

**COMMONWEALTH BANK OF AUSTRALIA
NEW ZEALAND OPERATIONS**

**Disclosure Statement
For the three months ended 30 September 2013**

General Disclosures

(To be read in conjunction with the Financial Statements)

This Disclosure Statement has been issued in accordance with the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order (No 2) 2013 pursuant to section 81 of the Reserve Bank of New Zealand Act 1989.

In this Disclosure Statement, reference is made to the following reporting entities:

- Commonwealth Bank of Australia Group (the "Overseas Banking Group") is domiciled in Australia and comprises the Commonwealth Bank of Australia ("Overseas Bank" or "CBA"), the worldwide activities of CBA, and its controlled entities;
- Commonwealth Bank of Australia New Zealand Banking Group (the "NZ Banking Group") refers to the New Zealand banking operations of the Overseas Banking Group, including those entities whose business is required to be reported in the financial statements for the Overseas Banking Group's New Zealand banking business. Controlled entities of the NZ Banking Group as at 30 June 2013 are set out in Note 17 of the financial statements of the NZ Banking Group for the year ended 30 June 2013;
- Commonwealth Bank of Australia New Zealand Life Insurance Group (the "NZ Life Group") refers to all of the New Zealand operations of the Overseas Banking Group that are not included in the NZ Banking Group, including those entities whose business is required to be reported in the financial statements of the Overseas Banking Group's New Zealand non-banking business. Controlled entities of the NZ Life Group as at 30 June 2013 are set out in Note 16 to the financial statements of the NZ Life Group for the year ended 30 June 2013; and
- Commonwealth Bank of Australia New Zealand Branch (the "Branch") refers to the New Zealand Branch of the Overseas Bank and includes all banking business transacted in New Zealand through the Branch.

This Disclosure Statement consists of two parts: the NZ Banking Group (Part A) and the NZ Life Group (Part B).

GENERAL MATTERS

1.0 Address for Service - Branch

Commonwealth Bank of Australia New Zealand Branch
ASB North Wharf
12 Jellicoe Street
Auckland Central
Auckland 1010
New Zealand

A copy of the NZ Banking Group and the Overseas Banking Group's most recent published financial statements will be available immediately upon a request being made to the above address. A copy of the NZ Banking Group's financial statements can also be obtained from the Commonwealth Bank of Australia website (www.commbank.com.au > About Us > Our Company > International Branches > New Zealand) and a copy of the Overseas Banking Group's financial statements can be obtained from the Commonwealth Bank of Australia website (www.commbank.com.au > About Us > Investors > Shareholders).

2.0 Address for Service - Overseas Bank

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney, NSW
Australia 2000

The Overseas Bank operates as a public company under the Corporations Act in Australia. It has share capital and is governed by a constitution. The Overseas Banking Group provides a wide range of banking, financial and related services including funds management, life and general insurance.

3.0 Guarantee Arrangements

On 12 October 2008 the Australian Government announced guarantee arrangements for deposits and wholesale funding of Australian deposit-taking institutions ("ADI").

The Overseas Bank is an eligible ADI under the terms of the guarantee arrangements. The guarantee arrangements also apply currently to the Branch, as a foreign branch of an eligible institution.

General Disclosures (continued)

(To be read in conjunction with the Financial Statements)

3.1 Large Deposits and Wholesale Funding

The Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding ("Guarantee Scheme") formally commenced on 28 November 2008 but has now closed to new guaranteed liabilities, effective from 5pm on 31 March 2010.

Under the Guarantee Scheme, eligible ADIs could obtain guarantees for deposit balances totalling over one million Australian dollars ("AUD 1 million") per customer and for wholesale funding liabilities, in return for a fee (which was calculated to reflect the ADI's credit rating and could be passed on by the ADI). Access to the Guarantee Scheme was voluntary.

Eligible institutions wanting to access the Guarantee Scheme for their large deposit balances or wholesale funding needed to apply to the Guarantee Scheme Administrator.

Any claim for payment must be made in accordance with the Guarantee Scheme deed and rules.

A liability was only covered by the Guarantee Scheme if it was the subject of an Eligibility Certificate issued in accordance with the Rules. The Rules prescribe the criteria which must be satisfied before a certificate could be issued, and the application process and fees applicable. The ADI was required to provide certain statements and legal documents, before it obtains coverage.

The Guarantee Scheme will terminate on 24 October 2015 and closed for new guaranteed liabilities on 31 March 2010. Large deposits and wholesale liabilities guaranteed under the Guarantee Scheme as at 31 March 2010 will remain guaranteed for the relevant term (up to a maximum of 5 years, or October 2015 in the case of call deposits).

(i) Deposit liabilities over AUD 1 million

Deposits could be denominated in any currency and there were no restrictions on the type of depositor. Deposits could be at call or with maturities up to 60 months.

(ii) Short term wholesale funding liabilities

These were senior unsecured debt instruments; in any currency; with maturities up to 15 months; issued in bearer, registered or dematerialised form; which were "not complex"; and which were bank bills, certificates of deposit, transferable deposits, debentures or commercial paper.

Applications could also be made for issuance programmes.

(iii) Term funding liabilities

These were the same as short term funding liabilities, except that the term covered must be 15 to 60 months; and the instruments must be bonds, notes or debentures.

(iv) "Not Complex"

The Government has published detailed guidelines at www.guaranteescheme.gov.au. For example, generally, market or index linked investment products and structured products are excluded.

3.2 Small Deposits

The guarantee of small deposits up to a cap is provided by the Australian Government under the Financial Claims Scheme ("FCS"). It only applies to protected accounts with ADIs. A protected account is an account that is kept by an account holder with an ADI that is either prescribed by regulation or an account, or covered financial product, that is kept under an agreement between the account holder and the ADI requiring the ADI to pay the account holder on demand, or at an agreed time, the net credit balance.

Various deposit accounts, such as saving, call, current, cheque, debit card, transaction, and mortgage offset accounts, have been declared to be covered financial products.

The guarantee of deposits under FCS applies without charge.

The Australian Prudential Regulation Authority ("APRA") is responsible for making any payments required under the FCS, but only after it has decided to use its powers to place an ADI into wind up and the Treasurer has determined that the FCS will apply to that ADI. The Banking Act sets out the detailed requirements.

The guarantee under the FCS originally applied to deposits up to and including AUD 1 million. On 11 September 2011, the Treasurer announced a number of changes to the FCS, including a new, permanent cap of AUD250,000 per person, per ADI, effective from 1 February 2012. Under the new arrangements, foreign currency deposits are no longer covered from 12 October 2011. The overseas branch operations of Australian ADIs, including the Branch, continue to be covered under the FCS for the time being, however legislation is proposed to remove this coverage.

Further details of the guarantee arrangements are available at www.treasury.gov.au, www.guaranteescheme.gov.au and www.apra.gov.au.

3.3 Guarantor's name and address for service

The Commonwealth of Australia
c/o Australian Government Solicitor
Lionel Murphy Building
50 Blackall Street
BARTON ACT 2600
Attention: Director, Canberra
Facsimile +61 2 6253 7333

4.0 Conditions of Registration

Since 30 June 2013 the Conditions of Registration have been amended by the Reserve Bank of New Zealand ("RBNZ") with effect from 1 October 2013. The main purpose of the amendments was to put into effect restrictions on high loan-to-valuation residential mortgage lending.

General Disclosures (continued)

(To be read in conjunction with the Financial Statements)

5.0 Directorate and Auditor

There have been no changes to the Board of Directors of the Overseas Bank since the 30 June 2013 Disclosure Statement was signed.

5.1 Directors of the Overseas Bank and the New Zealand Chief Executive Officer of the Branch

Directors of the Overseas Bank

I.M. (Ian) Narev (Managing Director)
Australia

D.J. (David) Turner (Chairman)
Australia

J.S. (Jane) Hemstrich
Australia

S.C.H. (Carolyn) Kay
Australia

A.M. (Andrew) Mohl
Australia

Sir J.A. (John) Anderson KBE
New Zealand

L.K. (Launa) Inman
Australia

B.J. (Brian) Long
Australia

H.H. (Harrison) Young
Australia

New Zealand Chief Executive Officer of the Branch

B.J. (Barbara) Chapman
New Zealand

B.J. (Barbara) Chapman was appointed as New Zealand Chief Executive Officer of the Branch on 20 August 2013. Prior to this, the New Zealand Chief Executive Officer of the Branch was A.J. (Andrew) Woodward.

5.2 Name and Address for Service of Auditor

PricewaterhouseCoopers
Chartered Accountants
PricewaterhouseCoopers Tower
188 Quay Street
Auckland 1142
New Zealand

6.0 Credit Rating of the Overseas Bank

As at the date of the signing of this Disclosure Statement, the following long term credit ratings were assigned to the Overseas Bank by these rating agencies:

Rating Agency	Current Long Term Credit Rating
Moody's Investors Service Pty Limited ("Moody's")	Aa2
Standard & Poor's (Australia) Pty Limited ("S&P")	AA-
Fitch Australia Pty Limited ("Fitch Ratings")	AA-

The table below provides a description of the steps in the rating scales used by the different rating agencies.

Long Term Credit Rating Definitions	Moody's ^(a)	S&P ^(b)	Fitch Ratings ^(c)
Highest quality / Extremely strong capacity to pay interest and principal	Aaa	AAA	AAA
High quality / Very strong	Aa	AA	AA
Upper medium grade / Strong	A	A	A
Medium grade (lowest investment grade) / Adequate	Baa	BBB	BBB
Predominantly speculative / Less near term vulnerability to default	Ba	BB	BB
Speculative, low grade / Greater vulnerability	B	B	B
Poor to default / Identifiable vulnerability	Caa	CCC	CCC
Highest speculations	Ca	CC	CC
Lowest quality, no interest	C	C	C
In payment default, in arrears - questionable value	-	D	RD & D

(a) Moody's applies numeric modifiers 1, 2, and 3 to each generic rating category from Aaa to Caa, indicating that the counterparty is (1) in the higher end of its letter rating category, (2) in the mid-range and (3) in the lower end.

(b) S&P applies plus (+) or minus (-) signs to ratings from 'AA' to 'CCC' to indicate relative standing within the major rating categories.

(c) Fitch Ratings applies plus (+) or minus (-) signs to ratings from 'AA' to 'B' to indicate relative standing within the major rating categories.

CBA New Zealand Operations Disclosure Statement

Statements by the Directors and the New Zealand Chief Executive Officer

Each Director and the New Zealand Chief Executive Officer believes, after due enquiry, that as at the date on which the Disclosure Statement is signed:

- the Disclosure Statement contains all the information required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order (No 2) 2013; and
- the Disclosure Statement is not false or misleading.

Each Director and the New Zealand Chief Executive Officer believes, after due enquiry, that for the three months ended 30 September 2013:

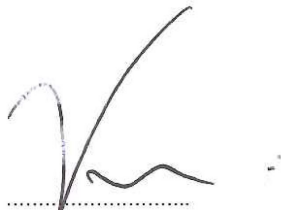
- the Registered Bank has complied with all Conditions of Registration imposed by the Reserve Bank under section 74 of the Reserve Bank of New Zealand Act 1989 that applied during that period; and
- the New Zealand business of the Registered Bank had systems in place to monitor and control adequately the material risks of the Registered Bank's Banking Group, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other material business risks, and that those systems were being properly applied.

Signed by the New Zealand Chief Executive Officer of the Commonwealth Bank of Australia New Zealand



B.J. Chapman
14 November 2013

Signed by or on behalf of all the Directors of the Commonwealth Bank of Australia



I. M. Narev
Managing Director and Chief Executive Officer

For himself and on behalf of each other Director
14 November 2013

Part A

**COMMONWEALTH BANK OF AUSTRALIA
NEW ZEALAND BANKING GROUP**

**Financial Statements
For the three months ended 30 September 2013**

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Income Statement

\$ millions For the three months ended	Note	NZ Banking Group	
		Unaudited 30-Sep-13	Unaudited 30-Sep-12
Interest Income		932	907
Interest Expense		548	563
Net Interest Earnings		384	344
Other Income	2	124	116
Total Operating Income		508	460
Impairment Losses on Advances	7(b)	23	12
Total Operating Income after Impairment Losses		485	448
Total Operating Expenses		196	184
Salaries and Other Staff Expenses		116	108
Building Occupancy and Equipment Expenses		34	29
Information Technology Expenses		20	20
Other Expenses		26	27
Net Profit before Taxation		289	264
Taxation		81	74
Net Profit after Taxation		208	190
Attributable to:			
Parent Company Shareholders		204	186
Non-controlling Interests		4	4
Net Profit after Taxation		208	190

These statements are to be read in conjunction with the notes on pages 6 to 12.

Statement of Comprehensive Income

\$ millions For the three months ended	NZ Banking Group	
	Unaudited 30-Sep-13	Unaudited 30-Sep-12
Net Profit after Taxation	208	190
Other Comprehensive Income / (Expense), Net of Taxation		
Items that will not be Reclassified to the Income Statement:		
Net Change in Asset Revaluation Reserve	1	-
	1	-
Items that may be Reclassified Subsequently to the Income Statement:		
Net Change in Available for Sale Reserve	(1)	(1)
Net Change in Cash Flow Hedge Reserve	(1)	(6)
	(2)	(7)
Total Other Comprehensive Expense, Net of Taxation	(1)	(7)
Total Comprehensive Income	207	183
Attributable to:		
Parent Company Shareholders	203	179
Non-controlling Interests	4	4
Total Comprehensive Income	207	183

These statements are to be read in conjunction with the notes on pages 6 to 12.

Statement of Changes in Equity

NZ Banking Group									
	Head Office	Contributed	Asset	Available	Cash	Foreign	Retained	Non-	Total
\$ millions	Contribution	Capital	Revaluation	for Sale	Flow	Currency	Earnings	controlling	Shareholders'
			Reserve	Reserve	Reserve	Reserve		Interests	Equity
For the three months ended 30 September 2013									
Unaudited									
Balance at									
Beginning of Period	462	1,989	29	11	38	1	2,008	550	5,088
Net Profit after Taxation	-	-	-	-	-	-	204	4	208
Other Comprehensive Income / (Expense)	-	-	1	(1)	(1)	-	-	-	(1)
Total Comprehensive Income / (Expense)	-	-	1	(1)	(1)	-	204	4	207
Transfer from Asset Revaluation Reserve to Retained Earnings	-	-	(6)	-	-	-	6	-	-
Perpetual Preference Dividends Paid to Non-controlling Interests	-	-	-	-	-	-	-	(4)	(4)
Profit Repatriation	-	-	-	-	-	-	(2)	-	(2)
Balance as at 30 September 2013	462	1,989	24	10	37	1	2,216	550	5,289
For the three months ended 30 September 2012									
Unaudited									
Balance at									
Beginning of Period	462	1,989	30	6	67	1	1,392	550	4,497
Net Profit after Taxation	-	-	-	-	-	-	186	4	190
Other Comprehensive Expense	-	-	-	(1)	(6)	-	-	-	(7)
Total Comprehensive (Expense) / Income	-	-	-	(1)	(6)	-	186	4	183
Perpetual Preference Dividends Paid to Non-controlling Interests	-	-	-	-	-	-	-	(4)	(4)
Balance as at 30 September 2012	462	1,989	30	5	61	1	1,578	550	4,676

These statements are to be read in conjunction with the notes on pages 6 to 12.

Balance Sheet

\$ millions As at	Note	NZ Banking Group		
		Unaudited 30-Sep-13	Unaudited 30-Sep-12	Audited 30-Jun-13
ASSETS				
Cash and Liquid Assets		1,665	1,421	2,194
Due from Financial Institutions		561	310	477
Assets at Fair Value through Income Statement:				
Trading Securities		2,390	2,454	2,246
Derivative Assets		1,307	2,253	1,899
Available for Sale Securities		2,479	3,394	2,425
Advances to Customers	6	62,316	58,143	61,430
Current Taxation Asset		46	73	37
Other Assets		371	267	226
Property, Plant and Equipment		206	182	221
Intangible Assets		433	429	435
Total Assets		71,774	68,926	71,590
<i>Total Interest Earning and Discount Bearing Assets</i>		<i>69,439</i>	<i>65,903</i>	<i>68,937</i>
LIABILITIES				
Deposits and Other Public Borrowings	8	42,512	39,608	41,433
Due to Financial Institutions		3,112	5,458	3,261
Other Liabilities at Fair Value through Income Statement		1,617	1,057	1,742
Derivative Liabilities		1,945	2,530	1,710
Other Liabilities		521	461	581
Debt Issues:				
At Fair Value through Income Statement	9	3,870	2,292	4,626
At Amortised Cost	9	7,538	6,641	7,459
Deferred Taxation Liability		170	185	177
Loan Capital		5,200	6,018	5,513
Total Liabilities		66,485	64,250	66,502
SHAREHOLDERS' EQUITY				
Head Office Contribution		462	462	462
Contributed Capital - Ordinary Shares		704	704	704
Reserves		72	97	79
Retained Earnings		2,216	1,578	2,008
Ordinary Shareholders' Equity		3,454	2,841	3,253
Contributed Capital - Redeemable Preference Shares		1,285	1,285	1,285
Total Shareholders' Equity Attributable to Parent Company Shareholders		4,739	4,126	4,538
Non-controlling Interests		550	550	550
Total Shareholders' Equity		5,289	4,676	5,088
Total Liabilities and Shareholders' Equity		71,774	68,926	71,590
<i>Total Interest and Discount Bearing Liabilities</i>		<i>61,288</i>	<i>58,609</i>	<i>61,493</i>

These statements are to be read in conjunction with the notes on pages 6 to 12.

Condensed Cash Flow Statement

\$ millions For the three months ended	NZ Banking Group	
	Unaudited 30-Sep-13	Unaudited 30-Sep-12
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before Taxation	289	264
Reconciliation of Net Profit before Taxation to Net Cash Flows from Operating Activities		
Non-cash Items Included in Net Profit before Taxation	54	31
Net (Increase) / Decrease in Operating Assets	(785)	202
Net Increase in Operating Liabilities	1,321	197
Net Taxation Paid	(96)	(109)
Net Cash Flows from Operating Activities	783	585
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Outflows Used in Investing Activities	(10)	(29)
Net Cash Flows from Investing Activities	(10)	(29)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Outflows Used in Financing Activities	(4)	(4)
Net Cash Flows from Financing Activities	(4)	(4)
SUMMARY OF MOVEMENTS IN CASH FLOWS		
Net Increase / (Decrease) in Cash and Cash Equivalents	769	552
Less: Cash and Cash Equivalents at Beginning of Period	(46)	(1,649)
Cash and Cash Equivalents at End of Period	723	(1,097)
CASH AND CASH EQUIVALENTS		
Cash and Liquid Assets	1,665	1,421
Less: Reverse Repurchase Agreements included in Cash and Liquid Assets	(461)	(565)
Add: Cash Equivalents in Due from Financial Institutions	569	310
Less: Cash Equivalents in Due to Financial Institutions	(1,050)	(2,263)
Cash and Cash Equivalents at End of Period	723	(1,097)
ADDITIONAL OPERATING CASH FLOW INFORMATION		
Cash Received as Interest	923	895
Cash Paid as Interest	(576)	(571)
Cash Received as Other Income	120	121
Cash Paid as Operating Expenses	(225)	(202)

These statements are to be read in conjunction with the notes on pages 6 to 12.

Notes to the Financial Statements

For the three months ended 30 September 2013

1 Statement of Accounting Policies

The financial statements of the NZ Banking Group incorporated in this Disclosure Statement have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and NZ IAS 34 *Interim Financial Reporting* as appropriate for profit-oriented entities and should be read in conjunction with the Disclosure Statement for the year ended 30 June 2013. The reporting period is the three months ended 30 September 2013.

The following new accounting standards and amendments to standards have been adopted from 1 July 2013 and have been applied in the preparation of these financial statements: NZ IFRS 10 *Consolidated Financial Statements*, NZ IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011), NZ IFRS 13 *Fair Value Measurement* and NZ IAS 34 *Interim Financial Reporting* (consequential amendments).

Adoption of these standards has not resulted in any material change to the NZ Banking Group's reported result or financial position. However, amendments to NZ IAS 34 require the inclusion of certain fair value disclosures in interim financial statements and accordingly a new note has been included (Note 13 Fair Value of Financial Instruments). The content of these fair value disclosures is prescribed by NZ IFRS 13 and it does not require comparative information in the first year of application.

There have been no material changes to accounting policies during the three months ended 30 September 2013. All policies have been applied on a basis consistent with that used in the financial year ended 30 June 2013.

Certain comparative figures have been reclassified to conform with the current period's presentation.

2 Other Income

\$ millions	NZ Banking Group	
	Unaudited 30-Sep-13	Unaudited 30-Sep-12
For the three months ended		
Net Fair Value Gain / (Loss) from:		
Other Derivatives at Fair Value	7	8
Financial Instruments Designated as at Fair Value through Income Statement	-	(1)
Hedge Ineffectiveness	2	(4)
Total Net Fair Value Gain	9	3
Trading Income	15	14
Other Operating Income	100	99
Total Other Income	124	116

3 Taxation

As at 30 September 2013 the NZ Banking Group had a tax position relating to a liquidity funding transaction that was subject to revised assessments issued by the Inland Revenue Department for the 2008 and 2009 years. ASB Bank Limited has commenced legal proceedings to challenge those assessments. The tax position has a potential liability of \$153m plus interest and penalties (30 June 2013: potential liability of \$153m plus interest and penalties). ASB Bank Limited has made what it considers to be adequate provision for this matter based on its assessment of the merits of the arguments and independent advice received.

4 Qualifying Liquid Assets

\$ millions	NZ Banking Group						
	Cash and Liquid Assets	Available for Sale Securities	Trading Securities	Advances to Customers	Deposits and Other Public Borrowings ⁽¹⁾	Other Assets	Total
As at 30 September 2013							
Unaudited							
The NZ Banking Group held the following financial assets for the purpose of managing liquidity risk:							
Cash	130	-	-	-	-	-	130
Call Deposits with the Central Bank	964	-	-	-	-	-	964
Local Authority Securities	-	125	98	-	-	2	225
New Zealand Government Securities	461	629	421	-	(72)	27	1,466
Corporate Bonds	-	222	36	-	-	2	260
Treasury Bills	-	252	446	-	-	-	698
RBNZ Bills	-	-	200	-	-	-	200
Bank Bills	-	-	847	-	-	-	847
Kauri Bonds	-	727	88	-	-	8	823
Other Securities	-	523	253	-	-	1	777
Residential Mortgage Backed Securities	-	-	-	2,670	-	-	2,670
Total Qualifying Liquid Assets	1,555	2,478	2,389	2,670	(72)	40	9,060

(1) Repurchase Agreements are combined with the financial assets detailed above for the purposes of managing and reporting liquidity risk.

Notes to the Financial Statements

For the three months ended 30 September 2013

5 Financial Assets Pledged as Collateral

As at 30 September 2013, New Zealand Government Securities of \$72m had been pledged as collateral under repurchase agreements.

The NZ Banking Group has entered into Credit Support Annexes ("CSAs") in respect of certain credit exposures relating to certain derivative transactions. As at 30 September 2013 \$82m included in Due from Financial Institutions had been advanced as collateral to offset Derivative Liabilities.

\$ millions As at	NZ Banking Group		
	Unaudited 30-Sep-13	Unaudited 30-Sep-12	Audited 30-Jun-13
6 Advances to Customers			
Residential Mortgages	40,657	37,726	40,328
Other Retail	4,371	4,204	4,309
Corporate	17,568	16,445	17,055
Loans and Other Receivables	62,596	58,375	61,692
Fair Value Hedge Adjustments	(17)	13	(16)
Provisions for Impairment	(263)	(245)	(246)
Total Advances to Customers	62,316	58,143	61,430

7 Asset Quality and Provisions for Impairment Losses

(a) Asset Quality and Provisions for Impairment Losses

Gross Advances Individually Determined to be Impaired	422	420	312
Individually Assessed Provisions	94	102	51
Collective Provision	169	143	195
90 Day Past Due Assets not Impaired	101	162	137

(b) Impairment Losses on Advances

\$ millions For the three months ended	NZ Banking Group	
	Unaudited 30-Sep-13	Unaudited 30-Sep-12
Movement in Collective Provision	(26)	(6)
Movement in Individually Assessed Provisions	46	13
Bad Debts Written Off	9	7
Bad Debts Recovered	(6)	(2)
Total Impairment Losses on Advances	23	12

\$ millions As at	NZ Banking Group		
	Unaudited 30-Sep-13	Unaudited 30-Sep-12	Audited 30-Jun-13

8 Deposits and Other Public Borrowings

Certificates of Deposit	98	357	96
Term Deposits	22,269	22,412	22,485
On Demand and Short Term Deposits	17,653	14,697	16,400
Deposits Not Bearing Interest	2,420	2,142	2,345
Repurchase Agreements	72	-	107
Total Deposits and Other Public Borrowings	42,512	39,608	41,433

As at 30 September 2013 the Branch did not have any retail deposits (deposits with natural persons, excluding deposits with an outstanding balance which exceeds \$250,000).

9 Debt Issues

Debt Issues at Fair Value through Income Statement	3,870	2,292	4,626
Debt Issues at Amortised Cost	7,538	6,641	7,459
Total Debt Issues	11,408	8,933	12,085

Movement in Debt Issues

Balance at Beginning of Period	12,085	8,957	8,957
Issuances During the Period	2,829	1,510	7,060
Repayments During the Period	(3,176)	(1,372)	(4,213)
Foreign Exchange and Fair Value Movements During the Period	(330)	(162)	281
Balance at End of Period	11,408	8,933	12,085

Notes to the Financial Statements

For the three months ended 30 September 2013

10 Contingent Liabilities

\$ millions As at	NZ Banking Group					
	Unaudited 30-Sep-13		Unaudited 30-Sep-12		Audited 30-Jun-13	
	Notional Amount	Credit Equivalent	Notional Amount	Credit Equivalent	Notional Amount	Credit Equivalent
Guarantees	92	92	82	82	86	86
Standby Letters of Credit	86	86	142	142	108	108
Other Credit Facilities	132	61	117	54	143	52
Total	310	239	341	278	337	246

The NZ Banking Group has other contingent liabilities in respect of actual and potential claims and proceedings. An assessment of the NZ Banking Group's likely loss in respect of these matters has been made on a case by case basis and provision made in the financial statements where required by NZ GAAP. Information relating to any matter is not disclosed where it can be expected to prejudice seriously the position of the NZ Banking Group.

In June 2013 a group comprising lawyers Andrew Hooker, Slater & Gordon and Litigation Lending Services (NZ) Limited announced that it had issued proceedings against ANZ Bank in relation to exception fees. The group has announced that similar proceedings will be issued against other banks, including ASB Bank Limited. At the date of this Disclosure Statement, no such proceedings have been issued against ASB Bank Limited. If proceedings are issued against ASB Bank Limited, any impact will be assessed at that time.

11 Related Party Transactions and Balances

The following balances represent amounts due to and from related parties classified within Cash and Liquid Assets, Due to / from Financial Institutions, Deposits and Other Public Borrowings, Debt Issues, Loan Capital, Other Assets, Other Liabilities, Derivative Assets and Derivative Liabilities:

\$ millions As at	NZ Banking Group		
	Unaudited 30-Sep-13	Unaudited 30-Sep-12	Audited 30-Jun-13
Amounts Due to Related Parties			
Overseas Banking Group	6,915	8,904	6,774
NZ Life Group	474	523	550
Total Amounts Due to Related Parties	7,389	9,427	7,324
Amounts Due from Related Parties			
Overseas Banking Group	511	610	695
NZ Life Group	6	15	27
Total Amounts Due from Related Parties	517	625	722

For the three months ended 30 September 2013 interest charged on balances due to the Overseas Banking Group was \$54m (30 September 2012 \$84m).

The total liabilities of the Branch net of amounts due to related parties were \$2,436m as at 30 September 2013.

12 Concentration of Credit Exposures to Individual Counterparties

The basis of calculation of the NZ Banking Group's aggregate concentration of credit exposures to individual counterparties is the actual credit exposure. Credit exposures to the central government of any country with a long term credit rating of A- or A3 or above, or its equivalent, banks with a long term credit rating of A- or A3 or above, or its equivalent, and connected persons are excluded. Credit exposures to individual counterparties do not include exposures to those counterparties if they are booked outside New Zealand.

For the three months ended 30 September 2013, there were no peak end-of-day aggregate credit exposures to individual counterparties which exceeded 10% of the Overseas Banking Group's Shareholders' Equity as at 30 June 2013. As at 30 September 2013 there were no balance date aggregate credit exposures to individual counterparties which exceeded 10% of the Overseas Banking Group's Shareholders' Equity as at 30 June 2013.

The peak end-of-day aggregate concentration of credit exposure to individual counterparties has been calculated by determining the maximum end-of-day aggregate amount of credit exposure over the relevant three month period and then dividing that amount by the Overseas Banking Group's Shareholders' Equity as at 30 June 2013, which is the most recent publicly disclosed amount.

Notes to the Financial Statements

For the three months ended 30 September 2013

13 Fair Value of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost.

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

(a) Comparison of Fair Values and Carrying Values

The following tables summarise the carrying amounts and fair values of those financial assets and financial liabilities that are not presented at fair value in the Balance Sheet.

\$ millions	NZ Banking Group	
	Carrying Value	Fair Value
As at 30 September 2013		
Unaudited		
Financial Assets		
Cash and Liquid Assets	1,665	1,665
Due from Financial Institutions	561	561
Advances to Customers	62,316	62,196
Other Assets	342	342
Total Financial Assets Measured at Amortised Cost	64,884	64,764
Financial Liabilities		
Deposits and Other Public Borrowings	42,512	42,561
Due to Financial Institutions	3,112	3,114
Other Liabilities	521	521
Debt Issues at Amortised Cost	7,538	7,610
Loan Capital	5,200	5,166
Total Financial Liabilities Measured at Amortised Cost	58,883	58,972

(b) Valuation Methodology

A significant number of financial instruments are carried on the Balance Sheet at fair value. The best evidence of fair value is a quoted market price in an active market. Therefore, where possible, fair value is based on quoted market prices. Where a quoted market price for an instrument is not available, the fair value is based on present value estimates or other valuation techniques based on current market conditions. These valuation techniques rely on market observable inputs wherever possible, or in a limited number of instances, rely on inputs which are reasonable assumptions based on market conditions.

The tables below categorise financial assets and liabilities that are recognised and measured at fair value on a recurring basis, and the valuation methodology according to the following hierarchy:

- > Level 1: fair values are determined using quoted market prices where an active market exists.
- > Level 2: where quoted market prices are not available fair values have been estimated using present value or other valuation techniques based primarily on inputs from observable market data as at balance date. These valuation techniques rely on market observable inputs.
- > Level 3: fair values are estimated using inputs that are not based on observable market data.

\$ millions	NZ Banking Group			
	Level 1	Level 2	Level 3	Total
As at 30 September 2013				
Unaudited				
Financial Assets				
Assets at Fair Value through Income Statement:				
Trading Securities	1,076	1,314	-	2,390
Derivative Assets	-	1,307	-	1,307
Available for Sale Securities	882	1,597	-	2,479
Total Financial Assets	1,958	4,218	-	6,176
Financial Liabilities				
Other Liabilities at Fair Value through Income Statement	-	1,617	-	1,617
Derivative Liabilities	-	1,945	-	1,945
Debt Issues at Fair Value through Income Statement	-	3,870	-	3,870
Total Financial Liabilities	-	7,432	-	7,432

The NZ Banking Group determines the valuation of financial instruments classified in Level 2 as follows:

Derivative Assets and Derivative Liabilities

The fair values are obtained from market yields and discounted cash flow models or option pricing models as appropriate.

Trading Securities, Available for Sale Securities, Other Liabilities at Fair Value through Income Statement and Debt Issues at Fair Value through Income Statement

The fair values are estimated using present value or other market acceptable valuation techniques, using methods or assumptions that are based on observable market conditions and risks existing as at balance date.

Notes to the Financial Statements

For the three months ended 30 September 2013

14 Market Risk Capital Charges

Unaudited

The NZ Banking Group's aggregate market risk exposure is derived in accordance with the Reserve Bank of New Zealand ("RBNZ") document *Capital Adequacy Framework (Standardised Approach)* (BS2A).

\$ millions	NZ Banking Group		
	Interest Rate Risk	Foreign Currency Risk	Equity Risk
Exposures as at 30 September 2013			
Implied Risk Weighted Exposure	1,545	3	6
Notional Capital Charge	124	-	-

15 Residential Mortgages by Loan-to-Valuation Ratio ("LVR")

Unaudited

LVR Range	NZ Banking Group			Total \$ millions
	Does not exceed 80% \$ millions	Exceeds 80% and not 90% \$ millions	Exceeds 90% \$ millions	
As at 30 September 2013				
Value of Exposures	37,188	6,834	3,833	47,855
Expressed as a Percentage of Total Exposures	77.7%	14.3%	8.0%	100.0%
LVR data has been derived in accordance with BS2A. Exposures comprise Balance Sheet claims secured by residential mortgages and undrawn commitments that when drawn down will be secured by mortgage over residential property. In accordance with RBNZ requirements the "Exceeds 90%" LVR range includes exposures for which no LVR information is available.				
Certain loans within the above table are insured by third parties. Exposures with Lender's Mortgage Insurance ("LMI") within each LVR range are set out below.				
Percentage of Exposures:				
With 100% LMI	0.5%	1.2%	0.4%	0.6%
With Top 20% LMI	2.5%	6.6%	5.8%	3.4%

16 Overseas Bank and Overseas Banking Group

Unaudited

Capital Adequacy

The RBNZ requires the disclosure of the most recent publicly available information. As certain information is only publicly available semi-annually, some disclosures only include data for June 2013.

The Overseas Banking Group is accredited to use the Advanced Internal Ratings Based Approach ("AIRB") for credit risk and the Advanced Measurement Approach ("AMA") for operational risk, which have been adopted in the calculation of the Overseas Banking Group's risk weighted exposures.

The Overseas Banking Group adopted the Basel III measurement of regulatory capital effective from 1 January 2013. The APRA prudential standards require a minimum Common Equity Tier One (CET1) ratio of 4.5% effective 1 January 2013. An additional CET1 capital conservation buffer of 2.5% will be implemented on 1 January 2016, bringing the minimum CET1 requirement to 7%.

The Overseas Banking Group is required to disclose capital adequacy information on a quarterly and a semi-annual basis. This information is made available to users via the Overseas Bank's website (www.commbank.com.au).

The Overseas Banking Group is required by APRA to hold minimum capital specified under the Basel III (AIRB) approach. As at 30 September 2013 the minimum capital requirements were met.

As at	Overseas Bank		Overseas Banking Group	
	30-Jun-13 Basel III	30-Jun-12 Basel 2.5 ⁽¹⁾	30-Sep-13 Basel III	30-Sep-12 Basel 2.5 ⁽¹⁾
Common Equity Tier One Capital Ratio	8.0%	N/A	7.8%	8.1%
Tier One Capital Ratio	10.0%	10.7%	9.8%	10.2%
Total Capital Ratio	11.0%	11.0%	10.7%	11.2%

(1) The 30 June 2012 and 30 September 2012 capital ratios reflect the APRA Basel 2.5 capital adequacy calculations in place at that time.

Notes to the Financial Statements

For the three months ended 30 September 2013

16 Overseas Bank and Overseas Banking Group (continued)

Overseas Banking Group

Asset Quality

As at 30 June 2013

Total Gross Individually Impaired Assets	4,105 AUDm
Total Individually Impaired Assets as a % of Total Assets	0.5%
Total Individually Assessed Provisions	1,628 AUDm
Total Individually Assessed Provisions as a % of Total Gross Individually Impaired Assets	39.7%
Total Collective Provision	2,858 AUDm

Profitability

For the year ended 30 June 2013

Net Profit after Taxation	7,677 AUDm
Net Profit after Taxation as a % of Average Total Assets	1.0%

Size

As at 30 June 2013

Total Assets	753,876 AUDm
% Change in Total Assets from previous 30 June	4.9%

17 Insurance Business, Marketing and Distribution of Insurance Products

The NZ Banking Group does not conduct any insurance business. However, general and life insurance products are marketed through ASB Bank Limited's branch network. The life insurance products are underwritten by Sovereign Assurance Company Limited, a wholly owned subsidiary of ASB Group (Life) Limited. Information about insurance business conducted by the NZ Life Group is disclosed in the Disclosure Statement of the NZ Life Group.

18 Changes in the Composition of the NZ Banking Group during the Reporting Period

Mondex New Zealand Limited (an associate of the NZ Banking Group), was removed from the register of companies on 4 July 2013. This removal had no impact on the consolidated financial statements of the NZ Banking Group. There have been no other changes to the composition of the NZ Banking Group since the 30 June 2013 Disclosure Statement.

19 Financial Reporting by Operating Segments

\$ millions	NZ Banking Group					Total
	Retail and Business Banking	Corporate, Commercial and Rural	Institutional Banking and Markets	Wealth and Insurance	Other	
For the three months ended 30 September 2013						
Unaudited						
Net Interest Earnings	257	110	7	3	7	384
Other Income / (Expense)	54	27	11	34	(2)	124
Total Operating Income	311	137	18	37	5	508
Operating Expenses	113	55	4	24	-	196
Impairment Losses on Advances	2	9	12	-	-	23
Net Profit before Taxation	196	73	2	13	5	289
Taxation	54	20	1	4	2	81
Net Profit after Taxation	142	53	1	9	3	208
Total Assets	41,659	20,852	4,062	186	5,015	71,774
Total Liabilities	29,038	12,408	5,800	298	18,941	66,485
For the three months ended 30 September 2012						
Unaudited						
Net Interest Earnings	226	96	6	2	14	344
Other Income / (Expense)	55	26	12	32	(9)	116
Total Operating Income	281	122	18	34	5	460
Operating Expenses	110	49	2	23	-	184
Impairment Losses / (Recoveries) on Advances	11	1	2	-	(2)	12
Net Profit before Taxation	160	72	14	11	7	264
Taxation	45	20	4	3	2	74
Net Profit after Taxation	115	52	10	8	5	190
Total Assets	38,840	20,228	4,226	188	5,444	68,926
Total Liabilities	27,236	12,129	5,183	329	19,373	64,250

Notes to the Financial Statements

For the three months ended 30 September 2013

19 Financial Reporting by Operating Segments (continued)

Retail and Business Banking: The Retail and Business Banking segment provides services to private individuals and small business customers. In addition, net income is attributed to this segment for the distribution of wealth management products through the retail distribution network.

Corporate, Commercial and Rural: The Corporate, Commercial and Rural segment provides services to corporate, commercial and rural customers. It also comprises the NZ Banking Group's financial markets activities, including financial instruments trading and sales of financial instruments to customers.

Institutional Banking and Markets: Institutional Banking and Markets services the NZ Banking Group's sophisticated corporate, institutional and government clients using a relationship management model based on industry expertise and local insights. The Total Capital Solutions offering includes debt and equity capital raising, financial and commodities price risk management and transactional banking capabilities. The New Zealand operations are part of CBA Institutional Banking and Markets' international operations.

Wealth and Insurance: The Wealth and Insurance segment provides securities, investment and insurance services to customers.

Other primarily includes:

- > business units that do not meet the definition of operating segments under NZ IFRS 8 *Operating Segments*, including the NZ Banking Group's Treasury function and other functions that supply strategic support and services to the segments; and
- > elimination entries on consolidation of the results, assets and liabilities of the NZ Banking Group's controlled entities in the preparation of the consolidated financial statements of the NZ Banking Group.

Operating Income in each segment includes transfer pricing adjustments to reflect intersegment funding arrangements. Intersegment pricing is determined on an arm's length basis. Intersegment transactions are eliminated for the purposes of reporting the consolidated NZ Banking Group's results and are included in the Other segment.

The basis of segmentation has changed since the last comparative period as a result of an internal restructure. The Commercial and Rural Banking segment has been merged with a portion of the Institutional Banking and Markets segment. Certain comparatives have been restated as part of the segment changes. In addition, ASB Bank Limited has implemented a fully allocated cost framework and accordingly certain income and expense items in the comparative period have been reclassified.

The NZ Banking Group operates predominantly in the banking industry within New Zealand. The NZ Banking Group has very limited exposure to risks associated with operating in different economic environments or political conditions in other countries. On this basis no geographical segment information is provided.

20 Events after the Reporting Period

On 18 October 2013 the Directors of ASB Capital Limited declared a gross Perpetual Preference Dividend of \$1m, being 0.6750 cents per share, including imputation credits. The dividend will be paid on 15 November 2013 to all registered holders of Perpetual Preference Shares as at 5.00pm on 5 November 2013.

On 18 October 2013 the Directors of ASB Capital No.2 Limited declared a gross Perpetual Preference Dividend of \$2m, being 0.6624 cents per share, including imputation credits. The dividend will be paid on 15 November 2013 to all registered holders of Perpetual Preference Shares as at 5.00pm on 5 November 2013.

There were no other events subsequent to the reporting period which would materially affect the financial statements.

Part B

**COMMONWEALTH BANK OF AUSTRALIA
NEW ZEALAND LIFE INSURANCE GROUP**

**Financial Statements
For the three months ended 30 September 2013**

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Income Statement

\$ millions For the three months ended	Note	NZ Life Group	
		Unaudited 30-Sep-13	Unaudited 30-Sep-12
Premium Income		158	152
Reinsurance Income		7	9
Investment Income	2	41	69
Revaluation of Borrowings and Swaps		(5)	(4)
Other Income		10	11
Total Operating Income		211	237
Total Operating Expenses		201	203
Reinsurance Expenses		11	11
Claims, Surrenders and Maturities		97	93
Net Change in Life Insurance Contract Liabilities		2	(1)
Net Change in Life Investment Contract Liabilities		23	32
Commissions and Management Expenses		74	69
Finance Costs		(7)	(2)
Other Operating Expenses		1	1
Net Profit before Taxation		10	34
Taxation	3	(9)	14
Net Profit after Taxation		19	20

These statements are to be read in conjunction with the notes on pages 6 to 10.

Statement of Comprehensive Income

\$ millions For the three months ended	NZ Life Group	
	Unaudited 30-Sep-13	Unaudited 30-Sep-12
Net Profit After Taxation	19	20
Total Comprehensive Income	19	20

These statements are to be read in conjunction with the notes on pages 6 to 10.

Statement of Changes in Equity

\$ millions	NZ Life Group			Total Shareholders' Equity
	Contributed Capital	Head Office Contribution	Retained Earnings	
For the three months ended 30 September 2013				
Unaudited				
Balance at Beginning of Period	528	300	456	1,284
Total Comprehensive Income	-	-	19	19
Branch Surplus Repatriated	-	-	(2)	(2)
Balance as at 30 September 2013	528	300	473	1,301
For the three months ended 30 September 2012				
Unaudited				
Balance at Beginning of Period	528	300	404	1,232
Total Comprehensive Income	-	-	20	20
Branch Surplus Repatriated	-	-	(2)	(2)
Balance as at 30 September 2012	528	300	422	1,250

These statements are to be read in conjunction with the notes on pages 6 to 10.

Balance Sheet

\$ millions As at	Note	NZ Life Group		
		Unaudited 30-Sep-13	Unaudited 30-Sep-12	Audited 30-Jun-13
ASSETS				
Cash and Cash Equivalents		647	582	604
Trade and Other Receivables		70	74	81
Securities		1,657	1,681	1,696
Derivative Assets		12	44	16
Reinsured Life Insurance Contracts		13	8	9
Current Taxation Asset		5	43	12
Property, Plant and Equipment		22	24	23
Intangible Assets		573	573	571
Other Assets		22	20	23
Total Assets		3,021	3,049	3,035
<i>Total Interest Earning and Discount Bearing Assets</i>		<i>1,443</i>	<i>1,469</i>	<i>1,421</i>
LIABILITIES				
Trade and Other Payables		122	118	123
Coupon Swap Collateral		-	11	1
Derivative Liabilities		10	13	27
Borrowings		123	194	143
Life Investment Contract Liabilities		867	849	861
Life Insurance Contract Liabilities		227	247	221
Deferred Taxation Liability	4	371	367	375
Total Liabilities		1,720	1,799	1,751
SHAREHOLDERS' EQUITY				
Contributed Capital		528	528	528
Head Office Contribution		300	300	300
Retained Earnings		473	422	456
Total Shareholders' Equity		1,301	1,250	1,284
Total Liabilities and Shareholders' Equity		3,021	3,049	3,035
<i>Total Interest and Discount Bearing Liabilities</i>		<i>123</i>	<i>205</i>	<i>144</i>

These statements are to be read in conjunction with the notes on pages 6 to 10.

Condensed Cash Flow Statement

\$ millions For the three months ended	NZ Life Group	
	Unaudited 30-Sep-13	Unaudited 30-Sep-12
CASH FLOWS FROM OPERATING ACTIVITIES		
Premium Receipts	173	163
Dividend Receipts	6	5
Interest Receipts	13	11
Other Cash Inflows Provided by Operating Activities	22	14
Interest Payments	(1)	-
Claims, Surrenders and Maturities Payments	(120)	(130)
Other Cash Outflows Used in Operating Activities	(81)	(89)
Net Cash Flows from Operating Activities	12	(26)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows Provided by Investing Activities	170	166
Cash Outflows Used in Investing Activities	(124)	(145)
Net Cash Flows from Investing Activities	46	21
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflows Provided by Financing Activities	-	-
Cash Outflows Used in Financing Activities	(15)	(15)
Net Cash Flows from Financing Activities	(15)	(15)
SUMMARY OF MOVEMENTS IN CASH FLOWS		
Net Increase / (Decrease) in Cash and Cash Equivalents	43	(20)
Add: Cash and Cash Equivalents at Beginning of Period	604	602
Cash and Cash Equivalents at End of Period	647	582
RECONCILIATION OF NET PROFIT AFTER TAXATION TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit after Taxation	19	20
Add: Non-Cash Items	11	(13)
Add: Movements in Balance Sheet Items	(18)	(33)
Net Cash Flows from Operating Activities	12	(26)

These statements are to be read in conjunction with the notes on pages 6 to 10.

Notes to the Financial Statements

For the three months ended 30 September 2013

1 Statement of Accounting Policies

The financial statements of the NZ Life Group incorporated in this Disclosure Statement have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and NZ IAS 34 *Interim Financial Reporting* as appropriate for profit-oriented entities and should be read in conjunction with the Disclosure Statement for the year ended 30 June 2013. The reporting period is the three months ended 30 September 2013.

The following new accounting standards and amendments to standards have been adopted from 1 July 2013 and have been applied in the preparation of these financial statements: NZ IFRS 10 *Consolidated Financial Statements*, NZ IFRS 13 *Fair Value Measurement* and NZ IAS 34 *Interim Financial Reporting* (consequential amendments).

Adoption of these standards has not resulted in any material change to the NZ Life Group's reported result or financial position. However, amendments to NZ IAS 34 require the inclusion of certain fair value disclosures in interim financial statements and accordingly a new note has been included (Note 8 Fair Value of Financial Instruments). The content of these fair value disclosures is prescribed by NZ IFRS 13 and it does not require comparative information in the first year of application.

There have been no material changes to accounting policies during the three months ended 30 September 2013. All policies have been applied on a basis consistent with that used in the financial year ended 30 June 2013.

\$ millions For the three months ended	NZ Life Group	
	Unaudited 30-Sep-13	Unaudited 30-Sep-12
2 Investment Income		
Net Gains on Equity Securities	34	42
Net (Losses) / Gains on Fixed Interest Securities	(15)	2
Net (Losses) / Gains on Property Investments	(5)	1
Total Net Fair Value Gains Included within Investment Income	14	45
Other Investment Income	27	24
Total Investment Income	41	69

3 Taxation

Current Taxation	(5)	(2)
Deferred Taxation (refer to Note 4)	(4)	16
Total Taxation (Benefit) / Charge to the Income Statement	(9)	14

The taxation (benefit) / expense on the NZ Life Group's Net Profit before Taxation differs from the theoretical amount that would arise using the domestic rate as follows:

Net Profit before Taxation	10	34
Tax at the Domestic Rate of 28%	3	10
Tax Impact of Income Not Subject to Taxation	(17)	(6)
Tax Impact of Expenses Not Deductible for Tax Purposes	6	10
Tax Impact of Imputation Credit Adjustments	(1)	-
Taxation Recognised in the Income Statement	(9)	14
Weighted Average Effective Tax Rate	(90%)	41%

The change in the effective tax rate for the three months ended 30 September 2013 is due to the change in the movement in policyholder reserves and the impact of the tax treatment of Investment income.

Sovereign Assurance Company Limited ("SACL") has received assessments from the Inland Revenue Department ("IRD") in relation to the tax treatment of reinsurance arrangements in the 2000 to 2006 tax years. SACL lodged proceedings in the High Court to challenge the reassessments, with the matter heard by the High Court during April and May 2012. The High Court delivered its judgement on 19 July 2012 and found in favour of the IRD. SACL continues to consider that its position is correct and, accordingly, has lodged an appeal from the High Court judgment. The matter was heard by the Court of Appeal in September 2013, with the judgment yet to be delivered. The potential liability arising from the matter is \$47m plus tax-effected interest of approximately \$35m. SACL has provided fully for the potential liability.

Notes to the Financial Statements

For the three months ended 30 September 2013

4 Deferred Taxation Liability

\$ millions As at	NZ Life Group		
	Unaudited 30-Sep-13	Unaudited 30-Sep-12	Audited 30-Jun-13
Balance at Beginning of Period	375	351	351
Deferred Taxation Recognised in the Income Statement (refer to Note 3)	(4)	16	24
Total Deferred Taxation Liability	371	367	375
Deferred Taxation relates to:			
Accrued Expenses and Provisions	(3)	(1)	(3)
Convertible Notes	(34)	(55)	(40)
Deferred Acquisition Costs	5	4	4
Depreciation	1	1	1
Holiday Pay	(1)	(1)	(1)
Life Insurance Contract Liabilities and Life Investment Contract Liabilities	399	415	410
Outstanding Claims Reserve	4	4	4
Total Deferred Taxation Liability	371	367	375
Deferred Taxation Recognised in the Income Statement			
Accrued Expenses and Provisions	-	1	(1)
Convertible Notes	6	5	20
Deferred Acquisition Costs	1	-	-
Life Insurance Contract Liabilities and Life Investment Contract Liabilities	(11)	10	5
Total Deferred Taxation Recognised in the Income Statement	(4)	16	24

5 Liquid Assets

\$ millions	NZ Life Group		
	Cash and Cash Equivalents	Securities	Total
As at 30 September 2013			
Unaudited			
The NZ Life Group held the following financial assets for the purpose of managing liquidity risk:			
Cash at Bank and on Deposit	641	-	641
Foreign Currency Deposits	6	-	6
Shares in Listed Companies	-	351	351
Unit Trusts and Managed Funds	-	433	433
Government Stock	-	735	735
Corporate Bonds	-	29	29
Property Investments	-	77	77
Total Liquid Assets	647	1,625	2,272

Management of liquidity risk is designed to ensure that the NZ Life Group has the ability to meet its financial obligations as they fall due. This risk is monitored by forecasting daily cash requirements, and managed by holding a pool of readily tradeable investment assets and deposits on call.

Notes to the Financial Statements

For the three months ended 30 September 2013

6 Related Party Transactions and Balances

During the three months ended 30 September 2013, the NZ Life Group has entered into, or had in place various financial arrangements with members of the Overseas Banking Group and Trusts managed or administered by the Overseas Banking Group. Arrangements with all related parties were conducted on normal commercial terms and conditions.

For the three months ended 30 September 2013 Interest and other Income received from the Overseas Banking Group was \$5m (30 September 2012 \$3m). Expenses paid were \$7m (30 September 2012 \$10m). In addition net receipts of \$14m (30 September 2012 Nil, 30 June 2013 \$14m) were received from the NZ Banking Group for the utilisation of tax-related items.

For the three months ended 30 September 2013 Interest and Other Income received from the NZ Banking Group was \$4m (30 September 2012 \$3m). Expenses paid were \$12m (30 September 2012 \$14m).

The following balances represent amounts due from and to related parties:

\$ millions As at	NZ Life Group		
	Unaudited 30-Sep-13	Unaudited 30-Sep-12	Audited 30-Jun-13
Amounts Due from Related Parties			
Overseas Banking Group	341	330	359
NZ Banking Group	470	510	550
Trusts Managed or Administered by NZ Banking Group	2	3	2
Total Amounts Due from Related Parties	813	843	911
Amounts Due to Related Parties			
NZ Banking Group	2	2	27
Overseas Banking Group*	129	198	151
Total Amounts Due to Related Parties	131	200	178

* ASB Group (Life) Limited has issued Convertible Notes of AUD700m (NZ\$787m) which are currently held by Colonial Holdings Company Limited. The Notes carry a contractual obligation to make quarterly interest payments. The carrying value of this liability is NZ\$123m and is reflected in Borrowings (30 September 2012 \$194m, 30 June 2013 \$143m).

The equity component of these Convertible Notes being the residual value of \$379m (after deducting the initial liability component of \$408m) and the impact of deferred taxation (\$119m) is reflected in Shareholders' Equity.

There has been no change in terms and conditions during the three months ended 30 September 2013.

7 Concentration of Credit Exposures to Individual Counterparties

The basis of calculation of the NZ Life Group's aggregate concentration of credit exposures to individual counterparties is the actual credit exposure. Credit exposures to the central government of any country with a long term credit rating of A- or A3 or above, or its equivalent, banks with a long term credit rating of A- or A3 or above, or its equivalent, and connected persons are excluded. Credit exposures to individual counterparties do not include exposures to those counterparties if they are booked outside New Zealand.

For the three months ended 30 September 2013, there were no peak end-of-day aggregate credit exposures to individual counterparties which exceeded 10% of the Overseas Banking Group's Shareholders' Equity as at 30 June 2013. As at 30 September 2013 there were no balance date aggregate credit exposures to individual counterparties which exceeded 10% of the Overseas Banking Group's Shareholders' Equity as at 30 June 2013.

The peak end-of-day aggregate concentration of credit exposure to individual counterparties has been calculated by determining the maximum end-of-day aggregated amount of credit exposure over the relevant three month period and then dividing that amount by the Overseas Banking Group's Shareholders' Equity as at 30 June 2013, which is the most recent publicly disclosed amount.

Notes to the Financial Statements

For the three months ended 30 September 2013

8 Fair Value of Financial Instruments

(a) Comparison of Fair Values and Carrying Values

The fair value of financial assets and liabilities that are not carried at fair value on the Balance Sheet are:

\$ millions	NZ Life Group	
	Carrying Amount	Fair Value
As at 30 September 2013		
Unaudited		
Cash and Cash Equivalents	647	647
Trade and Other Receivables	70	70
Borrowings	123	99
Trade and Other Payables	122	122

(b) Categories of Financial Assets and Financial Liabilities

The following table summarises the carrying amounts and fair values of categories of financial assets and financial liabilities. Refer to Note 1(t) of the NZ Life Group's Disclosure Statement for the year ended 30 June 2013 for a description of how fair values are estimated.

\$ millions	NZ Life Group					Total	Fair Value
	At Fair Value through Income Statement		At Amortised Cost				
	Held for Trading	Designated on Initial Recognition	Loans and Receivables	Other Financial Liabilities			
As at 30 September 2013							
Unaudited							
Financial Assets							
Cash and Cash Equivalents	-	-	647	-	-	647	647
Securities	-	1,657	-	-	-	1,657	1,657
Derivative Assets	12	-	-	-	-	12	12
Trade and Other Receivables	-	-	70	-	-	70	70
Total Financial Assets	12	1,657	717	-	-	2,386	2,386
Financial Liabilities							
Borrowings	-	-	-	123	-	123	97
Derivative Liabilities	10	-	-	-	-	10	10
Life Investment Contracts	-	867	-	-	-	867	867
Trade and Other Payables	-	-	-	122	-	122	122
Total Financial Liabilities	10	867	-	245	-	1,122	1,096

Investment contracts which contain a discretionary participation feature have been valued as insurance contracts under NZ IFRS 4. These contracts are investment account contracts where policyholder monies are accumulated in an account which earns interest at a crediting rate, the amount and timing of which is at the NZ Life Group's discretion. The carrying amount of these contracts at 30 September 2013 is \$42m. Due to the unknown nature of such a discretion, the fair value of the discretionary participation feature cannot be reliably measured.

Notes to the Financial Statements

For the three months ended 30 September 2013

8 Fair Value of Financial Instruments (continued)

(c) Valuation Methodology

The following table presents a multiple level fair value hierarchy of the NZ Life Group's financial assets and liabilities which are measured at fair value. The levels in the hierarchy are based on the valuation methods and assumptions used in determining the fair values of financial assets and financial liabilities. The levels are as follows:

- > Level 1: Fair values are determined using quoted market prices where an active market exists.
- > Level 2: Where quoted market prices are not available, fair values have been estimated using present value or other valuation techniques based on market conditions existing at balance date. These valuation techniques rely on market observable inputs.
- > Level 3: Fair values are estimated using inputs that are not based on observable market data. The NZ Life Group has mortgages and loans on policies for which fair value is estimated using valuation techniques that are not based on observable market data. A sensitivity analysis and reconciliation of movements in mortgages and loans on policies has not been provided on the basis that these assets are not a material component of the NZ Life Group's total financial assets.

\$ millions	NZ Life Group			Total
	Level 1	Level 2	Level 3	
As at 30 September 2013				
Unaudited				
Financial Assets at Fair Value				
Securities				
Equity Shares in Listed Companies	351	-	-	351
Equity Unit Trusts and Managed Funds	-	433	-	433
Fixed Interest Securities and Annuity	764	3	-	767
Mortgages	-	-	7	7
Loans on Policies	-	-	22	22
Property Unit Trusts and Managed Funds	77	-	-	77
Derivative Assets	-	12	-	12
Total Financial Assets	1,192	448	29	1,669
Financial Liabilities at Fair Value				
Life Investment Contracts	-	867	-	867
Derivative Liabilities	-	10	-	10
Total Financial Liabilities	-	877	-	877

9 Asset Quality

There were no material impaired or past due assets as at 30 September 2013 (30 September 2012 Nil).

10 Contingent Liabilities and Capital Commitments

There were no material contingent liabilities or capital commitments as at 30 September 2013 (30 September 2012 Nil).

11 Events after the Reporting Period

On 24 July 2013, CBA submitted an indicative, non-binding, incomplete and conditional proposal to the board of Kiwi Income Property Limited ("KIPL") to internalise the management of Kiwi Income Property Trust (the "Trust"). The Trust is managed by KIPL, a controlled entity of Colonial First State Investments (NZ) Limited.

On 11 November 2013, CBA confirmed it had agreed binding terms with the independent directors of KIPL and entered into an implementation agreement to internalise the management of the Trust, subject to approval of the Trust's unit holders. CBA will receive a termination payment of \$72.5m for agreeing to relinquish its existing funds management and property management agreements in relation to the Trust and internalising management.

As the internalisation proposal is subject to the approval of unit holders at a meeting to be held in December 2013, the potential impact on the NZ Life Group cannot yet be assessed.

There were no other events subsequent to the reporting period which would materially affect the financial statements.