

HEARTLAND GROUP HOLDINGS LIMITED

**Minutes of the Annual Shareholder Meeting held via Virtual Meeting and in person
at the Te Kawau Room, Hyundai Marine Sports Centre (Akarana), 8-10 Tamaki Drive, Okahu Bay, Auckland
on Wednesday 30 October 2024 commencing at 2.00 pm**

Present: *Heartland Group Holdings Limited (Heartland):* G R Tomlinson (Chair), K Mitchell, E J Harvey, S Beckett and R Bell (Directors) and approximately 266 shareholders represented

Heartland Bank Limited (HBL): B R Irvine (Chair), E J Harvey, K Mitchell, S M Ruha, S R Tyler and A Dixon (Directors)

Heartland Bank Australia Limited (HBAL): G E Summerhayes (Chair)

In attendance: L Lazarus (HBL Chief Executive Officer (**CEO**)), M Winzer (HBAL Chief Executive Officer), P Gibbons (General Counsel), A Wood (Chief Risk Officer), M Drumm (Chief Operating Officer), and N Foley (Head of Communications)

1. Welcome and Quorum

1.1 P Gibbons, General Counsel introduced herself and welcomed shareholders and guests, present both in person and online, to the 2024 Annual General Meeting of Heartland.

1.2 P Gibbons declared a quorum to be present and declared the meeting open.

2. Agenda

2.1 P Gibbons provided an outline of the Agenda of business for the meeting.

3. Introduction of Directors and Senior Management Group

3.1 P Gibbons introduced the Board of Directors of Heartland and the Chief Executive Officers of Heartland, HBL and HBAL, all of whom were attending the meeting in-person.

3.2 Also joining the meeting was N Foley, Group Head of Communications, who would be looking after the on-line questions.

4. Proxies and Postal Votes

4.1 P Gibbons confirmed that 788 proxies and postal votes were received, representing approximately 335,059,738 shares (or approximately 35.7% of total shares on issues), and noted that approximately 81% of those proxy and postal votes were in favour of the resolutions to be voted on at the meeting.

5. Meeting Procedures/Voting Procedures

5.1 P Gibbons explained the meeting procedures and voting procedures.

5.2 P Gibbons advised that all resolutions will be decided on by way of poll which is in line with the practice increasingly adopted by listed companies and is the preferred method of the NZX and the New Zealand Shareholders' Association.

6. Notice of Meeting

6.1 P Gibbons confirmed that the Notice of Meeting, outlining the formal business to be conducted at the meeting, was published electronically on 30 September 2024, with hard copies subsequently sent to shareholders who had requested a copy.

7. Minutes of the Last Annual Shareholder Meeting

- 7.1 P Gibbons advised that the minutes of the last Annual Meeting held on 9 November 2023 were approved and confirmed by the directors, as is the Heartland Board's custom. A digital version is also available on Heartland's website at www.heartlandgroup.info.

8. Address by the Chair

- 8.1 P Gibbons then invited the Heartland Board Chair, G Tomlinson, to address the meeting.
- 8.2 The Chair thanked all attendees for the time taken to join the meeting and provided an overview of Heartland's FY24 performance and outlook for FY25. Of particular note was HBL's acquisition of Challenger Bank Limited on 30 April 2024 which saw HBL become the first New Zealand bank to buy an Australian bank. While the capital raise to fund this acquisition had an impact on earnings per share, it was a necessary part of Heartland's expansion into Australia and critical to enhancing Heartland's long-term value proposition.
- 8.3 The Chair acknowledged the significant support and investment from shareholders during the capital raise, noting Heartland is taking a prudent approach to capital and currently expects to continue to fund the business through organic capital generation.

9. Address by the Heartland Chief Executive Officer

- 9.1 The Heartland CEO (A Dixon) addressed the meeting and expressed thanks to shareholders, the Board, the management teams and employees of Heartland, all of whom have enabled the achievement of several strategic milestone amidst a backdrop of challenging economic conditions. He thanked the Board for their faith in his appointment, and provided a summarised overview of his employment history with Heartland.
- 9.2 He then provided an overview of the current economic environment and outlook for FY25. He also outlined the evolution of Heartland's role as a parent company of two banks and the management changes associated with that.

10. Address by the HBL Chief Executive Officer

- 10.1 The HBL CEO (L Lazarus) addressed the meeting and provided an overview of HBL's FY24 performance noting that although the year was challenging economically, HBL's Reverse Mortgage portfolio continues to perform extremely well.
- 10.2 She then provided an outlook for FY25, noting the two key areas of focus for HBL are to expand net interest margin and cost reduction.

11. Address by the HBAL Chief Executive Officer

- 11.1 The HBAL CEO (M Winzer) addressed the meeting, noting that as she joined the business towards the end of July 2024, her presentation would be focused on a forward-looking approach. She then provided an overview of her experience and employment history to date, noting her strengths are in leadership, business growth, and a full understanding of the end-to-end processes of HBAL's business.
- 11.2 She provided an outlook for FY25, noting the importance of process improvement through digitalisation and automation which, in turn, will improve service delivery and enhance the experience for HBAL's customers and our teams. Focus will be on keeping things simple, which means focusing on the existing specialist lending portfolios of Reverse Mortgages and Livestock Finance, before looking to expand into new asset classes.
- 11.3 On conclusion of her address, M Winzer handed back to the Chair.

12. Shareholder Discussion

12.1 The Chair advised shareholders that Karen Shires of PwC, Heartland's auditor, was present and available to answer any questions relevant to the conduct of the audit, and the preparation and content of the Auditor's Report for the FY24 financial year.

12.2 The Chair noted that shareholders were invited to submit questions in advance of the meeting and that four questions had been received. Each question was responded to in detail, with clarification provided by Directors.

12.3 The Chair then opened the meeting for questions, starting with those in the room, followed by questions online. The Chair and others addressed the questions which were raised as follows:

- (a) *A question on Heartland's operating costs in conjunction with the use of AI and the valuing of certain assets.* A Dixon advised this is purely related to the amortisation of HBL's core banking system and other pieces of software that both banks operate. He advised that costs would increase by approximately \$6 million per annum over the coming years because of the amortisation of HBL's core banking system upgrade costs. Regarding the question around NSAs, A Dixon advised that Heartland is very much at the start of the process. M Drumm separately responded to the question in relation to Heartland's use of AI.
- (b) *A question about support and social events for staff.* Along with weekly events, such as providing breakfast for our people, we hold a number of diversity and inclusion events. There are employee committees dedicated to specific areas and a number of events that happen on a regular basis. Heartland also provides confidential counselling through an employee assistance programme that all staff and their families have access to both in New Zealand and Australia.
- (c) *A question about the competition with the four major trading banks and whether the Board consider a restructured Kiwibank a threat or an opportunity.* The Chair confirmed Heartland is very focused on the core asset classes that it operates in and being best in breed in those asset classes. Heartland is focused on itself, not the competition, but does maintain awareness of what is happening in the market.
- (d) *A question about another capital raise.* The Chair confirmed Heartland did not expect to be raising capital while it has non-strategic assets that are a drag on the balance sheet, and that there is a pool of capital to go to before it returns to the shareholders.
- (e) *A question regarding the success of moving the funding in Australia from wholesale to retail.* M Winzer confirmed HBAL's deposit products are offered online with pricing that is very attractive to a large range of people across Australia, noting that there is no particular customer segment that HBAL is attracting. M Winzer advised that both a digital solution and solutions through broker networks are utilised for deposit raising.

12.4 The Chair and others addressed the following questions that were received online:

- (a) *A question about the reduction in dividends paid in FY24 and the Board's intention to reduce the dividends paid from 55% net profit after tax to only 50% net profit after tax, and what the underlying profit in 2025 would need to be in order to avoid a further reduction of dividends paid to shareholders.* The Chair corrected the percentage quoted by the shareholder, noting that it was 55% net profit after tax. A Dixon also commented.
- (b) *A question regarding why the big four Australian banks don't offer reverse mortgages and the reason why most of them have exited the vehicle finance market.* M Winzer advised that she could not comment as to why the other banks do not offer reverse mortgages, however noted that she could confirm that the solutions that HBAL provides offer peace of mind for all our borrowers in Australia and it is a solution that people need. It does require the systems to work things differently because the borrower does not need to repay the debt until the last borrower leaves the property and the interest accrues, so this may be part of the reason why the other

banks have not expanded or continued in this market. M Winzer advised she could also not speak as to why a lot of banks in Australia have moved out of vehicle financing.

- (c) *A question asking how engaged we are with the Australian mortgage broking industry given that most of the big four Australian banks do not offer reverse mortgages and what percentage of future reverse mortgages in Australia are expected to come from mortgage brokers.* M Winzer confirmed HBAL currently has relationships with 2,700 brokers who are critical in helping HBAL to assist people in understanding the solutions HBAL provides. The percentage of broker and direct origination is currently 50/50.
- (d) *A question about the Heartland's strategy for addressing the possible increase in competition in the provision of reverse mortgages.* The Chair confirmed that this is reason Heartland obtained an ADI in Australia to ensure that it is competitive going forward.
- (e) *A question on the trend of HBL's increased amount of impairments.* L Lazarus noted that the market is widely expected to be at the bottom end of the economic downturn. Provisions have been taken as needed to support customers through this period. HBL will continue to support customers through the end of this cycle.
- (f) *A question about how the upgraded banking platform has improved customers' online experience and how Heartland is positioned to offer new products on the upgraded platform.* L Lazarus noted that it sets a very strong foundation for HBL to accelerate its digital efforts. There are a number of digital enhancements that have already been implemented since going live with HBL's core system upgrade last November. There are also a number of features in the Heartland Mobile App that make transactions and dealing with Heartland work seamlessly.
- (g) *A question regarding the qualities of the newly appointed Heartland CEO that made him stand out to the other applicants.* The Chair confirmed that with the slimmed down role at the Group level, the Board decided that at this stage of the cycle, they wanted somebody who is proven.
- (h) *A question asking if the \$200 million of non-strategic assets held for sale are valued by a third-party valuer.* The Chair confirmed that assets for sale are valued accurately, however what a valuer decides might not necessarily be in line with the market. A prudent approach will be taken when realising certain assets.

12.5 The Chair thanked shareholders for their questions. He then invited P Gibbons to complete the formal business of the meeting which is to vote of the resolutions set out in the Notice of Meeting.

13. Voting

Resolution 1: Re-election of Kate Mitchell

- 13.1 K Mitchell addressed the meeting, providing a detailed overview of her background, qualifications and experience, noting her excitement to have the opportunity to continue to offer her skills and experiences to Heartland.
- 13.2 P Gibbons moved that K Mitchell, who retires and is eligible for re-election, be re-elected as a Director of Heartland. There were no questions from shareholders.
- 13.3 Shareholders were advised to mark their intention on the voting card by selecting "for", "against" or "abstain" at Item 1. Those attending the meeting online were instructed to click "submit vote" on the bottom of the voting card to in order to lodge their vote.

Resolution 2: Election of John Harvey

- 13.4 J Harvey addressed the meeting, providing a detailed overview of his background, qualifications and experience, noting he has the time and enthusiasm to continue to represent shareholders' interests as Heartland enters its next phase of growth.

- 13.5 P Gibbons moved that J Harvey, who retires and is eligible for re-election, be re-elected as a Director of Heartland. A question from a shareholder was answered by Directors prior to continuing with the voting procedures.
- 13.6 Shareholders were advised to mark their intention on the voting card by selecting “for”, “against” or “abstain” at Item 1. Those attending the meeting online were instructed to click “submit vote” on the bottom of the voting card to in order to lodge their vote.

Resolution 3: Election of Simon Beckett

- 13.7 S Beckett addressed the meeting, providing a detailed overview of his background, qualifications and experience, noting that electing him means choosing a Board member dedicated to transparency, accountability and sustainable growth.
- 13.8 P Gibbons moved that S Beckett, who retires and is eligible for re-election, be re-elected as a Director of Heartland. A question from a shareholder was answered by Directors prior to continuing with the voting procedures.
- 13.9 Shareholders were advised to mark their intention on the voting card by selecting “for”, “against” or “abstain” at Item 1. Those attending the meeting online were instructed to click “submit vote” on the bottom of the voting card to in order to lodge their vote.

Resolution 4: Election of Rob Bell

- 13.10 R Bell addressed the meeting providing a detailed overview of his background, qualifications and experience, noting that with the Board’s support he would be very pleased to serve shareholders and Heartland going forward.
- 13.11 P Gibbons moved that Rob Bell, who retires and is eligible for re-election, be re-elected as a Director of Heartland. There were no questions from shareholders.
- 13.12 Shareholders were advised to mark their intention on the voting card by selecting “for”, “against” or “abstain” at Item 1. Those attending the meeting online were instructed to click “submit vote” on the bottom of the voting card to in order to lodge their vote.

Resolution 5: Ratification of Placement

- 13.13 P Gibbons advised that this resolution is for approval to ratify Heartland’s placement capacity. As mentioned in the Chair’s address, at this stage Heartland does not intend to seek further capital from the market unless a growth opportunity that is sensible and beneficial for shareholders is identified. Placement capacity ratification at this stage is to preserve flexibility. The resolution is an ordinary resolution requiring an approval by a majority of votes from those shareholders entitled to vote and voting.
- 13.14 P Gibbons moved that the shareholders of Heartland approve and ratify for all purposes, including NZX Listing Rule 4.5.1(c), the previous issue of 106,21,860 fully paid shares in Heartland on 15 April 2024 in accordance with NZX Listing Rule 4.5.1 comprising firstly the issue of shares to investors at an issue price of NZ\$1.00 per share pursuant to a placement announced on 8 April 2024 and secondly the issue of shares as scrip consideration payable by Heartland for the acquisition of shares in Alex Corporation Limited.
- 13.15 Questions from shareholders were answered by Directors prior to continuing with the voting procedures.
- 13.16 Shareholders were advised to mark their intention on the voting card by selecting “for”, “against” or “abstain” at Item 1. Those attending the meeting online were instructed to click “submit vote” on the bottom of the voting card to in order to lodge their vote.

Resolution 6: Auditor's Remuneration

13.17 P Gibbons moved that the Board be authorised to fix the remuneration of Heartland's auditor, PwC, for the financial year ending 30 June 2025. This resolution also has the full support of the Heartland Board. There were no questions from shareholders.

13.18 Shareholders were advised to mark their intention on the voting card by selecting "for", "against" or "abstain" at Item 1. Those attending the meeting online were instructed to click "submit vote" on the bottom of the voting card to in order to lodge their vote.

14. Polling Procedures

14.1 P Gibbons 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.

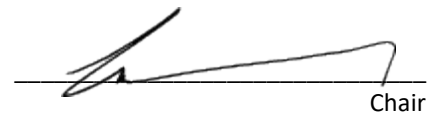
15. General Business

15.1 The Chair gave shareholders the opportunity to raise any other matter which could properly be brought before the meeting. There was no general business.

16. Other Business

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

Confirmed as a true and accurate record.


Chair

27 November 2024
Date