Disclosure Statement

Industrial and Commercial Bank of China (New Zealand) Limited

Disclosure statement for the three month period ended 31 March 2014

Contents

This is the Disclosure Statement of the Industrial and Commercial Bank of China (New Zealand) Limited ("ICBC NZ") for the period ended 31 March 2014 in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (the "Order").

The financial statements of ICBC NZ for the three month period ended 31 March 2014 form part of and should be read in conjunction with this Disclosure Statement.

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

In this Disclosure Statement,

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

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

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

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

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

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

1. General Information

1.1 Name and address for service of the registered bank

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

Industrial and Commercial Bank of China (New Zealand) Limited

PWC Tower, Level 11, 188 Quay Street,

Auckland 1010, New Zealand

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

1.2 Details of ultimate parent bank and ultimate holding company

(a) Ultimate parent bank

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

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

There has been no change to the ultimate parent bank since 31 December 2013. There have been no changes to the name or address for service of the ultimate parent bank since 31 December 2013.

(b) Ultimate holding bank

ICBC is the ultimate holding company of the Bank.

There has been no change to the ultimate holding bank since 31 December 2013. There have been no changes to the name or address for service of the ultimate holding bank since 31 December 2013.

Shareholding in ICBC

As at 31 March 2014, 70.42% of total shares in ICBC are owned by the Chinese government. The remaining 29.58% of the shares in ICBC is held by public shareholding. ICBC shares are listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange. Further details concerning the shareholdings in ICBC are on the ICBC website: www.icbc.com.cn

Annual Report of ICBC

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

(c) Summary on restrictions of supporting the Bank

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

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

The Bank is a wholly-owned subsidiary of ICBC.

2. Subordination of Claims of Creditor

2.1 Priority of claims in the event of liquidation

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

3. Guarantees

3.1 Guarantee arrangements

As at the date of this disclosure statement, the obligations of the bank are guaranteed by ICBC.

A copy of the guarantee of the Bank's indebtedness given by ICBC is provided in the Bank's Disclosure Statement for the period ended 31 December 2013. A copy of the Disclosure Statement can be obtained from the Bank's website www.icbcnz.com.

3.2 Details of the guarantor (Parent)

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

The address for service of ICBC is:

55 FuXingMenNei Street,

Xicheng District, 100140,

Beijing,

People's Republic of China

As at 31 March 2014, the most recent publicly disclosed (unaudited) capital of ICBC was RMB 1,362,920 million (per first quarterly report financials – unaudited) (NZD 253,164 million), representing 13.22% of risk weighted exposure.

(b) Credit Rating

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

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

(c) Rating movement history

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

3.3 Details of the guaranteed obligations (Parent)

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

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

(ii) There are no material conditions applicable to the guarantee, other than non-performance by the Bank.

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

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

4. Directors

There have been no changes to the composition of the Bank's Board of Directors since 31 December 2013.

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

- Donald Thomas Brash, Chairman, Independent director
- Martin Philipsen, Independent Director
- John Dalzell, Independent Director
- Jun Jing, Executive Director

- Hongbin Liu, Non-executive Director

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

5. Auditor

The name and address of the auditor whose independent auditor's report is referred to in this disclosure statement is:

KPMG

KPMG Centre

18 Viaduct Harbour Avenue

Auckland 1140

New Zealand

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

These conditions of registration apply on and after 30 March 2014, except as provided otherwise.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—
    1) the Total capital ratio of the banking group is not less than 8%;
    2) the Tier 1 capital ratio of the banking group is not less than 6%;
    3) the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5%;
    4) the Total capital of the banking group is not less than $30 million; and
    5) the process in Subpart 2H of the Reserve Bank of New Zealand document: “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated September 2013 is followed for the recognition and repayment of capital.

For the purposes of this condition of registration, capital, the Total capital ratio, the Tier 1 capital ratio, and the Common Equity Tier 1 capital ratio must be calculated in accordance with the Reserve Bank of New Zealand document: “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated September 2013.

1A. That—

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

(b) under its ICAAP the bank identifies and measures its “other material risks” defined as all material risks of the banking group that are not explicitly captured in the calculation of the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio and the Total capital ratio under the requirements set out in the document "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated September 2013; and

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

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

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

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

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

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

For the purposes of this condition of registration,—

"buffer ratio", "distributions", and "earnings" have the same meaning as in Part 3 of the Reserve Bank of New Zealand document: "Capital Adequacy Framework (Standardised Approach)" (BS2A) dated September 2013.

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

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

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

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

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

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

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

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

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

For the purposes of this condition of registration,—

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

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

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

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

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

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated September 2013.

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; and
(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).

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 March 2011.

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

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

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

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

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

(a) the mandate of the committee must include: ensuring the integrity of the bank's financial controls, reporting systems and internal audit standards;
(b) the committee must have at least three members;
(c) every member of the committee must be a non-executive director of the bank;
(d) the majority of the members of the committee must be independent; and

(e) the chairperson of the committee must be independent and must not be the chairperson of the bank.

For the purposes of this condition of registration, “non-executive” and “independent” have the same meaning as in the Reserve Bank of New Zealand document entitled “Corporate Governance” (BS14) dated March 2011.

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

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

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

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

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

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

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

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

“SPV” means a person—
(a) to whom any member of the banking group has sold, assigned, or otherwise transferred any asset;

(b) who has granted, or may grant, a security interest in its assets for the benefit of any holder of any covered bond; and

(c) who carries on no other business except for that necessary or incidental to guarantee the obligations of any member of the banking group under a covered bond:

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

14. That—

(a) no member of the banking group may give effect to a qualifying acquisition or business combination that meets the notification threshold, and does not meet the non-objection threshold, unless:
(i) the bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and
(ii) at the time of notifying the Reserve Bank of the intended acquisition or business combination, the bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011; and

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

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

For the purposes of this condition of registration, "qualifying acquisition or business combination", "notification threshold" and "non-objection threshold" have the same meaning as in the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated December 2011.

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

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

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

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

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

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

(a) 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 5(1) of the Financial Reporting Act 2013 (unless paragraph (b) applies); or

(b) means Industrial and Commercial Bank of China (New Zealand) Limited's financial reporting group (as defined in section 2(1) of the Financial Reporting Act 1993):

"generally accepted accounting practice"—

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

(b) means generally accepted accounting practice within the meaning of section 3 of the Financial Reporting Act 1993 if the bank is required to prepare financial statements in accordance with that practice.

In conditions of registration 15 to 19,—

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

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

"loan-to-valuation measurement period" means—

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

7. Pending Proceedings or Arbitration

As at the date of this disclosure statement, there are no pending proceedings, whether in New Zealand or elsewhere, that may have a material adverse effect on the Registered Bank or any other member of the Banking Group.

8. Credit Ratings

ICBC NZ Rating Information

The credit rating of the Bank is as follows:

Rating Agency/Rating Results	Standard & Poor's Ratings Services
Long-term Foreign Currency Bank Deposits Rating	A (Strong Capacity to meet obligation but subject to adverse economic conditions)
Short-term Foreign Currency Bank Deposits Rating	A-1 (susceptible to adverse economic conditions but satisfactory capacity to meet obligations)
Outlook	Stable

Rating Information

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

Fitch IBCA, Inc	Standard & Poor's Corporation	Moody's Investors Service, Inc	Description of Rating[1,2]
AAA	AAA	Aaa	Ability to repay principal and interest is extremely strong. This is the highest investment category.
AA	AA	Aa	Very strong ability to repay principal and interest in a timely manner.
A	A	A	Strong ability to repay principal and interest although susceptible to adverse changes in economic, business or financial conditions.
BBB	BBB	Baa	Adequate ability to repay principal and

			interest. More vulnerable to adverse changes (lowest "investment grade").
BB	BB	Ba	Significant uncertainties exist which could affect the payment of principal and interest on a timely basis.
B	B	B	Greater vulnerability and greater likelihood of default.
CCC	CCC	Caa	Likelihood of default considered high Timely repayment of principal and interest depends on favourable financial conditions.
CC-C	CC – C	Ca-C	Highest risk of default.
RD to D	D	-	Obligation currently in default.

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

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

9. Other Material Matters

There are no other matters relating to the business or affairs of the Bank other than those contained in this disclosure statement that if disclosed would affect the decision of a person for debt securities of which the Bank is the issuer.

10. Directors' Statements

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

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

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

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

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

(a) The Registered Bank complied with all conditions of the registration;

(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 27 May 2014 and has been signed by Jun Jing as responsible person for and on behalf of all the Directors (by Directors' resolution):

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(Signature)
Jun Jing
Executive Director

10. Appendix 1 -- Financial Statements

Industrial and Commercial Bank of China (New Zealand) Limited

Financial Statements for the three month period ended 31 March 2014

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STATEMENT OF COMPREHENSIVE INCOME		Unaudited 31 March 2014 3 months	Audited 31 December 2013 3 months
For the three months ended 31 March 2014	**Notes Ref.**	**$'000**	**$'000**
Interest Income		428	462
Interest Expense		-	(1)
Net Interest Income		428	461
Net gains/(losses) on financial instruments at fair value through profit or loss		-	-
Other Income (including Fees and commission)	2	204	(4)
Total operating income		632	457
Operating expenses		(915)	(518)
Impairment losses on loans and advances	3	-	-
Net profit/(loss) before taxation		(283)	(61)
Taxation (expense)/ benefit			-
Net profit/(loss) for the period		(283)	(61)
Net change in available-for sale reserve (net of tax)		-	-
Net change in cash-flow hedge reserve (net of tax)		-	-
Foreign currency translation reserve		-	-
Total other comprehensive income		-	-
Total comprehensive income		(283)	(61)

The accompanying notes 1-19 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY	Notes Ref.	Share Capital $'000	Retained Earnings $'000	Total $'000
For the three months ended 31 March 2014 (unaudited)				
Balance at the beginning of the period		60,378	(187)	60,191
Profit/(loss) for the period		-	(283)	(283)
Total comprehensive income for the period		-	(283)	(283)
Balance at 31 March 2014		60,378	(470)	59,908
For the three months ended 31 December 2013 (audited)				
Balance at the beginning of the period		60,378	(126)	60,252
Profit/(loss) for the period		-	(61)	(61)
Total comprehensive income for the period		-	(61)	(61)
Balance at 31 December 2013		60,378	(187)	60,191

The accompanying notes 1-19 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION		**Unaudited**	**Audited**
		31 March 2014	**31 December 2013**
As at 31 March 2014	**Notes Ref.**	**$'000**	**$'000**
Assets			
Cash, cash equivalents and balances with central banks		5,916	1,630
Balances due from related parties	9	11,571	-
Due from banks and other financial institutions		38,000	56,475
Financial assets designated at fair value through profit or loss		-	-
Financial assets held for trading		-	-
Available-for-sale assets		-	-
Derivative Financial Assets		-	-
Reverse repurchase agreements		-	-
Loans and advances to customers	5	17,351	-
Property, plant and equipment		2,460	2,080
Intangible assets		10	11
Current taxation		-	-
Deferred tax assets		-	-
Other assets		484	800
Total assets		75,792	60,996
Liabilities			
Due to central banks, banks and other financial institutions		-	-
Balances due to related parties		-	-
Derivative Financial Liabilities		-	-
Reverse repurchase Agreements		-	-
Deposits and other borrowings	6	15,333	-
Certificates of Deposit		-	-
Debt securities issued	7	-	-
Deferred tax liabilities		-	-
Other liabilities		551	805
Total liabilities		15,884	805
Shareholder's equity			
Share capital		60,378	60,378
Reserves		(470)	(187)
Total shareholder's equity		59,908	60,191
Total shareholder's equity and liabilities		75,792	60,996
Total interest and discount bearing assets	10	72,987	58,254
Total interest and discount bearing liability		-	-

The accompanying notes 1-19 form an integral part of these financial statements.
These financial statements were approved by the directors on 27 May 2014 and are signed on their behalf by:

Jun Jing

Jun Jing
Executive Director

STATEMENT OF CASH FLOWS

For the three months ended 31 March 2014	Notes Ref.	Unaudited 31 March 2014 3 months $'000	Audited 31 December 2013 3 months $'000
Cash flows from operating activities			
Interest received		472	340
Fees and other income		205	-
Operating expenses paid		(1,032)	(359)
Interest paid		-	(1)
Taxes paid		-	-
Net cash flows from operating activities before changes in operating assets and liabilities		(355)	(20)
Net changes in operating assets and liabilities:			
(Increase)/decrease in financial assets held for trading		-	-
Decrease/(increase) in available-for-sale-assets		-	-
Decrease/(increase) in loans and advances		(17,351)	-
Decrease/(increase) in balances due from other financial institutions		18,475	(56,475)
Increase / (Decrease) in deposits and other borrowings		15,333	-
(Decrease)/increase in balances due to related parties		-	(347)
Increase/ (Decrease) in balances due to financial institutions		-	-
(Increase) / Decrease in other assets		(77)	(478)
Increase/(decrease) in other liabilities and provisions		-	678
Decrease/(increase) in balances due from related parties		(11,571)	-
Increase / (Decrease) in certificates of deposit		-	-
Net cash flows from operating activities		4,454	(56,642)
Cash flows from investing activities			
Purchase of property, plant and equipment		(168)	(2,092)
Purchase of intangible software assets		-	(11)
Purchase of customer relationships		-	-
Net cash flows from investing activities		(168)	(2,103)
Cash flows from financing activities			
Issue of shares		-	-
Capital injection from shareholders		-	-
Proceeds from term subordinated debt		-	-
Proceeds from related parties		-	-
Increase in debt securities issued		-	-
Dividends paid		-	-
Net cash flows from financing activities		-	-
(Decrease)/increase in cash and cash equivalents		4,286	(58,745)
Add opening cash and cash equivalents		1,630	60,379
Effect of exchange rate changes on cash and cash equivalents		-	(4)
Cash and cash equivalents		5,916	1,630

STATEMENT OF CASH FLOWS (Cont.)

For the three months ended 31 March 2014	Notes Ref.	Unaudited 31 March 2014 3 months $'000	Audited 31 December 2013 3 months $'000
Reconciliation of net profit after taxation to net cash-flows from operating activities			
Net profit/(loss) after taxation		(283)	(61)
Non cash movements:			
Unrealised fair value adjustments		-	-
Depreciation		135	37
Amortisation of intangibles		1	-
Amortisation of financial instruments		-	-
Increase in collective allowance for impairment losses		-	-
Increase in individual allowance for impairment losses		-	-
(Increase)/decrease in deferred expenditure		-	-
Unsecured lending losses		-	-
Unrealised foreign exchange loss/(gain)		-	4
(Increase)/decrease in deferred taxation		-	-
Interest expense on debt securities issued		-	-
Increase in operating assets and liabilities		136	41
(Increase)/decrease in interest receivable		-	(122)
Decrease/(increase) in payable accruals		-	146
Decrease/(increase) in loans and advances		(17,351)	-
Decrease/(increase) in balances due from other financial institutions		18,475	(56,475)
Increase/ (Decrease) in deposits and other borrowings		15,333	-
Increase / (Decrease) in balances due to other financial institutions		-	-
(Decrease)/increase in other liabilities		(254)	532
(Decrease)/increase in balances due to related parties		(11,571)	(347)
Increase / (Decrease) in current taxation		-	-
Decrease/(increase) in other assets		(31)	(356)
Decrease/(increase) in balances due from related parties		-	-
Net cash flows from operating activities		4,454	(56,642)

1 STATEMENT OF ACCOUNTING POLICIES

(1) Reporting Entity

The reporting entity is Industrial and Commercial Bank of China (New Zealand) Limited (the "Bank"). The Bank does not prepare group financial statements as the bank does not have any subsidiaries. The Bank is registered under the Companies Act 1993 and is incorporated in New Zealand. The Bank was incorporated on 13 March 2013. The financial statements are for the three months ended 31 March 2014. These financial statements have been prepared and presented in accordance with the Registered Bank Disclosure Statements (New Zealand) Incorporated Registered Banks Order 2014 (“the Order”).
They were approved for issue by the Directors on 27 May 2014. The address of the Bank's registered office is Level 11, 188 Quay Street, Auckland 1010, New Zealand. The bank provides its products and services to retail and wholesale/institutional customers.

(2) Basis of Preparation

These interim financial statements are for the Bank for the three months ended 31 March 2014. They have also been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, as appropriate for profit oriented entities, and the New Zealand Equivalent to International Accounting Standards (NZ IAS) 34 Interim Financial Reporting (NZ IAS 34) and the Order, and should be read in conjunction with the Bank’s financial statements for the year ended 31 December 2013.

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

(3) Presentation Currency

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

(4) Changes in accounting policies
The same accounting policies and methods of computation have been followed in preparing these financial statements as were used in preparing the Disclosure Statement for the period ended 31 December 2013.

(5) Comparative Financial Statements
Given that these are the first March quarterly financial statements of the bank, there are no comparative figures for prior year, and the comparative figures used are those for the audited 3 months period ended 31 December 2013.

2 OTHER INCOME

Other Income	Unaudited 31 March 2014 3 months $'000	Audited 31 December 2013 3 months $'000
Banking and lending fee income	203	-
Net commissions revenue	-	-
Payment services fee income	-	-
Bad debts recovered	-	-
Net foreign exchange gains and commissions	-	(4)
Gain on sale of property, plant and equipment	-	-
Other revenue	1	-
Total Other Income	204	(4)

3 IMPAIRMENT ALLOWANCE

Unaudited – 31 March 2014

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

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

3 IMPAIRMENT ALLOWANCE continued

Audited 31 December 2013

	Other exposures excluding sovereigns and central banks	Retail Mortgage Lending	Corporate and institutional	Total as at 31 December 2013
Individually impaired assets	**$'000**	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	-	-	-	-
Charge to statement of comprehensive income in current year	-	-	-	-
Bad debts written off	-	-	-	-
Balance as at 31 December 2013	-	-	-	-

	Other exposures excluding sovereigns and central banks	Retail Mortgage Lending	Corporate and institutional	Total as at 31 December 2013
Collective allowance for impairment losses	**$'000**	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	-	-	-	-
Charge to statement of comprehensive income in current year	-	-	-	-
Advances written off	-	-	-	-
Balance as at 31 December 2013	-	-	-	-

4 TAXATION

During the 3 months ended 31 March 2014 there were no changes in the effective income tax rate.

5 LOANS AND ADVANCES TO CUSTOMERS

	Unaudited 31 March 2014	Audited 31 December 2013
	$'000	**$'000**
Residential mortgage loans	-	-
Corporate exposures	11,300	-
Syndicated Loans	6,051	-
Retail Loans	-	-
Other exposures	-	-
Allowance for impairment losses	-	-
Total net loans and receivables	17,351	-
Current	11,300	-
Non-Current	6,051	-

6 DEPOSITS AND OTHER BORROWINGS

	Unaudited 31 March 2014 $'000	Audited 31 December 2013 $'000
Retail deposits	25	-
Wholesale deposits	15,308	-
Other	-	-
Total deposits	**15,333**	-
New Zealand	15,333	-
Overseas	-	-
Current	15,333	-
Non-Current	-	-

7 DEBT SECURITIES ISSUED

	Unaudited 31 March 2014 $'000	Audited 31 December 2013 $'000
Certificates of deposit (CDs)	-	-
Other debt securities	-	-
Total debt securities issued	-	-
Current	-	-
Non-Current	-	-

8 ASSET QUALITY

Unaudited 31 March 2014	Other exposures excluding sovereigns and central banks	Residential mortgage loans	Corporate exposures	Total
	$'000	$'000	$'000	$'000
Total neither past due nor impaired	6,051	-	11,300	17,351
Past due assets not impaired				
Less than 90 days past due	-	-	-	-
At least 90 days past due	-	-	-	-
Total past due assets not impaired	-	-	-	-
Total individually impaired assets	-	-	-	-
Total gross loans and advances	-	-	-	-
Individually assessed provisions				
Balance at beginning of the year	-	-	-	-
Charged/(credit) to the statement of comprehensive income:				
New provisions	-	-	-	-
Amounts recovered	-	-	-	-
Reversals of previously recognised impairment losses	-	-	-	-
Amounts written off	-	-	-	-
Balance at end of the period	-	-	-	-
Collectively assessed provisions				
Balance at beginning of the year	-	-	-	-
Charged (credit) to the statement of comprehensive income	-	-	-	-
Balance at end of the period	-	-	-	-
Total provisions for impairment losses	-	-	-	-
Total net loans and advances	-	-	-	-

8 ASSET QUALITY continued

Audited 31 December 2013	**Other exposures excluding sovereigns and central banks**	**Residential mortgage loans**	**Corporate exposures**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Neither past due nor impaired				
Total neither past due nor impaired	-	-	-	-
Past due assets not impaired				
Less than 90 days past due	-	-	-	-
At least 90 days past due	-	-	-	-
Total past due assets not impaired	-	-	-	-
Individually impaired assets				
Balance at beginning of the year	-	-	-	-
Additions	-	-	-	-
Amounts written off	-	-	-	-
Deletions	-	-	-	-
Total individually impaired assets	-	-	-	-
Total gross loans and advances	--	-	-	-
Individually assessed provisions				
Balance at beginning of the year	-	-	-	-
Charged/(credit) to the statement of comprehensive income:				
New provisions	-	-	-	-
Amounts recovered	-	-	-	-
Reversals of previously recognised impairment losses	-	-	-	-
Amounts written off	-	-	-	-
Balance at end of the year	-	-	-	-
Collectively assessed provisions				
Balance at beginning of the year	-	-	-	-
Charged (credit) to the statement of comprehensive income	-	-	-	-
Balance at end of the year	-	-	-	-
Total provisions for impairment losses	-	-	-	-
Total net loans and advances	-	-	-	-

The weighted average number of days past due for these assets is nil. Of the total amount recorded as loans and advances at nil, 0% is owed by the largest debtors.

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 March 2014. Therefore, the Bank does not have any such collateral sold or re-pledged.

Undrawn balances on lending commitments to counterparties within the impaired asset category were nil as at 31 March 2014.

There has been no interest revenue foregone on restructured, individually impaired or greater than 90 days past due assets during the period ended 31 March 2014.

9 TRANSACTIONS WITH RELATED PARTIES

A. Setup Cost of ICBC NZ

ICBC incurred various costs in Appraisal for period up to 1 October 2013 and setting up the bank in New Zealand during the period ended 31 March 2014. The total costs for set up in the current quarter were $365,645 (31 December 2013:$667,081). These expenses are considered expenses borne by and paid for ICBC. The ultimate parent bank has expressed that it will not seek repayment of these setup expenses from ICBC NZ in the future and hence, these expenses are not included for ICBC NZ's financial reporting purposes for the period ended 31 March 2014. This amount has been confirmed by the ultimate parent bank to be non-refundable and non-repayable under any circumstances by ICBC NZ.

B. Guarantees

The Company'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 China Banking Regulatory Commission (CBRC) under their respective rules and guidelines. ICBC is not a New Zealand registered bank and is not subject to regulatory oversight by the Reserve Bank of New Zealand.

As at 31 March 2014, 70.42% of total shares in ICBC are owned by the Chinese government. The remaining 29.58% of the shares in ICBC are held by public shareholding. ICBC shares are listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange.

The obligations of the Bank are guaranteed by ICBC. There are no legislative, regulatory or other restrictions of a legally enforceable nature in China (ICBC's country of incorporation) that may materially inhibit the legal ability of ICBC to provide material financial support to the Bank. As at 31 March 2014, all the obligations of the Bank are guaranteed by ICBC.

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

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

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) There are no material conditions applicable to the guarantee, other than non-performance by the Bank.

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

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

The Bank has one significant related party transaction, a trade related facility of $11,553,000, with repayment undertaken by ICBC group.

9 TRANSACTIONS WITH RELATED PARTIES continued

	Unaudited 31 March 2014 $'000	Audited 31 December 2013 $'000
Cash held with related parties	18	-
Amounts due from related parties	11,553	-
Total balances due from related parties	11,571	-
Current	11,571	-
Non-Current	-	-

Amounts due to related parties	-	-
Total balances due to related parties	-	-
Current	-	-
Non-Current	-	-

10 CONCENTRATION OF CREDIT RISK

The following table breaks down the Bank's main credit exposures at their carrying amounts, as categorised by the industry sectors of its counterparties. Industry analysis as at balance date is as follows. For further details on how credit risk is managed and for On Balance Sheet and Off Balance Sheet credit exposure details, refer to note 17.

	Unaudited 31 March 2014 $'000	Audited 31 December 2013 $'000
New Zealand		
Government	-	-
Finance (including banks)	43,916	58,105
Households	-	-
Transport and storage	-	-
Communications	6,051	-
Electricity, gas and water	-	-
Construction	-	-
Property services	149	149
Agriculture	11,300	-
Health and community services	-	-
Personal and other services	-	-
Retail and wholesale trade	-	-
Food and other manufacturing	-	-
Overseas		
Finance, investment and insurance (including ICBC)	11,571	-
Total financial assets (interest earning)	72,987	58,254
Less allowance for impairment losses	-	-
Other financial assets	58	222
Total net financial assets	73,045	58,476

10 CONCENTRATION OF CREDIT RISK continued

An analysis of financial assets (interest earning) by geographical sector at balance date is as follows

	Unaudited 31 March 2014 $'000	Audited 31 December 2013 $'000
New Zealand		
North Island	61,416	58,254
South Island	-	-
Overseas		
China	11,571	-
USA	-	-
Singapore	-	-
Hong Kong	-	-
Australia	-	-
Total financial assets (interest earning)	72,987	58,254

Maximum Exposure to Credit Risk - On and Off Balance Sheet

	Unaudited 31 March 2014 $'000	Audited 31 December 2013 $'000
Cash and cash equivalents	-	-
Available-for-sale assets	-	-
Financial assets held for trading	-	-
Loans and advances	17,351	-
Due from other financial institutions	-	-
Derivative financial instruments	-	-
Tax Receivable	-	-
Trade and Other Receivables	-	-
Investment in Subsidiary	-	-
Other financial assets	207	249
On Balance Sheet Credit Exposures (excluding credit exposure to connected parties and bank with long-term credit rating of A- or A3 or above)	17,558	249
Cash and cash equivalents	5,916	1,630
Available-for-sale assets	-	-
Financial assets held for trading	-	-
Loans and advances	-	-
Balances with related parties	11,571	-
Due from other financial institutions	38,000	56,597
Derivative financial instruments	-	-
Tax Receivable	-	-
Trade and Other Receivables	-	-
Investment in Subsidiary	-	-
Other financial assets	-	-
Total on Balance Sheet Credit Exposures	73,045	58,476
Off Balance Sheet Exposures	-	-
Total Off Balance Sheet Credit Exposures	-	-

10 CONCENTRATION OF CREDIT RISK continued

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

0% of the Banking Group's mortgage portfolio is owner occupied residential properties.

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

(i) Credit exposure to individual counterparties

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

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

	Unaudited During the period ended 31 March 2014		Audited During the period ended 31 December 2013	
PEAK END OF DAY CREDIT EXPOSURES:	**Number of Counterparties**		**Number of Counterparties**	
Percentage of Bank's shareholders' Equity	**BANK**	**OTHER**	**BANK**	**OTHER**
10% - 14%	-	1	-	-
15% - 19%	-	1	-	-
20% - 24%	-	-	-	-
25% - 29%	-	-	-	-
30% - 35%	-	-	-	-

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

	Unaudited During the period ended 31 March 2014		Audited During the period ended 31 December 2013	
AS AT REPORTING DATE:	**Number of Counterparties**		**Number of Counterparties**	
Percentage of Bank's shareholders' Equity	**BANK**	**OTHER**	**BANK**	**OTHER**
10% - 14%	-	1	-	-
15% - 19%	-	1	-	-
20% - 24%	-	-	-	-
25% - 29%	-	-	-	-
30% - 35%	-	-	-	-

Individual counterparties in the "Bank" category exclude credit exposures to any bank with a Standard & Poor's investment grade rating of A- or short-term investment grade rating of A3 or above, or its equivalent.

Individual counterparties in the "Other" category include non-banks that do not have a long-term credit rating.

These calculations relate only to exposures held in the financial records of the Bank and were calculated net of individually assessed provisions.

10 CONCENTRATION OF CREDIT RISK 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 have 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% which applies to non-bank connected persons. The aggregate credit exposures below have been calculated on a gross basis, net of individual credit impairment allowances and exclude advances to connected persons of a capital nature. There are no individual impairment credit allowances against credit exposures to connected persons nor are there any contingent exposures arising from risk lay-off arrangements to connected persons as at 31 March 2014.

	Unaudited During the period ended 31 March 2014	**Audited During the period ended 31 December 2013**
PEAK END OF DAY CREDIT EXPOSURES:	**$'000**	**$'000**
Credit exposures to connected persons	11,553	-
As a percentage of Tier One Capital of the Bank	19.3%	-

	Unaudited During the period ended 31 March 2014	**Audited During the period ended 31 December 2013**
AS AT REPORTING DATE:	**$'000**	**$'000**
Credit exposures to non-bank connected persons	-	-
As a percentage of Tier One Capital of the Bank	-	-

The limits on aggregate credit exposure to all connected persons and to non-bank connected persons in the Bank's conditions of registration have been complied with at all times during the period ended 31 March 2014.

11 CONTINGENT LIABILITIES

	Unaudited 31 March 2014	**Audited 31 December 2013**
	$'000	**$'000**
Performance/financial guarantees issued on behalf of customers	-	-
Total contingent liabilities	-	-
Undrawn Commitments	-	-

As at 31 March 2014 there are no financial assets that have been pledged as collateral for liabilities or contingent liabilities.

12 SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

There were no subsequent events after the 3 months ended 31 March 2014 and prior to 27 May 2014 which would materially affect the financial statements.

13 UNUSUAL TRANSACTIONS

There were no unusual transactions after the 3 months ended 31 March 2014 and prior to 27 May 2014 which would materially affect the financial statements.

14 DIVIDEND

During the 3 months ended 31 March 2014 the Bank has not paid any dividends to its shareholders (prior year: nil).

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Unaudited 31 March 2014	**Carrying amount**	**Estimated Fair Value**
	$'000	**$'000**
Financial assets		
Cash and cash equivalents	5,916	5,916
Due from other financial institutions	38,000	38,000
Financial assets at fair value through profit or loss	-	-
Available-for-sale assets	-	-
Loans and advances	17,351	17,351
Balances with related parties	11,571	11,571
Other financial assets	207	207
Total financial assets	73,045	73,045
Financial liabilities		
Due to other financial institutions	-	-
Financial liabilities at fair value through profit or loss	-	-
Deposits and other borrowings	15,333	15,333
Debt securities issued	-	-
Term subordinated debt	-	-
Due to related parties	-	-
Other financial liabilities	487	487
Total financial liabilities	15,820	15,820

15 FAIR VALUE OF FINANCIAL INSTRUMENTS continued

Audited 31 December 2013	**Carrying amount**	**Estimated Fair Value**
	$'000	**$'000**
Financial assets		
Cash and cash equivalents	1,630	1,630
Due from other financial institutions	56,475	56,475
Financial assets at fair value through profit or loss	-	-
Available-for-sale assets	-	-
Loans and advances	-	-
Balances with related parties	-	-
Other financial assets	371	371
Total financial assets	58,476	58,476
Financial liabilities		
Due to other financial institutions	-	-
Financial liabilities at fair value through profit or loss	-	-
Deposits and other borrowings	-	-
Debt securities issued	-	-
Term subordinated debt	-	-
Due to related parties	-	-
Other financial liabilities	805	805
Total financial liabilities	805	805

Fair value Assumptions

(i) Cash and Cash Equivalents, Available for sale securities, Balances with related parties are either fair valued or approximate fair values on the Balance sheet. The fair value for instruments at amortised cost is determined by using discounted cash flow models incorporating market observable data for similar instruments. The fair value of Available For Sale Securities and other financial assets is also determined using discounted cash flow models incorporating market observable data for similar instruments. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on applicable yield curves derived from quoted interest rates. Interest rate options are valued using option pricing models.

(ii) The fair value of financial instruments is calculated using discounted cash flow models incorporating market observable data for similar assets or liabilities. List the key inputs used (eg: yield curves etc).

(iii) Securities are valued at the quoted prices in active markets for similar assets.

(iv) The fair value of loans and advances is based on interest rate repricing and maturity of the financial asset

(v) The fair value of all financial liabilities is based on the interest rate repricing and maturity of the instruments.

Fair Value Measurements Recognised in the Balance Sheet

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

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

15 FAIR VALUE OF FINANCIAL INSTRUMENTS continued

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

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

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

Audited 31 December 2013	**Cash and cash equivalents**	**Financial assets at fair value through profit or loss**	**Other financial assets**	**Debt securities issued**	**Deposits and other borrowings**	**Financial Liabilities at fair value through profit or loss**	**FX contracts**	**Interest rate swaps**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Level 1	-	-	-	-	-	-	-	-	-
Level 2	-	-	-	-	-	-	-	-	-
Level 3	-	-	-	-	-	-	-	-	-
Total Amount	-	-	-	-	-	-	-	-	-

16 LIQUIDITY RISK

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

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

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

16 LIQUIDITY RISK continued

Unaudited 31 March 2014	On Demand	Up to 3 months	3 to 12 months	Between 1 & 5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalents	5,916	-	-	-	-	5,916
Due from other financial institutions	-	38,000	-	-	-	38,000
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	-	-	11,300	6,051	-	17,351
Due from related parties	18	11,553	-	-	-	11,571
Other financial assets	-	58			149	207
Total financial assets	5,934	49,611	11,300	6,051	149	73,045
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Deposits and other borrowings		15,333	-	-	-	15,333
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties		-	-	-	-	-
Other financial liabilities	138	-	349	-	-	487
Total financial liabilities	138	15,333	349	-	-	15,820
Net non derivative cash flows	5,796	34,278	10,951	6,051	149	57,225
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Off balance sheet cash flows						
Financial guarantees	-	-	-	-	-	-
Total	-	-	-	-	-	-
Net cash flows	5,796	34,278	10,951	6,051	149	57,225

16 LIQUIDITY RISK continued

Audited 31 December 2013	On Demand	Up to 3 months	3 to 12 months	Between 1 & 5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalents	1,630	-	-	-	-	1,630
Due from other financial institutions	-	56,475	-	-	-	56,475
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Available-for-sale assets	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-
Due from related parties	-	-	-	-	-	-
Other financial assets	-	222	-	-	149	371
Total financial assets	1,630	56,697	-	-	149	58,476
Financial liabilities						
Due to other financial institutions	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Deposits and other borrowings	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-
Term subordinated debt	-	-	-	-	-	-
Due to related parties	-	-	-	-	-	-
Other financial liabilities	202	603	-	-	-	805
Total financial liabilities	202	603	-	-	-	805
Net non derivative cash flows	1,428	56,094	-	-	149	57,671
Derivative cash flows						
Interest rate derivatives	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Off balance sheet cash flows						
Financial guarantees	-	-	-	-	-	-
Total	-	-	-	-	-	-
Net cash flows	1,428	56,094	-	-	149	57,671

17 CAPITAL ADEQUACY

A. Issued Capital

The Bank had 60,377,729 fully paid up ordinary shares (tier one capital) issued at NZ $1 per share as at 31 March 2014.

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;

17 CAPITAL ADEQUACY continued

- a proportionate share in dividends authorised by the Board; and
- a proportionate share in the distribution of the surplus assets of the Bank.

B. Other classes of capital instrument

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

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

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

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

The capital adequacy tables set out below summarise the composition of regulatory capital and capital adequacy ratios for the period ended 31 March 2014 since 31 December 2013. 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 have therefore not allocated any capital to cover them.

C. Tier one and two Capital

	Unaudited 31 March 2014 $'000	**Audited 31 December 2013 $'000**
Tier one capital		
Common Equity Tier one capital		
Issued and fully paid up share capital	60,378	60,378
Retained earnings	(470)	(187)
Accumulated other comprehensive income and other disclosed reserves	-	-
Interest from issue of ordinary shares	-	-
Less:	-	-
Regulatory adjustments	-	-
Deferred tax assets	-	-
Total common equity tier one capital	59,908	60,191
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	59,908	60,191
Tier two capital		
Instruments issued by bank	-	-
Share premium from issue of instruments	-	-
Revaluation reserves	-	-
Foreign currency translation reserves	-	-
Less: Regulatory adjustments	-	-
Total tier two capital	-	-
Total capital	59,908	60,191

17 CAPITAL ADEQUACY continued

D. Credit Risk

Unaudited 31 March 2014	**Total exposure after credit risk mitigation**	**Risk weight**	**Risk weighted exposure**	**Minimum Pillar 1 capital requirement**
Calculation of on-balance-sheet exposures	**$'000**	**%**	**$'000**	**$'000**
Cash and gold bullion	-	-	-	-
Sovereigns and central banks	-	-	-	-
Multilateral development banks and other international organisation	-	-	-	-
Public sector entities	-	-	-	-
Banks rating grade 1	43,974	20%	8,795	704
Banks rating grade 2	11,571	20%	2,314	185
Corporate-unsecured	6,051	100%	6,051	484
Corporate-secured	11,300	20%	2,260	181
Residential mortgages not past due -LVR up to 80%.	-	-	-	-
Residential mortgages not past due -LVR >80% but up to 90%	-	-	-	-
Past due residential mortgages	-	-	-	-
Other past due assets	-	-	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	-	-	-
All other equity holdings (not deducted from capital)	-	-	-	-
Non Risk Weighted Assets	-	-	-	-
Other assets	2,896	100%	2,896	232
Total on balance sheet exposures after credit risk mitigation	75,792	-	22,316	1,786

Unaudited 31 March 2014	**Total exposure after credit risk mitigation**	**Risk weight**	**Risk weighted exposure**	**Minimum Pillar 1 capital requirement**
Calculation of off-balance-sheet exposures	**$'000**	**%**	**$'000**	**$'000**
Direct credit substitute	-	-	-	-
Asset sale with recourse	-	-	-	-
Forward asset purchase	-	-	-	-
Commitment with certain drawdown	-	-	-	-
Note issuance facility	-	-	-	-
Revolving underwriting facility	-	-	-	-
Performance-related contingency	-	-	-	-
Trade-related contingency	-	-	-	-
Placements of forward deposits	-	-	-	-
Other commitments where original maturity is more than one year	-	-	-	-
Other commitments where original maturity is less than or equal to one year	-	-	-	-
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	-	-	-
Market related contracts				
(a) Foreign exchange contracts	-	-	-	-
(b) Interest rate contracts	-	-	-	-
(c) Other - OTC, etc	-	-	-	-
Total off-balance sheet exposures	-	-	-	-

17 CAPITAL ADEQUACY continued

Audited 31 December 2013 **Calculation of on-balance-sheet exposures**	**Total exposure after credit risk mitigation** **$'000**	**Risk weight** **%**	**Risk weighted exposure** **$'000**	**Minimum Pillar 1 capital requirement** **$'000**
Cash and gold bullion	-	-	-	-
Sovereigns and central banks	-	-	-	-
Multilateral development banks and other international organisation	-	-	-	-
Public sector entities	-	-	-	-
Banks rating grade 1	58,227	20%	11,645	932
Banks rating grade 2	-	-	-	-
Corporate	249	100%	249	20
Residential mortgages not past due -LVR up to 80%.	-	-	-	-
Residential mortgages not past due -LVR >80% but up to 90%	-	-	-	-
Past due residential mortgages	-	-	-	-
Other past due assets	-	-	-	-
Equity holdings (not deducted from capital) that are publicly traded	-	-	-	-
All other equity holdings (not deducted from capital)	-	-	-	-
Non Risk Weighted Assets	-	-	-	-
Other assets	2,520	100%	2,520	202
Total on balance sheet exposures after credit risk mitigation	60,996	-	14,414	1,153

Audited 31 December 2013 **Calculation of off-balance-sheet exposures**	**Total exposure after credit risk mitigation** **$'000**	**Risk weight** **%**	**Risk weighted exposure** **$'000**	**Minimum Pillar 1 capital requirement** **$'000**
Direct credit substitute	-	-	-	-
Asset sale with recourse	-	-	-	-
Forward asset purchase	-	-	-	-
Commitment with certain drawdown	-	-	-	-
Note issuance facility	-	-	-	-
Revolving underwriting facility	-	-	-	-
Performance-related contingency	-	-	-	-
Trade-related contingency	-	-	-	-
Placements of forward deposits	-	-	-	-
Other commitments where original maturity is more than one year	-	-	-	-
Other commitments where original maturity is less than or equal to one year	-	-	-	-
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	-	-	-	-
Market related contracts				
(a) Foreign exchange contracts	-	-	-	-
(b) Interest rate contracts	-	-	-	-
(c) Other - OTC, etc	-	-	-	-
Total off-balance sheet exposures	-	-	-	-

17 CAPITAL ADEQUACY continued

E. Residential mortgages by loan-to-valuation ratio

Unaudited 31 March 2014	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Loan-to-valuation ratio				
Value of exposures	-	-	-	-

Audited 31 December 2013	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Loan-to-valuation ratio				
Value of exposures	-	-	-	-

F. Reconciliation of residential mortgage-related amounts

	Unaudited 31 March 2014 $'000	Audited 31 December 2013 $'000
Residential mortgage loans (as disclosed in Note 13)	-	-
Residential mortgages by loan-to-valuation ratio	-	-

G. Credit risk mitigation

Unaudited 31 March 2014	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives
Exposure Class	$'000	$'000
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	11,300	-
Residential mortgage	-	-
Other	-	-
Total	11,300	-

Audited 31 December 2013	Total value of on-and-off-balance sheet exposures covered by eligible collateral (after haircutting)	Total value of on-and-off-balance sheet exposures covered by guarantees or credit derivatives
Exposure Class	$'000	$'000
Sovereign or central bank	-	-
Multilateral development bank	-	-
Public sector entities	-	-
Bank	-	-
Corporate	-	-
Residential mortgage	-	-
Other	-	-
Total	-	-

17 CAPITAL ADEQUACY continued

H. Operational risk capital requirement

Unaudited 31 March 2014	Implied risk weighted exposure	Total operational risk capital requirement
	$'000	$'000
Operational risk	-	-

Audited 31 December 2013	Implied risk weighted exposure	Total operational risk capital requirement
	$'000	$'000
Operational risk	-	-

I. Market risk

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

	End-period capital charges		Peak end-of-day capital charges	
Unaudited 31 March 2014	Implied risk weighted exposure	Aggregate capital charge	Implied risk weighted exposure	Aggregate capital charge
	$'000	$'000	$'000	$'000
Interest rate risk	3,063	245	3,275	262
Foreign currency risk	31	2	207	17
Equity risk	-	-	-	-
Total capital requirements	3,094	247	3,482	279

Unaudited 31 March 2014	Total exposure after credit risk mitigation	Risk weighted exposure or implied risk weighted exposure	Capital Requirement
	$'000	$'000	$'000
Total credit risk + equity	75,792	22,316	1,786
Operational risk	-	-	-
Market risk	-	3,094	247
Total	75,792	25,410	2,033

Capital Ratios

Unaudited 31 March 2014	Common Equity Tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
	%	%	%
Ratio	235.77%	235.77%	235.77%
Minimum ratio requirement	4.50%	6%	8%

17 CAPITAL ADEQUACY continued

Buffer ratios

Unaudited 31 March 2014	**Total Buffer Ratio**
	%
Buffer ratio	227.77%
Buffer ratio requirement effective from 1 January 2014	2.50%

	End-period capital charges		**Peak end-of-day capital charges**	
Audited 31 December 2013	**Implied risk weighted exposure**	**Aggregate capital charge**	**Implied risk weighted exposure**	**Aggregate capital charge**
	$'000	**$'000**	**$'000**	**$'000**
Interest rate risk	800	64	2,250	180
Foreign currency risk	32	3	80	6
Equity risk	-	-	-	-
Total capital requirements	832	67	2,330	186

Audited 31 December 2013	**Total exposure after credit risk mitigation**	**Risk weighted exposure or implied risk weighted exposure**	**Capital Requirement**
	$'000	**$'000**	**$'000**
Total credit risk + equity	60,996	14,414	1,153
Operational risk	-	-	-
Market risk	-	832	67
Total	60,996	15,246	1,220

Capital Ratios

Audited 31 December 2013	**Common Equity Tier 1 capital ratio**	**Tier 1 capital ratio**	**Total capital ratio**
	%	**%**	**%**
Ratio	394.79%	394.79%	394.79%
Minimum ratio requirement	4.50%	6%	8%

Buffer ratios

Audited 31 December 2013	**Total Buffer Ratio**
	%
Buffer ratio	394.79%
Buffer ratio requirement effective from 1 January 2014	2.50%

K. Capital adequacy of Ultimate Parent Bank

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

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

As latest available data at 31 March 2014, ICBC's Tier One Capital was 10.88% of Total Risk-weighted Assets and Total Capital was 13.22% of Total Risk-weighted Assets (at 31 December 2013: Tier One Capital was 10.57% of Total Risk-weighted Assets and Total Capital was 13.36% of Total Risk-weighted Assets). ICBC's capital ratios during the period ended 31 March 2014 and year ended 31 December 2013 exceeded both of the CBRC's minimum capital adequacy requirements.

18 RISK MANAGEMENT POLICIES

There have been no material changes to the risk management policies, and no new categories of risk to which the Bank has become exposed since 31 December 2013.

19 FIDUCIARY ACTIVITIES

As at balance date the Bank is not involved in:

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