

The graphic features a central white circle containing text, set against a background of a starry night sky with a view of Earth's horizon. The circle is decorated with a ring of small white symbols, including crosses, pluses, and an arrow at the top. Two stylized sun icons are positioned on the left and right sides of the circle.

Annual General Meeting 2024

30 October 2024

HEARTLAND
— GROUP —

AGENDA

- | | |
|-----------|--|
| 01 | Welcome and formalities |
| 02 | Chair's Address |
| 03 | Heartland Group CEO's Address |
| 04 | Heartland Bank New Zealand CEO's Address |
| 05 | Heartland Bank Australia CEO's Address |
| 06 | Shareholder discussion |
| 07 | Voting and conduct of poll |
| 08 | Other business |
-

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

The screenshot displays the top navigation bar of the Heartland Group virtual meeting interface. On the left is the logo for HEARTLAND GROUP. To its right is the HELP NUMBER 0800 200 220. Further right are three buttons: Ask a Question, Get a Voting Card, and Exit Meeting with an external link icon. The main content area features two large dark blue buttons: 'Get a Voting Card' with a plus sign icon, and 'Ask a Question' with a question mark icon. Above the 'Get a Voting Card' button is a light blue box labeled 'Voting Card' with a downward arrow pointing to the button. Above the 'Ask a Question' button is a light blue box labeled 'Question box' with a downward arrow pointing to the button. To the right of these buttons is a 'Downloads' section with a list of documents: Notice of Meeting, Annual Report, and Virtual Meeting Online Guide. The footer contains the text 'Virtual Meeting', 'POWERED BY LINK MARKET SERVICES', and 'FOR PRIVACY INFORMATION SEE PRIVACY POLICY'.

HEARTLAND GROUP

HELP NUMBER
0800 200 220

Ask a Question

Get a Voting Card

Exit Meeting ↗

Voting Card

+

Get a Voting Card

Question box

?

Ask a Question

Downloads

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

Virtual Meeting

POWERED BY LINK MARKET SERVICES

FOR PRIVACY INFORMATION SEE [PRIVACY POLICY](#)



Greg Tomlinson, Chair, Heartland Group

02 | CHAIR'S ADDRESS

THE YEAR IN REVIEW

	Reported						Underlying					
		FY2024	FY2023				FY2024	FY2023				
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							

Note: See page 35 of Heartland's FY2024 IP for a definition of underlying financial metrics, available at [heartlandgroup.info](https://www.heartlandgroup.info). ¹Reported OOI includes fair value gains/losses on investments. ²Refer to page 8 of Heartland's FY2024 IP for details about one-offs in the periods covered in this presentation available at [heartlandgroup.info](https://www.heartlandgroup.info). ³Impairment expense as a percentage of average Receivables. ⁴Receivables also includes Reverse Mortgages. ⁵YoY growth excluding the impact of changes in FX rates.

SHAREHOLDER RETURN

\$210m

Raised \$210m in April 2024 to fund the acquisition, with strong investor support.

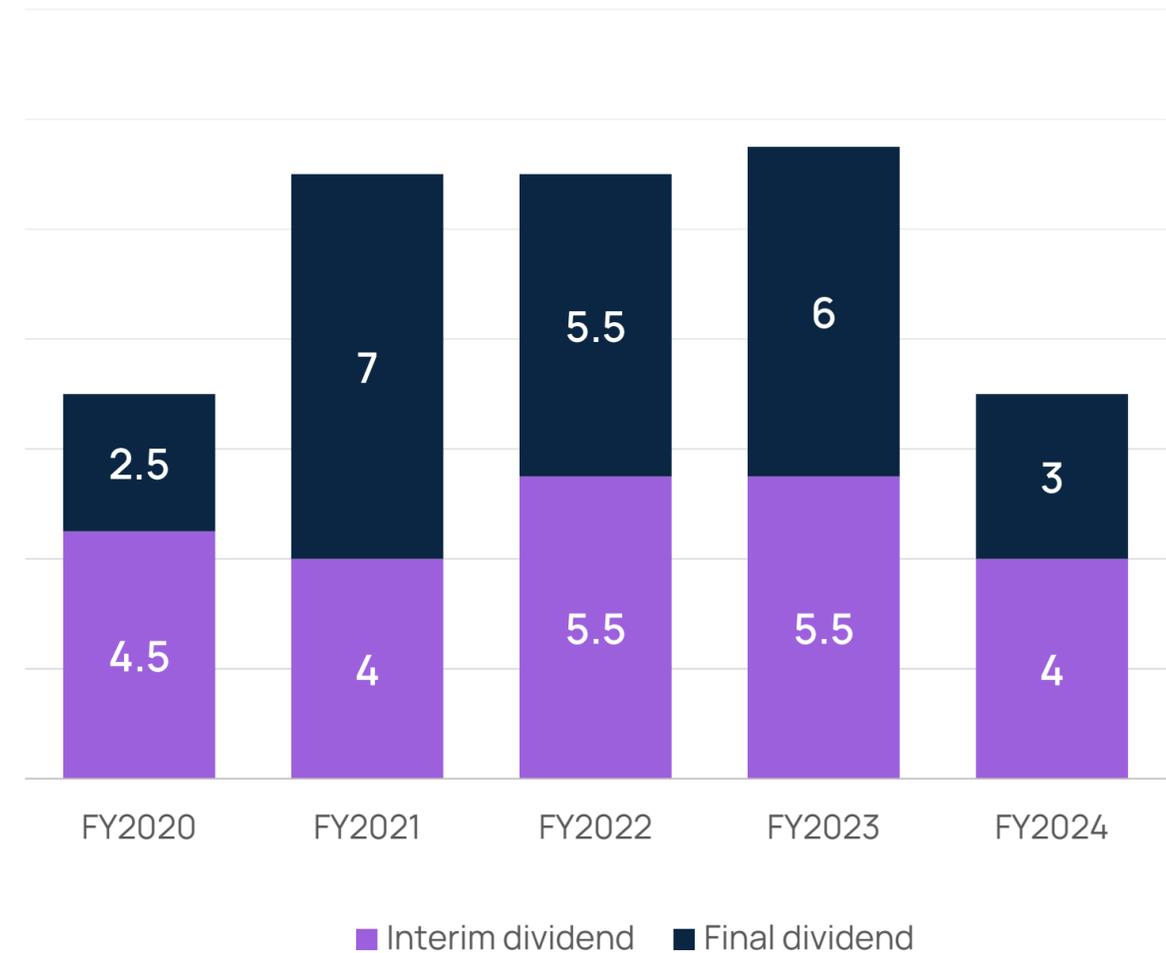
7.0
cps

Final dividend of 3.0 cps, bringing the **total dividend** for FY2024 to 7.0 cps.

55%

The **full year payout ratio**.

Dividends (cps)



OUTLOOK

Transforming the business to deliver growth and enhanced shareholder return.

- Heartland's role as a parent company will be focused on improving shareholder return.
- In New Zealand, Heartland Bank's FY2025 focus is on simplification and efficiency.
- In Australia, Heartland Bank Australia has a secure position and a greater opportunity to meet the growth potential in this market.
- Heartland's long-term outlook is positive as it remains committed to its FY2028 ambitions.
- The volatility experienced in FY2024 has continued in the markets Heartland operates within and continues to create too much uncertainty to provide an accurate underlying NPAT guidance range for FY2025 at this stage.

BOARD OF DIRECTORS

HEARTLAND GROUP

	Greg Tomlinson	Chair & Non-Independent Non-Executive Director
	Kate Mitchell	Independent Non-Executive Director
	John Harvey	Independent Non-Executive Director
	Simon Beckett	Independent Non-Executive Director
	Rob Bell	Independent Non-Executive Director

HEARTLAND BANK NEW ZEALAND

	Bruce Irvine	Chair & Independent Non-Executive Director
	John Harvey	Non-Independent Non-Executive Director
	Kate Mitchell	Non-Independent Non-Executive Director
	Shelley Ruha	Independent Non-Executive Director
	Simon Tyler	Independent Non-Executive Director
	Andrew Dixon	Non-Independent Non-Executive Director

HEARTLAND BANK AUSTRALIA

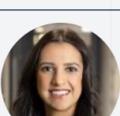
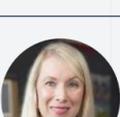
	Geoff Summerhayes	Chair & Independent Non-Executive Director
	Shane Buggle	Independent Non-Executive Director
	Lyn McGrath	Independent Non-Executive Director
	Vivienne Yu	Independent Non-Executive Director
	Leanne Lazarus	Non-Independent Non-Executive Director
	Bruce Irvine	Non-Independent Non-Executive Director

MANAGEMENT

HEARTLAND GROUP

	Andrew Dixon	Chief Executive Officer Joined in 2010
	Chris Flood¹	Deputy Chief Executive Officer Joined in 1997

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
	Lana West	Chief People & Culture Officer Joined in 2021
	Aleisha Langdale	Chief Performance Officer Joined in 2015
	Phoebe Gibbons	General Counsel Joined in 2020

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 ²

Note: See heartlandgroup.info/about-heartland/management for full profiles.

¹ As announced on 23 September 2024, Chris Flood will finish with Heartland on 31 October 2024. ² Prior to Heartland's acquisition in 2014.



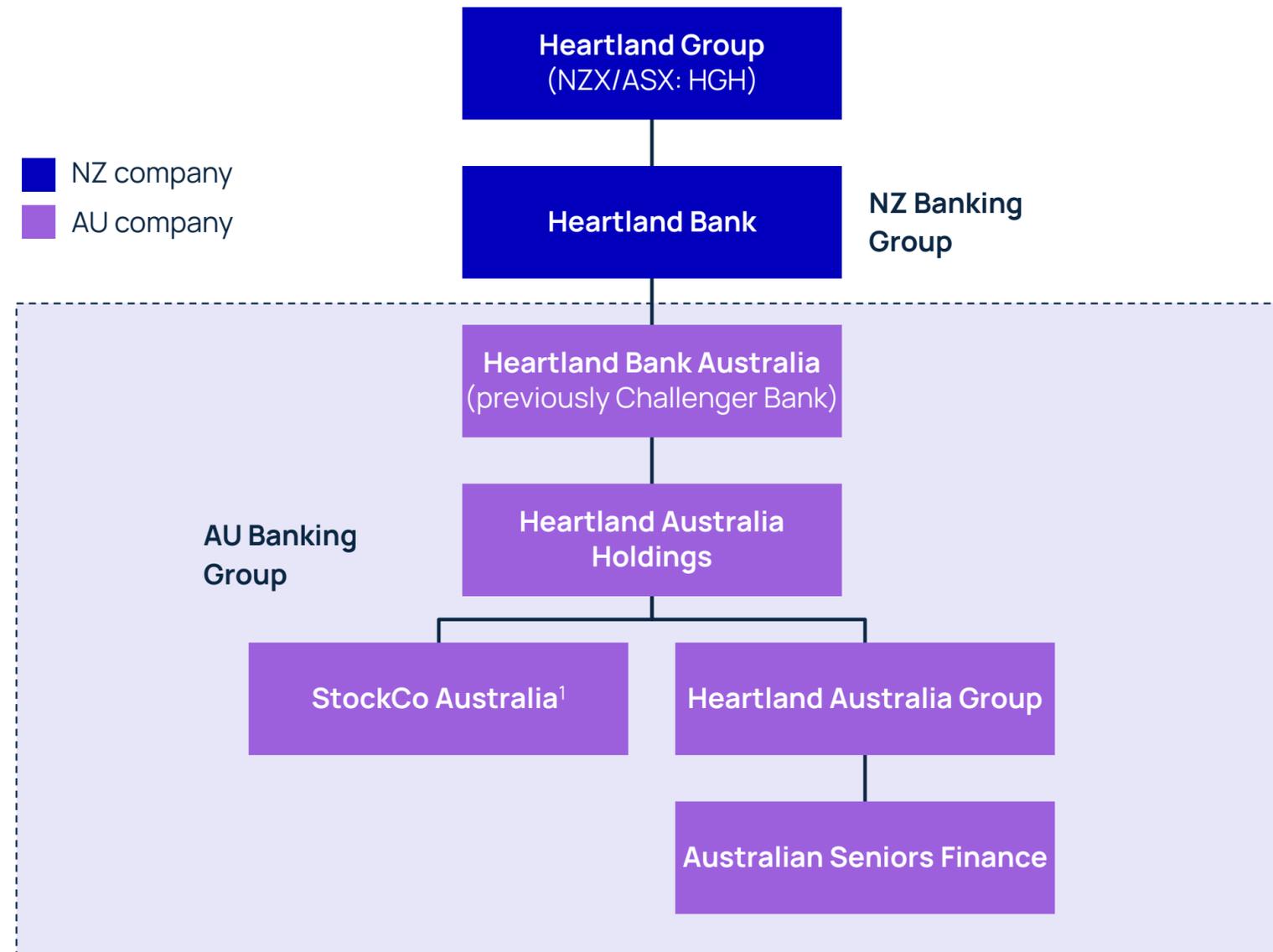
Andrew Dixon, Chief Executive Officer, Heartland Group

03 | HEARTLAND GROUP CEO'S ADDRESS

HEARTLAND GROUP CORPORATE STRUCTURE

Heartland's focus as the listed parent company:

- broader group strategy
- corporate finance
- investor relations
- capital allocation
- strategic and risk management oversight.



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 for greater transparency and focused resolution strategies.
- 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

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.

¹CAGR calculated for the period from 30 June 2020 to 30 June 2024. ²Subject to meeting minimum ROE hurdles and APRA consultation. ³See pages 35-36 of Heartland's FY2024 IP for definitions of underlying financial metrics available at [heartlandgroup.info](https://www.heartlandgroup.info). ⁴Average of impairment expense ratio between FY2020 and FY2024.



Leanne Lazarus, Chief Executive Officer, Heartland Bank New Zealand

04 | HEARTLAND BANK NZ CEO'S ADDRESS

FY2024 SUMMARY

20.2%

Overall growth **driven by growth in Reverse Mortgages** of 20.2%.

3.8%

Motor Finance saw 3.8% **growth** in a market where total new and used car sales by dealers in NZ were down 12.7%.¹

8%

Asset Finance saw 8% growth **despite high interest rates** and difficult trading conditions.

- **Completed Heartland Bank's core banking system upgrade**, accelerating digitalisation and enhancing service delivery.
- **Completed Challenger Bank acquisition** becoming the first New Zealand bank to acquire an Australian ADI.

NEW ZEALAND FY2025 FOCUS

Heartland Bank New Zealand aims to simplify the business, 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.

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.

MARGIN EXPANSION

NIM¹ 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.

Underlying NIM ²	FY2024	FY2024 exit	FY2025 expectation
Heartland Bank	3.79%	3.92%	4.00%

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).

¹ NIM is calculated as net interest income over average gross interest earning assets. ² Underlying NIM refers to NIM calculated using underlying results. When calculated using reported results, NIM was 3.79%, down 32 bps compared with FY2023.



Michelle Winzer, Chief Executive Officer, Heartland Bank Australia

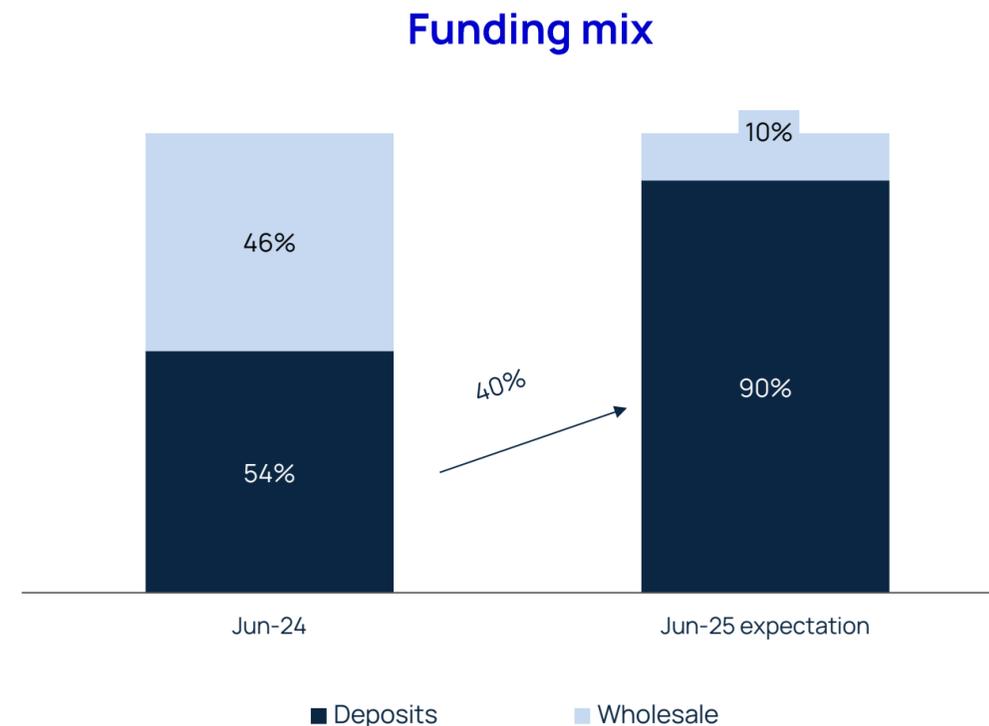
05 | HEARTLAND BANK AU CEO'S ADDRESS

ESTABLISHING A SPECIALIST AUSTRALIAN BANK

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

OPERATIONAL EFFICIENCY & SERVICE EXCELLENCE

- Establish a strong leadership team and integrate cultures of three businesses.
- Create structural efficiencies by removing duplication and identifying process improvement.
- Invest in digitalisation and automation to improve service delivery and enhance our customers' experience.
- Transition from historic 100% wholesale to predominantly (~90%) retail funding by the end of FY2025.



BUSINESS GROWTH

Continue to focus on expansion within deposits and existing specialist lending portfolios.

DEPOSITS

- Challenger Bank's pre-acquisition deposit raising campaign exceeded expectations and gave us a good head start on our funding mix transition – we are now well positioned to fund future growth expectations.
- Planning is underway to diversify our deposit distribution network, with new deposit product ideas in development to bring to market in the coming months.

LIVESTOCK FINANCE

- Execute on Livestock Finance product development initiatives.
- Adapt to the operating conditions and needs of the market.
- Expand distribution networks and strengthen partnerships to increase product reach.

REVERSE MORTGAGES

- Leverage the strong ongoing demographic demand for Reverse Mortgages, providing older Australians with a solution to remaining in their home as they age.
- Focus on process efficiency to enable growth and increase capacity to serve more customers.



06 | SHAREHOLDER DISCUSSION



07 | VOTING AND CONDUCT OF POLL

RESOLUTION 1: RE-ELECTION OF KATE MITCHELL



That **Kate Mitchell** who retires and is eligible for re-election, be re-elected as a director of Heartland Group.

RESOLUTION 2: ELECTION OF JOHN HARVEY



That **John Harvey** who retires and is eligible for election, be elected as a director of Heartland Group.

RESOLUTION 3: ELECTION OF SIMON BECKETT



That **Simon Beckett** who retires and is eligible for election, be elected as a director of Heartland Group.

RESOLUTION 4: ELECTION OF ROB BELL



That **Rob Bell** who retires and is eligible for election, be elected as a director of Heartland Group.

RESOLUTION 5: RATIFICATION OF PLACEMENT

That the shareholders of Heartland approve and ratify for all purposes, including NZX Listing Rule 4.5.1 (c) the previous issue of 106,021,860 fully paid ordinary shares in Heartland on 15 April 2024 in accordance with NZX Listing Rule 4.5.1 comprising (a) the issue of shares to investors at an issue price of NZ\$1.00 per share pursuant to the placement announced on 8 April 2024, and (b) the issue of shares as scrip consideration payable by Heartland for the acquisition of shares in Alex Corporation Limited.

RESOLUTION 6: AUDITOR'S REMUNERATION

That the Board be authorised to fix the remuneration of Heartland's auditor, PwC, for the financial year ending 30 June 2025.



08 | OTHER BUSINESS



THANK YOU

Investor & media relations

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Investor information

For more information, go to
heartlandgroup.info/investor-information

HEARTLAND
— GROUP —

GLOSSARY

ADI	Authorised deposit-taking institution	Heartland, Heartland Group	Heartland Group Holdings Limited or the Company
APRA	Australian Prudential Regulation Authority	Heartland Bank, Heartland Bank New Zealand	Heartland Bank Limited
bps	Basis points	Heartland Bank Australia	Heartland Bank Australia Limited
CAGR	Compound annual growth rate	IP	Investor presentation, available at heartlandgroup.info
Challenger Bank	Challenger Bank Limited	NII	Net interest income
cps	Cents per share	NIM	Net interest margin
CTI ratio	Cost to income ratio	NOI	Net operating income
EPS	Earnings per share	NPAT	Net profit after tax
FX	Foreign currency exchange	OOI	Other Operating Income
FY2023	The financial year ended 30 June 2023	OPEX	Operating expenses
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
The Group	Heartland Group Holdings Limited and its subsidiaries	YoY	Year-on-year