



*NZX and Media Release*

## **Nine Months Net Profit up 10% to \$39.6m**

18 May 2016

### **Disclosure statement**

Heartland Bank Limited (Heartland) (NZX: HBL), today released its disclosure statement for the nine months ended 31 March 2016.

Unaudited net profit after tax (NPAT) for Heartland was \$39.6m for the nine months ended 31 March 2016, an increase of 10% from the previous corresponding nine months ended 31 March 2015.

KPMG's latest Financial Institutions Performance Survey (FIPS) quarterly analysis to December 2015 showed that Heartland grew its net interest margin and reported the highest net interest margin in the sector. Our net interest margin for that quarter was 4.44%, compared to the sector average of 2.21% (as reported in FIPS). When adjusted for impairments, our net interest margin for that quarter was 4.17%, compared to the sector average of 2.10% (based on information reported in FIPS).

Heartland's sector leading net interest margin, together with our focus on cost control and our differentiated product offering, has resulted in our continued trend of profit and asset growth and demonstrates the successful execution of Heartland's strategy.

Heartland reaffirms its forecast range for NPAT for the year ended 30 June 2016 of \$51m - \$55m.

### **Update on capital management initiatives**

At last year's Annual Meeting, Heartland advised shareholders of its intention to undertake a regulatory capital issue and obtained shareholder approval to subsequently carry out a return of capital before 30 June 2016. Shareholders were advised that circumstances may arise whereby the return of capital would not proceed.

Since last year's Annual Meeting, there has been considerable volatility in financial markets. As notified to shareholders on 23 February 2016, Heartland believes this volatility creates greater opportunity for acquisitions and wishes to assess opportunities (if any) that arise during this period.

Heartland remains focussed on assessing opportunities and therefore the Board has determined not to proceed with the regulatory capital issue and/or return of capital before 30 June 2016. Heartland continues to monitor its capital position.

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