INDUSTRIAL AND COMMERCIAL BANK OF CHINA (NEW ZEALAND) LIMITED

Disclosure Statement

For the year ended 31 December 2024

Disclosure Statement

This Disclosure Statement has been issued by Industrial and Commercial Bank of China (New Zealand) Limited for the year ended 31 December 2024 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" mean 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, "HKD" means the Hong Kong Dollar, "EUR" means the Euro 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 year ended 31 December 2024 form part of and should be read in conjunction with this Disclosure Statement.

This Disclosure Statement is available on the Registered Bank's website at www.icbcnz.com. In addition, any person can request a hard copy of the Registered Bank's Disclosure 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.

The Bank also is preparing its Climate Statement in accordance with the Aotearoa New Zealand Climate Standards. We intend to publish the Climate Statement at www.icbcnz.com by 30 April 2025.

Contents

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

(b) The Bank's website address is 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 National Financial Regulatory Administration ("NFRA") and the Government of the People's Republic of China (China).

The registered address of ICBC is:

55 FuXingMenNei Avenue,
Xicheng District, 100140,
Beijing,
People's Republic of China

(b) Ultimate Holding Company

ICBC is the Ultimate Holding Company of the Bank.

(c) Annual Report of ICBC

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

(d) Summary of restrictions on 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 Creditors

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 fully guaranteed by ICBC.

A copy of the Deed of Guarantee 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.

The address for service of ICBC is:

55 FuXingMenNei Avenue,
Xicheng District, 100140,
Beijing,
People's Republic of China

As at 30 September 2024, the most recent publicly disclosed (audited) capital of ICBC was RMB 3,901,083 million (third quarter report - unaudited) (NZD 946,013 million), representing 19.25% of risk weighted exposure.

(b) Credit Ratings

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 Global Ratings**	**Fitch Ratings Ltd.**
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)	A (Strong capacity to meet obligation but vulnerable to adverse business or economic conditions)
Short-term Foreign Currency Bank Deposits Rating	P-1 (Superior ability to repay short-term debt)	A-1 (Strong capacity to meet the financial commitments on the obligations)	F1+ (Strongest capacity for timely payment of financial commitments)
Outlook	Negative	Stable	Negative

(c) Rating movement history

On 5 February 2024, S&P Global Ratings affirmed the long-term and short-term issuer credit rating and maintained a stable outlook.

On 28 June 2024, Moody's Investors Service affirmed the ICBC's A1 long-term deposit rating and P-1 short-term deposit rating. The rating outlook is negative, in line with the outlook on the senior unsecured debt rating of the Chinese government.

On 3 June 2024, Fitch Ratings affirmed ICBC's A long term credit rating and F1+ short term issuer default rating. The outlook is negative, mirroring the negative outlook on China's sovereign rating (A+/Negative).

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

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

Directors

The responsible persons authorised to sign the Disclosure Statement on behalf of the Board, in accordance with section 82 of the Banking (Prudential Supervision) Act 1989, are Bin Liu (Executive Director) and Donald Thomas Brash (Chairman, Independent Director).

The Board comprises:

- Donald Thomas Brash, Chairman, Independent Director
- Martin Philipsen, Independent Director
- John Glenn Dalzell, Independent Director
- Bin Liu, Executive Director
- Changwen Nie , Non-Executive Director
- Jianyu Chen, Non-Executive Director

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

- On 1 July 2024, the RBNZ issued a non-objection confirmation for the appointment of Bin Liu as an Executive Director and Chief Executive Officer. The Bank's Board approved Bin Liu's appointment on 17 December 2024.

- Qian Hou, resigned as Chief Executive Officer & General Manager and Executive Director on 17 December 2024.

Directors' Details

The name, occupation, technical or professional qualifications, country of residence, and directorships of each director of the Bank as at the date of this Disclosure Statement are as follows:

Independent Director, Chairman
Donald Thomas Brash
Consultant & Company Director
Ph.D. in Economics
Auckland
New Zealand

Directorships:
Troika Family Trust Nominees Limited, Brash Forestry Limited, Eljean's Investments Limited, Eljean's Orchard 2021 Limited, Southpark Property Investments No. 3 Limited, Southpark Property Holdings No.2 Limited, Kempton Holdings No. 4 Limited, Hobson's Pledge Trustee Limited, Tect Holdings Limited.

Executive Director
Bin Liu
Executive Director & Chief Executive Officer
Master of Economics
Auckland
New Zealand

Directorships:
Nil

Independent Directors
Martin Philipsen
Company Director
BCA, C.A., C.M.A.
Auckland
New Zealand

Directorships:
Landmark Capital Limited, Te Toroa Limited, Philipsen Consulting Limited.

John Glenn Dalzell
Director
BPA, Registered Valuer
Auckland
New Zealand

Directorships:
China Machinery Engineering NZ Limited, Silk Road Construction (NZ) Limited, Silk Road Management Limited, Bare Essentials Limited, Dalzell Family Trust Limited, Space IM New Zealand Limited, Silk Road Funds Limited, Silk RM Limited, Te Tangata Whare Limited.

Non-Executive Directors
Changwen Nie
Senior Specialist, Accredited Non-executive Director to ICBC Subsidiaries of Strategy Management and Investors Relationship department at Industrial and Commercial Bank of China Limited.
Beijing
China

Directorships:
ICBC International Holdings Limited, ICBC Wealth Management Co. Ltd

Jianyu Chen
General Manager, ICBC Sydney Branch
Bachelor of Economics
Sydney NSW
Australia

Directorships:
Nil

Board Audit Committee
Members of the Board Audit Committee at the date of this Disclosure Statement were:

Martin Philipsen (Chair)	Independent Director
Donald Thomas Brash	Independent Director
Changwen Nie	Non-Executive Director

Board Remuneration Committee
Members of the Board Remuneration Committee at the date of this Disclosure Statement were:

John Glenn Dalzell (Chair)	Independent Director
Bin Liu	Executive Director
Jianyu Chen	Non-Executive Director

Board Risk Committee
Members of the Board Risk Committee at the date of this Disclosure Statement were:

Donald Thomas Brash (Chair)	Independent Director
Martin Philipsen	Independent Director
John Glenn Dalzell	Independent Director
Bin Liu	Executive Director
Changwen Nie	Non-Executive Director

Any document or communication may be sent to any Director at the Registered Office. The document or communication should be marked for the attention of that Director.

Policy for Avoiding and Dealing with Conflicts of Interest
The policy and current practice of the Board of Directors of the Bank for avoiding or dealing with conflicts of interest which may arise from the personal, professional or business interests of the Directors, or any of them, are that, where a Director's judgement could potentially be impaired because a conflict of interest exists between the Director's business and personal affairs and the business affairs of the Bank, then that Director must declare that the conflict of interest exists and leave the meeting for the duration of the Board's discussion and voting on the relevant matter.

The Companies Act 1993 requires that each Director cause to be entered in the interests register and disclose to the Board of the Bank:

- The nature and monetary value of the Director's interest in a transaction or proposed transaction if its monetary value is able to be quantified; or
- The nature and extent of the Director's interest in a transaction or proposed transaction if its monetary value is not able to be quantified.

Directors' Benefits
There is no transaction which any Director or immediate relative or close business associate of any Director has with the Bank or any member of the Banking Group which either has been entered into on terms other than those which would, in the ordinary course of business of the Bank or any member of the Banking Group, be given to any person of like circumstances or means, or could otherwise be reasonably likely to influence materially the exercise of their Director's duties.

Information pertaining to loans to and other transactions with Directors is disclosed in Note 27 of this Disclosure Statement.

Auditor

The name and address of the auditor whose independent auditor's report is referred to in this Disclosure Statement for the year ended 31 December 2024 is:

Ernst & Young
2 Takutai Square, Britomart
Auckland, New Zealand

The name and address of the auditor whose independent auditor's report is referred to in this Disclosure Statement for the year ended 31 December 2023 is:

Deloitte Limited
Deloitte Centre
1 Queen Street
Auckland 1010, New Zealand

Conditions of Registration for Industrial and Commercial Bank of China (New Zealand) Limited

These Conditions of Registration (COR) apply on and after 1 July 2024. 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 9%;
   (b) the Tier 1 capital ratio of the banking group is not less than 7%;
   (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;

For the purposes of this condition of registration, —

“Total capital ratio”, “Tier 1 capital ratio”, and “Common Equity Tier 1 capital ratio” have the same meaning as in Subpart B2 of BPR100: Capital Adequacy;

“Total capital” has the same meaning as in BPR110: Capital Definitions.

1A. That—

(a) the bank has an internal capital adequacy assessment process (“ICAAP”) that accords with the requirements set out in Part D of BPR100: Capital Adequacy;

(b) under its ICAAP the bank identifies and measures its “other material risks” defined in Part D of BPR100: Capital Adequacy; and

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

1B. That, if the Prudential Capital Buffer (PCB) 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, other than discretionary payments payable to holders of Additional Tier 1 capital instruments, to the percentage limit on distributions that corresponds to the banking group’s PCB ratio; and

Banking group’s PCB ratio	Percentage limit to distributions of the bank’s earnings	Capital Buffer Response Framework stage
0% – 0.5%	0%	Stage 3
>0.5 – 1%	30%	Stage 2
>1 – 2%	60%	Stage 1
>2 – 2.5%	100%	None

(b) comply with the Capital Buffer Response Framework requirements as set out in Part D of BPR120: Capital Adequacy Process Requirements.

For the purposes of this condition of registration,—

“prudential capital buffer ratio”, “distributions”, and “earnings” have the same meaning as in Subpart B2 of BPR100: Capital Adequacy;

an Additional Tier 1 capital instrument is an instrument that meets the requirements of B2.2(2)(a), (c) or (d) of BPR110: Capital Definitions.

1BA. That the bank must not make any distribution on a transitional AT1 capital instrument on or after the date on which on any conversion or write-off provision in the terms and conditions of the instrument is triggered due to either a loss absorption trigger event or a non-viability trigger event.

For the purposes of this condition of registration, “transitional AT1 capital instrument” has the meaning given in section A2.3 of BPR110: Capital Definitions and “loss absorption trigger event” and “non-viability trigger event” have the meanings given in sub-section C2.2(3) of BPR120: Capital Adequacy Requirements.

1C. That,

(a) the bank must not include the amount of an Additional Tier 1 capital instrument or Tier 2 capital instrument issued on or after 1 July 2021 in the calculation of its capital ratios unless it has completed the notification requirements in Part B of BPR120: Capital Adequacy Process Requirements in respect of the instrument; and

(b) the bank meets the requirements of Part C of BPR120: Capital Adequacy Process Requirements in respect of regulatory capital instruments.

For the purposes of this condition of registration,—

an Additional Tier 1 capital instrument is an instrument that meets the requirements of subsection B2.2(2)(a) or (c) of BPR110: Capital Definitions;

a Tier 2 capital instrument is an instrument that meets the requirements of subsection B3.2(2)(a) or (c) of BPR110: Capital Definitions.

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. The bank must comply with all the requirements set out in the following document: BS8 Connected Exposures 1 October 2023.

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:

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

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

(a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;
(b) the committee must have at least three members;

(c) every member of the committee must be a non-executive director of the bank;
(d) the majority of the members of the committee must be independent; and
(e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

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

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

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

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

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled “Liquidity Policy” (BS13A) dated July 2022 and “Liquidity Policy Annex: Liquid Assets” (BS13A) dated July 2022.

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 ending on or after 31 December 2024, the total of the bank’s qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 70%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

16. That, for a loan-to-valuation measurement period ending on or after 31 December 2024, the total of the bank’s qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 20% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

17. That, for a debt-to-income measurement period, the total of the bank’s qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a debt-to income ratio of more than 7, must not exceed 20% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the debt-to-income measurement period.

18. That, for a debt-to-income measurement period, the total of the bank’s qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a debt-to-income ratio of more than 6, must not exceed 20% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the debt-to-income measurement period.

19. 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 registered bank’s agreement before the borrower can grant to another person a charge over the residential property used as security for the 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.

“generally accepted accounting practice” has the same meaning as in section 8 of the Financial Reporting Act 2013.

In these conditions of registration, the version dates of the Reserve Bank of New Zealand Banking Prudential Requirement (BPR) documents that are referred to in the capital adequacy conditions 1 to 1C, or are referred to in turn by those documents or by Banking Supervision Handbook (BS) documents, are—

BPR document	Version date
BPR100: Capital adequacy	1 July 2024
BPR110: Capital definitions	1 October 2023
BPR120: Capital adequacy process requirements	1 October 2023
BPR130: Credit risk RWAs overview	1 July 2024
BPR131: Standardised credit risk RWAs	1 July 2024
BPR132: Credit risk mitigation	1 July 2024
BPR133: IRB credit risk RWAs	1 July 2024
BPR134: IRB minimum system requirements	1 July 2024
BPR140: Market risk exposure	1 July 2024
BPR150: Standardised operational risk	1 July 2024
BPR151: AMA operational risk	1 July 2024
BPR160: Insurance, securitisation, and loan transfers	1 July 2024
BPR001: Glossary	1 October 2023

In conditions of registration 15 to 16,—

“loan-to-valuation ratio”, “non property-investment residential mortgage loan”, “property-investment residential mortgage loan”, “qualifying new mortgage lending amount in respect of property-investment residential mortgage loans”, “qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans”, 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 2021:

“loan-to-valuation measurement period” means a period of six calendar months ending on the last day of the sixth calendar month.

In conditions of registration 17 to 18,—

“debt-to-income ratio”, “debt-to-income measurement period”, “non property-investment residential mortgage loan”, “property-investment residential mortgage loan”, “qualifying new mortgage lending amount in respect of property-investment residential mortgage loans”, and “qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans” have the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High Debt-To-Income Residential Mortgage lending” (BS20) dated 3 April 2023:

“debt-to-income measurement period” means—

(a) the initial period of six calendar months from the date of this conditions of registration (1 July 2024) ending on 31 December 2024; and

(b) thereafter, a rolling period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on 31 January 2025 and covers the months of August, September, October, November and December 2024 and January 2025.

In conditions of registration 19,—

“residential mortgage loan” has the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High Debt-To-Income Residential Mortgage lending” (BS20) dated 3 April 2023.

Changes in Condition of Registration:

With the effect from 1 July 2024, the Bank's conditions of registration have been updated to reflect references to:

- implement changes to the minimum Total capital ratio and Tier 1 capital ratio from 1 July 2024 in line with decisions announced by the Reserve Bank of New Zealand in the 2019 Capital Review
- activate Debt-to-Income (DTI) restrictions and implement changes to Loan-to-Value Ratio (LVR) restrictions
- remove Condition 4A which had been included on an interim basis to ensure that disclosure obligation were consistent with revised Connected Exposures (BS8) requirements until certain amendments to the disclosure Orders in Council were implemented
- clarify the risk weighting of exposures to sovereigns with unsolicited credit ratings
- clarify the treatment of past due Kāinga Whenua loans
- update legislative references in the Banking Prudential Requirements (BPRs), and
- to update Conditions with effect from 1 July 2024.

Pending Proceedings or Arbitration

As at the date of this Disclosure Statement, there are no pending legal proceedings or arbitrations 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

Rating Agency/Rating Results	Standard & Poor’s Global Ratings	Moody's Investors Service, Inc.
Long-term credit Rating	A	A1
Short-term credit Rating	A-1	P-1
Outlook	Stable	Negative

On 5 February 2024, S&P Global Ratings affirmed the long-term and short-term issuer credit rating and maintained a stable outlook.

On 4 October 2024, Moody's Investors Service affirmed the ICBC NZ’s A1 long-term deposit rating and P-1 short-term deposit rating, with a negative outlook, consistent with its parent bank.

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

[1] Moody's applies numeric modifiers to each generic rating category from Aa to B, indicating that the counterparty is (1) in the higher end of its letter rating category, (2) in mid-range, or (3) in lower end. Fitch and S&P apply plus (+) or minus (-) signs to ratings from “AA” to “CCC” to indicate relative standing within the major rating categories.
[2] Credit ratings are statements of opinion issues by rating agencies. A credit rating is not a statement of fact, an endorsement of the rated entity, or a recommendation to buy, hold, or sell securities. Analytic services provided by rating agencies are the result of separate activities designed to preserve the independence and objectivity of rating opinions.

Historical Summary of Financial Statements

Thousands of dollars	31 December 2024 12 mths	31 December 2023 12 mths	31 December 2022 12 mths	31 December 2021 12 mths	31 December 2020 12 mths
Income Statement					
Interest Income	159,930	142,335	84,145	57,071	66,706
Interest Expense	(122,024)	(104,782)	(49,321)	(22,401)	(37,182)
Net Interest Income	**37,906**	37,553	34,824	34,670	29,524
Net gains/(losses) on financial instruments at fair value through P&L	2,159	7,431	(6,406)	787	24,565
Net other operating (expense)/income	13,337	6,588	14,194	1,046	(18,965)
Total operating income	**53,402**	51,572	42,612	36,503	35,124
Operating expenses	(25,414)	(23,783)	(21,068)	(19,225)	(17,270)
Impairment provisioning on financial assets	595	(1,530)	1,804	(1,214)	(399)
Net profit/(loss) before taxation	**28,583**	26,259	23,348	16,064	17,455
Taxation expense	(8,057)	(7,429)	(6,599)	(4,538)	(4,917)
Net profit/(loss) after taxation	**20,526**	18,830	16,749	11,526	12,538
Net profit or loss attributable to non-controlling interests	-	-	-	-	-
Ordinary Dividend	-	-	-	-	-
Significant balance sheet items					
Total Assets	2,569,628	2,363,024	2,232,532	2,239,446	2,046,057
Total Liabilities	2,233,111	2,046,012	1,934,350	1,958,013	1,776,150
Total Equity	336,517	317,012	298,182	281,433	269,907
Asset Quality					
Individually Impaired Assets	1,410	1,410	1,445	5,436	5,905

The information presented in the above table has been extracted from audited financial statements that have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

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 affect the decision of a person to subscribe for debt securities of which the Registered Bank or any member of the Banking Group is the issuer.

Directors' Statements

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

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

    (a) The Disclosure Statement contains all the information that is required by the "Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended)", ("the Order"); and
    (b) The Disclosure Statement is not false or misleading.

2. During the year ended 31 December 2024:

    (a) The Registered Bank has complied in all material respects with each condition of registration that applied during the period;
    (b) Credit exposures to connected persons were not contrary to the interest of the Banking Group; and
    (c) The Registered Bank had systems in place to monitor and control adequately the Banking Group's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

This Disclosure Statement is dated 26 March 2025 and has been signed by Bin Liu and Donald Thomas Brash as the responsible persons for and on behalf of all the Directors (by Directors' resolution):

Bin Liu
Executive Director

Donald Thomas Brash
Chairman/Independent Director

Industrial and Commercial Bank of China (New Zealand) Limited

Financial Statements for the year ended 31 December 2024

Contents

STATEMENT OF COMPREHENSIVE INCOME

Thousands of dollars	Note	Audited 31 December 2024	Audited 31 December 2023
Interest Income	2	159,930	142,335
Interest Expense	2	(122,024)	(104,782)
Net Interest Income		**37,906**	**37,553**
Net (losses)/gains on financial instruments at fair value through P&L	3	2,159	7,431
Net other operating (expense)/income	4	13,337	6,588
Total operating income		**53,402**	**51,572**
Operating expenses	5	(25,414)	(23,783)
Impairment provisioning on financial assets	7	595	(1,530)
Net profit before taxation		**28,583**	**26,259**
Taxation expense	8	(8,057)	(7,429)
Net profit after taxation		**20,526**	**18,830**
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Movement in cash flow hedge reserve		(1,419)	-
Tax on items recognised in equity		398	-
Other comprehensive income, net of income tax		**(1,021)**	-
Total comprehensive income		**19,505**	**18,830**

The accounting policies and other notes (1-37) form part of, and should be read in conjunction with, these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Thousands of dollars	Note	Share Capital	Cash Flow Hedge Reserve	Retained Earnings	Total
For the year ended 31 December 2024 (audited)					
Balance at 31 December 2023		233,540	-	83,472	317,012
Capital injection from shareholders		-	-	-	-
Net profit after tax		-	-	20,526	20,526
Other comprehensive income		-	(1,021)	-	(1,021)
Total comprehensive income		-	(1,021)	20,526	19,505
Total equity movement for the year		-	(1,021)	20,526	19,505
Balance at 31 December 2024	25	233,540	(1,021)	103,998	336,517
For the year ended 31 December 2023 (audited)					
Balance at 31 December 2022		233,540	-	64,642	298,182
Capital injection from shareholders		-	-	-	-
Net profit after tax		-	-	18,830	18,830
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	18,830	18,830
Total equity movement for the year		-	-	18,830	18,830
Balance at 31 December 2023	25	233,540	-	83,472	317,012

The accounting policies and other notes (1-37) form part of, and should be read in conjunction with, these Financial Statements.

Statement of Financial Position as at 31 December 2024

Thousands of dollars	Note	Audited 31 December 2024	Audited 31 December 2023
Assets			
Cash, cash equivalents and balances with central banks	10	253,553	317,218
Amounts due from related parties	21	7,945	5,140
Due from banks and other financial institutions	11	24,998	29,999
Investment securities	13	253,668	232,522
Derivative financial assets	12,15	12,028	4,422
Loans and advances to customers	14,27	1,996,292	1,750,427
Right-of-use assets	18	3,712	5,178
Property, plant and equipment	17	604	960
Deferred tax assets	9	4,518	5,355
Other assets	19	12,310	11,803
Total assets		**2,569,628**	**2,363,024**
Liabilities			
Due to central banks and other financial institutions	20	1	1
Amounts due to related parties	21	685,072	642,429
Derivative financial liabilities	12,15	2,932	4,919
Deposits from customers	22	886,858	700,492
Certificates of deposit	23	93,031	57,293
Debt securities issued	23	525,862	599,732
Lease liabilities	18	4,208	5,761
Current tax liabilities	9	2,391	2,399
Other liabilities	24	32,756	32,986
Total liabilities		**2,233,111**	**2,046,012**
Shareholder's equity			
Share capital	25	233,540	233,540
Cash flow hedge reserve	25	(1,021)	-
Retained earnings	25	103,998	83,472
Total shareholder's equity		336,517	317,012
Total shareholder's equity and liabilities		**2,569,628**	**2,363,024**
Total interest earning and discount bearing assets	28	2,521,657	2,306,695
Total interest and discount bearing liabilities	29	2,120,373	1,956,944

The accounting policies and other notes (1-37) form part of, and should be read in conjunction with, these Financial Statements.

These financial statements were approved by the directors on 26 March 2025 and are signed on their behalf by:

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Bin Liu
Executive Director

Donald T. Brash

Donald Thomas Brash
Chairman/Independent Director

Statement of Cash Flows

Thousands of dollars	Note	Audited 31 December 2024	Audited 31 December 2023
Cash flows from operating activities			
Interest income		157,268	134,426
Fees received and other income		1,035	6,589
Realised foreign exchange gains/(losses)		5,488	1,539
Interest expense		(123,859)	(87,109)
Long-term lease interest payments		(102)	(139)
Variable and short-term lease		(18)	(15)
Personnel expenses		(17,759)	(17,512)
Other operating expenses		(5,056)	(4,169)
Taxes paid		(6,830)	(7,860)
Net cash flows applied to operating activities before changes in operating assets and liabilities		**10,167**	**25,750**
Changes in operating assets and liabilities arising from cash flow movements:			
(Increase)/decrease in loans and advances to customers		(245,390)	(87,942)
Increase/(decrease) in deposits from customers		186,366	134,771
Increase/(decrease) in amounts due to related parties		18,884	116,577
Increase/(decrease) in other liabilities		3,158	(113)
Increase/(decrease) in certificates of deposit		35,738	(30,501)
Net change in operating assets and liabilities		**(1,244)**	**132,792**
Net cash flows applied to operating activities	37	**8,923**	**158,542**
Cash flows applied to investing activities			
Purchase of property, plant and equipment		(43)	(306)
Purchase of investment securities		(87,552)	(83,491)
Proceeds from maturity of investment securities		66,450	39,265
Net cash flows applied to investing activities		(21,145)	(44,532)
Cash flows applied to financing activities			
Receipts/(payments) from subordinated loans due to related parties		-	(35,000)
Receipts from issuance of debt securities		224,181	124,845
Repayments of debt securities issued		(300,000)	(432)
Repayments of the principal portion of lease liabilities		(1,578)	(1,556)
Net cash flows applied to financing activities		(77,397)	87,857
Increase/(decrease) in cash and cash equivalents		(89,619)	201,867
Cash and cash equivalents at beginning of year		291,504	89,637
Cash and cash equivalents		**201,885**	**291,504**
Cash and cash equivalents at end of year comprised:			
Cash, cash equivalents and balances with central banks		253,553	317,218
Amount due from related parties classified as cash and cash equivalents		7,945	5,140
Due from banks and other institutions classified as cash equivalents		25,000	30,000
Due to central banks and other financial institutions classified as cash and cash equivalents		(1)	(1)
Amount due to related parties classified as cash and cash equivalents		(84,612)	(60,853)
Total cash and cash equivalents		**201,885**	**291,504**

The accounting policies and other notes (1-37) form part of, and should be read in conjunction with, these Financial Statements.

Note 1 – Accounting Policies

(1) Reporting Entity

This Disclosure Statement has been issued by Industrial and Commercial Bank of China (New Zealand) Limited ("The Bank" or "ICBC (NZ)") for the year ended 31 December 2024 in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order"). 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 twelve months ended 31 December 2024.

These financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Markets Conduct Act 2013, and the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended). They were approved for issue by the Directors on 26 March 2025.

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

The Bank's financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to the International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with the International Financial Reporting Standards.

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 measured at fair value through profit or loss, as further explained in the respective accounting policies below. The carrying values of recognised assets and liabilities, that are hedged in fair value hedges and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

For the purpose of the Statement of Cash Flows, amounts 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) Critical accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. Management is required to make judgements on accounting policies and estimates concerning the carrying values of assets and liabilities that are not readily available from other sources. These estimates and associated assumptions are based on historical experience and various other facts appropriate to the particular circumstances. Actual results may differ from these estimates.

Estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The information about estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following accounting policies and notes:

- Impairment Allowance: determining inputs into the Expected Credit Loss (ECL) measurement model, including incorporation of forward-looking information and recoverable cash flows.
- Fair value of derivatives
- Deferred Taxation

Estimation uncertainties:

Assumptions made as at each reporting date (e.g. the calculation of the ECL and fair value adjustments), are based on best estimates at that time. Although the Bank has processes in place to ensure that estimates can be reliably measured, actual amounts may differ from those estimates.

Applying judgement to the situation, the Bank recognises the degree of change that has occurred in NZ and in the international macroeconomic environment and the potential for these impacts to emerge over time. Management regularly reviews the adjustments, the estimates and methodologies for the assessment for expected credit loss.

The ECL calculation considers reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 1 – Accounting Policies (continued)

The Bank benchmarks ECL and then adjusts Significant Increased Credit Risk (SICR) factors that are specific to ICBC (NZ). The Bank then applies judgement to assess the reasonableness of the modeled outcomes.

The Bank uses a global ECL model for corporate loans. This model has been updated for 2024. The corporate ECL model uses data, such as default data, from a range of sources. Macro-economic scenarios are applied to model a range of future outcomes. The Bank then applies judgement to assess the reasonableness of the modeled outcomes.

Fair value of derivatives
The fair value of derivatives are measured from inputs that are observable for the assets and liabilities either directly or indirectly from the market.

Deferred Taxation
Based on the latest forecast, the future taxable profits are in excess of the gross balance of the deductible temporary differences as at 31 December 2024.

(5) Summary of material accounting policies
The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated, and noted in (n) “change in accounting policy” below.

(a) Foreign currency translation
Foreign currency transactions are translated into the functional currency (NZD) using the exchange rates prevailing at the date of the transaction or valuation where items are re-measured.

Monetary assets and liabilities denominated in foreign currencies are translated into NZD at the applicable exchange rates ruling at the end of the reporting period. Exchange differences arising on the settlement of monetary items or on translating monetary items at period end rates are recognised in the profit or loss.

(b) Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and when the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income and expense
For all financial instruments measured at amortised cost and interest-generating financial instruments, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded in profit or loss.

In the case of financial instruments measured at fair value through profit or loss by reference to contractual interest rates.

Once a financial asset or a book of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Lending fees
Fees and direct costs relating to loan origination, financing or restructuring and to loan commitments are deferred and amortised to interest income over the life of the loan using the effective interest method. Lending fees not directly related to the origination of a loan are recognised over the period of service.

(iii) Commission and other fees
The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fees arising from commission, asset management, custody and other management advisory services are recognised on the basis of when the transaction is completed or on an accrual basis when the service is provided over a period of time.

(iv) Payment and services fee
Fees arising from providing settlement and clearing transactions are recognised on completion of the transaction.

(v) Derivative financial instruments
Realised and unrealised gains and losses from re-measurement of financial instruments at fair value through profit or loss are disclosed in the profit or loss.

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Note 1 – Accounting Policies (continued)

(vi) Outsourcing service fee
ICBC NZ Banking Group is operating under dual licence, ICBC (NZ) and Auckland Branch of ICBC. While management and most of the staff members (except for those only working on retail business) work for both entities, sharing the same work premises and infrastructure, proper cost allocation between the ICBC (NZ) and ICBC Auckland Branch is essential. To facilitate this, ICBC (NZ) and ICBC Auckland Branch signed a Share Services Agreement. All indirect costs are paid by ICBC (NZ), and allocate to the ICBC Auckland Branch through an outsourcing service fee. This fee is calculated using the Service Pricing method, which considers the revenue generated from services provided, and the Time Sharing method, which accounts for workload time spending (Time Sharing method). This ensures fair and accurate allocation of costs between the two entities.

(c) Expense recognition
All other expenses, excluding interest expense, are recognised in the statement of comprehensive income on an accrual basis.

(d) Classification and Measurement of Financial Assets and Financial Liabilities

Classification
Financial assets include items such as cash and cash equivalents and balances with central banks, due from banks and other financial institutions, financial assets at fair value through profit or loss, loans and receivables, and investment securities.

According to NZ IFRS 9, financial assets are classified into the following categories:

- Those to be measured at amortised cost; and
- Those to be measured at fair value through profit or loss.

The classification depends on the Bank's business model for managing financial assets and the contractual characteristics of financial asset. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets measured at amortised cost
A financial asset is measured at amortised cost only if it meets both the following conditions:

- Business model objective: financial assets held in order to collect contractual cash flows; and
- Contractual cash flow characteristics: solely payments of principal and interest on the principal amount outstanding.

These assets are initially recognised at fair value plus direct attributable transaction costs and subsequently measured at amortised cost. Financial assets measured at amortised cost include:

Cash, cash equivalents and balances with central banks
Cash, cash equivalents, and balances with central banks include cash and cash at bank, settlement account balance with central bank and other financial institutions, cash in transit, bank overdrafts.

Amount due from related parties
Amount due from related parties includes all amounts due from related parties of the Bank.

Due from banks and other financial institutions
Due from banks and other financial institutions includes term deposits with other financial institutions.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and the Bank has no intention of trading the assets immediately or in the near term. After initial measurement, such assets are subsequently carried at amortised cost using the effective interest rate method, less any allowance for expected credit losses (ECL). Gains and losses are recognised in the profit or loss when such assets are derecognised or impaired, as well as through the amortisation process. Loans and receivables mainly include loans and advances to customers, receivables and discounted bills.

Discounted bills are granted by the Bank to its customers based on the Bank's acceptance held which has not matured. Discounted bills are carried at face value less unrealised interest income and the interest income of the discounted bills is recognised using the effective interest rate method.

Investment securities
Investments securities are non-derivative financial assets with fixed or determinable payments and a fixed maturity and which the Bank has the positive intention and ability to hold to maturity, and which are not designated as financial assets measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI).

Investment securities are measured at amortised cost using the effective interest rate method, less any allowance for impairment. Gains and losses are recognised in the profit or loss when the investment securities are derecognised or impaired, as well as through the amortisation process. All the financial investments are bond investments.

Note 1 – Accounting Policies (continued)

(ii) Financial assets measured at fair value through profit and loss

A financial asset is measured at fair value through profit and loss if it does not meet the amortised cost criteria. Financial assets held at fair value through profit or loss are initially recognised at fair value, with transaction costs being recognised in profit or loss as incurred. Subsequently, they are measured at fair value with gains and losses recognised in profit or loss as they arise.

Where a financial asset is held at fair value, the movement in fair value attributable to interest rate market movements is either an observable market value or calculated based on changes in observable market interest rates for swaps. The movement in fair value attributable to changes in credit risk is established through a statistical-based calculation to estimate expected losses attributable to adverse movements in credit risk.

Assets in this category are either held for trading or designated at fair value through profit or loss at inception. A financial instrument may be designated as a financial asset or financial liability at fair value through profit or loss upon initial recognition, if it meets any of the criteria set out below:

(a) It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial asset or from recognising the gains and losses on them on different bases;
(b) It applies to a group of financial assets, financial liabilities or both which is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and where information about that group of financial instruments is provided internally on that basis to key management personnel; or
(c) The financial instrument contains one or more embedded derivatives, unless the embedded derivative(s) does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets designated at fair value through profit or loss might include debt securities and other debt instruments. Financial liabilities designated at fair value through profit or loss might include wealth management products, structured deposits, notes payable, and certificates of deposit.

These assets are measured at fair value after initial recognition. Realised and unrealised income or expenses are recognised in the profit or loss.

Derivative assets

Derivative instruments are contracts whose value is derived from one or more underlying variables such as a special interest rate or index as defined in the contract. Derivative assets are measured at fair value through profit or loss.

(iii) Financial liabilities held at amortised cost

This category includes all financial liabilities other than those at fair value through profit or loss. Liabilities in this category are measured at amortised cost and include:

Due to central banks and other financial institutions/Amount due to related parties

This represents amounts due to other banks, apart from those designated as at fair value through profit or loss.

Deposits from customers

Deposits from customers cover all forms of funding, apart from those classified as at fair value through profit or loss and include transactional and savings accounts, term deposits and credit balances on cards.

Other liabilities

Other liabilities include the accrual of interest coupons and fees payable. For derivatives, any accrued interest is recognised and measured as part of the derivative's fair value.

Debt Securities Issued/Certificates of deposit

Debt Securities Issued is recognised in the balance sheet including accrued interest. When fair value hedge accounting is applied to fixed rate debt securities issued, the carrying value at amortised cost is adjusted for changes in fair value related to the hedged risk.

Other financial liabilities are recognised initially at fair value net of transaction costs incurred. Other financial liabilities are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Transaction costs, specifically debt issue costs, include costs incurred directly attributable to the issuance of the debt, such as legal costs and lead manager fee.

Note 1 – Accounting Policies (continued)

(iv) Financial liabilities at fair value through profit or loss

Liabilities in this category are either held for trading or designated at fair value through the profit or loss at inception. A financial liability is classified in this category if entered into principally for the purpose of selling in the short-term, if it eliminates an accounting mismatch or if it is managed by the Bank on a fair value basis.

Derivative liabilities that do not meet the criteria for hedge accounting are classified as held for trading and measured at fair value through profit or loss.

Derivative liabilities

Derivative instruments are contracts whose value is derived from one or more underlying variables such as a special interest rate or index as defined in the contract. Derivative liabilities are measured at fair value through profit or loss.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Bank has transferred its rights to receive cash flows from the asset; or has retained its rights to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and either the Bank has transferred substantially all the risks and rewards of ownership of the financial asset; or the Bank has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred control of the asset.

Where the Bank has transferred its rights to receive cash flows from an asset or has retained its rights to receive cash flows from the asset but has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Derivative financial instruments

The Bank uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the hybrid instrument is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with the changes in fair value recognised in the profit or loss.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the profit or loss.

For less complex derivative products, the fair values are principally determined by valuation models which are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible, including foreign exchange spot and forward rates and interest rate yield curves. For more complex derivative products, the fair values are mainly determined by quoted prices from dealers.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if, and only if, the Bank has a legally enforceable right to offset such amounts with the same counterparty and an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Note 1 – Accounting Policies (continued)

(f) Asset quality
The Bank recognises loss allowances for expected credit losses ("ECL") on the following financial instruments that are not measured at FVTPL:

- cash and cash equivalent;
- due from banks and other financial instruments;
- investment securities;
- loans and receivables; and
- loan commitments and financial guarantee contracts.

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Measurement of ECL
The ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. ECLs are measured over two different time horizons, depending on whether the credit risk of the financial assets has increased significantly since the exposure was first recognised:

- 12-month ECLs (Stage 1), which apply to the financial assets of which the credit risk does not increase significantly in current classification period comparing with the initial judgement;
  12-month ECLs are defined as a portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. The standard explains further that the 12-month ECLs are a portion of the lifetime ECLs that will result if a default occurs in the 12 months after the reporting date (or a shorter period if the expected life of a financial instrument is less than 12 months), weighted by the probability of that default occurring.

- Lifetime ECLs (Stages 2 and 3), which apply to financial assets of which the credit risk does increase significantly in current classification period comparing with the initial judgement (Stage 2) or with objective impairment evidence (Stage 3).

- Lifetime ECLs are the losses that result from all possible default events over the expected life of a financial instrument. The Bank needs to estimate the risk of a default occurring on the financial instrument during its expected life.

ECLs are a probability-weighted estimate of the present value of cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of a default occurring used as the weights). The Bank's approach leveraged the existing processes for the Bank's loan portfolios that use the existing Internal Rating based and behavioural credit models. NZ IFRS 9 considers the calculation of ECL by multiplying the Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD"):

Probability of Default ("PD") –This is an estimate of the likelihood of default over a given time horizon (e.g. 12 months or lifetime). PD is the possibility that a customer will default on its obligation within a certain period of time in light of forward-looking information. PD is adjusted based on the results of the Internal Ratings-Based Approach, taking the forward-looking information into account to reflect the debtor's point-in-time ("PIT") PD under the current macroeconomic environment.

Loss Given Default ("LGD") –This is an estimate of the loss arising on default. The LGD is depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals.

Exposure at Default ("EAD") –This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

The ECL calculation considers all reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Each parameter is calibrated to reflect current and future macro- and micro- economic conditions and obligor-specific considerations.

The Bank has reviewed its ECL model, updated the macroeconomic indicators and associated forward-looking factors and other data. The Bank has introduced a new model for ECL for secured retail loans, details refer to pages 22 and 27.

Criteria for determining significant increase in credit risk
At each reporting date, the Bank assesses whether or not the credit risk of the financial assets it holds has increased significantly since the initial recognition. The Bank takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significantly change in credit risk for the purposes of classifying financial instruments. The main consideration includes:

- regulatory and operating environment;
- internal and external credit risk gradings;
- debt-serving capacity, operating capabilities;
- contractual terms;
- contractual repayments overdue for more than 30 days.

Note 1 – Accounting Policies (continued)

The Bank compares the risk of default of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics as at the reporting date to the risk of default at initial recognition to determine changes in the risk of default during the lifetime of a financial instrument or a portfolio of financial instruments.

Credit-impaired financial assets
At each reporting date, the Bank assesses whether financial assets carried at amortised cost are credit-impaired (referred to as "Stage 3 financial assets"). A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.
In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as "lender of last resort" to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Forward-looking information
NZ IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward-looking information are required to be incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since initial recognition. The Bank is using three scenarios that are probability weighted to determine ECL. For retail loans the benchmarks include scenarios, the Bank then applies judgement to the appropriateness to the modelled outcomes after considering its specific portfolio risk and the current and future economic environment.

The Bank's ECL allowance methodology requires the Bank to use its experienced credit judgement to incorporate the estimated impact of factors not captured in the modelled ECL results, in all reporting periods.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as other financial liabilities;

Write-off
Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in "impairment losses on financial instruments" in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Measurement of impairment
Impairment losses on assets measured at amortised cost were calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Reversal of impairment
If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.

Note 1 – Accounting Policies (continued)

(g) Property, Plant and Equipment
Property and equipment, other than construction in progress are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price, tax and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment, less any estimated residual value, over the estimated useful life. The estimated useful life, estimated residual value and the annual depreciation rate of each item of property and equipment are as follows:

Classification	Estimated Useful Life	Estimated Residual Value	Annual Depreciation Rate
Office equipment, furniture and fittings	5 years	-	20%
Computer hardware	3 years	-	33.3%
Leasehold improvements	Lesser of 5 years or the remaining term of the lease	-	20%

For an item of impaired fixed assets, the depreciation is calculated based on the carrying value less the cumulative impairment losses.

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial period end.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

(h) Taxation
Income tax comprises current and deferred income tax. Income tax is recognised in the profit or loss except when it relates to items recognised directly in equity, in which case it is recognised in equity.

(i) Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of each reporting period.

(ii) Deferred tax
Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period and reflect the corresponding tax effect.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. When it is probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Note 1 – Accounting Policies (continued)

(i) Contingent liabilities and credit commitments
A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably. Contingent liabilities are disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable and can be reliably estimated, it will then be recognised as a provision.

(j) Leases
The Bank leases many assets, including properties, motor vehicles, and office equipment.

The Bank recognises right-of-use assets and lease liabilities for most leases on balance sheet. However, the Bank has elected not to recognise right-of-use assets and lease liabilities for some short-term leases (less than 12 months). In such cases, the leases will be accounted for as short-term leases and the lease payments associated with them will be recognised as an expense from short-term leases.

The right-of-use assets is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be reliably determined, the Bank's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability, and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

(k) Share capital

(i) Share issue costs
Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Cash flow hedge reserve
This reserve includes the fair value gains and losses associated with the effective portion of designated cash flow hedging instruments.

(iii) Dividend distribution
Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year that are declared after the balance sheet date are addressed in the subsequent events note (if applicable).

(l) Goods and Services Tax ("GST")
The financial statements have been prepared so that all components are stated exclusive of GST except where the GST is not recoverable from the IRD. In these circumstances the GST component is recognised as part of the underlying item. Trade and other receivables and payables are stated GST inclusive. The net amount of GST recoverable from or payable to the IRD is included within these categories.

(m) Employee Benefits
Employee benefits refer to all forms of consideration and other related expenditure given by the Bank in exchange for services rendered by employees. The benefits payable are recognised as liabilities during the period in which the employees have rendered services to the Bank. If the effect of discounting the benefits payable which are payable after one year from the end of the reporting period is significant, the Bank will present them at their present value.

(n) Change in Accounting Policies
Accounting policies are consistent with those applied in the Disclosure Statement for the year ended 31 December 2023.

The Bank has applied, where relevant, all new or revised accounting standards and interpretations effective for the year ended 31 December 2024, noting these did not have a material impact on the financial statements.

(o) NZ IFRS Accounting Standards Issued but Not Yet Effective
In May 2024, the External Reporting Board issued NZ IFRS18 *Presentation and Disclosure in Financial Statements* ("NZ IFRS 18"). NZ IFRS18 replaces NZ IAS 1 *Presentation of Financial Statements* and will be effective for the Bank from 1 January 2027. NZ IFRS18 introduces enhanced presentation requirements in the financial statements, including new categories and subtotals in the income statement, disclosures about management-defined performance measures, and enhanced guidance on the grouping of information. The Bank is currently assessing the impact of this new standard.

There are no other new accounting standards or amendments to existing standards that are not yet effective which are expected to have a material impact on the Bank's financial statements.

Note 1 – Accounting Policies (continued)

(6) Comparative Financial Statements

Certain comparative balances have been reclassified to ensure consistency with the current financial year's presentation. These immaterial reclassifications have no impact on the overall financial performance or financial position for the comparative reporting periods. Disclosure Statement comparative affected is: Statement of Cash Flows, Note 21 Balance with Related Parties, Note 33 Financial Risk Management and Note 37 Notes to Statement of Cash Flows.

During the year ended 31 December 2024, the Bank has adopted hedge accounting for interest rate swaps and cross currency interest rate swaps. The presentation of Note 15 Derivative Financial Instruments has been updated to reflect the Bank's hedging derivatives.

The Bank identified that bonds held in the banking book were not included in the indicator of gross retail and commercial loans and advances when calculating capital requirements for operational risk. The Bank has reported this issue to the Reserve Bank New Zealand and, following their guidance, has recalculated the capital ratio for 31 December 2023. The recalculated results are outlined below:

– Common equity (CET1) ratio	17.49% (-0.31%)
– Tier 1 ratio	17.49% (-0.31%)
– Total capital ratio	17.49% (-0.31%)

The Bank remains strongly capitalised at levels well above the regulatory minimum requirements, with a buffer of 9.49% as at 31 December 2023. The ratios disclosed in Note 36 Capital Adequacy have therefore been restated using corrected calculations.

Note 2 – Interest Income and Interest Expense

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Interest Income		
Loans and advances to customers	132,367	115,347
Government and local authority securities	16,266	13,694
Due from other financial institutions	641	5,974
Amounts due from related parties	160	172
Other securities	10,382	7,031
Cash and liquid assets	114	117
Total interest income	159,930	142,335
Interest expense		
Deposits from customers	43,981	31,994
Debt securities issued	31,153	33,507
Secured and unsecured borrowings	410	-
Amounts due to related parties	42,675	35,154
Lease liabilities	102	140
Interest expense on derivatives*	3,703	3,987
Total interest expense	122,024	104,782

*All interest income and interest expense are calculated using the effective interest method except interest expense on derivatives.

Note 3 – Net Gains/(Losses) on Financial Instruments at Fair Value through Profit or Loss

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Derivative financial instruments*	2,159	7,431
Total net gains/(losses) on financial instruments at fair value through profit or loss	2,159	7,431

* No interest and dividend income include in the net gains/(losses) on the derivative financial instruments.

Note 4 – Fees and other income/(losses)

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Commission and other fee income/(losses)	(361)	483
Payment services fee income	995	818
Net gains/(losses) from foreign exchange and foreign exchange products*	1,326	(3,080)
Outsourcing service income	11,377	8,367
Total other income	13,337	6,588

* Includes foreign exchange translations, foreign exchange gains/(losses) from trading for customers and realised gains/(losses) of FX swaps.

Note 5 – Operating Expenses

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Amortisation and Depreciation:		
Computer hardware	214	182
Office equipment	9	8
Furniture, fittings, and leasehold improvements	176	158
Total amortisation and depreciation	399	348
Employee benefits:		
Wages and salaries	16,810	15,552
Kiwi Saver Contribution	142	103
Other Employment-Related Expenses	745	635
Total employee benefits	17,697	16,290
Lease expenses:		
Amortisation of Right-of-use assets	1,491	1,529
Variable lease payments	18	15
Total lease expenses	1,509	1,544
Other expenses:		
Tax advisory services	52	124
Directors' fees	430	340
Professional consulting fee	949	903
Building occupation costs	471	461
Promotion and marketing costs	581	557
Membership fee	369	180
Other operating expenses	2,957	3,036
Total other expenses	5,809	5,601
Total operating expenses	25,414	23,783

Note 6 – Auditor's Remuneration

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Auditor's remuneration:		
Fees paid to auditor – Deloitte		
Audit and review of financial statements	41	190
Capital adequacy assurance services	5	10
Other assurance and agreed upon procedures*	-	10
Total fees paid to Deloitte	46	210
Fees paid to auditor – EY		
Audit and review of financial statements	119	-
Capital adequacy assurance services**	-	-
Other assurance and agreed upon procedures*	13	-
Total fees paid to EY	132	-

* Relates to the climate reporting pre-assessment and assurance services.

**The fees related to capital adequacy assurance services are included in the audit and review of financial statements fees above.

Note 7 – Impairment Allowance

Audited 31 December 2024

Impairment allowance

Thousands of dollars	Other exposures excluding sovereigns and central banks	Retail Mortgage Lending	Corporate and institutional	Investment securities	Due from banks and other financial institutions	Loan commitments and financial guarantee contracts	Cash and cash equivalents	Total as at 31 December 2024
Provision for credit impairment measured on a 12-month ECL (stage 1) - collective	-	443	10,191	140	2	824	-	11,600
Provision for credit impairment measured on a lifetime ECL not credit impaired (stage 2) - collective	-	732	1,672	-	-	-	-	2,404
Provision for credit impairment measured on a lifetime ECL credit impaired (stage 3) - collective	-	-	-	-	-	-	-	-
Provision for credit impairment measured on a lifetime ECL credit impaired (stage 3) - Individual	-	274	-	-	-	-	-	274
Balance as at 31 December 2024	-	1,449	11,863	140	2	824	-	14,278

Audited 31 December 2023

Impairment allowance

Thousands of dollars	Other exposures excluding sovereigns and central banks	Retail Mortgage Lending	Corporate and institutional	Investment securities	Due from banks and other financial institutions	Loan commitments and financial guarantee contracts	Cash and cash equivalents	Total as at 31 December 2023
Provision for credit impairment measured on a 12-month ECL (stage 1) - collective	-	344	9,027	105	1	946	-	10,423
Provision for credit impairment measured on a lifetime ECL not credit impaired (stage 2) - collective	-	1,922	1,720	-	-	34	-	3,676
Provision for credit impairment measured on a lifetime ECL credit impaired (stage 3) - collective	-	-	-	-	-	-	-	-
Provision for credit impairment measured on a lifetime ECL credit impaired (stage 3) - Individual	-	774	-	-	-	-	-	774
Balance as at 31 December 2023	-	3,040	10,747	105	1	980	-	14,873

Note 7 – Impairment Allowance (continued)

	Audited 31 December 2024				
Movement in provision for credit impairment	Collective provision			Individual Provision	
Thousands of dollars	Stage 1	Stage 2	Stage 3	Stage 3	Total
Retail mortgage lending					
Balance at beginning of period	344	1,922	-	774	3,040
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	745	(745)	-	-	-
Transfer to stage 2	(10)	10	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge/(recovery) to statement of comprehensive income in current year	(636)	(455)	-	(500)	(1,591)
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2024	443	732	-	274	1,449
Other exposures excluding sovereigns and central banks					
Balance at beginning of period	-	-	-	-	-
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge/(recovery) to statement of comprehensive income in current year	-	-	-	-	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2024	-	-	-	-	-
Corporate and institutional					
Balance at beginning of period	9,027	1,720	-	-	10,747
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	839	(839)	-	-	-
Transfer to stage 2	(400)	400	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge/(recovery) to statement of comprehensive income in current year	725	391	-	-	1,116
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2024	10,191	1,672	-	-	11,863
Investment securities					
Balance at beginning of period	105	-	-	-	105
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge/(recovery) to statement of comprehensive income in current year	35	-	-	-	35
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2024	140	-	-	-	140

Note 7 – Impairment Allowance (continued)

Movement in provision for credit impairment	Audited 31 December 2024				
	Collective provision			Individual Provision	
Thousands of dollars	Stage 1	Stage 2	Stage 3	Stage 3	Total
Due from banks and other financial institutions					
Balance at beginning of period	1	-	-	-	1
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge/(recovery) to statement of comprehensive income in current year	1	-	-	-	1
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2024	2	-	-	-	2
Provision for loan commitments and financial guarantee contracts					
Balance at beginning of period	946	34	-	-	980
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge/(recovery) to statement of comprehensive income in current year	(122)	(34)	-	-	(156)
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2024*	824	-	-	-	824
Total Balance at beginning of period	10,423	3,676	-	774	14,873
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	1,584	(1,584)	-	-	-
Transfer to stage 2	(410)	410	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge/(recovery) to statement of comprehensive income in current year	3	(98)	-	(500)	(595)
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Total Balance as at 31 December 2024*	11,600	2,404	-	274	14,278

*The provision for loan commitments and financial guarantee contracts is included in other liabilities (Note 24).

Note 7 – Impairment Allowance (continued)

Movement in provision for credit impairment	Audited 31 December 2023				
	Collective provision			Individual provision	
Thousands of dollars	Stage 1	Stage 2	Stage 3	Stage 3	Total
Retail mortgage lending					
Balance at beginning of period	2,677	420	-	904	4,001
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(469)	469	-	-	-
Transfer to stage 3	-	(420)	-	420	-
Charge/(recovery) to statement of comprehensive income in current year	(1,864)	1,453	-	(550)	(961)
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2023	344	1,922	-	774	3,040
Other exposures excluding sovereigns and central banks					
Balance at beginning of period	-	-	-	17	17
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge/(recovery) to statement of comprehensive income in current year	-	-	-	(17)	(17)
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2023	-	-	-	-	-
Corporate and institutional					
Balance at beginning of period	5,843	-	-	-	5,843
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(1,720)	1,720	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge/(recovery) to statement of comprehensive income in current year	4,904	-	-	(3,149)	1,755
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	3,149	3,149
Balance as at 31 December 2023	9,027	1,720	-	-	10,747
Investment securities					
Balance at beginning of period	80	-	-	-	80
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge/(recovery) to statement of comprehensive income in current year	25	-	-	-	25
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2023	105	-	-	-	105

Note 7 – Impairment Allowance (continued)

	Audited 31 December 2023				
Movement in provision for credit impairment	Collective provision			Individual provision	
Thousands of dollars	Stage 1	Stage 2	Stage 3	Stage 3	Total
Due from banks and other financial institutions					
Balance at beginning of period	-	-	-	-	-
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge/(recovery) to statement of comprehensive income in current year	1	-	-	-	1
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2023	1	-	-	-	1
Provision for loan commitments and financial guarantee contracts					
Balance at beginning of period	253	-	-	-	253
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(34)	34	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge/(recovery) to statement of comprehensive income in current year	727	-	-	-	727
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2023*	946	34	-	-	980
Total Balance at beginning of period	8,853	420	-	921	10,194
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(2,223)	2,223	-	-	-
Transfer to stage 3	-	(420)	-	420	-
Charge/(recovery) to statement of comprehensive income in current year	3,793	1,453	-	(3,716)	1,530
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	3,149	3,149
Total Balance as at 31 December 2023	10,423	3,676	-	774	14,873

*The provision for loan commitments and financial guarantee contracts is included in other liabilities (Note 24).

Note 7 – Impairment Allowance (continued)

Movement in corresponding gross carrying amounts by stages	Audited 31 December 2024				
	Collective provision			Individual provision	
Thousands of dollars	Stage 1	Stage 2	Stage 3	Stage 3	Total
Retail mortgage lending					
Balance at beginning of period	582,126	98,269	-	1,410	681,805
Net drawdown/(repayment)	114,064	(29,528)	-	-	84,536
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	38,106	(38,106)	-	-	-
Transfer to stage 2	(16,740)	16,740	-	-	-
Transfer to stage 3	-	-	-	-	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2024	717,556	47,375	-	1,410	766,341
Other exposures excluding sovereigns and central banks					
Balance at beginning of period	2	-	-	-	2
Net drawdown/(repayment)	(2)	-	-	-	(2)
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2024	-	-	-	-	-
Corporate and institutional					
Balance at beginning of period	971,862	110,545	-	-	1,082,407
Net drawdown/(repayment)	177,185	(16,329)	-	-	160,856
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	86,015	(86,015)	-	-	-
Transfer to stage 2	(39,462)	39,462	-	-	-
Transfer to stage 3	-	-	-	-	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2024	1,195,600	47,663	-	-	1,243,263
Investment securities					
Balance at beginning of period	232,627	-	-	-	232,627
Net purchase/(disposal)	21,181	-	-	-	21,181
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2024	253,808	-	-	-	253,808

Note 7 – Impairment Allowance (continued)

Movement in corresponding gross carrying amounts by stages	**Audited 31 December 2024**				
	Collective provision			Individual provision	
Thousands of dollars	Stage 1	Stage 2	Stage 3	Stage 3	Total
Due from banks and other financial institutions					
Balance at beginning of period	30,000	-	-	-	30,000
Net drawdown/(repayment)	(5,000)	-	-	-	(5,000)
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2024	25,000	-	-	-	25,000
Total Balance at beginning of period	1,816,617	208,814	-	1,410	2,026,841
Net drawdown/(repayment)	307,428	(45,857)	-	-	261,571
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	124,121	(124,121)	-	-	-
Transfer to stage 2	(56,202)	56,202	-	-	-
Transfer to stage 3	-	-	-	-	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Total Balance as at 31 December 2024	2,191,964	95,038	-	1,410	2,288,412
Commitments and financial guarantee contracts					
Balance at beginning of period	253,590	4,083	-	-	257,673
Net increase/(decrease) facilities	61,901	-	-	-	61,901
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	(4,083)	-	-	(4,083)
Transfer to stage 3	-	-	-	-	-
Balance as at 31 December 2024	315,491	-	-	-	315,491

Note 7 – Impairment Allowance (continued)

Movement in corresponding gross carrying amounts by stages	Audited 31 December 2023				
	Collective provision			Individual provision	
Thousands of dollars	Stage 1	Stage 2	Stage 3	Stage 3	Total
Retail mortgage lending					
Balance at beginning of period	560,566	1,088	-	1,428	563,082
Net drawdown/(repayment)	119,829	-	-	(1,106)	118,723
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(98,269)	98,269	-	-	-
Transfer to stage 3	-	(1,088)	-	1,088	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2023	582,126	98,269	-	1,410	681,805
Other exposures excluding sovereigns and central banks					
Balance at beginning of period	4	-	-	17	21
Net drawdown/(repayment)	(2)	-	-	(17)	(19)
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2023	2	-	-	-	2
Corporate and institutional					
Balance at beginning of period	1,110,020	-	-	-	1,110,020
Net drawdown/(repayment)	(27,613)	-	-	(3,149)	(30,762)
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(110,545)	110,545	-	-	-
Transfer to stage 3	-	-	-	-	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	3,149	3,149
Balance as at 31 December 2023	971,862	110,545	-	-	1,082,407
Investment securities					
Balance at beginning of period	188,806	-	-	-	188,806
Net purchase/(disposal)	43,821	-	-	-	43,821
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2023	232,627	-	-	-	232,627

Note 7 – Impairment Allowance (continued)

Movement in corresponding gross carrying amounts by stages	**Audited 31 December 2023**				
	Collective provision			Individual provision	
Thousands of dollars	Stage 1	Stage 2	Stage 3	Stage 3	Total
Due from banks and other financial institutions					
Balance at beginning of period	40,000	-	-	-	40,000
Net drawdown/(repayment)	(10,000)	-	-	-	(10,000)
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	-	-
Balance as at 31 December 2023	30,000	-	-	-	30,000
Total Balance at beginning of period	1,899,396	1,088	-	1,445	1,901,929
Net drawdown/(repayment)	126,035	-	-	(4,272)	121,763
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(208,814)	208,814	-	-	-
Transfer to stage 3	-	(1,088)	-	1,088	-
Bad debts written off	-	-	-	-	-
Bad debts recovered	-	-	-	3,149	3,149
Total Balance as at 31 December 2023	1,816,617	208,814	-	1,410	2,026,841
Commitments and financial guarantee contracts					
Balance at beginning of period	210,269	-	-	-	210,269
Net increase/(decrease) facilities	47,404	-	-	-	47,404
Changes to the opening balance due to transfer between ECL stages					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(4,083)	4,083	-	-	-
Transfer to stage 3	-	-	-	-	-
Balance as at 31 December 2023	253,590	4,083	-	-	257,673

Note 8 – Taxation

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Net profit before taxation	28,583	26,259
Tax calculated at a tax rate of 28%	8,003	7,352
(Under)/over provision from prior period	2	-
Other permanent differences	52	77
Taxation expense	8,057	7,429
Represented by:		
Current tax	7,220	7,552
Deferred tax	837	(123)
Taxation expense	8,057	7,429
Income tax recognised directly to equity		
Tax on net gains/(losses) on cash flow hedges recognised in equity	(398)	-
Total income tax recognised directly to equity	(398)	-
The deferred tax charge in the statement of comprehensive income comprises the following temporary differences:		
Employee entitlements	40	92
Accelerated depreciation	7	163
Allowances for impairment losses	167	(1,310)
Other provisions and accruals	14	4
Right-of-use Assets	(411)	(349)
Lease liabilities	434	356
Other temporary differences	586	921
Total temporary differences	837	(123)

Imputation credits

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Balances available for use in subsequent reporting periods		
Imputation credit account	42,930	38,835

The above amount represent the balance of the imputation credit account as at the end of the reporting period, adjusted for imputation credits that will arise from the payment of the amount of the provision for income tax.

Note 9 – Current and Deferred Taxation

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Current income tax (payable)/receivable		
Balance at beginning of the year	(2,399)	(2,707)
(Under)/over provision from prior period	(14)	19
Transfer from/(to) deferred tax	-	-
Current Year Tax charge	(7,206)	(7,571)
Tax in other comprehensive income	398	-
Refundable Tax credits	-	-
Tax paid in current year	6,830	7,860
Balance at end of the year	(2,391)	(2,399)
Deferred tax		
Balance at beginning of the year	5,355	5,232
Under/(over) provision from prior period	12	(19)
Temporary differences for the year	(849)	142
Balance at end of the year	4,518	5,355
Deferred tax assets		
Employee entitlements	236	263
Accelerated depreciation	188	196
Other provisions and accruals	-	14
Right-of-use assets	(1,039)	(1,500)
Lease liabilities	1,178	1,613
Other temporary differences	(42)	605
Allowance for loan impairment	3,997	4,164
Total deferred tax assets	4,518	5,355
Deferred tax liabilities		
Accelerated depreciation	-	-
Other temporary differences	-	-
Intangible assets	-	-
Total deferred tax liabilities	-	-
Net deferred taxation	4,518	5,355

These tax benefits relate solely to temporary differences and are only available to the Bank if the income tax legislation's requirements are met, and the Bank continues to remain profitable.

Note 10 – Cash, Cash Equivalents and Balances with Central Banks

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Cash with central banks	218,064	271,002
Call and overnight advances to financial institutions	35,489	46,216
Total cash and cash equivalents	253,553	317,218

Note 11 – Due from Banks and Other Financial Institutions

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Loan to NZ registered banks	24,998	29,999
Loan to overseas registered banks	-	-
Other	-	-
Total amount due from other financial institutions	24,998	29,999
Current	24,998	29,999
Non-Current	-	-

Note 12 – Offsetting financial assets and financial liabilities

The Bank does not offset its financial assets and financial liabilities in the balance sheet.

Derivative assets and liabilities

Derivative financial instrument contracts are typically subject to International Swaps and Derivatives Association ("ISDA") master netting agreements.

Audited 31 December 2024 Thousands of dollars	Gross amount of financial instruments in the statements of financial position	Related financial instruments not offset	Net Amount
Financial Assets			
Derivative financial instruments	12,028	(880)	11,148
	12,028	(880)	11,148
Financial Liabilities			
Derivative financial instruments	2,932	(880)	2,052
	2,932	(880)	2,052

Audited 31 December 2023 Thousands of dollars	Gross amount of financial instruments in the statements of financial position	Related financial instruments not offset	Net Amount
Financial Assets			
Derivative financial instruments	4,422	(1,431)	2,991
	4,422	(1,431)	2,991
Financial Liabilities			
Derivative financial instruments	4,919	(1,431)	3,488
	4,919	(1,431)	3,488

Note 13 – Investment Securities

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Local authority securities	88,933	56,329
Other debt securities	164,735	176,193
Total investment securities	253,668	232,522
Current	55,081	51,893
Non-Current	198,587	180,629

Note 14 – Loans and Advances to Customers

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Residential mortgage loans	766,341	681,805
Corporate exposures	1,243,263	1,082,407
Credit Cards	-	2
Allowance for impairment losses	(13,312)	(13,787)
Total net loans and receivables	1,996,292	1,750,427
Current	365,256	329,535
Non-Current	1,631,036	1,420,892

Note 15 – Derivative Financial Instruments

Derivative financial instruments held by the Bank are categorized as follows:

Held for trading - derivatives held in order to:
- meet customer's need.
- manage risks in the Bank that are not in a designated hedge accounting relationship.

Held for hedging - derivatives held for risk management purpose, which meet the criteria for hedge accounting.

Economic hedges - derivatives which are used in balance sheet risk management activities but do not quality for hedge accounting.

(a) Derivative Financial Instruments

The following table shows the Bank's derivative financial instruments which are classified as held for trading:

Thousands of dollars	Audited 31 December 2024			Audited 31 December 2023		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Held for trading						
- Interest rate swaps	400,268	2,998	2,849	207,000	2,934	2,819
Fair value hedges						
- Interest rate swaps	50,000	1,973	-	-	-	-
Dual fair value and cash flow hedges						
- Cross currency interest rate swaps	121,250	5,257	-	-	-	-
Economic hedges						
- Interest rate swaps	-	-	-	100,000	-	2,100
- FX swaps	4,538	-	83	73,347	1,488	-
- Cross currency interest rate rate swaps	53,190	1,800	-	-	-	-
Total derivative financial instruments		12,028	2,932		4,422	4,919

(b) Information on Derivative Financial Instruments which are Held for Hedging

Hedged Risks
The Bank's risk management strategy specifically with respect to hedge accounting is to minimise Income Statement volatility. Hedge accounting is applied for the following risk categories:

- Interest rate risk, which arises due to a mismatch between fixed and floating interest rates on assets and liabilities.
- Foreign currency risk, which stems from discrepancies in foreign currency asset and liability positions.

Fair Value Hedges
Fair value hedges protect the Bank from changes in fair value due to movements in market interest rate. The Bank uses interest rate swaps to swap the fixed interest rate exposures of fixed rate assets and liabilities into variable rate exposures. The objective of the hedge is consistent with the Bank's overall interest rate risk management strategy of transforming all new issued debt into floating rate, and thereafter managing the exposure to interest rate risk through the proportion of fixed and floating rate net debts in its total debt portfolio.

When the hedged item in a fair value hedge is measured at amortised cost, any hedge adjustment to its carrying amount is amortised to profit or loss. The amortisation is based on a recalculated effective interest rate at the date when amortisation begins. The NZ Banking Group discontinues fair value hedge accounting when the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised. If the hedged items are derecognised, the unamortised adjustment to carrying amount is recorded in profit or loss.

Note 15 – Derivative Financial Instruments (continued)

Cash Flow Hedges
Cash flow hedges protect the Bank from changes to cash flows arising from interest rate and foreign currency risk. The Banks hedges fixed rate foreign currency denominated liabilities using cross currency swaps, designated as fair value hedges of interest rates and cash flow hedges of foreign exchange rates.

The effective portion of changes in the fair value of derivatives designated as a cash flow hedge is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of comprehensive income. When the hedged cash flow affects profit or loss, the gain or loss on the hedging instrument recognised directly in other comprehensive income is recycled in the corresponding income or expense line of the statement of profit or loss. When the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised, any cumulative gains or losses existing in other comprehensive income at that time remains in other comprehensive income until the hedged forecast transaction ultimately occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

During the year ended 31 December 2024, the NZ Banking Group has adopted hedge accounting for
- Fair value hedge on interest rate swaps.
- Dual fair value and cash flow hedge on cross currency interest rate swaps.

Hedge Relationships and Effectiveness
At inception of all hedge relationships the Bank documents the relationship between the hedging instrument and the hedged item, the risk being hedged, the Bank's risk management objective and strategy and how effectiveness will be measured throughout the hedge relationship. The Bank measures hedge effectiveness on a prospective basis at inception.

Hedge ratio is determined by comparing notional amount of the hedging instruments and hedged items, which is in line with the risk management objective. The designated hedge ratio is 1:1 with same notional amount in both the hedging instruments and hedged items. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. The ineffectiveness is assessed based on actual offset between the changes in fair value of the hedging instrument and the underlying exposure. The degree of offset is calculated by Dollar offset test method.

The following potential sources of hedge ineffectiveness are identified:
a) Non-zero fair valuation of hedging instrument
b) Changes in the contractual terms and timing of the payment of the hedged item
c) Credit / debit valuation adjustments
d) A change in the credit risk of Bank or Counterpart
e) Pricing mechanism of physical and instrument different

(c) Hedged Items in Fair Value Hedge Accounting Relationships

Audited 31 December 2024		Carrying Amount		Accumulated Fair Value Adjustment	
Thousands of dollars	Risk categorisation	Assets	Liabilities	Assets	Liabilities
Medium term note at fixed interest rate	Interest rate risk	-	51,975	-	1,973
Medium term note at fixed interest rate	Currency risk	-	121,172	-	1,419
	Interest rate risk			6,676	-
Total		**-**	173,147	6,676	3,392

Note 15 – Derivative Financial Instruments (continued)

(d) Hedged Ineffectiveness

Audited 31 December 2024

Thousands of dollars	Change in value of hedging instruments	Change in value of hedged items	Hedge ineffectiveness
Fair value hedges			
Interest rate risk	1,973	2,046	(73)
Currency risk	(1,419)	(1,419)	-
Interest rate risk	6,676	6,769	(93)
Total	7,230	7,396	(166)

The notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts of risk. The fair value of a derivative financial instrument represents the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the company in an orderly market transaction at balance sheet date.

(e) Cash Flow Hedge Reserve (Currency Risk)

Thousands of dollars	**Audited 31 December 2024**	**Audited 31 December 2023**
Losses recognised in other comprehensive income	(1,419)	-
Total	(1,419)	-

Note 16 – Subsidiaries

As at 31 December 2024, the Bank does not have any subsidiaries (31 December 2023: Nil).

Note 17 – Property, Plant & Equipment

Audited 31 December 2024

Thousands of dollars	Computer Hardware	Office Equipment	Furniture, Fittings & Leasehold Improvements	Total
Opening carrying amount	428	26	506	960
Additions	43	-	-	43
Disposals	-	-	-	-
Depreciation	(214)	(9)	(176)	(399)
Closing carrying amount	257	17	330	604

Audited 31 December 2023

Thousands of dollars	Computer Hardware	Office Equipment	Furniture, Fittings & Leasehold Improvements	Total
Opening carrying amount	329	30	643	1,002
Additions	281	4	21	306
Disposals	-	-	-	-
Depreciation	(182)	(8)	(158)	(348)
Closing carrying amount	428	26	506	960

Note 18 – Leases

Audited 31 December 2024

Thousands of dollars	Real estate	Motor Vehicles	Office Equipment	Total
Right-of-use assets				
Balance as at 31 December 2023	5,063	92	23	5,178
Additions	-	-	-	-
Adjustment due to lease review	25	-	-	25
Disposals	-	-	-	-
Amortisation	(1,440)	(45)	(6)	(1,491)
Balance as at 31 December 2024	3,648	47	17	3,712
Lease Liabilities				
Balance as at 31 December 2023	5,640	95	26	5,761
Additions	-	-	-	-
Adjustment due to lease review	25	-	-	25
Disposals	-	-	-	-
Lease payments	(1,623)	(49)	(8)	(1,680)
Interest expense on lease liabilities	96	4	2	102
Balance as at 31 December 2024	4,138	50	20	4,208

Audited 31 December 2023

Thousands of dollars	Real estate	Motor Vehicles	Office Equipment	Total
Right-of-use assets				
Balance as at 31 December 2022	6,304	91	29	6,424
Additions	-	62	-	62
Adjustment due to lease review	238	-	-	238
Disposals	-	(17)	-	(17)
Amortisation	(1,479)	(44)	(6)	(1,529)
Balance as at 31 December 2023	5,063	92	23	5,178
Lease Liabilities				
Balance as at 31 December 2022	6,907	93	33	7,033
Additions	-	62	-	62
Adjustment due to lease review	238	-	-	238
Disposals	-	(17)	-	(17)
Lease payments	(1,638)	(48)	(9)	(1,695)
Interest expense on lease liabilities	133	5	2	140
Balance as at 31 December 2023	5,640	95	26	5,761

The Bank's lease portfolio:

Real estate leases

Head Office: The Bank leases its head office. In 2020, the Bank opted to extend the lease for a further 8 years, and no further rights of renewal were granted. The lease payments have increased by 3.25% every year.

Branch Office: The Bank leases its branch office. In 2019, the Bank opted to extend the lease for a further 6 years, and no further rights of renewal were granted. The lease payments are adjusted every year, based on the change in the consumer price index in the preceding year.

BCP Office: There is a 5 years' lease of BCP office started on 21 February 2020, which has option to extend the lease for a further 5 years.

Leases of vehicles The Bank leases vehicles that are used mainly for staff's daily business transport. The non-cancellable lease terms are between three to four years with fixed lease payments.

Leases of office equipment The Bank leases some office equipment. The non-cancellable period of the lease is 5 years, with fixed lease payments.

Note 19 – Other Assets

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Other receivables	705	631
Commissions receivable	-	-
Interest receivable	11,605	11,172
Trade and other receivables	12,310	11,803
Current	12,219	11,562
Non-Current	91	241

Note 20 – Due to Central Banks and Other Financial Institutions

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Loans from other banks	-	-
Loans from central bank	-	-
Items in course of settlement	1	1
ATM cash at other banks	-	-
Total due to other financial institutions	1	1
Current	1	1
Non-Current	-	-

Note 21 – Balances with Related Parties

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Ultimate parent		
Cash and cash equivalent	4,226	3,122
Controlled entities of ultimate parent		
Cash and cash equivalent	3,719	2,018
Derivative financial instruments	7,057	-
Total due from related parties	**15,002**	**5,140**
Current	7,945	5,140
Non-Current	7,057	-
Ultimate parent		
Cash and cash equivalent	72,036	60,039
Due to related parties*	600,460	581,576
Interest payable	3,426	8,401
Controlled entities of ultimate parent		
Cash and cash equivalent	12,576	814
Interest payable	27	3
Total amount due to related parties	688,525	650,833
Current	88,066	169,257
Non-Current	600,460	481,576

* The borrowings at amortised cost from ultimate parent.

Transactions between the NZ Banking Group and the related parties were conducted under normal commercial terms and conditions and priced based on market rates.

Note 22 – Deposits from Customers

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Demand deposits not bearing interest	72,613	48,764
Demand deposits bearing interest	14,953	14,243
Term deposits	799,292	637,485
Total deposits	886,858	700,492
Current	859,655	685,366
Non-Current	27,203	15,126

Note 23 – Certificates of Deposit and Debt Securities Issued

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Certificates of deposit (CDs)	93,031	57,293
Other debt securities	525,862	599,732
Total debt securities issued	618,893	657,025
Current	267,952	357,278
Non-Current	350,941	299,747

Audited
31 December 2024
Certificates of deposits (CDs) issued

Issue Currency	Coupon Rate %	Maturity Date	Face Value Issue Currency $'000	Carrying Value NZ $'000	Fair Value NZ $'000
New Zealand Dollar	4.87 (fixed)	24 April 2025	30,000	29,289	29,289
New Zealand Dollar	4.8633 (fixed)	15 April 2025	40,000	39,211	39,211
New Zealand Dollar	4.8121 (fixed)	15 April 2025	25,000	24,531	24,531
				93,031	93,031

Audited
31 December 2023
Certificates of deposits (CDs) issued

Issue Currency	Coupon Rate %	Maturity Date	Face Value Issue Currency $'000	Carrying Value NZ $'000	Fair Value NZ $'000
New Zealand Dollar	6.22 (fixed)	27 February 2024	23,000	21,653	21,653
New Zealand Dollar	6.22 (fixed)	27 February 2024	5,000	4,707	4,707
New Zealand Dollar	6.75 (fixed)	26 September 2024	10,000	9,368	9,405
New Zealand Dollar	6.26 (fixed)	15 January 2024	20,000	19,682	19,682
New Zealand Dollar	6.22 (fixed)	27 February 2024	2,000	1,883	1,883
				57,293	57,330

On 5 February 2024, S&P Global Ratings confirmed a credit rating of "A-1" for Industrial and Commercial Bank of China (New Zealand) Limited's Certificate of Deposit Programme.

Note 23 – Certificates of Deposit and Debt Securities Issued (continued)

Medium term notes issued			**Audited 31 December 2024**			**Audited 31 December 2023**		
Issue Currency	Coupon Rate %	Maturity Date	Face Value Issue Currency $'000	Carrying Value NZ $'000	Fair Value NZ $'000	Face Value Issue Currency $'000	Carrying Value NZ $'000	Fair Value NZ $'000
New Zealand Dollar	2.61 (fixed)	27 June 2024	-	-	-	100,000	99,984	99,984
New Zealand Dollar	3 month NZD BKBM+68bp*	29 February 2024	-	-	-	200,000	200,000	200,000
New Zealand Dollar	3 month NZD BKBM+110bp*	26 May 2025	175,000	174,921	174,922	175,000	174,873	174,873
New Zealand Dollar	3 month NZD BKBM+115bp*	2 June 2026	75,000	74,930	74,930	75,000	74,887	74,887
New Zealand Dollar	3 month NZD BKBM+115bp*	2 June 2026	50,000	50,001	50,001	50,000	49,988	49,988
New Zealand Dollar	5.784(fixed)	9 April 2029	50,000	51,975	51,091			
Chinese Yuan	2.93(fixed)	26 July 2027	500,000	121,172	121,876			
United State Dollar	3 month USD SOFR+55bp*	17 December 2027	30,000	52,863	52,863			
				525,862	525,683		599,732	599,732

* The debt securities are repriced every three months.

On 5 February 2024, S&P Global Ratings confirmed a credit rating of "A" for Industrial and Commercial Bank of China (New Zealand) Limited's Medium Term Note Programme.

Note 24 – Other Liabilities

Thousands of dollars	**Audited 31 December 2024**	**Audited 31 December 2023**
Employee entitlements Accrued	1,486	1,264
Accounts payable	1,214	752
Interest payable	27,100	28,945
Provision for impairment on loan commitments and financial guarantee contracts	823	980
Deferred revenue	(1,386)	629
Other payables and accruals	3,519	416
Total other liabilities	32,756	32,986
Current	33,021	32,902
Non-Current	(265)	84

Note 25 – Equity

Thousands of dollars	**Audited 31 December 2024**	**Audited 31 December 2023**
Share capital	233,540	233,540
Cash flow hedge reserve	(1,021)	-
Retained earnings	103,998	83,472
Total equity	336,517	317,012

	31 December 2024	**31 December 2023**
Equity	Number of shares	Number of shares
Number of shares at the start of the period	233,539,975	233,539,975
Shares issued during the period	-	-
Number of shares at the end of the period	233,539,975	233,539,975

All shares have equal voting rights and share equally in dividends and any profits on winding up. Shares do not have a par value.

Note 26 – Asset Quality

The Bank has disclosed certain components of its loan portfolio as impaired assets according to the classification below:

- Individually assessed provision is the allowance assessed individually against impaired credit exposures.
- Collective assessed provision is to both assess the staging of exposures and measure a loss allowance on a collective basis, the Bank groups its exposures on the basis of shared credit risk characteristics.

The Bank assesses the impairment of financial assets classified into stage 1 and stage 2 collectively, and assesses the impairment of stage 3 financial assets individually.

A past due asset not impaired is any credit exposure where a counterparty has failed to make a payment when contractually due, but is not impaired. The provision of a past due asset is assessed collectively.

Audited 31 December 2024	Other exposures excluding sovereigns and central banks	Residential mortgage loans	Corporate and institutional exposures	Total
Thousands of dollars				
Total neither past due nor impaired	-	760,335	1,243,263	2,003,598
Past due assets not impaired				
Less than 30 days past due	-	1,049	-	1,049
At least 30 days but less than 60 days past due	-	1,381	-	1,381
At least 60 days but less than 90 days past due	-	837	-	837
At least 90 days past due	-	1,329	-	1,329
Total past due assets not impaired	-	4,596	-	4,596
Individually impaired assets				
Balance at beginning of the year	-	1,410	-	1,410
Additions	-	-	-	-
Amounts written off	-	-	-	-
Amounts recovered		-	-	-
Deletions	-	-	-	-
Total individually impaired assets	-	1,410	-	1,410
Total gross loans and advances	-	766,341	1,243,263	2,009,604
Individually assessed provisions				
Balance at beginning of the year	-	774	-	774
Charge/(credit) to the statement of comprehensive income:				
New provisions	-	-	-	-
Reversals of previously recognised impairment losses	-	(500)	-	(500)
Amounts recovered	-	-	-	-
Amounts written off	-	-	-	-
Balance at end of the period	-	274	-	274
Collectively assessed provisions				
Balance at beginning of the year	-	2,266	10,747	13,013
Charge/(credit) to the statement of comprehensive income	-	(1,091)	1,116	25
Other movements	-	-	-	-
Balance at end of the year	-	1,175	11,863	13,038
Total provisions for impairment losses	-	1,449	11,863	13,312
Net balance at end of the year	-	764,892	1,231,400	1,996,292

Note 26 – Asset Quality (continued)

Audited 31 December 2023	Other exposures excluding sovereigns and central banks	Residential mortgage loans	Corporate and institutional exposures	Total
Thousands of dollars				
Total neither past due nor impaired	2	677,031	1,082,407	1,759,440
Past due assets not impaired				
Less than 30 days past due	-	3,364	-	3,364
At least 30 days but less than 60 days past due	-	-	-	-
At least 60 days but less than 90 days past due	-	-	-	-
At least 90 days past due	-	-	-	-
Total past due assets not impaired	-	3,364	-	3,364
Individually impaired assets				
Balance at beginning of the year	17	1,428	-	1,445
Additions	-	-	-	-
Amounts written off	-	-	-	-
Amounts recovered		-	3,149	3,149
Deletions	(17)	(18)	(3,149)	(3,184)
Total individually impaired assets	-	1,410	-	1,410
Total gross loans and advances	2	681,805	1,082,407	1,764,214
Individually assessed provisions				
Balance at beginning of the year	17	904	-	921
Charge/(credit) to the statement of comprehensive income:				
New provisions	-	-	-	-
Reversals of previously recognised impairment losses	(17)	(130)	(3,149)	(3,296)
Amounts recovered	-	-	3,149	3,149
Amounts written off	-	-	-	-
Balance at end of the period	-	774	-	774
Collectively assessed provisions				
Balance at beginning of the year	-	3,097	5,843	8,940
Charge/(credit) to the statement of comprehensive income	-	(831)	4,904	4,073
Other movements	-	-	-	-
Balance at end of the year	-	2,266	10,747	13,013
Total provisions for impairment losses	-	3,040	10,747	13,787
Net balance at end of the year	2	678,765	1,071,660	1,750,427

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 31 December 2024 (31 December 2023: nil). Therefore, the Bank does not have any such collateral sold or re-pledged and does not have an obligation to return it.

Undrawn balances on lending commitments to counterparties were $315M as at 31 December 2024 (31 December 2023: $258M).

The Bank is wholly owned by the Industrial and Commercial Bank of China Limited, a company incorporated in China. No related party debts have been written off or forgiven during the period.

Note 27 – Transactions with Related Parties

(a) Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The key management personnel of the Bank are defined as the Directors and members of the senior executive team of the Bank. The information relating to the key management personnel disclosed in the tables below includes transactions with those individuals, their close family members and their controlled entities.

(i) Key Management Personnel Compensation

Thousands of dollars	**Audited 31 December 2024**	**Audited 31 December 2023**
Salaries and other short-term benefits	1,871	2,361
Other benefits	-	-
Total key management compensation	1,871	2,361

(ii) Key Management Personnel Deposits and Loans with the Bank/ Banking Group

Audited 31 December 2024

Thousands of dollars	Opening Balance	Movement during the year	Closing Balance	Interest Received/ (Paid) by the Bank
Deposits	1,647	(288)	1,359	(56)
Loans and Advances	-	-	-	-
Total	1,647	(288)	1,359	(56)

Audited 31 December 2023

Thousands of dollars	Opening Balance	Movement during the year	Closing Balance	Interest Received/ (Paid) by the Bank
Deposits	1,024	623	1,647	(72)
Loans and Advances	-	-	-	-
Total	1,024	623	1,647	(72)

The above deposits, loans and advances (including interest rates and collateral) transactions were conducted in the normal course of business and on commercial terms and conditions.

The Bank issued credit cards to directors and senior management with total of $50K credit limit (31 December 2023:$50K). The amount owed on the card at 31 December 2024 was nil (31 December 2023: nil).

(b) Guarantees

The Bank's ultimate parent company is the Industrial and Commercial Bank of China Limited, a Chinese incorporated bank (ICBC). ICBC is subject to regulatory oversight by the National Financial Regulatory Administration ("NFRA") under its rules and guidelines. ICBC is a New Zealand registered bank and its business activities in New Zealand is subject to regulatory oversight by the Reserve Bank of New Zealand.

All 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 the date of signing this disclosure statement, 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 Global Ratings**	**Fitch Ratings Ltd.**
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)	A (Strong capacity to meet obligation but vulnerable to adverse business or economic conditions)
Short-term Foreign Currency Bank Deposits Rating	P-1 (Superior ability to repay short-term debt)	A-1 (Strong capacity to meet the financial commitments on the obligations)	F1+ (Strongest capacity for timely payment of financial commitments)
Outlook	Negative	Stable	Negative

Note 27 – Transactions with Related Parties (continued)

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

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

(c) Related party transactions

Thousands of dollars	**Audited 31 December 2024**	**Audited 31 December 2023**
Interest income on amount due from related entities		
Ultimate parent	160	172
Subsidiaries of ultimate parent	-	-
Total interest income on amount due from related entities	160	172
Interest expense on amount due to related entities		
Ultimate parent	42,360	35,110
Subsidiaries of ultimate parent	315	44
Total interest expense on amount due to related entities	42,675	35,154
Other operating income		
Gains/(losses) on derivative contracts with ultimate parent	57	26
Gains/(losses) on derivative contracts with subsidiaries of ultimate parent	-	625
Other income/(expense)	11,377	8,366
Total other operating income/(expense)	**11,434**	**9,017**
Other operating expense		
Other operating expense paid to ultimate parent	91	92

Interest payable to parent as at 31 December 2024 was $3,426K (31 December 2023:$ 8,401K), and interest payable to subsidiaries of the ultimate parent was $27K (31 December 2023: $3K). This is included in interest payable balance and interest paid expense.

Parent includes ICBC Head Office and other branches.

There are no loans guaranteed by related parties (31 December 2023: nil).

As at 31 December 2024, there is no outstanding risk participation agreements. (31 December 2023: nil).

Note 28 – 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 36.

Thousands of dollars	**Audited 31 December 2024**	**Audited 31 December 2023**
Government	307,739	327,953
Finance (including banks)	282,748	318,061
Households	768,473	683,649
Transport and storage	63,171	32,032
Communications	15,777	18,389
Accommodation and food services	69,886	72,176
Construction	100,923	101,843
Property services	632,046	528,253
Agriculture	7,751	6,855
Forestry, fishing and mining	27,205	36,593
Health and community services	110,418	100,771
Retail and wholesale trade	95,096	65,184
Manufacturing	38,748	57,340
Education	15,070	16,099
Other industries	39,024	-
Less: allowance for impairment provisioning	(13,454)	(13,893)
Total financial assets	2,560,621	2,351,305
Less: non-interest earning financial assets	(38,964)	(44,610)
Total interest earning and discount bearing financial assets	2,521,657	2,306,695

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

Thousands of dollars	**Audited 31 December 2024**	**Audited 31 December 2023**
New Zealand	2,384,205	2,126,917
Overseas	176,416	224,388
Total financial assets	2,560,621	2,351,305

Note 28 – Concentration of Credit Risk (continued)

Maximum Exposure to Credit Risk - On and Off Balance Sheet

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Loans and advances to customers	1,996,292	1,750,427
Derivative financial instruments	2,998	1,503
Trade and Other Receivables	-	-
Other financial assets	9,830	8,991
On Balance Sheet Credit Exposures (excluding credit exposure to connected parties and banks with long-term credit rating of A- or A3 or above)	2,009,120	1,760,921
Cash and cash equivalents	253,553	317,218
Amounts due from related parties	7,945	5,140
Due from other financial institutions	24,998	29,999
Investment securities	253,668	232,522
Derivative financial instruments	9,030	2,919
Loans and advances to customers	-	-
Tax Receivable	-	-
Other financial assets	2,307	2,586
Total on Balance Sheet Credit Exposures	2,560,621	2,351,305
Off Balance Sheet Exposures	315,491	257,673
Total Off Balance Sheet Credit Exposures	315,491	257,673

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

As at 31 December 2024, 48.84% of the Bank's mortgage portfolio was owner-occupied residential properties (31 December 2023: 50.04%).

As at the reporting date, of the drawn balances on credit facilities with undrawn commitments, there are none that are classified as individually impaired, or balances under administration (31 December 2023: nil).

Note 29 – Concentration of Funding

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

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
New Zealand		
Transport and storage	22,346	21,105
Financing investment and insurance	710,849	764,755
Food and other manufacturing	1,522	986
Construction	11,578	15,566
Communication	166	136
Government, local authorities and services	84,536	52,285
Agriculture	4	11
Forestry	489	7,463
Health and community services	229	-
Property and business services	12,700	29,170
Education	33,176	25,464
Accommodation and food services	18	655
Retail and wholesale trade	10,391	3,019
Art and recreational service	15,330	30,626
Other	4,196	3,344
Households	196,735	145,116
Overseas		
Amounts due to related parties	688,526	650,833
Financing investment and insurance (not including ICBC group)	306,505	198,576
Households	128,729	93,252
Other deposits	2,514	1,016
Total financial liabilities	2,230,539	2,043,378
Less: non-interest bearing financial liabilities	(110,166)	(86,434)
Total interest and discount bearing liabilities	2,120,373	1,956,944

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

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Deposits from customers	886,858	700,492
Registered Banks	1	1
Derivative financial liabilities	2,932	4,919
Certificates of deposit	93,031	57,293
Debts securities issued	525,862	599,732
Amounts due to related parties	685,072	642,429
Lease liabilities	4,208	5,761
Other	32,575	32,751
Total financial liabilities	2,230,539	2,043,378

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

Note 30 – Capital Commitments

As at 31 December 2024, there were nil capital commitments (31 December 2023: nil).

Note 31 – Contingent Liabilities and Commitments

Thousands of dollars	Audited 31 December 2024	Audited 31 December 2023
Performance guarantees issued on behalf of customers	-	-
Total contingent liabilities	-	-
Undrawn commitments	315,491	257,673

Note 32 – Subsequent Events after Balance Sheet Date

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

Note 33 – Financial Risk Management

A. Introduction

The Bank is committed to the management of financial risk to achieve sustainability of service, employment and profits and therefore takes on controlled amounts of financial risks when considered appropriate.

The primary financial risks of the Bank are credit, liquidity, interest rate, foreign exchange, operational risk, conduct risk, and reputation risks.

The Board of Directors is responsible for the review and ratification of the Bank's systems of risk management, internal compliance and control, code of conduct and legal compliance.

The Board maintains a formal set of delegated authorities that clearly define the responsibilities delegated to Management and those retained by the Board. Credit and Treasury delegated authorities are contained within their respective policy documents. The Board approves these delegated authorities and reviews them annually.

Management formally reports on key credit, treasury and operational risks to the Board on a monthly basis. In addition, the following management committees review and manage key risks:

- The Senior Leadership Team meets regularly to consider new and emerging risks, reviews actions required to manage and mitigate key risks, and to monitor progress; and
- The Risk Management Committee meets monthly to consider, monitor and review exposure to interest rate risk, liquidity risk, foreign currency risk, and credit risk.

There has been no external review of the risk management systems during the period.

B. Credit Risk

Credit risk is the risk of loss arising from a borrower's or counterparty's inability to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate guarantee, commitment or investment of funds. The Bank is exposed to credit risk primarily due to loans, guarantees and other credit related commitments.

The principal features of the Bank's credit risk management function include:

1. Centralised credit management procedures; and
2. Risk management rules and procedures that focus on risk control throughout the entire credit business process, including customer investigation and credit rating, granting of credit limits, loan evaluation, loan review and approval and granting of loan and post-disbursement loan monitoring.

To enhance the credit risk management practices, the Bank also runs training programs periodically for credit officers at different levels.

Credit risk incorporates the risks associated with the Bank lending to customers who could be impacted by climate change or by changes to laws or regulations that pertain to climate change. ICBC (NZ) seeks to consider all identifiable credit risk when it considers new loans. Additionally, the Bank is applying a risk-based approach to the management of the risks and opportunities associated with climate change. The Bank’s climate risk appetite is designed to ensure that it can effectively manage and mitigate climate-related risk while balancing the needs of its key stakeholders. This includes having clear processes to identify and assess the physical, transition and other climate related risks across its business activities. As at the year ended 31 December 2024, the Bank’s credit evaluation policies and procedures have not identified material new risks that stem from climate change that could be expected to lead to a shift in the probability of default or loss given default of loan facilities.

In addition to the credit risk exposures on credit-related assets and amounts due from or lending to banks and other financial institutions, credit risk also arises in other areas. For instance, credit risk exposure also arises from derivative financial instruments which is, however, limited to those with positive fair values, as recorded in the statement of financial position. In addition, the Bank also makes available to its customers guarantees which may require the Bank to make payments on their behalf. Such payments are collected from customers based on the terms of the agreements signed. They expose the Bank to similar risks to loans and these are mitigated by the same control processes and policies.

Note 33 – Financial Risk Management (continued)

The Bank enters into agreements with its counterparties for documenting over-the-counter derivative activities. Each of these master agreements provides the contractual framework within which derivative dealing activities are conducted. Under each of these agreements, close-out netting shall be applied across all outstanding transactions covered by the agreement if either party defaults.

Refer to Note 28 and Note 36 on the disclosure of concentration of credit risk of counterparties by geographical and sector classifications and the maximum On-balance sheet credit risk exposure and Off-balance sheet credit risk exposure.

(i) Credit exposure to individual counterparties

The Bank's disclosure of concentrations of credit exposures to individual counterparties and groups of closely related counterparties is based on actual credit exposures and excludes credit exposures to connected persons, the central government or central bank of any country with a long-term credit rating of A- or A3 or above, or its equivalent, and excludes supranationals or quasi-sovereign agencies with a long-term credit rating of A- or A3 or above, or its equivalent.

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

Peak End of Day Credit Exposures	Audited During the 6 months period ended 31 December 2024 Number of Bank Counterparties			Audited During the 6 months period ended 31 December 2023 Number of Bank Counterparties		
Percentage of Common Equity Tier One Capital	"A" Rated	"B" Rated	Unrated	"A" Rated	"B" Rated	Unrated
10% - 14%	2	-	-	1	-	-
15% - 19%	3	-	-	1	-	-
20% - 24%	-	-	-	1	-	-
25% - 29%	-	-	-	1	-	-
30% - 34%	-	-	-	-	-	-
35% - 39%	-	-	-	-	-	-
40% - 44%	-	-	-	-	-	-
45% - 49%	-	-	-	-	-	-
50% - 54%	-	-	-	-	-	-
55% - 59%	-	-	-	-	-	-
60% - 64%	-	-	-	-	-	-
65% - 70%	-	-	-	1	-	-

Peak End of Day Credit Exposures	Audited During the 6 months period ended 31 December 2024 Number of Other Counterparties			Audited During the 6 months period ended 31 December 2023 Number of Other Counterparties		
Percentage of Common Equity Tier One Capital	"A" Rated	"B" Rated	Unrated	"A" Rated	"B" Rated	Unrated
10% - 14%	-	-	5	-	-	3
15% - 19%	-	1	9	-	-	12
20% - 24%	1	-	4	1	-	1
25% - 29%	-	-	4	-	-	1
30% - 34%	-	-	-	-	-	2
35% - 39%	-	-	-	-	-	-
40% - 44%	-	-	-	-	-	-
45% - 49%	-	-	-	-	-	-
50% - 54%	-	-	-	-	-	-
55% - 59%	-	-	-	-	-	-
60% - 64%	-	-	-	-	-	-
65% - 70%	-	-	-	-	-	-

Note 33 – Financial Risk Management (continued)

Credit Exposures as at Reporting Date	Audited As at 31 December 2024 Number of Bank Counterparties			Audited As at 31 December 2023 Number of Bank Counterparties		
Percentage of Common Equity Tier One Capital	“A” Rated	“B” Rated	Unrated	“A” Rated	“B” Rated	Unrated
10% - 14%	2	-	-	4	-	-
15% - 19%	1	-	-	-	-	-
20% - 24%	-	-	-	1	-	-
25% - 29%	-	-	-	-	-	-
30% - 34%	-	-	-	-	-	-
35% - 39%	-	-	-	-	-	-
40% - 44%	-	-	-	-	-	-
45% - 49%	-	-	-	-	-	-
50% - 54%	-	-	-	-	-	-
55% - 59%	-	-	-	-	-	-
60% - 65%	-	-	-	-	-	-

Credit Exposures as at Reporting Date	Audited As at 31 December 2024 Number of Other Counterparties			Audited As at 31 December 2023 Number of Other Counterparties		
Percentage of Common Equity Tier One Capital	“A” Rated	“B” Rated	Unrated	“A” Rated	“B” Rated	Unrated
10% - 14%	-	-	6	-	-	2
15% - 19%	-	1	7	-	-	13
20% - 24%	1	-	3	1	-	-
25% - 29%	-	-	3	-	-	2
30% - 34%	-	-	1	-	-	1
35% - 39%	-	-	-	-	-	-
40% - 44%	-	-	-	-	-	-
45% - 49%	-	-	-	-	-	-
50% - 54%	-	-	-	-	-	-
55% - 59%	-	-	-	-	-	-
60% - 65%	-	-	-	-	-	-

Notes:
“A” Rated – those counterparties that have a long-term credit rating of A- or A3 or above, or its equivalent.
“B” Rated – those counterparties that have long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent.
Unrated – those counterparties that do not have a long-term credit rating for the reporting period.

The Bank had no central government, central bank, supranational or quasi-sovereign agencies with a long term credit rating below A- or A3, to whom their aggregated credit exposure, as at 31 December 2024, and peak end-of-day aggregate credit exposure, for the six months ended 31 December 2024, equalled or exceeded 10% of the Bank’s Common Equity Tier One Capital.

These calculations are gross and do not include any individually assessed provisions.

Note 33 – Financial Risk Management (continued)

(ii) Credit exposures to connected persons

The Reserve Bank defines connected persons to be other members of the ICBC Group and Directors of the Bank. Credit exposures to connected persons are based on actual credit exposures rather than internal limits. The information on credit exposure to connected persons has been derived in accordance with the Reserve Bank of New Zealand's Connected Exposures Policy (BS8). Peak end-of-day aggregate credit exposures to connected persons expressed as a percentage of Tier One Capital of the Bank has been derived by determining the maximum end-of-day aggregate amount of credit exposure over the relevant accounting period and then dividing that amount by the Bank's Tier One Capital as at the end of the period. The rating-contingent limit, which is applicable to the Bank as at balance date, is 40%. There have been no changes to the limit during the period. Within the rating-contingent limit there is a sub-limit of 15% of tier one capital that applies to the aggregate credit exposure to non-bank connected persons. The aggregate credit exposures below have been calculated on a gross basis, net of individual credit impairment allowances and excludes advances to connected persons of a capital nature. There are no individual credit impairment allowances against credit exposures to connected persons nor are there any contingent exposures arising from unfunded contingent credit protection arrangements provided by any connected persons in respect of credit exposures to counterparties (excluding counterparties that are connected persons) as at 31 December 2024 in relation to the Bank's Banking Group.

Peak End of Day Credit Exposures	Audited During the 12 months period ended 31 December 2024 $'000	Audited During the 12 months period ended 31 December 2023 $'000
Credit exposures to connected persons	25,553	16,703
As a percentage of Tier One Capital of the Bank	7.67%	5.36%

Credit Exposures as at Reporting Date	Audited As at 31 December 2024 $'000	Audited As at 31 December 2023 $'000
Credit exposures to connected persons	23,724	5,140
As a percentage of Tier One Capital of the Bank	7.12%	1.65%

Peak End of Day Credit Exposures	Audited During the 12 months period ended 31 December 2024 $'000	Audited During the 12 months period ended 31 December 2023 $'000
Credit exposures to non-bank connected persons	-	-
As a percentage of Tier One Capital of the Bank	-	-

Credit Exposures as at Reporting Date	Audited As at 31 December 2024 $'000	Audited As at 31 December 2023 $'000
Credit exposures to non-bank connected persons	-	-
As a percentage of Tier One Capital of the Bank	-	-

Note 33 – Financial Risk Management (continued)

C. Liquidity Risk

Liquidity risk is the risk that funds will not be sufficient or 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 include both principal and associated future interest payments and therefore will not agree to the carrying values on the balance sheet. Actual cash flows can differ significantly from contractual cash flows as a result of future events.

Accrued interest within the other financial assets/ liabilities captions in the statement of financial position is included in this table in the row in which the related financial instrument is presented.

Audited 31 December 2024	On Demand	Up to 3 months	3 to 12 months	Between 1 & 5 years	More than 5 years	Total
Thousands of dollars						
Financial liabilities						
Due to central banks and other financial institutions	1	-	-	-	-	1
Amounts due to related parties	85,053	8,085	24,256	640,969	-	758,363
Deposits from customers	91,953	279,301	523,032	31,786	-	926,072
Certificates of deposit	-	-	95,000	-	-	95,000
Subordinated loans due to related parties	-	-	-	-	-	-
Debt securities issued	-	4,782	190,998	375,510	-	571,290
Lease liabilities	-	425	1,003	2,904	20	4,352
Other financial liabilities	-	3,602	2,436	-	-	6,038
Total financial liabilities	177,007	296,195	836,725	1,051,169	20	2,361,116
Derivative cash flows						
Inflows from derivatives	-	7,928	19,905	238,622	-	266,455
Outflows from derivatives	-	(10,472)	(20,839)	(234,842)	-	(266,153)
Total	-	(2,544)	(934)	3,780	-	302
Off balance sheet cash flows						
Financial guarantees outflows	-	-	-	-	-	-
Commitments outflows	315,491	-	-	-	-	315,491
Total	315,491	-	-	-	-	315,491

Note 33 – Financial Risk Management (continued)

Audited 31 December 2023	On Demand	Up to 3 months	3 to 12 months	Between 1 & 5 years	More than 5 years	Total
Thousands of dollars						
Financial liabilities						
Due to central banks and other financial institutions	1	-	-	-	-	1
Amounts due to related parties	61,374	7,887	129,990	519,438	-	718,689
Deposits from customers	64,231	296,830	353,597	17,273	-	731,931
Certificates of deposit	-	50,000	10,000	-	-	60,000
Subordinated loans due to related parties	-	-	-	-	-	-
Debt securities issued	-	208,189	116,480	318,532	-	643,201
Lease liabilities	-	394	1,187	5,028	789	7,398
Other financial liabilities	-	494	1,703	-	-	2,197
Total financial liabilities	125,606	563,794	612,957	860,271	789	2,163,417
Derivative cash flows						
Inflows from derivatives	-	75,106	5,211	14,930	3,279	98,526
Outflows from derivatives	-	(75,375)	(5,619)	(14,851)	(3,264)	(99,109)
Total	-	(269)	(408)	79	15	(583)
Off balance sheet cash flows						
Financial guarantees outflows	-	-	-	-	-	-
Commitments outflows	257,673	-	-	-	-	257,673
Total	257,673	-	-	-	-	257,673

Liquidity portfolio management

Thousands of dollars	**Audited 31 December 2024**	**Audited 31 December 2023**
Cash, cash equivalents and balances with central banks	253,553	317,218
Amounts due from related parties	7,945	5,140
Due from banks and other financial institutions	24,998	29,999
Investment securities	253,668	232,522
Total liquidity portfolio	**540,164**	**584,879**

Note 33 – Financial Risk Management (continued)

D. Interest Rate Risk

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

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

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

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

Audited 31 December 2024	Not interest-bearing	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Total
Thousands of dollars							
Financial assets							
Cash, cash equivalents and balances with central banks	28,412	225,141	-	-	-	-	253,553
Amounts due from related parties	-	7,945	-	-	-	-	7,945
Due from banks and other financial institutions	(2)*	25,000	-	-	-	-	24,998
Investment securities	(140)*	129,546	10,043	-	54,638	59,581	253,668
Derivative financial assets	12,028	-	-	-	-	-	12,028
Loans and advances to customers	(13,312)*	1,442,665	189,028	325,247	49,756	2,908	1,996,292
Other financial assets	11,978	-	159	-	-	-	12,137
Total financial Assets	38,964	1,830,297	199,230	325,247	104,394	62,489	2,560,621
Financial liabilities							
Due to central banks and other financial institutions	-	1	-	-	-	-	1
Amounts due to related parties	-	685,072	-	-	-	-	685,072
Derivative financial liabilities	2,932	-	-	-	-	-	2,932
Deposits from customers	72,613	288,375	262,742	235,925	12,256	14,947	886,858
Certificates of deposit	-	-	93,031	-	-	-	93,031
Subordinated loans due to related parties	-	-	-	-	-	-	-
Debt securities issued	2,046	352,715	-	-	-	171,101	525,862
Lease liabilities	-	-	-	397	31	3,780	4,208
Other financial liabilities	32,575	-	-	-	-	-	32,575
Total financial liabilities	110,166	1,326,163	355,773	236,322	12,287	189,828	2,230,539
On-balance sheet gap	(71,202)	504,134	(156,543)	88,925	92,107	(127,339)	330,082
Net derivative notional principals	-	(162,328)	-	-	-	171,250	8,922
Net effective interest rate gap	(71,202)	341,806	(156,543)	88,925	92,107	43,911	339,004

*The whole amount relates to the impairment of financial assets.

Note 33 – Financial Risk Management (continued)

Audited 31 December 2023	Not interest-bearing	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Total
Thousands of dollars							
Financial assets							
Cash, cash equivalents and balances with central banks	42,663	274,555	-	-	-	-	317,218
Amounts due from related parties	-	5,140	-	-	-	-	5,140
Due from banks and other financial institutions	(1)*	30,000	-	-	-	-	29,999
Investment securities	(105)*	90,000	6,001	25,900	55,470	55,256	232,522
Derivative financial assets	4,422	-	-	-	-	-	4,422
Loans and advances to customers	(13,787)*	1,180,376	153,313	256,894	162,387	11,244	1,750,427
Other financial assets	11,418	-	-	-	-	159	11,577
Total financial Assets	44,610	1,580,071	159,314	282,794	217,857	66,659	2,351,305
Financial liabilities							
Due to central banks and other financial institutions	-	1	-	-	-	-	1
Amounts due to related parties	-	542,429	100,000	-	-	-	642,429
Derivative financial liabilities	4,919	-	-	-	-	-	4,919
Deposits from customers	48,764	302,517	138,258	195,928	10,939	4,086	700,492
Certificates of deposit	-	47,926	-	9,367	-	-	57,293
Subordinated loans due to related parties	-	-	-	-	-	-	-
Debt securities issued	-	499,748	99,984	-	-	-	599,732
Lease liabilities	-	-	-	26	1,056	4,679	5,761
Other financial liabilities	32,751	-	-	-	-	-	32,751
Total financial liabilities	86,434	1,392,621	338,242	205,321	11,995	8,765	2,043,378
On-balance sheet gap	(41,824)	187,450	(178,928)	77,473	205,862	57,894	307,927
Net derivative notional principals	-	(100,000)	100,000	-	-	-	-
Net effective interest rate gap	(41,824)	87,450	(78,928)	77,473	205,862	57,894	307,927

*The whole amount relates to the impairment of financial assets.

Note 33 – Financial Risk Management (continued)

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risks primarily result from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates, mortgage prepayment speeds and credit spreads. The Bank takes an exposure to the effects of fluctuations in the prevailing levels of market interest rate cash flow risks. The fair value risk is not material.

The tables below summarise the before-tax sensitivity of financial assets and liabilities to changes in interest rate. The market value of the assets and liabilities were used as the basis for the analysis and financial modelling was used to determine the impact on those values of changes in each risk scenario. The sensitivity analysis is performed based on the reporting of interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

Audited 31 December 2024

Thousands of dollars	Carrying amount	-1% Profit	+1% Profit	-1% Equity	+1% Equity
Financial assets					
Cash, cash equivalents and balances with central banks	253,553	(6)	6	(6)	6
Amounts due from related parties	7,945	-	-	-	-
Due from banks and other financial institutions	24,998	-	-	-	-
Investment securities	253,668	(765)	765	(765)	765
Derivative financial assets	12,028	3,127	(3,127)	3,127	(3,127)
Loans and advances to customers	1,996,292	(12,758)	12,758	(12,758)	12,758
Other financial assets	12,137	-	-	-	-
Total financial assets	2,560,621	(10,402)	10,402	(10,402)	10,402
Financial liabilities					
Due to central banks and other financial institutions	1	-	-	-	-
Amounts due to related parties	685,072	5,027	(5,027)	5,027	(5,027)
Derivative financial liabilities	2,932	(911)	911	(911)	911
Deposits from customers	886,858	7	(7)	7	(7)
Certificates of deposit	93,031	-	-	-	-
Subordinated loans due to related parties	-	-	-	-	-
Debt securities issued	525,862	2,514	(2,514)	2,514	(2,514)
Lease liabilities	4,208	-	-	-	-
Other financial liabilities	32,575	-	-	-	-
Total financial liabilities	2,230,539	6,637	(6,637)	6,637	(6,637)

Note 33 – Financial Risk Management (continued)

Audited 31 December 2023

Thousands of dollars	Carrying amount	-1% Profit	+1% Profit	-1% Equity	+1% Equity
Financial assets					
Cash, cash equivalents and balances with central banks	317,218	(8)	8	(8)	8
Amounts due from related parties	5,140	-	-	-	-
Due from banks and other financial institutions	29,999	-	-	-	-
Investment securities	232,522	(635)	635	(635)	635
Derivative financial assets	4,422	(75)	328	(75)	328
Loans and advances to customers	1,750,427	(10,495)	10,495	(10,495)	10,495
Other financial assets	11,577	-	-	-	-
Total financial assets	2,351,305	(11,213)	11,466	(11,213)	11,466
Financial liabilities					
Due to central banks and other financial institutions	1	-	-	-	-
Amounts due to related parties	642,429	3,967	(3,967)	3,967	(3,967)
Derivative financial liabilities	4,919	328	75	328	75
Deposits from customers	700,492	-	-	-	-
Certificates of deposit	57,293	-	-	-	-
Subordinated loans due to related parties	-	-	-	-	-
Debt securities issued	599,732	4,251	(4,251)	4,251	(4,251)
Lease liabilities	5,761	-	-	-	-
Other financial liabilities	32,751	-	-	-	-
Total financial liabilities	2,043,378	8,546	(8,143)	8,546	(8,143)

Note 33 – Financial Risk Management (continued)

E. Foreign Currency Risk

Foreign exchange risk is the risk that the Bank would be adversely impacted from unfavourable movements in foreign currency rates. The Bank manages its currency risk through various methods including limitation management and risk hedging to hedge foreign exchange risk, and performing currency risk sensitivity analysis and stress testing regularly. The table below summarises the Bank's exposure to foreign currency exchange rate risk as at year end. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

Audited 31 December 2024

Thousands of dollars	HKD	EUR	CNY	USD	AUD	Total
Financial assets						
Cash, cash equivalents and balances with central banks	-	-	181	28,617	-	28,798
Amounts due from related parties	21	770	640	6,247	267	7,945
Due from banks and other financial institutions	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-
Loans and advances to customers	-	5,543	-	67,005	-	72,548
Other financial assets	-	13	1	63	-	77
Total financial assets	21	6,326	822	101,932	267	109,368
Financial liabilities						
Due to central banks and other financial institutions	-	-	1	-	-	1
Amounts due to related parties	-	-	-	35,460	-	35,460
Deposits from customers	-	153	1,070	48,408	204	49,835
Certificates of deposit	-	-	-	-	-	-
Subordinated loans due to related parties	-	-	-	-	-	-
Debt securities issued	-	-	121,172	52,824	-	173,996
Other financial liabilities	-	-	1,548	4,639	-	6,187
Total financial liabilities	-	153	123,791	141,331	204	265,479
Net on balance sheet financial position	21	6,173	(122,969)	(39,399)	63	(156,111)
Net derivative position	-	(4,613)	121,250	53,190	-	169,827
Total open position	21	1,560	(1,719)	13,791	63	13,716

Note 33 – Financial Risk Management (continued)

Audited 31 December 2023

Thousands of dollars	HKD	EUR	CNY	USD	AUD	Total
Financial assets						
Cash, cash equivalents and balances with central banks	-	-	196	42,548	8	42,752
Amounts due from related parties	18	499	360	4,098	167	5,140
Due from banks and other financial institutions	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-
Loans and advances to customers	-	9,263	-	95,542	-	104,805
Other financial assets	-	24	-	72	-	96
Total financial assets	18	9,786	556	142,258	175	152,793
Financial liabilities						
Due to central banks and other financial institutions	-	-	1	-	-	1
Amounts due to related parties	-	-	-	31,576	-	31,576
Deposits from customers	-	27	658	35,613	65	36,363
Certificates of deposit	-	-	-	-	-	-
Subordinated loans due to related parties	-	-	-	-	-	-
Debt securities issued	-	-	-	(58)	-	(58)
Other financial liabilities	-	-	1	1,556	-	1,557
Total financial liabilities	-	27	660	68,687	65	69,439
Net on balance sheet financial position	18	9,759	(104)	73,571	110	83,354
Net derivative position	-	(8,734)	-	(63,152)	-	(71,886)
Total open position	18	1,025	(104)	10,419	110	11,468

Note 33 – Financial Risk Management (continued)

The tables below summarise the before-tax sensitivity of financial assets and liabilities to changes in currency risks. The market value of the assets and liabilities was used as the basis for the analysis and financial modelling was used to determine the impact on those values of changes in each risk scenario. The sensitivity analysis is performed based on the reporting of foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

Audited 31 December 2024

Thousands of dollars	Carrying amount	-10% Profit	+10% Profit	-10% Equity	+10% Equity
HKD	21	(2)	2	(2)	2
EUR	6,173	(617)	617	(617)	617
CNY	(122,969)	12,296	(12,296)	12,296	(12,296)
USD	(39,399)	3,940	(3,940)	3,940	(3,940)
AUD	63	(6)	6	(6)	6
Net on balance sheet financial position	(156,111)	15,611	(15,611)	15,611	(15,611)
EUR	(4,613)	461	(461)	461	(461)
CNY	121,250	(12,125)	12,125	(12,125)	12,125
USD	53,190	(5,319)	5,319	(5,319)	5,319
Net derivative position	169,827	(16,983)	16,983	(16,983)	16,983
Total open position	13,716	(1,372)	1,372	(1,372)	1,372

Audited 31 December 2023

Thousands of dollars	Carrying amount	-10% Profit	+10% Profit	-10% Equity	+10% Equity
HKD	18	(2)	2	(2)	2
EUR	9,759	(974)	974	(974)	974
CNY	(104)	10	(10)	10	(10)
USD	73,571	(7,358)	7,358	(7,358)	7,358
AUD	110	(11)	11	(11)	11
Net on balance sheet financial position	83,354	(8,335)	8,335	(8,335)	8,335
EUR	(8,734)	873	(873)	873	(873)
CNY	-	-	-	-	-
USD	(63,152)	6,316	(6,316)	6,316	(6,316)
Net derivative position	(71,886)	7,189	(7,189)	7,189	(7,189)
Total open position	11,468	(1,146)	1,146	(1,146)	1,146

F. Operational Risk

The Bank defines operational risks as risks of loss resulting from inadequate or failed internal processes, controls, systems and/or from external parties. It is a pervasive risk that involves all aspects of the Bank as well as other counterparties with whom the Bank deals under day to day operations. The Bank's policy is to ensure that the risk of losses from operational failure is minimised. To this purpose the Bank has a variety of control systems. Operational procedures are reviewed regularly by Senior Management and Internal Audit, and with a frequency determined by the level of risks involved.

G. Equity Risk

The Bank did not have any equity risk exposure as at balance date 31 December 2024 (31 December 2023: nil).

Note 33 – Financial Risk Management (continued)

H. Financial Instruments by Category

Audited 31 December 2024

Thousands of dollars	Financial assets at amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Total
Financial assets				
Cash, cash equivalents and balances with central banks	253,553	-	-	253,553
Amounts due from related parties	7,945	-	-	7,945
Due from banks and other financial institutions	24,998	-	-	24,998
Investment securities	253,668	-	-	253,668
Derivative financial assets	-	10,609	(1,419)	12,028
Loans and advances to customers	1,996,292	-	-	1,996,292
Other financial assets	12,137	-	-	12,137
Total financial assets	2,548,593	12,028	-	2,560,621

Thousands of dollars	Financial liabilities at amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Total
Financial liabilities				
Due to central banks and other financial institutions	1	-	-	1
Amounts due to related parties	685,072	-	-	685,072
Derivative financial liabilities	-	2,932	-	2,932
Deposits from customers	886,858	-	-	886,858
Certificates of deposit	93,031	-	-	93,031
Subordinated loans due to related parties	-	-	-	-
Debt securities issued	525,862	-	-	525,862
Lease liabilities	4,208	-	-	4,208
Other financial liabilities	32,575	-	-	32,575
Total financial liabilities	2,227,607	2,932	-	2,230,539

Note 33 – Financial Risk Management (continued)

Audited 31 December 2023

Thousands of dollars	Financial assets at amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Total
Financial assets				
Cash, cash equivalents and balances with central banks	317,218	-	-	317,218
Amounts due from related parties	5,140	-	-	5,140
Due from banks and other financial institutions	29,999	-	-	29,999
Investment securities	232,522	-	-	232,522
Derivative financial assets	-	4,422	-	4,422
Loans and advances to customers	1,750,427	-	-	1,750,427
Other financial assets	11,577	-	-	11,577
Total financial assets	2,346,883	4,422	-	2,351,305

Thousands of dollars	Financial liabilities at amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Total
Financial liabilities				
Due to central banks and other financial institutions	1	-	-	1
Amounts due to related parties	642,429	-	-	642,429
Derivative financial liability	-	4,919	-	4,919
Deposits from customers	700,492	-	-	700,492
Certificates of deposit	57,293	-	-	57,293
Subordinated loans due to related parties	-	-	-	-
Debt securities issued	599,732	-	-	599,732
Lease liabilities	5,761	-	-	5,761
Other financial liabilities	32,751	-	-	32,751
Total financial liabilities	2,038,459	4,919	-	2,043,378

Note 33 – Financial Risk Management (continued)

I. Fair value of Financial Instruments

Fair value Assumptions

i. The carrying value of cash and cash equivalents is the fair value.

ii. 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 fair value includes a calculation of the Bank's own credit risk based on observable market data.

iii. 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.

iv. 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 includes a calculation of the Bank's own credit risk based on observable market data.

v. The fair value of investment securities, 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 fair value includes a calculation of the Bank's own credit risk based on observable market data.

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

Fair Value Measurements

Under NZ IFRS 7, 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 measurement 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).

The following valuation techniques have been applied to determine the fair values of financial instruments where there is no quoted price (level 1) for the instrument:

- For instruments classified as derivative financial assets and liabilities fair value measurements are derived by using a valuation technique with market observable inputs are mainly interest rate swaps, foreign exchange forwards, swaps and options, etc. The most frequently applied valuation techniques include discounted cash flow model and Black-Scholes model. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, interest rate yield curves, etc.;
- For net loans and advances, deposits and due to related parties, borrowings and debt securities issued, discounted cash flow techniques are used where contractual future cash flows of the instrument are discounted using discount rates incorporating wholesale market rates or market borrowing rates of debt with similar maturity or a yield curve appropriate for the remaining term to maturity.

There have been no substantial changes in the valuation techniques applied to different classes of financial instruments during the year.

Note 33 – Financial Risk Management (continued)

Audited 31 December 2024

Thousands of dollars	Carrying amount	Estimated Fair Value Level 1	Level 2	Level 3	Total
Financial assets					
Cash, cash equivalents and balances with central banks	253,553	-	253,553	-	253,553
Amounts due from related parties	7,945	-	7,945	-	7,945
Due from banks and other financial institutions	24,998	-	24,998	-	24,998
Investment securities	253,668	255,222	-	-	255,222
Derivative financial assets	12,028	-	12,028	-	12,028
Loans and advances to customers	1,996,292	-	1,998,937	-	1,998,937
Other financial assets	12,137	-	12,137	-	12,137
Total financial assets	2,560,621	255,222	2,309,598	-	2,564,820
Financial liabilities					
Due to central banks and other financial institutions	1	-	1	-	1
Amounts due to related parties	685,072	-	685,072	-	685,072
Derivative financial liabilities	2,932	-	2,932	-	2,932
Deposits from customers	886,858	-	887,894	-	887,894
Certificates of deposit	93,031	-	93,031	-	93,031
Subordinated loans due to related parties	-	-	-	-	-
Debt securities issued	525,862	-	525,534	-	525,534
Lease liabilities	4,208	-	4,208	-	4,208
Other financial liabilities	32,575	-	32,575	-	32,575
Total financial liabilities	2,230,539	-	2,231,247	-	2,231,247

Audited 31 December 2023

Thousands of dollars	Carrying amount	Estimated Fair Value Level 1	Level 2	Level 3	Total
Financial assets					
Cash, cash equivalents and balances with central banks	317,218	-	317,218	-	317,218
Amounts due from related parties	5,140	-	5,140	-	5,140
Due from banks and other financial institutions	29,999	-	29,999	-	29,999
Investment securities	232,522	228,565	-	-	228,565
Derivative financial assets	4,422	-	4,422	-	4,422
Loans and advances to customers	1,750,427	-	1,749,068	-	1,749,068
Other financial assets	11,577	-	11,577	-	11,577
Total financial assets	2,351,305	228,565	2,117,424	-	2,345,989
Financial liabilities					
Due to central banks and other financial institutions	1	-	1	-	1
Amounts due to related parties	642,429	-	642,429	-	642,429
Derivative financial liabilities	4,919	-	4,919	-	4,919
Deposits from customers	700,492	-	700,724	-	700,724
Certificates of deposit	57,293	-	57,330	-	57,330
Subordinated loans due to related parties	-	-	-	-	-
Debt securities issued	599,732	-	599,732	-	599,732
Lease liabilities	5,761	-	5,761	-	5,761
Other financial liabilities	32,751	-	32,751	-	32,751
Total financial liabilities	2,043,378	-	2,043,647	-	2,043,647

Note 34 – Securitisation, Funds Management, Other Fiduciary Activities and the Marketing and Distribution of Insurance Products

As at balance date the Bank was not involved in:

- The establishment, marketing, or sponsorship of trust, custodial, funds management or other fiduciary activities; or
- The origination of securitised assets; or
- The marketing or servicing of securitisation schemes; or
- The marketing and distribution of insurance products or conducting of insurance business.

Note 35 – Risk Management Policies

The Bank's objective is to appropriately manage all the risks that arise from its activities. A review of the risk appetite of the Bank is conducted periodically having regard to prevailing market conditions and strategy. Based upon this review, an assessment of the relevant policies, systems, and reporting is undertaken to ensure that they are consistent with the stated risk appetite of the Bank.

A. Specific Areas of Risk Management
The Bank's Key areas of risk are Strategic and Business risk (managed by the Board through annual and three and five year business plans); Financial Risks including Credit Risk, Interest Rate Risk, Liquidity Risk, Foreign Exchange Risk and Operational Risk (managed through internal controls and procedures), Financial and operational risk management appetites, objectives, policies, strategies, and processes are documented in Note 33 of the financial statements. ICBC (NZ) adopts the Standardised approach to credit risk, Standardised approach to market risk, and Standardised approach to operational risk.

B. Role of the Board and its Committees
The Board has responsibility for setting the Bank's risk appetite, governance, and formulating risk management policy. The Board is assisted in meeting this responsibility through the operation of three committees responsible for various facets of risk. Each committee can advise and make recommendations however decision making rests with the Board of Directors.

C. Audit Committee
The Board through the Audit Committee is primarily responsible for:

1. Overseeing the effectiveness and integrity of the Bank's financial controls; financial reporting process; and internal audit functions;
2. Providing assurance on the governance and controls covering key business processes;
3. Ensuring the quality and independence of the external audit process;
4. Reviewing the annual audit plan with the external auditor;
5. Reviewing audit findings;
6. Reviewing interim financial information and the annual financial statements;
7. Reviewing accounting policies;
8. Overseeing the legal compliance and statutory responsibilities of the Bank;
9. Reviewing the appointment of the external auditor and their fees;
10. Reviewing the internal auditors and their activities;
11. Ensuring that recommendations highlighted in internal audit reports are actioned by management; and
12. Supervising special investigations when requested by the Board.

D. Risk Committee
The Board through the Risk Committee is primarily responsible for:

1. Overseeing the effectiveness and integrity of the Financial, Operational, Conduct, and Reputational risk management framework and risk reporting in the context of the approved strategic objectives and risk appetite of the Bank;
2. Reviewing the appropriate Financial, Operational and Reputational risk appetite of the Bank;
3. Reviewing the Financial, Operational and Reputational risk management policies, limits, and delegations of the Bank;
4. Monitoring management's operation within the approved risk management programme including the identification and evaluation of Financial, Operational and Reputational risks, the establishment of plans to manage and mitigate those risks and the monitoring of their implementation;
5. Reviewing and monitoring the Anti-Money Laundering/Counter Financing of Terrorism Compliance Programme, policies and risks of the Bank.

E. Remuneration Committee
The Board through the Appointment and Remuneration Committee is primarily responsible for:

1. Overseeing the effectiveness and integrity of human resource policies of the Bank;
2. Providing governance oversight and assurance on the controls surrounding Executive management and Board human resource processes, including appointments, remuneration and performance processes;
3. Reviewing the people risk management policies, limits, and delegations of the Bank;
4. Reviewing and making annual recommendations to the Board regarding the performance of the CEO, CEO's assessment report of other senior executives who report directly to the CEO and any other person considered to be in a role with material influence;
5. Reviewing the recruitment policy of the Bank and undertaking an assessment of persons captured by the policy to ensure integrity of the recruitment process.

Note 35 – Risk Management Policies (continued)

F. Internal Audit Function
The Bank utilises the internal audit function as a control measure to enable both Board and senior management of the Bank to monitor and review the Bank on an ongoing basis. The internal audit function of the Bank is part of ICBC's policy to ensure that all ICBC branches and subsidiaries have appropriate systems and procedures in place and comply with all applicable home and host country regulations.

The Bank has established the independent internal audit department for abiding by the local regulatory requirements and group policies, conducting the internal audit supervision and evaluation of the institution independently, objectively and effectively. The function reports internal audit work timely and normatively, and promotes the rectification work of the audit findings. The Internal Audit function of the Bank is independent from its respective business, risk management, and internal control and compliance practice. .It assists the Bank in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's governance, risk management and internal control system. The internal audit department follows a risk based approach in scheduling audits of all activities of the Bank over a 3-year cycle. It reports the audit work and results directly to the Board Audit Committee of ICBC (NZ). At the same time, it is subject to guidance from the Internal Audit Bureau of the Head Office (ICBC Ltd).

G. Measurement of Impaired Assets
ICBC (NZ) follows the guidance of NZ IFRS 9 and reviews the calculations of the individual and collective allowance for impaired assets, on a monthly basis. The calculation of recoverable amounts is primarily based on the future potential recoverable cashflows resulted from the impaired assets. The estimated impairment loss are assessed based on the difference between the assets carrying amount and the estimated future cashflows discounted to their present value.

H. Capital Adequacy
The Board and senior management undertake capital planning, in accordance with the Bank's Internal Capital Adequacy Assessment Policy. As part of the capital planning process, the Board reviews:

1. The current capital requirements of the Bank;
2. The targeted and sustainable capital in terms of business strategy and risk appetite; and
3. Future capital planning (with a three year outlook).

The capital plan is revised on an annual basis or more regularly, if necessary, to meet the Bank's obligations under the Banking Prudential Requirements ("BPR"). For further information see Note 36.

I. Credit Risk Mitigation and Collateral
The Bank uses various risk mitigation techniques to reduce the credit risk arising from its lending activities.

- Corporate loans and discounted bills are mainly collateralised by properties or other assets and are assessed taking into account the customers stability of earnings and other factors.
- Retail loans are collateralised by residential properties.

The Bank prefers more liquid collateral with relatively stable market value and does not accept collateral that is illiquid, with difficulties in registration or high fluctuations in market value. The value of collateral is assessed and confirmed by the Bank or valuation agents identified by the Bank.

The loan-to-value ratio depends on types of collateral, usage condition, liquidity and price volatility. For retail loans, regulatory restrictions also apply from time to time. All collateral has to be registered in accordance with the relevant laws and regulations. The relationship managers inspect the collateral and assess the changes in the value of collateral regularly.

Management monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement when it is considered necessary.

It is the Bank's policy to dispose of assets in an orderly manner, where mortgage defaults occur. In general, the Bank does not occupy or take possession of assets.

As at 31 December 2024, the gross carrying amount of corporate loans amounted to NZD1,243M (31 December 2023: NZD1,082M), of which credit exposure covered by collateral amounted to NZD843M (31 December 2023: NZD741M). Retail loans are fully collateralised by residential properties. As at 31 December 2024, the gross carrying amount of retail loans amounted to NZD766M (31 December 2023: NZD682M).

Note 36 – Capital Adequacy

(a) Issued Capital
The Bank had 233,539,975 fully paid up ordinary shares (tier one capital) issued at NZ $1 per share as at 31 December 2024.

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.

Note 36 – Capital Adequacy (continued)

The ordinary shares issuance details is shown as below:

Issue date	Number of Shares	Amount ($'000)
30 September 2013	60,377,729	60,378
5 July 2016	85,082,246	85,082
28 June 2018	88,080,000	88,080

(b) Other Classes of Capital Instrument

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 which apply on and after 1 July 2024:

- The Total capital ratio of the Banking Group is not less than 9%;
- The Tier 1 capital ratio of the Banking Group is not less than 7%;
- 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 as at 31 December 2024 and 31 December 2023. 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.

(c) Tier one and two Capital

Thousands of dollars	**31 December 2024**	**31 December 2023**
Tier one capital		
Common Equity Tier one capital		
Issued and fully paid up share capital	233,540	233,540
Retained earnings	103,998	83,472
Accumulated other comprehensive income and other disclosed reserves	(1,021)	-
Interest from issue of ordinary shares	-	-
Less:	-	-
Goodwill and other intangible assets	-	-
Regulatory adjustments	-	-
Cashflow hedge reserve	1,419	
Deferred tax assets	(4,518)	(5,355)
Total common equity tier one capital	333,418	311,657
Additional Tier one capital		
High-quality capital	-	-
Instruments issued	-	-
Share premium from issue of instruments	-	-
Associated retained earnings	-	-
Less: Regulatory adjustments	-	-
Total additional tier one capital	-	-
Total tier one capital	333,418	311,657
Tier two capital		
Subordinated loans due to related parties	-	-
Share premium from issue of instruments	-	-
Revaluation reserves	-	-
Foreign currency translation reserves	-	-
Eligible impairment allowance in excess of expected loss	-	-
Less: Regulatory adjustments	-	-
Total tier two capital	-	-
Total capital	333,418	311,657

Note 36 – Capital Adequacy (continued)

(d) Credit Risk

31 December 2024 **Calculation of on-balance-sheet exposures**	Total exposure after credit risk mitigation $'000	Risk weight %	Risk weighted exposure $'000
Cash and gold bullion	-	-	-
Sovereigns and central banks	256,966	0%	-
Multilateral development banks and other international organisation	-	-	-
Public sector entities	50,032	20%	10,006
Banks rating grade 1	22,428	20%	4,486
Banks rating grade 2 (≤3 months)	50,334	20%	10,067
Banks rating grade 2 (>3 months)	136,935	50%	68,468
Banks rating grade 3 (≤3 months)	27,560	20%	5,512
Banks rating grade 3 (>3 months)	19,964	50%	9,982
Banks rating grade 4 (≤3 months)	5,870	50%	2,935
Banks rating grade 4 (>3 months)	3,404	100%	3,404
Banks unrated (≤3 months)	-	20%	-
Banks unrated (>3 months)	-	50%	-
Corporate-without recognised mitigation	1,198,177	100%	1,198,177
Corporate-secured by collateral	-	20%	-
Corporate-guaranteed	-	100%	-
Residential mortgages (owner occupied) not past due -LVR up to 80%.	373,506	35%	130,727
Residential mortgages (investment) not past due -LVR up to 80%.	391,391	40%	156,556
Residential mortgages not past due -LVR over 80% less than 90% (owner occupied)	-	50%	-
Residential mortgages not past due -LVR over 80% less than 90% (Investment)	-	75%	-
Past due residential mortgages	(5)	100%	(5)
Other past due assets (impairment allowance is equal or greater than 20% of outstanding amount of the loan)	-	100%	-
Other past due assets (impairment allowance is less than 20% of outstanding amount of the loan)	-	150%	-
Equity holdings in the Business Growth Fund that qualify for 250% risk weight	-	250%	-
Equity holdings (not deducted from capital) included in the NZX 50 or overseas equivalent index	-	300%	-
All other equity holdings (not deducted from capital)	-	400%	-
Other assets	33,066	100%	33,066
Total on balance sheet exposures after credit risk mitigation	2,569,628	-	1,633,381

Note 36 – Capital Adequacy (continued)

31 December 2024 **Calculation of off-balance-sheet exposures**	Total exposure $'000	Credit Conversion Factor %	Credit equivalent amount $'000	Average Risk weight %	Risk weighted exposure $'000
Direct credit substitute	-	100%	-	0%	-
Asset sale with recourse	-	100%	-	0%	-
Forward asset purchase	-	100%	-	0%	-
Commitment with certain drawdown	-	100%	-	0%	-
Note issuance facility	-	50%	-	0%	-
Revolving underwriting facility	-	50%	-	0%	-
Performance-related contingency	-	50%	-	0%	-
Trade-related contingency	-	20%	-	0%	-
Placements of forward deposits	-	100%	-	0%	-
Undrawn commitment to the Business Growth Fund	-	20%	-	0%	-
Other commitments where original maturity is more than one year	284,337	50%	142,169	100%	142,169
Other commitments where original maturity is more than one year (Public Sector)	29,995	50%	14,998	20%	2,999
Other commitments where original maturity is less than or equal to one year	335	20%	67	100%	67
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	0%	-	100%	-
Counterparty credit risk					
(a) Foreign exchange contracts	178,978	N/A	15,824	50%	7,899
(b) Interest rate contracts	450,268	N/A	7,183	78%	5,581
(c) Credit Valuation Adjustment	-	-	-	-	14,156*
(d) Other - OTC, etc.	-	0%	-	100%	-
Total off-balance sheet exposures	943,913	-	180,241	-	172,871

* The minimum pillar 1 capital requirement for the Credit Valuation Adjustment is $1,274K.

Note 36 – Capital Adequacy (continued)

31 December 2023 **Calculation of on-balance-sheet exposures**	Total exposure after credit risk mitigation $'000	Risk weight %	Risk weighted exposure $'000
Cash and gold bullion	-	-	-
Sovereigns and central banks	277,001	0%	-
Multilateral development banks and other international organisation	-	-	-
Public sector entities	50,331	20%	10,066
Banks rating grade 1	213	20%	43
Banks rating grade 2 (≤3 months)	56,006	20%	11,201
Banks rating grade 2 (>3 months)	244,203	50%	122,102
Banks rating grade 3 (≤3 months)	-	20%	-
Banks rating grade 3 (>3 months)	7,884	50%	3,942
Banks rating grade 4 (≤3 months)	-	50%	-
Banks rating grade 4 (>3 months)	4,763	100%	4,763
Banks unrated (≤3 months)	-	20%	-
Banks unrated (>3 months)	-	50%	-
Corporate-without recognised mitigation	1,016,151	100%	1,016,151
Corporate-secured by collateral	-	20%	-
Corporate-guaranteed	-	100%	-
Residential mortgages (owner occupied) not past due -LVR up to 80%.	339,788	35%	118,926
Residential mortgages (investment) not past due -LVR up to 80%.	338,982	40%	135,593
Residential mortgages not past due -LVR over 80% less than 90% (owner occupied)	-	50%	-
Residential mortgages not past due -LVR over 80% less than 90% (Investment)	-	75%	-
Past due residential mortgages	(5)	100%	(5)
Other past due assets (impairment allowance is equal or greater than 20% of outstanding amount of the loan)	-	100%	-
Other past due assets (impairment allowance is less than 20% of outstanding amount of the loan)	-	150%	-
Equity holdings in the Business Growth Fund that qualify for 250% risk weight	-	250%	-
Equity holdings (not deducted from capital) included in the NZX 50 or overseas equivalent index	-	300%	-
All other equity holdings (not deducted from capital)	-	400%	-
Other assets	27,707	100%	27,707
Total on balance sheet exposures after credit risk mitigation	2,363,024	-	1,450,489

Note 36 – Capital Adequacy (continued)

31 December 2023 **Calculation of off-balance-sheet exposures**	Total exposure $'000	Credit Conversion Factor %	Credit equivalent amount $'000	Average Risk weight %	Risk weighted exposure $'000
Direct credit substitute	-	100%	-	100%	-
Asset sale with recourse	-	100%	-	100%	-
Forward asset purchase	-	100%	-	100%	-
Commitment with certain drawdown	-	100%	-	100%	-
Note issuance facility	-	50%	-	100%	-
Revolving underwriting facility	-	50%	-	100%	-
Performance-related contingency	-	50%	-	100%	-
Trade-related contingency	-	20%	-	100%	-
Placements of forward deposits	-	100%	-	100%	-
Other commitments where original maturity is more than one year	226,339	50%	113,170	100%	113,170
Other commitments where original maturity is more than one year (Public Sector)	29,994	50%	14,997	20%	2,999
Other commitments where original maturity is less than or equal to one year	360	20%	72	100%	72
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	0%	-	100%	-
Counterparty credit risk					
(a) Foreign exchange contracts	73,347	N/A	2,221	20%	444
(b) Interest rate contracts	307,000	N/A	4,319	60%	3,257
(c) Credit Valuation Adjustment	-	-	-	-	5,997*
(d) Other - OTC, etc.	-	0%	-	100%	-
Total off-balance sheet exposures	637,040	-	134,779	-	125,939

* The minimum pillar 1 capital requirement for the Credit Valuation Adjustment is $480K.

Credit Risk Mitigation
The Bank recognises on and off-balance sheet netting in a simple and limited form. It is used to measure the mitigating effects of collateral for corporate loans secured by deposits.

(e) Exposures arising from trades settled on Qualifying Central Counterparties (QCCPs)

	Trade exposure or collateral amount	Average Risk weight	Risk weighted exposure
Bank as QCCP clearing member, clearing own trades	-	N/A	-
Collateral posted for clearing own trades	-	N/A	-
Bank as client of QCCP member, clearing trades through that member	-	N/A	-
Collateral posted for clearing via member bank	-	N/A	-
Total exposure arising from trades settled on QCCPs	-	N/A	-

Note 36 – Capital Adequacy (continued)

(f) Residential mortgages by loan-to-valuation ratio

31 December 2024

Thousands of dollars

Loan-to-valuation ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Value of exposures	764,892	-	-	764,892

31 December 2023

Thousands of dollars

Loan-to-valuation ratio	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Value of exposures	678,765	-	-	678,765

(g) Reconciliation of residential mortgage-related amounts

Thousands of dollars	**31 December 2024**	**31 December 2023**
Residential mortgage loans (as disclosed in Note 7,14)		
On balance sheet exposures		
Residential – owner occupied	374,305	341,146
Residential - investment	392,036	340,659
Residential – corporate lending	-	-
Provisions for impairment losses on loans and advances	(1,449)	(3,040)
Residential mortgages by loan-to-valuation ratio	764,892	678,765
Off balance sheet exposures	-	-
Total	764,892	678,765

(h) Credit risk mitigation

31 December 2024 Thousands of dollars	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives
Exposure Class		
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	-	-
Residential mortgage	-	-
Other	-	-
Total	-	-

31 December 2023 Thousands of dollars	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives
Exposure Class		
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	-	-
Residential mortgage	-	-
Other	-	-
Total	-	-

Note 36 – Capital Adequacy (continued)

(i) Operational risk capital requirement

31 December 2024

Thousands of dollars	Implied risk weighted exposure	Total operational risk capital requirement
Operational risk	151,782	13,660

31 December 2023

Thousands of dollars	Implied risk weighted exposure	Total operational risk capital requirement
Operational risk	142,137	11,371

(j) Market Risk

Market risk exposures have been calculated in accordance with the methodology detailed in BPR140 of the RBNZ's Banking Prudential Requirements, and schedule 9 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended). Peak end-of-day aggregate capital charge for each category of market risk is derived by determining the maximum over the 6 months period ended 31 December of 2024 of the aggregate capital charge at the close of each business day derived in accordance with BPR140 of the Reserve Bank's Banking Prudential Requirements.

31 December 2024	End-period capital charges		Peak end-of-day capital charges	
Thousands of dollars	Implied risk weighted exposure	Aggregate capital charge	Implied risk weighted exposure	Aggregate capital charge
Interest rate risk	35,588	2,847	53,538	4,283
Foreign currency risk	15,538	1,243	15,825	1,266
Equity risk	-	-	-	-
Total capital requirements	51,126	4,090	69,363	5,549

31 December 2024

Thousands of dollars	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital Requirement
Total credit risk + equity	3,513,542	1,806,252	162,563
Operational risk	-	151,782	13,660
Market risk	-	51,125	4,601
Total	3,513,542	2,009,159	180,824

31 December 2023	End-period capital charges		Peak end-of-day capital charges	
Thousands of dollars	Implied risk weighted exposure	Aggregate capital charge	Implied risk weighted exposure	Aggregate capital charge
Interest rate risk	52,263	4,181	62,300	4,984
Foreign currency risk	11,588	927	14,288	1,143
Equity risk	-	-	-	-
Total capital requirements	63,851	5,108	76,588	6,127

31 December 2023

Thousands of dollars	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital Requirement
Total credit risk + equity	3,000,064	1,576,428	126,113
Operational risk	-	142,137	11,371
Market risk	-	63,851	5,108
Total	3,000,064	1,782,416	142,592

Note 36 – Capital Adequacy (continued)

Capital ratios

Regulatory Capital Ratios	Regulatory Minimum	31 December 2024	31 December 2023*
Common Equity Tier 1 Capital Ratio	4.50%	16.59%	17.49%
Tier 1 Capital Ratio	7.00%	16.59%	17.49%
Total Qualifying Capital Ratio	9.00%	16.59%	17.49%
RBNZ required Buffer Ratio	2.50%	7.59%	9.49%

* The 31 December 2023 capital ratios have been restated. Refer to Changes to Comparatives on page 30 for additional information.

(k) Capital for Other Material Risks

The Bank has an Internal Capital Adequacy Assessment Process (“ICAAP”) that accords with the requirements set out in Part D of BPR100: Capital Adequacy and the Bank’s Conditions of Registration. The Bank identifies and measures all "other material risks", which are those material risks that are not explicitly captured in the Pillar 1 processes, such as strategic risk, model risk, liquidity risk, group risk, climate risk and other external factors. The Bank's internal capital allocation for these other material risks is NZD91.55M (31 December 2023: NZD91.55M).

The RBNZ varied the Bank’s Conditions of Registration in July 2024, increasing minimum total capital ratio (from 8% to 9%) and the minimum tier 1 capital ratio (from 6% to 7%) in line with its 2019 Capital Review decisions. For ICBC (NZ), the total capital requirement will increase to 16% by 2028.

(l) Regulatory liquidity ratios

The Bank calculates liquidity ratios in accordance with RBNZ’s Liquidity Policy (BS13) (“BS13”). Ratios are calculated daily as required by the Bank’s Conditions of Registration in relation to liquidity-risk management. The table below shows the quarterly average ratio which is produced in line with Reserve Bank rules and guideline.

	Unaudited For the 3 months ended 31 December 2024	Unaudited For the 3 months ended 30 September 2024	Unaudited For the 3 months ended 31 December 2023	Unaudited For the 3 months ended 30 September 2023
One-week mismatch ratio	9.49%	13.39%	12.2%	10.7%
One-month mismatch ratio	16.50%	17.14%	20.6%	18.0%
Core funding ratio	94.14%	93.04%	85.6%	91.6%

(m) Capital adequacy of Ultimate Parent Bank

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

Both the Ultimate Parent Bank and the Ultimate Parent Bank Group are required by NFRA to hold minimum capital at least equal to that specified under the standardised Basel II approach and are required to publicly disclose this capital adequacy information on a quarterly basis. This information is made available to users via the ICBC website (www.icbc.com.cn).

The Ultimate Parent Bank and the Ultimate Parent Bank Group each met the capital requirements imposed on them by the NFRA as at 31 December 2023, the latest reporting date, and 30 September 2024.

The capital ratios below have been calculated in accordance with the Measures for Capital Management of Commercial Banks, issued by the NFRA.

	30 September 2024	31 December 2023
Ultimate Parent Bank Group		
Common Equity Tier 1 Capital Ratio	13.95%	13.72%
Tier 1 Capital Ratio	15.23%	15.17%
Total Capital Ratio	19.25%	19.10%
Ultimate Parent Bank		
Common Equity Tier 1 Capital Ratio	13.55%	13.55%
Tier 1 Capital Ratio	15.00%	15.00%
Total Qualifying Capital Ratio	19.28%	19.28%

Note 37 – Notes to Statement of Cash Flows

Thousands of Dollars	Audited 31 December 2024	Audited 31 December 2023
Reconciliation of net profit after taxation to net cash-flows from operating activities		
Net profit after taxation	**20,526**	**18,830**
Non cash movements:		
Unrealised fair value adjustments	(3,935)	(3,894)
Depreciation	399	348
Amortisation of Right-of-use assets	1,491	1,529
Amortisation of financial instruments	(79)	405
Increase/(decrease) in allowance for impairment losses	(595)	4,679
Bad debts recovery	-	(3,149)
Unrealised foreign exchange gain/(loss)	1,566	(1,996)
Net change in fair value of financial instruments and hedged items	(6,604)	-
(Increase)/decrease in deferred taxation	837	(123)
Amortisation of debt securities issued	(91)	135
Increase/(decrease) in operating assets and liabilities	**(7,011)**	**(2,066)**
(Increase)/decrease in interest receivable	(569)	(3,302)
(Decrease)/increase in interest payable	(1,845)	13,412
(Increase)/decrease in loans and advances to customers	(245,390)	(87,942)
Increase/(decrease) in deposits from customers	186,366	134,771
Increase/(decrease) in certificates of deposit	35,738	(30,501)
Increase/(decrease) in other liabilities	1,772	(1,810)
Increase/(decrease) in amounts due to related parties	18,884	116,577
(Increase)/decrease in current taxation	389	(308)
(Increase)/decrease in other assets	63	881
Net cash flows applied to operating activities	**8,923**	**158,542**

Note 37 Notes to Statement of Cash Flows (continued)

Reconciliation of liabilities arising from financing activities

For the year ended 31 December 2024 (audited)

			Non-cash changes			
Thousands of Dollars	**Balance at the beginning of the year**	**Net Cash flow**	**Amortisation**	**Revaluation**	**Foreign exchange movement**	**31 December 2024**
Subordinated loans due to related parties	-	-	-	-	-	-
Debt securities issued	599,732	(75,819)	(91)	2,046	(6)	525,862
Lease liabilities	5,761	(1,578)	25	-	-	4,208
Total liabilities from financing activities	605,493	(77,397)	(66)	2,046	(6)	530,070

For the year ended 31 December 2023 (audited)

			Non-cash changes			
Thousands of Dollars	**Balance at the beginning of the year**	**Net Cash flow**	**Amortisation**	**Revaluation**	**Foreign exchange movement**	**31 December 2023**
Subordinated loans due to related parties	35,000	(35,000)	-	-	-	-
Debt securities issued	475,180	124,413	135	-	4	599,732
Lease liabilities	7,033	(1,556)	284	-	-	5,761
Total liabilities from financing activities	517,213	87,857	419	-	4	605,493

Assurance engagements performed by Ernst & Young

Our assurance procedures in relation to Industrial and Commercial Bank of China (New Zealand) Limited (the "Bank") consisted of the following:

- Audit of the financial statements (the "Financial Statements") of the Bank for the year ended 31 December 2024 that are required by Clause 24 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the "Order") included on pages 17 to 87 of the Disclosure Statement. These pages also include the Supplementary Information, and the Capital Adequacy and Regulatory Liquidity Information which are subject to a separate opinion and conclusion respectively as described below and so are not covered by the Financial Statement audit.
- Audit of the information required by Clause 21 of the Order to be disclosed in accordance with Schedule 4 (being the additional information on statement of financial position that is presented on the Balance Sheet, additional information on concentrations of credit risk (Note 28), additional information on interest rate sensitivity (Note 33(d)), additional information on liquidity risk (Note 33(c)), and reconciliation of mortgage-related amounts (Note 36), Schedule 7 (Asset quality in Note 26), Schedule 13 (Concentration of credit exposures to individual counterparties in Note 33(i)), Schedule 14 (Credit exposures to connected persons in Note 33(ii)), Schedule 15 (Insurance business, securitisation, funds management, other fiduciary activities, and marketing and distribution of insurance products in Note 34) and Schedule 17 (Risk management policies in Notes 35) of the Order (together the "Supplementary Information"). The Supplementary Information is presented for the year ended 31 December 2024 or as at that date, as applicable.
- Limited assurance engagement in relation to the information required by Clause 21 to be disclosed in accordance with Schedule 9 of the Order which is disclosed in Notes 36 (the "Capital Adequacy and Regulatory Liquidity Ratios Information"). The Capital Adequacy and Regulatory Liquidity Ratios Information is presented for the year ended 31 December 2024 or as at that date, as applicable.

Independent auditor's report to the Shareholder of Industrial and Commercial Bank of China (New Zealand) Limited

Report on the audit of the Financial Statements and Supplementary Information

Opinion

We have audited the Financial Statements and the Supplementary Information (as defined above). The Financial Statements comprise:

- the balance sheet of the Bank as at 31 December 2024;
- the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Bank; and
- the notes to the Financial Statements including material accounting policy information.

In our opinion:

- the Financial Statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards; and
- the Supplementary Information for the year ended 31 December 2024 or as at that date, as applicable:
  - presents fairly the matters to which it relates; and
  - is disclosed in accordance with Schedules 4, 7, 13, 14, 15 and 17 of the Order.

We have not audited the Capital Adequacy and Regulatory Liquidity Ratios Information (as defined above) and our opinion does not extend to this information.

This report is made solely to the Bank's shareholder. Our audit has been undertaken so that we might state to the Bank's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholder, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements and Supplementary Information* section of our report.

We are independent of the Bank in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ernst & Young provides interim financial statement and supplementary information review and other assurance services to the Bank. Partners and employees of our firm may deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank. We have no other relationship with, or interest in, the Bank.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current year. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the Financial Statements and Supplementary Information* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Statements.

Provision for impairment losses on corporate credit exposures

Why significant	How our audit addressed the key audit matter
As described in Notes 1 Accounting Policies, 7 Impairment Allowance and 14 Loans and advances to customers, the provision for impairment losses on corporate credit exposures is determined in accordance with New Zealand equivalent to International Financial Reporting Standard 9 *Financial Instruments* (NZ IFRS 9). The assessment of the provision for impairment losses on corporate credit exposures is complex and requires significant judgement and estimation. Key areas of judgement included: ▶ the application of the impairment requirements under NZ IFRS 9 within the Bank's provision for impairment losses methodology; ▶ whether there were exposures required to be individually assessed for impairment;	We assessed the alignment of the Bank's provision for impairment losses model and its underlying methodology with the requirements of NZ IFRS 9. We assessed: ▶ the significant modelling and macroeconomic assumptions including the reasonableness of forward-looking information and scenarios; ▶ the determination and assessment of a significant increase in credit risk; ▶ the basis for and data used to determine forward looking adjustments, including the probabilities assigned to each scenario; and ▶ the sensitivity of the provision for impairment losses on corporate credit exposures to changes in modelling assumptions.

- the identification of exposures with a significant increase in credit risk;
- the assumptions used in the provision for impairment losses model in relation to exposures assessed on a collective basis; and
- the incorporation of forward-looking information to reflect anticipated future external factors, with multiple economic scenarios considered and a probability weighting assigned to each of these.

This was a key audit matter due to the value of the provision for impairment losses and the degree of judgement and estimation uncertainty associated with the calculations.

We involved our actuarial specialists to test the mathematical accuracy of the model and to consider key assumptions and significant judgements.

We examined a sample of exposures by assessing the reasonability of internal credit quality assessments based on the borrowers' circumstances and the valuation of collateral held by the Bank.

We assessed the effectiveness of relevant controls relating to the:

- capture of data, including loan origination and transactional data, ongoing internal credit quality assessments and data used in the models; and
- provision for impairment losses model, including functionality, ongoing monitoring/validation and model governance.

We assessed the adequacy and appropriateness of the disclosures related to provision for impairment losses on corporate credit exposures within the Financial Statements.

Information other than the Financial Statements, Supplementary Information and auditor's report

The Directors of the Bank are responsible, on behalf of the Bank, for the Disclosure Statement, which includes information other than the Financial Statements, Supplementary Information and auditor's report. The other information includes the Climate Report which is referenced in the Disclosure Statement.

Our opinion on the Financial Statements and Supplementary Information does not cover the other information and we do not express any form of assurance conclusion thereon, except as otherwise stated. We have performed a limited assurance engagement on the Capital Adequacy and Regulatory Liquidity Ratios Information as explained below.

In connection with our audit of the Financial Statements and Supplementary Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or Supplementary Information or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the Financial Statements and Supplementary Information

The Directors are responsible, on behalf of the Bank, for the preparation and fair presentation of the Financial Statements in accordance with Clause 24 of the Order, New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and the Supplementary Information in accordance with Clause 21 of the Order and Schedules 4, 7, 13, 14, 15 and 17 of the Order, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements and Supplementary Information that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements and Supplementary Information, the Directors are responsible for assessing on behalf of the Bank, the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Statements and Supplementary Information

Our objectives are to obtain reasonable assurance about whether the Financial Statements, as a whole, and Supplementary Information are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements and Supplementary Information.

A further description of the auditor’s responsibilities for the audit of the Financial Statements is located at the External Reporting Board’s website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/. This description forms part of our auditor’s report.

The engagement partner on the engagement resulting in this independent auditor’s report is Graeme Bennett.

Ernst + Young

Chartered Accountants
Auckland
27 March 2025

Building a better working world

Independent Assurance Report to the Shareholder of Industrial and Commercial Bank of China (New Zealand) Limited

Limited assurance report on the Capital Adequacy and Regulatory Liquidity Ratios Information

Conclusion

We have undertaken a limited assurance engagement on the compliance of the Bank's Capital Adequacy and Regulatory Liquidity Ratios Information for the year ended 31 December 2024 or as at that date, as applicable, in all material respects, with Schedule 9 of the Order.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Capital Adequacy and Regulatory Liquidity Ratios Information for the year ended 31 December 2024 or as at that date, as applicable, disclosed in Note 36 to the Financial Statements is not disclosed, in all material respects, in accordance with Schedule 9 of the Order.

Basis for Conclusion

We conducted our engagement in accordance with Standard on Assurance Engagements 3100 (Revised) *Compliance Engagements* (SAE 3100 (Revised)) issued by the New Zealand Auditing and Assurance Standards Board.

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Directors' Responsibilities

The directors are responsible on behalf of the Bank for:

1. Compliance with the Order, including Clause 21 which requires the Capital Adequacy and Regulatory Liquidity Ratios Information to be included in the Disclosure Statement in accordance with Schedule 9 of the Order.
2. Identification of risks that threaten compliance with Clause 21 and Schedule 9 of the Order being met, controls which will mitigate those risks and monitoring ongoing compliance.

Our Independence and Quality Management

We have complied with the independence and other requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)*, issued by the New Zealand Auditing and Assurance Standards Board which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibilities

Our responsibility is to express a limited assurance conclusion on whether the Bank's Capital Adequacy and Regulatory Liquidity Ratios Information is disclosed, in all material respects, in accordance with Schedule 9 of the Order. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Bank's Capital Adequacy and Regulatory Liquidity Ratios Information is not disclosed, in all material respects, in accordance with Schedule 9 of the Order.

In a limited assurance engagement the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with Schedule 9 of the Order is likely to arise.

Building a better working world

Given the circumstances of the engagement, in performing the procedures listed above we:

- Obtained an understanding of the Bank's compliance framework and internal control environment to meet the Capital Adequacy and Regulatory Liquidity Ratios Information requirements in accordance with the Reserve Bank of New Zealand's (RBNZ) prudential requirements for banks.
- Obtained an understanding of the processes, models, data and internal controls implemented over the preparation of the Capital Adequacy and Regulatory Liquidity Ratios Information.
- Agreed selected elements of the Capital Adequacy and Regulatory Liquidity Ratios Information to information extracted from the Bank's models, accounting records or other supporting documentation or, in relation to Clause 14 of Schedule 9 of the Order, publicly available information.
- Performed analytical and other procedures on the Capital Adequacy and Regulatory Liquidity Ratios Information disclosed in accordance with Schedule 9 and considered its consistency with the Financial Statements of the Bank.
- Obtained an understanding and assessed the impact of any matters of non-compliance, either advised to us or of which we otherwise became aware, with the RBNZ's prudential requirements for banks that relate to capital adequacy and regulatory liquidity ratios information and inspected relevant correspondence with RBNZ.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on compliance with Schedule 9 of the Order.

Ernst & Young provides financial statement and supplementary information audit and interim review services, and other assurance services to the Bank. Partners and employees of our firm may deal with the Bank on normal terms within the ordinary course of trading activities of the business of the Bank. We have no other relationship with, or interest in, the Bank.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with compliance requirements may occur and not be detected. A limited assurance engagement on the Bank's disclosure of Capital Adequacy and Regulatory Liquidity Ratios Information in the Disclosure Statement for the year ended 31 December 2024 or as at that date, as applicable, does not provide assurance on whether compliance will continue in the future.

Restrictions on Use of Report

This report has been prepared for the Bank's shareholder for the purpose of providing limited assurance that the Bank's Capital Adequacy and Regulatory Liquidity Ratios Information has complied with Schedule 9 of the Order. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's Shareholder for our limited assurance work, for this report, or for the conclusions we have formed. We acknowledge that our report will be included in the Bank's Disclosure Statement.

Ernst + Young

Chartered Accountants
Auckland
27 March 2025

Appendix 2 - Deed of Guarantee

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

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A Solicitor of the High Court of New Zealand

Nathan Edwin Hansen-Thorpe
Solicitor
Auckland

CONTENTS

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 of 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;

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"**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, statues 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 property 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
Solicitor
Auckland

Address

Occupation

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