

# Disclosure Statement

For the six months ended 31 December 2025

**HEARTLAND**  
— BANK —

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## General Information

This Disclosure Statement has been issued by Heartland Bank Limited (**HBL** or the **Bank**) and its subsidiaries (the **Banking Group**) for the six months ended 31 December 2025 in accordance with the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the **Order**). The financial statements of the Banking Group for the six months ended 31 December 2025 form part of, and should be read in conjunction with, this Disclosure Statement.

Words and phrases defined by the Order have the same meanings when used in this Disclosure Statement.

The Bank's address for service is Level 3, 35 Teed Street, Newmarket, Auckland 1023.

## Priority of Creditors' Claims

In the event of the Bank becoming insolvent or ceasing business, certain claims set out in legislation are paid in priority to others. These claims include secured creditors, taxes, certain payments to employees and any liquidator's costs. After payment of those creditors, the claims of all other creditors are unsecured and would rank equally, with the exception of holders of subordinated bonds and notes which rank below all other claims.

## Guarantee Arrangements

As at the date this Disclosure Statement was signed, no material obligations of the Bank were guaranteed.

## Auditor

### **PricewaterhouseCoopers**

PwC Tower, Level 27  
15 Customs Street West  
Auckland 1010

## Directors

All Directors of the Bank reside in New Zealand. Communications to the Directors can be sent to Heartland Bank Limited, Level 3, 35 Teed Street, Newmarket, Auckland 1023.

There have been no changes in the composition of the Board of Directors of the Bank since 30 June 2025 for the six months ended 31 December 2025.

## Directors' Statements

Each Director of the Bank states that he or she believes, after due enquiry, that:

1. As at the date on which this Disclosure Statement is signed:
  - (a) the Disclosure Statement contains all the information that is required by the Order; and
  - (b) the Disclosure Statement is not false or misleading.
2. During the six months ended 31 December 2025:
  - (a) the Bank complied in all material respects with each Condition of Registration that applied during the period;
  - (b) credit exposures to connected persons were not contrary to the interests of the Registered Bank's Banking Group; and
  - (c) the Bank had systems in place to monitor and control adequately the material risks of the Registered Bank's Banking Group, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk and other business risks, and that those systems were being properly applied.

This Disclosure Statement is dated 25 February 2026 and has been signed by all the Directors.



**B. R. Irvine (Chair)**



**S. R. Tyler**



**E. J. Harvey**



**S. M. Ruha**



**K. Mitchell**



**A. P. Dixon**

# STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2025

\$000's	Note	Unaudited 6 Months to December 2025	Unaudited 6 Months to December 2024
Interest income:			
Effective interest method	3	173,032	213,660
Fair value through profit or loss	3	158,059	149,072
<b>Total interest income</b>		<b>331,091</b>	<b>362,732</b>
Interest expense	3	165,283	213,779
<b>Net interest income</b>		<b>165,808</b>	<b>148,953</b>
Operating lease income		2,410	3,131
Operating lease expense		1,660	2,239
<b>Net operating lease income</b>		<b>750</b>	<b>892</b>
Lending and credit fee income		6,620	6,746
Other (expense)/income	4	(479)	2,869
<b>Net operating income</b>		<b>172,699</b>	<b>159,460</b>
Operating expenses	5	93,663	88,830
<b>Profit before net fair value gain/(loss) on equity investments, investment property, losses on guaranteed future value products, impaired asset expense and income tax</b>		<b>79,036</b>	<b>70,630</b>
Net fair value gain/(loss) on equity investments and investment property		3,055	(172)
Losses on guaranteed future value products		—	1,174
Impaired asset expense	6	12,785	50,530
<b>Profit before income tax</b>		<b>69,306</b>	<b>18,754</b>
Income tax expense		19,567	5,431
<b>Profit for the period</b>		<b>49,739</b>	<b>13,323</b>
<b>Other comprehensive income/(loss)</b>			
<b>Items that are or may be reclassified subsequently to profit or loss, net of income tax:</b>			
Effective portion of change in fair value of derivative financial instruments in a cash flow hedge relationship	10	1,027	(13,160)
Movement in fair value of debt investments at fair value through other comprehensive income (FVOCI)	10	(613)	246
Movement in foreign currency translation reserve	10	36,245	4,824
<b>Items that will not be reclassified to profit or loss, net of income tax:</b>			
Movement in fair value of equity investments at FVOCI	10	(1)	—
<b>Other comprehensive income/(loss) for the period, net of income tax</b>		<b>36,658</b>	<b>(8,090)</b>
<b>Total comprehensive income for the period</b>		<b>86,397</b>	<b>5,233</b>

Total comprehensive income for the period is attributable to the owner of the Bank.

The accompanying notes form an integral part of the interim financial statements.

## STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2025

\$000's	Note	Unaudited - December 2025				Unaudited - December 2024			
		Share Capital	Reserves	Retained Earnings	Total Equity	Share Capital	Reserves	Retained Earnings	Total Equity
<b>Balance at beginning of the period</b>		<b>1,045,060</b>	<b>(104,877)</b>	<b>253,106</b>	<b>1,193,289</b>	<b>1,044,811</b>	<b>(83,621)</b>	<b>235,200</b>	<b>1,196,390</b>
<b>Comprehensive income for the period</b>									
Profit for the period		–	–	49,739	49,739	–	–	13,323	13,323
Other comprehensive income/(loss), net of income tax	10	–	36,658	–	36,658	–	(8,090)	–	(8,090)
<b>Total comprehensive income for the period</b>		<b>–</b>	<b>36,658</b>	<b>49,739</b>	<b>86,397</b>	<b>–</b>	<b>(8,090)</b>	<b>13,323</b>	<b>5,233</b>
<b>Transactions with owner</b>									
Dividends paid to owner	9	–	–	(28,350)	(28,350)	–	–	(15,000)	(15,000)
<b>Total transactions with owner</b>		<b>–</b>	<b>–</b>	<b>(28,350)</b>	<b>(28,350)</b>	<b>–</b>	<b>–</b>	<b>(15,000)</b>	<b>(15,000)</b>
Transfer on disposal of equity investments at FVOCI	10	–	6,051	(6,051)	–	–	–	–	–
Other movements	10	–	–	–	–	249	(249)	–	–
<b>Balance at end of the period</b>		<b>1,045,060</b>	<b>(62,168)</b>	<b>268,444</b>	<b>1,251,336</b>	<b>1,045,060</b>	<b>(91,960)</b>	<b>233,523</b>	<b>1,186,623</b>

The accompanying notes form an integral part of the interim financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

\$000's	Note	Unaudited December 2025	Audited June 2025
<b>Assets</b>			
Cash and cash equivalents		394,089	349,745
Collateral paid		12,867	14,239
Investments	13	778,187	790,044
Derivative financial instruments		5,532	4,792
Finance receivables measured at amortised cost	7	3,398,527	3,711,450
Finance receivables - reverse mortgages	13	3,841,667	3,370,949
Due from related parties	12	36	–
Investment properties		3,890	4,390
Operating lease vehicles		16,014	15,561
Right of use assets		13,583	12,223
Other assets		35,565	44,846
Current tax asset		8,852	31,274
Intangible assets	11	258,686	250,821
Deferred tax asset		19,535	21,430
<b>Total assets</b>		<b>8,787,030</b>	<b>8,621,764</b>
<b>Liabilities</b>			
Deposits	8	6,912,116	6,532,794
Other borrowings	8	554,649	825,454
Derivative financial instruments		19,870	20,660
Due to related parties	12	–	792
Lease liabilities		15,655	14,390
Trade and other payables		31,908	33,064
Deferred tax liability		1,496	1,321
<b>Total liabilities</b>		<b>7,535,694</b>	<b>7,428,475</b>
<b>Net assets</b>		<b>1,251,336</b>	<b>1,193,289</b>
<b>Equity</b>			
Share capital	9	1,045,060	1,045,060
Retained earnings and other reserves	10	206,276	148,229
<b>Total equity</b>		<b>1,251,336</b>	<b>1,193,289</b>
<hr/>			
Total interest earning and discount bearing assets		8,423,804	8,225,502
Total interest and discount bearing liabilities		7,430,844	7,319,879

The accompanying notes form an integral part of the interim financial statements.

# STATEMENT OF CASH FLOWS

For the six months ended 31 December 2025

\$000's	Note	Unaudited 6 Months to December 2025	Unaudited 6 Months to December 2024
<b>Cash flows from operating activities</b>			
Interest received		182,441	210,402
Operating lease income received		2,108	2,828
Lending, credit fees and other income received		4,115	7,863
<b>Operating inflows</b>		<b>188,664</b>	<b>221,093</b>
<b>Operating outflows</b>			
Interest paid		(160,364)	(206,187)
Loss on early extinguishment of borrowings		(2,271)	–
Payments to suppliers and employees		(86,236)	(87,480)
Taxation received/(paid)		7,031	(19,386)
<b>Operating outflows</b>		<b>(241,840)</b>	<b>(313,053)</b>
<b>Net cash flows applied to operating activities before changes in operating assets and liabilities</b>		<b>(53,176)</b>	<b>(91,960)</b>
<b>Net cash flows from operating activities</b>			
Collateral paid		(13,558)	(27,610)
Collateral received		14,930	11,820
Proceeds from sale of operating lease vehicles		2,922	1,265
Purchase of operating lease vehicles		(4,575)	(1,604)
Net decrease in finance receivables measured at amortised cost		313,162	318,899
Net (increase) in finance receivables - reverse mortgages		(143,978)	(69,731)
Net movement in deposits		202,269	94,783
Net movement in related party balances		(823)	(4,617)
<b>Net cash flows from operating activities</b>		<b>317,173</b>	<b>231,245</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(2,228)	(1,123)
Proceeds from investment securities		460,770	698,815
Purchase of investment securities		(424,026)	(493,077)
Proceeds from sale of rural property assets		9,598	–
Proceeds from sale of investment property		475	–
Proceeds from sale of equity investments		10,189	–
Purchase of equity investment		–	(246)
Consideration adjustment related to acquisition of subsidiary		–	1,404
<b>Net cash flows from investing activities</b>		<b>54,778</b>	<b>205,773</b>
<b>Cash flows from financing activities</b>			
Proceeds from wholesale borrowings		–	146,960
Repayment of wholesale borrowings		(192,719)	(738,919)
Repayment of unsubordinated notes		(113,558)	(82,813)
Dividends paid	9	(28,350)	(15,000)
Payment of lease liabilities		(1,944)	(1,759)
<b>Net cash flows applied to financing activities</b>		<b>(336,571)</b>	<b>(691,531)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>35,380</b>	<b>(254,513)</b>
Effect of exchange rates on cash and cash equivalents		8,964	3,101
Opening cash and cash equivalents		349,745	627,969
<b>Closing cash and cash equivalents<sup>1</sup></b>		<b>394,089</b>	<b>376,557</b>

<sup>1</sup>At 31 December 2025, the Banking Group has \$70.9 million (December 2024: \$95.4 million) of cash held by structured asset holding entities (**Trusts**) which may only be used for the purposes defined in the underlying Trust documents.

The accompanying notes form an integral part of the interim financial statements.

## Statement of Cash Flows (continued)

For the six months ended 31 December 2025

### Reconciliation of profit after tax to net cash flows from operating activities

\$000's	Note	Unaudited 6 Months to December 2025	Unaudited 6 Months to December 2024
<b>Profit for the period</b>		<b>49,739</b>	<b>13,323</b>
<b>Add/(less) non-cash items:</b>			
Depreciation and amortisation expense	5	8,226	8,457
Depreciation on lease vehicles		1,531	2,014
Capitalised net interest income and fee income		(148,493)	(150,371)
Impaired asset expense	6	14,482	51,038
Losses on guaranteed future value products		—	1,174
Fair value movements		(3,055)	(9,257)
Deferred tax		2,070	3,171
Other non-cash items		(70)	195
<b>Total non-cash items</b>		<b>(125,309)</b>	<b>(93,579)</b>
<b>Add/(less) movements in operating assets and liabilities:</b>			
Finance receivables measured at amortised cost		313,162	318,899
Finance receivables - reverse mortgages		(143,978)	(69,731)
Operating lease vehicles		(1,984)	(667)
Other assets		3,538	(21,398)
Current tax		22,422	(20,791)
Derivative financial instruments		(1,530)	19,857
Deposits		202,269	94,783
Other liabilities		(1,156)	(9,451)
<b>Total movements in operating assets and liabilities</b>		<b>392,743</b>	<b>311,501</b>
<b>Net cash flows from operating activities</b>		<b>317,173</b>	<b>231,245</b>

The accompanying notes form an integral part of the interim financial statements.

# Notes to the Financial Statements

For the six months ended 31 December 2025

## 1 Interim financial statements preparation

### Basis of preparation

The interim financial statements presented are the interim financial statements comprising Heartland Bank Limited (**HBL** or the **Bank**) and its controlled entities (the **Banking Group**). They have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (**NZ GAAP**) as defined in the Financial Reporting Act 2013. These interim financial statements comply with NZ IAS 34 Interim Financial Reporting as appropriate for publicly accountable for-profit entities and IAS 34 Interim Financial Reporting.

The Banking Group's ultimate parent company is Heartland Group Holdings Limited (**HGH**).

These interim financial statements do not include all notes of the type normally included in the annual financial report. Accordingly these interim financial statements should be read in conjunction with the financial statements included in the Disclosure Statement for the year ended 30 June 2025.

The interim financial statements presented here are for the six month period ended 31 December 2025.

The interim financial statements have been prepared on the basis of historical cost, except for certain financial instruments and investment properties, which are measured at their fair values.

The interim financial statements have been prepared on a going concern basis.

The interim financial statements are presented in New Zealand dollars which is the functional and presentation currency of HBL. Unless otherwise indicated, amounts are rounded to the nearest thousand dollars.

Certain comparative balances have been reclassified in the interim financial statements to align with the presentation used in the current period.

The Banking Group revised the presentation of individual line items when preparing the financial statements for the year ended 30 June 2025 and applied this revised presentation to these interim financial statements.

- Total interest income of \$362.7 million is disaggregated into two categories as interest calculated using the effective interest method of \$213.6 million and interest derived from financial assets measured at fair value through profit or loss of \$149.1 million in the statement of comprehensive income and Note 3 - Net interest income; and
- Net increase in finance receivables - reverse mortgages of \$69.7 million is presented separately from Net decrease in finance receivables measured at amortised cost of \$318.9 million in the statement of cash flows.
- Certain line items within the notes to the interim financial statements have been revised to ensure consistency with the current period presentation. Refer to the relevant notes for further details.

These representations have no impact on the overall financial performance, financial position or cash flows for the comparative period.

### Changes in accounting policy

There have been no changes to accounting policies or new or amended standards that are issued and newly effective that are expected to have a material impact on the Banking Group.

### Critical accounting estimates and judgements

There have been no material changes to the use of estimates and judgements for the preparation of the interim financial statements since the reporting date of the previous financial statements. The Banking Group's Disclosure Statement for the year ended 30 June 2025 contains detail on other estimates and judgements used.

## 1 Interim financial statements preparation (continued)

### Significant events and transactions

#### *Establishment of Depositor Compensation Scheme (DCS)*

The DCS, established under the Deposit Takers Act 2023, came into effect on 1 July 2025. The DCS provides protection for eligible New Zealand depositors in the event that a licensed deposit taker (including the Bank) fails. Under the scheme, eligible New Zealand deposits held in DCS-protected accounts are covered up to \$100,000 per depositor, per licensed deposit taker.

#### *Realisation of Non-Strategic Assets (NSAs)*

NSAs represent assets accumulated over time that are no longer aligned with the Banking Group's current strategic focus or threshold return on equity objectives and do not contribute positively to performance. These assets are subject to active realisation strategies, with proceeds intended to be redeployed into higher-return core lending portfolios to optimise capital efficiency.

During the six months ended 31 December 2025, the Banking Group made significant progress in reducing its exposure to NSAs. Key transactions completed in the period include:

- Accelerated exits from Rural and Business Relationship borrowers through sale of security and refinancing classified within finance receivables at amortised cost in the statement of financial position;
- Sale of one of two dairy farms classified as Properties NSAs classified within other assets in the statement of financial position;
- Full divestment of Banking Group's shareholding in Harmony Corp Limited and Alex Corporation Limited classified within investments in the statement of financial position.

These realisations align with the Banking Group's strategy to simplify its portfolio and focus on core operations. The financial impacts of these transactions, including any gains or losses on disposal, are reflected in the consolidated statement of comprehensive income for the period.

All other significant events and transactions are disclosed in the notes to the interim financial statements.

# Performance

## 2 Segmental analysis

Segment information is presented in respect of the Banking Group's operating segments, consistent with those used for the Banking Group's management and internal reporting.

An operating segment is a component of an entity engaging in business activities whose results are regularly reviewed by the Banking Group's chief operating decision maker (**CODM**). The CODM, who is responsible for allocating resources and assessing business performance of the Banking Group, has been identified as the Banking Group's Chief Executive Officer (**CEO**) and direct reports.

### Operating segments

The Banking Group operates within New Zealand and Australia and comprises the following main operating segments:

#### Operating segments – New Zealand

**Motor** Motor vehicle finance.

**Reverse mortgages** Reverse mortgage lending.

**Personal lending** Transactional, home loans and personal loans to individuals.

**Business** Term debt, plant and equipment finance, commercial mortgage lending and working capital solutions for small-to-medium sized businesses.

**Rural** Specialist financial services to the farming sector primarily offering livestock finance, rural mortgage lending, seasonal and working capital financing, as well as leasing solutions to farmers.

#### Operating segment – Australia

**Australian Banking Group** Australian Banking Group provides banking and financial services in Australia which consist of reverse mortgage lending, livestock finance and other financial services.

#### All other segments

**Other** Operating expenses, such as premises, IT and support centre costs in New Zealand are not allocated to the New Zealand operating segments and are included in Other. Income tax for New Zealand is also included in Other.

Finance receivables are allocated across the operating segments as assets. Liabilities are managed centrally and therefore are not allocated across the operating segments, except for the geographical allocation between Australia and New Zealand. The Banking Group does not rely on any single major customer for its revenue base.

When preparing the financial statements for the year ended 30 June 2025, the Banking Group revised the disclosure of specific income and expenses included in the operating segment profit and concluded that personnel expenses are material for the CODM's assessment of operating segment performance and therefore, appropriate for disclosure as a separate line item. This revised presentation has been applied to these interim financial statements. Comparative information within this note has been adjusted to align to the current period's basis for segmental analysis disclosure.

## 2 Segmental analysis (continued)

\$000's	Motor	Reverse Mortgages	Personal lending	Business	Rural	Australian Banking Group	Other	Total
<b>Unaudited</b>								
<b>December 2025</b>								
Net interest income	35,692	30,668	1,505	20,775	16,747	60,421	—	165,808
Lending and credit fee income	1,690	1,369	176	1,612	417	1,356	—	6,620
Net other income/(expense)	473	—	4	390	(161)	(2,242)	1,807	271
<b>Net operating income</b>	<b>37,855</b>	<b>32,037</b>	<b>1,685</b>	<b>22,777</b>	<b>17,003</b>	<b>59,535</b>	<b>1,807</b>	<b>172,699</b>
Personnel expenses	3,468	1,011	1,620	2,322	1,157	13,124	24,642	47,344
Other expenses	929	2,182	545	202	595	18,320	23,546	46,319
<b>Operating expenses</b>	<b>4,397</b>	<b>3,193</b>	<b>2,165</b>	<b>2,524</b>	<b>1,752</b>	<b>31,444</b>	<b>48,188</b>	<b>93,663</b>
<b>Profit/(loss) before net fair value gain on equity investments and investment property, losses on guaranteed future value products, impaired asset expense and income tax</b>	<b>33,458</b>	<b>28,844</b>	<b>(480)</b>	<b>20,253</b>	<b>15,251</b>	<b>28,091</b>	<b>(46,381)</b>	<b>79,036</b>
Net fair value gain on equity investments and investment property	—	—	—	—	—	—	3,055	3,055
Losses on guaranteed future value products	—	—	—	—	—	—	—	—
Impaired asset expense	3,121	—	(122)	4,387	4,093	1,306	—	12,785
<b>Profit/(loss) before income tax</b>	<b>30,337</b>	<b>28,844</b>	<b>(358)</b>	<b>15,866</b>	<b>11,158</b>	<b>26,785</b>	<b>(43,326)</b>	<b>69,306</b>
Income tax expense	—	—	—	—	—	8,045	11,522	19,567
<b>Profit/(loss) for the period</b>	<b>30,337</b>	<b>28,844</b>	<b>(358)</b>	<b>15,866</b>	<b>11,158</b>	<b>18,740</b>	<b>(54,848)</b>	<b>49,739</b>

## 2 Segmental analysis (continued)

\$000's	Motor	Reverse Mortgages	Personal lending	Business	Rural	Australian Banking Group	Other	Total
<b>Unaudited</b>								
<b>December 2024</b>								
Net interest income	31,837	27,863	2,429	27,207	15,967	43,356	294	148,953
Lending and credit fee income	2,673	1,298	(336)	1,803	246	1,062	—	6,746
Net other income/(expense)	618	—	42	496	(81)	730	1,956	3,761
<b>Net operating income</b>	<b>35,128</b>	<b>29,161</b>	<b>2,135</b>	<b>29,506</b>	<b>16,132</b>	<b>45,148</b>	<b>2,250</b>	<b>159,460</b>
Personnel expenses	1,558	1,035	3,400	3,680	1,179	12,361	18,857	42,070
Other expenses	625	1,968	1,230	729	396	14,189	27,623	46,760
<b>Operating expenses</b>	<b>2,183</b>	<b>3,003</b>	<b>4,630</b>	<b>4,409</b>	<b>1,575</b>	<b>26,550</b>	<b>46,480</b>	<b>88,830</b>
<b>Profit/(loss) before fair value loss on equity investments, losses on guaranteed future value products, impaired asset expense and income tax</b>	<b>32,945</b>	<b>26,158</b>	<b>(2,495)</b>	<b>25,097</b>	<b>14,557</b>	<b>18,598</b>	<b>(44,230)</b>	<b>70,630</b>
Fair value loss on equity investments	—	—	—	—	—	—	172	172
Losses on guaranteed future value products	1,174	—	—	—	—	—	—	1,174
Impaired asset expense	17,285	—	492	29,319	2,496	938	—	50,530
<b>Profit/(loss) before income tax</b>	<b>14,486</b>	<b>26,158</b>	<b>(2,987)</b>	<b>(4,222)</b>	<b>12,061</b>	<b>17,660</b>	<b>(44,402)</b>	<b>18,754</b>
Income tax expense	—	—	—	—	—	5,276	155	5,431
<b>Profit/(loss) for the period</b>	<b>14,486</b>	<b>26,158</b>	<b>(2,987)</b>	<b>(4,222)</b>	<b>12,061</b>	<b>12,384</b>	<b>(44,557)</b>	<b>13,323</b>
<b>Unaudited December 2025</b>								
<b>Total assets</b>	<b>1,646,988</b>	<b>1,327,928</b>	<b>78,269</b>	<b>728,608</b>	<b>642,940</b>	<b>3,635,378</b>	<b>726,919</b>	<b>8,787,030</b>
<b>Total liabilities<sup>1</sup></b>								<b>7,535,694</b>
<b>Audited June 2025</b>								
<b>Total assets</b>	<b>1,687,763</b>	<b>1,233,272</b>	<b>178,625</b>	<b>853,011</b>	<b>731,819</b>	<b>3,169,630</b>	<b>767,644</b>	<b>8,621,764</b>
<b>Total liabilities<sup>1</sup></b>								<b>7,428,475</b>

<sup>1</sup>Total liabilities include \$3,126 million (June 2025: \$2,713 million) attributable to the Australian Banking Group segment.

### 3 Net interest income

\$000's	Unaudited 6 Months to December 2025	Unaudited 6 Months to December 2024
<b>Interest Income</b>		
<i>Calculated using the effective interest method</i>		
Cash and cash equivalents	4,754	8,324
Investments measured at FVOCI	16,937	19,346
Finance receivables measured at amortised cost	151,341	185,990
<b>Total interest income calculated using the effective interest method</b>	<b>173,032</b>	<b>213,660</b>
<i>Fair value through profit or loss</i>		
Investments measured at FVTPL	31	1,138
Finance receivables - reverse mortgages	158,028	147,934
<b>Total interest income on financial assets measured at FVTPL</b>	<b>158,059</b>	<b>149,072</b>
<b>Total interest income</b>	<b>331,091</b>	<b>362,732</b>
<b>Interest Expense</b>		
<i>Calculated using the effective interest method</i>		
Deposits <sup>1</sup>	135,665	164,159
Other borrowings	23,979	57,568
<b>Total interest expense calculated using the effective interest method</b>	<b>159,644</b>	<b>221,727</b>
<i>Fair value through profit or loss</i>		
Net interest expense/ (income) on derivative financial instruments	5,639	(7,948)
<b>Total net interest expense/ (income) on derivative financial instruments measured at FVTPL</b>	<b>5,639</b>	<b>(7,948)</b>
<b>Total interest expense</b>	<b>165,283</b>	<b>213,779</b>
<b>Net interest income</b>	<b>165,808</b>	<b>148,953</b>

<sup>1</sup>Includes \$0.9 million DCS Levy applicable from 1 July 2025.

### 4 Other income

\$000's	Unaudited 6 Months to December 2025	Unaudited 6 Months to December 2024
Rental income from investment properties	120	229
Insurance income	–	68
Fair value gain/ (loss) on derivative instruments measured at fair value <sup>1</sup>	253	(2,554)
Management fee income <sup>2</sup>	537	4,341
Fair value gain on non-derivative financial instruments <sup>3</sup>	–	438
Other income/ (expense) <sup>4</sup>	665	(110)
Loss on early extinguishment of borrowings	(2,271)	–
Foreign exchange gain	217	457
<b>Total other (expense)/income</b>	<b>(479)</b>	<b>2,869</b>

<sup>1</sup>Includes hedge ineffectiveness from the hedging relationships and fair value gains/ (losses) on derivative financial instruments which are in economic hedge relationships.

<sup>2</sup>Refer to Note 12 - Related party transactions and balances for further details.

<sup>3</sup>Includes realised and unrealised losses on Heartland Bank Australia Limited (HBA)'s Investment in government securities, bank bonds and floating rate notes.

<sup>4</sup>Other income in the six month period ended 31 December 2025 includes \$0.6 million income generated from rural properties under management of the Banking Group, and a realised loss of \$0.8 million from the sale of a rural property/dairy farm.

## 5 Operating expenses

\$000's	Unaudited 6 Months to December 2025	Unaudited 6 Months to December 2024
Personnel expenses <sup>1</sup>	47,344	42,070
Directors' fees	782	822
Superannuation	1,993	1,603
Depreciation - property, plant and equipment	845	889
Legal and professional fees	4,507	4,316
Advertising and public relations	2,675	1,787
Depreciation - right of use asset	1,818	1,863
Technology services and communications	11,746	9,806
Customer administration costs	7,087	5,129
Customer onboarding costs	1,175	1,313
Occupancy costs	1,438	1,325
Amortisation of intangible assets	5,563	5,705
Management fees - related party <sup>2</sup>	2,075	3,613
Other operating expenses <sup>3</sup>	4,615	8,589
<b>Total operating expenses</b>	<b>93,663</b>	<b>88,830</b>

<sup>1</sup>Excludes certain personnel expenses directly incurred in acquiring and developing software and capitalised as part of specific application software.

<sup>2</sup> Refer to Note 12 - Related party transactions and balances for further details.

<sup>3</sup>Other operating expenses mainly comprise non-recoverable proportion of goods and services tax (GST), travel and insurance expenses.

<sup>4</sup>Certain comparative balances have been reclassified to align with the presentation used in the current period. Telecommunications, stationery, and postage costs, previously reported within a single line item, have been reallocated across Customer administration, Technology services and communications, and Other operating expenses. Management fees - related party are now disclosed separately, having previously been reported within personnel expenses.

## 6 Impaired asset expense

\$000's	Unaudited 6 Months to December 2025	Unaudited 6 Months to December 2024
Individually impaired asset expense	12,864	20,011
Collectively impaired asset expense	1,618	31,027
<b>Total impaired asset expense excluding recovery of amounts previously written off to the income statement</b>	<b>14,482</b>	<b>51,038</b>
Recovery of amounts previously written off to the income statement	(1,697)	(508)
<b>Total impaired asset expense</b>	<b>12,785</b>	<b>50,530</b>

Refer to Note 7 - Finance receivables measured at amortised cost and Note 16 - Asset quality for provision for impairment details.

## Financial Position

### 7 Finance receivables measured at amortised cost

\$000's	Unaudited December 2025	Audited June 2025
Gross finance receivables measured at amortised cost	3,470,715	3,784,733
Less provision for impairment <sup>1</sup>	(70,684)	(71,779)
Less provision for losses on guaranteed future value products <sup>2</sup>	(1,504)	(1,504)
<b>Net finance receivables measured at amortised cost</b>	<b>3,398,527</b>	<b>3,711,450</b>

<sup>1</sup> Refer to Note 16 - Asset quality for further details.

<sup>2</sup> Represents provision for probable losses arising from guaranteed future value (GFV) portfolio of motor vehicle loans that have guaranteed residual value of the underlying security and optionality for customers to return the vehicle.

#### Collectively assessed expected credit loss (ECL) (stage 1, 2 and 3) - New Zealand

The Bank estimated ECL for its lending portfolio measured at amortised cost using models based on historical credit performance and observed portfolio behaviour. The models are recalibrated across each period, which included aligning model input of probabilities of default and loss given defaults with more recent observations and data. These models assume that economic conditions remain constant over time with the provision being calculated as a point-in-time estimate.

Accordingly, management applies model overlays or adjustments in circumstances where the existing inputs, assumptions, and model techniques do not capture all risk factors relevant to the Bank's lending portfolios.

Model overlays have been applied in the following instances:

#### a) Multiple macroeconomic scenarios (MES) and sensitivity analysis:

To incorporate a range of potential future economic outcomes, the Bank applies a MES overlay. This approach estimates a distribution of possible credit loss outcomes by reference to historical loss curves for each portfolio, from which probability weighted loss rates are derived.

The MES framework considers four forward looking scenarios – upside, central, downside and severe downside – each reflecting differing degrees of economic improvement or deterioration relative to the modelled provision (point-in-time ECL). The difference between the MES probability weighted and point-in-time ECL represents the MES overlay required to the modelled provision.

MES	Description	Weighting applied as at 31 December 2025
Upside case	Reflect inputs and assumptions improving comparative to the current provisioning model.	7%
Central case	Reflect inputs and assumptions similar to the current provisioning model.	50%
Downside case	Reflect inputs and assumptions deteriorating comparative to the current provisioning model.	33%
Severe downside case	Reflect inputs and assumptions deteriorating severely comparative to the current provisioning model.	10%

Based on this, a loss rate for each scenario was calculated, weighted by the probability of that scenario, and applied to the receivables position.

At 31 December 2025, the MES overlay for the Bank is \$2.7 million (June 2025: \$2.7 million).

## 7 Finance receivables measured at amortised cost (continued)

The following sensitivity table shows the difference between the reported provision based on the point-in-time estimate, and the ECL calculated for each scenario, assuming a 100% weightage for that case:

\$m	Increase/(decrease) in ECL as at 31 December 2025
100% upside case	(14.0)
100% central case	(4.8)
100% downside case	10.5
100% severe downside case	25.6
<b>Total probability weighted ECL per the MES methodology</b>	<b>2.7</b>

### ***b) Geopolitical overlay:***

In addition to the MES overlay, the Bank applies a further overlay to reflect heightened geopolitical risks. Geopolitical risk refers to the potential for adverse credit outcomes arising from global political and economic tensions that may not be captured within historical loss experience or baseline forward looking scenarios. This overlay applies an assumed deterioration in loss rates to reflect the possibility of broader macro level disruption.

At 31 December 2025, the geopolitical overlay is \$0.5 million (June 2025: \$0.5 million).

### **Individually assessed ECL (stage 3) - New Zealand**

Individually assessed provisions are recognised for exposures where there is objective evidence of impairment and where the Bank determines that the impact on expected future cash flows can be reliably estimated on a case-by-case basis.

These are predominantly within the Asset Finance and older Business Relationship lending portfolios within the transport, construction, forestry and agriculture sectors.

### **ECL (stage 1,2 and 3) - Australia**

There have been no material changes to the critical estimates and judgements for ECL in HBA during the period ended 31 December 2025.

## 7 Finance receivables measured at amortised cost (continued)

### (a) Movement in provision for impairment

The following table details the movement from the opening balance to the closing balance of the provision for impairment losses.

\$000's	Collectively Assessed			Individually Assessed	Total
	Stage 1	Stage 2	Stage 3		
<b>Unaudited - December 2025</b>					
<b>Impairment allowance as at 30 June 2025</b>	<b>16,029</b>	<b>7,851</b>	<b>23,104</b>	<b>24,795</b>	<b>71,779</b>
Changes in loss allowance					
Transfer between stages <sup>1</sup>	(226)	(4,937)	944	4,219	–
New and increased provision (net of provision releases) <sup>1</sup>	(1,003)	3,432	3,408	8,645	14,482
<b>Credit impairment charge</b>	<b>(1,229)</b>	<b>(1,505)</b>	<b>4,352</b>	<b>12,864</b>	<b>14,482</b>
Write-offs	–	–	(8,435)	(7,473)	(15,908)
Effect of changes in foreign exchange rate	61	29	–	241	331
<b>Impairment allowance as at 31 December 2025</b>	<b>14,861</b>	<b>6,375</b>	<b>19,021</b>	<b>30,427</b>	<b>70,684</b>
<b>Audited - June 2025</b>					
<b>Impairment allowance as at 30 June 2024</b>	<b>14,361</b>	<b>5,197</b>	<b>34,281</b>	<b>22,482</b>	<b>76,321</b>
Changes in loss allowance					
Transfer between stages <sup>1</sup>	(140)	(9,070)	7,582	1,628	–
New and increased provision (net of provision releases) <sup>1</sup>	1,832	11,724	36,735	23,102	73,393
<b>Credit impairment charge</b>	<b>1,692</b>	<b>2,654</b>	<b>44,317</b>	<b>24,730</b>	<b>73,393</b>
Write-offs	–	–	(55,494)	(22,417)	(77,911)
Effect of changes in foreign exchange rate	(24)	–	–	–	(24)
<b>Impairment allowance as at 30 June 2025</b>	<b>16,029</b>	<b>7,851</b>	<b>23,104</b>	<b>24,795</b>	<b>71,779</b>

<sup>1</sup>The increase in provision when a loan moves to a higher stage is included in New and increased provision (net of provision releases) in the higher stage to which the loan moved. The decrease in provision when a loan moves to a lower stage is included in New and increased provision (net of provision releases) in the higher stage from which the loan moved.

## 7 Finance receivables measured at amortised cost (continued)

(b) Impact of changes in gross finance receivables held at amortised cost on allowance for ECL

\$000's	Collectively Assessed			Individually Assessed	Total
	Stage 1	Stage 2	Stage 3		
<b>Unaudited - December 2025</b>					
<b>Gross finance receivables measured at amortised cost as at June 2025</b>	<b>3,359,596</b>	<b>236,862</b>	<b>96,957</b>	<b>91,318</b>	<b>3,784,733</b>
Transfer between stages	(67,530)	(18,141)	29,561	56,110	–
Additions	591,239	–	–	–	591,239
Deletions	(762,726)	(71,528)	(46,912)	(31,270)	(912,436)
Write-offs	–	–	(8,435)	(7,473)	(15,908)
Effect of changes in foreign exchange rate	18,413	1,705	–	2,969	23,087
<b>Gross finance receivables measured at amortised cost as at 31 December 2025</b>	<b>3,138,992</b>	<b>148,898</b>	<b>71,171</b>	<b>111,654</b>	<b>3,470,715</b>
<b>Audited - June 2025</b>					
<b>Gross finance receivables measured at amortised cost as at June 2024</b>	<b>3,888,443</b>	<b>241,633</b>	<b>116,723</b>	<b>96,468</b>	<b>4,343,267</b>
Transfer between stages	(216,671)	79,265	103,381	34,025	–
Additions	1,255,780	–	–	–	1,255,780
Deletions	(1,564,666)	(83,543)	(67,653)	(16,182)	(1,732,044)
Write-offs	–	–	(55,494)	(22,417)	(77,911)
Effect of changes in foreign exchange rate	(3,290)	(493)	–	(576)	(4,359)
<b>Gross finance receivables measured at amortised cost as at 30 June 2025</b>	<b>3,359,596</b>	<b>236,862</b>	<b>96,957</b>	<b>91,318</b>	<b>3,784,733</b>

## 8 Borrowings

\$000's	Unaudited December 2025	Audited June 2025
<b>Deposits</b>		
Short-term interest bearing deposits	1,454,848	1,420,664
Non-interest bearing deposits	35,921	38,369
Term deposits	5,421,347	5,073,761
<b>Total deposits</b>	<b>6,912,116</b>	<b>6,532,794</b>
<b>Other borrowings</b>		
Unsubordinated notes	20,303	128,747
Subordinated notes	161,789	156,854
Securitised borrowings	372,557	520,048
Certificates of deposit	—	19,805
<b>Total other borrowings</b>	<b>554,649</b>	<b>825,454</b>
<b>Total deposits and other borrowings</b>	<b>7,466,765</b>	<b>7,358,248</b>

Deposits, unsubordinated notes and certificates of deposit rank equally and are unsecured.

### Movement in other borrowings

\$000's	Unaudited December 2025	Audited June 2025
<b>Balance as at beginning of period</b>	<b>825,454</b>	<b>2,040,763</b>
Issue of debt	—	424,614
Repayment of debt	(306,277)	(1,632,394)
<b>Total cash movements</b>	<b>(306,277)</b>	<b>(1,207,780)</b>
Capitalised interest and fee expense	(724)	(3,354)
Fair value hedge adjustment	732	3,470
Foreign exchange and other movements	35,464	(7,645)
<b>Total non-cash movements</b>	<b>35,472</b>	<b>(7,529)</b>
<b>Balances as at end of period</b>	<b>554,649</b>	<b>825,454</b>

### Unsubordinated notes

On 7 October 2025, AU\$100 million unsubordinated medium term note (**MTN**) was fully repaid prior to its maturity on 7 October 2027. Refer to Note 4 – Other income for the loss incurred on early extinguishment of the borrowing.

### Securitised borrowings

On 15 September 2025, the Class A and Class B notes of the Heartland Auto Receivables Warehouse Trust 2018-1 (**HARWT**) facility were repaid in full, with the facility remaining open for future drawdowns. Additionally, on 31 October 2025, the HARWT facility was extended to 31 October 2027, with its facility limit reduced from \$320 million to \$268 million.

On 4 December 2025, the Availability Period (being the period during which the undrawn balance is available for use) of the Seniors Warehouse Trust No. 2 (**SWT2**) facility was extended to 15 October 2027, while the maturity date remained unchanged.

## 9 Share capital and dividends

	Unaudited December 2025	Audited June 2025
000's	Number of Shares	Number of Shares
Issued shares		
Opening and closing balance	1,030,260	1,030,260

### Dividends paid

	Unaudited 6 Months to December 2025		Audited 12 Months to June 2025	
	Date Declared	\$000's	Date Declared	\$000's
Dividend to HGH	28 August 2025	28,350	28 August 2024	15,000
Dividend to HGH	—	—	26 February 2025	18,750
<b>Total dividends paid</b>		<b>28,350</b>		<b>33,750</b>

## 10 Other reserves

\$000's	Employee Benefit Reserve	Common Control Reserve	Foreign Currency Translation Reserve (FCTR)	Fair Value Reserve	Cash Flow Hedge Reserve	Total
<b>Unaudited - December 2025</b>						
<b>Balance as at 1 July 2025</b>	—	(81,918)	(8,578)	(4,907)	(9,474)	(104,877)
Movements attributable to net investments in foreign operations	—	—	36,245	—	—	36,245
Net movements attributable to changes in fair value of debt investments at FVOCI	—	—	—	(730)	—	(730)
Movements attributable to cash flow hedges	—	—	—	—	1,716	1,716
Movements attributable to changes in fair value of equity investments at FVOCI	—	—	—	(1)	—	(1)
Income tax effect	—	—	—	117	(689)	(572)
<b>Total other comprehensive income/(loss) net of income tax</b>	—	—	36,245	(614)	1,027	36,658
Share based payments	952	—	—	—	—	952
Recharge of share based payments due to HGH <sup>1</sup>	(952)	—	—	—	—	(952)
Transfer on disposal of equity investments at FVOCI	—	—	—	6,051	—	6,051
<b>Balance as at 31 December 2025</b>	—	(81,918)	27,667	530	(8,447)	(62,168)
<b>Unaudited - December 2024</b>						
<b>Balance as at 1 July 2024</b>	—	(81,660)	(1,682)	(4,653)	4,374	(83,621)
Movements attributable to net investments in foreign operations	—	—	4,824	—	—	4,824
Net movements attributable to changes in fair value of debt investments at FVOCI	—	—	—	201	—	201
Movements attributable to cash flow hedges	—	—	—	—	(16,682)	(16,682)
Income tax effect	—	—	—	45	3,522	3,567
<b>Total other comprehensive income/(loss) net of income tax</b>	—	—	4,824	246	(13,160)	(8,090)
Other movements	—	(249)	—	—	—	(249)
<b>Balance as at 31 December 2024</b>	—	(81,909)	3,142	(4,407)	(8,786)	(91,960)

<sup>1</sup> Refer to Note 12 Related party transactions and balances for further details.

## 10 Other reserves (continued)

### Employee benefit reserve

Includes amounts which arise on the recognition of the Banking Group's fair value estimate of equity instruments expected to vest under share-based compensation plan.

### FCTR

Exchange differences arising on translation of the Banking Group's foreign operations are accumulated in the Foreign currency translation reserve and recognised in other comprehensive income. The cumulative amount is reclassified to profit or loss when a foreign operation is disposed of.

### Fair value reserve

This includes unrealised fair value gain/(loss) on debt and equity investments measured at FVOCI and fair value hedge adjustments on certain such debt investments, net of tax.

Where a debt investment is disposed of, related fair value changes and any unamortised fair value hedge adjustments previously recorded in equity are reclassified to profit or loss.

Where an equity investment is disposed of, related fair value changes is transferred directly to retained earnings.

### Cash flow hedge reserve

This includes fair value gains and losses associated with the effective portion of the designated cash flow hedging instruments, net of tax.

Where a swap that was previously subject to hedge designation is terminated early and the Banking Group continues to hold the hedge items, any unamortised effective portion of the hedge adjustment is reclassified to profit or loss over the remaining term of the related hedged item.

### Common control reserve

Common control reserve represents the difference between the consideration paid for the acquisition of Australian business from HGH and the share capital of the transferred entities based on carrying amounts at the date of transfer in May 2024.

## 11 Intangible assets

\$000's	Unaudited December 2025	Audited June 2025
<b>Computer software</b>		
Software - cost	78,947	77,360
Software under development	806	1,823
Accumulated amortisation	(38,810)	(33,181)
<b>Net carrying value of computer software</b>	<b>40,943</b>	<b>46,002</b>
Goodwill	217,743	204,819
<b>Net carrying value of goodwill</b>	<b>217,743</b>	<b>204,819</b>
<b>Total intangible assets</b>	<b>258,686</b>	<b>250,821</b>

### Goodwill

For the purposes of impairment testing, goodwill is allocated to cash generating units. A Cash Generating Unit (CGU) is the smallest identifiable group of assets that generate independent cash inflows. The Banking Group has assessed that goodwill should be allocated to the smallest identifiable CGU or group of CGUs as follows:

CGU	Goodwill	
\$000's	Unaudited December 2025	Audited June 2025
Heartland Bank Limited	29,799	29,799
Heartland Bank Australia Limited	187,944	175,020
<b>Total goodwill</b>	<b>217,743</b>	<b>204,819</b>

There was no indication of impairment and no impairment losses have been recognised against the carrying amount of goodwill for the six months ended 31 December 2025 (June 2025: nil).

## 12 Related party transactions and balances

### (a) Transactions with related parties

The Bank has regular transactions with its ultimate parent company, fellow subsidiaries and subsidiaries (collectively known as the **Heartland Group**) on agreed terms. The transactions include the provision of administrative services and customer operations. Banking facilities are provided by HBL to other Banking Group entities on normal commercial terms as with other customers. There is no lending from the Banking Group to HGH.

The Trustees of Heartland Trust (**HT**) and certain employees of the Banking Group provided their time and skills to the oversight and operation of HT at no charge.

Related party transactions between the Banking Group members eliminate on consolidation. Related party transactions outside of the Banking Group are as follows:

\$000's	Unaudited December 2025	Unaudited December 2024
<b>Heartland Group Holdings Limited</b>		
Interest expense	(113)	(186)
Net deposits/(withdrawals)	14,000	(15,500)
Dividends paid to HGH <sup>1</sup>	(28,350)	(15,000)
Management fees paid to HGH	(2,075)	(3,613)
Management fees received from HGH	537	4,341
Recharge of share based payments	952	—

<sup>1</sup>Refer to Note 9 - Share capital and dividends for further details.

\$000's	Unaudited December 2025	Unaudited December 2024
<b>Heartland Trust (HT)</b>		
Unclaimed monies paid to HT	104	—

### b) Due to related parties

\$000's	Unaudited December 2025	Audited June 2025
<b>Due to</b>		
Heartland Group Holdings Limited	—	792
<b>Total due to related parties</b>	<b>—</b>	<b>792</b>
<b>Due from</b>		
Heartland Group Holdings Limited	36	—
<b>Total due from related parties</b>	<b>36</b>	<b>—</b>

### (c) Other balances with related parties

\$000's	Unaudited December 2025	Audited June 2025
<b>Heartland Group Holdings Limited</b>		
Retail deposits owing to HGH	16,955	2,841

## 13 Fair value

### (a) Financial instruments measured at fair value

The following methods and assumptions were used to estimate the fair value of each class of financial asset and liability measured at fair value on a recurring basis in the statement of financial position.

The Banking Group has an established framework in performing valuations required for financial reporting purposes including Level 3 fair values. The Banking Group regularly reviews and calibrates significant unobservable inputs and valuation adjustments in accordance with market participants' views. If external valuation specialists are engaged to measure fair values, the Banking Group assesses the evidence obtained from these specialists to support the conclusion of these valuations. All significant valuations are reported to the Board Audit Committee for approval prior to its adoption in the interim financial statements.

#### Investments in debt securities

Investments in public sector securities and corporate bonds are stated at FVOCI or FVTPL, with the fair value being based on quoted market prices (Level 1 under the fair value hierarchy) or modelled using observable market inputs (Level 2 under the fair value hierarchy).

Investments valued under Level 2 of the fair value hierarchy are valued either based on quoted market prices or dealer quotes for similar instruments, or discounted cash flows analysis.

#### Investments in equity securities

Investments in equity securities where the Banking Group does not have control, joint control or significant influence are classified at FVTPL. However, where such securities are not held for trading, the Banking Group could make an irrevocable election to measure them at FVOCI. Any unrealised gain or loss on instrument under such election are recorded in other comprehensive income.

Investments in listed securities traded in liquid, active markets where prices are readily observable are measured under Level 1 of the fair value hierarchy with no modelling or assumptions used in the valuation. Investments in unlisted securities are measured under Level 3 of the fair value hierarchy with the fair value being based on unobservable inputs using market accepted valuation techniques. Where appropriate, the Banking Group may apply adjustments to the above-mentioned techniques to determine fair value of a security to reflect the underlying characteristics. These adjustments are reflective of market participant considerations in valuing the said security.

#### Finance receivables - reverse mortgages

The Banking Group classifies and measures the reverse mortgage portfolio at FVTPL under NZ IFRS 9 as the review of the reverse mortgage portfolio valuation determined that the terms and conditions of these loan contracts do not contain a component of significant insurance risk.

On initial recognition the Banking Group considers the transaction price to represent the fair value of the loan, on the basis that no reliable fair value can be estimated as there is no relevant active market and fair value cannot be reliably measured using other valuation techniques under NZ IFRS 13 Fair value measurement.

For subsequent measurement, and at balance date, the Banking Group considered whether the fair value can be determined by reference to a relevant active market or using a valuation technique that incorporates observable inputs but has concluded relevant support is not currently available. In the absence of such market evidence the Banking Group has used the transaction value (cash advanced plus accrued capitalised interest) for subsequent measurement. The Banking Group has used an actuarial method to determine a proxy for the fair value that incorporates changes in the portfolio risk and expectations of the portfolio performance. This includes inputs such as mortality and potential move into care, voluntary exits, house price changes, interest rate margin and the no equity guarantee. This estimate is highly subjective and a wide range of plausible values are possible. The estimate provides an indication of whether the transaction value is overstated.

The Banking Group does not consider that the actuarial estimate has moved outside of the original expectation range on initial recognition. There has been no fair value movement recognised in profit or loss during the period (December 2024: nil). Fair value is not sensitive to the above assumptions due to the nature of reverse mortgage loans. In particular, given conservative origination loan-to-value ratio and security criteria, a material deterioration in house prices combined with a material increase in interest rates over a sustained period of time would likely need to occur before any potential impact to fair value.

## 13 Fair value (continued)

### (a) Financial instruments measured at fair value (continued)

#### Finance receivables - reverse mortgages (continued)

The Banking Group will continue to reassess the existence of a relevant active market and movements in expectations on an on-going basis.

#### Derivative financial instruments

Derivative financial instruments are recognised in the financial statements at fair value. Fair values are determined from observable market prices as at the reporting date, discounted cash flow models or option pricing models as appropriate (Level 2 under the fair value hierarchy).

The following table analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which each fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

\$000's	Level 1	Level 2	Level 3	Total
<b>Unaudited - December 2025</b>				
<b>Assets</b>				
Investments	773,237	–	4,950	778,187
Derivative financial instruments	–	5,532	–	5,532
Finance receivables - reverse mortgages	–	–	3,841,667	3,841,667
<b>Total financial assets measured at fair value</b>	<b>773,237</b>	<b>5,532</b>	<b>3,846,617</b>	<b>4,625,386</b>
<b>Liabilities</b>				
Derivative financial instruments	–	19,870	–	19,870
<b>Total financial liabilities measured at fair value</b>	<b>–</b>	<b>19,870</b>	<b>–</b>	<b>19,870</b>
<b>Audited - June 2025</b>				
<b>Assets</b>				
Investments	783,272	–	6,772	790,044
Derivative financial instruments	–	4,792	–	4,792
Finance receivables - reverse mortgages	–	–	3,370,949	3,370,949
<b>Total financial assets measured at fair value</b>	<b>783,272</b>	<b>4,792</b>	<b>3,377,721</b>	<b>4,165,785</b>
<b>Liabilities</b>				
Derivative financial instruments	–	20,660	–	20,660
<b>Total financial liabilities measured at fair value</b>	<b>–</b>	<b>20,660</b>	<b>–</b>	<b>20,660</b>

There were no transfers between levels in the fair value hierarchy in the six months ended 31 December 2025 (December 2024: nil).

## 13 Fair value (continued)

### (a) Financial instruments measured at fair value (continued)

The movement in Level 3 assets measured at fair value are below:

\$000's	Finance Receivables - Reverse Mortgages	Investments	Total
<b><i>Unaudited - December 2025</i></b>			
As at 30 June 2025	3,370,949	6,772	3,377,721
New loans	424,053	–	424,053
Repayments	(278,405)	–	(278,405)
Capitalised Interest and fees	162,196	–	162,196
Sale of investments	–	(2,222)	(2,222)
Fair value loss on investment	–	(16)	(16)
Foreign exchange gain on translation	162,874	416	163,290
<b>As at 31 December 2025</b>	<b>3,841,667</b>	<b>4,950</b>	<b>3,846,617</b>
<b><i>Audited - June 2025</i></b>			
As at 30 June 2024	2,897,818	9,432	2,907,250
New loans	643,735	–	643,735
Repayments	(424,626)	–	(424,626)
Capitalised Interest and fees	283,600	–	283,600
Purchase of investments	–	251	251
Fair value (loss) on investment	–	(2,805)	(2,805)
Foreign exchange (loss) on translation	(29,578)	(106)	(29,684)
<b>As at 30 June 2025</b>	<b>3,370,949</b>	<b>6,772</b>	<b>3,377,721</b>

## 13 Fair value (continued)

### (b) Financial instruments not measured at fair value

The following assets and liabilities of the Banking Group are not measured at fair value in the statement of financial position.

#### Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost and their carrying value is considered equivalent to their fair value due to their short term nature.

#### Finance receivables measured at amortised cost

The fair value of the Banking Group's finance receivables is calculated using a valuation technique which assumes the Banking Group's current weighted average lending rates for loans of a similar nature and term.

Finance receivables with a floating interest rate are deemed to be at current market rates. The current amount of credit provisioning has been deducted from the fair value calculation of finance receivables as a proxy for future losses.

#### Borrowings

The fair value of deposits, bank borrowings and other borrowings is the present value of future cash flows and is based on the current market interest rates payable by the Banking Group for debt of similar maturities.

#### Other financial assets and financial liabilities

The fair value of all other financial instruments is considered equivalent to their carrying value due to their short-term nature.

The following table sets out financial instruments not measured at fair value where the carrying value does not approximate fair value, compares their carrying value against their fair value and analyses them by level in the fair value hierarchy.

\$000's	Unaudited - December 2025			Audited - June 2025		
	Fair Value Hierarchy	Total Fair Value	Total Carrying Value	Fair Value Hierarchy	Total Fair Value	Total Carrying Value
<b>Assets</b>						
Finance receivables measured at amortised cost	Level 3	3,531,525	3,398,527	Level 3	3,823,238	3,711,450
<b>Total financial assets</b>		<b>3,531,525</b>	<b>3,398,527</b>		<b>3,823,238</b>	<b>3,711,450</b>
<b>Liabilities</b>						
Deposits	Level 2	6,930,724	6,912,116	Level 2	6,557,613	6,532,794
Other borrowings	Level 2	561,935	554,649	Level 2	831,035	825,454
<b>Total financial liabilities</b>		<b>7,492,659</b>	<b>7,466,765</b>		<b>7,388,648</b>	<b>7,358,248</b>

## Risk Management

### 14 Enterprise risk management program

There have been no material changes in the Banking Group's policies for managing risk, or material exposures to any new types of risk since the reporting of the previous Disclosure Statement for the year ended 30 June 2025.

### 15 Credit risk exposure

#### (a) Maximum exposure to credit risk at the relevant reporting dates

The following table represents the maximum credit risk exposure, without taking into account any collateral held. The exposures set out below are based on net carrying amounts as reported in the statement of financial position, where investments exclude total equity investments and finance receivables measured at amortised cost are presented gross of provision for losses on guaranteed future value products as they do not give rise to credit risk exposure.

\$000's	Unaudited December 2025
<b>On balance sheet:</b>	
Cash and cash equivalents	394,089
Collateral paid	12,867
Investments	773,237
Finance receivables measured at amortised cost	3,400,031
Finance receivables - reverse mortgages	3,841,667
Derivative financial assets	5,532
Other financial assets	6,617
<b>Total on balance sheet credit exposures</b>	<b>8,434,040</b>
<b>Off balance sheet:</b>	
Letters of credit, guarantee commitments and performance bonds	2,235
Undrawn facilities available to customers	666,824
Conditional commitments to fund at future dates	6,951
<b>Total off balance sheet credit exposures</b>	<b>676,010</b>
<b>Total credit exposures</b>	<b>9,110,050</b>

#### (b) Concentration of credit risk by geographic region

\$000's	Unaudited December 2025
New Zealand	5,222,571
Australia	3,812,164
Rest of the world <sup>1</sup>	145,999
	<b>9,180,734</b>
Provision for impairment	(70,684)
<b>Total credit exposures</b>	<b>9,110,050</b>

<sup>1</sup>These overseas assets are primarily NZD-denominated investments in AA+ (Standard & Poor's) and high quality investment grade securities issued by offshore supranational agencies ("Kauri Bonds").

## 15 Credit risk exposure (continued)

### (c) Concentration of credit risk by industry sector

The Australian and New Zealand Standard Industrial Classification (**ANZSIC**) codes have been used as the basis for categorising customer and investees across industry sectors.

<b>\$000's</b>	<b>Unaudited December 2025</b>
Agriculture	1,067,353
Forestry and fishing	68,526
Mining	2,587
Manufacturing	49,598
Finance and insurance	708,462
Wholesale trade	29,788
Retail trade and accommodation	349,312
Households	5,366,680
Other business services	146,484
Construction	255,918
Rental, hiring and real estate services	178,022
Transport and storage	342,300
Public administration and safety	517,516
Other	98,188
	<b>9,180,734</b>
Provision for impairment	(70,684)
<b>Total credit exposures</b>	<b>9,110,050</b>

## 15 Credit risk exposure (continued)

### (d) Credit exposure to individual counterparties

The Banking Group's aggregate concentration of credit exposure to individual counterparties is calculated based on the actual credit exposure. Credit exposures to connected persons, the central government or central bank of any country with a long term credit rating of A- or A3 or above, or its equivalent, and any supranational or quasi-sovereign agency with a long-term credit rating of A- or A3 or above, or its equivalent are excluded.

The peak end-of-day aggregate concentration of credit exposure to individual counterparties has been calculated by determining the maximum end-of-day aggregate amount of credit exposure over the relevant six-month period and then dividing the amount by the Banking Group's CET1 capital at 31 December 2025.

	Unaudited as at 31 December 2025	Unaudited Peak End-of- day over 6 months to 31 December 2025
<b>Total number of exposures to banks</b>		
With a long-term credit rating of A- or A3 or above, or its equivalent:		
10% to less than 15% of CET1 capital	—	1
15% to less than 20% of CET1 capital	—	—
20% to less than 25% of CET1 capital	1	—
25% to less than 30% of CET1 capital	—	—
30% to less than 35% of CET1 capital	—	—
35% to less than 40% of CET1 capital	—	1
With a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent that are greater than 10% CET1 capital	—	—
<b>Total number of exposures to non-banks</b>		
Total number of exposures to non-banks that are greater than 10% to less than 15% of CET1 capital that have a long-term credit rating of A- or A3 or above.	—	—
Total number of exposures to non-banks that are greater than 10% to less than 15% of CET1 capital that do not have a long-term credit rating.	—	—

## 16 Asset quality

The disclosures in this note are categorised by the following credit risk concentrations:

**Corporate** Business lending including rural lending.

**Residential** Lending secured by a first ranking mortgage over a residential property used primarily for residential purposes either by the mortgagor or a tenant of the mortgagor.

**All Other** This relates primarily to consumer lending to individuals.

Information is not presented in respect of other financial assets or credit related commitments as the related allowances for ECL are not material to the Banking Group.

### (a) Past due but not individually impaired

\$000's	Corporate	Residential <sup>1</sup>	All Other	Total
<i>Unaudited - December 2025</i>				
Less than 30 days past due	40,167	2,330	38,447	80,944
At least 30 but less than 60 days past due	25,443	2,275	8,156	35,874
At least 60 but less than 90 days past due	16,524	83	2,149	18,756
At least 90 days past due	43,684	21,804	16,474	81,962
<b>Total past due but not individually impaired</b>	<b>125,818</b>	<b>26,492</b>	<b>65,226</b>	<b>217,536</b>

<sup>1</sup>Residential finance receivables comprise \$24.5 million of past due finance receivables - reverse mortgages which are measured at FVTPL.

## 16 Asset quality (continued)

### (b) Provision for impairment

\$000's	Collectively Assessed			Individually Assessed	Total
	Stage 1	Stage 2	Stage 3		
<b>Unaudited - December 2025</b>					
<b>Corporate</b>					
<b>Impairment allowance as at 30 June 2025</b>	<b>10,223</b>	<b>5,614</b>	<b>15,827</b>	<b>24,795</b>	<b>56,459</b>
Changes in loss allowance					
Transfer between stages <sup>1</sup>	(152)	(3,408)	(659)	4,219	–
New and increased provision (net of provision releases) <sup>1</sup>	(77)	2,955	(313)	8,645	11,210
<b>Credit impairment charge</b>	<b>(229)</b>	<b>(453)</b>	<b>(972)</b>	<b>12,864</b>	<b>11,210</b>
Write-offs	–	–	(3,926)	(7,473)	(11,399)
Effect of changes in foreign exchange rate	101	29	–	241	371
<b>Impairment allowance as at 31 December 2025</b>	<b>10,095</b>	<b>5,190</b>	<b>10,929</b>	<b>30,427</b>	<b>56,641</b>
<b>Residential</b>					
<b>Impairment allowance as at 30 June 2025</b>	<b>179</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>179</b>
Changes in loss allowance					
Transfer between stages <sup>1</sup>	–	–	–	–	–
New and increased provision (net of provision releases) <sup>1</sup>	(45)	–	–	–	(45)
<b>Credit impairment charge</b>	<b>(45)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(45)</b>
Write-offs	–	–	–	–	–
Effect of changes in foreign exchange rate	(1)	–	–	–	(1)
<b>Impairment allowance as at 31 December 2025</b>	<b>133</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>133</b>
<b>All Other</b>					
<b>Impairment allowance as at 30 June 2025</b>	<b>5,627</b>	<b>2,237</b>	<b>7,277</b>	<b>–</b>	<b>15,141</b>
Changes in loss allowance					
Transfer between stages <sup>1</sup>	(74)	(1,529)	1,603	–	–
New and increased provision (net of provision releases) <sup>1</sup>	(881)	477	3,721	–	3,317
<b>Credit impairment charge</b>	<b>(955)</b>	<b>(1,052)</b>	<b>5,324</b>	<b>–</b>	<b>3,317</b>
Write-offs	–	–	(4,509)	–	(4,509)
Effect of changes in foreign exchange rate	(39)	–	–	–	(39)
<b>Impairment allowance as at 31 December 2025</b>	<b>4,633</b>	<b>1,185</b>	<b>8,092</b>	<b>–</b>	<b>13,910</b>
<b>Total</b>					
<b>Impairment allowance as at 30 June 2025</b>	<b>16,029</b>	<b>7,851</b>	<b>23,104</b>	<b>24,795</b>	<b>71,779</b>
Changes in loss allowance					
Transfer between stages <sup>1</sup>	(226)	(4,937)	944	4,219	–
New and increased provision (net of provision releases) <sup>1</sup>	(1,003)	3,432	3,408	8,645	14,482
<b>Credit impairment charge</b>	<b>(1,229)</b>	<b>(1,505)</b>	<b>4,352</b>	<b>12,864</b>	<b>14,482</b>
Write-offs	–	–	(8,435)	(7,473)	(15,908)
Effect of changes in foreign exchange rate	61	29	–	241	331
<b>Impairment allowance as at 31 December 2025</b>	<b>14,861</b>	<b>6,375</b>	<b>19,021</b>	<b>30,427</b>	<b>70,684</b>

<sup>1</sup> The increase in provision when a loan moves to a higher stage is included in New and increased provision (net of provision releases) in the higher stage to which the loan moved. The decrease in provision when a loan moves to a lower stage is included in New and increased provision (net of provision releases) in the higher stage from which the loan moved.

## 16 Asset quality (continued)

### (c) Impact of changes in gross finance receivables held at amortised cost on allowance for ECL

\$000's	Collectively Assessed			Individually Assessed	Total
	Stage 1	Stage 2	Stage 3		
<i>Unaudited - December 2025</i>					
<b>Corporate</b>					
<b>Gross finance receivables as at 30 June 2025</b>	<b>2,144,693</b>	<b>220,092</b>	<b>74,173</b>	<b>90,830</b>	<b>2,529,788</b>
Transfer between stages	(61,345)	(16,302)	21,563	56,084	–
Additions	352,888	–	–	–	352,888
Deletions	(381,399)	(65,571)	(41,850)	(30,932)	(519,752)
Write-offs	–	–	(3,926)	(7,473)	(11,399)
Effect of changes in foreign exchange rate	16,273	1,686	–	2,957	20,916
<b>Gross finance receivables as at 31 December 2025</b>	<b>2,071,110</b>	<b>139,905</b>	<b>49,960</b>	<b>111,466</b>	<b>2,372,441</b>
<b>Residential</b>					
<b>Gross finance receivables as at 30 June 2025</b>	<b>216,240</b>	<b>369</b>	<b>998</b>	<b>488</b>	<b>218,095</b>
Transfer between stages	666	(200)	(492)	26	–
Additions	1,108	–	–	–	1,108
Deletions	(117,345)	–	–	(338)	(117,683)
Write-offs	–	–	–	–	–
Effect of changes in foreign exchange rate	2,125	19	–	12	2,156
<b>Gross finance receivables as at 31 December 2025</b>	<b>102,794</b>	<b>188</b>	<b>506</b>	<b>188</b>	<b>103,676</b>
<b>All Other</b>					
<b>Gross finance receivables as at 30 June 2025</b>	<b>998,663</b>	<b>16,401</b>	<b>21,786</b>	<b>–</b>	<b>1,036,850</b>
Transfer between stages	(6,851)	(1,639)	8,490	–	–
Additions	237,243	–	–	–	237,243
Deletions	(263,982)	(5,957)	(5,062)	–	(275,001)
Write-offs	–	–	(4,509)	–	(4,509)
Effect of changes in foreign exchange rate	15	–	–	–	15
<b>Gross finance receivables as at 31 December 2025</b>	<b>965,088</b>	<b>8,805</b>	<b>20,705</b>	<b>–</b>	<b>994,598</b>
<b>Total</b>					
<b>Gross finance receivables as at 30 June 2025</b>	<b>3,359,596</b>	<b>236,862</b>	<b>96,957</b>	<b>91,318</b>	<b>3,784,733</b>
Transfer between stages	(67,530)	(18,141)	29,561	56,110	–
Additions	591,239	–	–	–	591,239
Deletions	(762,726)	(71,528)	(46,912)	(31,270)	(912,436)
Write-offs	–	–	(8,435)	(7,473)	(15,908)
Effect of changes in foreign exchange rate	18,413	1,705	–	2,969	23,087
<b>Gross finance receivables as at 31 December 2025</b>	<b>3,138,992</b>	<b>148,898</b>	<b>71,171</b>	<b>111,654</b>	<b>3,470,715</b>

## 16 Asset quality (continued)

The Banking Group's provision for impairment has decreased by \$1.1 million for the period ended 31 December 2025, driven by the following movements:

### Impact of changes in gross exposures on loss allowances - Corporate exposures

- A net decrease in collective provisions of \$5.5 million, reflecting improvements in staging mix and specifically, reductions in Stage 3 gross exposures due to recovery actions undertaken by the Banking Group and subsequent bad debt write-offs of \$3.9 million.
- A net increase in individually assessed provisions of \$5.6 million, following transfer (net of repayments) of \$25.2 million of receivables into this category. This resulted in additional provisions of \$12.9 million on loans within the secured business lending portfolio, driven by deteriorating economic conditions, and lower valuations of underlying securities. These increases were partially offset by bad-debt write-offs of \$7.5 million.

### Impact of changes in gross exposures on loss allowances - Residential exposures

The Banking Group's provision for impairment for residential exposures decreased by \$0.1 million, predominantly due to lower gross exposures arising from customer repayments. There were no other significant changes in gross exposures or staging during the period.

### Impact of changes in gross exposures on loss allowances - All other exposures

The Banking Group's provision for impairment has reduced by \$1.2 million, primarily due to an improvement in the staging mix and a reduction in overall exposure.

### (d) Other asset quality information

As at 31 December 2025 there were \$0.1 million undrawn lending commitments available to counterparties for whom drawn balances are classified as individually impaired. As at 31 December 2025, the Banking Group had \$2.8 million assets under administration.

## 17 Liquidity and funding risk

The Banking Group holds the following liquid assets and committed funding sources for the purpose of managing liquidity risk:

\$000's	Unaudited December 2025
Cash and cash equivalents	394,089
Investments in debt securities	773,237
<b>Total liquid assets</b>	<b>1,167,326</b>
Undrawn committed bank facilities	333,411
<b>Total liquid assets and committed undrawn funding</b>	<b>1,500,737</b>

### Contractual liquidity profile of financial liabilities

The following tables present the Banking Group's financial liabilities by relevant maturity groupings based upon contractual maturity date. The amounts disclosed in the tables represent undiscounted future principal and interest cash flows. As a result, the amounts in the tables below may differ to the amounts reported on the statement of financial position.

The contractual cash flows presented below may differ significantly from actual cash flows. This occurs as a result of future actions by the Banking Group and its counterparties, such as early repayments or refinancing of term loans and borrowings. Deposits and other public borrowings include customer savings deposits and transactional accounts, which are at call. These accounts provide a stable source of long term funding for the Banking Group.

\$000's	On Demand	0-6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
<i>Unaudited - December 2025</i>							
<b>Non-derivative financial liabilities</b>							
Deposits	1,036,085	4,376,196	1,240,463	206,760	173,926	—	7,033,430
Other borrowings	—	20,042	19,353	269,335	95,326	366,095	770,151
Lease liabilities	—	1,771	2,236	4,438	7,194	1,868	17,507
Other financial liabilities	—	16,875	—	—	—	—	16,875
<b>Total non-derivative financial liabilities</b>	<b>1,036,085</b>	<b>4,414,884</b>	<b>1,262,052</b>	<b>480,533</b>	<b>276,446</b>	<b>367,963</b>	<b>7,837,963</b>
<b>Derivative financial liabilities</b>							
Inflows from derivatives	—	10,280	9,541	14,344	11,511	379	46,055
Outflows from derivatives	—	17,004	15,681	19,401	14,032	316	66,434
<b>Total derivative financial liabilities</b>	<b>—</b>	<b>6,724</b>	<b>6,140</b>	<b>5,057</b>	<b>2,521</b>	<b>(63)</b>	<b>20,379</b>
Undrawn facilities available to customers	666,824	—	—	—	—	—	666,824

## 18 Interest rate risk

### Contractual repricing analysis

The interest rate risk profile of financial assets and liabilities that follows has been prepared on the basis of maturity or next repricing date, whichever is earlier.

\$000's	0-3 Months	3-6 Months	6-12 Months	1-2 Years	2+ Years	Non- Interest Bearing	Total
<i>Unaudited - December 2025</i>							
<b>Financial assets</b>							
Cash and cash equivalents	394,089	—	—	—	—	—	394,089
Collateral paid	12,867	—	—	—	—	—	12,867
Investments	415,496	14,955	24,931	53,355	264,500	4,950	778,187
Due from related parties	—	—	—	—	—	36	36
Derivative financial assets	—	—	—	—	—	5,532	5,532
Finance receivables measured at amortised cost	1,385,830	263,491	431,934	547,874	769,398	—	3,398,527
Finance receivables - reverse mortgages	3,841,667	—	—	—	—	—	3,841,667
Other financial assets	3,417	—	—	—	—	3,200	6,617
<b>Total financial assets</b>	<b>6,053,366</b>	<b>278,446</b>	<b>456,865</b>	<b>601,229</b>	<b>1,033,898</b>	<b>13,718</b>	<b>8,437,522</b>
<b>Financial liabilities</b>							
Deposits	3,460,911	1,873,808	1,200,257	193,044	148,175	35,921	6,912,116
Other borrowings	393,295	—	—	—	161,354	—	554,649
Derivative financial liabilities	—	—	—	—	—	19,870	19,870
Lease liabilities	—	—	—	—	—	15,655	15,655
Other financial liabilities	—	—	—	—	—	16,875	16,875
<b>Total financial liabilities</b>	<b>3,854,206</b>	<b>1,873,808</b>	<b>1,200,257</b>	<b>193,044</b>	<b>309,529</b>	<b>88,321</b>	<b>7,519,165</b>
Effect of derivatives held for risk management	716,478	125,000	(230,000)	(226,500)	(384,978)	—	—
<b>Net financial assets/(liabilities)</b>	<b>2,915,638</b>	<b>(1,470,362)</b>	<b>(973,392)</b>	<b>181,685</b>	<b>339,391</b>	<b>(74,603)</b>	<b>918,357</b>

## 19 Concentrations of funding

### (a) Concentration of funding by industry

ANZSIC codes have been used as the basis for categorising customer and investee industry sectors.

<b>\$000's</b>	<b>Unaudited December 2025</b>
Agriculture	110,769
Forestry and fishing	14,568
Manufacturing	15,384
Mining	108
Finance and insurance	1,650,972
Wholesale trade	9,878
Retail trade and accommodation	34,738
Households	4,671,592
Rental, hiring and real estate services	50,679
Construction	27,855
Other business services	642,205
Transport and storage	6,415
Public administration and safety	156,557
Other	75,045
<b>Total funding</b>	<b>7,466,765</b>

### (b) Concentration of funding by geographical area

<b>\$000's</b>	<b>Unaudited December 2025</b>
New Zealand	4,250,410
Australia	3,142,732
Rest of the world	73,623
<b>Total funding</b>	<b>7,466,765</b>

## Other Disclosures

### 20 Capital adequacy and regulatory liquidity ratios - unaudited

The Reserve Bank of New Zealand (**RBNZ**) minimum regulatory capital requirements for banks have been established under the RBNZ Capital Adequacy Framework, outlined in the "Banking Prudential Requirements" (**BPRs**) documents. These documents are based on the international framework developed by the Bank for International Settlements Committee on Banking Supervision, commonly known as Basel III. These requirements define what is acceptable as capital and provide methods for measuring risks incurred by the banks in New Zealand. Basel III consists of three pillars:

- Pillar One covers the capital requirements for banks for credit, operational, and market risks;
- Pillar Two covers all other material risks not already included in Pillar One; and
- Pillar Three relates to market disclosure.

#### **RBNZ Capital Adequacy**

Heartland Bank Limited must manage the capital requirements of the Banking Group and the New Zealand Banking Group in line with the Conditions of Registration (**CoR**) issued by the RBNZ. Refer to New Zealand Banking Group disclosures - unaudited for further details.

The Banking Group has calculated its Risk Weighted Exposures (**RWEs**) and minimum regulatory capital requirements in accordance with the CoR and the BPR documents, where relevant. In doing so, the Banking Group has applied the following methodology:

- Calculated the total credit risk - Risk Weighted Assets (**RWAs**) for the New Zealand operations as per BPR 130: Credit Risk RWAs;
- Calculated the total credit risk RWAs for HBA and its subsidiaries as per Australian Prudential Standard (**APS**)112 Capital Adequacy: Standardised Approach to Credit Risk (**APS112**) and APS180 Capital Adequacy: Counterparty Credit Risk (**APS180**);
- Calculated the Banking Group's capital requirement for market risk exposure as per BPR140: Market Risk;
- Calculated the Banking Group's capital requirement for operational risk as per BPR150: Standardised Operational Risk.

Total regulatory capital is divided into Tier 1 and Tier 2 capital. Tier 1 capital comprises Common Equity Tier 1 (**CET1**) capital and Additional Tier 1 (**AT1**) capital. Tier 1 capital primarily consists of shareholder's equity and other capital instruments acceptable to the RBNZ as per BPR110: Capital Definitions (**BPR110**), less intangible assets, cash flow hedge reserves, deferred tax assets, and other prescribed deductions. Tier 2 as per BPR110 comprises eligible subordinated debt securities and revaluation reserves.

Regulatory capital adequacy ratios are calculated by expressing capital as a percentage of RWEs. As a Condition of Registration, the Bank must comply with the following minimum requirements set by the RBNZ:

- Total capital of the Banking Group and New Zealand Banking Group must not be less than 11% of RWE<sup>1</sup>
- Tier 1 capital of the Banking Group and New Zealand Banking Group must not be less than 9% of RWE<sup>1</sup>
- CET1 capital of the Banking Group and New Zealand Banking Group must not be less than 6.5% of RWE<sup>1</sup>

<sup>1</sup>Includes the RBNZ's 2% capital overlay attached to the Bank's CoR.

In addition, if the Prudential Capital Buffer (**PCB**) Ratio of the Banking Group is less than 3.5%, the Bank must limit aggregate distributions, other than discretionary payments payable to holders of AT1 capital instruments, to the limits set out within the Bank's CoR.

Including the PCB, the Banking Group's minimum total capital requirement is 14.5%. On 17 December 2025, the RBNZ released its decisions on the new capital settings applying to deposit takers. This requires Group 2 deposit takers in New Zealand to gradually transition their Total Capital ratio to 14.0% by December 2028. The Banking Group's Total Capital ratio is 17.11% as at 31 December 2025, above this minimum requirement. The RBNZ is set to release a range of information relating to these decisions in early 2026.

Subsequent to 31 December 2025, the RBNZ have issued revised CoR that, effective 1 March 2026, reducing the Banking Group and New Zealand Banking Group's regulatory capital overlay from 2.00% to 0.50%. The effect of this is reducing the Banking Group and New Zealand Banking Group's minimum capital ratios as follows:

- Total capital ratio from 11.0% to 9.5%
- Tier 1 capital ratio from 9.0% to 7.5%
- CET1 capital ratio from 6.5% to 5.0%

## 20 Capital adequacy and regulatory liquidity ratios - unaudited (continued)

### *Capital management*

The Board has overall responsibility for ensuring the Banking Group has adequate capital in relation to its risk profile and establishes minimum internal capital levels and limits above the regulatory minimum.

The Banking Group's objectives for the management of capital are to:

- Maintain a strong capital base to cover the inherent risks of the business in excess of that required by credit ratings agencies to maintain a strong credit rating;
- Support the future development and growth of the business; and
- Comply at all times with the regulatory capital requirements set by the RBNZ, whereas the Australian Banking Group must comply at all times with the regulatory capital requirements set by APRA.

The Bank's Capital Management Framework includes its:

- Internal Capital Adequacy Assessment Process (**ICAAP**);
- Capital Stress Testing Policy; and
- Capital Management Plan (**CMP**)

The Banking Group has an ICAAP that complies with the requirements set out in BPR100: Capital Adequacy (**BPR100**) and follows its CoR. The ICAAP identifies the capital required to be held against other material risks, such as strategic business risk, reputational risk, regulatory risk, and additional credit risk. Stress testing conducted following the Capital Stress Testing Policy assists in this process.

The Banking Group actively monitors their capital adequacy through Group Asset and Liability Committee (**GALCO**) and report this regularly to the Board. This includes forecasting capital requirements to ensure that future capital requirements can be executed on time. The Banking Group uses a mix of capital instruments to reduce single-source reliance and optimise its mix of capital. The Board reviews the ICAAP, CMP, and Capital Stress Testing Policy annually.

## 20 Capital adequacy and regulatory liquidity ratios - unaudited (continued)

The capital adequacy tables set out on the following pages summarise the composition of regulatory capital and the capital adequacy ratios for the Banking Group as at 31 December 2025.

### (a) Capital

\$000's	Unaudited December 2025
<b>Tier 1 Capital</b>	
<b>CET1 capital</b>	
Paid-up ordinary shares issued by the Banking Group plus related share premium	1,045,060
Retained earnings (net of appropriations)	268,444
Accumulated other comprehensive income and other disclosed reserves <sup>1</sup>	(89,835)
Less deductions from CET1 capital	
Intangible assets	(258,686)
Deferred tax assets	(19,535)
Cash flow hedge reserve	8,447
Reverse Mortgage LVR greater than 100% <sup>2</sup>	(1,949)
Adjustment under the corresponding deductions approach - individual stakes exceeding 10%	(4,830)
<b>Total CET1 capital</b>	<b>947,116</b>
<b>AT1 capital</b>	<b>–</b>
<b>Total Tier 1 capital</b>	<b>947,116</b>
<b>Tier 2 Capital</b>	
NZD subordinated notes <sup>3</sup>	100,000
Foreign exchange translation reserve	27,667
<b>Total Tier 2 capital</b>	<b>127,667</b>
<b>Total capital</b>	<b>1,074,783</b>

<sup>1</sup>Excludes Foreign exchange translation reserve which is included within Tier 2 Capital.

<sup>2</sup>Australian reverse mortgage loan-to-value ratios (**LVRs**) for capital adequacy purposes are required to be calculated in accordance with APS112 Capital Adequacy: Standardised Approach to Credit Risk, which requires the property valuation to be the value at origination or, where relevant, on a subsequent formal revaluation. This has the effect of generally overstating LVRs in Australia as property values are not periodically updated (as compared to New Zealand) and therefore, some reverse mortgages in Australia are calculated with a LVR greater than 100% under this methodology. Had the Australian reverse mortgage property values been valued on the same basis as New Zealand reverse mortgage property values for LVR purposes, there would be no loans with LVR greater than 100%.

<sup>3</sup>Classified as a liability under NZ GAAP and excludes capitalised transaction costs.

### (b) Capital structure

The following details summarise each instrument included within Total Capital. None of these instruments are subject to phase-out from eligibility as capital under the RBNZ's Basel III transitional arrangements.

#### Ordinary shares

In accordance with BPR110, ordinary share capital is classified as CET1 capital. The ordinary shares have no par value. Each ordinary share of the Bank carries the right to vote on a poll at meetings of shareholders, the right to an equal share in dividends authorised by the Board and the right to an equal share in the distribution of the surplus assets of the Bank in the event of liquidation.

#### Retained earnings

Retained earnings is the accumulated profit or loss that has been retained in the Banking Group. Retained earnings is classified as CET1 capital.

## 20 Capital adequacy and regulatory liquidity ratios - unaudited (continued)

### (b) Capital structure (continued)

#### Reserves classified as CET1 capital

Fair value reserve	The fair value reserve comprises the changes in the fair value of investments, net of tax.
Cash flow hedge reserve	The hedging reserve comprises the fair value gains and losses associated with the effective portion of designated cash flow hedging instruments, net of tax. Where the hedge item relating to the reserve is held against items which are not recorded at fair value on the balance sheet, the reserve is a deduction from CET1 capital.
Common control reserve	Common control reserve represents the difference between the consideration paid and the share capital of the transferred entities based on carrying amounts at the date of transfer.

#### Tier 2 capital

Tier 2 capital comprises foreign exchange translation reserve and subordinated debt securities as per BPR110.

#### Subordinated notes - Tier 2 capital

##### NZD Subordinated notes

On 28 April 2023, HBL issued \$100 million of subordinated unsecured notes (**NZD Subordinated notes**) to New Zealand investors and certain overseas institutional investors pursuant to the terms of the Subordinated Unsecured Notes Deed Poll in accordance with the laws of New Zealand. NZD Subordinated notes are treated as Tier 2 capital under HBL regulatory capital requirements and will mature on 28 April 2033.

##### *Interest payable*

The interest rate is a fixed rate of 7.51% for a period of 5 years until 28 April 2028, after which it will reset to quarterly floating rate equal to the sum of the applicable 3-month Bank Bill Rate plus 3.2% Issue Margin. The quarterly payment of interest in respect of the subordinated notes are subject to HBL being solvent at the time of, and immediately following the interest payment.

##### *Early Redemption*

HBL may choose to repay all or some of the subordinated notes for their face value together with accrued interest (if any) on 28 April 2028 or any interest payment date thereafter. Early redemption of all the subordinated notes for certain tax or regulatory events is permitted on an interest payment date. Early redemption is subject to certain conditions, including HBL obtaining the RBNZ prior written approval and HBL being solvent at the time.

##### *Ranking*

The claims of the holders of the subordinated notes will rank:

- Behind the claims of all depositors and other creditors of HBL;
- equally with the claims of other holders of any other securities and obligations that rank equally with the subordinated notes and;
- ahead of the rights of the HBL's shareholders and holders of any other securities and obligations of HBL that rank behind the subordinated notes.

#### Foreign exchange translation reserve

The foreign exchange reserve arises from the translation of financial statements of foreign operations into the presentation currency of the reporting entity. This reserve includes the cumulative gains and losses resulting from the translation of assets, liabilities, income, and expenses at different exchange rates.

## 20 Capital adequacy and regulatory liquidity ratios - unaudited (continued)

### (c) Credit risk for the Banking Group

#### On balance sheet exposures

	Total Exposure After Credit Risk Mitigation \$000's	Risk Weight %	Risk Weighted Exposure \$000's
<b>Unaudited - December 2025</b>			
Sovereigns and central banks	408,544	0%	—
Multilateral development banks and other international organisations	156,049	0%	—
	9,105	20%	1,821
Public sector entities	137,084	20%	27,417
Banks	13,967	10%	1,397
	458,785	20%	91,757
	—	30%	—
	14,276	50%	7,138
Corporate	17,524	20%	3,505
	206,867	85%	175,837
	1,708,266	100%	1,708,266
	8,462	150%	12,693
<b>Residential mortgages not past due</b>			
	10,338	20%	2,068
	5,815	25%	1,454
	4,306	30%	1,292
	78,248	35%	27,387
	3,964	40%	1,586
	271	45%	122
	—	65%	—
Reverse mortgages	660,143	40%	264,057
	2,955,596	50%	1,477,798
	62,293	80%	49,834
	139,912	100%	139,912
	—	150%	—
Past due residential mortgages	2,626	100%	2,626
	19,749	150%	29,624
Other past due assets	123	20%	25
	9,198	30%	2,759
	49,816	100%	49,816
	60,500	150%	90,750
Equity holdings in the Business Growth Fund that qualify for 250% risk weight	—	250%	—
Equity holdings (not deducted from capital) included in the NZX50 or overseas equivalent index	—	300%	—
All other equity holdings (not deducted from capital)	120	400%	480
Other assets	1,294,551	100%	1,294,551
Non risk weighted assets	285,000	0%	—
<b>Total on balance sheet exposures</b>	<b>8,781,498</b>		<b>5,465,972</b>

## 20 Capital adequacy and regulatory liquidity ratios - unaudited (continued)

### (c) Credit risk for the Banking Group (continued)

#### Off balance sheet exposures

\$000's	Total Exposure \$000's	Credit Conversion Factor %	Credit Equivalent Amount \$000's	Average Risk Weight %	Risk Weighted Exposure \$000's
<b>Unaudited - December 2025</b>					
Direct credit substitute	–	100%	–	0%	–
Commitments with certain drawdown as per APS 112	199,123	100%	199,123	50%	99,686
Performance-related contingency	2,235	50%	1,117	100%	1,117
Other commitments where original maturity is more than one year	317,076	50%	158,538	78%	124,431
Other commitments where original maturity is less than or equal to one year	–	20%	–	0%	–
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	35,479	0%	–	0%	–
Other commitments as per APS 112	122,097	40%	48,840	50%	24,191
<b>Counterparty credit risk<sup>1</sup></b>					
Foreign exchange contracts	–	N/A	–	0%	–
Interest rate contracts	1,111,478	N/A	1,692	35%	597
Credit valuation adjustment	N/A	N/A	N/A	N/A	528
<b>Total off balance sheet exposures</b>	<b>1,787,488</b>		<b>409,310</b>		<b>250,550</b>

<sup>1</sup>The credit equivalent amount for market related contracts was calculated using the current exposure method.

#### Qualifying Central Counterparty (QCCP) exposures

As at 31 December 2025, the Banking Group does not have any exposures arising from trades settled on Qualifying Central Counterparties.

## 20 Capital adequacy and regulatory liquidity ratios - unaudited (continued)

### (d) Additional mortgage information - LVR range

\$000's	On Balance Sheet Exposures	Off Balance Sheet Exposures <sup>1</sup>	Total Exposures
<b>Unaudited - December 2025</b>			
Does not exceed 80%	3,894,771	439,250	4,334,021
Exceeds 80% and not 90%	22,826	818	23,644
Exceeds 90%	27,613	—	27,613
<b>Total exposures for the Banking Group</b>	<b>3,945,210</b>	<b>440,068</b>	<b>4,385,278</b>

<sup>1</sup> Off balance sheet exposures means unutilised limits.

At 31 December 2025, there were no Welcome Home loans whose credit risk is mitigated by the Crown included in "Exceeds 90% residential mortgages". For capital adequacy calculations only the value of the first mortgages over residential property is included in the LVR calculation, in accordance with BPR131.

### (e) Reconciliation of mortgage related amounts

\$000's	Note	Unaudited December 2025
Gross finance receivables - reverse mortgages	13	3,841,667
Loans and advances - loans with residential mortgages	16(c)	100,139
Loans and advances - corporate lending secured on residential mortgages	16(c)	3,537
<b>On balance sheet residential mortgage exposures subject to the standardised approach</b>		<b>3,945,343</b>
Less: collective provision for impairment	16(b)	(133)
<b>On balance sheet residential mortgage exposures after collective provision</b>	20(d)	<b>3,945,210</b>
Off balance sheet mortgage exposures subject to the standardised approach	20(d)	440,068
<b>Total residential exposures subject to the standardised approach</b>		<b>4,385,278</b>

### (f) Credit risk mitigation

As at 31 December 2025, the Banking Group had \$0.7 million of Welcome Home Loans (June 2025: \$0.9 million), \$6.3 million of BFGS loans (June 2025: \$16.3 million) and NIWE loans of \$21.9 million (June 2025: \$25.4 million) whose credit risk is mitigated by the Crown.

The Banking Group also has eligible collateral paid from its correspondent banks in relation to derivatives it holds on its balance sheet, however no benefit has been attributed to the risk weighted assets held against these exposures.

### (g) Operational risk

The Banking Group's implied RWEs in the below table are calculated in accordance with BPR150: Standardised Operational Risk.

\$000's	Implied Risk Weighted Exposure	Total Operational Risk Capital Requirement
<b>Unaudited - December 2025</b>		
Operational risk	455,588	36,447

## 20 Capital adequacy and regulatory liquidity ratios - unaudited (continued)

### (h) Market risk

Market risk is the risk that market interest rates or foreign exchange rates will change and impact on the Banking Group's earnings due to either mismatches between repricing dates of interest bearing assets and liabilities and/or differences between customer pricing and wholesale rates.

\$000's	Implied Risk Weighted Exposure	Aggregate Capital Charge
<b>Unaudited - December 2025</b>		
Market risk end-of-period capital charge		
Equity risk	120	10
Interest rate risk	110,281	8,823
Foreign currency risk	—	—
Market risk peak end-of-day capital charge		
Equity risk	6,962	557
Interest rate risk	137,068	10,965
Foreign currency risk	39	3

The Banking Group's aggregate market exposure is derived in accordance with BPR140. Peak end-of-day capital charge disclosure is derived by taking the highest daily market exposure over the six months ended 31 December 2025. Interest rate, foreign exchange, and equity risks are calculated daily using a combination of static monthly and daily data sets.

### (i) Total capital requirement

\$000's	Total Exposure After Credit Risk Mitigation	Risk Weighted Exposure or Implied Risk Weighted Exposure	Total Capital Requirement
<b>Unaudited - December 2025</b>			
Total credit risk + equity	10,568,986	5,716,522	628,817
Operational risk	N/A	455,588	50,115
Market risk	N/A	110,401	12,144
<b>Total</b>	<b>10,568,986</b>	<b>6,282,511</b>	<b>691,076</b>

Total capital requirement in the above table is based on 9.0% RBNZ minimum and includes an additional 2.0% overlay in accordance with the Bank's Conditions of Registration.

## 20 Capital adequacy and regulatory liquidity ratios - unaudited (continued)

### (j) Capital ratios

%	Unaudited December 2025	Unaudited December 2024
<b>Capital ratios compared to minimum ratio requirements<sup>1</sup></b>		
Common Equity Tier 1 capital ratio	15.08%	14.36%
Minimum Common Equity Tier 1 capital ratio	6.50%	6.50%
Tier 1 capital ratio	15.08%	14.36%
Minimum Tier 1 capital ratio	9.00%	9.00%
Total capital ratio	17.11%	16.01%
Minimum Total capital ratio	11.00%	11.00%
<b>Prudential capital buffer ratio<sup>2</sup></b>		
Prudential capital buffer ratio	6.08%	5.01%
Buffer trigger ratio	3.50%	2.50%

<sup>1</sup>The minimum ratios above include an additional 2.0% overlay in accordance with the Bank's Conditions of Registration.

<sup>2</sup>Effective 1 July 2025, the prudential capital buffer ratio was increased from 2.5% to 3.5%, in accordance with the Bank's Conditions of Registration.

### (k) Solo capital adequacy

%	Unaudited December 2025	Unaudited December 2024
<b>Capital ratios</b>		
Common Equity Tier 1 capital ratio	14.67%	12.92%
Tier 1 capital ratio	14.67%	12.92%
Total capital ratio	16.97%	15.05%

### (l) Capital for other material risks

As at 31 December 2025, the Banking Group has identified no material risks requiring additional capital allocation (June 2025: nil).

### (m) Regulatory liquidity ratios

RBNZ requires banks to hold minimum amounts of liquid assets to help ensure they effectively manage their liquidity risks. The mismatch ratio is a measure of a bank's liquid assets, adjusted for contractual cash inflows and outflows during a one-month or one-week period of stress. It is expressed as a ratio over the bank's total funding. The Banking Group must maintain its one-month and one-week mismatch ratios above zero on a daily basis. The below one-month and one-week mismatch ratios are averaged over the quarter.

RBNZ requires banks to hold a minimum amount of funding from stable sources called core funding. The minimum amount of core funding is 75% of a bank's total loans. The Banking Group must maintain its core funding ratio above the regulatory minimum. The below measure of the core funding ratio is averaged over the quarter.

	Unaudited Average for the 3 Months Ended	
	December 2025	September 2025
One-week mismatch ratio	13.91%	13.79%
One-month mismatch ratio	13.66%	13.41%
Core funding ratio	90.23%	90.91%

## 21 Insurance business, securitisation, funds management and other fiduciary activities

### Securitisation

As at 31 December 2025, the Banking Group had \$700.3 million securitised assets (June 2025: \$727.6 million).

The reduction in the Banking Group's securitised assets balance is mainly related to the repurchase of \$62.3 million of motor loan receivables from HARWT by HBL.

On 15 September 2025, the Banking Group fully repaid the Class A and B notes of HARWT, with the remaining loan balance, represented by finance receivables under the securitisation arrangement, continues to be funded through additional advances (Class C notes) by HBL.

There have been no other material changes to the Banking Group's involvement in the securitisation activities.

### Insurance business

The Banking Group no longer conducts any insurance business following the cancellation of MIL's insurer license by RBNZ effective 27 June 2025.

### Risk management

The Banking Group has in place policies and procedures to ensure that the fiduciary activities identified above are conducted in an appropriate manner. It is considered that these policies and procedures will ensure that any difficulties arising from these activities will not impact adversely on the Banking Group. The policies and procedures include comprehensive and prominent disclosure of information regarding products, and formal and regular review of operations and policies by management and internal auditors.

## 22 Contingent liabilities and commitments

The Banking Group in the ordinary course of business will be subject to claims and proceedings against it whereby the validity of the claim will only be confirmed by uncertain future events. In such circumstances the contingent liabilities are possible obligations, or present obligations if known, where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised, but are disclosed, unless they are remote. Where some loss is probable, provisions have been made on a case by case basis.

Credit related commitments arising in respect of the Banking Group's operations were:

	Unaudited December 2025	Audited June 2025
<b>\$000's</b>		
Letters of credit, guarantee commitments and performance bonds	2,235	5,507
<b>Total</b>	<b>2,235</b>	<b>5,507</b>
Undrawn facilities available to customers	666,824	565,735
Conditional commitments to fund at future dates	6,951	11,095
<b>Total commitments</b>	<b>673,775</b>	<b>576,830</b>

## 23 Events after reporting date

The Bank resolved to pay a cash dividend to its parent company HGH of \$28 million on its ordinary shares on 25 February 2026.

Subsequent to 31 December 2025, the RBNZ have issued revised CoR that, effective 1 March 2026, reducing the Banking Group and New Zealand Banking Group's regulatory capital overlay from 2.00% to 0.50%. Please refer to Note 20 - Capital adequacy and regulatory liquidity ratios and New Zealand Banking Group disclosures section for further details.

There were no other events subsequent to the reporting period, not already disclosed within these interim financial statements, that would materially affect the Banking Group's financial position, results of its operations or its state of affairs in subsequent periods.

## New Zealand Banking Group disclosures - unaudited

For the six months ended 31 December 2025

### Basis of preparation

These disclosures are presented for the New Zealand Banking Group ("**NZ Banking Group**") for six months ended 31 December 2025.

In accordance with the Conditions of Registration (**CoR**) for Heartland Bank Limited, the NZ Banking Group is defined as all entities included in its Banking Group that are incorporated or otherwise established in New Zealand, but not including Marac Insurance Limited (**MIL**), which is consistent with the consolidation of subsidiaries for capital ratio calculations. As such, MIL and Heartland Bank Australia Limited (**HBA**) and its subsidiaries do not form part of the NZ Banking Group and are, therefore, excluded from consolidation for purposes of these disclosures.

The disclosures have been prepared based on the accounting policies that are consistent with the Banking Group financial statements, with the exception of principles of aggregation.

The CoR contains specific requirements applicable to the NZ Banking Group. These disclosures are mainly focused on the NZ Banking Group's enterprise risk management including market, liquidity, balance sheet structure and operational risks, and contain relevant information that is considered appropriate by the Directors and is in accordance with the CoR requirements for the NZ Banking Group applicable as at 31 December 2025.

These disclosures are presented in New Zealand dollars which is the NZ Banking Group's functional and presentation currency. Unless otherwise indicated, amounts are rounded to the nearest thousand dollars.

### 1 Enterprise Risk Management

There have been no material changes in the Banking Group's policies for managing risk, or material exposures to any new types of risk since the reporting of the previous Disclosure Statement for the year ended 30 June 2025.

## New Zealand Banking Group disclosures - unaudited (continued)

### 2 Capital adequacy and regulatory liquidity ratios

The RBNZ minimum regulatory capital requirements for banks have been established under the RBNZ Capital Adequacy Framework, outlined in the "Banking Prudential Requirements" (**BPRs**) documents. These documents are based on the international framework developed by the Bank for International Settlements Committee on Banking Supervision, commonly known as Basel III. These requirements define what is acceptable as capital and provide methods of measuring the risks incurred by the banks in New Zealand. Basel III consists of three pillars:

- Pillar One covers the capital requirements for banks for credit, operational, and market risks;
- Pillar Two covers all other material risks not already included in Pillar One; and
- Pillar Three relates to market disclosure.

#### **RBNZ Capital Adequacy Framework**

The NZ Banking Group has calculated its Risk Weighted Exposures (**RWEs**) and minimum regulatory capital requirements in accordance with the CoR and the BPR documents, where relevant. In doing so, the Banking Group has applied the following methodology:

- Calculated the total credit risk as Risk Weighted Assets (**RWAs**) for the NZ Banking Group as per BPR 130: Credit Risk RWAs;
- Calculated the NZ Banking Group's capital requirement for market risk exposure as per BPR140: Market Risk;
- Calculated the NZ Banking Group's capital requirement for operational risk as per BPR150: Standardised Operational Risk.

Total regulatory capital is divided into Tier 1 and Tier 2 capital. Tier 1 capital comprises Common Equity Tier 1 (**CET1**) capital and Additional Tier 1 (**AT1**) capital. Tier 1 capital primarily consists of shareholder's equity and other capital instruments acceptable to the RBNZ as per BPR110: Capital Definitions, less intangible assets, cash flow hedge reserves, deferred tax assets, and other prescribed deductions. Tier 2 as per BPR110: Capital Definitions comprises eligible subordinated debt securities.

Regulatory capital adequacy ratios are calculated by expressing capital as a percentage of RWEs. As a Condition of Registration (1AA), the NZ Banking Group must comply with the following minimum requirements set by the RBNZ:

- Total capital must not be less than 11% of RWE<sup>1</sup>
- Tier 1 capital must not be less than 9% of RWE<sup>1</sup>
- CET1 capital must not be less than 6.5% of RWE<sup>1</sup>
- NZ Banking Group capital must not be less than NZ\$30 million

<sup>1</sup>Includes the RBNZ's 2% capital overlay attached to the Bank's CoR.

In addition, if the Prudential Capital Buffer (**PCB**) Ratio is less than 3.5%, the NZ Banking Group must limit aggregate distributions, other than discretionary payments payable to holders of AT1 capital instruments, to the limits set out within the Bank's CoR.

Including the PCB, the Banking Group's minimum total capital requirement is 14.5%. On 17 December 2025, the RBNZ released its decisions on the new capital settings applying to deposit takers. This requires Group 2 deposit takers in New Zealand to gradually transition their Total Capital ratio to 14.0% by December 2028. The NZ Banking Group's Total Capital ratio is 16.97% as at 31 December 2025, above this minimum requirement. The RBNZ is set to release a range of information relating to these decisions in early 2026.

Subsequent to 31 December 2025, the RBNZ have issued revised CoR that, effective 1 March 2026, reducing the NZ Banking Group's regulatory capital overlay from 2.00% to 0.50%. The effect of this is reducing the NZ Banking Group's minimum capital ratios as follows:

- Total capital ratio from 11.0% to 9.5%
- Tier 1 capital ratio from 9.0% to 7.5%
- CET1 capital ratio from 6.5% to 5.0%

## New Zealand Banking Group disclosures - unaudited (continued)

### 2 Capital adequacy and regulatory liquidity ratios (continued)

#### Capital management

The Board has overall responsibility for ensuring the NZ Banking Group has adequate capital in relation to its risk profile and establishes minimum internal capital levels and limits above the regulatory minimum.

The Bank's objectives for the management of capital are to:

- Maintain a strong capital base to cover the inherent risks of the business in excess of that required by credit ratings agencies to maintain a strong credit rating;
- Support the future development and growth of the business; and
- Comply at all times with the regulatory capital requirements set by the RBNZ.

The Bank's Capital Management Framework includes its:

- Internal Capital Adequacy Assessment Process (**ICAAP**);
- Capital Stress Testing Policy; and
- Capital Management Plan (**CMP**)

The Bank has an ICAAP which complies with the requirements set out in BPR100 and is in accordance with its CoR. The ICAAP identifies the capital required to be held against other material risks, being strategic business risk, reputational risk, regulatory risk and additional credit risk which is assisted through stress testing conducted in accordance with the Capital Stress Testing policy.

The Bank actively monitors its capital adequacy through ALCO and reports this on a regular basis to the Board. This includes forecasting capital requirements to ensure any future capital requirements can be executed in a timely manner. The Banking Group uses a mix of capital instruments to reduce single source reliance and to optimise the Banking Group's mix of capital. ICAAP, CMP and Capital Stress Testing Policy are reviewed annually by the Board.

The capital adequacy tables set out on the following pages summarise the composition of regulatory capital and the capital adequacy ratios for the NZ Banking Group as at 31 December 2025.

#### (a) Capital

\$000's	Unaudited December 2025
<b>Tier 1 Capital</b>	
<b>CET1 capital</b>	
Paid-up ordinary shares issued by the Banking Group plus related share premium	1,045,060
Retained earnings (net of appropriations)	143,041
Accumulated other comprehensive income and other disclosed reserves	(8,074)
Less deductions from CET1 capital	
Intangible assets	(69,772)
Deferred tax assets	(19,540)
Cash flow hedge reserve	8,447
Adjustment under the corresponding deductions approach	
- Investments in unconsolidated subsidiaries	(462,123)
<b>Total CET1 capital</b>	<b>637,039</b>
<b>AT1 capital</b>	<b>—</b>
<b>Total Tier 1 capital</b>	<b>637,039</b>
<b>Tier 2 Capital</b>	
Tier 2 capital instruments <sup>1</sup>	100,000
<b>Total Tier 2 capital</b>	<b>100,000</b>
<b>Total capital</b>	<b>737,039</b>

<sup>1</sup>Classified as a liability under NZ GAAP and excludes capitalised transaction costs. Refer to Note 20 - Capital adequacy and regulatory liquidity ratios - unaudited of the Banking Group's Financial statements for further details.

Refer to Note 20 - Capital adequacy and regulatory liquidity ratios - unaudited of the Banking Group's Financial statements for further details for the capital structure.

## New Zealand Banking Group disclosures - unaudited (continued)

### 2 Capital adequacy and regulatory liquidity ratios (continued)

#### (b) Credit risk

##### On balance sheet exposures

	Total Exposure After Credit Risk Mitigation	Risk Weight	Risk Weighted Exposure
	\$000's	%	\$000's
<b>Unaudited - December 2025</b>			
Sovereigns and central banks	45,042	0%	—
Multilateral development banks and other international organisations	156,049	0%	—
	9,105	20%	1,821
Public sector entities	137,084	20%	27,417
Banks	231,296	20%	46,259
	12,868	50%	6,434
Corporate	17,524	20%	3,505
	1,643,321	100%	1,643,321
<b>Residential mortgages not past due</b>			
	74,260	35%	25,991
	3,196	40%	1,278
Reverse mortgages	660,143	40%	264,057
	595,308	50%	297,654
	62,293	80%	49,834
	8,088	100%	8,088
Past due residential mortgages	2,444	100%	2,444
Other past due assets	123	20%	25
	9,198	30%	2,759
	49,816	100%	49,816
	29,628	150%	44,442
Equity holdings in the Business Growth Fund that qualify for 250% risk weight	—	250%	—
Equity holdings (not deducted from capital) included in the NZX50 or overseas equivalent index	—	300%	—
All other equity holdings (not deducted from capital)	120	400%	480
Other assets	1,287,235	100%	1,287,235
Non risk weighted assets	551,435	0%	—
<b>Total on balance sheet exposures</b>	<b>5,585,576</b>		<b>3,762,860</b>

## New Zealand Banking Group disclosures - unaudited (continued)

### 2 Capital adequacy and regulatory liquidity ratios (continued)

#### (b) Credit risk (continued)

##### Off balance sheet exposures

	Total Exposure \$000's	Credit Conversion Factor %	Credit Equivalent Amount \$000's	Average Risk Weight %	Risk Weighted Exposure \$000's
<b>Unaudited - December 2025</b>					
Direct credit substitute	–	100%	–	0%	–
Performance-related contingency	2,235	50%	1,117	100%	1,117
Other commitments where original maturity is more than one year	317,076	50%	158,538	78%	124,431
Other commitments that cancel automatically when the creditworthiness of the counterparty deteriorates or that can be cancelled unconditionally at any time without prior notice	35,479	0%	–	0%	–
<b>Counterparty credit risk<sup>1</sup></b>					
Foreign exchange contracts	–	N/A	–	0%	–
Interest rate contracts	1,111,478	N/A	1,692	35%	597
Credit valuation adjustment	N/A	N/A	N/A	N/A	528
<b>Total off balance sheet exposures</b>	<b>1,466,268</b>		<b>161,347</b>		<b>126,673</b>

<sup>1</sup>The credit equivalent amount for market related contracts was calculated using the current exposure method.

#### Qualifying Central Counterparty (QCCP) exposures

As at 31 December 2025, the NZ Banking Group does not have any exposures arising from trades settled on Qualifying Central Counterparties.

#### (c) Additional mortgage information - LVR range

\$000's	On Balance Sheet Exposures	Off Balance Sheet Exposures <sup>2</sup>	Total Exposure
<b>Unaudited - December 2025</b>			
Does not exceed 80%	1,397,225	118,848	1,516,073
Exceeds 80% and not 90%	6,776	–	6,776
Exceeds 90%	1,731	–	1,731
<b>Total exposures</b>	<b>1,405,732</b>	<b>118,848</b>	<b>1,524,580</b>

<sup>2</sup>Off balance sheet exposures means unutilised limits.

## New Zealand Banking Group disclosures - unaudited (continued)

### 2 Capital adequacy and regulatory liquidity ratios (continued)

#### (c) Additional mortgage information - LVR range (continued)

As at 31 December 2025, there were no Welcome Home loans whose credit risk is mitigated by the Crown included in "Exceeds 90% residential mortgages". For capital adequacy calculations only the value of the first mortgages over residential property is included in the LVR calculation, in accordance with BPR131.

#### (d) Reconciliation of mortgage related amounts

\$000's	Unaudited December 2025
Gross finance receivables - reverse mortgages	1,327,857
Loans and advances - loans with residential mortgages	74,468
Loans and advances - corporate lending secured on residential mortgages	3,537
<b>On balance sheet residential mortgage exposures subject to the standardised approach</b>	<b>1,405,862</b>
Less: collective provision for impairment	(130)
<b>On balance sheet residential mortgage exposures after collective provision</b>	<b>1,405,732</b>
Off balance sheet mortgage exposures subject to the standardised approach	118,848
<b>Total residential exposures subject to the standardised approach</b>	<b>1,524,580</b>

#### (e) Credit risk mitigation

As at 31 December 2025, the NZ Banking Group had \$0.7 million of Welcome Home Loans (June 2025: \$0.9 million), \$6.3 million of BFGS loans (June 2025: \$16.3 million) and \$21.9 million of NIWE loans (June 2025: \$25.4 million) whose credit risk is mitigated by the Crown.

The NZ Banking Group also has eligible collateral paid from its correspondent banks in relation to derivatives it holds on its balance sheet, however no benefit has been attributed to the risk weighted assets held against these exposures.

#### (f) Operational risk

NZ Banking Group's implied RWEs in the below table are calculated in accordance with BPR150: Standardised Operational Risk.

\$000's	Implied Risk Weighted Exposure	Total Operational Risk Capital Requirement
<i>Unaudited - December 2025</i>		
Operational risk	342,792	27,423

## New Zealand Banking Group disclosures - unaudited (continued)

### 2 Capital adequacy and regulatory liquidity ratios (continued)

#### (g) Market risk

Market risk is the risk that market interest rates or foreign exchange rates will change and impact on the NZ Banking Group's earnings due to either mismatches between repricing dates of interest-bearing assets and liabilities and/or differences between customer pricing and wholesale rates.

\$000's	Implied Risk Weighted Exposure	Aggregate Capital Charge
<b>Unaudited - December 2025</b>		
Market risk end-of-period capital charge		
Equity risk	120	10
Interest rate risk	110,281	8,823
Foreign currency risk	—	—
Market risk peak end-of-day capital charge		
Equity risk	6,962	557
Interest rate risk	137,068	10,965
Foreign currency risk	39	3

NZ Banking Group's aggregate market exposure is derived in accordance with BPR140. Peak end-of-day capital charge disclosure is derived by taking the highest daily market exposure over the six months ended 31 December 2025. Interest rate, foreign exchange, and equity risks are calculated daily using a combination of static monthly and daily data sets.

#### (h) Total capital requirement

\$000's	Total Exposure After Credit Risk Mitigation	Risk Weighted Exposure or Implied Risk Weighted Exposure	Total Capital Requirement
<b>Unaudited - December 2025</b>			
Total credit risk + equity	7,051,844	3,889,533	427,849
Operational risk	N/A	342,792	37,707
Market risk	N/A	110,401	12,144
<b>Total</b>	<b>7,051,844</b>	<b>4,342,726</b>	<b>477,700</b>

Total capital requirement in the above table is based on 9.0% RBNZ minimum and includes an additional 2.0% overlay in accordance with the Bank's Conditions of Registration.

#### (i) Capital for other material risks

As at 31 December 2025, the NZ Banking Group has identified no material risks requiring additional capital allocation (December 2024: nil).

## New Zealand Banking Group disclosures - unaudited (continued)

### 2 Capital adequacy and regulatory liquidity ratios (continued)

#### (j) Capital ratios

%	Unaudited December 2025	Unaudited December 2024
<b><i>Capital ratios compared to minimum ratio requirements<sup>1</sup></i></b>		
Common Equity Tier 1 capital ratio	14.67%	12.92%
Minimum Common Equity Tier 1 capital ratio	6.50%	6.50%
Tier 1 capital ratio	14.67%	12.92%
Minimum Tier 1 capital ratio	9.00%	9.00%
Total capital ratio	16.97%	15.05%
Minimum Total capital ratio	11.00%	11.00%
<b><i>Prudential capital buffer ratio<sup>2</sup></i></b>		
Prudential capital buffer ratio	5.67%	3.92%
Buffer trigger ratio	3.50%	2.50%

<sup>1</sup>The minimum ratios above include an additional 2.0% overlay in accordance with the Bank's Conditions of Registration.

<sup>2</sup>Effective 1 July 2025, the prudential capital buffer ratio was increased from 2.5% to 3.5%, in accordance with the Bank's Conditions of Registration.

## New Zealand Banking Group disclosures - unaudited (continued)

### 2 Capital adequacy and regulatory liquidity ratios (continued)

#### (k) Regulatory liquidity ratios

RBNZ requires banks to hold minimum amounts of liquid assets to help ensure they effectively manage their liquidity risks. The mismatch ratio is a measure of a bank's liquid assets, adjusted for contractual cash inflows and outflows during a 1-month or 1-week period of stress. It is expressed as a ratio over the bank's total funding. The NZ Banking Group must maintain its 1-month and 1-week mismatch ratios above zero on a daily basis. The below 1-month and 1-week mismatch ratios are averaged over the quarter.

RBNZ requires banks to hold a minimum amount of funding from stable sources called core funding. The minimum amount of core funding is 75% of a bank's total loans. The NZ Banking Group must maintain its core funding ratio above the regulatory minimum on a daily basis. The below measure of the core funding ratio is averaged over the quarter.

Refer to section 11B of the Conditions of Registration for further details.

	Unaudited Average for the 3 Months Ended	
	December 2025	September 2025
One-week mismatch ratio	11.95%	10.49%
One-month mismatch ratio	11.90%	10.27%
Core funding ratio	91.14%	91.44%

#### 3 Credit exposures to individual counterparties

The NZ Banking Group's aggregate concentration of credit exposure to individual counterparties is calculated based on the actual credit exposure. Credit exposures to connected persons, the central government or central bank of any country with a long term credit rating of A- or A3 or above, or its equivalent, and any supranational or quasi-sovereign agency with a long-term credit rating of A- or A3 or above, or its equivalent are excluded.

The peak end-of-day aggregate concentration of credit exposure to individual counterparties has been calculated by determining the maximum end-of-day aggregate amount of credit exposure over the relevant six month period and then dividing the amount by the NZ Banking Group's CET1 capital as at 31 December 2025.

## New Zealand Banking Group disclosures - unaudited (continued)

### 3 Credit exposures to individual counterparties (continued)

#### Credit exposure to individual counterparties (continued)

	Unaudited as at 31 December 2025	Peak End-of- day over 6 months to 31 December 2025
<b><i>Total number of exposures to banks</i></b>		
With a long-term credit rating of A- or A3 or above, or its equivalent:		
10% to less than 15% of CET1 capital	—	1
15% to less than 20% of CET1 capital	—	—
20% to less than 25% of CET1 capital	—	—
25% to less than 30% of CET1 capital	—	—
30% to less than 35% of CET1 capital	1	—
35% to less than 40% of CET1 capital	—	1
With a long-term credit rating of at least BBB- or Baa3, or its equivalent, and at most BBB+ or Baa1, or its equivalent	—	—
<b><i>Total number of exposures to non-banks</i></b>		
Total number of exposures to non-banks that are greater than 10% to less than 15% of CET1 capital that do not have a long-term credit rating.	—	—

#### Related party transactions and balances

##### *Transactions with related parties*

The NZ Banking Group's ultimate parent company is HGH.

The Bank has regular transactions with its ultimate parent company, fellow subsidiaries and subsidiaries (collectively known as the Heartland Group) on agreed terms. The transactions include the provision of administrative services and customer operations. Banking facilities are provided by HBL to other NZ Banking Group entities on normal commercial terms as with other customers. There is no lending from the NZ Banking Group to HGH.

## Amendments to Conditions of Registration

### Changes in Conditions of Registration

Effective from 1 July 2025, the Reserve Bank of New Zealand (**RBNZ**) amended the Bank's Conditions of Registration (**CoR**) as follows:

Condition	Change Summary
1B	<p>Raising the threshold for the Prudential Capital Buffer (PCB) ratio for the Banking Group and the NZ Banking Group from 2.5% to 3.5%, which affects how HBL can distribute earnings (other than discretionary payments payable to holders of Additional Tier 1 capital instruments).</p> <p>If the PCB thresholds are below the limits, HBL must limit shareholder distributions according to the table below and follow the Capital Buffer Response Framework in Part D of BPR120: Capital Adequacy Process Requirements.</p>

PCB Ratio Range (New)	PCB Ratio Range (Previous)	Distribution Limit	Response Framework
0% - 0.5%	0% - 0.5%	—%	Stage 3
>0.5% - 2%	>0.5% - 1%	30%	Stage 2
>2.0% - 3.0%	>1% - 2%	60%	Stage 1
>3% - 3.5%	>2% - 2.5%	No limit	None

Effective from 1 December 2025, the Reserve Bank of New Zealand (**RBNZ**) amended the Bank's Conditions of Registration (**CoR**) as follows:

19	For qualifying new mortgage lending in respect of property-investment residential mortgage loans, the cap for loans with a loan-to-valuation (LVR) more than 70%, increased from 5%, effective for LVR measurement period ending on or after 31 December 2024, to 10%, effective for LVR measurement period ending on or after 31 May 2026.
20	For qualifying new mortgage lending in respect of non-property-investment residential mortgage loans, the cap for loans with a LVR more than 80%, increased from 20%, effective for LVR measurement period ending on or after 31 December 2024, to 25%, effective for LVR measurement period ending on or after 31 May 2026.

As at 31 December 2025, there have been no other changes to the Conditions of Registration.

## Credit Ratings

As at the date of signing this Disclosure Statement, the Bank's credit rating issued by Fitch Australia Pty Ltd (**Fitch Ratings**) was BBB stable. This BBB credit rating was issued on 14 October 2015 and is applicable to long term unsecured obligations payable in New Zealand, in New Zealand dollars. This BBB stable credit rating was affirmed by Fitch Ratings for the Bank and HBA on 20 October 2025.

The following is a summary of the descriptions of the ratings categories for rating agencies for the rating of long-term senior unsecured obligations:

Fitch Ratings	Standard & Poor's	Moody's Investors Service	Description of Grade
AAA	AAA	Aaa	Ability to repay principal and interest is extremely strong. This is the highest investment category.
AA	AA	Aa	Very strong ability to repay principal and interest in a timely manner.
A	A	A	Strong ability to repay principal and interest although somewhat susceptible to adverse changes in economic, business, or financial conditions.
BBB	BBB	Baa	Adequate ability to repay principal and interest. More vulnerable to adverse changes.
BB	BB	Ba	Significant uncertainties exist which could affect the payment of principal and interest on a timely basis.
B	B	B	Greater vulnerability and therefore greater likelihood of default.
CCC	CCC	Caa	Likelihood of default considered high. Timely repayment of principal and interest is dependent on favourable financial conditions.
CC-C	CC-C	Ca-C	Highest risk of default.
RD to D	D	-	Obligations currently in default.

Credit ratings from Fitch Ratings and Standard & Poor's may be modified by the addition of a plus or minus sign to show relative status within the major rating categories. Moody's Investors Service apply numerical modifiers 1, 2, and 3 to show relative standing within the major rating categories, with 1 indicating the higher end and 3 the lower end of the rating category.

## Other Material Matters

There are no material matters relating to the business or affairs of the Bank or the Banking Group that are not already contained elsewhere in this Disclosure Statement which would, if disclosed in this Disclosure Statement, materially affect the decision of a person to subscribe for debt securities of which the Bank or any member of the Banking Group is the issuer.



# Independent auditor's review report

To the shareholder of Heartland Bank Limited

## Report on the Interim Financial Statements and the Supplementary Information (excluding the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 9)

### Our conclusion

We have reviewed the interim financial statements (the Financial Statements) for the six month period ended 31 December 2025 of Heartland Bank Limited (the Bank) and the entities it controlled at 31 December 2025 or from time to time during the period (together, the Banking Group) as required by clause 25 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the Order) and the supplementary information disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order (the Supplementary Information), excluding the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 9 of the Order, contained in the half year disclosure statement (the Disclosure Statement).

The Financial Statements comprise the statement of financial position as at 31 December 2025, the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period then ended and selected explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying:

- Financial Statements have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and International Accounting Standard 34 Interim Financial Reporting (IAS 34); and
- Supplementary Information that is required to be disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order:
  - does not present fairly, in all material respects, the matters to which it relates; or
  - is not disclosed, in all material respects, in accordance with those schedules.

### Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the Financial Statements and the Supplementary Information* section of our report.

We are independent of the Banking Group 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 (PES 1), as applicable to audits and reviews of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with PES 1.

In our capacity as auditor and assurance practitioner, our firm provides audit, review and other assurance services. In addition, certain partners and employees of our firm may deal with the Banking Group on normal terms within the ordinary course of trading activities of the business. The firm has no other relationship with, or interests in, the Banking Group.

## **Responsibilities of the Directors for the Disclosure Statement**

The Directors are responsible, on behalf of the Bank, for the preparation and fair presentation of the Financial Statements in accordance with clause 25 of the Order, NZ IAS 34 and IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the Financial Statements and the Supplementary Information that are free from material misstatement, whether due to fraud or error.

In addition, the Directors are responsible on behalf of the Bank for the preparation and fair presentation of the Disclosure Statement which includes:

- all of the information prescribed in Schedule 3 of the Order; and
- the information prescribed in Schedules 5, 7, 9, 13, 16 and 18 of the Order.

## **Auditor's responsibilities for the review of the Financial Statements and the Supplementary Information**

Our responsibility is to express a conclusion on the Financial Statements and the Supplementary Information based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the:

- Financial Statements, taken as a whole, have not been prepared, in all material respects, in accordance with NZ IAS 34 and IAS 34; and
- Supplementary Information that is required to be disclosed in accordance with Schedules 5, 7, 13, 16 and 18 of the Order:
  - does not present fairly, in all material respects, the matters to which it relates; or
  - is not disclosed, in all material respects, in accordance with those schedules; or
  - if applicable, has not been prepared, in all material respects, in accordance with any conditions of registration relating to disclosure requirements imposed under section 74(4)(c) of the Banking (Prudential Supervision) Act 1989.

A review in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the Financial Statements and the Supplementary Information.

## Who we report to

This report is made solely to the Bank's shareholder. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholder for our review procedures, for this report, or for the conclusions we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Karen Shires.

For and on behalf of



PricewaterhouseCoopers  
25 February 2026

Auckland



# Independent Assurance Report

To the shareholder of Heartland Bank Limited

## Limited assurance report on compliance with the information required on capital adequacy and regulatory liquidity requirements

### Our conclusion

We have undertaken a limited assurance engagement on Heartland Bank Limited's (the Bank) compliance, in all material respects, with clause 22 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the Order) which requires information prescribed in Schedule 9 of the Order relating to capital adequacy and regulatory liquidity requirements to be disclosed in its half year Disclosure Statement for the six month period ended 31 December 2025 (the Disclosure Statement). The Disclosure Statement containing the information prescribed in Schedule 9 of the Order relating to capital adequacy and regulatory liquidity requirements will accompany our report, for the purpose of reporting to the Bank's shareholder.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Bank's information relating to capital adequacy and regulatory liquidity requirements, included in the Disclosure Statement in compliance with clause 22 of the Order and disclosed in note 20 of the interim financial statements, is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

### Basis for conclusion

We have conducted our engagement in accordance with Standard on Assurance Engagements 3100 (Revised) *Compliance Engagements* (SAE 3100 (Revised)) issued by the New Zealand Auditing and Assurance Standards Board.

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

### Directors' responsibilities

The Directors are responsible on behalf of the Bank for compliance with the Order, including clause 22 of the Order which requires information relating to capital adequacy and regulatory liquidity requirements prescribed in Schedule 9 of the Order to be included in the Disclosure Statement, for the identification of risks that may threaten compliance with that clause, controls that would mitigate those risks and monitoring ongoing compliance.

## Our independence and quality management

We have complied with the independence and other ethical requirements of 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, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In our capacity as auditor and assurance practitioner, our firm provides audit, review and other assurance services. In addition, certain partners and employees of our firm may deal with the Banking Group on normal terms within the ordinary course of trading activities of the business. The firm has no other relationship with, or interests in, the Banking Group.

## Assurance practitioner's responsibilities

Our responsibility is to express a limited assurance conclusion on whether the Bank's information relating to capital adequacy and regulatory liquidity requirements, included in the Disclosure Statement in compliance with clause 22 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Bank's information relating to capital adequacy and regulatory liquidity requirements, included in the Disclosure Statement in compliance with clause 22 of the Order, is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with clause 22 of the Order in respect of the information relating to capital adequacy and regulatory liquidity requirements is likely to arise.

Given the circumstances of the engagement we:

- obtained an understanding of the process, models, data and internal controls implemented over the preparation of the information relating to capital adequacy and regulatory liquidity requirements;
- obtained an understanding of the Bank's compliance framework and internal control environment to ensure the information relating to capital adequacy and regulatory liquidity requirements is in compliance with the Reserve Bank of New Zealand's (the RBNZ) prudential requirements for banks;
- obtained an understanding and assessed the impact of any matters of non-compliance with the RBNZ's prudential requirements for banks that relate to capital adequacy and regulatory liquidity requirements and inspected relevant correspondence with the RBNZ;
- performed analytical and other procedures on the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 9 of the Order, and considered its consistency with the interim financial statements; and
- agreed the information relating to capital adequacy and regulatory liquidity requirements disclosed in accordance with Schedule 9 of the Order to information extracted from the Bank's models, accounting records or other supporting documentation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable

assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on compliance with the compliance requirements.

## **Inherent limitations**

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with the compliance requirements may occur and not be detected.

A limited assurance engagement on the Bank's information relating to capital adequacy and regulatory liquidity requirements prescribed in Schedule 9 of the Order to be included in the Disclosure Statement in compliance with clause 22 of the Order does not provide assurance on whether compliance will continue in the future.

## **Use of report**

This report has been prepared for use by the Bank's shareholder for the purpose of establishing that these compliance requirements have been met.

Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Bank and the Bank's shareholder, or for any purpose other than that for which it was prepared.

The engagement partner on the engagement resulting in this independent assurance report is Karen Shires.



PricewaterhouseCoopers  
25 February 2026

Auckland