

# HEARTLAND GROUP

*NZX/ASX Release*

## **Heartland provides market update**

18 March 2020

The New Zealand and Australian Governments have each taken proactive and serious steps to protect people against the spread of Covid-19. Heartland Group Holdings Limited (NZX/ASX: HGH) (**Heartland**) supports those steps to restore market confidence to ensure that industry continues 'business as usual' as far as possible in the circumstances.

Heartland wishes to advise the market that, at this early stage:

1. Heartland is committed to protecting the health, safety and wellbeing of all its people, and has introduced measures which include keeping workplaces healthy, people informed, and restricting non-essential travel.
2. Heartland expects that new lending levels in some portfolios, such as business intermediated and SME, will slow. However, Heartland has already started to re-focus its resource towards areas, such as NZ and Australian reverse mortgages and motor, where new lending forecasts remain strong. As a result, Heartland is confident that total lending growth will continue. It is also pleasing to note that Heartland's residential mortgage offering has been well received by the market and that much of the initial limited availability has already been allocated.
3. Heartland is working with a limited number of borrowers in industries such as forestry, where current events are exacerbating existing financial stress. Heartland will continue to monitor conditions as they develop, and support affected clients, but remains comfortable with its current provisioning levels.
4. Heartland is ensuring that its business continuity management planning can adequately respond to a range of possible scenarios.
5. Heartland remains comfortable with its capital position. Heartland's subsidiary, Heartland Bank Limited, holds regulatory capital at levels in excess of regulatory minima and internal buffers – which are intended to be held for, and used during, periods of economic volatility.
6. Heartland remains comfortable with its liquidity levels, and as recently as the 16<sup>th</sup> of March successfully issued \$20m of registered certificates of deposit to wholesale investors.
7. Heartland also remains comfortable with deposit flows (including re-investment levels).

Heartland continues to forecast a result in line with the original NPAT forecast in the range of \$77 million to \$80 million, and expects that a result in the middle of that range is likely.

This situation appears is developing very quickly, and Heartland will continue to monitor conditions and provide further market updates if and when required.

- Ends -

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