

DBP Annuitants Scheme

On behalf of the Board of Trustees of the National Provident Fund, set out below is a report on the performance and activities of your Scheme for the year ended 31 March 2025. Further information on the National Provident Fund's activities, and commentary on investment markets, is set out in the Chair's letter.

Your Scheme

CROWN GUARANTEE

The DBP Annuitants Scheme is a defined benefit scheme. The benefits payable by your Scheme are guaranteed by the Crown.

The Scheme's funding position is set out in a table in this report. The numbers in the table show the net assets are insufficient to meet the Scheme's current and future obligations to pay pensions.

The net assets available to pay the benefits of the Scheme were exhausted in May 2009, after a provision was made for future operating expenses. However, members should not be concerned as the benefits payable by your Scheme are guaranteed by the Crown.

A call was made under the Crown guarantee in May 2009 and the first payment from the Crown, to fund the pension benefits payable by the Scheme, was received on 27 May 2009. The Crown has been meeting the cost of paying pension benefits from the Scheme as they fall due since May 2009 and continues to do so, after allowing for transfers in from the DBP Contributors Scheme.

The Board provides information to the Crown on an annual basis on the financial position of the Scheme and the Crown has made a provision in its financial statements for the future funding of the Scheme.

Annual Report for the year ended 31 March 2025

SUMMARY FINANCIAL STATEMENTS

The summary financial statements included in this Annual Report have been extracted from the full financial statements for the year ended 31 March 2025.

The summary financial statements cannot be expected to provide as complete an understanding as the full financial statements.

Members are welcome to view the full financial statements on our website – www.npf.co.nz/members/schemes – or contact the Scheme administrator, Datacom (see details on back page), for a free copy of the Scheme's full financial statements.



INVESTMENT PERFORMANCE

The asset class returns (after investment manager fees, but before tax and other expenses) and the comparative performance of the benchmark indices are shown in the table below.

Asset Class	Return	Index
Fixed interest (global)	3.83%	4.08%

The investment return (after tax and expenses) earned by the Scheme for the year ended 31 March 2025 was 1.19% (2024: 2.29%). In dollar terms, this represents an investment gain of \$1.10 million (2024 investment gain: \$1.60 million).

See the comparison over the page for the key statistics of your Scheme over the last 10 years. For an overview of the financial performance of the Scheme, refer to the tables on the following pages.

FUNDING POSITION

The Actuary has advised the funding level of the Scheme, as at 31 March, was:

	2025 (\$000)	2024 (\$000)
Net assets	40,720	39,477
Actuarial Liabilities	(652,758)	(694,299)
Funding level*	6.2%	5.7%

* The funding level has been calculated using the year on year risk free forward rates determined according to the methodology prescribed by the Treasury for Crown financial reporting purposes.

WHO INVESTS YOUR MONEY

Fixed Interest Managers

Brandywine Global Investment Management, LLC
Pacific Investment Management Company LLC
PGIM, Inc

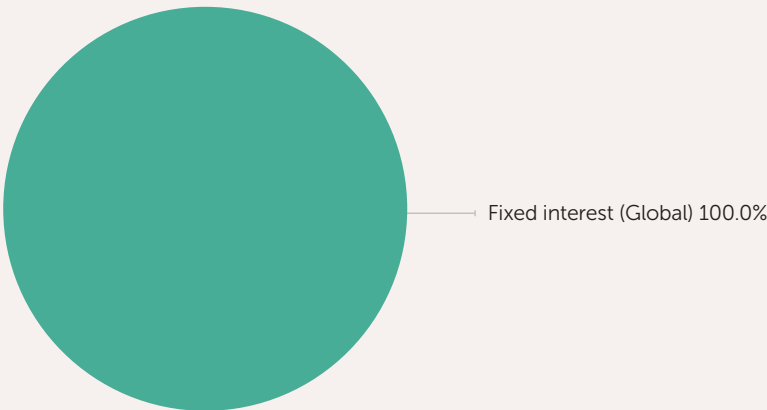
Foreign Exchange Currency Hedging Manager

Bank of New Zealand Limited

HOW YOUR MONEY IS INVESTED

The Scheme’s asset allocation strategy is set by the Board and reviewed regularly. There was no change to Scheme’s asset allocation strategy during the year. The pie chart shows the Scheme’s asset allocation strategy as at 31 March 2024 and 31 March 2025.

Asset Allocation Strategy as at
31 March 2024 & 31 March 2025



The Board’s Statement of Investment Policies, Standards and Procedures (SIPSP) is reviewed regularly by the Board. During the year the SIPSP was updated and there were no significant changes to the SIPSP relating to the Scheme. See our website, www.npf.co.nz, for more information about your Scheme, including the Board’s SIPSP and the Scheme Trust Deed.

SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2025

<p>This is a summary of the Scheme's income and expenses, and membership contributions and payments during the year.</p>		2025 (\$000)	2024 (\$000)
	Investment income	1,125	1,597
	Less operating expenses	(820)	(764)
	Net income before tax and membership activities	305	833
	Add income tax credit	170	82
	Net income after tax and before membership activities	475	915
	Crown contributions	73,200	69,138
	Transfers from the DBP Contributors Scheme	3,813	5,118
	Less pension payments	(76,245)	(77,160)
	Net membership activities	768	(2,904)
	Increase/(Decrease) in net assets for the year	1,243	(1,989)
	Net assets available to pay benefits at beginning of year	39,477	41,466
	Net assets available to pay benefits at end of year	40,720	39,477

SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2025

<p>This is a summary of the Scheme's assets and liabilities, as at 31 March 2025.</p> <p>Assets include the Scheme's investments in fixed Interest (global) plus what the Scheme had in the bank and was owed by others.</p> <p>Liabilities are what the Scheme owed to others.</p> <p>Net assets is the money available to pay future entitlements.</p>		2025 (\$000)	2024 (\$000)
	Investment assets		
	Fixed Interest Unit Fund	34,830	33,911
	Total investment assets	34,830	33,911
	Other assets	5,922	5,626
	Total assets	40,752	39,537
	Less liabilities	(32)	(60)
	Net assets available to pay benefits	40,720	39,477

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

<p>This is a summary of the cash flows through the Scheme during the year.</p> <p>Cash was received from:</p> <ul style="list-style-type: none"> operating activities (being contributions less benefit and transfer payments and operating expenses); and investing activities. <p>The difference between the two cash flows is recorded as an increase or decrease in cash held.</p>		2025 (\$000)	2024 (\$000)
	Opening cash brought forward	5,286	8,561
	Net cash flows from operating activities	189	(3,275)
	Net cash flows from investing activities	(7)	
	Net increase/(decrease) in cash held	182	(3,275)
	Closing cash carried forward	5,468	5,286

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements:

- have been extracted from the full financial statements which were:
 - prepared in accordance with, and comply with, the New Zealand Equivalents to International Financial Reporting Standards;
 - authorised for issue by the Board on 26 June 2025; and
 - audited and received an unmodified opinion;
- cannot be expected to provide as complete an understanding as provided by the full financial statements;
- are reported in New Zealand dollars, rounded to the nearest thousand;
- are for a profit oriented entity; and
- comply with Financial Reporting Standard 43: Summary Financial Statements.

SUBSEQUENT EVENTS

There were no material events subsequent to balance date requiring amendments to these financial statements.

TRUSTEE'S REPORT

For the year ended 31 March 2025

MEMBERSHIP

The Board of Trustees of the National Provident Fund, as trustee of the Scheme, provides members with the following information in respect of the Scheme.

Changes in the Scheme membership numbers during the year were as follows:

	Pensioners
Opening membership as at 1 April 2024	3,501
Transfers in from the DBP Contributors Scheme	2
Pensioner change of beneficiary	78
Deaths	(249)
Closing membership as at 31 March 2025	3,332

Under the terms of the Scheme Trust Deed, contributions are not required to be made to the Scheme.

The Board certifies that, to the best of its knowledge, all benefits required to be paid from the Scheme were paid in accordance with the terms of the Scheme Trust Deed.

The Board based on the advice of the Actuary certifies that, as at 31 March 2025, the net market value of the Scheme's assets was less than the total value of the vested benefits of the Scheme.

FEES

Scheme administration fees are apportioned on fee per member and fee per transaction bases and are charged to the Scheme as a whole. As at 1 April 2024 and 2025 the scheme administration fees were increased for inflation.

The Board certifies it is satisfied the increase in the administration fees for the Scheme is not unreasonable. The Board is satisfied the total management fees charged to the Scheme are not unreasonable.

TRUST DEED AMENDMENT

The Scheme Trust Deed has not been amended since 25 June 2024, being the date of the Scheme's last annual report. A copy of the Trust Deed is available on request.

INDEPENDENT AUDITOR'S REPORT

To the readers of DBP Annuity Scheme's summary financial statements for the year ended 31 March 2025.

The Auditor-General is the auditor of DBP Annuity Scheme (the Scheme). The Auditor-General has appointed me, Pam Thompson, using the staff and resources of Deloitte Limited, to carry out the audit of the summary financial statements of the Scheme on his behalf.

OPINION

The summary financial statements of the Scheme that comprise the summary statement of net assets as at 31 March 2025, the summary statement of changes in net assets, and the summary statement of cash flows for the year ended on that date, and related notes, are derived from the full financial statements for the year ended 31 March 2025 that we have audited.

In our opinion, the summary financial statements are consistent, in all material respects, with the full financial statements for the year ended 31 March 2025, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the full financial statements and the auditor's report thereon.

The summary financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full financial statements.

THE FULL FINANCIAL STATEMENTS AND OUR AUDIT REPORT THEREON

We expressed an unmodified audit opinion on the full financial statements for the year ended 31 March 2025 in our auditor's report dated 26 June 2025. That report also includes the communication of key audit matters.

BOARD OF TRUSTEES' RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The Board of Trustees is responsible on behalf of the Scheme for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the full audited financial statements of the Scheme, based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

We did not evaluate the security and controls over the electronic publication of the summary financial statements.

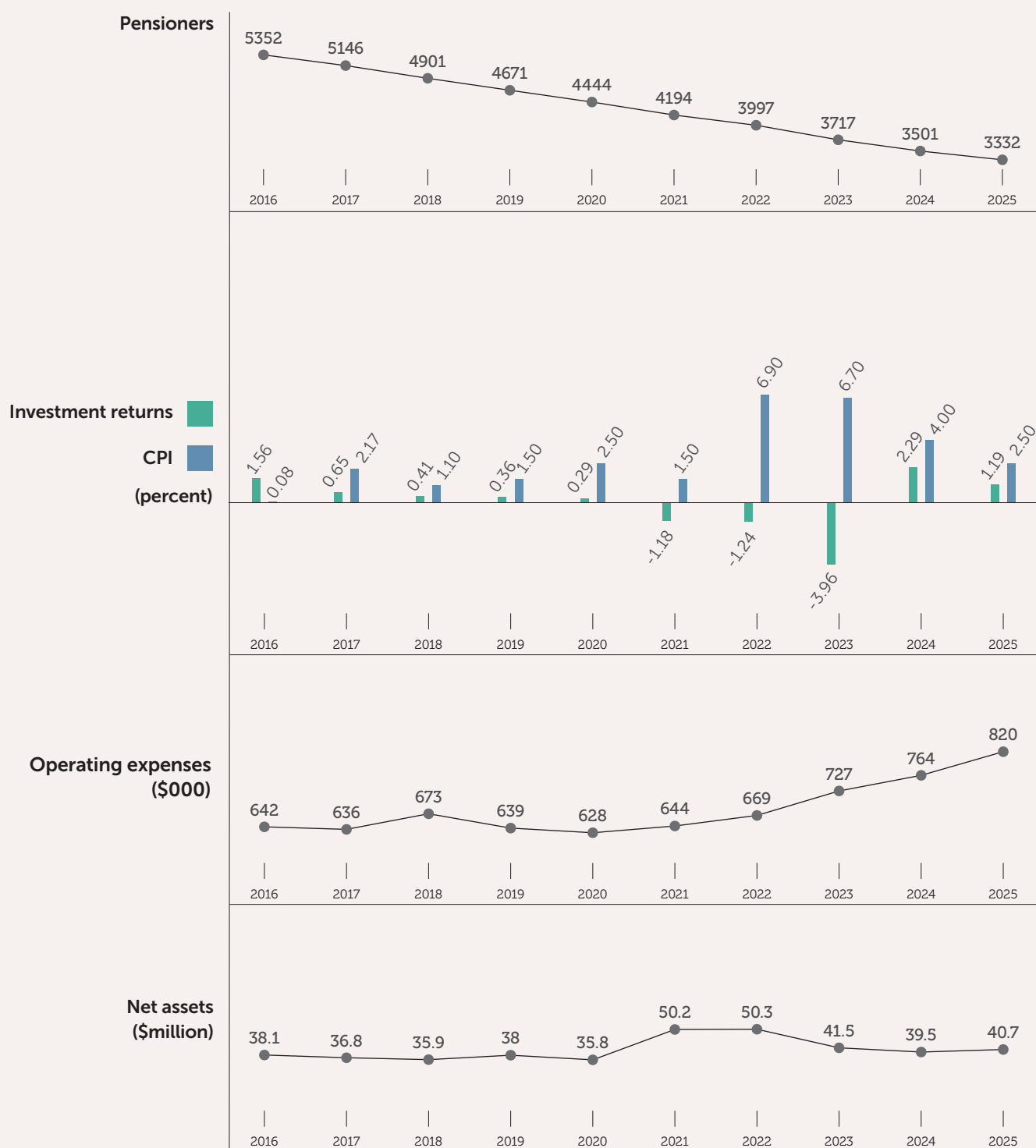
Other than the audit and an assurance engagement for the register of members, we have no relationship with, or interests in, the Scheme.

Pam Thompson

Pam Thompson
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

9 July 2025

10 YEAR COMPARISON



DBP Annuitants Scheme (the Scheme)
Statement of Changes in Net Assets
for the year ended 31 March 2025

	Note	2025 (\$000)	2024 (\$000)
Investment income			
Income from unit funds	4	912	1,123
Interest received		213	474
Total investment income		1,125	1,597
Operating expenses			
Actuarial fees		45	63
Audit fees	6	23	23
Bank fees		1	2
Board member expenses	5	40	38
Legal fees		1	-
Management expenses	5	710	638
		820	764
Net income before tax and membership activities		305	833
Income tax credit	7	170	82
Net income after tax and before membership activities		475	915
Scheme receipts			
Crown contributions	1	73,200	69,138
Transfers from DBP Contributors Scheme		3,813	5,118
Total scheme receipts		77,013	74,256
Scheme payments			
Pensions paid		76,245	77,160
Total scheme payments		76,245	77,160
Net membership activities		768	(2,904)
Increase/(decrease) in net assets for the year	10	1,243	(1,989)
Net assets available to pay benefits at beginning of year		39,477	41,466
Net assets available to pay benefits at end of year		40,720	39,477

The notes to the financial statements on pages 4 to 12 form an integral part of these financial statements.

DBP Annuitants Scheme (the Scheme)
Statement of Net Assets
as at 31 March 2025

	Note	2025 (\$000)	2024 (\$000)
Investment assets at fair value through profit or loss			
Units held in:			
Fixed Interest unit fund	3	<u>34,830</u> 34,830	<u>33,911</u> 33,911
Financial assets at amortised cost			
Cash		5,468	5,286
Other receivables	9	73	120
Receivable from the Global Asset Trust	8	<u>381</u> 5,922	<u>7</u> 5,413
Other assets			
Deferred Tax Asset	7	<u>-</u> <u>-</u>	<u>213</u> <u>213</u>
Total assets		40,752	39,537
Current liabilities at amortised cost			
Accounts payable		32	60
Total liabilities		32	60
Net assets available to pay benefits		40,720	39,477

Authorised for issue on 26 June 2025

On behalf of the Board of Trustees of the National Provident Fund.



Louise Edwards
Board Chair



Michelle Tsui
Chair
Audit and Risk Review Committee

DBP Annuitants Scheme (the Scheme)
Statement of Cash Flows
for the year ended 31 March 2025

	Note	2025 (\$000)	2024 (\$000)
Cash flows from operating activities¹			
Cash was provided from:			
Crown contributions		73,200	69,138
Interest received and other income		213	474
Transfers from DBP Contributors Scheme		3,813	5,118
		77,226	74,730
Cash was applied to:			
Operating expenses		827	839
Pensions paid		76,210	77,166
		77,037	78,005
Net cash flows used in operating activities	10	189	(3,275)
Cash flows from investing activities²			
Cash was applied to purchase units in:			
Fixed Interest unit fund		(7)	-
Net cash flows from investing activities		(7)	-
Net increase/(decrease) in cash held		182	(3,275)
Add opening cash brought forward		5,286	8,561
Closing cash carried forward³		5,468	5,286

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- 1 Operating Activities: Includes any activities that are the result of normal business activities not classified as investing activities.
- 2 Investing Activities: Comprises acquisition and disposal of units in the GAT.
- 3 Cash: Comprises cash balances held with banks in New Zealand and Australia.

**DBP Annuitants Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025**

1 DESCRIPTION OF THE SCHEME AND FUNDING ARRANGEMENTS

The Scheme is a defined benefit scheme, governed by a Trust Deed. The Scheme is deemed to be registered on the register of managed investment schemes under the Financial Markets Conduct Act 2013 (FMCA).

When a contributor or other beneficiary of the DBP Contributors Scheme becomes a member of the Scheme, assets with a market value equal to the liability of the Scheme to pay the benefit attributable to that person's membership, are transferred from the DBP Contributors Scheme to the Scheme.

The net assets available to pay the benefits of the Scheme were exhausted in May 2009, after a provision was made for future operating expenses. A call was made under the Crown guarantee and the first payment from the Crown, to fund the pension benefits payable by the Scheme, was received on 27 May 2009.

The Board of Trustees of the National Provident Fund (the Board) provides information to the Crown on the financial position of the Scheme, on a regular basis. From May 2009, the Crown is meeting the cost of paying pension benefits from the Scheme as they fall due, after allowing for transfers from the DBP Contributors Scheme.

2 RELATED PARTIES

Under the terms of the National Provident Fund Restructuring Act 1990 (the Act), the Board is Trustee of the Scheme. Members of the Board are appointed by the Minister of Finance.

The Board and the Government Superannuation Fund Authority (the Authority) have formed a joint venture company, Annuitas Management Limited (Annuitas). Each organisation has entered into a management services agreement with Annuitas. The costs of running Annuitas are shared between the Board and the Authority in accordance with a methodology agreed between the two parties.

Louise Edwards and Sarah Park are the two Board appointed directors of Annuitas.

The Board is also the Trustee of the Global Asset Trust (the GAT), which holds the assets of all the National Provident Fund Schemes. The GAT is divided into separate unit funds, representing various asset classes, which have issued units to the Board, as Trustee of the Scheme, according to the Strategic Asset Allocation Strategy (refer note 3).

There were no transactions between the Board or management, as individuals, and the Scheme.

3 STRATEGIC ASSET ALLOCATION (SAA) - INVESTMENT

The Scheme is authorised to invest in the GAT or in bank deposits. The GAT is divided into separate unit funds representing various asset classes.

Investment assets have been designated at fair value through profit or loss upon initial recognition. These are managed and their performance evaluated, on a fair value basis. This is consistent with the Scheme's documented investment strategy. The assets are investments in units in the GAT which, in turn, invest in fixed interest and debt instruments.

DBP Annuitants Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025

3 STRATEGIC ASSET ALLOCATION (SAA) – INVESTMENT (CONTINUED)

The fair value of the units held by the Scheme in the GAT is based on the valuation of the financial instruments held by the GAT. The fair value of these financial instruments is based on exit prices at balance date without any deduction for future selling costs. If the exit price for an instrument is not available on a recognised exchange the fair value is estimated taking into account comparable markets and specialist advice.

The benchmark asset allocation as at 31 March 2025 is 100% invested in the Fixed Interest unit fund (2024: 100% invested in the Fixed Interest unit fund).

As discussed in note 1, the net assets available to pay the benefits of the Scheme were exhausted in May 2009, after a provision was made for future operating expenses. The provision is invested in the Fixed Interest unit fund of the GAT. From May 2009 the income from the provision is used to meet the operating expenses of the Scheme and the Crown is meeting the cost of paying pension benefits from the Scheme as they fall due, after allowing for transfers from the DBP Contributors Scheme.

4 INCOME FROM UNIT FUNDS

Income from unit funds was derived from the changes in fair value of units held by the GAT and reflects both realised and unrealised gains and losses. The income stated is net of expenses (including investment management and custodial fees) directly related to investment activities.

	2025 (\$000)	2024 (\$000)
Fixed Interest unit fund	912	1,123
Income from unit funds	912	1,123

5 MANAGEMENT AND BOARD MEMBER EXPENSES

Management expenses comprise administration fees charged by Datacom Connect Limited, and a share of the expenses of the Board. The Board member expenses are split evenly between the schemes.

6 FEES PAID TO AUDITOR

	2025 (\$000)	2024 (\$000)
Audit of financial statements	21	21
Other assurance engagement – members register	2	2
Total fees paid to the Auditor	23	23

DBP Annuitants Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025

7 INCOME TAX

Income specific to the Scheme is subject to tax at 28%, after allowing for deductible expenses. The income tax reconciliation is as follows:

	2025 (\$000)	2024 (\$000)
Scheme specific income	213	474
Deductible expenses	(820)	(764)
Expense election to the GAT under section DV2	607	-
Taxable income	-	(290)
Net income before tax and membership activities	305	833
Tax at 28%	85	233
Adjusted for tax effect of:		
Less (Non-taxable gain)	(255)	(315)
Income tax credit	(170)	(82)
Represented by:		
Income tax credit on current year (loss)	(170)	(82)
Income tax credit	(170)	(82)
Movement in deferred taxation		
Opening balance	213	138
Prior period adjustment	-	(7)
Current year movement	170	82
Transfer of deductible expenses	(383)	-
Deferred tax asset	-	213

The prior year deferred tax asset was a result of tax losses available to carry forward. The tax losses consisted of surplus deductible expenses which the Scheme has transferred to the GAT under section DV 2 of the Income Tax Act 2007 in the 2025 income year. The GAT is subject to tax at the rate of 28%.

8 RECEIVABLE FROM THE GAT

The 2025 receivable represents the outstanding tax credits (refer note 7) utilised by the GAT, resulting from the transfer of the Scheme's surplus deductible expenses to the GAT under the Tax Act. The Scheme will realise the receivable by investing in unit funds of the GAT or by settling the units in cash.

DBP Annuitants Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025

9 OTHER RECEIVABLES

Other receivables consist of:

	2025 (\$000)	2024 (\$000)
Amounts due from members	37	71
Management fee refund	36	49
Total other receivables	73	120

10 RECONCILIATION OF INCREASE/(DECREASE) IN NET ASSETS FOR THE YEAR TO NET CASH FLOWS USED IN OPERATING ACTIVITIES

	2025 (\$000)	2024 (\$000)
Change in net assets for the year	1,243	(1,989)
Movement in working capital		
Change in accounts payable	(28)	(42)
Change in other receivables	47	(39)
	19	(81)
(Less)/add non-cash items		
Movement in receivable from the GAT	(374)	(7)
Movement in deferred tax	213	(75)
	(161)	(82)
Items classified as investing activities		
(Income) from unit funds	(912)	(1,123)
	(912)	(1,123)
Net cash flows used in operating activities	189	(3,275)

11 GUARANTEED BENEFITS

Under section 60 of the Act, the benefits payable by the Scheme are guaranteed by the Crown.

As discussed in note 1, the net assets available to pay benefits of the Scheme were exhausted in May 2009 after a provision was made for future operating expenses. A first call was made under the Crown guarantee in May 2009 to meet Scheme pension benefit payments. From May 2009, the Crown is meeting the cost of paying pension benefits from the Scheme as they fall due, after allowing for transfers from the DBP Contributors Scheme.

**DBP Annuitants Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025**

12 ACTUARIAL EXAMINATION AND REVIEW, FUNDING LEVEL AND VESTED BENEFITS RATIO – 31 MARCH 2025

12.1 ACTUARIAL EXAMINATION AND REVIEW

Every three years, a statutory actuarial examination of the Scheme is prepared in accordance with the National Provident Fund Restructuring Act 1990 and the Financial Markets Conduct Act 2013 (refer note 13). The most recent actuarial examination was conducted as at 31 March 2024. In addition, an actuarial review of the Scheme is undertaken annually.

The results of the most recent actuarial review of the Scheme, as at 31 March 2025, are set out below for the funding level and vested benefits ratio.

12.2 FUNDING LEVEL AND VESTED BENEFITS RATIO – 31 MARCH 2025

The funding level (funding ratio) of the Scheme is the ratio of the net assets available to pay benefits to the value of the total liabilities. For this Scheme, the value of the vested benefits is equal to the value of the liabilities. The funding level and vested benefits calculated by the Actuary, as at 31 March, are shown below:

Funding level – funding basis	2025 (\$000)	2024 (\$000)
Present value of -		
Liabilities/vested benefits	(652,758)	(694,299)
Net assets	40,720	39,477
Deficit	(612,038)	(654,822)
Funding level	6.2%	5.7%

This table should be read in conjunction with note 11.

The most financially significant assumptions are:

- The difference between the discount rates and the rate of future pension increases. The discount rates used are the year-on-year risk-free forward rates. These were determined according to the methodology prescribed by the Treasury for Crown financial reporting. Pensions are assumed to increase at the Consumers Price Index inflation rate.
- The pensioner mortality assumptions, which are based on the results of a recent pensioners' mortality investigation and include an allowance for improving mortality.

13 STATUTORY ACTUARIAL EXAMINATION – 31 MARCH 2024

Under the National Provident Fund Restructuring Act 1990 (the Act) and the Financial Markets Conduct Act 2013, a statutory actuarial examination of the Scheme is required every three years.

The most recent statutory actuarial examination was prepared, as at 31 March 2024, by Christine Ormrod FNZSA, the Actuary to the Scheme, and is dated 15 August 2024. It covers the three years 31 March 2021 to 31 March 2024.

DBP Annuitants Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025

13 STATUTORY ACTUARIAL EXAMINATION – 31 MARCH 2024 (CONTINUED)

The following table shows the summary results of the valuation:

Valuation date	2024 (\$000)	2021 (\$000)
Present value of -		
Future pension payments	(661,299)	(819,320)
Future administration expenses	(33,000)	(33,000)
Total liabilities	(694,299)	(852,320)
Net assets	39,477	50,193
Deficit	(654,822)	(802,127)
Funding level	5.7%	5.9%

This table should be read in conjunction with note 11.

The ratio of the net assets to the value of total liabilities is known as the funding level. A funding level of 100% indicates a balance between the net assets and liabilities of the Scheme at the date of valuation. The funding level of the Scheme at 31 March 2024, was 5.7%. This shows that the Scheme had significantly less net assets than liabilities at that date. Under section 60 of the Act, the benefits payable by the Scheme are guaranteed by the Crown.

For this Scheme, the value of vested benefits is equal to the value of the total liabilities and hence the ratio of the net assets to the value of vested benefits is the same as the funding level, i.e. 5.7% as at 31 March 2024. The funding level and vested benefits ratio are expected to remain largely unchanged over the next three years.

At the valuation date, the Scheme only held assets to provide for the future costs of administering the Scheme, with the cost of pension payments being met predominantly by the Crown as they fall due. Therefore, no significant change in the funding level or ratio of assets to the value of vested benefits was expected prior to the next actuarial examination.

The most significant actuarial assumptions used by the Actuary were:

- The difference between the discount rates and the rate of future pension increases. The discount rates used are year-on-year risk-free forward rates. Pensions are assumed to increase at the Consumers Price Index inflation rate. Both were determined according to the methodology prescribed by the Treasury for Crown financial reporting.
- The pensioner mortality assumptions which were based on the results of the pensioners' mortality investigation in 2023 and include an allowance for improving mortality.

The Actuary did not express an opinion on the financial condition of the Scheme.

RECOMMENDATIONS

The Actuary recommended:

- The next statutory actuarial examination be carried out as at 31 March 2027.
- The Board does not grant any benefit increases, other than the normal pension increase entitlements of pensioners.

The Board accepted the recommendations of the Actuary.

The value of the liabilities will continue to be calculated as at each 31 March for the Scheme's financial statements and as at 30 June for the Crown financial reporting purposes.

**DBP Annuitants Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025**

14 FINANCIAL RISK MANAGEMENT

The Scheme invests in units of the GAT based on the SAA determined for the Scheme (see note 3). The unit fund holds fixed interest and debt instruments. These instruments are all measured at fair value.

Under *NZ IFRS 13: Fair Value Measurement* (NZ IFRS 13), disclosures for fair value instruments are required using a three-level fair value hierarchy. These tiers reflect the availability of observable market inputs. The scheme's investment in units of the GAT is classified as a level 2 investment as the unit prices are based on a net asset valuation derived from either quoted prices for similar assets or unquoted but observable inputs.

The Scheme's major risk in relation to its investment in the GAT is the price risk that the value of its units may fluctuate. Other risks, such as market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk, are managed in the GAT.

For more information on the disclosures under NZ IFRS 13 and the risks mentioned above reference should be made to the financial statements of the GAT. A copy of the financial statements of the GAT can be viewed on the National Provident Fund's website (www.npf.co.nz).

The Board manages the other risks by determining a diversified SAA appropriate for the provision to meet the operating expenses of the Scheme. In addition, the Board selects the investment managers, sets their mandates and monitors performance against those mandates.

The long run investment return for the Scheme is estimated to be 2.8% per annum. The volatility is expected to be 2.8%. This is based on the Scheme's SAA and the long-term rate of return for the fixed income unit fund (after investment management, custody fees and tax).

15 SUBSEQUENT EVENTS

There were no material events subsequent to balance date requiring amendments to these financial statements.

16 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently to all periods presented in these financial statements.

16.1 BASIS OF PREPARATION

The financial statements have been prepared under the requirements of clause 34 of the Scheme Trust Deed and in accordance with the FMCA. For a description of the Scheme and its funding arrangements see note 1.

16.2 STATEMENT OF COMPLIANCE

These financial statements comply with the New Zealand Equivalents to IFRS (International Financial Reporting Standards) Accounting Standards (NZ IFRS) and IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board, and other applicable financial reporting standards as appropriate for profit-oriented entities.

16.3 MEASUREMENT BASE

The measurement base adopted is that of historical cost, except for investment assets which are stated at their fair value as set out below.

**DBP Annuitants Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025**

16 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

16.4 PRESENTATIONAL AND FUNCTIONAL CURRENCY

The financial statements are presented in New Zealand dollars, the Scheme's functional currency, rounded to the nearest thousand dollars (\$000).

16.5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In compliance with NZ IFRS, preparation of the financial statements requires judgements, estimates and assumptions to be made that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

Judgement has been applied in the classification and measurement of financial assets. This policy has a material impact on the amounts disclosed in the financial statements.

There are no material assumptions or major sources of estimation uncertainty that have a material risk of causing material adjustments to the carrying amounts of scheme assets at year end. Investment asset values are subject to variation due to market fluctuations. Receivables have been valued in accordance with NZ IFRS 9. Under this standard the scheme has adopted the simplified expected credit loss model.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period; or in the period of the revision and future periods, if the revision affects both current and future periods.

16.6 FINANCIAL INSTRUMENTS

Financial instruments include both financial assets and financial liabilities.

Financial assets include balances due from contributors, and receivables from related parties (if applicable).

Financial liabilities, measured at amortised cost, include accounts payable and bank overdrafts (if applicable).

16.7 RECOGNITION

The Scheme recognises financial assets and financial liabilities on the date the Scheme becomes a contractual party to the financial instruments.

**DBP Annuitants Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2025**

16 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

16.8 MEASUREMENT

Financial assets that are classified at fair value through profit or loss are measured at fair value where all resulting gains or losses are recorded in the Statement of Changes in Net Assets.

Financial assets, classified as other receivables, and other financial liabilities are recorded at amortised cost using the effective interest rate method, less any impairment losses. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

16.9 DERECOGNITION

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Scheme transfers the financial asset and the transfer qualifies for derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

16.10 INVESTMENT INCOME RECOGNITION

Interest income is recognised using the effective interest rate of the instrument. Changes in the fair value on GAT unit funds are recognised in the Statement of Changes in Net Assets. Interest income on financial assets classified at fair value through profit or loss, is accrued at balance date.

16.11 TRANSFERS FROM DBP CONTRIBUTORS SCHEME

Transfers are accounted for on a due and receivable basis.

16.12 TAXATION

Any income or loss arising from the movement in the fair value of the unit funds of the GAT is received by the Scheme tax paid.

The Scheme takes a responsible and transparent approach to tax which follows the spirit of the law in addition to the pure interpretation of the law.

16.13 STANDARDS ISSUED BUT NOT EFFECTIVE

Certain new accounting standards and interpretations have been issued that are not mandatory for 31 March 2025 reporting periods and have not been adopted early by the Board. None of these standards are likely to have a material impact on the Scheme when they are adopted.

17 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There have been no changes in accounting policies or disclosures. New standards and interpretations that are mandatory for 31 March 2025 reporting periods have been adopted with no material impact on the financial statements.

**DBP Annuitants Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2025**

18 OTHER INFORMATION

The Board, as Trustee of the Scheme, provides members with the following information:

18.1 SCHEME MEMBERSHIP

Changes in the Scheme membership numbers during the year were as follows:

	Pensioners
Opening membership as at 1 April 2024	3,501
Joins/Rejoins	-
Transfers	2
Pensioner change of beneficiary	78
Deaths	(249)
Closing membership as at 31 March 2025	3,332

18.2 CONTRIBUTIONS RECEIVED AND BENEFITS PAID

Under the terms of the Scheme Trust Deed, contributions are not required to be made to the Scheme.

The Board certifies that, to the best of its knowledge, all benefits required to be paid from the Scheme were paid in accordance with the terms of the Scheme Trust Deed.

18.3 VESTED BENEFITS

The Board, based on the advice of the Actuary, certifies that the net market value of the Scheme's net assets was less than the total value of the vested benefits of the Scheme, as at 31 March 2025 (refer note 12 to the financial statements).

18.4 TRUST DEED

The Scheme Trust Deed has not been amended since 25 June 2024, being the date of the Scheme's last annual report.

18.5 DIRECTORY

Trustee	Board of Trustees of the National Provident Fund Members of the Board are: Louise Edwards (Board Chair) Graham Ansell Tracey Berry Lloyd Kavanagh Sarah Park (Deputy Chair) Michelle Tsui
Administration manager	Datacom Connect Limited

**DBP Annuitants Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2025**

18 OTHER INFORMATION (CONTINUED)

18.5 DIRECTORY (CONTINUED)

Investment managers

Fixed Interest Managers

Brandywine Global Investment Management, LLC
Pacific Investment Management Company, LLC
PGIM, Inc.

Foreign Exchange Hedging Manager

Bank of New Zealand Limited

Actuary

Christine Ormrod, PricewaterhouseCoopers Consulting
(New Zealand) LP

Auditor

Pam Thompson, Deloitte Limited (on behalf of the Auditor-General)

Solicitor

DLA Piper New Zealand

Bank

Bank of New Zealand

Custodian

JP Morgan Chase Bank

18.6 CORRESPONDENCE

All correspondence relating to the Scheme should be addressed to:

The Manager
National Provident Fund Administration
Datacom Connect Limited
PO Box 1036
WELLINGTON 6140

OR

The Chief Executive
Annuitas Management Limited
On behalf of the Board of Trustees of the National Provident Fund
PO Box 3390
WELLINGTON 6140

For and on behalf of the Board of Trustees of the National Provident Fund.



Louise Edwards
Board Chair

26 June 2025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DBP ANNUITANTS SCHEME'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

The Auditor-General is the auditor of DBP Annuitants Scheme (the Scheme). The Auditor-General has appointed me, Pam Thompson, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the Scheme, on his behalf.

Opinion

We have audited the financial statements of the Scheme on pages 1 to 12, that comprise the Statement of Net Assets as at 31 March 2025, the Statement of Changes in Net Assets and Statement of Cash Flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Scheme:

- present fairly, in all material respects:
 - its net assets as at 31 March 2025; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') and IFRS Accounting Standards ('IFRS').

Our audit was completed on 26 June 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in informing our audit opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Actuarial deficit and triennial valuation of the promised retirement liabilities (Note 12 and 13)

In accordance with Section 68(1) of the National Provident Fund Restructuring Act 1990 (the Act), the Board of Trustees of the National Provident Fund is required to obtain an actuarial valuation of the estimated promised retirement liabilities as at dates that are no more than three years apart.

On 15 August 2024, the Scheme obtained a triennial valuation as at 31 March 2024 which estimated liabilities of \$694.3 million, net assets of \$39.4 million and determined a deficit of \$654.8 million.

On 3 June 2025, the Scheme obtained an interim update letter as at 31 March 2025 from its actuary which showed vested benefits of \$652.8 million. This compared to the net assets of \$40.7 million resulting in a Scheme actuarial deficit of \$612.0 million.

The interim update letter uses the triennial valuation as at 31 March 2024 as a base and certain assumptions were updated with latest available information.

The triennial valuation and interim update letter is inherently subjective and is affected by use of assumptions such as:

- The rate of future pension increases;
- The discount rate; and
- Pensioner mortality.

As noted in Note 11 under section 60 of the Act, the benefits payable by the Scheme are guaranteed by the Crown.

Our audit procedures included the following:

- Testing the underlying data provided to the actuary and confirming that these agree to underlying records.
- Evaluating the competence and objectivity and relevant experience of the Scheme's actuary.
- Engaging our internal actuarial specialist to independently understand, challenge and evaluate:
 - The work and findings of the Scheme's actuary.
 - The actuarial methods and assumptions employed, specifically, the rate of future pension increases, the discount rate and pensioner mortality.
- Evaluating the related disclosures about the Scheme's vested benefits and promised retirement liabilities, and the risks attached to them which is included in Note 12 and 13 to the Scheme's financial statements.
- Assessing the related disclosures concerning the Scheme's vested benefits deficit and any guarantee by the Crown to fund benefit payments as they fall due.

Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees is responsible on behalf of the Scheme for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Scheme for assessing the Scheme's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intend to wind-up the Scheme or to cease operations, or have no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Financial Markets Conduct Act 2013 and clause 34 of the Scheme's Trust Deed.

Responsibilities of the auditor for the audit of the financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees are responsible for the other information. The other information obtained at the date of our report is included on page 13 to 14, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, 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.

Independence

We are independent of the Scheme in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and an assurance engagement for the register of members, we have no relationship with, or interests in, the Scheme.



Pam Thompson, Partner
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

Directory as at 9 July 2025

TRUSTEE

Board of Trustees of the National Provident Fund

BOARD MEMBERS

Louise Edwards – Chair – appointed 1 July 2019 and Chair from 1 July 2024

Sarah Park – Deputy Chair – appointed 1 February 2020 and Deputy Chair from 1 July 2022

Graham Ansell – appointed 12 July 2021

Tracey Berry – appointed 1 July 2022

Lloyd Kavanagh – appointed 1 July 2022

Michelle Tsui – appointed 1 July 2024

Further information on the Board members is provided on our website – www.npf.co.nz.

MANAGEMENT

Tim Mitchell

Chief Executive and Acting Chief Investment Officer

Fiona Morgan

Chief Financial Officer

Hadyn Hunt

Chief Risk Officer

Ireen Muir

General Manager – Schemes

DATACOM

ADMINISTRATION

Datacom Connect Limited is the administrator of the NPF Schemes.

CONTACT DETAILS

You are welcome to contact Datacom if you have any specific questions about the information in this report or to enquire about your Scheme membership in general. If you would like to receive a free printed copy of this report or the full financial statements in the mail please contact Datacom.

The Trust Deed and actuarial valuation is available on NPF's website (www.npf.co.nz/members/schemes/). You can also purchase a printed copy of the Trust Deed (\$10) or actuarial valuation (\$10) by contacting Datacom.

Please quote your identity number when contacting Datacom.

Free phone: 0800 628 776 between 8.30 am and 5.00 pm, Monday to Friday.

Phone: (04) 381 0600

Post to:

The Manager
National Provident Fund Administration
Datacom Connect Limited

P O Box 1036
WELLINGTON 6140

Email: npf@fundadmin.nz

If you would like to know more about NPF in general, or if you would like to view or download a copy of the Scheme's full financial statements rather than receive a copy in the mail, please visit our website – www.npf.co.nz.

You may contact the Board by writing to:

The Secretary
Board of Trustees of the National Provident Fund
PO Box 3390, Wellington 6140, or
Level 12, The Todd Building
95 Customhouse Quay
WELLINGTON 6011

Auditor: Pam Thompson, Deloitte Limited,
on behalf of the Auditor-General

Actuary: Christine D Ormrod,
PricewaterhouseCoopers Consulting
(New Zealand) LP

Bank: Bank of New Zealand Limited

Custodian: JPMorgan Chase Bank, N.A.

Solicitor: DLA Piper New Zealand

There were no changes to the Actuary, Bank, Custodian or Solicitor during the year.