13 November 2026

Heartland Group Annual Meeting 2026: Chair's Address

Greg Tomlinson, Chair, Heartland Group Holdings Limited (**Heartland Group**)

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

I want to begin by thanking you for the support you have given Heartland through a demanding year. It was a year of sustained effort and real achievement which has left us as a stronger business.

In review

In FY2026, we celebrated 150 years of Heartland's heritage. As we look to the future, this is a good moment to reflect on how far we have come.

Our earliest predecessor, the Ashburton Permanent Building & Investment Society, was established in 1875 to help local people save for and buy homes. Heartland itself took shape in 2011, when Southern Cross Building Society, CBS Canterbury and Marac Finance came together, followed later that year by the acquisition of PGG Wrightson Finance. Coming together after the GFC took resilience and a belief that we could build something stronger together.

Those building society and community roots still matter, and are part of why we see a natural fit with TSB.

Heartland's journey has not been without some bumps in the road. Since I became Chair in February 2023, higher impairments in our New Zealand portfolios, pressure on margins, and the costs of integrating our Australian bank have weighed on earnings and returns. The FY2025 result was not where we wanted it to be, and I appreciate the patience shareholders have shown.

Our response has been to strengthen the business. In FY2026, we delivered a turnaround in profitability, improved asset quality, and sharpened our lending focus. That is meaningful progress, but it is not the limit of what Heartland can achieve.

On the basis of the TSB transaction completing, my personal ambition is for Heartland to deliver $300 million in net profit after tax over time. That is my view of what this business could be capable of. It is not earnings guidance. Getting there will take sustained growth, disciplined use of capital and better efficiency. Our specialist lending focus, investment in technology, and the proposed TSB transaction give me confidence that we are on the right track.

I also believe our share price does not yet reflect Heartland's value or earnings potential. It is our job to demonstrate that value through consistent delivery of stronger earnings and shareholder returns.

Shareholder returns

Dividends are one of the ways we share that improvement with you. In September, we paid a fully imputed final dividend of 3.5 cents per share. This brought the total dividend for FY2026 to 7 cents per share. This was up from 4 cents per share in FY2025.

For FY2027, the Board continues to target a total dividend payout ratio of at least 50% of net profit after tax, subject to our capital needs, growth opportunities and financial performance.

Outlook

Our FY2027 priorities are to:

- grow where we have specialist strengths
- improve efficiency, and
- turn the strong foundations we have built into more sustainable shareholder returns.

Proposed TSB transaction

The proposed TSB transaction will help us deliver on these priorities. It would bring together Heartland Bank's specialist lending expertise with TSB's established transactional banking capability and cost-effective funding. The combined bank would have greater scale and a broader range of products.

At the Special Shareholder Meeting on 30 September, 95% of votes cast by our shareholders supported the transaction. Thank you for your confidence.

As we announced yesterday, completion is now targeted by 1 March 2027, subject to all remaining conditions being satisfied. The revised target completion date reflects the remaining work required in relation to the regulatory process.

Conclusion

On behalf of the Board, I want to thank our Heartland employees for their hard work and commitment to customers. Thank you also to my fellow directors and Heartland's Management team for their leadership. And to our customers and shareholders, thank you for your trust and support.

There is more to do, but the opportunity ahead of us is significant. With your continued support, I am confident we are well placed to realise it.