

Heartland

Annual Meeting
11 December 2015

HEARTLAND
New Zealand Limited

Agenda

- Welcome and formalities
- Chairman's address
- Managing Director's address
- Shareholder discussion
- Voting and conduct of poll
- Other business

Introduction of Directors

Heartland New Zealand Limited

- Geoff Ricketts (Chairman)
- Jeff Greenslade
- Graham Kennedy
- Chris Mace
- Jane Taylor
- Greg Tomlinson

Heartland Bank Limited

- Geoff Ricketts
- Jeff Greenslade
- Graham Kennedy
- Bruce Irvine (Chairman)
- Nicola Greer
- John Harvey
- Richard Wilks

Introduction of Senior Management

- Laura Byrne - Chief Strategy Adviser
- Simon Owen - Chief Financial Officer
- Chris Flood - Head of Banking
- Chris Cowell - Head of Business
- Ben Russell - Head of Rural
- Richard Lorroway - Chief Risk Officer
- Sarah Selwood – Head of Human Resources
- Michael Drumm – General Counsel
- Todd Somerville - Head of Brand & Strategic Marketing
- Rochelle Moloney - Head of Corporate Communications
- Kate Watt - Head of Governance & Board Liaison

Other Formalities

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

Chairman's Address

Geoff Ricketts

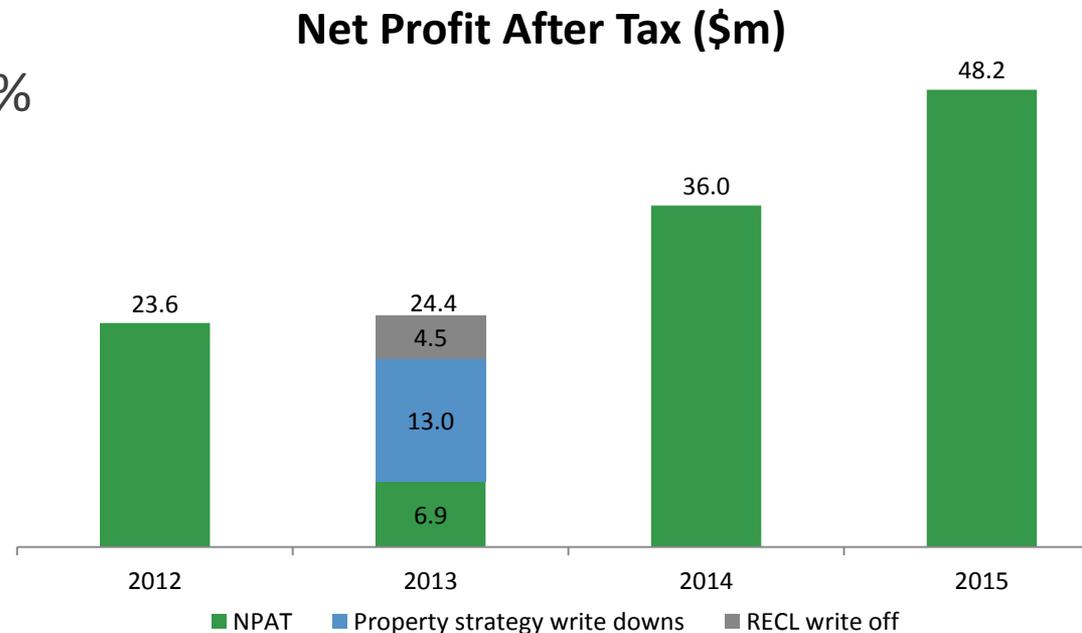


Key Milestones for FY15

- **Credit rating upgrade for Heartland Bank to BBB (outlook stable)**
 - Credit rating of BBB affirmed in October 2015
 - Fitch expects Heartland Bank to continue its solid performance
 - Confirmation received that amalgamation will not affect credit rating
- **Reserve Bank of New Zealand decision to reduce or 'normalise' Heartland Bank's regulatory capital requirements**
 - Aligned Heartland Bank with other New Zealand banks
 - Decision to proceed with issue of Tier 2 capital will be made in April 2016

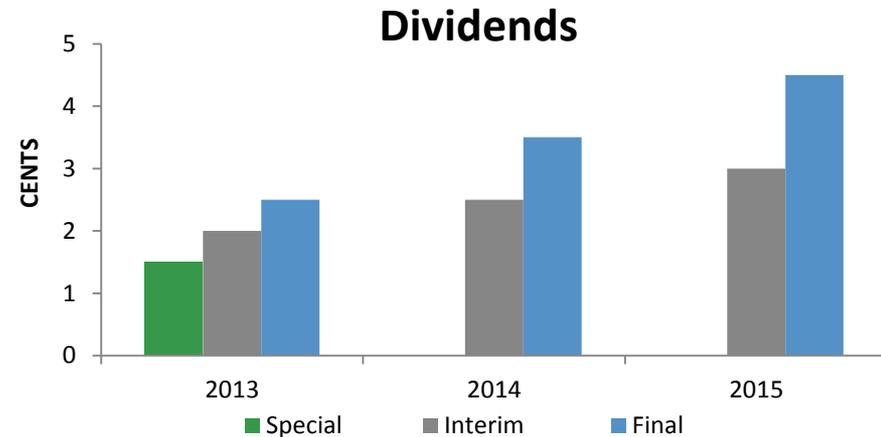
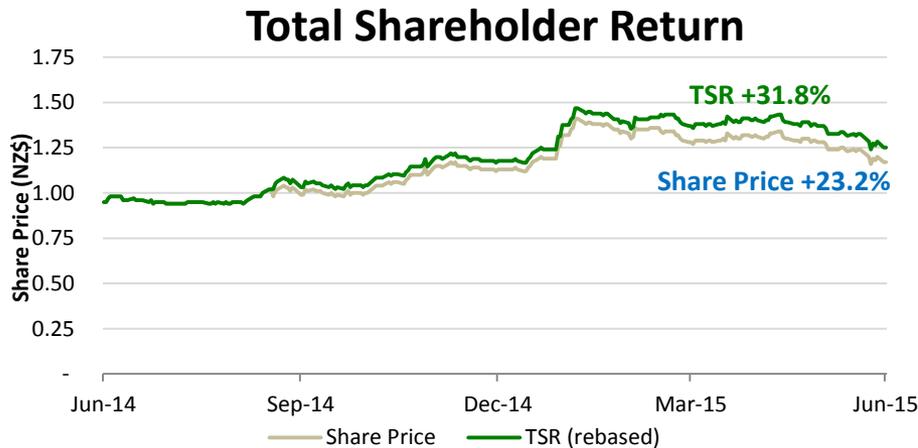
Strong Financial Results for FY15

- Net profit after tax of \$48.2m (↑ 34%)
- Growth in net finance receivables of \$255m (↑ 10%)
- Net operating income of \$144.7m (↑ 18%)
- Cost to income ratio of 47% (↓ from 53%)
- Asset quality sound
- Growth in deposits of \$361m (↑ 21%)
- Return on equity (ROE) of 10.4% (↑ from 9.0%)



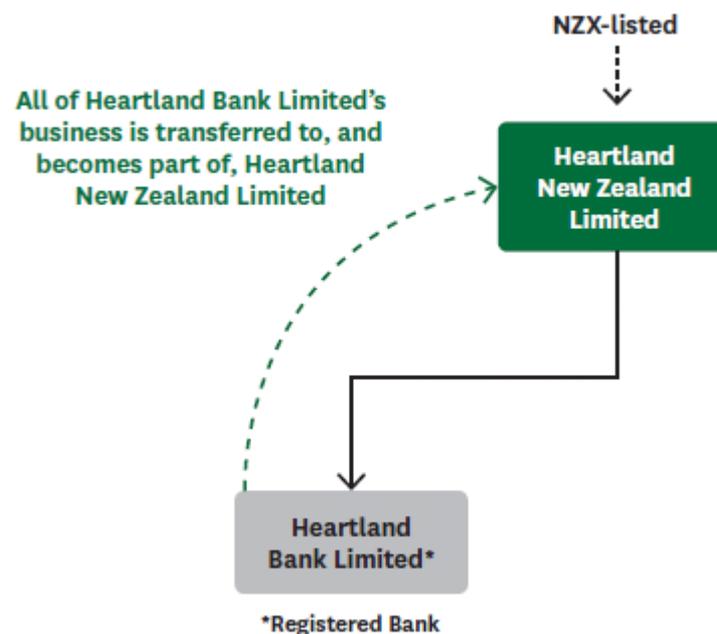
Shareholder Returns for FY15

- Total dividend of 7.5c (↑ 25%)
- Total shareholder return of 31.8%



Amalgamation of Heartland New Zealand and Heartland Bank

- Effective 31 December 2015
- Your shares will be held in Heartland Bank Limited
- Simplification of Heartland's group structure
- Your investment will not be affected
- Heartland Bank Limited will be the first NZ registered bank that is listed on the NZX Main Board

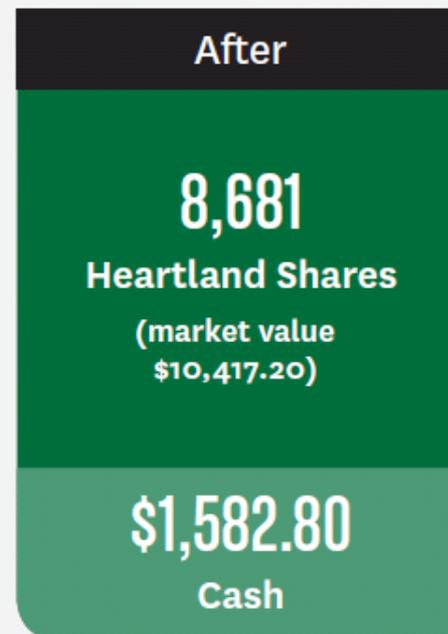


Issue of Tier 2 Capital

- Proposal to issue up to \$75 million of Tier 2 Capital
 - \$50 million plus up to \$25 million of oversubscriptions
- Expected timing April 2016
- Take advantage of the Reserve Bank's decision to 'normalise' Heartland Bank's regulatory capital ratios
- Will create a more efficient capital structure

Proposed Return of Capital

How will the return of capital affect me?*



Your total value = \$12,000
Your % of total shares = 0.002%

Your total value = \$12,000
Your % of total shares = 0.002%

*Assuming \$75 million of capital is returned to shareholders and the market price is \$1.20 per share

Heartland Trust



Managing Director's Address

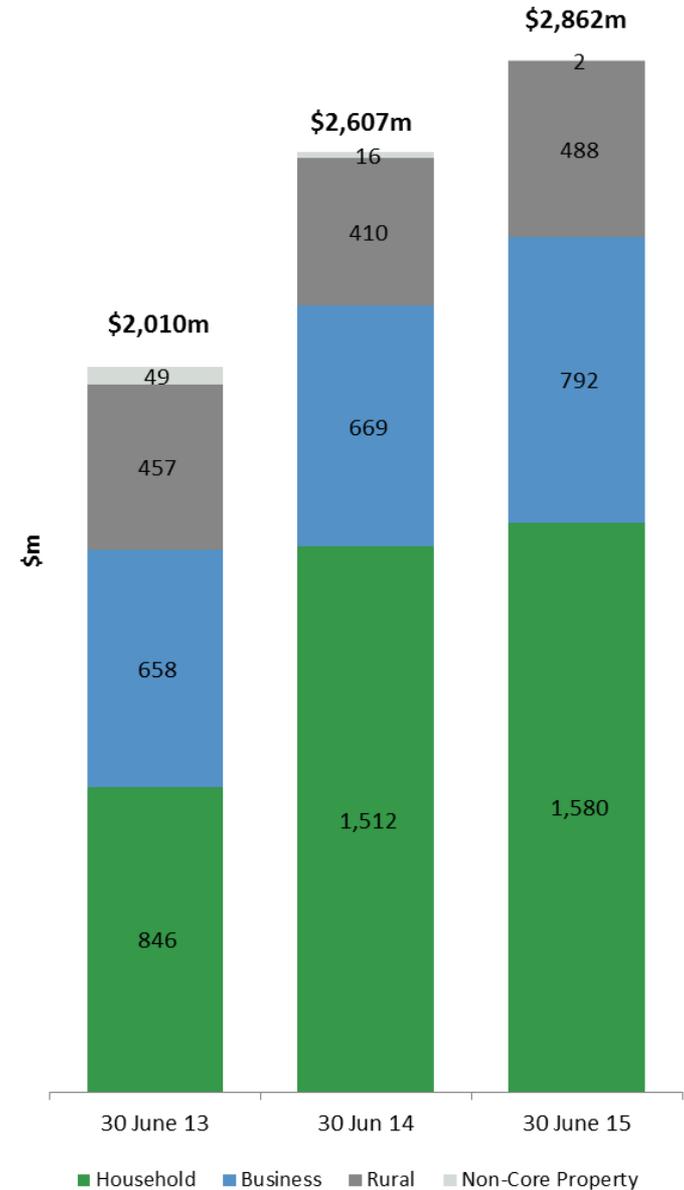
Jeff Greenslade



Business Snapshot

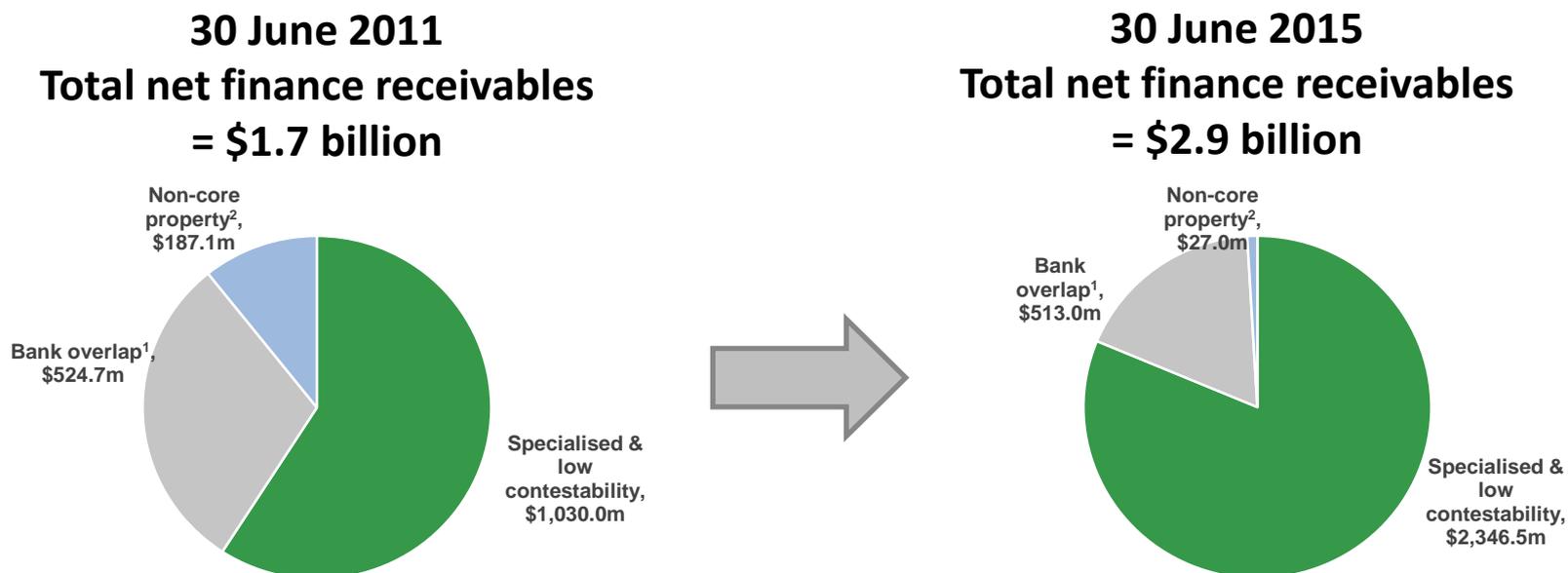
Division	FY15 Net Finance Receivables
Household	55%
Business	28%
Rural	17%

Net Finance Receivables



Business Snapshot (continued)

Realignment of asset mix towards specialised, market-leading products



¹ Bank overlap assumed to be residential mortgages and 50% of business and rural

² Includes investment properties

Household Division

Performance

- **Consumer**
 - Strong performance through intermediated model for motor vehicle finance
 - Growth in personal lending through Harmony and i-finance
- **Reverse Mortgages**
 - Good growth occurring in New Zealand and Australia

Strategic Priorities

- Online distribution in Consumer
- Continued growth in intermediated motor vehicle finance
- Expand broker market in Australia for Reverse Mortgages
- Drive increased awareness of Reverse Mortgage product in New Zealand

Business Division

Performance

- **Strong growth achieved**
 - Growth in net finance receivables of 18%
 - Intermediated strategy (positioning at point of sale)
 - Product and service excellence

Strategic Priorities

- Reposition lending to smaller value business loans
- Compete on ease and simplicity
- Online distribution channels and simplified processes (Open for Business)

www.openforbusiness.co.nz

Rural Division

Performance

- **Strong growth achieved**
 - Growth in net finance receivables of 19%
 - Delivery of specialist products
- **Dairy sector exposure**
 - Less than 8% of total lending book as at 30 June 2015

Strategic Priorities

- Development of innovative products to service niche markets within agri-sector
- Deepen understanding of micro and macro-economic factors in agri-sector

Strategic Priorities across Heartland

- Align resources, distribution and marketing capabilities to exploit technologies that are disrupting the traditional banking market
- Continue to differentiate ourselves from the major banks and use our small size and agility to our advantage
- Increase scale and reach through digital distribution and process automation
- Continue to seek out differentiated and less competitive niches with the Household, Business and Rural sectors
- Focus on our people, developing and recruiting the skills required to support our strategic priorities

Acquisition Opportunities

- **Acquisitions remain a part of Heartland's growth strategy, particularly in the Consumer market**
 - Financial criteria
 - Distribution capability or innovative technology
- **Potential acquisition of Motor Trade Finance (MTF)**
 - Would increase market share of market vehicle finance market
 - Currently no certainty as to whether acquisition will proceed

Looking forward to FY16

- Expect underlying asset growth to continue across Heartland's three core business divisions; Household, Business and Rural
- Amalgamation of Heartland New Zealand and Heartland Bank on 31 December 2015
- Proposed issue of Tier 2 capital in April 2016
- Proposed return of capital in April 2016
- Confident in meeting FY16 forecast of \$51 million to \$55 million

Shareholder Discussion



Voting



Resolution 1: Auditor's Remuneration

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

That the directors of Heartland New Zealand Limited are authorised to fix the auditor's remuneration.

Resolutions 2 to 9: Election of Directors

To re-elect the following persons as directors of Heartland:

- Geoffrey Ricketts
- Jeffrey Greenslade
- Graham Kennedy
- Christopher Mace
- Gregory Tomlinson

To elect the following additional persons as directors of Heartland:

- Bruce Irvine
- Nicola Greer
- Edward (John) Harvey

Resolution 2: Re-election of Geoff Ricketts

To consider and, if agreed, pass the following resolution as an ordinary resolution:

That Geoffrey Ricketts be re-elected as a director of Heartland New Zealand Limited effective 31 December 2015.

Resolution 3: Re-election of Jeff Greenslade

To consider and, if agreed, pass the following resolution as an ordinary resolution:

That Jeffrey Greenslade be re-elected as a director of Heartland New Zealand Limited effective 31 December 2015.

Resolution 4: Re-election of Graham Kennedy

To consider and, if agreed, pass the following resolution as an ordinary resolution:

That Graham Kennedy be re-elected as a director of Heartland New Zealand Limited effective 31 December 2015.

Resolution 5: Re-election of Chris Mace

To consider and, if agreed, pass the following resolution as an ordinary resolution:

That Christopher Mace be re-elected as a director of Heartland New Zealand Limited effective 31 December 2015.

Resolution 6: Re-election of Greg Tomlinson

To consider and, if agreed, pass the following resolution as an ordinary resolution:

That Gregory Tomlinson be re-elected as a director of Heartland New Zealand Limited effective 31 December 2015.

Resolution 7: Election of Bruce Irvine

To consider and, if agreed, pass the following resolution as an ordinary resolution:

That Bruce Irvine be elected as a director of Heartland New Zealand Limited effective 31 December 2015.

Resolution 8: Election of Nicola Greer

To consider and, if agreed, pass the following resolution as an ordinary resolution:

That Nicola Greer be elected as a director of Heartland New Zealand Limited effective 31 December 2015.

Resolution 9: Election of Edward (John) Harvey

To consider and, if agreed, pass the following resolution as an ordinary resolution:

That Edward (John) Harvey be elected as a director of Heartland New Zealand Limited effective 31 December 2015.

Resolution 10: Return of Capital

To consider and, if agreed, pass the following resolution as a special resolution:

That the arrangement relating to the return of capital to shareholders, as described in the Arrangement Plan included in the Notice of Meeting, be approved.

Resolution 11: Revocation of Existing Constitution and Adoption of New Constitution

To consider and, if agreed, pass the following resolution as a special resolution:

That, effective 31 December 2015, the existing constitution of Heartland be revoked and a new constitution, in the form presented at the 2015 Annual Meeting, be adopted.

Conduct of Poll

Voting Cards are now being collected.

Please place your Voting Card in the ballot boxes as they are passed around.

If you require assistance, please raise your hand.

General Business

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

Following the formal part of the meeting, you are invited to join the Directors and Senior Management team for refreshments.

Heartland

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11 December 2015

HEARTLAND
New Zealand Limited