13 November 2026

Heartland Group Annual Meeting 2026:
Heartland Bank NZ Chief Executive Officer's Address

Leanne Lazarus, Chief Executive Officer, Heartland Bank Limited (**Heartland Bank**)

Good morning, everyone.

This morning I will cover Heartland Bank's FY2026 performance, how we have started FY2027, our technology transformation programme, and the proposed merger with TSB.

FY2026 summary

In FY2026, we built on the foundations of our FY2025 strategic reset to deliver growth in our core portfolios, reduce risk, and release capital.

Heartland Bank materially met its underlying guidance for key financial metrics in FY2026.

- Net profit after tax rose to $49.8 million.
- Core lending returned to growth – driven by strong performance in our Reverse Mortgage and Rural businesses, which grew 16.8% and 10.8% respectively.
- Asset quality materially strengthened. Our non-performing loan ratio improved to 1.92% at 30 June 2026, we cleared all Motor Finance non-performing loans more than 180 days past due, and Motor Finance arrears continue to outperform the industry average.

Additionally, we released capital, an important enabler of growth.

- The Reserve Bank of New Zealand reduced the transitional capital overlay imposed following our acquisition of what is now Heartland Bank Australia, from 2.0 per cent to 0.5 per cent.
- The non-strategic asset programme also successfully concluded, releasing $32 million of capital.

FY2027 outlook

We are now in the second quarter of FY2027, and our focus is on sustaining the momentum built in FY2026. The first quarter was a solid start to the year.

Reverse Mortgages remain our strongest source of growth. Receivables grew $46.9 million – 12.9% on an annualised basis. Growth was held back a little by lower productivity while we implemented our new technology platform, but the pipeline has since rebounded and there remains clear demand for Reverse Mortgages.

Across our other portfolios, first-quarter volumes reflected a combination of subdued credit demand and several portfolio-specific movements, rather than a change in our longer-term growth expectations.

Rural, Motor Finance and Business Finance contracted in the quarter:

- Rural, as one large borrower changed its funding strategy;
- Motor Finance, due to competitive and timing impacts, mainly in Wholesale Lending; and
- Business Finance, where credit demand remains subdued in a challenging environment for borrowers.

In Motor Finance, we are focused on growth through FY2027 as we strengthen existing franchise and strategic partnerships and build new ones.

In Rural and Livestock Finance, we expect the usual seasonal-driven uplift in the second half of the year.

Overall, we remain focused on returning these portfolios to growth through FY2027, while maintaining the credit discipline and asset quality improvements achieved over the past year.

Technology update

In FY2026 we commenced a multi-year programme to simplify and automate how the bank operates by progressively moving our lending and servicing processes from multiple systems and manual processes onto one modern, AI-enabled platform called Pega.

Reverse Mortgage origination launched on the new platform in June, and it is now live for all new Reverse Mortgage loans. Settlement and ongoing servicing are now in-house, and we have introduced mobile app access for those customers.

Early results indicate a meaningful reduction in the time from application to settlement.

This demonstrates the opportunity to deliver a better customer experience and greater operational efficiency to support the bank's future growth.

Proposed merger of Heartland Bank and TSB

I'll now turn to the proposed merger of Heartland Bank and TSB, which remains subject to regulatory approval.

I am delighted to have been endorsed as the Chief Executive Officer designate for the proposed merged bank, TSB Heartland Bank.

And, I am equally delighted that the future TSB Heartland Bank leadership team has been endorsed. This is an exceptional team, which brings complementary experience and perspectives from both Heartland Bank and TSB, and reflects the bank we're building together.

We have made significant progress preparing for the merger. Subject to satisfaction of the remaining conditions and completion of the proposed transaction, Heartland and TSB teams have undertaken detailed planning to ensure the combined bank can operate safely and effectively from Day One, while also developing the roadmap for integration over the following three years. That work covers all areas of the bank and establishes clear executive accountability, integration governance and independent assurance over delivery. Our approach is deliberately phased. Day One is about stability and continuity for customers and our people. From there, we will progressively integrate the banks, sequencing change carefully to protect customer service and operational resilience while realising the benefits of the merger.

As CEO designate of the merged bank, I am committed to ensuring we deliver the integration successfully and create a stronger, more competitive bank for New Zealanders.

Conclusion

Overall, FY2026 has been a year of significant progress and renewed momentum for the New Zealand bank.

Our focus remains on:

- sustainable growth in our core lending portfolios and, subject to completion, a successful merger with TSB,
- underpinned by continued cost discipline and operational efficiency, and
- with quality guiding everything we do.

On behalf of Heartland Bank, I would like to thank you for your ongoing support.