HEARTLAND GROUP

NZX/ASX Release

Heartland Group 2019 Annual Shareholder Meeting

12 November 2019

The Annual Shareholder Meeting of Heartland Group Holdings Limited (**Heartland Group**) (NZX/ASX: HGH) will be held today at Chateau on the Park (DoubleTree by Hilton), Riccarton, Christchurch commencing at 10am.

Please find attached the following documents relating to the meeting:

1. Annual Meeting Presentation Slides
2. Chairman's Address
3. Chief Executive Officer's Address

- Ends –

For further information, please contact:

Andrew Dixson
Head of Corporate Finance
Heartland Group Holdings Limited
DDI 09 927 9274

Michael Drumm
General Counsel
Heartland Group Holdings Limited
DDI 09 927 9136

2019 Annual Meeting

12 November 2019

HEARTLAND GROUP

Agenda

- Welcome and formalities
- Chair’s address
- Chief Executive Officer’s address
- Shareholder discussion
- Voting and conduct of poll
- Other business

Board of Directors

Heartland Group Board

Geoff Ricketts	Chair and Independent Non-Executive Director
Jeff Greenslade	Executive Director and Chief Executive Officer
Ellie Comerford	Independent Non-Executive Director
Sir Chris Mace	Independent Non-Executive Director
Greg Tomlinson	Non-Executive Director

Heartland Bank Board

Bruce Irvine	Chair and Independent Non-Executive Director
Ellie Comerford	Independent Non-Executive Director
Jeff Greenslade	Executive Director and Chief Executive Officer
John Harvey	Independent Non-Executive Director
Kate Morrison	Independent Non-Executive Director
Geoff Ricketts	Independent Non-Executive Director
Vanessa Stoddart	Independent Non-Executive Director

Strategic Management Group

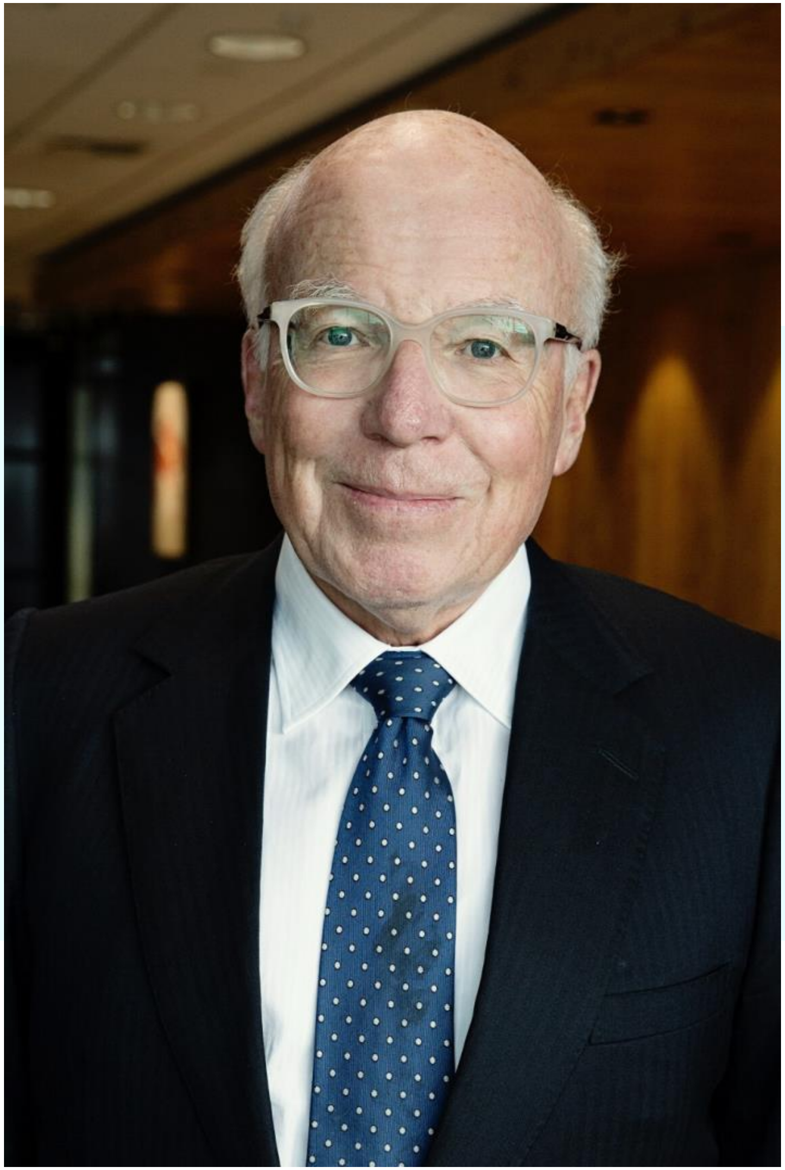
Jeff Greenslade	Chief Executive Officer, Heartland Group
Chris Flood	Chief Executive Officer, Heartland Bank
Cherise Barrie	Chief Financial Officer
Laura Byrne	Group Chief of Staff
Grant Kemble	Chief Risk Officer
Rochelle Moloney	Chief Culture & Communications Officer
Sarah Smith	Chief Technology Officer
Lydia Zulkifli	Chief Digital Officer

Other formalities

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

Chair’s Address

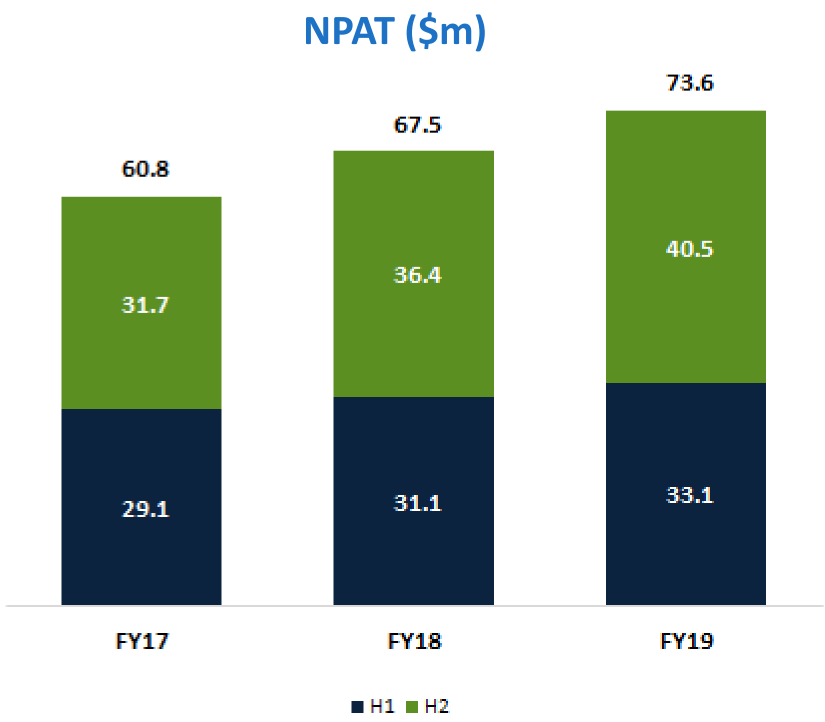
Geoff Ricketts



Financial overview

Focus on customers and community support at the heart of our growth.

- Net profit after tax of $73.6 million, up 9%
- Growth in gross finance receivables of 10% to $4.4 billion



Doing the right thing for customers

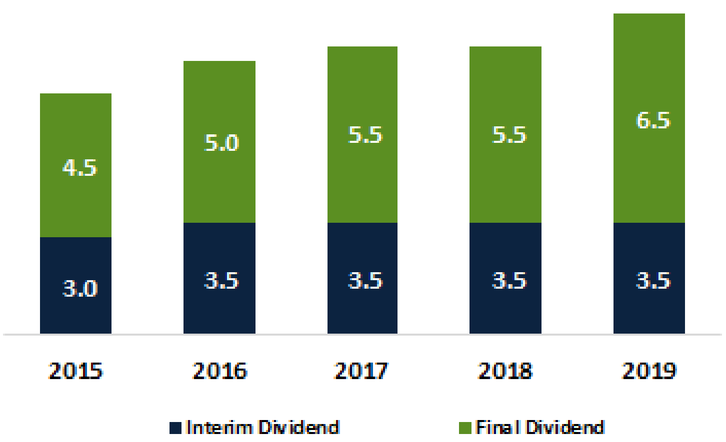
- Doing the right thing for customers is reflected in one of Heartland's refreshed values – mahi tika
- Heartland is proud to offer products that contribute to positive social outcomes
- In March 2019, as required of all banks, Heartland submitted a workplan to the FMA and RBNZ addressing improvement in conduct and culture
- Supportive of the review and committed to continuous improvement in all areas identified by the FMA and RBNZ
- Supportive of the financial conduct licensing regime announced this year

DO THE right thing
MAHI TIKA

The year in review

- Strong growth across the business
- Focus on core growth areas – reverse mortgages, small business loans, motor vehicle finance, intermediated business lending
- Completion of the corporate restructure and listing on the ASX
- Fully-imputed final dividend of 6.5 cents per share
- Total dividend for the year of 10.0 cents per share

Dividend per share (cps)



As at 30 June 2019

Community sponsorship

$617.3k

Paid towards sponsorship and community activities this year by the Heartland Trust.

CEO Address

Jeff Greenslade

2019 financial highlights

Net operating income
12 months to 30 June 2019

$205.8m

up **4.6%** from FY2018

Net profit after tax
12 months to 30 June 2019

$73.6m

up **9.0%** from FY2018

Gross finance receivables
12 months to 30 June 2019

$4.4b

up **10.5%** from FY2018

- Three strategic pillars:
  - New Zealand banking
  - Australia
  - Digital

- Continue to focus on providing 'best or only' products

As at 30 June 2019

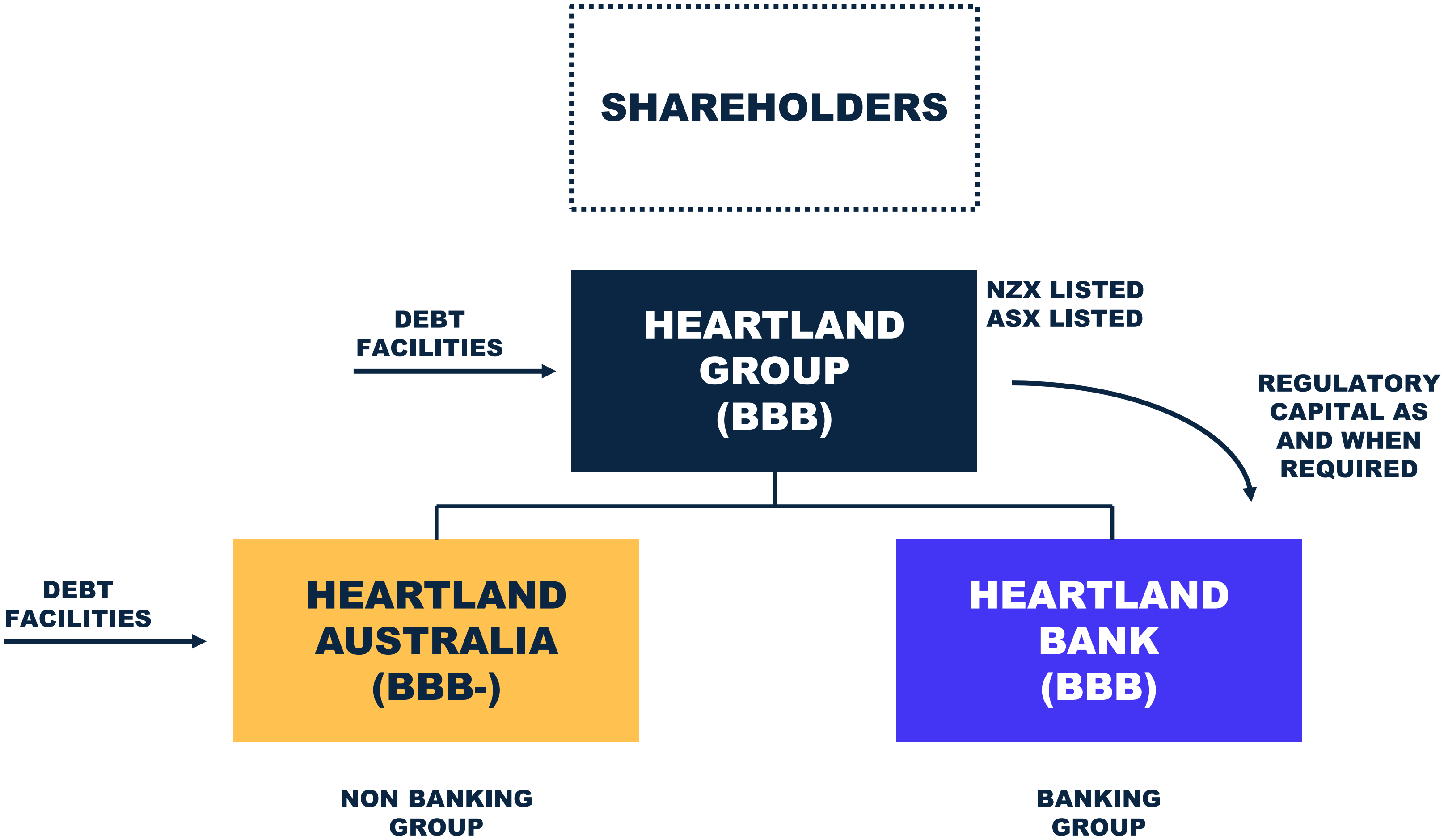
Digital

"Digging down, digital is about two things: speed and agility – externally to your customers and market and internally within your organisation."

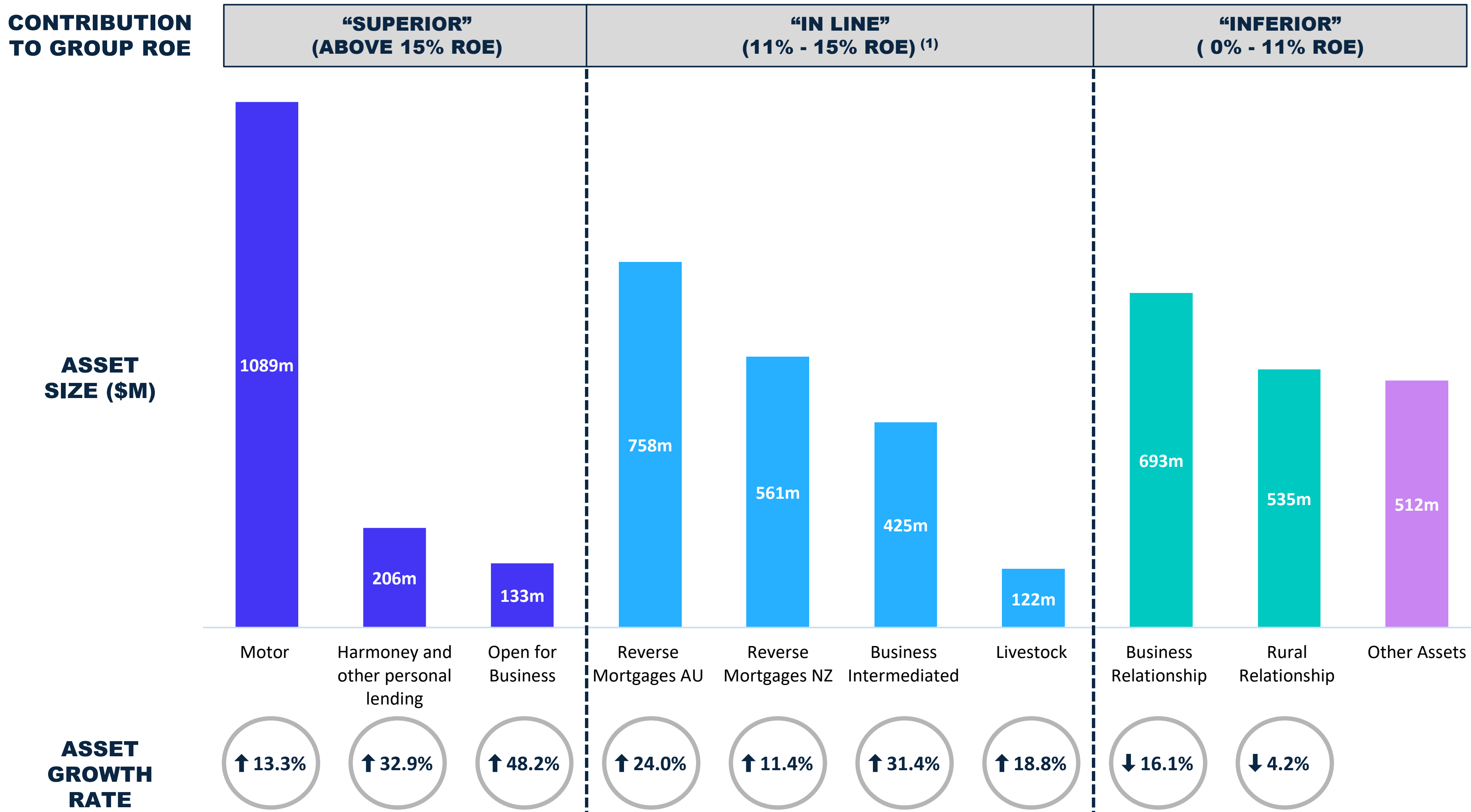
– John Rossman

- Being digital is about always evolving – mahi tipu.
- The purpose of Heartland's digital strategy is to deliver great customer outcomes by always striving to deliver fast and simple service.
- Prioritising User Experience (UX) means keeping our customers at the forefront of decision making.

Group capital



Return on equity



1. Based on ROE range of major banks

As at 30 June 2019

HEARTLAND GROUP

Our business

Reverse Mortgages

AUSTRALIA

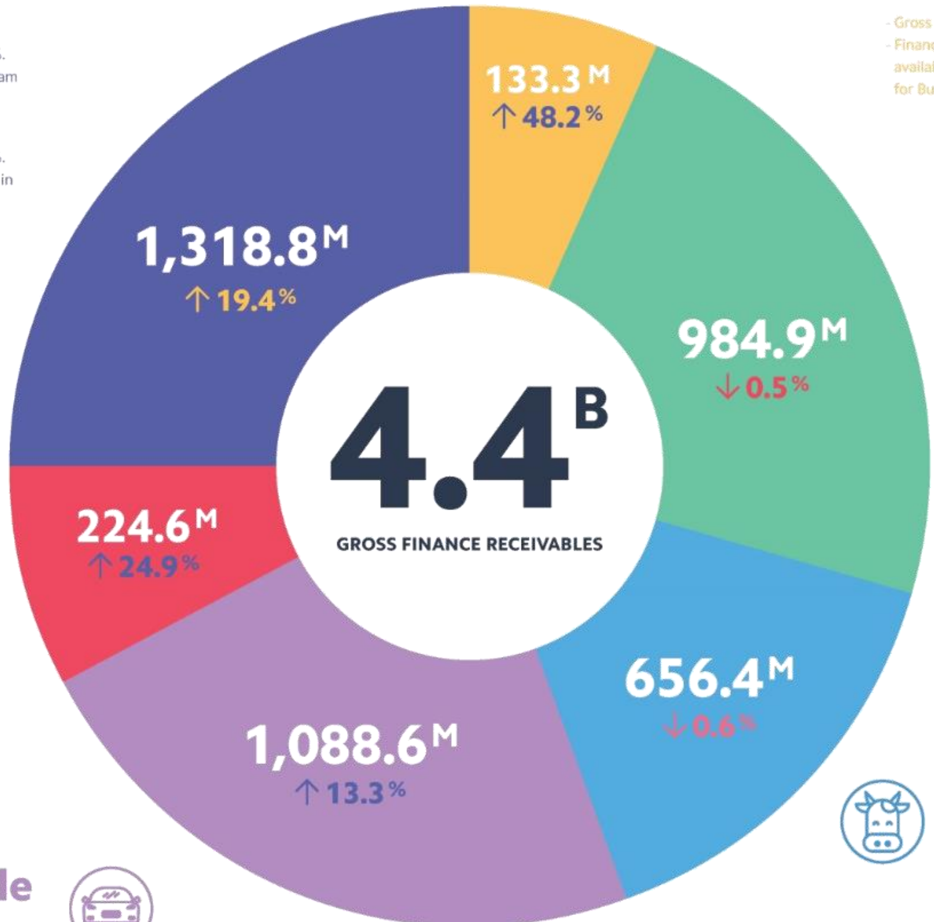
- Gross finance receivables $757.6m, up 24.0%.
- Distributed trhough brokers and our sales team in Australia

NEW ZEALAND

- Gross finance receivables $561.2m, up 11.4%.
- Primarily distributed through our sales team in New Zealand.

Open For Business

- Gross finance receivables $133.3m, up 48.2%.
- Finance for small-to-medium sized businesses available online through Heartland's digital Open for Business Platform.



Business Finance

BUSINESS INTERMEDIATED

- Gross finance receivables $425.4m, up 31.4%.
- Working capital and plant and equipment finance distributed through our partners and intermediaries.

BUSINESS RELATIONSHIP

- Gross finance receivables $559.5m, up 16.1%.
- Working capital and plant and equipment finance distributed through our partners and intermediaries.

Harmony and other consumer lending

- Gross finance receivables $224.6m, up 24.9%.
- Distributed through intermediary partners and brokers, and enabled by Heartland's partnership with Harmony.

Rural Finance

LIVESTOCK FINANCE

- Gross finance receivables $121.6m, up 18.8%.
- Livestock finance for farmers available online through Heartland's Open for Livestock platform.

RURAL RELATIONSHIP

- Gross finance receivables $534.8m, up 4.2%.
- Rural loans distributed through Heartland's relationship managers.

Motor Vehicle Finance

- Gross finance receivables $1.088.6m, up 11.4%.
- Distributed direct to customers and through our motor vehicle dealer network to enable customers to access

As at 30 June 2019

Outlook for FY20

- Forecast range of $77 to $80 million.
- Expect continued growth in core product areas.
- Investing in TV advertising in Open for Business and Reverse Mortgages.
- Increased emphasis on growth in Australia with support from New Zealand.
- The Open for Business Australia website has launched and we are about to begin marketing activity.
- Continued shift to digital, enhancing customer experience.

Shareholder discussion

Voting

Thank you

2019 ANNUAL MEETING

CHAIR'S ADDRESS

1. **SLIDE 7: 2019 FINANCIAL YEAR OVERVIEW**

On behalf of the Board, it is my pleasure to report on another successful year for Heartland. The company delivered a net profit after tax of $73.6 million, a 9% growth in profitability. This growth was driven by a 10.5% increase in gross finance receivables to $4.4 billion.

At the centre of Heartland's continued growth is an intensified focus on our customers and support for the communities we serve.

2. **SLIDE 8: DOING THE RIGHT THING FOR CUSTOMERS**

Heartland prides itself on doing the right thing for customers and keeping customers' needs at heart. This is reflected in mahi tika, one of Heartland's values – our mātāpono. Our values are printed on the covers of this year's Annual Review and Financial Report and guide the behaviour of our people as they serve our customers.

Heartland is proud to offer products that contribute to positive social outcomes. Our Reverse Mortgage product and small business loans are good examples of this. Heartland's Reverse Mortgage provides opportunities for people over 60 to enjoy a more comfortable retirement by releasing equity in their homes, while Heartland's small business loans help business owners reach their goals without having to secure their business loan against their family home.

Following last year's Australian Royal Commission review into misconduct in the banking and financial services industry in Australia, you would have seen a lot of discussion in the media about the Reserve Bank of New Zealand and Financial Markets Authority review into the conduct and culture of New Zealand banks and insurance providers.

Overall, the findings from the review concluded that there does not appear to be widespread conduct and culture issues in New Zealand banks, but there is room for improvement. Heartland is supportive of the review and committed to continuous improvement in all areas identified by the FMA and RBNZ.

In March 2019, as required of all banks, Heartland submitted a workplan to the FMA and RBNZ addressing improvement in conduct and culture and is currently working through the plan and focusing on iterative improvement across the organisation.

More recently, the government announced a new conduct licensing regime which aims to ensure banks and insurers are treating customers fairly. We support this regime and believe it reflects our commitment to doing the right thing for our customers at all times.

3. **SLIDE 9: THE YEAR IN REVIEW**

Our strategy continues to deliver strong asset growth across the business. Our focus has continued on the areas which are core to future growth - particularly reverse mortgages, small business loans and motor vehicle finance.

The 2019 financial year saw significant change to Heartland's corporate structure which resulted in shares in Heartland Group being listed on both the NZX Main Board and the ASX (under a Foreign Exempt Listing) and Heartland Group trading under the HGH ticker code from 1 November 2018. Heartland Bank became a wholly-owned subsidiary of Heartland Group and all of the shares in Heartland Bank were exchanged for shares in Heartland Group. In addition, the Australian group companies were transferred from Heartland Bank to Heartland Group.

This restructure was a significant milestone for the Group and provides a more suitable platform for future growth by removing constraints on growth previously arising from RBNZ regulations. The restructure and ASX listing will provide the Group with greater flexibility to take advantage of growth opportunities in New Zealand and Australia outside of the banking group, and to expand the capital sources available to fund growth.

In 2019, Heartland continued to enhance its digital platforms through further development of the Heartland Mobile App, the build and rebrand of the Heartland Seniors Finance websites in New Zealand and Australia and the development of Heartland Digital – a user-friendly online banking solution that savings and deposits customers can access in place of internet banking on a desktop or mobile devices which don't support the app.

I would like to recognise the Heartland team for their efforts this year; together they have enabled Heartland to successfully execute its strategy and continue to deliver value to you, our shareholders.

A fully-imputed final dividend of 6.5 cents per share was paid to shareholders for the six months to 30 June 2019, resulting in a total dividend for the year of 10.0 cents per share. Our dividend yield still remains very strong and competitive among our peers. What was particularly pleasing was the ability for Heartland Australia to contribute to the dividend which supported the increase to 10.0 cents.

4. SLIDE 10: HEARTLAND TRUST AND COMMUNITY SPONSORSHIP

Heartland is in a privileged position to make a positive contribution to our society, and we do this is by giving back to our communities through a range of sponsorships from the Heartland Trust.

The Heartland Trust is a registered charitable trust which is independent from, but closely supported by, Heartland Bank and Heartland Group.

This year, the Heartland Trust continued its support of education through the InZone Education Foundation which aims to enhance the educational outcomes of Māori and Pasifika youth. It does this by establishing boarding hostels that provide an opportunity for motivated Māori and Pasifika students to access high-performing state schools within the school zones.

As part of our support of InZone, Heartland's internship programme Manawa Ako continued, this year welcoming 20 students into paid internship positions over their summer holiday. The programme aims to provide the students with experience and an understanding of what the 'world of work' will require of them. It also allows us to learn from them, particularly in relation to how we can make Heartland more welcoming and inclusive to Māori and Pasifika people.

Manawa Ako has been a success so far, leading to seven interns continuing employment with Heartland Bank. We look forward to welcoming even more students in December.

Furthering our support of te reo Māori and education, the Heartland Trust this year began sponsorship of Te Matatini festival (New Zealand's national kapa haka festival), and the Kupe Leadership Scholarship which aims to develop our country's future leaders.

Mental wellbeing is also an area of great importance to Heartland. This year the Heartland Trust continued its sponsorship of Lifeline, a confidential phone line service for New Zealanders experiencing difficult times, and Auckland City Mission's HomeGround project – the project will result in a purpose-built facility to provide support to those who need it most.

This was our third year as the platinum sponsor of the Auckland Writer's Festival which once again featured a variety of speakers from a wide range of backgrounds. Through the Heartland Trust, we are proud to support an initiative that caters to a hugely diverse audience, giving those people the opportunity to consider the world around them through bringing the written word to life.

Heartland also continues to sponsor the Young Auctioneers competition and various First XV teams, with an increased focus on supporting women's rugby.

This year, the Heartland Trust paid $617,300 towards sponsorship and community activities.

5. **SLIDE 11: CONCLUSION**

I wish to conclude my address this afternoon by expressing my thanks and gratitude to my fellow directors for their wise counsel and support.

Thank you to Jeff, Chris Flood and the Executive team who continue to lead Heartland with their diligence and strong and diverse skill set. I also wish to acknowledge all of our Heartland staff who go above and beyond to make Heartland a successful organisation. We are grateful to you.

Last but not least, I would like to thank you, our shareholders and customers, for supporting Heartland. We appreciate the confidence you place in us and we look forward to continuing the delivery of strong shareholder returns through the execution of our strategy.

Thank you.

HEARTLAND GROUP

2019 ANNUAL MEETING

GROUP CHIEF EXECUTIVE OFFICER'S REPORT

1. SLIDE 11: INTRODUCTION

E ngā mana, e ngā reo, e ngā rau rangatira, tēnā koutou katoa

Greetings to all of you, all voices, all authorities and leaders.

Ki ngā iwi o Te-Wai-Pounamu, tēnā Koutou Katoa.

To you the local iwi, I acknowledge your role as tangata whenua.

Tēnā koutou ki a koutou katoa kua hui mai nei i tēnei rā, kei te mihi, kei te mihi, kei te mihi

Thank you for joining us this morning.

2. SLIDE 12: 2019 FINANCIAL HIGHLIGHTS

As the Chairman stated, Heartland increased profitability on the back of 10.5% growth in receivables (excluding FX impact).

This achievement as with last year's was above system growth. Industry receivables growth has been at an average of 6%, yet Heartland has out-performed this. This has been achieved without taking increased risk (leaving aside the impact of IFRS) and was not generated at the expense of margin or by incurring increased operating costs. Why is that? Why has Heartland consistently achieved above benchmark growth?

The answer to this is strategic and is fundamental to our three core pillars: NZ Banking, Australia, and Digital.

Through this we have access to growth that is driven by factors other than those driving industry growth. Those drivers are less macro-economic. For example, there is the tide of demographics, in the case of Reverse Mortgages, utility in the case of Motor and better customer experience in O4B online lending to SMEs. The 'best or only' approach to the markets we occupy continues to underpin growth.

These markets have the added advantage of being markets in which the big banks do not focus. Open for Business loans through our digital platform for SME lending have grown by 48% in the last financial year, and while big banks also operate in this market we are able to differentiate by the speed and ease of access.

3. SLIDE 13: DIGITAL

Digital is a word, like ‘fintech’ that is bandied about frequently.

WHAT IS DIGITAL?

The concept of digital is frequently defined by reference to things like the internet or mobile phones or APIs (Application Programming Interface). These are digital tools. *Being* digital is a way of doing things:

“Digging down, digital is about two things: speed and agility – externally to your customers and market and internally within your organisation.”

– John Rossman

One of Heartland’s mātāpono, or values, is mahi tipu – always evolving. This is the essence of being digital. The purpose is to deliver great customer outcomes by always striving to deliver fast and simple service. Increasingly, how we are judged will be by how successful we are in delivering an excellent ‘Customer Experience’ (CX).

CX is another new catchphrase; it encompasses all aspects of a customer’s interaction with our products and services. This includes UX – yet more jargon which is the ‘User Experience’, which is the experience within our digital platforms for example, how easy it is to navigate on our websites or Mobile App. These concepts of CX and UX are now very important and reflect a fundamental shift in leverage from providers to customers. Digital disruption has given customers genuine choice.

This has already happened in the telco, travel and entertainment sectors, if CX or UX is poor, customers can exercise a choice to go elsewhere. Banking still has some way to go; if you're standing in a queue at a bank, your choice is often only to stand in another queue. Customers, though are demanding more. We see that as an opportunity.

A good UX is one which makes it easy for the customer to access services and which delivers the desired outcome quickly. UX is a constantly evolving challenge: identifying user pain points, gathering insights about how we can do things better, and letting our customers know that their experience matters to us.

This is where agility comes in: getting things done, responding to UX.

Examples of UX in action at Heartland include: usability testing of new websites, updates to the Heartland Mobile App and new digital products; the introduction of online, real-time customer feedback mechanisms on the Heartland website; and using online qualitative analytics tools to record UX and customer journeys across all webpages.

Prioritising UX means we keep our customers at the forefront of decision making. This leads to better customer loyalty and retention, and better business outcomes.

The Digital age is influencing our behaviours even if we are not particularly technical. We all want precision and simplicity; above all we want everything fast, we don't want to queue. It is this challenge that is shaping our future, why we regard ourselves as a financial technology group which operates a bank.

At the heart of Digital is a smart mobile phone. Research by FIS in the US shows that the mobile phone is effectively the only channel for Millennials, the preferred channel for Gen X and a growing channel for Baby-Boomers. It is quickly superceding other channels, including internet banking, which a short time ago was a major innovation.

It is true to say that we are in a world where the future is about speed and simplicity.

I know wish to address various matters concerning Return on Equity or RoE.

This is an important measure of how effectively we are using your capital. Historically, Heartland's headline RoE of 11.1% for 2019 was consistent with 2018, though excluding one-off costs was 11.7% in 2019 trending favourably at 12.2% for the second-half of 2019.

But despite exceeding benchmark rates of peers in terms of receivables growth, net interest margin and cost-to-income ratio, RoE is at the low end of expectations. Comparable benchmarks in Australia suggest a range of between 11%-15%.

We need to do better.

As the name suggests RoE measures earnings – in our case the net return on our loans – against the capital required to be invested to generate those loans.

There are two ways to improve RoE: earn more and/or invest less equity.

I want to explain two things:

i. How the demerger provides the potential for improving RoE; and

ii. how we invest equity, what are the relative contributions of our activities to RoE.

4. SLIDE 14: GROUP CAPITAL

Turning first to the de-merger.

Under the previous structure where we were one entity, the Bank's capital requirements drove Group equity requirements. When the Bank needed capital, the Group had to raise equity. This had to be done in amounts large enough to support an issuance and also had to be spaced out so as not to over-reach shareholder appetite. This meant in effect, that we raised capital in advance of needs resulting in periodically carrying excess capital.

Under the new structure, capital for the Bank is separate from that of the group. This means that capital can be inserted by the parent into the Bank as and when required. If you like, we now have the ability to manage the Bank's equity on a 'just in time' basis. This is much more efficient.

Moreover – and this is very important - the parent is not confined only to equity issuances in order to fund capital injections. It can fund the equity by raising debt at a much lower cost. This allows us to lower the Group's Weighted Average Cost of Capital and improve RoE.

The debt the Group borrows is supported by businesses outside the Bank. For prudential reasons we aim to limit the amount of group leverage to stay within the criteria of our BBB rating and to an amount that can be serviced without recourse to bank dividends.

5. SLIDE 15: RETURN ON EQUITY

In the release we also sought to clarify how the various activities of the Group – how we allocate capital – are ranked in terms of their RoE.

It is difficult to give exact RoEs for each activity – things move around, depending on short term performance or where operational expenses happen to be focussed from time to time and there are also the complexities of allocating central costs. Accordingly, we have chosen not to provide exact RoE; rather rank the activities by those that perform below what we regard as the benchmark, at or around the benchmark and those that exceed the benchmark. Based on a sampling of Australian banks, we have assumed a benchmark range of 11%-15%.

6. SLIDE 16: OUR BUSINESS

There are investments in infrastructure or in intangibles such as systems that generate little or no return. However, these are necessary for operating the business.

There are also lending activities that generate poor returns such as Business Relationship loans – these are larger loans where we compete with major banks, that we wish to reduce.

Then as you can see, we have a number of activities such as Reverse Mortgages that sit within acceptable ranges of RoE.

Finally there are lending activities such as Motor, O4B (the unsecured business loans to small businesses provided via a digital channel) and the consumer loans provided through Harmoney that deliver superior returns.

The challenge for us is one of balance; to be agile in moving to minimise the low returning purposes, and offset the drag they cause and expand into better returning loans.

7. SLIDE 17: OUTLOOK FOR FY20

Turning now finally to the future. What can you expect?

First, you can expect to continue to see growth across the three core divisions of NZ Banking, Australia and Digital. While there is talk of reduced consumer confidence which may impact borrowing behaviour, we are confident that we are well positioned by being in the right place at the right time for our customers, providing fast access to products like Reverse Mortgages which are driven more by demographics than economic sentiment.

We have forecast a range of $77 to $80 million for FY20. When we gave that forecast, we also stated that we are investing greater amounts in marketing, including TV advertising to raise awareness of O4B and Reverse Mortgages in particular. This is underway and while it is too soon to be definitive, initial responses are encouraging.

In addition, a lot of emphasis is being placed on Australia with increased support from New Zealand. The Australian market is clearly much larger and offers great potential. It is also planned very soon to launch O4B in Australia to add to the existing Reverse Mortgages business. In this regard, we have recently created a high-touch call centre in Ashburton which is available to assist our Australian Reverse Mortgages and O4B customers as well as our New Zealand customers. This is in addition to the telephony currently available to our depositors.

We will also continue our shift into Digital, enhancing CX and UX with more ways to access and transact quickly. We are proud of the fact that we have end to end platforms for our customers to access deposits and small business loans without standing in a queue or waiting on the telephone. Recently, in Australia our reverse Mortgage customers have been able to complete applications and received conditional approvals online.

The Digital age is not necessarily at the end of human interaction. Part of our challenge is to take care that we know when this is required and our investment in the Ashburton Call Centre is an example of this.

The Bank is investing $1 million this financial year in improvements in CX. This is a good investment, constantly improving customer outcomes is essential for a sustainable business.

To summarise, we will continue to consolidate and grow our New Zealand Banking activities, seek to expand in Australia, and through Digital, continue to enhance CX through swift and agile actions.

Finally, I would like to thank the people of Heartland.

He manawa whenua, he manawa tangata, Ko Heartland tēnei.

This is our Heartland.

Thank you also to our shareholders.

Tēnā koutou katoa.

Thank you all.