FY2022 Annual Results

23 August 2022

HEARTLAND GROUP

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This presentation has been prepared by Heartland Group Holdings Limited (the **Company** or **Heartland**) in relation to its financial statements for the year ended 30 June 2022 (**FY2022**) and an offer of new shares in the Company (**New Shares**) by way of:

- a placement to eligible institutional and other selected investors (**Placement**); and
- a share purchase plan offer to existing shareholders of the Company with an address recorded in Heartland's share register which is in New Zealand or Australia (**SPP**),

in New Zealand under clause 19 of Schedule 1 to the Financial Markets Conduct Act 2013 (**FMCA**), and in Australia under part 6D.2 of the Corporations Act 2001 (Cth), as notionally modified by Australian Securities and Investments Commission (**ASIC**) Corporations (Share and Interest Purchase Plans) Instrument 2019/547 and ASIC Instrument 22-0735 (**the Corporations Act**) (the Placement and the SPP, together, are referred to as the **Offer**).

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Contents

Executive summary

Financial results and trading update

- Achieved net profit after tax (**NPAT**) and earnings per share (**EPS**) growth of 9.3% and 8.1% respectively vs FY2021.
- Cost to income (**CTI**) ratio of 43.6%, down 3.2 percentage points (pps). Underlying CTI ratio of 42.5%, down 2.3 pps.
- Completed acquisition of StockCo Holdings 2 Pty Ltd and StockCo Australia Management Pty Limited (together, **StockCo Australia**).
- Increased AU Reverse Mortgage market share from 29.3% to 33.1%[1], with origination share of 74%[2].

Strategic vision

- A focused strategic vision to provide best or only products via scalable digital platforms, achieved through:
  - Business as Usual Growth
  - Frictionless Service at the Lowest Cost
  - Expansion in Australia
  - Acquisitions.
- Heartland continues to explore options to establish or acquire an authorised deposit-taking institution (**ADI**) licence in Australia.

Capital raising overview[3]

- $200 million equity raising comprising:
  - $130 million fully underwritten placement (**Placement**)
  - $70 million non-underwritten share purchase plan (**SPP**), with the ability for Heartland to accept oversubscriptions at its discretion.
- Proceeds will be used to repay the A$158 million acquisition finance facility outstanding in relation to the recent acquisition of StockCo Australia, and to provide additional growth capital for Heartland's existing businesses in Australia and New Zealand.
- The structure is designed to avoid volatility, but primarily to address Heartland's share liquidity due to low levels of institutional investment. This is important in driving long-term value for all shareholders, by attracting depth of investment and widening demand.

[1] Based on APRA ADI Property Exposure and Heartland Finance data as at 31 March 2021 and 31 March 2022.
[2] Based on APRA ADI Property Exposure and Heartland Finance data for the 12 months to 31 March 2022.
[3] Heartland's largest shareholder, Harrogate Trustee Limited, has pre-committed to participate in the Placement to maintain a minimum shareholding of 9.8% following completion of the Equity Raise. The Placement is fully underwritten by Jarden Partners Limited.

FY2022 highlights

Financial highlights

Financial position

$6,196m
GROSS FINANCE RECEIVABLES[3]
+23.5% vs June 2021

$6,171m
BORROWINGS
+26.9% vs June 2021

$809m
EQUITY
+6.2% vs June 2021

11.4%
EQUITY/TOTAL ASSETS
- 2.0 pps vs June 2021

Underlying net interest margin (**NIM**) 4.16% (-19 basis points (**bps**) vs FY2021).

Underlying average interest earning assets +$599.5m (+11.2% vs FY2021).

Net interest income
$250.1m
+7.1% vs FY2021

Other operating income[2] **$17.5m**
-1.1% vs FY2021

NPAT[1]
$95.1m
+9.3% vs FY2021

$96.1m (+9.3%)
on an underlying basis

Operating expenses
$116.8m
-0.8% vs FY2021

Impairment expense
$13.8m
-7.7% vs FY2021

Tax
$41.9m
+32.9% vs FY2021

Underlying other operating income $13.7m (+1.2% vs FY2021).

Underlying operating expenses (**OPEX**) $111.4m (+0.6% vs FY2021).

Underlying CTI ratio 42.5% (-2.3 pps vs FY2021).

Underlying impairment expense $15.7m (+4.9% vs FY2021).

Underlying impairment expense ratio 0.29% (-2 bps vs FY2021).

Financial performance

4.16%
NET INTEREST MARGIN[4]
-19 bps vs FY2021

43.6%
COST TO INCOME RATIO
-3.2 pps vs FY2021

0.25%
IMPAIRMENT EXPENSE RATIO[5]
-6 bps vs FY2021

Financial return

12.1%
RETURN ON EQUITY
+21 bps vs FY2021

16.1cps
EARNINGS PER SHARE
+1.2 cents per share (**cps**) vs FY2021

[1] Reported FY2022 results include StockCo Australia earnings contribution since completion of the acquisition on 31 May 2022. Refer to Appendix 3 for reconciliation between reported and underlying NPAT result.
[2] Other operating income (**OOI**) includes fair value gains/losses on investments.
[3] Gross finance receivables (**Receivables**) also include Reverse Mortgages and StockCo Australia.
[4] Adjusted for the impact of StockCo Australia.
[5] Impairment expense as a percentage of average receivables.

Impairments, provisioning and operating environment

- The current operating environment continues to present challenges, with heightened geopolitical tensions and rising inflation contributing to increasing cost of living and rapidly rising interest rates.

- Heartland remains focused on ensuring support is provided to customers who may be struggling in the current environment. Notwithstanding these pressures, Heartland's loan portfolios have performed strongly. Underlying impairment expense ratio was 29 bps in FY2022, 2 bps lower than in FY2021.

- Impairment expense was $13.8 million, $1.2 million (7.7%) down on FY2021. This includes the net benefit of $1.6 million due to the release of Heartland's $9.6 million COVID-19 Overlay, partially offset by the newly created $8.0 million Economic Overlay.

- Excluding this and the impacts of the acquisition of StockCo Australia, underlying impairment expense was $15.7 million, $0.7 million (4.9%) higher than in FY2021.

- While the Receivables portfolio recorded strong growth during the year, impairment expense benefitted from an improved book quality as a result of the continued tilt of the portfolio mix towards lower risk assets.

- Heartland's COVID-19 Overlay of $9.6 million, taken in FY2020, has been released in full.

- The Overlay was taken to provide a buffer against any future losses that the uncertainty of COVID-19 may have given rise to. Heartland now has more certainty around those impacts than in 2020, and its lending portfolios have benefited from improved quality as the portfolio mix has moved towards higher quality and lower risk assets.

- The Overlay has not been utilised by Heartland, and there is no longer any basis for retaining it.

- However, given the above-mentioned uncertainty and economic pressures facing businesses, it has been considered prudent to create an Economic Overlay of $8.0 million. The Economic Overlay will provide more resilience in areas such as Business Relationship lending and Asset Finance which have larger loan sizes.

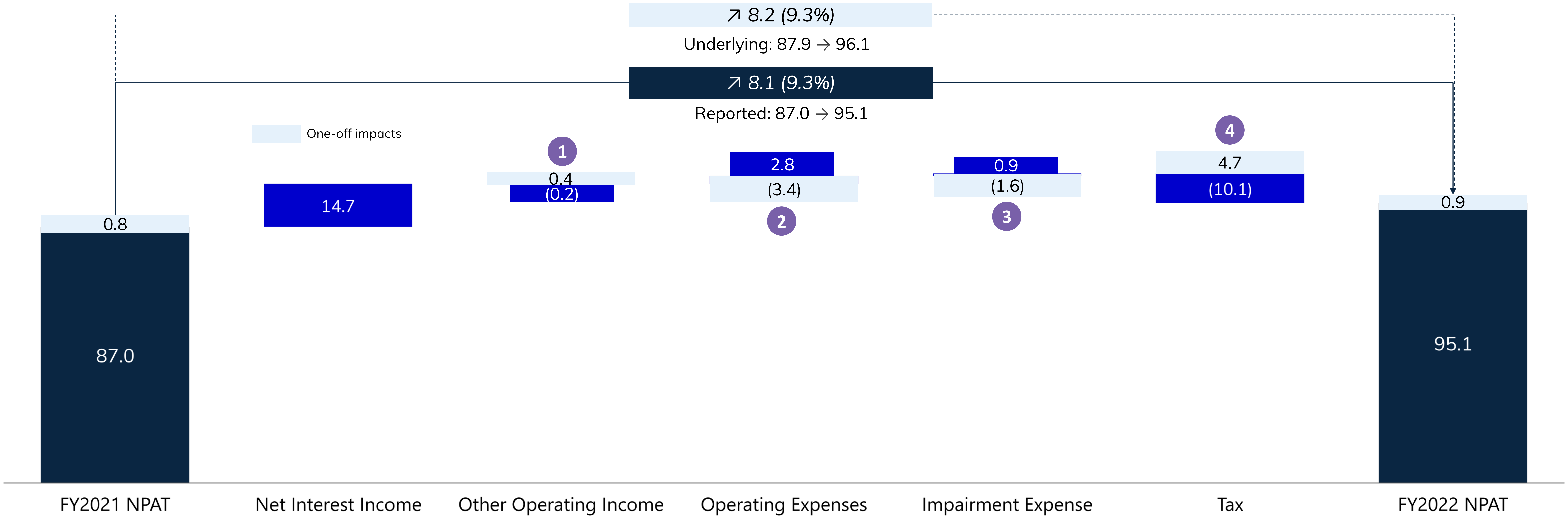
Risk

- Heartland's portfolio mix has continued to move towards higher quality and lower risk assets.
- For example, Heartland's Reverse Mortgage portfolios in New Zealand and Australia have grown considerably and continue to perform very strongly.
- Heartland's Home Loans portfolio has grown significantly – conservative lending standards mean this book has performed very strongly and is expected to be highly resilient to house price reductions and other potential economic shocks.
- Livestock, which has historically proven to be a resilient portfolio, has also grown significantly.
- Motor has not only grown, but has also benefited from improved quality as the volume of new car business in that book continues to increase.
- At the same time, Heartland's Personal Loans portfolio has reduced.
- Heartland's total (collective and specific) provisions as at 30 June 2022 were $52.0 million, with a coverage ratio of 1.24%. This is a reduction from the coverage ratio of 1.61% as at 30 June 2021, but is reflective of the improved quality and mix of Heartland's portfolios (including the growth of online Home Loans and Livestock Finance, and the reduction of the Harmoney Corp Limited (Harmoney) personal loans channel). This improved quality is evidenced by the percentage of Heartland's receivables that attract a lifetime expected credit loss provision reducing from 6.32% as at 30 June 2021, to 3.92% as at 30 June 2022.[1]

[1] Heartland is not required to hold provisions in respect of its Reverse Mortgage portfolios, and so the coverage ratio does not include those portfolios. Heartland carries the Reverse Mortgage portfolios at fair value, which is currently determined to be the face value of those loans. There is potential for loss from those loans, however it is immaterial in the context of the face value of the loans, and does not impact Heartland's determination that fair value of those loans is their face value.

Financial results

Growth in profitability

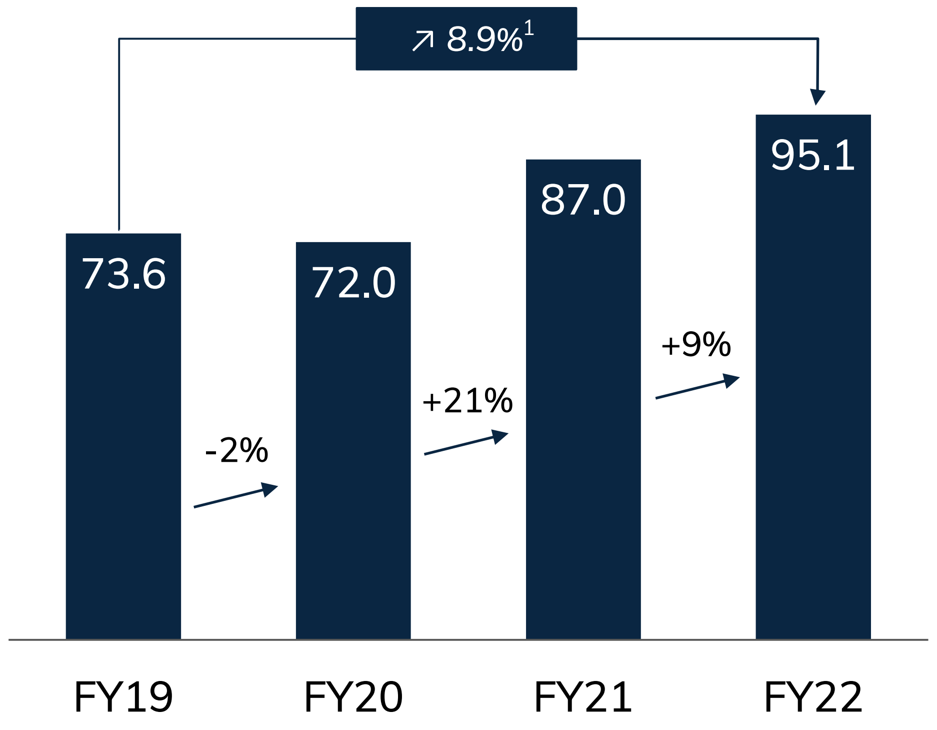


1. FY2021 one-offs: $4.1 million net fair value gain on equity investments. FY2022 one-offs: (i) $16.7 million hedge accounting impacts, (ii) ($13.0 million) net fair value loss on equity investments.
2. FY2021 one-offs: (i) $4.3 million voluntarily accelerated amortisation, (ii) $1.7 million aged items write-off and provision, (iii) $0.9 million other non-recurring items. FY2022 one-offs: (i) $2.9 million voluntary amortisation of intangibles (ii) $1.0 million other non-recurring items (iii) ($0.5 million) aged items provision.
3. FY2022 one-offs: (i) ($9.6) million COVID-19 Overlay release, (ii) $8.0 million newly created Economic Overlay.
4. FY2021 one-offs: $1.9 million tax impact on one-offs. FY2022 one-offs: (i) ($1.4 million) non-recurring adjustments, (ii) $4.2 million tax impact on one-offs.

Note: All figures in NZ$m and excluding StockCo Australia impacts. Refer to Appendix 3 for reconciliation between reported and underlying NPAT result. Chart is not to scale.

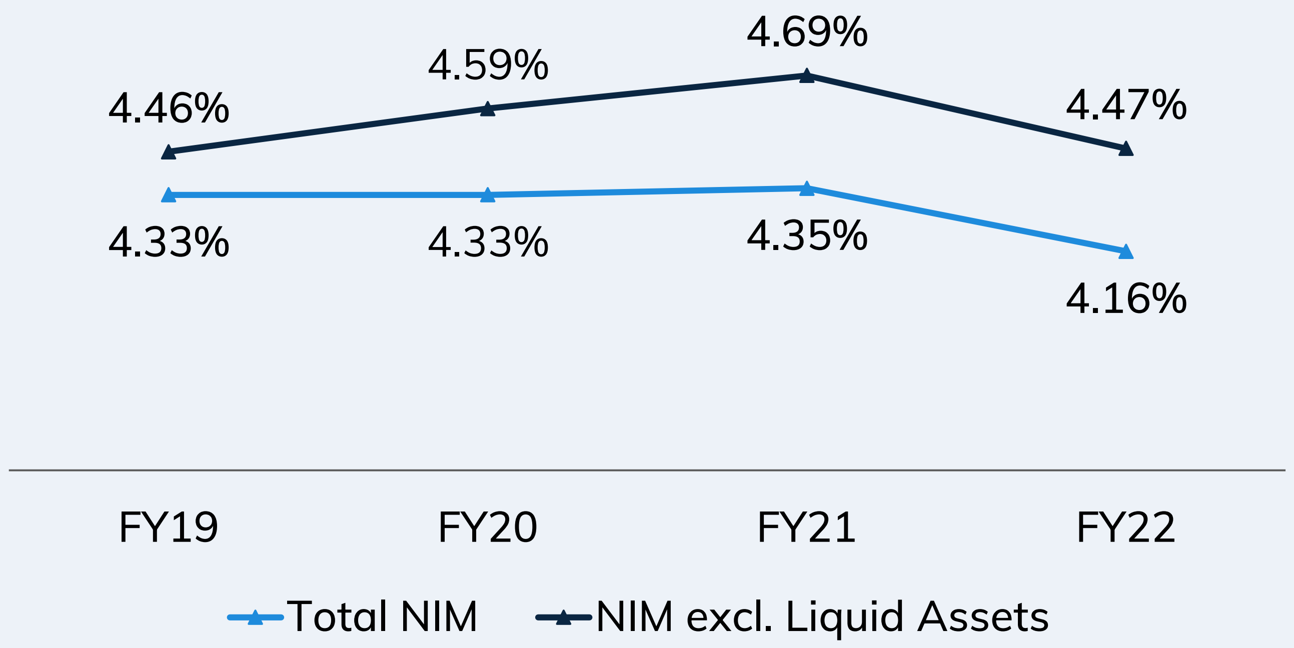
Key performance measures

NPAT ($ million)

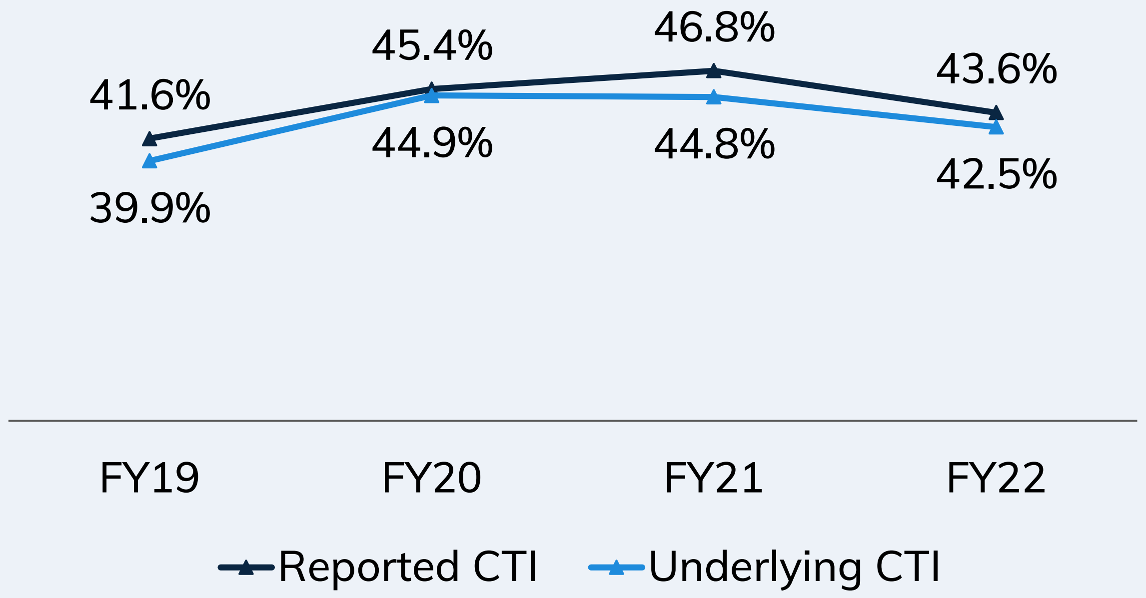


Note:
- NIM is calculated as net interest income/average gross interest earning assets, adjusted for the impact of StockCo Australia.
- Impairment expense ratio is calculated as impairment expense/average gross finance receivables.
- Underlying CTI ratio and impairment expense ratio exclude one-off impacts. Refer to Appendix 3 for reconciliation between reported and underlying result.

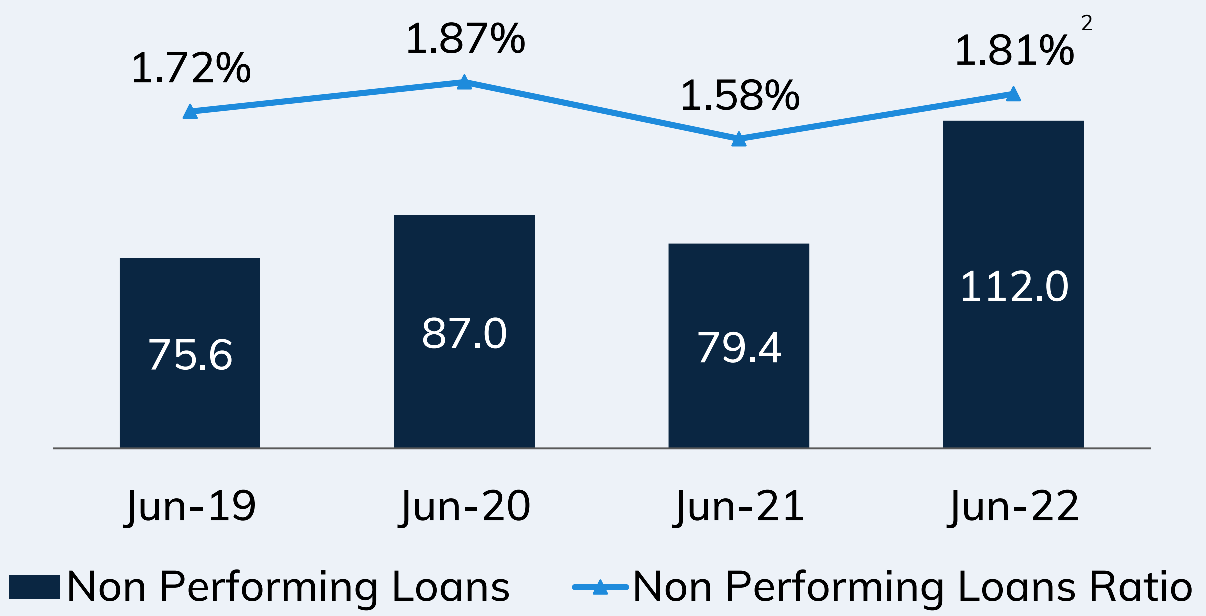
NIM



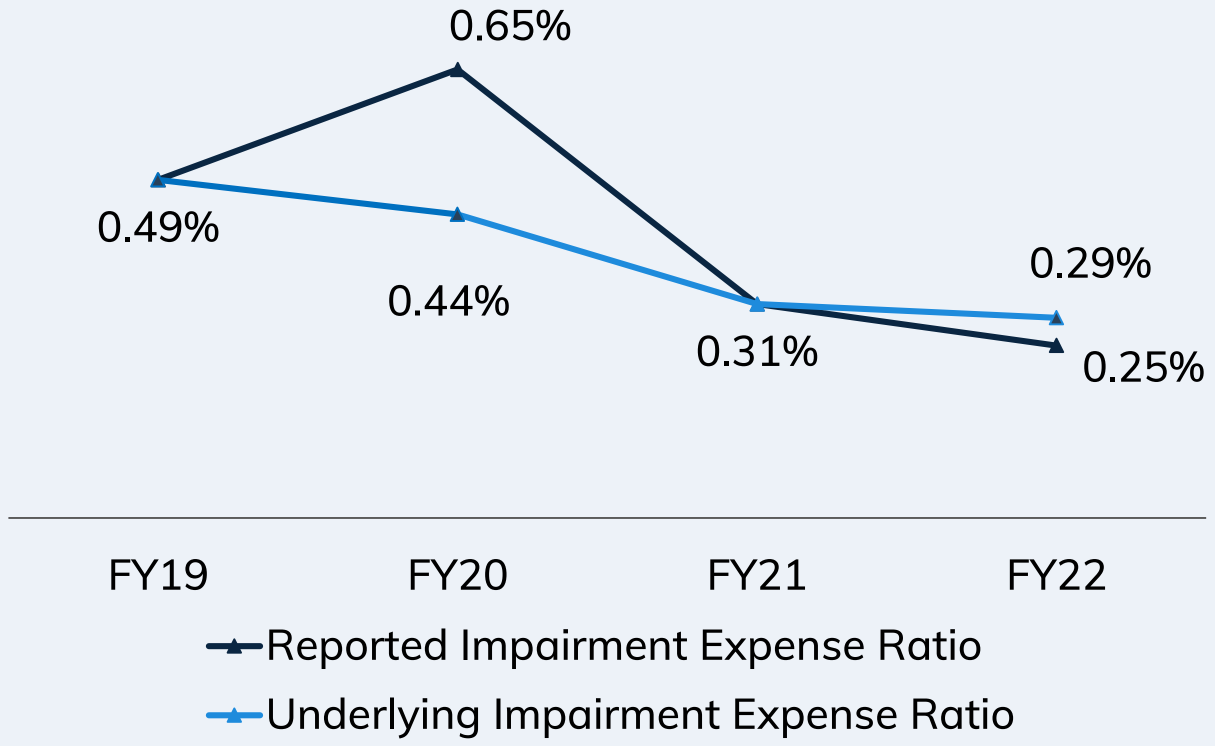
CTI



Non Performing Loans



Impairment Expense Ratio

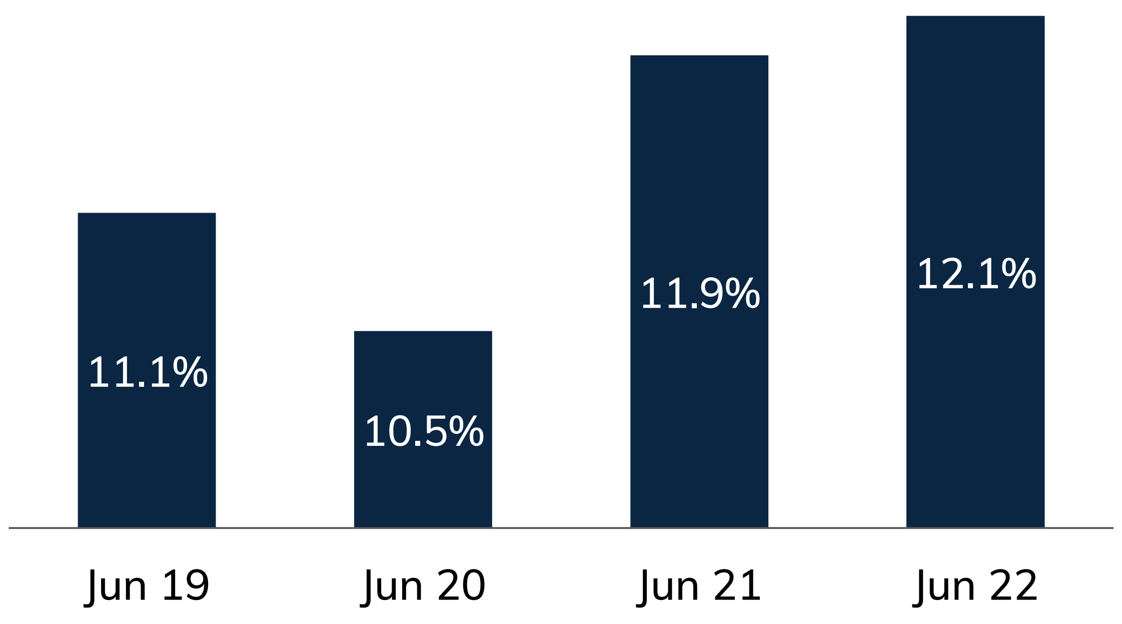


[1] Compounded annual growth rate for the period FY2019-FY2022.
[2] Increase in non performing loans (**NPL**) is primarily due to strong growth, with NPL ratio trending near historical averages.

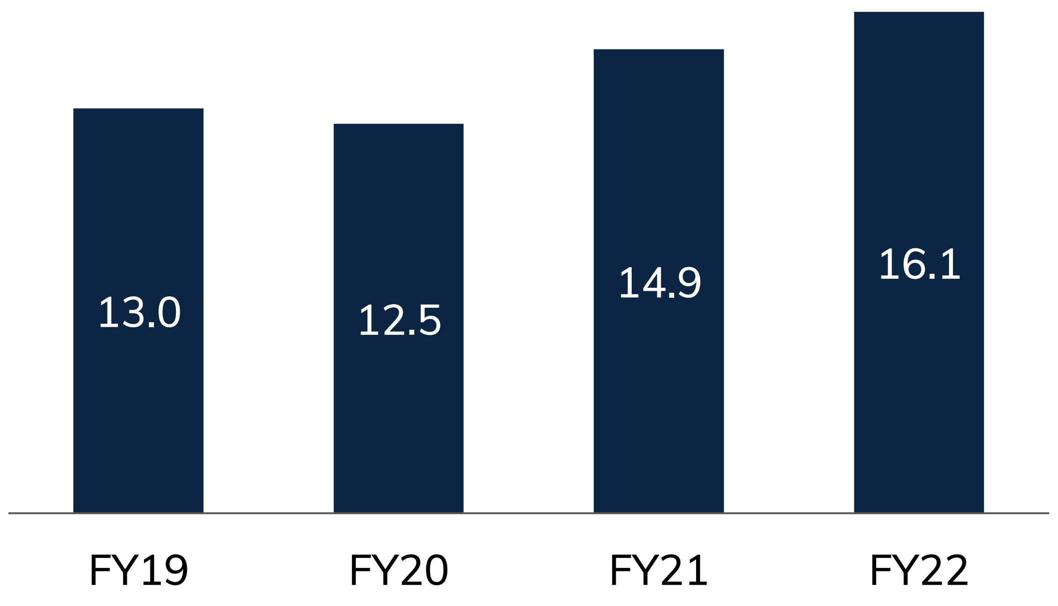
Shareholder return

- Return on equity (**ROE**) of 12.1% (up 21 bps vs FY2021). Underlying ROE of 12.6% (up 59 vs FY2021).
- Earnings per share (**EPS**) of 16.1 cps, up 1.2 cps compared with FY2021.
- Final dividend of 5.5 cps, taking FY2022 total dividend to 11.0 cps (flat on FY2021).
- Full year payout ratio of 68%, compared with the average over the last three years of 69%.
- Dividend yield of 7.1%[1] (FY2021: 7.1%[2]).
- Five year total shareholder return (**TSR**) of 66.9%, (19 August 2017 – 19 August 2022) compared with the NZX50 Index TSR of 56.7% in the same period.
- Heartland's Dividend Reinvestment Plan (**DRP**) is suspended for this dividend due to the proposed equity raise.

ROE

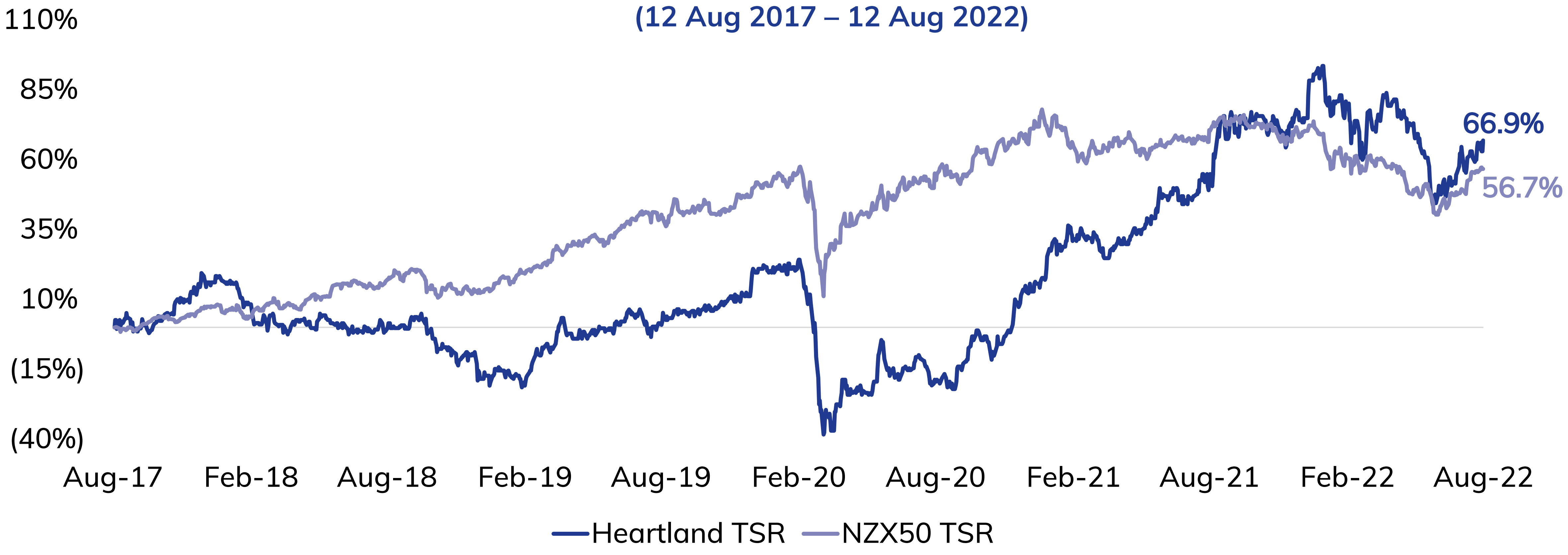


Earnings per share (cps)



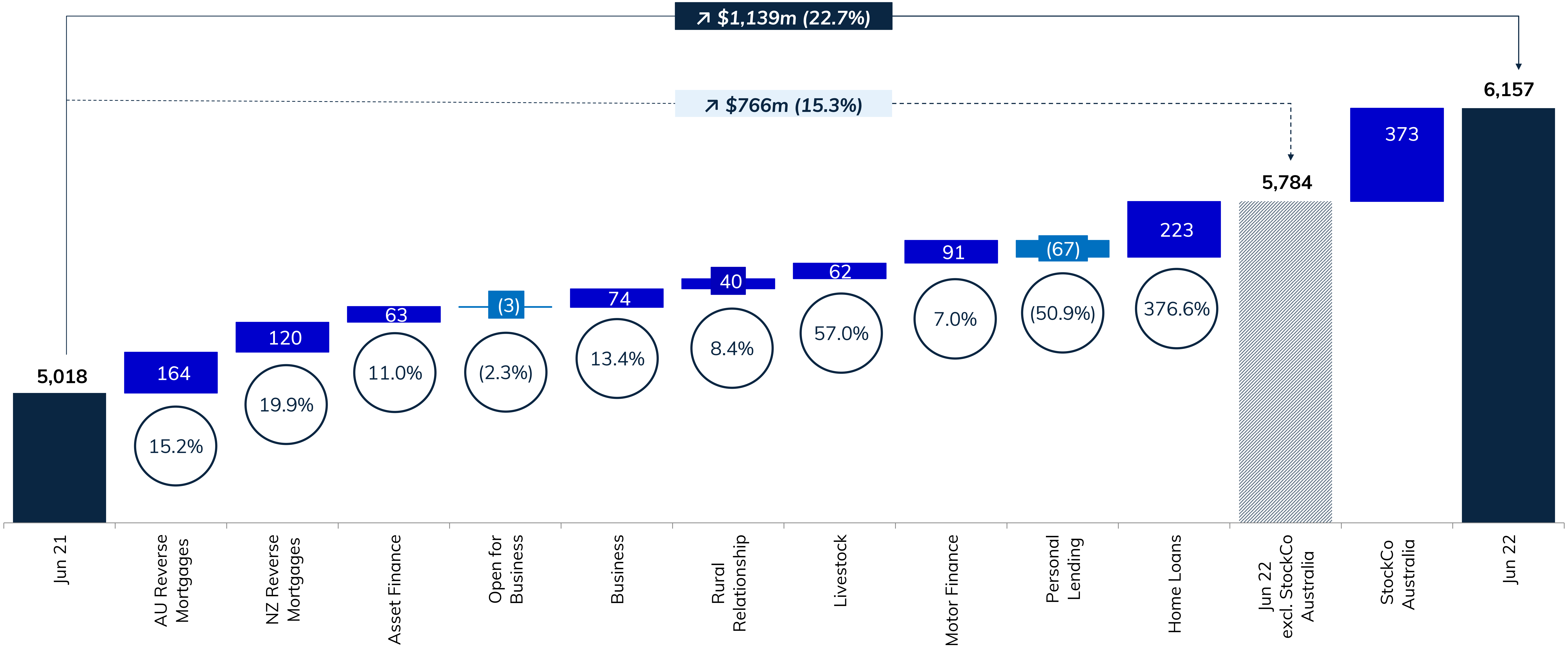
Heartland vs NZX50 TSR performance [3]

(12 Aug 2017 – 12 Aug 2022)



[1]Total fully imputed dividends divided by the closing share price as at 19 August 2022 of $2.16.
[2]Total fully imputed dividends divided by the closing share price as at 20 August 2021 of $2.16.
[3]Includes imputation credits.

Growth in receivables



Note: The graph shows FY2022 growth in receivables by portfolio excluding the impact of changes in FX rates. All figures in NZ$m.

Strategic update

1

Strategic progress

Heartland's strategic vision is to provide **best or only products via scalable digital platforms**, achieved through the four pillars below.

Business as usual growth

Reported on in **divisional summary** section, page 20.

Launched new products: **90 Day Notice Saver** and **Dairy Direct**.

Heartland Bank awarded **Canstar's 2022 Savings Bank of the Year** (fifth consecutive year).

NZ Reverse Mortgages remains **Consumer Trusted** (fifth consecutive year).

Frictionless service at the lowest cost

120% increase in Heartland Bank mobile app users.

Ongoing development of **new functionality and digital platforms** to enable increased self-service.

Underlying CTI ratio reduced from 44.8% in FY2021 to 42.5% in FY2022.

Core banking system upgrade underway.

Expansion in Australia

Launched **Express Reverse Mortgage**.

AU Reverse Mortgages received **various awards for excellence in the sector**.

AU Reverse Mortgage **market share of 33.1%** at 31 March 2022.[1]

Well-Life Loan and Reverse Mortgage **product adjustments to increase eligible market**.

Acquisitions

Successfully completed the **acquisition of StockCo Australia**.

Exploring options to **establish or acquire an ADI in Australia**.

Exploring acquisitions where there is a fit with Heartland's strategic vision and the opportunity to add value, either as a means of adding scale or technology.

[1] Based on APRA ADI Property Exposure and Heartland Finance data as at 31 March 2022.

Sustainability

Heartland's sustainability framework is built on three key pillars: environmental conservation, social equity and economic prosperity.

Environmental Conservation

31% absolute reduction in Greenhouse Gas emissions (21% adjusted for COVID-19) from FY2019 baseline.

Percentage of "new generation" (electric and hybrid) vehicles financed increased steadily over the year and continues to climb as Heartland's key partners increase production of new generation vehicles.

23% of vehicle fleet replaced with hybrid alternatives.

Preparation and contribution to **new climate-related disclosures** in NZ (coming into effect from FY2024).

Social equity

Rainbow Tick achieved in November 2021.

2022 HRNZ Awards finalist in the *Leader Māori HR* award category for Manawa Ako internship programme.

93% of employees resonate with Heartland's mātāpono (values) as important values to them.

Gender pay gap of 23% (8% below Financial and Insurance Services industry average), **Māori and Pasifika pay gaps each 25%.**[1]

Heartland Trust[2] grants totalled $501,933 to community groups and organisations.

Economic prosperity

Enabled more than **40,000 New Zealanders and Australians** to live a more comfortable retirement through a reverse mortgage.

Offered **customer cost savings** through some of New Zealand's lowest mortgage rates.

Delivered **shareholder return** as described on page 13.

[1] Pay gaps as at 31 January 2022. Pay gaps as at 30 June 2022 will be reported in the Annual Report published on 28 September 2022.

[2] The Heartland Trust is a registered charitable trust which is independent from, but closely supported by Heartland and Heartland Bank.

StockCo Australia

- On 31 May 2022, Heartland completed the acquisition of StockCo Australia.
- Total consideration was A$154.4 million[1], funded through a A$158 million bridge facility provided by a major Australasian financial institution.
- At the same time, a new long-term syndicated securitisation warehouse was executed with A$300 million of senior funding provided by two major Australasian financial institutions.
- StockCo Australia specialises in livestock finance for cattle and sheep farmers across Australia (74% cattle/26% sheep), with total assets of A$358 million and a leading position in the market, estimated to be A$7 billion[2].
- Heartland's focus is to build on StockCo Australia's position as a market-leading provider of specialist livestock finance for cattle and sheep farmers across Australia.
- Transaction costs of $1.2 million were expensed in FY2022 and StockCo Australia contributed $1.4 million to FY2022 NPAT (excluding bridge finance costs).
- StockCo Australia is projected to contribute A$10 million to A$12 million to FY2023 NPAT.

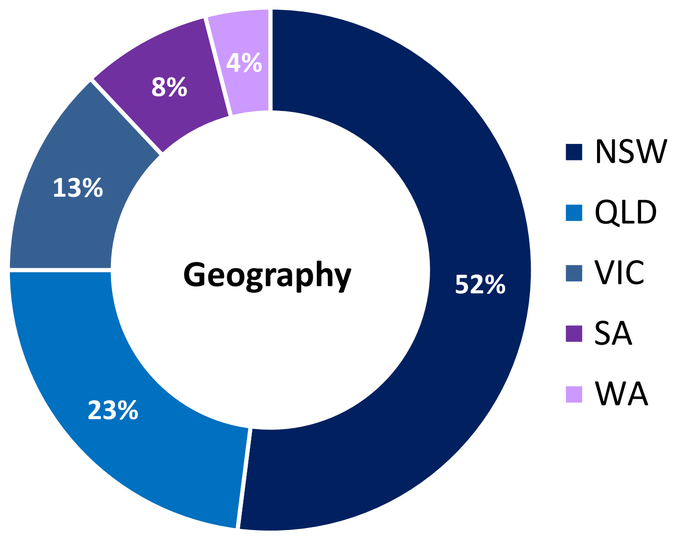
Key operating metrics

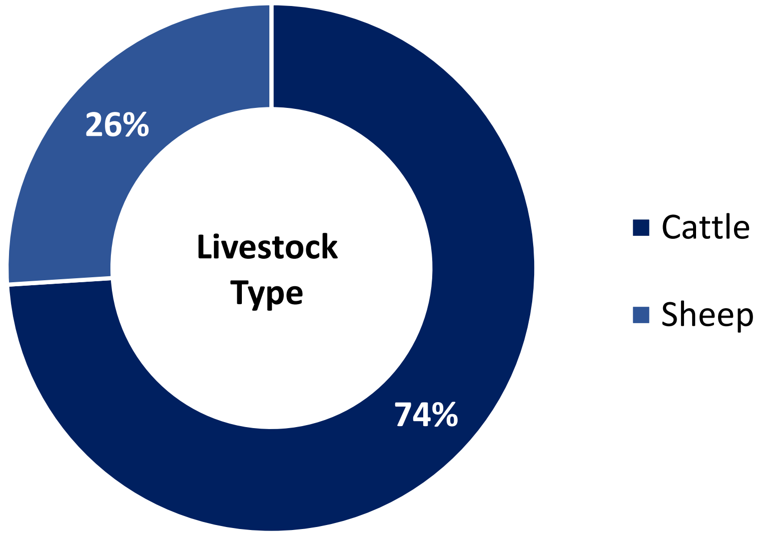
Number of customers	1,579
Cumulative Loss Rate	0.02%
FY22 Gross Yield	11.4%
Weighted average tenor	6.1 months

Acquisition metrics

Cash and cash equivalents	A$8.7m
Livestock receivables	A$339.9m
Other assets	A$9.4m
Total assets	**A$358.0m**
Borrowings	A$325.9m
Other liabilities	A$1.2m
Total liabilities	**A$327.1m**
Net assets acquired	A$30.9m
Goodwill on acquisition	**A$124.9m**

Diversified loan portfolio





[1] Including A$1.6 million of deferred consideration payable subject to performance hurdles.
[2] Based on Australia Bureau of Statistics total rural debt and StockCo Australia data.

Further opportunities for growth in Australia

- Heartland has been exploring opportunities to establish or acquire an ADI in Australia. Becoming a bank through an ADI in Australia would make possible a number of benefits:
  - access to a deep and efficient pool of funding to support ongoing growth;
  - potential uplift in margin, to the extent that retail funding rates are less than wholesale rates; and
  - a platform to extend Heartland's best or only strategy into Australia.

- The aim is to create the potential for a digital bank which, once Heartland assets are transferred into it, would be profitable. This, together with Heartland's best or only strategy, provides the opportunity for a differentiated proposition.

- To this end, Heartland has entered into a non-binding memorandum of understanding (**MoU**) with Avenue Hold Limited (**Avenue Hold**) in relation to the potential acquisition of Avenue Hold and its subsidiary Avenue Bank Limited (**Avenue Bank**). Avenue Bank is a restricted ADI and is seeking to progress to becoming a full ADI.

- Any establishment or acquisition by Heartland of an ADI in Australia would be subject to regulatory approvals.

- Subject to regulatory approvals and transaction completion, Heartland's existing businesses in Australia would be transferred to sit in or under Avenue Bank, and this would be the vehicle for growth in Australia.

- In accordance with the MoU, Heartland has made an initial subscription for $5 million of capital in Avenue Hold. Heartland's due diligence review is continuing, as is negotiation of binding transaction documentation. Completion of any transaction is expected to be conditional upon a number of matters (which may include Heartland securing acquisition funding, Heartland being satisfied as to the likelihood of Avenue Bank progressing to being a full ADI, Avenue Hold shareholder support of the transaction, receipt of all necessary regulatory approvals (including from APRA and the RBNZ), and the absence of any material adverse change).

- Any requirements or conditions of regulatory approvals (including capital and liquidity requirements for the bank and relevant business of Heartland held below Heartland's top-level holding company in Australia, Heartland Australia Holdings Pty Limited (**HAH**)) will:
  - become known only as engagement with APRA and RBNZ progresses; and
  - be relevant to Heartland's decision to proceed with the transaction.

- It is currently expected that completion of any acquisition would take place no earlier than the last quarter of FY2023, and possibly not until the first half of FY2024. The consideration payable by Heartland on completion is expected to be A$49 million, subject to adjustments.

- For regulatory reasons, Heartland would be required to hold any ADI in Australia through an Australian incorporated non-operating holding company (**NOHC**) which is approved and regulated by APRA. It is currently anticipated that HAH would be the appropriate vehicle to apply to APRA for authority to act as a NOHC. To pre-position HAH for this opportunity, Heartland is seeking the consent of the RBNZ for HAH to also act as the NOHC of Heartland Bank in New Zealand. This would not result in any change to Heartland Bank's beneficial ownership. This engagement with RBNZ is at an early stage.

Divisional summary

Reverse Mortgages portfolio analytics

NEW ZEALAND

Average loan size	$116,728
Weighted average borrowers' age	78
Average origination LVR	10.0%
Weighted average LVR	18.3%
Proportion of the loan book over 75% LVR	0.0%
Number of loans in the book over 75% LVR	1
FY2022 origination	$165m (+$63m vs FY2021)
Total repayments in FY2022	$85m (-$8m vs FY2021)
FY2022 repayment rate	14.0% (vs 16.5% in FY2021)
Compounded annual growth rate[1]	12.1%
Repayments from vintage loans (+11 years)	32.1% (vs 37.0% in FY2021)

$721m
NZ Reverse Mortgages
+$120m (19.9%)
vs June 2021

AUSTRALIA

A$1,154m
AU Reverse Mortgages
+A$152m (15.2%)
vs June 2021

Average loan size	A$148,405
Weighted average borrowers' age	77
Average origination LVR	11.6%
Weighted average LVR	20.5%
Proportion of the loan book over 75% LVR	0.1%
Number of loans in the book over 75% LVR	5
FY2022 origination	$254m (+$64m vs FY2021)
Total repayments in FY2022	A$157m (+A$2m vs FY2021)
FY2022 repayment rate	15.7% (vs 16.9% in FY2021)
Compounded annual growth rate[1]	18.6%
Repayments from vintage loans (+11 years)	19.0% (vs 23.3% in FY2021)

[1] Compounded annual growth rate for the period 1 January 2017 – 30 June 2022.

AU Reverse Mortgages

- Receivables increased by $163.8 million (15.2%)[1] to $1.24 billion.
- Growth was driven by the relaxation of COVID-19 lockdowns, growing acceptance of reverse mortgages, promotion by the Australian Federal Government of its Home Equity Access Scheme, and advertising campaigns.
- Product specification adjustments made to Well-Life Loan and Reverse Mortgage products to increase eligible market.
- Received four awards in FY2022, including Infochoice's Best Reverse Mortgage, and Australian Mortgage Awards' 'Most Effective Digital Strategy – Lender' Excellence Award for its digital focus.
- The potential addressable market for reverse mortgages is estimated to be $10-15 billion.[2]

$39.2m

NET OPERATING INCOME

As at 30 June 2022

+8.2%

increase since June 2021

$1.24b

RECEIVABLES

As at 30 June 2022

+15.2%[1]

growth since June 2021

[1] Excluding the impact of changes in FX rates.

[2] According to Deloitte at the 2021 Three Pillars Forum.

NZ Reverse Mortgages

- New Zealand Reverse Mortgages net operating income (**NOI**) was up 33.4% from FY2021 due to record asset growth and improved margins.
- Receivables increased $119.8 million (19.9%) to $721.3 million.
- Increased awareness supported by advertising and a specialist team.
- New business in 2H2022 was 17.6% higher than 1H2022.
- Outlook positive as pipeline sits well above the previous corresponding period.
- As cost of living pressures continue and indebtedness in retirement increases, greater acceptance of reverse mortgages is expected to lead to increased demand through FY2023.

$32.5m — NET OPERATING INCOME

+33.4% — increase since June 2021

As at 30 June 2022

$721.3m — RECEIVABLES

+19.9% — growth since June 2021

As at 30 June 2022

Open for Business

- Open for Business (**O4B**) is Heartland's first digital platform that provides unsecured loans to the small-to-medium enterprise (**SME**) sector, with online approval possible within one minute.
- FY2022 saw a decrease of $0.8 million (5.8%) in O4B NOI.
- Receivables decreased $3.3 million (2.3%)[1] to $141.2 million.
- COVID-19 interrupted momentum in the O4B target market more severely than in other Business segments.
- Although there were signs of recovery early in FY2022, the arrival of the Omicron variant adversely impacted sector demand again.
- O4B growth in FY2023 will remain challenging as the SME sector struggles to accommodate difficult macro-economic, logistical and labour conditions.

$13.7m

NET OPERATING INCOME

As at 30 June 2022

-5.8%

decrease since June 2021

$141.2m

RECEIVABLES

As at 30 June 2022

-2.3%[1]

decrease since June 2021

[1] Excluding the impact of changes in FX rates.

Asset Finance[1]

- Asset Finance NOI was up 7.5% from FY2021.
- Receivables increased $62.6 million (11.0%) to $633.6 million.
- New business growth exceeded expectations as Heartland continues to build its intermediated partnership strategy and delivery processes.
- Demand from logistics and other productive sectors remained resilient through variable conditions. Activity remains focused in these segments.
- Significant market share opportunities exist and will be pursued in FY2023.

$30.6m

NET OPERATING INCOME

As at 30 June 2022

+7.5%

increase since June 2021

$633.6m

RECEIVABLES

As at 30 June 2022

+11.0%

growth since June 2021

[1] Previously referred to as Business Intermediated.

Business

- Business includes floorplan lending to vehicle retailers and wholesale facilities to other lenders. The portfolio includes what was previously known as Business Relationship.
- Receivables increased $74.3 million (13.4%)[1] to $629.4 million.
- Growth in facility utilisation rates was driven by strong underlying demand in motor vehicle sales combined with erratic shipping schedules.
- Heartland has onboarded new customers in this segment and supported the growth strategies of wholesale borrowers in other sectors.

$30.9m — NET OPERATING INCOME — As at 30 June 2022

+18.6% — increase since June 2021

$629.4m — RECEIVABLES — As at 30 June 2022

+13.4%[1] — growth since June 2021

[2] Excluding the impact of changes in FX rates.

Motor Finance

- Motor Finance NOI was up 5.6% from FY2021.
- Receivables increased $90.8 million (7.0%) to $1.38 billion.
- Growth was mainly from the Motor dealer book via car dealerships, brokers and partnerships such as Kia Finance, Jaguar/Land Rover Financial Services, and Peugeot/Citroen (through Auto Distributors New Zealand Limited (Auto Distributors) under the iOwn brand). Auto Distributors have also been appointed the distributors for Opel which arrives in late September 2022.
- Growth in FY2022 was hindered by COVID-19 and the unintended effects of changes to the CCCFA introduced on 1 December 2021, which considerable reduced application automation rates and impacted conversion rates.
- Since implementing a new process for premium customers, application automation rates have started to increase.
- Portfolio performance returned to more normal levels in the last quarter of FY2022, recording a 194% increase in growth on the previous quarter and producing an annualised growth rate of 7.4% for the quarter.

$73.1m — NET OPERATING INCOME

+5.6% — increase since June 2021

As at 30 June 2022

$1.38b — RECEIVABLES

+7.0% — growth since June 2021

As at 30 June 2022

Personal Lending

- Personal Lending includes loans originated directly through Heartland Bank, and those originated by Harmoney in New Zealand and Australia.
- The **New Zealand Harmoney channel** decreased $58.3 million (76.0%) to $18.4 million.
- The **Australian Harmoney channel** decreased by $36.6 million (74.9%)[1] to $12.2 million.
- Negotiations with Harmoney on proposed new wholesale facilities ended in March 2022. Heartland's Harmoney personal loans channel is therefore running down.
- In the current risk environment, Heartland is comfortable with this book running down.

$10.3m

NET OPERATING INCOME

As at 30 June 2022

-40.4%

decrease since June 2021

$64.9m

RECEIVABLES

As at 30 June 2022

-50.9%[1]

decrease since June 2021

[1] Excluding the impact of changes in FX rates.

Home Loans[1]

- Home Loans[1] Receivables increased $224.8 million (450.8%) in FY2022 to $274.7 million.
- The rising interest rate environment drove a high volume of applications, as customers locked in competitive rates.
- Heartland's rates were frequently market-leading across standard residential mortgage products throughout the year.
- Q2 growth was adversely impacted by the unintended effects of the CCCFA changes introduced on 1 December 2021. Q3 advertising saw a return to rapid growth, with book size increasing by $51.8 million.
- Strong customer retention in a competitive market. Retention rate for customers whose fixed rates expired during 2H2022 was 91.1%.
- Heartland Home Loans remains in a phase of rapid growth, and a book size of $495 million by the end of FY2023 is being targeted.

$2.1m

NET OPERATING INCOME

As at 30 June 2022

$0.1m

As at 30 June 2021

$274.7m

RECEIVABLES

As at 30 June 2022

450.8%

increase since June 2021

[1] Excludes legacy Retail Mortgages.

Rural

- An increase in both **Livestock** Receivables of $62.3 million (57.0%) to $171.7 million, and an increase in **Rural** Receivables of $40.2 million (8.4%) to $517.4 million.
- Livestock enjoyed record growth in FY2022, resulting from an increase in customers and facility utilisation rates reaching a historic high.
- New and expanded partnership opportunities that were developed in FY2022 are expected to flow positively into FY2023.
- Sheep & Beef Direct was a success story throughout FY2022, contributing 53% of total Rural new business. The product produced consistent growth, which confirmed the market niche it was developed for.
- A similar product for dairy farmers, Dairy Direct, was launched in FY2022 and is expected to grow consistently with Sheep & Beef Direct.

$30.2m NET OPERATING INCOME

As at 30 June 2022

-6.1% decrease since June 2021

$689.1m RECEIVABLES

As at 30 June 2022

17.5% increase since June 2021

Funding, liquidity and capital update

NZ funding and liquidity

Heartland Group

Heartland Group increased borrowings by 26.9% to $6,170.7 million, contributed to by increases in New Zealand and Australia.
Excluding StockCo Australia impacts, total borrowings increased by 16.5% to $5,669.0 million.

New Zealand

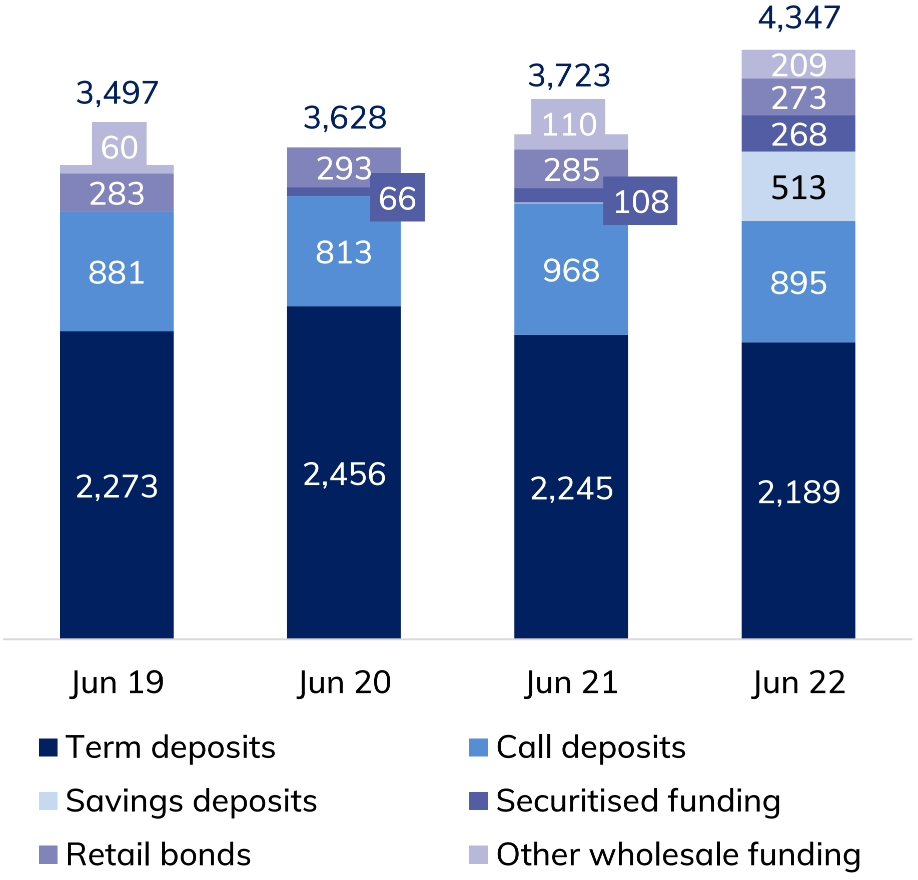
- Heartland Bank increased borrowings by 16.8% to $4,346.6 million.
  - Deposits grew 11.7% to $3,597.1 million, largely driven by strong growth in Notice Saver.
  - In FY2022, Heartland Bank launched a 90 Day Notice Saver product at a market-leading rate following the successful launch of a 32 Day Notice Saver in late FY2021. Heartland Bank was announced Canstar's Savings Bank of the Year 2022 (fifth consecutive year), with awards for Direct Call and Notice Saver accounts.
  - Other borrowings increased by 49.0% to $749.5 million, largely driven by increases in committed auto warehouse facility and commercial paper.
- Increased committed auto warehouse facility from $300 million to $400 million in September 2021, with the amount drawn down increasing by $159.6 million.
- Total liquidity remained strong, increasing by 1.0% to $627.9 million.
- Heartland Bank holds liquidity well in excess of regulatory minimums and maintains strong regulatory liquidity ratios.

Core funding ratio
90.2%
as at Jun 22
vs 75% regulatory minimum
↓3.1 pps vs Jun 21

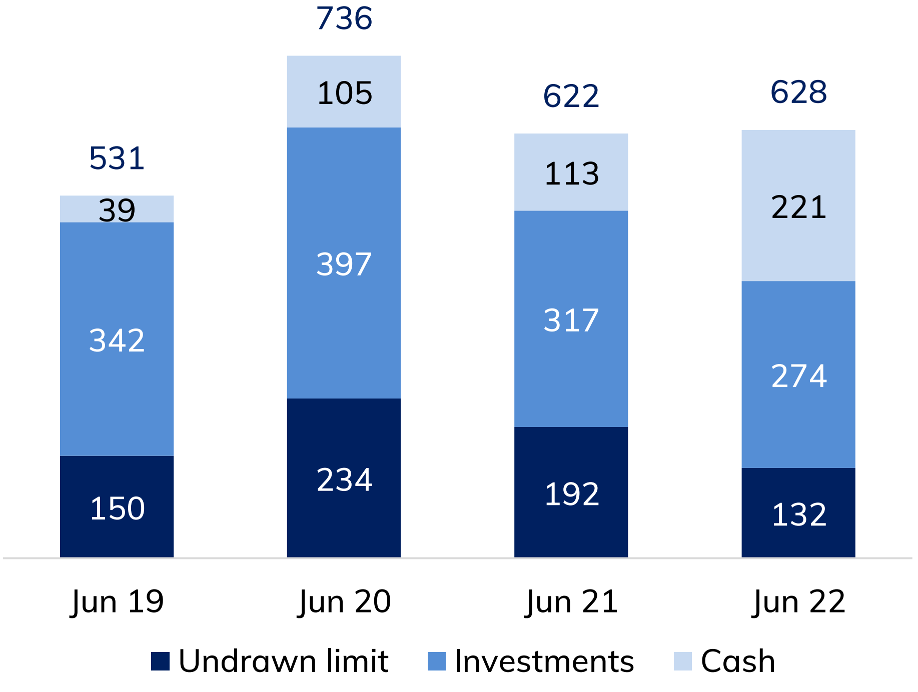
1-week mismatch
7.16%
as at Jun 22
vs 0% regulatory minimum
↑60 bps vs Jun 21

1-month mismatch
6.88%
as at Jun 22
vs 0% regulatory minimum
↓90 bps vs Jun 21

Heartland Bank
Funding Composition[1] $m



Heartland Bank
Liquidity Composition $m



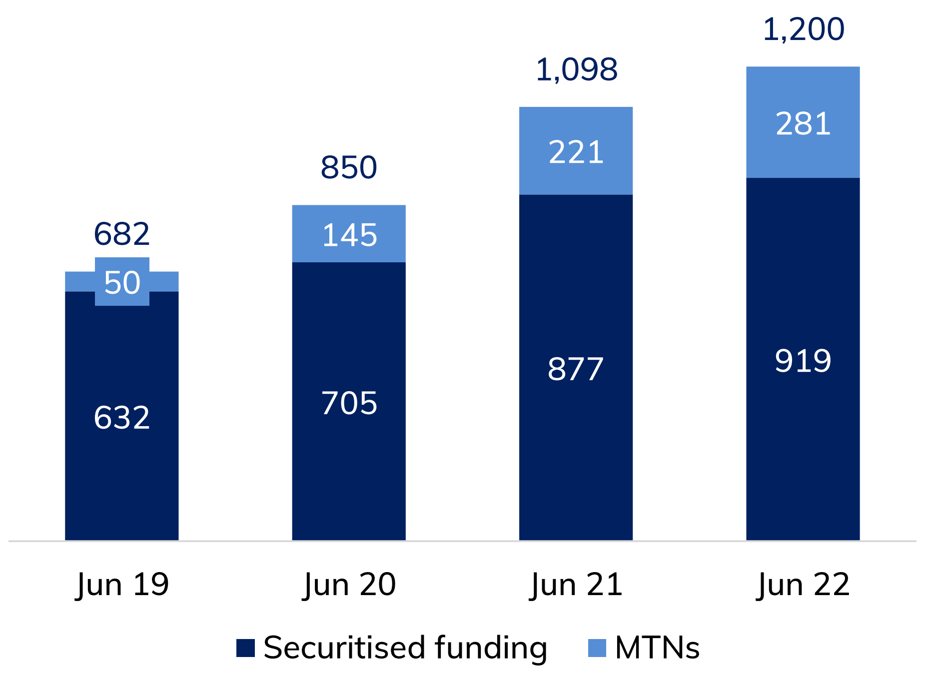
[1] Includes intercompany deposits.

AU funding and liquidity

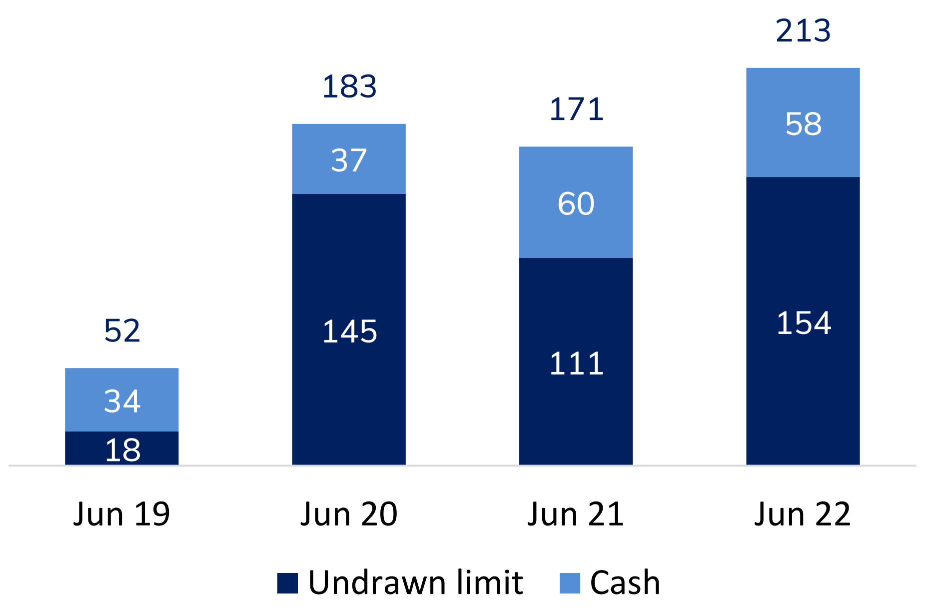
Australia

- Heartland Australia increased borrowings by 9.3% to A$1,200.2 million in FY2022, and has access to committed Australian reverse mortgage loan funding of A$1.35 billion in aggregate.
- The Heartland Australia group continues to successfully progress expansion and extension of its funding facilities to cater for strong growth in its portfolios.
- Reverse mortgage securitisation warehouses maturity was extended by two and three years, and aggregate senior limits were expanded by A$100 million, providing additional headroom to fund future growth in the portfolio.
- An additional A$45 million Medium-Term Note (**MTN**) was issued in July 2021.
- An A$115 million MTN was issued in May 2022 to refinance an existing A$100 million MTN and provide additional funding for future growth, taking the aggregate outstanding issuance under Heartland Australia's MTN programme to A$280 million as at 30 June 2022.
- Additionally, a A$30 million tap into an existing A$45 million funding line, maturing in July 2024, was issued in August 2022, adding further diversity to the funding base.

Heartland Australia Funding Composition A$m



Heartland Australia Liquidity Composition A$m



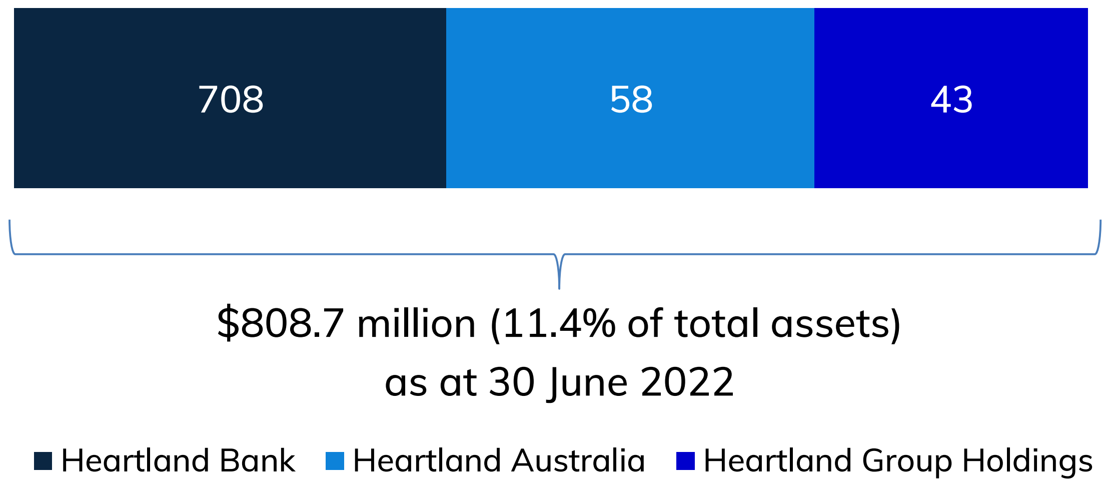
Capital

- Partial restriction on bank dividends removed effective 1 July 2022.
- Heartland Bank's capital ratio as at 30 June 2022 is 13.49% (down from 13.88% as at 30 June 2021).
- As part of the RBNZ capital implementation review requiring an increase in capital, increases in capital will be phased in over a seven-year period beginning from 1 July 2021, requiring the minimum total capital ratio to gradually be increased from the current 10.5% to 16.0%.
- On current footings, Heartland Bank would require $24 million additional capital to meet the 14% Tier 1 ratio requirement, and a further $93 million to meet the 16% total capital requirement. Heartland Bank currently has no hybrid capital (additional tier 1 or tier 2) on issue.
- Heartland Bank's current capital position and organic growth in capital is expected to be sufficient to meet future minimum requirements.

Heartland Bank Capital Ratio

Heartland Capital Movement $m

Heartland Capital Allocation $m



Regulatory update and outlook

Regulatory update

Heartland continues to monitor the significant volume of regulatory change.

Changes to the CCCFA

- Initial changes came into force on 1 December 2021.
- Heartland Bank implemented new processes and technologies to enable it to comply with these changes and continues to refine them.
- Additional CCCFA changes were announced in June 2022 (effective 7 July 2022).
- Following completion of the Government's investigation into the impact of the December 2021 changes, further changes which seek to reduce the unintended impacts of these changes are expected to be implemented in March 2023.

Financial Markets (Conduct of Financial Institutions) Amendment Act 2022

- Passed in June 2022, the Act is planned to come into force in early 2025 following a transitional period.
- Applies to registered banks, licensed insurers and licensed non-bank deposit takers and is regulated by the Financial Markets Authority (**FMA**).
- The Act introduces a new conduct licensing regime, the requirement to establish, implement, maintain and comply with a fair conduct programme and the regulation of incentives (via new regulations which are yet to be consulted on).
- Incentives regulations will apply both to Heartland Bank and its intermediaries involved in the distribution of its products.

Proposed Deposit Takers Act

- New legislation is being developed to:
  - strengthen the regulatory framework for all institutions that take deposits (including Heartland Bank) through the strengthening of RBNZ's supervision and enforcement powers; and
  - introduce a new depositor compensation scheme, overseen by RBNZ.
- An exposure draft of the Deposit Takers Bill is expected to be introduced to Parliament in the latter half of 2022.

Removal of RBNZ dividend restrictions placed on banks

- In June 2022, the RBNZ announced the remaining dividend restrictions placed on banks would be removed from 1 July 2022.

Climate-Related Disclosures

- Continued preparation is underway to meet the Climate-Related Disclosures obligations introduced through the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021, with Heartland's first climate statement required as part of reporting for the period ended 30 June 2024.

Looking forward

- The current economic environment presents the obvious challenges of rising inflation and rapidly rising interest rates, tempered somewhat by low unemployment, flowing through into business and consumer confidence.
- To a meaningful extent, Heartland is insulated against these challenges due to expected levels of growth in Reverse Mortgages (driven by demographics) and Livestock (driven by global demand for protein).
- The large number of residential mortgages in New Zealand coming off fixed rates during the course of the year should support ongoing growth of Home Loans. Continued market share gains in Motor and Asset Finance is expected to underpin growth in markets that have seen supply disruptions and a decline in confidence. Similarly, Heartland's focus on parts of the rural market that are underserviced by larger banks, has the potential to offset the ongoing exit of larger rural relationship loans. However, this must be weighed against decreasing confidence levels in some sections of the market.
- With regard to risk in this environment, while Heartland has released its COVID-19 Overlay, it has adopted an Economic Overlay of $8 million in order to provide coverage for a potential downside scenario. Alongside this, the portfolio mix has shifted towards higher quality loans, with a strong increase in particular of Reverse Mortgages, which are expected to continue to perform very well.
- Efforts will continue to create efficiencies and frictionless service at the lowest cost. It will also be a very important year for Heartland's Australian strategy – the first full year with StockCo Australia as a member of the Group, and in progressing Heartland's pathway to becoming a bank through obtaining an ADI licence in Australia.

NPAT for FY2023

Heartland expects NPAT for FY2023 to be in the range of $109 million to $114 million, excluding any impacts of fair value changes on equity investments held.

Proposed equity raise

1

Equity raise offer summary

Offer size and structure	Heartland is seeking to raise NZ$200 million (**Equity Raise**) in new equity via a: – NZ$130 million fully underwritten placement to eligible investors; and – NZ$70 million share purchase plan, with the ability for Heartland to accept oversubscriptions at its discretion. • The SPP is open to all eligible shareholders with an address recorded in Heartland's share register that is in New Zealand or Australia on the Record Date. Each eligible shareholder can apply for up to NZ$50,000/A$45,000 shares. • Heartland elected this offer structure due to the volatile market conditions to date in 2022, and its objective to further diversify its share register to promote increased liquidity on both the NZX and ASX. This is important in driving long-term value for all shareholders, by attracting depth of investment and widening demand.
Use of proceeds	• Proceeds will be used to repay the A$158 million acquisition finance facility outstanding in relation to the recent acquisition of StockCo Australia, and to provide additional growth capital for Heartland's existing businesses both in Australia and New Zealand.
Offer price	• New Shares under the Placement will be issued at a fixed price of NZ$1.80 per share (**Placement Price**). • The underwritten fixed price represents a discount of: – 12.8% to the ex-dividend adjusted last close of NZ$2.065 per share on 22 August 2022; and – 13.7% to the ex-dividend adjusted 5-day volume weighted average price (**VWAP**) of NZ$2.0851 per share. • New Shares will be offered under the SPP at the lower of the Placement Price or a 2.5% discount to the 5-day VWAP of Heartland shares traded on the NZX up to and including the closing date of the SPP.
Ranking and quotation	• New Shares issued under the Placement and the SPP will rank equally with existing Heartland shares on issue and will be quoted on NZX Main Board and ASX from the date of allotment. • The New Shares issued under the Placement and SPP will not be entitled to the FY2022 final dividend payable on 14 September 2022, with a Record Date of 26 August 2022.
Underwriting	• Heartland's largest shareholder, Harrogate Trustee Limited, has pre-committed to participate in the placement to maintain a minimum shareholding of 9.8% following completion of the Equity Raise. • The Placement is fully underwritten by Jarden Partners Limited.

Equity raise timetable

- Eligible investors interested in participating in the Placement should contact their broker on Tuesday 23 August 2022.
- Shareholders entitled to participate in the SPP should visit www.heartlandshareoffer.co.nz and apply online by 7.00pm (NZST) on Monday, 5 September 2022.
- Heartland trades ex-dividend on Thursday 25 August 2022. New Shares issued under the Placement and SPP will not be entitled to the FY2022 final dividend.

Placement	Date[1]
Trading halt commences and Placement bookbuild opens	Tuesday 23 August 2022
Announcement of results of Placement and trading halt lifted	Wednesday 24 August 2022
ASX settlement	Friday 26 August 2022
NZX settlement	Monday 29 August 2022
Placement shares allotted and commence trading on NZX Main Board and ASX	Monday 29 August 2022

SPP[2]	Date[1]
Record date (7.00pm NZST)	Monday 22 August 2022
Expected dispatch of Offer Document	Thursday 25 August 2022
SPP opens	Thursday 25 August 2022
SPP closes	7.00pm NZST (5.00pm AEST) Monday 5 September 2022
Announcement of results of SPP, including issue price in NZ$ and A$	Thursday 8 September 2022
NZX and ASX settlement	Friday 9 September 2022
SPP shares allotted and commence trading on NZX	Friday 9 September 2022
Expected mailing of holding statements	Friday 9 September 2022
SPP shares commence trading on ASX	Monday 12 September 2022

[1]Dates above are subject to change and are indicative only
[2]Eligible shareholders with an address recorded in Heartland's share register that is in New Zealand or Australia on the Record Date can find out more about the SPP at www.heartlandshareoffer.co.nz and can apply online during the SPP period.

Key risks

This section outlines the key risks that Heartland has identified as relevant to investors in the proposed equity raise. These risks may affect the future operating and financial performance of Heartland and the Heartland share price. Like any investment, there are risks associated with an investment in Heartland's shares.

This section does not (and does not purport to) set out all of the risks related to an investment in Heartland shares, the future operating or financial performance of Heartland, the proposed equity raise or general market or industry risks. Some risks may be unknown and other risks, currently believed to be immaterial, could turn out to be material.

In light of heightened geopolitical tensions, rising inflation contributing to an increasing cost of living and rapidly rising interest rates, extra caution should also be taken when assessing the risks associated with the investment. These ever-evolving situations continue to pose challenges for global financial markets and the economy as a whole. Capital markets continue to see equity securities suffer from spikes in volatility and significant price declines.

As a financial institution, Heartland is exposed to credit, capital, liquidity, market (including interest rate), operational, compliance and general business risk. Heartland has implemented structures, policies, procedures, controls and information systems that it considers appropriate to manage these risks, but there are inherent limitations to any risk management framework – Heartland is exposed to risks that may not be anticipated or are outside its control, or its risk management framework may not operate effectively. If any of Heartland's risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, Heartland could suffer unexpected losses and reputational damage which could adversely affect Heartland's business and financial performance.

Before deciding whether to invest in Heartland shares, you must make your own assessment of the risks associated with such an investment and consider whether it is suitable for you, having regard to publicly available information (including this presentation), your personal circumstances and following consultation with a financial adviser or other professional adviser.

Risks

Macro-economic conditions	• Increased volatility in macro-economic conditions (rising inflation, increasing costs of living and rapidly rising interest rates) is being experienced as a result of geopolitical tensions and other factors. • Severe deterioration in macro-economic conditions could impact on the availability and/or utility of Heartland's funding arrangements or otherwise impact upon Heartland's liquidity. • It could also result in increased credit risk through higher unemployment for consumers and adverse financial conditions for businesses. As a financial services group, either of those outcomes could have a material adverse impact on Heartland.
Successful execution of strategic objectives	• Heartland's strategy involves continuing to seek and execute on growth opportunities, either through business as usual growth or acquisitions. • The proposed equity raise will provide Heartland with capital to continue to grow. There is a risk that Heartland may not be successful in executing its growth strategies, resulting in costs being incurred without commensurate benefits being enjoyed. In addition, there are other risks associated with this strategy. Those risks include Heartland's ability to successfully compete in the increasingly competitive landscape in which Heartland operates; the fact that Heartland's growth ambitions are, in some cases, reliant on the receipt of regulatory approvals which are beyond Heartland's control; and that overall market conditions mean that it is more challenging to execute Heartland's strategy within normal timeframes and budgets in the current environment.
People and projects	• The tight labour market and health impacts on the workforce from the ongoing prevalence of COVID-19 strains and other illnesses affects the continuity and availability of people and make recruiting of appropriately qualified employees challenging. This is particularly in areas where key skills are in high demand. Resource challenges could affect the delivery of major projects at Heartland, achievement of strategic priorities, and the smooth functioning of business operations.
Information technology and cybersecurity	• Heartland relies on the performance, reliability and availability of its information technology, communication and other business systems. Malicious or operational causes, damage, interruption or failure of Heartland's key systems and cybersecurity measures, or compromise of data, could result in significant disruptions to Heartland's business, reputational damage, and heightened regulatory scrutiny. • Heartland is currently undertaking a program of investment in its information technology systems. Heartland is upgrading its core banking system, Flexcube, provided by Oracle, which is expected to be completed by November. Associated projects are also occurring, which are contingent on completion of the Flexcube upgrade. The program is currently operating on schedule, however, experience suggests that issues may arise which cause delays and/or cost overruns, and could possibly impact upon FY2023 NPAT.

Risks cont.

Biosecurity	• Heartland Bank has a livestock and rural funding business in New Zealand. Heartland Group recently acquired StockCo Australia, a market-leading provider of specialist livestock finance for cattle and sheep farmers across Australia. Through these businesses, Heartland either finances, or takes security, over livestock, which exposes Heartland to disease and mortality risk. • There is presently a Foot and Mouth outbreak in Bali. Should Foot and Mouth disease reach Australia or New Zealand, there are Governmental response plans to stamp it out by immediately controlling movement of livestock, isolating, tracing and culling livestock. There are also compensation schemes available for farmers of culled livestock. Those measures, in addition to Heartland's origination procedures and lending standards, are expected to limit Heartland's longer term risk, however there could be a material adverse effect on Heartland's financial performance in the short term due to a national market price reduction in the early stages of an incursion, potential delays in receiving compensation payments and/or lengthened trades due to processing challenges.
Regulatory impact	• The financial services sector continues to face significant regulatory scrutiny and change. Any failures by Heartland to comply with existing regulatory requirements may impact both Heartland's business and its reputation. Future changes in laws and regulations in New Zealand and Australia may require changes to Heartland's business plan and model and may affect Heartland's financial performance.
Reverse Mortgage portfolio risk	• Heartland has portfolios of reverse mortgage loans in both New Zealand and Australia. • The terms of Heartland's reverse mortgage loans mean that a borrower can choose to live in their home for as long as they wish, and the amount required to repay their loan will never exceed the sale proceeds of their property. This exposes Heartland to some risk (namely that the loan balance exceeds the value of the property). Heartland monitors and is comfortable with this risk, but significant movements in borrower mortality trends, trends in borrower movement to retirement care facilities, interest rates and house price inflation could increase that risk and have a material adverse impact on Heartland. • Reverse mortgage loans are also an area of heightened potential reputational risk. Heartland has comprehensive origination procedures and lending standards which aim to eliminate any source of potential reputational risk, but there is a chance that those lending standards may not operate effectively on occasion and that Heartland could be exposed to reputational risk.
Hedge accounting	• Heartland endeavours to fully hedge the economics of its interest rate risks. The derivatives used to create these hedges are subject to different accounting treatment than the loan and deposit books. Hedge accounting for derivatives is complex, and in some market environments where ordinary correlations dislocate, it is difficult to achieve. This may cause accounting hedge ineffectiveness, or for hedge accounting relationships to fail, resulting in some gain or loss through profit or loss. Should this occur, it could possibly impact upon FY2023 NPAT, however it would be non-cash and not reflective of underlying performance.

Appendices

Appendix 1: Financial performance

$m	FY2022	FY2021	Change ($)	Change (%)
Net Operating Income[1]	267.6	251.2	16.4	6.5%
Operating Expenses	116.8	117.7	(0.9)	(0.8%)
Impairment Expense	13.8	15.0	(1.2)	(7.7%)
Profit Before Tax	**137.0**	**118.6**	**18.5**	**15.6%**
Tax Expense	41.9	31.5	10.4	32.9%
Net Profit After Tax	**95.1**	**87.0**	**8.1**	**9.3%**

Net Interest Margin[2]	4.16%	4.35%	(19 bps)
Cost to Income ratio	43.6%	46.8%	(3.2 pps)
Impairment Expense Ratio	0.25%	0.31%	(6 bps)
Return on Equity	12.1%	11.9%	21 bps
Earnings per Share	16.1 cps	14.9 cps	1.2 cps

[1] Includes fair value movements.
[2] Adjusted for the impact of StockCo Australia.

Appendix 2: **Financial position**

$m	**30 June 2022**	**30 June 2021**	**Movement ($m)**	**Movement (%)**
Liquid Assets	585	539	45	8.4%
Gross Finance Receivables	6,196	5,018	1,177	23.5%
Provisions	(52)	(54)	2	(3.1%)
Other Assets	362	179	183	101.9%
Total Assets	**7,090**	**5,683**	**1,407**	**24.8%**
Retail Deposits	3,593	3,183	409	12.8%
Other Borrowings	2,578	1,681	898	53.4%
Total Funding	6,171	4,864	1,307	26.9%
Other Liabilities	111	57	54	93.3%
Equity	809	762	47	6.2%
Total Equity & Liabilities	**7,090**	**5,683**	**1,407**	**24.8%**

Appendix 3: Reconciliation of reported with underlying results

FY2022 one-offs included in the reported result:

- *Hedging*: A $16.7 million gain was recognised in relation to derivatives that were de-designated from hedge accounting relationships.
- *Impairment provisions:* $9.6 million COVID-19 Overlay, originally raised in FY2020, remained entirely unutilised and was released in full. A new $8.0 million Economic Overlay was created.
- *Valuation of investments:* a $12.7 million fair value loss was recognised on investment in Harmoney shares, and a further $0.3 million fair value loss was recognised on Heartland Bank's rights over a profit-sharing arrangement with a customer.
- *Voluntary amortisation of intangibles:* $2.9 million expense was recognised for intangibles that are no longer expected to derive future economic benefits.
- *Other non-recurring expenses:* $1.0 million.
- *Aged items provisions and legacy accruals:* a combined $0.5 million of unwarranted accruals and provisions for aged legacy suspense account transactions were released.
- *Tax adjustments:* a $1.2 million release of tax provisions relating to prior periods and $0.2 million of other non-recurring tax benefits were recognised during the year.

FY2021 one-offs included in the reported result:

- *Valuation of investments:* a $3.9 million fair value gain was recognised on Harmoney shares, and a further $0.2 million net fair value gain on other equity investments.
- *Voluntarily accelerated amortisation of intangible assets:* $4.3 million expense was recognised, reflecting an acceleration of amortisation of software assets held on the balance sheet.
- *Aged items provision and write-off:* $1.7 million of aged legacy suspense account transactions were written off or provisioned where collectability is uncertain.
- *Other non-recurring expenses:* $0.9 million.

$m	FY2022	FY2021	Movement ($m)	Movement (%)
Reported NOI	**267.6**	**251.2**	**16.4**	**6.5%**
Less:				
StockCo Australia impacts[1]	1.9	-	1.9	
Hedge accounting impacts	16.7	-	16.7	
Net fair value gain/(loss) on investments	(13.0)	4.1	(17.1)	
Underlying NOI	**262.0**	**247.1**	**14.9**	**6.0%**
Reported OPEX	**116.8**	**117.7**	**(0.9)**	**(0.8%)**
Less:				
StockCo Australia impacts[1]	1.9	-	1.9	
Voluntary (accelerated) amortisation	2.9	4.3	(1.4)	
Aged items provisions and legacy accruals	(0.5)	1.7	(2.2)	
Other non-recurring items	1.0	0.9	0.1	
Underlying OPEX	**111.4**	**110.8**	**0.6**	**0.6%**
Reported impairment expense	**13.8**	**15.0**	**(1.2)**	**(7.7%)**
Less:				
StockCo Australia impacts[1]	(0.3)	-	(0.3)	
COVID-19 Overlay release	(9.6)	-	(9.6)	
Economic Overlay created	8.0	-	8.0	
Underlying impairment expense	**15.7**	**15.0**	**0.7**	**4.9%**
Reported NPAT	**95.1**	**87.0**	**8.1**	**9.3%**
Less:				
Post-tax StockCo Australia impacts[1]	-	-	-	
Post-tax impact of one-offs	(2.3)	(0.8)	(1.5)	
Tax adjustments relating to prior periods	1.4	-	1.4	
Underlying NPAT	**96.1**	**87.9**	**8.2**	**9.3%**
Reported NIM	4.05%	4.35%	(29 bps)	
Underlying NIM	**4.16%**	**4.35%**	**(19 bps)**	
Reported CTI	43.6%	46.8%	(3.2 pps)	
Underlying CTI	**42.5%**	**44.8%**	**(2.3 pps)**	
Reported ROE	12.1%	11.9%	21 bps	
Underlying ROE	**12.6%**	**12.0%**	**59 bps**	

[1] Includes StockCo Australia's results and transaction costs related to the acquisition of StockCo Australia (where applicable).

Appendix 4: International offer restrictions

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- you are a “wholesale investor”; and
- any person for whom you are acquiring the New Shares under the Placement is in compliance with any applicable legal offer restrictions and any applicable selling restrictions set out in the Information Materials and, subject to those selling restrictions, may not need to be a “wholesale investor”.

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Hong Kong

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United Kingdom

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Thank you

For Heartland's FY2022 full year results announcement, please see **shareholders.heartland.co.nz**

HEARTLAND GROUP