China Construction Bank (New Zealand) Limited

Disclosure Statement

for the eight months ended

30 September 2014

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1. GENERAL INFORMATION AND DEFINITIONS

This is the second Disclosure Statement of China Construction Bank (New Zealand) Limited (the "Bank" and or "CCB NZ") and is for the eight month period from the date of incorporation, 30 January 2014, to 30 September 2014. Certain information contained in this Disclosure Statement is required by section 81 of the Reserve Bank of New Zealand Act 1989 ("Reserve Bank Act") and the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (the "Order").

In this Disclosure Statement:

- "Banking 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; and
- the "Ultimate Parent Bank" and "CCB" mean China Construction Bank Corporation;

All amounts referred to in this Disclosure Statement are in New Zealand dollars unless otherwise stated.

Disclosure Statements of the Bank are available, free of charge, at the internet address http://www.ccb.com/cn/personal/overseasoffice/20140603_1401784644.html. A printed copy will also be made available, free of charge, upon request and will be dispatched by the end of the second working day after the day on which the request is made.

2. GENERAL MATTERS

2.1 Registered Bank

CCB New Zealand Limited was incorporated under the Companies Act 1993 (Company Number 4929019) on 30 January 2014. It became a registered bank on 15 July 2014 and changed its name to China Construction Bank (New Zealand) Limited (the "Bank").

The Bank's registered office and address for service is Vero Centre, 48 Shortland Street, Auckland 1010, New Zealand. The Bank's website address is http://www.ccb.com/cn/personal/overseasoffice/20140603_1401784644.html

The Bank is a wholly-owned subsidiary of China Construction Bank Corporation ("CCB") which is the Bank's ultimate parent bank (the "Ultimate Parent Bank") and ultimate holding company. CCB is incorporated in China and is subject to regulatory oversight by the China Banking Regulatory Commission (the "CBRC") and the Government of the People's Republic of China (China). The address for service of CCB is 25 Financial Street, Xicheng District, Beijing 100033, People's Republic of China.

At 30 September 2014, the Ultimate Parent Bank has a direct qualifying interest in 100% of the voting securities of the Bank. In addition, the Ultimate Parent Bank is able to directly appoint up to 100% of the Board of Directors of the Bank. All appointments to the Board must be approved by the Reserve Bank (refer to the Bank's conditions of registration of this Disclosure Statement for details of the Reserve Bank's approval process).

2.2 Limits on material financial support by the Ultimate Parent Bank

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

3. DIRECTORATE

3.1 Directors

The Directors of the Bank at the date when this Disclosure Statement was signed were Jenny Shipley, John Shewan, Qixin Wang and Xu Changning. There have been no changes in Directors since 15 July 2014, the date of the first disclosure statement.

3.2 Responsible person

All the Directors named above have authorised in writing Mr Xu Changning (Executive Director) to sign this Disclosure Statement on their behalf in accordance with section 82 of the Reserve Bank Act.

3.3 Address for communications

All communications may be sent to the Directors and the Responsible Person at the registered office of the Bank, PO Box 305, Shortland Street, Auckland 1140, New Zealand.

4. INTERESTED TRANSACTIONS

There have been no transactions entered into by any Director, or any immediate relative or close business associate of any Director, with the Bank:

(a) on terms other than on those which would, in the ordinary course of business of the Bank, be given to any other person of like circumstances or means; or
(b) which could otherwise be reasonably likely to materially influence the exercise of that Director's duties.

5. CREDIT RATINGS

5.1 The Bank's credit ratings

The Bank has the following credit ratings as at the date the Directors signed this Disclosure Statement.

	Standard & Poor's Ratings Services
Long-term counterparty credit rating	A
Short-term counterparty credit rating	A-1
Outlook	Stable

There have been no changes to the above credit ratings or rating outlook since the ratings were obtained on 15 July 2014.

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.

6. GUARANTEE ARRANGEMENTS

6.1 Details of guaranteed obligations

As at the date of this Disclosure Statement, under the terms of the Deed of Guarantee ("the Guarantee") obligations of the Bank are guaranteed by CCB, the Ultimate Parent Bank.

Under the Guarantee:

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

(b) There are no material conditions applicable to the Guarantee other than non-performance by the Bank.

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

(d) The Guarantee does not have an expiry date.

6.2 Details of the guarantor

The guarantor is CCB, which is not a member of the Banking Group. The address for service of the guarantor is 25 Financial Street, Xicheng District, Beijing 100033, People's Republic of China.

As disclosed in CCB's reviewed half-year results for the period ended 30 June 2014, CCB's total capital for capital adequacy purposes was RMB 1,404,637 million (NZD $257,382 million) and its total capital ratio was 13.89%, both as at 30 June 2014. The capital ratio is calculated in accordance with *the Measures for Capital Management of Commercial Banks (Trial)* issued by the CBRC.

CCB has the following credit ratings applicable to its long-term senior unsecured obligations payable in RMB as at the date the Directors signed this Disclosure Statement:

Rating agency	Current credit rating	Rating outlook
Standard & Poor's Ratings Services	A	Stable
Moody's Investors Service	A1	Stable
Fitch Ratings	A	Stable

There have been no changes to any of the above CCB credit ratings or rating outlooks in the two years prior to 30 September 2014.

7. PENDING PROCEEDINGS OR ARBITRATION

There are no pending legal proceedings or arbitration at the date of this Disclosure Statement involving the Bank, whether in New Zealand or elsewhere, that may have a material adverse effect on the Bank.

8. CONDITIONS OF REGISTRATION

The Bank was registered on 15 July 2014 and therefore conditions of registration apply on or after that date, except as provided otherwise.

The Bank has complied with all conditions of registration over the accounting period.

A copy of the full conditions of registration effective on and after 15 July 2014 can be found in Appendix 2.

9. OTHER MATERIAL MATTERS

There are no matters relating to the business or affairs of the Bank which are not contained elsewhere in the Disclosure Statement and which would, if disclosed, materially affect the decision of a person to subscribe for debt securities of which the Bank is the issuer.

10. AUDITORS

The name and address of the Bank's auditors is PwC, 188 Quay Street, Auckland 1142, New Zealand. PwC was appointed as auditor of the Bank after the resignation of Deloitte. The comparative figures for the period ended 30 April 2014 were audited by Deloitte.

Given that these are the first off-quarter financial statements of the Bank, based on guidance from the Reserve Bank, figures from the first disclosure statement are included instead of comparative figures for prior year.

This Disclosure Statement is neither a half year nor an annual disclosure so is not subject to an audit or review by an external auditor.

11. DIRECTORS' STATEMENTS

Each Director of the Bank believes, after due enquiry, that, as at the date on which this Disclosure Statement is signed:

(a) the Disclosure Statement contains all the information that is required by the Order; and

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

Each Director of the Bank believes, after due enquiry, that, for the eight months ended 30 September 2014:

(a) the Bank has complied with all conditions of registration; and

(b) credit exposures to connected persons (if any) were not contrary to the interests of the Bank; and

(c) the Bank had systems in place to monitor and control adequately the material risks of the Bank 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 29 October 2014 and has been signed by Mr Xu Changning as the responsible person for and on behalf of all the Directors (by Directors' resolution):

Mr Xu Changning
Executive Director

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STATEMENT OF COMPREHENSIVE INCOME

	Note	For the period ended 30 Sept 2014 (Unaudited) $000	For the period ended 30 April 2014 (Audited) $000
Interest income		912	5
Interest expense		(28)	-
Net Interest Income		**884**	**5**
Non-interest income		1	-
Net operating income		**885**	**5**
Operating expenses		**(731)**	-
Impairment losses on loans and advances	*2*	-	-
Profit before income tax		**154**	**5**
Income tax (expense)/benefit		-	(1)
Profit after income tax		**154**	**4**
Other comprehensive income, net of tax		-	
Other comprehensive income which will not be reclassified to profit or loss		-	**-**
Other comprehensive income which may be reclassified to profit or loss:		**-**	**-**
Net change in available-for-sale revaluation reserve (net of tax)		-	-
Net change in cash flow hedge reserve (net of tax)		-	-
Total other comprehensive income, net of tax		-	**-**
Total comprehensive income		**154**	**4**

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2014 (Unaudited)	Share Capital $000	Retained Earnings $000	Available-for-Sale Revaluation Reserve $000	Cash Flow Hedge Reserve $000	Total $000
Balance at the beginning of the period	-	-	-	-	-
Profit after income tax	-	154	-	-	154
Other comprehensive income/(expense)	-	-	-	-	-
Total comprehensive income for the period	-	154	-	-	154
Transactions with owners:					
Ordinary share capital issued	58,630	-	-	-	58,630
Dividends paid on ordinary shares	-	-	-	-	-
Balance as at 30 September 2014	**58,630**	**154**	**-**	**-**	**58,784**

For the period ended 30 April 2014 (Audited)	Share Capital $000	Retained Earnings $000	Available-for-Sale Revaluation Reserve $000	Cash Flow Hedge Reserve $000	Total $000
Balance at the beginning of the period	-	-	-	-	-
Profit after income tax	-	4	-	-	4
Other comprehensive income/(expense)	-	-	-	-	-
Total comprehensive income for the period	-	4	-	-	4
Transactions with owners:					
Ordinary share capital issued	58,630	-	-	-	58,630
Dividends paid on ordinary shares	-	-	-	-	-
Balance as at 30 April 2014	**58,630**	**4**	**-**	**-**	**58,634**

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

BALANCE SHEET

	Note	As at 30 Sept 2014 (Unaudited) $000	As at 30 April 2014 (Audited) $000
Assets			
Cash and balances with central banks		-	-
Due from other financial institutions		58,997	58,959
Trading securities		-	-
Derivative financial assets		-	-
Available-for-sale securities		-	-
Loans and advances	3	9,401	-
Due from related parties	6	-	12
Current tax assets		-	-
Other assets		140	-
Property, plant and equipment		665	-
Intangible assets		55	-
Deferred tax assets		-	-
Total assets		**69,258**	**58,971**
Liabilities			
Due to other financial institutions		9,502	-
Trading liabilities		-	-
Derivative financial liabilities		-	-
Deposits from customers		-	-
Debt securities issued		-	-
Due to related parties	6	972	337
Other liabilities		-	-
Total liabilities		**10,474**	**337**
Shareholder's equity			
Share capital	5	58,630	58,630
Retained earnings		154	4
Available-for-sale revaluation reserve		-	-
Cash flow hedge reserve		-	-
Total shareholder's equity		**58,784**	**58,634**
Total liabilities and shareholder's equity		**69,258**	**58,971**
Total interest earning and discount bearing assets		68,398	58,959
Total interest and discount bearing liabilities		9,502	-

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

CASH FLOW STATEMENT

	For the period ended 30 Sept 2014 (Unaudited) $000	For the period ended 30 April 2014 (Audited) $000
Cash flows from operating activities		
Interest received	787	5
Interest paid	-	-
Non-interest income received	2	-
Operating expenses paid	(715)	-
Income taxes paid	-	(1)
Net cash flows from operating activities before changes in operating assets and liabilities	**74**	**4**
Net changes in operating assets and liabilities:		
Net (increase) / decrease:		
Due from other financial institutions (original maturity of more than 3 months)	-	-
GST receivable	(139)	-
Trading securities	-	-
Loans and advances	(9,360)	-
Due from related parties	-	(12)
Net increase / (decrease):		
Due to other financial institutions	9,473	-
Trading liabilities	-	-
Deposits from customers	-	-
Net movement in derivative financial instruments	-	-
Net changes in operating assets and liabilities	**(26)**	**(12)**
Net cash flows provided by / (used in) operating activities	**48**	**(8)**
Cash flows from investing activities		
Proceeds from maturity/sale of available-for-sale securities	-	-
Purchase of property, plant and equipment	(680)	-
Purchase of intangible assets	(56)	-
Net cash flows provided by / (used in) investing activities	**(736)**	**-**
Cash flows from financing activities		
Issue of ordinary share capital	58,630	58,630
Net increase/(decrease) in debt securities issued	-	-
Net increase/(decrease) in due to related parties	972	337
Dividends paid	-	-
Net cash flows provided by / (used in) financing activities	**59,602**	**58,967**
Net increase/(decrease) in cash and cash equivalents	58,914	58,959
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the period	-	-
Cash and cash equivalents at end of the period	**58,914**	**58,959**
Cash and cash equivalents at end of the period comprise:		
Cash and balances with central banks	-	-
Due from other financial institutions (call or original maturity of 3 months or less) excluding Interest Receivable	58,914	58,959

The amount 'Due from other financial institutions (call or original maturity of 3 months or less) excluding interest receivable' above does not equal the 'Due from other financial institutions' on the balance sheet due to accrued interest of $83,000.

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

Details of the reconciliation of profit/(loss) after income tax to net cash flows provided by/(used in) operating activities are provided in Note 8.

1. STATEMENT OF ACCOUNTING POLICIES

1.1. Reporting entity

The reporting entity is China Construction Bank (New Zealand) Limited (the “Bank”). It became a registered bank on 15 July 2014 and changed its name from CCB New Zealand Limited to China Construction Bank (New Zealand) Limited on the same date. The Bank does not prepare group financial statements as it does not have any subsidiaries. The Bank is a company incorporated in New Zealand under the Companies Act 1993 on 30 January 2014 and is registered under Company Number 4929019. The Bank’s registered office, address for service and principal place of business is Vero Centre, 48 Shortland Street, Auckland 1010, New Zealand.

The principal activity of the Bank is the provision of a range of banking products and services to business, corporate and institutional customers.

The financial statements are for the period from 30 January 2014, the date of incorporation, to 30 September 2014 and have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (“the Order”). They were approved for issue by the Board of Directors of the Bank (the “Board”) on 29 October 2014.

1.2. Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”) as appropriate for profit-oriented entities. These financial statements have been prepared in accordance with NZ IAS 34 *Interim Financial Reporting* and should be read in conjunction with the first Disclosure Statement for the period ended 30 April 2014. These financial statements also comply with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

1.3. Presentation currency and rounding

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (“the functional currency”). All amounts contained in the financial statements are presented in thousands of New Zealand dollars, which is the Bank’s functional and presentation currency, unless otherwise stated.

1.4. 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 first Disclosure Statement for the period ended 30 April 2014.

1.5. Comparative financial statements

Given that these are the first September quarterly financial statements of the Bank, there are no comparative figures for prior year. However, based on guidance from the Reserve Bank, comparative figures are included for the period from 30 January 2014, the date of incorporation, to 30 April 2014. The comparative figures are audited and were presented in the first Disclosure Statement for the period ended on that date.

2. IMPAIRMENT LOSSES ON LOANS AND ADVANCES

For the period ended 30 September 2014 (Unaudited)	Residential mortgage loans $000	Corporate exposures $000	Other exposures $000	Total credit exposures $000
Movement in collectively assessed provisions	-	-	-	-
Movement in individually assessed provisions	-	-	-	-
Bad debts written-off directly to the profit or loss	-	-		-
Bad debts recovered	-	-	-	-
Total impairment losses on loans and advances	**-**	**-**	**-**	**-**

For the period ended 30 April 2014 (Audited)	Residential mortgage loans $000	Corporate exposures $000	Other exposures $000	Total credit exposures $000
Movement in collectively assessed provisions	-	-	-	-
Movement in individually assessed provisions	-	-	-	-
Bad debts written-off directly to the profit or loss	-	-		-
Bad debts recovered	-	-	-	-
Total impairment losses on loans and advances	**-**	**-**	**-**	**-**

3. LOANS AND ADVANCES

	As at 30 Sept 2014 (Unaudited) $000	As at 30 April 2014 (Audited) $000
Overdrafts	-	-
Term loans - housing	-	-
Term loans - non-housing	9,401	-
Finance lease receivables	-	-
Other	-	-
Total gross loans and advances	**9,401**	**-**
Provisions for impairment losses on loans and advances	-	-
Deferred and other unearned future income and expenses	-	-
Fair value hedge adjustments	-	-
Total net loans and advances	**9,401**	**-**
Amounts expected to be recovered within 12 months	9,401	-
Amounts expected to be recovered after 12 months	-	-
Total net loans and advances	**9,401**	**-**

4. ASSET QUALITY

As at 30 September 2014 (Unaudited)	Residential mortgages $000	Corporate exposures $000	Other exposures $000	Total credit exposures $000
Neither past due nor impaired	**-**	**9,401**	**-**	**9,401**
Past due but not impaired				
Less than 30 days past due	-	-	-	-
At least 30 days but less than 60 days past due	-	-	-	-
At least 60 days but less than 90 days past due	-	-	-	-
At least 90 days past due	-	-	-	-
Total past due but not impaired	**-**	**-**	**-**	**-**
Individually impaired assets				
Balance at beginning of the period	-	-	-	-
Additions	-	-	-	-
Amounts written off	-	-	-	-
Deletions	-	-	-	-
Total individually impaired assets	**-**	**-**	**-**	**-**
Total gross loans and advances	**-**	**9,401**	**-**	**9,401**
Individually assessed provisions				
Balance at beginning of the period	-	-	-	-
Charge/(credit) to impairment losses on loans and advances in profit or loss:				
New and increased provisions	-	-	-	-
Reversals of previously recognised impairment losses	-	-	-	-
Recoveries of amounts written off in previous periods	-	-	-	-
Amounts written off	-	-	-	-
Discount unwind[1]	-	-	-	-
Balance at end of the period	**-**	**-**	**-**	**-**
Collectively assessed provisions				
Balance at beginning of the period	-	-	-	-
Charge/(credit) to impairment losses on loans and advances in profit or loss	-	-	-	-
Balance at end of the period	**-**	**-**	**-**	**-**
Total provisions for impairment losses on loans and advances	**-**	**-**	**-**	**-**
Total net loans and advances	**-**	**9,401**	**-**	**9,401**

(1) The impairment loss on an impaired asset is calculated as the difference between the asset's carrying amount and the estimated future cash flows discounted to its present value using the original effective interest rate for the asset. This discount unwinds as interest income over the period the asset is held.

As at 30 April 2014 (Audited)	Residential mortgages $000	Corporate exposures $000	Other exposures $000	Total credit exposures $000
Neither past due nor impaired	**-**	**-**	**-**	**-**
Past due but not impaired				
Less than 30 days past due	-	-	-	-
At least 30 days but less than 60 days past due	-	-	-	-
At least 60 days but less than 90 days past due	-	-	-	-
At least 90 days past due	-	-	-	-
Total past due but not impaired	**-**	**-**	**-**	**-**
Individually impaired assets				
Balance at beginning of the period	-	-	-	-
Additions	-	-	-	-
Amounts written off	-	-	-	-
Deletions	-	-	-	-
Total individually impaired assets	**-**	**-**	**-**	**-**
Total gross loans and advances	**-**	**-**	**-**	**-**
Individually assessed provisions				
Balance at beginning of the period	-	-	-	-
Charge/(credit) to impairment losses on loans and advances in profit or loss:				
New and increased provisions	-	-	-	-
Reversals of previously recognised impairment losses	-	-	-	-
Recoveries of amounts written off in previous periods	-	-	-	-
Amounts written off	-	-	-	-
Discount unwind[1]	-	-	-	-
Balance at end of the period	**-**	**-**	**-**	**-**
Collectively assessed provisions				
Balance at beginning of the period	-	-	-	-
Charge/(credit) to impairment losses on loans and advances in profit or loss	-	-	-	-
Balance at end of the period	**-**	**-**	**-**	**-**
Total provisions for impairment losses on loans and advances	-	-	-	-
Total net loans and advances	**-**	**-**	**-**	**-**

(1) The impairment loss on an impaired asset is calculated as the difference between the asset's carrying amount and the estimated future cash flows discounted to its present value using the original effective interest rate for the asset. This discount unwinds as interest income over the period the asset is held.

Undrawn balances on lending commitments to counterparties for whom drawn balances are classified as individually impaired were $nil as at 30 September 2014 (30 April 2014: Nil).

The Bank did not have other assets under administration as at 30 September 2014 (30 April 2014: Nil).

5. SHARE CAPITAL

As at 30 September 2014 (Unaudited)	2014 Number of shares	2014 $000
Ordinary shares issued and fully paid		
Balance at beginning of the period	-	-
Shares issued during the period	58,629,981	58,630
Balance at end of the period	**58,629,981**	**58,630**

As at 30 April 2014 (Audited)	2014 Number of shares	2014 $000
Ordinary shares issued and fully paid		
Balance at beginning of the period	-	-
Shares issued during the period	58,629,981	58,630
Balance at end of the period	**58,629,981**	**58,630**

The Bank issued 100 ordinary shares on 30 January 2014 and 58,629,881 ordinary shares on 30 April 2014 to its immediate parent company, China Construction Bank Corporation (CCB). These shares were issued for $1.00 per share and the total consideration received was $58,629,981.

The total number of ordinary shares on issue as at 30 September 2014 was 58,629,981 (30 April 2014: 58,629,981). All issued ordinary shares are fully paid. As at 30 September 2014 no other shares have been issued by the Bank (30 April 2014: Nil).

All ordinary shares carry the right to one vote on a poll at meetings of shareholders and share equally in dividends authorised in respect of the ordinary shares and any proceeds available to ordinary shareholders on winding up of the Bank. The ordinary shares do not have a par value.

During the period ended 30 September 2014 the Bank paid dividends of $nil to CCB (equivalent to $nil per share) (30 April 2014: Nil).

6. RELATED PARTY TRANSACTIONS

The Bank is a wholly owned subsidiary of China Construction Bank Corporation (CCB), a company incorporated in China. The Ultimate Parent Bank of the Bank is also CCB. The Ultimate Parent Bank Group refers to the Ultimate Parent Bank and its subsidiaries. As at 30 September 2014, the Bank had no controlled entities.

Transactions with related parties

	For the period ended 30 Sept (Unaudited) 2014 $000	For the period ended 30 April (Audited) 2014 $000
Interest income		
Received from Ultimate Parent Bank	-	-
Interest expense		
Paid to Ultimate Parent Bank	-	-
Non-interest income		
Received from Ultimate Parent Bank	-	-
Operating expenses		
Paid to Ultimate Parent Bank	-	-

There were no debts with any related parties written off or forgiven during the period ended 30 September 2014.

Balances with related parties

	For the period ended 30 Sept (Unaudited) 2014 $000	For the period ended 30 April (Audited) 2014 $000
Due from related parties[1]		
Due from Ultimate Parent Bank	-	12
Total related party assets	**-**	**12**
Due to related parties [2]		
Due to Ultimate Parent Bank	972	337
Total related party liabilities	**972**	**337**

(1) Due from related parties is disclosed in the Bank's balance sheet and is expected to be recovered within 12 months.

(2) Due to related parties is disclosed in the Bank's balance sheet and is expected to be settled within 12 months.

Nature of transactions and balances with related parties

The Bank undertakes transactions with the Ultimate Parent Bank and other members of the Ultimate Parent Bank Group.

During the period ended 30 September 2014, the Ultimate Parent Bank provided $1,474,000 in two instalments to fund payment of the Bank's set-up costs. The first instalment of $434,000 was received in March 2014 and the second instalment of $1,040,000 was received in July 2014. Other than some specific categories of cost like the HR cost, capital expenditure and office rents etc., there is no requirement for the Bank to reimburse the Ultimate Parent Bank for set-up costs paid out of these funds, but any residual funds remaining after completion of the set-up are repayable to the Ultimate Parent Bank. Accordingly, any set-up costs paid out of these funds except the above mentioned specific expenses are not included in the Bank's profit or loss for the period ended 30 September 2014. As at 30 September 2014, the estimated amount repayable is $972K, subject to the Ultimate Parent Bank's final confirmation. This amount is not subject to interest.

The loans and advances of $9,400,805 in the Balance Sheet relates to one loan made by the Bank which has been guaranteed by CCB Ningxia, a branch of the Ultimate Parent Bank.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Classification of financial instruments and estimates of fair value

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The table below summarises the categories of financial instruments and the carrying amount and fair value of all financial instruments of the Bank (including the fair value of those financial instruments not carried at fair value in the balance sheet). The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used in the fair value estimates are described on pages 19 and 20.

As at 30 September 2014 (Unaudited)	Total carrying amount $000	Total estimated fair value amount $000
Financial assets		
Cash and balances with central banks	-	-
Due from other financial institutions	58,997	58,997
Trading securities	-	-
Derivative financial assets[1]	-	-
Available-for-sale securities	-	-
Loans and advances	9,401	9,414
Due from related parties	-	-
Other financial assets	-	-
Total financial assets	**68,398**	**68,411**
Financial liabilities		
Due to other financial institutions	(9,502)	(9,502)
Trading liabilities	-	-
Derivative financial liabilities[1]	-	-
Deposits from customers	-	-
Debt securities issued	-	-
Due to related parties	(972)	(972)
Other financial liabilities	-	-
Total financial liabilities	**(10,474)**	**(10,474)**

(1) Derivative financial instruments classified as held for trading include derivatives entered into as economic hedges which are not designated as accounting hedges.

As at 30 April 2014 (Audited)	Total carrying amount $000	Total estimated fair value amount $000
Financial assets		
Cash and balances with central banks	-	-
Due from other financial institutions	58,959	58,959
Trading securities	-	-
Derivative financial assets[1]	-	-
Available-for-sale securities	-	-
Loans and advances	-	-
Due from related parties	12	12
Other financial assets	-	-
Total financial assets	**58,971**	**58,971**
Financial liabilities		
Due to other financial institutions	-	-
Trading liabilities	-	-
Derivative financial liabilities[1]	-	-
Deposits from customers	-	-
Debt securities issued	-	-
Due to related parties	(337)	(337)
Other financial liabilities	-	-
Total financial liabilities	**(337)**	**(337)**

(1) Derivative financial instruments classified as held for trading include derivatives entered into as economic hedges which are not designated as accounting hedges.

Estimation of fair value

The fair value estimates of the Bank's financial instruments were determined by application of the methods and assumptions described below:

Cash and balances with central banks, due from/to other financial institutions and due from/to related parties

Where these financial instruments are short-term in nature, defined as those that re-price or mature in three months or less, or are receivable or payable on demand, the carrying amounts are considered to approximate the fair values. When longer term in nature, fair value is calculated using discounted cash flow models based on the interest rate repricing and maturity. Discount rates applied in this calculation are based on current market interest rates for similar instruments with similar credit and maturity profiles.

Trading securities, available-for-sale securities and trading liabilities

Fair value is based on quoted market prices, or broker or dealer price quotations. If this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics, or market accepted valuation models as appropriate (including discounted cash flow models) based on current market rates for similar types of instruments and the maturity of each instrument. These techniques address factors such as interest rates, credit risk and liquidity.

Derivative financial instruments

Fair value is obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate, which incorporate current market and contractual prices for the underlying instrument, time to expiry yield curves and volatility of the underlying instrument. Also included in the determination of the fair value of derivatives is a credit valuation adjustment (CVA) or debit valuation adjustment (DVA). Where the derivative has a positive fair value (asset), the CVA adjustment is to reflect the creditworthiness of the counterparty. Where the derivative has a negative fair value (liability), the DVA adjustment reflects the Bank's own credit risk. These adjustments are taken into account after considering any relevant collateral or master netting agreements.

Loans and advances

For floating rate loans and advances, the carrying amounts are considered to approximate the fair values. For fixed rate loans and advances, fair value is estimated using discounted cash flow models based on the interest rate repricing and maturity of the loans and advances. Discount rates applied in this calculation are based on current market interest rates for loans and advances with similar credit and maturity profiles.

Deposits from customers

With respect to deposits from customers, the fair value of non-interest bearing, call and variable rate deposits and fixed rate deposits repricing within three months is considered to approximate the carrying amount. For other fixed rate term deposits, the fair value is estimated using discounted cash flow models based on the maturity of the instruments. The discount rates applied in this calculation are based on current market interest rates for similar instruments with similar maturity profiles. The fair value includes a calculation of the Bank's own credit risk based on observable market data.

Debt securities issued

For debt securities issued held at amortised cost with maturities of less than three months, the carrying amount is considered to approximate the fair value. For all other debt securities issued, fair values have been calculated based on quoted market prices. For those debt securities issued where quoted market prices are not available, fair value is estimated using discounted cash flow models based on the interest rate repricing and maturity of the instruments. The discount rates applied in this calculation are based on current market interest rates for similar instruments with similar maturity profiles. The fair value includes a calculation of the Bank's own credit risk based on observable market data.

Other financial assets / financial liabilities

For these balances, the carrying amount is considered to approximate the fair value, as they are short term in nature or are receivable / payable on demand.

Fair value hierarchy

The fair value hierarchy has not been presented as no assets or liabilities are accounted for at fair value.

8. NOTES TO THE CASH FLOW STATEMENT

	For the period ended 30 Sept 2014 (Unaudited) $000	For the period ended 30 April 2014 (Audited) $000
Reconciliation of profit/(loss) after income tax to net cash flows provided by / (used in) operating activities		
Profit after income tax	154	4
Adjustments:		
Impairment losses on loans and advances	-	-
Depreciation and amortisation	16	-
(Gain)/loss on sale of available-for-sale securities	-	-
Net (increase)/decrease:		
Due from other financial institutions (original maturity of more than 3 months)	(84)	-
Trading securities	-	-
Loans and advances	(9,401)	-
Due from related parties	-	(12)
Other assets (GST)	(139)	-
Net increase/(decrease):		
Due to other financial institutions	9,502	-
Trading liabilities	-	-
Deposits from customers	-	-
Provisions	-	-
Other liabilities	-	-
Net movement in derivative financial instruments	-	-
Net movement in current and deferred tax	-	-
Other non-cash movements	-	-
Net cash flows provided by/(used in) operating activities	**48**	**(8)**

9. COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

Capital expenditure contracted for as at 30 September 2014 but not yet incurred is as follows:

	As at 30 Sept 2014 (Unaudited) $000	As at 30 April 2014 (Audited) $000
Capital expenditure commitments		
Property, plant and equipment	73	1,045
Intangible assets	-	-
Total	**73**	**1,045**

All such commitments are stated inclusive of GST and are due no later than one year from the reporting date.

Leasing commitments

The following non-cancellable operating lease commitments existed as at 30 September 2014.

	As at 30 Sept 2014 (Unaudited) $000	As at 30 April 2014 (Audited) $000
Future aggregate minimum lease payments under non-cancellable operating leases:		
No later than 1 year	350	-
Later than 1 year and no later than 5 years	-	-
Later than 5 years	-	-
Total	**350**	**-**

Contingent liabilities

There were no contingent liabilities as at 30 September 2014 (30 April 2014: Nil).

10. CONCENTRATION OF CREDIT EXPOSURES

Concentrations of credit exposures arise where the Bank is exposed to risk in industries of a similar nature or in particular geographies. The following table presents the Bank's concentrations of credit exposures reported by industry and geographic area.

Australian and New Zealand Standard Industrial Classifications ('ANZSIC') have been used as the basis for disclosing industry sectors.

As at 30 September 2014 (Unaudited)	Cash and balances with central banks $000	Due from other financial institutions $000	Trading securities and available-for-sale securities $000	Derivative financial assets $000	Loans and advances $000	Other financial assets $000	Total (on-balance sheet) $000	Credit commit-ments and contingent liabilities $000
Industry sector								
Agriculture	-	-	-	-	-	-	-	-
Forestry and fishing	-	-	-	-	-	-	-	-
Mining	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	9,401	-	9,401	-
Electricity, gas, water and waste services	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Wholesale trade	-	-	-	-	-	-	-	-
Retail trade	-	-	-	-	-	-	-	-
Accommodation and food services	-	-	-	-	-	-	-	-
Transport, postal and warehousing	-	-	-	-	-	-	-	-
Information media and telecommunications	-	-	-	-	-	-	-	-
Financial and insurance services	-	58,997	-	-	-	-	58,997	-

As at 30 September 2014 (Unaudited)	Cash and balances with central banks $000	Due from other financial institutions $000	Trading securities and available-for-sale securities $000	Derivative financial assets $000	Loans and advances $000	Other financial assets $000	Total (on-balance sheet) $000	Credit commit-ments and contingent liabilities $000
Rental, hiring and real estate services	-	-	-	-	-	-	-	-
Professional, scientific and technical services	-	-	-	-	-	-	-	-
Administrative and support services	-	-	-	-	-	-	-	-
Public administration and safety	-	-	-	-	-	-	-	-
Education and training	-	-	-	-	-	-	-	-
Health care and social assistance	-	-	-	-	-	-	-	-
Arts and recreation services	-	-	-	-	-	-	-	-
Personal lending	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Subtotal	**-**	**58,997**	**-**	**-**	**9,401**	**-**	**68,398**	**-**
Provisions for impairment losses on loans and advances							-	-
Deferred and other unearned future income and expenses							-	-
Fair value hedge adjustments							-	-
Due from related parties	-	-	-	-	-	-	-	-
Total credit exposures	**-**	**58,997**	**-**	**-**	**9,401**	**-**	**68,398**	**-**
Geographical area								
New Zealand	-	58,997	-	-	-	-	58,997	-
Overseas	-	-	-	-	9,401	-	9,401	-
Total credit exposures	**-**	**58,997**	**-**	**-**	**9,401**	**-**	**68,398**	**-**

As at 30 April 2014 (Audited)	Cash and balances with central banks $000	Due from other financial institutions $000	Trading securities and available-for-sale securities $000	Derivative financial assets $000	Loans and advances $000	Other financial assets $000	Total (on-balance sheet) $000	Credit commit-ments and contingent liabilities $000
Industry sector								
Agriculture	-	-	-	-	-	-	-	-
Forestry and fishing	-	-	-	-	-	-	-	-
Mining	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-		-	-	-
Electricity, gas, water and waste services	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-

As at 30 April 2014 (Audited)	Cash and balances with central banks $000	Due from other financial institutions $000	Trading securities and available-for-sale securities $000	Derivative financial assets $000	Loans and advances $000	Other financial assets $000	Total (on-balance sheet) $000	Credit commit-ments and contingent liabilities $000
Wholesale trade	-	-	-	-	-	-	-	-
Retail trade	-	-	-	-	-	-	-	-
Accommodation and food services	-	-	-	-	-	-	-	-
Transport, postal and warehousing	-	-	-	-	-	-	-	-
Information media and telecommunications	-	-	-	-	-	-	-	-
Financial and insurance services	-	58,959	-	-	-	-	58,959	-
Rental, hiring and real estate services	-	-	-	-	-	-	-	-
Professional, scientific and technical services	-	-	-	-	-	-	-	-
Administrative and support services	-	-	-	-	-	-	-	-
Public administration and safety	-	-	-	-	-	-	-	-
Education and training	-	-	-	-	-	-	-	-
Health care and social assistance	-	-	-	-	-	-	-	-
Arts and recreation services	-	-	-	-	-	-	-	-
Personal lending	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Subtotal	**-**	**58,959**	**-**	**-**	**-**	**-**	**58,959**	**-**
Provisions for impairment losses on loans and advances	-	-	-	-	-	-	-	-
Deferred and other unearned future income and expenses	-	-	-	-	-	-	-	-
Fair value hedge adjustments	-	-	-	-	-	-	-	-
Due from related parties	-	-	-	-	-	-	**12**	-
Total credit exposures	**-**	**58,959**	**-**	**-**	**-**	**-**	**58,971**	**-**
Geographical area								
New Zealand	-	58,959	-	-	-	-	58,959	-
Overseas	-	-	-	-	-	-	12	-
Total credit exposures	**-**	**58,959**	**-**	**-**	**-**	**-**	**58,971**	**-**

Concentration of credit exposure to individual counterparties

Concentrations of credit exposures are disclosed on the basis of actual exposures. In addition, credit exposures to individual counterparties (not being members of a group of closely related counterparties) and to groups of closely related counterparties exclude exposures to connected persons, to the central government of any country with a long-term credit rating of A- or A3 or above, or its equivalent, or to any bank with a long-term credit rating of A- or A3 or above, or its equivalent.

The number of individual bank counterparties (which are not members of a group of closely related counterparties), and groups of closely related counterparties of which a bank is the parent, to which the Bank has an aggregate credit exposure or peak end-of-day aggregate credit exposure that equals or exceeds 10% of the Bank's equity:

- As at 30 September 2014 was nil (30 April 2014: Nil); and
- In respect of peak end-of-day aggregate credit exposure for the period ended 30 September 2014 was nil (30 April 2014: Nil).

The number of individual non-bank counterparties (which are not members of a group of closely related counterparties), and groups of closely related counterparties of which a bank is not the parent, to which the Bank has an aggregate credit exposure or peak end-of-day aggregate credit exposure that equals or exceeds 10% of the Bank's equity:

- As at 30 September 2014 was one with a credit exposure of 16% of the Bank's Equity (30 April 2014: Nil); and
- In respect of peak end-of-day aggregate credit exposure for the period ended 30 September 2014 was one with a credit exposure of 16% of the Bank's Equity (30 April 2014: Nil).

The peak end-of-day aggregate credit exposure to an individual counterparty or a group of closely related counterparties has been calculated by determining the maximum end-of-day aggregate amount of actual credit exposure over the relevant period and then dividing that by the Bank's equity as at the end of the period.

11. INSURANCE BUSINESS, SECURITISATION, FUNDS MANAGEMENT, OTHER FIDUCIARY ACTIVITIES AND THE MARKETING AND DISTRIBUTION OF INSURANCE PRODUCTS

The Bank does not conduct any insurance business.

The Bank is also not involved in:

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

12. RISK MANAGEMENT

There have been no material change to the risk management policies, and no new categories of risks to which the Bank has become exposed to since 30 April 2014.

Liquidity portfolio management

The Bank held the following financial assets for the purpose of managing liquidity risk:

As at 30 September 2014 (Unaudited)	2014 $000
Cash and cash equivalents:	-
Cash and balances with central banks	-
Due from other financial institutions (call or original maturity of 3 months or less)	58,997
Reverse repurchase agreements	-
Government bonds, notes and securities	-
Local and semi-government bonds, notes and securities	-
Corporate and other institutions bonds, notes and securities	-
Total liquidity portfolio	**58,997**

As at 30 April 2014 (Audited)	2014 $000
Cash and cash equivalents:	-
Cash and balances with central banks	-
Due from other financial institutions (call or original maturity of 3 months or less)	58,959
Reverse repurchase agreements	-
Government bonds, notes and securities	-
Local and semi-government bonds, notes and securities	-
Corporate and other institutions bonds, notes and securities	-
Total liquidity portfolio	**58,959**

13. CAPITAL ADEQUACY

The Bank is subject to the capital adequacy requirements for registered banks as specified by the Reserve Bank. The Reserve Bank has set minimum regulatory capital requirements for banks that are consistent with the internationally agreed framework (commonly known as Basel III) developed by the Basel Committee on Banking Supervision. These requirements define what is acceptable as capital and provide methods for measuring the risks incurred by the Bank.

The objective of the Basel III Framework is to develop capital adequacy guidelines that are more accurately aligned with the individual risk profile of banks. Basel III consists of three pillars – Pillar One covers the capital requirements for banks for credit, operational and market risks, Pillar Two covers all other material risks not already included in Pillar One, and Pillar Three relates to market disclosure. As a bank adopting a Standardised approach under the Basel III regime, the Bank applies the Reserve Bank's BS2A *Capital Adequacy Framework (Standardised Approach)* for calculating regulatory capital requirements.

The Basel III standards for bank capital distinguish between Tier 1 and Tier 2 capital. Tier 1 capital is permanently and freely available to absorb losses without the bank being obliged to cease trading, while Tier 2 capital generally only absorbs losses in a winding up. Within Tier 1 capital, Common Equity (CET 1) has greater loss absorbing capability than the other Tier 1 instruments referred to as Additional Tier 1 (AT 1) capital. Common Equity and Additional Tier 1 capital primarily consists of shareholders' equity and other capital instruments acceptable to the Reserve Bank less intangible and deferred tax assets and other prescribed deductions. Tier 2 can comprise other capital instruments acceptable to the Reserve Bank. The Bank does not have any Tier 2 capital components.

Capital ratios are used to define minimum capital requirements for each of: Common Equity (CET1), Tier 1 capital (CET1 plus AT1), and Total capital (Tier 1 plus Tier 2), as a percentage of risk-weighted assets calculated in accordance with the Reserve Bank document BS2A *Capital Adequacy Framework (Standardised Approach)*. As a condition of registration, the Bank must comply with the following minimum requirements set by the Reserve Bank:

- Total capital ratio must not be less than 8% of risk weighted exposures.
- Tier 1 capital ratio must not be less than 6% of risk weighted exposures.
- Common Equity Tier 1 capital ratio must not be less than 4.5% of risk weighted exposures.
- Capital of the Bank must not be less than $30 million.

In addition to minimum capital requirements, Basel III introduces a capital conservation buffer of 2.5 per cent of risk-weighted assets. There are increasing constraints on capital distributions where a bank's capital level falls within the buffer range, which are specified in the conditions of registration in Appendix 2.

Capital management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with the externally imposed capital requirements set by the Reserve Bank and maintains strong credit ratings and healthy capital ratios in order to support the future development and growth of the business and to maximise shareholder value.

The Board has ultimate responsibility for ensuring that the Bank has adequate overall capital in relation to its risk profile and establishes minimum internal capital levels and limits above the regulatory minimum to reduce the risk of breaching its conditions of registration. The Bank actively monitors its capital adequacy as part of the Bank's Internal Capital Adequacy Assessment Process ("ICAAP"), which complies with the requirements set out in the Reserve Bank document BS12 *Guidelines on Internal Capital Adequacy Assessment Process (ICAAP)*, and reports this on a regular basis to senior management and the Board. The Bank's ICAAP is a documented process that describes not only the risk appetite and tolerances of the Bank, but also the levels of capital held against risks, including credit, market, operational and other material risks.

The Bank's ICAAP is reviewed and approved at least annually by senior management and the Board and the process includes consideration of stress tests and future strategic requirements. The Bank also considers other stakeholders' requirements when managing capital.

The Bank manages its capital structure and makes adjustments according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payments to shareholders, return/issue capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes during the period ended 30 September 2014.

The following significant capital initiatives were undertaken during the period ended 30 September 2014 to actively manage regulatory capital:

Tier 1 capital: The Bank issued 100 ordinary shares on 30 January 2014 and 58,629,881 ordinary shares on 30 April 2014 to its immediate parent company, China Construction Bank Corporation (CCB). These shares were issued for $1.00 per share and the total consideration received was $58,629,981.

The capital adequacy tables set out on the following pages summarise the composition of regulatory capital, risk-weighted assets and the capital adequacy ratios for the Bank as at 30 September 2014. During the period, the Bank complied in full with all externally imposed Reserve Bank capital requirements as set out in the Bank's conditions of registration.

Capital

The table below shows the qualifying capital for the Bank.

	As at 30 Sept 2014 (Unaudited) $000	As at 30 April 2014 (Unaudited) $000
Tier One Capital		
Common Equity Tier One capital		
Issued and fully paid-up ordinary share capital	58,630	58,630
Retained earnings (net of appropriations)	154	4
Accumulated other comprehensive income and other disclosed reserves[1]	-	-
Less deductions from Common Equity Tier One capital:		
Intangible assets	55	-
Cash flow hedge reserve	-	-
Deferred tax assets	-	-
Total Common Equity Tier One capital	**58,729**	**58,634**
Additional Tier One capital		
Nil	-	-
Total Additional Tier One capital	-	-
Total Tier One capital	**58,729**	**58,634**
Tier Two capital		
Nil	-	-
Total Tier Two capital	-	-
Total capital	**58,729**	**58,634**

(1) Accumulated other comprehensive income and other disclosed reserves consist of available-for-sale revaluation reserve of $nil and cash flow hedge reserve of $nil.

Capital instruments

In accordance with the Reserve Bank document BS2A *Capital Adequacy Framework (Standardised Approach)*, ordinary share capital is classified as Common Equity Tier 1 capital.

In relation to the ordinary shares:

- there are no options or facilities for early redemptions, conversion, write-down or capital repayment;
- there is no predetermined dividend rate;
- there is no maturity date; and
- there are no options granted or to be granted pursuant to any arrangement.

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

Credit risk

On-balance sheet exposures

As at 30 September 2014 (Unaudited)	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	58,997	20%	11,799	944
Corporate	9,401	100%	9,401	752
Residential mortgages not past due	-	-	-	-
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)	-	-	-	-
Other assets	860	100%	860	69
Total on-balance sheet exposures	**69,258**	**-%**	**22,060**	**1,765**

As at 30 April 2014 (Unaudited)	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	58,971	20%	11,794	944
Corporate	-	-	-	-
Residential mortgages not past due	-	-	-	-
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)	-	-	-	-
Other assets	-	-	-	-
Total on-balance sheet exposures	**58,971**	**20%**	**11,794**	**944**

Off-balance sheet exposures and market related contracts

As at 30 September 2014 (Unaudited)	Total exposure $000	Credit conversion factor %	Credit equivalent amount $000	Average risk weight %	Risk weighted exposure $000	Minimum Pillar 1 capital requirement $000
Direct credit substitute	-	100%	-	-	-	-
Asset sale with recourse	-	100%	-	-	-	-
Forward asset purchase	-	100%	-	-	-	-
Commitment with certain drawdown	-	100%	-	-	-	-
Note issuance facility	-	50%	-	-	-	-
Revolving underwriting facility	-	50%	-	-	-	-
Performance-related contingency	-	50%	-	-	-	-
Trade-related contingency	-	20%	-	-	-	-
Placements of forward deposits	-	100%	-	-	-	-
Other commitments where original maturity is more than one year	-	50%	-	-	-	-
Other commitments where original maturity is less than or equal to one year	-	20%	-	-	-	-
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%	-	-	-	-
Market related contracts[1]						
(a) Foreign exchange contracts	-	n/a	-	-	-	-
(b) Interest rate contracts	-	n/a	-	-	-	-
(c) Other – OTC etc.	-	n/a	-	-	-	-
Total off-balance sheet exposures	-		-	-	-	-

(1) The credit equivalent amount for market related contracts was calculated using the current exposure method.

As at 30 April 2014 (Unaudited)	Total exposure $000	Credit conversion factor %	Credit equivalent amount $000	Average risk weight %	Risk weighted exposure $000	Minimum Pillar 1 capital requirement $000
Direct credit substitute	-	100%	-	-	-	-
Asset sale with recourse	-	100%	-	-	-	-
Forward asset purchase	-	100%	-	-	-	-
Commitment with certain drawdown	-	100%	-	-	-	-
Note issuance facility	-	50%	-	-	-	-
Revolving underwriting facility	-	50%	-	-	-	-
Performance-related contingency	-	50%	-	-	-	-
Trade-related contingency	-	20%	-	-	-	-
Placements of forward deposits	-	100%	-	-	-	-
Other commitments where original maturity is more than one year	-	50%	-	-	-	-
Other commitments where original maturity is less than or equal to one year	-	20%	-	-	-	-

As at 30 April 2014 (Unaudited)	Total exposure $000	Credit conversion factor %	Credit equivalent amount $000	Average risk weight %	Risk weighted exposure $000	Minimum Pillar 1 capital requirement $000
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%	-	-	-	-
Market related contracts[1]						
(a) Foreign exchange contracts	-	n/a	-	-	-	-
(b) Interest rate contracts	-	n/a	-	-	-	-
(c) Other – OTC etc.	-	n/a	-	-	-	-
Total off-balance sheet exposures	-		-	-	-	-

Additional mortgage information

Residential mortgages by loan-to-valuation ratio

As at 30 September 2014 (Unaudited)	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Loan-to-valuation ratio				
On-balance sheet exposures	-	-	-	-
Off-balance sheet exposures	-	-	-	-
Value of exposures	-	-	-	-

As at 30 April 2014 (Unaudited)	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	Total
Loan-to-valuation ratio				
On-balance sheet exposures	-	-	-	-
Off-balance sheet exposures	-	-	-	-
Value of exposures	-	-	-	-

The information in the above table is in respect of the total residential mortgage loans used to calculate the Bank's Pillar 1 capital requirement for credit risk, categorised by loan-to-valuation ratio. Any residential mortgage loan for which no loan-to-valuation ratio is available is included in the category for loan-to-valuation ratios that exceed 90%.

Capital ratios

As at 30 September 2014 (Unaudited)	The Bank %
Capital adequacy ratios	
Common Equity Tier 1 capital ratio	266.2%
Tier 1 capital ratio	266.2%
Total capital ratio	266.2%
Reserve Bank minimum ratio requirements	

Common Equity Tier 1 capital ratio	4.5%
Tier 1 capital ratio	6.0%
Total capital ratio	8.0%
Buffer ratio	
Buffer ratio	258.2%
Buffer ratio requirement	2.5%

As at 30 April 2014 (Unaudited)	The Bank %
Capital adequacy ratios	
Common Equity Tier 1 capital ratio	497.1%
Tier 1 capital ratio	497.1%
Total capital ratio	497.1%
Reserve Bank minimum ratio requirements	
Common Equity Tier 1 capital ratio	4.5%
Tier 1 capital ratio	6.0%
Total capital ratio	8.0%
Buffer ratio	
Buffer ratio	489.1%
Buffer ratio requirement	2.5%

14. COLLATERAL PLEDGED

Due from other financial institutions

Included in due from other financial institutions as at 30 September 2014 was $9,500,000 of collateral pledged by the Bank in respect of the amount due to other financial institutions.

The Bank has accepted collateral of $nil with a fair value of $nil as at 30 September 2014 arising from reverse repurchase agreements.

The fair value of any collateral held which has been sold or re-pledged as at 30 September 2014 is $nil.

15. EVENTS SUBSEQUENT TO THE REPORTING DATE

There were no material events that occurred subsequent to the reporting date, that require recognition or additional disclosure in these financial statements.

APPENDIX 2 - CONDITIONS OF REGISTRATION

The registration of the Bank as a registered bank is subject to the following conditions:

1. That—

   (a) the Total capital ratio of the Banking Group is not less than 8%;

   (b) the Tier 1 capital ratio of the Banking Group is not less than 6%;

   (c) the Common Equity Tier 1 capital ratio of the Banking Group is not less than 4.5%;

   (d) the Total capital of the Banking Group is not less than $30 million; and

   (e) the process in Subpart 2H of the Reserve Bank of New Zealand document: “Capital Adequacy Framework (Standardised Approach)” (BS2A) dated 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[1]	Connected exposure limit (% of the Banking Group's Tier One Capital)
AA/Aa2 and above	75

AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

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

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

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated 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) until 30 June 2015 the Board of the Bank must have at least four Directors, thereafter the Board of the Bank must have at least five Directors;

(b) the majority of the Board members must be non-executive Directors;

(c) until 30 June 2015 at least one Board member must be an independent Director, from 1 July 2015 until 31 December 2016 at least two Board members must be independent Directors, and thereafter at least half 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 Directors of the Bank must be ordinarily resident in New Zealand;

(f) until 31 December 2016 the chairperson of the Board of the Bank must be a non-executive Director and must not be a Director or employee of any other member of the group, thereafter the chairperson of the Board must be an independent Director; 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", "group" 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) at least one member of the committee must be independent; and

   (e) the chairperson of the committee 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” means China Construction Bank (New Zealand) Limited’s financial reporting group (as defined in section 2(1) of the Financial Reporting Act 1993):

“generally accepted accounting practice” has the same meaning as in section 2 of the Financial Reporting Act 1993.

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 September 2013:

“loan-to-valuation measurement period” means—

(a) the period starting on 15 July 2014 and ending on the last day of December 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 January 2015.