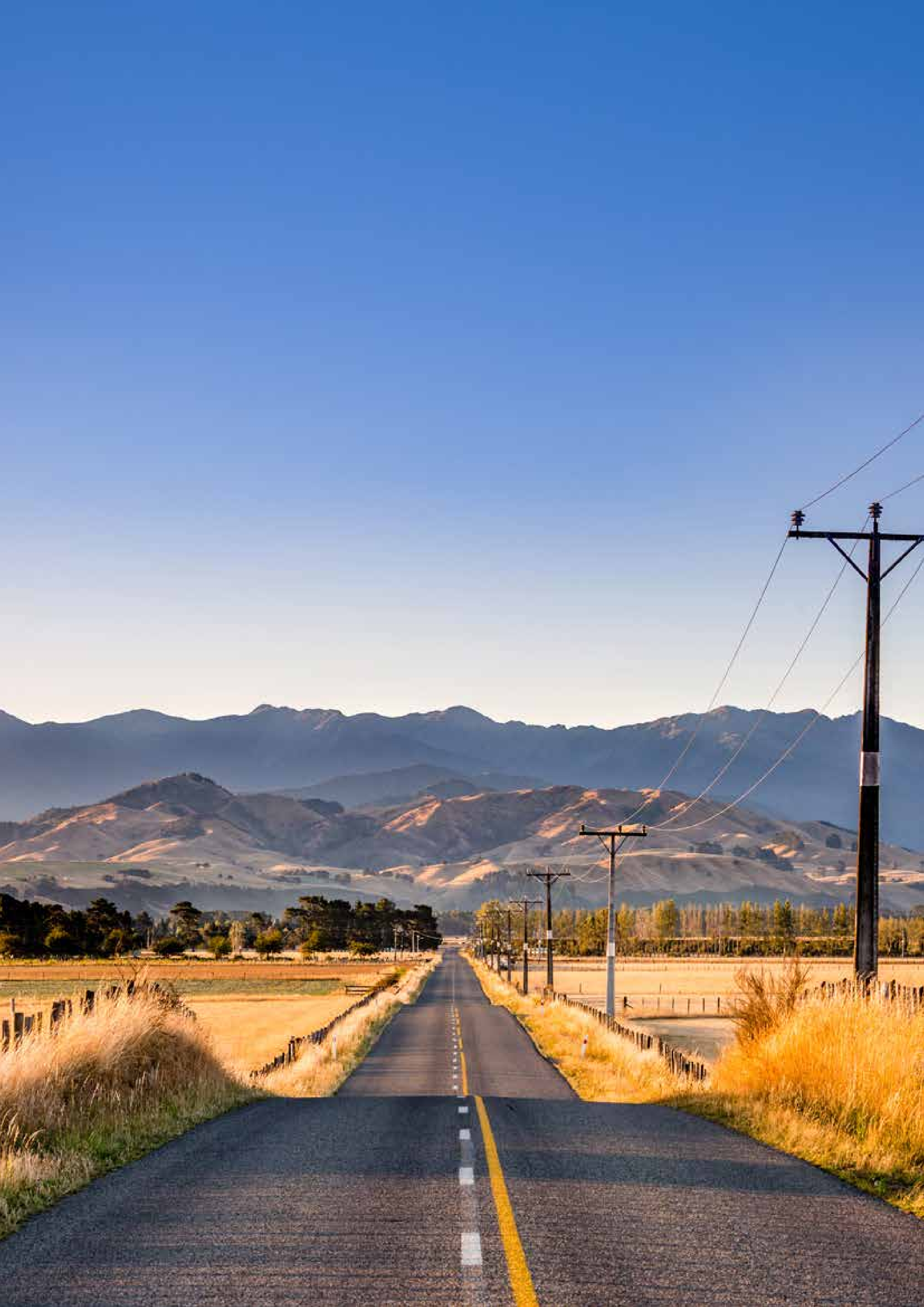
Wairarapa Building Society

Consolidated financial statements

31 March 2026

Helping our community prosper



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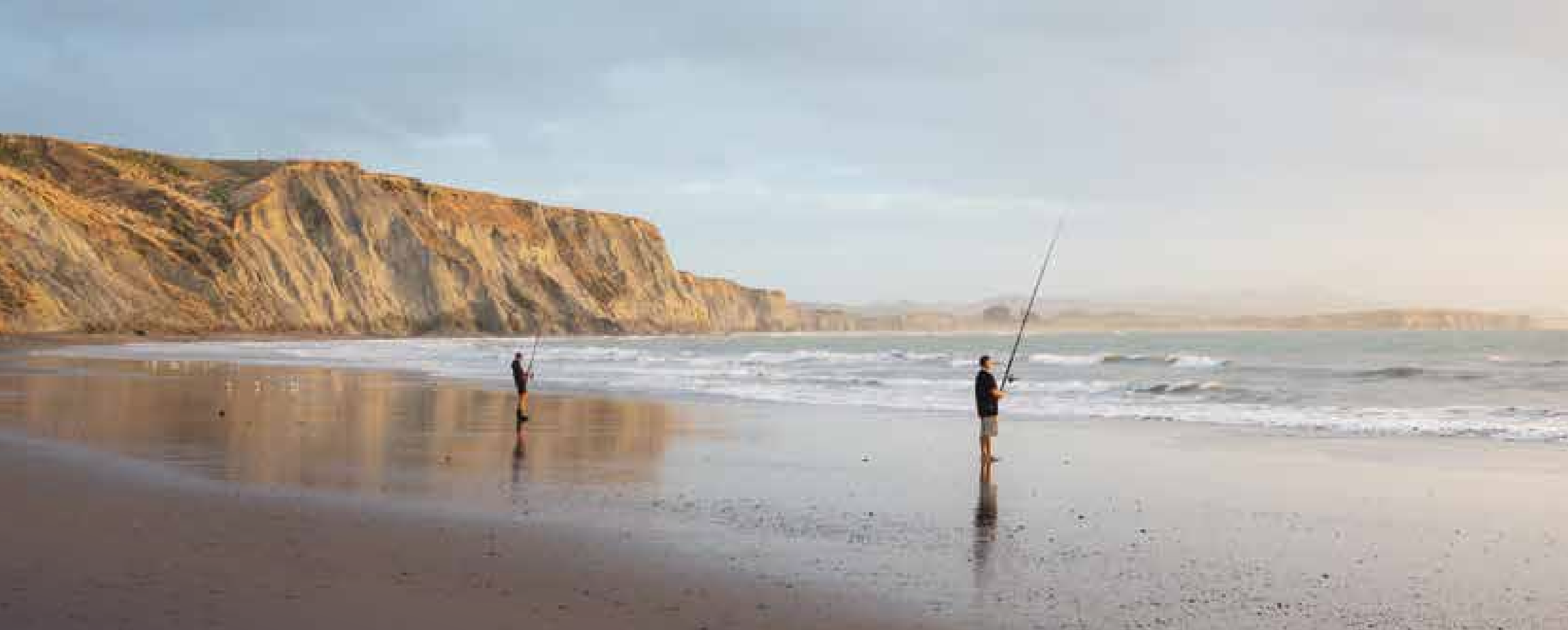

Directory

For the year ended 31 March 2026

BOARD OF DIRECTORS

CHAIR
Sarah Dalziell-Clout

DEPUTY CHAIR
Blair Stevens

DIRECTORS
Nick Rogers
Brett Wooffindin
Sarah Paterson
Felicity Evans
Simon Neale

MANAGEMENT

CHIEF EXECUTIVE
John Healy

HEAD OF FINANCE
Katrina Neems

HEAD OF LENDING
Ruth Kilmister

HEAD OF OPERATIONS
Anna Keane

HEAD OF MARKETING AND COMMUNITY INVESTMENT
Melissa Wardell

INDEPENDENT AUDITORS

KPMG
Level 6/44 Bowen Street, Wellington

SUPERVISOR

Trustees Executors Limited
42-52 Willis Street, Wellington

BANKERS

Bank of New Zealand
193-197 Queen Street, Masterton

Westpac New Zealand
157 Lambton Quay, Wellington

LAWYERS

Buddle Findlay
1 Willis Street, Wellington

REGISTERED OFFICE

Wairarapa Building Society
125 Queen Street, Masterton

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DIRECTOR'S REPORT

For the year ended 31 March 2026

On behalf of the WBS Board of Directors, I am pleased to present the Director's Report for the year ended 31 March 2026. This was a year characterised by stabilising interest rates, improving asset quality, and a return to stronger profitability.

Strong financial position

WBS strengthened its financial position during the year, with continued growth in both lending and retail funding alongside improved profitability.

Profit before tax increased to $838,000, up from $432,000 last year, and profit after tax increased to $609,000 from $180,000. This improvement reflects stable net interest income, higher other operating income, and a positive revaluation movement in investment properties.

Net interest income remained resilient at $3.9M despite a reduction in both interest income and expense, reflecting the changing interest rate environment and competitive market conditions.

Total operating expenses increased modestly, with continued investment in our people and systems. This was partly offset by growth in operating income, supported by higher rental income from investment properties. The increase in operating expenses also reflects a higher credit impairment charge in the year, driven by a specific loan write-off, rather than a deterioration in asset quality.

During the year, the value of our investment properties increased to $9.8M, with a fair value gain of $135,000, compared with a loss in the prior year. The portfolio has benefited from recent seismic upgrading and refurbishment and is now fully tenanted. Therefore, the Board has decided this is an opportune time to market the properties for sale, thereby maximising return outcomes for members.

Supporting our members and borrowers

We were pleased to continue to offer competitive and fair rates to both borrowers and depositors, consistent with our purpose of helping our community prosper.

Our loan book grew strongly by 14% to $156M, driven primarily by growth in residential and commercial lending.

Retail funding increased by 12% to $170M, reflecting continued confidence from our investors and a strong local funding base.

We maintained our disciplined and conservative lending approach throughout the year. This has been particularly important given ongoing economic uncertainty and changing market conditions.

Asset quality and risk management

Asset quality improved significantly over the year.

While there was an increase in the credit impairment charge during the year, this reflects prudent provisioning and the write-off of a specific loan, rather than any broader deterioration in the portfolio.

We continue to actively manage credit, liquidity and interest rate risks. Our liquidity position remains strong, supported by increased cash holdings and committed funding facilities.

Credit rating and regulation

At WBS we take the responsibility of looking after our members' money seriously. We continue to operate within all regulatory requirements and maintain a strong capital position.

During the year, we have continued our engagement with the Reserve Bank of New Zealand as the Depositor Compensation Scheme came into effect from 1 July 2025, strengthening protection for depositors and confidence in the sector.

Supporting our local community

We are proud to continue supporting our community through sponsorship and grants via the WBS Charitable Trust. As a member-owned organisation, all our profits stay right here in the Wairarapa.

Governance

We remain committed to strong governance and prudent oversight of the Society.

The Board continues to focus on long-term sustainability, ensuring WBS remains well positioned to support our members and community through changing economic cycles.

We would like to acknowledge and thank our Chief Executive, John Healy, and our small, dedicated team. Their commitment to personal service continues to set WBS apart.

The year ahead

Looking ahead, we expect continued opportunities for growth in both lending and deposits, despite ongoing economic uncertainty.

Our focus remains clear. Sustainable growth, strong risk management, and delivering value to our members. This will ensure we continue to fulfil our purpose of helping our community prosper.

Sarah Dalziell-Clout

Sarah Dalziell-Clout
Chair

19 June 2026

WBS

Consolidated financial statements

31 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

In New Zealand dollar thousands

	Note	Year ended 31 March 2026	Year ended 31 March 2025
INTEREST INCOME			
Loans to customers		9,087	10,245
Cash and cash equivalents		1,602	2,417
Total interest income		**10,689**	**12,662**
INTEREST EXPENSE			
Retail funding and non-retail funding		6,746	8,683
Total interest expense		**6,746**	**8,683**
Net interest income (NII)		**3,943**	**3,979**
Other operating income	7	1,142	832
Total operating income		**5,085**	**4,811**
Personnel expenses	8	2,133	2,063
Net credit impairment (release)/charge	13	423	132
Other operating expenses	9	1,826	1,943
Total operating expenses		**4,382**	**4,138**
Operating profit		**703**	**673**
Change in the fair value of investment properties	14	135	(241)
Profit before tax		**838**	**432**
Income tax expense	10	229	252
Profit for the year		**609**	**180**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In New Zealand dollar thousands

	Share capital	Retained earnings	Total equity
Balance at 31 March 2026			
Opening equity	300	28,275	28,575
Profit for the year	-	609	609
Distributions to capital shareholders	-	-	-
Other comprehensive income	-	-	-
Taxation impact of revaluation	-	-	-
Balance at 31 March 2026	**300**	**28,884**	**29,184**
Balance at 31 March 2025			
Opening equity	300	28,095	28,395
Profit for the year	-	180	180
Distributions to capital shareholders	-	-	-
Other comprehensive income	-	-	-
Taxation impact of revaluation	-	-	-
Balance at 31 March 2025	**300**	**28,275**	**28,575**

The notes on pages 7 to 36 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

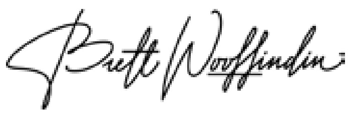
In New Zealand dollar thousands

	Note	As at 31 March 2026	As at 31 March 2025
ASSETS			
Cash and cash equivalents	11	13,814	220
Term deposits		20,000	37,000
Accrued interest receivable		1,187	1,206
Other receivables and accruals		598	325
Income tax receivable	10	56	84
Deferred tax asset	10	-	12
Right of use asset	12	259	309
Loans to customers	13	156,251	136,657
Investment properties	14	9,800	9,300
Property, plant & equipment	15	356	371
Intangibles	16	19	38
Total assets		**202,340**	**185,522**
LIABILITIES			
Retail funding	17	170,128	152,336
Non-Retail funding	18	-	500
Accrued interest payable		2,058	3,104
Other payables and accruals		676	684
Deferred tax liability	10	19	-
Lease liability	12	275	323
Total liabilities		**173,156**	**156,947**
Net assets		**29,184**	**28,575**
EQUITY			
Share capital	26	300	300
Retained earnings		28,884	28,275
Equity		**29,184**	**28,575**

The notes on pages 7 to 36 are an integral part of these consolidated financial statements.

For and on behalf of the Board:

Sarah Dalziell-Clout
Chair – Board of Directors



Brett Wooffindin
Chair – Audit and Risk Committee

19 June 2026

CONSOLIDATED STATEMENT OF CASHFLOWS

In New Zealand dollar thousands

	Year ended 31 March 2026	Year ended 31 March 2025
CASHFLOWS FROM OPERATING ACTIVITIES		
Interest received	9,444	10,489
Interest paid	(7,792)	(8,809)
Net change in loans to customers	(18,754)	1,232
Other operating income	846	795
Payments to suppliers and employees	(3,786)	(4,107)
Net change in retail funding	17,792	(4,452)
Income taxes paid	(178)	(328)
Net cash from/(used in) operating activities	**(2,428)**	**(5,180)**
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(35)	(17)
Acquisition of intangibles	(20)	-
Additions to investment properties	(365)	(2,061)
Net change in term deposits	17,000	(12,942)
Net cash from/(used in) investing activities	**16,580**	**(15,020)**
CASHFLOWS FROM FINANCING ACTIVITIES		
Non-Retail funding	(500)	500
Lease payments	(58)	(58)
Net cash from/(used in) in financing activities	**(558)**	**442**
Net increase/(decrease) in cash and cash equivalents	**13,594**	**(19,758)**
Opening cash and cash equivalents	220	19,978
Closing cash and cash equivalents	**13,814**	**220**
NET CASH FROM OPERATING ACTIVITIES COMPRISES		
Profit for the year	**609**	**180**
Adjustments for non-cash items:		
- Depreciation and amortisation	162	180
- Capitalised interest	(1,263)	(1,499)
- Net movement in credit impairment provision	423	132
- Fair value change in investment properties	(135)	(241)
- Gain on disposal of Property, plant and equipment	(23)	-
- Deferred tax	31	23
	(196)	**(1,225)**
Changes in:		
- Accrued interest receivable	18	(677)
- Loans, other receivables and accruals	(19,026)	1,192
- Accrued interest payable	(1,046)	(126)
- Retail funding, other payables and accruals	17,794	(4,744)
- Income tax (receivable)/payable	28	(100)
- Non-Retail Funding	-	500
Net cash used in operating activities	**(2,428)**	**(5,180)**

The notes on pages 7 to 36 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In New Zealand dollar thousands

1. Reporting entity

These consolidated financial statements comprise the financial statements of Wairarapa Building Society (the 'Parent') and its wholly owned subsidiaries Wairarapa Property Investments Limited and Perry Street Properties Limited (together referred to as the 'Group').

The Group's primary activities are providing financial services (including savings and investment accounts; financing residential, rural and commercial property) and investment in properties. The Group is domiciled in New Zealand and operates primarily in the Wairarapa region.

The Group is an FMC Reporting Entity in terms of the Financial Markets Conduct Act 2013 and the consolidated financial statements have been prepared in accordance with the requirements of that Act, the Building Societies Act 1965 and the Financial Reporting Act 2013.

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards as appropriate for Tier 1 for-profit entities. These financial statements are prepared on a going concern basis.

Details of the Group's significant accounting policies are included in note 29. Where applicable, comparative information has been reclassified to ensure consistency with the current period's presentation.

3. Functional and presentation currency

These consolidated financial statements are presented in New Zealand dollars, which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Basis of measurement

These consolidated financial statements have been prepared on the historic cost basis except for the following items, which are measured on an alternative basis at each reporting date.

Items	Basis of measurement
Investment properties	Fair value

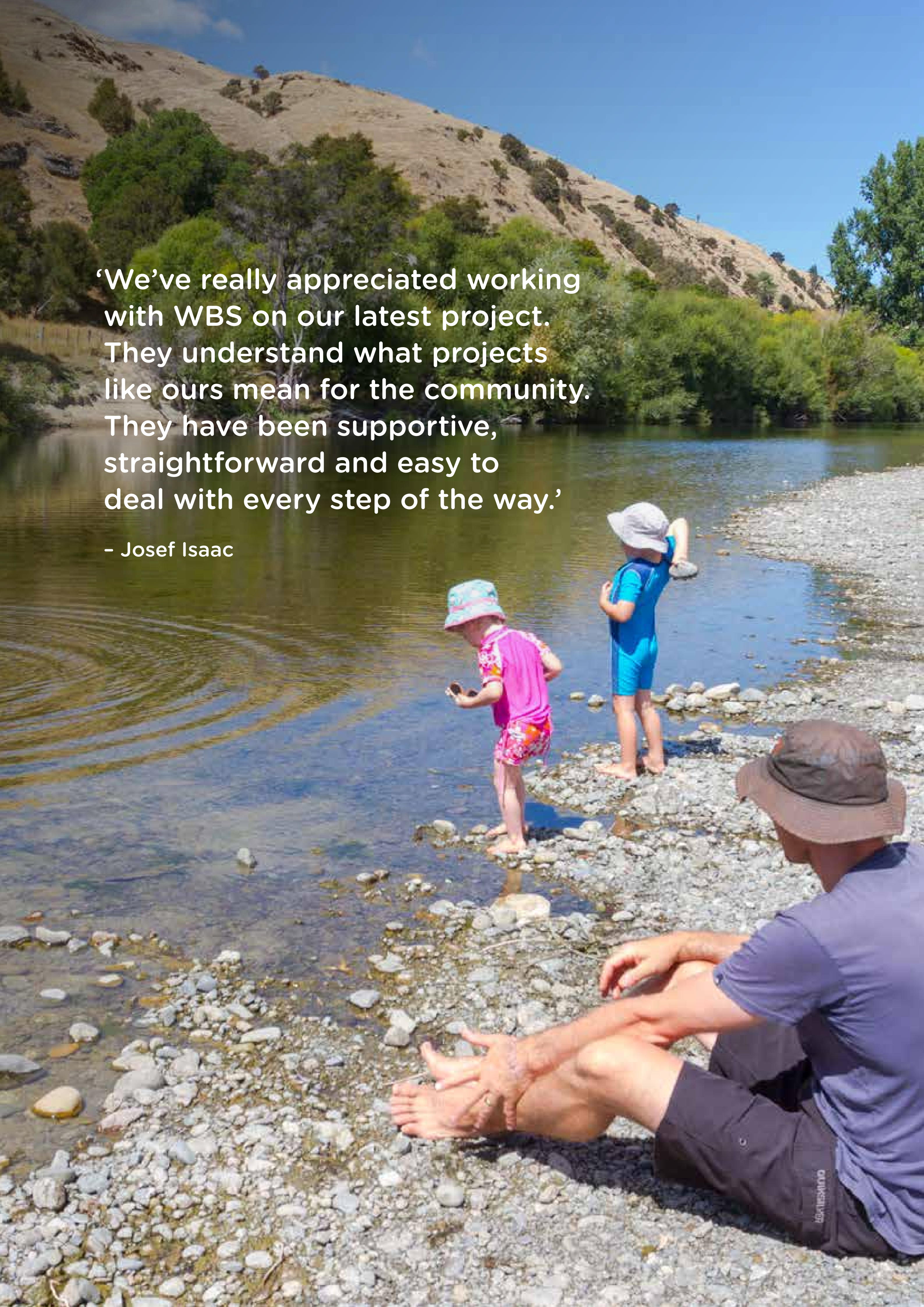
5. Use of judgements and estimates

In preparing these consolidated financial statements, directors and management have made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about judgements, estimates and assumptions that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 13 – Impairment of loans to customers.
- Note 14 – Fair value of investment properties.



‘We’ve really appreciated working with WBS on our latest project. They understand what projects like ours mean for the community. They have been supportive, straightforward and easy to deal with every step of the way.’

– Josef Isaac

In New Zealand dollar thousands

6. Operating segments

	Financial services	Properties	Elimination	Total
Year ended 31 March 2026				
External total operating income	10,954	876	-	11,830
External costs	(10,733)	(394)	-	(11,127)
Change in the fair value of investment properties	-	135	-	135
Segment profit before tax	**221**	**617**	**-**	**838**
31 March 2026				
Segment assets	194,981	10,701	(3,342)	202,340
Segment liabilities	(172,764)	(3,734)	3,342	(173,156)
Segment net assets	**22,217**	**6,967**	**-**	**29,184**
Year ended 31 March 2025				
External total operating income	12,836	658	-	13,494
External costs	(12,453)	(368)	-	(12,821)
Change in the fair value of investment properties	-	(241)	-	(241)
Segment profit before tax	**383**	**49**	**-**	**432**
31 March 2025				
Segment assets	178,768	10,294	(3,540)	185,522
Segment liabilities	(156,544)	(3,943)	3,540	(156,947)
Segment net assets	**22,224**	**6,351**	**-**	**28,575**

7. Other operating income

	Year ended 31 March 2026	Year ended 31 March 2025
Lending and facility fees	243	174
Investment property rental income	876	658
Other operating income	23	-
Total other operating income	**1,142**	**832**

8. Personnel expenses

	Year ended 31 March 2026	Year ended 31 March 2025
Directors' fees and expenses	206	242
Short-term employee benefits		
- Key management personnel	945	922
- Other	838	810
Other personnel-related expenses	144	89
Total personnel expenses	**2,133**	**2,063**

In New Zealand dollar thousands

9. Other operating expenses

	Year ended 31 March 2026	Year ended 31 March 2025
Fees to auditor	141	155
Fees to auditors for other services	5	5
Office & technology costs	407	597
Depreciation and amortisation	162	180
Fee expenses	105	68
Investment properties costs	309	279
Marketing and sponsorships	358	289
Compliance & facility fees	213	248
Donations	100	100
Other	26	22
Total other operating expenses	**1,826**	**1,943**

Fees paid to KPMG for non-assurance services relate to review and feedback on the calculation of certain compliance measures.

10. Income taxes

A. AMOUNTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Year ended 31 March 2026	Year ended 31 March 2025
Income tax	104	229
Deferred tax	130	23
Current income tax expense	**234**	**252**
Adjustments to prior period income tax	94	-
Adjustments to prior period deferred tax	(99)	-
Prior period tax adjustments	**(5)**	**-**
Total income tax expense	**229**	**252**

B. RECONCILIATION OF EFFECTIVE TAX RATE

	Year ended 31 March 2026	Year ended 31 March 2025
Profit before tax	**838**	**432**
Prima facie income tax at 28%	235	121
Adjustment for items not subject to tax	(131)	108
Total current income tax	**104**	**229**
Effective tax rate	12%	53%

In New Zealand dollar thousands

10. Income taxes (continued)

C. DEFERRED TAX (LIABILITY)/ASSET

	31 March 2026	31 March 2025
Opening balance of deferred tax asset	12	35
Adjustment for change in tax legislation	-	-
Origination and reversal of temporary differences – to statement of comprehensive income and expenditure	(130)	(23)
Prior period tax adjustments	99	-
Closing balance of deferred tax (liability)/asset	**(19)**	**12**
Deferred tax (liability)/asset attributable to:		
Tax effect of losses carried forward	-	-
Property, plant & equipment	(43)	(36)
Investment properties	(43)	22
Provision for credit impairment	31	68
Other items	36	(42)
Deferred tax (liability)/asset	**(19)**	**12**

D. INCOME TAX (RECEIVABLE)/PAYABLE

	31 March 2026	31 March 2025
Opening balance of income tax (receivable)/payable	(84)	15
Current income tax expense	104	229
Prior period income tax adjustments	102	-
Income taxes paid	(178)	(328)
Closing balance of income tax (receivable)/payable	**(56)**	**(84)**

E. IMPUTATION CREDIT ACCOUNT

	31 March 2026	31 March 2025
Opening balance of imputation credit account	11,081	10,753
Income tax paid during the year	178	328
Closing balance of imputation credit account	**11,259**	**11,081**

11. Cash and cash equivalents

	31 March 2026	31 March 2025
Cash on-call with NZ registered banks	8,814	177
Cash on deposit with NZ registered banks	5,000	43
Total cash and cash equivalents	**13,814**	**220**

In New Zealand dollar thousands

12. Right of use assets (Leases – Lessee)

On 1 June 2022 the Group entered into a lease for office premises at 125 Queen Street, Masterton. The Group recognised a right of use asset and a lease liability at the lease commencement date.

The right of use asset is initially measured at cost, primarily comprising of an amount equivalent to the recognised lease liability and any indirect costs. The subsequent measurement involves applying depreciation and assessing impairment charges.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability include optional renewal periods. The subsequent measurement of the lease liability is impacted by the accumulation of interest, scheduled repayments and remeasurements that reflect any lease reassessments or modifications.

A. RIGHT OF USE ASSET

	31 March 2026	31 March 2025
Opening balance	309	359
Additions during the year	-	-
Depreciation for the year	(50)	(50)
Balance at the year end	**259**	**309**

B. LEASE LIABILITY

	31 March 2026	31 March 2025
Opening balance	323	370
Additions during the year	-	-
Repayments during the year	(58)	(58)
Interest charge	10	11
Balance at the year end	**275**	**323**

13. Loans to customers

	31 March 2026	31 March 2025
Stage 1 loans	154,036	133,193
Stage 2 loans	2,393	1,948
Stage 3 loans	7	2,077
Gross loans to customers	**156,436**	**137,218**
Deferred fee income	(75)	(94)
Provision for credit impairment		
- Collective impairment allowance	(103)	(82)
- Individual impairment allowance	(7)	(385)
Total loans to customers	**156,251**	**136,657**

In New Zealand dollar thousands

13. Loans to customers (continued)

A. CREDIT QUALITY ANALYSIS

	31 March 2026	31 March 2025
Stage 1 loans		
Performing loans	150,082	129,605
Loans 0 to 30 days past due but not individually impaired	3,954	3,588
	154,036	**133,193**
Stage 2 loans		
Loans 31 to 90 days past due but not individually impaired	72	438
Loans with renegotiated terms in the ordinary course of business	2,321	1,510
	2,393	**1,948**
Stage 3 loans		
Loans more than 90 days past due but not individually impaired	-	-
Individually impaired loans	7	2,077
	7	**2,077**
Total gross loans to customers	**156,436**	**137,218**

The assessment of credit quality relating to loans made to customers is based on the following criteria:

Loans past due
Loans where the customer has failed to make a payment when contractually due but which are not considered to be individually impaired.

Loans with renegotiated terms in the ordinary course of business
Loans where contractual terms have been restructured due to the customer having difficulties in complying with the original terms but which are not otherwise considered to be impaired.

Loans that are subject to contractual changes, including loan extensions, which arise in the ordinary course of business and are executed on normal commercial terms are considered to be fully performing loans.

Individually impaired loans
Loans are considered to be individually impaired if there is objective evidence of impairment as a result of one or more loss events that have occurred after the initial recognition of the loan. Loss events related to these loans have a reliably measurable impact on the estimated future cashflows of the individual loan.

B. PROVISION FOR CREDIT IMPAIRMENT

At each reporting date the Group assesses whether financial assets, including loans to customers, carried at amortised cost are impaired.

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

ECLs are based on the Group's assessment of the Probability of Default (PD), exposure at default and the Loss Given Default (LGD). The ECL is then discounted at the effective interest rate to give a net present value. The estimation of ECLs is unbiased taking into account all reasonable and supporting information, including forward-looking economic assumptions and outcomes that the Group considers are likely to affect ECLs.

For the purposes of calculating ECL the Group uses a probability weighted model based on three economic scenarios (base, upside, downside) which are collectively considered to be a reasonable approximation of forward-looking potential loss outcomes.

In New Zealand dollar thousands

13. Loans to customers (continued)

B. PROVISION FOR CREDIT IMPAIRMENT (CONTINUED)

The economic scenarios are an internally assessed view of the economy at 31 March 2026. They take into account current and forward looking macro-economic conditions, including inflation, consumer price index, and residential house prices.

Probability weightings in the current year have changed to reflect the Group's view of macro-economic conditions in relation to inflation, interest rates, and the residential housing market. The weightings are subject to a high level of uncertainty, and therefore actual outcomes may be significantly different.

Weightings applied to each scenario are summarised below.

	31 March 2026	31 March 2025
Base scenario	50%	70%
Downside scenario	30%	15%
Upside scenario	20%	15%
	100%	**100%**

The ECL model under NZ IFRS-9 is such that if expectations of economic conditions worsen or observed rates of credit default increase then the amount of ECL and associated provision for credit impairment would be expected to increase due to factors outside the direct control or influence of the Group.

The following table summarises the sensitivity of the Group's current year provision for credit impairment to the choice of scenario weighting applied as at balance date.

	31 March 2026	31 March 2025
Provision for credit impairment as reported	**110**	**467**
Provision for credit impairment assuming:		
- 100% weighting for Base scenario	75	451
- 100% weighting for Upside scenario	45	422
- 100% weighting for Downside scenario	213	587

The following table provides further information about the credit quality of the Group's loans to customers based on the extent to which the Group has recourse to security in the event of default.

	31 March 2026	31 March 2025
Loans secured by mortgage	156,285	137,055
Loans secured by other collateral	-	9
Unsecured loans	151	154
Total gross loans to customers	**156,436**	**137,218**

In New Zealand dollar thousands

13. Loans to customers (continued)

C. THE IMPACTS OF ECONOMIC EVENTS ON PROVISION FOR CREDIT IMPAIRMENT

While global economic events are ongoing as at the reporting date, there is considerable uncertainty about their potential future impacts on the Group's financial position. To the extent that these impacts are known, or can be reliably estimated, they are reflected in the ECL model. However, where these impacts cannot be reliably estimated, the Group has considered the potential borrower impacts and sought to reflect these impacts by way of varying scenario weightings in the ECL model in order to reflect the inherent uncertainty over future outcomes.

D. PROVISION FOR CREDIT IMPAIRMENT – COLLECTIVE IMPAIRMENT ALLOWANCE

Loans that are not considered to be individually credit impaired are assessed for credit impairment on a collective basis. A collective impairment allowance is recognised against these loans.

	31 March 2026	31 March 2025
Opening collective impairment allowance	(82)	(277)
(Increase)/decrease in allowance during the year:		
- Due to ECL scenario change in weightings	(21)	195
- Other	-	-
Closing collective impairment allowance	**(103)**	**(82)**

The table below provides further information about the reconciliation of movements in the provision for credit impairment during the year.

	Collective impairment allowance					
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Sub-total	Individual impairment allowance	Total
Year ended 31 March 2026						
Opening balance	82	-	-	**82**	385	**467**
Net impairment allowances charged to P&L	21	-	-	**21**	(1)	**20**
Bad debts written off (excluding recoveries)	-	-	-	**-**	(375)	**(375)**
Repayment of individually impaired loans	-	-	-	**-**	(2)	**(2)**
Closing balance	**103**	**-**	**-**	**103**	**7**	**110**
Gross carrying value of loans						
Opening balance	133,193	1,948	-	**135,141**	2,077	**137,218**
Net movement in loans	20,843	445	-	**21,288**	(2,070)	**19,218**
Closing balance	**154,036**	**2,393**	**-**	**156,429**	**7**	**156,436**
Year ended 31 March 2025						
Opening balance	223	2	52	**277**	58	**335**
Net impairment allowances charged to P&L	(141)	(2)	(52)	**(195)**	327	**132**
Utilisation of impairment allowance	-	-	-	**-**	-	**-**
New allowance/(reversal of previously recognised allowance)	-	-	-	**-**	-	**-**
Closing balance	**82**	**-**	**-**	**82**	**385**	**467**
Gross carrying value of loans						
Opening balance	134,175	234	515	**134,924**	2,021	**136,945**
Net movement in loans	(982)	1,714	(515)	**217**	56	**273**
Closing balance	**133,193**	**1,948**	**-**	**135,141**	**2,077**	**137,218**

In New Zealand dollar thousands

13. Loans to customers (continued)

E. PROVISION FOR CREDIT IMPAIRMENT - INDIVIDUAL IMPAIRMENT ALLOWANCE

On a regular basis and at each reporting date the Group assesses whether there is objective evidence that individual loans made to customers are considered to be impaired. Where appropriate, a specific allowance is raised against individually impaired loans.

	Gross individually impaired loans	Individual impairment allowance	Carrying value of individually impaired loans
Year ended 31 March 2026			
Opening balance	2,077	(385)	1,692
Bad debts written off	(779)	-	(779)
Loan provision for loans written off	-	375	375
Individually impaired loans repaid	(1,291)	3	(1,288)
Transfer from impaired to performing	-	-	-
Loans no longer impaired	-	-	-
Net movement in individually impaired loans	-	-	-
Closing balance	**7**	**(7)**	**-**
Year ended 31 March 2025			
Opening balance	2,021	(58)	1,963
Bad debts written off	-	-	-
Individually impaired loans repaid	(3)	3	-
Transfer from impaired to performing	2,008	(45)	1,963
Net movement in individually impaired loans	(1,949)	(285)	(2,234)
Closing balance	**2,077**	**(385)**	**1,692**

Bad debts written off in the statement of comprehensive income and expenditure for the year to 31 March 2026 total $779,359. Of this amount, $374,696 was previously provided as an individual impairment allowance. This debt related to one borrower and the Group continues to pursue recovery of this debt.

F. UNDRAWN LOAN COMMITMENTS

	31 March 2026	31 March 2025
Loan facilities not fully drawn	14,928	21,743
Undrawn loan approvals	6,108	5,707
Total undrawn loan commitments	**21,036**	**27,450**

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

In New Zealand dollar thousands

14. Investment properties

Investment properties comprise commercial land and buildings leased to third parties which are held to earn rental income or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Any change in the fair value is recognised in the statement of comprehensive income and expenditure.

Year ended 31 March 2026	
Opening fair value of investment properties	9,300
Additions (subsequent expenditure)	365
Change in fair value taken to statement of comprehensive income and expenditure	135
Closing fair value of investment properties	**9,800**
Rating valuation	**6,810**
Date of last rating valuation	Sep-23
Year ended 31 March 2025	
Opening fair value of investment properties	7,480
Additions (subsequent expenditure)	2,061
Change in fair value taken to statement of comprehensive income and expenditure	(241)
Closing fair value of investment properties	**9,300**

Fair values are reviewed annually (as at 31 March) with reference to the then market value as assessed by external valuers. The properties are valued by a professional with the appropriate qualifications and experience in the location and category of the property being valued.

The most recent independent market valuations were conducted in March 2026 by independent valuers JP Morgan & Associates Limited. The valuer holds the recognised and relevant qualifications of MPINZ ANZIV BBS (VPM) and has significant valuation experience in the local region and for the category of investment properties.

In New Zealand dollar thousands

14. Investment properties (continued)

A. MEASUREMENT OF FAIR VALUES

We have categorised the fair value measurement for all investment properties as a Level 3 fair value based on the inputs to the valuation techniques used. The following table shows the valuation techniques used in measuring the fair value of investment properties as well as details of the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between inputs and fair value
Direct capitalisation approach – involves capitalising actual income and/or potential market income at an appropriate rate of return.	• Existing rental rates used with no assumption of material uplift in potential market rental rates and/or rental growth. • Market capitalisation rates of between 6.75% and 8% used for existing tenancies.	The estimated fair values would increase/(decrease) if: • Future market rental growth rates were higher/(lower). • Market capitalisation rates were lower/(higher).
Net rate approach - ascribes land value at saleable worth and adds value for building and improvements based on sale comparisons.	• Market data comparatives based on commercial zoned land sales over the period January - October 2025.	The estimated fair values would increase/(decrease) if: • Future sales prices were higher/(lower).
Discounted cashflow approach - involves adopted market rental rates in line with assessed market rentals. Allowed for rental growth as per the rent review provisions under the respective leases.	• Expenses have been increased in line with "Assumed Annual Inflation Provisions". • The discounted cashflow method requires a consideration that the property is to be sold at the end of year 10. • Discount rate for each of the sales listed in the valuation report by analysing the sales through discounted cashflow model.	The estimated fair values would increase/(decrease) if: • Future market rental growth rates were higher/(lower). • Future expenses were lower/(higher). • Discount rates were lower/(higher).

Sensitivity of capitalisation – Interest rates	Carrying value	-1% impact on profit	+1% impact on profit
31 March 2026			
Investment properties	9,800	1,470	(1,130)
Net impact on profit/(loss) for the year		**1,470**	**(1,130)**
31 March 2025			
Investment properties	9,300	1,350	(1,050)
Net impact on profit/(loss) for the year		**1,350**	**(1,050)**

Sensitivity of capitalisation – Annual rent	Carrying value	-10% impact on profit	+10% impact on profit
31 March 2026			
Investment properties	9,800	(1,000)	1,000
Net impact on profit/(loss) for the year		**(1,000)**	**1,000**
31 March 2025			
Investment properties	9,300	(900)	(1,000)
Net impact on profit/(loss) for the year		**(900)**	**(1,000)**

In New Zealand dollar thousands

14. Investment properties (continued)

B. INVESTMENT PROPERTIES — LEASES AS LESSOR

Future minimum lease payments receivable by the Group under non-cancellable investment properties leases are as follows:

	31 March 2026	31 March 2025
Less than 1 year	767	739
Between 1 and 5 years	845	1,356
More than 5 years	-	-
Total amounts due under non-cancellable leases	**1,612**	**2,095**

15. Property, plant and equipment

	31 March 2026	31 March 2025
Opening net book value	371	438
Additions	75	17
Disposals	(40)	-
Profit on disposal	23	-
Depreciation	(73)	(84)
Closing net book value	**356**	**371**

16. Intangibles

	31 March 2026	31 March 2025
Opening net book value	38	84
Additions (subsequent expenditure)	20	-
Amortisation	(39)	(46)
Closing net book value	**19**	**38**

In New Zealand dollar thousands

17. Retail funding

	31 March 2026	31 March 2025
Deposits		
Call redeemable shares	24,307	14,015
Term redeemable shares	145,821	138,321
Total retail funding	**170,128**	**152,336**

All redeemable shares issued by the Group are unsecured debt securities.
On liquidation redeemable shares rank ahead of the Group's capital shares.

A. RETAIL FUNDING GEOGRAPHIC CONCENTRATIONS

	31 March 2026	31 March 2025
Retail funding from:		
- customers living in the Wairarapa region	155,858	143,978
- customers living outside the Wairarapa region	14,270	8,358
Total retail funding	**170,128**	**152,336**

18. Non-retail funding

	31 March 2026	31 March 2025
Committed bank funding facilities	10,000	10,000
Undrawn bank funding facilities	(10,000)	(9,500)
Total drawn non-retail funding	**-**	**500**

The Group has a committed funding facility in place with Westpac New Zealand Limited. The Group has complied with all applicable financial covenants associated with this facility. The Group has access to this bank funding facility through to July 2026.

Bank funding facilities are unsecured but any funds drawn down under these facilities rank ahead of the Group's redeemable shares.

19. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain development of the Group's business. The capital base includes capital shares and retained earnings.

The Group is subject to externally imposed minimum capital requirements via its Trust Deed and the regulatory requirements of the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010. As at the reporting date the Group complied with the capital ratio requirements set out in the Trust Deed.

The allocation of capital between business segments and in undertaking the Group's operations and activities is focused on ensuring a balance is maintained between preserving the adequacy of the Group's capital and optimising the return on capital employed.

20. Financial risk management

The Audit and Risk Committee is responsible for ensuring that appropriate internal processes and procedures and risk management are in place and operating effectively. This includes reviewing and monitoring policies and processes adopted to ensure compliance with key financial, legislative and other risks.

In its normal course of activities, the Group is exposed to the following risks arising from financial instruments:

- Credit risk
- Interest rate risk
- Liquidity risk

21. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk comes about principally from loans that the Group makes to its customers. For risk management reporting purposes, the Group considers all elements of credit exposure (such as individual customer default risk, sector risk and available security). The carrying value of financial assets represents the maximum credit exposure.

Credit risk is controlled through risk assessment, conservative lending policy, the credit approval process and holding sufficient and appropriate collateral.

Risk assessment is based on the degree of financial loss faced. An authorisation structure for the approval and renewal of credit facilities is in place and consistently applied.

The Group's conservative lending policy further assists in management and mitigation of credit risk by ensuring that any credit risk assumed by the Group falls within acceptable parameters.

Collateral held includes registered mortgages and personal property charges. Group policy stipulates minimum levels of collateral required to be held in accordance with the assessed level of credit risk associated with each facility.

In New Zealand dollar thousands

21. Credit risk (continued)

A. CONCENTRATIONS OF CREDIT RISK BY SECTOR

	31 March 2026	31 March 2025
Residential housing loans	111,967	98,410
Commercial and other loans	42,101	34,380
Farming loans	2,368	4,428
Cash and deposits lodged with registered banks	33,814	37,220
Other	1,785	1,531
Total financial assets	**192,035**	**175,969**

B. CONCENTRATIONS OF CREDIT RISK BY GEOGRAPHY

	31 March 2026	31 March 2025
Credit risk exposures:		
- Within the Wairarapa region	166,650	155,146
- Outside the Wairarapa region	25,385	20,823
Total financial assets	**192,035**	**175,969**

C. CONCENTRATIONS OF CREDIT RISK BY COUNTERPARTY

The table below shows the number of counterparties the Group has credit exposure to and is stratified based on the quantum of credit exposure expressed as a percentage of the Group's equity.

Number of counterparties	31 March 2026	31 March 2025
Between:		
- 10% and 20% of Group equity	7	6
- 20% and 30% of Group equity	-	-
- 30% and 40% of Group equity	4	-
- 40% and 50% of Group equity	-	1
- 50% and 60% of Group equity	-	1
- 60% and 70% of Group equity	-	-
- 70% and 80% of Group equity	-	-
- 80% and 90% of Group equity	-	-
- 90% and 100% of Group equity	-	-
Greater than 100% of Group equity	-	-
Total number of counterparties	**11**	**8**

Two of the highest concentrations of credit risk relate to cash lodged with Kiwibank and Bank of New Zealand (2025: Bank of New Zealand and Westpac New Zealand Limited). Other credit exposures relate to loans made to individual counterparties or groups of closely related counterparties.

In New Zealand dollar thousands

22. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is inherent in any lending portfolio and is managed where possible by the Group matching the interest rate maturity profile of its financial assets and liabilities.

The majority of the Group's loans to its customers undergo an interest rate review within one year. As at the reporting date the Group had no interest rate swaps (31 March 2025: $Nil).

A. EXPOSURE TO INTEREST RATE RISK

The following is a summary of the Group's interest rate gap position based on the earlier of contractual maturity or the next interest rate re-pricing date.

	Within 6 months	6-12 months	1-2 years	2-5 years	Non-int. bearing	Total
31 March 2026						
Cash and cash equivalents	13,814	-	-	-	-	**13,814**
Term deposits	10,000	10,000	-	-	-	**20,000**
Loans to customers	69,657	39,770	46,407	527	(110)	**156,251**
Accrued interest receivable	-	-	-	-	1,187	**1,187**
Other receivables and accruals	-	-	-	-	598	**598**
Total financial assets	**93,471**	**49,770**	**46,407**	**527**	**1,675**	**191,850**
Retail funding						
- On-call funding	24,307	-	-	-	-	**24,307**
- Term funding	84,950	56,979	3,392	500	-	**145,821**
Non-retail funding	-	-	-	-	-	**-**
Accrued interest payable	-	-	-	-	2,058	**2,058**
Other payables and accruals	-	-	-	-	676	**676**
Derivative financial instruments	-	-	-	-	-	**-**
Total financial liabilities	**109,257**	**56,979**	**3,392**	**500**	**2,734**	**172,862**
Effect of derivatives held for interest rate risk management	-	-	-	-	-	**-**
Net interest rate gap	**(15,786)**	**(7,209)**	**43,015**	**27**	**(1,059)**	**18,988**
31 March 2025						
Cash and cash equivalents	220	-	-	-	-	**220**
Term deposits	17,000	5,000	15,000	-	-	**37,000**
Loans to customers	86,399	27,783	22,710	232	(467)	**136,657**
Accrued interest receivable	-	-	-	-	1,206	**1,206**
Other receivables and accruals	-	-	-	-	325	**325**
Total financial assets	103,619	32,783	37,710	232	1,064	**175,408**
Retail funding						
- On-call funding	14,015	-	-	-	-	**14,015**
- Term funding	88,233	47,289	2,780	20	-	**138,322**
Non-retail funding	500	-	-	-	-	**500**
Accrued interest payable	-	-	-	-	3,104	**3,104**
Other payables and accruals	-	-	-	-	1,006	**1,006**
Derivative financial instruments	-	-	-	-	-	**-**
Total financial liabilities	102,748	47,289	2,780	20	4,110	**156,947**
Effect of derivatives held for interest rate risk management	-	-	-	-	-	**-**
Net interest rate gap	**871**	**(14,506)**	**34,930**	**212**	**(3,046)**	**18,461**

In New Zealand dollar thousands

22. Interest rate risk (continued)

B. INTEREST SENSITIVITY ANALYSIS

The Group actively manages interest rate risk to reduce the impact of short-term fluctuations on Group earnings. However, over the longer term, structural or permanent changes in interest rates may have an impact on earnings and equity.

The following table summarises the sensitivity of the Group's financial assets and liabilities. It also summarises the impact on profit and equity of a change in interest rates for the following 12 months based on a 1% movement in interest rates.

	Carrying value	-1% impact on profit and equity	+1% impact on profit and equity
31 March 2026			
Cash and cash equivalents	13,814	(109)	109
Term deposits	20,000	(158)	158
Loans to customers			
- Floating rate loans	47,479	(712)	712
- Fixed rate loans	108,882	-	-
Total interest sensitive financial assets	190,175	(979)	979
Retail funding			
- On-call funding	24,307	327	(327)
- Term funding	145,821	753	(753)
Non-retail funding	-	-	-
Total interest sensitive financial liabilities	170,128	1,080	(1,080)
Impact on profit/(loss) before tax		101	(101)
Tax effected (at 28%)		(28)	28
Net impact on profit/(loss) for the year and equity		**73**	**(73)**
31 March 2025			
Cash and cash equivalents	220	(1)	1
Term deposits	37,000	(173)	173
Loans to customers			
- Floating rate loans	43,023	(793)	793
- Fixed rate loans	94,007	-	-
Total interest sensitive financial assets	174,250	(967)	967
Retail funding			
- On-call funding	14,015	226	(226)
- Term funding	138,322	775	(775)
Non-retail funding	500	22	(32)
Total interest sensitive financial liabilities	152,837	1,023	(1,033)
Impact on profit/(loss) before tax		56	(66)
Tax effected (at 28%)		(16)	19
Net impact on profit/(loss) for the year and equity		**40**	**(47)**

The sensitivity analysis above assumes that:

- Interest rate changes are applied in accordance with the contractual interest rate repricing profile.
- The 1% movement in interest rates is applied at the beginning of the 12-month period and is otherwise held constant over that period.
- Term funding is reinvested in full at maturity for a term broadly equivalent to its original maturity.
- The value and mix of loans to customers remains essentially unchanged except that fixed rate loans which mature during the period are converted to floating rate loans.

In New Zealand dollar thousands

23. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient access to liquidity to enable it to meet its financial liabilities as and when they fall due. This includes, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains a portfolio of short-term liquid assets and access to committed funding facilities. This is done to ensure that sufficient liquidity is maintained across the Group as a whole.

The Group's liquidity position is monitored on a daily basis.

A. AVAILABLE SOURCES OF LIQUIDITY

	31 March 2026	31 March 2025
Cash on-call with NZ registered banks	13,814	220
Cash on deposit with NZ registered banks	20,000	37,000
Undrawn bank funding facilities	10,000	9,500
Total available liquid assets	**43,814**	**46,720**

B. CONTRACTUAL MATURITY ANALYSIS

The table below sets out the Group's expected liquidity profile based on contractual cashflows as at the reporting date. Amounts as presented are undiscounted cashflows, which include interest receipts and payments and may therefore not agree to the carrying value.

	Carrying value	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total
31 March 2026							
Cash and cash equivalents	**13,814**	13,814	-	-	-	-	**13,814**
Term deposits	**20,000**	10,599	10,950	-	-	-	**21,549**
Loans to customers	**156,251**	17,540	39,445	21,425	25,865	115,418	**219,693**
Accrued interest receivable	**1,187**	1,187	-	-	-	-	**1,187**
Other receivables and accruals	**598**	598	-	-	-	-	**598**
Total financial assets	**191,850**	**43,738**	**50,395**	**21,425**	**25,865**	**115,418**	**256,841**
Retail funding							
- On-call funding	**24,307**	24,307	-	-	-	-	**24,307**
- Term funding	**145,821**	88,203	59,063	3,620	519	-	**151,405**
Non-retail funding	**-**	-	-	-	-	-	**-**
Accrued interest payable	**2,058**	2,058	-	-	-	-	**2,058**
Other payables and accruals	**951**	735	25	48	136	7	**951**
Total financial liabilities	**173,137**	**115,303**	**59,088**	**3,668**	**655**	**7**	**178,721**
Unrecognised loan commitments		21,036	-	-	-	-	**21,036**
Net contractual liquidity gap		**(92,601)**	**(8,693)**	**17,757**	**25,210**	**115,411**	**57,084**

In New Zealand dollar thousands

23. Liquidity risk (continued)

B. CONTRACTUAL MATURITY ANALYSIS (CONTINUED)

	Carrying value	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total
31 March 2025							
Cash and cash equivalents	**220**	220	-	-	-	-	**220**
Term deposits	**37,000**	17,000	5,000	15,000	-	-	**37,000**
Loans to customers	**136,657**	21,991	12,261	26,398	28,576	130,358	**219,584**
Accrued interest receivable	**1,206**	1,206	-	-	-	-	**1,206**
Other receivables and accruals	**325**	325	-	-	-	-	**325**
Total financial assets	**175,408**	**40,742**	**17,261**	**41,398**	**28,576**	**130,358**	**258,335**
Retail funding							
- On-call funding	**14,015**	1,439	1,330	2,365	5,216	8,613	**18,963**
- Term funding	**138,322**	92,962	49,682	3,069	21	-	**145,734**
Non-retail funding	**500**	500	-	-	-	-	**500**
Accrued interest payable	**3,104**	3,104	-	-	-	-	**3,104**
Other payables and accruals	**1,006**	740	26	49	141	50	**1,006**
Total financial liabilities	**156,947**	**98,745**	**51,038**	**5,483**	**5,378**	**8,663**	**169,307**
Unrecognised loan commitments		27,450	-	-	-	-	**27,450**
Net contractual liquidity gap		**(85,453)**	**(33,777)**	**35,915**	**23,198**	**121,695**	**61,578**

C. EXPECTED MATURITY ANALYSIS

The Group's expected cashflows for some financial assets and financial liabilities may vary significantly from the actual or contractual cashflows. The principal differences are as follows:

- **Retail funding** – the Group has a historic rate of reinvestment between 80% and 90% for its retail funding. It is considered likely that this level of reinvestment will be maintained thereby materially deferring the contractual cash outflows associated with this funding source.
- **Loans to customers** – retail mortgage loans have original contractual maturities of up to 30 years. However, based on historic trends it is expected that a proportion of customers will repay some, or all of, their loans early depending on their personal circumstances.
- **Unrecognised loan commitments** – these commitments are not all expected to be fully drawn down and/or drawn at the same time. For the purpose of internal liquidity management, the Group assumes no more than 20% of outstanding loan commitments will be advanced in a 3 month period.

In New Zealand dollar thousands

23. Liquidity risk (continued)

C. EXPECTED MATURITY ANALYSIS (CONTINUED)

	Carrying value	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total
31 March 2026							
Cash and cash equivalents	**13,814**	13,814	-	-	-	-	**13,814**
Term deposits	**20,000**	10,599	10,950	-	-	-	**21,549**
Loans to customers	**156,251**	20,806	41,783	20,126	83,294	-	**166,009**
Accrued interest receivable	**1,187**	1,187	-	-	-	-	**1,187**
Other receivables and accruals	**598**	598	-	-	-	-	**598**
Total financial assets	**191,850**	47,004	52,733	20,126	83,294	-	**203,157**
Retail funding							
- On-call funding	**24,307**	3,181	2,802	4,643	8,568	7,517	**26,711**
- Term funding	**145,821**	19,221	17,056	28,563	54,139	51,626	**170,605**
Non-retail funding	**-**	-	-	-	-	-	**-**
Accrued interest payable	**2,058**	2,058	-	-	-	-	**2,058**
Other payables and accruals	**951**	735	25	48	136	7	**951**
Total financial liabilities	**173,137**	25,195	19,883	33,254	62,843	59,150	**200,325**
Unrecognised loan commitments		21,036	-	-	-	-	**21,036**
Net expected liquidity gap		**773**	**32,850**	**(13,128)**	**20,451**	**(59,150)**	**(18,204)**
31 March 2025							
Cash and cash equivalents	**220**	220	-	-	-	-	**220**
Term deposits	**37,000**	17,000	5,000	15,000	-	-	**37,000**
Loans to customers	**136,657**	22,337	12,460	25,554	78,999	-	**139,350**
Accrued interest receivable	**1,206**	1,206	-	-	-	-	**1,206**
Other receivables and accruals	**325**	325	-	-	-	-	**325**
Total financial assets	**175,408**	41,088	17,460	40,554	78,999	-	**178,101**
Retail funding							
- On-call funding	**14,015**	1,439	1,330	2,365	5,216	8,613	**18,963**
- Term funding	**138,322**	14,203	13,125	23,337	51,485	85,009	**187,159**
Non-retail funding	**500**	500	-	-	-	-	**500**
Accrued interest payable	**3,104**	3,104	-	-	-	-	**3,104**
Other payables and accruals	**1,006**	740	26	49	141	50	**1,006**
Total financial liabilities	**156,947**	19,986	14,481	25,751	56,842	93,672	**210,732**
Unrecognised loan commitments		27,450	-	-	-	-	**27,450**
Net expected liquidity gap		**(6,348)**	**2,979**	**14,803**	**22,157**	**(93,672)**	**(60,081)**

24. Fair values of financial assets and liabilities

A. FAIR VALUE HIERARCHY

The Group measures fair values using the following fair value hierarchy, which reflects the transparency of the inputs used in the valuation techniques applied to arrive at the Group's assessment of fair value.

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Directly observable inputs (i.e. prices) or indirectly observable inputs (i.e. derived from prices).
- Level 3 – Inputs that are not based on observable market data.

There have been no transfers between levels during the reporting period (31 March 2025: $Nil).

B. FAIR VALUES

Fair values have been determined on the basis of the present value of expected cashflows under the terms and conditions of each financial asset and financial liability. The Group has applied the following methods to reach an assessment of fair value.

Items	Basis of measurement
Cash and cash equivalents Accrued interest receivable Other receivables and accruals Non-retail funding Accrued interest payable Other payables and accruals	Carrying value is considered to approximate fair value on the basis that the periods to maturity are relatively short and, where applicable, interest rates approximate market rates.
Floating rate loans	Carrying value is considered to approximate fair value on the basis that loans are carried net of impairments and the loans can be repaid at the balance outstanding at any time.
Fixed rate loans	Fair values have been estimated by discounting projected cashflows (net of impairment) using market rates for fixed rate loans of a similar type and duration.
On-call funding	Carrying value is considered to approximate fair value on the basis that the funding can be required to be repaid at the balance outstanding at any time.
Term funding	Fair values have been estimated by discounting projected cashflows using market rates for fixed rate instruments of a similar type and duration.

Financial assets and liabilities are not carried at fair value except for derivative financial instruments.

In New Zealand dollar thousands

24. Fair values of financial assets and liabilities (continued)

B. FAIR VALUES (CONTINUED)

The following table is a comparison of the carrying values as reported and the fair value of financial assets and liabilities other than those financial assets and liabilities carried at fair value or where the carrying value is a reasonable approximation of fair value.

	31 March 2026		31 March 2025	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Loans to customers	156,436	156,334	137,218	137,868
Financial liabilities				
Retail funding	170,128	169,844	152,336	152,556

25. Related party transactions

A. LOANS TO RELATED PARTIES

	31 March 2026	31 March 2025
Loans to directors and related parties	-	-
Loans to key management and related parties	-	-
Total loans to related parties	**-**	**-**
Range of interest rates		
Maximum term of loan		

All loans to directors and key management (and related parties of the directors and key management) are advanced in accordance with the parent's normal lending terms and conditions.

B. RETAIL FUNDING FROM RELATED PARTIES

	31 March 2026	31 March 2025
Retail funding from WBS Charitable Trust	338	335
Retail funding from directors, key management and related parties	199	895
Total retail funding from related parties	**537**	**1,230**
Range of interest rates	0% -4.40%	0% - 6.10%
Maximum term of funding	Feb 2027	May 2026

All retail funding from directors and key management (and related parties of the directors and key management) is accepted in accordance with the Group's normal investment terms and conditions.

In New Zealand dollar thousands

25. Related party transactions (continued)

C. TRANSACTIONS WITH RELATED PARTIES

	31 March 2026	31 March 2025
Donations to WBS Charitable Trust	100	100
Total transactions with related parties	**100**	**100**

26. Share capital

Share capital comprises 30 million fully paid capital shares (31 March 2025: 30 million). All capital shares have equal voting rights and share equally in dividends and assets of the Group on winding up. All capital shares are held by the WBS Charitable Trust Board (the ultimate parent of the Group).

27. Capital commitments and contingencies

The Group had no capital commitments as at the reporting date (31 March 2025: $135,594).

The Group discloses a contingent liability when it has a possible obligation arising from past events that will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control. A contingent liability is disclosed when a present obligation is not recognised because it is not probable that an outflow of resources will be required to settle an obligation, or the amount of that obligation cannot be measured with sufficient reliability.

There were no material contingent assets or liabilities as at the reporting date (31 March 2025: $Nil).

28. Subsequent events

Since 31 March 2026 WBS Board of Directors has decided to market the Group's investment properties for sale. The properties have not yet been listed on the market but are expected to within 3-6 months.

Since 31 March 2026 WBS has reached agreement with Westpac New Zealand Limited to extend the banking facility to 30 June 2028.

29. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements

A. BASIS OF CONSOLIDATION

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through exercising its power over the entity. The financial statements of subsidiaries are included in these consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions are eliminated in preparing these consolidated financial statements.

B. INTEREST

Interest income and expense are recognised in the statement of comprehensive income and expenditure using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash receipts and payments through the expected life of the financial asset or financial liability to the carrying value of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cashflows considering contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all fees and directly related transaction costs that are directly attributable to the financial asset or financial liability.

C. FEES, COMMISSION AND BROKERAGE

The measurement of effective interest rate includes fees, commission and brokerage income and expenses that are integral to the effective interest rate on a financial asset or financial liability.

Fee income is recognised as the service is provided, except for establishment fees are which recognised progressively over the term of the initial loan.

Fees are expensed as the services are received. Commission and brokerage costs are recognised over the initial term of the loan.

D. INVESTMENT PROPERTIES RENTAL INCOME

Rental income from investment properties is recognised in the statement of comprehensive income and expenditure on a straight-line basis over the term of the lease.

E. EMPLOYEE BENEFITS

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

F. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised exclusive of GST except where GST is not recoverable. Unrecovered GST is recognised as part of the expense or acquisition cost of the asset. Receivables and payables are stated inclusive of any applicable GST.

G. INCOME TAX

Income tax expense comprises current and deferred tax. It is recognised in the statement of comprehensive income and expenditure except to the extent that it relates to items recognised directly in equity.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the reporting period and any adjustment required in respect of previous reporting periods. Current tax is measured using tax rates enacted or substantively enacted as at the reporting date.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying value of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences:

- on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- relating to investments in subsidiaries to the extent that it is probable that they will reverse in the foreseeable future,
- arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets (both recognised and unrecognised) are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse. This tax is measured using tax rates enacted or substantively enacted as at the reporting date.

Deferred tax assets and liabilities are offset on the basis that all members of the Group are members of the same consolidated tax group.

H. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

i. Recognition

The Group initially recognises financial assets and financial liabilities on the date on which the Group becomes a party to the contractual provisions of the financial asset or financial liability.

ii. Derecognition

The Group derecognises a financial asset when:

- the contractual rights to the cashflows from the financial asset expire,
- it transfers the rights to receive the contractual cashflows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred,
- it is written off as being uncollectible.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts. The Group also intends to settle these assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

iv. Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which that asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

v. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

vi. Impairment of financial assets

At each reporting date, the Group assesses whether there is objective evidence that financial assets are impaired.

Impairment is assessed using an expected credit loss (ECL) model where ECL represents the Group’s assessment of the present value of the cashflow shortfall expected to arise following a counterparty’s default in relation to financial assets held by the Group. A cashflow shortfall is the difference between the cashflows that are due in accordance with the contractual terms of the asset and the cashflows that the Group expects to receive.

ECLs are based on the Group’s assessment of the probability of default, exposure at default and loss given default, discounted at the effective interest rate to give a net present value. The estimation of ECLs is unbiased and probability weighted, taking into account all reasonable and supportable information. This includes forward looking economic assumptions and outcomes that the Group considers are likely to affect ECLs.

Stage 1: 12 month expected credit losses

On initial recognition, and for financial assets where there has not been a significant increase in credit risk since the date of advance, an allowance for ECLs is made based on credit default events expected to occur within the next 12 months. ECLs for these Stage 1 assets continue to be recognised on this basis unless there is a significant increase in the credit risk of the asset.

Stage 2: Significant increase in credit risk

Financial assets are categorised as being within Stage 2 where an instrument has experienced a significant increase in credit risk since its initial recognition. For these assets, an allowance for ECLs is made based on credit default events expected to occur over the lifetime of the instrument.

The Group works out whether a significant increase in credit risk has occurred by comparing the risk of credit default at the reporting date to the risk of default at the date of initial recognition. This is made based on quantitative and qualitative factors, with a backstop presumption that all assets with an arrears status of more than 30 days past due on contractual payments are considered to be in Stage 2. Similarly, it is presumed that all loans with renegotiated terms, but where there is an expectation that full repayment of principal and interest will be received, are also considered to be in Stage 2.

Stage 3: Credit impaired (or defaulted) loans

Financial assets are transferred into Stage 3 when there is objective evidence that an instrument is credit impaired. An allowance for ECL is made on the basis of lifetime expected credit losses. Assets are considered to be credit impaired when:

- assets have an arrears status of more than 90 days past due on contractual payments of either principal or interest,
- there are indications that the counterparty is unlikely to meet their contractual obligations such as signs of financial difficulty, probable bankruptcy, breaches of contract or where the Group has entered into loans with renegotiated terms where there is not an expectation that full repayment of principal and interest will be received,
- contractual obligations are considered unlikely to be met without recourse to actions such as enforcement and realisation of security and/or financial guarantees that the Group holds as collateral,
- the counterparty is otherwise considered to be in default of their contractual obligations.

Transfers between stages

Transfers from Stage 1 to Stage 2 occur when there has been a significant increase in credit risk, and from Stage 2 to Stage 3 when credit impairment is indicated as described above.

For financial assets in Stage 2 or 3, these assets can transfer back to Stage 1 or Stage 2 once the criteria for the initial transfer are no longer met.

Write-off

Financial assets remain on the balance sheet, net of associated allowances for impairment losses, until they are no longer deemed to be recoverable. Where an asset is no longer considered recoverable, it is written off against the related allowance for impairment loss once all the necessary procedures have been completed and the amount of the loss has been determined. Any subsequent recovery of amounts previously written off is reflected in the statement of comprehensive income and expenditure in the period in which the recoveries occur.

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash balances and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's liquidity management are included as a component of cash and cash equivalents.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

J. LOANS TO CUSTOMERS

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans to customers are initially measured at fair value plus incremental direct transaction costs and are subsequently measured at their amortised cost using the effective interest rate method.

K. PROPERTY, PLANT AND EQUIPMENT

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses except for land and buildings which are measured at fair value. Cost includes expenses that are directly attributable to the acquisition of the asset.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Land and buildings

Land and buildings included in property, plant and equipment are considered distinct from investment properties when more than 20% of the lettable area is occupied by the Group.

iv. Depreciation

Depreciation is calculated on a diminishing value basis to write off the cost of items of property, plant & equipment, less their estimated residual values, over their estimated useful lives.

Depreciation rates used for each class of asset are as follows:

Asset class	Rate %
Plant and equipment	10 – 60
Computer equipment	26 - 50
Motor vehicles	30
Marketing equipment	25

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

L. INTANGIBLE ASSETS

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a diminishing value basis from the date on which it is available for use.

Asset class	Rate %
Software	33 - 50

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

M. INVESTMENT PROPERTIES

Investment properties are initially measured at cost and subsequently at fair value with any change therein recognised in the statement of comprehensive income and expenditure.

N. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying values of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised in the statement of comprehensive income and expenditure if the carrying value of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying values of affected assets.

O. RETAIL FUNDING

Retail funding comprises unsecured interest-bearing debt securities issued by the Group and represents the Group's primary source of funding.

Debt securities issued by the Group include redeemable shares issued on an on-call or term basis.

Redeemable shares are considered to be a compound instrument that contain both a financial liability component and an equity component. However, due to the debt component of the instrument being the material component, there is no equity component requiring disclosure. Redeemable shares are not convertible to capital shares.

Redeemable shares are initially measured at fair value plus incremental direct transaction costs and are subsequently measured at their amortised cost using the effective interest rate method.

P. NON-RETAIL FUNDING

Non-retail funding drawn down by the Group is initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method.

Q. PROVISIONS

A provision is recognised if, as a result of a past event, there is a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in the statement of comprehensive income and expenditure.

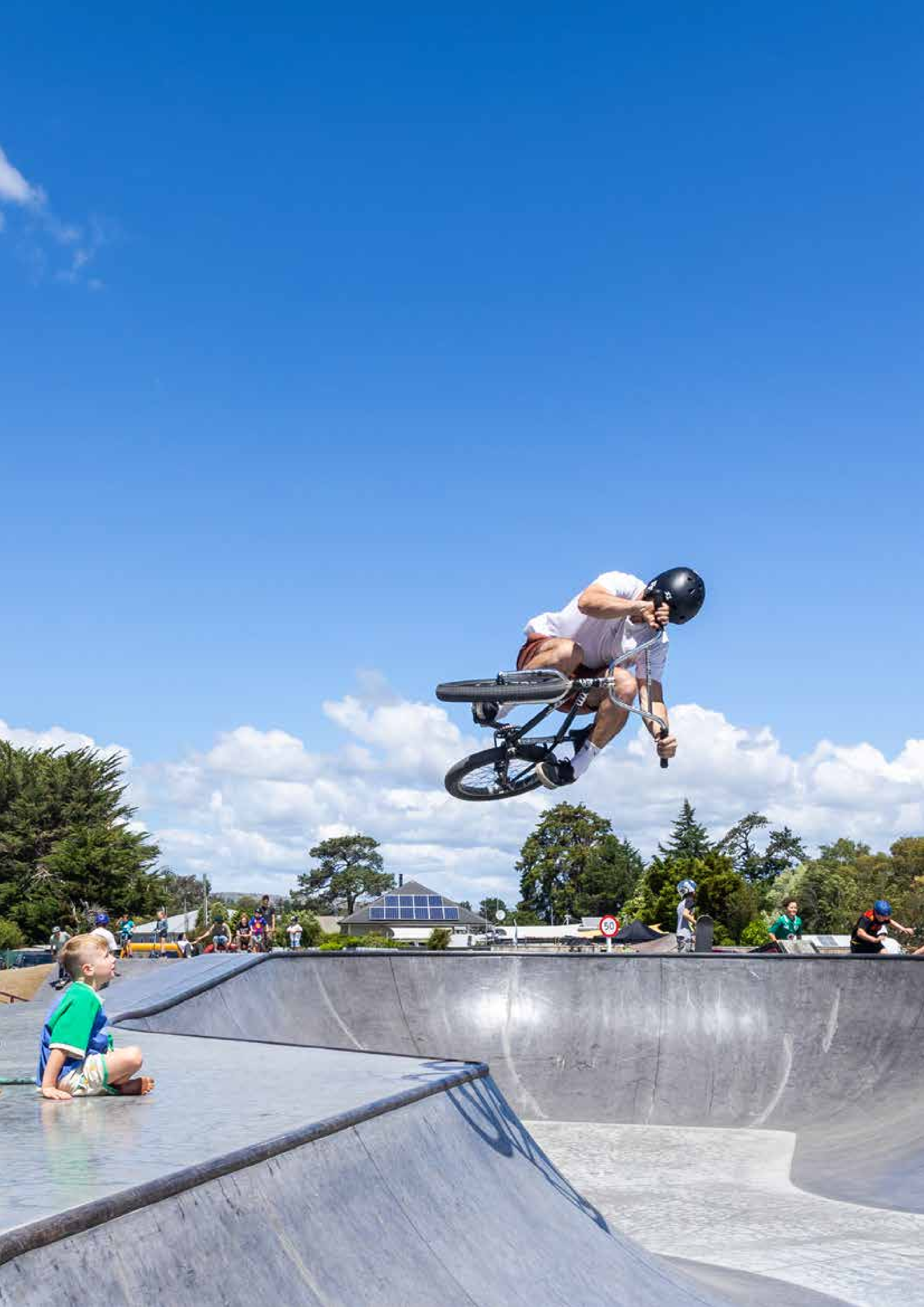
30. New Standards

In April 2024, IASB issued IFRS 18 “Presentation and disclosure in financial statements” which will replace NZ IAS 1 “Presentation of Financial Statements” for reporting periods beginning on or after 1 January 2027, with early adoption permitted.

NZ IFRS 18 introduces new requirements on presentation within the statement of comprehensive income and expenditure. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information.

The Group is currently assessing the impact of NZ IFRS 18 on presentation and disclosure on the Group’s Financial Statements.

There are no other new and revised NZ IFRS’s that have been issued but which are not yet effective which will need to be adopted by the Group in future accounting periods.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Independent Auditor's Report

To the shareholders of Wairarapa Building Society

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 March 2026;
- the consolidated statements of comprehensive income and expenditure, changes in equity and cash flows for the year then ended; and
- notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Wairarapa Building Society (the **Society**) and its subsidiaries (the **Group**) on pages 4 to 36 present fairly in all material respects:

- the Group's financial position as at 31 March 2026 and its financial performance and cash flows for the year ended on that date;
- In accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Wairarapa 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.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has provided other services to the Group in relation to assurance over the Building Society Annual Return and reporting on the Society's Register, and non-assurance review over financial compliance ratios. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $428,000 determined with reference to a benchmark of the Group's net assets. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Provision for Credit Impairment – (refer to Note 13)	
The individual provision for credit impairment is a key audit matter because of the financial significance of loans and advances and the high level of judgement and complexity involved in estimating impairment provisions against these loans, particularly when individual provision is required. The Society's provision for credit impairment comprises a collective provision and an individual provision. Movements in the individual provision drive material changes in the overall provision. For loans that have been identified as individually impaired, judgement is involved primarily with estimating the timing and proceeds from the future sale of assets securing the loans.	Our audit procedures included: — Evaluating the design and implementation effectiveness of key controls related to lending, including testing the approval of new lending facilities and monitoring of loans in arrears. — Testing application of customer deposits to loans and other analytical procedures to identify any potential unrecognised individual provision. — Testing the accuracy of loans in arrears and the impact of those loans on the credit provision — Assessing the write-off to bad debts of previously impaired loans. — Assessing the appropriateness of the disclosure of key assumptions and sensitivities in relation to the credit provision.
Valuation of Investment Property – (refer to Note 14)	
The value of investment property is a key audit matter because of the financial significance of investment property and the level of judgement	Our audit procedures included:

The key audit matter	How the matter was addressed in our audit
and complexity involved in the valuations performed by the independent valuer.	— Assessing the appropriateness of the valuation model used, including compliance with relevant accounting standards and alignment to market practice. — Assessing the competence, objectivity and independence of the independent valuer engaged by the Society. — Testing assessed rental income against current lease agreements. — Assessing the reasonableness of movements in the rental capitalisation rates in conjunction with assumptions of future market rentals.

Other information

The Directors, on behalf of the Group, are responsible for the other information. The other information comprises information included in the Group's Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon as part of the engagement to audit the Group consolidated financial statements.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

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

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective shareholders or employees, accept or assume any responsibility and deny all liability to anyone other than the shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of Directors for the consolidated financial statements

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

— the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board;
— implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and
— assessing the ability of the Group to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

— 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 independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it 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. They 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 the consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1/

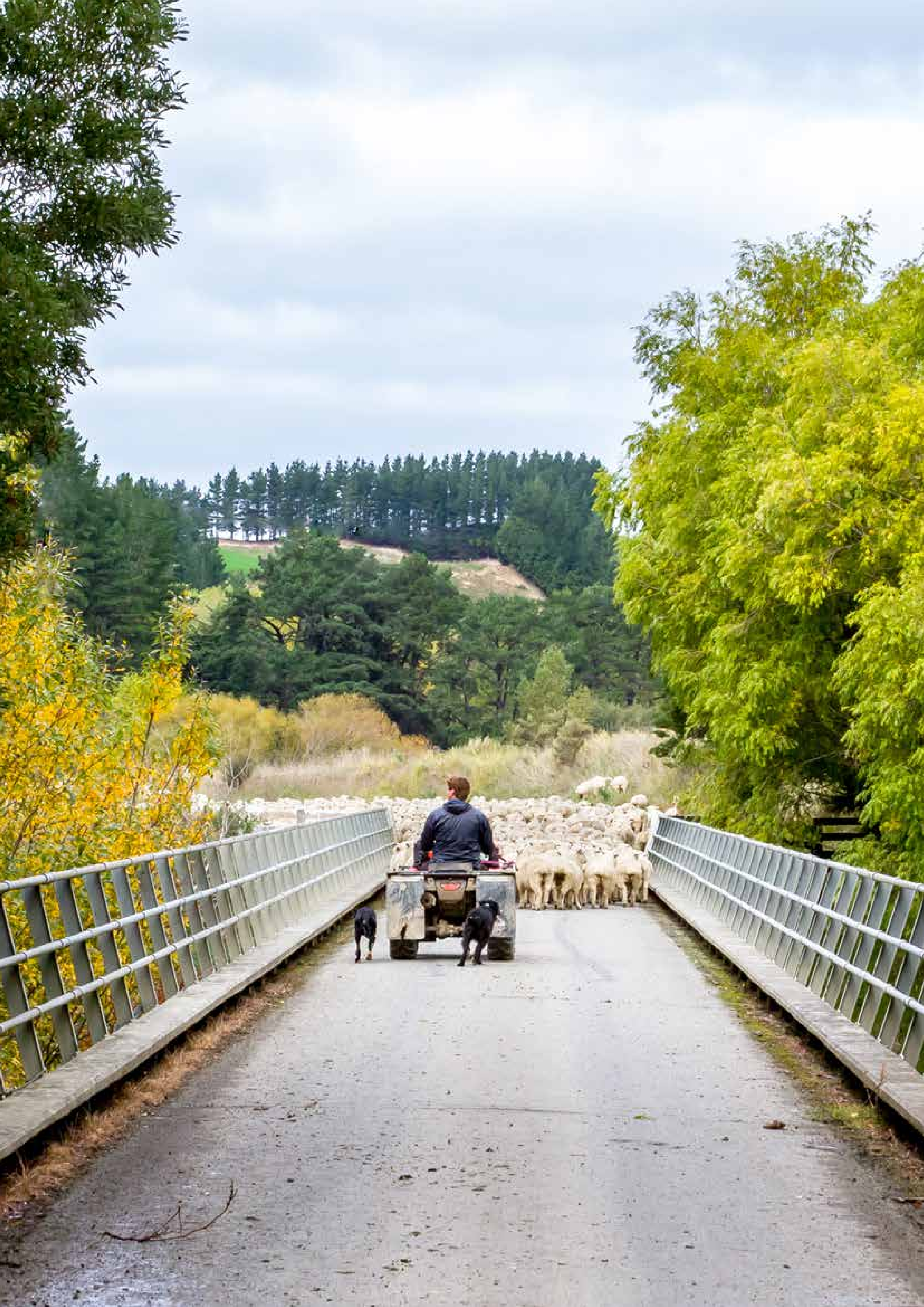
This description forms part of our independent auditor's report.

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

For and on behalf of:

KPMG

KPMG
Wellington
19 June 2026



Contact us

We'd love to talk to you and we want to make it easy, so choose an option that works best for you!

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