

# TSB Annual Report 2023

Pūronga ā-tau



**TSB**

# Unleashing **unparalleled customer care** for community good

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Whakataka te hau ki te uru  
Whakataka te hau ki te tonga  
Kia mākinakina ki uta  
Kia mātaratara ki tai  
E hī ake ana te atakura  
He tio, he huka  
He hau hū  
Tihei Mauri Ora

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# Highlights

## He tīpako whakahira

### 01



#### CANSTAR AWARDS

Recognised for compelling products with six Canstar NZ awards - including Canstar's 2023 Bank of the Year Credit Cards Award and Canstar's 2023 Bank of the Year Home Loans Award.

### 02



#### FINANCIAL

Delivered a net profit before tax of \$28.9m and strong residential lending results which outperformed the market at 1.6x system growth.

### 03



#### PEOPLE'S CHOICE

Awarded Consumer New Zealand People's Choice for Banking for the eighth year in a row, scoring 81% for customer satisfaction.

### 04



#### MAKING BANKING EASY

Partnered with APLYiD so Kiwi can join TSB easily, using their phone to provide ID verification in just minutes, from anywhere in the motu.

### 05



#### OUR PEOPLE

Introduced a flexible working standard and improved employee benefits such as six months paid parental leave, extended sick leave, 'Me Days' and more.

### 06



#### PROFIT FOR PURPOSE

\$10m fully imputed dividends were paid to our shareholder Toi Foundation this financial year.

07



**TE RAUTAKI MĀORI**

Māori strategy created to authentically embed elements of te ao Māori into our business, alongside increased industry engagement.

08



**NEW CREDIT CARDS**

Launched award-winning TSB Mastercard® Low Rate and Platinum cards offering a great low interest rate and fantastic cashback benefits.

09



**WELLBEING TICK**

Became an inaugural partner of Wellbeing Tick, an accreditation programme supporting us to enhance the wellbeing of our people.

10



**CUSTOMER CARE**

Customers impacted by Cyclone Gabrielle and flooding supported with tailored financial assistance and care.



Donna Cooper, CEO

Mark Darrow, Chair

# Chair and CEO Report

## Pūronga ā te tiamana me te tumuaki

### Tēnā koutou katoa,

In the 2022-23-year, TSB has taken significant steps forward in planning, developing and delivering compelling, easy to use products which live to our reputation for customer service, while also encouraging more New Zealanders to choose TSB to support their financial needs.

This provides a strong base to build on in the years to come as we modernise our bank to embrace consumer shifts and achieve our vision of being the **easiest bank to deal with**.

#### Results and progress

This year TSB delivered a net profit before tax of \$28.9m, and provided fully imputed \$10m in dividends to our Shareholder, philanthropic organisation Toi Foundation.

The Bank delivered strong net operating income, up \$31m and 17%, however profitability was impacted through ongoing work to strengthen foundations for the future, including IT investment and responding to regulatory compliance matters.

A highlight of TSB's annual result was strong residential lending, in which we outperformed the market at 1.6x system growth, with lending assets increasing a further 6% to \$6.2 billion.

This outcome reflects the uplift we've delivered this year in our home lending product offering and supporting service options. This is further endorsed by TSB taking out Canstar's 2023 Bank of the Year - Home Loans Award, based on winning Canstar's 2023 Outstanding Value Home Lender Award and Canstar's 2023 Outstanding Value Investment Home Lender Award.

This wasn't our only product award win – TSB's new Mastercard credit card range launched in December and has already been recognised as best in market, with TSB awarded Canstar's 5-Star Ratings for Outstanding Value in Low Rate Credit Card 2023 and Outstanding Value Rewards Credit Card 2023, as well as naming TSB Canstar's 2023 Bank of the Year - Credit Cards Award.

We were delighted this year to bring on twice the number of new customers we had anticipated, reflecting the enhancements we're making to our offering. To top it all off, TSB has been awarded the Consumer New Zealand People's Choice Award for Banking in 2023 - the only bank to receive this accolade for eight years in a row.

We are incredibly proud of the TSB whānau for the hard mahi which has gone into winning these three prestigious industry awards. While we have a proud history of customer service excellence, this is the first time TSB has been awarded for product design, so to win on both fronts is proof we've created compelling, modern products and services, and is a great sign of what's to come.

#### Future proofed frameworks

TSB takes its regulatory obligations and commitment to delivering fair customer outcomes very seriously. We have an ongoing commitment to stay true to our values and do right by the people who choose to bank with us, and we apply this lens across everything we do.

This year much focus has gone into embedding automation and enhanced processes to make meeting compliance needs such as providing identification, easier for our customers and people. We've also invested in our financial crime systems and processes, supported our frontline people offering financial advice to obtain their NZ Certificate in Financial Services (Level 5), developed the systems to support industry wide seven-day payments and much more.

Another key focus for us has been strengthening our technology functionality for future growth and digital transformation. The work we've done means we can now be more efficient and nimble, with automation opportunities enabled, as we work to deliver a more digitally savvy offering.

**People and community**

TSB wouldn't be where it is today without the dedication of our TSB whānau and we are committed to creating an environment that holistically cares for our people.

Notably, this year we introduced improved employee benefits and a flexible working standard, as well as taking big strides forward in health, safety and wellbeing. This includes committing to achieving Wellbeing Tick accreditation to ensure we embed deliberate and impactful changes to the way we're working. This focus has driven our employee engagement score up by 13% and reduced staff turnover by almost 8%, something we endeavour to continue building on.



TSB's waiata group



We have begun our environmental, social and governance journey, including preparing for climate-related financial disclosures, and making other smaller but important moves such as developing a new vehicle standard with a stronger environmental position and producing reports like this as digital only to reduce printing.

We also developed our Te Rautaki Māori (Māori strategy) which aims to authentically embed elements of te ao Māori into our business, became a member of Tāwhia the Māori banking roopu, and participated in industry conversations through our regulator. This ensures we have a deeper understanding of issues Māori face within the banking sector to better contribute to potential solutions.

**Board and leadership**

This year TSB farewells four longstanding Board directors. Dion Tuuta retired in May 2023 while Anne Blackburn retires in July 2023 after nine and eleven years of service respectively. Toi Foundation Board representatives Harvey Dunlop and Peter Dalziel retire later this year having each contributed five years.

We want to acknowledge the huge contribution they have each made to TSB. Their unwavering commitment to ensuring our Bank delivers for its people, customers and community has been highly valued and appreciated. Thank you for your significant mahi, you will be missed by us all.

It was great to welcome Melanie Templeton as a new Board director in October 2022. Mel has extensive governance experience spanning both public and private sectors in fintech, agtech and digital banking. Her impressive CV and governance experience made her stand out as a candidate for the TSB Board as we set our minds to digital transformation.

The businesses executive leadership team has also been strengthened this year with the additions of Molly Auva'a-O'Brien as GM Operational Excellence and Penny Burgess as GM Customer Delivery. Molly and Penny both come to TSB with extensive experience in a variety of roles across different financial service businesses and are already making a significant contribution as we move our bank forward.

**Looking forward**

TSB has a proud 172-year history, throughout which we have adapted, grown and pushed boundaries. Today, we are on the cusp of a new age that will see us transform into a digital-first, modern bank ready to meet New Zealanders expectations.

Change is necessary to move forward, but we are excited and determined to see our vision become a reality in the years to come.

Ngā mihi nui,



Mark Darrow  
Chair



Donna Cooper  
CEO



# Our customers

## Tā mātou kiritaki

TSB has and always will be an organisation with people at its core and this shines through in the unparalleled customer care we offer year after year.

To support achieving our new vision to be the easiest bank to deal with, we're focused on developing a suite of innovative, digital products that meet the needs of our customers, and streamline processes for our teams.

This work is ongoing, but we are already seeing new systems and products deliver tangible benefits.

### **New credit card range**

In December we celebrated a significant milestone – the official launch of our new Mastercard Low Rate and Platinum credit cards to our customers.

The award-winning cards come packed with benefits and competitive rates, including options with low interest rates and fees, generous phone and travel insurance, and price and purchase protection.

Our low-rate card has a great low interest rate, while our platinum card offers fantastic cashback benefits.

These compelling products are improving New Zealanders expectations and perceptions of what TSB can offer. This means we can attract new customers and expand our existing customer relationships, as we've already proven bringing on twice the number of new customers we had anticipated this year.

## Product awards

In March 2023, our Low-Rate Mastercard received Canstar's 5-Star Rating for Outstanding Value Low Rate Credit Card, and our Platinum Mastercard received Canstar's 5-Star Rating for Outstanding Value Rewards Credit Card.

Along with our high Customer Satisfaction score, we topped the tables as the winner of Canstar's **2023 Bank of the Year - Credit Cards Award**.

On top of this, later that month we celebrated taking out **Canstar's 2023 Bank of the Year - Home Loans Award**, based on winning Canstar's 2023 Outstanding Value Home Lender Award and Canstar's 2023 Outstanding Value Investment Home Lender Award, along with a high customer satisfaction score. This was the icing on the cake after outperforming the market with 1.6x residential lending system growth in the financial year.

Home loans and cards are two of the core banking products most New Zealanders need, and we are thrilled to be recognised as having the two best products in the market.



CEO Donna Cooper and some of TSB's lending team accept Canstar's 2023 Bank of the Year - Home Loans Award from Canstar NZ General Manager Jose George and National Client Specialist Anne-Marie Lewis.

## **APLYiD launch**

As part of our vision to becoming the easiest bank to deal with, we are determined to implement technology and systems which keep things simple.

A great example of this is our work with APLYiD to introduce a new automated identification verification process for onboarding customers electronically and remotely.

With APLYiD, most customers no longer need to visit our branches to verify their identity and instead, are sent a text to a compatible device (to a mobile number provided by the customer) and provided a link to a secure website, directing them to follow verification instructions.

This improves efficiencies and accuracy in our frontline teams, while also being quick and easy for customers.

## **Customer care recognition**

TSB has been recognised as Consumer NZ People's Choice for Banking for the eighth year in a row - the first bank to ever achieve this benchmark year on year.

The banking satisfaction survey found 81 percent of TSB customers were very satisfied, with well above average scores for value for money, call centre service, and how we deal with problems and complaints.

This strong result reflects the consistent dedication of the TSB team over the past eight years to look after our customers and help them achieve great outcomes. It's a proud legacy we will continue to build on.



# Our people

## Ō mātou tāngata

Whether it is for our employees, customers or communities, TSB is proud of it's People First value.



Some of the TSB whānau celebrating at a One Team Connect social event.

**An attractive, supportive and flexible work environment**

Investing in and looking after our people is a cornerstone of TSB and we have undertaken a significant amount of work in the past 12 months to ensure our workplace reflects this.

Through regular Our Voice internal engagement surveys, we have taken on feedback from our teams and developed several programmes to grow and support our people.

The Ascent Leadership Programme was launched in May last year and provided one on one leadership coaching sessions from professional coaches to more than 50 of our leaders.

Our Benefits Boost and Flexible Working Standard were introduced in July and August respectively, to support our teams to be happy, healthy, and productive, and deliver unparalleled customer care.

**As part of the Benefits Boost, we are now offering all our people:**



Me days – three paid days a year to do things that make them happy.



Lifestyle leave – the option to purchase 1-2 weeks extra annual leave each year.



Dress for your day – allowing people to choose what they wear depending on their activities and hui for the day.



Tangihanga/ bereavement leave – extending from three to five paid days.



Parental leave – topping up people’s salary for up to six months while on paid parental leave, offering five days paid special leave for primary carers and partners to attend medical appointments during or after pregnancy and four weeks paid leave for the secondary carer.

Our Flexible Working Standard has seen our people agree new work arrangements that allow them to better balance their life and work commitments. This move recognises that our personal lives are not confined outside traditional work hours, and achieving a stronger work-life balance has a significant impact on our people's overall wellbeing.

In 2022, TSB also committed to achieving the Wellbeing Tick - a workplace accreditation programme for organisations that are committed to the wellbeing of their people and want to make deliberate and impactful changes to the way they're working.

It's based on an award-winning, globally researched wellbeing framework, designed to raise the bar and set the standard for best practice in Aotearoa. Working towards this accreditation signals our commitment to TSB being a people-centric business, where the wellbeing of everyone is valued.

At the beginning of the year, TSB launched One Team Connect, providing opportunities for our people to gather and connect with their colleagues socially, encouraging a stronger sense of belonging at work. We support teams to take part in sports, cultural and other group recreational activities, as well as introducing regular social events.



TSB colleagues catch up over a quarterly shared breakfast.

## **Te Rautaki Māori**

In 2022, TSB developed its first Te Rautaki Māori (Māori strategy), designed to authentically embed elements of te ao Māori into every level of our business.

This Rautaki, is about “supporting Māori to unlock opportunities both now and in the future”. We will build our cultural capability and increase knowledge so we can contribute to policy development with regulators to ensure the Māori economy is better served by banks.

Te Pūtea Matua, the Reserve Bank of New Zealand’s (RBNZ) report on the Māori Economy – Te Ōhanga Māori, states the Māori Economy is key to the wellbeing of Māori and is a significant and increasingly important contributor to the national economy.

In 2021, RBNZ began a consultation process with all banks to determine our capability to engage with the Māori economy. In 2022 the RBNZ published an issues paper on Improving Māori Access to Capital, to which TSB made written submissions.

The opportunities and challenges identified are key focus areas for both RBNZ and Tāwhia, the Māori Bankers’ Association, which TSB recently joined. TSB is participating in industry working groups in this space, with an initial focus on lending over whenua Māori and data collection to better inform lending to Māori.

We are committed to providing feedback to Te Pūtea in relation to policy transformation and ultimately, promoting the prosperity and wellbeing of all New Zealanders.

## **Customer care education**

Since August 2020, TSB has been supporting its frontline people who offer financial advice to customers to achieve their NZ Certificate in Financial Services (Level 5).

Alongside our internal training programmes, completion of this qualification has supported our people to grow and develop skills and deliver enhanced customer care as banking advisors, while also ensuring TSB meets its obligations under the Financial Advice Regime (FAR).

This learning represents a significant amount of collective knowledge for TSB, which supports us to deliver unparalleled customer care.



# Our communities

Tā mātou hāpori





## Toi Foundation

TSB is owned by philanthropic organisation Toi Foundation, through its subsidiary Toi Foundation Holdings Limited. This means much of our profits are invested back into the Taranaki community via Toi Foundation, therefore putting our profit to purpose.

Our ownership is a unique point of difference in the New Zealand banking industry, which means doing what is best for our customers and communities is authentically at the core of how we operate.

Through our annual dividend, TSB has helped Toi Foundation contribute more than \$200m to Taranaki communities in the past 34 years.

We are proud to vicariously support our Shareholder in its work providing traditional philanthropic support, while also looking to the future with a focus on strategic and innovative granting and impact investing, to achieve even greater long-term, intergenerational and transformational benefits.

## Love Local

In 2022, TSB launched its Love Local campaign to encourage people to support their local Taranaki businesses over the quieter winter months.

The idea for the Love Local campaign was born after two core Taranaki events - WOMAD and the TSB Festival of Lights which TSB has supported for many years were cancelled due to Covid-19. Redirecting that investment, we teamed up with 220 Taranaki businesses to drive the local initiative.

The campaign was well received, with more than 10,000 TSB customers taking part, and each business averaging more than 200 transactions. As a result, TSB gave back \$250,000 to our customers who swiped their TSB Debit Mastercard at registered local businesses - for every \$10 or more spent, TSB gave them \$5 back (up to a maximum of \$50).

We felt incredibly proud to be able to team up with our business community on such an uplifting project and highlight the power of locals helping locals.



## Volunteering our time

This year some of our technology team used their annual Community Days to volunteer their time taking school students through the Microsoft DigiGirlz programme.

The team ran the programme in collaboration with our partners Microsoft, Datacom and Clearpoint with two Taranaki schools, giving more than 100 young wāhine hands-on experience building apps and learning about artificial intelligence.

The feedback from the students and teachers was incredibly humbling and rewarding for TSB's Head of Analytics and Insights Kathy Raynel, who led the session. She says it was all about raising awareness of technology career choices for high school wāhine who may not get exposure to the industry within their school curriculum.

"Investing in Taranaki students is investing in TSB's future workforce so I'm excited to see what we can build from here."



The TSB, Microsoft, Datacom and Clearpoint team of volunteers who ran the DigiGirlz programme.

## TSB in the community

At TSB, we are proud to support local events and activities that benefit the communities we're a part of.

After the Covid-related cancellations of both WOMAD and the TSB Festival of Lights last year, we were pleased to support the return of these key events over summer 2023. Both of these long-running events bring thousands of people to Taranaki, providing a welcome boost to businesses and the local economy.

In addition, TSB continued to support Surf Life Saving New Zealand in its mahi to keep Kiwi safe at the beach, including providing an extra \$100,000 in grants to support volunteer manned clubs throughout the country.

Using TSB's annual volunteer day, our teams have also given back to the community through a range of kaupapa, including Save the Kiwi, which has seen more than 118 kiwi eggs, and 29 chicks transported around the motu.



TSB team member Allie Roozendaal using her community day to be a Save the Kiwi egg courier.

# Our Board and leadership team

Tā mātou poari me te mana whakahaere

## Board of Directors



**MARK DARROW**

CHAIR



**MICHAEL SCHUBERT**

DEPUTY CHAIR



**ANNE BLACKBURN**

DIRECTOR



**PETER DALZIEL**

DIRECTOR



**HARVEY DUNLOP**

DIRECTOR



**KEVIN MCDONALD**

DIRECTOR



**NATALIE PEARCE**

DIRECTOR



**DION TUUTA**

DIRECTOR (Retired)



**MELANIE TEMPLETON**

DIRECTOR

# Executive Leadership Team



**DONNA COOPER**

CEO



**JOE BISHOP**

GM PRODUCT &  
MARKETING



**CHRIS BOGGS**

GM PEOPLE &  
STRATEGY



**GORDON DAVIDSON**

CHIEF FINANCIAL  
OFFICER



**JULIAN DOWNS**

GM TECHNOLOGY



**MOLLY AUVA'A-O'BRIEN**

GM OPERATIONAL  
EXCELLENCE



**GRAEME SCRIVENER**

CHIEF RISK OFFICER



**LARISSA VAUGHAN**

GM REGULATORY  
AFFAIRS & GENERAL  
COUNSEL



**PENNY BURGESS**

GM CUSTOMER  
DELIVERY

# Financial Statements

## Pūrongo ahumoni

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## Board Information

All Directors of the Bank reside in New Zealand.

<b>M.C. (Mark) Darrow</b> , FCA, B Bus, CFInstD, JP Independent non-executive Director (Chair — Board of Directors) Primary occupation: Company Director	External Directorship: Armstrong No 3 Trustee Limited, Armstrong No 4 Trustee Limited, Armstrong No 5 Trustee Limited, Auckland Transport, Estate of Robert Lerner, Inland Revenue Department, Invivo & Co Limited, MCD Capital Limited, MTF Limited, MTF Finance Limited, MTF Leasing Limited, MTF Direct Limited, MTF Securities Limited, MTF Treasury Limited, MTFS Holdings Limited, Motor Trade Finance Limited, Riverton Dairies Limited, Riverton Farm Limited, The Lending People Limited, Tudor Park Trustees Limited.
<b>M. (Michael) Schubert</b> , BCom Independent non-executive Director (Deputy Chair - Board of Directors) Primary occupation: Company Director	External Directorship: AIG Insurance New Zealand Limited, Mimomax Wireless Limited, Procure Network Limited, Procure Health Trust, Resolution Life New Zealand Limited, Whakarongorau Aotearoa New Zealand Telehealth Services (GP) Limited.
<b>M. A. (Anne) Blackburn</b> , MA, BA, CFInstD Independent non-executive Director Primary occupation: Company Director	External Directorship: Annuitas Management Limited, Government Superannuation Fund Authority, Fisher Funds Management Limited, FFML Holdco Limited, Kiwi Wealth Limited, Kiwi Wealth Management Limited, Kiwi Investments Management Limited, Kiwi Wealth Investments General Partner Limited, Otway Silva Pty Limited, Portfolio Custodial Nominees Limited, Ponga Silva Limited, Resolution Life New Zealand Limited, Ten Gracie Square Limited, Trust Investments Management Limited.
<b>P.S. (Peter) Dalziel</b> , MBA, CMInstD Non-executive Director Primary occupation: Company Director	External Directorship: Barberry Hill Farm Ltd, Dolly's Milk Limited, PS & ME Dalziel Partnership, Raw Drinking Milk Association NZ, Stratford District Council, Toi Foundation.
<b>H. F. (Harvey) Dunlop</b> , BCom (Ag) Non-executive Director Primary occupation: Company Director	External Directorship: Green School New Zealand Advisory Board, H & K Dunlop Family Trust, Renaissance Holdings Limited, Taradise Holdings 2004 Limited, Taradise Holdings 2006 Limited, Taradise Property Management Limited, Toi Foundation, Toi Foundation Holdings Limited.
<b>K.C. (Kevin) McDonald</b> , MBA Independent non-executive Director Primary occupation: Company Director	External Directorship: Macca's Fam Bam Family Trust.
<b>N. (Natalie) Pearce</b> , BCom Independent non-executive Director Primary occupation: Company Director	External Directorship: Home of the Brave, KANDO Holdings Limited, One Thousand Blooms, Tax Management New Zealand Limited, The Sutherland Paget Family Trust.
<b>M.S. (Melanie) Templeton</b> , BBusInf Independent non-executive Director Primary occupation: Company Director	External Directorship: Booster Investment Management Limited, Holmes Group Trustee Limited, MTFS Holdings Limited, Holmes Group Trustee Limited, MTF Direct Limited, MTF Finance Limited, MTF Leasing Limited, MTF Limited, MTF Treasury Limited, MTF Securities Limited, Motor Trade Finance Limited, The Lending People limited, Xerra Earth Observation Institute Limited.
<b>D. J. (Dion) Tuuta</b> Independent non-executive Director Primary occupation: Company Director	External Directorship: Brougham Court Apartments Limited, Parininihi ki Waitotara Incorporation, Parininihi ki Waitotara Trust, Te Kotahitanga o Te Atiawa Trust, Tuuta Waetford Tapui Limited, Te Manawaroa o Ngati Tama Charitable Trust.

## Changes in Board of Directors

The following changes to the composition of the Board of Directors have occurred since the publication of the Bank's disclosure statement for the year ended 31 March 2022.

- Murray Bain retired as a Director and Deputy Chair of the Board on 10 June 2022.
- Michael Schubert was appointed as the Deputy Chair of the Board from 10 June 2022.
- Melanie Templeton was appointed as a Director of the Board commencing 1 October 2022.
- Dion Tuuta retired as a Director of the Board on 18 May 2023.

The Address to which any communication to the Directors may be sent is: TSB Bank Limited, PO Box 240, New Plymouth 4310.



## Board Information (continued)

### Policy on Directors' Conflicts of Interest

Directors maintain personal banking relationships with the Bank and these are undertaken fulfilling normal bank criteria. Pursuant to the Bank's Board Charter, Directors are required to table all possible conflicts of interest at the Board of Directors' meetings and are required to abstain from any vote on those proceedings unless the other Directors have passed a resolution approving the Director's presence and/or vote because they are satisfied that the interest should not disqualify the Director. The Bank complies with all the requirements of the Companies Act in terms of registers and notices for Directors' conflict of interest.

There were no entries in the interests register made during the year ended 31 March 2023. This includes transactions between the Bank and any Director or immediate relative or close business associate of any Director which either has been entered into on terms other than those which would in the ordinary course of business of the Bank be given to any other person of the like circumstances or means or which could be reasonably likely to influence materially the exercise of the Director's duties.

### Directors' and Officers' Liability Insurance

The Bank has effected insurance for Directors and Officers in respect of liability and costs that may arise from their positions in accordance with Section 162 of the Companies Act 1993. The insurance does not cover liabilities arising from criminal actions.

	2023	2022
	\$000's	\$000's
<b>Fees paid to auditor:</b>		
Audit and review of financial statements	410	380
Audit of TSB PIE Unit Trust	5	-
Other assurance services	204	181
Other services	60	230
<b>Total fees paid to auditor</b>	<b>679</b>	<b>791</b>

### Donations

The Bank has made donations of \$nil (2022: \$6.8k) during the reporting period.

### Items Excluded by Shareholder Agreement

The report has been prepared so as to include all information required to be disclosed under the Companies Act 1993 ("CA") except where the Shareholder has resolved to exclude certain information consistent with the reporting concessions available under section 211 (3) CA.

For the accounting period, the Shareholder has resolved to exclude:

- Director remuneration and benefits information disclosed under section 211(1)(f) CA; and
- employee remuneration disclosed by band under section 211 (1)(g) CA.

# Historical Summary of Financial Statements

For the year ended 31 March 2023  
All in \$000's

<b>Financial performance</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total Interest income	321,063	229,678	255,961	307,137	312,614
Interest expense	133,484	67,885	112,328	164,549	174,591
<b>Net interest income</b>	<b>187,579</b>	<b>161,793</b>	<b>143,633</b>	<b>142,588</b>	<b>138,023</b>
Other income	25,342	19,778	18,269	21,909	23,746
<b>Net operating income</b>	<b>212,921</b>	<b>181,571</b>	<b>161,902</b>	<b>164,497</b>	<b>161,769</b>
Operating expenses	189,311	136,181	114,554	102,678	94,955
Impairment losses / (reversal of impairment losses)	(5,281)	(8,123)	(2,202)	20,362	4,236
<b>Profit before tax</b>	<b>28,891</b>	<b>53,513</b>	<b>49,550</b>	<b>41,457</b>	<b>62,578</b>
Tax expense	8,943	15,427	13,914	10,640	17,539
<b>Net profit attributable to shareholder</b>	<b>19,948</b>	<b>38,086</b>	<b>35,636</b>	<b>30,817</b>	<b>45,039</b>
Dividend	10,000	12,500	-	2,500	10,000
<b>Retained profit for the year</b>	<b>9,948</b>	<b>25,586</b>	<b>35,636</b>	<b>28,317</b>	<b>35,039</b>
<b>Financial Position</b>					
Total assets	9,149,978	8,960,480	8,778,474	8,179,275	7,819,045
Total impaired assets - loans and advances	34,218	16,728	23,312	17,637	3,814
Deposits	8,314,193	8,180,220	7,998,505	7,420,524	7,093,017
Total liabilities	8,419,360	8,237,220	8,067,566	7,499,323	7,165,920
<b>Shareholder's Equity</b>					
Retained profit for the year	9,948	25,586	35,636	28,317	35,039
Total shareholder's equity	730,618	723,260	710,908	679,952	653,125
<b>Performance</b>					
Return on average shareholder's equity	2.7%	5.3%	5.1%	4.6%	7.1%
Return on average total assets	0.2%	0.4%	0.4%	0.4%	0.6%
Growth in total assets	2.1%	2.1%	7.3%	4.6%	5.4%
Growth in depositors' funds	1.6%	2.3%	7.8%	4.6%	5.2%
Residential lending	6,218,637	5,852,327	5,481,169	5,222,565	4,844,453
Total lending	7,078,141	6,667,219	6,338,291	6,126,597	5,792,049
Operating expenses to net operating income	89%	75%	71%	62%	59%
<b>Prudential</b>					
Shareholder's equity as a % of total assets	7.98%	8.07%	8.10%	8.31%	8.35%
Common equity Tier 1 capital ratio	12.93%	13.54%	14.47%	13.88%	14.57%
Total capital ratio	12.93%	13.54%	14.47%	13.88%	14.57%

The amounts set out in the financial summary have been prepared from audited financial statements of the Bank. The Bank has no non-controlling interest.

# Summary Statement of Comprehensive Income

For the year ended 31 March 2023  
All in \$'000's

	Note	2023	2022
Interest income calculated using the effective interest method		321,063	229,678
Interest expense		133,484	67,885
<b>Net interest income</b>		<b>187,579</b>	<b>161,793</b>
Other operating income		25,342	19,778
<b>Net operating income</b>		<b>212,921</b>	<b>181,571</b>
Operating expenses		189,311	136,181
<b>Profit before credit impairment and tax</b>		<b>23,610</b>	<b>45,390</b>
Credit impairment losses / (reversal of credit impairment losses)		(5,281)	(8,123)
<b>Profit before tax</b>		<b>28,891</b>	<b>53,513</b>
Tax expense		8,943	15,427
<b>Net profit after tax</b>		<b>19,948</b>	<b>38,086</b>
<b>Other comprehensive income:</b>			
<b>Net profit after tax</b>		<b>19,948</b>	<b>38,086</b>
Items that may be reclassified subsequently to profit or loss:			
Movement in fair value reserve (debt instruments)		(12,031)	(79,099)
Movement in effective portion of changes in fair value of cash flow hedges		8,435	60,717
Income tax on items that may be reclassified to profit or loss		1,006	5,148
<b>Other comprehensive income for the year (net of tax)</b>		<b>(2,590)</b>	<b>(13,234)</b>
<b>Total comprehensive income for the year</b>		<b>17,358</b>	<b>24,852</b>

# Summary Statement of Changes in Equity

	Note	2023	2022
<b>Opening balance</b>		<b>723,260</b>	<b>710,908</b>
Net profit after tax		19,948	38,086
Other comprehensive income:		(2,590)	(13,234)
<b>Total comprehensive income for the period:</b>		<b>17,358</b>	<b>24,852</b>
Dividends to equity holder		(10,000)	(12,500)
<b>Closing balance</b>		<b>730,618</b>	<b>723,260</b>
<b>Equity represented by:</b>			
Share capital		10,000	10,000
Fair value reserve		(54,472)	(45,810)
Cash flow hedge reserve		51,022	44,950
Retained earnings		724,068	714,120
<b>Closing balance</b>		<b>730,618</b>	<b>723,260</b>

# Summary Statement of Financial Position

For the year ended 31 March 2023  
All in \$'000's

<b>Assets</b>	Note	<b>2023</b>	<b>2022</b>
Cash and cash equivalents		560,428	714,196
Derivative financial instruments		86,113	65,477
Investment securities	5	1,366,241	1,459,342
Loans and advances to customers	4	7,078,141	6,667,219
Property, plant and equipment		32,122	32,386
Intangible assets		1,244	1,310
Deferred tax asset		22,290	18,306
Other assets		3,399	2,244
<b>Total assets</b>		<b>9,149,978</b>	<b>8,960,480</b>
<b>Liabilities</b>			
Deposits	7	8,314,193	8,180,220
Derivative financial instruments		11,467	5,970
Current tax liability		978	1,510
Other liabilities		92,722	49,520
<b>Total liabilities</b>		<b>8,419,360</b>	<b>8,237,220</b>
<b>Equity</b>			
<b>Total shareholder's equity</b>		<b>730,618</b>	<b>723,260</b>
<b>Total liabilities and shareholder's equity</b>		<b>9,149,978</b>	<b>8,960,480</b>

# Summary Statement of Cash Flows

	<b>2023</b>	<b>2022</b>
Net cash flows from operating activities	(218,403)	(104,240)
Net cash flows from investing activities	77,746	395,745
Net cash flows from financing activities	(13,111)	(15,549)
<b>Net increase in cash and cash equivalents</b>	<b>(153,768)</b>	<b>275,956</b>
Add cash and cash equivalents at beginning of the year	714,196	438,240
<b>Cash and cash equivalents at end of year</b>	<b>560,428</b>	<b>714,196</b>

For and on behalf of the Board of Directors:



**M.C. Darrow**  
(Chair — Board of Directors)  
21 June 2023



**M. Schubert**  
(Deputy Chair — Board of Directors)  
21 June 2023

# Notes to the Summary Financial Statements

For the year ended 31 March 2023  
All in \$000's

## 1. Statement of Compliance

TSB Bank Limited is a profit-oriented company registered under the Companies Act 1993 and incorporated in New Zealand. The Bank's principal business activity is retail banking in New Zealand.

These summary financial statements have been prepared in compliance with FRS-43: Summary Financial Statements and comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") as it relates to summary financial statements. The specific disclosures included in the summary financial statements have been extracted from the full financial statements for the year ended 31 March 2023. The full financial statements from which the summary financial statements have been produced have been audited by KPMG, who expressed an unmodified opinion in relation to those statements at 21 June 2023. These summary financial statements have been reviewed by KPMG for consistency with the full financial statements.

Users should note that reading the summary financial statements is not a substitute for reading the full financial statements and the auditor's report thereon. A copy of the full financial statements can be obtained on the Bank's website at [www.tsb.co.nz](http://www.tsb.co.nz).

The full financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities; as well as with the requirements of the Financial Markets Conduct Act 2013 and the Order. The full financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

The amounts contained in these summary financial statements are presented in New Zealand dollars and are rounded to the nearest thousand dollars. Accounting policies adopted are consistent with those used in previous periods.

The financial statements were approved by the Board of Directors on 21 June 2023.

## 2. Critical Accounting Estimates, Assumptions and Judgements

The preparation of the full financial statements, on which these summary financial statements are based, requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Bank's accounting policies. Some areas involve a high degree of judgement or complexity and there are areas where assumptions and estimates are significant.

## 3. Risk Management Policies

The Board of Directors has overall responsibility for ensuring that management establishes a framework for assessing the various risks and sets up a method for monitoring compliance with internal risk management policies. The Bank is committed to the appropriate management of all risks arising from its activities, in accordance with the stated risk appetite approved by the Board of Directors.

Whilst there have been no material changes to the risk management policies, or material exposures to any new types of risk since publication of the previous Disclosure Statement, the Bank has previously disclosed the need to deliver improvements in its risk management policies and processes, including the control environment, monitoring, reporting and assurance around material risks. Progress on that risk uplift work has continued over the last twelve months. Key focus areas include, uplifting internal policies and standards, refining risk governance practices, strengthening compliance programmes, creation and/or enhancement of obligation and control registers, reinforcing risk culture aligned to the three lines of accountability model, educating, and enabling Risk team members and embedding the operating model supporting the risk department. TSB remains committed to taking appropriate steps to continue maturing its risk environment and this is reinforced by the Bank's strategy and business plan.

The Bank continues to address a need for improved technology and data governance management policies and processes, including the control environment. While that technology and data governance environment matures there is a higher degree of uncertainty regarding any unknown risks than would be the case in a fully mature technology and data risk environment. TSB is committed to taking appropriate steps to mature the technology and data risk environment as soon as practicable.

The Bank remains focused on uplifting key areas of regulatory compliance, including compliance with the Credit Contracts and Consumer Finance Act 2003. Significant progress has been made in the implementation and testing of key controls and reporting designed to assist the Bank with meeting its regulatory obligations. Until these are fully embedded there will remain a degree of uncertainty regarding related risks.

The banking industry relies heavily on the knowledge, skills, and expertise of its workforce to effectively manage operations and deliver value to customers. However, the current economic environment has witnessed a tightening of the labour market, characterised by a shortage of qualified professionals and increased competition for talent. The Bank is undertaking an assessment of the potential risks and the implementation of appropriate measures to mitigate them. TSB remains committed to attracting and retaining skilled employees through, for example, employee training and development, engagement, and well-being policies and practices.

# Notes to the Summary Financial Statements

For the year ended 31 March 2023  
All in \$000's

The Bank's risk management framework embeds risk management accountability and responsibility throughout the Bank. The Bank's risk management framework is comprised of the following elements:

- A three lines of accountability model that defines the roles and responsibilities of individuals in relation to the effective management of risk;
- material risk domains and associated risk appetite statements and measurement mechanisms;
- policies and procedures covering risk identification, assessment, controls, treatment, monitoring, measurement, and reporting; and
- mechanisms for the on-going review of systems, policies, and procedures, including independent review by Internal and External Audit.

Internal audit's role within the Third Line of Accountability, is to provide independent and objective assurance services to management and Directors. This includes examining and evaluating the adequacy and effectiveness of internal controls, risk management, and governance processes to deliver business objectives. Significant findings and the status of management action plans are reported quarterly to the Audit Committee.

A number of Standing Committees of the Board and Executive Management assist in the management of risk, as follows: Audit Committee (Board Committee); Risk Committee (Board Committee); People and Remuneration Committee (Board Committee); Digital Transformation Advisory Committee (Board Committee); Loan Decisioning Risk Committee (Board Committee); Asset and Liability Committee (Executive Committee); Executive Risk Committee (Executive Committee); Regulatory Oversight Committee (Executive Committee); and Credit Committee (Executive Committee);

The Bank's principal risk areas are as follows:

**Credit Risk:** the potential risk for loss arising from failure of a debtor or counterparty to meet their contractual obligations. This arises within the Bank from its core business of providing lending facilities.

**Market risk:** the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Details of market risk management are shown in note 17. Market Risk Management.

**Liquidity Risk:** the inability of the bank to access the funds that it needs to meet its obligations when they become due, which arises largely through the Bank's role in the maturity transformation between its assets (loans and investments) and its liabilities (deposits and other funding).

**Operational Risk:** the risk of loss resulting from inadequate or failed internal processes and methodologies, people, systems or external events.

# Notes to the Summary Financial Statements

For the year ended 31 March 2023  
All in \$'000's

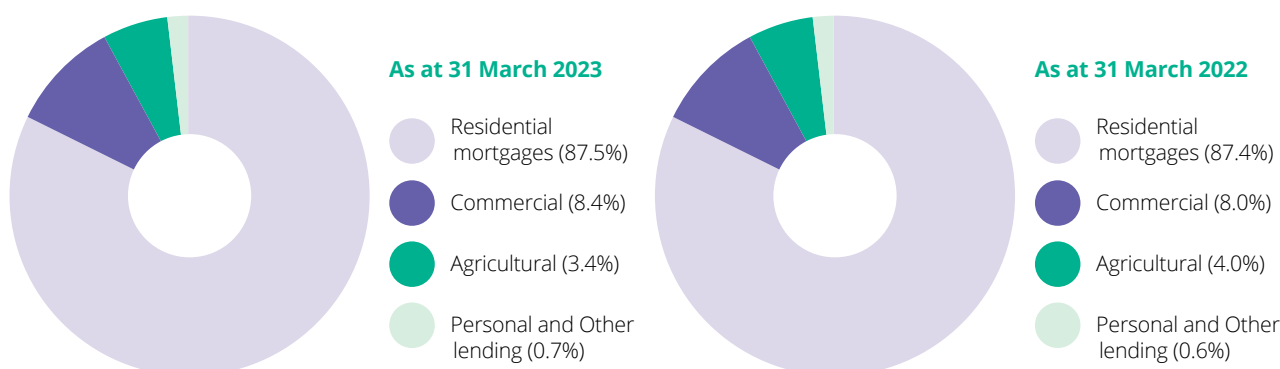
## 4. Loans and Advances to Customers

This covers all forms of lending to customers, and include mortgages, overdrafts, personal loans and credit card balances.

	2023	2022
Residential	6,218,637	5,852,327
Commercial *	593,271	537,771
Agricultural	243,941	268,075
Personal	19,703	20,865
Others	28,511	21,173
<b>Total gross loans and advances to customers</b>	<b>7,104,063</b>	<b>6,700,211</b>
Less provision for doubtful debts	(25,922)	(32,993)
<b>Total loans and advances to customers</b>	<b>7,078,141</b>	<b>6,667,218</b>

\* Commercial includes a loan to Toi Foundation Holdings Limited of \$0.27m (2022: \$nil) on normal customer terms and conditions.

Charts below show the percentage (%) breakdown of the loans and advances to customers.



- Residential Residential mortgages include owner-occupied housing and the lending for the purpose of investment in residential property. Residential mortgages comprise 87.5% (2022: 87.4%) of the total loan portfolio and they are secured by a first mortgage over freehold dwellings.
- Commercial Include business loans and commercial property lending that are secured by residential or commercial properties.
- Agricultural Agricultural loans that are secured by agricultural properties.
- Personal Personal is inclusive of other retail lending and credit card balances.
- Others Include lending accruals and deferred acquisition costs.

## 5. Investment Securities

	2023	2022
Local authority securities	109,447	120,599
Government securities and Government-guaranteed securities	287,141	311,918
Registered bank securities	284,253	313,681
Multilateral development banks and other international organisations	471,391	455,225
Other investments*	214,009	257,919
<b>Total investment securities</b>	<b>1,366,241</b>	<b>1,459,342</b>

\*Other investment securities relate to debt securities in utility companies, state enterprises, and other New Zealand corporates.

# Notes to the Summary Financial Statements

For the year ended 31 March 2023  
All in \$000's

## 6. Credit Risk Management and Asset Quality

The accounting policies in the full financial statements set out all technical definitions in compliance with accounting standards. The following definitions are for guidance purposes in order to provide a general understanding.

The Bank's loan portfolio comprises predominantly of residential mortgages (88%) which are secured by first-ranking registered mortgages over residential property. As at 31 March 2023, \$38m of these loans are underwritten by Housing New Zealand Corporation, a Statutory Crown Corporation, as part of its Welcome Home Loan programme.

The credit quality of loans and advances to customers are continuously monitored since initial recognition and those that are neither past due or impaired can be assessed by reference to the Bank's internal credit risk rating system. Loans and advances to customers are risk graded at the origination and reviewed periodically for adverse changes during the life of the loan.

Over the term of the loans and advances to customers, the Bank accounts for its credit risk by appropriately providing for expected credit loss allowance on a timely basis. In calculating the expected credit loss rates, the Bank considers historical loss rates for each category of customers that share similar risk characteristics, and adjusts for forward looking macroeconomic data. The Bank provides for credit losses against loans and advances to customers on both an individual and collective basis.

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

<b>Gross loans and advances to customers by credit quality</b>	Note	2023	2022
Neither past due or impaired		6,993,267	6,647,365
Past due assets not impaired		76,578	36,119
Impaired assets		34,218	16,728
<b>Total gross loans and advances to customers</b>	4	<b>7,104,063</b>	<b>6,700,212</b>

### Credit impairment losses/(reversal) recognised in the Statement of Comprehensive Income

<b>For the year ended 31 March 2023</b>	Loans and advances	Lending commitments	Investment securities	Total
Individual impairment expenses	984	-	-	<b>984</b>
Collective provision	(1,655)	833	(27)	<b>(849)</b>
Specific provision	(5,416)	-	-	<b>(5,416)</b>
<b>Credit impairment losses to profit or loss</b>	<b>(6,087)</b>	<b>833</b>	<b>(27)</b>	<b>(5,281)</b>

### For the year ended 31 March 2022

Individual impairment expenses	85	-	-	<b>85</b>
Collective provision	(9,752)	3,009	63	<b>(6,680)</b>
Specific provision	(1,528)	-	-	<b>(1,528)</b>
<b>Credit impairment losses to profit or loss</b>	<b>(11,195)</b>	<b>3,009</b>	<b>63</b>	<b>(8,123)</b>

### Credit impairment losses/(reversal) recognised in the Statement of Financial Position

<b>As at 31 March 2023</b>	Note	Stage 1 Collectively assessed 12 month ECL	Stage 2 Collectively assessed Lifetime ECL	Stage 3 Collectively assessed Lifetime ECL	Stage 3 individually assessed Lifetime ECL	Total provision
Loans and advances to customers	4	21,705	2,147	1,684	386	<b>25,922</b>
Lending commitments		3,800	42	-	-	<b>3,842</b>
Investment securities		(27)	-	-	-	<b>(27)</b>

### As at 31 March 2022

Loans and advances to customers	4	24,757	1,083	1,351	5,802	<b>32,993</b>
Lending commitments		2,843	166	-	-	<b>3,009</b>
Investment securities		63	-	-	-	<b>63</b>



# Notes to the Summary Financial Statements

For the year ended 31 March 2023  
All in \$'000's

## 7. Deposits

	2023	2022
Retail term deposits *	4,186,534	3,452,075
On call deposits bearing interest *	3,436,708	3,901,158
On call deposits not bearing interest	641,259	782,063
Wholesale deposits bearing interest	49,692	44,924
<b>Total deposits</b>	<b>8,314,193</b>	<b>8,180,220</b>

\*Includes the total deposits of \$6.2m (2022: \$14.7m) from related parties.

## 8. Liquidity Risk Management

The following tables analyse the Bank's financial liabilities into relevant maturity groupings based on the remaining period as at balance date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows and include principal and future interest cash flows, and therefore will not agree to the carrying values on the statement of financial position.

As at 31 March 2023	On demand	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Liabilities:</b>							
Deposits	4,048,848	419,895	893,825	2,628,056	441,164	-	8,431,788
Lease liabilities	-	277	556	2,351	6,164	9,950	19,298
Derivative financial instruments	-	-	-	-	-	-	-
Inflows from derivatives	-	(11,379)	(26,620)	(113,322)	(110,049)	-	(261,370)
Outflows from derivatives	-	3,856	20,859	70,032	88,936	-	183,683
Other financial liabilities *	-	38,445	6,460	2,300	3,740	-	50,945
<b>Total financial liabilities</b>	<b>4,048,848</b>	<b>451,094</b>	<b>895,080</b>	<b>2,589,417</b>	<b>429,955</b>	<b>9,950</b>	<b>8,424,344</b>
<b>Lending commitments</b>	<b>845,447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>845,447</b>
<b>As at 31 March 2022</b>							
<b>Liabilities:</b>							
Deposits	4,672,957	413,493	843,650	1,860,349	440,846	-	8,231,295
Lease liabilities	-	6,244	507	2,194	7,512	10,289	26,746
Derivative financial instruments	-	-	-	-	-	-	-
Inflows from derivatives	(103)	(2,027)	(7,235)	(53,724)	(106,221)	-	(169,310)
Outflows from derivatives	183	1,752	6,514	32,913	63,309	-	104,671
Other financial liabilities *	-	18,473	5,785	-	374	-	24,632
<b>Total financial liabilities</b>	<b>4,673,037</b>	<b>437,935</b>	<b>849,221</b>	<b>1,841,732</b>	<b>405,820</b>	<b>10,289</b>	<b>8,218,034</b>
<b>Lending commitments</b>	<b>876,421</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>876,421</b>

\* Other financial liabilities include accounts payable, provision for dividend and derivative financial instruments.

# Notes to the Summary Financial Statements

For the year ended 31 March 2023  
All in \$000's

## 9. Capital Adequacy (Unaudited)

The Bank's objectives for the management of Capital Adequacy are to comply at all times with the regulatory capital requirements set by the Reserve Bank of New Zealand ("RBNZ"); to maintain a strong capital base to cover the inherent risks of the business in excess of that required by rating agencies to maintain an investment credit grading; and to support the future development and growth of the business to maximise shareholder's value.

The Bank is subject to regulation by the Reserve Bank of New Zealand ("RBNZ"). The RBNZ has set minimum regulatory capital requirements for banks that are consistent with the internationally agreed framework developed by the Basel Committee on Banking Supervision. These requirements define what is acceptable as capital and provide for methods of measuring the risks incurred by the Bank. The Bank must comply with RBNZ minimum capital adequacy ratios under its Conditions of Registration.

As a Condition of Registration, the Bank must comply with the following minimum requirements set by the RBNZ:

- Total capital must not be less than 8% of risk weighted exposure.
- Tier 1 capital must not be less than 6% of risk weighted exposure.
- Common Equity Tier One capital must not be less than 4.5% of risk weighted exposure.
- Capital must not be less than NZ\$30m.
- Prudential Capital Buffer (PCB) ratio must be not less than 2.5%.

In November 2019, the Bank identified that it had incorrectly applied "Capital Adequacy Framework (Standardised Approach (BS2A)" when calculating its risk weighted assets and regulatory capital. The incorrect application of BS2A (superseded by new Banking Prudential Requirements "BPR" on 1 October 2021) did not result in non-compliance with Condition of Registration 1 after 31 December 2018, as a new version of that condition took effect from 1 January 2019. The details of the incorrect application are as follows:

1. The Bank used loan-to-value ratios calculated at origination, as opposed to recalculating them for each reporting period.
2. The Bank also identified several credit data classification discrepancies.

The Bank has identified the scope to resolve these matters but calculations are yet to be reperformed. The Bank currently holds approximately \$228 million of capital in excess of the minimum capital requirement.

	RBNZ Minimum ratio requirement	2023 31 Mar Unaudited Basel III	2022 31 Mar Unaudited Basel III
<b>Total capital adequacy ratios for the Bank at balance date are:</b>			
Common Equity Tier 1 capital ratio	4.50%	12.93%	13.54%
Tier 1 capital ratio	6.00%	12.93%	13.54%
Total capital ratio	8.00%	12.93%	13.54%
Prudential capital buffer	2.50%	4.93%	5.54%

## 10. Subsequent Events

### Changes to the Bank's Conditions of Registration

The Bank's Conditions of Registration were modified by RBNZ as follows:

Effective 1 June 2023

- Mortgage loan-to-value (LVR) restrictions referenced in conditions 19 and 20 have been eased.
- The Bank's implicit risk capital requirement (formerly referenced in conditions 1C and 1D) has been removed.

### Dividend declared

On 21 June 2023, the Board of Directors approved the payment of a fully imputed 2023 final dividend of \$5.0 million.

There have been no other material events subsequent to the reporting date that require adjustments or disclosure in these financial statements.

# Independent Auditor's Report

To the shareholder of TSB Bank Limited

## Report on the summary financial statements

### Opinion

In our opinion, the accompanying summary financial statements of TSB Bank Limited (the 'Bank') on pages 27 to 34:

- i. Have been correctly derived from the audited Bank financial statements for the year ended on that date; and
- ii. Is a fair summary of the Bank financial statements, in accordance with FRS 43 Summary Financial Statements.

The accompanying summary financial statements comprises:

- the summary statement of financial position as at 31 March 2023;
- the summary statements of 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 Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

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

Our firm has also provided other assurance services to the Bank in relation to independent assessment of fees and charges compliance and other services in relation to regulatory advisory principally related to review of remedial policies/approaches. Subject to certain restrictions, partners and employees of our firm may also deal with the Bank on normal terms within the ordinary course of trading activities of the business of the bank. These matters have not impaired our independence as auditor of the Bank. The firm has no other relationship with, or interest in, the Bank.

### Other information

The Directors, on behalf of the Bank, are responsible for the other information included in the entity's annual report. Other information includes the Highlights, Chair and CEO report and reports relating to Our customers, Our people and Our communities on pages 4 to 22 and information included on pages 24 to 26. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## Use of this Independent Auditor's Report

This 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 report, or any of the opinions we have formed.

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## Responsibilities of the Directors for the summary Financial Statements

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

- the preparation and fair presentation of the summary financial statements in accordance with FRS 43 Summary Financial Statements; and
  - implementing necessary internal control to enable the preparation of a summary set of financial statements that is correctly derived from the audited financial statements.
- 



## Auditor's Responsibilities for the summary Financial Statements

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with (or are a fair summary of) the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

We expressed an unmodified audit opinion on the financial statements in our audit report dated 21 June 2023.

The summary financial statements do not contain all the disclosures required for a full set of financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the.



KPMG  
Wellington

21 June 2023

# Directory

## Directors

M.C. (Mark) Darrow, FCA, B Bus, CFInstD, JP, Chair  
M. (Michael) Schubert, BCom, Deputy Chair  
M.A. (Anne) Blackburn, MA, BA, CFInstD  
P.S. (Peter) Dalziel, MBA, CMIInstD  
H.F. (Harvey) Dunlop, BCom (Ag)  
K.C. (Kevin) McDonald, MBA  
N. (Natalie) Pearce, BCom  
M.S. (Melanie) Templeton, BBusInf  
D.J. (Dion) Tuuta

## Executive Management

D. (Donna) Cooper, B Bus, MA Int Bus, CEO  
M. (Molly) Auva'a-O'Brien, Dip Travel and Tourism, GM Operational Excellence  
J. (Joe) Bishop, BA (Hons), GM Product and Marketing  
C. (Chris) Boggs, BCom, MBM, GM People & Strategy  
P. (Penny) Burgess, BCom, GM Customer Delivery  
G. (Gordon) Davidson, BA, CA, MBA, Chief Financial Officer  
J. (Julian) Downs, BSc, GM Technology  
G. (Graeme) Scrivener, MA, BA(Hons), Chief Risk Officer  
L. (Larissa) Vaughan, LLB (Hons), GM Regulatory Affairs and General Counsel

## Registered Office

Level 5, TSB Centre, 120 Devon St East, New Plymouth, 4310

## Auditor

KPMG  
10 Customhouse Quay, Wellington 6011

## Contact Us

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