

Heartland Annual Meeting 2025: Chair's Address

Good afternoon, ladies and gentlemen. Thank you for joining us today.

1. Marking a 150-year milestone

It is a pleasure to be in Ashburton for this year's Annual General Meeting (**AGM**). 2025 marks 150 years since Heartland Group Holding Limited's (**Heartland**) (**NZX/ASX: HGH**) earliest predecessor, the Ashburton Permanent Building & Investment Society, was established. The last time we gathered here was in 2012, making our return even more special as we mark this significant milestone together.

As we recognise our rich 150-year history, this is a moment to pause, reflect and celebrate how far we've come. It is a tribute to the many people who have shaped the organisation over the years: the founders of our predecessor institutions, the leaders who guided us through times of change, the employees whose commitment and hard work have shaped our success, the customers who have placed their trust in us, and the shareholders who have supported our vision.

One of those leaders was Graham Kennedy, who we will hear from shortly. Graham is a former Chair of Ashburton Permanent, former Director of Heartland Bank Limited, and current Trustee of the Heartland Trust¹, Heartland's registered charitable trust.

2. In review

While we can trace our history back to Ashburton in 1875, Heartland as a banking organisation is still very young. Heartland emerged in 2011, in the wake of the global financial crisis with a clear ambition to build a bank that could thrive by doing things differently. Heartland chose to concentrate on specific market segments. This strategy has served us well, and we have come a long way since formation.

Gross Finance Receivables² (**Receivables**) have grown from \$1.7 billion at the end of the financial year ended 30 June 2011, to \$7.2 billion at the end of the financial year ended 30 June 2025 (**FY2025**). In the same period, Heartland's net profit after tax (**NPAT**) has increased from

¹ The Heartland Trust is a registered charitable trust which is independent from but closely supported by Heartland.

² Gross Finance Receivables (**Receivables**) also includes Reverse Mortgages and the impact from foreign currency exchange (**FX**) changes.

\$7.1 million to \$38.8 million (or \$46.9 million on an underlying basis³).

Building on the momentum achieved in the second half of FY2025, Heartland delivered a solid performance in the first quarter of the financial year ending 30 June 2026 (**FY2026**) (**1Q2026**), and is on track to deliver an underlying NPAT of at least \$85 million for FY2026.

But we are still young, and just at the beginning of our journey to achieve scale.

In New Zealand, FY2025 saw us renew our focus in certain asset classes which provide an appropriate return. We are focused on growing our four core product sets – Reverse Mortgages, Rural Finance, Motor Finance and Asset Finance – and exiting assets that are no longer a strategic fit. Andrew Dixon will provide more information about our non-strategic asset (**NSA**) progress which is ahead of plan.

The Reverse Mortgage portfolio is our core product and where effort is being placed in New Zealand. Our early mover advantage positions us to extract significant value from this segment. In other areas, business performance has been slower. In Motor Finance, we have made meaningful progress in arrears management and have achieved notable successes in recoveries and collections. We are also being more selective in terms of who we are partnering with to ensure we're writing quality business. While these improvements have contributed to the portfolio's contraction, they ensure Heartland remains well-positioned in a changing market. Leanne Lazarus will provide a more detailed update.

With regard to Australia, the authorised deposit taking institution (**ADI**) acquisition and the regulatory requirements associated with it placed increased cost on Heartland. The operational integration of our existing Australian businesses into the ADI was a big change to the organisation. With access to retail deposits through the ADI licence, we have strengthened our ability to compete and grow in Australia. The Reverse Mortgage book stands out as a significant area of opportunity, and our efforts here are already delivering promising results. While Livestock Finance hasn't performed as well as we would have hoped, we understand the

³ Certain financial measures are presented on a reported and underlying basis. Reported financial measures are prepared in accordance with NZ GAAP and include the impacts of positive and negative one-offs, which can make it difficult to compare performance between periods. The use of underlying results (which are non-GAAP financial information) is intended to allow for easier comparability between periods and is used internally by management for this purpose. The Investor Presentation for Heartland's FY2025 financial results released on 21 August 2025 includes at page 7 details of the FY2025 one-offs and at page 48 general information about Heartland's use of non-GAAP financial measures. See page 2 of Heartland's 1Q2026 investor presentation for details of the 1Q2026 one-offs.

challenges and remain committed to this segment. Michelle Winzer will provide a more detailed update on the Australian bank.

3. Board and Management updates

Moving now to Board and Management updates. Since our AGM last year, a number of appointments have taken place to ensure Heartland's teams have the skills and support needed to deliver value for customers and shareholders.

On 3 February 2025, Andrew Dixon was appointed a Non-Independent, Non-Executive Director of Heartland Bank Australia Limited (**Heartland Bank Australia**).

In February this year, Michael Jonas was appointed to the new role of Chief Strategy Officer of Heartland.

Within the New Zealand bank, Peter Griffin was appointed to the role of Chief Commercial Officer, and we've welcomed Alistair Scott as Chief Auto & Asset Finance Officer, and Rebecca Thomas as Chief Digital Transformation Officer.

4. Shareholder return

As our renewed strategic focus beds in, we have seen improvements begin to flow through to key metrics essential to shareholder return. While Heartland's return on equity (**ROE**) and earnings per share (**EPS**) are below historic levels, we saw a strong rebound in the second half of FY2025 with ROE⁴ at 6% and EPS⁵ at 4.6 cents per share (**cps**). We have seen this positive momentum continue into the first quarter of FY2026, with underlying ROE for the quarter of 7.6% and underlying EPS of 2.5 cps.

Regarding dividends, in September we paid a final dividend of 2 cps, bringing the total dividend for FY2025 to 4 cps. The payout ratio for the second half of FY2025 of 52% was in line with Heartland's target dividend payout ratio of least 50% of underlying NPAT.

Our dividend policy reflects the realities of our growth strategy. Heartland Bank Australia is a growth investment for Heartland, absorbing capital to support expansion and innovation. While this requires patience from shareholders, we are confident that our investments will deliver sustainable returns over time. We remain committed to balancing growth with the delivery of appropriate returns to our shareholders.

⁴ Underlying ROE refers to ROE calculated using underlying results.

⁵ Underlying EPS refers to EPS calculated using underlying results.

5. Outlook

Our focus for FY2026 is on:

- maintaining a refined strategic focus
- core lending growth
- expanding further into Reverse Mortgages where the addressable markets present a significant growth opportunity
- operational cost control
- leveraging technology to unlock efficiency, scalability and future growth, and
- continuing to prioritise efficient use of capital.

Heartland is well positioned to face the future with great confidence. We are investing in areas of opportunity and remaining agile in response to changing market conditions. Our renewed focus on our core product sets reflects our belief in the value of these segments. With your continued support and patience, I am confident that Heartland will deliver on its promise of sustainable profitable growth and enhanced shareholder return.

I would now like to invite Graham Kennedy to provide an update on the Heartland Trust's charitable activities.

Graham Kennedy to address the meeting.

6. Conclusion

On behalf of the Board, thank you for your trust in Heartland, and for joining us at today's Annual Meeting.

I will now ask Andrew Dixson to address you.