Heretaunga Building Society

93RD ANNUAL REPORT 2026



Heretaunga Building Society
Financial Statements
For the year ended 31 March 2026

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ANNUAL GENERAL MEETING

The NINETY THIRD Annual General Meeting of the Heretaunga Building Society will be held in the Society's Office, 111 Avenue Road East, Hastings on Monday 27 July 2026 at 10.00am.

BUSINESS

Adoption of Annual Report and Financial Statements

Retirement of Director

Election of Director

Appointment of Auditors

General

BROWN WEBB RICHARDSON LIMITED, Secretaries

PROXIES

Members are advised that they are entitled to appoint a proxy to attend the meeting and to vote on their behalf, and that any such proxy need not be a member. The instrument appointing the proxy must be deposited at the Society's Office not less than forty-eight hours before the time fixed for the meeting. Proxy forms are available at the Society's Office.

DIRECTORS

S A Greer L.L.B.

W P S Harvey B.B.S. FPINZ FNZIV

A Jopling B.A.

T L Webb B.C.A.

BANKERS: Westpac New Zealand Limited

SOLICITORS: Sainsbury Logan and Williams

AUDITORS: Baker Tilly Staples Rodway Auckland

TRUSTEES: Trustees Executors Limited

CHAIRMAN'S REPORT
93RD ANNUAL REPORT TO MEMBERS
FOR YEAR ENDED 31 March 2026

On behalf of the Directors, I am pleased to provide to our members the Annual Report for the Heretaunga Building Society for the year ended 31 March 2026.

The property market continues to be subdued unfortunately, and the improvement that was anticipated last year has not yet eventuated. For the second year in a row, loan repayments exceeded new loan advances, with a consequential reduction of $2,609,510 in mortgage advances. As at 31 March 2026, total advances on mortgage were $22,429,877.

The Society's balance sheet remains strong with total assets as at 31 March 2026 being $39,492,326. The reduction of just under $2million from the previous year is due to the decrease in advances on mortgage coupled with a reduction on the value of the BWR building at 111 Avenue Road East. This is largely offset by a reduction of approximately $1.860million in liabilities. Total equity as at 31 March 2026 is $6,404,968 being similar to the previous year.

The operating profit of the Society remained relatively strong at $181,760 notwithstanding it having been a volatile year, economically and regulatorily, with the onset of the Non Bank Deposit Takers Act.

Sponsorship of the Cornwall Cricket Club and the Hastings Riding for the Disabled continues at the same levels as last year.

The Directors thank all of the Members of the Society for their continuing good support of the Society.

Thank you from all the Directors to Ray Greenwood for all his outstanding work as General Manager. His dedication to the Society's business and great rapport with our supervisor TEL and the Reserve Bank is very much appreciated.

Thank you also to the BWR directors and staff for their highly professional accounting and secretarial services during the year.

Special thanks to my fellow Directors Trevor Webb, Andrea Jopling and Paul Harvey for their great dedication and support in continuing the Society's good governance.

A very special thank you to Trevor Webb, whose involvement with the Heretaunga Building Society, both as an accountant and as a Director, stretches back some 34 years. Trevor's knowledge, loyalty and support has been exemplary. We wish Trevor all the very best for his retirement.

For the Directors



S A Greer
Chairman
7 July 2026

GENERAL MANAGER'S REPORT
93RD ANNUAL REPORT TO MEMBERS
FOR YEAR ENDED 31 MARCH 2026

Advances on mortgage decreased from $25.0 million at March 2025 to $22.4 million by March 2026. There was a corresponding decrease in interest on advances from $1.8 million to $1.5 million.

Redeemable preference shares also decreased from $34.6 million in March 2025 to $32.7 million in March 2026, overall net interest income remained largely unchanged at $732,082 (prior year $729,550).

Operating expenses increased marginally to $767,622 (prior year $750,220) and are expected to continue to increase as compliance costs continue to grow.

The value of the BWR building at 111 Avenue Road East decreased by $210,000 to $3,310,000.

Operating profit is marginally lower than last year, down from $199,630 to $181,760. As costs continue to grow we need to increase both our loan and then deposit books to maintain profitability and sustainability into the future. We have allocated funding in the current financial year to start work on strategies to achieve sustainable growth.

Changes to risk weights used to calculate the Capital Adequacy Ratio are expected to be adjusted later this year, to align risk weights used between banks and non-bank deposit takers. Early analysis suggests this will lead to a significant increase in our Capital Adequacy Ratio, which means that we have plenty of scope to grow both lending and deposits while remaining compliant with our capital requirements.

We continue to be heavily involved with the progress of the Deposit Takers Act as underlying regulations are developed between now and its implementation in December 2028. We still enjoy a positive, constructive relationship with the Reserve Bank as we navigate this process.

I would like to thank the Directors of the Society for the enormous amount of work they have undertaken over the past year. Their attention to detail in assessing loan applications, as well as staying abreast of everchanging legislation has been much appreciated.



Ray Greenwood
General Manager
3 July 2026

CORPORATE GOVERNANCE

2026 ANNUAL REPORT

NATURE OF BUSINESS

Heretaunga Building Society (the Building Society) was formed in 1933 and has operated as a building society throughout its history. The Building Society is incorporated under the Building Societies Act 1965.

ROLE OF THE BOARD

The Board oversees the Building Society's business affairs and is committed to protecting and enhancing the value of the Buildings Society's assets in the best interests of the Members, subject to full compliance with legal requirements. The Board's primary responsibilities include the following:

- Directing and controlling the Building Society's activities and its strategic development;
- Ensuring systems and processes are in place so that the business of the Building Society is conducted honestly, ethically and responsibly;
- Overseeing the conduct of the Building Society's business; and
- Ensuring the Building Society is appropriately resourced to manage all the risks that arise from its activities.
- Directors are required to disclose, and avoid wherever possible, any potential conflicts of interest.

COMPOSITION OF THE BOARD

The Board currently comprises four Directors, all of whom are independent, selected to ensure that a broad range of skills, knowledge and experience are available.

The day-to-day management of the Building Society is delegated to the secretaries, who are accountable to the Board.

Procedures for the appointment and removal of Directors are governed by the Building Society rules.

BOARD COMMITTEES

There are no Board committees.

BOARD MEETINGS

Regular Board meetings are held eleven times per year with additional meetings held as and when required.

MEMBERS ACCESS TO INFORMATION

The Board of Directors ensures that the Building Society members are kept informed of important developments affecting the Building Society by communicating with members through newsletters, annual reports and at the annual meeting.

Heretaunga Building Society
Statement of Comprehensive Income
For the year ended 31 March 2026

	Note	Mar-26	Mar-25
		$	$
Interest Revenue			
Advances		1,503,605	1,801,396
Bank Deposits		566,828	654,684
Investment Securities		3,103	3,120
Inland Revenue Department		-	63
Total Interest Revenue		2,073,536	2,459,263
Interest Expense			
Interest on Redeemable Shares		1,341,454	1,729,713
Total Interest Expense		1,341,454	1,729,713
Net Interest Income		732,082	729,550
Other Income			
Rent Received		215,300	215,300
Other Income		2,000	5,000
OPERATING INCOME		949,382	949,850
Operating Expenses			
Administration and Other Expenses		124,150	119,512
Audit Fees			
- Audit of the Financial Statements		80,546	69,178
- Audit Related Services - Assurance engagement on audit of register		2,633	2,250
- Audit Related Services - Assurance engagement on annual return		469	400
- Audit Related Services - Compliance reporting to Supervisor		692	550
Directors Fees		105,000	105,000
Secretarial and Office Facilities		412,655	412,500
Trust Deed Expenses		41,177	40,241
Depreciation	**9**	300	589
OPERATING EXPENSES		767,622	750,220
OPERATING PROFIT		**181,760**	**199,630**
Change in Fair Value of Investment Property	**7**	(210,000)	(140,000)
NET PROFIT / (LOSS) BEFORE TAX		**(28,240)**	**59,630**
Tax Expense	**3**	50,894	55,897
Net Profit		**(79,134)**	**3,733**
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		**(79,134)**	**3,733**

These financial statements should be read in conjunction with the notes

Heretaunga Building Society
Statement of Changes in Equity
For the year ended 31 March 2026

Mar-26	Note	Retained Earnings	General Reserve	Revaluation Reserve	Total Equity
		$	$	$	$
Opening Balance 1 April 2025		1,884,878	2,800,000	1,799,223	6,484,101
Total Comprehensive Income for Year		(79,134)	-	-	(79,134)
Transfer between Reserves		210,000	-	(210,000)	-
Closing Balance 31 March 2026	**4**	2,015,745	2,800,000	1,589,223	6,404,967
Equity % to Total Assets					16.22%

Mar-25	Note	Retained Earnings	General Reserve	Revaluation Reserve	Total Equity
		$	$	$	$
Opening Balance 1 April 2024		1,741,145	2,800,000	1,939,223	6,480,368
Total Comprehensive Income for Year		3,733	-	-	3,733
Transfer between Reserves		140,000	-	(140,000)	-
Closing Balance 31 March 2025	**4**	1,884,878	2,800,000	1,799,223	6,484,101
Equity % to Total Assets					15.65%

Heretaunga Building Society
Statement of Financial Position
As at 31 March 2026

	Note	Mar-26	Mar-25
		$	$
ASSETS			
Cash and cash equivalents	**5**	1,377,071	538,888
Short Term Bank Deposits	**5**	12,192,151	12,153,757
Investment securities	**6**	169,015	169,032
Prepayments		13,855	9,084
Investment properties	**7**	3,310,000	3,520,000
Advances on mortgage	**8**	22,429,877	25,039,387
Office equipment	**9**	357	656
TOTAL ASSETS		39,492,326	41,430,805
LIABILITIES			
Redeemable shares	**10**	32,732,445	34,566,022
Tax payable	**3**	15,74□	35,262
Trade payables		12,413	16,202
Resident withholding tax		29,448	36,270
GST		6,269	7,560
Directors fees payable	**19**	52,500	52,500
Accruals		66,210	61,600
Deferred taxation	**3**	172,325	171,289
TOTAL LIABILITIES		33,087,358	34,946,704
EQUITY			
Retained earnings	**4**	2,015,745	1,884,878
General reserve	**4**	2,800,000	2,800,000
Revaluation reserve	**4**	1,589,223	1,799,223
TOTAL EQUITY		6,404,968	6,484,101
TOTAL LIABILITIES AND EQUITY		39,492,32□	41,430,805

For and on behalf of the Board, who authorised the issue of these Financial Statements on 8 July 2026.

Director

Director

These financial statements should be read in conjunction with the notes

Heretaunga Building Society
Statement of Cash Flows
For the year ended 31 March 2026

	Note	Mar-26	Mar-25
CASH FLOWS FROM OPERATING ACTIVITIES		$	$
Cash was provided from:			
Interest received		2,080,861	2,479,323
Rent received		215,300	215,300
Other income		2,000	5,000
		2,298,161	2,699,623
Cash was applied to:			
Interest paid		(1,454,888)	(1,786,719)
Tax paid		(81,583)	(69,585)
Payments to suppliers		(761,536)	(763,165)
		(2,298,007)	(2,619,469)
NET CASH FLOWS FROM OPERATIONS BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		154	80,154
CHANGES IN OPERATING ASSETS AND LIABILITIES			
Net Cash was provided from / (applied to):			
Advances on Mortgages		2,588,059	1,034,299
Redeemable Shares		(1,726,965)	351,545
NET OPERATING CASH FLOWS	**11**	861,248	1,465,998
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Short Term Bank Deposits		(23,065)	(1,406,855)
Cash was applied to:			
Net investing cash flows		(23,065)	(1,406,855)
Total net increase in cash and cash equivalents held		838,183	59,143
Cash and cash equivalents at the beginning of the year		538,888	479,745
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**5**	1,377,071	538,888

These financial statements should be read in conjunction with the notes

Heretaunga Building Society
Notes to the Financial Statements
For the year ended 31 March 2026

1. REPORTING ENTITY

Legislative Framework

The Heretaunga Building Society (the Building Society) is a financial institution registered in New Zealand under the Building Societies Act 1965, and is a licenced financial institution under section 396 of the Financial Markets Conduct Act 2013. It is domiciled in New Zealand and its principal place of business is Avenue Road East, Hastings. The Building Society is a FMC Reporting Entity under the Financial Markets Conduct Act 2013 (the "FMCA"). As a FMC Reporting Entity, the Building Society must report in accordance with Part 7 of the FMCA and the Financial Reporting Act 2013 ((the "FRA 2013"). The financial report is a general purpose financial report for the Building Society as an individual entity which has been prepared in accordance with the FRA 2013 and the FMCA.

To meet the requirements of the Securities Act 1978 a Trust Deed was entered into on 20 December 1990 between the Building Society and Trustees Executors Limited. Trustees Executors Limited was appointed to act in the interests of the members of the Building Society by monitoring the compliance by the Building Society of its obligations under the Trust Deed. In addition, the Trustee is under a duty to exercise reasonable diligence to ascertain whether the Building Society has:
(a) committed any breach of the Trust Deed or any of the conditions of issue of the deposits; and
(b) sufficient assets to meet its obligations to depositors, as they fall due.

Nature of Business

The Building Society operates in the financial services industry, taking deposits from and providing loans to members. Members invest in the Building Society by way of redeemable shares. The shares cannot be transferred or sold. Throughout the financial statements, in keeping with their nature and the Financial Markets Conduct Act 2013, shares are classified as debt instruments. Members are able to withdraw their funds subject to certain conditions. The Building Society makes loans to members or invests funds on the members' behalf. Interest and other income are received by the Building Society and interest is paid on members' shares.

Authorisation of the Financial Statements

These financial statements are authorised for issue by the Directors on 8 July 2026.

Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and they comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for for-profit entities. They also comply with International Financial Reporting Standards (IFRS).

Basis of measurement

The financial statements have been prepared under the going concern basis which assumes the Building Society will continue to operate and be able to pay its debts as they fall due in the ordinary course of business.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

Presentation currency

The financial statements are presented in New Zealand dollars ($), which is the functional currency of the Building Society. All values are rounded to the nearest dollar, unless otherwise stated.

2. MATERIAL ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Building Society in the preparation of the financial report. The accounting policies have been consistently applied unless stated.

(a) Revenue

Interest Revenue (net of brokerage fees) on Loans and Investments
Interest income net of brokerage is recognised on a time-proportion basis using the effective interest method.

Rent Revenue from Leases

Revenue received under operating leases (net of any incentives paid to the lessee) is recognised in profit or loss on a straight-line basis over the period of the lease.

(b) Expenses

Expenses comprise interest expense on redeemable shares and operating expenses.

Interest expense is recognised on a time-proportion basis using the effective interest method.

Operating expenses are recognised over the period in which an asset is consumed (if applicable) or once a liability is created.

(c) Financial Instruments Recognition and Measurement

A financial asset or financial liability is recognised only when the Building Society becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at fair value plus or minus transaction costs. Subsequent to initial recognition these financial instruments are measured according to the classifications as set out below.

The Building Society classifies its financial instruments in the following categories:
Financial assets at fair value through profit or loss, financial assets at amortised cost, financial assets through other comprehensive income, financial liabilities at fair value through profit or loss, and financial liabilities at amortised cost. The classification depends on the Building Society's business model for the relevant financial instrument and the contractual cashflow characteristics of the financial instruments acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at every reporting date.

At the reporting date, the Building Society held financial assets at amortised cost and financial liabilities at amortised cost.

Financial assets are derecognised when the Building Society neither retains the risks and rewards or ownership nor controls the contractual rights to the cash flows from them. Financial liabilities are derecognised when the Building Society's obligation under the liability is discharged, cancelled or expires.

Financial assets are assessed for impairment at each balance date.

Financial assets at amortised cost

Financial assets at amortised cost are non derivative financial assets with fixed or determinable payments and classified as such as the business model is to collect the contractual cashflows of principal and interest. They are carried at amortised cost using the effective interest method less accumulated impairment losses. Cash and cash equivalents, accounts receivable, advances on mortgage and investment securities with contractual maturity dates are classified as financial assets at amortised cost.

2. MATERIAL ACCOUNTING POLICIES Cont'd

Financial liabilities at amortised cost

Redeemable shares are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Trade and other payables represent unsecured liabilities for goods and services provided to the Building Society prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

(d) Impairment of Financial Assets

A provision for impairment is measured based on the expected credit loss (ECL) model. The Building Society applies a three-stage model to measure the expected credit losses associated with its financial assets (advances on mortgage, investment securities and cash & cash equivalents) by assessing the changes in credit quality of those financial assets since initial recognition.

Three stage model is as follows:
- Stage 1 (12 months ECL): applies to all items that have the possible default events within 12 months after reporting date.
- Stage 2 (Lifetime ECL): represents the ECL that results from all possible default events over the expected life of a financial instrument. If a financial instrument experiences a significant increase in credit risk since initial recognition (30 days past due) then it is moved to stage 2 but is not yet deemed to be credit-impaired.
- Stage 3 (Lifetime ECL): when objective evidence of credit-impairment emerges with one or more events that have a detrimental impact on the estimated future cash flows of the financial assets (90 days past due) then the asset is considered credit impaired and moved to Stage 3.

A significant change in the credit quality of a financial asset triggers a transition from Stage 1 to Stage 2.
Refer to note 8. Advances on Mortgages for recognition and measurement of ECL along with the assumptions and significant judgement exercised.

Financial assets which are known to be uncollectible are written off as an expense in the profit or loss. These are only written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the borrowers credit rating), the previously recognised impairment loss is reversed by adjusting the allowance amount, with the reversal being recognised in the profit or loss.

For stage 1 and 2 financial instruments, the interest revenue is recognised using the effective interest rate on the gross carrying amount. For stage 3 financial instruments, the interest revenue is recognised using the effective interest rate on the net carrying amount (gross carrying amount less provision).

2. MATERIAL ACCOUNTING POLICIES Cont'd

(e) Income Tax

Income tax expense

Income tax comprises current tax, deferred tax and any adjustments for tax payable in previous periods. Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Current tax

Current tax is the expected tax payable on the income for the period based on tax rates and tax laws which are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is accounted for using the liability method. Deferred tax arises by providing for temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the equivalent amounts used for tax purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be realised. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(f) Investment Property

Investment property (property held for long term rental yields or capital appreciation) is initially recognised at cost and is subsequently measured at fair value as determined annually based on a valuation prepared by independent registered valuers. Investment property is carried at the revalued amount which is the fair value at date of revaluation.

Movements in fair value are recognised in profit or loss then any revaluation profit/(loss) is transferred from retained earnings to the revaluation reserve to show the revaluation of investment property distinct from core business earnings.

Gains or losses on disposal are recognised in profit or loss. Upon disposal any revaluation reserve relating to the particular asset being disposed of is transferred back to retained earnings.

(g) Goods and Services Tax

The principal activity of the Building Society is to provide financial services, which is a non taxable activity for GST purposes in accordance with section 14(1) (a) of The Goods and Services Tax Act 1985. With the exception of rental income from its investment property, the Building Society is treated as an end user for GST purposes. GST exclusive accounting is adopted except for non-recoverable GST which is added to expenses and office equipment. GST is included in Accounts receivable and Trade payables.

2. MATERIAL ACCOUNTING POLICIES Cont'd

(h) Critical Estimates, Judgements and Assumptions in Applying the Accounting Policies

The preparation of financial statements in conformity with NZ IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Building Society's accounting policies. The areas involving a higher degree of complexity, or areas where assumptions and estimates are significant to the financial statements are most apparent in the following areas:

Investment Property

Valuation Estimates

The investment property fair value is estimated by way of a valuation at the end of each financial year and any changes in value are recorded in the profit or loss. A professional valuation of investment properties has been undertaken at 31 March 2026, in line with the Building Society accounting policy, and the updated valuation is reflected in the financial statements.

Details of key assumptions are disclosed in Note 7 of these financial statements.

Impairment of Advances on Mortgage

Notwithstanding the Building Society's historic record in respect of maintaining its advances on mortgage, the directors and management constantly review the risk and likelihood of impairment occurring. The rationale and assumptions applied to this review process are set out in Note 8.

The Directors have considered the current economic climate and its impact on the advances on mortgage and potential impairment.

(i) Changes in Accounting Policies

There have been no changes to accounting policies. All policies have been consistently applied.

(j) Standards Issued But Not Yet Effective

NZ IFRS 18 - Presentation and disclosure in the financial statements: Introduces changes to the presentation of the Statement of Profit or Loss with mandatory subtotals and has enhanced requirements for aggregation and disaggregation of income and expenses into defined categories. This new standard is mandatory for annual periods beginning on or after 1 January 2027. The adoption of this new standard is expected to have a material disclosure impact on the Building Society.

3 TAXATION

(A) CURRENT PERIOD TAX	Mar-26	Mar-25
	$	$
Profit / (loss) before tax	(28,240)	59,630
Fair Value Movement - Investment Properties	210,000	140,000
Tax Depreciation on Buildings	(10,182)	(11,336)
Other temporary differences	6,494	43,766
Taxable Surplus	178,072	232,060
Tax at 28%	49,860	64,977
Current Period Tax Charge	49,860	64,977
Effective Tax Rate	28%	28%
Comprising		
Current tax payable	49,860	64,977
Deferred tax	1,033	(9,080)
TOTAL TAX EXPENSE	**50,893**	**55,896**
Tax Payable at start of year	35,262	26,244
Less: Tax Paid	(69,373)	(55,959)
Current Tax Payable	49,860	64,977
TAX PAYABLE AT END OF YEAR	**15,749**	**35,262**

(B) DEFERRED TAX LIABILITY

Mar-26	Depreciation	Total
	$	$
Balance at beginning of year	171,289	171,289
Current period movement	1,033	1,033
BALANCE AT END OF YEAR	**172,322**	**172,322**

Mar-25	Depreciation	Total
	$	$
Balance at beginning of year	180,369	180,369
Current period movement	(9,080)	(9,080)
BALANCE AT END OF YEAR	**171,289**	**171,289**

4 EQUITY

The nature and purpose of each reserve is as follows:

Retained earnings:	The undistributed profits of the Building Society that have not been transferred to another reserve.
General reserve:	A reserve set aside to ensure the equity of the Building Society is sufficient to cover required reserve ratios. Refer note 12(e) for details.
Revaluation reserve:	A reserve to maintain the cumulative difference between the fair value and cost of investment property. The revaluation amount in each year is transferred to this reserve from Retained Earnings.

5 CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSITS

	Mar-26	Mar-25
	$	$
NZ Registered Bank balance	1,377,071	538,888
TOTAL CASH AND CASH EQUIVALENTS	**1,377,071**	**538,888**
Short-term bank deposits with initial maturities greater than 90 days	12,192,151	12,153,757
TOTAL SHORT-TERM BANK DEPOSITS	**12,192,151**	**12,153,757**

All balances are available within 12 months. The bank deposits are liquidity funds held by the Building Society and comprise notice saver accounts and term deposits.

Short-term bank deposits with initial maturities greater than 90 days and held for liquidity purposes are separately classified as they do not meet the definition of Cash & Cash Equivalents.

Two of the operational bank accounts are set off by the bank for debt and interest purposes. The bank accounts are not offset for financial reporting purposes.

The effective interest rates on short term deposits held as at 31 March 2026 were in the range of 3.45% to 4.20% (31 March 2025: 4.40% to 6.30%) with a weighted average of 3.80% (31 March 2025: 5.16%).

6 INVESTMENT SECURITIES

	Mar-26	Mar-25
(New Zealand debt exchange listed securities)	$	$
Opening Balance	169,032	169,032
Accrued Interest Movement	(17)	-
CLOSING BALANCE	**169,015**	**169,032**

7. INVESTMENT PROPERTIES

	Mar-26	Mar-25
(A) CLASSES OF INVESTMENT PROPERTY	$	$
Freehold land (at valuation)	1,945,000	1,935,000
Buildings (at valuation)	1,365,000	1,585,000
TOTAL INVESTMENT PROPERTIES	**3,310,000**	**3,520,000**
(B) MOVEMENTS IN CARRYING AMOUNTS		
Carrying value at the beginning of the year	3,520,000	3,660,000
Purchases	-	-
Revaluation movement recognised in profit or loss	(210,000)	(140,000)
Carrying value at the end of the year	**3,310,000**	**3,520,000**

(C) VALUATION DETAILS

Fair value is determined by Kirsty Miller BBS , SPINZ, ANZIV a registered valuer from Williams Harvey Limited, Hastings effective 31 March 2026. A Director and Shareholder of Williams Harvey Limited, Paul Harvey, is a Director of the Building Society. He has no involvement in undertaking the valuation. The fair value is determined using the income approach checked against a market approach. The income approach has two methods being the capitalisation of income method and the discounted cash flows method. The fair values resulting from the investment approach are then compared with the value implied by recent market transactions as a secondary check.

Investment property details are as follows:

The Avenue Road Building is at a fair value of $3,310,000 (2025 - $3,520,000).
Market rental income has been capitalised at an adopted rate of 6.65% (2025 – 6.26%).
Cash flows have been discounted at a rate of 7.50% (2025 - 7.75%) with an adopted terminal yield of 6.50% (2025 – 6.25%)

The investment property is a commercial office building which generated revenue during the year. Direct property expenses are paid by the tenant (Brown Webb Richardson Ltd – refer note 20 for details). The current lease to Brown Webb Richardson Limited expires on 30 September 2026. The valuation assumes that the building meets 80% of New Building Standard (NBS), no significant future capital expenditure and no on-site asbestos contamination. The assessed valuation was undertaken on this basis.

The investment property is Level 3 on the fair value hierarchy. Refer to Note 18 for details of the fair value hierarchy.

Assessing the fair value of investment property involves the use of variables with an element of estimation (eg capitalisation rates, discount rates). The sensitivity range of indicative market values calculated by the valuer are set out below:

- Capitalisation rate range 6.20% to 6.80% gives a valuation range of $3,475,000 to $3,165,000
- Discount rate range 7.00% to 8.00% gives a valuation range of $3,430,000 to $3,190,000

8. ADVANCES ON MORTGAGE

	Mar-26		Mar-25	
(A) SUMMARY	**$**	**%**	**$**	**%**
Secured Advances	22,429,877		25,039,387	
Less: Provision for Expected Credit Loss	-		-	
	22,429,877		**25,039,387**	
(B) ANALYSIS				
Residential	19,143,270	85%	20,945,707	84%
Commercial	1,613,964	7%	1,807,879	7%
Rural	1,672,643	7%	2,285,801	9%
TOTAL	**22,429,877**	**100%**	**25,039,387**	**100%**

	LVR Ranges	Mar-26		Mar-25	
		$	**#**	**$**	**#**
Residential (Policy Maximum 80%)	80% - 70%	1,928,596	6	2,932,786	7
	70% - 60%	1,721,850	4	1,657,946	5
	Less than 60%	15,492,824	58	16,354,975	59
Commercial (Policy Maximum 60%)	60% - 50%	-	-	-	-
	50% to 40%	-	-	-	-
	Less than 40%	1,613,964	4	1,807,879	4
Rural (Policy Maximum 50%)	50% - 40%	299,864	1	301,291	1
	40% - 30%	-	-	1,984,510	2
	Less than 30%	1,372,779	2	-	-
		22,429,877	75	25,039,387	78

	Mar-26		Mar-25	
	$	**%**	**$**	**%**
(C) GEOGRAPHICAL CONCENTRATION				
Hawkes Bay	18,991,188	85%	21,329,264	85%
Taupo	338,464	2%	1,395,610	6%
Auckland	461,167	2%	463,500	2%
Wellington	70,380	0%	70,898	0%
North Island - Other	1,797,096	8%	804,640	3%
South Island	771,582	3%	975,475	4%
TOTAL	22,429,877	100%	25,039,387	100%

(D) CREDIT QUALITY - AGING ANALYSIS		
All advances are secured by 1st Mortgage		
Fully compliant advances	20,546,480	22,146,689
Past due not impaired advances		
Up to 30 days	1,883,397	2,880,746
31 - 60 days	-	-
61 days - 90 days	-	-
90 days and over	-	11,952
	1,883,397	2,892,698
Less: Provision for Expected Credit Loss	-	-
	22,429,877	25,039,387

(E) CREDIT IMPAIRMENT

The Building Society seeks to provide credit across its core membership base, primarily in the form of residential first mortgages. The Building Society only offers credit to sound customers that have the intent, willingness and ability to repay.

The Building Society manages its credit exposures by maintaining an awareness of the prevailing economic conditions, monitoring repayment requirements and communicating closely with borrowers when necessary.

Impairment is assessed using an Expected Credit Loss (ECL) model where ECL represents the Building Society's assessment of the present value of the cash flow shortfall expected to arise following a counterparty's default in relation to financial assets held by the Building Society. A cash flow shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the asset and the actual cash flows that the Building Society expects to receive.

The following indicators are incorporated in the calculation of PD and LGD:

- actual or expected significant changes in the financial circumstances of the borrower
- significant changes in the value of the collateral supporting the loan obligation
- significant adverse changes in business or economic conditions
- historical loss experience

A significant increase in credit risk is considered to have occurred when the borrower meets one or more of the following criteria:
- direct debit cancellation or dishonour
- extension of the terms granted
- arrears of repayments in excess of 30 days within the last 12 months
- significant adverse changes in business or economic conditions in which the borrower operates.

The Building Society considers the underlying value of securities and credit assessments on borrowers while assessing the lifetime expected credit loss.
The Building Society uses three categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories. A summary of the assumptions underpinning the expected credit loss model is as follows:

Category	Key Assumptions	Basis for recognition of expected credit loss provision
Stage 1	Loans from borrowers with a strong capacity to meet contractual cash flows	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage 2	Loans for which there is a significant increase in credit risk which is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Stage 3	Loans which are deemed credit impaired with all of the following characteristics - they are over 90 days past due in making a contractual payment and, - there is objective evidence of the events that indicate the borrower is in significant financial difficulty and - the Building Society has exhausted all options to rehabilitate a mortgage debt and/or expects to incur a loss.	Lifetime expected losses along with impaired assets being specifically provided for on an individual basis.
Write-off	Loans are written off when there is no reasonable expectation of recovery	Loan less any related provision is written off.

The Building Society accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. Management has assessed at 31 March 2026 that there is no requirement for any provision for expected credit losses (31 March 2025 $nil). No significant changes to estimation techniques or assumptions were made during the reporting period.

As at 31 March 2026	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Specific Loans Stage 3 Lifetime ECL	Total
Advances					
Advances on mortgages (gross)	22,429,877	-	-	-	22,429,877
Commitments to Advance	1,638,727	-	-	-	1,638,727
Maximum Exposure	24,068,604	-	-	-	24,068,604
Advances on mortgages (net of provision)	22,429,877	-	-	-	22,429,877
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%
Other financial assets					
Cash and cash equivalent	1,377,071	-	-	-	1,377,071
Short-term bank deposits	12,192,151	-	-	-	12,192,151
Investment securities	169,015	-	-	-	169,015
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%

As at 31 March 2025	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Specific Loans Stage 3 Lifetime ECL	Total
Advances					
Advances on mortgages (gross)	25,027,435	11,952	-	-	25,039,387
Commitments to Advance	569,438	-	-	-	569,438
Maximum Exposure	25,596,873	11,952	-	-	25,608,825
Advances on mortgages (net of provision)	25,027,435	11,952	-	-	25,039,387
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%
Other financial assets					
Cash and cash equivalent	538,888	-	-	-	538,888
Short-term bank deposits	12,153,757	-	-	-	12,153,757
Investment securities	169,032	-	-	-	169,032
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%

The weighted average loan to valuation ratio (LVR) of the Building Society's advances (based on loan security valuations on origination of the loan) as at 31 March is as follows:

	Mar-26	Mar-25
- Residential	39.11%	43.75%
- Commercial	31.73%	27.45%
- Rural	26.78%	34.48%

The Building Society lends within its policy limits therefore there is a buffer in the event it becomes necessary to enforce loan security rights.

Based on the Building Society's policies and practices, and its historical impairment losses (nil) it is considered there is a very low likelihood of expected credit loss. As a result no impairment provision has been recognised.

The Building Society has first ranking mortgages and low LVR on loans advanced mitigating the potential credit risk. There have been no significant change in the overall quality of the collateral held by the Building Society since the prior period.

Management has undertaken sensitivity analysis applying a higher probability of default against at risk loans and reducing underlying security valuations using the latest e-valuations obtained in March 2026 to identify the potential financial impact:

- a 2% probability of default would result in a loss of $7,791 (2025 - $11,509)
- a 5% probability of default would result in a loss of $19,478 (2025 - $28,772)
- a 10% drop in property values would result in a potential loss of $22,158 (2025 - $8,828)
- a 25% drop in property values would result in a potential loss of $145,493 (2025 - $10,730)

The above sensitivity analysis has been applied to loans which are considered to have a higher risk due to their LVR's exceeding 70%, their terms being interest only or their maturity being over 15 years. The analysis factors in the expected selling costs of the property.

	Mar-26 $	Mar-25 $
9. OFFICE EQUIPMENT		
(A) OFFICE EQUIPMENT		
At cost	62,423	62,423
Accumulated depreciation	(62,066)	(61,767)
TOTAL OFFICE EQUIPMENT	**357**	**656**
(B) MOVEMENTS IN CARRYING AMOUNTS		
Balance at beginning of period	657	1,245
Purchases during the year	-	-
Depreciation Expense	(300)	(589)
CARRYING AMOUNT AT END OF PERIOD	**357**	**656**
10. REDEEMABLE SHARES		
Call shares	4,257,838	3,084,874
Term shares	28,474,607	31,481,148
TOTAL SHARES	**32,732,445**	**34,566,022**

Term shares are invested for terms between one to 24 months. At 31 March 2026 interest rates on term shares ranged from 3.05% to 6.10% (31 March 2025 – 3.70% to 6.35%).

Call shares interest rates at 31 March 2026 ranged from 0.70% to 0.90% (31 March 2025 – 0.70% to 0.90%).

11 CASH FLOW STATEMENT RECONCILIATION

	Mar-26 $	Mar-25 $
Reconciliation of cash flow from operating activities with operating profit		
Net Operating Profit after Tax	(79,134)	3,733
Non Cash Items		
Depreciation	300	589
Deferred Tax	1,033	(9,080)
Decrease / (Increase) in Fair Value of Investment Property	210,000	140,000
Changes in operating Assets and Liabilities		
(Increase) / decrease in Prepayments	(4,771)	(2,171)
(Increase) / decrease in Accrued Interest Receivable	(2,232)	(5,476)
Increase / (decrease) in Taxation Payable	(19,513)	9,018
Increase / (decrease) in Accounts Payable	(7,292)	(36,461)
Increase / (decrease) in Accrued Interest Payable	(106,612)	(47,223)
Increase / (decrease) in Accrual for Directors' Fees	-	8,000
Net decrease / (increase) in Advances on Mortgage	2,596,431	1,053,522
Net (decrease) / increase in Redeemable Shares	(1,726,963)	351,545
NET OPERATING CASHFLOW	**861,247**	**1,465,996**

12 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board has endorsed a policy of compliance and risk management to suit the risk profile of the Building Society. Key risk management policies encompassed in the overall risk management framework include:

- Liquidity risk management
- Market risk management
- Credit risk management
- Capital adequacy management

The Building Society has undertaken the following strategies to minimise the risks arising from financial instruments:

(a) Liquidity risk

Liquidity risk is the risk that the Building Society may encounter difficulties raising funds to meet commitments associated with financial liabilities. It is the policy of the Board of Directors that the Building Society maintains adequate cash reserves and committed credit facilities (refer note 21) so as to meet member withdrawal demands when requested.

The Building Society manages liquidity risk by:

- Continuously monitoring forecast and actual daily cash flows
- Reviewing the maturity profiles of financial assets and liabilities
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities

The Building Society's policy is to maintain at least 15% of total assets less equity as liquid assets (i.e. cash and cash equivalents, short-term bank deposits, investment securities and standby bank facilities) capable of being converted to cash within 30 days. Should the liquidity ratio fall below this level, the management and board are to address the matter and ensure that liquid funds are obtained from new deposits or borrowing facilities available.

	Mar-26	Mar-25
Liquidity Ratio (including Bank facilities)	43%	38%

12. RISK MANAGEMENT OBJECTIVES AND POLICIES – Cont'd

(a) Liquidity risk - cont'd

The ability to demand repayment of all member mortgage advances provides the Building Society with potential access to funds if some or all members' redeemable shares required repayment. The Building Society also has bank facilities (refer Note 21). The Maturity Profile – (note 13) provides more detail of liquidity risk.

Priority of Creditors Claims

In liquidation or insolvency, claims by redeemable shareholders will rank equally with other redeemable shareholders, and behind unsecured creditors and those creditors given priority by law.

(b) Market risk

The Building Society is exposed to interest rate risk arising from changes in market interest rates. The Building Society is not exposed to any currency risk. The Building Society does not trade in the financial instruments it holds on its books.

Interest rate risk is the risk of loss to the Building Society arising from adverse changes in interest rates. The Building Society is exposed to interest rate risk in respect of its following activities: borrowing from and lending to customers and investing in money market instruments. Changes in interest rates can impact the Building Society's financial results by affecting the spread earned on interest earning assets and interest paying liabilities and impacting on the market value of other financial instruments held.

The policy of the Building Society to manage the risk is to maintain a balanced "on book" strategy by ensuring the net interest rate gaps between financial assets and liabilities are not excessive.

The interest repricing profile and interest sensitivity analysis details are provided in Note 14.

(c) Credit risk – Advances on Mortgage

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Building Society incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Building Society

The nature of the Building Society's activities as a financial intermediary necessitates the Building Society dealing in financial instruments that contain an inherent element of credit risk. Credit exposure means the amount of the maximum loss that the Building Society could incur as a result of the counterparty to a contract failing to discharge its obligations, without taking into account the value of collateral, guarantees, indemnities, other support arrangements and any potential recoveries. The Building Society's activities are conducted within the bounds of prudent and conservative banking practice.

Loans can only be made to Building Society members. The Building Society has a lending policy that requires various levels of security for loans.

The Building Society has established policies or procedures over the:

- Credit assessment and approval of loans and facilities covering acceptable risk assessment and security requirements. Maximum loan to value ratios are 80% (Residential), 60% (Commercial) and 50% (Rural).
- Limits of exposure over the value to individual borrowers, commercial lending and concentrations to geographic and industry groups considered at high risk of default
- Reassessing and review of the credit exposures on loans and facilities
- Establishing appropriate provisions to recognise the impairment of loans
- Debt recovery procedures.

The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken. All loans require a first registered mortgage as collateral security which the Building Society can enforce by disposing of the secured assets in the event of default. The Board policy is to maintain the loans in well secured mortgages.

Refer Note 15 for further details of credit risk.

12. RISK MANAGEMENT OBJECTIVES AND POLICIES – Cont'd

(d) Credit risk – Investment securities, short-term bank deposits and cash and cash equivalents

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Building Society incurring a financial loss. This occurs when debtors fail to settle their obligations owing to the Building Society.

The Board policy is to place the investments either with New Zealand registered banks or other board approved entities which carry an investment grade rating (BBB). The maximum investment with any one New Zealand registered bank is not to exceed $6,000,000. In 2026 no breaches were recorded (2025 - no breaches).

The risk of losses from the liquid investments undertaken is reduced by the nature and quality of the independent rating of the investee and the limits to concentration on one entity.

Refer Note 15 for further details of credit risk.

(e) Capital management

To manage the Building Society's capital (referred to as equity in the statement of financial position), which can be affected by excessive growth and by changes in total assets, the Building Society regularly reviews the capital adequacy ratio to ensure it is above 12% and monitors major movements in the asset levels.

The capital adequacy requirement is defined and set out in the Deposit Takers (Credit Ratings, Capital Ratios and Related Party Exposures) Regulations 2016 and Non Bank Deposit Takers (Credit Rating Minimum Threshold) Exemption Notice 2016 is incorporated into the Trust Deed. The minimum required capital adequacy ratio for the Building Society is 12%. The capital adequacy ratio at balance date is 20.71% (31 March 2025 – 19.42%). The Society has complied with the Capital adequacy requirement throughout the year.

13. MATURITY PROFILE

Monetary assets and liabilities have differing maturity profiles depending on the contractual term, and in case of loans the repayment amount and frequency. The associated table shows the period in which different financial assets and liabilities held will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding will be repaid based on the remaining period to the repayment date assuming contractual repayments are maintained.

The Contractual Maturity Profile indicates a significant liquidity deficiency for the 1 to 3 month, 3 to 6 month and 6 to 12 month periods from 31 March 2026. In order to help manage the potential mismatch and meet its obligations as they fall due the Building Society has available credit facilities with its bank (refer note 21 for details). Further, no account is taken of possible early loan repayments and all loans to members are payable on demand. The contractual profile assumes that all shares are repaid when they mature.

The Expected Maturity Profile has been prepared on the following basis:

- Cash & cash equivalents have been calculated to ensure a positive net liquidity gap;
- Advances on mortgage have been calculated based on contractual repayments increased by estimated early repayments spread on a straight line basis;
- Redeemable shares have been calculated as being reinvested at an average rate of 93% during the year. This compares favourably with the recent historical reinvestment rates. Based on experience for the past two years the Building Society normally achieves high re-investment rates as follows 31 March 2026 - 93%, (31 March 2025 – 95%).
- Short-term bank deposits are assumed to be reinvested.

13. MATURITY PROFILE

Mar-26	CONTRACTUAL MATURITY TIMEFRAME								
	On Demand	Within 1 Month	1 – 3 Months	3 – 6 Months	6 – 12 Months	1 – 2 Years	2 – 5 Years	Over 5 Years	Total
MONETARY ASSETS									
Cash and Cash Equivalents	1,367,769	-	9,302	-	-	-	-	-	1,377,071
Short-term Bank Deposits		1,018,331	4,101,248	4,053,202	3,019,370	-	-	-	12,192,151
Investment Securities		-	-	-	-	169,015	-	-	169,015
Advances on Mortgage		383,705	757,645	550,177	1,559,863	3,086,796	6,154,514	9,937,177	22,429,877
Interest Receivable									
Cash and cash equivalents		2,616	52	-	-	-	-	-	2,667
Short-term Bank Deposits		959	20,520	52,427	96,130	-	-	-	170,036
Investment securities		260	520	780	1,560	1,560	-	-	4,680
Advances on mortgage		77,659	214,912	311,781	596,541	1,053,674	2,273,954	4,737,118	9,265,639
Interest Receivable – sub total	-	81,493	236,004	364,988	694,231	1,055,234	2,273,954	4,737,118	9,443,022
TOTAL MONETARY ASSETS	1,367,769	1,483,529	5,104,199	4,968,367	5,273,464	4,311,045	8,428,467	14,674,295	45,611,136
MONETARY LIABILITIES									
Trade Payables		12,413							12,413
Redeemable Shares	4,257,838	3,704,535	9,901,607	5,736,973	7,821,990	1,309,502			32,732,445
Interest Payable		27,924	87,548	31,502	225,317	75,738			448,030
TOTAL MONETARY LIABILITIES	4,257,838	3,744,872	9,989,156	5,768,475	8,047,307	1,385,240	-	-	33,192,887
NET MONETARY ASSETS	(2,890,069)	(2,261,342)	(4,884,957)	(800,108)	(2,773,843)	2,925,805	8,428,467	14,674,295	12,418,249
Unrecognised Mortgage Commitments (Refer Note 20)		(1,638,727)							(1,638,727)
Net Liquidity Gap	(2,890,069)	(3,900,069)	(4,884,957)	(800,108)	(2,773,843)	2,925,805	8,428,467	14,674,295	10,779,522
NET LIQUIDITY GAP – CUMULATIVE	(2,890,069)	(6,790,138)	(11,675,095)	(12,475,203)	(15,249,046)	(12,323,241)	(3,894,773)	10,779,522	

13. MATURITY PROFILE – Cont'd

Mar-25	CONTRACTUAL MATURITY TIMEFRAME								
	On Demand	Within 1 Month	1 – 3 Months	3 – 6 Months	6 – 12 Months	1 – 2 Years	2 – 5 Years	Over 5 Years	Total
MONETARY ASSETS									
Cash and Cash Equivalents	535,588	-	3,299	-	-	-	-	-	538,887
Short-term Bank Deposits		2,034,212	2,062,408	3,043,812	5,013,326	-	-	-	12,153,758
Investment Securities		-	-	-	-	-	169,032	-	169,032
Advances on Mortgage		878,763	67,240	753,234	690,334	2,416,534	9,512,509	10,720,773	25,039,387
Interest Receivable									
Cash and cash equivalents	-	1,095	11	-	-	-	-	-	1,106
Short-term Bank Deposits	-	3,999	28,694	52,672	169,026	-	-	-	254,390
Investment securities	-	260	520	780	1,560	3,120	1,560	-	7,800
Advances on mortgage	-	83,696	278,570	416,246	782,929	1,513,980	3,293,920	7,596,645	13,965,986
Interest Receivable – sub total	-	89,050	307,795	469,698	953,515	1,517,100	3,295,480	7,596,645	14,229,282
TOTAL MONETARY ASSETS	535,588	3,002,024	2,440,742	4,266,744	6,657,175	3,933,634	12,977,021	18,317,418	52,130,346
MONETARY LIABILITIES									
Trade Payables		16,202					-	-	16,202
Redeemable Shares	3,084,874	5,104,201	9,413,002	8,062,258	6,928,052	1,973,636	-	-	34,566,022
Interest Payable		71,669	96,668	67,634	278,785	142,694	-	-	657,450
TOTAL MONETARY LIABILITIES	3,084,874	5,192,072	9,509,670	8,129,892	7,206,836	2,116,330	-	-	35,239,674
NET MONETARY ASSETS	(2,549,286)	(2,190,047)	(7,068,928)	(3,863,148)	(549,662)	1,817,304	12,977,021	18,317,418	16,890,672
Unrecognised Mortgage Commitments (Refer Note 20)	-	(569,438)	-	-	-	-	-	-	(569,438)
Net Liquidity Gap	(2,549,286)	(2,759,485)	(7,068,928)	(3,863,148)	(549,662)	1,817,304	12,977,021	18,317,418	16,321,234
NET LIQUIDITY GAP – CUMULATIVE	(2,549,286)	(5,308,771)	(12,377,699)	(16,240,847)	(16,790,509)	(14,973,205)	(1,996,184)	16,321,234	

13. MATURITY PROFILE – Cont'd

Mar-26	EXPECTED MATURITY TIMEFRAME									
	Effective Interest	On Demand	Within 1 Month	1 – 3 Months	3 – 6 Months	6 – 12 Months	1 – 2 Years	2 – 5 Years	Over 5 Years	Total
MONETARY ASSETS										
Cash and Cash Equivalents	0.93%	-	-	-	-	-	-	-	1,377,071	1,377,071
Short-term Bank Deposits	3.80%	-	1,000,000	2,000,000	-	-	-	-	9,192,151	12,192,151
Investment Securities	1.56%	-	-	-	-	-	169,015	-	-	169,015
Advances on Mortgage	5.95%	-	483,705	957,645	850,177	2,159,863	4,286,796	9,754,514	3,937,177	22,429,877
Interest Receivable										
Cash and cash equivalents			1,067	2,134	3,202	6,403	12,807	38,420	89,647	153,681
Short-term Bank Deposits			35,442	58,217	87,325	174,651	349,302	1,047,905	2,445,112	4,197,954
Investment securities			220	439	659	1,318	-	-	-	2,637
Advances on mortgage			74,223	212,885	305,881	566,988	942,188	1,573,376	1,639,834	5,315,375
Interest Receivable – sub total		-	110,951	273,675	397,067	749,360	1,304,296	2,659,702	4,174,594	9,669,647
TOTAL MONETARY ASSETS		-	1,594,657	3,231,321	1,247,244	2,909,224	5,760,107	12,414,216	18,680,993	45,837,760
MONETARY LIABILITIES										
Trade Payables		-	12,413	-	-	-	-	-	-	12,413
Redeemable Shares	3.74%	-	364,956	2,737,005	562,703	782,199	4,002,177	9,725,290	14,558,114	32,732,445
Interest Payable			46,477	83,286	164,474	536,254	983,040	2,179,009	3,811,314	7,803,854
TOTAL MONETARY LIABILITIES		-	423,846	2,820,291	727,177	1,318,453	4,985,217	11,904,299	18,369,429	40,548,712
NET MONETARY ASSETS		-	1,170,810	411,030	520,067	1,590,771	774,890	509,917	311,564	5,289,048
Unrecognised Mortgage Commitments (Refer Note 20)		-	(300,000)	(500,000)	(100,000)	(250,000)	(250,000)	(200,000)	(38,727)	(1,638,727)
Net Liquidity Gap		-	870,810	(88,970)	420,067	1,340,771	524,890	309,917	272,837	3,650,321
NET LIQUIDITY GAP – CUMULATIVE		-	870,810	781,840	1,201,907	2,542,678	3,067,568	3,377,484	3,650,321	

13. MATURITY PROFILE – Cont'd

Mar-25	Effective Interest Rate	On Demand	Within 1 Month	1 – 3 Months	3 – 6 Months	6 – 12 Months	1 – 2 Years	2 – 5 Years	Over 5 Years	Total
			EXPECTED MATURITY TIMEFRAME							
MONETARY ASSETS										
Cash and Cash Equivalents	2.46%	-	-	-	-	-	-	-	538,887	538,887
Short-term Bank Deposits	5.16%	-	1,000,000	2,000,000	-	-	-	-	9,153,758	12,153,758
Investment Securities	1.56%	-	-	-	-	-	-	169,032	-	169,032
Advances on Mortgage	7.10%	-	978,763	267,240	1,053,234	1,290,334	3,616,534	13,112,509	4,720,773	25,039,387
Interest Receivable										
Cash and cash equivalents		-	1,105	2,209	3,314	6,628	13,257	39,770	92,796	159,079
Short-term Bank Deposits		-	47,961	78,722	118,083	236,167	472,334	1,417,002	3,306,337	5,676,607
Investment securities		-	220	439	659	1,318	2,637	-	-	5,274
Advances on mortgage		-	88,996	283,136	412,985	784,372	1,394,550	2,402,007	2,346,224	7,712,271
Interest Receivable – sub total		-	138,282	364,507	535,042	1,028,486	1,882,777	3,858,778	5,745,358	13,553,231
TOTAL MONETARY ASSETS		-	2,117,045	2,631,748	1,588,276	2,318,819	5,499,311	17,140,320	20,158,776	51,454,295
MONETARY LIABILITIES										
Trade Payables		-	16,202	-	-	-	-	-	-	16,202
Redeemable Shares	4.74%	-	502,791	1,510,916	790,967	692,805	3,147,731	7,648,986	20,271,826	34,566,022
Interest Payable			59,250	110,546	228,473	744,534	1,398,048	3,426,497	6,726,192	12,693,539
TOTAL MONETARY LIABILITIES		-	578,243	1,621,461	1,019,440	1,437,339	4,545,779	11,075,483	26,998,018	47,275,763
NET MONETARY ASSETS		-	1,538,802	1,010,286	568,836	881,480	953,533	6,064,837	(6,839,242)	4,178,532
Unrecognised Mortgage Commitments (Refer Note 20)		-	-	(569,438)	-	-	-	-	-	(569,438)
Net Liquidity Gap		-	1,538,802	440,848	568,836	881,480	953,533	6,064,837	(6,839,242)	3,609,094
NET LIQUIDITY GAP – CUMULATIVE		-	1,538,802	1,979,650	2,548,486	3,429,966	4,383,499	10,448,336	3,609,094	

14. INTEREST REPRICING PROFILE AND INTEREST SENSITIVITY ANALYSIS

Interest rate repricing

The Building Society's interest rate repricing timeframes are set out below. The effective weighted average interest rate on classes of financial assets and financial liabilities are also included in the table below. Only interest sensitive financial assets and liabilities have been included.

		REPRICING TIMEFRAME				
Mar-26	**Weighted average Rate %**	**0 - 6 Months**	**6 - 12 Months**	**1 - 2 years**	**>2 years**	**Total**
		MONETARY ASSETS				
Cash and Cash Equivalents	0.93%	1,377,071	-	-	-	1,377,071
Short-Term Bank Deposits	3.80%	9,172,781	3,019,370	-	-	12,192,151
Investment Securities	1.56%	-	-	169,015	-	169,015
Advances on Mortgage	5.95%	11,125,031	6,144,394	5,160,452	-	22,429,877
TOTAL MONETARY ASSETS		21,674,883	9,163,764	5,329,467	-	36,168,114
		MONETARY LIABILITIES				
Redeemable Shares	3.74%	23,600,953	7,821,990	1,309,502	-	32,732,445
TOTAL MONETARY LIABILITIES		23,600,953	7,821,990	1,309,502	-	32,732,445
TOTAL MISMATCH		(1,926,070)	1,341,774	4,019,965	-	3,435,669
Mar-25						
		MONETARY ASSETS				
Cash and Cash Equivalents	2.46%	538,887	-	-	-	538,887
Short-Term Bank Deposits	5.16%	7,140,432	5,013,326	-	-	12,153,758
Investment Securities	1.56%	-	-	-	169,032	169,032
Advances on Mortgage	7.10%	11,699,346	10,193,097	3,146,944	-	25,039,387
TOTAL MONETARY ASSETS		19,378,665	15,206,423	3,146,944	169,032	37,901,064
		MONETARY LIABILITIES				
Redeemable Shares	4.74%	25,664,334	6,928,052	1,973,636	-	34,566,022
TOTAL MONETARY LIABILITIES		25,664,334	6,928,052	1,973,636	-	34,566,022
TOTAL MISMATCH		(6,285,669)	8,278,371	1,173,308	169,032	3,335,042

14. INTEREST REPRICING PROFILE AND INTEREST SENSITIVITY ANALYSIS

Sensitivity Analysis

The following table summarises the sensitivity of the Building Society's financial assets and financial liabilities to 1% movement in interest rates on the Building Society's financial results and position.

	31-Mar-26			31-Mar-25		
	Carrying Amount	-1% Profit and Equity	+1% Profit and Equity	Carrying Amount	-1% Profit and Equity	+1% Profit and Equity
	$	$	$	$	$	$
FINANCIAL ASSETS						
Cash and Cash Equivalents	1,377,071	(13,755)	13,755	538,887	(5,383)	5,383
Short-Term Bank Deposits	12,192,151	(76,817)	76,817	12,153,758	(68,238)	68,238
Investment Securities	169,015	-	-	169,032	0	0
Advances on Mortgage	22,429,877	(105,136)	105,136	25,039,387	(118,400)	118,400
		(195,708)	195,708		(192,021)	192,021
FINANCIAL LIABILITIES						
Redeemable Shares	32,732,445	(204,274)	204,274	34,566,022	(217,515)	217,515
		8,566	(8,566)		25,494	(25,494)
Less: Taxation		2,398	(2,398)		7,138	(7,138)
NET IMPACT		6,168	(6,168)		18,356	(18,356)

Assumptions:
The method used in determining the sensitivity was to evaluate the profit based on the timing of the interest repricing on loans and bank deposits for the next 12 months. The assumptions applied were that:

- The interest rate change would be applied equally over all the financial assets.
- The rate change would be as at the beginning of the 12-month period and no other rate changes would be effective during the year.
- Short-term bank deposits and investment securities would all reprice to the new interest rate at the term maturity, or be replaced by deposit with similar terms and rates applicable.
- The value and mix of mortgage loans will be unchanged.
- Impaired loans would not generate a profit effect from interest rate changes.

15. CREDIT RISKS

(a) Maximum credit risk exposure

The Building Society's maximum credit risk exposure, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset, is the carrying amount of those assets as indicated in the Statement of Financial Position.

	Mar-26	Mar-25
	$	$
Cash and Cash Equivalents	1,377,071	538,887
Short-Term Bank Deposits	12,192,151	12,153,758
Investment Securities	169,015	169,032
Advances on Mortgage	22,429,877	25,039,387
Outstanding loan commitments	1,638,727	569,438
	37,806,841	38,470,502

(b) Concentrations of credit risk

Credit risk is currently managed in accordance with policies to reduce the Building Society's exposure to potential failure of counterparties to meet their obligations under the contract or arrangement.

The Building Society considers there is no concentration of credit risk on Advances on Mortgage with respect to customer, industry or economic sector as the Building Society has a large, diversified number of loans. Advances on mortgages are concentrated in Hawke's Bay (refer Note 8). The Building Society considers there is no concentration of credit risk on investment securities or cash and cash equivalents with respect to industry or economic sector as the Building Society spreads its investments and cash deposits across various well rated banks with Standard and Poors (or equivalent) rating of BBB or better. There are five counterparties for investment securities and cash and cash equivalents and short-term bank deposits.

All counterparties to financial assets are based in New Zealand.

(c) Large counterparties

The Building Society has exposure to counterparties in excess of 10% of equity as follows:

	Advances on Mortgage		Cash and Cash Equivalents short-term bank deposits and Investment securities	
	31/03/2026	31/03/2025	31/03/2026	31/03/2025
Greater than 100% of equity				
Between 90% and 100% of equity				
Between 80% and 90% of equity				
Between 70% and 80% of equity			1	
Between 60% and 70% of equity				2
Between 50% and 60% of equity				
Between 40% and 50% of equity			2	1
Between 30% and 40% of equity		1	1	
Between 20% and 30% of equity	3	1		
Between 10% and 20% of equity	5	7		1

16. CURRENT AND NON-CURRENT DISCLOSURES

	Mar-26	Mar-25
Current and non-current assets and liabilities		
Current assets		
Cash and cash equivalents	1,377,071	538,887
Short-Term bank deposits	12,192,151	12,153,758
Prepayments	13,855	9,084
Current portion of Advances on Mortgage	3,251,390	2,389,571
Total current assets	16,834,467	15,091,300
Non-current assets		
Non current portion of Investment securities	169,015	169,032
Investment property	3,310,000	3,520,000
Non-current portion of Advances on Mortgage	19,178,487	22,649,816
Office Equipment	357	656
Total non-current assets	22,657,859	26,339,504
Total assets	39,492,326	41,430,804
Current liabilities		
Current portion of Redeemable Shares	31,422,942	32,592,387
Tax Payable	15,749	35,262
Accounts Payable	114,340	121,632
Provision for Directors Fees	52,500	52,500
Total current liabilities	31,605,531	32,801,781
Non-current liabilities		
Non-current portion of Redeemable Shares	1,309,502	1,973,636
Deferred taxation	172,325	171,290
Total non-current liabilities	1,481,827	2,144,926
Total liabilities	33,087,358	34,946,706

17. CONCENTRATION OF FUNDING

The Building Society's source of funding is redeemable shares. The funding is concentrated within the Hawke's Bay region of the North Island of New Zealand. The funding from members is recorded as Redeemable Shares in the Statement of Financial Position.

	Mar-26	Mar-25
Hawke's Bay	28,303,199	30,397,070
Rest of New Zealand	3,550,471	3,320,801
Overseas	878,775	848,151
Total redeemable shares	32,732,445	34,566,022

18. FAIR VALUE OF ASSETS AND LIABILITIES AND FAIR VALUE HIERARCHY

(a) Fair value hierarchy

The following fair value information provides an analysis of the assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

Investment securities classified as amortised cost (Level 1) and Investment Property (Level 3) are the only items carried at fair value. The investment securities are valued using current market prices. Refer to note 6 for details of the fair value of investment securities and the effect of the fair value measurement on other comprehensive income.

For details of the valuation method, inputs and the effect of fair value measurement on profit or loss for Investment Property, refer to note 7.

(b) Fair value of financial instruments not carried at fair value

Fair value has been determined on the basis of the present value of expected future cash flows under the terms and conditions of each financial asset and financial liability except for investment securities carried at amortised cost which are valued using current market prices on the New Zealand debt exchange. Significant assumptions used in determining the cash flows are that the cash flows will be consistent with the contracted cash flows under the respective contracts. The information is only relevant to circumstances at balance date and will vary depending on the contractual rates applied to each asset and liability, relative to market rates and conditions at the time. No assets held are regularly traded by the Building Society.

Investment Securities

Carrying amount of investment securities $169,015 (2025: $169,032).

The fair value estimates were determined using level 1 fair value hierarchy using observable market data.

Cash and cash equivalents and short-term bank deposits

The reported amount approximates fair value because they are available either on demand or within a short period and attract interest at market rates.

Advances on Mortgage

Loans are comprised of a mix of floating rate and fixed rate loans. At the end of each reporting period their fair value is calculated using the average market rate for such loans that was in effect as at the reporting date. The loan interest rates and market interest rates are similar and the loans are assessed for impairment so the reported amounts approximate fair value.

Redeemable Shares

The fair value of shares is calculated using average market rates. The share interest rates and market interest rates are similar so the reported amounts approximate fair value.

Other Liabilities

The reported amount of trade and other payables approximates fair value because they are payable in a short time frame.

19 RELATED PARTY TRANSACTIONS

	Mar-26	Mar-25
Shares from Directors and key management personnel	$	$
Shares at end of year	6,241	257,250
Interest paid	218	15,451
Advances on mortgage to Directors		
Advances on Mortgage at end of year	614,323	540,545
Interest paid	38,049	41,884
Shares from Other Related Parties		
Shares at end of year	957,930	3,009,546
Interest paid	41,852	198,178
Directors Fees for the year (Short term benefit)	105,000	105,000
Owing to Directors (Directors Fees Payable)	52,500	52,500

Key management personnel include the Directors of the Building Society and the General Manager.

Other related parties are the spouses, children and other related party entities of the directors and key management personnel.
All shares and advance on mortgage transactions with directors and other related parties are at normal commercial rates and terms, including the provision of security and settlement. No balances owing by directors or close family members have been written off or have a provision for expected credit loss against them.

Williams Harvey Limited is a related party by virtue of one of its directors also being a director of the Building Society. Valuation fees incurred by the Building Society to Williams Harvey Limited during the year was $3,750 (2025: $5,850).

The investment property is leased to the secretary Brown Webb Richardson Ltd. The rental of $215,300 (31 March 2025 - $215,300) is at market rates. There are no rental balances outstanding.

Brown Webb Richardson Ltd provided secretarial services to the Building Society to the value of $412,655 (31 March 2025 - $412,500). The Building Society owed $4,218 at year end (31 March 2025 - $2,049).

Brown Webb Richardson Ltd have redeemable shares with the Building Society of $101,783 (31 March 2025 - $1,381).

20 COMMITMENTS

(a) Capital Commitments

There are no capital commitments as at 31 March 2026 (31 March 2025 - $nil).

(b) Outstanding Loan Commitments

Loans and credit facilities approved but not disbursed or drawn at the end of the financial period:	1,638,727	569,438

20. COMMITMENTS - Cont'd

(c) Operating Lease Receivables on Investment Properties

Operating leases relate to the investment property owned by the Building Society
Leased to Brown Webb Richardson Ltd commencing 1 October 2014 for 12 years, with rights of renewal for a further 12 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Rental income earned from the investment property during the period was $215,300 (31 March 2025 - $215,300). In 2026 and 2025 all direct operating expenses arising on investment property for the year were paid by the tenant.

The lease includes a ratchet clause to enable upward revision of the rental charge on a 3 yearly basis according to prevailing market conditions. The Building Society is exposed to changes in the residual value at the end of the current lease term but typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. The expectations about the future residual values are taken into account when calculating the fair value of the investment property. Any material damage on this property is mitigated by way of insurance policies and physical property inspection.

	Mar-26	Mar-25
Non cancellable operating lease receivables		
Not later than 1 year	107,650	215,300
Later than 1 year and not later than 2 years	-	107,650
	107,650	322,950

21. STANDBY BORROWING FACILITIES

Bank overdraft facility	200,000	200,000
Business Finance Line	500,000	500,000
	700,000	700,000

Of these facilities $nil was drawn down (31 March 2025 - $nil). Both facilities are with Westpac Bank and are subject to annual review.

22 CONTINGENT LIABILITIES

There are no contingent liabilities at 31 March 2026 (31 March 2025 $nil).

23 EVENTS AFTER BALANCE DATE

There are no events after balance date for the year ended 31 March 2026.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Heretaunga Building Society

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Heretaunga Building Society ('the Building Society') on pages 5 to 34, which comprise the statement of financial position as at 31 March 2026, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Building Society as at 31 March 2026, and its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Building Society in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor and provider of other assurance services, we have no relationship with, or interests in, Heretaunga Building Society. The provision of these other assurance services has not impaired our independence.

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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of advances on mortgages As disclosed in Note 8 of the financial statements, the Building Society has advances on mortgage assets of $22.43 million. We identified the valuation of advances on mortgages as a key audit matter as advances on mortgages are significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the timing of the recognition of impairment and the measurement of that impairment.	Our audit procedures, among others, included: • Understanding and evaluating the Building Society's internal controls relevant to the accounting estimates used to determine the recoverable value of the Building Society's advances on mortgages. • Evaluating the design and operating effectiveness of the key controls over advances on mortgages origination, ongoing administration and expected credit losses impairment model data and calculations. • Evaluating and challenging the logic, key assumptions, and calculation of Management's expected credit loss provision for impairment of advances on mortgage, examining those advances on mortgages and forming our own judgements as to whether the expected credit loss provision recognised by Management is appropriate. Procedures included: o Agreeing a sample of advances on mortgages to the loan agreement, customer acceptance documents, mortgage documents, and valuations performed on acceptance; o Inspecting security documentation for a sample of advances to confirm that the Building Society holds a valid charge on security; o Agreeing a sample of security valuations to publicly available valuation reports; o Testing the key inputs and the mathematical accuracy of the calculations of the loan to value ratio analysis used to individually assess the recoverability of advances on mortgage; o Challenging the valuation of the underlying security and performing sensitivity analysis for reasonably possible changes to the key inputs; o Inspecting the borrowers' payment history for indicators of difficulties in the borrowers' ability to meet the loan

Key Audit Matter	How our audit addressed the key audit matter
	obligations and assessing it against the value of the collateral security, and ○ Evaluating the selection of valuation methods, inputs and assumptions to identify Management bias. • Evaluating the financial statement disclosures (including the material accounting policy information and accounting estimates) relating to advances on mortgage, and the risks attached to them which are included in the Building Society's financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Building Society's annual report for the year ended 31 March 2026 (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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible on behalf of the Building Society for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible on behalf of the Building Society for assessing the Building Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Building Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities 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 conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:
https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-2/.
This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Jason Daubney.



BAKER TILLY STAPLES RODWAY AUCKLAND

Auckland, New Zealand

8 July 2026

Heretaunga Building Society

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