

HEARTLAND GROUP HOLDINGS LIMITED

Minutes of the Annual Shareholder Meeting held via Virtual Meeting on Thursday 28 October 2021 commencing at 2.00 pm

Present: *Heartland Group Holdings Limited (Heartland):* G T Ricketts (Chair)¹, G R Tomlinson², C R Mace¹, E F Comerford (Zoom), G E Summerhayes (Zoom), J K Greenslade² (Directors)

Heartland Bank Limited (HBL): B R Irvine² (Chair), E J Harvey¹, K Mitchell², S Ruha¹ (Directors) and approximately 211 shareholders represented

In attendance: C Flood¹ (HBL CEO), A Dixon¹ (Chief Financial Officer), L Byrne (Group Chief of Staff), L Zulkifli (Chief Digital Officer), and G Edwards (KPMG)

1. Welcome and Quorum

The Chair (G Ricketts) welcomed shareholders and guests and those attending by webcast.

The Chair declared a quorum to be present and declared the meeting open.

2. Agenda

The Chair gave a brief overview of the agenda for the meeting.

3. Introduction of Directors and Senior Management Group

The Chair then introduced the directors of Heartland Group Holdings Limited (Heartland) and Heartland Bank Limited (HBL), and the members of senior management, to shareholders.

4. Proxies and Postal Votes

The Chair confirmed that 818 proxies and postal votes were received, representing approximately 122 million shares (or approximately 20.69% of total shares on issue), and noted that approximately 84% of those proxy and postal votes were in favour of the resolutions to be voted on at the meeting.

5. Meeting Procedures / Voting Procedures

The Chair explained the meeting procedures and voting procedures.

6. Notice of Meeting

The Chair confirmed that the Notice of Meeting, outlining the formal business to be conducted at the meeting, had been dispatched to shareholders on 27 September 2021.

7. Minutes of last Annual Shareholder Meeting

The Chair noted that the minutes of the previous Annual Shareholder Meeting held on 30 November 2020 had been approved and confirmed by directors and copies were available for shareholder perusal. There being no comments, those minutes were approved as a true and accurate copy.

8. Address by the Chair

The Chair addressed the meeting, giving an overview of Heartland's FY21 performance and outlook for FY22. The Chair also explained the Board changes within Heartland and HBL. The Chair announced that Sir Christopher Mace will be retiring from the Heartland Board and thanked him for his valuable work as a Heartland Director.

¹ Joined from Auckland venue.

² Joined from Christchurch venue.

9. Address by the Chief Executive Officer

The Chief Executive Officer (CEO, J K Greenslade) addressed the meeting, giving an overview of the progress with Heartland's digital strategy, the FY21 financial performance, and updates on Heartland's strategy going forward. The CEO confirmed that Sir Christopher Mace will continue in a new role as Kaumātua for Heartland.

10. Shareholder Discussion

10.1 The Chair advised shareholders that Mr Graeme Edwards of KPMG, the company's auditor, was present and available to answer any questions relevant to the conduct of the audit, and the preparation and content of the auditors report for the financial year.

10.2 The Chair and the CEO addressed the questions which were received in advance of the meeting and on-line during the meeting as follows;

- a. *Question about the location of the meeting and request that it be held in Christchurch in 2022.* The Chair advised that due to the construction delays and the COVID-19 alert levels, the plan to hold the Annual Shareholder Meeting in the new Convention Centre in Christchurch had to be deferred to an on-line meeting in 2021. Christchurch will be considered as a venue for the meeting in 2022.
- b. *How a quickly rising interest rate environment will impact HGH's NIM and credit risk this year and onward.* The CEO responded that Heartland manages the net interest margin by ensuring, to the extent that it can, that lending yields and deposit yields move in line with each other. In terms of credit risk, no increased impairment due to rates has been seen so far.
- c. *This year's dividend pay-out ratio reached around 75% of net profit. Does this dividend restore to normal levels or are they still impacted by RBNZ's policy?* The Chair responded that this reflects a return to historic levels of pay-out and that Heartland has access to earnings outside of HBL. The HBL dividend restrictions are expected to be completely lifted from July next year. Heartland will determine dividends (both interim and final) based on NPAT, subject to maintaining a prudent level of capital for its needs. Heartland's capital needs will vary from time to time, depending on a range of factors.
- d. *Some years back, Heartland decided to list on the ASX and as a result, incurred a significant amount of cost. What benefit has HGH derived from this?* The Chair responded that Heartland's ASX listing is under a foreign exempt format, and as such, costs are minimal. The ASX listing is critical to developing a deeper capital base.
- e. *Is Heartland still retaining a COVID-19 financial provision or has it been released?* The Chair responded that the COVID-19 overlay has not yet been released and Heartland still has its \$9.6m COVID-19 overlay which has not been used. It is appropriate that Heartland keeps the COVID-19 overlay in place given ongoing uncertainty. Heartland will re-evaluate the need for the COVID-19 overlay at the end of the Financial Year.
- f. *Which areas of the business are the key growth drivers in the medium term?* The CEO responded that good growth is expected in both the New Zealand and Australia reverse mortgage businesses. Motor is also expected to continue to grow on a year-on-year basis. Of the newer business portfolios, Asset Finance is growing well, as is Residential Mortgages.

The Chair closed the floor for questions at 2.42 pm and moved to the next agenda item, being voting on the resolutions outlined in the Notice of Meeting.

11. Voting at the Meeting

Resolution 1: That Ellie Comerford, who retires by rotation and is eligible for election, be re-elected as a director of Heartland.

11.1 Ellie Comerford addressed the meeting, and the Chair then opened up the floor for any questions.

11.2 The Chair requested shareholders to mark their voting cards.

Resolution 2: That Geoffrey Summerhayes who retires by rotation and is eligible for election, be re-elected as a director of Heartland.

11.3 Geoffrey Summerhayes addressed the meeting, and the Chair then opened up the floor for any questions.

11.4 The Chair requested shareholders to mark their voting cards.

Resolution 3: That Kate Mitchell, who retires by rotation and is eligible for election, be re-elected as a director of Heartland.

11.5 Kate Mitchell addressed the meeting, and the Chair then opened up the floor for any questions.

Resolution 4: That the Board be authorised to fix the remuneration of Heartland's auditor, KPMG, for the following year.

11.6 The Chair opened up the floor for any questions.

11.7 As there were no further questions, the Chair requested shareholders to mark their voting cards.

12. Polling Procedures

The Chair explained that voting cards would be collected, and that the results of the poll would be advised on NZX and ASX after the conclusion of the meeting.

13. General Business

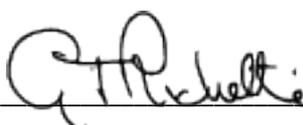
The Chair gave shareholders the opportunity to raise any other matter which should properly be brought before the meeting.

13.1 A question was raised in relation to sustainability. The shareholder asked does the continued financing of motor vehicles go hand in hand with Heartland's commitment to reduce its own internal carbon footprint? Has Heartland considered expanding its financing to green fleets (such as electric bikes or trucks)? The Chair responded that Heartland is moving to having electric cars for its own fleet. The CEO of HBL, who oversees Heartland's Motor business, confirmed that Heartland is currently financing electric vehicles, and Heartland's distributor partners also produce electric vehicles. Financing electric vehicles and other green projects is an important part of Heartland's financing plan, and Heartland looks forward to playing a part in the expanding electric vehicle market.

14. Other Business

As no other matters were raised, the Chair thanked shareholders for their attendance and declared the meeting closed at 2.58 pm.

Confirmed as a true and accurate record.



Chair

5 April 2022

Date