

CO-OPERATIVE LIFE LIMITED
Annual Financial Statements
For the year ended 31 March 2019

CO-OPERATIVE LIFE LIMITED

Income Statement

	Note	Year ended 31/03/2019 \$000	Year ended 31/03/2018 \$000
Insurance premium revenue		11,698	11,313
Outwards reinsurance premium expense		(1,998)	(1,764)
Net premium revenue		9,700	9,549
Investment and other revenue	3	949	659
Net revenue		10,649	10,208
Claims expense		(3,808)	(4,226)
Reinsurance recoveries revenue		1,399	1,833
Net claims expense		(2,409)	(2,393)
Changes in policy liabilities	14	183	193
Other operating expenses	4	(5,001)	(5,033)
Total operating expenses		(4,818)	(4,840)
Profit before tax		3,422	2,975
Income tax expense	5	(958)	(833)
Profit after tax attributable to parent	6	2,464	2,142

The Notes to the Financial Statements form part of, and are to be read in conjunction with, these Financial Statements.

CO-OPERATIVE LIFE LIMITED

Statement of Comprehensive Income

	Year ended 31/03/2019 \$000	Year ended 31/03/2018 \$000
Profit after tax	2,464	2,142
Items that may be reclassified subsequently to profit or loss		
Fair value movement on other comprehensive income ('OCI') investments	107	(1)
Income tax expense relating to items that may be reclassified	(30)	-
Other comprehensive income, net of tax	77	(1)
Total comprehensive income, net of tax	2,541	2,141
Total comprehensive income for the period attributable to parent	2,541	2,141

Statement of Changes in Equity

Equity at beginning of year	6,655	6,114
Profit after tax attributable to parent	2,464	2,142
Other comprehensive income attributable to parent	77	(1)
Dividends paid to parent	-	(1,600)
Equity at end of year	9,196	6,655
Retained earnings		
Balance at beginning of year	5,123	4,581
Profit after tax	2,464	2,142
Dividends paid to parent	-	(1,600)
Balance at end of year	7,587	5,123
Fair value through OCI investments reserve		
Balance at beginning of year	32	33
Fair value movement through other comprehensive income	107	(1)
Tax through other comprehensive income	(30)	-
Balance at end of year	109	32
Share capital		
Balance at beginning of year	1,500	1,500
Balance at end of year	1,500	1,500
Total equity	9,196	6,655


The Notes to the Financial Statements form part of, and are to be read in conjunction with, these Financial Statements.

CO-OPERATIVE LIFE LIMITED

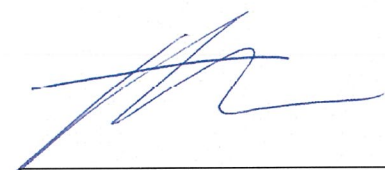
Balance Sheet

		As at 31/03/2019 \$000	As at 31/03/2018 \$000
Assets	Note		
Cash and cash equivalents		222	509
Fair value through OCI investments	7	5,703	5,276
Fair value through profit or loss investments	8	7,924	4,876
Receivables and prepayments	10	393	975
Intangible asset	11	-	-
Total assets		14,242	11,636
Liabilities			
Trade and other payables	12	1,070	953
Outstanding claims provision	13	1,465	1,271
Life insurance net policy liabilities	14	2,452	2,635
Deferred tax liability	5	59	122
Total liabilities		5,046	4,981
Net assets		9,196	6,655
Equity			
Retained earnings		7,587	5,123
Share capital	17	1,500	1,500
Fair value through OCI investments reserve		109	32
Total equity		9,196	6,655

These financial statements were authorised for issue for and on behalf of the Directors on 23 May 2019.



Director



Director

The Notes to the Financial Statements form part of, and are to be read in conjunction with, these Financial Statements.

CO-OPERATIVE LIFE LIMITED

Statement of Cash Flows

		Year ended 31/03/2019 \$000	Year ended 31/03/2018 \$000
	Note		
Cash flows from operating activities			
Insurance premium received		11,698	11,313
Reinsurance recoveries received		1,284	1,697
Interest and commissions received		725	613
Claim costs paid		(3,614)	(3,835)
Outwards reinsurance premium expense paid		(1,998)	(1,764)
Other operating payments		(4,417)	(5,577)
Income taxes paid		(821)	(744)
Net cash flows from operating activities	18	2,857	1,703
Cash flows from investing activities			
Net (purchase)/sale of investments		(3,144)	(352)
Net cash flows from investing activities		(3,144)	(352)
Cash flows from financing activities			
Dividends paid to parent		-	(1,600)
Net cash flows from financing activities		-	(1,600)
Net movement in cash and cash equivalents		(287)	(249)
Opening balance of cash and cash equivalents		509	758
Closing balance of cash and cash equivalents		222	509

The Notes to the Financial Statements form part of, and are to be read in conjunction with, these Financial Statements.

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

1. Statement of Accounting Policies

Reporting entity

Co-operative Life Limited ("the Company" or "Co-op Life") is a profit-oriented entity incorporated in New Zealand under the Companies Act 1993 and registered under the Co-operative Companies Act 1996 on 17 October 2011. The Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The Company is a wholly owned subsidiary of The Co-operative Bank Limited ("Co-op Bank" or "the Parent"). The registered office is Level 2, PwC Centre, 10 Waterloo Quay, Pipitea, Wellington 6011.

The life insurance operations are conducted in accordance with the Life Insurance Act 1908 and the Insurance (Prudential Supervision) Act 2010. On 25 March 2013, the Company obtained its licence to carry on life insurance business in New Zealand under the Insurance (Prudential Supervision) Act 2010 from the Reserve Bank of New Zealand.

As at 31 March 2019 and up until the date of signing these Financial Statements, Co-op Life had a financial strength rating of B++ (outlook stable) and an issuer credit rating of bbb+ (outlook stable) issued by A.M. Best Company Inc ("A.M. Best"). The financial strength rating and credit rating were re-affirmed by A.M. Best on 13 September 2018.

The Company's principal business activities are the provision and underwriting of life and trauma insurance which involves the acceptance of significant insurance risk. Life insurance contracts are those where the insured benefit is payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness. The Company currently provides the Life Plus, Loan Plus, and Loan Instalment Care insurance products. All insurance contracts written are non-investment linked and non-participating, with all profits and losses being allocated to the shareholder.

Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), which complies with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as applicable for profit-oriented entities. The Company's financial statements comply with International Financial Reporting Standards ("IFRS").

Measurement base

The financial statements have been prepared on a going concern basis in accordance with the historical cost concept, except for the revaluation of fair value through OCI investments and financial instruments designated at fair value through profit or loss, both of which are recognised at fair value. Cost is based on the fair value of the consideration given in exchange for the assets.

Revenue, expenses and assets are reported in the financial statements net of the amount of Goods and Services Tax ("GST"), except when the GST incurred on a purchase of goods and services is not recoverable. Where GST is not recoverable, it is recognised as part of the cost of the acquisition of the assets or as part of the expense item as applicable. Receivables and payables are reported in the Balance Sheet with the amount of GST included.

Use of accounting estimates and judgements

The preparation of the financial statements requires the use of judgement, estimates and assumptions that affect reported amounts. The estimates and assumptions used are based on historical experience and other factors which are reviewed on a regular basis. Actual results may differ from these estimates. For further discussion on the critical estimates and judgements used by the Company that have the most significant effect on the amounts recognised in the financial statements, refer to Note 14 (Life Insurance Net Policy Liabilities).

Recognition and de-recognition of financial assets and financial liabilities

The Company recognises a financial asset or financial liability on its Balance Sheet when the Company becomes a party to the contractual provisions of the financial asset or financial liability.

The Company derecognises a financial asset from its Balance Sheet when:

- (a) The contractual rights to the cash flows from the financial asset expire; or
- (b) The Company has transferred the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or when it does not retain control of the financial asset.

Financial liabilities are derecognised when the obligations specified in the contract have been discharged, cancelled or have expired.

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

1. Statement of Accounting Policies continued

Functional and presentation currency and rounding

The functional and presentation currency of the Company is New Zealand dollars and all amounts have been rounded to the nearest thousand dollars (\$000), except where otherwise stated.

Offsetting

Assets and liabilities are offset and the net amount presented in the Balance Sheet when the Company has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented in the Statement of Comprehensive Income on a net basis only when permitted under NZ GAAP, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

Comparatives

To ensure consistency with the current period, comparative figures have been restated where appropriate.

Changes in accounting policies and application of new or amended accounting standards

A number of new standards, amendments to standards and interpretations have been published but are not mandatory for the financial statements for the year ended 31 March 2019. They have not been applied in preparing these financial statements.

NZ IFRS accounting standards issued but not yet effective

At the date of authorisation of the financial statements, Management has identified one standard where this applies to the Company.

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRS 17: <i>Insurance Contracts</i>	1 January 2022	31 March 2023

NZ IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The Company is in the process of assessing the impact of the application of NZ IFRS 17 and is not yet able to reasonably estimate the impact on its financial statements.

2. Accounting Classification and Measurement

Financial instruments classification and measurement

The Company classifies its financial instruments into the following categories at initial recognition:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. Loans and receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. Assets classified as loans and receivables include receivables and prepayments.

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

2. Accounting Classification and Measurement continued

Fair value through profit or loss investments

Financial assets and financial liabilities in this category are either held for trading or managed with other assets and liabilities which are accounted for and evaluated on a fair value basis. The Company has determined that all financial assets held in relation to insurance contracts are assets backing insurance contract liabilities. Such assets have been allocated to the Statutory Fund.

Changes in the fair value of these financial instruments are recognised in profit or loss in the period in which they occur. The fair value gain or loss does not include interest earned and accrued on the financial assets, as this is recorded as part of interest income.

Fair value through OCI investments

Fair value through OCI investments are non-derivative financial assets that are designated as fair value through OCI or are not classified as another category of financial assets. Fair value through OCI investments are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or changes in interest rates or exchange rates.

Fair value through OCI investments are initially measured at fair value, including transaction costs, and subsequently carried at fair value. Interest income is recognised in profit or loss using the effective interest method. Impairment losses are recognised directly in profit or loss. Other fair value changes, other than impairment losses, are recognised directly in other comprehensive income and presented in the fair value through OCI reserve within equity. When the financial asset is de-recognised or impaired, the cumulative gains or losses previously recognised in Other Comprehensive Income are reclassified in profit or loss. Financial assets classified in this category include short term deposits and commercial paper securities, which are used to manage liquidity and may be sold prior to maturity.

Other financial liabilities

Other financial liabilities include all financial liabilities other than those classified at fair value through profit or loss. Other financial liabilities are initially recognised at fair value, including direct and incremental transaction costs, and are subsequently measured at amortised cost. Financial liabilities classified in this category include trade and other payables.

The following symbols used throughout the Financial Statements represent:



Significant accounting policy



Significant accounting estimate or judgement

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

3. Investment and Other Revenue

	31/03/2019	31/03/2018
	\$000	\$000
Interest on fair value through OCI investments	171	165
Interest on fair value through profit or loss investments	217	241
Other interest income	-	1
Commission income	337	184
Fair value movement on investments	224	68
	<u>949</u>	<u>659</u>

4. Other Operating Expenses

Policy acquisition costs	638	851
Policy maintenance expenses	4,212	4,006
Director's fees	12	12
Other operating expenses	139	99
Amortisation of intangible asset	-	65
	<u>5,001</u>	<u>5,033</u>
Fees paid to auditors		
Audit or review of financial statements	25	25
Other assurance services	6	6
	<u>31</u>	<u>31</u>
Total fees paid to auditors		

Auditor's remuneration is included within other operating expenses above. The fees for the audit of the Company's financial statements and solvency return are paid by Co-op Bank on behalf of the Company.



Other operating expenses

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

Policy acquisition costs

Policy acquisition costs are the fixed and variable costs of acquiring new business, including commission and underwriting costs. Policy acquisition costs are initially recorded in profit or loss when the expense has been incurred, with any amounts to be deferred then taken to the Balance Sheet as a Deferred Acquisition Cost ("DAC") to be released over the life of the policy.

Policy maintenance expenses

Policy maintenance costs are the costs of administering policies subsequent to sale and maintaining operations such that they are sufficient to service existing policies. These include all operating and management costs other than policy acquisition and investment management costs. Policy maintenance costs are recorded in profit or loss when the expense has been incurred.

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

5. Income Tax

- (a) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	31/03/2019	31/03/2018
	\$000	\$000
Profit before tax	3,422	2,975
Tax expense at 28% (31 March 2018: 28%)	(958)	(833)
<i>Comprising:</i>		
Current tax	(1,021)	(822)
Deferred tax	63	(11)
Income tax expense	(958)	(833)



Income tax expense

Income tax on the net profit for the year comprises current and deferred tax and is based on the applicable tax law. The income tax expense is recognised in profit or loss except when it relates to items credited directly to equity, in which case it is recognised in other comprehensive income.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year based on applicable tax rates and laws. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(b) Deferred Tax	Opening balance 1 April \$000	Charged to profit or loss \$000	Closing balance 31 March \$000
31 March 2019			
Deferred tax liability:			
Net policy liabilities	(122)	63	(59)
Total deferred tax liability	(122)	63	(59)
31 March 2018			
Deferred tax liability:			
Net policy liabilities	(93)	(29)	(122)
Intangible asset	(18)	18	-
Total deferred tax liability	(111)	(11)	(122)

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

5. Income Tax continued



Deferred tax

Deferred tax is accounted for using the comprehensive tax balance sheet method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which the deductible temporary differences or unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on applicable tax rates and laws. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

6. Analysis of Profit

	31/03/2019	31/03/2018
	\$000	\$000
Planned margins of revenues over expenses	709	884
Changes in assumptions	(165)	(65)
Other income	242	132
Difference between actual and assumed experience	1,361	961
Investment earnings on assets in excess of policy liabilities	317	230
Profit after tax	2,464	2,142

7. Fair value through OCI Investments

Short term deposits with NZ registered banks	-	546
NZ registered bank bonds	524	719
Local government bonds	417	512
Rated corporate commercial paper	717	513
Listed multilateral development banks and other international organisations bonds	4,045	2,986
	5,703	5,276

8. Fair Value through Profit or Loss Investments

Short term deposits with NZ registered banks	1,207	906
Rated corporate commercial paper	1,296	-
NZ registered bank bonds	2,066	1,666
Local government bonds	2,529	2,045
Listed multilateral development banks and other international organisations bonds	826	259
	7,924	4,876

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

9. Fair Value of Financial Instruments

Financial assets and financial liabilities are measured on an on-going basis either at fair value or amortised cost. The assets not measured at fair value (Receivables, Trade and Other Payables, Outstanding Claims Provision) have an amortised cost value that is equivalent to fair value.

Fair value measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in a transaction between active market participants or in its absence, the most advantageous market to which the Company has access to at the reporting date. The fair value of a financial liability reflects its non-performance risk.

When available, fair value is measured using the quoted price in an active market. A market is active if transactions take place with sufficient frequency and volume to provide pricing information on an on-going basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Valuation hierarchy for financial instruments held at fair value

The following fair value hierarchy, as set out in NZ IFRS 13: *Fair Value Measurement*, has been used to categorise the inputs to valuation techniques used to measure the financial assets and financial liabilities which are carried at fair value:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

All of the Company's financial instruments that are recognised and measured at fair value on a recurring basis sit within Level 2.

There were no transfers between levels of the fair value hierarchy during the reporting period.

10. Receivables and Prepayments

	31/03/2019	31/03/2018
	\$000	\$000
Reinsurance recoveries	337	222
Prepayments	33	27
Receivable from parent	23	726
	<u>393</u>	<u>975</u>

Insurance premiums

Insurance premium revenue is recognised from the inception date as soon as there is a basis on which it can reliably be estimated. Insurance premium revenue is recognised as income when it is earned in accordance with the pattern of incidence of risk expected under the insurance contract.

Reinsurance recoveries

Reinsurance recoveries are recognised as revenue from the date the applicable claim is accepted and recognised as a liability. Reinsurance recoveries are measured at the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

11. Intangible Asset

	31/03/2019	31/03/2018
Cost	\$000	\$000
Balance at beginning of year	-	547
Balance at end of year	-	547
Accumulated amortisation		
Balance at beginning of year	-	(482)
Amortisation expense	-	(65)
Balance at end of year	-	(547)
Net book value		
As at 31 March	-	-



Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses.

The intangible asset related to the future profits to be earned from existing customers acquired in the acquisition of the Loan Instalment Care business from IAG New Zealand Limited in October 2012. This intangible asset was amortised on a straight line basis over five years.

12. Trade and Other Payables

Tax payable to parent	1,051	821
Other payables	19	132
	1,070	953

13. Outstanding Claims Provision

Claims under policies in the process of settlement	1,144	947
Claims incurred but not reported	321	324
	1,465	1,271



Claims

Insurance claims are recognised as an expense when a valid claim has been received and accepted.

The outstanding claims liability for the Loan Plus and Life Plus products equals the sum insured of valid notified claims that have yet to be paid.

For the Loan Instalment Care product, the outstanding claim liability equals the discounted present value of the estimated future payments of the insured benefit for the duration of disablement.

For all insurance products an additional provision is held for claims Incurred But Not Reported ("IBNR") at the reporting date, which is calculated by Co-op Life's independent Appointed Actuary based on historical claims experience and actuarial statistical tables.

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

14. Life Insurance Net Policy Liabilities

	31/03/2019	31/03/2018
	\$000	\$000
Balance at 1 April	2,635	2,828
Movement for the year	(183)	(193)
Balance at 31 March	2,452	2,635

	31/03/2019	31/03/2018
	\$000	\$000
Components of life insurance net policy liabilities		
Future policy benefits	61,599	52,532
Balance of future expenses	41,923	32,706
Planned margins of revenue over expenses	16,730	11,553
Future charges for acquisition costs	(4,286)	(3,798)
Deferred tax liability element of policy liabilities	59	122
Balance of future revenues	(113,573)	(90,480)
	2,452	2,635

The Life Insurance Net Policy Liabilities recorded in the Balance Sheet comprises of the following components:

- An estimate of the net present value of the net future cash flows of the Life Plus and Loan Plus products plus a profit margin, calculated using the projection method. This method defers profits over the life of the policy and releases it evenly over the term of the contract in proportion to the profit carriers (gross life and trauma claims). The deferred acquisition costs component of the policy liabilities is separately identified for the purpose of calculating deferred tax. The Loan Plus product includes a number of longer-term policies transferred from the Loan Care product in 2016;
- Unearned premium on the LIC product. This is calculated using the accumulation method and represents the premium unearned up to the next premium due date. The result of using the "accumulation" method rather than the "projection" method required under NZ IFRS 4: Insurance Contracts ("NZ IFRS 4") is not materially different as the LIC contracts have an average duration of approximately 2.5 years; and
- A provision for outstanding notified claims which have been accepted but not yet been paid, and claims incurred but not reported. For LIC claims, the outstanding notified claims provision is the discounted present value of the insured instalment for the duration of disablement, projected forward using a set of claim continuance assumptions.

Life insurance net policy liabilities

Policy liabilities arising from insurance contracts are calculated by Co-op Life's independent Appointed Actuary, using the Margin on Service ("MoS") methodology in accordance with New Zealand Society of Actuaries Professional Standard 20: *Determination of Life Insurance Policy Liabilities*. Under the MoS methodology, profit comprises the following components:

- Planned Margins of Revenues over Expenses – at the time of writing a policy and at each reporting date, best estimate assumptions are used to determine all expected future payments and premiums.
- Difference between Actual and Assumed Experience – where actual experience replicates best estimate assumptions, the expected profit margin will be released to profit over the life of the policy. Experience profits or losses are realised where actual experience differs from best estimate assumptions. Instances giving rise to experience profits or losses include variations in claims, expenses, mortality, discontinuance and investment returns.
- Investment Earnings on Assets in Excess of Policy Liabilities – profits are generated from investment assets which are in excess of those required to meet policy liabilities. Investment earnings are directly influenced by market conditions and as such this component of MoS profit will vary from year to year.

14. Life Insurance Net Policy Liabilities continued**Life insurance net policy liabilities continued**

- Changes to underlying assumptions – assumptions used for measuring policy liabilities are reviewed each year. Where the review leads to a change in assumptions, the change is deemed to have occurred from the reporting date. The financial effect of changes to the assumptions underlying the measurement of policy liabilities are recognised in the Statement of Comprehensive Income over the future reporting periods during which services are provided to policyholders. However if written business is expected to be unprofitable based on best estimate assumptions, the total expected loss is recognised in the Statement of Comprehensive Income immediately. When loss making business subsequently becomes profitable, previously recognised losses are reversed.

The Life Insurance Net Policy Liabilities recorded in the Balance Sheet is the sum of the unearned premium reserve ("UPR"), net of DAC.

Actuarial Information

The valuation of policy liabilities has been calculated by Co-op Life's independent Appointed Actuary Peter Davies, B.Bus.Sc, FIA, FNZSA. The valuation is done in accordance with NZ IFRS 4 and Professional Standard no. 20: Determination of Life Insurance Policy Liabilities ("PS-20"), issued by the New Zealand Society of Actuaries. Mr Davies is an independent professional adviser to the Company on insurance related matters.

The valuation of policy liabilities as at 31 March 2019 was dated 17 April 2019. Mr Davies confirmed in his actuarial report that he is satisfied with the nature, sufficiency and accuracy of the data provided to him by Co-op Life for the purpose of his valuation. There were no significant changes to the actuarial assumptions used in the 31 March 2019 valuation compared to the assumptions used in the 31 March 2018 valuation. There were no qualifications in the actuarial report.

Best Estimate Assumptions

The key assumptions that affect the estimation of policy liabilities used by the Appointed Actuary are set out below:

Discount, Inflation, and Tax Rates:

Discount rates vary from 1.17% to 1.69% dependent on the product. The discount rate basis is swap rates (2018: swap rates). Inflation and tax are set at 2% and 28% respectively.

Mortality:

Life Plus Death cover was assumed 72% of NZ97 (mortality experience of NZ insured lives 1993 – 1997) (2018: 80%), based on the Company's own experience, adjusted for the smoking status of lives insured. Loan Plus was assumed 55% of NZ97 (2018: 55%).

Morbidity:

Life Plus Trauma assumed at 54% of reinsurance rates (2018: 90%); Loan Instalment Care 25% of premiums (2018: 25%).

Cancellation Rates:

Life Plus cancellation rates vary from 7% to 15% dependent on the age of the policy holder and the recent and expected future experience of cancellations. Loan Instalment Care is based on 35% per annum (2018: 35%).

Surrender volume and values:

Loan Plus surrender volumes are based on a sliding scale which is modelled from actual experience adjusted for expected future experience. Loan Plus Surrender values are modelled from actual experience adjusted for expected future experience.

Administration Costs:

Life Plus renewals	\$31 per policy per annum (2018: \$30)
Loan Plus	\$1 per policy per annum (2018: \$1)
Loan Instalment Care	13% of premiums (2018: 13% of premiums)

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

14. Life Insurance Net Policy Liabilities continued



Estimation of life insurance net policy liabilities

Life insurance contract liabilities are valued using actuarial models which are based on recognised actuarial methodologies, standards and principles. The methodologies take into account the risks and uncertainties of the life insurance policies and use best estimate assumptions (detailed on the previous page), which requires a high level of judgement. Variances between best estimate assumptions used and actual experience could affect the value of the life insurance net policy liabilities.

15. Life Fund Reporting

Statutory Fund

On 1 July 2012, Co-op Life established a Statutory Fund in accordance with the requirements of the Insurance (Prudential Supervision) Act 2010. The Statutory Fund gives priority to policy holders to the assets held in the Statutory Fund ahead of the claims of any other creditor.

All operating profits and losses generated by the Statutory Fund are retained within the Statutory Fund and distributions of these can only be made provided they comply with the requirements of the Insurance (Prudential Supervision) Act 2010 and the Insurance (Prudential Supervision) Regulations 2010. These requirements include receiving and having regard to Co-op Life's Appointed Actuary's written advice as to the likely consequences of any proposed distribution. A distribution of the Statutory Fund's retained profits must not be made if the distribution would have the result that Co-op Life would fail to maintain the minimum solvency margin in relation to the Statutory Fund.

Profit and Loss disaggregated by Life Fund

	31 March 2019			31 March 2018		
	Statutory Fund \$000	Shareholder Fund \$000	Total \$000	Statutory Fund \$000	Shareholder Fund \$000	Total \$000
Net premium revenue	9,700	-	9,700	9,549	-	9,549
Investment and other income	414	535	949	283	376	659
Net revenue	10,114	535	10,649	9,832	376	10,208
Net claims expense	(2,409)	-	(2,409)	(2,393)	-	(2,393)
Other operating expenses	(4,818)	-	(4,818)	(4,840)	-	(4,840)
Net profit before taxation	2,887	535	3,422	2,599	376	2,975
Net profit after taxation	2,079	385	2,464	1,871	271	2,142

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

15. Life Fund Reporting continued

Balance sheet disaggregated by Life Fund

	31 March 2019			31 March 2018		
	Statutory Fund \$000	Shareholder Fund \$000	Total \$000	Statutory Fund \$000	Shareholder Fund \$000	Total \$000
Cash	63	159	222	470	39	509
Investment assets	7,924	5,703	13,627	4,876	5,276	10,152
Other assets	372	21	393	821	154	975
Total assets	8,359	5,883	14,242	6,167	5,469	11,636
Other liabilities	952	177	1,129	846	229	1,075
Outstanding claim provision	1,465	-	1,465	1,271	-	1,271
Life insurance net policy liabilities	2,452	-	2,452	2,635	-	2,635
Total liabilities	4,869	177	5,046	4,752	229	4,981
Retained earnings	3,490	4,097	7,587	1,415	3,708	5,123
Share capital	-	1,500	1,500	-	1,500	1,500
Available for sale reserve	-	109	109	-	32	32
Total equity	3,490	5,706	9,196	1,415	5,240	6,655

16. Solvency Margin

The Insurance (Prudential Supervision) Act 2010 requires registered life insurers to maintain a positive Solvency Margin for the Shareholder Fund and each Statutory Fund at all times. We have calculated the prudential solvency position as at 31 March 2019 in accordance with the Reserve Bank of New Zealand ("RBNZ") Solvency Standard for Life Insurance Business ("the Solvency Standard"). The solvency position for the Statutory Fund and the Shareholder Fund is summarised below:

	31 March 2019			31 March 2018		
	Statutory Fund \$000	Shareholder Fund \$000	Total \$000	Statutory Fund \$000	Shareholder Fund \$000	Total \$000
Total assets	8,359	5,883	14,242	6,167	5,469	11,636
Total liabilities	(4,869)	(177)	(5,046)	(4,752)	(229)	(4,981)
Capital	3,490	5,706	9,196	1,415	5,240	6,655
Less deductions	-	-	-	-	-	-
Actual solvency capital	3,490	5,706	9,196	1,415	5,240	6,655
Minimum solvency capital*	755	365	5,000	751	318	5,000
Solvency margin	2,735	5,341	4,196	664	4,922	1,655
Solvency ratio	462%	1,562%	184%	188%	1,648%	133%

*A minimum solvency capital of \$5m is required at a total fund level for Co-operative Life. As the sum of the Statutory and Shareholder Fund's minimum solvency capital is less than the regulatory requirement of \$5m, the minimum solvency capital for Co-operative Life defaults to \$5m. This means the Total Co-operative Life solvency column does not equal the total of the Statutory and Shareholder Fund columns.

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

17. Share Capital

	31/03/2019	31/03/2018
	Number of	Number of
	shares	shares
	'000	'000
Opening number of fully paid issued ordinary shares	1,500	1,500
Closing number of fully paid issued ordinary shares	1,500	1,500

All fully paid ordinary shares rank equally and share equally in any surplus, dividends or share in winding up. All ordinary shares were issued for \$1 per share.

18. Reconciliation of Profit after Tax with Net Cash Flows from Operating Activities

	Year ended 31/03/2019	Year ended 31/03/2018
	\$000	\$000
Profit after tax	2,464	2,142
Add/(Less) non-cash items:		
Amortisation	-	65
Fair value movement on investments	(224)	(68)
Deferred tax	(63)	11
IBNR claims provision	(3)	13
Life insurance net policy liabilities	(183)	(193)
Changes in working capital items:		
Receivables and prepayments	582	(853)
Trade and other payables	87	186
Outstanding claims provision	197	378
Items classified as investing activities:		
Interest on investment securities	-	22
Net cash flows from operating activities	2,857	1,703

Statement of Cash Flows

The Statement of Cash Flows has been prepared using the direct approach modified by the netting of certain items in order to provide more meaningful disclosure. Cash flows included in the Statement of Cash Flows are reported net of GST, except when the GST incurred in a purchase of goods and services is not recoverable.

The following are definitions of the terms used in the Statement of Cash Flows:

- Cash and cash equivalents comprises cash held at registered banks;
- Investing activities are those relating to the acquisition, holding and disposal of financial assets;
- Financing activities are those activities which result in changes in size, composition and capital structure of the Company; and
- Operating activities include all transactions and other events that are not investing or financing activities.

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

19. Related Party Transactions

	31/03/2019 \$000	31/03/2018 \$000
Transactions during the year:		
Net receipt / (payment) of monies from / (to) Co-op Bank	703	(714)
Dividends paid to Co-op Bank	-	(1,600)
Policy maintenance expense paid to Co-op Bank	(4,243)	(4,043)
Policy acquisition costs paid to Co-op Bank*	(372)	(550)
	31/03/2019 \$000	31/03/2018 \$000
Amounts outstanding at year end:		
Receivable from Co-op Bank (non-interest bearing)	23	726
Tax payable to Co-op Bank (non-interest bearing)	(1,051)	(821)

*Commission expense is classified as Policy Acquisition Costs for Loan Plus as Loan Plus is a single premium product, and Policy Maintenance Expenses for all other products.

The Company has no employees as its activities are managed by Co-op Bank in accordance with the Management Deed between the parties. All income and expenses of the Company are initially received or paid by Co-op Bank on behalf of the Company and are settled regularly through the intercompany account.

No related party balances were written off or forgiven during the year ended 31 March 2019 (2018: Nil).

20. Financial Risk Management

The Company is committed to the management of risk to achieve sustainability of service and profits, and therefore, takes on controlled amounts of risk when considered appropriate. The Company's primary operating risks are insurance, credit, liquidity, interest rate and operational risk. There have been no material changes in the Company's policies for managing these risks during the financial reporting period.

The Co-op Life Board's policy is to maintain a strong capital base to protect policyholders' and creditors' interests and meet the regulatory requirements set out in the Solvency Standard for Life Insurance Business issued by the Reserve Bank of New Zealand. The Company's Board of Directors is ultimately responsible for the review and ratification of the Company's systems of risk management, internal control, codes of conduct and legal compliance. The Board meets quarterly and receives reports including performance against agreed risk metrics. Risk systems and procedures are maintained and monitored by Co-op Bank under a Management Deed.

Co-op Bank's Board of Directors maintains a formal set of delegated authorities for Co-op Bank and its subsidiaries, including Co-op Life. Credit and treasury delegated authorities are contained within their respective policy documents. Co-op Bank's Board of Directors approves these delegated authorities on behalf of the Company.

Co-op Bank management formally reports on all aspects of key operational risks to the Company's Board of Directors at least four times each year. Credit and treasury risks are reported monthly to the Company's parent Board and treasury risks reported quarterly to the Company's Board. In addition, the following Management Committees review and manage key risks:

- (i) Co-op Bank's Senior Leadership Team meets regularly to consider new and emerging risks, reviews actions required to manage and mitigate key risks, and to monitor progress; and
- (ii) Co-op Bank's Assets and Liabilities Committee ("ALCO") meets weekly to consider, monitor and review exposure to interest rate risk, liquidity risk, and credit risk.

Insurance Risk

Insurance risk is the failure of product design, product pricing, underwriting or claims management processes resulting in the cost of insurance claims being higher than the planned cost. Key insurance risk metrics are measured against targets and reported to the Co-op Life Board on a quarterly basis. In compliance with contractual and policy requirements, a strategy is in place to ensure that the risks underwritten should not adversely affect Co-op Life's ability to pay benefits and claims when they fall due. To limit its exposure, Co-op Life has its own reinsurance programme in place where it cedes business to external entities, either by surplus or quota share reinsurance arrangements.

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

20. Financial Risk Management continued

Procedures exist for verification, assessment and payment of claims. Strict claims management procedures ensure the timely and correct payment of claims in accordance with policy and/or treaty conditions.

Concentration of insurance risk is managed by setting the underwriting acceptance criteria for Life Plus life and trauma cover so that they are progressively more extensive with higher covers and older ages and limiting the maximum cover offered by some key products. Policies are sold only to individuals where there is a reasonable diversification of geographic and work-place risk, rather than to employer-based or affinity-based schemes.

Sensitivity Analysis

A sensitivity analysis has been carried out based on the position at 31 March 2019, varying the discount rate used to value policy liabilities for Life Plus and Loan Plus by an increase and decrease of 100 basis points respectively. The policy liabilities for LIC are unaffected by this change, due to this business being valued on the accumulation method, which does not require discounting. However estimation of future claim costs does have a discounting impact. The effect of the change in rates is shown below:

	Discount rate increase before tax by 100 basis points		Discount rate decrease before tax by 100 basis points	
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Life Plus – impact on policy liabilities	(229)	(200)	266	231
Loan Plus – impact on policy liabilities	(9)	(10)	9	11
Loan Instalment Care – impact on open claims	(2)	(2)	2	2

Further sensitivity analysis has been completed using a 10% change to the demographic and expense assumptions used. There is no impact on LIC's net policy liabilities because LIC is subject to a loss recognition test. For the Life Plus and Loan Plus products, there is sufficient profit margin in the policy liabilities to absorb any change in actual experience versus best estimate assumptions. Further analysis on the effect of movements on interest rates on interest bearing assets is disclosed on page 20.

Credit Risk

Credit risk is the potential risk of loss arising from the non-performance of a counterparty to a financial instrument or facility. The Company's credit risk relates predominately to wholesale (treasury) investments. Approximately 63% (2018: 59%) of all credit risks are within New Zealand and all credit risk is denominated in New Zealand dollars. The risk exposure is managed through a conservative "approved counterparty" policy and maximum credit limits which have been approved for each counterparty on the basis of:

- Portfolio tier limits by credit rating;
- Individual tier limits by credit rating;
- Product category limits; and
- Term to maturity limits.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting commitments associated with its financial liabilities. Liquidity risk is mitigated through:

- Managing the relative term to maturity of insurance treasury assets;
- Investing in liquid, senior ranking securities; and
- Compliance with regulated solvency margins as stipulated by regulation.

Liquidity management is delegated, under the Management Deed, to Co-op Bank's Treasurer under the oversight of the Asset Liability Committee.

Interest Rate Risk

Interest rate risk relates to the mismatch between the policyholder liabilities and the assets backing those liabilities. These mismatches could impact current period operating profits.

Interest rate risk is managed by the Company through a strategic asset allocation policy and an investment management policy that has regards to surrender and claims expectations and risks. Any breaches of interest rate risk limits are managed within the treasury policy of Co-op Bank and reported to the Company's Board of Directors quarterly.

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

20. Financial Risk Management continued

Sensitivity Analysis

As at 31 March if interest rates on interest bearing assets had been 100 basis points higher or 100 basis points lower with all other variables held constant the impact on profit after tax and equity would have been as follows:

	Interest rates increase by 100 basis points		Interest rates decrease by 100 basis points	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Effect on profit after tax	(161)	(145)	181	164
Effect on equity	(121)	(96)	127	100

The effect of movements in interest rates on interest bearing assets is partially mitigated by the effect of movements in discount rates on policy liabilities, as discussed on page 19 of these Financial Statements. Interest rate risk on net interest income is hedged by investing in securities with durations similar to those of the policy liabilities.

Operational Risk

Operational risks are those arising from human error, system failures, inadequate procedures or controls and external events. Co-op Bank, under the Management Deed, manages the Company's operational risks. Risks under management include systems, reputation, legal and regulatory, fraud, losses and physical asset protection and crisis management. Risks are reported to the Board of Co-op Bank on a monthly basis and remedial action taken where necessary. Continuous monitoring of the procedures in place is undertaken to minimise the chance of an adverse compliance or operational risk event occurring.

21. Concentration of Credit Exposures

	31/03/2019 \$000	31/03/2018 \$000
NZ registered banks	4,019	4,346
Government, Local Authority and State Owned Enterprises	2,946	2,557
Listed Multilateral Development Banks and other international organisations	4,871	3,245
Other corporate investments	2,013	513
Receivables	337	222
	14,186	10,883

22. Interest Rate Repricing Profile

The following tables include the Company's financial assets and financial liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Within 3 months	3-6 months	6-12 months	1 – 2 years	Over 2 years	Non- interest bearing	Total
31 March 2019	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	222	-	-	-	-	-	222
Available for sale investments	40	-	-	516	5,147	-	5,703
Fair value through profit or loss investments	2,168	701	1,480	1,183	2,392	-	7,924
Receivables	-	-	-	-	-	337	337
Total financial assets	2,430	701	1,480	1,699	7,539	337	14,186
Trade and other payables	-	-	-	-	-	1,070	1,070
Outstanding claims provision	672	-	-	-	-	472	1,144
Total financial liabilities	672	-	-	-	-	1,542	2,214
Total interest rate sensitivity gap	1,758	701	1,480	1,699	7,539	(1,205)	11,972

CO-OPERATIVE LIFE LIMITED
Notes to the Financial Statements

22. Interest Rate Repricing Profile continued

	Within 3 months	3-6 months	6-12 months	1 – 2 years	Over 2 years	Non- interest bearing	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
31 March 2018							
Cash and cash equivalents	509	-	-	-	-	-	509
Available for sale investments	288	296	-	1,237	3,455	-	5,276
Fair value through profit or loss investments	1,222	405	104	620	2,525	-	4,876
Receivables	-	-	-	-	-	222	222
Total financial assets	2,019	701	104	1,857	5,980	222	10,883
Trade and other payables	-	-	-	-	-	953	953
Outstanding claims provision	569	59	-	-	-	319	947
Total financial liabilities	569	59	-	-	-	1,272	1,900
Total interest rate sensitivity gap	1,450	642	104	1,857	5,980	(1,050)	8,983

23. Contractual Maturity Analysis

The following tables analyse the Company's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The figures reported include interest and principal cash flows expected to maturity, as well as the commitment to make amounts available in instalments. The total amount is different from the amount on the Balance Sheet as the cash flows shown below are undiscounted cash flows.

	On demand	Within 6 months	6-12 months	1 – 2 years	Over 2 years	No maturity	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
31 March 2019							
Cash and cash equivalents	222	-	-	-	-	-	222
Available for sale investments	-	108	68	631	5,174	-	5,981
Fair value through profit or loss investments	-	2,950	1,517	1,240	3,007	-	8,714
Receivables	-	337	-	-	-	-	337
Total financial assets	222	3,395	1,585	1,871	8,181	-	15,254
Trade and other payables	-	1,070	-	-	-	-	1,070
Outstanding claims provision	-	-	-	-	-	472	472
Total financial liabilities	-	1,070	-	-	-	472	1,542
31 March 2018							
Cash and cash equivalents	509	-	-	-	-	-	509
Available for sale investments	-	653	61	1,314	3,527	-	5,555
Fair value through profit or loss investments	-	1,692	163	701	3,436	-	5,992
Receivables	-	222	-	-	-	-	222
Total financial assets	509	2,567	224	2,015	6,963	-	12,278
Trade and other payables	-	953	-	-	-	-	953
Outstanding claims provision	-	-	-	-	-	318	318
Total financial liabilities	-	953	-	-	-	318	1,271

CO-OPERATIVE LIFE LIMITED

Notes to the Financial Statements

24. Commitments

The Company had no capital or operating lease commitments as at 31 March 2019 (31 March 2018: Nil).

25. Contingent Liabilities

The Company had no material contingent liabilities at 31 March 2019 (2018: Nil).

26. Subsequent Events

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

Independent Auditor's Report

To the shareholder of Co-operative Life Limited

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Co-operative Life Limited (the Company) on pages 1 to 22:

- i. present fairly in all material respects the company's financial position as at 31 March 2019 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2019;
- the income statement, statements of other comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.



Use of this independent auditor's report

This independent auditor's report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

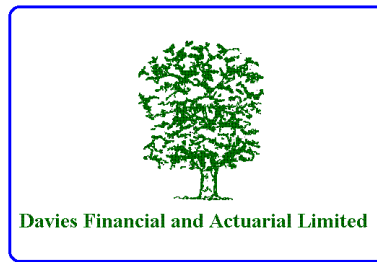
A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.



KPMG
Wellington
23 May 2019



12th May 2019

To: The Directors
Co-operative Life Limited

From: Peter Davies
Appointed Actuary

**Re: Co-operative Life Limited: Report as at 31st March 2019
under Sections 77 and 78 of the Insurance (Prudential
Supervision) Act 2010**

You have asked me to prepare this report in terms of the above sections of the Act, and I would like to comment further as follows:

1. I have reviewed the actuarial information included in the audited accounts for Co-operative Life Limited as at 31st March 2019. “Actuarial information” includes the following:
 - policy liabilities;
 - solvency calculations in terms of the RBNZ Solvency Standard;
 - balance sheet and other information allowed for in the calculation of the company’s solvency position; and
 - disclosures regarding the methodology and assumptions used for calculating policy liabilities, and other disclosures.
2. No limitations have been placed on my work.

3. I am independent with respect to Co-operative Life Limited as defined under professional standard ISA (NZ) 620 of the External Reporting Board.
4. I have been provided with all information that I have requested in order to carry out this review.
5. In my view the actuarial information contained in the financial statements has been appropriately included, and the actuarial information used in the preparation of the financial statements has been appropriately used.
6. Co-operative Life Limited's solvency margin as at 31st March 2019 exceeded the minimum requirement of the RBNZ Solvency Standard for Life Insurance Business 2014, issued in terms of the Insurance (Prudential Supervision) Act. The Company's Statutory Fund, and its Shareholder fund, were each independently solvent at that date.

I have carried out a 4-year projection of the Company's solvency position, which includes the payment of regular dividends out of future profits. The Company is projected to exceed the minimum RBNZ solvency requirements at all times over this period. While the legislation prescribes a 3-year projection period, the nature of the representations made to the RBNZ effectively require a 4-year forecast.

I would be very happy to answer any queries concerning this report.

Yours sincerely



Peter Davies B.Bus.Sc., FIA, FNZSA
Appointed Actuary