

3Q2025 MARKET UPDATE

For the quarter ended 31 March 2025

HEARTLAND
— GROUP —

**INVESTOR
PRESENTATION**

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Non-GAAP measures

Certain financial measures 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.

This presentation contains references to non-GAAP measures including underlying profit or loss, underlying OPEX, underlying impairment expense, underlying NIM, underlying CTI ratios, underlying impairment expense ratios and underlying ROE.

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. All amounts are in New Zealand dollars unless otherwise indicated. Financial data in this presentation is as at 31 March 2025 unless otherwise indicated. It has not been audited or reviewed by any independent registered public accounting firm.

3Q2025 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 (previously Challenger Bank Limited), 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.

The investor presentation of Heartland's 1H2025 financial results released on 27 February 2025 includes at page 7 details of the 1H2025 one-offs and at page 45 general information about Heartland's use of non-GAAP financial measures.

3Q2025 SUMMARY

Heartland is on track to achieve an underlying NPAT for FY2025 of at least \$45m.

- NIM expanded 28 bps versus 1H2025 with improvement seen in both banks.
- OPEX in Q3 remained stable – both banks are on track to meet OPEX expectations for 2H2025. Cost management programmes are in place to improve operational efficiency moving forward.
- Asset quality improvements are starting to show in Heartland Bank's Motor Finance portfolio following the introduction of more prescriptive collections and recoveries policies for the NZ bank. As a result, early recovery efforts for the Motor Finance loans written off in February 2025 have exceeded expectations.
- Heartland is focused on sustainable, profitable growth, and has seen compelling Receivables growth in Reverse Mortgages and Livestock Finance in New Zealand and Australia.
- Good progress has been made against Q3 NSA realisation targets. Exit strategies have been refined, set and are now being accelerated.

Consolidated group key financial metrics

	Reported			Underlying			Underlying outlook
	1H2025	3Q2025	YTD	1H2025	3Q2025	YTD	FY2025
OPEX	\$98.1m	\$46.9m	\$144.9m	\$90.4m	\$46.3m	\$136.6m	
Impairment expense	\$50.5m	\$11.1m	\$62.8m	\$50.5m	\$11.1m	\$62.8m	
NPAT	\$3.6m	\$16.6m	\$20.2m	\$10.7m	\$17.1m	\$27.7m	≥\$45m
NIM	3.41%	3.69%	3.52%	3.41%	3.69%	3.52%	
CTI ratio	63.2%	57.6%	61.3%	57.6%	56.8%	57.3%	
Impairment expense ratio ¹	1.40%	0.63%	1.17%	1.40%	0.63%	1.17%	
ROE	0.6%	5.4%	2.2%	1.9%	5.6%	3.0%	
Receivables ²	\$7,121m	\$7,224m	\$7,224m				

Note: See page 2 for a definition of underlying financial metrics. Refer to page 2 for details on one-offs in the periods covered in this investor presentation.

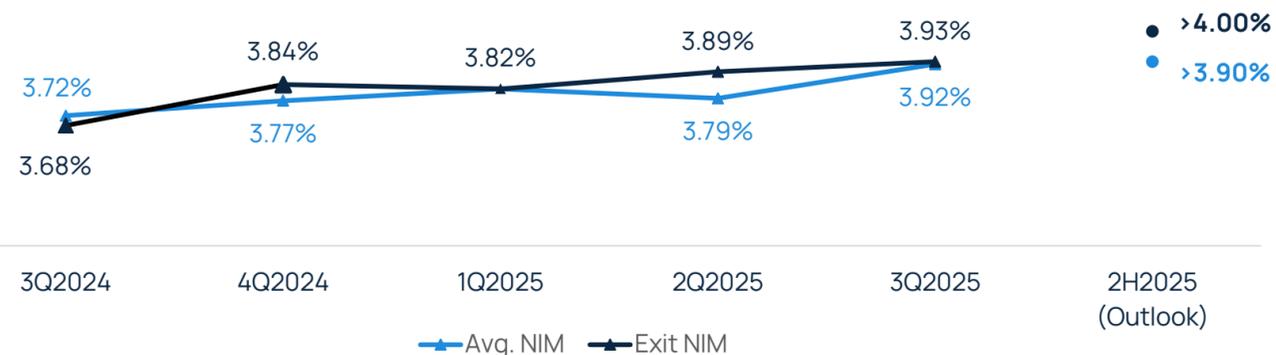
¹ Impairment expense as a percentage of average Receivables.

² Receivables also includes Reverse Mortgages.

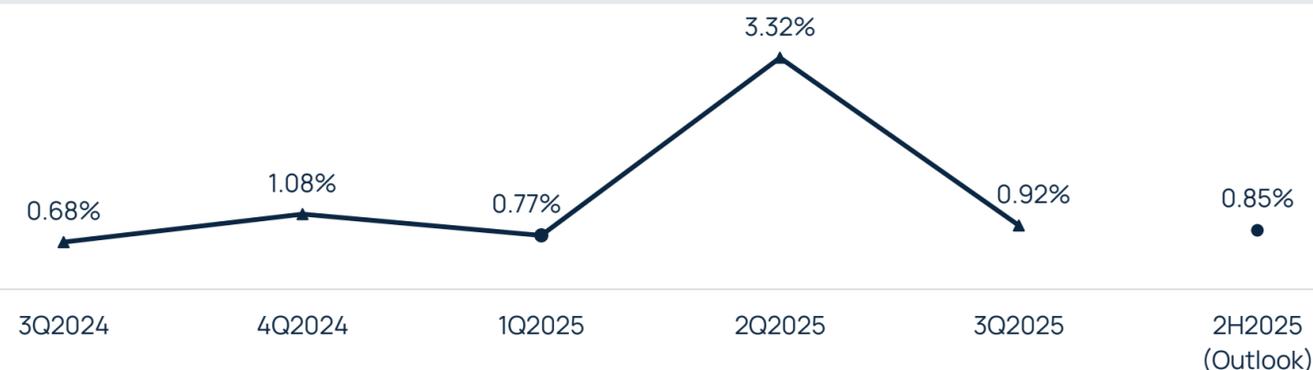
NZ BANKING

NPAT	Reported			Underlying		
	1H2025	3Q2025	YTD	1H2025	3Q2025	YTD
	\$0.9m	\$10.2m	\$11.1m	\$3.1m	\$10.6m	\$13.8m

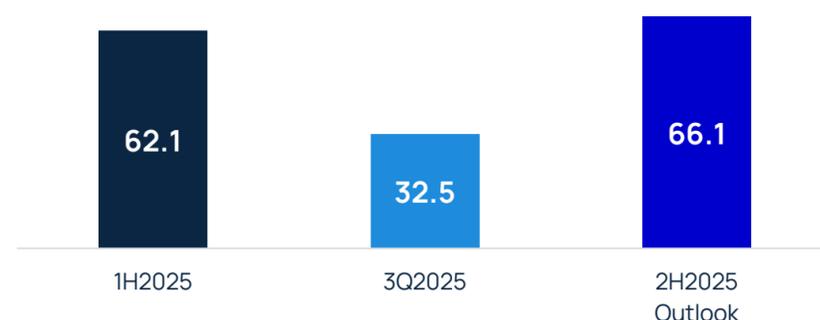
NIM



Impairment expense ratio



Underlying OPEX (\$m)



Underlying CTI ratio: 1H2025 53.2%, 3Q2025 56.0%, 2H2025 Outlook 57.5%

*YTD Mar-25 underlying CTI ratio is 54.1%

Receivables \$4,794m as at 31 Mar 2025 ↓ \$243m, -4.8%¹ since Mar 2024

Lending	1H2025 growth ¹	Receivables at 31 Mar 2025 ¹		3Q2025 growth ¹	Outlook expectations	
		Value	Change		2H2025 growth ¹	FY2025 growth
Reverse Mortgages	15.3%	\$1,192.3m	↑ \$41.7m	14.7%	15.0%	15.7%
Rural ²	-11.7%	\$688.9m	↑ \$21.0m	12.7%	19.2%	3.1%
Motor Finance	-3.9%	\$1,592.3m	↓ \$6.1m	-1.6%	7.3%	1.6%
Asset Finance	-11.4%	\$659.0m	↓ \$35.9m	-20.9%	-8.1%	-9.5%
Other lending ^{2,3}	-49.9% ⁴	\$661.6m	↓ \$36.7m ⁴	-21.3%	-	-

Note: See page 2 for a definition of underlying financial metrics.

¹ Annualised growth.

² Includes NSAs.

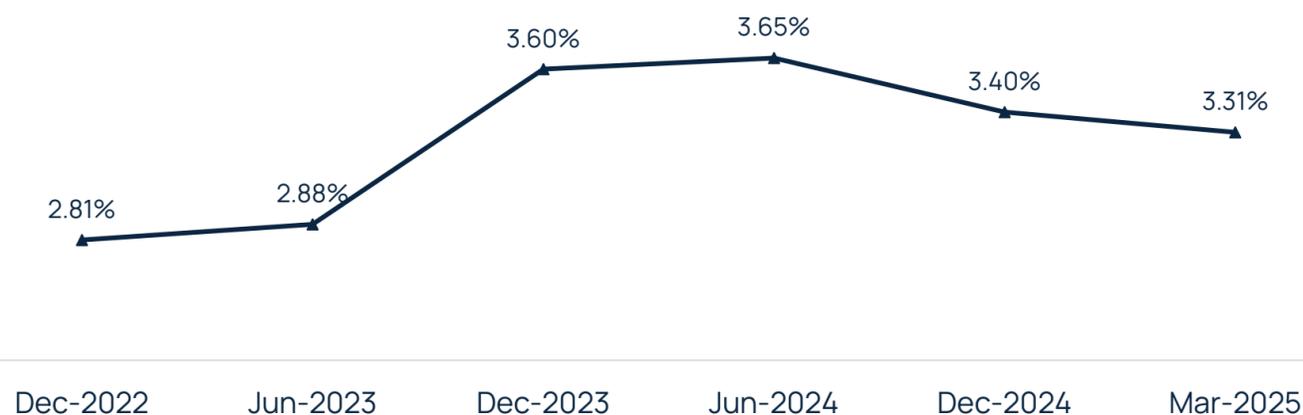
³ Other lending is non-core lending which includes Personal Lending (including Harmony NZ and Personal Loans portfolios), Business

Relationship, Wholesale Lending, O4B and Home Loans (including Online Home Loans and older residential Home Loans portfolios).

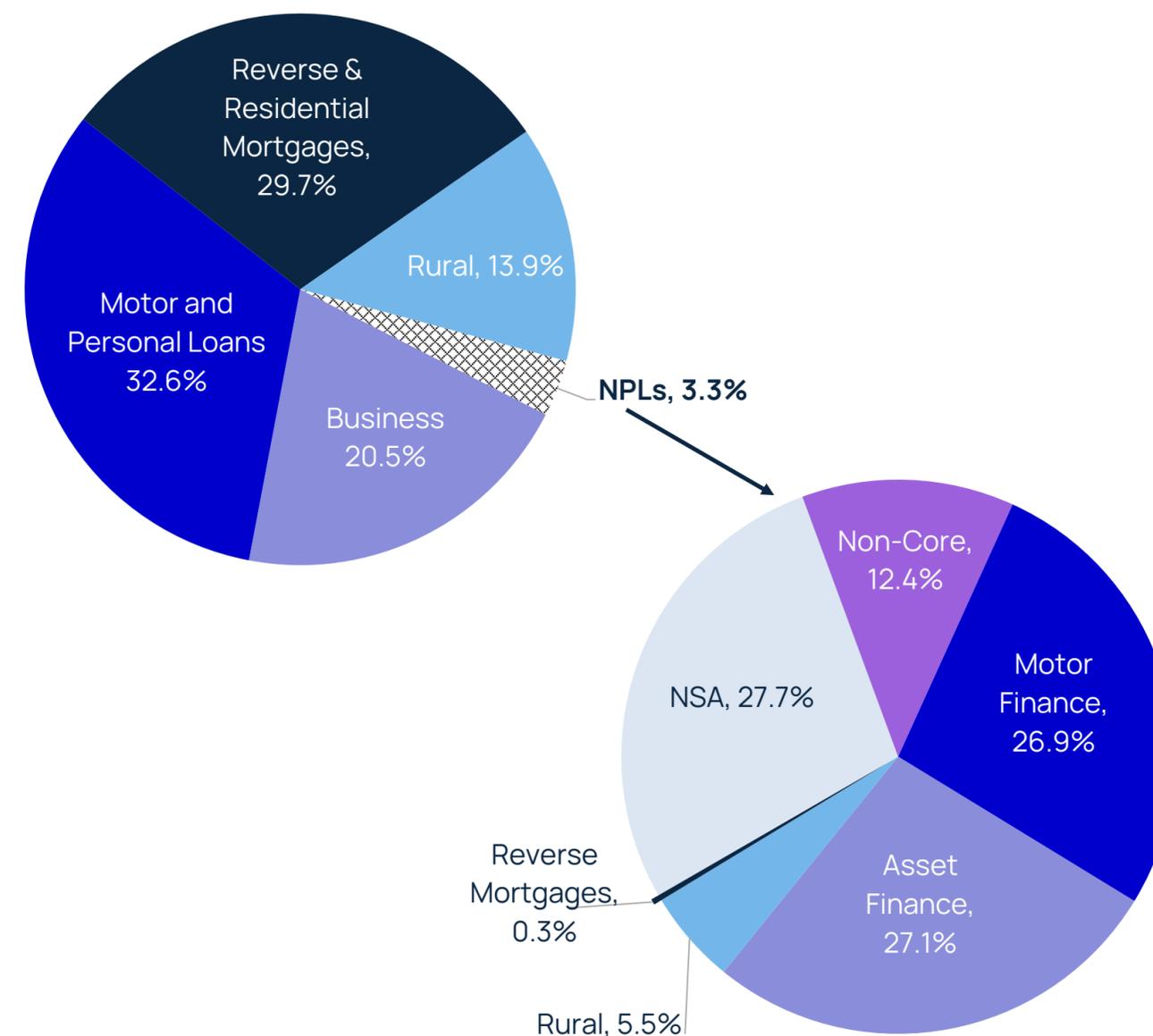
⁴ The retraction in other lending reflects Heartland Bank's focus on its core lending portfolios (Reverse Mortgages, Rural, Motor Finance, Asset Finance). The retraction was exacerbated by an early repayment of an \$80m wholesale funding facility by a client who exited the New Zealand market, an \$83m retraction in Online Home Loans which is now part of NSAs and winding down, and a \$60m retraction in Business Relationship.

NZ BANKING: ASSET QUALITY

NPL ratios



Heartland Bank portfolio composition



December 2024

March 2025

	December 2024		March 2025	
	NPL ratio	NPL \$ value	NPL ratio	NPL \$ value
Core Reverse Mortgages ²	0.02%	\$0.2m	0.04%	\$0.5m
Rural ^{1,3}	4.5%	\$29.8m	3.4%	\$23.7m
Motor Finance	2.9%	\$46.3m	2.7%	\$42.8m
Asset Finance	6.8%	\$47.0m	7.5%	\$49.2m
Wholesale Lending	0.0%	\$0.0m	0.0%	\$0.0m
Business Relationship ³	13.0%	\$31.4m	14.6%	\$33.4m
Personal Lending	4.5%	\$0.7m	1.9%	\$0.3m
Open for Business ⁴	11.5%	\$7.6m	13.0%	\$8.1m
Home Loans ^{3,5}	0.2%	\$0.6m	0.3%	\$0.6m

¹Rural lending includes Heartland Bank's Livestock Finance, Rural Direct and Rural Relationship portfolios.

² Reverse Mortgage NPLs arise due to late settlement (≥ 90 days) after the departure of the borrower from the property. As at 31 March 2025, this was relevant to four loans, which had a weighted average LVR of 36%.

³ Includes NSAs.

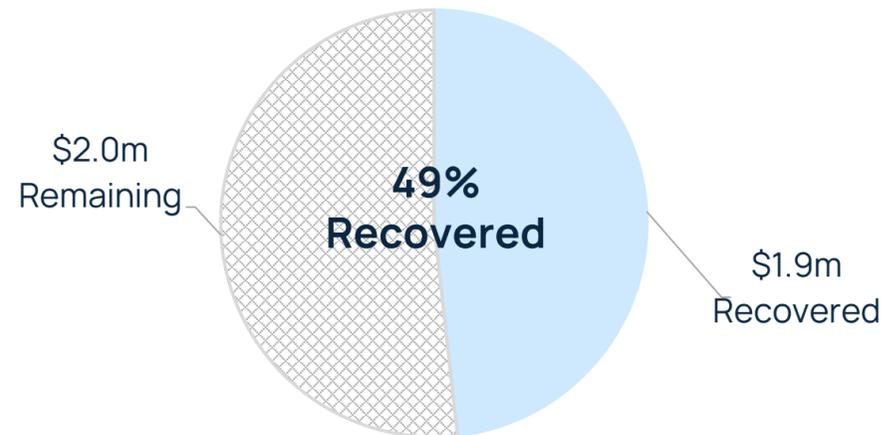
⁴ As part of Heartland Bank's simplification and strategic move away from unsecured lending, O4B is no longer accepting new applications and is running down.

⁵ Home Loans includes Online Home Loans and older residential Home Loans portfolios.

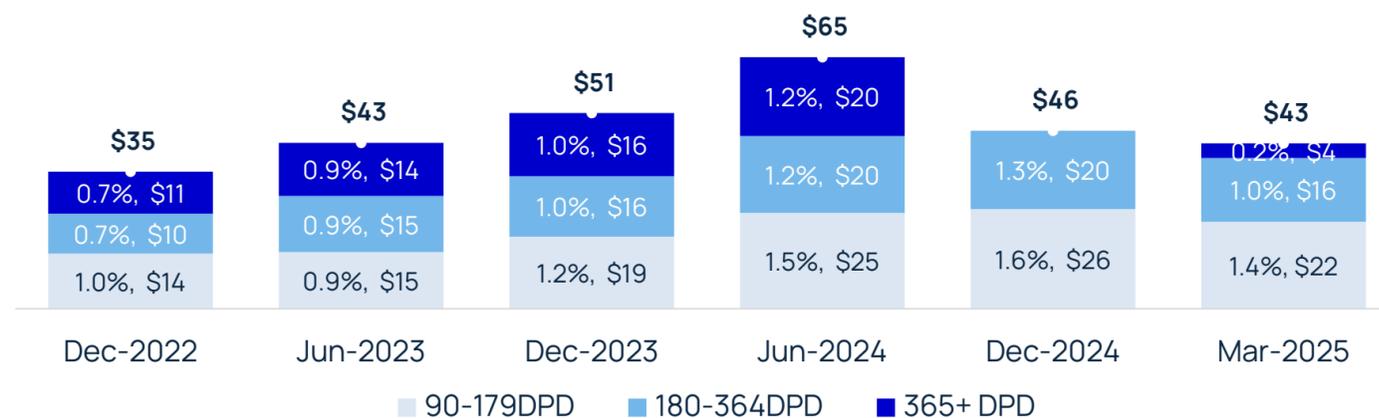
NZ BANKING: ASSET QUALITY

Motor Finance

Motor Finance (>365 DPD write-offs) recoveries



Motor Finance 90+DPD composition (\$m and %)

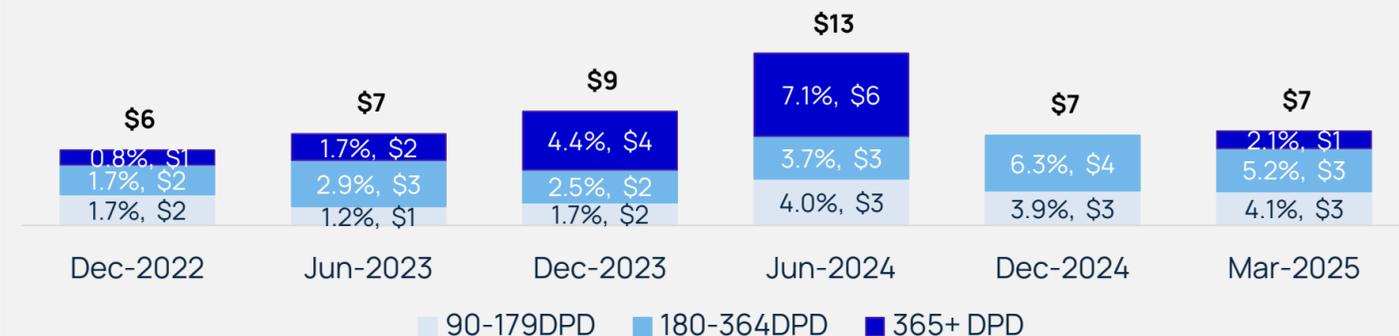


With more prescriptive collections and recoveries practices now in place in NZ, early recovery efforts have exceeded expectations and Heartland Bank's Motor Finance arrears profile is improving.

- As at 31 March 2025, Heartland Bank had recovered \$1.9m (49%) of the \$3.9m expected recoveries.
- More resources are now focused on addressing earlier stage arrears. This is reducing the number of loans moving into arrears and through the arrears cycle.
- As expected, due to the time required for vehicles to be repossessed and debt written off and transferred to a debt collection agency, NPLs totalling \$3.5m have rolled through to >365 DPD.
- Through repossession activity and business-as-usual write-offs, these arrears are expected to be cleared before 30 June 2025.

Open for Business

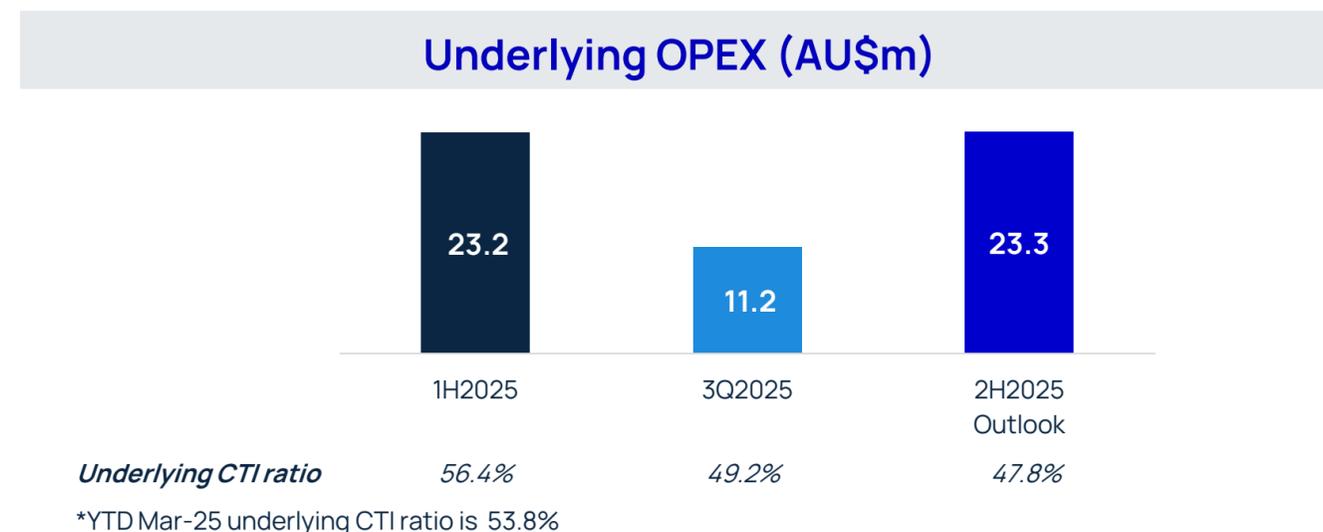
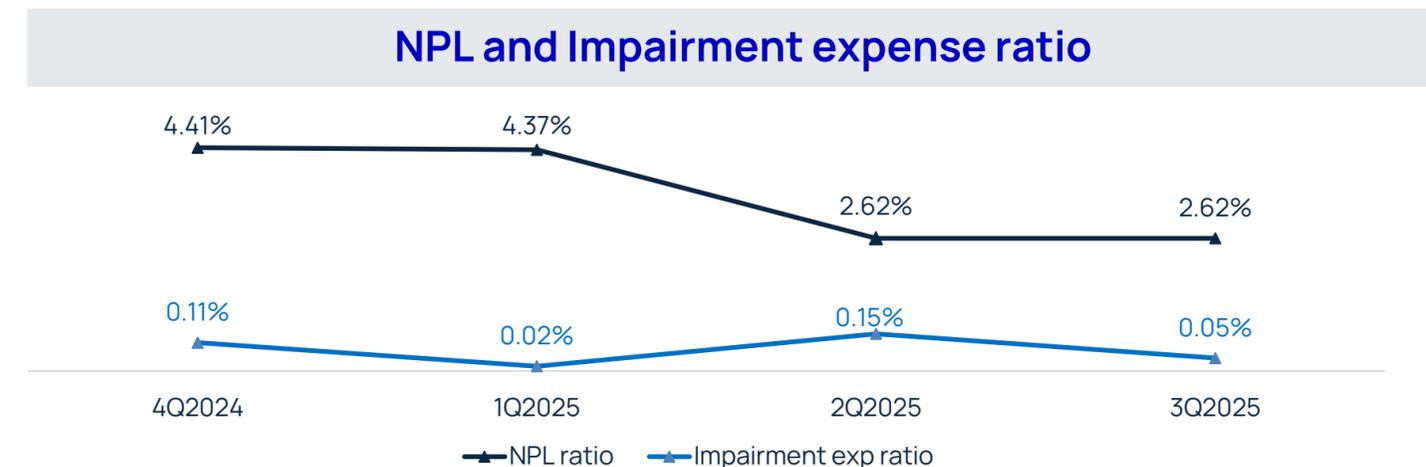
90+DPD composition (\$m and %)



- Consistent with Heartland Bank's expectations for Q3, the amount of O4B loans >90 DPD has remained relatively flat, up \$0.3m from 31 December 2024.
- Recovery activity continues as Heartland Bank works towards its commitment to having no O4B arrears >365 DPD by 30 June 2026.

AU BANKING

NPAT	Reported			Underlying		
	1H2025	3Q2025	YTD	1H2025	3Q2025	YTD
	AU\$11.3m	AU\$7.9m	AU\$19.2m	AU\$12.0m	AU\$7.9m	AU\$19.9m



Receivables AU\$2,209m as at 31 Mar 2025 ↑AU\$304m, 15.9%² since Mar 2024

Lending	1H2025 growth ¹	Receivables at 31 Mar 2025 ²		3Q2025 growth ²	Outlook expectations	
		Value	Change		2H2025 growth ²	FY2025 growth
Reverse Mortgages	15.0%	AU\$1,884.1m	↑ AU\$87.1m	19.7%	19.9%	18.2%
Livestock Finance	-1.0%	AU\$285.0m	↑ AU\$36.3m	59.3% ⁴	18.4%	16.6%

Note: All figures on this page are in AUD (including prior periods). See page 2 for a definition of underlying financial metrics.
¹ NIM is calculated as net interest income/average gross interest earning assets.
² Annualised growth.

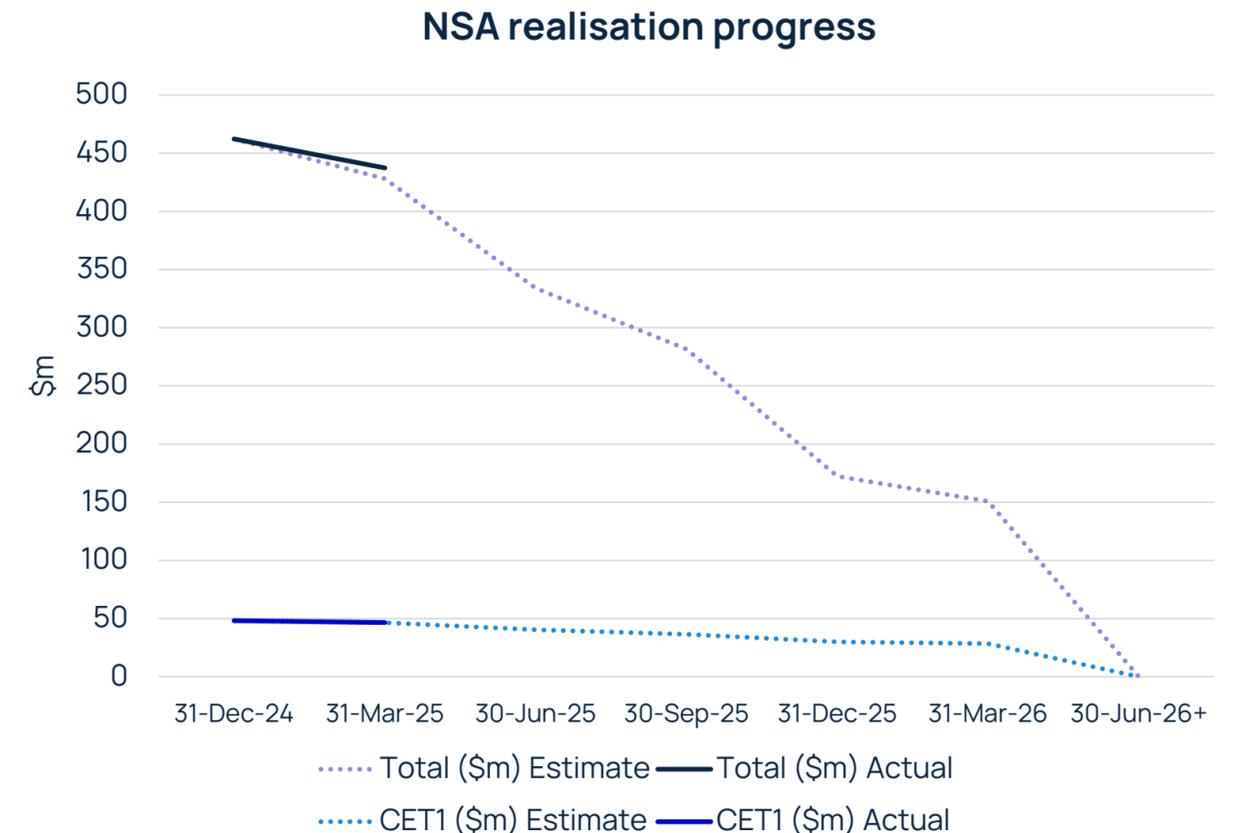
³ Rebase NIM is NIM adjusted for the impact of the ADI acquisition.
⁴ Livestock Finance growth in 3Q2025 includes a number of large customer transactions.

NON-STRATEGIC ASSET (NSA) REALISATION PROGRESS

Good progress has been made against Q3 NSA realisation targets. Exit strategies have been refined, set and are now being accelerated.

- The shortfall in actual to target realisation for Online Home Loans was a result of adopting retention strategies while several portfolio sale opportunities were finalised.
- Online Home Loans is now in run down after Heartland Bank closed applications to new customers on 18 March 2025. Heartland Bank's 1-year fixed rate¹ and floating interest rate remain available to existing Online Home Loans customers as they transition to alternative home loan providers when their current fixed rate terms come to an end.

Asset	NZ(\$m)	Outstanding balance		3Q2025 realisation	
		31 Dec 2024	31 Mar 2025	Actual	Target
Rural Relationship	Total (\$m)	122.6	118.4	4.2	-
	CET1 (\$m)	15.6	15.0	0.5	-
Business Relationship	Total (\$m)	59.6	56.9	2.7	4.1
	CET1 (\$m)	4.6	4.4	0.2	0.3
Online Home Loans	Total (\$m)	246.5	228.5	18.0	30.2
	CET1 (\$m)	12.2	11.3	0.9	1.5
Properties	Total (\$m)	16.2	16.2	-	-
	CET1 (\$m)	2.4	2.4	-	-
Investment Properties	Total (\$m)	4.4	4.4	-	-
	CET1 (\$m)	0.5	0.5	-	-
Equity Investments (NZ)	Total (\$m)	5.3	5.3	-	-
	CET1 (\$m)	5.3	5.3	-	-
Equity Investments (AU)	Total (\$m)	7.6	7.6	-	-
	CET1 (\$m)	7.6	7.6	-	-
Total NSAs	Total (\$m)	462.2	437.3	24.8	34.3
	CET1 (\$m)	48.2	46.6	1.6	1.8



THANK YOU

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HEARTLAND
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GLOSSARY

ADI	Authorised deposit-taking institution	O4B	Open for Business
bps	Basis points	OPEX	Operating expenses
CET1	Common Equity Tier 1	Receivables	Gross Finance Receivables (includes Reverse Mortgages)
CTI ratio	Cost-to-income ratio	ROE	Return on Equity
DPD	Days past due	YTD	Year to date
Harmoney	Harmoney Corp Limited	FY2025	Financial year ending 30 June 2025 (1 July 2024 to 30 June 2025)
Heartland, Heartland Group, HGH	Heartland Group Holdings Limited or the Company	2H2025	Second half of FY2025 (1 January to 30 June 2025)
Heartland Bank, HBL, NZ Bank, NZ Banking	Heartland Bank Limited	3Q2025, Q3	Third quarter of FY2025 (1 January to 31 March 2025)
Heartland Bank Australia, HBAL, AU Bank, AU banking	Heartland Bank Australia Limited	1H2025	First half of FY2025 (1 July to 31 December 2024)
LVR	Loan-to-value ratio	2Q2025	Second quarter of FY2025 (1 October to 31 December 2024)
NIM	Net interest margin	1Q2025	First quarter of FY2025 (1 July to 30 September 2024)
NPAT	Net profit after tax	4Q2024	Fourth quarter of the financial year ending 30 June 2024 (1 April to 30 June 2024)
NPL	Non-performing loan	3Q2024	Third quarter of the financial year ending 30 June 2024 (1 January to 31 March 2024)
NSAs	Non-strategic assets		