

Commonwealth Bank of Australia New Zealand Operations

Disclosure Statement

For the nine months ended 31 March 2015

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Commonwealth Bank of Australia New Zealand Operations

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Commonwealth Bank of Australia New Zealand Banking Group

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General Disclosures

(To be read in conjunction with the Financial Statements)

31 March 2015

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 Commonwealth Bank of Australia'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 Commonwealth Bank of Australia'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.

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. Accounts kept at a foreign branch of an ADI, including the Branch, are not protected accounts. The guarantee originally applied to deposits with foreign branches, but was limited to Australian dollar deposits from 12 October 2011 and ceased for all foreign branch deposits from 23 September 2014.

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 November 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.

W.M. Stops joined the CBA Board as an independent non-executive director on 9 March 2015.

S.C.H. Kay resigned as a director from the CBA Board with effect from 31 March 2015.

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

B.J. (Brian) Long

Australia

W.M. (Wendy) Stops

Australia

Sir J.A. (John) Anderson KBE

New Zealand

J.S. (Jane) Hemstritch

Australia

L.K. (Launa) Inman

Australia

A.M. (Andrew) Mohl

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

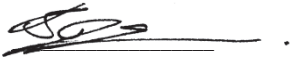
Each Director and the New Zealand Chief Executive Officer believes, after due enquiry, that as at the date on which the Disclosure Statement is signed:

- 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 nine months ended 31 March 2015:

- 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
26 May 2015

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
26 May 2015

Part A

Commonwealth Bank of Australia
New Zealand Banking Group

Financial Statements

For the nine months ended 31 March 2015

Income Statement

\$ millions	NZ Banking Group	
	Unaudited 31-Mar-15	Unaudited 31-Mar-14
For the nine months ended	Note	
Interest income		3,191
Interest expense		2,814
Net interest earnings		<u>1,917</u>
Other income	2	345
Total operating income		<u>1,603</u>
Impairment losses on advances	7(b)	87
Total operating income after impairment losses		<u>1,516</u>
Total operating expenses		<u>600</u>
Salaries and other staff expenses		360
Building occupancy and equipment expenses		93
Information technology expenses		66
Other expenses		81
Net profit before taxation		<u>916</u>
Taxation		257
Net profit after taxation		<u>659</u>
Attributable to:		
Parent company shareholders		645
Non-controlling interests		14
Net profit after taxation		<u>659</u>

These statements are to be read in conjunction with the notes on pages 6 to 16.

Statement of Comprehensive Income

\$ millions

NZ Banking Group

Unaudited Unaudited

31-Mar-15 31-Mar-14

For the nine months ended

Net profit after taxation	659	654
Other comprehensive (expense)/income, 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	(2)	-
Net change in cash flow hedge reserve	(70)	(36)
	(72)	(36)
Total other comprehensive expense, net of taxation	(72)	(35)
Total comprehensive income	587	619
Attributable to:		
Parent company shareholders	573	608
Non-controlling interests	14	11
Total comprehensive income	587	619

These statements are to be read in conjunction with the notes on pages 6 to 16.

Statement of Changes in Equity

\$ millions	NZ Banking Group								
	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 Shareholders' Equity
For the nine months ended 31 March 2015									
Unaudited									
Balance at beginning of period	462	2,186	25	12	(1)	1	2,474	550	5,709
Net profit after taxation	-	-	-	-	-	-	645	14	659
Other comprehensive expense	-	-	-	(2)	(70)	-	-	-	(72)
Total comprehensive (expense)/income	-	-	-	(2)	(70)	-	645	14	587
Redemption of redeemable preference share capital	-	(2)	-	-	-	-	-	-	(2)
Ordinary dividends paid	-	-	-	-	-	-	(890)	-	(890)
Perpetual preference dividends paid to non-controlling interests	-	-	-	-	-	-	-	(14)	(14)
Profit repatriation	-	-	-	-	-	-	(9)	-	(9)
Balance as at 31 March 2015	462	2,184	25	10	(71)	1	2,220	550	5,381
For the nine months ended 31 March 2014									
Unaudited									
Balance at beginning of period	462	1,989	29	11	38	1	2,008	550	5,088
Net profit after taxation	-	-	-	-	-	-	643	11	654
Other comprehensive income/(expense)	-	-	1	-	(36)	-	-	-	(35)
Total comprehensive income/(expense)	-	-	1	-	(36)	-	643	11	619
Transfer from asset revaluation reserve to retained earnings	-	-	(7)	-	-	-	7	-	-
Redeemable preference dividends paid	-	-	-	-	-	-	(31)	-	(31)
Perpetual preference dividends paid to non-controlling interests	-	-	-	-	-	-	-	(11)	(11)
Profit repatriation	-	-	-	-	-	-	(6)	-	(6)
Balance as at 31 March 2014	462	1,989	23	11	2	1	2,621	550	5,659

These statements are to be read in conjunction with the notes on pages 6 to 16.

Balance Sheet

\$ millions	NZ Banking Group			
	Unaudited 31-Mar-15	Unaudited 31-Mar-14	Audited 30-Jun-14	
As at	Note			
Assets				
Cash and liquid assets		1,544	2,458	1,778
Due from financial institutions		561	265	288
Trading securities		1,817	2,283	1,492
Derivative assets		1,406	1,105	1,053
Available-for-sale securities		3,300	2,704	2,705
Advances to customers	6	67,623	63,219	63,815
Current taxation asset		67	101	-
Other assets		406	255	710
Property, plant and equipment		188	196	201
Intangible assets		436	432	436
Deferred taxation asset		82	-	35
Total assets		77,430	73,018	72,513
<i>Total interest earning and discount bearing assets</i>		<i>74,835</i>	<i>71,025</i>	<i>70,153</i>
Liabilities				
Deposits and other public borrowings	8	49,659	44,077	44,429
Due to financial institutions		1,720	2,758	2,203
Other liabilities at fair value through Income Statement		305	1,673	1,223
Derivative liabilities		2,055	2,193	2,114
Current taxation liability		-	-	3
Other liabilities		729	972	597
Debt issues:				
At fair value through Income Statement	9	1,568	1,623	1,312
At amortised cost	9	9,619	8,975	9,612
Deferred taxation liability		-	167	-
Loan capital		6,394	4,921	5,311
Total liabilities		72,049	67,359	66,804
Shareholders' Equity				
Head office contribution		462	462	462
Contributed capital - ordinary shares		704	704	704
Reserves		(35)	37	37
Retained earnings		2,220	2,621	2,474
Ordinary shareholders' equity		3,351	3,824	3,677
Contributed capital - redeemable preference shares		1,480	1,285	1,482
Non-controlling interests		550	550	550
Total shareholders' equity		5,381	5,659	5,709
Total liabilities and shareholders' equity		77,430	73,018	72,513
<i>Total interest and discount bearing liabilities</i>		<i>66,151</i>	<i>61,302</i>	<i>61,359</i>

These statements are to be read in conjunction with the notes on pages 6 to 16.

Condensed Cash Flow Statement

\$ millions	NZ Banking Group	
	Unaudited 31-Mar-15	Unaudited 31-Mar-14
For the nine months ended		
Cash flows from operating activities		
Net profit before taxation	916	908
Reconciliation of net profit before taxation to net cash flows from operating activities		
Non-cash items included in net profit before taxation	205	123
Net increase in operating assets	(3,797)	(2,325)
Net increase in operating liabilities	3,087	1,830
Net taxation paid	(347)	(314)
Net cash flows from operating activities	64	222
Cash flows from investing activities		
Cash outflows applied to investing activities	(57)	(41)
Net cash flows from investing activities	(57)	(41)
Cash flows from financing activities		
Cash inflows provided from financing activities	3,294	-
Cash outflows applied to financing activities	(3,407)	(42)
Net cash flows from financing activities	(113)	(42)
Summary of movements in cash flows		
Net (decrease)/increase in cash and cash equivalents	(106)	139
Add: cash and cash equivalents at beginning of period	704	(45)
Cash and cash equivalents at end of period	598	94
Cash and cash equivalents comprise:		
Cash and liquid assets	1,544	2,458
Less: reverse repurchase agreements included in cash and liquid assets	(570)	(1,083)
Add: cash equivalents in due from financial institutions at call	561	265
Less: cash equivalents in due to financial institutions at call	(937)	(1,546)
Cash and cash equivalents at end of period	598	94
Additional operating cash flow information		
Cash received as interest	3,197	2,802
Cash paid as interest	(1,928)	(1,621)
Cash received as other income	334	338
Cash paid as operating expenses	(567)	(527)

These statements are to be read in conjunction with the notes on pages 6 to 16.

Notes to the Financial Statements

For the nine months ended 31 March 2015

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 nine months ended 31 March 2015 (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 nine months ended 31 March 2015. 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.

2 Other Income

\$ millions	NZ Banking Group	
	Unaudited 31-Mar-15	Unaudited 31-Mar-14
For the nine months ended		
Net fair value gain/(loss) from:		
Other derivatives at fair value	1	(6)
Hedge ineffectiveness	(13)	7
Total net fair value (loss)/gain	(12)	1
Trading income	49	51
Other operating income	292	293
Total other income	329	345

3 Taxation

As at 31 March 2015 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 nine months ended 31 March 2015

4 Qualifying Liquid Assets

The NZ Banking Group held the following qualifying liquid 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 31 March 2015							
Unaudited							
Cash	185	-	-	-	-	-	185
Call deposits with the central bank	824	-	-	-	-	-	824
Local authority securities	-	110	53	-	-	1	164
New Zealand government securities	520	607	426	-	(26)	27	1,554
Corporate bonds	-	375	-	-	-	3	378
Treasury bills	-	-	273	-	-	-	273
RBNZ Bills	-	-	400	-	-	-	400
Bank bills	-	-	496	-	-	-	496
Kauri bonds	-	1,551	2	-	-	11	1,564
Other securities	-	657	-	-	-	3	660
Residential mortgage-backed securities	-	-	-	2,907	-	-	2,907
Total qualifying liquid assets	1,529	3,300	1,650	2,907	(26)	45	9,405

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

5 Financial Assets Pledged as Collateral

As at 31 March 2015 New Zealand government securities of \$26 million had been pledged as collateral under repurchase agreements.

The NZ Banking Group has entered into credit support annexes in respect of certain credit exposures relating to certain derivative transactions. As at 31 March 2015 \$428 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 31-Mar-15	Unaudited 31-Mar-14	Audited 30-Jun-14
As at			
Residential mortgages	42,916	41,325	41,624
Other retail	4,572	4,469	4,512
Corporate	20,393	17,690	17,957
Loans and other receivables	67,881	63,484	64,093
Fair value hedge adjustments	34	(38)	(41)
Provisions for impairment losses	(292)	(227)	(237)
Total advances to customers	67,623	63,219	63,815

Notes to the Financial Statements

For the nine months ended 31 March 2015

7 Asset Quality and Provisions for Impairment Losses

\$ millions As at	NZ Banking Group		
	Unaudited 31-Mar-15	Unaudited 31-Mar-14	Audited 30-Jun-14

(a) Asset Quality and Provisions for Impairment Losses

Individually impaired assets	347	207	249
Individually assessed provisions	99	38	58
Collective provision	193	189	179
90 day past due assets not impaired	120	131	101

\$ millions For the nine months ended	NZ Banking Group	
	Unaudited 31-Mar-15	Unaudited 31-Mar-14

(b) Impairment losses on advances

Movement in collective provision	14	(2)
Movement in individually assessed provisions	50	17
Bad debts written off	35	24
Bad debts recovered	(12)	(11)
Total impairment losses on advances	87	28

8 Deposits and Other Public Borrowings

\$ millions As at	NZ Banking Group		
	Unaudited 31-Mar-15	Unaudited 31-Mar-14	Audited 30-Jun-14
Certificates of deposit	940	458	227
Term deposits	23,994	21,019	21,659
On demand and short term deposits	21,769	19,991	19,891
Deposits not bearing interest	2,930	2,603	2,612
Repurchase agreements	26	6	40
Total deposits and other public borrowings	49,659	44,077	44,429

As at 31 March 2015 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 nine months ended 31 March 2015

9 Debt Issues

\$ millions	NZ Banking Group		
	Unaudited 31-Mar-15	Unaudited 31-Mar-14	Audited 30-Jun-14
As at			
Debt issues at fair value through Income Statement	1,568	1,623	1,312
Debt issues at amortised cost	9,619	8,975	9,612
Total debt issues	11,187	10,598	10,924
Movement in debt issues			
Balance at beginning of period	10,924	12,085	12,085
Issuances during the period	4,640	7,232	9,572
Repayments during the period	(4,697)	(8,389)	(10,440)
Foreign exchange and fair value movements during the period	320	(330)	(293)
Balance at end of period	11,187	10,598	10,924

10 Contingent Liabilities

\$ millions	NZ Banking Group Notional Amount		
	Unaudited 31-Mar-15	Unaudited 31-Mar-14	Audited 30-Jun-14
As at			
Guarantees	123	110	111
Standby letters of credit	108	116	113
Other credit facilities	151	123	149
Total contingent liabilities	382	349	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 intended to issue proceedings against ASB under the Fair Trading Act 1986 in respect of the sale of interest rate swap contracts to rural customers. On 23 December 2014 the Commission and ASB reached an agreement to resolve that matter.

Notes to the Financial Statements

For the nine months ended 31 March 2015

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 31-Mar-15	Unaudited 31-Mar-14	Unaudited 30-Jun-14
As at			
Amounts due to related parties			
Overseas Banking Group	5,022	6,544	5,852
NZ Life Group	293	489	401
Superannuation schemes and unit trusts managed by a subsidiary of ASB	540	429	450
Superannuation schemes and unit trusts managed or administered by NZ Life Group	4	8	4
Total amounts due to related parties	5,859	7,470	6,707
Amounts due from related parties			
Overseas Banking Group	519	396	341
NZ Life Group	3	1	1
Superannuation schemes and unit trusts managed by a subsidiary of ASB	1	-	1
Total amounts due from related parties	523	397	343

For the nine months ended 31 March 2015 interest charged on balances due to the Overseas Banking Group was \$115 million (31 March 2014 \$155 million).

The total liabilities of the Branch net of amounts due to related parties were \$3,306 million as at 31 March 2015 (31 March 2014 \$2,149 million, 30 June 2014 \$2,213 million).

12 Concentration of Credit Exposures to Individual Counterparties

As at 31 March 2015 there were no balance date aggregate credit exposures to individual counterparties which exceeded 10% of the Overseas Banking Group's shareholders' equity as at 31 December 2014. For the three months ended 31 March 2015, 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 31 December 2014.

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.

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 31 December 2014, which is the most recent publicly disclosed amount.

Notes to the Financial Statements

For the nine months ended 31 March 2015

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 31 March 2015				
Unaudited				
Financial assets				
Trading securities	1,263	554	-	1,817
Derivative assets	-	1,406	-	1,406
Available-for-sale securities	607	2,693	-	3,300
Total financial assets measured at fair value	1,870	4,653	-	6,523
Financial liabilities				
Other liabilities at fair value through Income Statement	-	305	-	305
Derivative liabilities	1	2,054	-	2,055
Debt issues at fair value through Income Statement	-	1,568	-	1,568
Total financial liabilities measured at fair value	1	3,927	-	3,928
As at 31 March 2014				
Unaudited				
Financial assets				
Trading securities	927	1,356	-	2,283
Derivative assets	-	1,105	-	1,105
Available-for-sale securities	780	1,924	-	2,704
Total financial assets measured at fair value	1,707	4,385	-	6,092
Financial liabilities				
Other liabilities at fair value through Income Statement	11	1,662	-	1,673
Derivative liabilities	-	2,193	-	2,193
Debt issues at fair value through Income Statement	-	1,623	-	1,623
Total financial liabilities measured at fair value	11	5,478	-	5,489

Notes to the Financial Statements

For the nine months ended 31 March 2015

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 31-Mar-15		NZ Banking Group Unaudited 31-Mar-14		Audited 30-Jun-14	
	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets						
Cash and liquid assets	1,544	1,544	2,458	2,458	1,778	1,778
Due from financial institutions	561	561	265	265	288	288
Advances to customers	67,447	67,623	63,036	63,219	63,625	63,815
Other assets	383	383	232	232	690	690
Total	69,935	70,111	65,991	66,174	66,381	66,571
Financial liabilities						
Deposits and other public borrowings	49,754	49,659	44,126	44,077	44,467	44,429
Due to financial institutions	1,715	1,720	2,763	2,758	2,209	2,203
Other liabilities	729	729	972	972	597	597
Debt issues at amortised cost	9,666	9,619	9,034	8,975	9,673	9,612
Loan capital	6,204	6,394	4,895	4,921	5,310	5,311
Total	68,068	68,121	61,790	61,703	62,256	62,152

Notes to the Financial Statements

For the nine months ended 31 March 2015

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 31 March 2015				
Implied risk-weighted exposure	1,580	6	-	1,586
Aggregate capital charge	126	-	-	126

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 31 March 2015				
Value of exposures	42,026	5,635	3,002	50,663
Expressed as a percentage of total exposures	83.0%	11.1%	5.9%	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.

Notes to the Financial Statements

For the nine months ended 31 March 2015

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 December 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 31 March 2015 the minimum capital requirements were met.

As at	Overseas Bank		Overseas Banking Group	
	31-Dec-14	31-Dec-13	31-Mar-15	31-Mar-14
Capital ratios				
Common equity tier one capital ratio	9.1%	8.3%	8.7%	8.5%
Tier one capital ratio	11.5%	10.3%	11.0%	10.3%
Total capital ratio	12.5%	11.2%	12.1%	11.1%

Overseas Banking Group

Asset quality

As at 31 December 2014

Total gross individually impaired assets	AUD3,360 million
Total individually impaired assets as a % of total assets	0.4%
Total individually assessed provisions	AUD1,116 million
Total individually assessed provisions as a % of total gross individually impaired assets	33.2%
Total collective provision	AUD2,763 million

Profitability

Net profit after taxation for the six months ended 31 December 2014	AUD4,545 million
Net profit after taxation as a % of average total assets for the year ended 31 December 2014	1.1%

Size

As at 31 December 2014

Total assets	AUD850,714 million
% change in total assets from previous 31 December	8.7%

Notes to the Financial Statements

For the nine months ended 31 March 2015

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

ASB Smart Cards Limited and Kiwi Home Loans (NZ) Limited (subsidiaries of ASB), were removed from the New Zealand Companies Register on 20 October 2014 and 1 December 2014 respectively. These removals 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 nine months ended 31 March 2015						
Net interest earnings	819	412	25	10	8	1,274
Other income/(expense)	173	72	36	110	(62)	329
Total operating income/(expense)	992	484	61	120	(54)	1,603
Impairment losses on advances	45	17	25	-	-	87
Segment operating expenses (excluding impairment losses)	342	176	9	64	9	600
Segment net profit/(loss) before taxation	605	291	27	56	(63)	916
Taxation	169	81	8	16	(17)	257
Segment net profit/(loss) after taxation	436	210	19	40	(46)	659
Balance Sheet						
As at 31 March 2015						
Total assets	44,008	22,493	4,359	168	6,402	77,430
Total liabilities	32,930	13,759	6,857	271	18,232	72,049

\$ 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 nine months ended 31 March 2014						
Net interest earnings	769	343	23	8	29	1,172
Other income/(expense)	162	74	38	99	(28)	345
Total operating income	931	417	61	107	1	1,517
Impairment losses on advances	25	11	(8)	-	-	28
Segment operating expenses (excluding impairment losses)	331	160	11	65	14	581
Segment net profit/(loss) before taxation	575	246	58	42	(13)	908
Taxation	160	69	17	12	(4)	254
Segment net profit/(loss) after taxation	415	177	41	30	(9)	654
Balance Sheet						
As at 31 March 2014						
Total assets	42,307	21,308	3,988	182	5,233	73,018
Total liabilities	29,725	13,527	5,674	406	18,027	67,359

Notes to the Financial Statements

For the nine months ended 31 March 2015

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 15 April 2015 the Directors of ASB Capital Limited declared a gross perpetual preference dividend of \$2 million, being 0.91 cents per share, including imputation credits. The dividend was paid on 15 May 2015 to all registered holders of perpetual preference shares as at 5.00pm on 5 May 2015.

On 15 April 2015 the Directors of ASB Capital No.2 Limited declared a gross perpetual preference dividend of \$3 million, being 0.83 cents per share, including imputation credits. The dividend was paid on 15 May 2015 to all registered holders of perpetual preference shares as at 5.00pm on 5 May 2015.

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

Disclosure Statement

For the nine months ended 31 March 2015

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Income Statement

\$ millions	Note	NZ Life Group	
		Unaudited 31-Mar-15	Unaudited 31-Mar-14
For the nine months ended			
Continuing operations⁽¹⁾:			
Premium income		498	479
Reinsurance income		34	25
Investment income	2, 11	221	128
Other income	11	7	2
Total operating income		760	634
Total operating expenses		587	541
Reinsurance expense		35	30
Claims expense		270	271
Net change in life insurance contract liabilities		(10)	(14)
Net change in life investment contract liabilities		76	56
Finance costs/(income)		-	(18)
Other operating expenses	11	216	216
Net profit before taxation		173	93
Taxation	3, 11	87	15
Net profit after taxation from continuing operations		86	78
Discontinued operations⁽¹⁾:			
Net profit after taxation from discontinued operations	11	-	25
Net profit after taxation		86	103

(1) Colonial First State Investments (NZ) Limited and Colonial Holding Company Limited - New Zealand Branch were classified as discontinued operations during the year ended 30 June 2014. 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 14.

Statement of Comprehensive Income

\$ millions	NZ Life Group	
	Unaudited 31-Mar-15	Unaudited 31-Mar-14
For the nine months ended		
Net profit after taxation	86	103
Total comprehensive income	86	103

Statement of Changes in Equity

\$ millions	NZ Life Group			Total Shareholders' Equity
	Contributed Capital	Head Office Contribution	Retained Earnings	
For the nine months ended 31 March 2015				
Unaudited				
Balance at beginning of period	1,080	-	211	1,291
Net profit after taxation	-	-	86	86
Total comprehensive income	-	-	86	86
Ordinary dividend paid	-	-	(74)	(74)
Balance as at 31 March 2015	1,080	-	223	1,303
For the nine months ended 31 March 2014				
Unaudited				
Balance at beginning of period	528	300	456	1,284
Net profit after taxation	-	-	103	103
Total comprehensive income	-	-	103	103
Branch surplus repatriated	-	-	(5)	(5)
Ordinary dividend paid	-	-	(100)	(100)
Balance as at 31 March 2014	528	300	454	1,282

These statements are to be read in conjunction with the notes on pages 6 to 14.

Balance Sheet

\$ millions	NZ Life Group			
	Note	Unaudited 31-Mar-15	Unaudited 31-Mar-14	Audited 30-Jun-14
As at				
Assets				
Cash and cash equivalents		578	589	505
Trade and other receivables		62	63	57
Securities		1,792	1,673	1,701
Derivative assets		7	13	9
Liabilities ceded under reinsurance		9	13	11
Current taxation asset		-	2	-
Property, plant and equipment		18	20	20
Intangible assets		529	536	534
		2,995	2,909	2,837
Assets of discontinued operations ⁽¹⁾	11	2	76	77
Total assets		2,997	2,985	2,914
<i>Total interest earning and discount bearing assets</i>		1,441	1,469	1,322
Liabilities				
Trade and other payables		103	121	111
Derivative liabilities		3	18	1
Borrowings		-	92	-
Life investment contract liabilities		899	868	867
Life insurance contract liabilities		189	212	201
Current taxation liability		9	-	15
Deferred taxation liability	6	491	392	427
		1,694	1,703	1,622
Liabilities of discontinued operations ⁽¹⁾	11	-	-	1
Total liabilities		1,694	1,703	1,623
Shareholders' equity				
Contributed capital		1,080	528	1,080
Head office contribution		-	300	-
Retained earnings		223	454	211
Total shareholders' equity		1,303	1,282	1,291
Total liabilities and shareholders' equity		2,997	2,985	2,914
<i>Total interest and discount bearing liabilities</i>		-	92	-

(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 14.

Condensed Cash Flow Statement

\$ millions	Note	NZ Life Group	
		Unaudited 31-Mar-15	Unaudited 31-Mar-14
For the nine months ended			
Cash flows from operating activities			
Premium receipts		525	508
Interest receipts		36	51
Dividend receipts		15	14
Interest paid		-	(4)
Claims, surrenders and maturities payments		(350)	(340)
Net other cash outflows provided by operating activities		(225)	(114)
Net cash flows from operating activities		1	115
Cash flows from investing activities			
Cash inflows provided by investing activities		377	544
Cash outflows used in investing activities		(305)	(456)
Net cash flows from investing activities		72	88
Cash flows from financing activities			
Cash outflows used in financing activities		(74)	(142)
Net cash flows from financing activities		(74)	(142)
Summary of movements in cash flows			
Net increase / (decrease) in cash and cash equivalents		(1)	61
Add: Cash and cash equivalents at beginning of period		581	604
Cash and cash equivalents at end of period	11	580	665
Reconciliation of net profit after taxation to net cash flows from operating activities			
Net profit after taxation		86	103
Add: Non-cash items		(85)	35
Add: Movements in Balance Sheet items		-	(23)
Net cash flows from operating activities		1	115

These statements are to be read in conjunction with the notes on pages 6 to 14.

Notes to the Financial Statements

For the nine months ended 31 March 2015

1 Statement of Accounting Policies

The reporting entity is the NZ Life Group, comprising the aggregated results of ASB Group (Life) Limited and its subsidiaries ("ASBGL"), Colonial First State Investments (NZ) Limited and its subsidiaries ("CFSI"), 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. As disclosed in Note 11 Discontinued Operations, CFSI and CHC were classified as discontinued operations during the year ended 30 June 2014. The NZ Life Group is 100% owned by Commonwealth Insurance Holdings Limited. The NZ Life Group's principal areas of business are life insurance and investment management.

The condensed interim financial statements of the NZ Life Group for the nine months ended 31 March 2015 (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 nine months ended 31 March 2015. All policies have been applied on a basis consistent with that used in the financial year ended 30 June 2014.

2 Investment Income

\$ millions	Note	NZ Life Group	
		Unaudited 31-Mar-15	Unaudited 31-Mar-14
For the nine months ended			
Dividends		23	23
Realised and unrealised gains/(losses)		62	81
Total equity securities		85	104
Interest		42	40
Realised and unrealised gains/(losses)		65	(10)
Total fixed interest securities and cash		107	30
Dividends		4	2
Realised and unrealised gains/(losses)		23	(5)
Total property securities		27	(3)
Other investment income		2	(2)
Total investment income	11	221	129

Notes to the Financial Statements

For the nine months ended 31 March 2015

3 Taxation

\$ millions	Note	NZ Life Group	
		Unaudited 31-Mar-15	Unaudited 31-Mar-14
For the nine months ended			
Current taxation		23	-
Deferred taxation	6	64	17
Total taxation charged to the Income Statement	11	87	17
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		173	120
Income tax at the current rate		48	34
Non-deductible expenditure		22	36
Non-assessable income		(17)	(37)
Imputation credit adjustments		(2)	(1)
Movement in policy liabilities and tax reserving amounts		62	(7)
Investment income adjustments		(26)	(8)
Total taxation charged to the Income Statement		87	17
Weighted average effective tax rate		50%	14%

Total taxation expense for the nine months ended 31 March 2015 includes nil from discontinued operations (31 March 2014 \$2 million).

4 Liquid Assets

Unaudited

The NZ Life Group holds the following financial assets for the purpose of managing liquidity risk:

\$ millions	NZ Life Group		
	Cash and Cash Equivalents	Securities	Total
As at 31 March 2015			
Cash and cash equivalents	577	-	577
Foreign currency deposits	3	-	3
Equity securities	-	822	822
Government stock	-	805	805
Corporate bonds	-	30	30
Property securities	-	108	108
Total liquid assets	580	1,765	2,345

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 nine months ended 31 March 2015

5 Asset Quality

There were no material impaired or past due assets as at 31 March 2015 (30 June 2014 nil).

6 Deferred Taxation Liability

\$ millions	Note	NZ Life Group		
		Unaudited 31-Mar-15	Unaudited 31-Mar-14	Audited 30-Jun-14
As at				
Balance at beginning of period		427	375	375
Taxation expense recognised in the Income Statement	3	64	17	28
Taxation expense recognised in shareholders' equity		-	-	24
Total deferred taxation liability		491	392	427
Deferred Taxation relates to:				
Convertible notes		-	(26)	-
Life insurance and life investment contract liabilities		483	409	420
Other		8	9	7
Total deferred taxation liability		491	392	427
Deferred taxation recognised in the Income Statement:				
Convertible notes		-	14	16
Life insurance and life investment contract liabilities		63	(1)	10
Other		1	4	2
Total deferred taxation recognised in the Income Statement	3	64	17	28

7 Contingent Liabilities and Capital Commitments

There were no material contingent liabilities or capital commitments as at 31 March 2015 (30 June 2014 nil).

8 Concentration of Credit Exposures to Individual Counterparties

As at 31 March 2015 there were no balance date aggregate credit exposures to individual counterparties which exceeded 10% of the Overseas Banking Group's shareholders' equity as at 31 March 2015. For the nine months ended 31 March 2015, 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 31 March 2015.

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.

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 31 December 2014, which is the most recent publicly disclosed amount.

Notes to the Financial Statements

For the nine months ended 31 March 2015

9 Related Party Transactions and Balances

During the nine months ended 31 March 2015, 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	NZ Life Group		
	Unaudited 31-Mar-15	Unaudited 31-Mar-14	Audited 30-Jun-14
As at			
Related party transactions			
Interest income			
Received from NZ Banking Group	12	13	16
Interest expense			
Paid to Overseas Banking Group	-	21	25
Paid to NZ Banking Group	-	5	5
	-	26	30
Other income			
Received from Overseas Banking Group	9	8	8
Received from NZ Banking Group for the origination of mortgages	2	1	1
Received from NZ Banking Group for investment management services	2	2	2
	13	11	11
Other expenses			
Paid to Overseas Banking Group for investment management services	1	1	1
Paid to NZ Banking Group for administrative services	8	8	11
Paid to NZ Banking Group for insurance commission	25	23	31
	34	32	43
Related party balances			
Overseas Banking Group			
Assets			
Securities	366	341	348
Liabilities			
Trade and other payables	-	6	-
Borrowings	-	92	-
	-	98	-
NZ Banking Group			
Assets			
Cash and cash equivalents	286	472	390
Trade and other receivables	-	1	1
Securities	-	3	1
Derivative assets	7	13	9
	293	489	401
Liabilities			
Trade and other payables	-	1	-
Derivative liabilities	3	-	1
	3	1	1
Total related party assets	659	830	749
Total related party liabilities	3	99	1

Other

For the nine months ended 31 March 2015 net receipts of nil (31 March 2014 \$27m, 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 nine months ended 31 March 2015

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. 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.

- 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 has mortgages and loans on policies for which fair value is estimated using valuation techniques that are not based on observable market data. Mortgages are carried at estimated fair value, derived using a valuation technique that uses experienced judgement to estimate the credit risk component of the valuation. This experienced judgement is not supported by observable market prices; it is based on assessments concerning economic conditions, loss experience, and the risk characteristics associated with particular mortgages. These assessments are subjective in nature and the range of possible alternative assumptions is considered immaterial. 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.

The following table presents an analysis by level in the fair value hierarchy of the financial instruments 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 31 March 2015				
Unaudited				
Financial assets				
Securities				
Equity securities	357	465	-	822
Fixed interest securities	835	-	-	835
Mortgages	-	-	6	6
Loans on policies	-	-	21	21
Property securities	108	-	-	108
Derivative assets	-	7	-	7
Total financial assets measured at fair value	1,300	472	27	1,799
Financial liabilities				
Derivative liabilities	-	3	-	3
Life investment contract liabilities	-	899	-	899
Total financial liabilities measured at fair value	-	902	-	902
As at 31 March 2014				
Unaudited				
Financial assets				
Securities				
Equity securities	339	437	-	776
Fixed interest securities and annuity investment	774	2	-	776
Mortgages	-	-	6	6
Loans on policies	-	-	21	21
Property securities	94	-	-	94
Derivative assets	-	13	-	13
Total financial assets measured at fair value	1,207	452	27	1,686
Financial liabilities				
Derivative liabilities	-	18	-	18
Life investment contract liabilities	-	868	-	868
Total financial liabilities measured at fair value	-	886	-	886

Notes to the Financial Statements

For the nine months ended 31 March 2015

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 considers transfers between levels, if any, to have occurred at the end of the reporting period for which the financial statements are prepared. There were no transfers made during the reporting period.

(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 31-Mar-15		NZ Life Group Unaudited 31-Mar-14		Audited 30-Jun-14	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial assets						
Cash and cash equivalents	580	580	665	665	581	581
Trade and other receivables	62	62	63	63	58	58
Financial liabilities						
Trade and other payables	103	103	121	121	111	111
Borrowings	-	-	78	92	-	-

Notes to the Financial Statements

For the nine months ended 31 March 2015

11 Discontinued Operations

A discontinued operation represents a separate major line of business or geographical area that has been disposed of or is classified as held for sale, or is a subsidiary that has been disposed of or classified as held for sale. In accordance with NZ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, when an operation is classified as a discontinued operation the comparative Income Statement is restated as if the operation had been discontinued from the start of the comparative period.

On 12 December 2013 KIPT'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 had no assets or liabilities as at 31 March 2015 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 nine months ended 31 March 2015			
Unaudited			
Premium income	498	-	498
Reinsurance income	34	-	34
Investment income	221	-	221
Other income	7	-	7
Total operating income	760	-	760
Total operating expenses	587	-	587
Reinsurance expense	35	-	35
Claims expense	270	-	270
Net change in life insurance contract liabilities	(10)	-	(10)
Net change in life investment contract liabilities	76	-	76
Other operating expenses	216	-	216
Net profit before taxation	173	-	173
Taxation	87	-	87
Net profit after taxation	86	-	86
For the nine months ended 31 March 2014			
Unaudited			
Premium income	479	-	479
Reinsurance income	25	-	25
Investment income	128	1	129
Other income	2	34	36
Total operating income	634	35	669
Total operating expenses	541	8	549
Reinsurance expense	30	-	30
Claims expense	271	-	271
Net change in life insurance contract liabilities	(14)	-	(14)
Net change in life investment contract liabilities	56	-	56
Finance costs/(income)	(18)	1	(17)
Other operating expenses	216	7	223
Net profit before taxation	93	27	120
Taxation	15	2	17
Net profit after taxation	78	25	103

Notes to the Financial Statements

For the nine months ended 31 March 2015

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 31 March 2015			
Unaudited			
Assets			
Cash and cash equivalents	578	2	580
Trade and other receivables	62	-	62
Securities	1,792	-	1,792
Derivative assets	7	-	7
Liabilities ceded under reinsurance	9	-	9
Property, plant and equipment	18	-	18
Intangible assets	529	-	529
Total assets	2,995	2	2,997
Liabilities			
Trade and other payables	103	-	103
Derivative liabilities	3	-	3
Life investment contract liabilities	899	-	899
Life insurance contract liabilities	189	-	189
Current taxation liability	9	-	9
Deferred taxation liability	491	-	491
Total liabilities	1,694	-	1,694
As at 31 March 2014			
Unaudited			
Assets			
Cash and cash equivalents	527	138	665
Trade and other receivables	63	-	63
Securities	1,673	-	1,673
Derivative assets	13	-	13
Liabilities ceded under reinsurance	13	-	13
Current taxation asset	2	-	2
Property, plant and equipment	20	-	20
Intangible assets	536	-	536
Total assets	2,847	138	2,985
Liabilities			
Trade and other payables	120	1	121
Derivative liabilities	18	-	18
Borrowings	92	-	92
Life investment contract liabilities	868	-	868
Life insurance contract liabilities	212	-	212
Deferred taxation liability	392	-	392
Total liabilities	1,702	1	1,703

Notes to the Financial Statements

For the nine months ended 31 March 2015

11 Discontinued Operations (continued)

\$ millions	Continuing Operations	NZ Life Group Discontinued Operations	Total
Balance Sheet (continued)			
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

Condensed Cash Flow Statement

Cash flows of the discontinued operations can be analysed as follows:

For the nine months ended 31 March 2015

Unaudited

Net cash flows from operating activities	1	-	1
Net cash flows from investing activities	72	-	72
Net cash flows from financing activities	-	(74)	(74)
Net increase / (decrease) in cash and cash equivalents at end of period	73	(74)	(1)

For the nine months ended 31 March 2014

Unaudited

Net cash flows from operating activities	38	77	115
Net cash flows from investing activities	81	7	88
Net cash flows from financing activities	(143)	1	(142)
Net increase / (decrease) in cash and cash equivalents at end of period	(24)	85	61

12 Events after the Reporting Period

In May 2015, the Directors of ASB Group (Life) Limited approved a dividend of \$29 million, payable to the immediate parent Commonwealth Insurance Holdings Limited. Other than this dividend there were no events subsequent to the reporting period which would materially affect the financial statements.