

2019 Annual Meeting

12 November 2019

HEARTLAND
GROUP

Agenda

- Welcome and formalities
- Chair's address
- Chief Executive Officer's address
- Shareholder discussion
- Voting and conduct of poll
- Other business

Board of Directors

Heartland Group Board

- **Geoff Ricketts** Chair and Independent Non-Executive Director
- **Jeff Greenslade** Executive Director and Chief Executive Officer
- **Ellie Comerford** Independent Non-Executive Director
- **Sir Chris Mace** Independent Non-Executive Director
- **Greg Tomlinson** Non-Executive Director

Heartland Bank Board

- **Bruce Irvine** Chair and Independent Non-Executive Director
- **Ellie Comerford** Independent Non-Executive Director
- **Jeff Greenslade** Executive Director and Chief Executive Officer
- **John Harvey** Independent Non-Executive Director
- **Kate Morrison** Independent Non-Executive Director
- **Geoff Ricketts** Independent Non-Executive Director
- **Vanessa Stoddart** Independent Non-Executive Director

Strategic Management Group

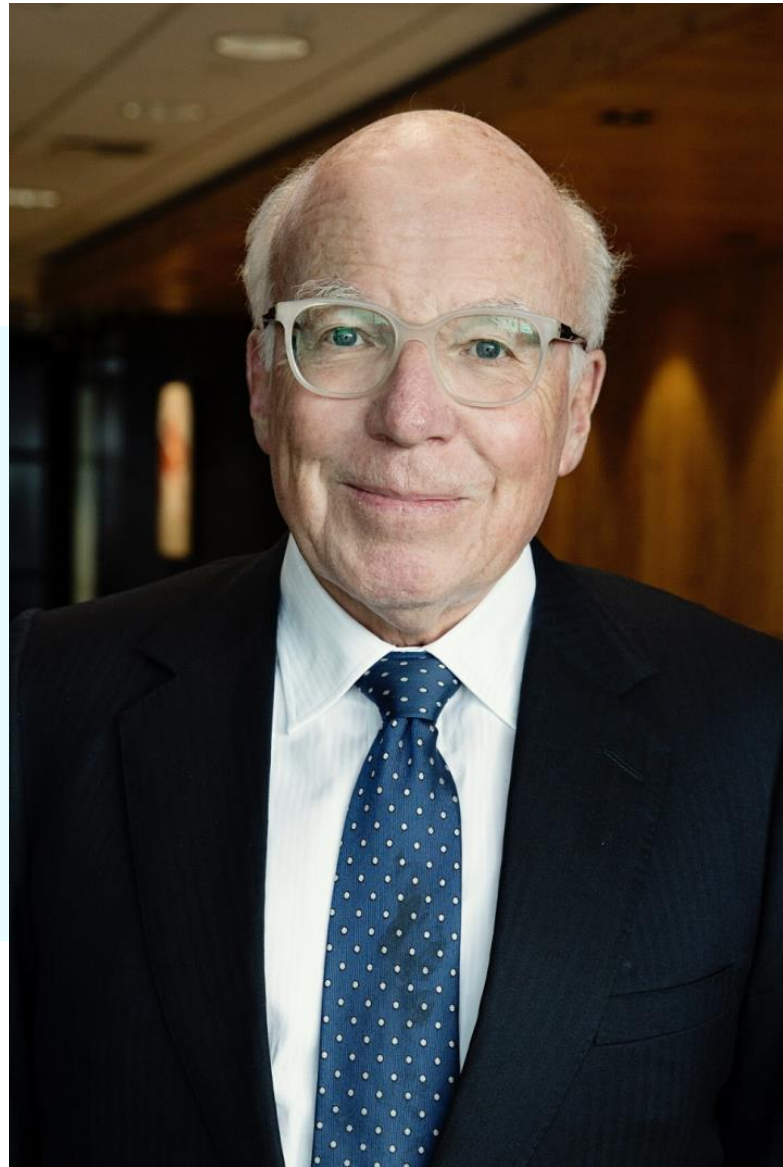
- **Jeff Greenslade** Chief Executive Officer, Heartland Group
- **Chris Flood** Chief Executive Officer, Heartland Bank
- **Cherise Barrie** Chief Financial Officer
- **Laura Byrne** Group Chief of Staff
- **Grant Kemble** Chief Risk Officer
- **Rochelle Moloney** Chief Culture & Communications Officer
- **Sarah Smith** Chief Technology Officer
- **Lydia Zulkifli** Chief Digital Officer

Other formalities

- Proxies and postal votes received
- Meeting procedures
- Voting procedures and declaration of poll
- Notice of meeting
- Minutes of last Annual Meeting

Chair's Address

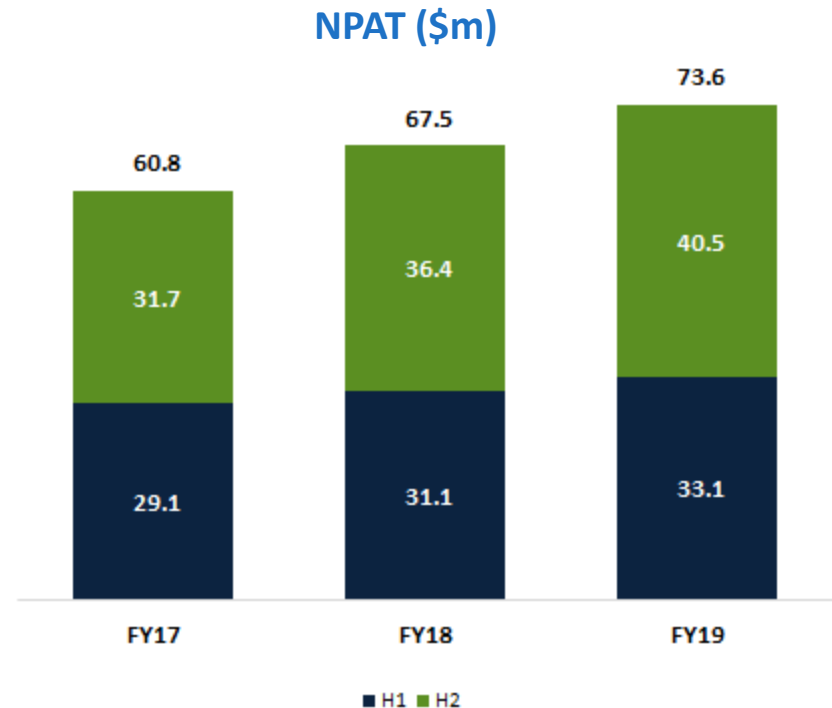
Geoff Ricketts



Financial overview

Focus on customers and community support at the heart of our growth.

- Net profit after tax of \$73.6 million, up 9%
- Growth in gross finance receivables of 10% to \$4.4 billion



Doing the right thing for customers

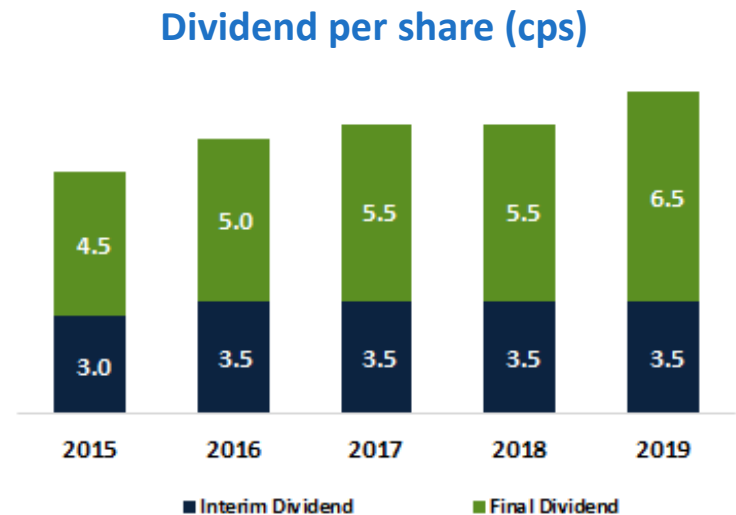
- Doing the right thing for customers is reflected in one of Heartland's refreshed values – mahi tika
- Heartland is proud to offer products that contribute to positive social outcomes
- In March 2019, as required of all banks, Heartland submitted a workplan to the FMA and RBNZ addressing improvement in conduct and culture
- Supportive of the review and committed to continuous improvement in all areas identified by the FMA and RBNZ
- Supportive of the financial conduct licensing regime announced this year



DO THE
right thing
MAHI TIKAI

The year in review

- Strong growth across the business
- Focus on core growth areas – reverse mortgages, small business loans, motor vehicle finance, intermediated business lending
- Completion of the corporate restructure and listing on the ASX
- Fully-imputed final dividend of 6.5 cents per share
- Total dividend for the year of 10.0 cents per share



Community sponsorship



\$617.3k

Paid towards sponsorship and community activities this year by the Heartland Trust.



CEO Address

Jeff Greenslade



2019 financial highlights

Net operating income

12 months to 30 June 2019

\$205.8m

up **4.6%** from FY2018

Net profit after tax

12 months to 30 June 2019

\$73.6m

up **9.0%** from FY2018

Gross finance receivables

12 months to 30 June 2019

\$4.4b

up **10.5%** from FY2018

- Three strategic pillars:
 - New Zealand banking
 - Australia
 - Digital
- Continue to focus on providing 'best or only' products

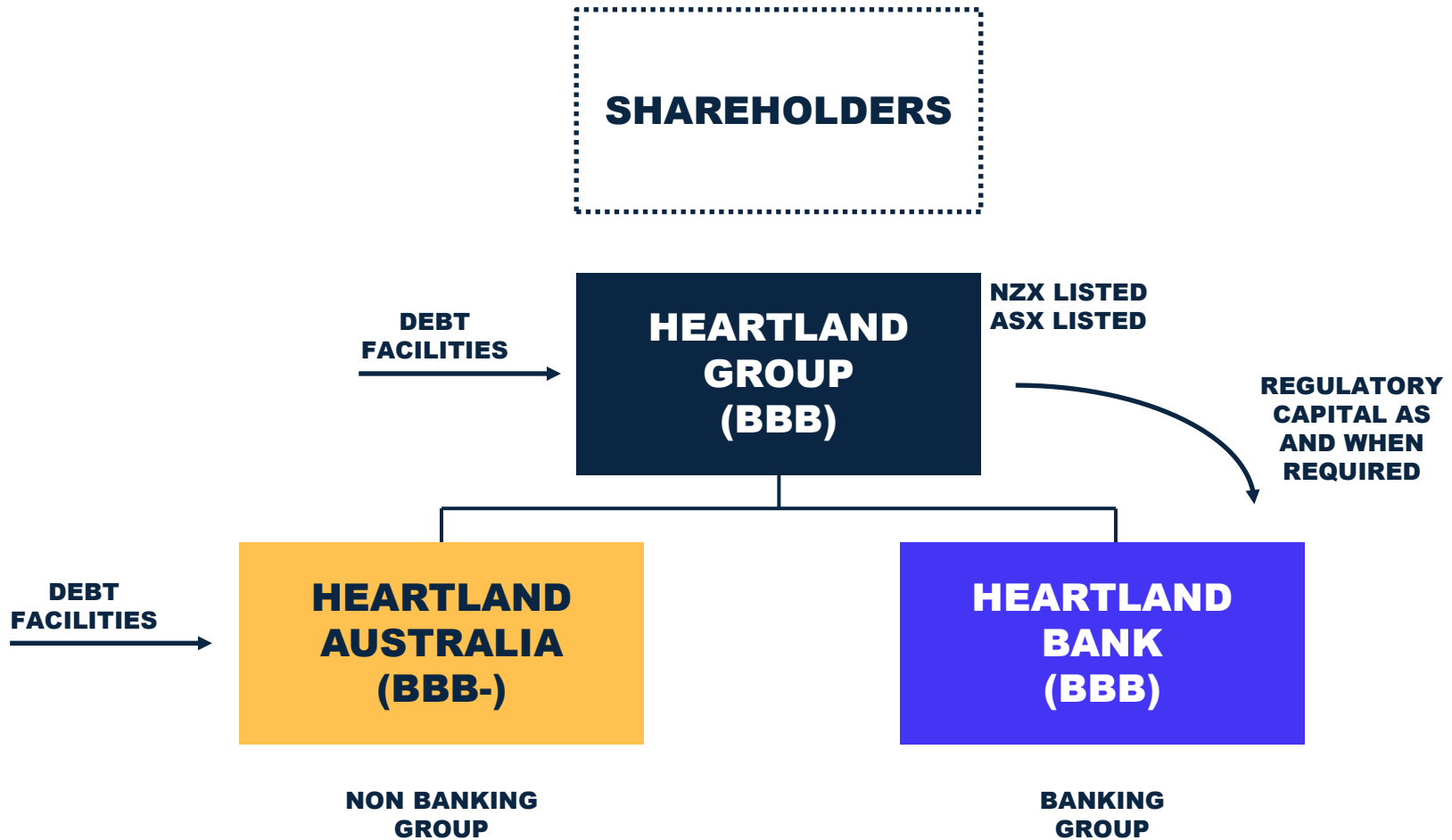
Digital

“Digging down, digital is about two things: speed and agility – externally to your customers and market and internally within your organisation.”

– John Rossman

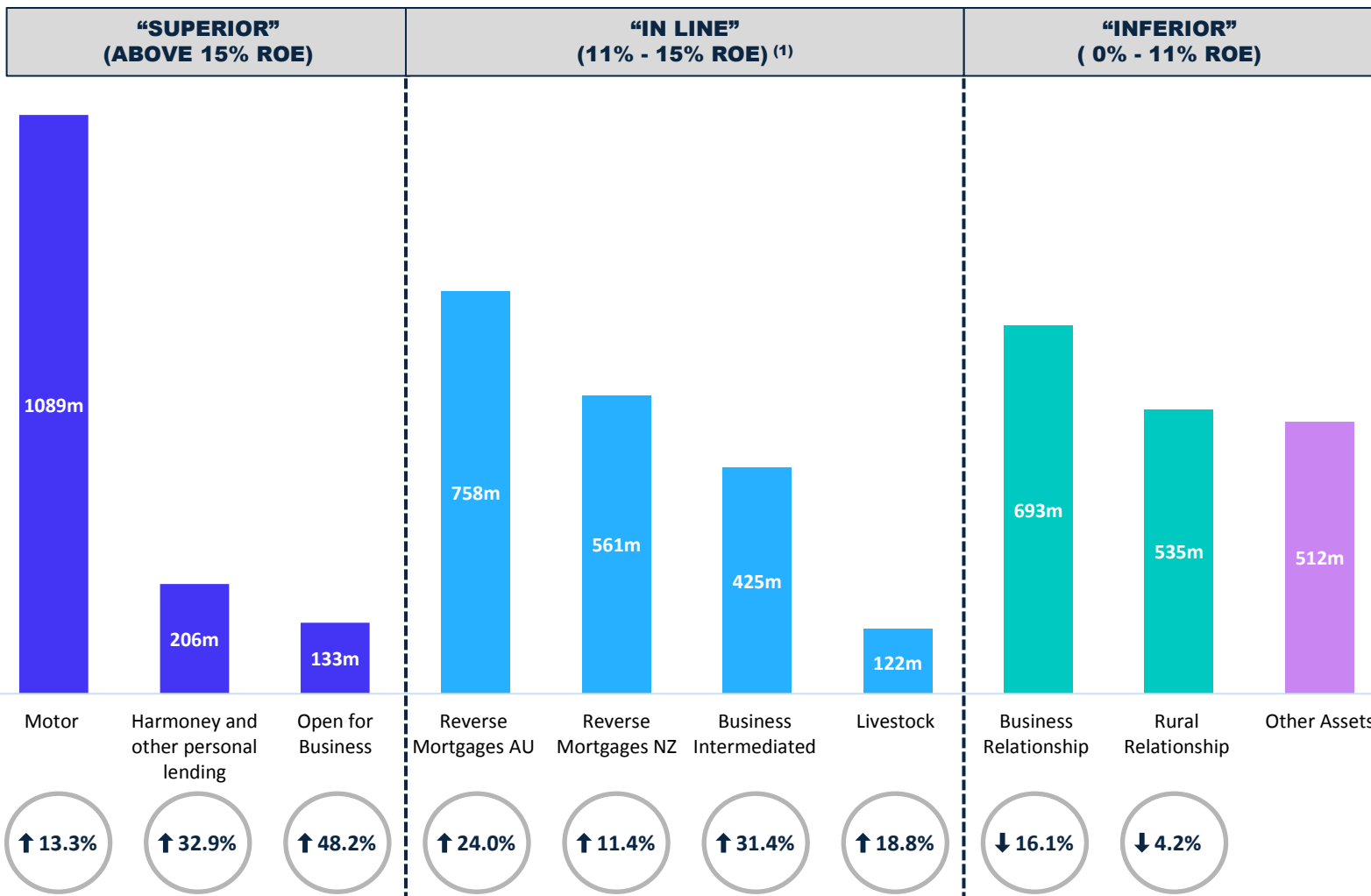
- Being digital is about always evolving – mahi tipu.
- The purpose of Heartland’s digital strategy is to deliver great customer outcomes by always striving to deliver fast and simple service.
- Prioritising User Experience (UX) means keeping our customers at the forefront of decision making.

Group capital



Return on equity

CONTRIBUTION TO GROUP ROE



1. Based on ROE range of major banks
As at 30 June 2019

Our business

Reverse Mortgages



AUSTRALIA

- Gross finance receivables \$757.6m, up 24.0%.
- Distributed through brokers and our sales team in Australia

NEW ZEALAND

- Gross finance receivables \$561.2m, up 11.4%.
- Primarily distributed through our sales team in New Zealand.



Open For Business

- Gross finance receivables \$133.3m, up 48.2%.
- Finance for small-to-medium sized businesses available online through Heartland's digital Open for Business Platform.



Business Finance

BUSINESS INTERMEDIATED

- Gross finance receivables \$425.4m, up 31.4%.
- Working capital and plant and equipment finance distributed through our partners and intermediaries.

BUSINESS RELATIONSHIP

- Gross finance receivables \$559.5m, up 16.1%.
- Working capital and plant and equipment finance distributed through our partners and intermediaries.



Rural Finance

LIVESTOCK FINANCE

- Gross finance receivables \$121.6m, up 18.8%.
- Livestock finance for farmers available online through Heartland's Open for Livestock platform.

RURAL RELATIONSHIP

- Gross finance receivables \$534.8m, up 4.2%.
- Rural loans distributed through Heartland's relationship managers.



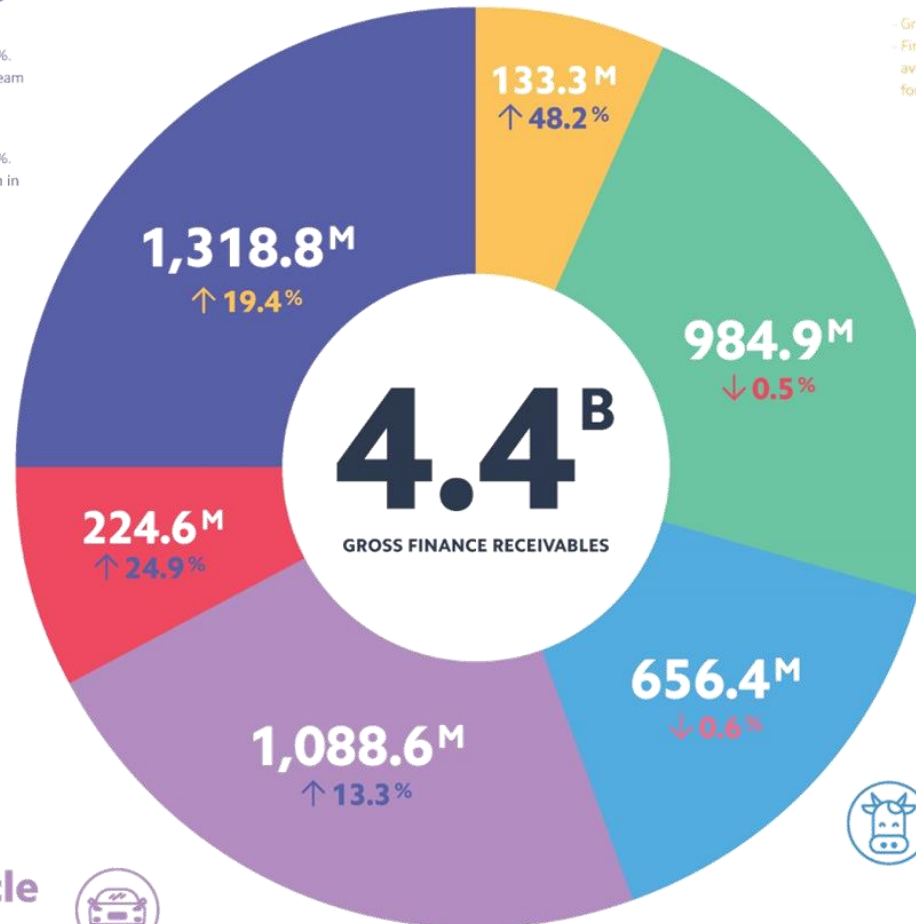
Harmony and other consumer lending

- Gross finance receivables \$224.6m, up 24.9%.
- Distributed through intermediary partners and brokers, and enabled by Heartland's partnership with Harmony.

Motor Vehicle Finance



- Gross finance receivables \$1,088.6m, up 11.4%.
- Distributed direct to customers and through our motor vehicle dealer network to enable customers to access



Outlook for FY20

- Forecast range of \$77 to \$80 million.
- Expect continued growth in core product areas.
- Investing in TV advertising in Open for Business and Reverse Mortgages.
- Increased emphasis on growth in Australia with support from New Zealand.
- The Open for Business Australia website has launched and we are about to begin marketing activity.
- Continued shift to digital, enhancing customer experience.

Shareholder discussion

Voting

Thank you

