

Heartland Annual Meeting 2025: AU Bank Chief Executive Officer's Address

Good morning, everyone.

I am very proud of the way we finished our first full year of operation in the Australian business and the enterprise value we created in the financial year ended 30 June 2025 (**FY2025**). Our strong performance has continued in the first four months of the financial year ending 30 June 2026 (**FY2026**) and we are well positioned to deliver on our commitments for the current financial year.

1. Business performance

Our vision is to be Australia's leading specialist bank with a focus on enriching customers' lives through financial freedom.

We are committed to our core specialist areas: Reverse Mortgages, Livestock Financing and Deposits. Retaining this focus and deepening our expertise in these markets, will ensure we deliver optimal value for our customers.

FY2025 was a year of reset for us, consolidating a bank with Heartland Group Holding Limited's (**Heartland**) (**NZX/ASX: HGH**) two existing non-bank finance companies to form Heartland Bank Australia Limited (**Heartland Bank Australia**). We focused intensely on integration, strengthening our leadership, and uplifting capability and processes to meet Australian Prudential Regulation Authority (**APRA**) regulations and protect our customers.

We have improved our risk capability and formed partnerships to ensure the business can achieve prudent growth into the future. The work completed in FY2025 has been critical to establish a solid baseline for us to achieve our growth into the future.

As we said in our recent results announcements, and at the last Annual General Meeting, our key areas of focus in the business remain:

- Business growth
- Service excellence, and
- Diversifying distribution.

2. Business growth

As our financial results demonstrated, we improved business momentum half-on-half during FY2025, and this has continued into FY2026:

- Our Reverse Mortgages achieved a new record level of funding for October, over AU\$50 million, and year-to-date taking our book to over AU\$2.1 billion. Our pipeline of new business is at record levels, putting us in a good position to achieve our FY2026 growth aspirations.
- Livestock has returned to positive growth with a record result in October, post the seasonally colder months in the first quarter. Purchases for both cattle and sheep are at record levels and significantly higher than the prior 12-month rolling average.
- We continue to have strong demand for our deposit products which is funding organic growth, and saw the repayment of our final outstanding AU\$100 million medium-term note before its contractual maturity in October 2027. The bank is now 86% deposit funded within 18 months of its acquisition.

3. Service excellence

In relation to *Service excellence*, our key focus areas have been:

- Significantly reducing application turnaround time, from an over 60-day turnaround time to 8 days.
- Implementing a new customer satisfaction survey, providing real time insights to continually improve the service we provide.
- We have enhanced customer engagement and retention activity through insightful communications. This ensured repayment volumes held steady at approximately AU\$23 million per month, enabling new business to consistently surpass runoff and drive net portfolio growth.
- New leadership guiding our customer service teams to deliver exceptional customer service for our direct channel.

4. Diversifying distribution

In relation to *Diversifying distribution*, our key areas of focus have been:

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- Deepening relationships and working closely with our accredited partners and brokers. This is evidenced by more than half of new Reverse Mortgage business coming from the broker network and underscoring its pivotal role in our distribution strategy.
- Expanding partnerships and sponsorships in the Livestock business to now include agents. The agent network gives us access to farming communities Australia-wide.
- Similarly, our expansion of our partners in the deposit business has provided us with access to broader customer segments and enabled us to achieve the growth required to fund our lending.

5. Looking ahead

The work completed to set the business up in FY2025 has provided a strong platform for growth. We executed a comprehensive and successful reset, consolidating our businesses, and taking strong momentum into FY2026; our Reverse Mortgages are achieving accelerated growth, and our Livestock business is recovering robustly, already showing double-digit growth in applications in October. We have extensive market data to support our view of the potential opportunity in Australia and have utilised these insights to develop a clearer go-to-market strategy.

While reverse mortgage competition is increasing, with non-banks and fintechs demonstrating interest in our specialist markets, our response remains disciplined and evidence-based, and our market leadership positions us well to meet the significantly untapped potential available to us. Our Australian reverse mortgage market share grew from 36% to 40% in FY2025.¹

Regarding our technology uplift, FY2026 will be a year of transformation for Heartland Bank Australia. After completing a market search and selecting a preferred vendor, we have embarked on a technology initiative to implement a new unified origination and servicing platform. This initiative will support us with our growth ambitions and digitisation.

Costs related to this technology initiative are expected to be elevated in the second quarter of FY2026 (**2Q2026**) as vendor negotiations and programme planning continues. We are now in final contract stages and will present further detail on this initiative at the Investor Day early next calendar year.

¹ Australian Reverse Mortgage market share estimate based on APRA ADI data and public statements and internal estimates for non-bank reverse mortgage lending.

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In summary, we have the talent, clarity, and discipline to succeed. Our focus is now singular: to maintain this momentum, simplify our business, and strengthen the partnerships that will ensure we deliver exceptional, sustained value for our customers and Heartland's shareholders.

Thank you for your time today. I will now hand back to Greg.