

TSB Bank Term Investments

Investment Statement To comply with the Securities Act 1978

Prepared as at 1 July 2010

Important Information

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

What sort of investment is this?

This Investment Statement is provided in relation to Term Investment products offered to the public from time to time by TSB Bank Ltd. A Term Investment is a bank deposit for a fixed term with a fixed rate of interest and includes any Term Investments that the Bank has tailored particularly for you. For the purposes of this Investment Statement, these products are referred to as the "Investments".

Who is involved in providing it for me?

The issuer and promoter is TSB Bank Ltd, TSB Bank Centre, Devon Street East, New Plymouth (called the "Bank").

The Directors of TSB Bank as at the date of this Investment Statement are as follows:

Gill, Elaine
Kelly, John Joseph
Lean, David Lloyd
Murphy, Kevin James
Richards, Bruce Carlaw
Tuuta, Colleen Bernadine
Walter, David Ernest
Wano, Hayden Paul Waretini

The Directors of TSB Bank may change from time to time. Details of the Directors of TSB Bank are available on www.tsbbank.co.nz or on request at any TSB Bank branch.

Since its establishment in 1850 the Bank has been carrying on the business of banking and financial services in all its aspects in New Zealand. A comprehensive range of retail banking and financial services is provided.

How much do I pay for it?

Each Investment has a minimum and maximum sum that can be invested. If you wish to make an investment, the principal amount can be paid or transferred in full at any branch or agency of the Bank. If you are arranging your Investment through an intermediary then you should make arrangements with them for payment to the Bank. The Bank will not accept your Investment until full cleared payment is received.

What are the charges?

There are no charges except in the event of early repayment. If you wish to terminate or partially withdraw the Investment before its maturity date, then the bank may either decline your request or charge you for this. The charge will take the form of a reduced rate of interest returned to you pursuant to the terms and conditions agreed to at the time of subscription. No interest will be paid if deposits are withdrawn in the first 30 days of the term. In the event that the Investment is repaid early and the interest already paid to the customer is more than the amount calculated by the Bank to be due to the customer on the altered term, the Bank reserves the right to deduct the excess payment from the principal amount to be repaid.

What returns will I get?

The returns payable by the Bank on Investments are available on request and will generally be a fixed interest rate during the term of the Investment plus the principal invested.

The key factors that will determine your returns will be the interest rate that you agree to invest your money at, the amount of principal you invest, the term of your Investment, and any tax deductions.

No amount of returns are quantifiable at the date of this Investment Statement and therefore cannot be promised by the Bank in this Investment Statement. However, once the terms and conditions of any Investment have been agreed between the Bank and you, those terms and conditions will be legally enforceable by you.

Unless you hold a current Certificate of Exemption, Resident Withholding Tax will generally be deducted from your returns at the rate prescribed by law. If you are not resident in New Zealand, Non-Resident Withholding Tax may be deducted at the rate prescribed by law. Alternatively, if the Approved Issuer Levy applies to you, this will be deducted instead of Non-Resident Withholding Tax.

Interest is calculated daily or monthly and will be payable (less any applicable tax) either at the end of the term of the Investment, or six monthly, or according to the terms and conditions of your Investment.

What are my risks?

Investments are low risk, unsecured deposits. The main risks of you not receiving the sum that you paid for the Investment or of not receiving the returns described above are:

- The insolvency or statutory management of the Bank
- The Bank receiving a tax deductions notice in respect of your funds
- The Bank exercising its rights to combine your accounts or to set-off funds held in credit against debts you owe to the Bank.

By law Inland Revenue has the power to collect taxes owing from the Bank's customers. It can order the Bank to deduct any sum owing by a taxpayer from money the taxpayer has deposited with the Bank. The Bank is obliged to comply with such orders.

Should the Bank become insolvent then certain transactions may be voidable under the provisions of the Companies Act 1993. This may result in you having to forgo or repay any returns you have received under your Investment, including the principal.

Should the Bank be put into liquidation during the term of the Investment, then secured creditors and those creditors set out in the seventh schedule of the Companies Act 1993 will rank ahead of your claim. These relate to the liquidator's fees, some salary and wages and tax payable. Other claims, preferred by statute or law may also rank ahead of you. After the payment of these credits your claim will rank equally with all others.

Can the Investment be altered?

The terms of the Investment can only be changed by agreement between you and the Bank.

How do I cash in my Investment?

You can apply to cash in the Investment prior to maturity by contacting the Bank. If approved, the charges referred to earlier in this Investment Statement will apply; however, the Bank has the option to decline your request.

Your Investment is not transferable. You are not able to sell the Investment to any other person.

Who do I contact with enquiries about my Investment?

Enquiries about the Investment can be made to any branch of the Bank, or by phoning toll free on 0508 872 2265 or (06) 968 3700.

Is there anyone to whom I can complain if I have problems with the Investment?

The first step is to raise your concern with the person you dealt with initially. If the issue remains unresolved, contact the Branch Manager who will take charge of any outstanding issues. Your branch will give you the name, address and phone number of the appropriate manager available during normal business hours.

If, after raising the matter with the Bank and having exhausted the Bank's complete disputes resolution process, you are still not satisfied, you may refer a complaint to the Banking Ombudsman. Any correspondence should be addressed to The Banking Ombudsman, PO Box 10573, Wellington, or phone 0800 805 950 or (04) 471 0006.

TSB Bank subscribes to the Code of Banking Practice which sets out the minimum standards for resolving complaints. The Code requires disputes to be resolved as quickly and equitably as possible and that banks will be held accountable to these standards.

What other information can I obtain about this investment?

Other information, including financial statements, is contained in the Bank's disclosure statement published quarterly pursuant to the Reserve Bank of New Zealand Act 1989. A copy of this statement can be obtained free of charge from any branch of the Bank.

The financial statements are filed on a public register at the Companies Office of the Ministry of Commerce and are available for public inspection. A resident withholding tax certificate (if applicable) relating to the Investment will be forwarded to you annually. A maturity advice notice will be sent to you prior to the day of your investment maturing outlining the options for re-investment.

You may request information about your Investment, such as the balance and relevant terms and conditions of your Investment from the Bank, from time to time.

You have the rights of access to personal information that the Bank holds about you, and if you wish to make any request, please contact the branch where your accounts are held. Depending on the nature of the request, a charge may be made.