



FY2024 Results Investor Presentation

For the year ended 30 June 2024

HEARTLAND
— GROUP —

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01 | Highlights

Jeff Greenslade

Chief Executive Officer

Heartland Group

Solid FY2024 result sets foundation for continued growth

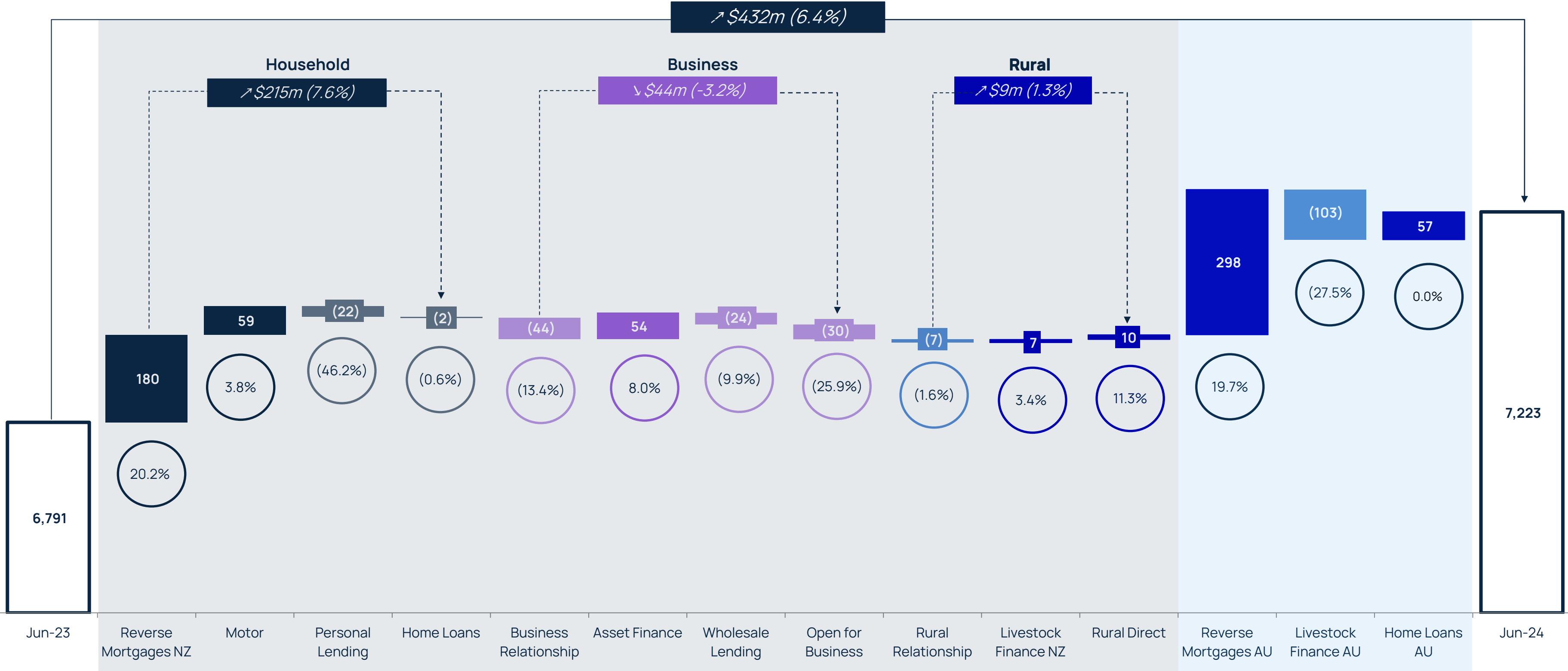
Solid result achieved in a challenging economic environment

- **Growth in Receivables up 6.4%¹ on FY2023.**
 - Reverse Mortgages up **20.2%** in New Zealand and **19.7%¹** in Australia.
 - Asset Finance up **8.0%** in a market with difficult trading conditions.
 - Motor Finance up **3.8%** in a market where total new and used car sales by dealers were down by **12.7%.²**
- One-off or non-cash technical items had a \$28.2m impact on NPAT.
- The 4.9% shortfall to guidance was largely due to the late increase of \$10.1m of provisions (without which Heartland would have seen a result within guidance).

Significant strategic milestones set foundation to achieve growth ambitions

- **Completed Challenger Bank acquisition** and subsequently rebranded the ADI to Heartland Bank Australia.
- **Raised \$210m in April 2024 equity raise** to fund the acquisition, with strong investor support.
- **Pre-acquisition deposit raising** accelerated Heartland Bank Australia's cost of funds reduction strategy.
- **Completed Heartland Bank's core banking system upgrade**, accelerating digitalisation in New Zealand.

Growth achieved in a challenging economic environment



Note: The graph shows FY2024 growth in Receivables by portfolio excluding the impact of changes in FX rates. All figures in NZ\$m.

02 | Financial results

Andrew Dixon
Chief Financial Officer
Heartland Group

Group financial results

		Reported					Underlying				
		FY2024	FY2023		Movement		FY2024	FY2023		Movement	
Financial performance	NII	\$277.6m	\$282.0m	↓	(\$4.3m)	(1.5%)	\$277.8m	\$283.9m	↓	(\$6.1m)	(2.1%)
	OOI ¹	\$12.7m	\$3.3m	↑	\$9.4m	282.0%	\$20.2m	\$16.9m	↑	\$3.4m	19.9%
	NOI	\$290.4m	\$285.3m	↑	\$5.0m	1.8%	\$298.0m	\$300.7m	↓	(\$2.7m)	(0.9%)
	OPEX	\$139.4m	\$128.1m	↑	\$11.3m	8.8%	\$124.9m	\$126.2m	↓	(\$1.3m)	(1.0%)
	Impairment Expense	\$46.4m	\$23.2m	↑	\$23.2m	99.7%	\$30.4m	\$23.2m	↑	\$7.2m	30.9%
	Tax Expense	\$30.0m	\$38.1m	↓	(\$8.1m)	(21.3%)	\$39.9m	\$41.1m	↓	\$1.1m	2.8%
	NPAT ²	\$74.5m	\$95.9m	↓	(\$21.3m)	(22.2%)	\$102.7m	\$110.2m	↓	(\$7.4m)	(6.7%)
	NIM	3.39%	3.97%	↓	(58 bps)		3.64%	4.00%	↓	(36 bps)	
	CTI	48.0%	44.9%	↑	311 bps		41.9%	42.0%	↓	(6 bps)	
	Impairment Expense Ratio ³	0.66%	0.36%	↑	30 bps		0.44%	0.36%	↑	8 bps	
	ROE	6.6%	10.4%	↓	(385 bps)		9.8%	11.9%	↓	(207 bps)	
	EPS	9.8 cps	14.0 cps	↓	(4.2 cps)		13.5 cps	16.0 cps	↓	(2.5 cps)	
Financial position	Liquid Assets	\$1,708m	\$627m	↑	\$1,082m	172.6%					
	Receivables ⁴	\$7,241m	\$6,791m	↑	\$432m ⁵	6.4% ⁵					
	Borrowings	\$7,994m	\$6,627m	↑	\$1,366m	20.6%					
	Equity	\$1,238m	\$1,031m	↑	\$207m	20.1%					
	Equity/Total Assets	13.3%	13.3%	↑	3 bps						

Reported vs underlying

	FY2024	FY2023
Reported NPAT	\$74.5m	\$95.9m
– De-designation of derivatives	\$4.7m	\$6.5m
– Fair value changes on equity investments held	\$0.3m	\$4.5m
– Bridging loan	n/a	\$1.3m
– ABP transaction costs	\$7.7m	\$2.2m
– Other provisions	n/a	(\$0.5m)
– Other	\$0.6m	\$0.2m
Adjusted NPAT¹	\$87.9m	n/a
– Provisions for a subset of legacy lending	\$11.5m	n/a
– Challenger Bank NPAT	\$3.3m	n/a
Underlying NPAT¹	\$102.7m	\$110.2m
Underlying NPAT guidance range	\$108-112m	\$109-114m

FY2024 one-offs and non-cash technical items included in the reported result (pre-tax)

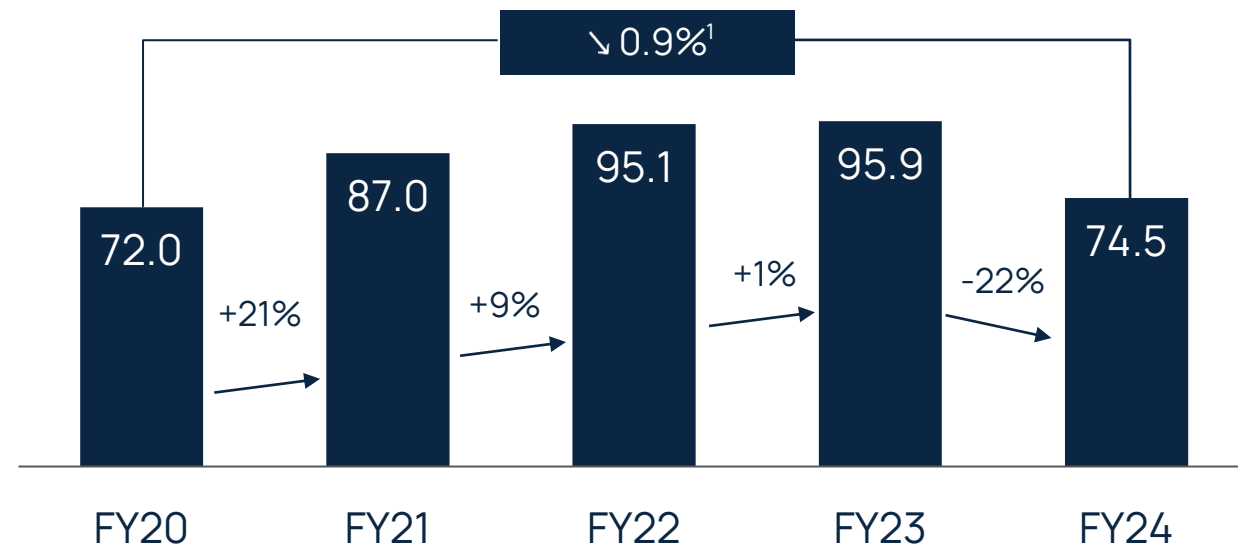
- **De-designation of derivatives:** a \$6.6m loss was recognised in relation to derivatives that were de-designated from prior hedge accounting relationships in FY2022.
- **Fair value changes on equity investments held:** a \$0.5m fair value gain was recognised on investment in Harmony shares and a \$0.8m fair value loss was recognised on investment properties.
- **ABP costs:** \$6.1m of transaction costs in relation to acquiring an ADI in Australia and \$3.7m of other costs related to integration of the ADI into Heartland. In addition, \$10.7m of costs directly attributable to applying to become an ADI have been capitalised as an intangible asset in FY2024.
- **Provisions for a subset of legacy lending:** a \$16.0m increase in provisions to respond to issues affecting a subset of legacy lending.
- **Other non-recurring expenses and other provisions:** \$0.7m of one-off staff expenses, \$0.5m of one-off legal and professional fees, and (\$0.3m) of other provision.

FY2023 one-offs and non-cash technical items included in the reported result (pre-tax)

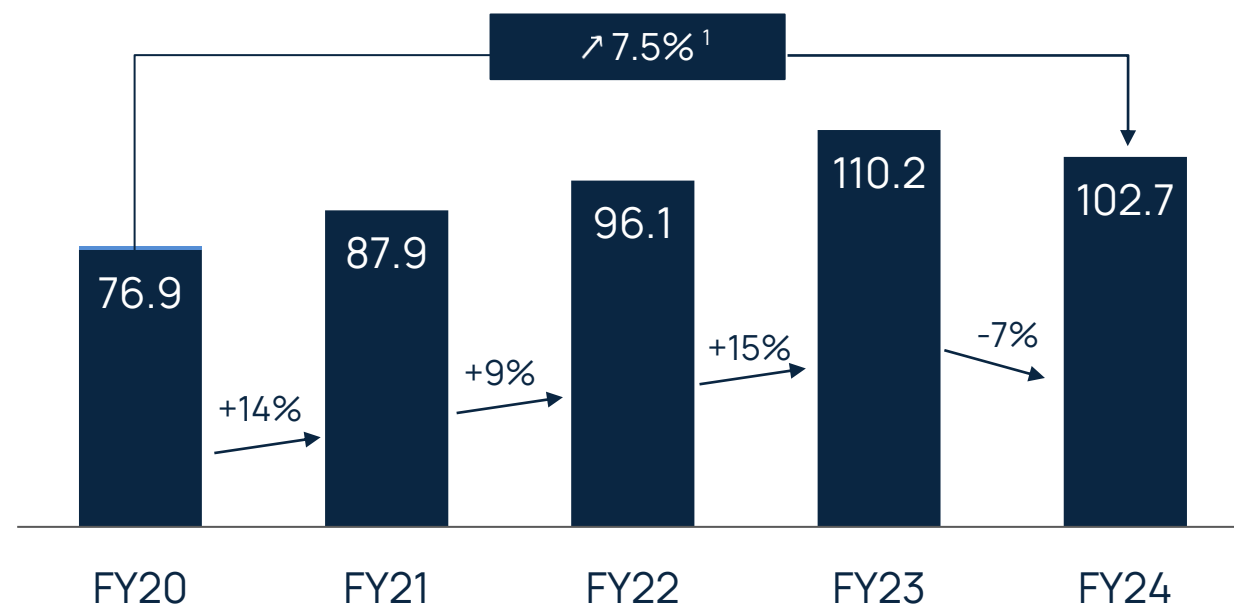
- **De-designation of derivatives:** a \$9.1m loss was recognised in relation to derivatives that were de-designated from prior hedge accounting relationships in FY2022.
- **Fair value changes on equity investments held:** a \$4.5m fair value loss was recognised on investment in Harmony shares.
- **Bridging loan:** a \$1.9m interest expense was recognised for a \$174m (A\$158m) bridging loan taken by Heartland to acquire StockCo Australia, which was fully repaid in September 2022.
- **ABP transaction costs:** \$2.2m of transaction and other costs in relation to becoming an ADI in Australia. In addition, \$6.4m of costs directly attributable to applying to become an ADI have been capitalised as an intangible asset.
- **Other provisions:** \$0.7m of unwarranted legacy provisions were released.
- **Other non-recurring expenses:** \$0.3m.

Profitability

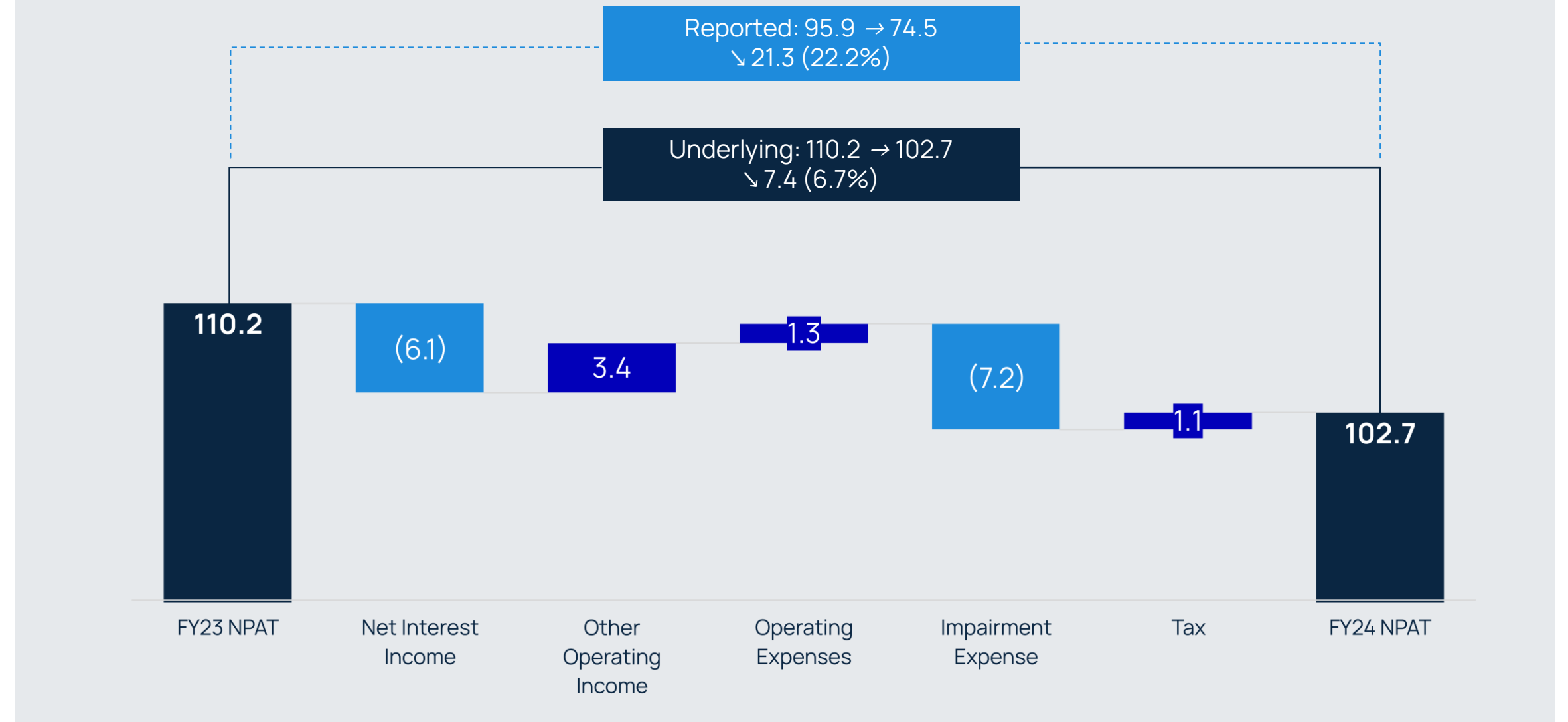
NPAT (\$ million)



Underlying NPAT (\$ million)

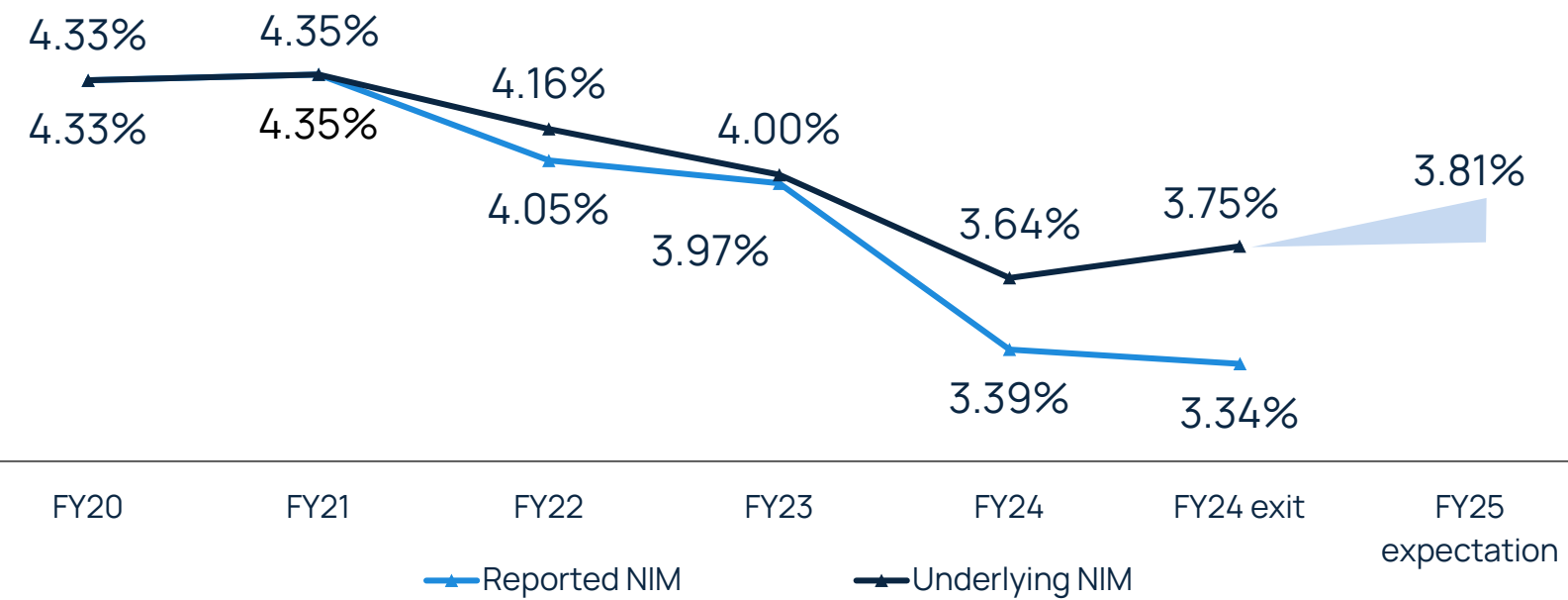


Heartland Group



Net interest margin

NIM



Underlying NIM	FY2023	FY2024	FY2024 exit	FY2025 expectation
Heartland Bank	4.11%	3.79%	3.92%	4.00%
Heartland Bank Australia ¹	3.62%	3.17%	3.19%	3.40%

Underlying NIM expansion expected in FY2025

NZ Banking

- Underlying NIM forecast to rise above 4% by Q3, driven by:
 - continued Underlying NIM improvement in fixed rate portfolios, primarily Motor Finance and Asset Finance
 - a focus on core lending growth combined with active management of Non-Strategic Assets
 - cost of funds benefits from a reducing rate environment.

AU Banking

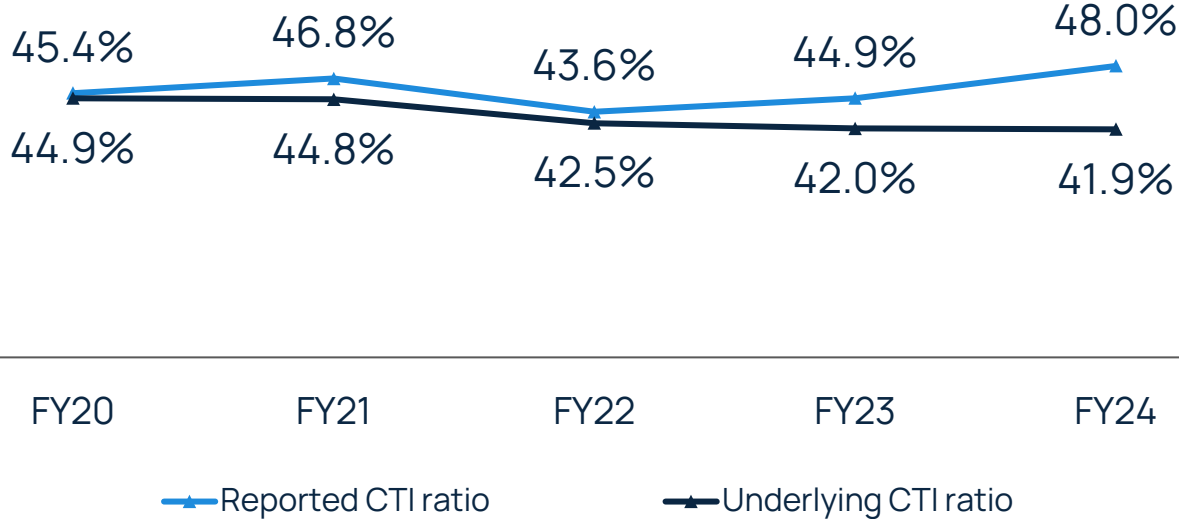
- Underlying NIM forecast to rise above 3.40% for FY2025. An exit underlying NIM above 4% is projected as:
 - current excess liquidity in Heartland Bank Australia is consumed
 - the transition from wholesale to retail funding largely concludes
 - growth in Australian Livestock Finance is expected to return due to favourable market conditions and the execution of product and distribution initiatives.

Note: NIM is calculated as net interest income/average gross interest earning assets. See pages 35 for definition of underlying financial metrics. Refer to page 7 for a detailed reconciliation between reported and underlying financial information and page 8 for details about one-offs in the periods covered in this investor presentation.

¹Heartland Bank acquired Challenger Bank (now Heartland Bank Australia) on 30 April 2024. Prior to that, Heartland's Australian businesses operated as Heartland Australia Group, which did not have an ADI licence or access to deposit funding in Australia.

Costs

CTI ratio



Underlying CTI ratio	FY2023	FY2024	FY2025 expectation
Heartland Bank	42.9%	43.2%	45.2%
Heartland Bank Australia ¹	45.8%	48.4%	45.4%

Committed to underlying CTI ratio of < 35% by FY2028

FY2025 to set foundation for underlying CTI ratio improvement in FY2026 and onwards

- Heartland’s underlying CTI ratio is expected to increase in FY2025 as the full cost base of the ADI is absorbed, and Heartland Bank’s core banking system upgrade commences amortisation.
- Heartland Bank Australia’s underlying CTI ratio is expected to reduce significantly in FY2025 as it completes its transition from wholesale to predominantly retail deposit funding.

Heartland remains committed to its ambition of an underlying CTI ratio of less than 35% by the end of FY2028

Several initiatives are underway to achieve this, including:

- a strategy to transition from wholesale to retail funding, particularly in Australia
- realising cost savings through digitalisation and automation
- creating structural efficiencies in New Zealand and Australia as the banking group matures to build the capacity for growth.

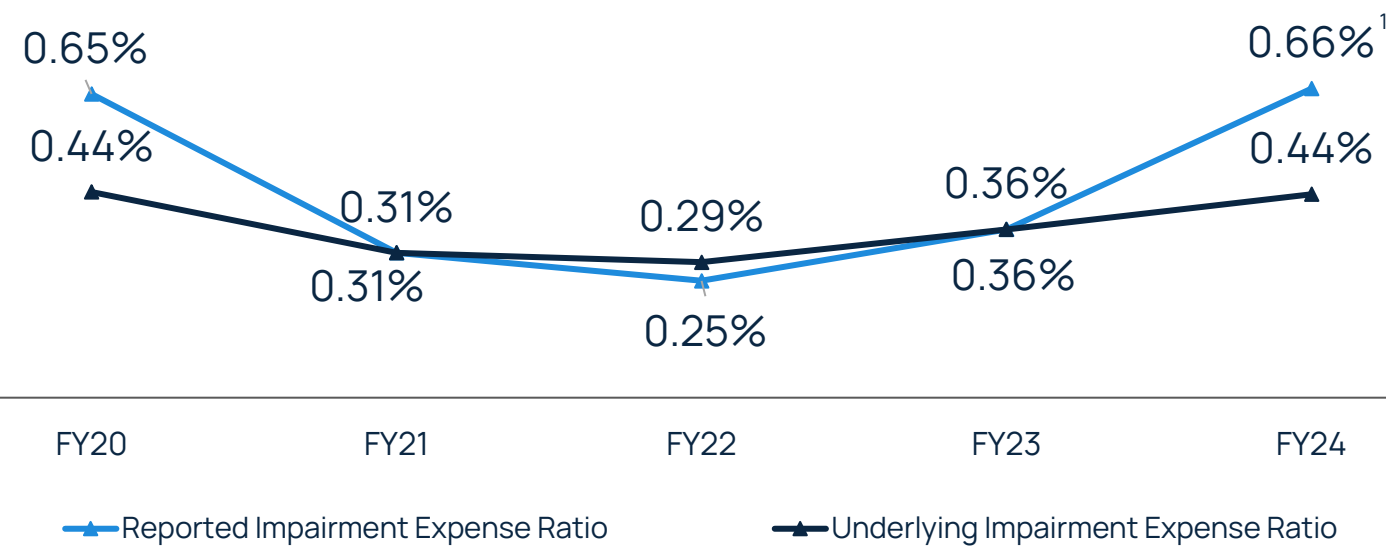
Note: CTI ratio is calculated as OPEX/NOI. Underlying CTI ratio excludes one-off impacts. See page 35 for definition of underlying financial metrics. Refer to page 7 for a detailed reconciliation between reported and underlying financial information and page 8 for details about one-offs in the periods covered in this investor presentation.

¹ Heartland Bank acquired Challenger Bank (now Heartland Bank Australia) on 30 April 2024. Prior to that, Heartland’s Australian businesses operated as Heartland Australia Group, which did not have an ADI licence or access to deposit funding in Australia.

Impairments

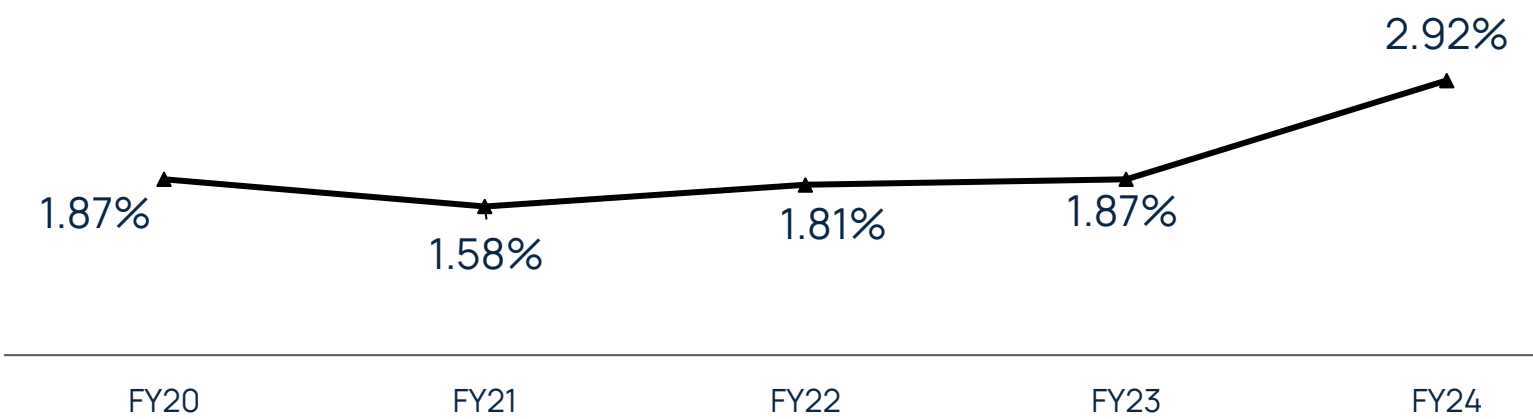
Impairment expense ratio

- Impairments are at elevated levels but not outside an expected band based on the economic environment.
- Heartland expects impairments to remain elevated in the short term.



Underlying impairment expense ratio	FY2023	FY2024
Heartland Bank	0.49%	0.60%
Heartland Bank Australia ²	0.02%	0.03%

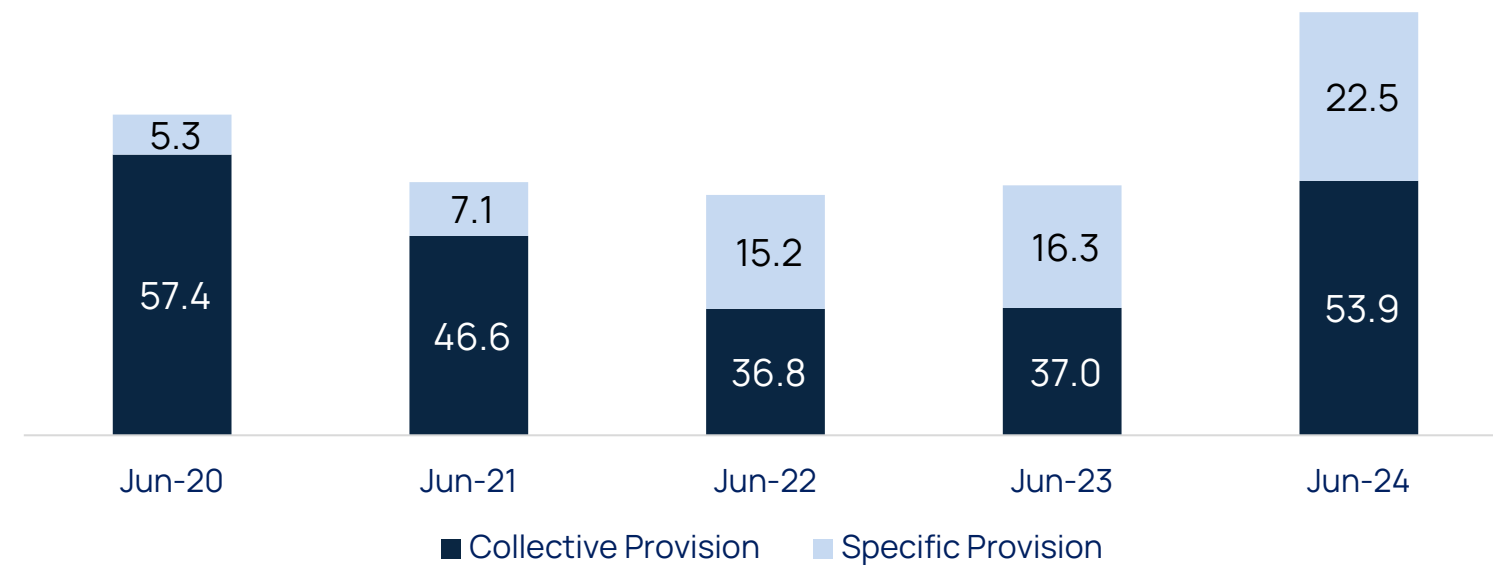
Non-performing loans ratio



Non-performing loans ratio	FY2023	FY2024
Heartland Bank	2.56%	3.66%
Heartland Bank Australia ²	0.0%	1.17%

Provisions

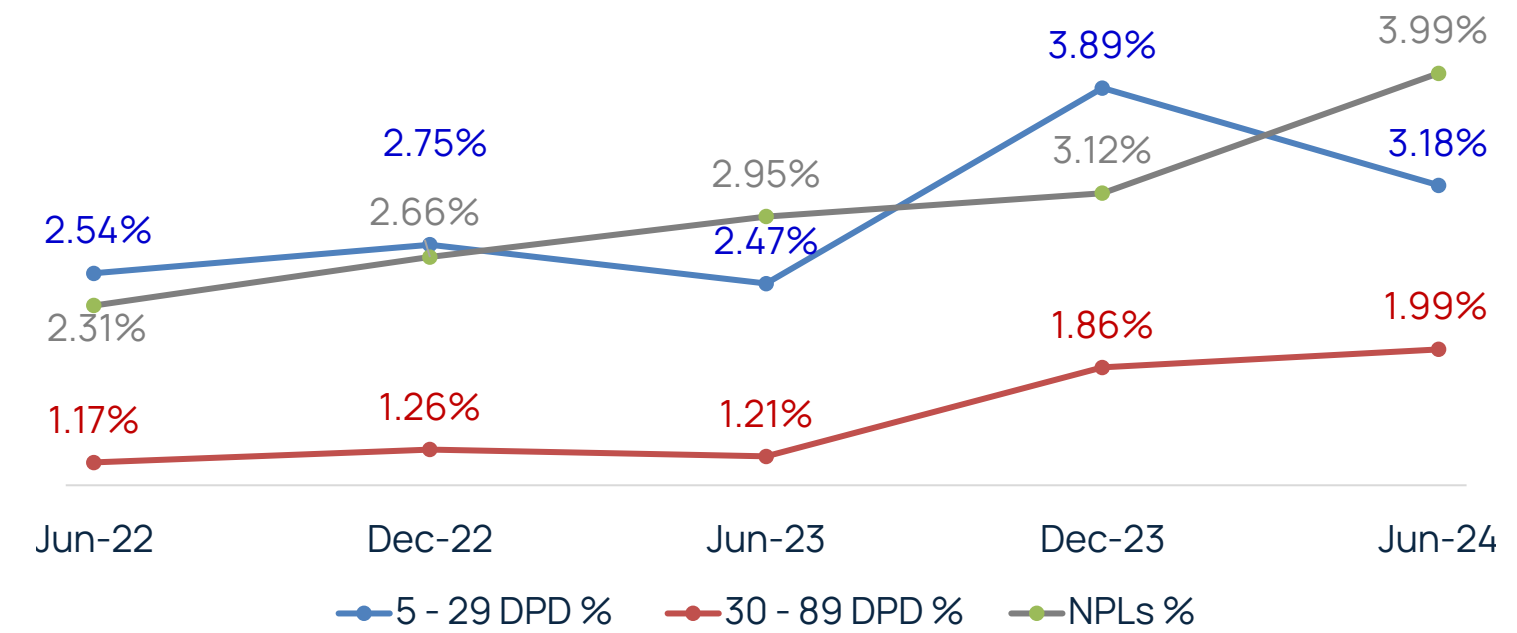
Total provisions



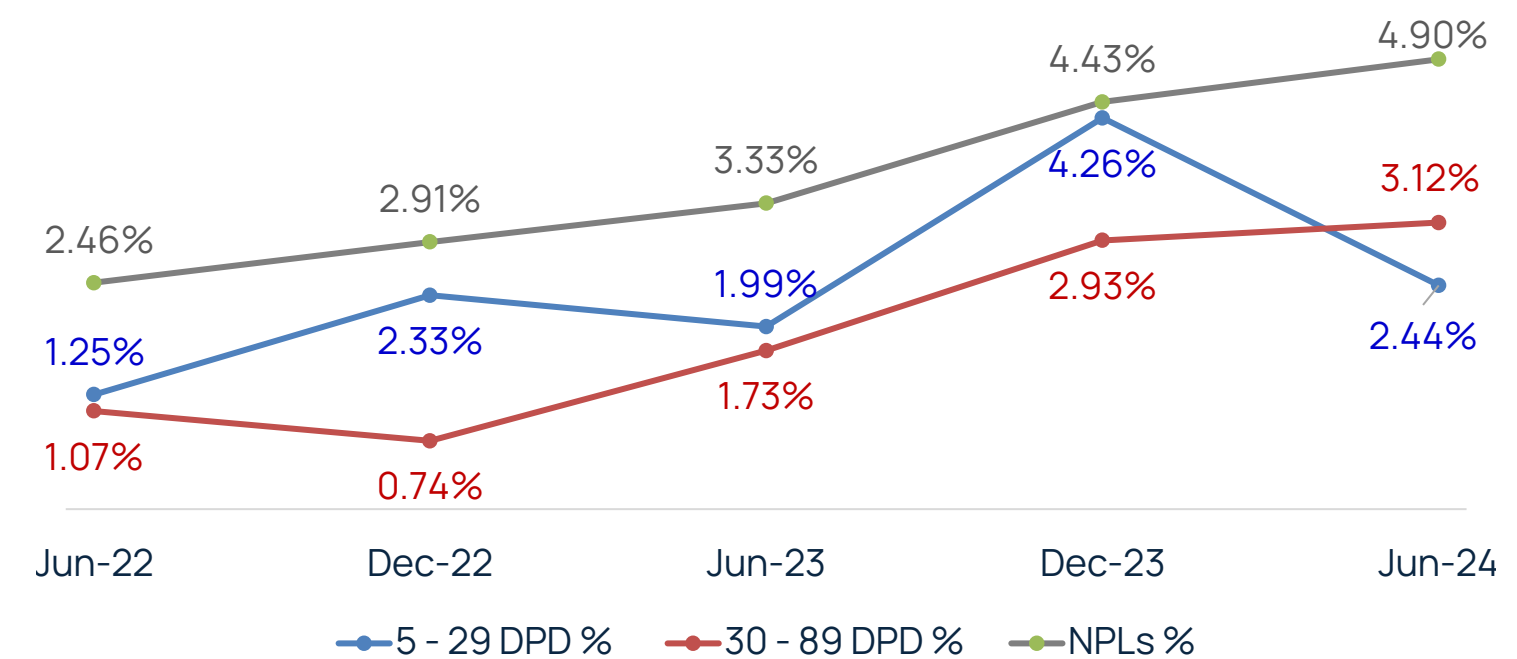
FY2024 increase in provisions includes:

- \$16m raised in December 2023 for a subset of legacy lending and longer standing Motor Finance loans
- \$10.1m increase in specific and collective provisions as a result of the impact of the significant deterioration in domestic economic conditions during May and June 2024, made up of:
 - \$7.3m increase in specific provisions across Asset Finance and Rural
 - \$2.8m increase in collective provisions primarily across Motor Finance and O4B.

Motor Finance arrears



Asset Finance arrears

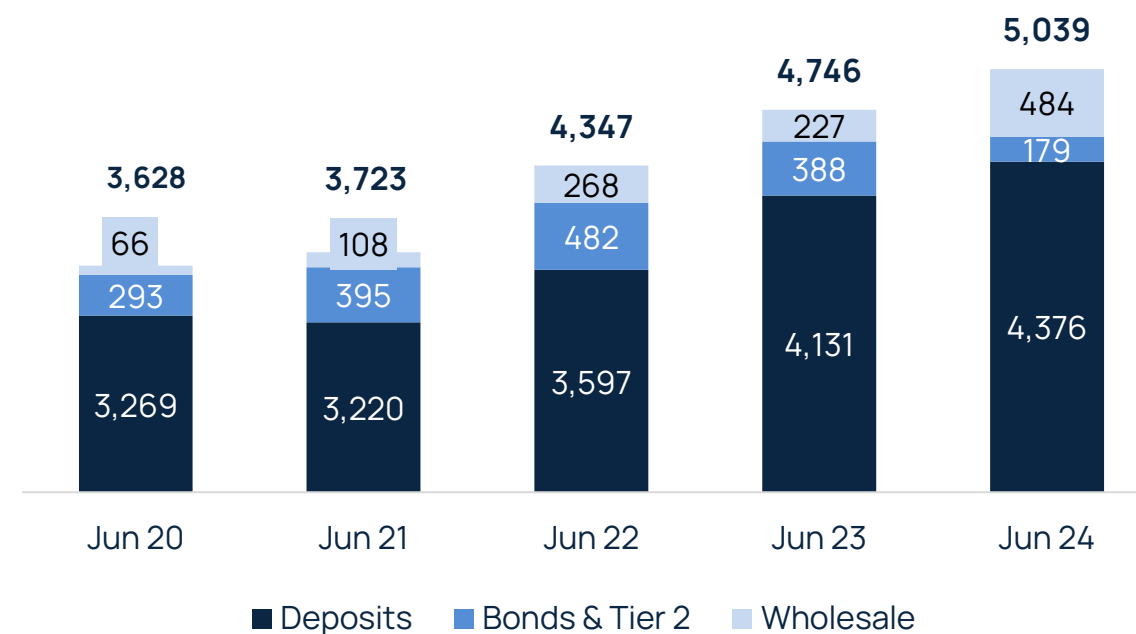


NZ funding & liquidity

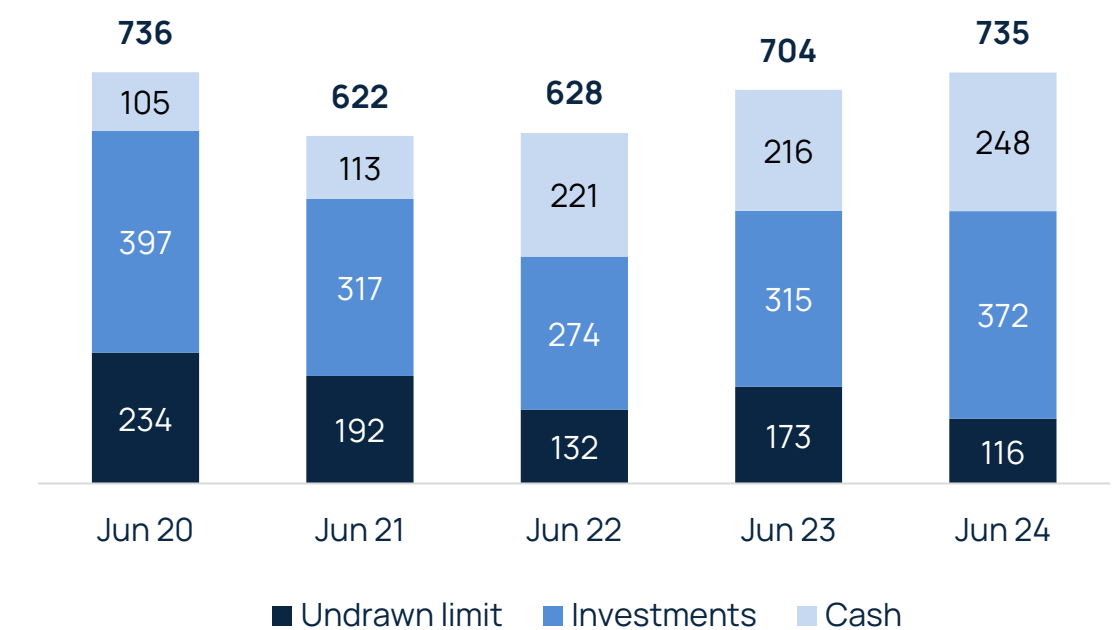
Solid retail deposit growth

- Heartland Bank achieved retail deposit growth of 5.9% compared to market growth of 5.8% in challenging market conditions.¹
- Market competition resulted in a higher cost of funds particularly as depositors favoured term deposits given the interest rate environment. This resulted in the call:term deposit funding ratio reducing to 32% (from 36% in FY2023).
- Awarded in July 2024, Heartland Bank received Canstar NZ's Savings Bank of the Year Award for the seventh consecutive year, and Outstanding Value Awards for its Direct Call Account, 32 Day Notice Saver and 90 Day Notice Saver.
- Heartland Bank continues to hold liquidity significantly above its regulatory minimums and maintains good access to committed facilities.
- Looking forward, Heartland Bank expects a lower costs of funds as interest rates fall and it reduces exposure to wholesale funding with a focus on growing call funding.

Heartland Bank
Funding Composition² \$m



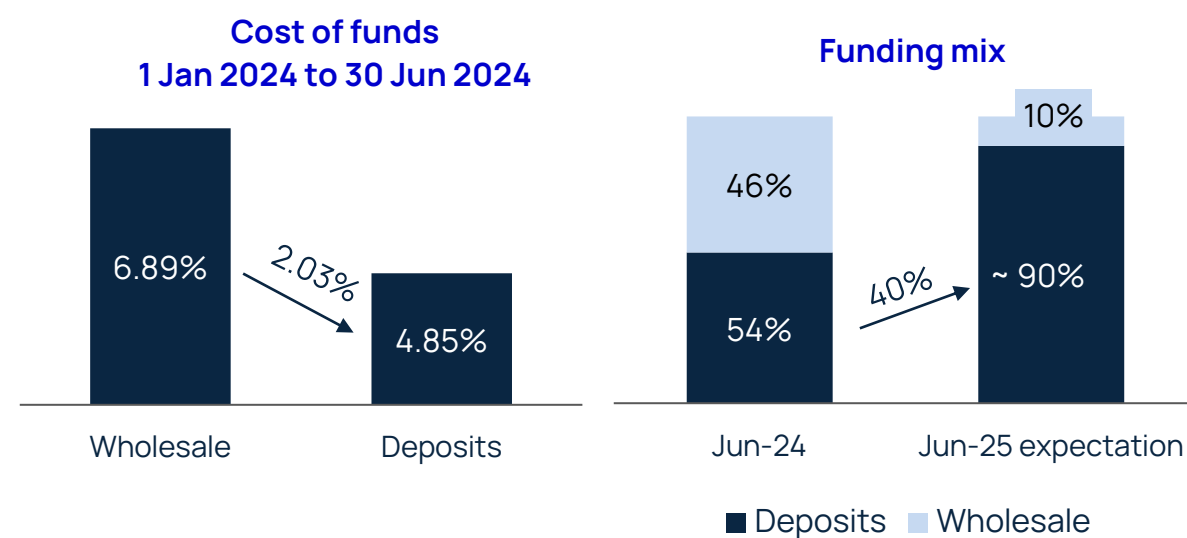
Heartland Bank
Liquidity Composition \$m



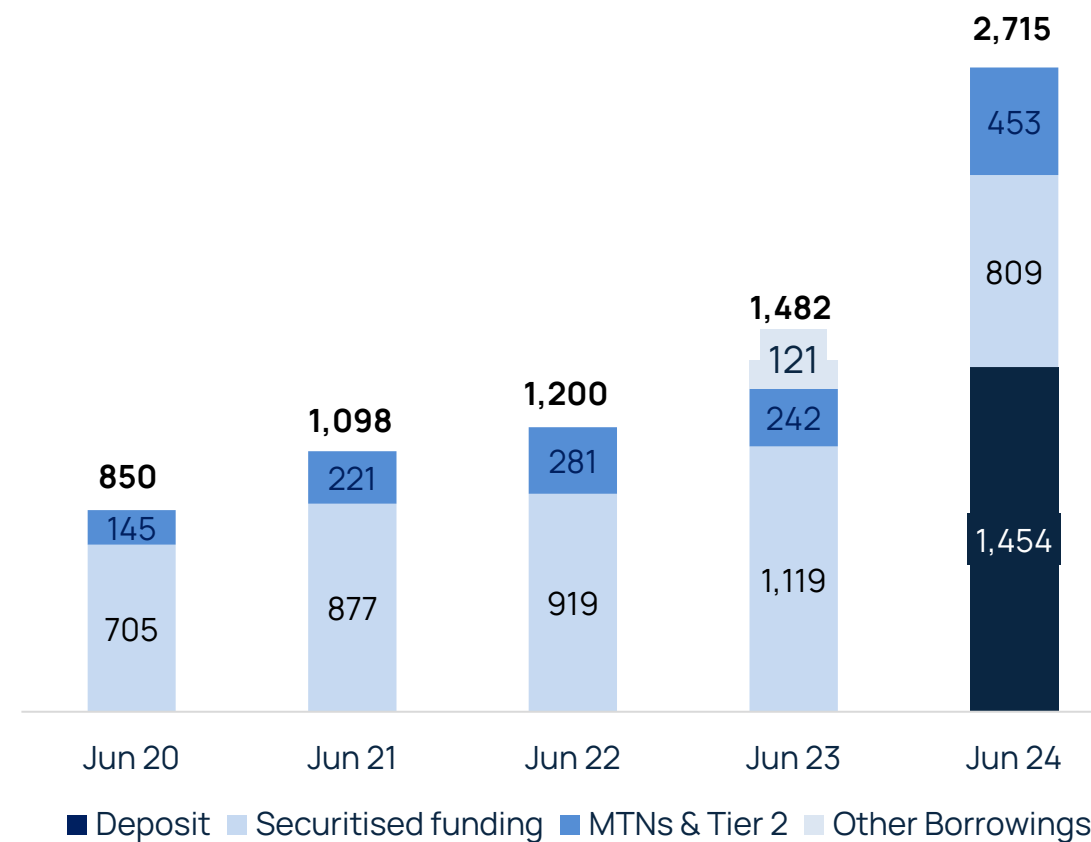
AU funding & liquidity

Funding mix expected to be ~90% retail deposits by the end of FY2025

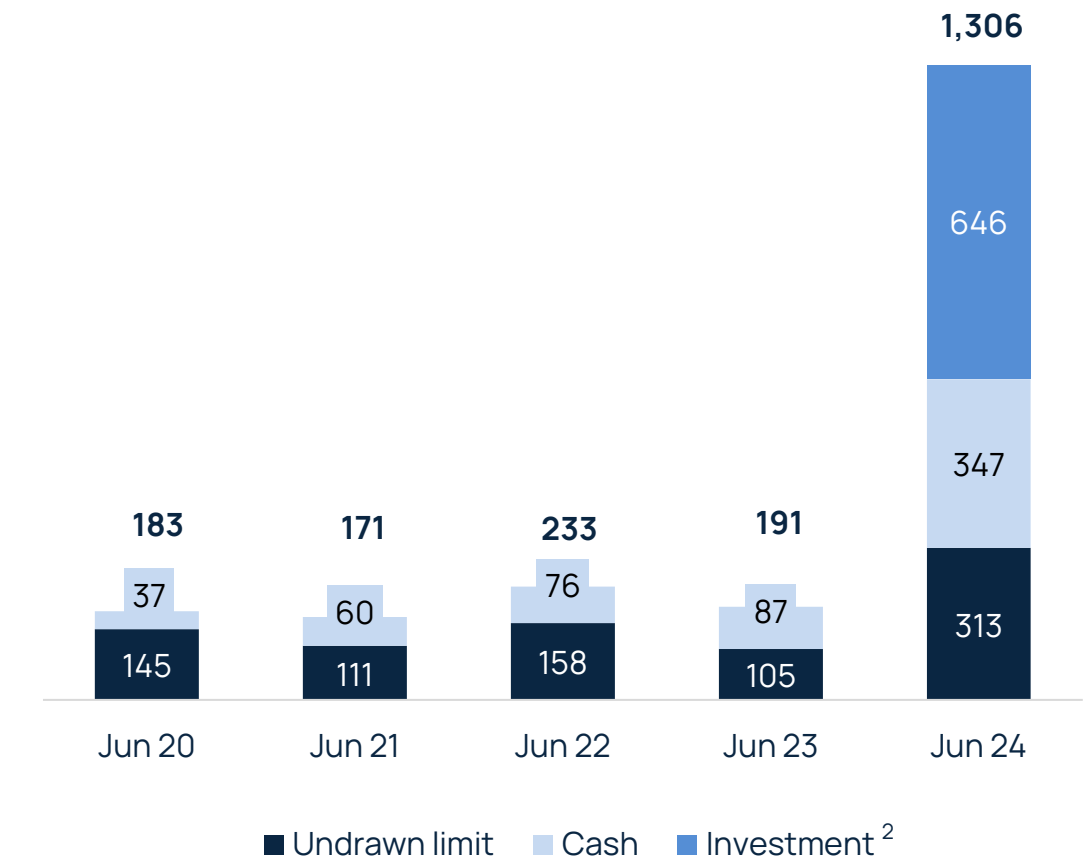
- Funding transition was accelerated by Challenger Bank's pre-completion deposit raising programme which enabled full repayment of CBA Reverse Mortgage facility prior to completion.
- From 1 January 2024 to 30 June 2024, the ADI achieved deposit growth of A\$1,147m at a weighted average rate of 4.85%, 2.03% lower than Heartland Australia's cost of funds across the same period.
- Completed an inaugural A\$50m Tier 2 Subordinated Note transaction in June 2024.



Heartland Bank Australia Funding Composition¹ A\$m



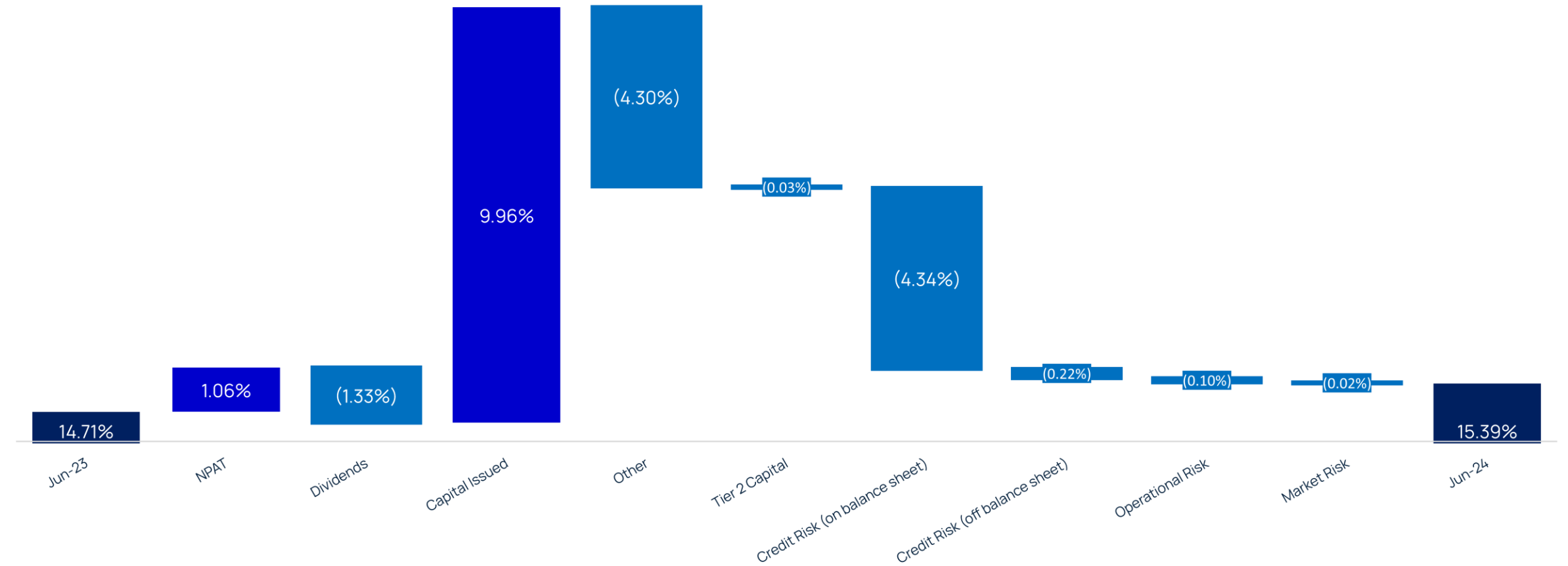
Heartland Bank Australia Liquidity Composition¹ A\$m



Capital

	Banking Group	NZBG	HBA Level One	HBA Level Two
Equity	\$1,196m	\$1,200m	A\$399m	A\$395m
Deductions	\$(304m)	\$(584m)	A\$(273m)	A\$(149m)
CET1 Capital	\$892m	\$616m	A\$126m	A\$246m
Tier Two Capital	\$98m	\$100m	A\$50m	A\$50m
Total Regulatory Capital	\$990m	\$716m	A\$176m	A\$296m
Total Risk Weight Assets	\$6,436	\$4,973	A\$625m	A\$1,479m
Total Capital Ratio	15.39%	14.40%	28.11%	20.03%

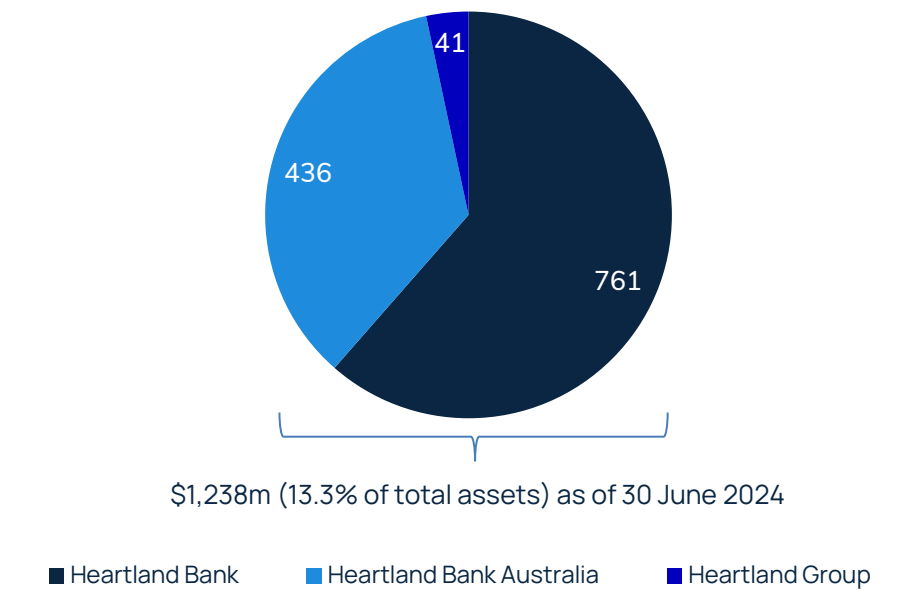
HBL Banking Group Total Capital Ratio



Heartland Capital Movement \$m



Heartland Capital Allocation \$m

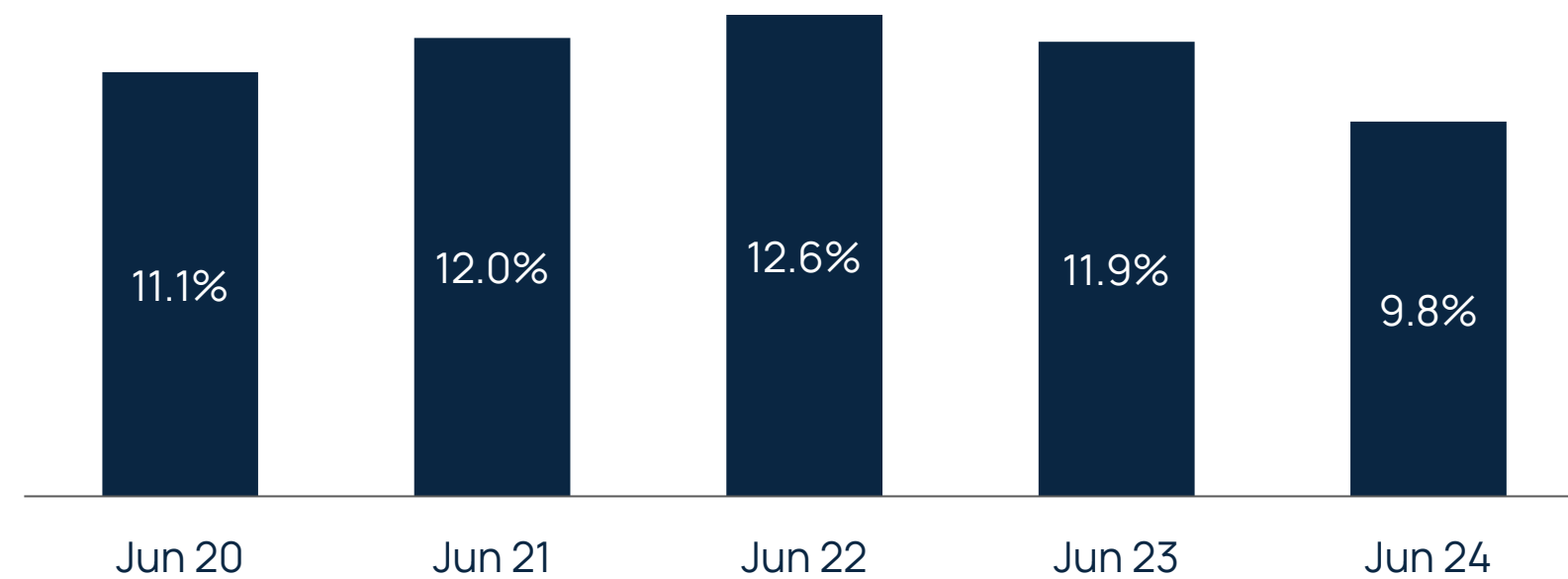


Shareholder return

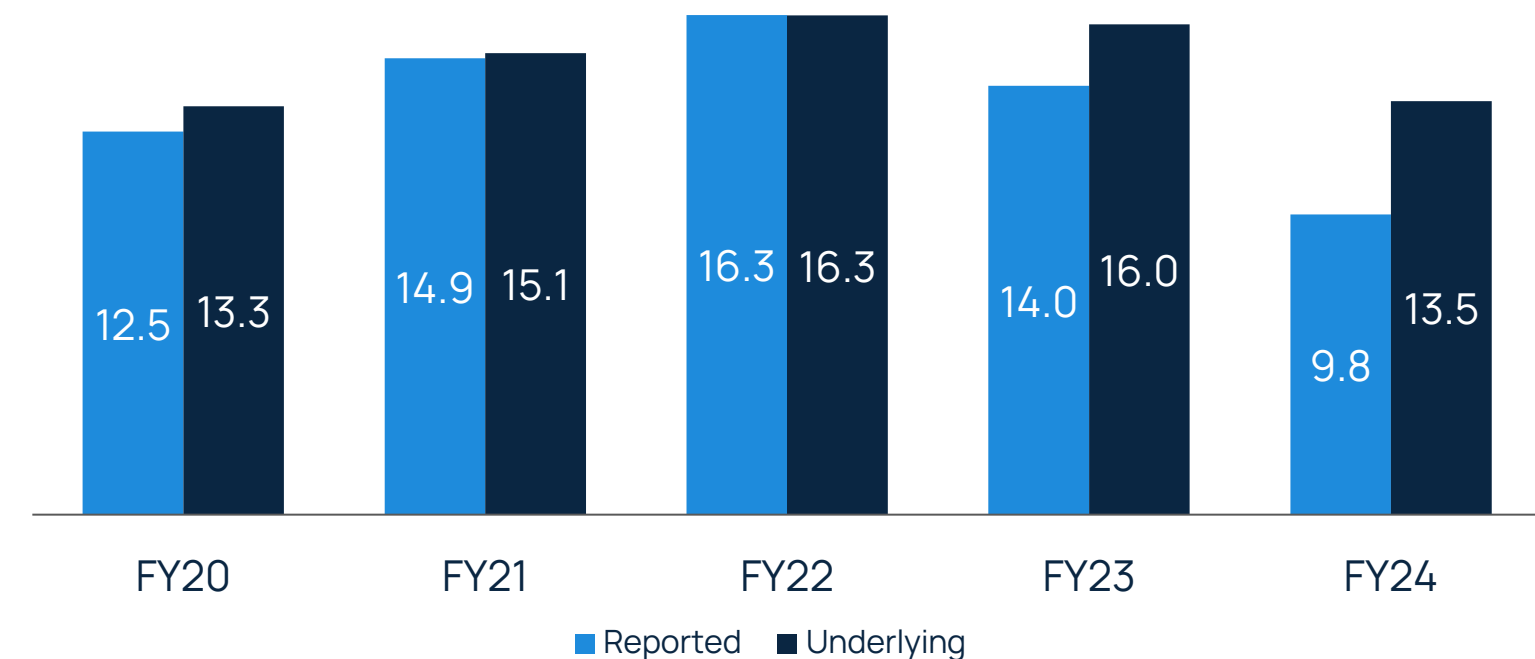
- Final dividend of 3.0 cps, down 3.0 cps on FY2023.
- Dividend yield of 8.7%¹ (FY2023: 9.3%²).
- The total dividend payout ratio for FY2024 of 55% of underlying NPAT takes into consideration the recent \$210m equity raise, acquisition of Challenger Bank (now Heartland Bank Australia) and associated growth opportunities.
- Heartland's DRP will apply to the final dividend with a 2.0% discount.³

- Having regard to Heartland's next stage of growth, the Board expects to target a total dividend payout ratio of at least 50% of underlying NPAT in FY2025. The Board will, as it has historically, actively manage dividend settings and carefully consider the declaration of any dividends based on Heartland's capital needs, ROE accretive growth opportunities, balance sheet flexibility and financial performance.

Underlying ROE⁴



EPS (cps)



¹ Total fully imputed dividends divided by the closing share price as at 23 August 2024 of \$1.12. ² Total fully imputed dividends divided by the closing share price as at 25 August 2023 of \$1.72. ³ That is, the strike price under the DRP will be 98.0% of the volume weighted average sale price of Heartland shares over the five trading days following the Record Date. For the full details of the DRP and the Strike Price calculation, refer to the Heartland DRP offer document dated 10 December 2018. ⁴ Underlying ROE refers to ROE calculated using underlying results. When calculated using reported results, ROE was 6.6%, down 385 bps. See page 35 for more information about the use of ROE, a supplementary, non-GAAP measure.

FY2028 growth ambitions

FY2028 ambitions are driven by modest Receivables growth, NIM expansion, cost savings from automation, and an improvement in impairments.

Financial metric	FY2024	FY2028 ambition	Commentary
Receivables	\$7.2b	> 10% CAGR p.a.	<ul style="list-style-type: none"> Assumes modest Receivables growth below Heartland's track record of 11.8% over the last 4 years.¹ Organic growth in existing Australia and New Zealand portfolios which are aligned with Heartland's strategic ambitions. Increased competitiveness in Australian Reverse Mortgages and Livestock Finance through utilisation of bank cost of funds. Further upside from launch of Motor Finance and Asset Finance in Australia if it is ROE accretive.²
Underlying NIM ³	3.64%	> 4%	<ul style="list-style-type: none"> Continued shift of asset mix towards higher quality portfolios and focus on recycling capital related to Non-Strategic Assets. Transition of Australian funding base from 100% wholesale to a retail/wholesale funding mix to drive a reduction in the cost of funds in the Australian business through cheaper retail deposit costs relative to wholesale.
Underlying CTI ratio ³	41.9%	< 35%	<ul style="list-style-type: none"> Investing in digitalisation and automation in New Zealand with a focus on Heartland Bank's Collections & Recoveries area to improve internal workflows and reduce manual effort. Motor digitalisation through branded online origination platforms for Motor Finance dealer partners in New Zealand. Flow-on benefit of improved revenue margins.
Underlying impairment expense ratio ³	0.44%	< 0.30%	<ul style="list-style-type: none"> Heartland's long term underlying impairment expense has been 0.37%.⁴ FY2028 ambition of < 0.30% underlying impairment expense ratio through the cycle reflects portfolio mix transitioning towards higher quality assets (i.e. Reverse Mortgages and Livestock Finance).

\$200m+
FY2028 underlying NPAT³ ambition

12%-14%
FY2028 underlying ROE³ ambition

The ratios and growth rates provided for the financial metrics underlying the FY2028 ambitions are not targets. They represent an indication of how the financial metrics may work in combination to achieve the FY2028 underlying NPAT and ROE ambitions. The FY2028 ambitions and underlying key metrics assumes current growth in Receivables being maintained and no material deterioration in the economic environment.

03 | Australian banking

Michelle Winzer

Chief Executive Officer

Heartland Bank Australia

AU FY2025 focus

Heartland Bank Australia is well positioned for sustainable growth beyond FY2025 through its focus on business growth, operational efficiency, service excellence and risk management.

Business growth

Continue to focus on expansion within existing specialist lending portfolios: Reverse Mortgages and Livestock Finance.

- Leverage the strong ongoing demographic demand for Reverse Mortgages, providing older Australians with a solution to remaining in their home as they age.
- Execute on Livestock Finance product development initiatives, including meeting demand within the growing feedlotting sector.
- Expand distribution networks and strengthen partnerships to increase product reach.

Operational efficiency

Increase the capacity to do more through operational efficiencies as the ADI continues to establish itself as Heartland Bank Australia.

- Create structural efficiencies by removing duplication and identifying process improvement as the cultures of the three previous AU businesses (Heartland Finance, StockCo Australia and Challenger Bank) come together.
- Transition from historic 100% wholesale to predominantly (~90%) retail funding – the benefits of which are expected to flow through to improvements in the underlying CTI ratio and underlying NIM.

Service excellence

Through a commitment to strategy execution and discipline, deliver service excellence for customers while progressing towards FY2028 ambitions.

- Execute on strategic initiatives towards FY2028 ambitions.
- Focus on cost optimisation and discipline to realise underlying CTI ratio expectations.
- Review end-to-end processes and identify opportunities to streamline and deliver faster time to service for customers.
- Invest in digitalisation and automation to improve service delivery, and ultimately lead to enhanced customer experience.

04 | New Zealand banking

Leanne Lazarus

Chief Executive Officer

Heartland Bank

NZ FY2025 focus

In New Zealand, Heartland Bank aims to expand its margin and reduce costs to deliver better returns. These key strategic priorities will drive a strong contribution to the Group's FY2028 ambitions.

Margin expansion

NIM expansion >4%

- Growth in Reverse Mortgages and Motor Finance.
- Proactive management of fixed back book portfolios in Asset Finance and Motor Finance.
- Actively increase mix of retail funding focused on growth in call deposits.

Cost reduction

Reduce costs by \$5m

- Cost savings through digitalisation and automation (\$3.8m).
 - Digitalise 58% of basic banking functions to enable customers to self-serve.
 - Mobile app customer usage uplift to 60% and reduction of customer calls by 35%.
 - Automate 35% of processes.
 - Offer customers flexibility to self manage loan repayments for Motor Finance (from October 2024).
- Cost savings through structural and supplier efficiency with disciplined cost management (\$1.2m).

Simplification and better returns

Accelerate growth in strategic portfolios

- Simplify the business through identifying lending that no longer aligns to Heartland Bank's strategy.
- Develop focused strategies to separately manage Non-Strategic Assets, within an appropriate time frame.

Non-Strategic Assets

Non-Strategic Assets includes assets that earn little or no income or are returning less than Heartland's cost of capital.¹

- Non-Strategic Assets will be managed and reported separately in FY2025 to provide greater transparency and enable more focused resolution strategies to be adopted. This will enable underlying capital to be redeployed to support Heartland Bank's growth ambitions.
- Heartland intends to rationalise these assets over a responsible period of time.

Non-Strategic Assets	June 2024
Equity investments	\$13.5m
Investment properties	\$3.7m
Property	\$12.6m
Receivables ²	
- Business	\$74.4m
- Rural	\$113.7m
Total	\$217.8m

05 | Closing remarks

Jeff Greenslade

Chief Executive Officer

Heartland Group

Looking forward

Long-term outlook remains positive towards FY2028 ambitions

- Long-term outlook is positive as Heartland expects to realise benefits from the significant strategic milestones achieved in FY2024.
- In Australia, Heartland Bank Australia is well positioned for growth beyond FY2025.
- In New Zealand, Heartland Bank's FY2025 focus is on simplification and strategic core lending.

Volatility to continue through the remainder of CY2024

- In Heartland's view, this creates too much uncertainty at this stage for Heartland to provide an accurate underlying NPAT guidance range for FY2025.
- Heartland will revisit its ability to provide an underlying NPAT guidance range for FY2025 as the financial year progresses.

06 | Additional information



NZ Reverse Mortgage portfolio analytics

<p>\$1.07b</p> <p>NZ Reverse Mortgages +\$179.6m (20.2%) vs June 2023</p>	<p>\$141,183</p> <p>Average loan size</p>	<p>77</p> <p>Average age of youngest borrower on a loan</p>	<p>17.5%</p> <p>CAGR FY2020-FY2024¹</p>
<p>9.1%</p> <p>Average origination LVR</p>	<p>23.5%</p> <p>Weighted average LVR</p>	<p>0.1%</p> <p>Proportion of the loan book over 75% LVR</p>	<p>2</p> <p>Number of loans in the book over 75% LVR</p>
<p>\$197m</p> <p>(+\$0.6m vs FY2023)</p> <p>FY2024 origination</p>	<p>\$113m</p> <p>(+\$16.2m vs FY2023)</p> <p>Total repayments in FY2024</p>	<p>12.7%</p> <p>(vs 13.4% in FY2023)</p> <p>FY2024 repayment rate</p>	<p>24.8%</p> <p>(vs 31.8% in FY2023)</p> <p>Repayments from vintage loans (+11 years)</p>

AU Reverse Mortgage portfolio analytics

<p>A\$1.67b</p> <p>AU Reverse Mortgages +A\$276m (19.6%) vs June 2023</p>	<p>A\$188,756</p> <p>Average loan size</p>	<p>76</p> <p>Average age of youngest borrower on a loan</p>	<p>17.8%</p> <p>CAGR FY2020-FY2024¹</p>
<p>11.5%</p> <p>Average origination LVR</p>	<p>23.5%</p> <p>Weighted average LVR</p>	<p>0.0%</p> <p>Proportion of the loan book over 75% LVR</p>	<p>2</p> <p>Number of loans in the book over 75% LVR</p>
<p>A\$331m</p> <p>(+A\$1.4m vs FY2023)</p> <p>FY2024 origination</p>	<p>A\$200m</p> <p>(+A\$15.5m vs FY2023)</p> <p>Total repayments in FY2024</p>	<p>14.3%</p> <p>(vs 16.0% in FY2023)</p> <p>FY2024 repayment rate</p>	<p>13.8%</p> <p>(vs 16.1% in FY2023)</p> <p>Repayments from vintage loans (+11 years)</p>

Sustainability strategy

As part of the new Climate-Related Disclosures obligations introduced through the Financial Sector (Climate-Related Disclosures and Other Matters) Amendment Act 2021, Heartland's first climate statement is required as part of its full year reporting for FY2024. Heartland's first climate statement will be published on 30 September 2024, alongside its Annual Report. Further detail can be found within the accompanying FY2024 Heartland Bank Limited Disclosure Statement.

Heartland's climate commitment is part of its broader sustainability strategy which is built on three pillars: **environment**, **people** and **financial wellbeing**.

Environment

Support the just transition to a net-zero economy.

- Build the capability to appropriately take climate change risks into consideration when making lending decisions.
- Fund Heartland's borrowers' transition to a net-zero economy.
- Embed sustainability into what Heartland does.

People

Caring for Heartland's people, customers and communities.

- Care for the communities Heartland operates in.
- Create a pathway and place for Heartland's people to grow, thrive and be empowered to achieve Heartland's goals as one team.
- Care for Heartland's customers.

Financial wellbeing

Support the financial wellbeing of Heartland's customers and communities.

- Enhancing economic outcomes for customers through digitalisation.
- Ensuring customers can benefit from Heartland's digitalisation journey.
- Ensuring Heartland's values and commitments are shared by its suppliers.

More: heartlandgroup.info/sustainability

Regulatory update

With the completion of the acquisition of (now) Heartland Bank Australia, the Heartland group now includes an APRA-regulated ADI which is subject to prudential regulation in Australia.

In New Zealand, Heartland Bank has recently updated its processes for assessing consumer loans in response to the revocation of the prescriptive affordability requirements from the Credit Contracts and Consumer Finance Regulations 2004. The Government is continuing to assess, amongst other matters, the disclosure obligations and liability settings for directors and senior managers under the Credit Contracts and Consumer Finance Act 2003, which Heartland is closely monitoring.

On 20 August 2024, the Commerce Commission published its final report into competition in the personal banking sector. Heartland Bank welcomes the review and broader mandate to introduce more competition in personal banking and is supportive of the Commerce Commission's recommendations.

In mid-June 2024, the Finance Minister announced a joint Select Committee inquiry into banking competition with a focus on rural banking. Terms of reference have now been released with submissions due to the Select Committee on 25 September 2024.

The Depositor Compensation Scheme under the Deposit Takers Act 2023 (**Act**) is expected to commence mid-2025. Heartland Bank is continuing to contribute to industry consultations that are underway.

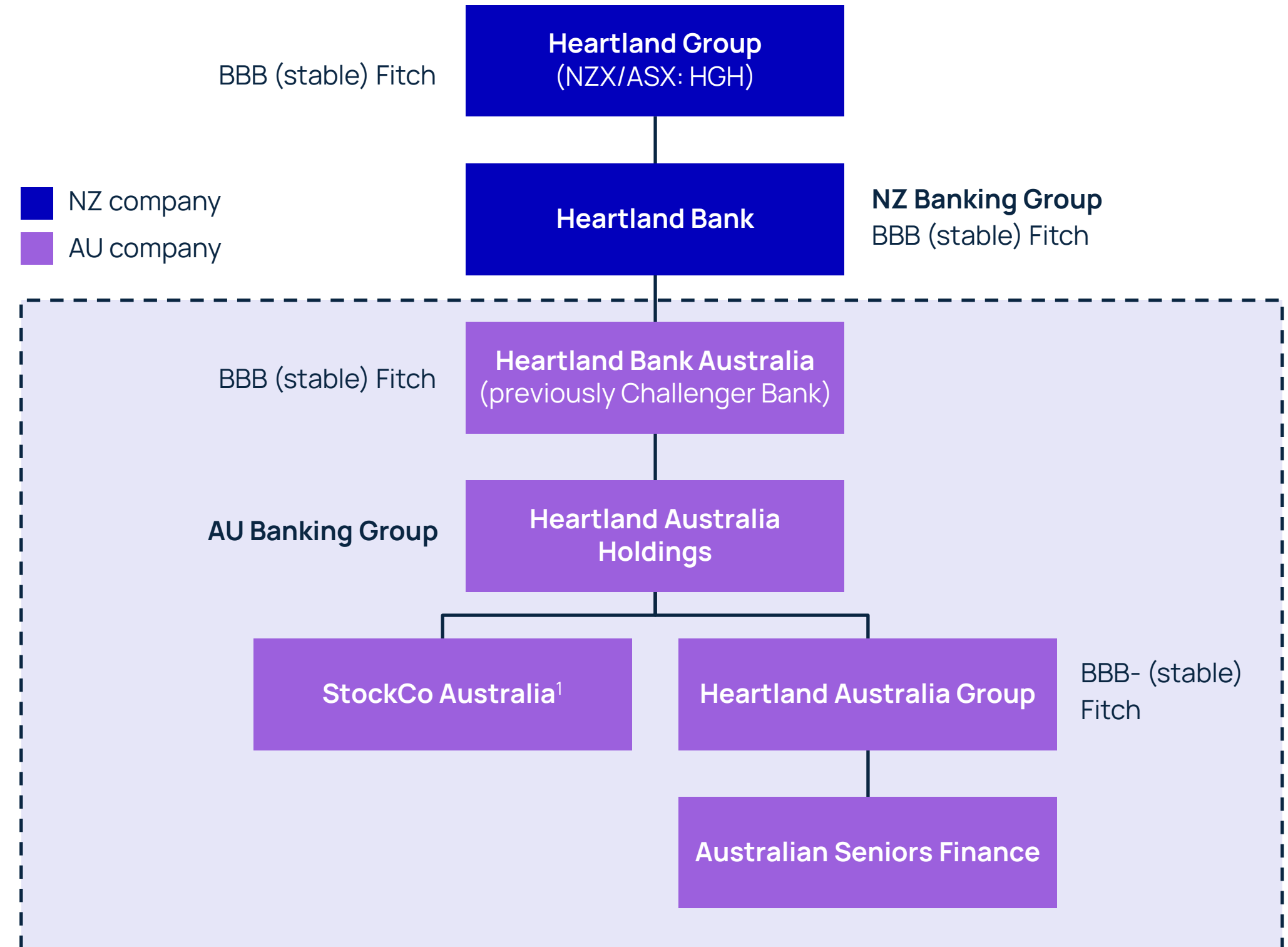
In May 2024, the Customer and Product Data Bill (**Bill**), known as 'open banking' was introduced to Parliament and the first sectors to be designated are banking and electricity. The Bill has been referred to the Select Committee with submissions due in September 2024.

Heartland Bank continues its preparations for the new conduct regime which comes into force from 31 March 2025, and expects to make its conduct licence application to the Financial Markets Authority by October 2024.

Corporate structure

Introducing Heartland Bank Australia

- On 30 April 2024, Heartland Bank completed the acquisition of Challenger Bank and became the first registered New Zealand bank to acquire an Australian ADI.
- The ADI was subsequently rebranded to Heartland Bank Australia.
- On 2 May 2024, Heartland Australia Holdings Pty Limited and its subsidiaries (which include Heartland Australia Group and StockCo Australia) were transferred to Heartland Bank Australia.
- With the inclusion of Heartland’s existing Australian businesses, Australian Seniors Finance (offering Reverse Mortgages under the Heartland Finance brand) and StockCo Australia as part of the regulated banking group (the “Australian Banking Group”), Heartland Bank Australia is now Australia’s only specialist provider of both reverse mortgages and livestock finance.
- Drawing on Heartland’s expertise in New Zealand, and its successful track record in Australia, Heartland Bank Australia will focus on providing Australians with specialist banking products that are the best or only of their kind, through digital channels.






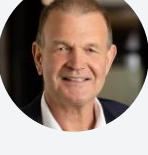


Board of Directors

Heartland Group

	Greg Tomlinson	Chair & Non-Independent Non-Executive Director Appointed in 2018 (2013 to Heartland NZ Ltd Board) ¹
	Jeff Greenslade	CEO & Non-Independent Executive Director Appointed in 2018 (2010 to Heartland NZ Ltd Board) ¹
	Kate Mitchell	Independent Non-Executive Director Appointed in 2021
	John Harvey	Independent Non-Executive Director Appointed in 2024
	Simon Beckett	Independent Non-Executive Director Appointed in 2024
	Rob Bell	Independent Non-Executive Director Appointed in 2024

Heartland Bank (New Zealand)





	Bruce Irvine	Chair & Independent Non-Executive Director Appointed in 2015 (2013 to Heartland NZ Ltd Board) ¹
	Jeff Greenslade	Non-Independent Non-Executive Director Appointed in 2015 (2010 to Heartland NZ Ltd Board) ¹
	John Harvey	Non-Independent Non-Executive Director Appointed in 2015 (2013 to Heartland NZ Ltd Board) ¹
	Kate Mitchell	Non-Independent Non-Executive Director Appointed in 2019
	Shelley Ruha	Independent Non-Executive Director Appointed in 2020
	Simon Tyler	Independent Non-Executive Director Appointed in 2022

Heartland Bank (Australia)

	Geoff Summerhayes	Chair & Independent Non-Executive Director Appointed in 2024
	Shane Buggle	Independent Non-Executive Director Appointed in 2024
	Lyn McGrath	Independent Non-Executive Director Appointed in 2024
	Vivienne Yu	Independent Non-Executive Director Appointed in 2024
	Leanne Lazarus	Non-Independent Non-Executive Director Appointed in 2024
	Jeff Greenslade	Non-Independent Non-Executive Director Appointed in 2024
	Bruce Irvine	Non-Independent Non-Executive Director Appointed in 2024

Management

Heartland Group

	Jeff Greenslade	Chief Executive Officer Joined in 2009
	Chris Flood	Deputy Chief Executive Officer Joined in 1997
	Andrew Dixon	Group Chief Financial Officer Joined in 2010
	Aleisha Langdale	Chief Performance Officer Joined in 2015

Heartland Bank (New Zealand)

	Leanne Lazarus	Chief Executive Officer Joined in 2022
	Andy Wood	Chief Risk Officer Joined in 2022
	Kerry Conway	Chief Financial Officer Joined in 2024
	Michael Drumm	Chief Operating Officer Joined in 2015
	Phoebe Gibbons	General Counsel Joined in 2020
	Lana West	Chief People & Culture Officer Joined in 2021

Heartland Bank (Australia)

	Michelle Winzer	Chief Executive Officer Joined in 2024
	David Brown	Chief Risk Officer Joined Challenger Bank in 2021
	Sarah Burgemeister	General Counsel Joined Heartland Finance in 2023
	Medina Cicak	Chief Commercial Officer Joined in 2024
	Richard Collier	Chief Financial Officer Joined Challenger Bank in 2024
	Vaughan Dixon	Chief Technology & Operations Officer Joined in 2024
	Sharon Yardley	Chief Compliance & Sustainability Officer Joined Heartland Finance in 2004 ¹



**07 | Presentation of results,
disclaimer & glossary**

Presentation of results

Audited financial results in this investor presentation are presented on a reported and underlying basis.

- Reported results are prepared in accordance with NZ GAAP and include the impacts of one-offs, both positive and negative, which can make it difficult to compare performance between periods.
- Underlying results (which are non-GAAP financial information) exclude the impact of the de-designation of derivatives, the fair value changes on equity investments held, the Australian Bank Programme costs, an increase in provisions for a subset of legacy lending, the Challenger Bank NPAT, and other one-offs. This is intended to allow for easier comparability between periods and is used internally by management for this purpose.

Adjustments for underlying results impact NOI, OPEX, NPAT, NIM and EPS. Underlying ROE, underlying CTI ratio and underlying impairment expense ratio measures are supplementary, non-GAAP measures that may be used by investors, industry analysts and others in assessing and benchmarking profitability and performance against the industry and/or other companies. A GAAP and non-GAAP comparative is provided for each of these measures.

Refer to page 7 for a detailed reconciliation between reported and underlying financial information, and page 8 for details about one-offs in the periods covered in this investor presentation.

General information about the use of non-GAAP financial measures is set out on page 36 of this investor presentation.

Disclaimer

This presentation has been prepared by Heartland Group Holdings Limited (**NZX/ASX: HGH**) (the **Company** or **Heartland**) for the purpose of briefings in relation to its Financial Statements.

The presentation and the briefing (together the **Presentation**) contain summary information only, which should not be relied on in isolation from the full detail in the Financial Statements.

The information in the Presentation has been prepared with due care and attention, but its accuracy, correctness and completeness cannot be guaranteed. No person (including the Company and its directors, shareholders and employees) will be liable to any other person for any loss arising in connection with the Presentation.

The Presentation outlines a number of the Company's forward-looking plans and projections. Those plans and projections reflect current expectations, but are inherently subject to risk and uncertainty, and may change at any time. There is no assurance that those plans will be implemented or that projections will be realised. You are strongly cautioned not to place undue reliance on any forward-looking statements, particularly in light of the current economic climate.

No person is under any obligation to update this presentation at any time after its release or to provide further information about the Company.

The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation. Nothing in this presentation constitutes legal, financial, tax or other advice.

Non-GAAP measures

This presentation contains references to non-GAAP measures including underlying profit or loss, underlying ROE, underlying CTI ratios, underlying impairment expense ratios and underlying EPS. A reconciliation between reported and the non-GAAP measure of underlying financial information is included on page 7.

Because Heartland complies with accounting standards, investors know that comparisons can be made with confidence between reported profits and those of other companies, and there is integrity in Heartland's reporting approach. These non-GAAP figures are provided as a supplementary measure for readers to assess Heartland's performance alongside NZ GAAP reported measures, where one-offs, both positive and negative, can make it difficult to compare profits between years. However, these non-GAAP measures do not have standardised meanings prescribed by GAAP and should not be viewed in isolation nor considered a substitute for measures reported in accordance with NZ GAAP.

Non-GAAP financial information has not been subject to review by PricewaterhouseCoopers, Heartland's external auditor.

All amounts are in New Zealand dollars unless otherwise indicated. Financial data in this presentation is as at 30 June 2024 unless otherwise indicated. Any other financial information provided as at a date after 30 June 2024 has not been audited or reviewed by any independent registered public accounting firm.

Glossary

ABP	Australia Bank Programme	Heartland Australia Group	Heartland Australia Holdings Pty Ltd and its direct and indirect wholly-owned subsidiaries
ADI	Authorised deposit-taking institution	Heartland Bank	Heartland Bank Limited
APRA	Australian Prudential Regulation Authority	Heartland Bank Australia	Heartland Bank Australia Limited
bps	Basis points	LVR	Loan-to-value ratio
CAGR	Compound annual growth rate	NII	Net interest income
Challenger Bank	Challenger Bank Limited	NIM	Net interest margin
cps	Cents per share	NOI	Net operating income
CTI ratio	Cost to income ratio	NPAT	Net profit after tax
CY2024	The calendar year ending 31 December 2024	O4B	Open for Business
DRP	Dividend Reinvestment Plan	OOI	Other Operating Income
EPS	Earnings per share	OPEX	Operating expenses
FX	Foreign currency exchange	pps	Percentage points
FY2023	The financial year ended 30 June 2023	RBNZ	Reserve Bank of New Zealand
FY2024	The financial year ended 30 June 2024	Receivables	Gross Finance Receivables
FY2025	The financial year ending 30 June 2025	ROE	Return on Equity
FY2028	The financial year ending 30 June 2028	StockCo, StockCo Australia	Comprised of StockCo Australia Management Pty Ltd, StockCo Holdings 2 Pty Ltd and their subsidiaries
Harmony	Harmony Corp Limited	Q3	The third quarter of FY2025 (1 January to 31 March 2025)
Heartland	Heartland Group Holdings Limited or the Company	YoY	Year-on-year

Thank you

Investor & media relations

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Investor information

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heartlandgroup.info/investor-information



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