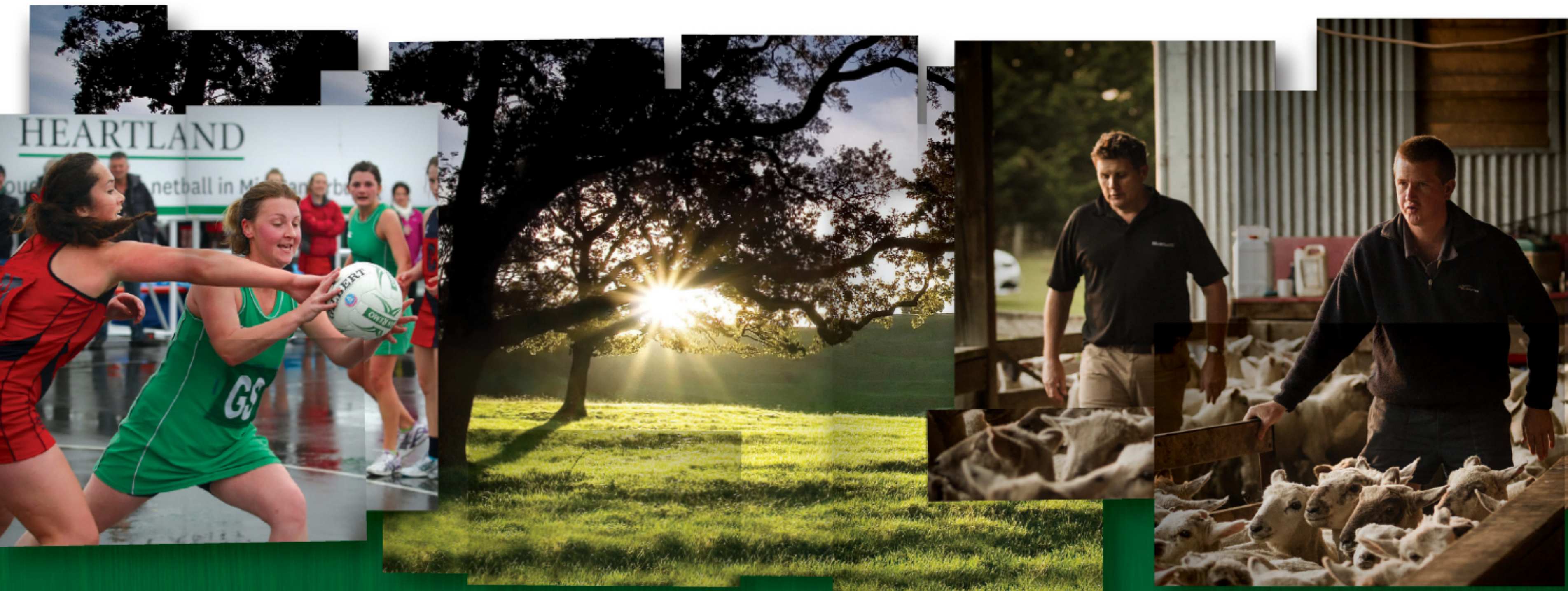
Annual Meeting, 1 November 2013
Addington Events Centre, Christchurch



HEARTLAND
New Zealand Limited

Agenda

- Welcome
- Administrative Matters
- Annual Report
- Chairman’s Overview
- CEO’s Performance Overview
- Looking Forward
- Election of Directors
- Auditor
- General Business

Chairman's Overview

Geoff Ricketts

Chairman's Overview

Geoff Ricketts - Chairman

- Notable Milestones
- Board Structure and Overview
- Dividend
- Heartland Trust

Notable Milestones

- Bank registration
- Dividend policy set, interim dividend paid
- Final dividend announced
- Investment grade credit rating affirmed
- Implementation of new strategy for non-core property
- RECL agreement terminated
- Board strengthened
- First quarter figures for 2013/2014 are encouraging

Board Structure and Overview

Separation of boards – 27 August 2013

HNZ	HBL
	Bruce Irvine (chair)
Geoff Ricketts (chair)	Geoff Ricketts
Graham Kennedy	Graham Kennedy
Jeff Greenslade (Managing Director)	Jeff Greenslade (Managing Director)
Gary Leech	Nicola Greer
Chris Mace	John Harvey
Greg Tomlinson	Michael Jonas (Executive Director)
	Richard Wilks

Dividend

Dividend Policy Set

- A key objective is to ensure an appropriate balance between maximising shareholder returns, and protecting the interests of depositors through prudent capital management
- Dividend Reinvestment Plan established
- Share Sale Plan launched

Special	1.5c
Interim	2.0c
Final	2.5c
TOTAL	6.0c

Heartland Trust

Supporting Our Communities

- Heartland Trust deconsolidated on 1 July 2012
- $200,000 of grants and sponsorships for FY 2013
- Continues to support over 80 organisations across the country
- Supporting our communities at grass-roots level

CEO's Performance Overview

Jeff Greenslade

1. Financial Overview 30 June 2013
2. Pathway to Forecast Range of $34m-$37m
3. Market Position
4. Pathway to Next Level of Financial Performance

1. Financial Overview

On track with profit guidance

- June 2013 NPAT $24.4m after adjusting for $17.5m post tax one-offs re change in strategy of non-core property assets
- June 2012 NPAT $14.1m after adjusting for $9.6m one-off tax benefits
- Achieved Q1 2014 NPAT of $8.5m
- Q1 2014 Opex ratio reduced to 54%

	12 months to Jun 2012 (NZ$m)	12 months to Jun 2013 (NZ$m)	3 months to Sep 2013 (NZ$m)
Net interest income	83.6	95.5	26.0
Net other income	11.8	11.8	3.5
Net operating income *	**95.4**	**107.3**	**29.5**
Expenses	65.5	70.3	15.9
Profit before impairments and tax	**29.9**	**37.0**	**13.6**
Impaired asset expense	5.6	22.5	1.7
Decrease in fair value of investment properties	3.9	5.1	-
Net profit before tax	**20.4**	**9.4**	**11.9**
Tax	(3.3)	2.5	3.4
Net profit after tax (reported)	**23.7**	**6.9**	**8.5**
Net profit after tax (adjusted)	**14.1**	**24.4**	**8.5**

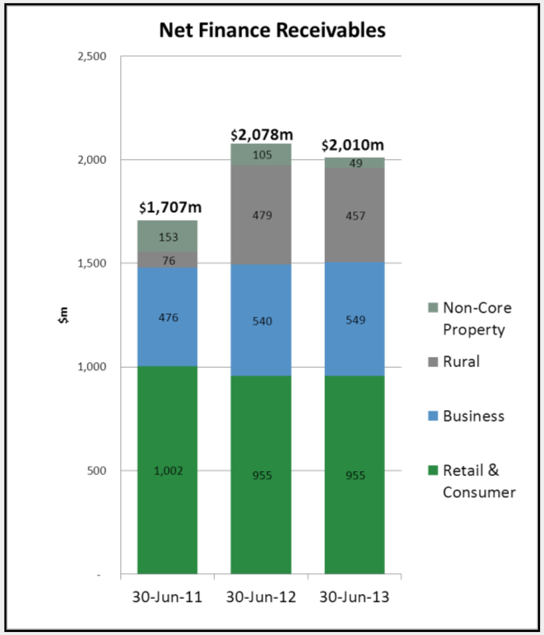
* Net operating income includes share of MARAC Insurance profit

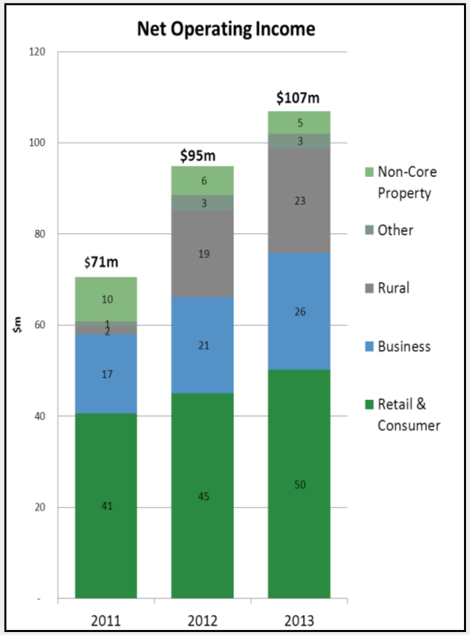
Balance Sheet Summary

Exiting non-core receivables

- **Net finance receivables fell by $68m:**
  - Rural -$22m (PGW Guarantee Loans)
  - Business +$9m
  - Consumer +$89m
  - Property -$56m
  - Residential Mortgages -$88m
- **At Q1 2014 Equity is $379.5m, Equity ratio is 15.7% and NTA is $0.88 per share**

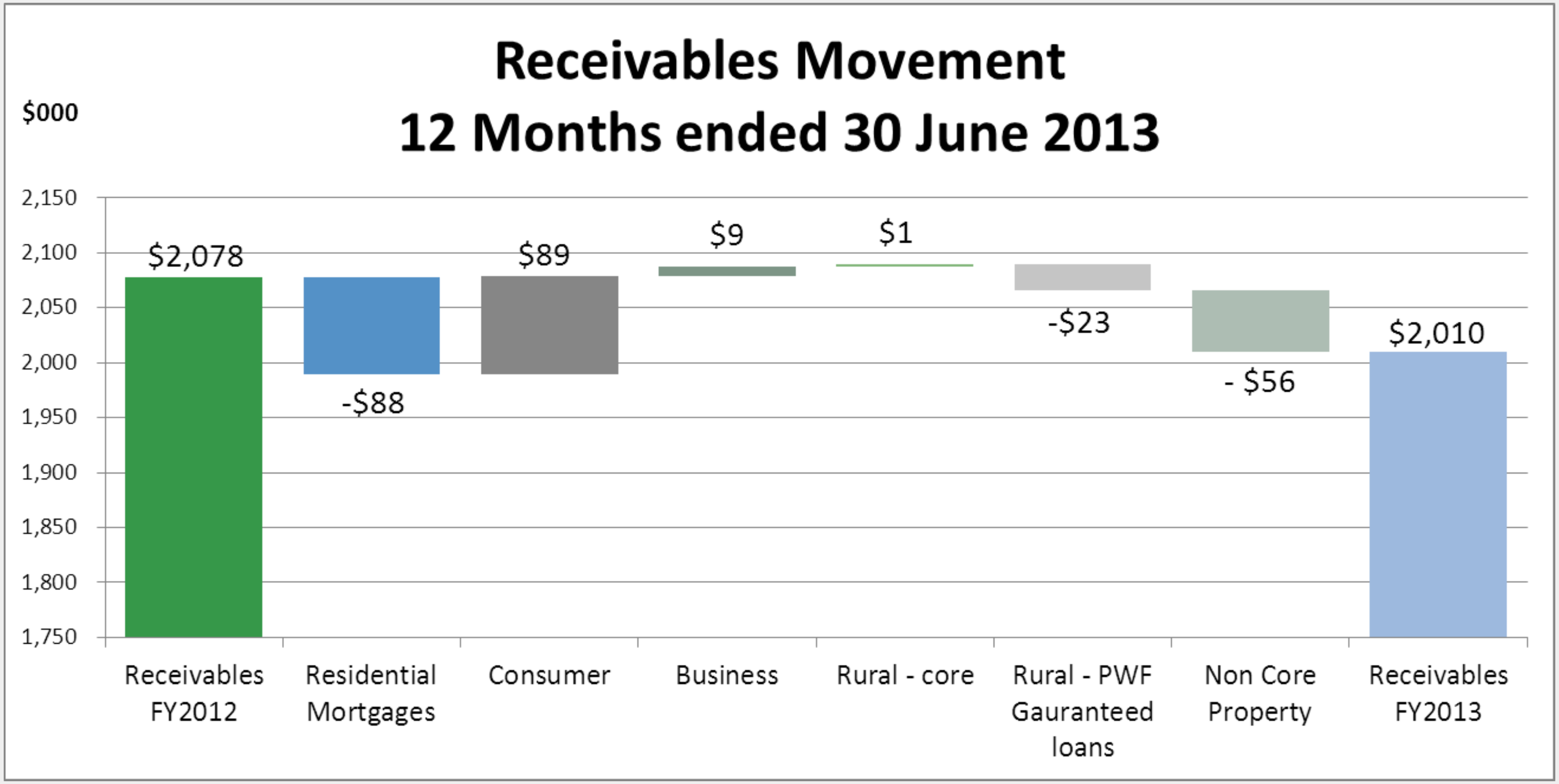
	30 Jun 2012 (NZ$m)	30 Jun 2013 (NZ$m)
Total assets	2,348.1	2,504.6
Total liabilities	1,973.3	2,134.1
Total equity	**374.8**	**370.5**
Equity ratio	16.0%	14.8%
Net tangible assets	**343.7**	**331.3**
NTA per share	$ 0.88	$ 0.85





Net Finance Receivables

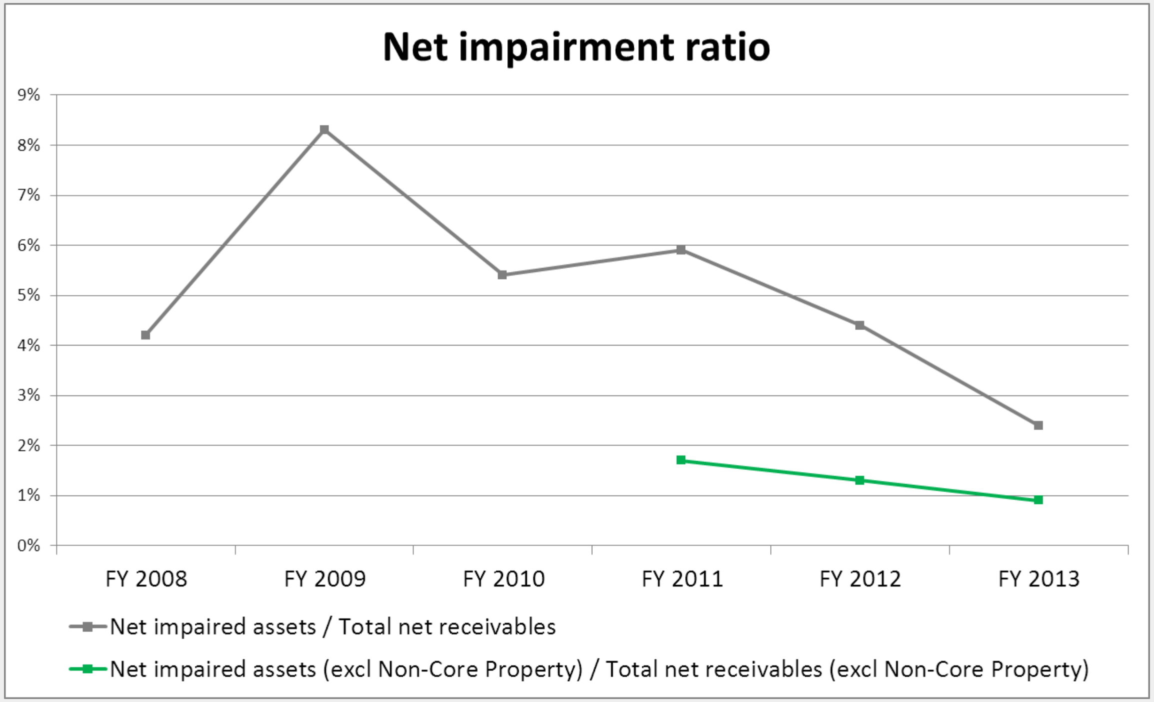
Improving portfolio mix



Asset Quality Trends

Continued trend improvement in underlying asset quality

- Asset quality improving overall
- Non-Core Property remains driver of elevated impairment levels
- Core business impairment is very low



Funding and Liquidity

Stable liquidity position

- Improved liquidity mix – higher levels of on balance sheet liquid assets and reduced reliance on securitisation facilities
- Strong positive cash flows from asset base
- No material maturity concentrations
- Liquidity built up ahead of retail bond repayment in July

Non-Core Property Strategy

Realisation strategy on track

- The Non-Core Property portfolio has been split into three buckets:
  - *Performing:* loans or assets that are performing and will continue to be held
  - *Acceleration:* loans and assets to be exited within a 12-18 month timeline
  - *Extend:* loans that will be converted over time to real estate, improved or positioned better for sale, and exited over a five year period
- The portfolio has a book value of $107m as at 30 June 2013

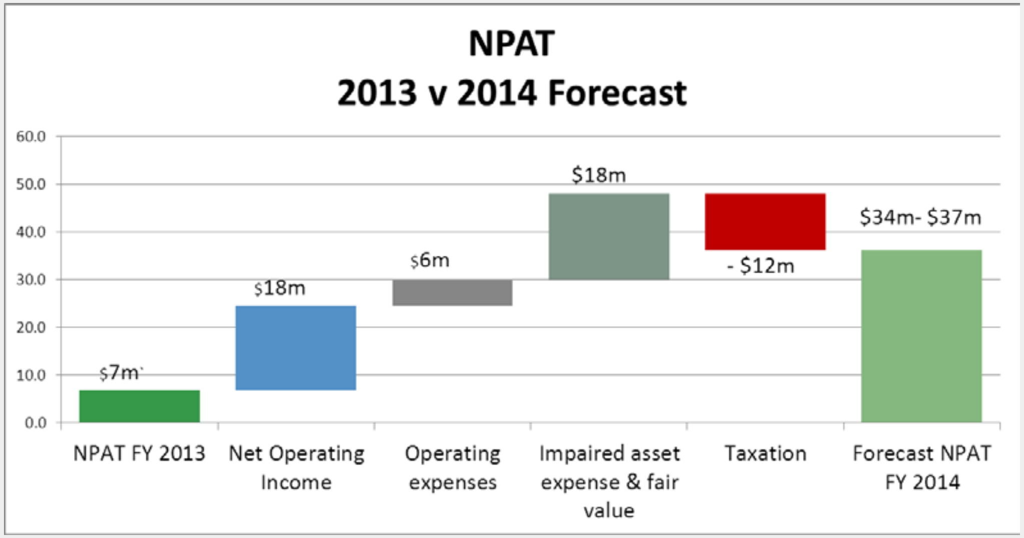
*Graphic is not to scale | *As at 30 June 2013*

2. Pathway to Forecast Range of $34m-$37m FY14

Operational Performance

Key Drivers:

- Cost of Funds – ongoing trend
- Product Mix – improving
- Lending Volume – challenging
- Costs – final phase of synergies
- Impairments – "normalisation"



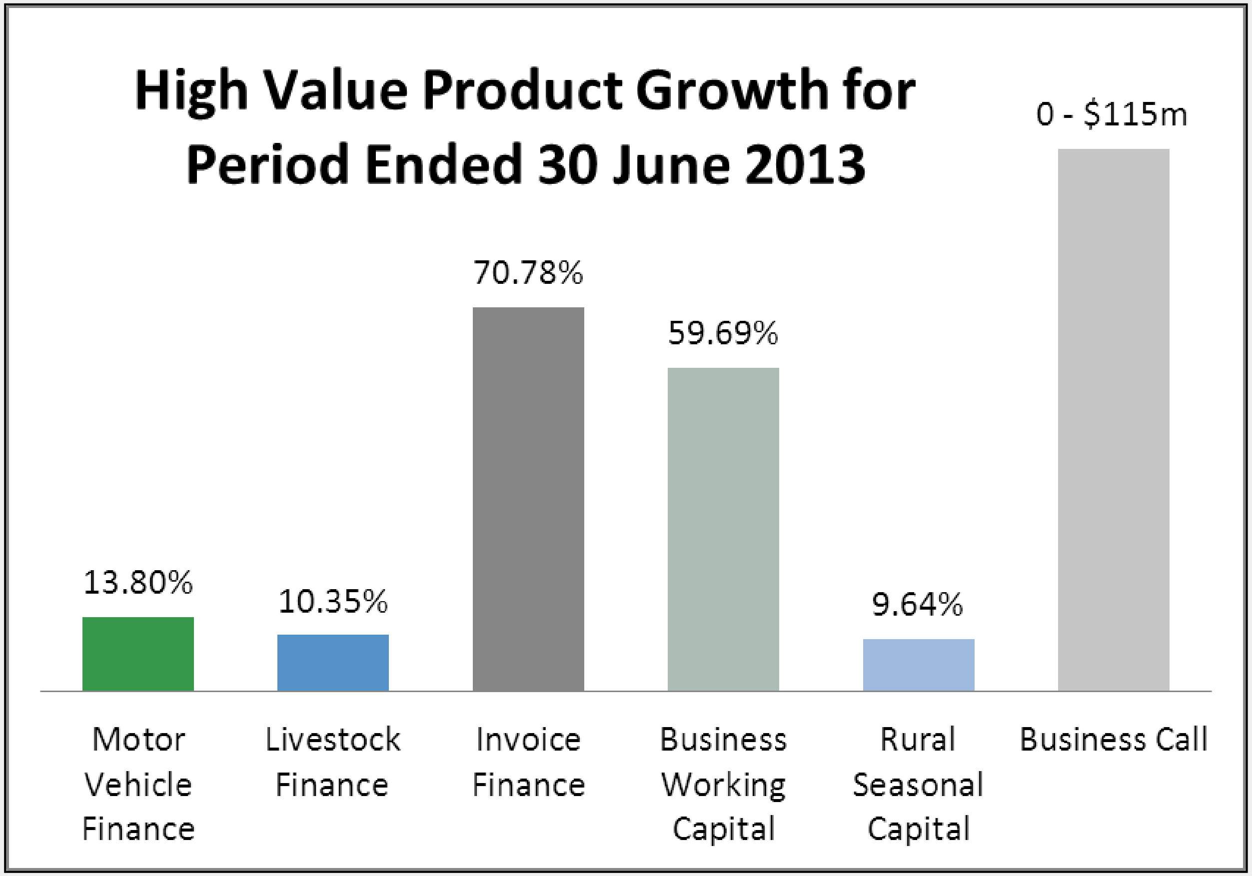
3. Market Position

- Our focus is three sectors: Household (Families); Rural (“Farmers”) and Business (“SME’s”)
- We aim to identify niches within these sectors where we create a No 1 and No 2 market position while achieving a better Risk/Return than the mainstream
- This means our success will be driven by:
  - Product Specialisation
  - Performance Culture
  - Being different from major banks
- Examples:

Motor Vehicle Finance	vs	Residential Mortgages
Livestock Loans	vs	Rural Mortgages
Invoice Finance	vs	GSA’s
Online Business Call	vs	Default Call Rates

High Value Product Growth

Our strong bias is towards the productive sector and the development of a range of products that support essential needs of productive New Zealanders



Looking Forward

Jeff Greenslade

4. Pathway to Next Level of Financial Performance

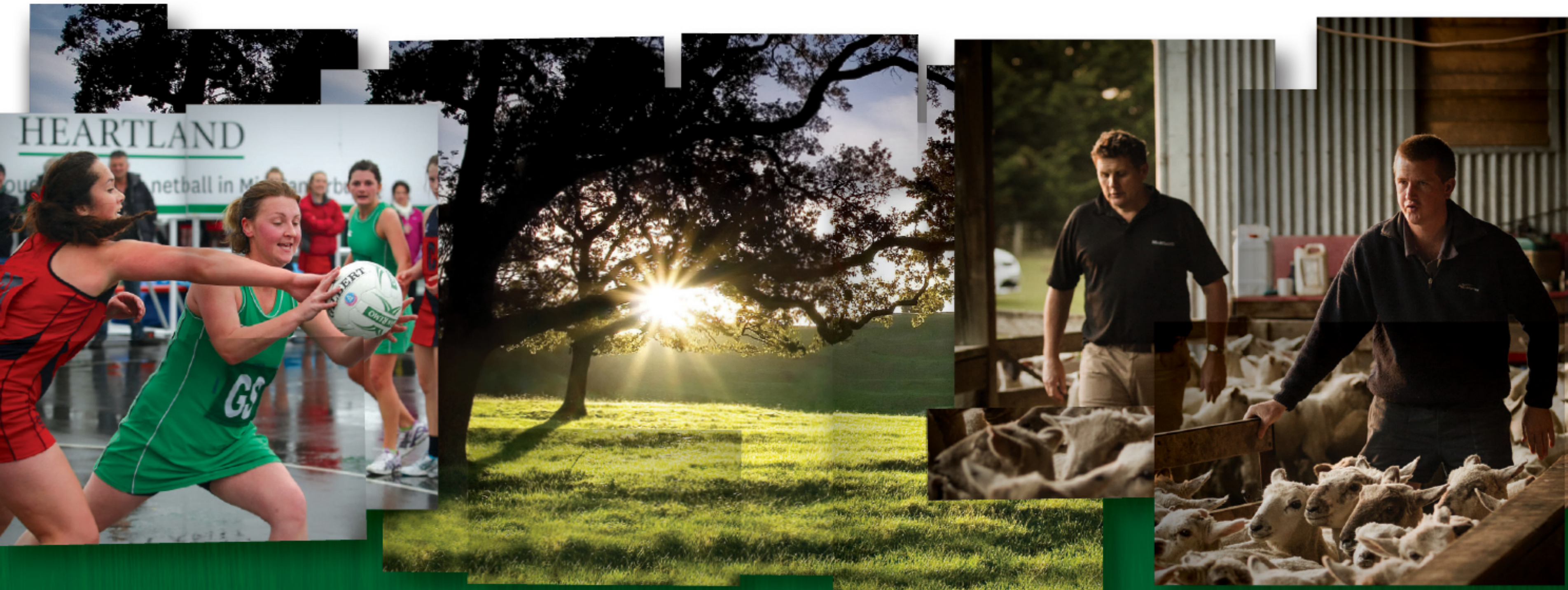
- FY2014 is sensitive to ongoing Cost of Funds reduction, Opex and Impairment improvement alongside growth
- Beyond FY2014, growth becomes more important – how will this be achieved in environment of low credit growth
- There are two strategies that Heartland is employing which are not influenced by credit growth:
  - **PRODUCT SUBSTITUTION** - switching existing loans to better alternative
  - **ACQUISITIONS** - leveraging expertise and capital base

In both cases targeting Adjacencies and Needs driven by Changing Demographics

PLACE MARKER

PLAY VIDEO HERE

Questions



HEARTLAND
New Zealand Limited

Annual Report
Geoff Ricketts

To receive and consider the Annual Report for the year ended 30 June 2013

Election of Directors
Geoff Ricketts

To consider and, if agreed, pass the following resolutions as ordinary resolutions (each as a separate ordinary resolution):

- *That Gary Leech be re-elected as a director of the Company.*
- *That Christopher Mace be re-elected as a director of the Company.*
- *That Greg Tomlinson be re-elected as a director of the Company.*

Auditor
Geoff Ricketts

To record the automatic reappointment of KPMG as the Company's auditor and, if agreed, pass the following resolution as an ordinary resolution:

- *That the Directors are authorised to fix the auditor's remuneration.*

General Business

Geoff Ricketts

To consider any other matters that may properly be brought before the Meeting.

Following the formal part of the Meeting, the Directors invite shareholders to join them for light refreshments.