

FY2025

Half Year Results

For the six months ended 31 December 2024

HEARTLAND
— GROUP —

**INVESTOR
PRESENTATION**

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01 | GROUP SUMMARY

Andrew Dixon
Chief Executive Officer, Heartland Group

HEARTLAND
— GROUP —

PRESENTATION OF RESULTS

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.
- 1H2025 underlying results (which are non-GAAP financial information) exclude the impact of one-off regulatory assurance costs arising in relation to the acquisition of Heartland Bank Australia, one-off staff exit costs, the de-designation of derivatives, the fair value changes on equity investments held, and other impacts of non-recurring income. This is intended to allow for easier comparability between periods and is used internally by management for this purpose.

Adjustments for underlying results impact NOI, OPEX, NPAT, NIM and EPS. Underlying ROE, underlying 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 page 6 for a detailed comparison between reported and underlying financial information, page 7 for details about 1H2025 one-offs and page 46 for details about 1H2024 one-offs.

General information about the use of non-GAAP financial measures is set out on page 47 of this investor presentation.

The 1H2025 financial statements for Heartland are unaudited, but have been reviewed by Heartland's external auditor, PricewaterhouseCoopers.

SUMMARY OF 1H2025 RESULT

Heartland's reduced 1H2025 NPAT reflects an increase in NOI, supported by strong performance by the AU bank, offset by active derisking and repositioning of some of the NZ bank's NPLs which contributed to a significantly higher impairment expense.

- The result was also impacted by an increase in OPEX. However, this includes a \$11.4m uplift related to the regulatory and operational requirements of the Australian business becoming an ADI, \$2.8m in additional depreciation and amortisation primarily related to Heartland Bank's core banking system upgrade and \$7.7m related to one-off expenses .
- Strong Reverse Mortgage growth continued in both countries, with Receivables up 15.3%² in NZ and 15.0%³ in AU. AU Reverse Mortgages achieved record new business in 1H2025 of \$193m, up 4.1% from 1H2024.
- Heartland Bank Australia's transition to becoming funded primarily by deposits was substantially progressed in 1H2025, now making up 60% of funding, and is having a positive effect on NIM.¹
- Heartland Bank's NIM has remained stable in 1H2025, but is expected to expand in 2H2025, with the FY2025 exit NIM expected to be above 4.00%.
- Heartland remains well capitalised with strong liquidity and no changes to credit ratings.
- Interim dividend of 2.0 cps.
- Heartland expects underlying NPAT for FY2025 to be at least \$45m.

Fitch Ratings long term issuer default ratings

**Heartland Group
Holdings Limited**
BBB (outlook stable)

**Heartland Bank
Limited**
BBB (outlook stable)

**Heartland Bank
Australia Limited**
BBB (outlook stable)

¹ When NIM is adjusted for the impact of the ADI acquisition (rebase NIM), the exit rebase NIM for 1H2024 was 2.64%, increasing 49 bps to 3.13% by 1H2025.

² Annualised growth.

³ Annualised growth excluding the impact of changes in FX rates.

GROUP FINANCIAL RESULTS

	Reported					Underlying					Reported v Underlying		
	1H25	1H24		Movement		1H25	1H24		Movement		1H25	1H24	
Financial performance	NII	\$149.1m	\$138.7m	↑	\$10.4m	7.5%	\$149.1m	\$138.7m	↑	\$10.4m	7.5%	-	-
	OOI ¹	\$6.0m	\$4.4m	↑	\$1.6m	37.5%	\$7.7m	\$6.8m	↑	\$0.9m	13.4%	(\$1.7m)	(\$2.4m)
	NOI	\$155.1m	\$143.1m	↑	\$12.0m	8.4%	\$156.9m	\$145.6m	↑	\$11.3m	7.8%	(\$1.7m)	(\$2.4m)
	OPEX	\$98.1m	\$66.5m	↑	\$31.6m	47.5%	\$90.4m	\$63.5m	↑	\$26.8m	42.2%	\$7.7m	\$3.0m
	Impairment expense	\$50.5m	\$24.0m	↑	\$26.5m	110.2%	\$50.5m	\$8.0m	↑	\$42.5m	528.8%	-	\$16.0m
	GFV provision	\$1.2m	-	↑	\$1.2m	n/a	\$1.2m	-	↑	\$1.2M	n/a	-	-
	Tax expense	\$1.7m	\$15.0m	↓	(\$13.2m)	(88.4%)	\$4.1m	\$21.2m	↓	(\$17.1m)	(80.5%)	2.4m	6.2m
	NPAT ²	\$3.6m	\$37.6m	↓	(\$34.0m)	(90.4%)	\$10.7m	\$52.7m	↓	(\$42.1m)	(79.8%)	(\$7.0m)	(\$15.1m)
	NIM	3.41%	3.67%	↓	(26 bps)		3.41%	3.67%	↓	(26 bps)		-	-
	CTI ratio	63.2%	46.5%	↑	1676 bps		57.6%	43.7%	↑	1390 bps		560 bps	280 bps
	Impairment expense ratio ³	1.40%	0.70%	↑	70 bps		1.40%	0.23%	↑	117 bps		-	47 bps
	ROE	0.6%	7.3%	↓	(670 bps)		1.9%	10.2%	↓	(833 bps)		(130 bps)	(310 bps)
	EPS	0.4 cps	5.3 cps	↓	(4.9 cps)		1.1 cps	7.4 cps	↓	(6.3 cps)		(0.7cps)	(2.1 cps)

	1H25	1H24		Movement	
Financial position	Liquid assets	\$1,268m	\$1,708m	↓	(\$440m) (25.8%)
	Receivables ⁴	\$7,121m	\$7,241m	↓	(\$143m) ⁶ (3.9%) ^{5,6}
	Borrowings	\$7,477m	\$7,994m	↓	(\$517m) (6.5%)
	Equity	\$1,213m	\$1,238m	↓	(\$25.3m) (2.0%)
	Equity/total assets	13.9%	13.3%	↑	60 bps

Note: See page 45 for a definition of underlying financial metrics. Refer to page 7 for details about 1H2025 one-offs and page 46 for details about 1H2024 one-offs.

¹ Reported OOI includes fair value gains/losses on investments.

² Refer to pages 7 and 46 for details about one-offs in the periods covered in this investor presentation.

³ Impairment expense as a percentage of average Receivables.

⁴ Receivables also includes Reverse Mortgages.

⁵ Annualised 1H2025 growth.

⁶ Excluding the impact of changes in FX rates.

1H2025 REPORTED VS. UNDERLYING

	1H2025	Entity		
		HGH	HBL	HBAL
Reported NPAT	\$3.6m			
- De-designation of derivatives	\$1.1m		\$1.1m	
- Fair value changes on equity investments held	\$0.2m		\$0.2m	
- Other non-recurring income	\$0.4m		\$0.4m	
Other operating income (OOI)	\$1.7m			
- One-off regulatory assurance costs arising in relation to the acquisition of Challenger Bank (now Heartland Bank Australia)	\$1.2m	\$0.1m	\$1.0m	\$0.1m
- One-off staff exit costs	\$6.5m	\$5.5m		\$1.0m
Operating expenses (OPEX)	\$7.7m			
Tax impact	(\$2.4m)	(\$1.6m)	(\$0.5m)	(\$0.3m)
Underlying NPAT¹	\$10.7m			

- The impact from the de-designation of derivatives is now complete.
- 2H2025 one-offs are expected to be limited to any fair value changes on equity investments held and any other one-off non-recurring expenses that arise.

GROUP STRATEGY

Ensure capital is deployed into value accretive activity measured by ROE.

Deliver specialist banking products that meet ROE thresholds

- Invest where risk and return is calibrated to deliver 12-14% ROE.
- Improve operating leverage through automation and technology solutions.
- Leverage investment and momentum in Heartland Bank Australia to fuel growth opportunities.
- Restore asset quality through active derisking and repositioning of non-performing NZ loans.
- Recycle capital from portfolios that are not meeting ROE thresholds.

Core market goals

- Leading provider of funding solutions for older New Zealanders and Australians.
- Pre-eminent provider of rural finance in NZ and Australia, focusing on livestock.
- Preferred vehicle financier in NZ.
- Innovative and competitively priced term and savings deposits in NZ and AU.

2H2025 focus

NZ banking

- Simplifying the NZ bank through NSA realisation and ceasing to originate unsecured lending.
- Further product rationalisation required.
- Margins have stabilised and are expected to expand.
- Heartland Bank asset quality expected to benefit from enhancements to collections, recoveries and write-offs strategies.
- Cost growth expected to be at peak investment and requires moderation.

AU banking

- Strong growth in Reverse Mortgage and Livestock Finance portfolios generating sustainable profits.
- Margin acceleration expected.
- Costs expected to remain stable.

Heartland recognises the need to meet its FY2028 ambitions and remains confident in doing so despite near term financial impacts. At its FY2025 results announcement, Heartland will provide a detailed overview of the plans underway to meet these ambitions.

NON-STRATEGIC ASSETS (NSA) OVERVIEW

NSAs are primarily NZ assets that are outside of Heartland's core lending strategy, or do not deliver threshold ROE.

Asset type	Description	Exit strategies	Balance Jun-24 (\$m)	Movement (\$m)	Balance Dec-24 (\$m)
Rural Receivables	<ul style="list-style-type: none"> Diversified portfolio of agricultural lending primarily to NZ based dairy farms and sheep and beef farms. Exposures are ~30% North Island and ~70% South Island (Otago ~60%)¹. 	<ul style="list-style-type: none"> Primary exit strategy assessed on a file-by-file basis. This is expected to be achieved through a combination of refinancing and sale of underlying security. Portfolio level solutions continue to be explored as a means of expediting realisation timeframes. 	129.5	(6.9)	122.6
Business Receivables	<ul style="list-style-type: none"> Portfolio of diversified NZ SME lending. Primary sectors include: transport, forestry, mining, vineyards and construction. 		63.9	(4.3)	59.6
Online Home Loans Receivables	<ul style="list-style-type: none"> Portfolio of prime home loans. 	<ul style="list-style-type: none"> The portfolio is being wound down through organic repayment. Heartland expects over 80% of the total balance will be repaid by the end of 1H2026. 	311.0	(64.5)	246.5
Properties	<ul style="list-style-type: none"> Two dairy farms located in Canterbury and Otago. 	<ul style="list-style-type: none"> Both farms are currently being prepared for sale at the next available market window. 	16.0	0.2	16.2
Investment Properties	<ul style="list-style-type: none"> Block of 16 apartments located in Northland. 	<ul style="list-style-type: none"> Sale of apartments on open market to commence in April 2025. 	3.7	0.7	4.4
Equity Investments	<ul style="list-style-type: none"> Minority equity stake in Alex Corporation Limited (Alex Bank), Avenue Hold Limited (Avenue Bank) and Harmony Corp Limited. 	<ul style="list-style-type: none"> No near term exits likely on commercially acceptable terms. Primary exit strategy is via existing shareholder base. 	13.5	(0.6)	12.9
Total			537.6	(75.4)	462.2

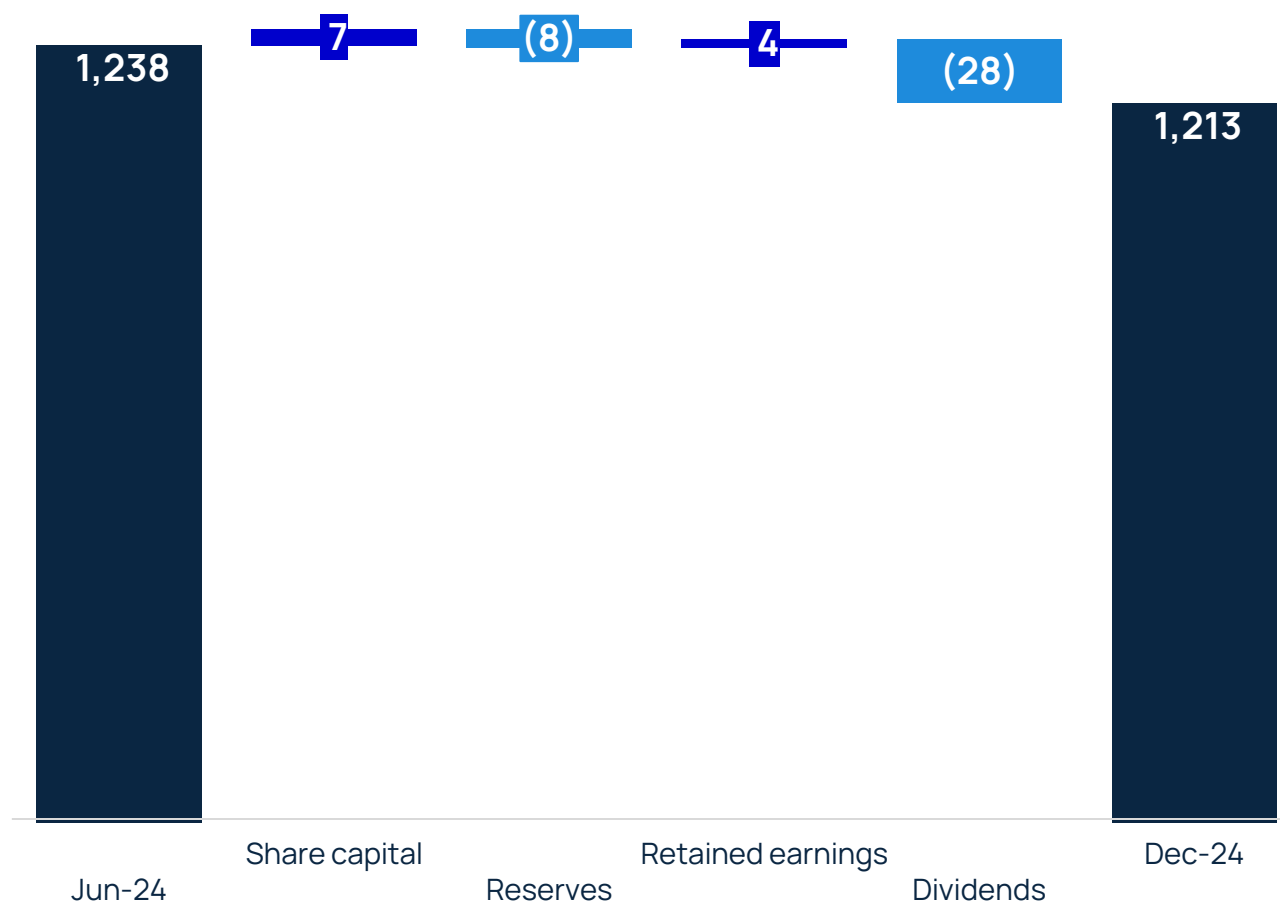
NSA MILESTONES & REALISATION

Realisation strategies will enable underlying capital to be deployed to support value accretive growth within Heartland.

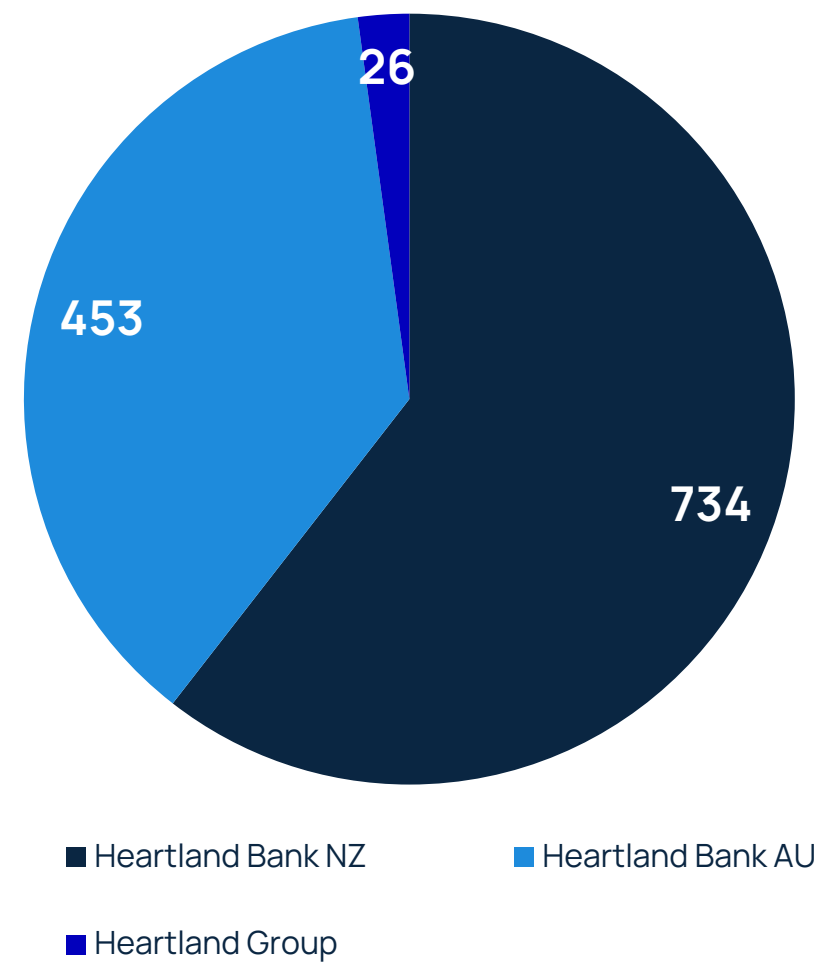
Asset	NZ (\$m)	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26+	Total
Rural Relationship	Repayment (\$m)	-	7.4	13.9	7.3	2.9	91.1	122.6
	CET1 released (\$m)	-	0.9	1.8	0.9	0.4	11.6	15.6
Business Relationship	Repayment (\$m)	4.1	23.8	3.4	22.0	4.0	2.4	59.6
	CET1 released (\$m)	0.3	1.9	0.3	1.7	0.3	0.2	4.7
Online Home Loans	Repayment (\$m)	30.2	61.9	33.1	78.4	14.8	29.0	246.5
	CET1 released (\$m)	1.5	3.1	1.6	3.9	0.7	1.4	12.2
Properties	Repayment (\$m)	-	-	-	-	-	16.2	16.2
	CET1 released (\$m)	-	-	-	-	-	2.4	2.4
Investment Properties	Repayment (\$m)	-	1.0	2.0	1.4	-	-	4.4
	CET1 released (\$m)	-	0.1	0.2	0.2	-	-	0.5
Equity Investments AU	Repayment (\$m)	-	-	-	-	-	7.6	7.6
	CET1 released (\$m)	-	-	-	-	-	7.6	7.6
Equity Investments NZ	Repayment (\$m)	-	-	-	-	-	5.3	5.3
	CET1 released (\$m)	-	-	-	-	-	5.3	5.3
Total NSA Repayments		34.3	94.1	52.4	109.1	21.7	150.6	462.2
Total CET1 Released		1.8	6.0	3.9	6.7	1.4	28.4	48.2
NSA Balance		428.0	333.9	281.5	172.4	150.7	-	
CET1 Balance - Allocated to NSAs		46.4	40.5	36.5	29.9	28.5	-	

CAPITAL

Heartland capital movement \$m



Heartland capital allocation \$m



Heartland remains well capitalised

- Both banks maintain strong regulatory capital positions.
- There are currently no ordinary share capital issuances planned to meet future requirements.
- NSA realisation strategies will enable capital to be deployed and utilised more effectively.

Note:

- Retained earnings include current NPAT.
- AU Bank includes the ADI and its subsidiaries (Heartland Australia Group & StockCo Australia).

SHAREHOLDER RETURN

2.0 CPS

Interim dividend
down 2.0 cps vs 1H2024

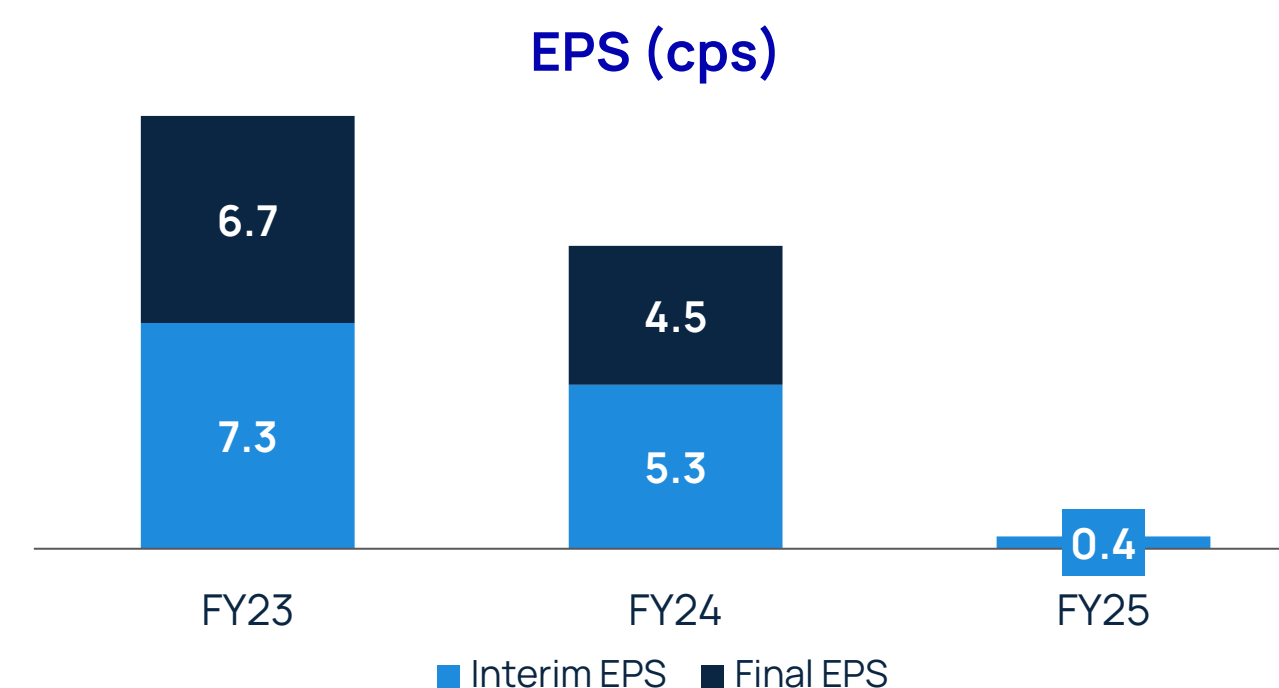
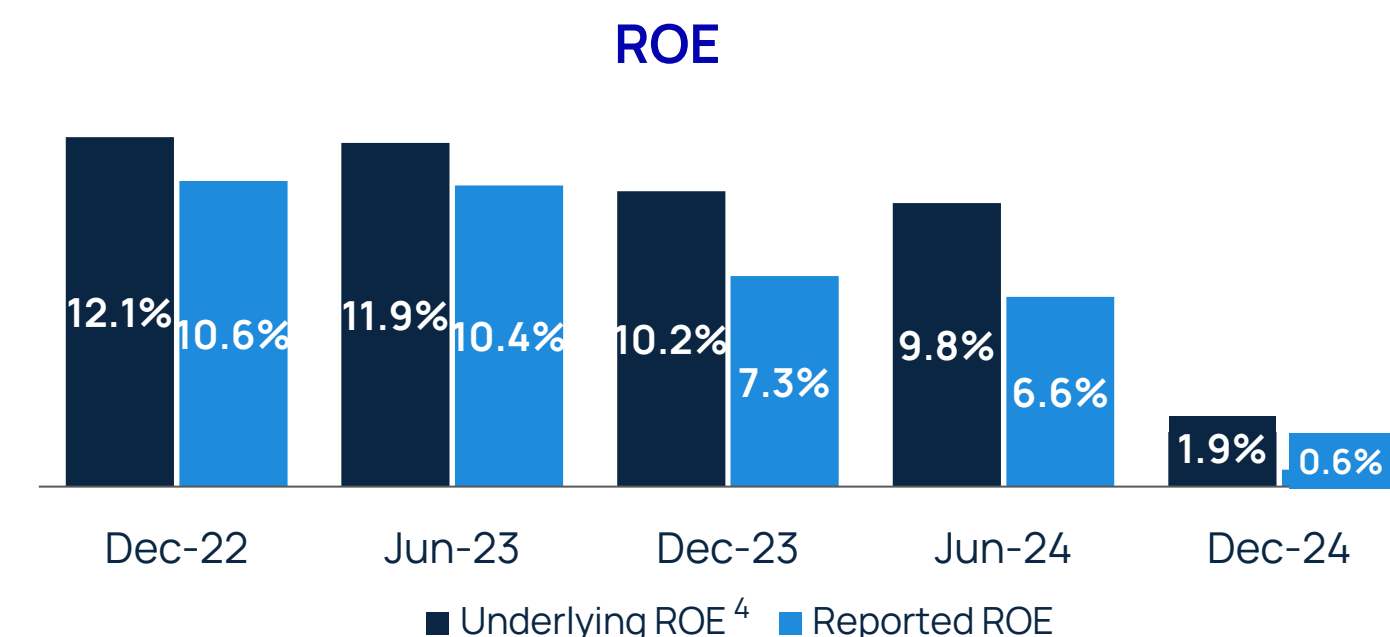
7.9%¹

Dividend yield
(1H2024: 11.9%²)

77%

Total dividend payout ratio
12-month rolling underlying NPAT

- Heartland's DRP will apply to the interim dividend with no discount.³
- Having regard to Heartland's next stage of growth, the Board expects to target a total dividend payout ratio of at least 50% of underlying NPAT in FY2025.
- The Board will, as it has historically, actively manage dividend settings and carefully consider the declaration of any dividends based on Heartland's capital needs, ROE accretive growth opportunities, balance sheet flexibility and financial performance.



¹ Total fully imputed dividends divided by the closing share price as at 25 February 2025 of \$0.88.

² Total fully imputed dividends divided by the closing share price as at 26 February 2024 of \$1.17.

³ That is, the strike price under the DRP will be 100% of the volume weighted average sale price of Heartland shares over the five trading days following the Record Date. For the full details of the DRP and the Strike Price calculation, refer to the Heartland DRP offer document dated 10 December 2018.

⁴ Underlying ROE refers to ROE calculated using underlying results.

02 | NEW ZEALAND BANKING

Leanne Lazarus

Chief Executive Officer, Heartland Bank

Kerry Conway

Chief Financial Officer, Heartland Bank

FINANCIAL RESULTS

		Reported					Underlying				
		1H25	1H24		Movement		1H25	1H24		Movement	
Financial performance	NII	\$105.6m	\$105.5m	↑	\$0.1m	0.1%	\$105.6m	\$105.5m	↑	\$0.1m	0.1%
	OOI ¹	\$9.4m	\$6.3m	↑	\$3.1m	49.7%	\$11.1m	\$10.6m	↑	\$0.5m	5.0%
	NOI	\$115.0m	\$111.7m	↑	\$3.2m	2.9%	\$116.7m	\$116.0m	↑	\$0.7m	0.6%
	OPEX	\$63.1m	\$52.1m	↑	\$10.9m	21.0%	\$62.1m	\$51.6m	↑	\$10.5m	20.4%
	Impairment expense	\$49.6m	\$23.9m	↑	\$25.6m	107.1%	\$49.6m	\$7.9m	↑	\$41.6m	523.9%
	GFV provision	\$1.2m	n/a	↑	\$1.2m	n/a	\$1.2m	n/a	↑	\$1.2m	n/a
	Tax expense	\$0.2m	\$10.0m	↓	(\$9.9m)	(98.5%)	\$0.7m	\$15.9m	↓	(\$15.2m)	(95.8%)
	NPAT ²	\$0.9m	\$25.6m	↓	(\$24.6m)	(96.3%)	\$3.1m	\$40.6m	↓	(\$37.5m)	(92.2%)
	NIM	3.78%	3.81%	↓	(3 bps)		3.78%	3.81%	↓	(3 bps)	
	CTI ratio	54.9%	46.7%	↑	820 bps		53.2%	44.5%	↑	878 bps	
	Impairment expense ratio ³	1.99%	0.96%	↑	103 bps		1.99%	0.32%	↑	167 bps	
	ROE	0.2%	7.1%	↓	(696 bps)		0.5%	11.1%	↓	(1061 bps)	

		Dec 24	Jun 24	Movement	
Financial position	Liquid assets	\$573m	\$620m	↓	(\$46m) (7.5%)
	Receivables ⁴	\$4,810m	\$5,078m	↓	(\$268m) (10.5%) ⁵
	Borrowings	\$4,756m	\$5,039m	↓	(\$283m) (5.6%)
	Equity	\$1,174m	\$1,201m	↓	(\$27m) (2.3%)
	Equity/total assets	19.7%	19.1%	↑	60 bps

Note: See page 45 for definition of underlying financial metrics. Refer to page 7 for details about 1H2025 one-offs and page 46 for details about 1H2024 one-offs.

¹ Reported OOI includes fair value gains/losses on investments.

² Refer to pages 7 and 46 for details about one-offs in the periods covered in this investor presentation..

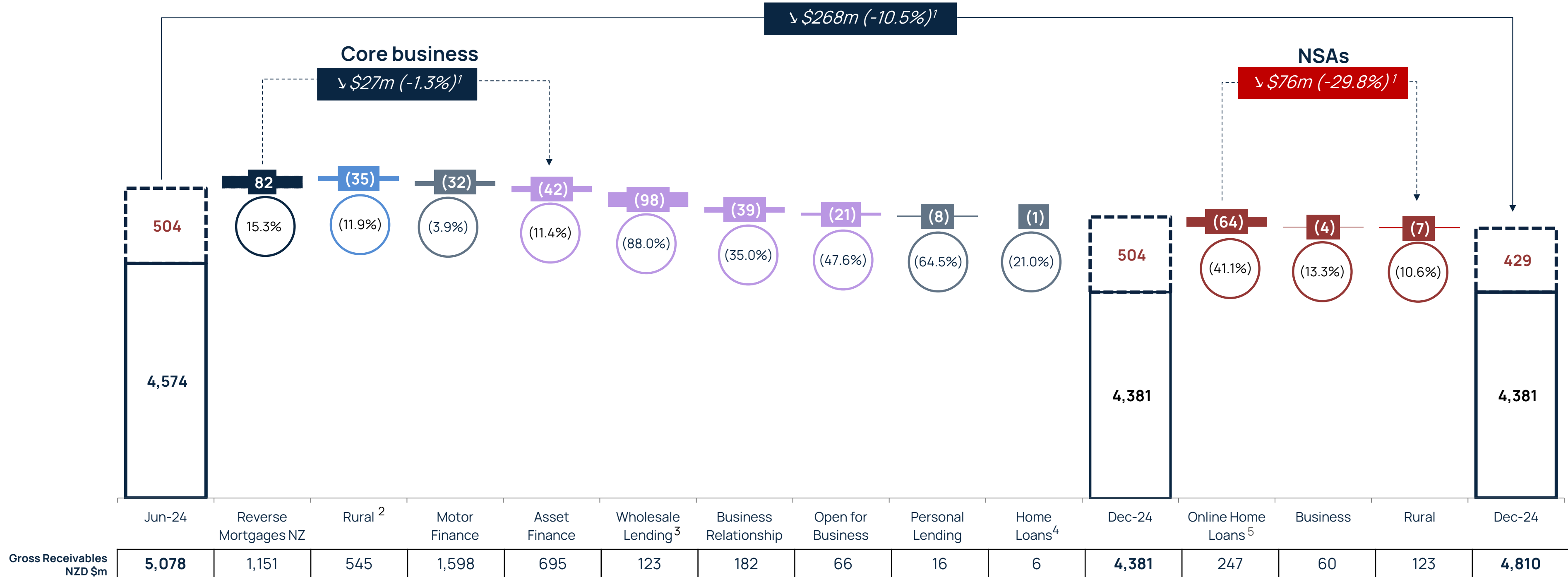
³ Impairment expense as a percentage of average Receivables.

⁴ Receivables also includes Reverse Mortgages.

⁵ Annualised 1H2025 growth.

RECEIVABLES

Reverse Mortgage portfolio has shown resilience despite economic challenges. Deliberate shift to monitor and manage NSAs separately.



Note: 1H2025 growth in Receivables by portfolio excludes the impact of changes in FX rates and intercompany balances. All figures in NZ\$m.

¹ Annualised 1H2025 growth excluding the impact of changes in FX rates.

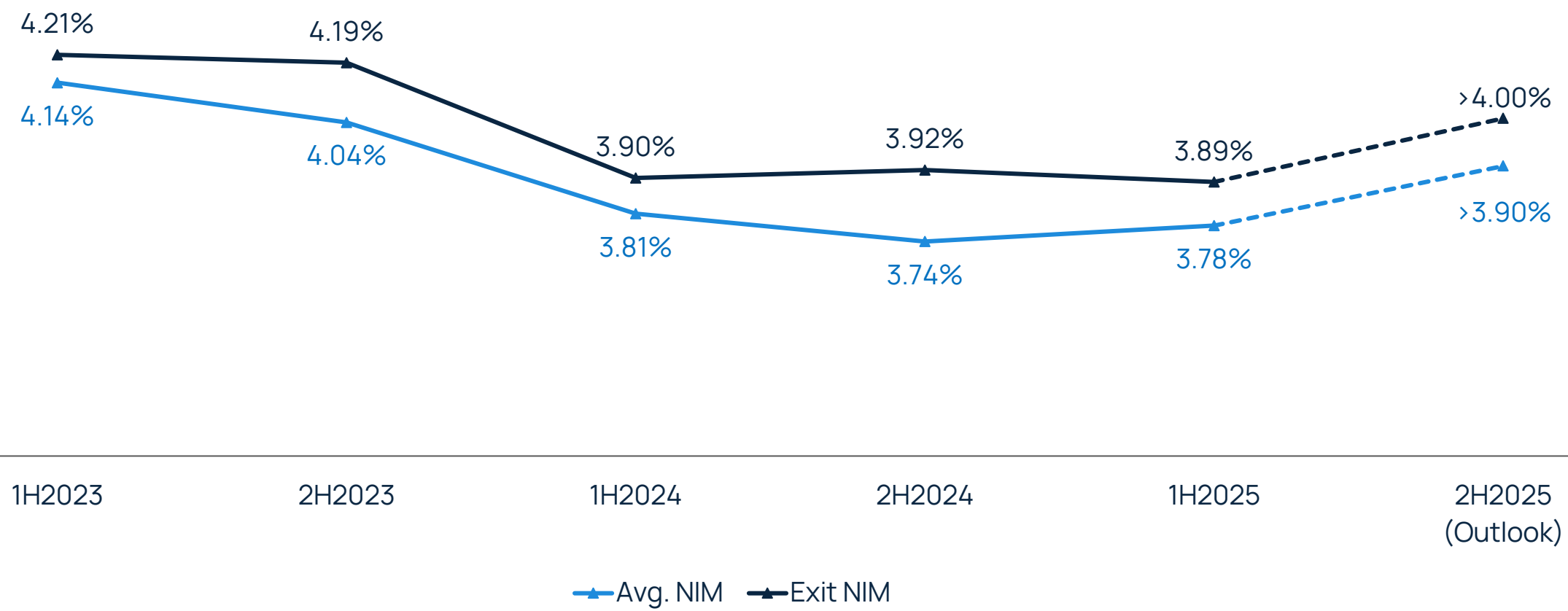
² Rural includes Rural Relationship, Rural Direct and NZ Livestock Finance loans.

³ Wholesale Lending includes Motor Wholesale and bulk funding arrangements.

⁴ Home Loans is an old residential mortgages portfolio that is in run down.

⁵ Online Home Loans are now part of NSAs (Jun-24 has been rebased to reflect this change).

NIM

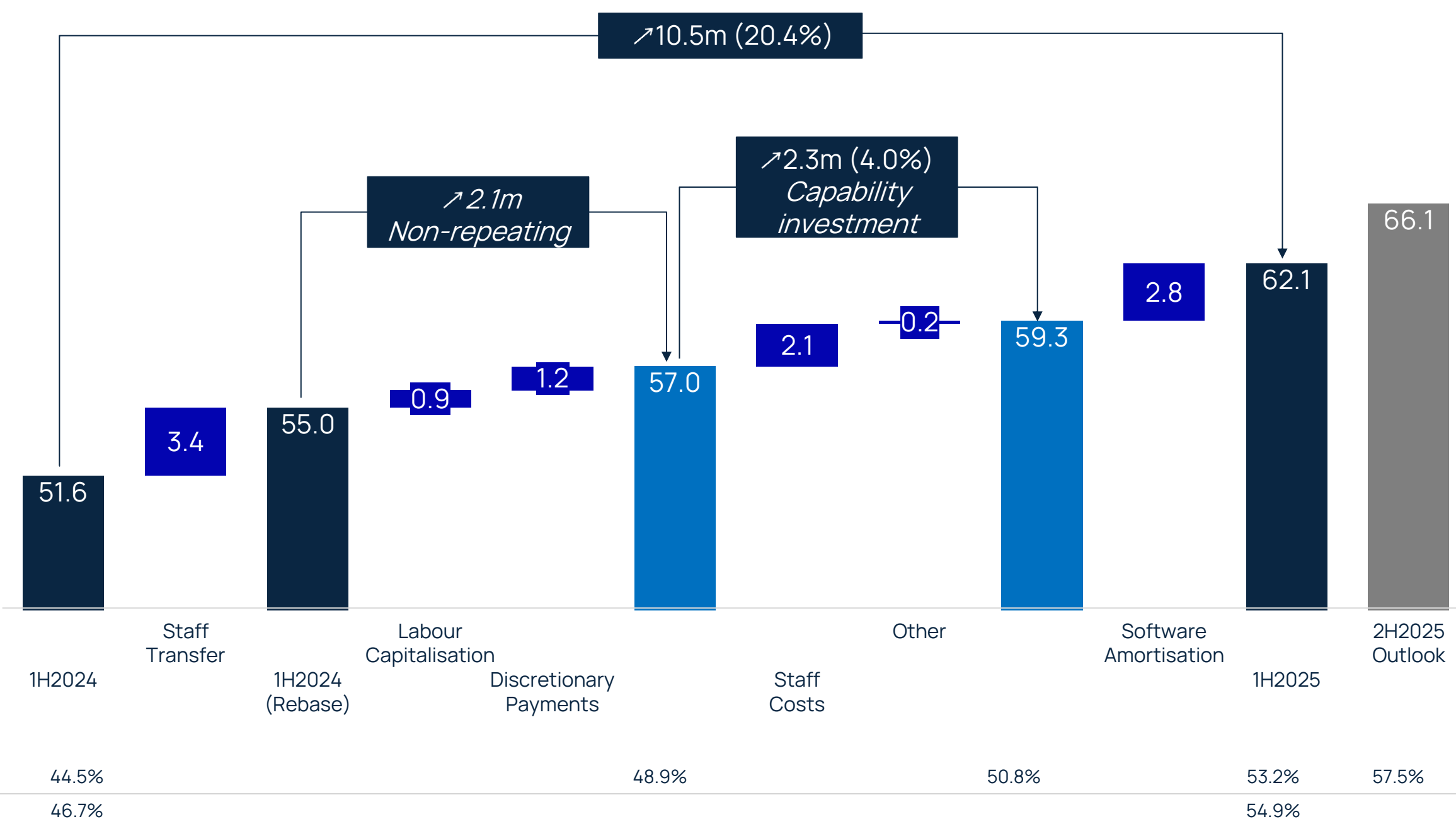


NIM is expected to improve in 2H2025

Despite pricing competition from declining interest rates and subdued credit demand, NIM is expected to exit FY25 above 4%, supported by:

- **fixed rate portfolios:** ongoing NIM improvement in Motor Finance and Asset Finance
- **sustainable lending growth:** focus on core lending and managing NSAs
- **cost of funds:** benefits from a lower rate environment and improved funding mix.

UNDERLYING OPEX



1H2025 v 1H2024

1H2025 has seen incremental costs incurred in relation to:

- **Inter-entity staff transfers (net neutral to the Group) +\$3.4m.** Reallocation of group support functions as required for post-ADI acquisition regulatory requirements.
- **Expenses of \$2.1m** related to capitalisation of staff costs for Heartland Bank's core banking system upgrade and lower discretionary payments to staff in FY2024.
- **Investment in additional staff of \$2.1m** to build capability and capacity within key functions.
- **Software amortisation uplift of \$2.8m** due to the core banking system upgrade completed in the prior year.

2H2025 v 1H2025

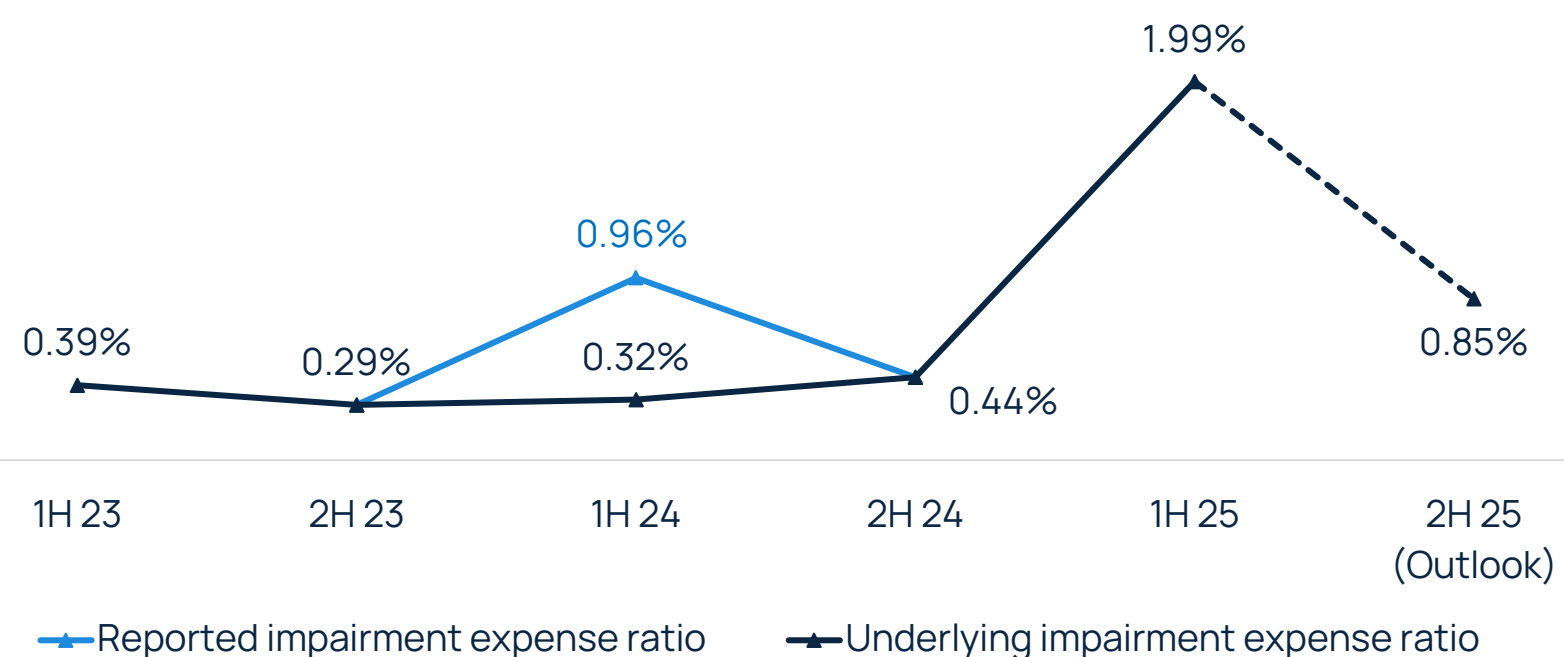
- **Full half impact of staff transfers** and 1H2025 recruitment +\$2m.
- **IT security investment +\$1m**
- **Software amortisation increase of \$0.8m.**

IMPAIRMENT EXPENSE

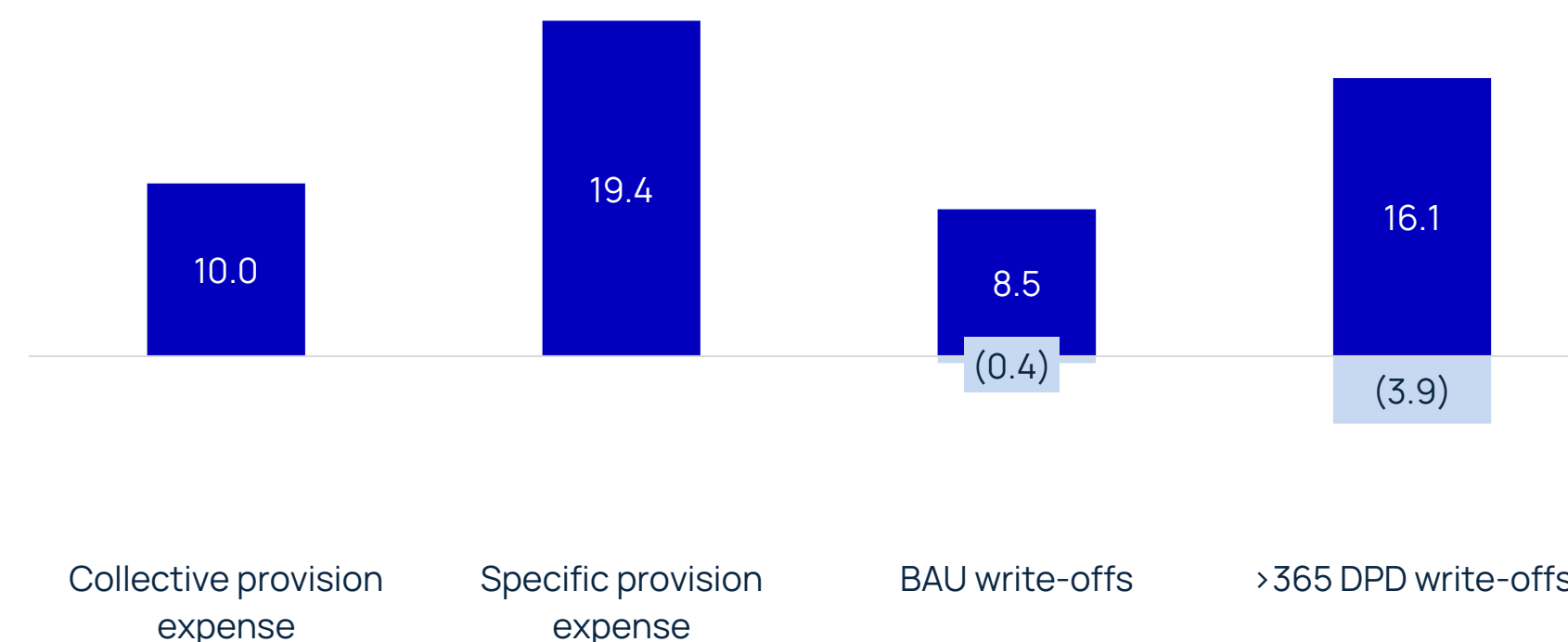
Impairment expense increase due to ongoing deterioration of economic conditions in New Zealand ultimately impacting the ability of Motor Finance and business lending customers in arrears to repay.

Although a substantial increase, this will significantly derisk and reposition the affected lending portfolios. Refer to Heartland's announcement dated 18 February 2025 for more information.

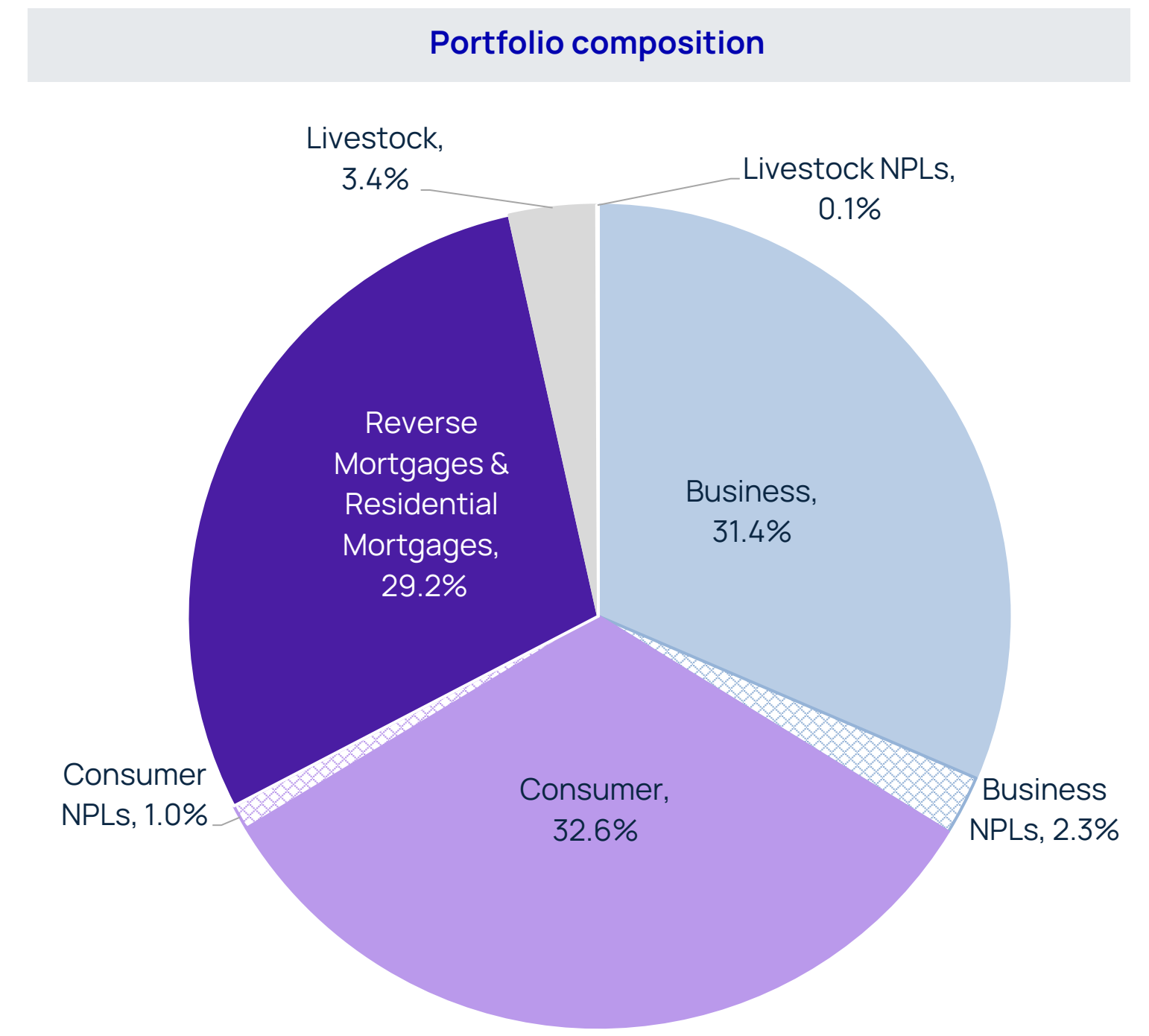
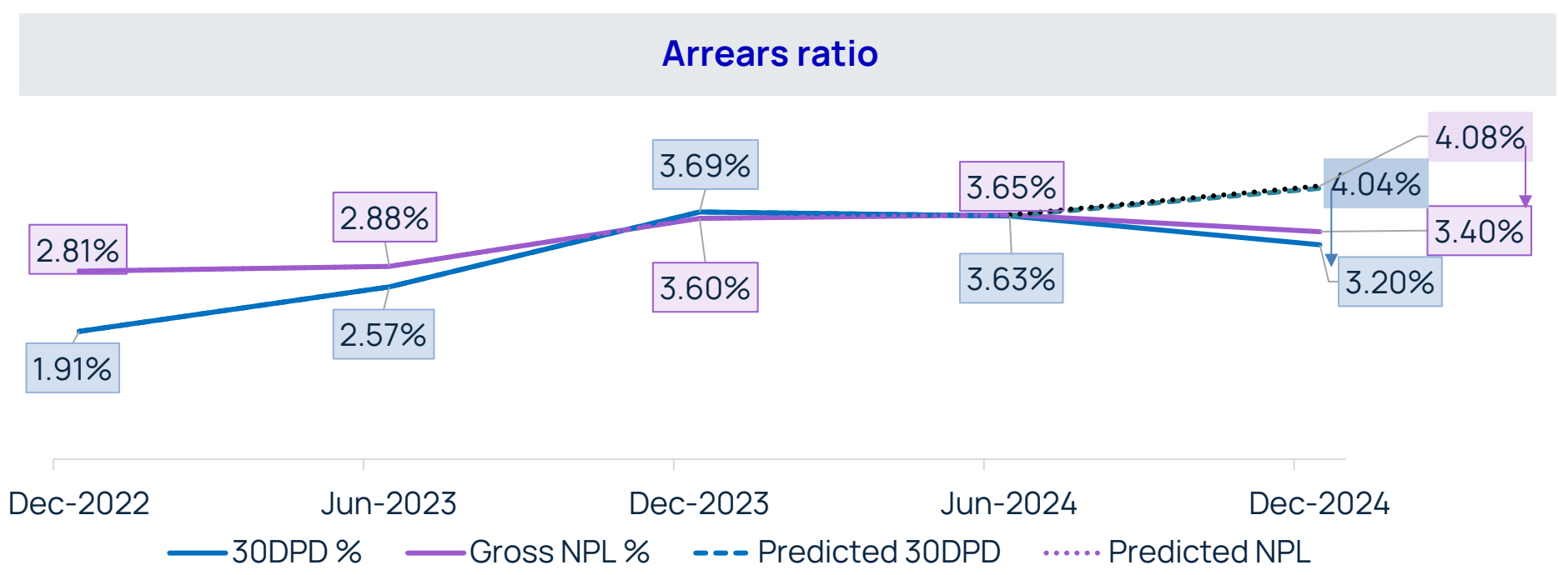
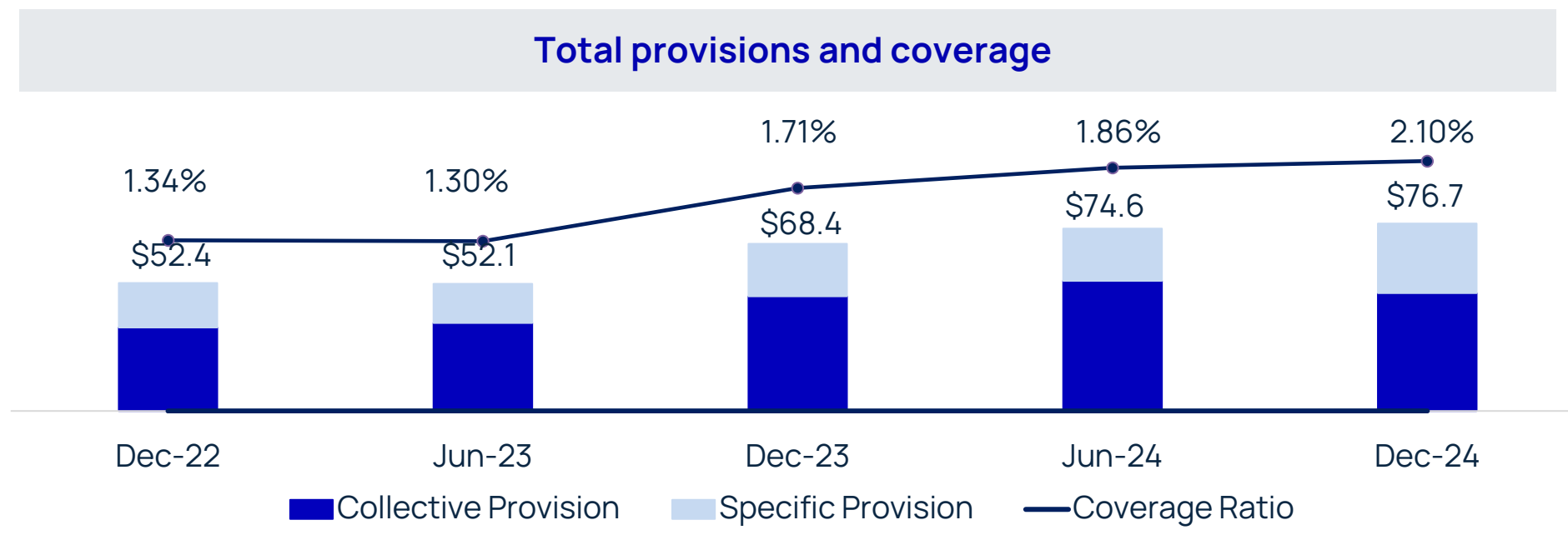
Impairment expense ratio



1H2025 impairment expense (\$m)



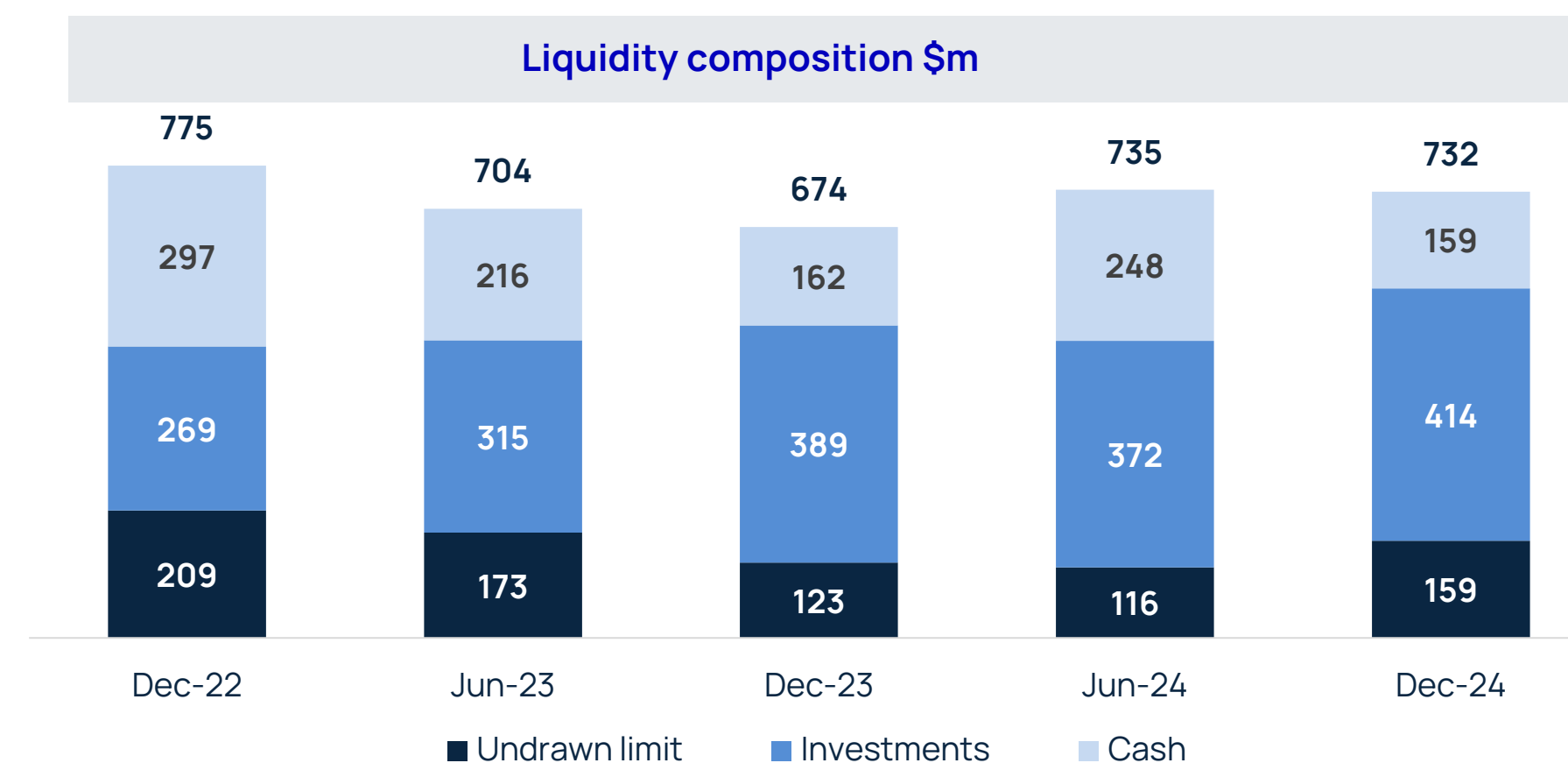
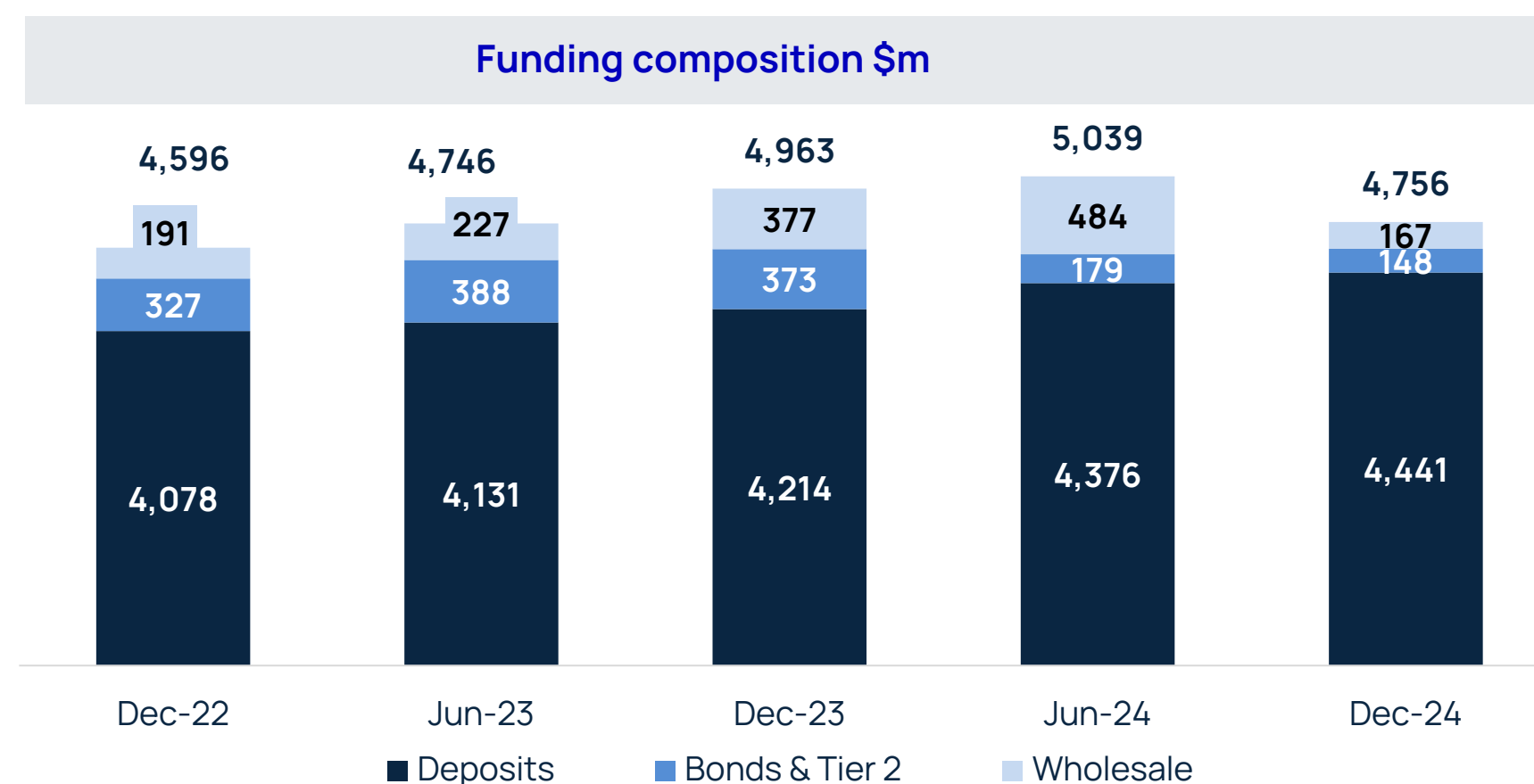
PROVISIONS & ARREARS



FUNDING & LIQUIDITY

Heartland Bank has an improved funding mix and strong liquidity profile, which remains well above regulatory requirements.

	1-Week MMR ¹	31-Dec-24 1-Month MMR ¹	Core funding
New Zealand Banking Group	9.4	8.7	91.2
RBNZ minimum	0.0	0.0	75.0



Note:

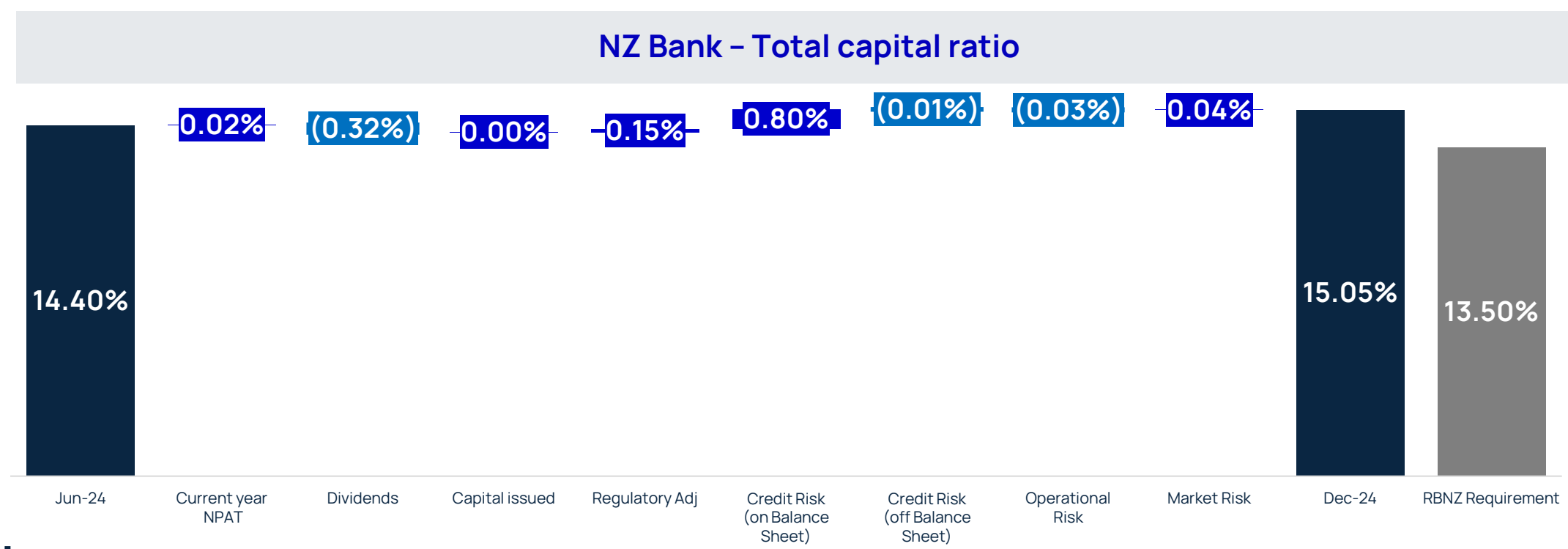
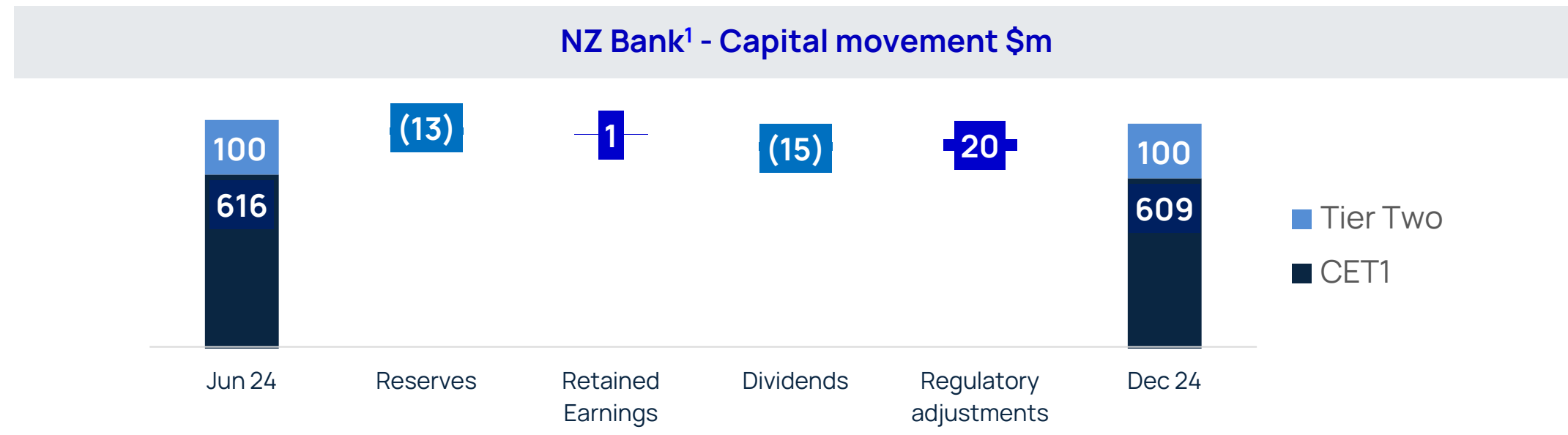
- Regulatory ratios are calculated on the last working day of the reported period and according to the RBNZ's liquidity policy, BS13.
- The NZ Banking Group consists of the NZ bank and its NZ subsidiaries, excluding Marac Insurance. The Banking Group includes all of the NZ Bank's subsidiaries, including the AU bank and Marac Insurance.

- The NZ Bank had transitional arrangements from the acquisition of Challenger Bank (now Heartland Bank Australia) until 31 October 2024, which restricted the bank's liquidity requirements to the NZ Banking Group until that date.

¹ MMR = mismatch ratio, which is a short-term liquidity metric, as per the RBNZ's liquidity policy in BS13.

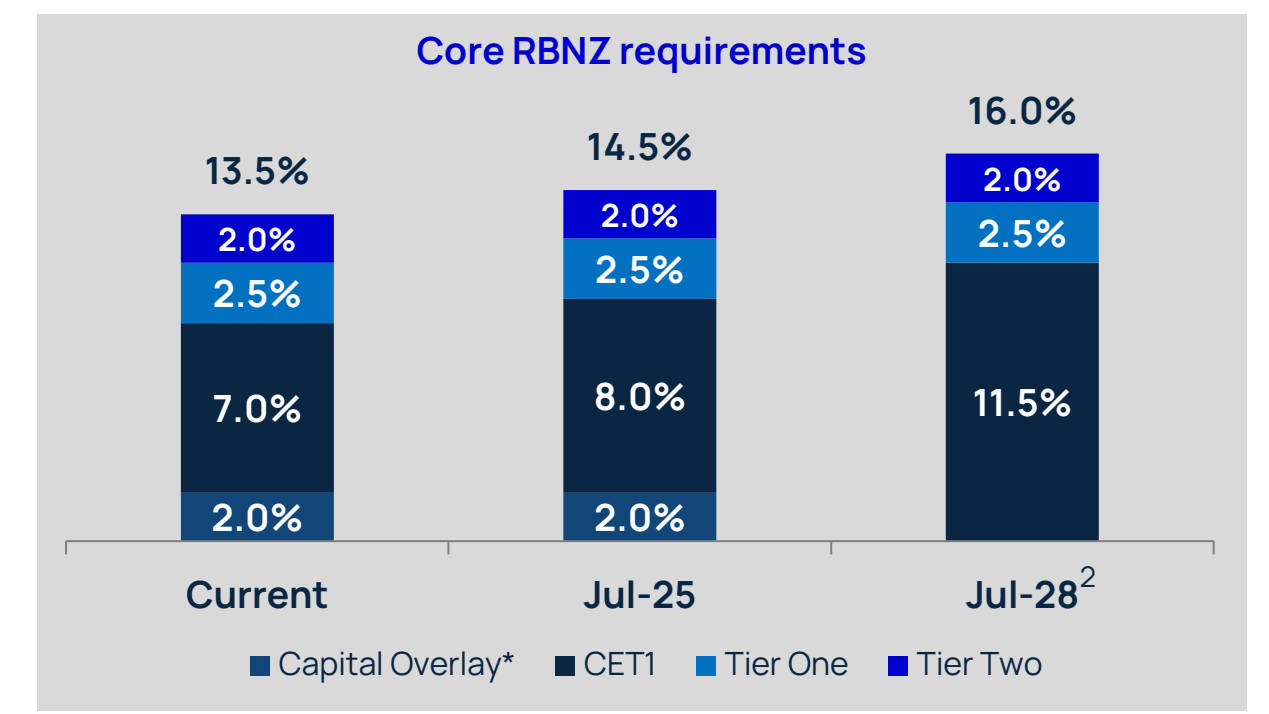
CAPITAL

Heartland Bank continues to operate significantly in excess of regulatory minimums and is well positioned to meet the RBNZ's future higher capital requirements.



Capital ratio and RBNZ requirements

- The RBNZ future capital requirements are for a CET1 capital ratio of 11.50% and a total capital ratio of 16.00% by 1 July 2028.
- There are currently no ordinary share capital issuances planned to meet future requirements.



Note:

- Retained earnings includes current NPAT.
- RBNZ total capital ratio plus prudential capital buffer requirement of 13.50% as at 31 December 2024 (30 June 2024: 12.50%).
- RBNZ imposed a transitional capital overlay on Heartland Bank after the acquisition of Challenger Bank (now Heartland Bank Australia).
- Heartland Bank's regulatory capital ratio increased to 15.05% as of 31 December 2024 (30 June 2024: 14.40%), primarily due to capital released from exit of

a single wholesale lending customer during 1H2025. The total capital ratio for the Banking Group (which includes Heartland Bank's investment in the AU Bank) increased to 16.02% from 15.39% during the same period.

¹ The regulatory view above is the NZ Banking Group, which consists of the NZ Bank and its NZ subsidiaries, excluding Marac insurance.

² As per RBNZ's 2019 Capital Review for non D-SIB banks.

NZ STRATEGY

Heartland Bank has focused on investing in capability to simplify and strengthen its operating model to achieve sustainable, quality growth.

Growth

Deliver on margin commitment and focus on sustainable growth in sectors where Heartland Bank's customer value proposition is strongest.

- Invest in the core quality businesses of Reverse Mortgages, Rural Lending and Motor Finance to deliver strong ROE.
- Rebalance origination toward Motor Finance direct channel.
- Streamline and enhance existing product offerings.
- Launch new product offerings within existing core lending portfolios.

Quality

Continue to improve asset quality and uplift credit risk management.

- Focus on the implementation of enhanced collections, recoveries and write-offs strategies for Motor Finance to restore asset quality.
- Focus origination to low cost, high quality proprietary distribution.
- Uplift Motor Finance credit decisioning capability and continue to closely manage credit risk.
- Continue to exit NSAs, releasing capital to redeploy towards growth in Heartland Bank's core portfolios.

Efficiency

Simplify and automate to provide better and faster customer outcomes and eliminate costly manual process.

- Modernisation of the business by continuing to automate back-end processes to eliminate manual processes.
- Commitment to providing customers with digital tools to improve service delivery. For example, self-service tools for customers to manage their Motor Finance payments were recently introduced.
- Leverage technology investments made in 1H2025 to realise efficiency benefits.
- Cost base to stabilise by end of FY2025 following investment required to effectively operate under a more complex structure following the ADI acquisition.

NZ LENDING PERFORMANCE: REVERSE MORTGAGES

\$1,151m

Receivables as at 31 Dec 2024
+\$82m, 15.3%¹ since Jun 2024

\$29.2m

NOI as at 31 Dec 2024
+22.3% vs 1H2024

Outlook expectations

- 2H2025 growth¹: 15.0%
- FY2025 growth: 15.7%

Asset quality²

- NPL ratio: <0.5%
- Average current loan size: \$147k
- Weighted average current LVR: 24.6%³

- Cost of living challenges remain evident in the way Heartland Bank's Reverse Mortgage customers are using their loans.
- Borrowing purposes remain consistent with CY2023. The top three purposes are: home improvements, debt consolidation and everyday expenses.
- Heartland Bank is launching a new product designed to allow people to access the equity in their home to enable the purchase of a retirement village property.

¹Annualised growth.

²Reverse Mortgages are measured at fair value.

³Using indexed valuation.

NZ LENDING PERFORMANCE: RURAL¹

\$668m

Receivables as at 31 Dec 2024
-\$42m, -11.7%² since Jun 2024

Includes \$502m Rural Lending³ and \$166m Livestock Finance

\$16.1m

NOI as at 31 Dec 2024
-3.7% vs 1H2024

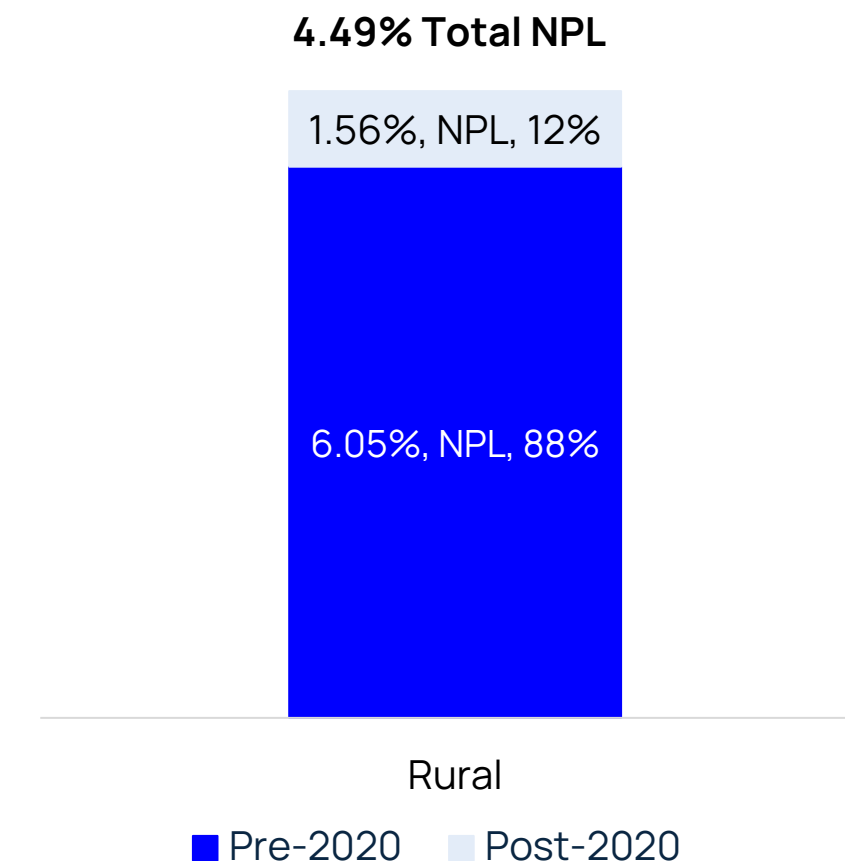
Includes \$11.8m Rural Lending³ and \$4.4m Livestock Finance

- Rural performed better than anticipated, despite usual seasonal contractions.
- Livestock Finance intermediary distribution partnerships onboarded in 2H2024 mitigated seasonal contraction, amidst the continued fall in sheep numbers in NZ. NZ Farmgate Milk Price outlook for CY2025 is positive as global demand increases.
- 88% of NPLs are related to pre-2020⁵ lending.

Outlook expectations

- 2H2025 growth¹: 19.2%
- FY2025 growth: 3.1%

Asset quality⁴



¹Includes NSAs.

²Annualised growth.

³Rural Lending includes Rural Relationship and Rural Direct loan portfolios.

⁴Rural Direct has a 0.00% NPL ratio.

⁵Pre-2020 lending includes all loans originated prior to and inclusive of 2020.

NZ LENDING PERFORMANCE: MOTOR FINANCE

\$1,598m

Receivables as at 31 Dec 2024
-\$32m, -3.9%¹ since Jun 2024

\$35.1m

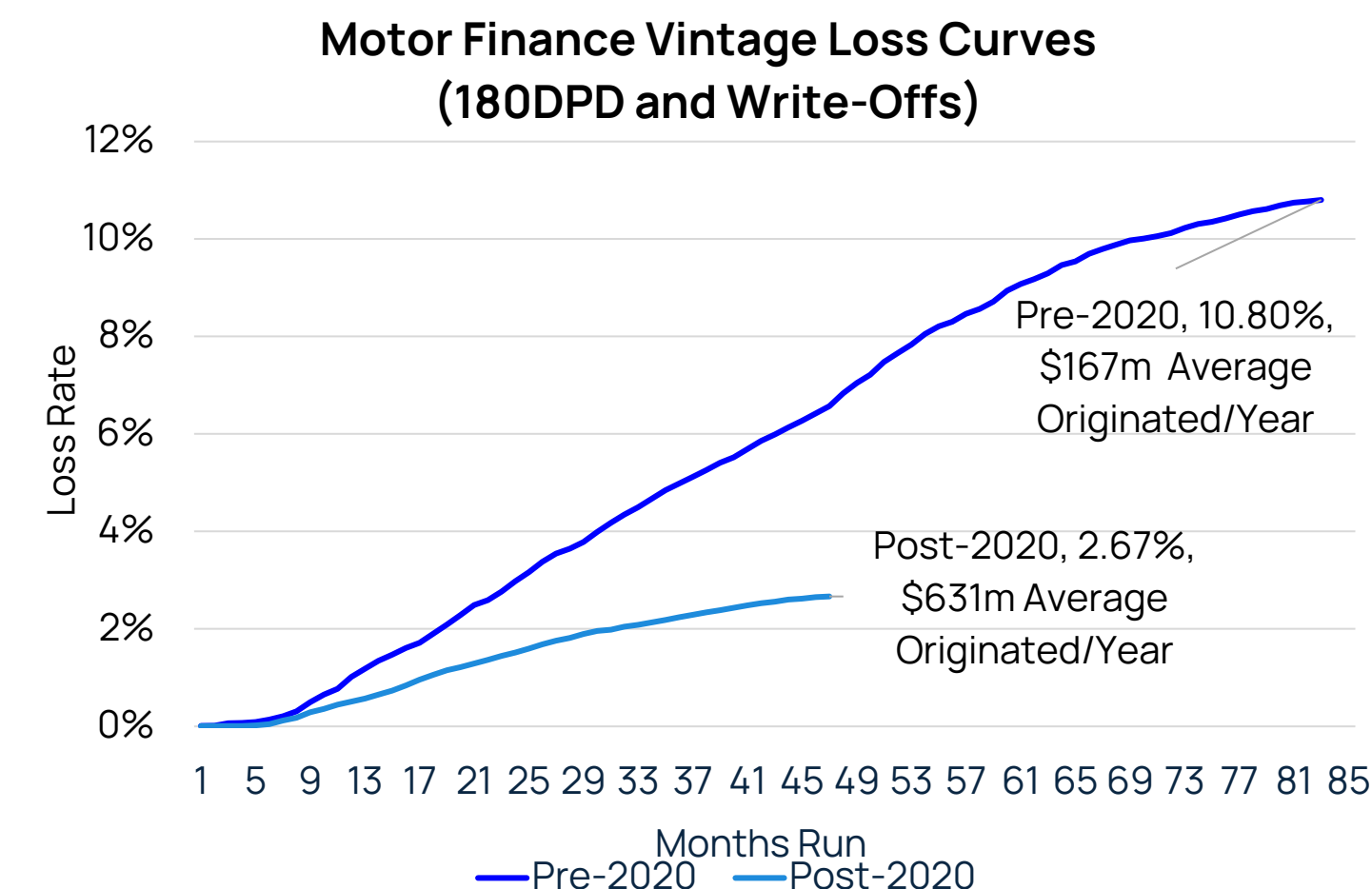
NOI as at 31 Dec 2024
+11.2% vs 1H2024

- Growth through Heartland Bank's direct channels was up 20.1% on 1H2024, driven by an increase in marketing activity.
- Growth in direct channels was supported by Heartland Bank's partnership with Tesla (as one of two preferred finance providers).
- Heartland Bank has adopted a more prescriptive approach to arrears management practices and is seeing improved outcomes already flowing through.
- Lending originated post-2020 is performing better than loans originated pre-2020, with a loss rate² of 2.7%, compared to 10.8% for pre-2020³.

Outlook expectations

- 2H2025 growth¹: 7.3%
- FY2025 growth: 1.6%

Asset quality⁴



¹ Annualised growth.

² Defined as either 180 days past due with no losses experienced, or written-off.

³ Pre-2020 lending includes all loans originated prior to and inclusive of 2020.

NZ LENDING PERFORMANCE: ASSET FINANCE

\$695m

Receivables as at 31 Dec 2024
-\$42m, -11.4%¹ since Jun 2024

\$15.8m

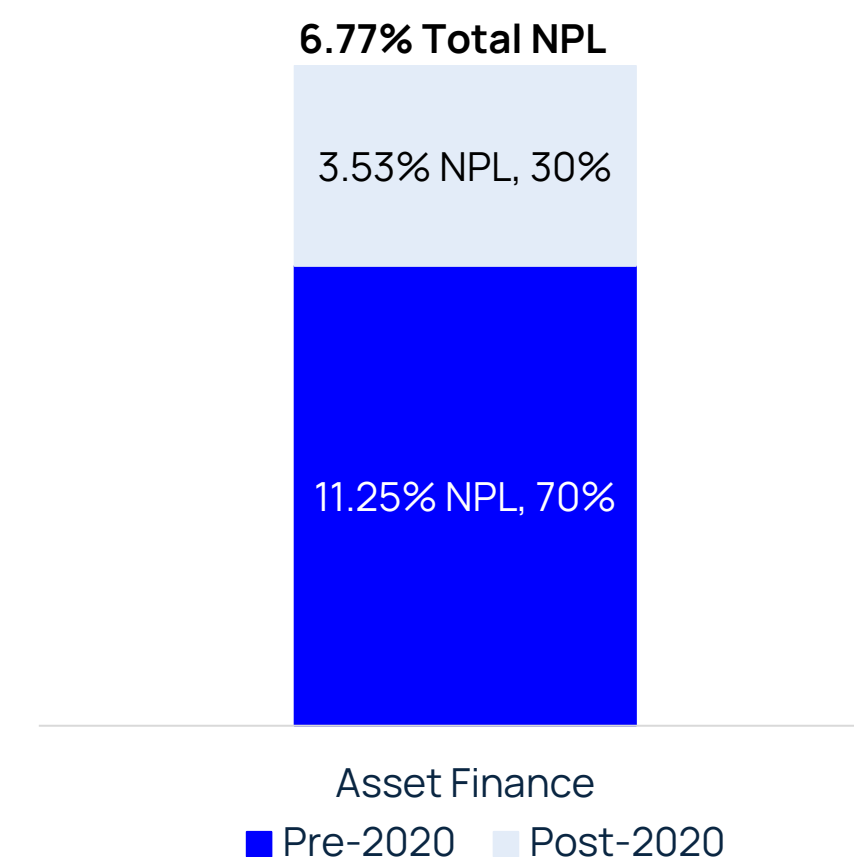
NOI as at 31 Dec 2024
+10.4% vs 1H2024

- Trading conditions remained difficult in 1H2025. As such, lending reduced while Heartland Bank remained firm on credit quality and risk appetite.
- Heartland Bank continued to support its Asset Finance distributors and customers as they navigated difficult economic conditions.
- Modest growth is expected to return in Q42025 as the economic environment improves and customers recommence capital investment in their businesses.
- 70% of NPLs are related to pre-2020² lending.

Outlook expectations

- 2H2025 growth¹: -8.1%
- FY2025 growth: -9.5%

Asset quality⁴



¹Annualised growth.

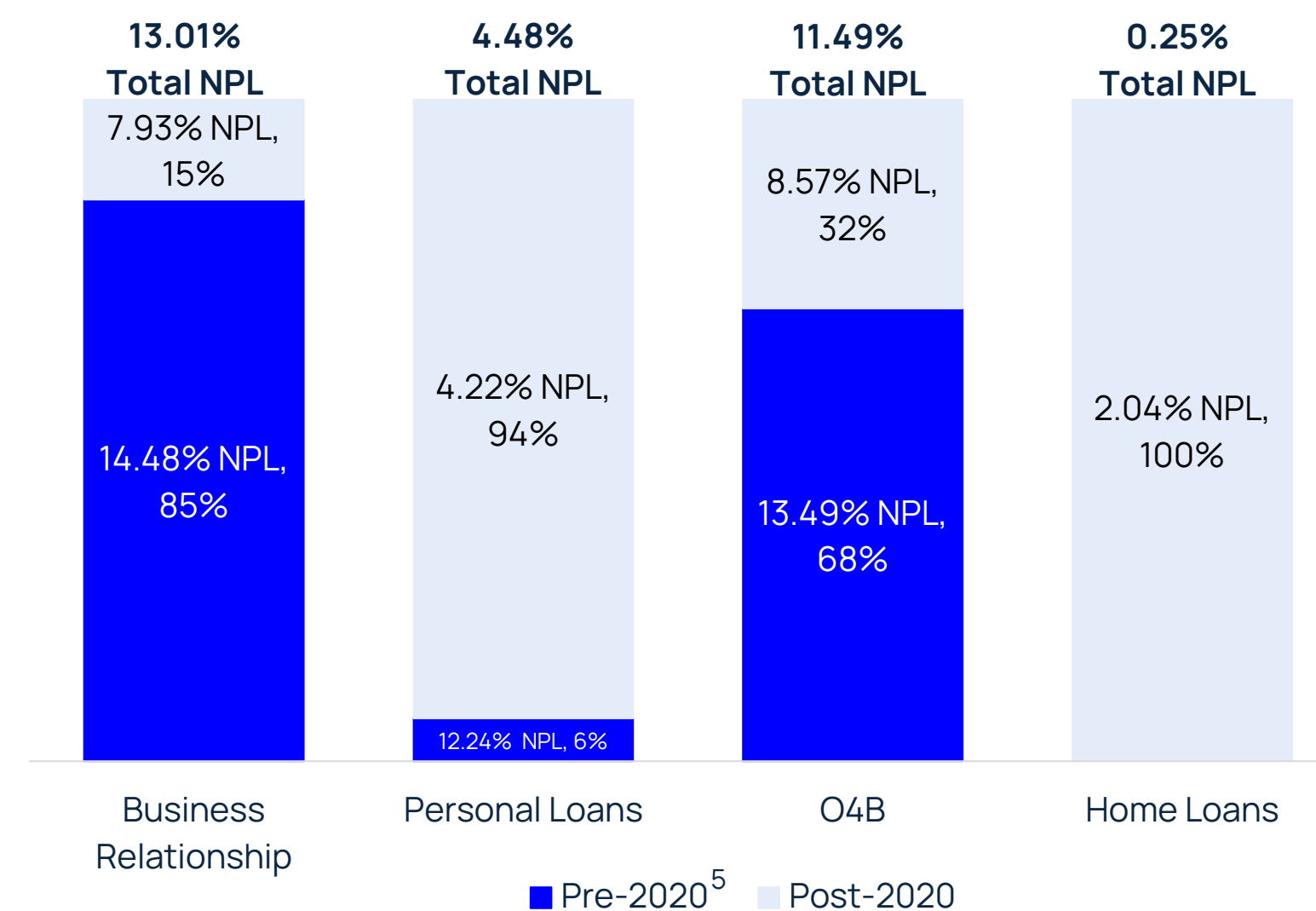
²Pre-2020 lending includes all loans originated prior to and inclusive of 2020.

NZ LENDING PERFORMANCE: OTHER

	Receivables		NOI		NPL ratio
	as at 31 Dec 2024	since 30 Jun 2024 ¹	as at 31 Dec 2024	vs 1H2024	as at 31 Dec 2024
Personal Lending ²	\$16m	-\$8m, -64.5%	\$0.6m	-72.9%	4.5%
Business Relationship ³	\$242m	-\$43m, -30.1%	\$8.6m	-23.1%	13.0%
Wholesale Lending	\$123m	-98m, -88.0%	\$1.8m	-36.9%	0.0%
Open for Business	\$66m	-\$21m, -47.6%	\$4.0m	-27.0%	11.5%
Home Loans ^{3,4}	\$253m	-\$65m, -40.7%	\$1.8m	22.7%	0.2%

- **Personal Lending** is closed to new business and running down. The Harmony portfolio was sold in 1H2025.
- **Business Relationship** includes larger loans that are part of NSAs.
- **Wholesale Lending** includes floorplan lending to vehicle retailers.
- **Open for Business** is not being actively originated.
- **Online Home Loans** is now part of NSAs.

Asset quality^{3,4}



¹ Annualised growth.

² Personal Lending includes Harmony NZ and Personal Loans portfolios.

³ Includes NSAs.

⁴ Home Loans includes Online Home Loans and older residential Home Loans portfolios.

⁵ Pre-2020 lending includes all loans originated prior to and inclusive of 2020.

03 | AUSTRALIAN BANKING

Michelle Winzer

Chief Executive Officer, Heartland Bank Australia

Kerry Conway

Chief Financial Officer, Heartland Bank

FINANCIAL RESULTS

		Reported					Underlying				
		1H25	1H24		Movement		1H25	1H24		Movement	
Financial performance	NII	\$43.4m	\$31.7m	↑	\$11.7m	36.9%	\$43.4m	\$31.7m	↑	\$11.7m	36.9%
	OOI ¹	\$1.8m	\$1.5m	↑	\$0.3m	18.7%	\$1.8m	\$1.5m	↑	\$0.3m	18.7%
	NOI	\$45.1m	\$33.2m	↑	\$12.0m	36.1%	\$45.1m	\$33.2m	↑	\$12.0m	36.1%
	OPEX	\$26.6m	\$14.2m	↑	\$12.4m	87.2%	\$25.5m	\$14.1m	↑	\$11.4m	80.5%
	Impairment expense	\$0.9m	\$0.1m	↑	\$0.9m	1142.6%	\$0.9m	\$0.1m	↑	\$0.9m	1142.6%
	Tax expense	\$5.3m	\$5.7m	↓	(\$0.4m)	(7.8%)	\$5.6m	\$5.7m	↓	(\$0.1m)	(2.1%)
	NPAT ²	\$12.4m	\$13.2m	↓	(\$0.8m)	(6.2%)	\$13.1m	\$13.3m	↓	(\$0.1m)	(1.0%)
	NIM	2.75%	3.16%	↓	(41 bps)		2.75%	3.16%	↓	(41 bps)	
	CTI	58.8%	42.7%	↑	1606 bps		56.4%	42.5%	↑	1387 bps	
	Impairment expense ratio ³	0.08%	0.01%	↑	8 bps		0.08%	0.01%	↑	8 bps	
ROE	5.5%	13.3%	↓	(781 bps)		5.9%	13.4%	↓	(755 bps)		

		Dec 24	Jun 24	Movement	
Financial position	Liquid assets	\$694m	\$1,087m	↓	(\$393m) (36.1%)
	Receivables ⁴	\$2,311m	\$2,163m	↑	\$125m ⁶ 11.5% ^{5,6}
	Borrowings	\$2,724m	\$2,973m	↓	(\$249m) (8.4%)
	Equity	\$453m	\$435m	↑	\$17m 4.0%
	Equity/total assets	14.2%	12.7%	↑	151 bps

Heartland Bank Australia is a substantially different business following acquisition completion on 30 April 2024. As such, comparing 1H2025 with 1H2024 is not a like-for-like comparison.

Note: All figures in NZ\$m. See page 45 for definition of underlying financial metrics. Refer to page 7 for details about 1H2025 one-offs and page 46z for details about 1H2024 one-offs.

¹ Reported OOI includes fair value gains/losses on investments.

² Refer to pages 7 and 46 for details about one-offs in the periods covered in this investor presentation.

³ Impairment expense as a percentage of average Receivables.

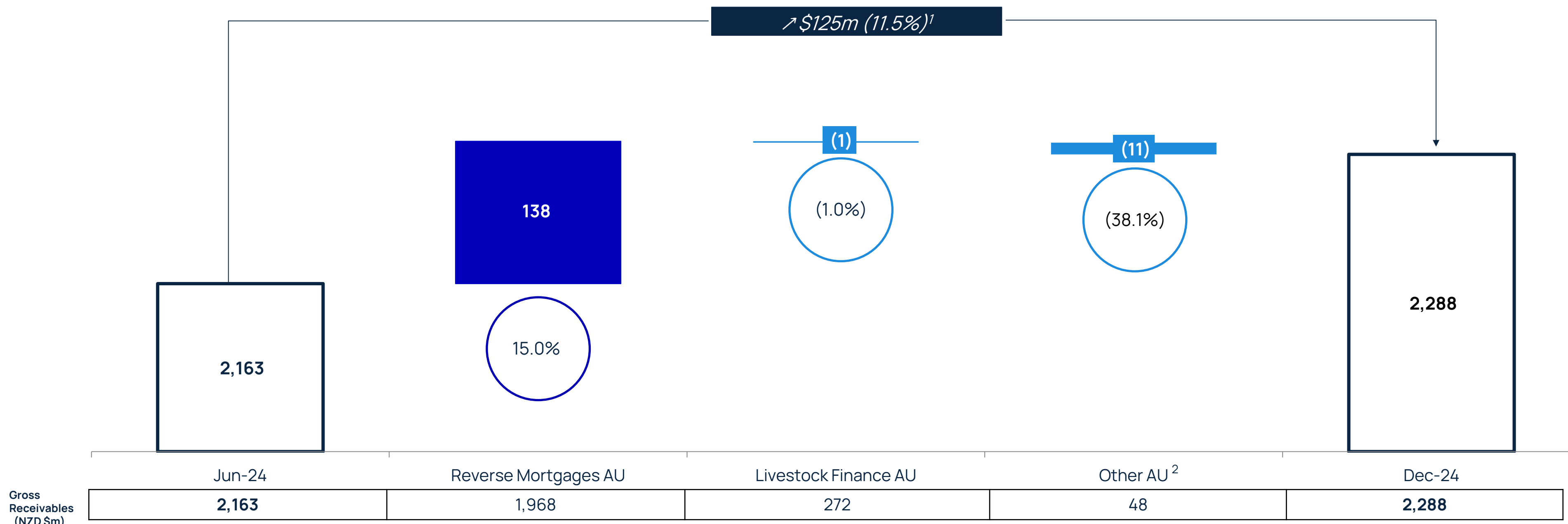
⁴ Receivables also includes Reverse Mortgages.

⁵ Annualised 1H2025 growth.

⁶ Annualised growth excluding the impact of changes in FX rates.

RECEIVABLES

Reverse Mortgages has maintained strong growth despite heightened competition. Growth returning in Livestock Finance.

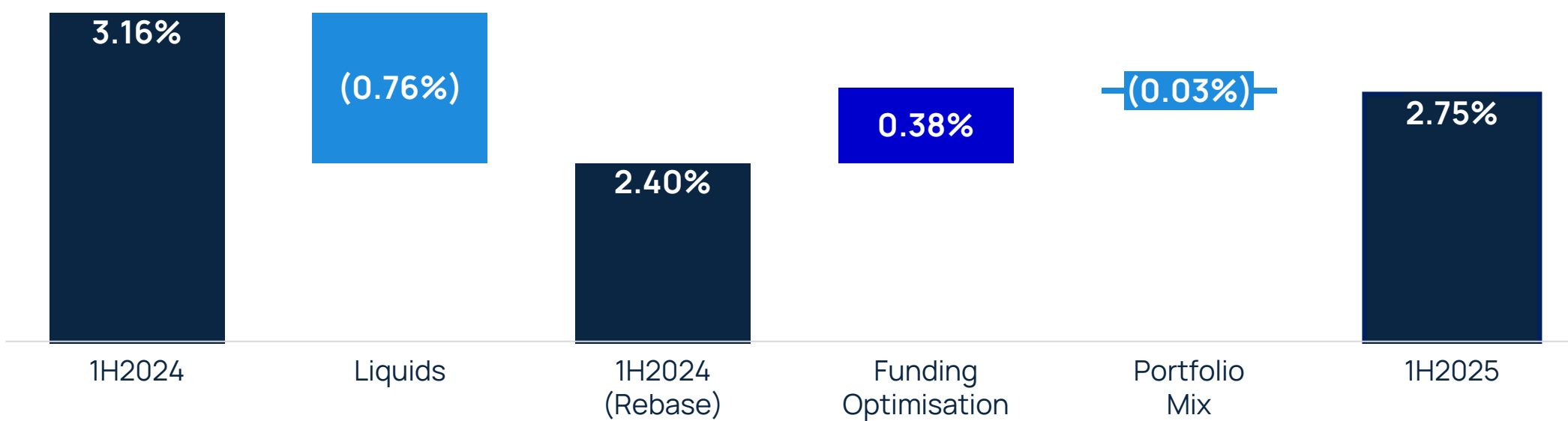
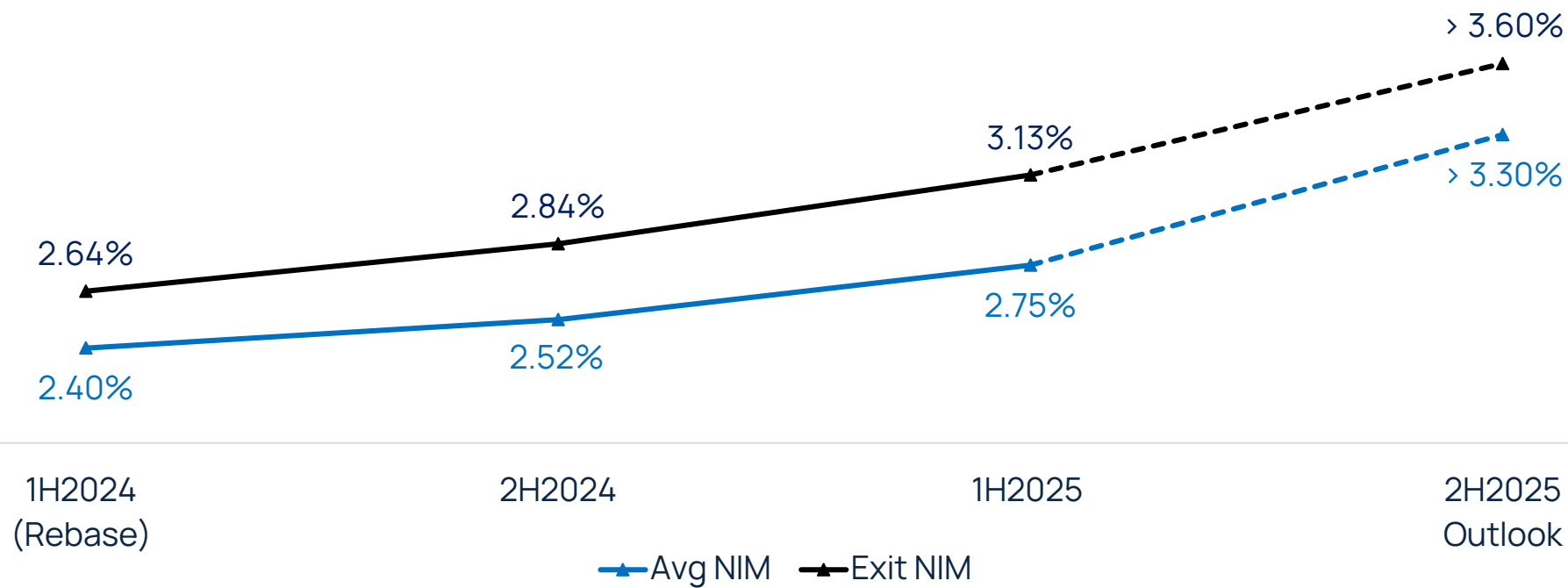


Note: 1H2025 growth in Receivables by portfolio is excluding the impact of changes in FX rates and intercompany balances. All figures in NZ\$m.

¹Annualised 1H2025 growth excluding the impact of changes in FX rates.

²Other AU includes Home Loans and Consumer & Other loan portfolios acquired through the ADI which are in run down.

NIM

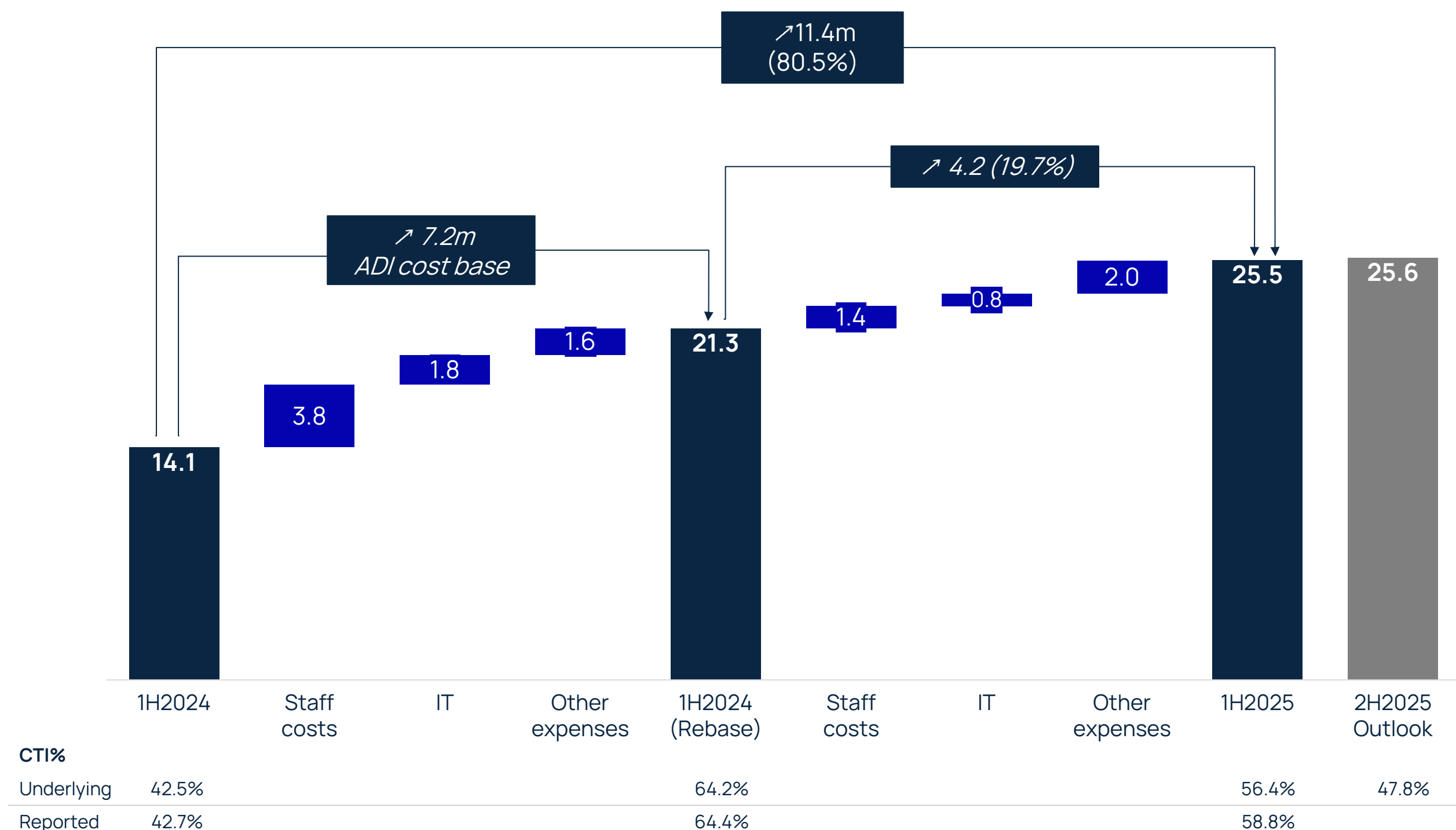


Further NIM improvement expected in 2H2025

NIM improvement of 35 bps from 1H2024 (rebased) to 1H2025 was driven primarily by Heartland Bank Australia's transition from its sole reliance on wholesale funding to a mix of predominantly deposits supported by wholesale funding, growth in Receivables and deposit spread management.

- **Liquids impact:** minimum liquidity holdings (MLH) requirement for banking license.
- **Funding optimisation:** cost of funds benefit, deposit funding transition 100% wholesale to > 60% deposit funded 1H2025, moving to > 80% deposit funded for June 2025 outlook.
- **Portfolio mix:** change in Livestock Finance (higher yield) to Reverse Mortgage (lower yield) portfolio mix.

UNDERLYING OPEX



1H2025 v 1H2024

1H2024 costs have been rebased to reflect the cost base of the ADI when it was acquired, +\$7.2m.

1H2025 has seen incremental costs incurred in relation to:

- **staff cost:** investment in additional FTE to build capacity and capability in key functions
- **IT & Communications:** related to increased renewal costs of the core banking system
- **other costs:** represents uplift in costs to support growth in Reverse Mortgages and Livestock Finance.

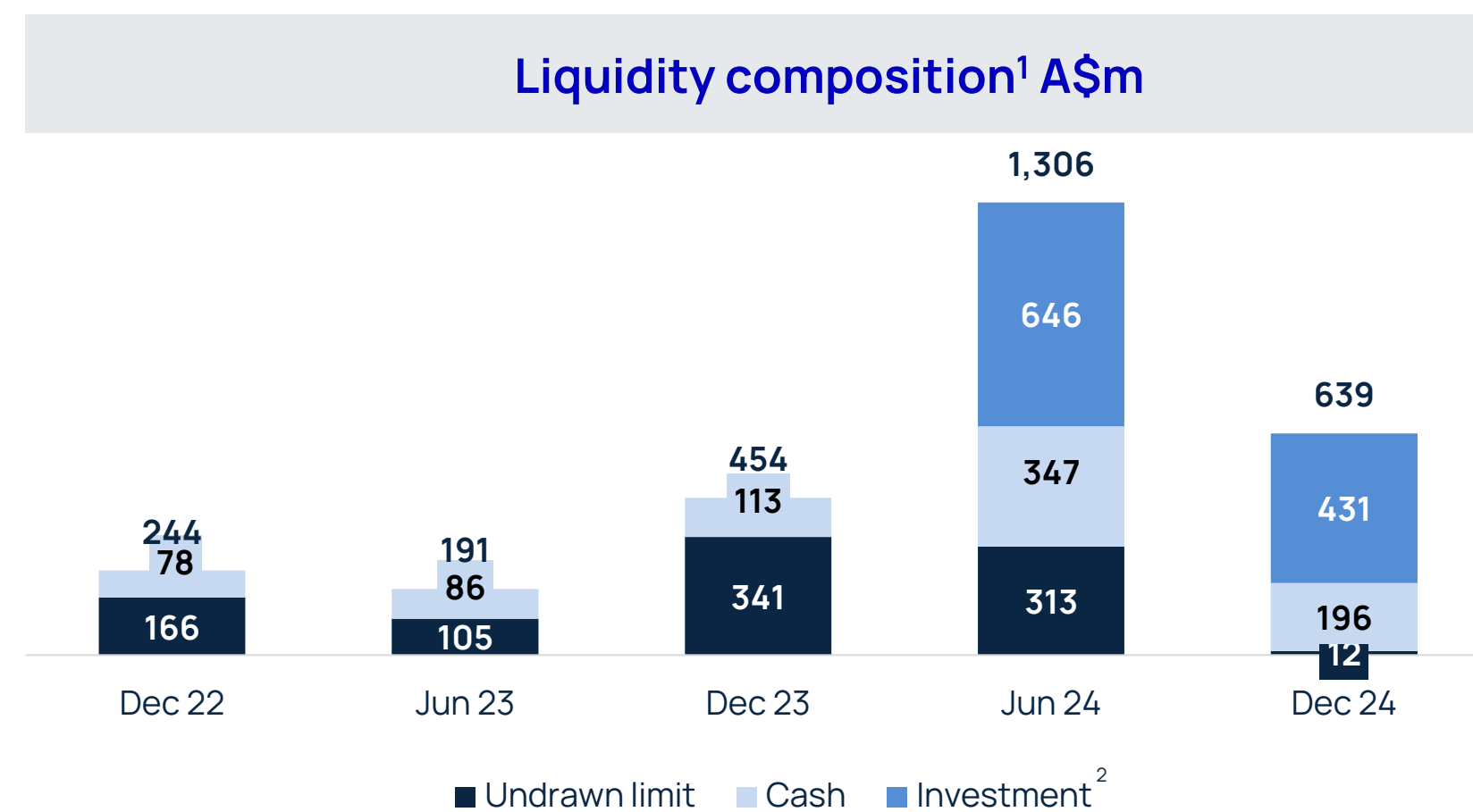
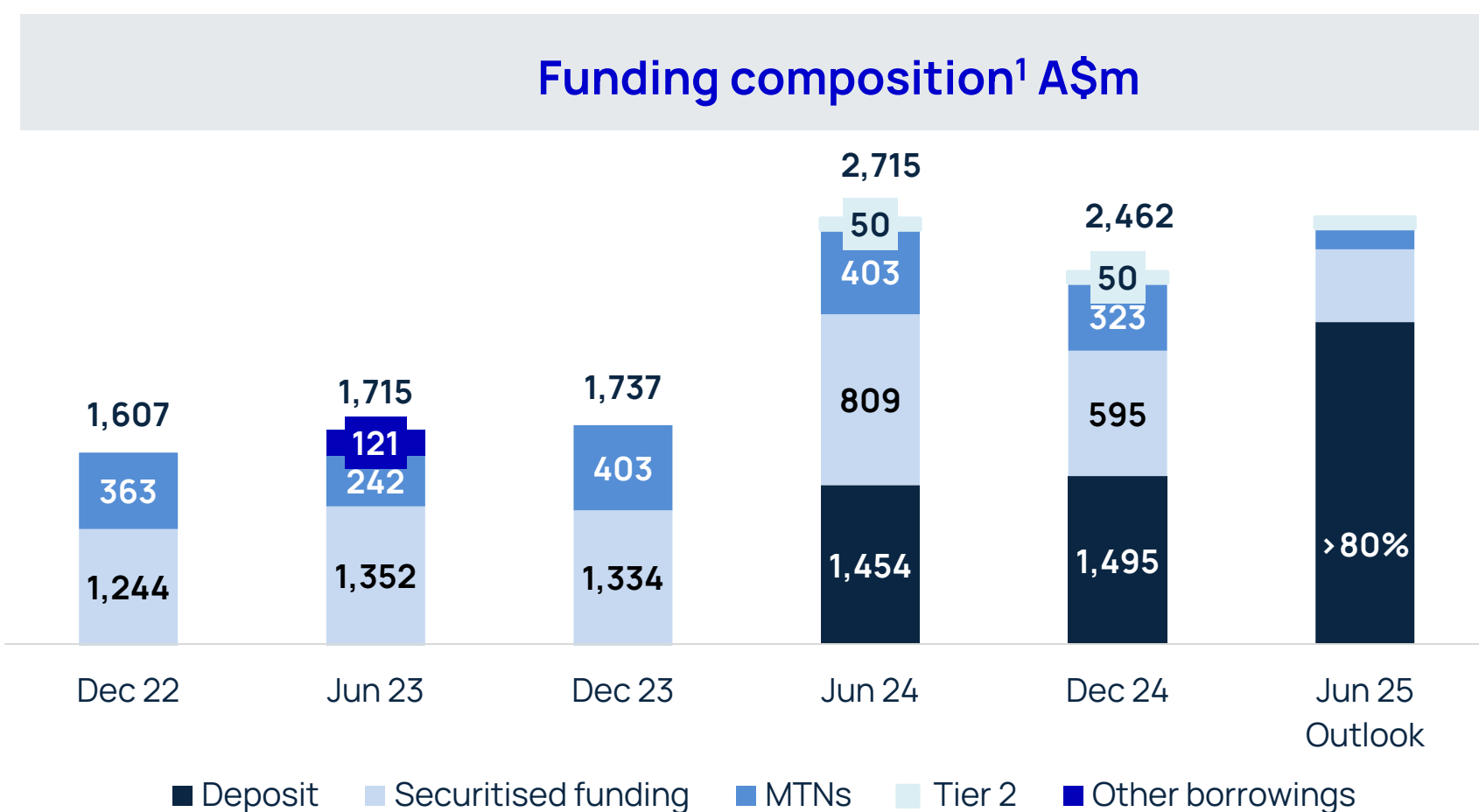
2H2025 v 1H2025

Costs are expected to remain stable in 2H2025.

FUNDING & LIQUIDITY

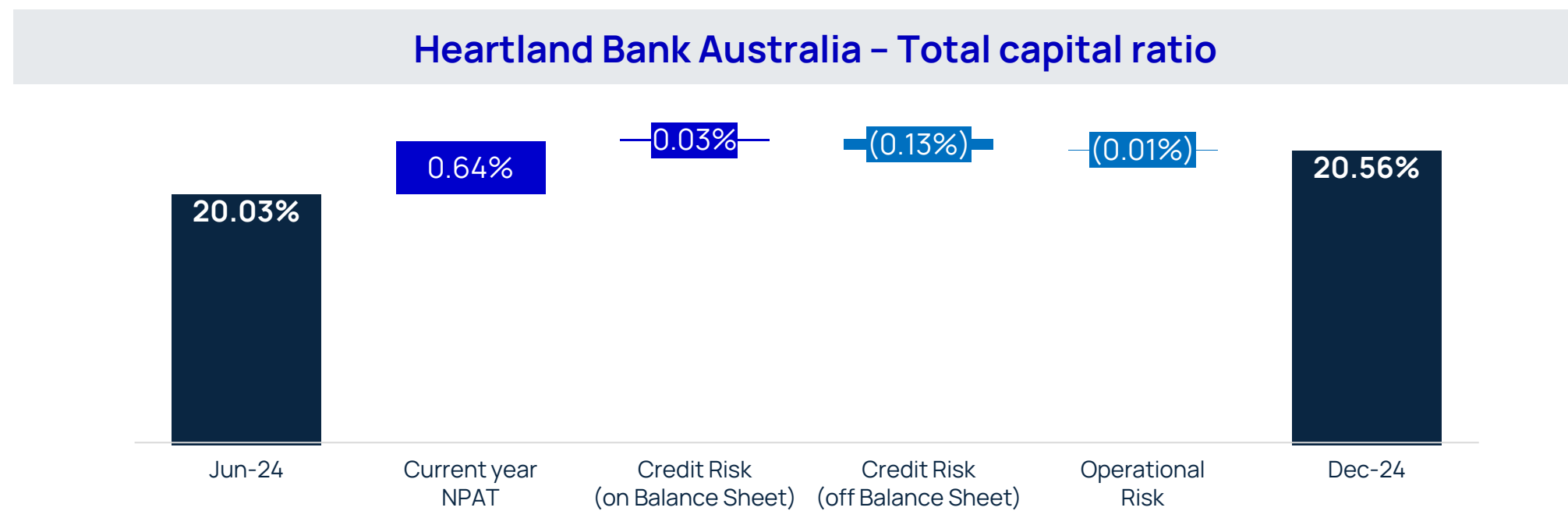
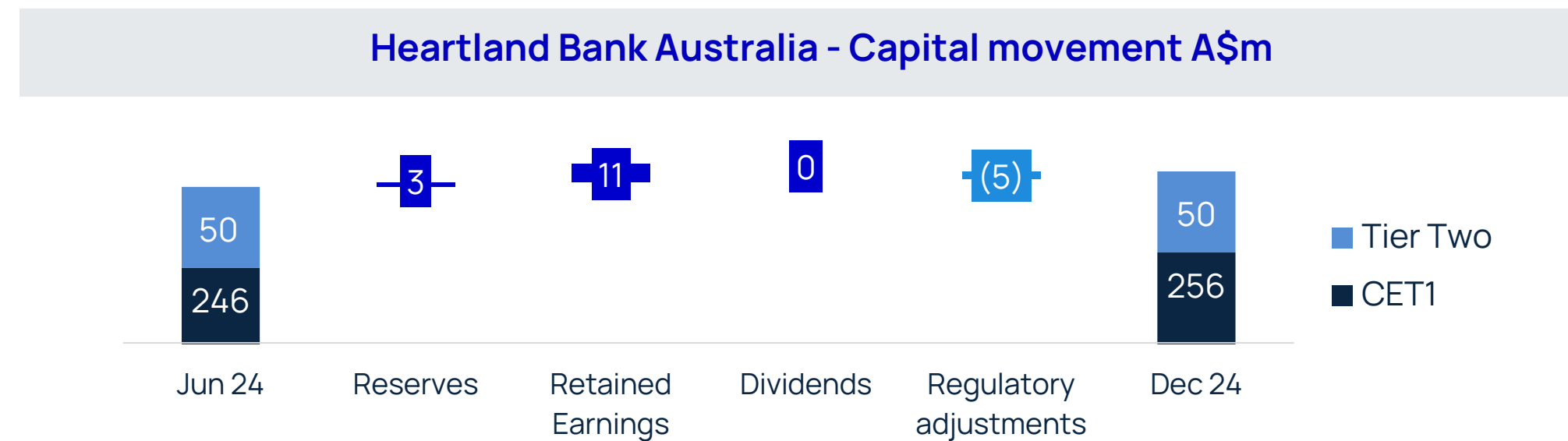
Deposit funding growth managed in line with repayment of wholesale funding. Heartland Bank Australia's liquidity position remains strong and above regulatory requirements.

Heartland Bank Australia	31-Dec-24 MLH 20.6%
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CAPITAL

Heartland Bank Australia continues to operate in excess of regulatory minimums and is well positioned for future sustainable growth.



- HBAL maintained a strong regulatory capital position, ensuring compliance with prudential requirements while supporting sustainable growth.
- Total capital ratio (TCR) remained robust at 20.56%, reflecting disciplined capital management, earnings and prudent risk-weighted asset growth coupled with non-performing loan management, positioning the Bank well to support customers and drive long-term financial stability.
- Credit Risk capital growth (on balance sheet) of only 3bps has been assisted by a \$30m reduction in non-performing loans.

AU STRATEGY

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

Business growth

Continue to focus on expansion within existing segments: Reverse Mortgages, Livestock Finance and Deposit offerings.

- Streamline and enhance existing product offerings to better meet the needs of existing and new customers, farmers and livestock agents.
- Launch new product offerings within existing lending and deposit strategic pillars to access different segments of the market. New MySavings savings account launched in February 2025 and Feedlot Finance product launched late in 1H2025.
- Relunched Heartland Bank Australia and StockCo by Heartland Bank brands in 1H2025 to strengthen brand connection. Continue to build awareness of the brand in the market to increase enquiry about Heartland Bank Australia's product offering.

Service excellence

Through a commitment to strategy execution and disciplined management, deliver service excellence for customers.

- Increased focus on retention of valued customers through delivery of exceptional customer service, consistently and with heart.
- Invest in digitalisation and automation to improve service delivery and ultimately lead to enhanced customer experience.
- Improved customer onboarding experience following a deep dive into end-to-end process, delivering a reduction in customer origination process times from >60 to <20 days, and enabling capacity for growth. This will continue in 2H2025.

Diversify distribution

Expand distribution networks and strengthen partnerships to increase product reach.

- Increase active brokers, partnerships and key aggregator relationships to capture broader market opportunities.
- Identify additional growth opportunities through new referral relationships and white label product offerings.
 - New intermediary partnerships in place to broaden deposit distribution.
 - Reverse Mortgage partnerships and brokers contributed significant new business in 1H2025.
 - A new partnership between StockCo and AuctionsPlus will deliver finance direct through the AuctionsPlus platform in 2H2025.
- Launched exclusive sponsorship naming rights to the *Hereford's Australia 60th anniversary national show & sale* in May 2025, building the brand and creating stronger connections for new livestock financing lending opportunities.

AU LENDING PERFORMANCE: REVERSE MORTGAGES

\$1,968m

Receivables as at 31 Dec 2024
+\$138m, 15.0%¹ since Jun 2024

\$34.7m

NOI as at 31 Dec 2024³

Outlook expectations

- 2H2025 growth¹: 20%
- FY2025 growth: 18%

Asset quality²

- NPL ratio: <1.0%
- Average current loan size : A\$198k
- Weighted average current LVR : 24.0%⁴

- Good growth in 1H2025 despite heightened competition in the equity release market.
- Momentum has been building, with record new business in 1H2025 of \$193 million, up 4.1% from 30 June 2024.
- A concerted effort to improve process efficiencies saw a 74% reduction in application turnaround times, enabling capacity for growth and improved customer satisfaction.
- Partnerships and broker network contributed significantly to new business in 1H2025.

AU LENDING PERFORMANCE: LIVESTOCK FINANCE

\$272m

Receivables as at 31 Dec 2024
-\$1m, -1.0%¹ since Jun 2024

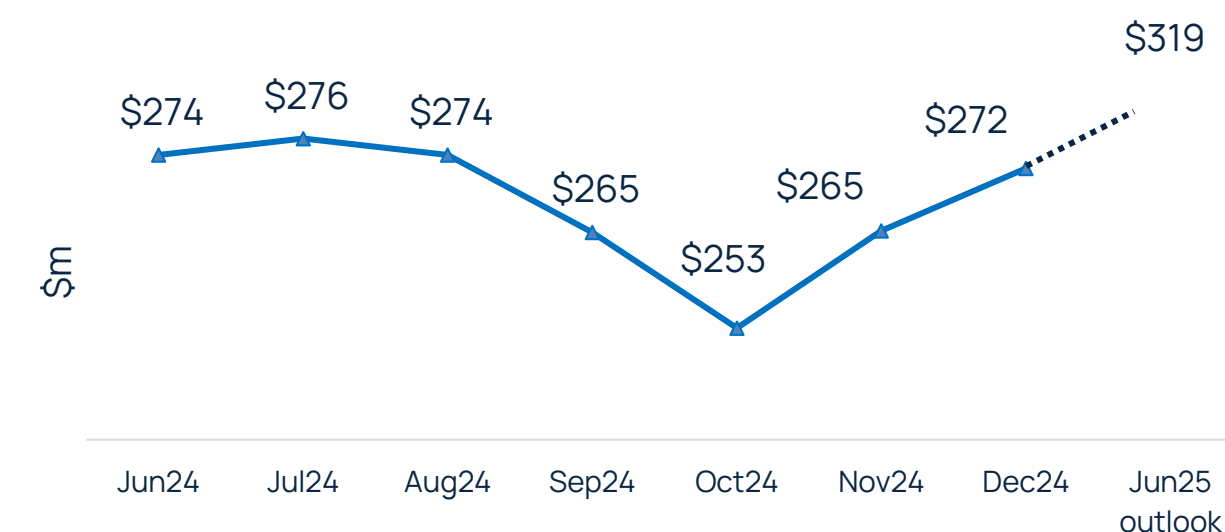
\$6.4m

NOI as at 31 Dec 2024²

- Increased confidence has returned to the Australian livestock market as seasonal conditions have improved.
- Q22025 saw the largest volume of livestock purchases per head since 2Q2022.
- Increased application volumes experienced in November and December 2024 are expected to continue and have been enabled by operational improvements, which includes the way in which Livestock Finance applications are processed.

Outlook expectations

- 2H2025 growth¹: 18%
- FY2025 growth: 17%



Asset quality

- Prudent management of NPLs for Livestock Finance has seen a positive reduction in NPL from \$70.5m or 3.26% (30 June 2024) to \$40.4m or 1.77% (31 Dec 2024).
- The key driver for NPL decrease was due to the full recovery of a large Livestock Finance customer in Oct 2024 with no balance sheet impairment charge required.

¹Annualised growth.

²Heartland Bank Australia became an ADI after 31 December 2023, therefore 1H2024 did not require the minimum liquidity holdings which are included in the 1H2025 results.

04 | OUTLOOK

Andrew Dixon
Chief Executive Officer, Heartland Group

OUTLOOK

NZ banking

- Trading conditions expected to remain challenging in 2H2025, particularly within the forestry, transport, agriculture contractor and construction sectors.
- Continuation of strong growth in Reverse Mortgages with moderated growth expectations in other core lending portfolios as the economy recovers.
- Margin expected to exit FY2025 >4%.
- Focus on implementation of enhanced collections, recoveries and write-offs strategies for the Motor Finance portfolio.
- OPEX growth to moderate by end of FY2025.

AU banking

- Overall economic conditions are expected to pick up in 2H2025. Confidence is improving for farmers and expected to positively benefit AU Livestock Finance.
- Continuation of strong growth expected in both Reverse Mortgages and Livestock Finance.
- Margin benefits expected to accelerate as funding mix reaches its target state of >80% deposits.
- OPEX expected to be stable.

Heartland expects underlying NPAT for FY2025 to be at least \$45m.

2H2025 one-offs are expected to be limited to any fair value changes on equity investments held and any other one-off non-recurring expenses that arise. Heartland expects the difference between reported and underlying FY2025 NPAT to reduce in 2H2025.

05 | ADDITIONAL INFORMATION

NZ REVERSE MORTGAGE PORTFOLIO ANALYTICS

<p>\$1.15b</p> <p>NZ Reverse Mortgages +\$82.4m (15.3%)¹ vs June 2024</p>	<p>\$147,446</p> <p>Average current loan size⁵</p>	<p>73</p> <p>Average age of youngest borrower (new customers)³</p>	<p>17.3%</p> <p>Compound annual growth rate⁴</p>
<p>8.9%</p> <p>Average initial LVR³</p>	<p>24.6%</p> <p>Weighted average current LVR (Indexed Valuation)²</p>	<p>0.2%</p> <p>Proportion of the loan book over 75% LVR⁵</p>	<p>6</p> <p>Number of loans in the book over 75% LVR⁵</p>
<p>\$106m</p> <p>(+\$9.8m vs 1H2024)</p> <p>1H2025 origination⁵</p>	<p>\$80m</p> <p>(+\$22.5m vs 1H2024)</p> <p>Total repayments in 1H2025⁵</p>	<p>14.9%</p> <p>(vs 12.9% in 1H2024)</p> <p>1H2025 repayment rate⁵</p>	<p>18.0%</p> <p>(vs 22.8% in 1H2024)</p> <p>Repayments from vintage loans (+11 years)⁵</p>

¹ Annualised 1H2025 growth excluding the impact of changes in FX rates.

² Across all time on whole book.

³ Rolling 12 months as at 31 December 2024.

⁴ Compound annual growth rate for the period 1 July 2020 – 31 December 2024.

⁵ As at 31 December 2024.

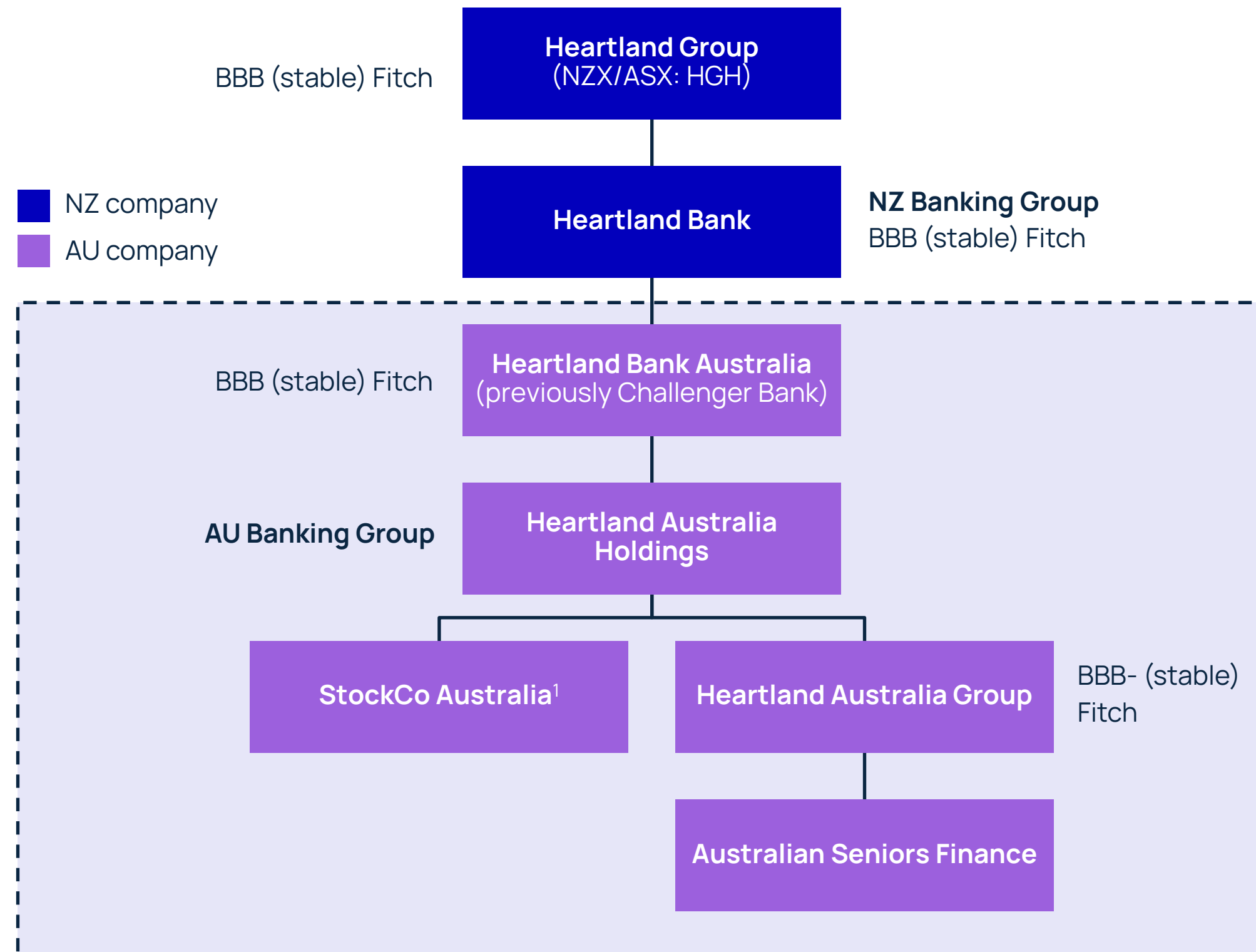
AU REVERSE MORTGAGE PORTFOLIO ANALYTICS

<p>A\$1.80b</p> <p>AU Reverse Mortgages +A\$126m (15.0%)¹ vs June 2024</p>	<p>A\$197,986</p> <p>Average current loan size⁵</p>	<p>73</p> <p>Average age of youngest borrower (new customers)³</p>	<p>17.5%</p> <p>Compound annual growth rate⁴</p>
<p>11.5%</p> <p>Average initial LVR³</p>	<p>24.0%</p> <p>Weighted average current LVR (Indexed Valuation)²</p>	<p>0.0%</p> <p>Proportion of the loan book over 75% LVR⁵</p>	<p>1</p> <p>Number of loans in the book over 75% LVR⁵</p>
<p>A\$176m</p> <p>(+A\$4.4m vs 1H2024)</p> <p>1H2024 origination⁵</p>	<p>A\$133m</p> <p>(+A\$37.0 vs 1H2024)</p> <p>Total repayments in 1H2024⁵</p>	<p>15.8%</p> <p>(vs 12.6% in 1H2024)</p> <p>1H2024 repayment rate⁵</p>	<p>11.9%</p> <p>(vs 16.1% in 1H2024)</p> <p>Repayments from vintage loans (+11 years)⁵</p>

Note: All figures are in \$AUD unless otherwise stated.
¹ Annualised 1H2025 growth excluding the impact of changes in FX rates.
² Across all time on whole book.

³ Rolling 12 months as at 31 December 2024.
⁴ Compound annual growth rate for the period 1 July 2020 – 31 December 2024.
⁵ As at 31 December 2024.

CORPORATE STRUCTURE



06 | **DISCLOSURE,
APPENDICES &
GLOSSARY**

DISCLAIMER

This presentation has been prepared by Heartland Group Holdings Limited (**NZX/ASX: HGH**) (the **Company** or **Heartland**) for the purpose of briefings in relation to its Financial Statements.

The presentation and the briefing (together the **Presentation**) contain summary information only, which should not be relied on in isolation from the full detail in the Financial Statements.

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Non-GAAP measures

This presentation contains references to non-GAAP measures including underlying profit or loss, underlying ROE, underlying CTI ratios, underlying impairment expense ratios and underlying EPS. A reconciliation between reported and the non-GAAP measure of underlying financial information is included on page 7.

Because Heartland 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 Heartland's reporting approach. These non-GAAP figures are provided as a supplementary measure for readers to assess Heartland'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 non-GAAP measures do not have standardised meanings prescribed by GAAP and should not be viewed in isolation nor considered a substitute for measures reported in accordance with NZ GAAP.

Non-GAAP financial information has not been subject to review by PricewaterhouseCoopers, Heartland's external auditor.

All amounts are in New Zealand dollars unless otherwise indicated. Financial data in this presentation is as at 31 December 2024 unless otherwise indicated. The 1H2025 financial statements have not been audited, but have been reviewed by Heartland's auditor, PricewaterhouseCoopers. Any other financial information provided as at a date after 31 December 2024 has not been audited or reviewed by any independent registered public accounting firm.

1H2024 REPORTED VS. UNDERLYING

	1H2024	Entity		
		HGH	HBL	HBAL
Reported NPAT	\$37.6m			
- De-designation of derivatives	\$4.3m		\$4.3m	
- Fair value changes on equity investments held	(\$1.9m)	(\$1.9m)		
Other operating income (OOI)	\$2.4m			
- ABP transaction costs	\$2.3m	\$2.1m	\$0.1m	\$0.1m
- Other non-recurring expense	\$0.6m	\$0.2	\$0.4	
Operating expenses (OPEX)	\$2.9m			
- Provision for a subset of legacy lending	\$16.0m		\$16.0m	
Impairment Expense	\$16.0m			
Tax impact	(\$6.2m)	(\$0.4m)	(\$5.8m)	
Underlying NPAT¹	\$52.7m			

GLOSSARY

ABP	Australia Bank Programme	NIM	Net interest margin
ADI	Authorised deposit-taking institution	NOI	Net operating income
bps	Basis points	NPAT	Net profit after tax
CET1	Common Equity Tier 1	O4B	Open for Business
Challenger Bank	Challenger Bank Limited (now Heartland Bank Australia)	OOI	Other Operating Income
cps	Cents per share	OPEX	Operating expenses
CTI ratio	Cost-to-income ratio	pps	Percentage points
CY	Calendar year	RBNZ	Reserve Bank of New Zealand
DPD	Days past due	Receivables	Gross Finance Receivables (includes Reverse Mortgages)
DRP	Dividend Reinvestment Plan	ROE	Return on Equity
EPS	Earnings per share	SME	Small-to-medium sized enterprise
FX	Foreign currency exchange	FY2025	Financial year ending 30 June 2025 (1 July 2024 to 30 June 2025)
GFV	Guaranteed Future Value	1H2025	First half of FY2025 (1 July to 31 December 2024)
Harmony	Harmony Corp Limited	2Q2025	Second quarter of FY2025 (1 October to 31 December 2024)
Heartland, Heartland Group, HGH	Heartland Group Holdings Limited or the Company	2H2025	Second half of FY2025 (1 January to 30 June 2025)
Heartland Australia Group	Heartland Australia Holdings Pty Ltd and its direct and indirect wholly-owned subsidiaries	FY2024	Financial year ended 30 June 2024 (1 July 2023 to 30 June 2024)
Heartland Bank, HBL, NZ Bank, NZ Banking	Heartland Bank Limited	1H2024	First half of FY2024 (1 July to 31 December 2023)
Heartland Bank Australia, HBAL, AU Bank, AU banking	Heartland Bank Australia Limited	1H2026	First half of the financial year ended 30 June 2026 (1 July 2025 to 30 June 2026)
LVR	Loan-to-value ratio	FY2028	Financial year ending 30 June 2028 (1 July 2027 to 30 June 2028)
MTN	Medium Term Note	2Q2022	Second quarter of FY2022 (1 October to 31 December 2021)
NII	Net interest income		

THANK YOU

Investor & media relations

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Investor information

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