Equity Raise Investor Presentation

8 April 2024

HEARTLAND GROUP

Agenda

Executive summary

Challenger Bank acquisition summary

- In October 2022, Heartland Group Holdings Limited (**Heartland**) announced it had signed a conditional share purchase agreement for the purchase of Challenger Bank Limited (**Challenger Bank**). Heartland Bank Limited (**Heartland Bank**) will be the entity which acquires Challenger Bank.
- Heartland Bank has received indicative regulatory approvals from the Australian Prudential Regulation Authority (**APRA**) and the Reserve Bank of New Zealand (**RBNZ**) in respect of its proposed acquisition of Challenger Bank, with final approvals expected to be received following completion of the Equity Raise. Subject to receipt of final regulatory approvals, Heartland Bank expects to complete the acquisition of Challenger Bank on 30 April 2024.
- Challenger Bank is a long-established authorised deposit-taking institution (**ADI**) which offers customers a range of savings and lending products in Australia, operates under the prudential supervision of APRA and is successfully executing a material deposit raising programme.
- Subject to completion, Heartland's existing Reverse Mortgage and Livestock Finance businesses in Australia will be transferred to sit under Challenger Bank, and the bank will be rebranded to Heartland Bank (**Heartland Bank Australia**).
- From completion, Heartland intends to operate solely as the holding company of the Heartland group, with its activities and capital deployment limited to that which supports the businesses of Heartland Bank and Heartland Bank Australia, including setting the overall strategic direction and risk appetite for the Heartland group.
- Heartland entered the Australian market in 2014 through the acquisition of Heartland Finance[1], a specialist provider of reverse mortgages since 2004. In 2022, Heartland acquired StockCo Australia, a specialist provider of Livestock Finance. Heartland has grown its Australian Receivables 18% p.a. since 2014.[2]
- The acquisition of Challenger Bank is strategic for Heartland, providing:
  1. immediate access to lower cost deposits in Australia to complement existing and successful wholesale funding capability
  2. lower cost funding to:
     - continue to grow market share in Reverse Mortgages supported by favourable sectoral structural drivers
     - penetrate further in Livestock Finance market and increase market share progressively over the medium term with an innovative and competitive offering to a sector underserviced by larger banks
  3. an established platform, systems and processes to extend Heartland's "best or only" strategy in Australia and pursue future opportunities in sectors underserviced by larger banks (e.g. Motor Finance and Asset Finance), leveraging Heartland's 10+ years of experience in New Zealand.

1 The business was originally known as Australian Seniors Finance and is now known as Heartland Finance.
2 For the period 30 June 2014 to 31 December 2023. Receivables includes all Australian Receivables including Receivables included in Non-Strategic Assets (see page 13). Growth rate includes the StockCo Australia acquisition.

Executive summary (cont.)

Equity Raise summary – institutional placement and entitlement offer

- Heartland is seeking to raise NZ$210m **(Equity Raise)** in new equity via a:
  - NZ$105m placement to eligible investors **(Placement)**; and
  - 1 for 6.85 pro-rata accelerated non-renounceable entitlement offer to raise approximately NZ$105m **(Entitlement Offer).**
- Use of funds to pay consideration for Challenger Bank, satisfy indicative conditions pertaining to regulatory capital and liquidity and fuel projected growth.
- Approximately 210m new Heartland ordinary shares will be issued under the Equity Raise.
- NZ$1.00 per new share representing:
  - 14.6% discount to TERP[1] of NZ$1.1703.
  - 18.0% discount to last closing price of NZ$1.22 as at 5 April 2024.
- The Australian Dollar Offer Price for eligible retail shareholders has been set at A$0.9151, using the prevailing RBNZ AUD/NZD exchange rate on 5 April 2024.
- The Placement and Entitlement Offer are fully underwritten (with the exception of the pre-committed amount by Heartland's largest shareholder, Harrogate Trustee Limited)

FY2024 dividend

- Having regard to the equity raise, acquisition of Challenger Bank and associated growth opportunities, the Board expects to target a total dividend payout ratio in the financial year ending 30 June 2024 of 50% of underlying net profit after tax. The Board will, as it has historically, actively manage dividend settings and carefully consider the declaration of any dividend based on Heartland's capital needs, ROE accretive growth opportunities, balance sheet flexibility and Heartland's financial performance.

Board and Management updates

- After 15 years at Heartland, Jeff Greenslade has indicated to the Board his intention to step down from his role as CEO of Heartland at the end of this calendar year. Jeff's tenure at Heartland included seeing through its formation in 2011, and receipt of Heartland Bank's RBNZ banking registration in 2012. Post-Completion, Jeff's focus as CEO will be on the strategic transition of Heartland in its role as a listed parent company of banks in two jurisdictions, the integration of Challenger Bank into the group, and the continued development of Heartland's business in Australia. The Board is confident in the continuation of senior expertise within the Heartland group, and will work closely with Jeff on succession planning through the calendar year to ensure a successful transition.
- For further Board and Management updates, please refer to the announcement that accompanies this investor presentation.

1 TERP is the Theoretical Ex-Rights Price at which Heartland ordinary shares would trade immediately after the ex-rights date for the Entitlement Offer. TERP is calculated with reference to Heartland's closing share price of NZ$1.22 on 5 April 2024 and includes all new shares issued under the Equity Raise. TERP is a theoretical calculation only and the actual price at which Heartland ordinary shares will trade immediately after the ex-rights date for the Entitlement Offer will depend on many factors and may not be equal to TERP.

01

Overview of Heartland and continued expansion in Australia

Overview of Heartland

Heartland is an Australasian financial services group focused on providing products that are "best or only" of their kind, through scalable digital platforms.

Heartland overview

Heartland's origins date back to 1875 where it started as a small building society in New Zealand. In 2011, it merged with several other New Zealand financial institutions to become Heartland. Since then, Heartland has demonstrated a successful track record of profitable growth in New Zealand and Australia for 10+ years.

Heartland is a financial services group with operations in New Zealand and Australia focused on providing products that are the "best or only" of their kind.

Aim to continue to grow in Australia by offering products that meet Heartland's "best or only" model and are profitable.

Investing in digitalisation and technology to improve customer experience whilst lowering cost through removing "friction".

Proven ability to acquire, integrate and grow businesses (e.g. Heartland Finance and StockCo Australia).

Heartland has a history of strong shareholder returns and Heartland Bank has a long term credit rating of BBB stable.[1]

Key metrics

$6,924m
Receivables as at 31 December 2023

$108m
LTM underlying NPAT to 31 December 2023[2]

566
Employees[3]

517
New Zealand[3]

49
Australia[3]

Recognised and market leading products[4]

Heartland Bank

Fixed Home Lender

Floating Home Lender

Home Lender

Savings

Heartland Australia[5]

Non-Bank of the Year

Best Banking Innovation

5-star Mortgage Innovator Award

1 This BBB credit rating was issued by Fitch Australia Pty Ltd (**Fitch Ratings**) on 14 October 2015 and is applicable to long term unsecured obligations payable in New Zealand, in New Zealand dollars. This BBB stable credit rating was affirmed by Fitch Ratings on 1 September 2023.
2 See page 39 for definition of underlying financial metrics.
3 As at 31 December 2023. Includes casual, fixed term and permanent employees.
4 Select awards presented only.
5 Represents Heartland's Australian business prior to the acquisition of Challenger Bank.

01

Significant growth opportunities in Australia

Completing the Challenger Bank acquisition is a critical step in Heartland's strategy for expansion in the Australian market.

The acquisition of Challenger Bank provides a significant platform for growth

Access to a deep and efficient pool of funding	✓ Challenger Bank is successfully executing a deposit raising programme on a competitive basis ahead of being acquired by Heartland Bank. This will enable Heartland to optimise the advantage of a lower cost of funds post-acquisition completion. ✓ From 30 December 2023 to 29 March 2024, Challenger Bank achieved retail deposit growth of A$702m at a rate that is 1.74% lower than Heartland Australia's current cost of funds.[1]
Strong opportunity to consolidate existing positions…	✓ The Challenger Bank acquisition will make Heartland the only specialist bank provider of both Reverse Mortgages and Livestock Finance in Australia with significant opportunity to grow. ✓ Highly experienced Heartland Bank Australia Board and Management team to drive growth in Australia.
… and expand into incremental "best or only" strategies	✓ Heartland's deep expertise in New Zealand, developed over many years, in addition to a competitive cost of funds, will allow Heartland to penetrate key target segments. ✓ Motor Finance and Asset Finance are attractive asset classes where Heartland can leverage its banking platform and existing B2B client relationships (e.g. auto distributors).[2]

Significant market sizes in Heartland's target markets in Australia

~A$10-15b

Australian reverse mortgage market size[3]

~A$30b

Australian livestock finance market size[4]

~A$35b

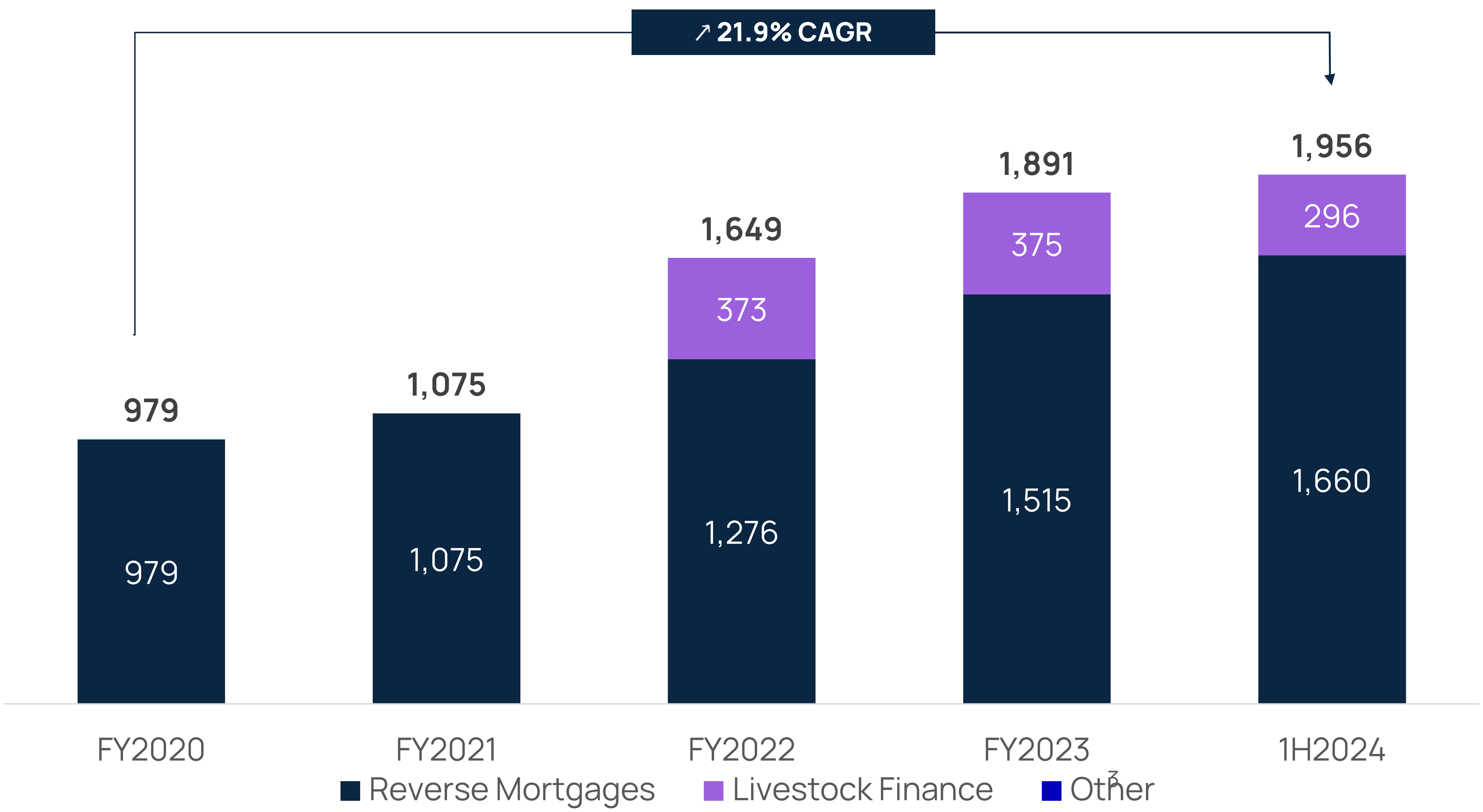
Australian motor finance market size[5]

1 Heartland Australia comprises Heartland Australia Holdings Pty Ltd and its subsidiaries and StockCo Australia. The cost of funds benefit is calculated with reference to Heartland Australia's average cost of funds over January and February 2024.
2 Subject to meeting minimum ROE hurdles and APRA consultation.
3 Heartland internal analysis based on information from the ABS, Census, CoreLogic, Stats NZ and Deloitte. Market size based on Reverse Mortgage lending from banks and non-banks.
4 StockCo Australia internal analysis.
5 Annual lending includes consumer and commercial lending segments (see ABS 5601.0 Table 7 LTM to Jun 20, and ABS 5671.0 Table 9 LTM to-Nov 18 (ABS discontinued ABS 5671.0 in Nov-18)).

Australia is well set up for continued growth

To accelerate growth in Australia, Heartland will leverage Challenger Bank's foundation and funding platform, Heartland's c.10-year successful track record in Australia and its New Zealand product and distribution expertise.

Historical Australia Receivables (NZ$m)[1,2]



Opportunities for outsized growth

Reverse Mortgages

- Australia's ageing population creates positive tailwinds.
- Leading Reverse Mortgage provider in Australia.

Livestock Finance

- Consolidation in Australia to achieve scale.
- Leverage operational expertise in New Zealand to drive organic growth.

Additional asset classes

- Pursue ROE accretive growth in Motor Finance and Asset Finance, leveraging experience and success from New Zealand.[4]

Supported by Challenger Bank's deposit funding platform

1 Receivables includes Reverse Mortgages, Livestock Finance and Well Life Loans. StockCo Australia (Livestock Finance) was acquired in FY2022. Excludes Harmoney and Open for Business which are included in Non-Strategic Assets (see page 13).
2 Receivables numbers exclude the impact of changes in FX rates.
3 Other includes Well Life Loan AU.
4 Subject to meeting minimum ROE hurdles and APRA consultation.

01

Heartland Bank Australia's funding strategy

Heartland's funding strategy in Australia is to access deep, stable, efficient deposit funding and transition from its sole reliance on wholesale funding.

Heartland's business in Australia today

- Heartland's Australian business today does not hold an ADI license, has no access to deposit funding, and is solely reliant on wholesale sources for funding.
- Wholesale funding is predominantly through securitisation facilities (A$1,334m[1]) and supported by an A$MTN programme (A$402m[1]).

Heartland's funding strategy in Australia

- Heartland's strategy in Australia is underpinned by a transition to a retail funding base.
- Funding mix expected to be majority retail deposits within the next 12 months.
- Wholesale sources will be maintained in the minority for diversification and liquidity support.
- **Deposit growth**
  - Challenger Bank is successfully executing a material deposit raising programme.
  - From 30 December 2023 to 29 March 2024, Challenger Bank achieved retail deposit growth of A$702m at a rate that is 1.74% lower than Heartland Australia's current cost of funds.[2]
  - Post completion the ADI will materially scale its deposit programme.
- **Right size of wholesale funding programmes**
  - A$MTNs issued by Heartland Australia will be repaid as they mature.
  - Ability to pay down securitisations utilising date based calls embedded in the respective programmes.

Key benefits of executing on Heartland's funding strategy in Australia

✓ **NIM expansion and greater flexibility to test price elasticity in chosen markets.**
✓ **Access to funding that can scale materially with growth.**
✓ **Credit rating positive.**

1 As at 31 December 2023.
2 Heartland Australia comprises Heartland Australia Holdings Pty Ltd and its subsidiaries and StockCo Australia. The cost of funds benefit is calculated with reference to Heartland Australia's average cost of funds over January and February 2024.

Highly experienced Board and Management to drive Australian expansion

Highly experienced Heartland Bank Australia Board with strong level of independence and knowledge of prudential regulatory requirements.
Heartland Bank Australia's Management team carries extensive experience in banking and financial services.

Heartland Bank Australia Board

	Geoff Summerhayes	**Chair & Independent Non-Executive Director (35 years experience)** • Current Boards: Independent Non-Executive Director of Heartland Group, Chair of Zurich ANZ and Chair of the AICD Climate Governance Initiative and senior advisor to Pollination Group • Previously: APRA Board, CEO of Suncorp Life and held several senior executive roles at NAB and Lendlease
	Shane Buggle	**Independent Non-Executive Director (30 years experience)** • Current Boards: Melbourne Symphony Orchestra and is a Non-Executive Director and Audit Committee Chair for Monash College • Previously: ANZ, Zurich Financial Services and PwC, including Group Chief Financial Officer, Chief Audit Officer, CFO Institutional and CFO Retail at ANZ Banking Group
	Lyn McGrath	**Independent Non-Executive Director (30 years experience)** • Current Boards: Currently Chair of the Australian Digital Health Agency, and Non-Executive Director of Credit Corp • Previously: Executive General Manager Retail at Commonwealth Bank and Group Executive, Retail Banking at Bank Of Queensland
	Vivienne Yu	**Independent Non-Executive Director (25 years experience)** • Current Boards: Non-Executive Director at AIMS APAC REIT, Bridge Housing Ltd and the National Foundation for Australian Women • Previously: Executive General Manager, International Financial Services at Commonwealth Bank, and CEO (Australia) of KVB Global Markets Pty Ltd
	Bruce Irvine	**Independent Non-Executive Director (35 years experience)** • Current Boards: Chair & Independent Non-Executive Director of Heartland Bank, Chair of Skope Industries Ltd, Market Gardeners Ltd and Non-Executive Director of House of Travel Ltd and Scenic Hotels Ltd • Previously: Managing Partner at Deloitte
	Leanne Lazarus	**Non-Independent Non-Executive Director (30 years experience)** • Current CEO of Heartland Bank • Previously: CEO & Executive Director of Westpac NZ's insurance brand Westpac Life NZ • Previously: Executive positions at Westpac NZ, ANZ, National Bank of New Zealand and Nedbank Group
	Jeff Greenslade	**Non-Independent Non-Executive Director (30 years experience)** • Current CEO and Executive Director of Heartland Group, Non-Independent Non-Executive Director of Heartland Bank • Previously: Non-Executive Director at UDC Finance Limited, Managing Director of Corporate and Commercial Banking for ANZ National Banking Group

Heartland Bank Australia Management team

	Chris Flood	**Acting Chief Executive Officer I Joined in 1997** • Over 35 years experience • Previously: CEO of Heartland Bank and had originally joined Heartland through MARAC finance in 1997. Senior roles at Westpac, National Australia Bank and UDC
	Michelle Winzer	**Chief Executive Officer I Appointment date to be confirmed** • Over 30 years experience in banking and financial services • Previously: Chief Executive Banking RACQ Bank, Chief Executive and other roles at Bank of Melbourne and senior roles at Bankwest, Commonwealth Bank of Australia and Westpac
	Richard Collier	**Chief Financial Officer I Joined Challenger Bank in 2024** • Over 27 years experience • Previously: General Manager Business Performance & Analytics at Challenger Limited and held several senior roles at Westpac and St. George Bank
	David Brown	**Chief Risk Officer I Joined Challenger Bank in October 2021** • Over 30 years experience in financial services • Previously: Senior roles in Risk and Compliance, Credit and Audit with ANZ, NAB and Deloitte
	Sarah Burgemeister	**General Counsel I Joined in 2023** • Over 16 years experience • Previously: Senior Lawyer at Westpac, Senior Associate at Allens, Assistant General Counsel Bank of America Merrill Lynch (EMEA), Associate at Freshfields (Australia, London, New York)
	Sharon Yardley	**Chief Compliance & Sustainability Officer I Joined Heartland Finance in 2004**[1] • Over 22 years experience • Current General Manager Reverse Mortgages of Heartland Finance • Previously: Head of Operations, Risk and Compliance at Heartland Finance

1 Prior to Heartland's acquisition in 2014.

Heartland Bank Australia FY2025 projection[1]

Heartland Bank Australia will leverage Heartland's existing expertise in Australia and New Zealand, and scale deposits in order to grow.

Heartland Bank Australia FY2025 projection (underlying)[2]

Income statement (underlying)[2]

A$m	FY2025P
NII	91
OOI	3
NOI	**94**
OPEX	(42)
Impairment expense	(0)
Profit before tax	**51**
Tax expense	(15)
NPAT	**36**

Balance sheet

A$m	FY2025P
Net receivables[3]	2,366
Other assets	674
Total assets	**3,040**
Deposits	2,353
Wholesale borrowings	267
Other liabilities	3
Total liabilities	**2,623**
Equity	**417**

Key metrics (underlying)[2]

%	FY2025P
NIM	3.3%
CTI	45.2%
Impairment expense ratio[4]	0.0%
Return on equity	9.0%
Return on regulatory capital	13.8%
MLH ratio (Level 2, average)	19.6%
Deposits / total liabilities	89.7%

- Projections based on growth in Reverse Mortgages, Livestock Finance and Home Loans[5] only.
- Reverse Mortgage receivables projected to grow in-line with historical rates. Livestock Finance assumes a return to positive growth in FY2025P, underpinned by improving market fundamentals and supported by retail cost of funds.
- Return profile of the business is projected to materially improve as the business continues to scale and the funding base transitions to majority retail (see page 17), driving an increase in net interest margin.

1 Assumes the Challenger Bank acquisition completes.
2 See page 39 for definition of underlying financial metrics.
3 Receivables net of provision for loan impairment.
4 Impaired asset expense as a percentage of average Receivables. Impairment expense ratio is de-minimis due to Reverse Mortgages being subject to fair value measurement and Livestock Finance impairment ratio currently <0.05% p.a.
5 Home Loans acquired through the acquisition of Challenger Bank and is assumed to be in run-off.

02

Heartland’s business in Australia and New Zealand moving forward

Heartland's business across Australia and New Zealand

Heartland has $6.4b Receivables[1] across New Zealand and Australia portfolios which have a proven track record of profitable growth.

- **The acquisition of Challenger Bank[2] and the growth opportunity presented in Australia allows Heartland to reassess capital allocation, with the goal to focus resources on target assets in Australia and New Zealand. Heartland's strategic priority is to allocate capital and drive growth in higher risk-adjusted returning assets in both countries.**
- **"Non-Strategic Assets"** include non-bank like assets, assets that earn little or no income or are returning less than Heartland's cost of capital.[3] These will be subject to review and where appropriate, capital recycled.

	New Zealand	Australia	Non-Strategic Assets
Products	• Reverse Mortgages • Livestock Finance • Asset Finance • Motor Finance • Home Loans • Sheep, Beef and Dairy Direct Lending	• Reverse Mortgages • Livestock Finance • Future growth opportunities in Motor Finance and Asset Finance[4]	• Equity investments[5] • Investment properties • Portfolios of receivables that are inconsistent with current business writing strategy and are sub-economic
Dec-23 Receivables *3.5 year CAGR[6]*	NZ$4,399m *15.0%*	NZ$1,956m *21.9%*	NZ$569m *(14.2%)*
NPAT	NZ$65m LTM Statutory NPAT	A$36m FY2025P	c.(NZ$2m) LTM Statutory NPAT
Return on regulatory capital[7]	c.13%	c.14%	c.(0%)
Regulatory capital	c.NZ$500m	c.A$260m FY2025P	c.NZ$100m 'recyclable' capital[8] c.NZ$290m 'non-recyclable' capital[9] c.NZ$390m total capital
	Heartland's strategic growth priority		

1 Excluding Non-Strategic Assets.
2 Subject to completion.
3 Non-Strategic Assets does not reflect a structural change to Heartland's operations.
4 Subject to meeting minimum ROE hurdles and APRA consultation.
5 Equity investments largely include Harmoney Corp Limited, Alex Corporation Limited, Avenue Hold Limited, Kurow-Duntroon Irrigation Company Limited.
6 Calculated based on closing receivables from 30 June 2020 to 31 December 2023.
7 Calculated as NPAT divided by regulatory capital as presented in the table.
8 Includes equity investments, investment properties and capital underlying portfolios of receivables that are inconsistent with current business writing strategy and are sub-economic.
9 Includes intangible assets, right of use assets, deferred tax assets and operating leases as at 31 December 2023.

Heartland's pathway to $200m+ underlying NPAT and 12%-14% ROE

FY2028 ambitions are driven by modest Receivables growth, NIM expansion, cost savings from automation and improvement in impairments.

Financial metric	Today	FY2028 ambition	Commentary
1 Receivables	**$6.9b** Dec-23[4]	**> 10% CAGR p.a.**	• Assumes modest Receivables growth below Heartland's track record of 12.1% over the last 3.5 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]
2 Underlying NIM[3]	**3.67%** 1H2024[4]	**> 4%**	• 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.
3 Underlying CTI ratio[3]	**43.7%** 1H2024[4]	**< 35%**	• 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.
4 Underlying impairment expense ratio[3]	**0.23%** 1H2024[4]	**< 0.30%**	• Heartland's long term underlying impairment expense has been 0.40%.[5] • 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+
Heartland FY2028 underlying NPAT[3] ambition

12%-14%
Heartland FY2028 underlying ROE[3] 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.

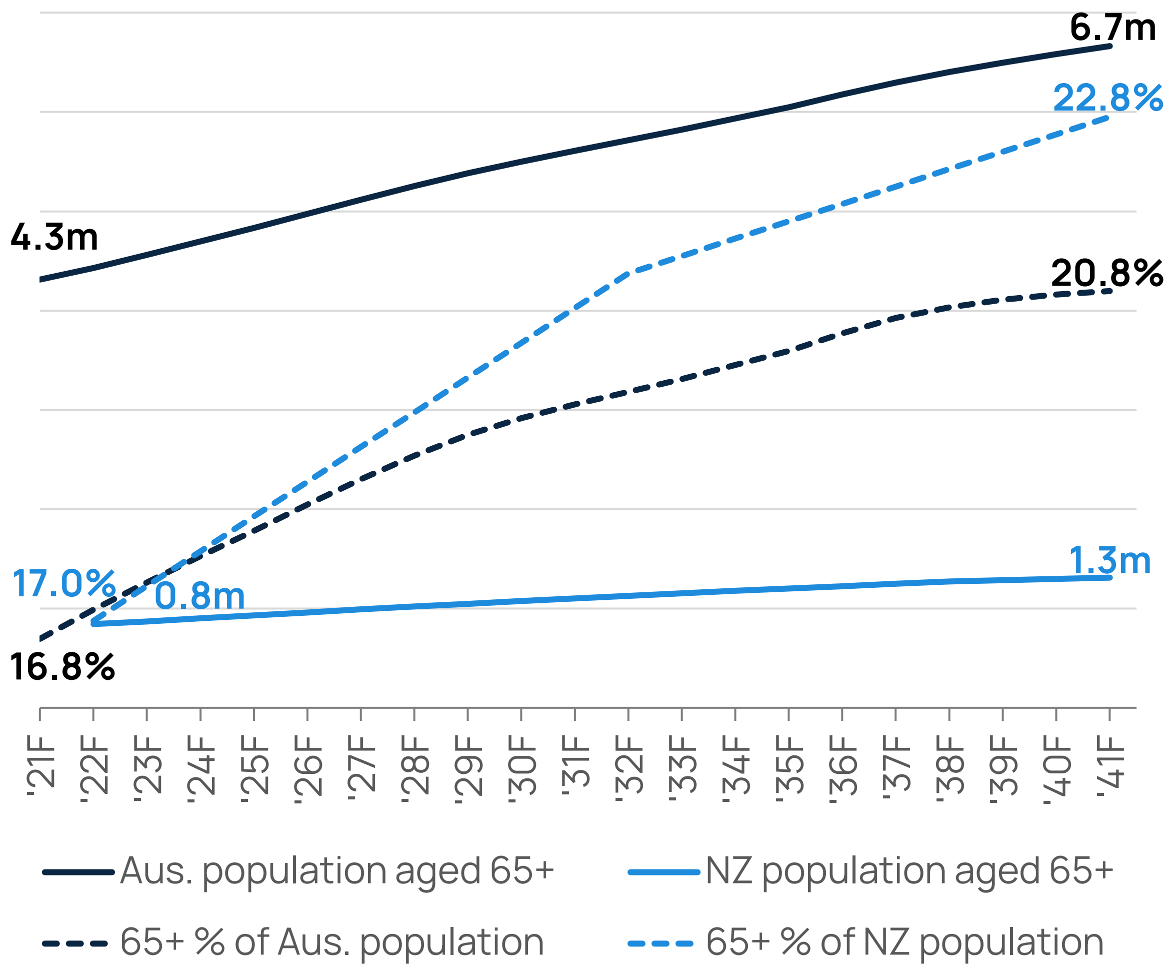
1 CAGR calculated for the period from 30 June 2020 to 31 December 2023.
2 Subject to meeting minimum ROE hurdles and APRA consultation.
3 See page 39 for definition of underlying financial metrics.
4 Unaudited.
5 Average of impairment expense ratio between FY2016 and 1H2024.

1 Heartland is positioned to benefit from structural tailwinds

Strong structural tailwinds are supporting Heartland's Receivables growth.

Reverse Mortgages

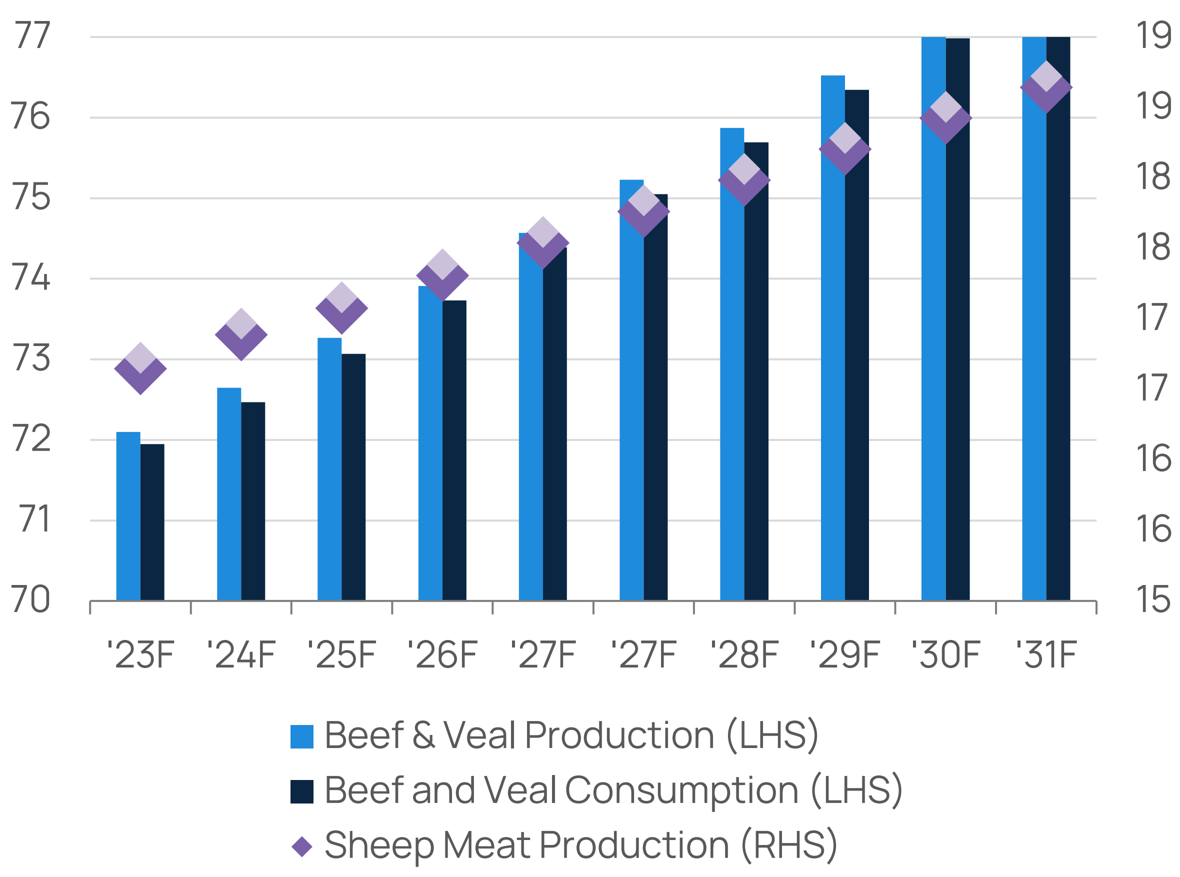
Australia and New Zealand population aged 65+[1]



Reverse mortgage addressable market estimated to be ~A$10-15b[2] in Australia and ~NZ$5.7b by 2030[2] in New Zealand.

Livestock Finance

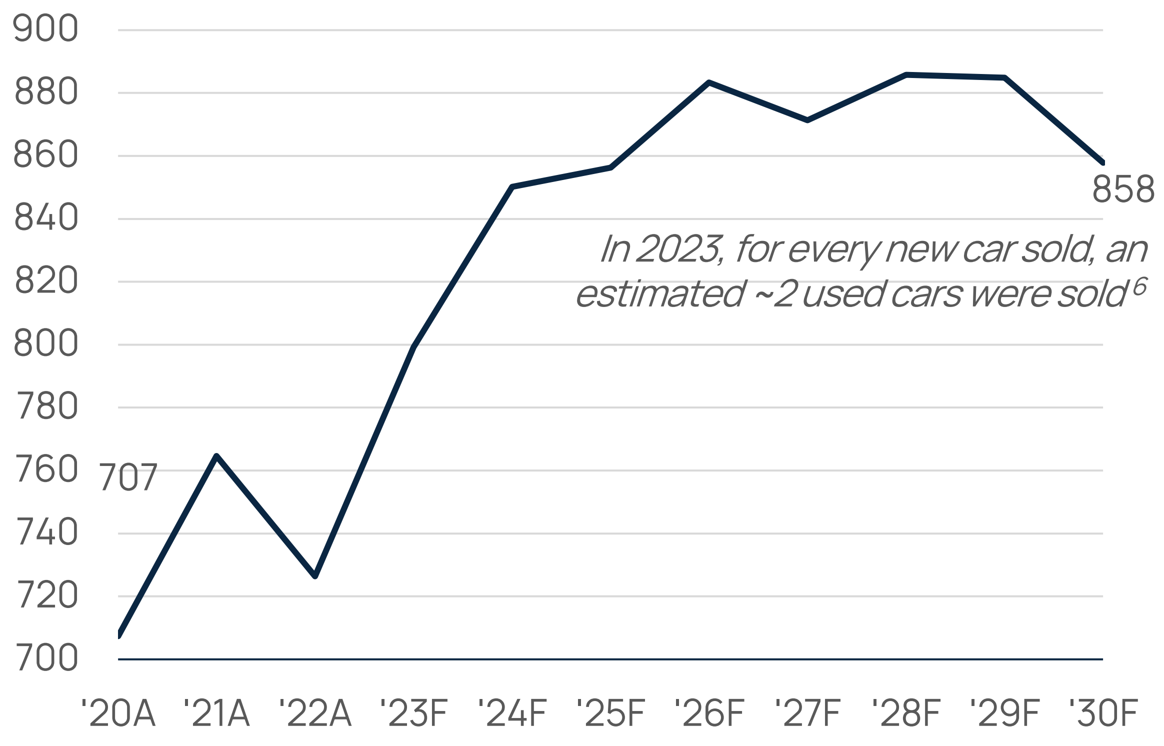
Global projected beef, veal and sheep meat production & consumption (mt cwe)[3]



Australian livestock finance addressable market estimated to be ~A$30b.[4]

Motor Finance

New Australian passenger motor vehicle sales[5] (k)



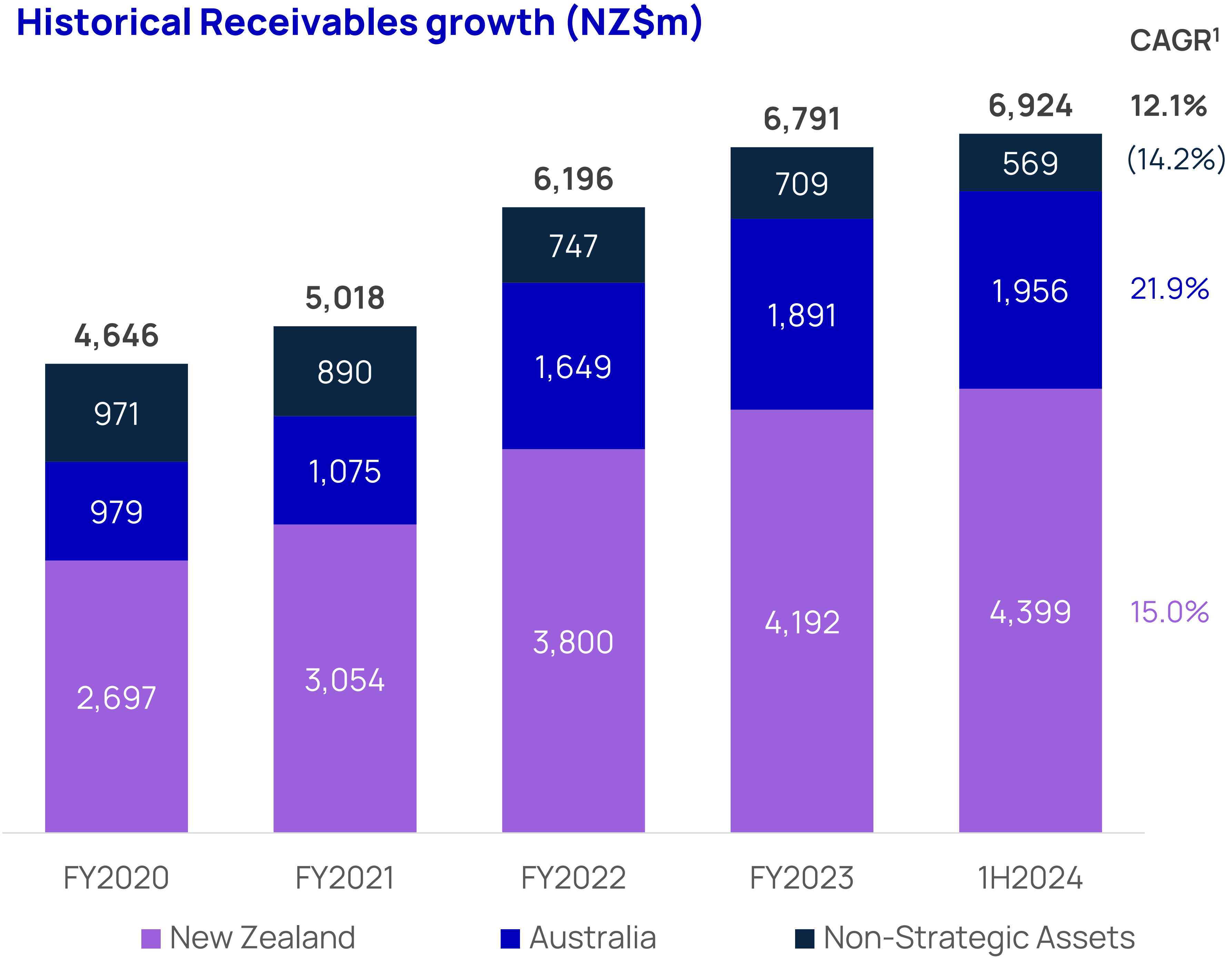
Motor Finance addressable market estimated to be ~A$35b[7] in Australia and ~NZ$12b[8] in New Zealand.

1 Sourced from ARC Centre of Excellence in Population Ageing Research as at Aug-22.
2 Heartland internal analysis based on information from the ABS, Census, CoreLogic, Stats NZ and Deloitte. Market size based on Reverse Mortgage lending from banks and non-banks.
3 Sourced from OECD-FAO Agricultural Outlook 2023-2032 as at 2023. MT CWE denotes megaton carcass weight equivalent.
4 StockCo Australia internal analysis.
5 Based on IBISWorld New Passenger Motor Vehicle Sales report dated April 2023. Forecast data from 2023 onwards. New passenger motor vehicles are constructed primarily for the carriage of persons and contain up to nine seats (including the driver's seat). Included are cars, station wagons, four-wheel drive passenger vehicles, campervans and passenger vans or mini buses with fewer than 10 seats.
6 New car sales data was sourced from the Federal Chamber of Automotive Industries for 2023. Used car sales data was sourced from the Australian Automotive Dealer Association for 2023.
7 Annual lending includes consumer and commercial lending segments (see ABS 5601.0 Table 7 LTM to Jun 20, and ABS 5671.0 Table 9 LTM to-Nov 18 (ABS discontinued ABS 5671.0 in Nov-18)).
8 Based on Heartland internal analysis and public disclosure of identified peers.

1 Heartland has shown a long history of strong growth

Heartland has a long history of growth in New Zealand driven by asset specific experience and operational expertise which can be leveraged in Australia.

Historical Receivables growth (NZ$m)



FY2028 underlying NPAT and ROE ambition assumes Receivables grow at a lower rate than historical growth

Reverse Mortgages New Zealand and Australia
- Leading Reverse Mortgage provider in New Zealand and Australia with significant scale and cost of capital advantage compared to competitors.

Rural and Livestock Finance New Zealand
- Strong expertise in Rural and Livestock Finance in New Zealand with established direct and distributor networks and specialist teams.

Motor Finance New Zealand
- Leading provider of vehicle finance in New Zealand with more than 65 years' experience and leading digital solutions.

Asset Finance New Zealand
- Strong relationships with distributors and logistics companies driving growth in Asset Finance in New Zealand.

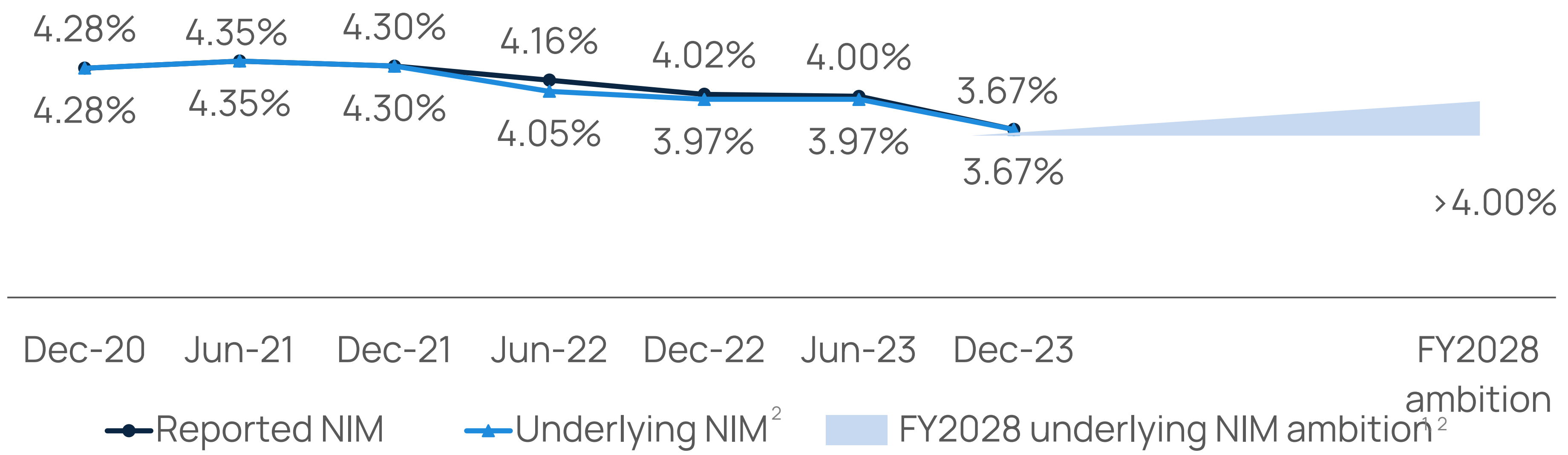
Australia
- Continue to grow existing Reverse Mortgage and Livestock Finance in Australia supported by Challenger Bank's deposit funding platform.
- Pursue ROE accretive growth in Motor Finance and Asset Finance leveraging experience and success from New Zealand.[2]

1 CAGR calculated for the period from 30 June 2020 to 31 December 2023.
2 Subject to meeting minimum ROE hurdles and APRA consultation.

2 Heartland's net interest margin

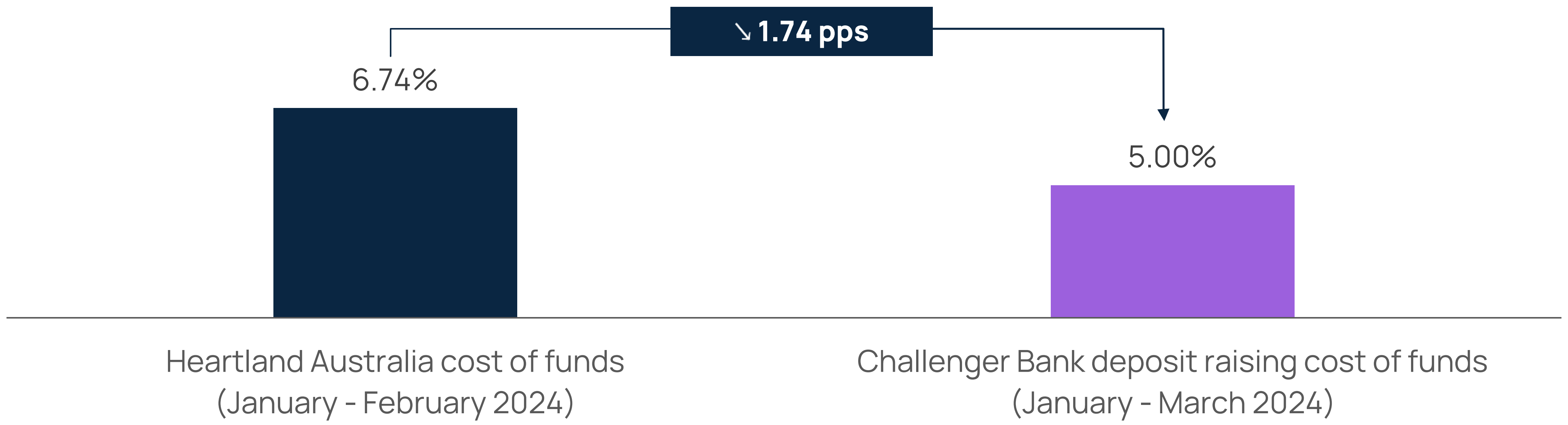
NIM is expected to benefit from positive tailwinds and transitioning Australia from 100% wholesale to a mix of wholesale and deposit funding.

Heartland net interest margin (%)



Challenger Bank deposit raising costs (%)

From the period between 30 December 2023 to 29 March 2024, Challenger Bank has achieved retail deposit growth of A$702m at a rate that is 1.74% lower than Heartland Australia's current cost of funds.[3]



Positive tailwinds supporting NIM

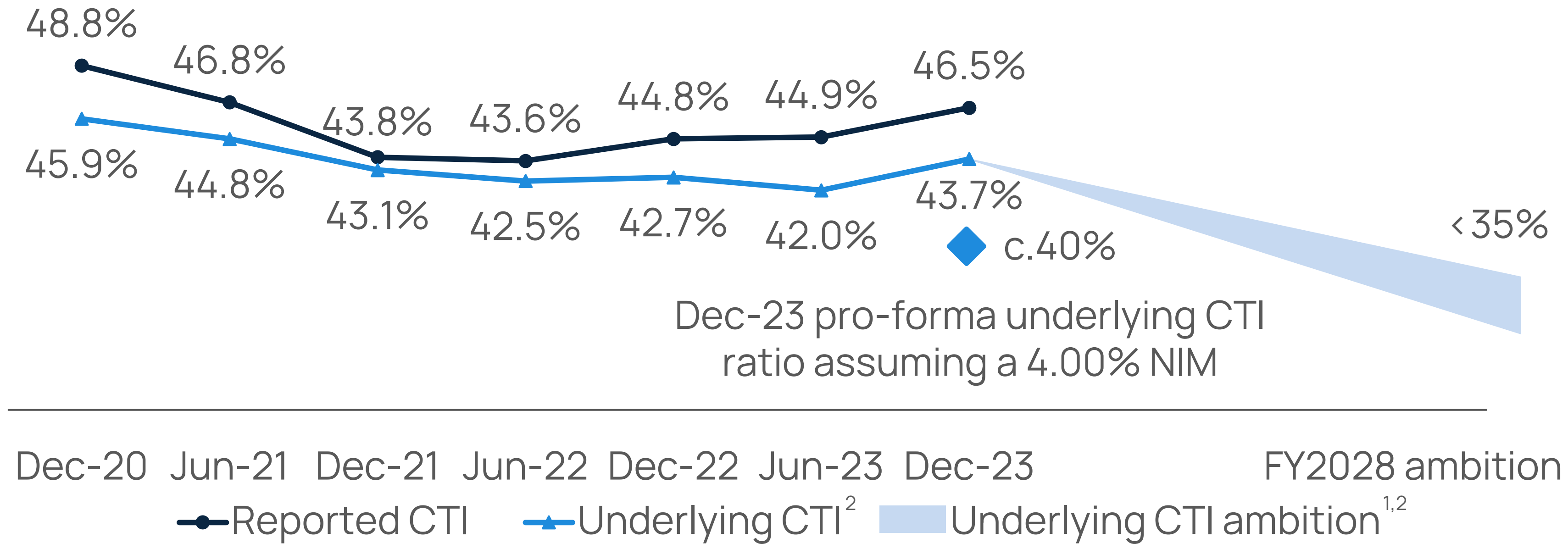
- **Heartland's historical NIM compression driven by:**
  - continued shift to higher quality assets (Reverse Mortgages)
  - increasing cost of funds in Australia and New Zealand due to rapid rate hikes from historical lows, and a strategic decision by Heartland to delay passing the full impact of interest rate increases onto New Zealand Reverse Mortgages and Australian Livestock Finance customers
  - competition in both lending and deposits in Australia and New Zealand.
- **Positive tailwinds are expected:**
  - older New Zealand Asset Finance and Motor Finance loans yielding lower rates being repaid and replaced with new originations at higher rates
  - StockCo Australia growth
  - easing of deposit competition in New Zealand after banks refinance their drawings under the RBNZ Funding for Lending Programme
  - following completion of the Challenger Bank acquisition, transitioning Australia from 100% wholesale funding to a majority of retail funding
  - introduction of call accounts in Australia
  - solidification of brand and increased direct distribution for Australian deposits.

1 FY2028 ambition trajectory is not to scale.
2 See page 39 for definition of underlying financial metrics.
3 Heartland Australia comprises Heartland Australia Holdings Pty Ltd and its subsidiaries and StockCo Australia. The cost of funds benefit is calculated with reference to Heartland Australia's average cost of funds over January and February 2024.

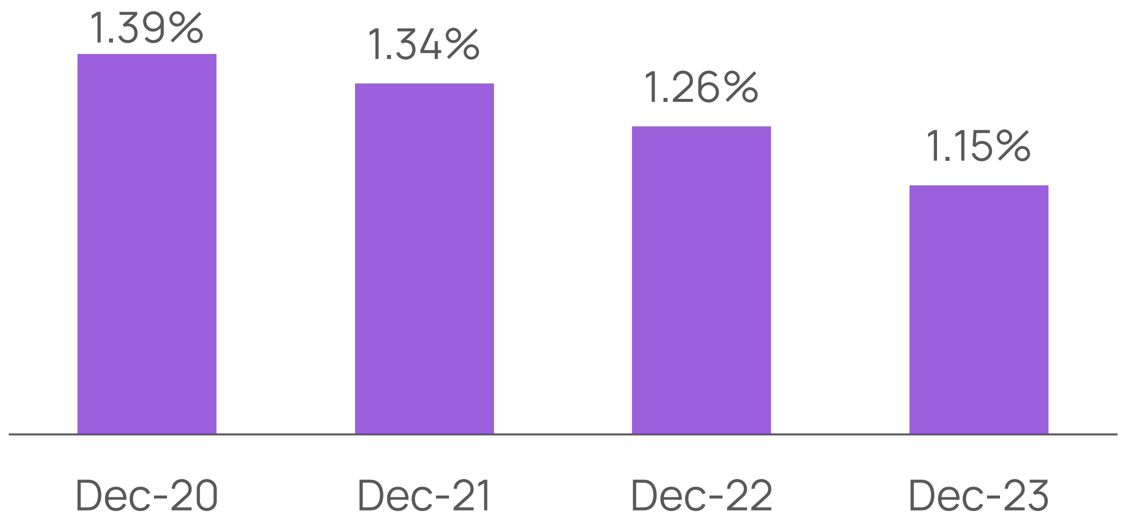
3 Heartland's cost to income ratio

Heartland's cost efficiency has improved consistently over the last 3 years despite NIM compression impacting CTI ratio.

Heartland cost to income ratio (%)



Heartland cost to business volumes (%)[3]



Whilst recent NIM compression has resulted in a reduction in CTI ratio, Heartland's cost efficiency has improved as cost to business volumes[3] have consistently improved in the last 3 years.

In 1H2024, underlying operating expenses reduced by $0.4m whilst Receivables increased 4.2% (vs. 1H2023).[4]

Key drivers of underlying CTI ratio[2] ambition of <35%

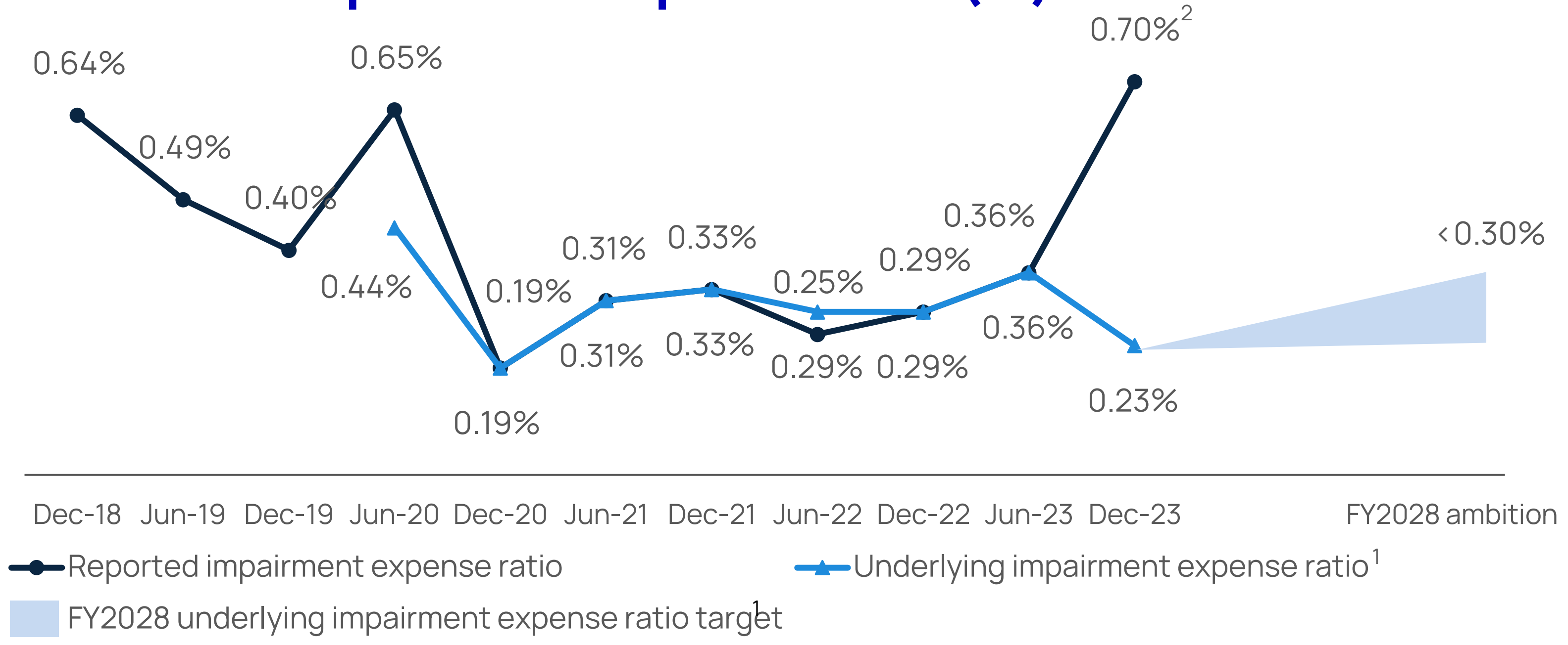
Digitalisation and automation New Zealand	• Zero inbound calls: Enable self-serviceability to reduce dependency on customer facing teams servicing inbound requests. • One click deferral: Provide flexibility to manage cashflow via the app by enabling customers to self-manage loan repayments, including customers in arrears. • Collections and operations automation: Upgrade and introduce scalable digital technologies including process and workflow automation, to optimise back-end processes and improve efficiency.
Motor digitalisation New Zealand	• Continue to enhance Motor Finance digital capabilities to enable faster and easier access to vehicle finance through online applications. • Expand branded online origination platforms to more Motor Finance dealer partners to provide customers with swift digital options. • Enable new distributors to operate on a direct-to-consumer business model, e.g. Tesla model.
Core banking upgrade New Zealand	• Heartland Bank core banking system upgrade completed in 1H2024, enabling accelerated digitalisation.
Challenger Bank Australia	• Challenger Bank is a digital bank with no branches and does not have legacy infrastructure that requires investment.
NIM improvement Group	• CTI ratio increase has been driven by NIM compression. • Funding benefits of the Challenger Bank acquisition is expected to uplift NIM and drive CTI ratio improvement.

1 FY2028 ambition trajectory is not to scale.
2 See page 39 for definition of underlying financial metrics.
3 Cost to business volumes calculated as the first half of the financial year (6 months to December of the respective years) underlying operating expense annualised as a proportion of average business volumes (calculated as the sum of deposits and Receivables).
4 Annualised 1H2024 growth excluding the impact of changes in FX rates.

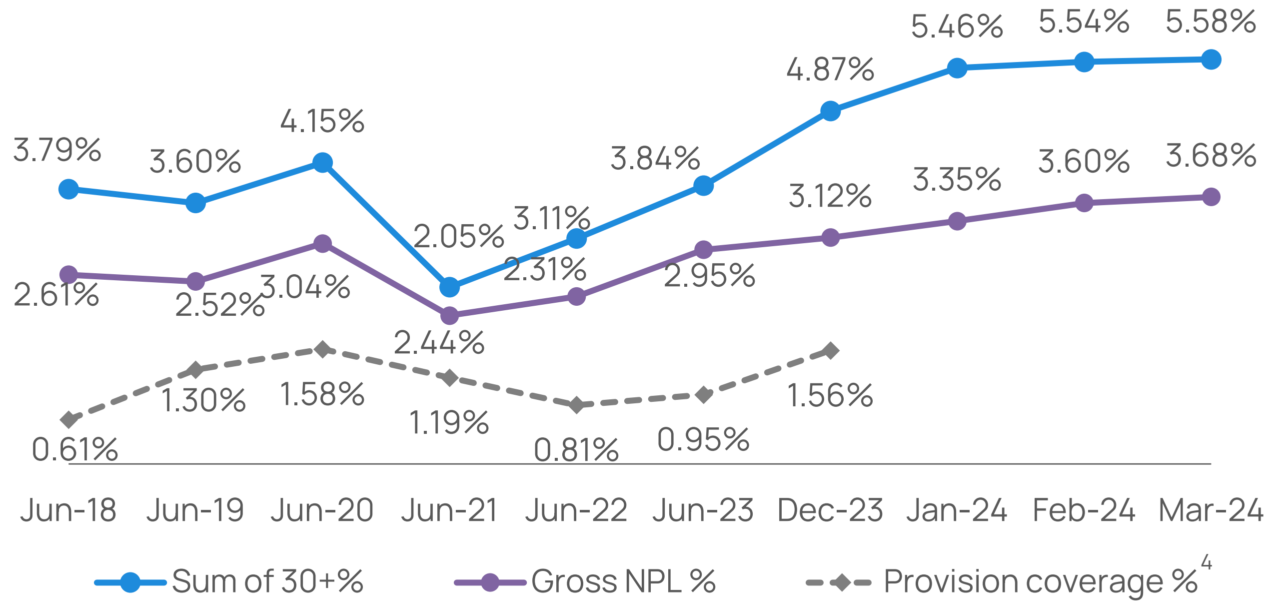
4 Heartland's impairment expense ration

Underlying impairment expense ratio ambition of <0.30% driven by a continued mix shift to higher quality reverse mortgages.

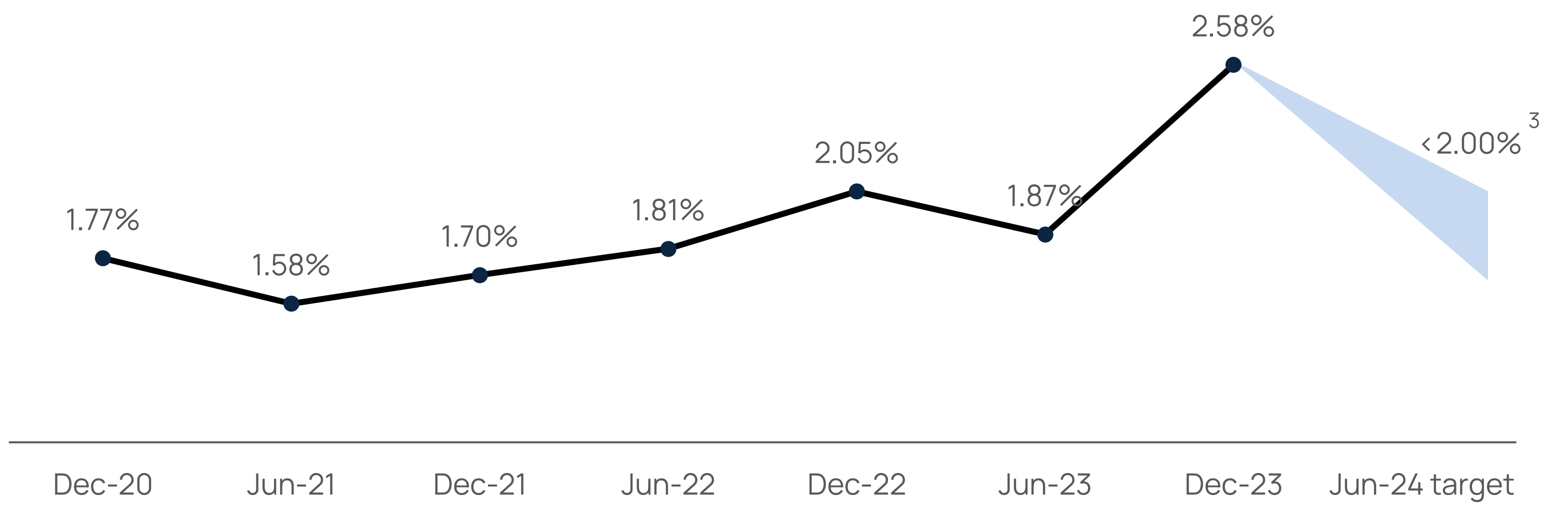
Heartland impairment expense ratio (%)



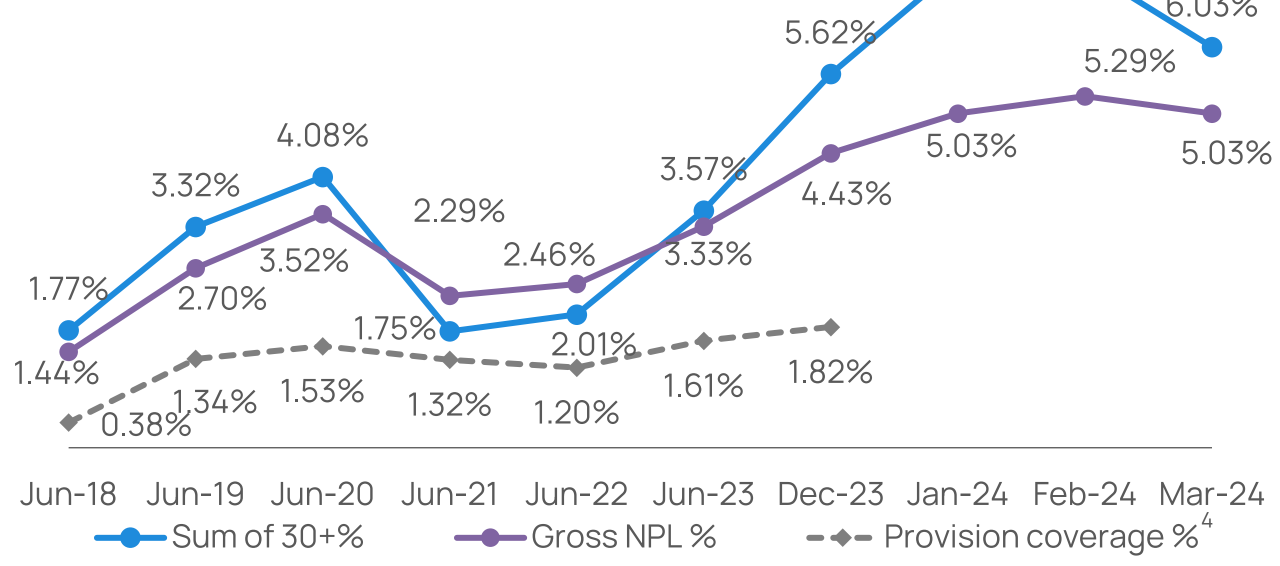
New Zealand Motor Finance[5]



Heartland non-performing loans ratio (%)



New Zealand Asset Finance[5]



Clear strategy to support underlying impairment expense ratio ambition of <0.30%[1]

- Growth in higher quality asset classes.
- Limiting exposure to lending in sub-sectors experiencing economic headwinds (e.g. forestry, commercial property).
- Investing in digitalisation and automation to improve internal workflows and reduce manual effort.
- The arrears experienced in a subset of longer dated Motor Finance loans are a result of short-term operational performance challenges. This is primarily a resourcing issue in Heartland Bank's Collections & Recoveries area and is being addressed through a specialised recruitment strategy and automation.

1 See page 39 for definition of underlying financial metrics.
2 Reported impairment expense ratio increased due to a $16.0m increase in provisions to respond to issues affecting a subset of legacy lending.
3 Represents non-performing loan ratio target at 30 June 2024 .
4 Provision coverage metrics not yet available post 31 December 2023.
5 Financial metrics including and post-December 2023 are based on unaudited management accounts.

4 Reverse Mortgages credit quality

Heartland's reverse mortgage book is high quality with only <23% weighted average LVR.

New Zealand Reverse Mortgage portfolio analytics

As at 31 December 2023

$972m NZ Reverse Mortgages +$84m (18.7%)[1] vs June 2023	**$135,139** Average loan size
78 Weighted average borrowers' ages	**22.8%** Weighted average LVR
9.6% Average origination LVR	**0.0%** Proportion of the loan book over 75% LVR
0 Number of loans in the book over 75% LVR	**16.7%** Compounded annual growth rate[2]

Australia Reverse Mortgage portfolio analytics[3]

As at 31 December 2023

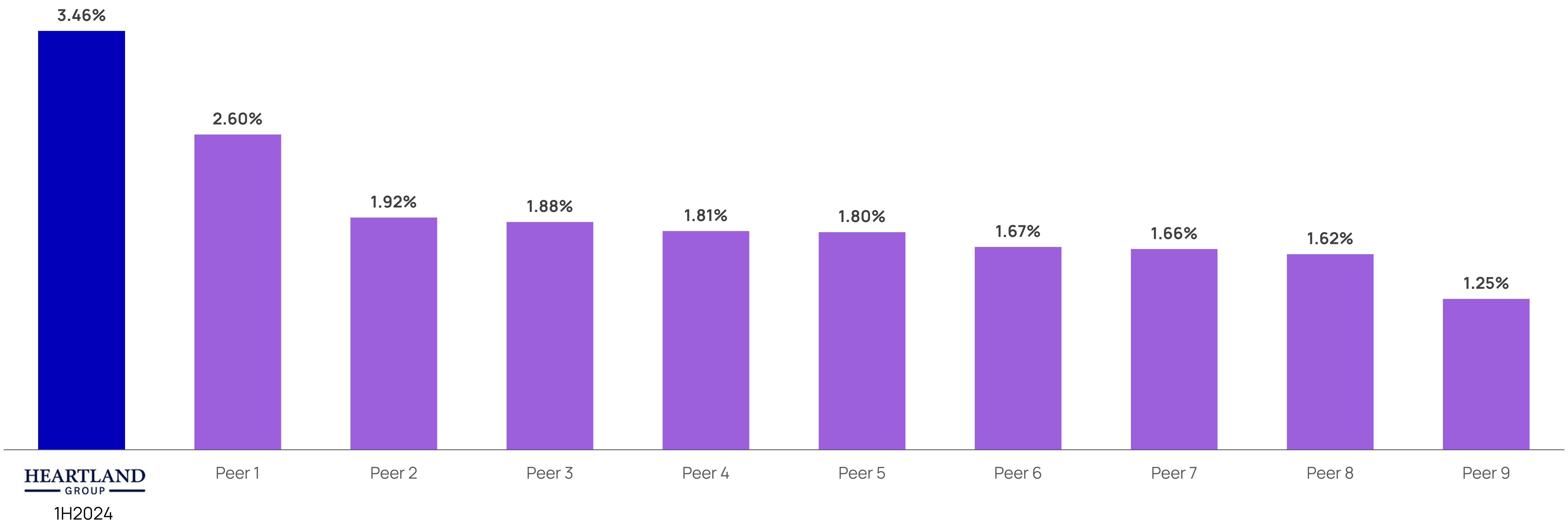
$1,668m AU Reverse Mortgages +$153m (20.0%)[4] vs June 2023	**$190,849** Average loan size
77 Weighted average borrowers' ages	**22.7%** Weighted average LVR
11.9% Average origination LVR	**0.1%** Proportion of the loan book over 75% LVR
3 Number of loans in the book over 75% LVR	**22.6%** Compounded annual growth rate[5]

1 Annualised 1H2024 growth excluding the impact of changes in FX rates.
2 Compounded annual growth rate for the period 1 July 2018 – 31 December 2023.
3 Excluding the impact of changes in FX rates (where applicable). All figures in NZD.
4 Annualised 1H2024 growth excluding the impact of changes in FX rates.
5 Compounded annual growth rate for the period 1 July 2018 – 31 December 2023.

Heartland's 'best or only' strategy delivers outsized risk-adjusted NIM

Heartland's risk-adjusted margins are superior to listed Australian banking peers, some of which have operations across Australia and New Zealand.[1]

Risk-adjusted NIM[1]



1 Risk-adjusted NIM is calculated as net interest income less impairments over average interest earning assets. Peers used are Australian listed banking peers. Data is based on the most recent company disclosures as at 31 March 2024 and includes total banking operations including Australia and New Zealand.

Capital allocation management

Heartland has increased Reported NPAT from c.$7m to c.$110m over the past 12 years, predominantly funding that growth through organic capital generation, coming to market for M&A related capital.

Capital will be deployed to ROE and EPS accretive opportunities

Organic growth

- Continue to deploy capital to support growth in existing asset classes that are ROE and EPS accretive.
- Entry into new markets or products where it fits Heartland's "best or only" strategy and is ROE and EPS accretive.

Capital management

- The Board will, as it has historically, actively manage dividend settings and carefully consider the declaration of any dividend based on Heartland's capital needs, ROE accretive growth opportunities, balance sheet flexibility and Heartland's financial performance.

Targeted inorganic growth

- Proactive M&A strategy focused on ROE and EPS accretive opportunities.

FY2028 underlying ROE ambition of 12%-14%[1]

Capital resources to support strategy

Organic capital generation

- **$108-$112m** FY2024 underlying NPAT guidance[1] rising to ambition of **$200m+** by FY2028.

Non-Strategic Assets

- Potential realisation of notional asset pool for redeployment in accretive opportunity or distribution to shareholders.
- **c.$100m** of capital to be realised.

Hybrid capital instruments

- Diversify, optimise and support capital stack with qualifying regulatory capital instruments (additional Tier 1 and Tier 2) in Australia and New Zealand.

Dividend reinvestment

- Conduct dividend reinvestment plans.

Further capital needs beyond this will be driven by…

- Any large-scale M&A activity
- Entry into new markets in Australia
- Organic growth beyond expectations

1 See page 39 for definition of underlying financial metrics.

03

Equity raise overview

Equity raise offer summary

Offer size and structure	• Heartland is seeking to raise NZ$210m (**Equity Raise**) in new equity via a: – NZ$105m placement to eligible investors **(Placement)**; and – 1 for 6.85 pro-rata accelerated non-renounceable entitlement offer to raise approximately NZ$105m (**Entitlement Offer**). • Approximately 210m new Heartland ordinary shares will be issued under the Equity Raise.[1]
Use of proceeds	• Proceeds of the Equity Raise will be used to: 1. finance the balance of the consideration payable for the proposed Challenger Bank acquisition 2. support the expected regulatory capital requirements of Challenger Bank and Heartland Bank 3. cater for near term asset growth post-completion.
Offer price for the Equity Raise	• NZ$1.00 per new share representing: – 14.6% discount to TERP[2] of NZ$1.1703. – 18.0% discount to last closing price of NZ$1.22 as at 5 April 2024. • The Australian Dollar Offer Price for eligible retail shareholders has been set at A$0.9151, using the prevailing RBNZ AUD/NZD exchange rate on 5 April 2024.
Institutional Entitlement Offer	• Eligible institutional shareholders will be invited to take up their entitlements in an accelerated Institutional Entitlement Offer. • The Entitlement Offer is non-renounceable and any entitlements not taken up will lapse.
Retail Entitlement Offer	• Eligible retail shareholders in Australia and New Zealand will be sent offer materials and invited to take up their entitlements in a Retail Entitlement Offer. • Eligible retail shareholders may also subscribe for additional new shares in excess of their entitlements at the Offer Price, up to a maximum of 100% of their entitlements. • The entitlements will not be listed on NZX or ASX and there will be no shortfall bookbuild for those entitlements not taken up by eligible retail shareholders or the entitlement of ineligible retail shareholders (the Offer is non-renounceable and any entitlements not taken up will lapse).
Ranking and quotation	• New Shares issued under the Placement and the Entitlement Offer will rank equally with existing Heartland shares on issue and will be quoted on NZX Main Board and ASX from the date of allotment.
Pre-commitments	• Heartland has received a pre-commitment from its largest shareholder, Harrogate Trustee Limited[3], for approximately NZ$14m of the Equity Raise.
Underwriting	• The Placement and Entitlement Offer are fully underwritten (with the exception of the pre-committed amount by Harrogate Trustee Limited).

1 In addition, Heartland proposes to issue approximately 1.0m new Heartland ordinary shares to Washington H. Soul Patterson and Company Limited as consideration for the acquisition of 0.65% of the shares in Alex Corporation Limited, the holding company for Alex Bank. These shares will be issued at the same time as shares are issued under the placement and institutional entitlement offer
2 TERP is the Theoretical Ex-Rights Price at which Heartland ordinary shares would trade immediately after the ex-rights date for the Entitlement Offer. TERP is calculated with reference to Heartland's closing share price of NZ$1.22 on 5 April 2024 and includes all new shares issued under the Equity Raise. TERP is a theoretical calculation only and the actual price at which Heartland ordinary shares will trade immediately after the ex-rights date for the Entitlement Offer will depend on many factors and may not be equal to TERP.
3 Heartland Chair, Greg Tomlinson, is a shareholder of Harrogate Trustee Limited.

03

Equity raise timetable

- Shareholders entitled to participate in the Retail Entitlement Offer should visit www.heartlandshareoffer.co.nz and apply online by 5.00pm (NZST) on Monday 22 April 2024.
- Shares purchased on-market following announcement of the Equity Raising and shares purchased via the Placement will not settle prior to the record date for the Entitlement Offer or before Tuesday 9 April 2024.
- If you acquired Heartland shares on or before Friday 5 April 2024, your share purchase will settle on or before Tuesday 9 April 2024 and those shares will be eligible for their respective entitlements.

Event	Date[1]
Announcement of Equity Raise	Monday 8 April 2024
Record date for the Entitlement Offer	Tuesday 9 April 2024
Institutional Entitlement Offer and Placement	
Institutional Entitlement Offer and Placement opens	Monday 8 April 2024
Institutional Entitlement Offer and Placement closes (for institutional shareholders in New Zealand, Australia, Hong Kong and Singapore)	Monday 8 April 2024
Institutional Entitlement Offer and Placement closes (for institutional shareholders in all other jurisdictions)	Tuesday 9 April 2024
Trading halt lifted and shares recommence trading on NZX and ASX on an 'ex-entitlement' basis	By 12.00pm (NZST) Tuesday 9 April 2024
ASX settlement	Friday 12 April 2024
NZX settlement, allotment and commencement of trading of new shares	Monday 15 April 2024
Retail Entitlement Offer[2]	
Retail Entitlement Offer opens	Thursday 11 April 2024
Offer Document despatched to Eligible Retail Shareholders	Thursday 11 April 2024
Retail Entitlement Offer closes	Monday 22 April 2024
ASX and NZX settlement and allotment	Friday 26 April 2024
NZX commencement of trading of new shares	Friday 26 April 2024
ASX commencement of trading of new shares	Monday 29 April 2024

1 Dates are subject to change and are indicative only.
2 Eligible shareholders with an address recorded in Heartland's share register that is in New Zealand or Australia on the Record Date can find out more about the Retail Entitlement Offer at www.heartlandshareoffer.co.nz and can apply online during the Retail Entitlement Offer period.

03

Equity Raise impact on regulatory capital

Heartland Bank Australia and Heartland Bank will have strong capital bases and be well positioned for growth.

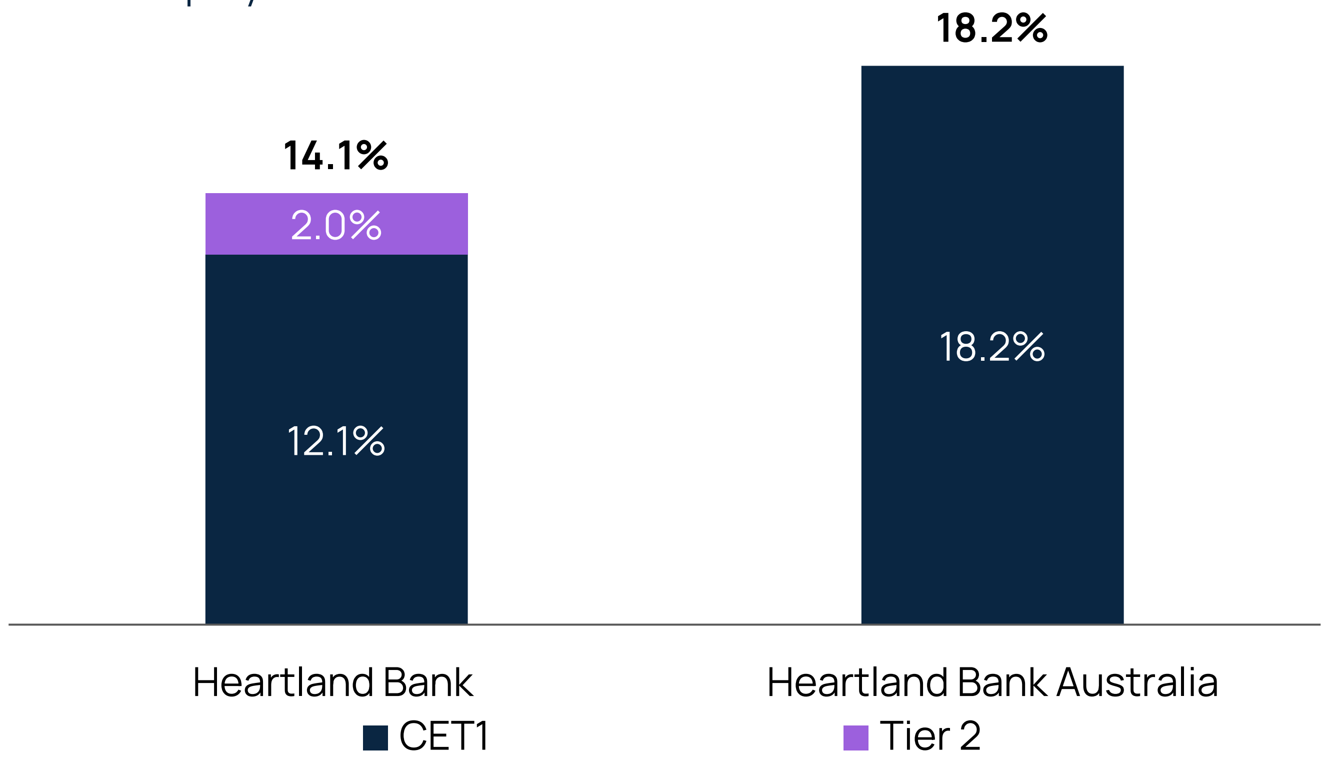
Commentary

- Use of proceeds primarily applied to acquisition of Challenger Bank and the capitalisation of Heartland Bank Australia in accordance with APRA's regulatory capital and liquidity requirements.
- Both Heartland Bank Australia and Heartland Bank will have strong capital bases and be well positioned for growth.
- AT1 or Tier 2 capital issuances may be considered over time to further optimise and diversify Heartland's capital base.

Use of Equity Raise funds[4]	NZ$m	%
Challenger Bank acquisition consideration	~50	~24%
Recapitalisation of Heartland Bank Australia	~105	~51%
Growth capital	~50	~24%
Total	**~205**	**~100%**

Pro-forma total capital ratio

31 March 2024 pro-forma for the Equity Raise[1,2,3]



	Heartland Bank	Heartland Bank Australia
CET1 ($m)	606	261
Tier 2 ($m)	100	-
Total capital ($m)	**706**	**261**

1 31 March 2024 pro-forma capital metrics are a projection and include the impact of the Equity Raise. Heartland Bank Australia assumes that all Heartland Australia and StockCo Australia assets and liabilities are transferred into the Challenger Bank ADI.
2 Assuming a NZD/AUD exchange rate of 0.9169 as at 31 March 2024.
3 The RBNZ capital requirement for Heartland Bank is 11.5% CET1 and 16% total capital by 1 July 2028.
4 Excluding transaction costs.

04

Key risks

04

Key risks

This section outlines the key risks that Heartland has identified as relevant to investors in the proposed equity raise, including in relation to the acquisition of Challenger Bank. These risks may affect the future operating and financial performance of Heartland and the Heartland share price. Like any investment, there are risks associated with an investment in Heartland's shares.

This section does not (and does not purport to) set out all of the risks related to an investment in Heartland shares, the future operating or financial performance of Heartland, the achievement of Heartland's growth aspirations, the proposed equity raise or general market, industry, regulatory or legal risks. Some risks may be unknown and other risks, currently believed to be immaterial, could turn out to be material.

In light of heightened geopolitical tensions, continuing cost of living pressures and uncertainty around whether New Zealand and Australian central bank inflation targets will be reached (and the commencement of commensurate rate cuts), extra caution should also be taken when assessing the risks associated with the investment. These ever-evolving situations continue to pose challenges for global financial markets and the New Zealand and Australian economies. Capital markets may continue to see equity securities suffer from spikes in volatility.

As the holding company of an Australasian financial services group, Heartland is exposed to credit, capital, liquidity and funding, market (including interest rate and currency), operational, regulatory compliance and general business risk. Heartland has implemented (or will implement in preparedness for the acquisition of Challenger Bank) structures, policies, procedures, controls and information systems that it considers appropriate to manage these risks, but there are inherent limitations to any risk management framework.

Heartland is exposed to risks that may not be anticipated or are outside its control, its risk management framework may not operate effectively or there may be unforeseen challenges arising from the integration of Challenger Bank or in executing on Heartland's strategic objectives. If any of Heartland's risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, Heartland could suffer unexpected losses and reputational damage which could adversely affect Heartland's business and financial performance.

Before deciding whether to invest in Heartland shares, you must make your own assessment of the risks associated with such an investment and consider whether it is suitable for you, having regard to publicly available information (including this presentation), your personal circumstances and following consultation with a financial adviser or other professional adviser.

Key risks (cont.)

Completion risk	• The acquisition of Challenger Bank remains conditional on final regulatory approvals being received from APRA and the RBNZ. While Heartland Bank has received indicative regulatory approvals from the respective regulators, final approvals will not be received until after the shares are issued under the Equity Raise, the proceeds of which are necessary to capitalise Challenger Bank and Heartland Bank (amongst other things). • There is some complexity to the completion mechanics which will take place over several days. This includes reliance on Challenger Bank to complete the repayment of an existing Heartland Australia wholesale funding facility provided by the Commonwealth Bank of Australia utilising deposit funding prior to the acquisition being completed and Challenger Bank becoming a member of the Heartland group. • While Heartland considers completion risk to be minimal following completion of the Equity Raise, should the acquisition not proceed, Heartland would need to consider alternative uses for, or ways to return to shareholders, any excess capital it holds following the issue of the shares under the Equity Raise. Such alternative uses may include investing in other growth initiatives in New Zealand and/or Australia or refinancing maturing debt.
Business integration risk	• Since the share sale agreement was signed in October 2022, Challenger Bank carried on limited banking business until the recommencement of deposit raising in 2H2024. From completion, Challenger Bank will be executing on a strategic plan of expansion in Australia. In addition, shortly after completion, Heartland Australia (including Heartland's existing Australian reverse mortgage and livestock finance businesses) will be transferred to sit under Challenger Bank, with these businesses required to comply with APRA prudential requirements. From a New Zealand perspective, certain RBNZ prudential requirements will apply to a new trans-Tasman Consolidated Banking Group (**NZ CBG**), which will include Heartland Bank, Challenger Bank and its subsidiaries. • There may be challenges faced operationally integrating Challenger Bank and Heartland Australia into an APRA prudentially regulated banking group or with integrating the requirements imposed on the NZ CBG. However, Challenger Bank and Heartland Bank will retain a focus on completing required processes to keep the business moving forward during integration, and the integration process for Challenger Bank is clearly defined and aligned with existing priorities. • Additional staff/resources have also already been engaged by Heartland on behalf of Challenger Bank for this purpose. This means the likelihood of an integration failure is considered to be low.

Key risks (cont.)

Successful execution of strategic objectives	• From completion, Challenger Bank will be pursuing a strategy to create sustainable growth and differentiation through "best or only" products delivered through scalable digital platforms. This includes growing Heartland's existing Australian reverse mortgage and livestock lending businesses, while broadening its offering to pursue future opportunities in Motor Finance and Asset Finance.[1] • The development and delivery of new products and improvements to existing products will be a key driver of Challenger Bank's success. While Heartland has an established track record of executing on its "best or only" strategy in both the New Zealand and Australian markets, there is uncertainty and additional complexity associated with entry into the APRA regulated Australian banking sector, and the new compliance obligations which apply. There is always a risk that entry into a new market or development of a new product or product feature may not be successful or may take longer or be more expensive than anticipated. In addition, adverse changes in market, macro-economic or climatic conditions, significant delays in suppliers providing services or increased costs of services may mean it is more challenging for Challenger Bank to execute its strategy within its original timeframes and budget. • There is a risk that Challenger Bank (and the Heartland group more broadly) may not be successful in executing on its growth strategies, resulting in costs being incurred without commensurate benefits being enjoyed. In addition, the performance of particular business units may fail to meet expectations. This may have a material adverse impact on Heartland's growth and financial performance, including Heartland's ability to achieve its FY2028 ambitions. • There are other risks associated with Heartland's strategy, including Heartland's ability to successfully compete in the increasingly competitive landscape in which Heartland operates in both Australia and New Zealand; APRA consultation requirements prior to Challenger Bank launching new products; the ability to secure sufficient funding to facilitate Heartland's growth aspirations; and that overall market conditions mean that it is more challenging to execute Heartland's strategy within normal timeframes and budgets in the current environment.
Regulatory impact	• The New Zealand and Australian banking and financial services sectors continue to face significant regulatory scrutiny and change. Of relevance in New Zealand is the implementation of the Deposit Takers Act 2023 (including the introduction of a Depositor Compensation Scheme in mid-2025) and potential changes to the Credit Contracts and Consumer Finance Act 2003, which may impact Heartland Bank's consumer and retail businesses, respectively. Of relevance in Australia is the Financial Accountability Regime which came into effect on 15 March 2024. This regime imposes a strengthened responsibility and accountability framework for entities in the banking, insurance and superannuation industries and their directors and senior executives. • Heartland Bank and Challenger Bank operate in an environment of significant regulatory supervision and are subject to prudential regulatory requirements imposed by the RBNZ and APRA, respectively (including in relation to regulatory capital). In addition, from completion, Heartland Australia must meet the same APRA prudential regulatory requirements which apply to Challenger Bank. • Any failures by Heartland or its subsidiaries to comply with new and existing regulatory requirements may impact both Heartland's business and its reputation, potentially resulting in regulatory enforcement action (including fines and/or other pecuniary penalties), litigation (including class actions), changes in licence conditions or licences being revoked. • Future changes in laws and regulations or further policy development in New Zealand and Australia may require changes to Heartland's business plan and model and may affect Heartland's financial performance and/or its ability to successfully achieve its strategic objectives.

1 Subject to meeting minimum ROE hurdles and APRA consultation.

Key risks (cont.)

Information technology and cybersecurity	• Investing in technology and improving customer experience while lowering costs through removing friction is a core pillar of Heartland's strategy. Heartland relies on the performance, reliability and availability of its information technology, communication and other business systems. Cyber attacks or other malicious or operational causes, damage, interruption or failure of Heartland's key systems and cybersecurity measures, or compromise of data, could result in significant disruptions to Heartland's business, reputational damage, and heightened regulatory scrutiny. The delivery of many of Heartland's products through digital platforms heightens the risk associated with cyber attacks and the impacts those attacks may have on the availability of Heartland's systems and services. • Following completion, Heartland's subsidiaries will maintain different core systems across their businesses and, in some cases, product types. In addition, Challenger Bank's successful entry into new markets in Australia will be reliant on securing licenses for new systems and ensuring the currency of its core banking system is maintained, amongst other things. • A failure to maintain or secure reliable systems may have an adverse effect on Heartland's reputation, financial performance or achievement of its growth aspirations.
People and projects	• The retention of key staff and the successful recruitment of additional staff will be important in achieving the successful integration of Challenger Bank, and the successful achievement of Heartland's strategic objectives. Heartland considers that a small number of Heartland, Heartland Bank and Challenger Bank employees are crucial to the ongoing success of these businesses, and the ability of these key personnel to continue to support Heartland will be a vital component for Heartland's continued growth. Heartland management has been communicating with key personnel and considers the risk of key personnel leaving following completion of the Challenger Bank acquisition to be low. • Unemployment rates remain historically low and the labour market remains fairly tight in areas where key skills are in high demand. Staff turnover in Heartland has decreased in this financial year reducing the number of overall vacancies, however, the recruitment of appropriately qualified staff across certain roles continues to present challenges to ensure the continuity and availability of people. Resource challenges could affect the delivery of major projects at Heartland, achievement of strategic priorities and the smooth functioning of business operations. Mitigation strategies include partnering with external consultants, agency staffing options and engaging recruitment agencies for complex and hard to fill roles.
Macro-economic conditions	• Volatility in macro-economic conditions continues to be experienced as a result of geopolitical tensions, ongoing cost of living challenges as inflation moderates but remains high (particularly across New Zealand and Australia, with high migration) and other factors. • Severe deterioration in macro-economic conditions could impact on the availability and/or utility of Heartland's funding arrangements or otherwise impact upon Heartland's liquidity. In addition, dislocations in funding markets or reductions in depositor confidence can occur that may place pressure on bank liquidity, at both an institution and/or system wide level. • It could also result in increased credit risk through higher unemployment for consumers and adverse financial conditions for businesses. As a financial services group, either of those outcomes could have a material adverse impact on Heartland.

Key risks (cont.)

Credit risk	• Heartland Bank and Challenger Bank are exposed to credit risk and may incur losses from defaults by customers or counterparties. Levels of credit risk vary according to the economic cycle, with increased risk ordinarily evident during periods of tighter economic conditions. Both New Zealand and Australia are currently experiencing a period of higher interest rates and slower growth, hence underlying credit risk across all lending portfolios is elevated. Economic conditions are expected to improve in calendar year 2025 as interest rates fall (noting that unemployment may remain a key variable for both economies). • A failure to adequately manage credit risk and/or provide for potential losses could result in Heartland Bank or Challenger Bank suffering financial losses (lost principal and interest income), disruption to cash flows and/or increased collection costs. This, in turn, could affect Heartland's profitability. • Heartland is exposed to lending to the New Zealand and Australian household sector (motor vehicle lending (currently NZ only), reverse mortgage lending and some residential mortgage lending), asset financing and lending to small-to-medium sized businesses (currently NZ only) and livestock lending in both New Zealand and Australia. Heartland's significant exposure to these sectors means that the economic, social and environmental conditions in New Zealand and Australia (as applicable) may have a material impact on Heartland's credit risk. For example: 1. Reverse mortgage loan borrowers are guaranteed lifetime occupancy of their property, make no payments until the last borrower leaves the property and, at that time, are only required to repay their loan up to the sale proceeds of the property. There is a risk therefore that the size of a reverse mortgage loan exceeds the value of the property at the time of repayment. 2. Lending to the rural sector includes financing or taking security over livestock. Fluctuations in the market price of livestock or a widespread outbreak of disease affecting livestock could increase loan defaults in this sector. 3. Motor finance credit risk outcomes tend to be more exposed to the rate of unemployment and business credit risk outcomes tend to be correlated to overall economic conditions but can also be impacted by asset and property valuations. • Both Heartland Bank and Challenger Bank are mature organisations with well-established credit risk management and provisioning frameworks, policies and processes. Key lending and credit managers are experienced in all specialist segments and across various economic cycles. Stress testing is also regularly performed to assess the impact of severe but plausible adverse events on credit quality and overall organisational strength.
Operational risk	• Heartland Bank and Challenger Bank's businesses are dependent on their ability to process and monitor, on a daily basis, a large number of transactions (particularly in higher volume business areas, such as consumer lending and retail). This may be affected by human error, intentional actions such as internal or external fraud or theft, improper business practices, the failure of internal or external processes or systems, or external events which are wholly or partly beyond Heartland Bank or Challenger Bank's control. • Any such failure may result in reduced customer demand, financial losses or a failure to comply with laws or regulations, contractual arrangements or industry standards, which could have an adverse impact on Heartland Bank or Challenger Group's (and therefore Heartland's) reputation.

Key risks (cont.)

Climate risk	• Heartland's subsidiaries provide motor vehicle lending, reverse mortgage lending and residential mortgage lending, asset financing and lending to small-to-medium sized New Zealand businesses and the rural sector (including small-to-medium sized New Zealand farming businesses and livestock lending in both New Zealand and Australia). Heartland's Australian lending is currently limited to reverse mortgages and livestock, but its product suite is expected to expand with the acquisition of Challenger Bank and the execution of its strategic growth aspirations. Heartland's significant exposure to these sectors means that environmental conditions in New Zealand and Australia may have a material impact on Heartland's financial performance. • For example, Heartland's lending to the rural sector includes financing or taking security over livestock. Widespread outbreak of disease affecting livestock (such as foot and mouth disease) could increase loan defaults in this sector. In addition, significant natural disaster or weather events affecting specific geographic regions of New Zealand or Australia where Heartland has material exposures may also increase the risk of loan defaults. • While Heartland endeavours to manage climate risk, including via undertaking scenario analysis to understand the risks and opportunities that climate change presents to its business currently, and into the future, it is a risk which is rapidly evolving and differs in impact jurisdictionally. A failure to adequately manage climate risk could result in Heartland suffering financial losses. It may also have a material adverse impact on Heartland's financial performance.
Hedge accounting	• Heartland endeavours to fully hedge the economics of its interest rate risks. However, Heartland relies on the wholesale market for the derivatives used to create these hedges and the derivatives are subject to different accounting treatment than loan and deposit books. Hedge accounting for derivatives is complex, and in some market environments where ordinary correlations dislocate, it can be difficult to achieve exact matches for each position. This may cause accounting hedge ineffectiveness, or for hedge accounting relationships to fail, resulting in some gain or loss through profit or loss. Should this occur, it could possibly impact upon Heartland's FY2024 NPAT, however it would be non-cash and not reflective of underlying performance.

05

Disclaimer, glossary & appendices

05

Disclaimer and important notice

This presentation has been prepared by Heartland Group Holdings Limited (the Company or Heartland) in relation to an offer of new shares in the Company (New Shares) by way of:
• a placement to eligible institutional and other selected investors (Placement); and
• an accelerated, non-renounceable entitlement offer to eligible shareholders of the Company (ANREO), in New Zealand under clause 19 of Schedule 1 to the Financial Markets Conduct Act 2013 (FMCA), and in Australia pursuant to the provisions of section 708AA of the Corporations Act 2001 (Cth) (the Corporations Act) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Instrument 18-1012),
(the Placement and the ANREO, together, are referred to as the Offer).

Information
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The New Shares will be quoted on the NZX Main Board following completion of each of the Placement and the ANREO, and an application will be made by Heartland for the New Shares to be quoted on the ASX. Neither NZX nor ASX accepts any responsibility for any statement in this presentation. NZX is a licensed market operator, and the NZX Main Board is a licensed market under the FMCA.

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Financial data
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This presentation includes certain financial measures that are "non-GAAP (generally accepted accounting practice) financial information" under Guidance Note 2017: 'Disclosing non-GAAP financial information' published by the New Zealand Financial Markets Authority, "non-IFRS financial information" under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' and "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Exchange Act of 1934. Disclosure of such non-GAAP financial measures in the manner included in this presentation would not be permissible in a registration statement under the U.S. Securities Exchange Act of 1934. Such financial information and financial measures (including underlying profit or loss, underlying net interest margin, underlying CTI ratios and underlying impairment expense ratio) do not have standardised meanings prescribed under New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), Australian Accounting Standards (AAS) or International Financial Reporting Standards (IFRS) and therefore, may not be comparable to similarly titled measures presented by other entities.

Because the Company complies with accounting standards, investors know that comparisons can be made with confidence between reported profits and those of other companies, and there is integrity in the Company's reporting approach. These non-GAAP figures are provided as a supplementary measure for readers to assess the Company's performance alongside NZ GAAP reported measures, where one-offs, both positive and negative, can make it difficult to compare profits between years. However, these do not have standardised meanings and should not be viewed in isolation nor considered a substitute for measures reported in accordance with NZ GAAP.

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This presentation may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. Forward-looking statements in this presentation include statements regarding the timetable, conduct and outcome of the Offer and the use of proceeds thereof, Heartland's strategies and future plans and Heartland's future financial performance. Any indications of, guidance or outlook on, or ambitions in respect of, future earnings or financial position or performance and future distributions are also forward-looking statements. All such forward-looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies, and other factors, many of which are outside the control of the Company, which may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such forward-looking statements speak only as of the date of this presentation. Except as required by law or regulation (including the NZX Listing Rules and the ASX Listing Rules), the Company undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to the date of this presentation or to update or keep current any of the information contained herein. Any estimates or projections as to events that may occur in the future (including projections of revenue, expense, net income and performance) are based upon the best judgement of the Company from the information available as of the date of this presentation. A number of factors could cause actual results or performance to vary materially from the projections, including the risk factors set out in this presentation. Investors should consider the forward-looking statements in this presentation in light of those risks and disclosures. You are strongly cautioned not to place undue reliance on any forward-looking statements, particularly in light of the current economic climate.

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By attending or reading this presentation, you agree to be bound by the foregoing limitations and restrictions and, in particular, will be deemed to have represented, warranted, undertaken and agreed that: (i) you have read and agree to comply with the contents of this Disclaimer and Important Notice; (ii) you are permitted under applicable laws and regulations to receive the information contained in this presentation; and (iii) you will base any investment decision solely on information released by the Company via NZX and ASX (including, in the case of the ANREO, the Offer Document).

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Glossary

ABP	Australia Bank Programme	NIM	Net interest margin
ADI	Authorised deposit-taking institution	NOI	Net operating income
APRA	Australian Prudential Regulation Authority	NPAT	Net profit after tax
AT1	Additional Tier 1	NPL	Non performing loans
Australian Seniors Finance	Australian Seniors Finance Pty Ltd, now known as Heartland Finance	OOI	Other operating income
Challenger Bank	Challenger Bank Limited	OPEX	Operating expenses
CAGR	Compound Annual Growth Rate	RBNZ	Reserve Bank of New Zealand
CTI ratio	Cost to income ratio	pps	Percentage points
EPS	Earnings per share	Receivables	Gross Finance Receivables
FX	Foreign currency exchange	ROE	Return on equity
Heartland	Heartland Group Holdings Limited or the **Company**	StockCo Australia	Comprised of StockCo Australia Management Pty Ltd, StockCo Holdings 2 Pty Ltd and their subsidiaries
Heartland Australia	Heartland Australia Holdings Pty Ltd and its direct and indirect wholly-owned subsidiaries, Heartland Australia Group Pty Ltd, Australia Seniors Finance and StockCo Australia	TERP	Theoretical Ex-Rights Price
Heartland Bank Australia	Challenger Bank (an Australian ADI) and Heartland Australia	FY2024	Financial year ending 30 June 2024
Heartland Bank	Heartland Bank Limited	FY2025P	Financial projections for the financial year ending 30 June 2025
LTM	Last twelve months to 31 December 2023	FY2028	Financial year ending 30 June 2028
LVR	Loan-to-value ratio	1H2023	First half of FY2023 (1 July to 31 December 2022)
MTN	Medium Term Note	1H2024	First half of FY2024 (1 July to 31 December 2023)
NII	Net interest income	2H2024	Second half of FY2024 (1 January to 30 June 2024)

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Presentation of financial results

Unaudited financial results in this investor presentation are presented on a reported and underlying basis.

- Reported results are prepared in accordance with NZ GAAP and include the impacts of one-offs, both positive and negative, which can make it difficult to compare performance between periods.
- Underlying results (which are non-GAAP financial information) exclude the impacts of fair value changes on equity investments held, the de-designation of derivatives, the ABP costs, increase in provisions for a subset of legacy lending, and any other impacts of one-offs. This is intended to allow for easier comparability between periods, and is used internally by management for this purpose.

Adjustments for underlying results impact net operating income (**NOI**), operating expenses (**OPEX**), net profit after tax (**NPAT**), net interest margin (**NIM**) and earnings per share (**EPS**). Underlying return on equity (**ROE**), underlying cost to income (**CTI**) ratio and underlying impairment expense ratio measures are supplementary, non-GAAP measures that may be used by investors, industry analysts and others in assessing and benchmarking profitability and performance against the industry and/or other companies. A GAAP and non-GAAP comparative is provided for each of these measures.

Refer to Heartland's full year and half year investor presentations at heartlandgroup.info for a detailed reconciliation between reported and underlying financial information, including details about one-offs in the periods covered in this presentation.

Appendix 1: Sustainability

Heartland's sustainability framework is built on three key pillars: **environment**, **people** and **financial wellbeing**.

Heartland is making good progress to meet the new **Climate-Related Disclosures obligations in NZ**, with Heartland's first climate statement required as part of full year reporting for FY2024.

StockCo Australia announced a **two-year pilot project with Australian farmer-led software provider Ruminati**, to help producers track and validate on-farm climate action across the supply chain.

Heartland Bank awarded **Canstar NZ's Bank of the Year – Savings** (sixth year in a row). Plus, **Five-star ratings** for Direct Call Account, 32-Day Notice Saver Account and 90-Day Notice Saver Account.

Heartland's Board established a Sustainability Committee to oversee Heartland's sustainability strategy and implementation plans.

The Manawa Ako internship welcomed 30 Māori and Pasifika interns in its sixth intake, with the **greatest number of applications** since programme establishment in 2017.

Heartland Finance, awarded a **Non-Bank of the Year Excellence Award at the Australian Mortgage Awards 2023** (fourth year in a row).

For more information on Heartland's sustainability framework, please visit heartlandgroup.info/sustainability

Appendix 2: Current Board of Directors

Diversified and experienced Boards with a demonstrated good governance track record supported by extensive expertise in finance, banking and risk management.

Heartland Group

	Greg Tomlinson	**Chairman & Non-Executive Director I Appointed in 2018 (2013 to Heartland NZ Ltd Board)[1]** • 40 years experience • Currently director of Oceania Healthcare, Tomlinson Group and Indevin Group • Previously founder at Impact Capital
	Ellie Comerford	**Independent Non-Executive Director I Appointed in 2018 (2017 to Heartland Bank Board)** • Over 35 years experience • Currently Non-Executive Director for a range of financial services sector boards ANZ • Previously Group CFO and Director of Hollard ANZ, CEO and Managing Director of Genworth Mortgage Insurance Australia, International division COO of First American Financial Corporation, CEO and Managing Director of First Title ANZ, and various senior executive roles at Citigroup • *Ellie has indicated her intention to resign from the Heartland Board on or around 30 June 2024*
	Kate Mitchell	**Independent Non-Executive Director I Appointed in 2021** • Over 25 years experience • Currently Chair of The New Zealand Merino Company and Link Engine Management, and director of The a2 Milk Company and Christchurch International Airport • Previously Managing Director, Debt Capital Markets at Deutsche Bank, following Global Markets roles at Merrill Lynch and Goldman Sachs
	Geoff Summerhayes	**Independent Non-Executive Director I Appointed in 2021** • Over 35 years experience • Currently Chair of Zurich ANZ and Chair of the AICD Climate Governance Initiative and senior advisor to Pollination Group • Previously on APRA Board, CEO of Suncorp Life and held several senior executive roles at NAB and Lendlease • *Subject to completion, Mr Summerhayes will resign from the Heartland Board and will be appointed as the Chairman of the Challenger Bank Board*
	Jeff Greenslade	**CEO and Executive Director I Appointed in 2018 (2010 to Heartland NZ Ltd Board)[1]** • Over 30 years experience • Previously Managing Director of Corporate and Commercial Banking for ANZ National Banking Group and held numerous senior roles in the institutional and capital markets areas of The National Bank of New Zealand and its subsidiary Southpac • Previously on board of UDC Finance Limited • *Mr Greenslade has indicated his intention to step down from his role as CEO of Heartland at the end of this calendar year. The Board is confident in the continuation of senior expertise within the Heartland group, and will work closely with Jeff on succession planning through the calendar year to ensure a successful transition*

Heartland Bank

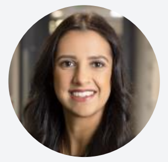
	Bruce Irvine	**Chair & Independent Non-Executive Director I Appointed in 2015 (2013 to Heartland NZ Ltd Board)[1]** • Over 35 years experience • Currently Chair of Skope Industries Ltd, Market Gardeners Ltd and Non-Executive Director of House of Travel Ltd and Scenic Hotels Ltd • Previously Managing Partner at Deloitte
	Jeff Greenslade	**Non-Independent Non-Executive Director I Appointed in 2015 (2010 to Heartland NZ Ltd Board)[1]** • Over 30 years experience • Previously Managing Director of Corporate and Commercial Banking for ANZ National Banking Group and held numerous senior roles in the institutional and capital markets areas of The National Bank of New Zealand and its subsidiary Southpac • Previously on board of UDC Finance Limited
	John Harvey	**Independent Non-Executive Director I Appointed in 2015 (2013 to Heartland NZ Ltd Board)[1]** • Over 45 years experience • Previously Partner at PWC • Board experience includes Stride Property, Investore Property, Napier Port, Kathmandu Holdings and previously APN News and Media • *Subject to completion, Mr Harvey will be appointed to the Heartland Board as an independent, non-executive director and will remain on the Heartland Bank Board as a non-independent, non-executive director*
	Kate Mitchell	**Non-Independent Non-Executive Director I Appointed in 2019** • Over 25 years experience • Currently Chair of The New Zealand Merino Company and Link Engine Management, and director of The a2 Milk Company and Christchurch International Airport • Previously Managing Director, Debt Capital Markets at Deutsche Bank, following Global Markets roles at Merrill Lynch and Goldman Sachs
	Shelley Ruha	**Independent Non-Executive Director I Appointed in 2020** • Over 30 years experience • Currently Independent Director of Partners Life and 9Spokes and independent Chair of Allied Farmers and PaySauce • Previous banking executive experience across business banking, institutional markets, technology and product, and board experience at Hobson Wealth, Paymark, JB Were Australia, and The Icehouse
	Simon Tyler	**Independent Non-Executive Director I Appointed in 2022** • Over 35 years experience • Currently independent director on the audit committee of IHC New Zealand and director of Palliser Estate Wines of Martinborough • Previously CEO of the Government Superannuation Fund Authority and the National Provident Fund and also held senior treasury and markets roles

1 Heartland changed its name from Heartland New Zealand Limited to Heartland Bank Limited on 31 December 2015 (in conjunction with the amalgamation of Heartland New Zealand Limited and Heartland Bank Limited).

Appendix 3: Current Management

Management team with a deep understanding of banking and finance and a commitment to achieving great outcomes for stakeholders.

Heartland Group[1]

	**Jeff Greenslade**	**Chief Executive Officer I Joined in 2009** • Over 30 years experience • Previously Managing Director of Corporate and Commercial Banking for ANZ National Banking Group and held numerous senior roles in the institutional and capital markets areas of The National Bank of New Zealand and its subsidiary Southpac • Previously on board of UDC Finance Limited
	**Chris Flood**	**Deputy Chief Executive Officer I Joined in 1997** • Over 35 years experience • Previously CEO of Heartland Bank and originally joined Heartland through MARAC Finance in 1997 • Previously Westpac, National Australia Bank and UDC • Director of numerous associated entities within the Heartland group of companies
	**Andrew Dixson**	**Group Chief Financial Officer I Joined in 2010** • Over 20 years experience • Held numerous senior roles focused on execution of key strategic projects • Previously investment banker with Credit Suisse and ABN AMRO and auditor at PwC
	**Aleisha Langdale**	**Chief Performance Officer I Joined in 2015** • 9 years experience • Previously Head of Digital Coordination, Home Loan Planning & Execution Manager and Digital Projects Manager at Heartland Bank

Heartland Bank

	**Leanne Lazarus**	**Chief Executive Officer I Joined in 2022** • Over 30 years experience • Previously CEO & Executive Director of Westpac NZ's insurance brand Westpac Life NZ • Held executive positions at Westpac NZ, ANZ, National Bank of New Zealand and Nedbank Group
	**Andy Wood**	**Chief Risk Officer I Joined in 2022** • Over 30 years experience • Previously Head of Supervision at Reserve Bank of New Zealand, where he was responsible for implementing the RBNZ's approach to supervision, covering both prudential and anti-money laundering activities across the bank, non-bank and insurance sectors
	**Kerry Conway**	**Chief Financial Officer I Joined in 2024** • Over 30 years experience • Previously Chief Product Officer and Deputy CFO at Westpac NZ, as well as CFO positions at GE Capital NZ and Paymark • Held various senior finance roles within global organisations
	**Michael Drumm**	**Chief Compliance & Sustainability Officer I Joined in 2015** • Over 15 years experience • Held numerous senior roles at Heartland, including General Counsel and Chief Risk Officer • Previously Senior Associate at commercial law firm Mayne Wetherell
	**Phoebe Gibbons**	**General Counsel I Joined in 2020** • Over 15 years experience • Previously Senior Associate at commercial law firm Chapman Tripp • Provides a shared resource into Heartland Group
	**Lana West**	**Chief People & Culture Officer I Joined in 2021** • Over 20 years experience • Previously Head of People & Culture at ASB Bank, Beca, BNZ, Head of Diversity & Inclusion at BNZ, People & Culture State Manager, Victoria & Tasmania at Bupa • Provides a shared resource into Heartland Group

1 Doug Snell will be leaving his role as StockCo Australia CEO on 12 April 2024. Chris Flood will cover the role in his capacity as Acting CEO of Heartland Bank Australia until a replacement is recruited.

Appendix 4: Internal offer restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside New Zealand and Australia except to the extent permitted below.

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United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

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The New Shares will only be offered and sold in the United States to:

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Thank you

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