

Commonwealth Bank of Australia New Zealand Operations

Disclosure Statement

For the three months ended 30 September 2014

General Disclosures

(To be read in conjunction with the Financial Statements)

30 September 2014

This Disclosure Statement has been issued in accordance with the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the "Order").

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 financial statements for the Overseas Banking Group's New Zealand banking business. Controlled entities of the NZ Banking Group as at 30 June 2014 are set out in note 22 of the financial statements of the NZ Banking Group for the year ended 30 June 2014;
- 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 2014 are set out in note 15 of the financial statements of the NZ Life Group for the year ended 30 June 2014; 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
Level 2
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 Overseas Bank's website (www.commbank.com.au/about-us/our-company/international-branches/new-zealand.html) and a copy of the Overseas Banking Group's financial statements can be obtained from the Overseas Bank's website (www.commbank.com.au/about-us/investors/shareholders.html).

2.0 Address for Service - Overseas Bank

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

The Overseas Bank operates as an Australian public company under the Corporations Act 2001 (Commonwealth of 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.

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 Guarantee Scheme rules ("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 until maturity (up to a maximum of 5 years for term deposits, or October 2015 in the case of call deposits).

General Disclosures (continued)

(To be read in conjunction with the Financial Statements)

3.1 Large Deposits and Wholesale Funding (continued)

(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 of the account or covered financial product.

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 1959 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
Australia
Attention: Director, Canberra

Facsimile: +61 2 6253 7333

The most recent audited financial statements of the Commonwealth of Australia can be obtained from the Australian Government Department of Finance website (www.finance.gov.au/financial-reporting-and-accounting-policy).

4.0 Conditions of Registration

The NZ Banking Group's Conditions of Registration were amended with effect from 1 July 2014 to refer to a revised version of the *Framework for Restrictions on High-LVR Residential Mortgage Lending* (BS19).

5.0 Directorate and Auditor

Sir David Higgins joined the CBA Board as an independent non-executive director on 1 September 2014.

There have been no other changes to the Board of Directors of CBA since the signing of the 30 June 2014 Disclosure Statement.

General Disclosures (continued)

(To be read in conjunction with the Financial Statements)

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

Directors of the Overseas Bank

D.J. (David) Turner (Chairman)

Australia

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

Australia

S.M. (Shirish) Apte

Singapore

Sir D.H. (David) Higgins

England

S.C.H. (Carolyn) Kay

Australia

A.M. (Andrew) Mohl

Australia

Sir J.A. (John) Anderson KBE

New Zealand

J.S. (Jane) Hemstritch

Australia

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

5.2 Name and Address for Service of Auditor

PricewaterhouseCoopers
Chartered Accountants
PricewaterhouseCoopers Tower
188 Quay Street
Auckland 1010
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

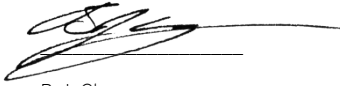
Each Director and the New Zealand Chief Executive Officer believes, after due enquiry, that as at the date on which the Disclosure Statement is signed:

- the Disclosure Statement contains all the information required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended); 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 2014:

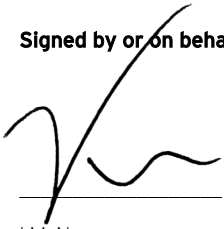
- the Registered Bank has complied with all Conditions of Registration imposed by the Reserve Bank under section 74 of the Reserve Bank of New Zealand Act 1989 that applied during that period; and
- the New Zealand business of the Registered Bank had systems in place to monitor and control adequately 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
19 November 2014

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
19 November 2014

Part A

Commonwealth Bank of Australia New Zealand Banking Group

Financial Statements

For the three months ended 30 September 2014

Contents

Income Statement	2
Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Balance Sheet	5
Condensed Cash Flow Statement	6
Notes to the Financial Statements	
1 Statement of Accounting Policies	7
2 Other Income	7
3 Taxation	7
4 Qualifying Liquid Assets	8
5 Financial Assets Pledged as Collateral	8
6 Advances to Customers	8
7 Asset Quality and Provisions for Impairment Losses	9
8 Deposits and Other Public Borrowings	9
9 Debt Issues	10
10 Contingent Liabilities	10
11 Related Party Transactions and Balances	11
12 Concentration of Credit Exposures to Individual Counterparties	11
13 Fair Value of Financial Instruments	12
14 Market Risk Capital Charges	14
15 Residential Mortgages by Loan-to-Valuation Ratio ("LVR")	14
16 Overseas Bank and Overseas Banking Group	15
17 Insurance Business, Marketing and Distribution of Insurance Products	16
18 Changes in the Composition of the NZ Banking Group during the Reporting Period	16
19 Financial Reporting by Operating Segments	16
20 Events after the Reporting Period	17

Income Statement

\$ millions	NZ Banking Group	
	Unaudited 30-Sep-14	Unaudited 30-Sep-13
For the three months ended	Note	
Interest income		1,047
Interest expense		932
Net interest earnings		622
Other income	2	384
Total operating income		106
Impairment losses on advances	7(b)	531
Total operating income after impairment losses		16
Total operating expenses		200
Salaries and other staff expenses		122
Building occupancy and equipment expenses		116
Information technology expenses		32
Other expenses		21
Net profit before taxation		25
Taxation		315
Net profit after taxation		88
Attributable to:		
Parent company shareholders		223
Non-controlling interests		204
Net profit after taxation		4
		227
		208

These statements are to be read in conjunction with the notes on pages 7 to 17.

Statement of Comprehensive Income

\$ millions

For the three months ended

NZ Banking Group

Unaudited Unaudited
30-Sep-14 30-Sep-13

Net profit after taxation	227	208
Other comprehensive income/(expense), net of taxation		
Items that will not be reclassified to the Income Statement:		
Net change in asset revaluation reserve	-	1
Items that may be reclassified subsequently to the Income Statement:		
Net change in available-for-sale reserve	-	(1)
Net change in cash flow hedge reserve	(23)	(1)
Total other comprehensive expense, net of taxation	(23)	(1)
Total comprehensive income	204	207
Attributable to:		
Parent company shareholders	200	203
Non-controlling interests	4	4
Total comprehensive income	204	207

These statements are to be read in conjunction with the notes on pages 7 to 17.

Statement of Changes in Equity

NZ Banking Group									
\$ millions	Head Office Contribution	Contributed Capital	Asset Revaluation Reserve	Available -for-Sale Reserve	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve	Retained Earnings	Non- controlling Interests	Total Share- holders' Equity
For the three months ended 30 September 2014									
Unaudited									
Balance at beginning of period	462	2,186	25	12	(1)	1	2,474	550	5,709
Net profit after taxation	-	-	-	-	-	-	223	4	227
Other comprehensive expense	-	-	-	-	(23)	-	-	-	(23)
Total comprehensive (expense)/income	-	-	-	-	(23)	-	223	4	204
Ordinary and redeemable preference dividends paid	-	-	-	-	-	-	(415)	-	(415)
Perpetual preference dividends paid to non- controlling interests	-	-	-	-	-	-	-	(4)	(4)
Profit repatriation	-	-	-	-	-	-	(3)	-	(3)
Balance as at 30 September 2014	462	2,186	25	12	(24)	1	2,279	550	5,491
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

These statements are to be read in conjunction with the notes on pages 7 to 17.

Balance Sheet

\$ millions	NZ Banking Group		
	Unaudited 30-Sep-14	Unaudited 30-Sep-13	Audited 30-Jun-14
As at	Note		
Assets			
Cash and liquid assets		1,584	1,665
Due from financial institutions		591	561
Trading securities		1,561	2,390
Derivative assets		1,372	1,307
Available-for-sale securities		2,828	2,479
Advances to customers	6	65,032	62,316
Current taxation asset		6	46
Other assets		266	371
Property, plant and equipment		197	206
Intangible assets		432	433
Deferred taxation asset		46	-
Total assets		73,915	71,774
<i>Total interest earning and discount bearing assets</i>		<i>71,657</i>	<i>69,439</i>
Liabilities			
Deposits and other public borrowings	8	45,255	42,512
Due to financial institutions		2,303	3,112
Other liabilities at fair value through Income Statement		1,253	1,617
Derivative liabilities		1,454	1,945
Current taxation liability		-	-
Other liabilities		645	521
Debt issues:			
At fair value through Income Statement	9	1,629	3,870
At amortised cost	9	10,243	7,538
Deferred taxation liability		-	170
Loan capital		5,642	5,200
Total liabilities		68,424	66,485
Shareholders' Equity			
Head office contribution		462	462
Contributed capital - ordinary shares		704	704
Reserves		14	72
Retained earnings		2,279	2,216
Ordinary shareholders' equity		3,459	3,454
Contributed capital - redeemable preference shares		1,482	1,285
Non-controlling interests		550	550
Total shareholders' equity		5,491	5,289
Total liabilities and shareholders' equity		73,915	71,774
<i>Total interest and discount bearing liabilities</i>		<i>63,508</i>	<i>61,288</i>

These statements are to be read in conjunction with the notes on pages 7 to 17.

Condensed Cash Flow Statement

\$ millions

NZ Banking Group

Unaudited Unaudited

30-Sep-14 30-Sep-13

For the three months ended

Cash flows from operating activities

Net profit before taxation	315	289
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Reconciliation of net profit before taxation to net cash flows from operating activities

Non-cash items included in net profit before taxation	50	54
Net increase in operating assets	(302)	(785)
Net increase in operating liabilities	1,160	1,321
Net taxation paid	(101)	(96)

Net cash flows from operating activities	1,122	783
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Cash flows from investing activities

Cash outflows applied to investing activities	(17)	(10)
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Net cash flows from investing activities	(17)	(10)
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Cash flows from financing activities

Cash inflows provided from financing activities	4	-
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Cash outflows applied to financing activities	(418)	(4)
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Net cash flows from financing activities	(414)	(4)
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Summary of movements in cash flows

Net increase in cash and cash equivalents	691	769
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Add: cash and cash equivalents at beginning of period	704	(46)
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Cash and cash equivalents at end of period	1,395	723
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Cash and cash equivalents comprise:

Cash and liquid assets	1,584	1,665
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Less: reverse repurchase agreements included in cash and liquid assets	(145)	(461)
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Add: cash equivalents in due from financial institutions at call	590	561
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Less: cash equivalents in due to financial institutions at call	(634)	(1,042)
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Cash and cash equivalents at end of period	1,395	723
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Additional operating cash flow information

Cash received as interest	1,048	919
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Cash paid as interest	(600)	(576)
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Cash received as other income	106	118
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Cash paid as operating expenses	(229)	(223)
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These statements are to be read in conjunction with the notes on pages 7 to 17.

Notes to the Financial Statements

For the three months ended 30 September 2014

1 Statement of Accounting Policies

The reporting entity is the NZ Banking Group which is an aggregation of the Branch, ASB Holdings Limited, ASB Funding Limited, ASB Bank Limited ("ASB") and its controlled entities, CBA Funding (NZ) Limited and its subsidiaries, CBA NZ Holding Limited and its subsidiary, CBA Real Estate Funding (NZ) Limited and CBA USD Funding Limited. The basis of aggregation is an addition of the NZ Banking Group entities' individual financial statements. All transactions and balances between entities within the NZ Banking Group have been fully eliminated.

The condensed interim financial statements of the NZ Banking Group for the three months ended 30 September 2014 (the "financial statements") have been incorporated in this Disclosure Statement. They have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") as appropriate for profit-oriented entities, NZ IAS 34 *Interim Financial Reporting* and the Order. These interim financial statements do not include all the information and disclosures required in annual financial statements and should therefore be read in conjunction with the NZ Banking Group's financial statements for the year ended 30 June 2014.

The functional and presentation currency of the NZ Banking Group is New Zealand dollars. All amounts contained in this Disclosure Statement are presented in millions, unless otherwise stated.

Amendments to NZ IAS 32 *Financial Instruments: Presentation* have been adopted from 1 July 2014 and have been applied in the preparation of these financial statements. These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of offsetting criteria to settlement systems such as central clearing house systems. The adoption of these amendments did not have an impact on the financial statements.

There have been no material changes to accounting policies during the three months ended 30 September 2014. All policies have been applied on a basis consistent with that used in the financial year ended 30 June 2014.

Certain comparatives have been restated to ensure consistency with the current period's presentation. This includes reclassification of fund management expenses of \$2 million from other expenses to offset other income in the Income Statement. This reclassification has no impact on net profit after taxation.

2 Other Income

\$ millions	NZ Banking Group	
	Unaudited 30-Sep-14	Unaudited 30-Sep-13
For the three months ended		
Net fair value gain/(loss) from:		
Other derivatives at fair value	(6)	7
Hedge ineffectiveness	-	2
Total net fair value (loss)/gain	(6)	9
Trading income	15	15
Other operating income	97	98
Total other income	106	122

3 Taxation

As at 30 September 2014 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 has commenced legal proceedings to challenge those assessments. The tax position has a potential liability of \$153 million plus interest and penalties (30 June 2014 potential liability of \$153 million plus interest and penalties). ASB 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.

Notes to the Financial Statements

For the three months ended 30 September 2014

4 Qualifying Liquid Assets

The NZ Banking Group held the following financial assets for the purpose of managing liquidity risk:

\$ millions	NZ Banking Group						Total
	Cash and Liquid Assets	Available for Sale Securities	Trading Securities	Advances to Customers	Deposits and Other Public Borrowings ⁽¹⁾	Other Assets	
As at 30 September 2014							
Unaudited							
Cash	178	-	-	-	-	-	178
Call deposits with the central bank	1,250	-	-	-	-	-	1,250
Local authority securities	-	91	83	-	-	2	176
New Zealand government securities	145	612	410	-	(1)	27	1,193
Corporate bonds	-	349	-	-	-	3	352
Treasury bills	-	-	109	-	-	-	109
Bank bills	-	-	893	-	-	-	893
Kauri bonds	-	1,178	2	-	-	8	1,188
Other securities	-	568	-	-	-	2	570
Residential mortgage-backed securities	-	-	-	2,788	-	-	2,788
Total qualifying liquid assets	1,573	2,798	1,497	2,788	(1)	42	8,697

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

5 Financial Assets Pledged as Collateral

As at 30 September 2014 New Zealand government securities of \$1 million 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 2014 \$45 million included in due from financial institutions had been advanced as collateral to offset derivative liabilities.

6 Advances to Customers

\$ millions	NZ Banking Group		
	Unaudited 30-Sep-14	Unaudited 30-Sep-13	Audited 30-Jun-14
As at			
Residential mortgages	41,929	40,657	41,624
Other retail	4,551	4,371	4,512
Corporate	18,810	17,568	17,957
Loans and other receivables	65,290	62,596	64,093
Fair value hedge adjustments	(16)	(17)	(41)
Provisions for impairment losses	(242)	(263)	(237)
Total advances to customers	65,032	62,316	63,815

Notes to the Financial Statements

For the three months ended 30 September 2014

7 Asset Quality and Provisions for Impairment Losses

\$ millions As at	NZ Banking Group		
	Unaudited 30-Sep-14	Unaudited 30-Sep-13	Audited 30-Jun-14

(a) Asset Quality and Provisions for Impairment Losses

Individually impaired assets	216	422	249
Individually assessed provisions	57	94	58
Collective provision	185	169	179
90 day past due assets not impaired	90	101	101

\$ millions For the three months ended	NZ Banking Group	
	Unaudited 30-Sep-14	Unaudited 30-Sep-13

(b) Impairment losses on advances

Movement in collective provision	6	(26)
Movement in individually assessed provisions	2	46
Bad debts written off	11	9
Bad debts recovered	(3)	(6)
Total impairment losses on advances	16	23

8 Deposits and Other Public Borrowings

\$ millions As at	NZ Banking Group		
	Unaudited 30-Sep-14	Unaudited 30-Sep-13	Audited 30-Jun-14
Certificates of deposit	398	98	227
Term deposits	22,225	22,269	21,659
On demand and short term deposits	19,960	17,653	19,891
Deposits not bearing interest	2,671	2,420	2,612
Repurchase agreements	1	72	40
Total deposits and other public borrowings	45,255	42,512	44,429

As at 30 September 2014 the Branch did not have any retail deposits (deposits with natural persons, excluding deposits with an outstanding balance which exceeds \$250,000).

Notes to the Financial Statements

For the three months ended 30 September 2014

9 Debt Issues

\$ millions	NZ Banking Group		
	Unaudited 30-Sep-14	Unaudited 30-Sep-13	Audited 30-Jun-14
As at			
Debt issues at fair value through Income Statement	1,629	3,870	1,312
Debt issues at amortised cost	10,243	7,538	9,612
Total debt issues	11,872	11,408	10,924
Movement in debt issues			
Balance at beginning of period	10,924	12,085	12,085
Issuances during the period	2,410	2,829	9,572
Repayments during the period	(2,126)	(3,176)	(10,440)
Foreign exchange and fair value movements during the period	664	(330)	(293)
Balance at end of period	11,872	11,408	10,924

10 Contingent Liabilities

\$ millions	NZ Banking Group Notional Amount		
	Unaudited 30-Sep-14	Unaudited 30-Sep-13	Audited 30-Jun-14
As at			
Guarantees	112	112	111
Standby letters of credit	86	86	113
Other credit facilities	144	132	149
Total contingent liabilities	342	330	373

The notional amount represents the maximum potential amount that could be lost if a counterparty fails to meet its financial obligations.

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 provision or contingent liability 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. At the date of this Disclosure Statement, no such proceedings have been issued against ASB. If proceedings are issued against ASB, any impact will be assessed at that time.

In December 2013 the Commerce Commission advised ASB that it intends to issue proceedings against ASB under the Fair Trading Act 1986 in respect of the sale of interest rate swap contracts to rural customers. The Commission has subsequently announced that its investigation is complex, new information is being considered, and it anticipated making further announcement on proceedings later in 2014. As at the date of this Disclosure Statement no such proceedings have been issued. If proceedings are issued against ASB, any impact will be assessed at that time.

Notes to the Financial Statements

For the three months ended 30 September 2014

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 and due from financial institutions, deposits and other public borrowings, debt issues, loan capital, other assets, other liabilities, derivative assets and derivative liabilities:

\$ millions	NZ Banking Group		
	Unaudited 30-Sep-14	Unaudited 30-Sep-13	Unaudited 30-Jun-14
As at			
Amounts due to related parties			
Overseas Banking Group	5,730	6,915	5,852
NZ Life Group	236	474	401
Superannuation schemes and unit trusts managed or administered by controlled subsidiaries of ASB	872	673	886
Superannuation schemes and unit trusts managed or administered by NZ Life Group	3	6	4
Total amounts due to related parties	6,841	8,068	7,143
Amounts due from related parties			
Overseas Banking Group	397	511	341
NZ Life Group	9	6	1
Superannuation schemes and unit trusts managed or administered by controlled subsidiaries of ASB	3	-	1
Total amounts due from related parties	409	517	343

For the three months ended 30 September 2014 interest charged on balances due to the Overseas Banking Group was \$45 million (30 September 2013 \$54 million).

The total liabilities of the Branch net of amounts due to related parties were \$2,338 million as at 30 September 2014 (30 September 2013 \$2,436 million, 30 June 2014 \$2,213 million).

12 Concentration of Credit Exposures to Individual Counterparties

The basis of calculation of the NZ Banking Group's aggregate concentration of credit exposure 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 2014, 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 2014. As at 30 September 2014 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 2014.

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 2014, which is the most recent publicly disclosed amount.

Notes to the Financial Statements

For the three months ended 30 September 2014

13 Fair Value of Financial Instruments

The NZ Banking Group's financial assets and financial liabilities are measured on an on-going basis either at fair value or amortised cost.

The fair value of a financial instrument is the price that would be received to sell a financial asset, or paid to transfer a financial liability, in an orderly transaction between market participants at the measurement date.

(a) Fair Value Hierarchy of Financial Instruments Measured at Fair Value

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 a financial instrument is not available, its 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 unobservable but are reasonable assumptions based on market conditions.

There are three levels in the hierarchy of fair value measurements which are based on the inputs used to measure fair values:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities that the NZ Banking Group can access.
- Level 2: where quoted market prices are not available, fair values have been estimated using present value or other valuation techniques using inputs that are observable for the financial asset or financial liability, either directly or indirectly.
- Level 3: fair values are estimated using inputs that are unobservable for the financial asset or financial liability.

The NZ Banking Group considers transfers between levels, if any, to have occurred at the end of the reporting period for which the financial statements are prepared.

The following tables present an analysis by level in the fair value hierarchy of the fair value measurements of financial instruments that are recognised and measured at fair value on a recurring basis.

\$ millions	NZ Banking Group			Total
	Level 1	Level 2	Level 3	
As at 30 September 2014				
Unaudited				
Financial assets				
Trading securities	583	978	-	1,561
Derivative assets	-	1,372	-	1,372
Available-for-sale securities	612	2,216	-	2,828
Total financial assets measured at fair value	1,195	4,566	-	5,761
Financial liabilities				
Other liabilities at fair value through Income Statement	-	1,253	-	1,253
Derivative liabilities	-	1,454	-	1,454
Debt issues at fair value through Income Statement	-	1,629	-	1,629
Total financial liabilities measured at fair value	-	4,336	-	4,336
As at 30 September 2013				
Unaudited				
Financial assets				
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 measured at fair value	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 measured at fair value	-	7,432	-	7,432

Notes to the Financial Statements

For the three months ended 30 September 2014

13 Fair Value of Financial Instruments (continued)

(a) Fair Value Hierarchy of Financial Instruments Measured at Fair Value (continued)

\$ millions	NZ Banking Group			Total
	Level 1	Level 2	Level 3	
As at 30 June 2014				
Audited				
Financial assets				
Trading securities	560	932	-	1,492
Derivative assets	-	1,053	-	1,053
Available-for-sale securities	615	2,090	-	2,705
Total financial assets measured at fair value	1,175	4,075	-	5,250
Financial liabilities				
Other liabilities at fair value through Income Statement	6	1,217	-	1,223
Derivative liabilities	-	2,114	-	2,114
Debt issues at fair value through Income Statement	-	1,312	-	1,312
Total financial liabilities measured at fair value	6	4,643	-	4,649

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.

(b) Fair Value of Financial Instruments Not Measured at Fair Value

The following table compares the carrying values of financial instruments not measured at fair value with their estimated fair values.

\$ millions	Unaudited 30-Sep-14		NZ Banking Group Unaudited 30-Sep-13		Audited 30-Jun-14	
	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets						
Cash and liquid assets	1,584	1,584	1,665	1,665	1,778	1,778
Due from financial institutions	591	591	561	561	288	288
Advances to customers	64,847	65,032	62,196	62,316	63,625	63,815
Other assets	241	241	342	342	690	690
Total	67,263	67,448	64,764	64,884	66,381	66,571
Financial liabilities						
Deposits and other public borrowings	45,303	45,255	42,561	42,512	44,467	44,429
Due to financial institutions	2,304	2,303	3,114	3,112	2,209	2,203
Other liabilities	645	645	521	521	597	597
Debt issues at amortised cost	10,317	10,243	7,610	7,538	9,673	9,612
Loan capital	5,589	5,642	5,166	5,200	5,310	5,311
Total	64,158	64,088	58,972	58,883	62,256	62,152

Notes to the Financial Statements

For the three months ended 30 September 2014

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			Total
	Interest Rate Risk	Foreign Currency Risk	Equity Risk	
Exposures as at 30 September 2014				
Implied risk-weighted exposure	1,848	9	-	1,857
Aggregate capital charge	148	1	-	149

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

Unaudited

\$ millions	NZ Banking Group			Total
	Does not exceed 80%	Exceeds 80% and not 90%	Exceeds 90%	
LVR Range				
As at 30 September 2014				
Value of exposures	39,928	6,007	3,289	49,224
Expressed as a percentage of total exposures	81.1%	12.2%	6.7%	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. Exposures for which no LVR information is available are included in the greater than 90% range.

Notes to the Financial Statements

For the three months ended 30 September 2014

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 2014.

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. Effective 1 January 2013, the APRA prudential standards required a minimum Common Equity Tier One (CET1) ratio of 4.5%. 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/about-us/shareholders/financial-information/regulatory/basel-iii-pillar-iii-disclosure.html).

The Overseas Banking Group is required by APRA to hold minimum capital specified under the Basel III (AIRB) approach. As at 30 September 2014 the minimum capital requirements were met.

As at	Overseas Bank		Overseas Banking Group	
	30-Jun-14	30-Jun-13	30-Sep-14	30-Sep-13
Capital ratios				
Common equity tier one capital ratio	9.1%	8.0%	8.6%	7.8%
Tier one capital ratio	10.9%	10.0%	10.3%	9.8%
Total capital ratio	11.8%	11.0%	11.1%	10.7%

Overseas Banking Group

Asset quality

As at 30 June 2014

Total gross individually impaired assets	AUD3,367 million
Total individually impaired assets as a % of total assets	0.4%
Total individually assessed provisions	AUD1,127 million
Total individually assessed provisions as a % of total gross individually impaired assets	33.5%
Total collective provision	AUD2,779 million

Profitability

For the year ended 30 June 2014

Net profit after taxation	AUD8,631 million
Net profit after taxation as a % of average total assets	1.1%

Size

As at 30 June 2014

Total assets	AUD791,451 million
% change in total assets from previous 30 June	5.0%

Notes to the Financial Statements

For the three months ended 30 September 2014

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's retail 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 Part B of this Disclosure Statement.

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

There were no changes in the composition of the NZ Banking Group during the reporting period. ASB Smart Cards Limited (a subsidiary of ASB) was removed from the New Zealand Companies Register on 20 October 2014. This removal had no impact on the consolidated financial statements of the NZ Banking Group.

19 Financial Reporting by Operating Segments

Unaudited

\$ millions	NZ Banking Group					Total
	Retail and Business Banking	Corporate, Commercial and Rural	Institutional Banking and Markets	Wealth and Insurance	Other	
Income Statement						
For the three months ended 30 September 2014						
Net interest earnings	270	135	8	3	9	425
Other income/(expense)	56	24	11	36	(21)	106
Total operating income/(expense)	326	159	19	39	(12)	531
Impairment losses on advances	13	3	-	-	-	16
Segment operating expenses (excluding impairment losses)	114	56	3	21	6	200
Segment net profit/(loss) before taxation	199	100	16	18	(18)	315
Taxation	55	28	5	5	(5)	88
Segment net profit/(loss) after taxation	144	72	11	13	(13)	227
Balance Sheet						
As at 30 September 2014						
Total assets	42,892	21,680	3,916	163	5,264	73,915
Total liabilities	31,128	12,555	5,732	256	18,753	68,424

\$ millions	NZ Banking Group					Total
	Retail and Business Banking	Corporate, Commercial and Rural	Institutional Banking and Markets	Wealth and Insurance	Other	
Income Statement						
For the three months ended 30 September 2013						
Net interest earnings	257	110	7	3	7	384
Other income/(expense)	54	27	11	32	(2)	122
Total operating income	311	137	18	35	5	506
Impairment losses on advances	2	9	12	-	-	23
Segment operating expenses (excluding impairment losses)	111	54	4	22	3	194
Segment net profit before taxation	198	74	2	13	2	289
Taxation	55	20	1	3	2	81
Segment net profit after taxation	143	54	1	10	-	208
Balance Sheet						
As at 30 September 2013						
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

Notes to the Financial Statements

For the three months ended 30 September 2014

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 inter-segment funding arrangements. Inter-segment pricing is determined on an arm's length basis. Inter-segment transactions are eliminated for the purposes of reporting the consolidated NZ Banking Group's results and are included in the Other segment.

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 1 October 2014, CBA issued CommBank PERLS VII Capital Notes ("PERLS VII") raising AUD3 billion. PERLS VII are perpetual, subordinated, unsecured notes issued by CBA through the Branch and will be recorded on the Balance Sheet as loan capital. Further information about PERLS VII is available on the CBA website (www.commbank.com.au/about-us/shareholders/securities/perls-vii.html).

On 20 October 2014 the Directors of ASB Capital Limited declared a gross perpetual preference dividend of \$2 million, being 1.0775 cents per share, including imputation credits. The dividend will be paid on 17 November 2014 to all registered holders of perpetual preference shares as at 5.00pm on 7 November 2014.

On 20 October 2014 the Directors of ASB Capital No.2 Limited declared a gross perpetual preference dividend of \$4 million, being 1.1550 cents per share, including imputation credits. The dividend will be paid on 17 November 2014 to all registered holders of perpetual preference shares as at 5.00pm on 7 November 2014.

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 2014

Contents

Income Statement	2
Statement of Comprehensive Income	3
Statement of Changes in Equity	3
Balance Sheet	4
Condensed Cash Flow Statement	5
Notes to the Financial Statements	
1 Statement of Accounting Policies	6
2 Investment Income	6
3 Taxation	7
4 Liquid Assets	7
5 Asset Quality	8
6 Deferred Taxation Liability	8
7 Contingent Liabilities and Capital Commitments	8
8 Concentration of Credit Exposures to Individual Counterparties	8
9 Related Party Transactions and Balances	9
10 Fair Value of Financial Instruments	10
11 Discontinued Operations	12
12 Events after the Reporting Period	14

Income Statement

\$ millions For the three months ended	Note	NZ Life Group	
		Unaudited 30-Sep-14	Unaudited 30-Sep-13
Continuing operations⁽¹⁾:			
Premium income		163	158
Reinsurance income		9	7
Investment income	2, 11	57	41
Other income	11	2	(3)
Total operating income		231	203
Total operating expenses			
Reinsurance expense		11	11
Claims expense		96	97
Net change in life insurance contract liabilities		(6)	2
Net change in life investment contract liabilities		18	23
Finance costs/(income)		-	(6)
Other operating expenses	11	71	72
Net profit before taxation		41	4
Taxation	3, 11	13	(10)
Net profit after taxation from continuing operations		28	14
Discontinued operations⁽¹⁾:			
Net profit after taxation from discontinued operations	11	-	5
Net profit after taxation		28	19

(1) On 12 December 2013, Kiwi Income Property Trust ceased to be managed by Kiwi Income Properties Limited, a controlled entity of Colonial First State Investments (NZ) Limited. When an operation is classified as a discontinued operation the current and comparative Income Statements are restated. Refer to Note 11 for further information.

These statements are to be read in conjunction with the notes on pages 6 to 13.

Statement of Comprehensive Income

\$ millions For the three months ended	NZ Life Group	
	Unaudited 30-Sep-14	Unaudited 30-Sep-13
Net profit after taxation	28	19
Total comprehensive income	28	19

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 2014				
Unaudited				
Balance at beginning of period	1,080	-	211	1,291
Net profit after taxation	-	-	28	28
Total comprehensive income	-	-	28	28
Ordinary dividend paid	-	-	(74)	(74)
Balance as at 30 September 2014	1,080	-	165	1,245
For the three months ended 30 September 2013				
Unaudited				
Balance at beginning of period	528	300	456	1,284
Net profit after taxation	-	-	19	19
Total comprehensive income	-	-	19	19
Branch surplus repatriated	-	-	(2)	(2)
Balance as at 30 September 2013	528	300	473	1,301

These statements are to be read in conjunction with the notes on pages 6 to 13.

Balance Sheet

\$ millions As at	Note	NZ Life Group		
		Unaudited 30-Sep-14	Unaudited 30-Sep-13	Audited 30-Jun-14
Assets				
Cash and cash equivalents		517	594	505
Trade and other receivables		67	63	57
Securities		1,722	1,657	1,701
Derivative assets		-	12	9
Liabilities ceded under reinsurance		11	13	11
Current taxation asset		-	5	-
Property, plant and equipment		19	21	20
Intangible assets		533	521	534
Other assets		-	15	-
		2,869	2,901	2,837
Assets of discontinued operations ⁽¹⁾	11	2	120	77
Total assets		2,871	3,021	2,914
<i>Total interest earning and discount bearing assets</i>		1,337	1,390	1,322
Liabilities				
Trade and other payables		105	118	111
Derivative liabilities		7	10	1
Borrowings		-	123	-
Life investment contract liabilities		873	867	867
Life insurance contract liabilities		195	227	201
Current taxation liability		5	-	15
Deferred taxation liability	6	441	371	427
		1,626	1,716	1,622
Liabilities of discontinued operations ⁽¹⁾	11	-	4	1
Total liabilities		1,626	1,720	1,623
Shareholders' equity				
Contributed capital		1,080	528	1,080
Head office contribution		-	300	-
Retained earnings		165	473	211
Total shareholders' equity		1,245	1,301	1,291
Total liabilities and shareholders' equity		2,871	3,021	2,914
<i>Total interest and discount bearing liabilities</i>		-	-	-

(1) When an operation is classified as a discontinued operation only the Balance Sheet for the current reporting period is restated. Refer to Note 11 for further information.

These statements are to be read in conjunction with the notes on pages 6 to 13.

Condensed Cash Flow Statement

\$ millions For the three months ended	Note	NZ Life Group	
		Unaudited 30-Sep-14	Unaudited 30-Sep-13
Cash flows from operating activities			
Premium receipts		173	173
Dividend receipts		4	6
Interest receipts		6	13
Interest paid		-	(1)
Claims, surrenders and maturities payments		(118)	(120)
Net other cash outflows provided by operating activities		(80)	(59)
Net cash flows from operating activities		(15)	12
Cash flows from investing activities			
Cash inflows provided by investing activities		122	170
Cash outflows used in investing activities		(95)	(124)
Net cash flows from investing activities		27	46
Cash flows from financing activities			
Cash outflows used in financing activities		(74)	(15)
Net cash flows from financing activities		(74)	(15)
Summary of movements in cash flows			
Net increase / (decrease) in cash and cash equivalents		(62)	43
Add: Cash and cash equivalents at beginning of period		581	604
Cash and cash equivalents at end of period	11	519	647
Reconciliation of net profit after taxation to net cash flows from operating activities			
Net profit after taxation		28	19
Add: Non-cash items		(21)	11
Add: Movements in Balance Sheet items		(22)	(18)
Net cash flows from operating activities		(15)	12

These statements are to be read in conjunction with the notes on pages 6 to 13.

Notes to the Financial Statements

For the three months ended 30 September 2014

1 Statement of Accounting Policies

The reporting entity is the NZ Life Group which is an aggregation of ASB Group (Life) Limited ("ASBGL") and its subsidiaries, Colonial First State Investments (NZ) Limited ("CFSI") and its subsidiaries, Colonial Holding Company Limited - New Zealand Branch ("CHC") and First State Investments (NZ) Limited ("FSI"). The basis of aggregation is an addition of the NZ Life Group entities' individual financial statements. All transactions and balances between entities within the NZ Life Group have been fully eliminated.

The condensed interim financial statements of the NZ Life Group for the three months ended 30 September 2014 (the "financial statements") have been incorporated in this Disclosure Statement. They have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") as appropriate for profit-oriented entities, NZ IAS 34 *Interim Financial Reporting* and the Order. These interim financial statements do not include all the information and disclosures required in annual financial statements and should therefore be read in conjunction with the NZ Life Group's financial statements for the year ended 30 June 2014.

The functional and presentation currency of the NZ Life Group is New Zealand dollars. All amounts contained in this Disclosure Statement are presented in millions, unless otherwise stated.

Amendments to NZ IAS 32 *Financial Instruments: Presentation* have been adopted from 1 July 2014 and have been applied in the preparation of these financial statements. These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of offsetting criteria to settlement systems such as central clearing house systems. The adoption of these amendments did not have an impact on the financial statements.

There have been no material changes to accounting policies during the three months ended 30 September 2014. All policies have been applied on a basis consistent with that used in the financial year ended 30 June 2014.

2 Investment Income

\$ millions For the three months ended	Note	NZ Life Group	
		Unaudited 30-Sep-14	Unaudited 30-Sep-13
Dividends		13	14
Realised and unrealised gains/(losses)		15	34
Total equity securities		28	48
Interest		14	12
Realised and unrealised gains/(losses)		7	(15)
Total fixed interest securities and cash		21	(3)
Dividends		1	1
Realised and unrealised gains/(losses)		7	(5)
Total property securities		8	(4)
Total investment income	11	57	41

Notes to the Financial Statements

For the three months ended 30 September 2014

3 Taxation

\$ millions For the three months ended	Note	NZ Life Group	
		Unaudited 30-Sep-14	Unaudited 30-Sep-13
Current taxation		(1)	(5)
Deferred taxation	6	14	(4)
Total taxation charged to the Income Statement	11	13	(9)

The taxation 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		41	10
Tax at the domestic rate of 28%		11	3
Non-deductible expenditure		9	9
Non-assessable income		(6)	(7)
Imputation credit adjustments		(1)	(1)
Movement in policy liabilities and tax reserving amounts		11	(11)
Investment income adjustments		(11)	(2)
Total taxation charged to the Income Statement		13	(9)
Weighted average effective tax rate		32%	(90%)

Total taxation expense for the three months ended 30 September 2014 includes nil from discontinued operations (30 September 2013 \$1 million).

4 Liquid Assets

\$ millions	NZ Life Group		
	Cash	Securities	Total
The NZ Life Group holds the following financial assets for the purpose of managing liquidity risk:			
As at 30 September 2014			
Unaudited			
Cash and cash equivalents	517	-	517
Foreign currency deposits	2	-	2
Equity securities	-	801	801
Government stock	-	764	764
Corporate bonds	-	28	28
Property securities	-	101	101
Total liquid assets	519	1,694	2,213

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 2014

5 Asset Quality

There were no material impaired or past due assets as at 30 September 2014 (30 June 2014 nil).

6 Deferred Taxation Liability

\$ millions As at	Note	NZ Life Group		
		Unaudited 30-Sep-14	Unaudited 30-Sep-13	Audited 30-Jun-14
Balance at beginning of period		427	375	375
Taxation expense recognised in the Income Statement	3	14	(4)	28
Taxation expense recognised in shareholders' equity		-	-	24
Total deferred taxation liability		441	371	427
Deferred Taxation relates to:				
Convertible notes		-	(34)	-
Life insurance and life investment contract liabilities		433	399	420
Other		8	6	7
Total deferred taxation liability		441	371	427
Deferred taxation recognised in the Income Statement:				
Convertible notes		-	6	16
Life insurance and life investment contract liabilities		13	(11)	10
Other		1	1	2
Total deferred taxation recognised in the Income Statement	3	14	(4)	28

7 Contingent Liabilities and Capital Commitments

There were no material contingent liabilities or capital commitments as at 30 September 2014 (30 June 2014 nil).

8 Concentration of Credit Exposures to Individual Counterparties

The basis of calculation of the NZ Life Group's aggregate concentration of credit exposure 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 2014, there was no peak end-of-day aggregate credit exposure to individual counterparties which exceeded 10% of the Overseas Banking Group's shareholders' equity as at 30 June 2014. As at 30 September 2014 there was no balance date aggregate credit exposure to individual counterparties which exceeded 10% of the Overseas Banking Group's shareholders' equity as at 30 June 2014.

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 2014, which is the most recent publicly disclosed amount.

Notes to the Financial Statements

For the three months ended 30 September 2014

9 Related Party Transactions and Balances

During the three months ended 30 September 2014, the NZ Life Group has entered into, or had in place various financial transactions with members of the Overseas Banking Group, and other related parties. Arrangements with related parties were conducted on an arm's length basis and on normal commercial terms, and within the NZ Life Group's approved policies. Loans to and borrowings from related parties are unsecured.

\$ millions As at	NZ Life Group		
	Unaudited 30-Sep-14	Unaudited 30-Sep-13	Audited 30-Jun-14
Related party transactions			
Interest Income			
Received from NZ Banking Group	4	3	16
Interest Expense			
Paid to Overseas Banking Group	-	7	25
Paid to NZ Banking Group	-	2	5
	-	9	30
Other Income			
Received from Overseas Banking Group	6	5	8
Received from NZ Banking Group for the origination of mortgages	1	-	1
Received from NZ Banking Group for the investment management services	1	1	2
	8	6	11
Other Expenses			
Paid to Overseas Banking Group for investment management services	-	-	1
Paid to NZ Banking Group for administrative services	2	2	11
Paid to NZ Banking Group for insurance commission	8	8	31
	10	10	43
Related party balances			
Overseas Banking Group			
Assets			
Securities	358	341	348
Liabilities			
Trade and other payables	-	6	-
Borrowings	-	123	-
	-	129	-
NZ Banking Group			
Assets			
Cash and cash equivalents	235	456	390
Trade and other receivables	-	1	1
Securities	-	4	1
Derivative assets	-	10	9
	235	471	401
Liabilities			
Trade and other payables	-	1	-
Derivative liabilities	8	1	1
	8	2	1
Trusts managed or administered by NZ Banking Group			
Securities	-	2	-
Total related party assets	593	814	749
Total related party liabilities	8	131	1
Other			

For the three months ended 30 September 2014 net receipts of nil (30 September 2013 \$14m, 30 June 2014 \$41m) were received from the NZ Banking Group for the utilisation of tax-related items.

Notes to the Financial Statements

For the three months ended 30 September 2014

10 Fair Value of Financial Instruments

The NZ Life Group's financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost.

The fair value of a financial instrument is the price that would be received to sell a financial asset, or paid to transfer a financial liability, in an orderly transaction between market participants at the measurement date.

(a) Fair Value Hierarchy of Financial Instruments Measured at Fair Value

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.

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities that the NZ Life Group can access.
- Level 2: where quoted market prices are not available, fair values have been estimated using present value or other valuation techniques using inputs that are observable for the financial asset or financial liability, either directly or indirectly.
- Level 3: Fair values are estimated using inputs that are unobservable for the financial asset or financial liability.

The NZ Life Group considers transfers between levels, if any, to have occurred at the end of the reporting period for which the financial statements are prepared.

The following table presents an analysis by level in the fair value hierarchy of the fair value measurements of financial statements that are recognised and measured at fair value on a recurring basis.

\$ millions	NZ Life Group			Total
	Level 1	Level 2	Level 3	
As at 30 September 2014				
Unaudited				
Financial assets				
Securities				
Equity securities	343	458	-	801
Fixed interest securities	792	-	-	792
Mortgages	-	-	6	6
Loans on policies	-	-	22	22
Property securities	101	-	-	101
Total financial assets measured at fair value	1,236	458	28	1,722
Financial liabilities				
Derivative liabilities	-	7	-	7
Life investment contract liabilities	-	873	-	873
Total financial liabilities measured at fair value	-	880	-	880
As at 30 September 2013				
Unaudited				
Financial assets				
Securities				
Equity securities	351	433	-	784
Fixed interest securities and annuity investment	764	3	-	767
Mortgages	-	-	7	7
Loans on policies	-	-	22	22
Property securities	77	-	-	77
Derivative assets	-	12	-	12
Total financial assets measured at fair value	1,192	448	29	1,669
Financial liabilities				
Derivative liabilities	-	10	-	10
Life investment contract liabilities	-	867	-	867
Total financial liabilities measured at fair value	-	877	-	877

Notes to the Financial Statements

For the three months ended 30 September 2014

10 Fair Value of Financial Instruments (continued)

(a) Fair Value Hierarchy of Financial Instruments Measured at Fair Value (continued)

\$ millions	NZ Life Group			Total
	Level 1	Level 2	Level 3	
As at 30 June 2014				
Audited				
Financial assets				
Securities				
Equity securities	339	445	-	784
Fixed interest securities	788	-	-	788
Mortgages	-	-	7	7
Loans on policies	-	-	22	22
Property securities	100	-	-	100
Derivative assets	-	9	-	9
Total financial assets measured at fair value	1,227	454	29	1,710
Financial liabilities				
Derivative liabilities	-	1	-	1
Life investment contract liabilities	-	867	-	867
Total financial liabilities measured at fair value	-	868	-	868

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.

(b) Fair Value of Financial Instruments Not Measured at Fair Value

The following tables provide a comparison between the carrying amounts and fair values of the NZ Life Group's financial assets and financial liabilities that are not presented at fair value in the Balance Sheet.

\$ millions	Unaudited 30-Sep-14		NZ Life Group Unaudited 30-Sep-13		Audited 30-Jun-14	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial assets						
Cash and cash equivalents	519	519	647	647	581	581
Trade and other receivables	67	67	70	70	58	58
Financial liabilities						
Trade and other payables	105	105	122	122	111	111
Borrowings	-	-	123	123	-	-

Notes to the Financial Statements

For the three months ended 30 September 2014

11 Discontinued Operations

On 12 December 2013 the Trust's unit holders approved a proposal to internalise the management of the Trust. Up until this date the Trust was managed by KIPL, a subsidiary of CFSI. Under the terms of the agreement, a termination payment of \$72.5 million was received for relinquishing the existing funds management and property management agreements in relation to the Trust. Accordingly, this component of the NZ Life Group's business has been classified as discontinued operations.

Goodwill of \$52 million associated with the purchase of KIPL and a property management business by CFSI was written off by CFSI during the year ended 30 June 2014. This resulted in a net gain of \$20 million on termination of the agreements being recognised in other income of the discontinued operations.

On 29 May 2014, CHC ceased its funding operations and effective 7 October 2014 it was removed from the Companies Office register. CHC has been classified as a discontinued operation and for the three months ended 30 September 2014 and the comparative period, it had no operating income or operating expenses. CHC had no assets or liabilities as at 30 September 2014 and 30 June 2014.

The notes to the financial statements include the results of the discontinued operations. Excluding intercompany amounts, the net profit after taxation for the discontinued operations can be analysed as follows:

\$ millions	Continuing Operations	NZ Life Group Discontinued Operations	Total
Income Statement			
For the three months ended 30 September 2014			
Unaudited			
Premium income	163	-	163
Reinsurance income	9	-	9
Investment income	57	-	57
Other income	2	-	2
Total operating income	231	-	231
Total operating expenses	190	-	190
Reinsurance expense	11	-	11
Claims expense	96	-	96
Net change in life insurance contract liabilities	(6)	-	(6)
Net change in life investment contract liabilities	18	-	18
Other operating expenses	71	-	71
Net profit before taxation	41	-	41
Taxation	13	-	13
Net profit after taxation	28	-	28
For the three months ended 30 September 2013			
Unaudited			
Premium income	158	-	158
Reinsurance income	7	-	7
Investment income	41	-	41
Other income	(3)	8	5
Total operating income	203	8	211
Total operating expenses	199	2	201
Reinsurance expense	11	-	11
Claims expense	97	-	97
Net change in life insurance contract liabilities	2	-	2
Net change in life investment contract liabilities	23	-	23
Finance costs/(income)	(6)	(1)	(7)
Other operating expenses	72	3	75
Net profit before taxation	4	6	10
Taxation	(10)	1	(9)
Net profit after taxation	14	5	19

Notes to the Financial Statements

For the three months ended 30 September 2014

11 Discontinued Operations (continued)

\$ millions	Continuing Operations	NZ Life Group Discontinued Operations	Total
Balance Sheet			
Excluding intercompany amounts, the assets and liabilities of the discontinued operations can be analysed as follows:			
As at 30 September 2014			
Unaudited			
Assets			
Cash and cash equivalents	517	2	519
Trade and other receivables	67	-	67
Securities	1,722	-	1,722
Liabilities ceded under reinsurance	11	-	11
Property, plant and equipment	19	-	19
Intangible assets	533	-	533
Total assets	2,869	2	2,871
Liabilities			
Trade and other payables	105	-	105
Derivative liabilities	7	-	7
Life investment contract liabilities	873	-	873
Life insurance contract liabilities	195	-	195
Current taxation liability	5	-	5
Deferred taxation liability	441	-	441
Total liabilities	1,626	-	1,626
As at 30 June 2014			
Audited			
Assets			
Cash and cash equivalents	505	76	581
Trade and other receivables	57	1	58
Securities	1,701	-	1,701
Derivative assets	9	-	9
Liabilities ceded under reinsurance	11	-	11
Property, plant and equipment	20	-	20
Intangible assets	534	-	534
Total assets	2,837	77	2,914
Liabilities			
Trade and other payables	111	-	111
Derivative liabilities	1	-	1
Life investment contract liabilities	867	-	867
Life insurance contract liabilities	201	-	201
Current taxation liability	15	1	16
Deferred taxation liability	427	-	427
Total liabilities	1,622	1	1,623

Notes to the Financial Statements

For the three months ended 30 September 2014

11 Discontinued Operations (continued)

\$ millions	Continuing Operations	NZ Life Group Discontinued Operations	Total
Condensed Cash Flow Statement			
Cash flows of the discontinued operations can be analysed as follows:			
For the three months ended 30 September 2014			
Unaudited			
Net cash flows from operating activities	(15)	-	(15)
Net cash flows from investing activities	27	-	27
Net cash flows from financing activities	-	(74)	(74)
Net increase / (decrease) in cash and cash equivalents at end of period	12	(74)	(62)
For the three months ended 30 September 2013			
Unaudited			
Net cash flows from operating activities	11	1	12
Net cash flows from investing activities	46	-	46
Net cash flows from financing activities	(14)	(1)	(15)
Net increase / (decrease) in cash and cash equivalents at end of period	43	-	43

12 Events after the Reporting Period

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