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General Disclosure Statement

For the Six Months Ended 30 September 2004

This General Disclosure Statement contains information as required by the Registered Bank Disclosure Statement (Full and Half Year - New Zealand Incorporated Registered Banks) Order 1998.

1. NAME AND REGISTERED OFFICE OF REGISTERED BANK

TSB Bank Limited is a registered bank (elsewhere in this statement referred to as the "Bank").
Registered Office: Level Five, TSB Centre, Devon Street East, New Plymouth.

2. DETAILS OF INCORPORATION

The Bank was established in 1850, incorporated under the provisions of the Trustee Bank Restructuring Act 1988 and the Companies Act 1955 on 30 August 1988 and reregistered under the 1993 Companies Act in May 1997.

3. OWNERSHIP

The TSB Bank Community Trust, an independent body, owns all the shares in the Bank.

4. GUARANTEE ARRANGEMENTS

No material obligations of the Bank are guaranteed.

5. DIRECTORATE

All Directors of the Bank reside in New Zealand

E. (Elaine) Gill, ONZM, LLB
(Chair – Board of Directors)
Company Director

B.C. (Bruce) Richards, B Com., C.A., C.M.A.
(Deputy Chair)
Chartered Accountant

J.G. (John) Armstrong, J.P.
Company Director

P.K. (Kemp) Broughton B.E, FIPENZ, J.P
Company Director

D.L. (David) Lean Q.S.O., J.P.
Company Director

M.M. (Maeve) McCarthy, LLB
Solicitor

K.W. (Kevin) Rimmington, J.P.
TSB Bank Managing Director/CEO

C. (Colleen) Tuuta
Company Director

D.E (David) Walter, Q.S.O., J.P.
Company Director

There have been no 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.

The Address to which any communication to the Directors may be sent is:-

TSB Bank Limited
PO Box 240
New Plymouth

6. AUDITOR

Deloitte.
80 London Street
Hamilton

7. POLICY ON DIRECTORS CONFLICTS OF INTEREST

As per Clause 22 of the Constitution of the TSB Bank Ltd a Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the company shall declare the nature of his or her interest at a meeting of the Directors in accordance with section 140 of the Companies Act 1993 as amended, but failure to do so shall not disqualify the Director or invalidate the contract or proposed contract or render him or her liable to account. A general notice by a Director that he or she is a member of a specific firm or company and is to be regarded as interested in all transactions with that firm or company shall be sufficient disclosure under this Clause as regards such Director and any such transaction and after such general notice it shall not be necessary for such Director to give a special notice relating to any particular transaction with that firm or company. All declarations and notices given by Directors pursuant to this Clause shall be recorded in the minutes.

General Disclosure Statement

For the Six Months Ended 30 September 2004

8. CONDITIONS OF REGISTRATION

A copy of the 'Conditions of Registration' is included in this General Disclosure Statement.

9. PENDING PROCEEDINGS OR ARBITRATION

This Bank has no proceedings or arbitration pending in New Zealand or elsewhere which may have a material adverse effect on the Bank.

10. CREDIT RATING

TSB Bank Ltd was issued a credit rating in July 2003 applicable to its long term senior unsecured obligations payable in New Zealand, in New Zealand dollars. The credit rating was given by Standard & Poor's (Australia) Pty Limited. The current rating is BBB-/Stable/A3. The rating is not subject to any qualifications.

Rating scale for long term senior unsecured obligations.

AAA Extremely strong capacity to pay interest and repay principal in a timely manner.

AA Very strong capacity to pay interest and repay principal in a timely manner.

A Strong capacity to pay interest and repay principal in a timely manner but may be more susceptible to adverse effects of changes in circumstances and economic conditions than higher rated entities.

BBB Adequate capacity to pay interest and repay principal in a timely manner but are more likely to be weakened by adverse changes in circumstances and economic conditions than higher rated entities.

BB A degree of speculation exists with respect to the ability of an entity with this credit rating to pay interest and repay principal in a timely manner. Adverse business, financial or economic conditions could impair the borrower's capacity or willingness to meet debt service commitments in a timely manner.

B Entities rated B are more vulnerable to adverse business, financial or economic conditions than entities in higher rated categories. Adverse business, financial or economic conditions will likely impair the borrower's capacity or willingness to meet debt service commitments in a timely manner.

CCC Entities rated CCC are currently vulnerable to default and are dependent on favourable business, financial or economic conditions to meet debt service commitments in a timely manner. In the event of adverse business, financial or economic conditions the entity is likely to default.

CC Entities rated CC are currently vulnerable to non-payment of interest and principal.

C Entities rated C have filed a bankruptcy petition or taken similar action, but payment of obligations are being continued.

D 'D' rated entities are in default. This is assigned when interest or principal payments are not made on the date due or when an insolvency petition or a request to appoint a receiver is filed.

Plus (+) or Minus (-)

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

11. FINANCIAL AND SUPPLEMENTARY DISCLOSURES

This General Disclosure Statement is inclusive of the Banks unaudited six monthly interim financial statements for the period ending 30 September 2004. All necessary additional financial and supplementary disclosures are included in the notes attached to the interim financial statements.

12. DIRECTORS' STATEMENT

The Directors believe, after due enquiry, that as at the date of this General Disclosure Statement:

- a) The General Disclosure Statement contains all the information required by the Registered Bank Disclosure Statement (Full and Half Year - New Zealand Incorporated Registered Banks) Order 1998:

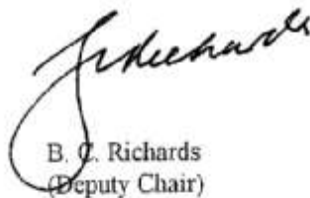
General Disclosure Statement

For the Six Months Ended 30 September 2004

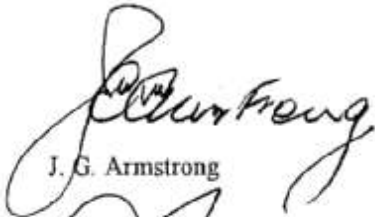
- b) The General Disclosure Statement is not false or misleading.
- The Directors believe, after due enquiry, that for the six month period ending 30 September 2004:
- a) The Bank complies with the Conditions of Registration:
- b) There are no credit exposures to connected Persons:
- c) The Bank has systems in place to monitor and control adequately the Bank's material risks, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other business risks, and that these systems are being properly applied.



E. Gill
(Chair – Board of Directors)



B. C. Richards
(Deputy Chair)



J. G. Armstrong



P. K. Broughton



D. L. Lean



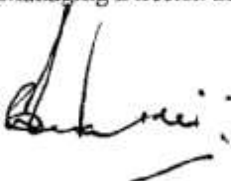
M. M. McCarthy



K. W. Rimmington
(Managing Director/CEO)



C. Tuuta



D. E. Walter

23 November 2004

CONDITIONS OF REGISTRATION

The registration of TSB Bank Limited ('the bank') as a registered bank is subject to the following conditions:

1. That the bank group complies with the following requirements:

Capital of the banking group is not less than 8 percent of **risk weighted exposures**.

Tier one capital of the banking group is not less than 4 percent of **risk weighted exposures**.

Capital of the banking group is not less than NZ \$15 million.

For the purposes of this condition of registration, **capital**, **tier one capital** and **risk weighted exposures** shall be calculated in accordance with the Reserve Bank of New Zealand document entitled "Capital Adequacy Framework" (BS2) dated 1 July 2004.

2. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities, where the term material is based on generally accepted accounting practice, as defined in the Financial Reporting Act 1993.

3. That the banking group's insurance business is not greater than 1% of its total consolidated assets. For the purposes of this condition:

- (i) Insurance business means any business of the nature referred to in section 4 of the Insurance Companies (Ratings and Inspection) Act 1994 (including those to which the Act is disapplied by sections 4(1)(a) and (b) and 9 of that Act), or any business of the nature referred to in section 3(1) of the Life Insurance Act 1908;

- (ii) In measuring the size of the banking group's insurance business:

- (a) where insurance business is conducted by any entity whose business predominantly consists of insurance business, the size of that insurance business shall be:

- the total consolidated assets of the group headed by that entity;
- or if the entity is a subsidiary of another entity whose business predominantly consists of insurance business, the total consolidated assets of the group headed by the latter entity;

- (b) otherwise, the size of each insurance business conducted by an entity within the banking group shall equal the total liabilities relating to that insurance business, plus the equity retained by the entity to meet the solvency or financial soundness needs of the insurance business;

- (c) the amounts measured in relation to parts (a) and (b) shall be summed and compared to the total consolidated assets of the banking group. All amounts in parts (a) and (b) shall relate to on balance sheet items only, and shall be determined in accordance with generally accepted accounting practice, as defined in the Financial Reporting Act 1993;

- (d) where products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets shall be considered part of the insurance business.

4. That aggregate **credit exposures** (of a non-capital nature and net of specific provisions) of the banking group to all **connected persons** does not exceed the rating-contingent limit outlined in the following matrix:

Credit rating	Connected exposure limit (% of the Banking Group's Tier 1 capital)
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

Within the rating-contingent limit, credit exposures (of a non-capital nature and net of specific provisions) to non-bank connected persons shall not exceed 15 percent of the banking group's tier 1 capital.

For the purposes of this registration, compliance with the rating-contingent connected exposure limit is determined in accordance with Reserve Bank of New Zealand document entitled "Connected Exposure Policy" (BS8) dated July 2003.

CONDITIONS OF REGISTRATION

5. That exposures to connected persons are not on more favourable (eg as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That the board of the registered bank contains at least two independent directors. In this context an independent director is a director who is not an employee of the registered bank, and who is not a director, trustee or employee of any holding company of the registered bank, or any other entity capable of controlling or significantly influencing the registered bank.
7. That the chairperson of the bank's board is not an employee of the registered bank.
8. That the bank's constitution does not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interest of the company (ie the bank).
9. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, shall be made in respect of the bank unless:
 - (i) The Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - (ii) The Reserve Bank has advised that it has no objection to that appointment
10. That a substantial proportion of the Bank's business is conducted in and from New Zealand.

For the purposes of these conditions of registration, the term "banking group" means TSB Bank Limited's financial reporting group (as defined in section 2(1) of the Financial Reporting Act 1993).

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

	Note	30 September 2004 Unaudited \$000	30 September 2003 Unaudited \$000	31 March 2004 \$000
Interest Income Received	1	73,357	62,754	127,809
Interest Paid	2	41,434	34,886	70,391
Net Interest Income		31,923	27,868	57,418
Other Operating Income Received	3	5,220	4,492	9,551
Net Operating Income		37,143	32,360	66,969
Operating Expenses	4	15,859	14,593	32,411
Operating Surplus Before Taxation		21,284	17,767	34,558
Taxation		7,024	5,863	11,411
Net Surplus Attributable to Shareholder		14,260	11,904	23,147

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

	Note	30 September 2004 Unaudited \$000	30 September 2003 Unaudited \$000	31 March 2004 \$000
Opening Shareholder's Equity		147,190	129,243	129,243
Net Surplus Attributable to Shareholder		14,260	11,903	23,147
Distributions to Shareholder	15			
Interim Dividend		(1,750)	(1,660)	(1,660)
Final Dividend		-	-	(3,540)
Closing Shareholder's Equity		159,700	139,486	147,190
Represented by:				
Share Capital	14	10,000	10,000	10,000
Retained Surplus		149,700	129,486	137,190
		159,700	139,486	147,190

The Statement of Accounting Policies (pages 9 to 10) and the Notes to the Interim Financial Statements (pages 11 to 20) form an integral part of these Interim Financial Statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2004

	Note	30 September 2004 Unaudited \$000	30 September 2003 Unaudited \$000	31 March 2004 \$000
Assets				
Cash and Liquid Assets	5	15,898	20,688	16,781
Investment Securities	6	748,414	690,849	700,576
Loans and Advances	8	1,400,829	1,190,467	1,320,862
Future Income Tax Benefit	7	4,137	3,000	4,211
Property, Plant and Equipment	9	14,767	15,712	15,023
Receivables	11	7,281	6,085	6,204
Total Assets		2,191,326	1,926,801	2,063,657
Liabilities				
Deposits	13	1,991,368	1,753,633	1,888,979
Provision for Dividend		1,750	1,660	3,540
Payables	12	38,508	32,022	23,948
Total Liabilities		2,031,626	1,787,315	1,916,467
Shareholder's Equity				
Share Capital	14	10,000	10,000	10,000
Retained Surplus		149,700	129,486	137,190
Total Shareholder's Equity		159,700	139,486	147,190
Total Liabilities and Shareholder's Equity		2,191,326	1,926,801	2,063,657
Total Interest Earning and Discount Bearing Assets		2,172,024	1,906,702	2,045,033
Total Interest and Discount Bearing Liabilities		1,873,753	1,649,395	1,770,021

The Statement of Accounting Policies (pages 9 to 10) and the Notes to the Interim Financial Statements (pages 11 to 20) form an integral part of these Interim Financial Statements.

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

	Note	30 September 2004 Unaudited \$000	30 September 2003 Unaudited \$000	31 March 2004 \$000
Cash Flows from Operating Activities				
Cash provided from (applied to):				
Interest Income Received		70,230	60,544	127,858
Other Income Received		7,857	5,888	8,964
Interest Paid		(21,555)	(18,487)	(69,622)
Operating Expenditure		(21,332)	(25,009)	(30,415)
Taxation Paid		(5,044)	(4,143)	(12,265)
Net Cash Flow used in Operating Activities	16	30,156	18,793	24,520
Cash Flows from Investing Activities				
Cash provided from (applied to):				
Property, Plant and Equipment Sold		43	391	944
Net Decrease in Investment Securities		-	48,819	39,092
Net Increase in Investment Securities		(47,838)	-	-
Net Increase in Loans and Advances		(80,467)	(135,604)	(268,124)
Property, Plant and Equipment Purchased		(1,039)	(860)	(2,094)
Net Cash Flow used in Investing Activities		(129,301)	(87,254)	(230,182)
Cash Flows from Financing Activities				
Cash provided from (applied to):				
Net Increase in Deposits		101,802	82,889	217,843
Dividends Paid		(3,540)	(3,515)	(5,175)
Net Cash Flow from Financing Activities		98,262	79,374	212,668
Net Increase/(Decrease) in Cash and Cash Equivalents		(883)	10,913	7,006
Add Cash and Cash Equivalents at beginning of the year		16,781	9,775	9,775
Cash and Cash Equivalents at end of period		15,898	20,688	16,781

The Statement of Accounting Policies (pages 9 to 10) and the Notes to the Interim Financial Statements (pages 11 to 20) form an integral part of these Interim Financial Statements..

STATEMENT OF ACCOUNTING POLICIES

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

The TSB Bank Limited is a company registered under the Companies Act 1993. These interim financial statements have been prepared in accordance with FRS-24 Interim Financial Statements, and the requirements of the Companies Act 1993, the Financial Reporting Act 1993, and the Registered Bank Disclosure Statement (Full and Half Year - New Zealand Incorporated Registered Banks) Order 1998.

Basis for Preparation

The Interim Financial Statements have been prepared on the historical cost basis modified to include the revaluation of land and buildings. The reporting currency is New Zealand dollars.

Specific Accounting Policies

The specific accounting policies used in the preparation of the interim financial statements are as follows:

A. Income Recognition.

Interest on non-accrual assets where no loss of principal is expected is recognised as income when received. Where some loss of principal is expected on the non-accrual asset the cash inflow is applied as a reduction of the carrying value of the asset as appropriate.

B. Interest Expense.

Interest expense is recognised on an accrual basis

C. Investment Securities.

Investment Securities are shown at cost, adjusted by any discount or premium arising on purchase, which is amortised over the term of the investment on a straight-line basis. Securities are generally not traded and are redeemed on maturity at their face value. Gains or losses due to changes in market values are only recognised in the Statement of Financial Performance if an Investment Security is realised.

D. Provisions

(i) General Provision for Doubtful Debts

The general provision for Doubtful Debts has been established to account for doubtful debts that have not been specifically identified. The level of the provision is reviewed on a quarterly basis and is adjusted accounting for portfolio growth based on current and historical trends. Movements are recognised in the Statement of Financial Performance in the period in which they occur.

Specific Provisions are made and recognised against individually identified impaired assets where full recovery of the amount owed is deemed improbable.

(ii) Employee Entitlements

The provision for employee entitlements relates to employee benefits such as accrued wages, bonuses, accrued holiday pay, and long service leave. The provision is affected by a number of estimates including the expected employment period of employees and the timing of employees utilising the benefits.

(iii) Dividends

Dividends are recognised in the financial year in which they are authorised and approved by the Board of Directors.

E. Property, Plant and Equipment.

All items of Property, Plant and Equipment are shown at the lower of cost less accumulated depreciation or net current market value where the assets are considered to be permanently impaired.

(i) Impairment

All items of Property, Plant and Equipment are assessed for impairment at each reporting date. Where the carrying amount is assessed to be greater than its recoverable amount, the item is written down. The writedown is recognised in the Statement of Financial Performance.

(ii) Depreciation

All items of Property, Plant and Equipment, other than land, are depreciated on a straight line basis, at rates which will write off their cost or revalued amount less estimated residual value, over their expected useful lives. The useful lives of the major classes of fixed assets are estimated to be as follows:

Buildings	40 to 100 Years
Fixtures and Fittings	5 to 10 Years
Computer Equipment	3 to 5 Years

(iii) Disposal

STATEMENT OF ACCOUNTING POLICIES **FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004**

On disposal or permanent withdrawal of an item of Property, Plant and Equipment the difference between the disposal proceeds (if any) and the carrying amount is recognised in the Statement of Financial Performance.

F. Financial Instruments.

All financial instruments are recorded at cost in the financial statements, adjusted by any discount or premium arising on purchase. In determining a fair value for these instruments quoted market prices are used where available. If not available present value or other market accepted valuation techniques are used.

Cash and Liquid Assets. As these assets are short term in nature their estimated fair value is equivalent to their carrying amount.

Investment Securities. For Investment Securities the estimated fair value is based on quoted market prices.

Loans and Advances. The estimated fair value of variable interest rate Loans and Advances is deemed to equate to their carrying amount adjusted for the fair value of any non-accrual loans. The fair value for fixed interest rate advances is estimated using discounted cash flows based on the interest rate repricing of these Loans and Advances. Discounted rates applied are based on current market interest rates for advances with similar credit and maturity profiles.

Deposits. All Deposits are effectively on call and as such carrying value is deemed to be an appropriate fair value.

Interest Rate Contracts. The fair values for interest rate contracts are obtained from discounted cash flow models or option pricing models as appropriate.

G. Taxation.

The income tax expense recognised for the year is based on the operating surplus before taxation adjusted for permanent differences between accounting and taxable income.

Deferred tax, which is calculated on the comprehensive basis using the liability method, arises from amounts of income or expense recognised for tax purposes in years different from those in which they are dealt with in the financial statements.

A debit balance in the deferred taxation account is only carried forward to the extent that there is virtual certainty of its recovery.

Income tax benefits arising from income tax losses are recognised only to the extent of accumulated net credits from timing differences in the deferred taxation account unless there is virtual certainty of their realisation.

H. Asset Quality

- (i) Non accrual assets consist of:
 - credit exposures where it is unlikely that all amounts owing will be collected.
 - credit exposures where the original terms have been changed to grant a counterparty a concession that would not otherwise be available, due to the counterparty's difficulty in complying with the original conditions and on which interest is charged at a rate less than the Bank's average cost of borrowed funds.
- (ii) Restructured assets consist of credit exposures, the original terms of which have been changed to grant a counterparty a concession that would not otherwise be available, due to the counterparty's difficulty in complying with the original conditions and on which interest continues to accrue at a rate greater than the Bank's average cost of borrowed funds as at the date of the restructuring and a loss is not otherwise expected to be incurred.
- (iii) Assets acquired consists of assets acquired (primarily real estate) through the enforcement of security held in relation to credit exposures.
- (iv) Past due consists of credit exposures that are contractually past due and are neither non-accrual nor restructured.

Impaired assets consist of those assets in (i) (ii) and (iii) above.

I. Credit Policy.

All credit activities are subject to Credit Policies and Procedures. Credit Applications must be authorised by the appropriate Bank Officer. The loan criteria for new mortgage lending includes demonstration of the borrower's ability to service the debt, loan to asset ratios and other criteria. Current policy precludes involvement in Finance leasing and the acceptance of Bills of Exchange as security.

Changes in Accounting Policies

Accounting policies have been applied on a consistent basis with those of the previous year.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

	30 September 2004 \$000	30 September 2003 \$000	31 March 2004 \$000
1. INTEREST INCOME RECEIVED			
Government and Local Authority Securities	10,444	9,879	19,028
Loans and Advances	51,122	41,977	87,426
Cash and Liquid Assets	304	319	583
Other Securities and Financial Instruments	11,487	10,579	20,772
	73,357	62,754	127,809
2. INTEREST PAID			
Retail Deposits	41,434	34,886	70,391
3. OTHER OPERATING INCOME RECEIVED			
Lending and Credit Facility Related Income	1,356	1,076	2,254
Commission and Other Trading Income *	3,705	3,293	6,746
Other Income	159	123	551
	5,220	4,492	9,551
*Incorporates TSB Realty, TSB Holiday Shoppe and TSB Foreign Exchange income.			
4. OPERATING EXPENSES			
Audit Services	39	41	80
Bad Debts Written Off	54	31	165
Depreciation:			
Buildings	85	80	163
Computer Equipment	813	807	1,745
Fixtures and Fittings	354	345	694
Writedown of Property	-	-	488
Directors' Fees	86	80	160
Personnel Expenses	6,034	5,477	11,244
General Provision for Doubtful Debts	500	375	2,500
Specific Provision for Doubtful Debts	70	-	-
Other	7,824	7,357	15,172
	15,859	14,593	32,411
5. CASH AND LIQUID ASSETS			
Cash and Cash Equivalents	3,137	2,627	2,636
Reserve Bank Balances	761	61	14,145
Balance due from Registered Banks	12,000	18,000	-
	15,898	20,688	16,781
6. INVESTMENT SECURITIES			
	Market Value 30 Sept 2004 \$000		
New Zealand Government Securities	15,353	15,321	15,488
Treasury Bills	9,858	9,877	9,904
Local Authority Securities	207,176	205,790	155,045
Bank Registered Certificates of Deposit	419,854	419,854	385,342
Other Investments	96,528	97,572	125,070
	748,769	748,414	690,849
		690,849	700,576

Other Investments relate to investments in Commercial Paper with A1 Short Term or AA Long Term rating or better.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

	30 September	30 September	31 March
	2004	2003	2004
	\$000	\$000	\$000

7. TAXATION

Future Income Tax Benefit

Balance at beginning of Period	4,211	3,002	3,002
Net Movement in timing Differences	(74)	(2)	1,209
Balance at End of Period	4,137	3,000	4,211

The major timing differences relate to depreciation, provisions and the recognition of investment income.

8. LOANS AND ADVANCES

Residential Mortgages	1,260,193	1,065,794	1,188,356
Community	6,526	6,083	6,009
Commercial	56,394	44,370	52,795
Farming	67,368	61,105	62,552
Other	20,368	20,440	20,600
	1,410,849	1,197,792	1,330,312
Less General Provision for Doubtful Debts	(9,950)	(7,325)	(9,450)
Less Specific Provision for Bad and Doubtful Debts	(70)	-	-
Total Loans and Advances	1,400,829	1,190,467	1,320,862

Other is inclusive of other Retail lending and Visa balances.

General Provision for Doubtful Debts

Balance at beginning of year	9,450	6,950	6,950
Charge to Statement of Financial Performance	500	375	2,500
Balance at end of period	9,950	7,325	9,450

Specific Provision for Doubtful Debts

Balance at beginning of year	-	20	20
Charge to Statement of Financial Performance			
Add New Provisions	70	35	35
Less Recoveries		(55)	(55)
Balance at end of period	70	-	-

9. PROPERTY, PLANT AND EQUIPMENT

Land At Cost *	1,379	1,379	1,379
Buildings At Cost	8,448	8,562	8,448
Accumulated Depreciation	(1,466)	(1,295)	(1,380)
Net Book Value *	6,982	7,267	7,068
Computer Equipment	13,874	11,217	10,844
Accumulated Depreciation	(9,354)	(8,497)	(8,727)
Net Book Value	4,520	2,720	2,117
Furniture and Fittings	7,314	7,424	7,238
Accumulated Depreciation	(5,580)	(5,270)	(5,261)
Net Book Value	1,734	2,154	1,977
Work in Progress	152	2,192	2,482
Total Property, Plant and Equipment	14,767	15,712	15,023

* The latest valuation of Land & Buildings was carried out in September 2003 by Quotable Value New Zealand. This amounted to \$9.7 million. Incorporated in this is the latest valuation of our Hawera branch carried out by an independent property valuer.

	30 September	30 September	31 March
	2004	2003	2004
	\$000	\$000	\$000

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

10. ASSET QUALITY

The classifications used and the Bank's policy for providing for doubtful debts are set out in the Accounting Policies. The balances shown have been determined without regard to security available for such assets. The recognition of Past Due Assets does not necessarily indicate that such assets are doubtful. The Bank does not have any restructured assets or assets acquired through the enforcement of security. Interest continues to be accrued on all loans. No interest has been foregone.

Impaired Assets (Pre-provisions)

Balance at Beginning of Year	-	42	42
Additions	265	165	164
Deletions	-	(207)	(206)
Balance at End of Period	<u>265</u>	<u>-</u>	<u>-</u>

Past Due Assets

Balance at Beginning of Year	1,541	3,071	3,071
Additions	2,983	2,966	4,249
Deletions	(1,276)	(4,363)	(5,779)
Balance at End of Period	<u>3,248</u>	<u>1,674</u>	<u>1,541</u>

11. RECEIVABLES

Accrued Interest Receivable	5,863	4,995	2,737
Other Income Receivable	177	270	-
Accounts Receivable	1,241	820	3,467
	<u>7,281</u>	<u>6,085</u>	<u>6,204</u>

12. PAYABLES

Accrued Interest Payable	27,913	23,441	7,812
Provision for Employee Entitlements	3,043	2,445	2,835
Taxation Payable	2,349	1,804	443
Accounts Payable and Other Liabilities	5,203	4,332	12,858
	<u>38,508</u>	<u>32,022</u>	<u>23,948</u>

13. DEPOSITS

Retail Deposits

Term Deposits	818,814	662,699	723,101
Other Deposits Bearing Interest	1,054,939	986,696	1,046,920
Deposits Not Bearing Interest	117,615	104,238	118,958
	<u>1,991,368</u>	<u>1,753,633</u>	<u>1,888,979</u>

14. SHARE CAPITAL

Issued and Paid Up Capital: 20,000,000 Ordinary Shares	10,000	10,000	10,000
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15. DIVIDEND

	30 September 2004		30 September 2003		31 March 2004	
	\$000	\$ Per Share	\$000	\$ Per Share	\$000	\$ Per Share

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

Interim	1,750	0.088	1,660	0.083	1,660	0.083
Final	-	-	-	-	3,540	0.177
	1,750	0.088	1,660	0.083	5,200	0.260

16. NET CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of Statement of Financial Performance surplus with Net Cash Flow from Operating Activities

	30 September 2004 \$000	30 September 2003 \$000	31 March 2004 \$000
Operating Surplus After Taxation	14,260	11,903	23,147
Add Non-Cash Items: - Depreciation	1,252	1,232	2,602
- Doubtful Debts Provision	500	375	2,480
Add/(Deduct) Movements in Working Capital:			
Increase (Decrease) in Sundry Creditors	(7,448)	(12,023)	(3,086)
Increase (Decrease) in Interest Payable	20,102	16,399	769
Increase (Decrease) in Taxation Payable	1,906	1,719	355
Increase (Decrease) in Deferred Tax Asset	74	2	(1,209)
(Increase) Decrease in Sundry Debtors	2,637	1,396	(587)
(Increase) Decrease in Interest Receivable	(3,127)	(2,210)	49
Net Cash Flow from Operating Activities	30,156	18,793	24,520

17. REPRICING SCHEDULE

(i) As at 30 September 2004

	Weighted Average Interest Rate (%)	0-6 Months \$000	6-12 Months \$000	1-2 Years \$000	2-5 Years \$000	Over 5 Years \$000	Total \$000
Monetary Assets							
Cash and Liquid Assets	6.00	3,898	-	-	-	-	3,898
Due from other Banks	6.25	12,000	-	-	-	-	12,000
Investment Securities	6.47	696,877	10,000	10,262	31,274	-	748,413
Loans and Advances	7.51	736,962	244,403	295,108	134,376	-	1,410,849
Other Monetary Assets		7,281	-	-	-	-	7,281
Total Monetary Assets		1,457,018	254,403	305,370	165,650	-	2,182,441
Monetary Liabilities							
Deposits	4.55	1,713,838	189,712	54,553	33,220	45	1,991,368
Provision for Dividend		1,750	-	-	-	-	1,750
Other Current Liabilities		36,159	-	-	-	-	36,159
Total Monetary Liabilities		1,751,747	189,712	54,553	33,220	45	2,029,277
Interest Rate Sensitivity Gap		(294,729)	64,691	250,817	132,430	(45)	153,164

17. REPRICING SCHEDULE CONTINUED

(ii) As at 30 September 2003

	Weighted Average Interest Rate (%)	0-6 Months \$000	6-12 Months \$000	1-2 Years \$000	2-5 Years \$000	Over 5 Years \$000	Total \$000
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

(ii) As at 30 September 2003	Weighted Average	0-6	6-12	1-2	2-5	Over 5	
Monetary Assets							
Cash and Liquid Assets	4.75	2,688	-	-	-	-	2,688
Due from other Banks	5.00	18,000	-	-	-	-	18,000
Investment Securities	5.31	631,101	21,881	-	37,867	-	690,849
Loans and Advances	7.03	651,439	161,091	273,412	111,547	303	1,197,792
Other Monetary Assets	0.00	6,085	-	-	-	-	6,085
Total Monetary Assets		1,309,313	182,972	273,412	149,414	303	1,915,414
Monetary Liabilities							
Deposits	3.87	1,517,401	142,529	57,705	35,496	502	1,753,633
Provision for Dividend		-	-	-	-	-	-
Other Current Liabilities		30,218	-	-	-	-	30,218
Total Monetary Liabilities		1,547,619	142,529	57,705	35,496	502	1,783,851
Interest Rate Sensitivity Gap		(238,306)	40,443	215,707	113,918	(199)	131,563
(iii) As at 31 March 2004	Weighted Average Interest Rate (%)	0-6 Months \$000	6-12 Months \$000	1-2 Years \$000	2-5 Years \$000	Over 5 Years \$000	Total \$000
Monetary Assets							
Cash and Liquid Assets	5.25	16,781	-	-	-	-	16,781
Investment Securities	5.61	663,849	-	2,027	34,700	-	700,576
Loans and Advances	7.27	694,610	227,911	270,709	137,082	-	1,330,312
Other Monetary Assets		6,204	-	-	-	-	6,204
Total Monetary Assets		1,381,444	227,911	272,736	171,782	-	2,053,873
Monetary Liabilities							
Deposits	3.96	1,663,823	138,324	50,937	35,812	83	1,888,979
Provision for Dividend		3,540	-	-	-	-	3,540
Other Current Liabilities		23,505	-	-	-	-	23,505
Total Monetary Liabilities		1,690,868	138,324	50,937	35,812	83	1,916,024
Interest Rate Sensitivity Gap		(309,424)	89,587	221,799	135,970	(83)	137,849

18. CAPITAL ADEQUACY

(i) Risk adjusted capital adequacy ratios

Capital adequacy ratios are calculated as the percentage of qualifying capital to total risk-weighted exposures. The Reserve Bank of New Zealand currently requires registered banks to maintain tier one capital at a minimum of 4% of total risk-weighted exposures and total capital at a minimum of 8% of total risk-weighted exposures. In addition total tier two capital may not exceed total tier one capital and lower tier two capital may not exceed 50% of total tier one capital.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

Total capital adequacy ratios for the Bank at balance date are:

	30 September 2004	30 September 2003	31 March 2004
Tier one	13.86%	13.52%	14.09%
Total	15.04%	14.59%	14.09%

(ii) Qualifying capital

	\$000	\$000	\$000
Tier One Capital			
Issued and fully paid up share capital	10,000	10,000	10,000
Retained earnings	137,190	119,243	119,243
Current Years Audited Retained Surplus	-	-	17,947
Total Tier One Capital	147,190	129,243	147,190
Tier Two Capital	12,510	10,243	-
Total Qualifying Capital	159,700	139,486	147,190

(iii) Total Risk Weighted Exposures September 2004/2003

	Principal Amount		Risk Weight	Risk Weighted Exposures	
	Sep-04 \$000	Sep-03 \$000		Sep-04 \$000	Sep-03 \$000
On Balance Sheet Exposures					
Cash and Short-Term Claims on Government	13,775	12,592	0%	-	-
Long-Term Claims on Government	15,321	15,488	10%	1,532	1,549
Claims on New Zealand Banks and Local Authorities	637,644	558,387	20%	127,529	111,677
Loans Secured By Residential Mortgage	1,260,193	1,065,794	50%	630,097	532,897
Other Assets	264,393	274,540	100%	264,393	274,540
Total On Balance Sheet Exposures	2,191,326	1,926,801		1,023,551	920,663

Off Balance Sheet Exposure	Principal Amount		Credit Conversion Factor	Credit Equivalent Amount		Risk Weight	Risk Weighted Amount	
	Sep-04 \$000	Sep-03 \$000		Sep 04 \$000	Sep 03 \$000		Sep 04 \$000	Sep 03 \$000
Commitments to lend < year	88,778	86,062	0%	-	-	100%	-	-
Commitments to lend > year	150,934	138,682	50%	75,468	69,342	50%	37,733	34,671
Market Related Contracts	58,662	51,860	2%	1,173	1,037	20%	235	207
Other	500	-	100%	500	-	50%	250	-
Total Off Balance Sheet Exposure	298,874	276,604		77,141	70,379		38,218	34,878
Total Risk Weighted Exposures	2,490,200	2,203,405					1,061,769	955,541

18. CAPITAL ADEQUACY - CONTINUED

(iv) Total Risk Weighted Exposures - 31 March 2004

	Principal Amount 31 March 2004 \$000	Risk Weight	Risk Weighted Exposures 31 March 2004 \$000
On Balance Sheet Exposures			
Cash and Short-Term Claims on Government	26,388	0%	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

Long-Term Claims on Government	15,404	10%	1,540
Claims on New Zealand Banks and Local Authorities	526,822	20%	105,364
Loans Secured By Residential Mortgage	1,188,356	50%	594,178
Other Assets	306,687	100%	306,687
Total On Balance Sheet Exposures	2,063,657		1,007,769

Off Balance Sheet Exposure	Principal Amount	Credit Conversion Factor	Credit Equivalent Amount	Risk Weight	Risk Weighted Amount
	March 04 \$000		March 04 \$000		March 04 \$000
Commitments to lend < year	87,218	0%	-	100%	-
Commitments to lend > year	145,216	50%	72,608	50%	36,304
Market Related Contracts	59,462	2%	1,189	20%	238
Total Off Balance Sheet Exposure	291,896		73,797		36,542
Total Risk Weighted Exposures	2,355,553				1,044,311

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

	30 September 2004		30 September 2003		31 March 2004	
	\$000	\$000	\$000	\$000	\$000	\$000
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and Liquid Assets	15,898	15,898	20,688	20,688	16,781	16,781
Investments	748,414	748,771	690,849	691,437	700,576	700,946
Loans and Advances *	1,400,829	1,397,039	1,190,467	1,190,246	1,320,862	1,326,087
Deposits	1,991,368	1,991,368	1,753,633	1,753,633	1,888,979	1,888,979

The estimated fair value of interest rate contracts with a notional principal of \$58.6m (\$51.8m September 2003) not already recognised in the accounts as at 30 September 2004 is \$.311m. This was (\$.158) for September 2003.

* The estimated fair value of Loans and Advances has been calculated as per the Statement of Accounting Policies

20. FOREIGN CURRENCY BALANCES

As at Balance Date there were no material holdings of Foreign Currency.

21. CREDIT EXPOSURES TO CONNECTED PARTIES

The Bank has no connected parties to which credit exposures exist.

22. SECURITISATION, FUNDS MANAGEMENT, AND OTHER FIDUCIARY ACTIVITIES

The Bank has no involvement with any Securitisation, Funds Management or other Fiduciary activities.

23. REPORTING BY SEGMENT

TSB Bank operates predominantly in the business of Retail Banking in New Zealand.

	30 September 2004 \$000	30 September 2003 \$000	31 March 2004 \$000
24. COMMITMENTS & CONTINGENCIES			
Lending Commitments	88,221	88,923	88,622
Capital Commitments	500	-	-
Approved Banking Facilities Unutilised	210,153	187,681	203,274
	298,874	276,604	291,896

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

There are no material contingent liabilities and outstanding claims known by the Directors for the six months ended 30 September 2004 that would impact on the interim financial statements.

25. CONCENTRATIONS OF CREDIT EXPOSURES

The following disclosures show the number of individual counterparties (not being members of groups of closely related counterparties) or groups of closely related counterparties (excluding OECD governments and connected persons), where the period end and peak end-of-day credit exposures equalled or exceeded 10% of the Bank's equity as at balance date. The peak aggregate end of day exposures relate to the most recent quarter. Credit exposures disclosed are based on actual exposures.

Percentage of Total Equity	Quarter Ended 30/09/04			Quarter Ended 30/09/03		
	No. of Counterparties			No. of Counterparties		
	Non Bank	Bank	Total	Non Bank	Bank	Total
As at balance date						
10% - 20%	7	1	8	4	1	5
21% - 30%	-	-	-	1	2	3
31% - 40%	-	1	1	-	1	1
41% - 50%	-	1	1	-	-	-
51% - 60%	-	2	2	-	2	2
61% - 70%	-	1	1	-	1	1
Peak Exposure						
10% - 20%	8	1	9	9	-	9
21% - 30%	7	-	7	2	-	2
31% - 40%	-	1	1	-	1	1
41% - 50%	-	2	2	-	1	1
51% - 60%	-	2	2	-	4	4
61% - 70%	-	1	1	-	1	1

26. MARKET RISK EXPOSURES

Aggregate Market Risk Exposure consists of three categories of exposure: Aggregate Interest Rate Exposure, Aggregate Foreign Currency Exposure and Aggregate Equity Exposure. The Bank has no material exposures in either Foreign Currency or Equities. Calculation of the Aggregate Interest Rate Exposure, as at balance date and peak exposure during the quarter, was made in accordance with clause 1 (1) (a) of the Seventh Schedule and clauses 2 to 7 of the Eighth Schedule of the Registered Bank Disclosure Statement (Full and Half Year - New Zealand Incorporated Registered Banks) Order 1998

Aggregate Interest Rate Exposure.

	30 September 2004		30 September 2003	
	\$000	% of Equity	\$000	% of Equity
Balance Date	2,272	1.42%	1,893	1.36%
Peak Exposure	2,461	1.54%	2,413	1.73%

27. RISK MANAGEMENT POLICIES

(i) Credit Risk

Lending: The bank is predominantly a residential lender. Residential and non-residential loans are generally secured by way of 1st mortgage over Land and Buildings.

Borrowers must satisfy a number of conditions when applying for credit including an ability to service the debt whilst satisfying loan to asset ratios. Discretionary lending limits exist at different levels within the Bank.

Regular reviews of loans by both management and Internal Audit ensure that the Bank is well positioned to assess the financial position of borrowers.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

Non Lending Assets: Investment in non-lending assets is controlled by limiting the area of investment and through the establishment of formal limits permitted with each counterparty. The current policy permits investing with the New Zealand Government, Registered Banks, Local Authorities, State Owned Enterprises, and issuers of paper with a short term debt rating of A1 or better and excludes trading in Derivatives, Futures and Foreign Exchange options.

Credit risk exposures are monitored on a regular basis and form an integral part of the management reporting system.

(ii) Foreign Currency Risk

The Bank operates a Retail Foreign Currency outlet. Bank policy is to maintain minimal levels of holdings and therefore foreign currency exposure is immaterial.

(iii) Interest Rate Risk

Interest rate risk arises where the Bank is exposed to an adverse movement in interest rates, which would significantly affect the banks net interest income.

The Bank controls its interest rate risk by paying close attention to ensuring a deemed appropriate margin between interest income and interest expense is maintained. Interest Rate Swaps and Forward Rate Agreements are tools that may be used to assist with the management of interest rate risk.

Interest rate risk is monitored on a day to day basis and forms an integral part of the management reporting system.

(iv) Equity Risk

The Bank's current policy does not permit trading in equities.

(v) Liquidity Risk

Liquidity risk is the risk that the Bank will be unable in the short term to meet its obligations. The Bank's liquidity management policy requires that sufficient liquidity be maintained to meet demand as required. A ratio of liquid assets to total liabilities is applied to determine the minimum amount of liquid assets to be held. Liquid assets are maintained in the form of Cash, Registered Bank Bills, Local Authority and Treasury Bills.

Credit lines are in place with other Registered Banks to assist meeting liquidity requirements.

Liquidity risk is monitored on a regular basis and forms an integral part of the management reporting system.

(vi) Internal Audit

The Bank's Audit and Compliance Manager reports ultimately to the Chair of the Audit and Compliance Committee. The scope of internal audit ensures that aspects of the Banks operational functions are reviewed on a cyclical basis.

The Board Audit and Compliance Committee's primary function is to work with the External Auditor. A meeting with the External Auditor takes place at least annually.

There have been no material changes to the above policies in the year prior to this balance date.

	30 September 2004 \$000	30 September 2003 \$000	31 March 2004 \$000
28. CONCENTRATIONS OF CREDIT EXPOSURES			
Within Taranaki	684,072	537,252	629,547
Rest of New Zealand	1,483,678	1,351,389	1,401,341
Total Exposures by Geographic Region	2,167,750	1,888,641	2,030,888
Agriculture	67,368	61,105	62,552
Utilities	35,000	95,000	94,000
Communications	12,500	7,000	17,000
Government and Public Authorities	230,548	180,437	187,636
Finance	446,366	410,354	376,940
Housing	1,281,547	1,052,792	1,202,354

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

Personal	21,501	21,500	21,602
Community	6,526	6,083	6,009
Commercial	66,394	54,370	62,795
Total Exposures by Industry	2,167,750	1,888,641	2,030,888

Cash and Liquid Assets, Future Income Tax Benefit, Property, Plant and Equipment and Other Assets have been excluded from the above analysis on the basis that the credit exposure is insignificant or nil.

29. CONCENTRATIONS OF FUNDING

Retail Deposits

Within Taranaki	1,198,221	1,082,188	1,148,645
Rest of New Zealand	793,147	671,445	740,334
Total Funding by Geographic Region	1,991,368	1,753,633	1,888,979

Government and Public Authorities	5,483	1,092	5,476
Households	1,933,014	1,705,174	1,833,356
Community	22,966	20,184	21,963
Commercial	29,905	27,183	28,184
Total Funding by Industry	1,991,368	1,753,633	1,888,979

30. FINANCIAL SUMMARY

All figures relate to year ended 31 March unless otherwise stated.

	<i>30 Sept 2004</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
	<i>(6 Months)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
FINANCIAL PERFORMANCE						
Interest Income	73,357	127,809	118,619	104,672	99,337	73,342
Interest Expense	41,434	70,391	65,090	59,462	56,840	37,865
Net Interest Income	31,923	57,418	53,529	45,210	42,497	35,477
Other Income	5,220	9,551	8,235	7,162	7,065	7,175
Total Operating Income	37,143	66,969	61,764	52,372	49,562	42,652
Impaired Asset Expense	70	-	(180)	(10)	210	-
Operating Expenses	15,789	32,411	30,047	25,075	25,113	23,574
Operating Profit before Taxation	21,284	34,558	31,897	27,307	24,239	19,078
Taxation	7,024	11,411	10,488	8,857	7,599	6,287
Net Profit Attributable to Shareholders	14,260	23,147	21,409	18,450	16,640	12,791
Dividend	1,750	5,200	4,785	4,100	3,450	1,900
Retained Profits	12,510	17,947	16,624	14,350	13,190	10,891
FINANCIAL POSITION						
Total Assets	2,191,326	2,063,657	1,829,508	1,625,990	1,422,281	1,212,560
Total Impaired Assets	265	-	42	276	511	-
Depositor's Funds	1,991,368	1,888,979	1,670,820	1,489,790	1,299,983	1,111,616
Total Liabilities	2,031,626	1,916,467	1,700,265	1,513,371	1,324,012	1,127,481

The amounts set out in the Financial Summary have been prepared from audited financial statements of the Bank apart from the 30 September 2004 figures, which are not audited. The Bank has no extraordinary items or minority interests.



**REVIEW REPORT
TO THE DIRECTORS OF
TSB BANK LIMITED**

We have reviewed the interim financial statements on pages 1 to 20. The interim financial statements provide information about the past financial performance of TSB Bank Limited and their financial position as at 30 September 2004. This information is stated in accordance with the accounting policies set out in the TSB Bank Limited annual financial statements dated 31 March 2004.

In addition, the financial information contains the supplementary information as required by Clauses 12(3) and 12(4) of the Registered Bank Disclosure Statement (Full and Half Year – New Zealand Incorporated Registered Banks) Order 1998 (the Order). This information is stated in accordance with the accounting policies set out on pages 9 to 10.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of interim financial statements which give a true and fair view of the financial position of TSB Bank Limited as at 30 September 2004 and of the results of operations and cash flows for the 6 months ended on that date. They are also responsible for the preparation and presentation of supplementary information which:

- (a) gives a true and fair view, in accordance with Clause 12(3) of the Order, of the matters to which it relates, and
- (b) complies with Schedules 7 and 8 of the Order in accordance with Clause 12(4) of the Order.

Reviewer's Responsibilities

It is our responsibility to undertake a review of the financial statements and the supplementary information presented by the Directors of TSB Bank Limited and conclude as to whether, on the basis of the procedures described below, anything has come to our attention that would indicate that the financial statements and supplementary information do not give a true and fair view of the matters to which they relate, and report our findings to you.

It is also our responsibility to examine the supplementary information prepared in accordance with Clause 12(4) of the Order and conclude as to whether, on the basis of the procedures described below, anything has come to our attention that would indicate that the supplementary information has not been prepared in accordance with Schedule 7 and 8 of the Order, and report our findings to you.

Basis of Report

We have reviewed the interim financial statements of TSB Bank for the 6 months ended 30 September 2004 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. These standards require that we plan and perform the review to obtain moderate assurance as to whether the statements are free of material misstatement.

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our firm carries out other assignments on behalf of the Bank as advisors. In addition, certain partners and employees of our firm may deal with the bank on normal terms within the ordinary course of trading activities of the Bank. Our firm has no other interests in the Bank.

Conclusion

Deloitte.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- (a) the financial statements do not:
 - (i) comply with generally accepted accounting practice; and
 - (ii) give a true and fair view of the financial position of TSB Bank Limited as at 30 September 2004 and their financial performance and cashflows for the six months ended on that date; and
- (b) the supplementary information required by Clause 12(3) of the Order does not give a true and fair view, of the matters to which it relates; and
- (c) the supplementary information as required by Clause 12(4) of the Order, does not comply with Schedules 7 and 8 of the Order.

Our review was completed on 29 November 2004 and our conclusion is expressed as at that date.



HAMILTON, NEW ZEALAND

CHARTERED ACCOUNTANTS