



Hui Ā-tau
Annual Meeting
2022

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



Geoffrey Ricketts (Chair)
Independent
Non-Executive Director



**Gregory Tomlinson
(Deputy Chair)**
Non-Executive Director



Jeff Greenslade
CEO &
Executive Director



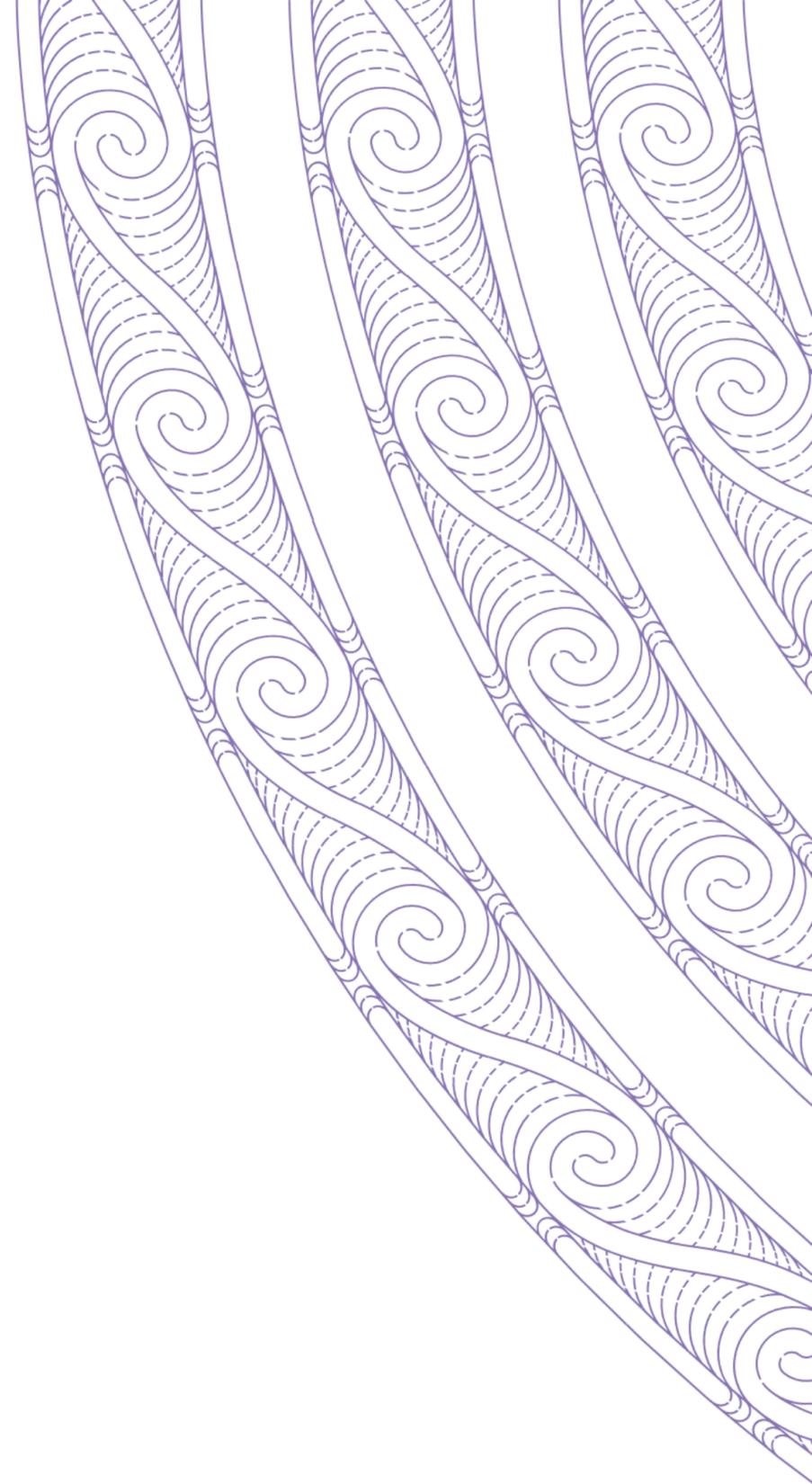
Ellen Comerford
Independent
Non-Executive Director



Kathryn Mitchell
Independent
Non-Executive Director



Geoff Summerhayes
Independent
Non-Executive Director





Board of directors

Heartland Bank board



Bruce Irvine (Chair)
Independent
Non-Executive Director



Jeff Greenslade
Executive Director



Edward John Harvey
Independent
Non-Executive Director



Kathryn Mitchell
Non-Independent
Non-Executive Director



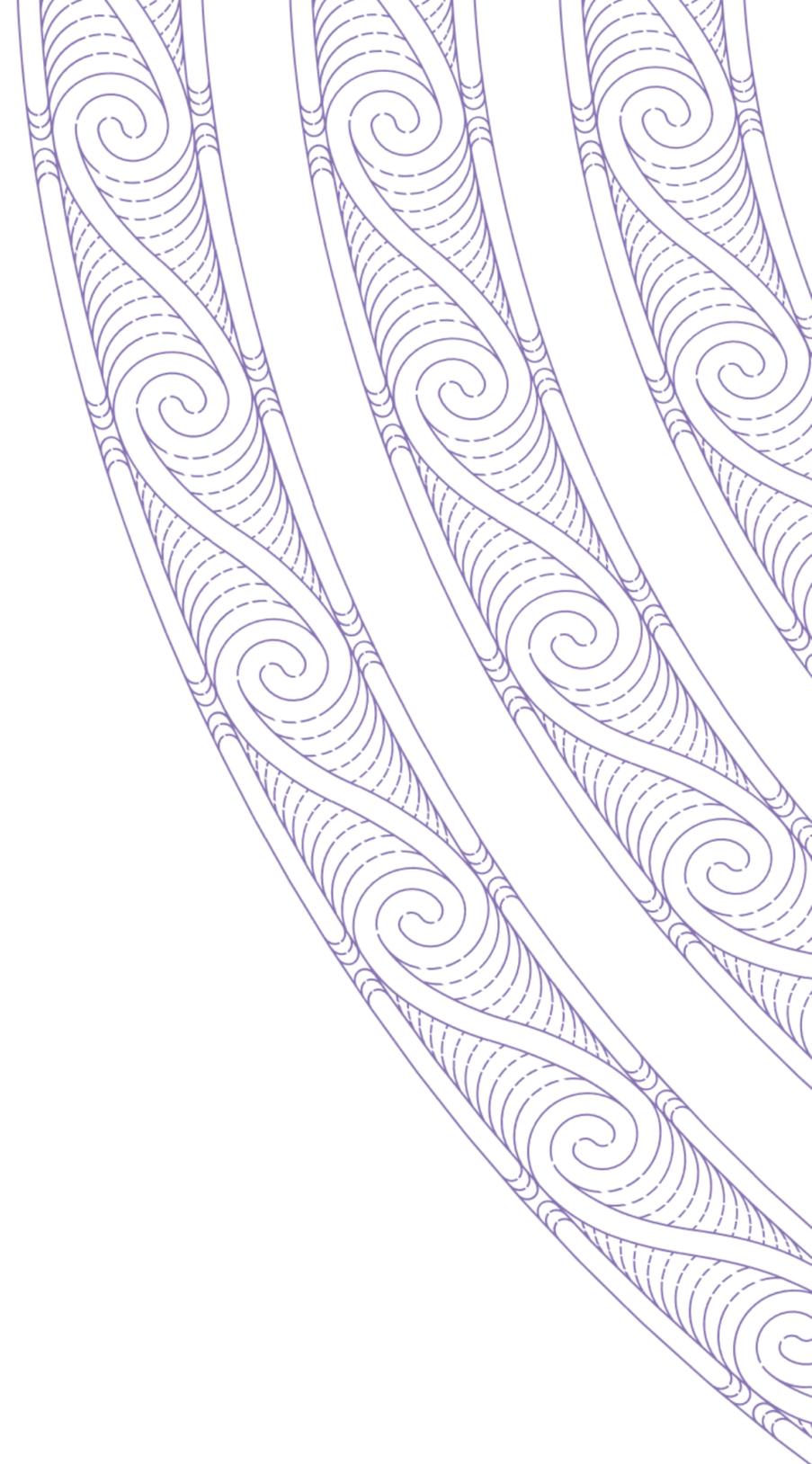
Geoffrey Ricketts
Non-Independent
Non-Executive Director



Shelley Ruha
Independent
Non-Executive Director



Simon Tyler*
Independent
Non-Executive Director



* Effective 8 November 2022, immediately following the 2022 Annual Shareholder Meeting.



Strategic Communication & Execution Committee



Jeff Greenslade
Group CEO



Chris Flood
Deputy Group CEO



Leanne Lazarus
Heartland Bank CEO



Andrew Dixon
Chief Financial Officer



Michael Drumm
Group Chief
Operating Officer



Monique Forbes
Group Chief
Marketing Officer



Mike Grenfell
Heartland Bank
Chief Operating Officer



Aleisha Langdale
Head of Strategic
Analysis & Execution



Doug Snell
StockCo Australia
CEO



Lana West
Group Chief People
& Culture Officer



Andy Wood
Heartland Bank
Chief Risk Officer

Other formalities

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



Voting and asking questions

HEARTLAND GROUP

HELP NUMBER
0800 200 220

Ask a Question

Get a Voting Card

Exit Meeting ↗

Voting Card

Question box

+

Get a Voting Card

?

Ask a Question

Downloads

- Notice of Meeting
- Annual Report
- Virtual Meeting Online Guide

Virtual Meeting

POWERED BY LINK MARKET SERVICES

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Chair's address

Geoff Ricketts | Chairman of the board



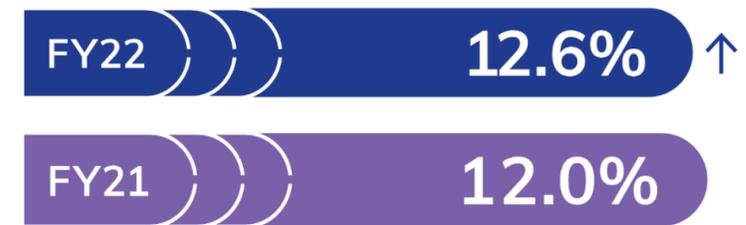
The year in review

NPAT of \$95.1 million.

Underlying NPAT of \$96.1 million (up \$8.2 million).



Underlying return on equity up 59 bps to 12.6%.



Gross finance receivables up 15.3% to \$6.2 billion.



Underlying net interest margin of 4.16%, consistently higher than banking peers.¹



¹ KPMG FIPS Report June 2022.



The year in review continued



Acquisition of StockCo Australia in May 2022.



Ongoing digital developments, including for Australian Reverse Mortgage customers.



Progress made against **sustainability framework**.



120% increase in Heartland Mobile App users.

Equity raise

<p>\$200 million equity raise announced on 23 August 2022</p>	<p>\$130 million fully underwritten placement. Up to \$70 million non-underwritten share purchase plan.</p>
<p>\$198.6 million raised</p>	<p>\$130 million Placement was fully subscribed. \$68.6 million raised through SPP.</p>
<p>Proceeds used to repay A\$158 million acquisition finance facility outstanding from StockCo Australia.</p>	<p>Remainder will provide growth capital for existing businesses in New Zealand and Australia.</p>



Sustainability

Environmental Conservation



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



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



23% of vehicle fleet replaced with hybrid alternatives.



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.

Social equity



Implemented processes and controls to prevent any connection to modern day slavery.



One of seven organisations to disclose gender, Māori and Pasifika pay gap measures on launch of new registry.



Rainbow Tick achieved in November 2021.



Heartland Trust¹ grants totalled \$501,933 to community groups and organisations.

Economic prosperity



Heartland Bank named **Canstar’s 2022 Bank of the Year – Savings** (fifth consecutive year).



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



Offered **customer cost savings** through competitive rates.



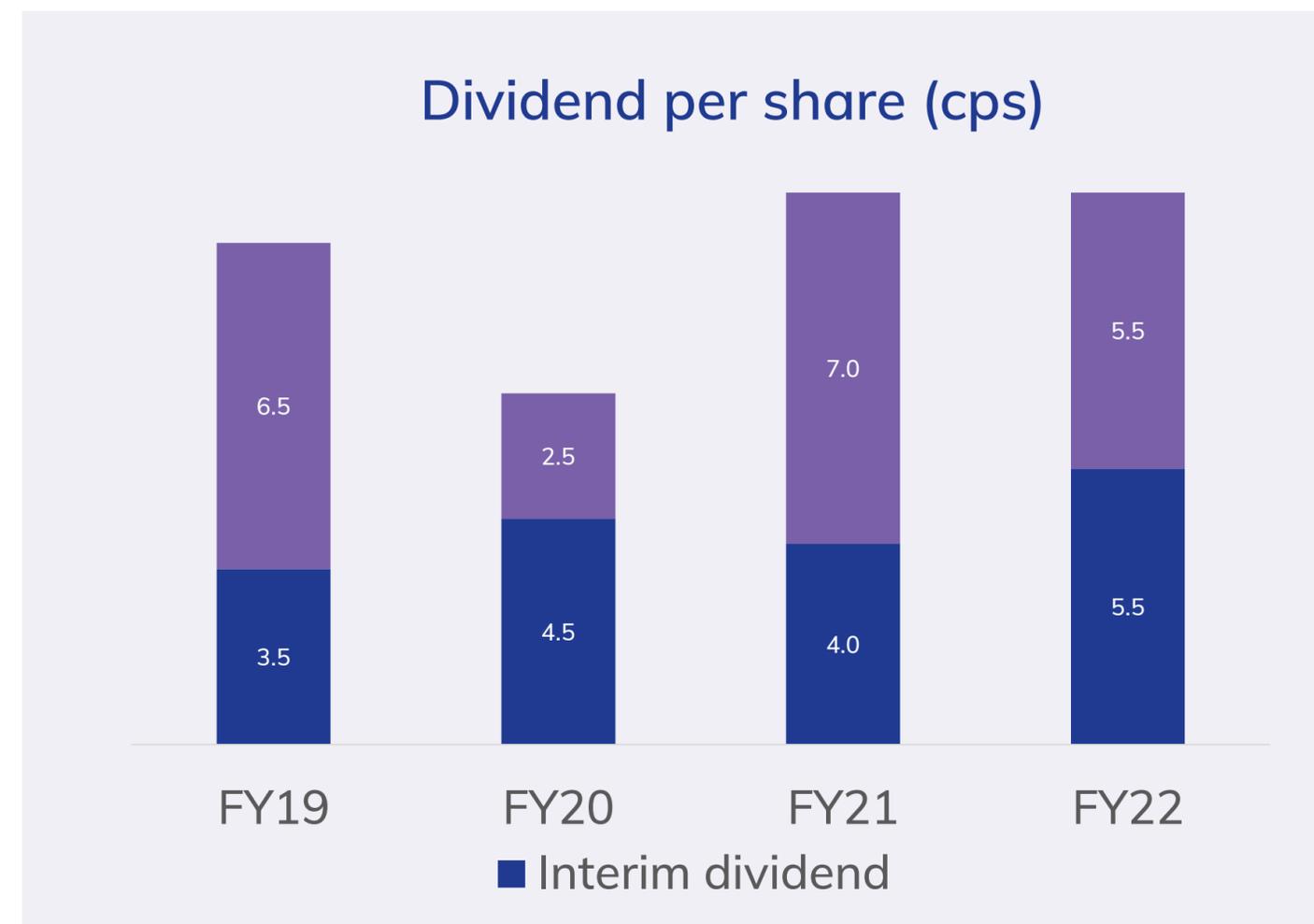
Delivered **total shareholder return** as described on page 12.

¹ The Heartland Trust is a registered charitable trust which is independent from, but closely supported by Heartland and Heartland Bank.



Shareholder return

- **Final dividend** of 5.5 cents per share.
- **Total dividend** for FY2022 of 11.0 cents per share
- **Full year payout ratio of 68%**, consistent with three-year average.
- **Five year total shareholder return (TSR) of 66.9%**, compared with the NZX50 Index TSR of 56.7% in the same period.¹



¹ TSR for the period 19 August 2017 – 19 August 2022.



Outlook

- The Board is confident in Heartland's ability to generate strong growth and profitability as it continues to deliver against its best or only strategy.
- \$9.6 million COVID-19 Overlay taken in FY20 released in full.
- \$8.0 million Economic Overlay created to provide more resilience in areas with larger loan sizes, such as Business Relationship lending and Asset Finance.

NPAT for FY2023

Heartland expects NPAT for FY2023 to be in the range of

\$109m to \$114m

Excluding any impact of fair value changes on equity investments held and the impact of the de-designation of derivatives.



CEO's address

Jeff Greenslade

Strategic focus

Four pillars underpin Heartland's best or only strategy:





Business as Usual Growth



1 All lending portfolio figures are as at 30 June 2022 and exclude FX impact. 2 Previously referred to as Business Intermediated. 3 Business includes floorplan lending to vehicle retailers and wholesale facilities to other lenders. The portfolio includes what was previously known as Business Relationship.



Frictionless Service at the Lowest Cost

Ka whawhai tonu mātou.

The path to delivering frictionless service is a never-ending journey.

- Self-service capability has been delivered, with more in development.
- Self-service removes telephone wait times and other forms of customer friction while creating scale and efficiencies. This flows through to our cost-to-income (**CTI**) ratio.
- Underlying CTI ratio reduced to 42.5% in FY22.





Expansion in Australia and Acquisitions

HEARTLAND
REVERSE MORTGAGES

- **Australian Reverse Mortgages** now over A\$1 billion.

 **STOCKCO**
100% LIVESTOCK FINANCE

- The acquisition of **StockCo Australia** in May 2022 extends Heartland's best or only strategy into the livestock finance market.

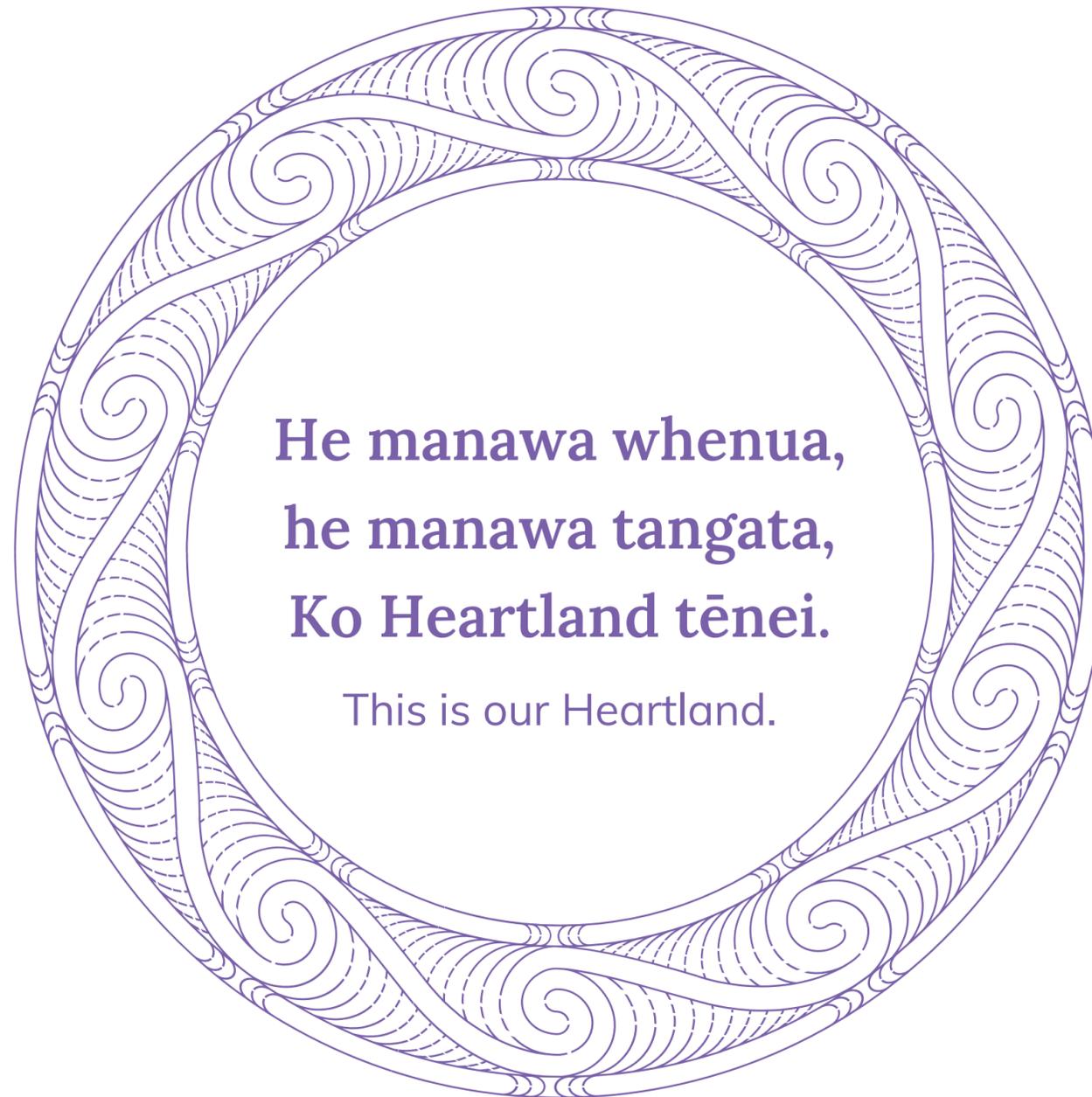


Challenger Bank

- In October 2022, Heartland entered into an agreement for the acquisition of established authorised deposit-taking institution (**ADI**), Challenger Bank.
- Operating as a bank in Australia would provide the platform needed to:
 - access ongoing funding
 - lift Heartland's margin through lower cost of funds
 - extend Heartland's best or only strategy into a larger market.
- The consideration payable on completion is expected to be A\$36 million, subject to adjustments for net assets delivered at completion. Heartland's intention is to cover the costs of the acquisition through existing resources.



Closing remarks



Shareholder discussion



Voting



Other business



Thank you

For further information, please see
shareholders.heartland.co.nz

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