<b>New Zealand</b>			
Government	33,647	1,348	280,435
Finance (including banks)	31,872	29,564	299,509
Households	91,294	8,466	11,267
Transport and storage	18,067	728	14,831
Communications	15,131	8,017	8,570
Electricity, gas and water	7,762	-	-
Construction	-	-	8,665
Property services	7,157	149	152
Agriculture and forestry	108,255	20,812	12,829
Health and community services	-	-	-
Personal and other services	-	-	-
Retail and wholesale trade	7,394	-	-
Food and other manufacturing	-	-	-
<b>Overseas</b>			
Finance, investment and insurance (including ICBC)	34,410	25,723	2,294
Retail and wholesale trade	37,392	30,660	30,367
Less allowance for impairment provisioning	(862)	(209)	(483)
<b>Total financial assets</b>	<b>391,519</b>	<b>125,258</b>	<b>668,436</b>
Less: non-interest earning financial assets	(23,234)	(18,748)	(1,342)
<b>Total interest earning and discount bearing assets</b>	<b>368,285</b>	<b>106,510</b>	<b>667,094</b>

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

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 December 2014 \$'000
<b>New Zealand</b>			
North Island	313,869	69,028	629,848
South Island	6,078	-	6,080
<b>Overseas</b>			
China	14,090	11,799	841
USA	18,553	13,180	539
Singapore	1,587	696	867
Hong Kong	37,176	30,506	30,214
Australia	166	-	-
Europe	-	49	47
<b>Total financial assets</b>	<b>391,519</b>	<b>125,258</b>	<b>668,436</b>

## Note 10 - Concentration of Credit Risk (continued)

### Maximum Exposure to Credit Risk - On and Off Balance Sheet

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 December 2014 \$'000
Loans and advances to customers	303,780	68,164	85,696
Trade and Other Receivables	-	-	-
Other financial assets	2,148	482	602
<b>On Balance Sheet Credit Exposures (excluding credit exposure to connected parties and banks with long-term credit rating of A- or A3 or above)</b>	<b>305,928</b>	<b>68,646</b>	<b>86,298</b>
Cash and cash equivalents	47,108	21,333	376,620
Available-for-sale assets	-	-	-
Financial assets held to maturity	4,951	-	-
Financial assets held for trading	-	-	-
Loans and advances to customers	-	-	-
Balances with related parties	-	11,350	246
Due from other financial institutions	30,989	23,400	205,000
Derivative financial instruments	2,543	529	20
Tax Receivable	-	-	-
Trade and Other Receivables	-	-	-
Other financial assets	-	-	252
<b>Total on Balance Sheet Credit Exposures</b>	<b>391,519</b>	<b>125,258</b>	<b>668,436</b>
Off Balance Sheet Exposures	32,736	18,337	29,484
<b>Total Off Balance Sheet Credit Exposures</b>	<b>32,736</b>	<b>18,337</b>	<b>29,484</b>

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

As at 30 September 2015 54.53% of the Bank's mortgage portfolio is owner occupied residential properties (30 September 2014: 100%, 31 December 2014: 100%).

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

## Note 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 each reported period.

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 are as follows:

PEAK END OF DAY CREDIT EXPOSURES: Percentage of Bank's shareholders' Equity	Unaudited During the 3 month period ended 30 September 2015 Number of Counterparties		Unaudited During the 3 month period ended 30 September 2014 Number of Counterparties		Audited During the 3 month period ended 31 December 2014 Number of Counterparties	
	BANK	OTHER	BANK	OTHER	BANK	OTHER
10% - 14%	-	2	-	4	-	3
15% - 19%	-	1	-	-	-	1
20% - 24%	1	1	-	-	-	-
25% - 29%	-	2	-	2	-	3
30% - 34%	-	2	-	-	-	2
35% - 39%	-	1	-	-	-	-
40% - 44%	-	-	-	-	-	-
45% - 49%	-	1	-	-	-	-
50% - 54%	-	-	-	1 <sup>2</sup>	-	1 <sup>3</sup>
155% - 159%	-	1 <sup>4</sup>	-	-	-	-

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

AS AT REPORTING DATE: Percentage of Bank's shareholders' Equity	Unaudited As at 30 September 2015 Number of Counterparties		Unaudited As at 30 September 2014 Number of Counterparties		Audited As at 31 December 2014 Number of Counterparties	
	BANK	OTHER	BANK	OTHER	BANK	OTHER
10% - 14%	-	2	-	2	-	1
15% - 19%	-	1	-	-	-	1
20% - 24%	1	1	-	-	-	-
25% - 29%	-	2	-	2	-	3
30% - 34%	-	3	-	-	-	2
35% - 39%	-	1	-	1 <sup>5</sup>	-	-
40% - 44%	-	-	-	-	-	-
45% - 49%	-	-	-	-	-	-
50% - 54%	-	-	-	-	-	-
155% - 159%	-	1 <sup>4</sup>	-	-	-	-

The Bank did not have any counterparties in the bands 55% through 154%.

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.

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" and all "Bank" counterparties do not have a long-term credit rating.

These calculations are net and do not include any individually assessed provisions, which are assessed as Nil.

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

3 The loan classified within the 50%-54% category was fully collateralised by cash deposits.

4 The loan classified within the 155%-159% category was 88% collateralised by cash deposits.

5 The loan classified within the 35%-39% category was fully collateralised by cash deposits.

## Note 11 - Contingent Liabilities and Commitments

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 December 2014 \$'000
Performance/financial guarantees issued on behalf of customers	5,113	-	10,730
<b>Total contingent liabilities</b>	5,113	-	10,730
<b>Undrawn Commitments</b>	27,623	18,337	18,754

As at 30 September 2015 there were no financial assets that have been pledged as collateral for liabilities or contingent liabilities (30 September 2014: nil, 31 December 2014: nil).

## Note 12 - Subsequent Events after Balance Sheet Date

There were no subsequent events after the balance date and before signing the financial statements which would materially affect the financial statements.

## Note 13 - Dividend

During the 9 months ended 30 September 2015 the Bank has not paid any dividends to its shareholders (30 September 2014: nil, 31 December 2014: nil).

## Note 14 - Fair Value of Financial Instruments

Unaudited 30 September 2015	Carrying amount \$'000	Estimated Fair Value \$'000
<b>Financial assets</b>		
Cash, cash equivalents and balances with central banks	47,108	47,108
Due from banks and other financial institutions	30,989	30,989
Financial assets designated at fair value through profit or loss	-	-
Financial assets held for trading	-	-
Financial assets held to maturity	4,951	4,981
Available-for-sale assets	-	-
Derivative financial assets	2,543	2,543
Loans and advances to customers	303,780	303,986
Amounts due from related parties	-	-
Other financial assets	2,148	2,148
<b>Total financial assets</b>	391,519	391,755
<b>Financial liabilities</b>		
Due to central banks and other financial institutions	1	1
Financial liabilities held for trading	-	-
Derivative financial liabilities	503	503
Deposits from customers	140,452	140,743
Debt securities issued	50,000	50,920
Amounts due to related parties	141,465	141,737
Other financial liabilities	3,756	3,756
<b>Total financial liabilities</b>	336,177	337,660

**Note 14 - Fair Value of Financial Instruments (continued)**

Unaudited 30 September 2014	Carrying amount \$'000	Estimated Fair Value \$'000
<b>Financial assets</b>		
Cash, cash equivalents and balances with central banks	21,333	21,333
Due from banks and other financial institutions	23,400	23,400
Financial assets designated at fair value through profit or loss	-	-
Financial assets held for trading	-	-
Available-for-sale assets	-	-
Derivative financial assets	529	529
Loans and advances to customers	68,163	68,163
Amounts due from related parties	11,350	11,350
Other financial assets	483	483
<b>Total financial assets</b>	<b>125,258</b>	<b>125,258</b>
<b>Financial liabilities</b>		
Due to central banks and other financial institutions	-	-
Financial liabilities held for trading	-	-
Derivative financial liability	-	-
Deposits from customers	30,610	30,597
Debt securities issued	-	-
Amounts due to related parties	32,033	31,851
Other financial liabilities	6,369	6,369
<b>Total financial liabilities</b>	<b>69,012</b>	<b>68,817</b>

## Note 14 - Fair Value of Financial Instruments (continued)

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

### Fair Value of Financial Assets and Financial Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. For the purposes of this note, carrying value refers to amounts reflected in the balance sheet. These methodologies and assumptions used in fair value estimates are as follows:

- The carrying value of cash and cash equivalents is the fair value.
- For on demand and deposits from customers maturing within six months, due from/to other financial institutions, the carrying value is considered to be the fair value; for those categories with maturities more than six months, the fair value is calculated on a discounted cash flow basis using the current interest rate offered for a similar maturity.
- The carrying value of loans and advances to customers is net of allowance for impairment loss. For loans and advances to customers maturing or repricing within six months, the carrying value is considered to be fair value; for those categories with maturities more than six months, the fair value are calculated on a discounted cash flow basis using the current interest rate offered for a similar maturity.
- For amounts due from/to related parties maturing or repricing within six months, the carrying value is considered to be fair value; for those categories with maturities more than six months, the fair value is calculated on a discounted cash flow basis using the current interest rate offered for a similar maturity.
- The fair value of financial assets held to maturity, derivative financial instruments, and debt securities is determined by a discounted cash flow basis, which is based on the interest rate repricing and maturity of the instruments.
- The carrying value of other financial assets and liabilities is considered to be the fair value.



## Note 14 - Fair Value of Financial Instruments (continued)

### 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).

Unaudited 30 September 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 from customers \$'000	Financial Liabilities at fair value through profit or loss \$'000	FX contracts \$'000	Interest rate swaps \$'000	Total \$'000
Level 1	-	-	-	-	-	-	-	-	-
Level 2	-	-	-	-	-	-	1,010	1,030	2,040
Level 3	-	-	-	-	-	-	-	-	-
Total Amount	-	-	-	-	-	-	1,010	1,030	2,040

Unaudited 30 September 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 from customers \$'000	Financial Liabilities at fair value through profit or loss \$'000	FX contracts \$'000	Interest rate swaps \$'000	Total \$'000
Level 1	-	-	-	-	-	-	-	-	-
Level 2	-	-	-	-	-	-	529	-	529
Level 3	-	-	-	-	-	-	-	-	-
Total Amount	-	-	-	-	-	-	529	-	529

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 from customers \$'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

## Note 15 - 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 needs 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 financial assets and 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.

Unaudited 30 September 2015	On Demand	Up to 3 months	3 to 12 months	Between 1 & 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>						
Cash, cash equivalents and balances with central banks	47,110	-	-	-	-	47,110
Due from banks and other financial institutions	-	31,011	-	-	-	31,011
Financial assets designated at fair value through profit or loss	-	-	-	-	-	-
Financial assets held to maturity	-	147	268	2,861	3,620	6,896
Available-for-sale assets	-	-	-	-	-	-
Loans and advances to customers	-	56,393	81,256	92,288	161,940	391,877
Amounts due from related parties	-	-	-	-	-	-
Other financial assets	-	296	-	289	-	585
<b>Total financial assets</b>	<b>47,110</b>	<b>87,847</b>	<b>81,524</b>	<b>95,438</b>	<b>165,560</b>	<b>477,479</b>
<b>Financial liabilities</b>						
Due to central banks and other financial institutions	1	-	-	-	-	1
Financial liabilities held for trading	-	-	-	-	-	-
Deposits from customers	14,010	39,492	39,355	49,308	-	142,165
Debt securities issued	-	822	1,281	52,926	-	55,029
Amounts due to related parties	57,202	12,093	15,841	59,377	-	144,513
Other financial liabilities	14	81	1,709	652	-	2,456
<b>Total financial liabilities</b>	<b>71,227</b>	<b>52,488</b>	<b>58,186</b>	<b>162,263</b>	<b>-</b>	<b>344,164</b>
<b>Net non-derivative cash flows</b>	<b>(24,117)</b>	<b>35,359</b>	<b>23,338</b>	<b>(66,825)</b>	<b>165,560</b>	<b>133,315</b>
<b>Derivative cash flows</b>						
Inflows from derivatives	10,895	21,746	67,572	3,138	43	103,394
Outflows from derivatives	(11,000)	(21,149)	(67,612)	(2,233)	(62)	(102,056)
<b>Total</b>	<b>(105)</b>	<b>597</b>	<b>(40)</b>	<b>905</b>	<b>(19)</b>	<b>1,338</b>
<b>Off balance sheet cash flows</b>						
Financial guarantees inflows	-	-	49	50	-	99
Financial guarantees outflows	-	-	-	(4,974)	(139)	(5,113)
Commitments outflows	(13,132)	(1,266)	(3,230)	(9,995)	-	(27,623)
<b>Total</b>	<b>(13,132)</b>	<b>(1,266)</b>	<b>(3,181)</b>	<b>(14,919)</b>	<b>(139)</b>	<b>(32,637)</b>
<b>Net cash flows</b>	<b>(37,354)</b>	<b>34,690</b>	<b>20,117</b>	<b>(80,839)</b>	<b>165,402</b>	<b>102,016</b>

## 15 - Liquidity Risk (continued)

Unaudited 30 September 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
<b>Financial assets</b>						
Cash, cash equivalents and balances with central banks	21,353	-	-	-	-	21,353
Due from banks and other financial institutions	-	23,454	-	-	-	23,454
Financial assets designated at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances to customers	-	18,317	4,922	42,282	15,835	81,356
Amounts due from related parties	-	11,415	-	-	-	11,415
Other financial assets	-	334	-	-	149	483
<b>Total financial assets</b>	21,353	53,520	4,922	42,282	15,984	138,061
<b>Financial liabilities</b>						
Due to central banks and other financial institutions	-	-	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-	-
Deposits from customers	2,590	23,160	4,862	22	-	30,634
Debt securities issued	-	-	-	-	-	-
Amounts due to related parties	-	6,267	-	26,570	-	32,837
Other financial liabilities	-	4,982	362	439	586	6,369
<b>Total financial liabilities</b>	2,590	34,409	5,224	27,031	586	69,840
<b>Net non derivative cash flows</b>	18,763	19,111	(302)	15,251	15,398	68,221
<b>Derivative cash flows</b>						
Inflows from derivatives	-	6,441	-	-	-	6,441
Outflows from derivatives	-	(5,938)	-	-	-	(5,938)
<b>Total</b>	-	503	-	-	-	503
<b>Off balance sheet cash flows</b>						
Financial guarantees inflows	-	-	-	-	-	-
Financial guarantees outflows	-	-	-	-	-	-
Commitments outflows	(2,061)	(329)	(1,455)	(11,845)	(2,647)	(18,337)
<b>Total</b>	(2,061)	(329)	(1,455)	(11,845)	(2,647)	(18,337)
<b>Net cash flows</b>	16,702	19,285	(1,757)	3,406	12,751	50,387

**Note 15 - Liquidity Risk (continued)**

<b>Audited 31 December 2014</b>	<b>On Demand \$'000</b>	<b>Up to 3 months \$'000</b>	<b>3 to 12 months \$'000</b>	<b>Between 1 &amp; 5 years \$'000</b>	<b>More than 5 years \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>						
Cash, cash equivalents and balances with central banks	376,647	-	-	-	-	376,647
Due from banks and other financial institutions	-	205,248	-	-	-	205,248
Financial assets designated at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances to customers	-	7,426	8,205	62,283	21,979	99,893
Amounts due from related parties	-	248	-	-	-	248
Other financial assets	140	562	81	-	170	953
<b>Total financial assets</b>	<b>376,787</b>	<b>213,484</b>	<b>8,286</b>	<b>62,283</b>	<b>22,149</b>	<b>682,989</b>
<b>Financial liabilities</b>						
Due to central banks and other financial institutions	1	-	-	-	-	1
Financial liabilities held for trading	-	-	-	-	-	-
Deposits from customers	1,801	10,192	1,369	22	-	13,384
Debt securities issued	-	281	2,029	54,620	-	56,930
Amounts 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
<b>Total financial liabilities</b>	<b>12,168</b>	<b>518,971</b>	<b>30,880</b>	<b>58,896</b>	<b>324</b>	<b>621,239</b>
<b>Net non derivative cash flows</b>	<b>364,619</b>	<b>(305,487)</b>	<b>(22,594)</b>	<b>3,387</b>	<b>21,825</b>	<b>61,750</b>
<b>Derivative cash flows</b>						
Inflows from derivatives	-	-	1,185	2,370	-	3,555
Outflows from derivatives	-	(282)	(845)	(2,254)	-	(3,381)
<b>Total</b>	<b>-</b>	<b>(282)</b>	<b>340</b>	<b>116</b>	<b>-</b>	<b>174</b>
<b>Off balance sheet cash flows</b>						
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)
<b>Total</b>	<b>(2,807)</b>	<b>(316)</b>	<b>(2,355)</b>	<b>(10,743)</b>	<b>(2,384)</b>	<b>(18,605)</b>
<b>Net cash flows</b>	<b>361,812</b>	<b>(306,085)</b>	<b>(24,609)</b>	<b>(7,240)</b>	<b>19,441</b>	<b>43,319</b>

## Note 16 - 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 September 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:

- The Total capital ratio of the Banking Group is not less than 8%;
- The Tier 1 capital ratio of the Banking Group is not less than 6%;
- The Common Equity Tier 1 capital ratio of the Banking Group is not less than 4.5%; and
- The Total capital of the Banking Group is not less than \$30 million.

The capital adequacy tables set out below summarise the composition of regulatory capital and capital adequacy ratios for the period ended 30 September 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.

## Note 16 - Capital Adequacy (continued)

### C. Tier one and two Capital

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 December 2014 \$'000
<b>Tier one capital</b>			
<b>Common Equity Tier one capital</b>			
Issued and fully paid up share capital	60,378	60,378	60,378
Retained earnings	(3,206)	(2,102)	(3,162)
Accumulated other comprehensive income and other disclosed reserves	-	-	-
Interest from issue of ordinary shares	-	-	-
<b>Less:</b>	-	-	-
Goodwill and other intangible assets	(5)	(8)	(7)
Regulatory adjustments	-	-	-
Deferred tax assets	-	-	-
<b>Total common equity tier one capital</b>	<b>57,167</b>	<b>58,268</b>	<b>57,209</b>
<b>Additional Tier one capital</b>			
High-quality capital	-	-	-
Instruments issued	-	-	-
Share premium from issue of instruments	-	-	-
Associated retained earnings	-	-	-
<b>Less: Regulatory adjustments</b>	-	-	-
<b>Total additional tier one capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total tier one capital</b>	<b>57,167</b>	<b>58,268</b>	<b>57,209</b>
<b>Tier two capital</b>			
Instruments issued by bank	-	-	-
Share premium from issue of instruments	-	-	-
Revaluation reserves	-	-	-
Foreign currency translation reserves	-	-	-
<b>Less: Regulatory adjustments</b>	-	-	-
<b>Total tier two capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital</b>	<b>57,167</b>	<b>58,268</b>	<b>57,209</b>

## Note 16 - Capital Adequacy (continued)

### D. Credit Risk

Unaudited 30 September 2015	Total exposure after credit risk mitigation	Risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Calculation of on-balance-sheet exposures	\$'000	%	\$'000	\$'000
Cash and gold bullion	-	-	-	-
Sovereigns and central banks	31,427	0%	-	-
Multilateral development banks and other international organisation	-	-	-	-
Public sector entities	2,220	20%	444	36
Banks rating grade 1	28,741	20%	5,748	460
Banks rating grade 2	24,573	20%	4,915	393
Banks rating grade 4	2,547	50%	1,274	102
Banks unrated	36,114	20%	7,223	578
Corporate-without recognised mitigation	74,206	100%	74,206	5,936
Corporate-secured by collateral	79,076	20%	15,815	1,265
Corporate-guaranteed	17,661	100%	17,661	1,413
Residential mortgages not past due -LVR up to 80%.	91,054	35%	31,869	2,550
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	5,825	100%	5,825	466
<b>Total on-balance sheet exposures after credit risk mitigation</b>	<b>393,444</b>	<b>-</b>	<b>164,980</b>	<b>13,199</b>

## Note 16 - Capital Adequacy (continued)

### D. Credit Risk

Unaudited 30 September 2015	Total exposure	Credit Conversion Factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Calculation of off-balance-sheet exposures	\$'000	%	\$'000	%	\$'000	\$'000
Direct credit substitute	-	-	-	-	-	-
Asset sale with recourse	-	-	-	-	-	-
Forward asset purchase	-	-	-	-	-	-
Commitment with certain drawdown	-	-	-	-	-	-
Note issuance facility	-	-	-	-	-	-
Revolving underwriting facility	-	-	-	-	-	-
Performance-related contingency	5,113	50%	2,557	100%	2,557	205
Trade-related contingency	-	-	-	-	-	-
Placements of forward deposits	-	-	-	-	-	-
Other commitments where original maturity is more than one year	15,632	50%	7,816	100%	7,816	625
Other commitments where original maturity is less than or equal to one year	11,991	20%	2,398	100%	2,398	192
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	-	-	-	-	-
<b>Market related contracts</b>						
(a) Foreign exchange contracts	97,927	1%	979	100%	979	78
(b) Interest rate contracts (exposure more than one year and less than or equal to five years)	135,472	0.50%	677	100%	677	54
(c) Interest rate contracts (exposure more than five years)	2,000	1.50%	30	100%	30	2
(d) Other - OTC, etc	-	-	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>268,135</b>	<b>-</b>	<b>14,457</b>	<b>-</b>	<b>14,457</b>	<b>1,156</b>



## Note 16 - Capital Adequacy (continued)

### D. Credit Risk

Unaudited 30 September 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	1,348	0%	-	-
Multilateral development banks and other international organisation	-	-	-	-
Public sector entities	-	-	-	-
Banks rating grade 1	42,193	20%	8,439	675
Banks rating grade 2	12,542	20%	2,508	201
Banks unrated	-	-	-	-
Corporate-without recognised mitigation	8,663	100%	8,663	693
Corporate-secured by collateral	20,669	20%	4,134	331
Corporate-guaranteed	30,597	100%	30,597	2,448
Residential mortgages not past due -LVR up to 80%.	8,443	35%	2,955	236
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	2,889	100%	2,889	231
<b>Total on-balance sheet exposures after credit risk mitigation</b>	<b>127,344</b>	<b>-</b>	<b>60,185</b>	<b>4,815</b>

## Note 16 - Capital Adequacy (continued)

### D. Credit Risk

Unaudited 30 September 2014	Total exposure	Credit Conversion Factor	Credit equivalent amount	Average risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Calculation of off-balance-sheet exposures	\$'000	%	\$'000	%	\$'000	\$'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	18,337	50%	9,169	100%	9,169	733
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	-	-	-	-	-	-
<b>Market related contracts</b>						
(a) Foreign exchange contracts	5,938	1%	59	100%	59	5
(b) Interest rate contracts	-	-	-	-	-	-
(c) Other - OTC, etc	-	-	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>24,275</b>	<b>-</b>	<b>9,228</b>	<b>-</b>	<b>9,228</b>	<b>738</b>

## Note 16 - Capital Adequacy (continued)

### D. Credit Risk

<b>Audited 31 December 2014</b>	<b>Total exposure after credit risk mitigation</b>	<b>Risk weight</b>	<b>Risk weighte d exposur e</b>	<b>Minimum Pillar 1 capital requirement</b>
<b>Calculation of on-balance-sheet exposures</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>
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-secured by collateral	3,330	20%	666	53
Corporate-guaranteed	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
<b>Total on balance sheet exposures after credit risk mitigation</b>	<b>670,476</b>	<b>-</b>	<b>136,494</b>	<b>10,920</b>

## Note 16 - Capital Adequacy (continued)

### D. Credit Risk

Audited 31 December 2014	Total exposure	Credit Conversion Factor	Credit equivalent amount	Average Risk weight	Risk weighted exposure	Minimum Pillar 1 capital requirement
Calculation of off-balance-sheet exposures	\$'000	%	\$'000	%	\$'000	\$'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	-	-	-	-	-	-
<b>Market related contracts</b>						
(a) Foreign exchange contracts	-	-	-	-	-	-
(b) Interest rate contracts	25,000	0.50%	125	100%	125	10
(c) Other - OTC, etc	-	-	-	-	-	-
<b>Total off-balance sheet exposures</b>	<b>54,484</b>	<b>-</b>	<b>12,877</b>	<b>-</b>	<b>12,877</b>	<b>1,030</b>

## Note 16 - Capital Adequacy (continued)

### E. Residential mortgages by loan-to-valuation ratio

Unaudited 30 September 2015 Loan-to-valuation ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Value of exposures	91,054	-	-	91,054
Unaudited 30 September 2014 Loan-to-valuation ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Value of exposures	8,443	-	-	8,443
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

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 30 December 2014 \$'000
Residential mortgage loans ( as disclosed in Note 5)	91,054	8,443	11,233
Residential mortgages by loan-to-valuation ratio	91,054	8,443	11,233

### G. Credit risk mitigation

Unaudited 30 September 2015 Exposure Class	Total value of on-and-off- balance sheet exposures covered by eligible collateral (after haircutting) \$'000	Total value of on-and-off- balance sheet exposures covered by guarantees or credit derivatives \$'000
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	79,076	17,661
Residential mortgage	-	-
Other	-	-
<b>Total</b>	<b>79,076</b>	<b>17,661</b>

**Note 16 - Capital Adequacy (continued)**

<b>Unaudited 30 September 2014</b>	<b>Total value of on-and-off- balance sheet exposures covered by eligible collateral (after haircutting)</b>	<b>Total value of on-and-off- balance sheet exposures covered by guarantees or credit derivatives</b>
<b>Exposure Class</b>	<b>\$'000</b>	<b>\$'000</b>
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	20,669	30,597
Residential mortgage	8,443	-
Other	-	-
<b>Total</b>	<b>29,112</b>	<b>30,597</b>

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

**H. Operational risk capital requirement**

<b>Unaudited 30 September 2015</b>	<b>Implied risk weighted exposure</b>	<b>Total operational risk capital requirement</b>
	<b>\$'000</b>	<b>\$'000</b>
Operational risk	8,025	642
<b>Unaudited 30 September 2014</b>	<b>Implied risk weighted exposure</b>	<b>Total operational risk capital requirement</b>
	<b>\$'000</b>	<b>\$'000</b>
Operational risk	3,988	319
<b>Audited 31 December 2014</b>	<b>Implied risk weighted exposure</b>	<b>Total operational risk capital requirement</b>
	<b>\$'000</b>	<b>\$'000</b>
Operational risk	4,407	353

## Note 16 - 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 (as amended). Peak exposures are calculated using the Bank's shareholders' equity at the end of the period.

Unaudited 30 September 2015	End-period capital charges		Peak end-of-day capital charges	
	Implied risk weighted exposure	Aggregate capital charge	Implied risk weighted exposure	Aggregate capital charge
	\$'000	\$'000	\$'000	\$'000
Interest rate risk	15,638	1,251	20,450	1,636
Foreign currency risk	763	61	9,600	768
Equity risk	-	-	-	-
<b>Total capital requirements</b>	<b>16,401</b>	<b>1,312</b>	<b>30,050</b>	<b>2,404</b>

Unaudited 30 September 2015	Total exposure after credit risk mitigation \$'000	Risk weighted exposure or implied risk weighted exposure \$'000	Capital Requirement \$'000
Total credit risk + equity	661,579	179,437	14,355
Operational risk	-	8,025	642
Market risk	-	16,401	1,312
<b>Total</b>	<b>661,579</b>	<b>203,863</b>	<b>16,309</b>

Unaudited 30 September 2014	End-period capital charges		Peak end-of-day capital charges	
	Implied risk weighted exposure	Aggregate capital charge	Implied risk weighted exposure	Aggregate capital charge
	\$'000	\$'000	\$'000	\$'000
Interest rate risk	5,488	439	6,750	540
Foreign currency risk	163	13	8,650	692
Equity risk	-	-	-	-
<b>Total capital requirements</b>	<b>5,651</b>	<b>452</b>	<b>15,400</b>	<b>1,232</b>

Unaudited 30 September 2014	Total exposure after credit risk mitigation \$'000	Risk weighted exposure or implied risk weighted exposure \$'000	Capital Requirement \$'000
Total credit risk + equity	151,619	69,413	5,553
Operational risk	-	3,988	319
Market risk	-	5,651	452
<b>Total</b>	<b>151,619</b>	<b>79,051</b>	<b>6,324</b>

## Note 16 - Capital Adequacy (continued)

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

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
<b>Total</b>	<b>724,960</b>	<b>157,466</b>	<b>12,598</b>

### Capital Ratios

Regulatory Capital Ratios	Regulatory Minimum	Unaudited 30 September 2015	Unaudited 30 September 2014	Audited 31 December 2014
Common Equity Tier 1 Capital Ratio	4.50%	28.04%	73.72%	36.33%
Tier 1 Capital Ratio	6.00%	28.04%	73.72%	36.33%
Total Qualifying Capital Ratio	8.00%	28.04%	73.72%	36.33%
Buffer Ratio	2.50%	20.04%	65.72%	28.33%

### J. Capital for Other Material Risks

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 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](http://www.icbc.com.cn)).

At 30 September 2015, ICBC's Tier One Capital was 12.67% of Total Risk-weighted Assets, and Total Capital was 14.43% 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 September 2015 and year ended 31 December 2014 exceeded both of the CBRC's minimum capital adequacy requirements.

## Note 17 - 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.



### **Note 18 - 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.

Appendix 2 - Deed of Guarantee

11

27-08/34 11/2

Dated 27 August 2015

DEED OF GUARANTEE


By

INDUSTRIAL AND COMMERCIAL BANK OF  
CHINA LIMITED

In respect of the obligations of

INDUSTRIAL AND COMMERCIAL BANK OF  
CHINA (NEW ZEALAND) LIMITED

Certified "true copy" of the original

  
.....  
A Solicitor of the High Court of  
New Zealand

Nathan Edwin Hansen-Thorpe  
Solicitor  
Auckland

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THIS DEED is made on 27 August 2015

BY

- (1) **INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED** a body corporate constituted under The Company Law of PRC and Law of the PRC on Commercial Banks, having its registered office at No.55 Fuxingmennei Ave, Xicheng District, Beijing, China (hereinafter referred to as the "Bank")

AND

- (2) **INDUSTRIAL AND COMMERCIAL BANK OF CHINA (NEW ZEALAND) LIMITED** a company incorporated in New Zealand having its registered office at Level 11, 188 Quay Street, Auckland 1010, New Zealand (hereinafter referred to as "ICBC NZ")

IN FAVOUR OF

- (3) **EACH CREDITOR OF ICBC NZ**

WHEREAS:

- A. ICBC NZ is a wholly owned subsidiary of the Bank and set up for the purpose of doing the business of banking in New Zealand.
- B. The Bank enters into this Deed of Guarantee for the purpose of guaranteeing the obligations of its subsidiary, ICBC NZ, to the extent provided for by the terms of this Deed.

## 1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Deed and in the Recitals, unless the context otherwise requires:

"**Authorised Officer**" means, where a Creditor is a Person other than a natural person, a director or secretary of that Person or a person duly authorised by the Creditor under the resolution and seal of the Person;

"**Business Day**" means any day, other than a Saturday or Sunday or public holiday, on which banks are open for general business in Wellington and Auckland;

"**Creditor**" means each and any Person to whom an Obligation is due and owed by ICBC NZ ;

"**Guarantee**" means the guarantee by the Bank for the benefit of the Creditors pursuant and subject to the terms and conditions of this Deed;

"**Obligation**" means all payment obligations of any nature to or for the benefit of Creditors ranking at least pari passu with the claims of unsecured unsubordinated creditors of ICBC NZ, whether actual or contingent, present or future, secured or unsecured and whether incurred alone, severally or jointly as principal, surety or otherwise, but which, in each case, has been incurred by ICBC NZ prior to termination of the Guarantee in accordance with clause 6;

"Person" means any person, firm, trust, estate, corporation, association, co-operative, government or governmental agency;

"Rating Agencies" means, as at the date of this Deed, Standard & Poor's (Australia) Pty Limited and Moody's Investors Services Inc. and any successor or replacement thereto and includes from time to time, such other reputable internally recognised rating agency as ICBC NZ may wish to designate;

"Repayment Obligation" means an Obligation incurred by ICBC NZ in relation to one or more of the following:

- (a) accepting deposits of any kind from any person;
  - (b) at the request of its customer, issuing a guarantee, indemnity, letter of credit, performance bond or like instrument in favour of a third party Creditor;
  - (c) raising money by whatever means but on terms that (and only to the extent that) the recourse comprises a direct and unconditional payment obligation of ICBC NZ;
  - (d) issuing any redeemable preference shares; or
  - (e) entering into any swap, foreign exchange contract, hedging or other derivative or risk management transaction or product, to the extent of the net settlement amount if such transaction or product is or was to be termination or such a settlement amount is or was otherwise to become payable at the relevant time.
- 1.2 Words importing the singular number or plural number shall include the plural number and singular number respectively. Words importing any gender shall include every gender.
- 1.3 References to laws, statutes or legislation are to the laws, statutes or legislation for the time being in force in New Zealand, unless the contrary appears from the context of this Deed.

## 2. GUARANTEE

- 2.1 The Bank hereby irrevocably and unconditionally guarantees for the benefit of each Creditor the due and punctual payment by ICBC NZ of each and every Obligation as and when it becomes due and payable (whether at stated maturity or upon acceleration or otherwise) incurred by ICBC NZ to the Creditor prior to the termination of this Guarantee in accordance with clause 6, to the intent that should ICBC NZ default in the due and punctual payment of any such Obligation, the Bank shall, upon written demand by the relevant Creditor under clause 3, forthwith pay or cause to be paid to the Creditor all amounts then due and unpaid with respect to such Obligation together with all costs and expenses incurred by the Creditor in enforcing the Guarantee. For the avoidance of doubt, the Guarantee is a payment guarantee.
- 2.2 The Guarantee is a continuing guarantee and shall not be considered as satisfied by any intermediate payment and shall remain in force in respect of each and every Obligation incurred by ICBC NZ to the Creditor prior to the termination of the Guarantee in accordance with clause 6 until the relevant Obligation has been satisfied in full.
- 2.3 Subject to the terms of this Deed, neither the liability of the Bank, nor any of the rights of any Creditor, under this Guarantee shall be affected or discharged by anything which, but for this clause,

might operate to affect or discharge the liability of, or otherwise provide a defence to, the Bank (whether or not known to, or done or omitted to be done by, the Bank), including:

- (a) the granting of time, credit, accommodation, indulgence, waiver or other concession to ICBC NZ or any other person whether by the Creditor or any other person (whether at the request of the Bank, ICBC NZ or any other person);
  - (b) any insolvency, administration, liquidation, receivership or reorganisation of ICBC NZ;
  - (c) any liability of ICBC NZ or any other person ceasing from any cause whatever (including any release or discharge by a Creditor or by operation of law);
  - (d) the Guarantee or any other agreement or right held or available to the Creditor, at any time being or becoming in whole or in part void, voidable, defective, illegal or unenforceable for any reason or being released, discharged or varied in whole or in part;
  - (e) any variation, amendment, compromise, release, abandonment, relinquishment or renewal (whether or not having the effect of increasing the liability of the Bank or any other person) of any Obligation;
  - (f) anything done or omitted or neglected to be done by a Creditor under this Deed or any other agreement; or
  - (g) any other thing whatever, other than a release of the Bank's obligations under and in accordance with this Deed.
- 2.4 The Bank waives in favour of each Creditor all rights and defences whatsoever against ICBC NZ and each other person (including rights of subrogation, contribution, marshalling, set-off or counterclaim or any other contractual defences) to the extent strictly necessary to give effect to the Guarantee.
- 2.5 Notwithstanding clause 2.2, a Creditor may at any time by an instrument in writing, release the Bank from its liability under the Guarantee in relation to that Creditor.
- 3. DEMAND**
- 3.1 A Creditor shall be entitled to make a demand under the Guarantee by delivering a certificate signed by an Authorised Officer of that Creditor, to the address set out in clause 9 setting out the below:
- (a) the residency and place of business of the Creditor;
  - (b) particulars of the Obligation in respect of which demand is being made by the Creditor;
  - (c) that ICBC NZ has defaulted in payment and that there is a debt immediately due and payable which remains unpaid beyond its due date (taking into account any relevant grace periods) and that there are no prior conditions to payment which remain unsatisfied;
  - (d) for any Obligation which is not a Repayment Obligation, that ICBC NZ has had the opportunity to dispute the existence of the Obligation and if, after such opportunity, that dispute has been fully and finally resolved and the Obligation has become indisputably payable by ICBC NZ;



- (e) the outstanding amount and currency of that Obligation;
  - (f) that the Obligation rank at least pari passu with the claims of other unsecured unsubordinated creditors of ICBC NZ generally; and
  - (g) the account to which the amount of the claim is to be paid,
- accompanied by a copy, verified by an Authorised Officer of the Creditor, of any agreement, instrument or statement of account or other document which is evidence of the due and payable Obligation.

- 3.2 Service of the Creditors Demand and all accompanying documents under clause 3.1 on the Bank shall constitute a written demand by the Creditor under clause 2.1.
- 3.3 Upon receipt of a written demand under clause 3.1 (such demand being accompanied with all relevant requirements set out in clause 3.1 and in the case of clause 3.1(d), the Bank shall be entitled to first verify the matters certified within a reasonable timeframe), the Bank hereby covenants for the benefit of each Creditor to pay to the bank account nominated by the Creditor within five Business Days of receipt of all such requirements (and in the case of clause 3.1(d), following verification process as mentioned above), the amount claimed by the Creditor in the relevant written demand in accordance with clause 4.

#### 4. PAYMENTS

- 4.1 All payments by the Bank under this Deed shall be made in the currency or currencies in which the relevant Obligation is denominated.
- 4.2 Payments hereunder shall be made:
- (a) free and clear of any restrictions or condition;
  - (b) free and clear of and (except to the extent required by law) without any deduction or withholding on account of any taxes or any other amount, whether by way of set-off or otherwise (but excluding any taxes on overall net income).
- 4.3 In the event that the Bank is prohibited by law from making payments hereunder free of deductions or withholdings (but excluding any taxes on overall net income), then the Bank shall pay such additional amount to the relevant Creditor as may be necessary in order that the actual amount received after all applicable deductions and withholdings shall equal the amount that would have been received if such deductions or withholdings were not required.

#### 5. REPRESENTATIONS

- 5.1 The Bank represents and warrants that:
- (a) it is a registered bank duly organised and validly existing under the laws of China;
  - (b) it has the corporate power to enter into this Deed and to perform the obligations imposed upon it under this Deed in accordance with its terms; and
  - (c) this Deed constitutes a valid, binding and enforceable obligation upon it.

## 6. TERMINATION OF GUARANTEE

- 6.1 Notwithstanding anything to the contrary in this Deed, the Guarantee shall terminate on the first to occur of the following events:
- (a) if:
- (i) any substantial asset of ICBC NZ; or
  - (ii) any share in the issued capital of ICBC NZ,
- is expropriated or nationalised by the Government of New Zealand or by any political subdivision thereof (the "**Government**") or any entity succeeding to the powers of any such Government or any agency of any such Government or any such successor entity or any authority which is owned or controlled by any such Government or any such successor entity except where such expropriation or nationalisation results from the default by ICBC NZ of any statute, regulation or other binding law; or
- (b) a change in any law or regulation in any jurisdiction which renders the Guarantee illegal or inoperative in New Zealand; or
- (c) ICBC NZ ceasing to be a wholly owned subsidiary of the Bank; or
- (d) following by notice in writing by the Bank to ICBC NZ (specifying a termination date for the Guarantee which shall be at least three months following the giving of notice by ICBC NZ to its Creditors by an advertisement circulating generally throughout New Zealand in accordance with clause 6.2).
- 6.2 On receipt of notice of termination of the Guarantee pursuant to clause 6.1, ICBC NZ shall give notice of such termination by an advertisement in a newspaper circulating generally throughout New Zealand and to each Rating Agency.
- 6.3 Any termination of the Guarantee must be subject to:
- (a) the Guarantee remaining in place for the benefit of each Creditor owed Obligations which have been incurred on or prior to the date of termination described in clause 6.1, but only in relation to and to the extent of those Obligations; and
  - (b) the Guarantee shall only terminate in respect of each Creditor referred to in clause 6.3(a) once the relevant Obligations have been satisfied in full (whether by action taken by the Bank, ICBC NZ, the relevant Creditor or by operation of law) and following expiration of any bankruptcy or other regulatory preference periods (as applicable).

## 7. SUBROGATION

- 7.1 Subject to clauses 2.3 and 2.4, the Bank and ICBC NZ expressly agree that the Bank is and shall be entitled to all the rights and remedies of a guarantor under law including, without limiting the generality of the foregoing, all rights of subrogation which shall accrue to the Bank by virtue of any payment hereunder by the Bank to or for the benefit of any Creditor and, subject to the law, the Bank shall be entitled to claim the benefit of and participate in any security now or hereafter held by that Creditor from ICBC NZ either in whole or upon a pro-rata basis, as the case may be, where the



Bank has paid all moneys owing to that Creditor in respect of an Obligation in accordance with this Deed. Notwithstanding the generality of the foregoing, the Bank shall not exercise or seek to enforce any claim against ICBC NZ (whether or not in liquidation) for reimbursement to the Bank of any moneys paid pursuant to this Deed by the Bank to a Creditor in respect of an Obligation until the default of ICBC NZ in respect of that Obligation has been fully remedied by ICBC NZ or the Bank.

## 8. DEALINGS BETWEEN THE BANK AND THE CREDITORS

- 8.1 After receipt of a written demand from a Creditor under clause 3 the Bank and that Creditor shall deal with one another as principal in relation to all matters under or in relation to this Deed, the Guarantee and ICBC NZ.
- 8.2 Without limiting the generality of clause 9, the Bank shall be and is entitled to serve any notice, demands or statements in connection with this Deed upon that Creditor (at its place of business specified in the Creditor's written demand to the Bank under clause 3) and the Bank shall be and is entitled to make any payment which it is liable to pay to the Creditor under this Deed directly to that Creditor and not through any other Person.

## 9. NOTICES

- 9.1 Any notice to the Creditors generally in respect of this Deed will be validly given if published in a newspaper circulating generally throughout New Zealand. Any such notice shall be deemed to have been given on the date of publication or, if published more than once, on the date of first publication.
- 9.2 Any notice, demand, statement or other document required to be served on or delivered to the Bank or ICBC NZ under or in relation to this Deed ("**Notice**") shall be in writing signed by the party giving the Notice or by an Authorised Officer of that party, shall be made, served or given (subject in the case of the Bank to clause 11.2) by being left at or sent by prepaid mail or by facsimile as follows:

to the Bank:

**Industrial and Commercial Bank of China Limited**

No.55 Fuxingmennei Ave, Xicheng District, Beijing, China

Attention: Head of Asia-Pacific Institutions Management Division, International Banking Department

to ICBC NZ:

**Industrial and Commercial Bank of China (New Zealand) Limited**

Level 11, 188 Quay Street, Auckland 1010, New Zealand

Attention: Managing Director

or to such other address or facsimile number as shall have been notified (in accordance with this clause) to the other party hereto. No Notice shall be deemed to have been received by the Bank or ICBC NZ until actually received by the relevant party to whom it is addressed at its designated address.

## 10. AMENDMENT

- 10.1 Subject to clause 10.3, any provision of this Deed may be amended or supplemented by agreement in writing between the Bank and ICBC NZ.
- 10.2 Subject to clause 10.3, the Bank may, from time to time and without any authority or assent of ICBC NZ or the Creditors, alter, modify, or add to this Deed if in the reasonable opinion of the Bank:
- (a) the alteration, modification or addition is made to correct a manifest error or is of a formal or technical nature;
  - (b) the modification, alteration or addition is necessary to comply with the provisions of any statute, whether or not required by any statutory authority; or
  - (c) the alteration, modification or addition is desirable for the purpose of more advantageously administering the rights and obligations established under this Deed.
- and in any case such modification, alteration or addition is considered by the Bank, acting in good faith, not to be materially prejudicial to the Creditors as whole, so far as known to it.
- 10.3 No further consent from Creditors shall be required to any amendment or supplement to this Deed, provided that notice of such amendment or supplement shall be given by ICBC NZ to the Creditors by an advertisement circulating generally throughout New Zealand.
- 10.4 The Bank and ICBC NZ shall ensure that a copy of any proposed amendment or supplement to this Deed is provided to each Rating Agency at least 10 Business Days prior to the amendment or variation taking effect.
- 10.5 The Guarantee is issued in replacement of and in substitution for the Deed of Guarantee by the Bank dated 2 September 2013 and, for the avoidance of doubt, all amounts guaranteed under that guarantee shall be Obligations for the purposes of this Deed.

## 11. GOVERNING LAW

- 11.1 This Deed shall be governed by and construed in accordance with the laws for the time being in force in New Zealand. The Bank and ICBC NZ each hereby submit, for the purposes of this Deed, to the non-exclusive jurisdiction of the Courts of New Zealand in respect of all legal actions arising under or in relation to this Deed.
- 11.2 The Bank hereby irrevocably appoints ICBC NZ (and ICBC NZ hereby accepts such appointment) to be the agent of the Bank to accept service of process on behalf of the Bank in respect of all matters in New Zealand arising under or in relation to this Deed and the Bank agrees that any such process shall be properly served upon the Bank if delivered to ICBC NZ at its address for the service of Notices set out in clause 9.2.

## 12. ASSIGNMENT

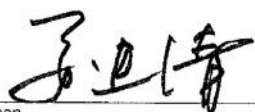
- 12.1 No party to this Deed may assign its rights or obligations hereunder without the consent in writing of the other party and without first having given prior written notice to each Rating Agency.

### 13. CERTIFICATE

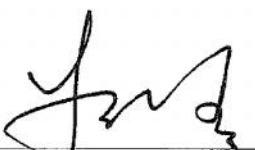
- 13.1 ICBC NZ shall advise the Bank in writing within fourteen (14) days of a request in writing from the Bank (made no more frequently than quarterly or following receipt by it of any demand for payment from a Creditor) to do so, of its best estimate of the aggregate principal amount of the Obligations for which it is indebted as at such date to either all of the Creditors generally or to those Creditors specified by the Bank in its request.

#### EXECUTED as a Deed

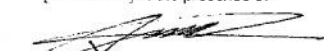
EXECUTED as a DEED for and on behalf )  
of INDUSTRIAL AND COMMERCIAL )  
BANK OF CHINA LIMITED )  
)

  
Chairman

EXECUTED as a DEED for and on behalf )  
of INDUSTRIAL AND COMMERCIAL )  
BANK OF CHINA (NEW ZEALAND) )  
LIMITED )  
by its Authorised Signatory / Attorney )

  
Signature

\_\_\_\_\_  
[Print Name] in the presence of

  
Witness signature

\_\_\_\_\_  
Full name

Nathan Edwin Hansen-Thorpe

\_\_\_\_\_  
Address

Solicitor  
Auckland

\_\_\_\_\_  
Occupation