

HEARTLAND GROUP HOLDINGS LIMITED

**Minutes of the Annual Shareholder Meeting held via Virtual Meeting and in person
at the Valetta and Arrowsmith Rooms, Ashburton Hotel, 11/35 Racecourse Road, Allenton, Ashburton
on Thursday 13 November 2025 commencing at 10.00 am**

Present: *Heartland Group Holdings Limited (Heartland):* G R Tomlinson (Chair), K Mitchell, E J Harvey, S Beckett and R Bell (Directors), and approximately 55 shareholders represented in person and 50 shareholders online

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 (Chief Legal Officer), A Wood (Chief Risk Officer), and N Foley (Head of Corporate Communications and Investor Relations)

1. Welcome and Quorum

1.1 P Gibbons, Chief Legal Officer introduced herself and welcomed shareholders and guests, present both in person and online, to the 2025 Annual General Meeting of Heartland, in Ashburton, where Heartland's journey began as the Ashburton Permanent Building and Investment Society 150 years ago.

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, the Chairs of HBL and HBAL, and the CEOs of Heartland, HBL and HBAL, all of whom were attending the meeting in-person.

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

4. Proxies and Postal Votes

4.1 P Gibbons confirmed that 772 proxies and postal votes were received, representing approximately 310,608,790 shares (or approximately 33% of total shares on issues), and noted that approximately 91% of those proxy and postal votes were in favour of the resolution 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 the resolution 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 2025, 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 30 October 2024 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 performance for the financial year ended 30 June 2025 (**FY2025**) and outlook for FY26.
- 8.3 He noted that 2025 marks 150 years since Heartland's earliest predecessor, the Ashburton Permanent Building & Investment Society, was established. He acknowledged contributions of past leaders, employees, customers and shareholders who have shaped the organisation over the years. One particular leader was Graham Kennedy, a former Chair of Ashburton Permanent, former Director of HBL, and current Trustee of the Heartland Trust, Heartland's registered charitable trust, who was present today and will address the meeting.
- 8.4 The Chair highlighted Heartland's growth in Gross Finance Receivables since its establishment in 2011 of \$1.7 billion to \$7.2 billion in FY2025.
- 8.5 The Chair noted that FY2025 saw focus on core products in New Zealand, progress on management of non-strategic assets, the strengthening of HBAL's competitive position in Australia, and that the business is on track for an underlying Net Profit After Tax of at least \$85 million for the financial year ended 30 June 2026 (**FY2026**). He confirmed the outlook for FY2026 was to maintain strategic focus, grow core lending, expand Reverse Mortgages, control operational costs, leverage technology for efficiency and growth, and prioritise efficient capital use.
- 8.6 The Chair outlined key Board and management appointments since the last AGM, including A Dixon's appointment to the HBL and HBAL Boards.
- 8.7 The Chair expressed confidence in Heartland's future and thanked attendees for their support, and invited G Kennedy to address the meeting on Heartland Trust's charitable activities.
- 8.8 G Kennedy gave an update on Heartland Trust's origins and current charitable activities, confirming that the Trust holds 6.5 million Heartland shares. He advised the Trust distributed \$465,000 in grants to 17 community organisations in FY2025.

9. Address by the Heartland Chief Executive Officer

- 9.1 The Heartland CEO (A Dixon) addressed the meeting and welcomed attendees.
- 9.2 The Heartland CEO provided an overview of FY2025, including the significant reset and evolution of Heartland's role as listed parent company to now focus on strategy, capital allocation, investor relations and oversight, and the associated shift of responsibilities to HBL and HBAL.
- 9.3 The Heartland CEO gave an update on key initiatives underway, including capital optimisation and realisation of non-strategic assets to facilitate capital redeployment to core lending, technology uplift

and digital transformation, and improving ROE. He expressed confidence in achieving sustainable, profitable growth and enhanced shareholder returns.

- 9.4 The Heartland CEO confirmed an Investor Day is scheduled for March 2026 to present updated long-term ambitions and key metrics through to the financial year ended 30 June 2030.

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 FY2025 performance noting the challenges early in the year which led to proactive de-risking and repositioning of the lending portfolio and a \$49.6 million impairment expense.
- 10.2 She highlighted FY2025 was a year of reset and change, including leadership, strategic focus, lending strategy and cost discipline.
- 10.3 She provided an outlook for FY2026, noting HBL's focus on growth of specialist portfolios and continued innovation of new products, and key priorities of supporting older New Zealanders, farmers, and asset purchasers, competitive deposit rates, and increased investment in technology.

11. Address by the HBAL Chief Executive Officer

- 11.1 The HBAL CEO (M Winzer) addressed the meeting, and acknowledged HBAL's strong performance in FY2025 - its first full year of operation. She highlighted key achievements, including strengthening leadership, achieving significant service excellence improvements, business growth, record reverse mortgage lending levels and livestock purchases, strong deposits, and an increase in Reverse Mortgage market share.
- 11.2 The HBAL CEO stated HBAL's vision to be Australia's leading specialist bank, focusing on Reverse Mortgages, Livestock Financing, and Deposits. She noted that FY2026 will be a year of transformation, with a technology initiative to provide a unified origination and servicing platform. She added that the FY2026 new business pipeline is at record levels, and expressed confidence in the bank's momentum, focus, and ability to deliver sustained value for customers and shareholders.
- 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 FY2025 financial year.
- 12.2 The Chair noted that shareholders were invited to submit questions in advance of the meeting and that three questions had been received. He addressed the questions which were raised as follows:
- (a) *A question regarding what the progress is on selling non-core assets and realising cash from them?* The Chair advised that the CEO provided more detail on his earlier address. He confirmed that significant progress was achieved in the realisation of NSAs during FY25, which has continued into FY26. He confirmed that first-quarter results exceeded Heartland's own projections, with strong momentum early into the second quarter, and that by the end of this calendar year, Heartland anticipates the total value of NSAs will be approximately \$179.5 million, reflecting a reduction of \$358.1 million, or 66.6%, since 30 June 2024.
- (b) *A question regarding the share price taking a dive last financial year through poor performance, but has moved up slightly lately. What decisions are being made to arrest this situation arising again?* The Chair advised Heartland recognises that performance and key metrics important to shareholder return have been below historic levels, and that Heartland's priority is to maximise shareholder value through prudent capital management, and by concentrating on asset classes

where Heartland can compete and deliver exceptional customer value, while providing an appropriate return. That means keeping things simple, increasing efficiency, and a particular focus on improved return on equity. He confirmed Heartland is seeing encouraging asset quality improvements flow through from the changes made to collections and recoveries strategies in New Zealand, and from refining our core product set, along with encouraging signs with ROE and earnings per share both improving in the second half of FY25. He added that momentum has continued into the first quarter of FY26, and Heartland is on track to meet FY26 underlying guidance, and is confident in Heartland's ability to deliver enhanced shareholder return.

- (c) *A question regarding what services Heartland provides in Australia, how do we access these, are term deposits available, and are they competitive?* The Chair advised that Heartland Bank Australia was formed in May last year after Heartland acquired the bank, and integrated its existing Australian businesses into it. He confirmed Heartland Bank Australia offers three core products: reverse mortgages, livestock finance and deposits, along with term deposits, which are competitive. He added that more information and access to these products can be found from bank's website.

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 regarding the significant severance payment made to the former Heartland CEO on departure, and whether Heartland would be prepared to make disclosures in terms of severance arrangements for the current CEO, as many other NZX companies do, to avoid any future surprises for shareholders?* The Chair acknowledged that the payment to the former Heartland CEO Jeff Greenslade was a unique case, reflecting his significant contributions during the company's startup and transformation phases, including asset amalgamation and acquiring banking licenses in New Zealand and Australia. He emphasised that this payment should be viewed in context and does not set a precedent for future severance arrangements, as it resulted from special circumstances and achievements. He confirmed that Heartland can disclose any severance arrangements for the current CEO in the FY2026 annual report.
- (b) *A question requesting clarification of what the Board's desired, minimum, or target levels of underlying profit and return on equity are, particularly looking beyond the next financial year.* The Chair confirmed that while achieving the ambitions for the financial year ending 30 June 2028 will be challenging due to the current environment, the company expects to return to its historical levels of returns. The Heartland CEO added that Heartland aims to return to an underlying profit above \$100 million and achieve a return on equity of at least 10% in the near term, with longer-term targets to be announced next year.
- (c) *A question on why Heartland doesn't stop paying dividends and instead builds up cash reserves for safety, why there is a dividend reinvestment plan, and why Heartland doesn't buy back its own shares if the price drops below \$1.00.* The Chair advised that that Heartland is not capital constrained and remains focused on delivering returns and growth for shareholders. He stated there is neither a need nor a desire to initiate a share buyback at this time.
- (d) *A question on whether, given Heartland's market edge, any of the four major banks in Australia and New Zealand might soon seek to acquire or partner with Heartland to strengthen their own market positions.* The Chair confirmed that he cannot comment on the intentions of major competitors, however Heartland is focused on its own business strengths and is not concerned with the actions of other players in the market.
- (e) *A question on the potential benefits or impacts that AI could have on Heartland's business operations and future position in the marketplace, and whether that is a cost or a saving.* The Heartland CEO explained that Heartland is in the early stages of adopting AI, and has been working with industry leaders to ensure responsible and well-governed implementation. He advised the next phase involves integrating AI into technology programs across both countries to drive significant enhancements. He confirmed that the implementation of new technology programs, including AI, will require initial investment but are expected to reduce costs by eliminating outdated systems and manual processes, and that AI adoption will primarily focus

on streamlining the loan process to enhance efficiency. The HBL CEO added that Heartland currently uses some AI in its operations, prioritising safety and security due to increasing risks like fraud, scams, and cyber threats. She advised the new technology investments - including AI - are designed to improve staff efficiency and enable faster product delivery for customers. She confirmed that while there are costs associated with these upgrades, they are not considered large, and are expected to support business growth by reducing manual processes and helping staff manage increased demand more effectively.

- (f) *A question about HBL's 34% decline in returns over two years and ongoing losses since 2018, which he'd attributed to staff shortages and rising bad debts, and asked if bad debt reporting and collection had improved to avoid future profit drops.* The HBL Chair acknowledged that customer support during COVID-19 led to the extension of \$170 million in Motor loans, with the expectation that economic recovery would enable repayments. However, the anticipated improvement did not occur, resulting in significant write-offs at the beginning of the year. In response, HBL has implemented stricter collection and recovery processes, shifting from remediation efforts to a more disciplined approach, and the Board expresses confidence in the effectiveness of these updated procedures. The HBL CEO advised that HBL has changed its business writing strategies in recent years, and the types of loans in question which pre-date 2019 are no longer written.
- (g) *A question about the number of executives stated in the annual report as earning significant amounts, compared to similar banks of similar size, whether there is sufficient evidence of effective cost control, and whether shareholders are receiving good value for the money spent on executive compensation.* The Heartland Chair clarified that the payment to the former Heartland CEO was a one-time expense. He emphasised that operating across two complex and growing jurisdictions incurs costs, but highlighted that the businesses are still in their early stages and all have made significant progress during this period.
- (h) *A question whether HBL has a framework that connects its Australian and New Zealand operations for risk management and learning, while keeping each country's rules separate, and whether each bank is audited separately, how risks are reported, and how long PwC has been the auditor.* The Heartland Chair outlined the unprecedented situation of a New Zealand bank owning an Australian bank, noting the complexity due to separate operations, different regulatory environments, and the need for specialised board skill sets. He added that each jurisdiction operates under its own rules, with Australia requiring stricter regulation, and to ensure growth and the safety of shareholders and customers, three boards and management teams oversee the businesses, each equipped with the necessary expertise. He confirmed PwC was appointed as the auditor in FY2023. The HBL Chair explained that although the banks operate under different legal and regulatory frameworks in Australia and New Zealand, the risk and finance teams collaborate closely across both jurisdictions, which allows the businesses to share expertise and benefit from each other's strengths, rather than operating in isolation.
- (i) *A question regarding whether director fees for Heartland, and other companies, are higher in Australia compared to New Zealand, noting that Australian director fees appear to be about double those in New Zealand, and whether there are extra costs associated with having directors in Australia.* The Heartland Chair acknowledged the differences between the Australian and New Zealand markets, confirming that EY conducted a market benchmarking exercise in FY2023 to ensure appropriate director expertise for obtaining an ADI licence. He advised that although the process involved specialised requirements and appeared costly, it is considered reasonable and beneficial for shareholders in the broader context. The HBL Chair noted that Heartland's Australian businesses previously operated without independent directors and was wholesale funded. He advised that following the Australian bank acquisition 18 months ago, new regulations required more independent directors and an independent chair, increasing compliance costs. He confirmed these expenses are necessary for governance and operating under a government guarantee, and he is confident that, despite initial costs, HBL's strong growth and market leadership will deliver long-term value to shareholders.

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

- (a) *A question on whether there are too many shares and whether Heartland would consider a share buyback?* The Heartland Chair reiterated that Heartland doesn't believe there are too many shares and has no plans to do a share buyback.
- (b) *A question on whether is there a Board policy regarding Director and Chair succession? If not, why not?* The Chair confirmed there is such a policy and it is available on Heartland's website.
- (c) *A question querying the number of full-time equivalent staff, whether this number will decrease in the next 12 months, which business areas are expected to benefit most from AI-driven productivity improvements, and how actively the company is pursuing these AI opportunities.* The HBL CEO advised HBL's full-time employee numbers are expected to stabilise over the next year following a previous cost increase. She confirmed HBL is preparing for future growth by focusing first on automating its business processes, then exploring safe and effective uses of AI—particularly in the middle and back office, but also recognising opportunities in the front office. She advised staff will be repurposed to support these automation initiatives rather than relying heavily on external resources, with any outside involvement limited mainly to software development. The HBAL CEO advised HBAL currently employs about 120 full-time equivalent staff, and that as technology investments and improvements are implemented, some roles will change due to increased automation of processes. She highlighted that while automation will streamline operations for both customers and staff, most employees will be reinvested into roles that involve more direct customer contact, and that staff numbers are expected to stabilise rather than increase, with automation focusing on tasks that do not require human involvement.
- (d) *A question on this year's limited agenda with only auditor fees being approved, why there are no director elections, why a remuneration report was not included for advisory voting as in Australia, and whether Heartland should adopt Australian governance standards to support the company's expansion and maintain international credibility.* Heartland's Chief Legal Officer clarified that last year, 4 of the 5 Heartland directors stood for re-election, and that they must stand for re-election every 3 years or at the next AGM following their appointment by the Board, making the timing of director elections a procedural matter. She confirmed that Heartland follows NZX Listing Rules and the NZX Corporate Governance Code, reporting on compliance in its annual report. She advised that while also listed on the ASX, Heartland holds a foreign exempt listing there, so the NZX listing rules are the primary standard. HBL's Board Chair added that he understands the NZX is moving towards aligning with Australian standards on remuneration reporting, with Heartland prepared to comply when required.
- (e) *A question on why Heartland's profit target is only set at returning to over \$100 million, especially since a significant capital raise was recently completed, and asked why Heartland is not aiming for a more ambitious goal.* Heartland's Chair emphasised Heartland is taking a cautious and realistic approach to future profit targets, stating that while greater achievements would be desirable, current ambitions are tempered by the challenging environment. He confirmed that while there is hope for improved results in the coming year, no guarantees are given.

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 on the resolution set out in the Notice of Meeting.

13. Voting

Resolution 1: Auditor's Remuneration

13.1 P Gibbons moved that the Board be authorised to fix the remuneration of Heartland's auditor, PwC, for FY2026. She noted that this resolution also has the full support of the Heartland Board.

- 13.2 P Gibbons addressed the following questions that were received from the floor and online:
- (a) *A question on how long before someone else is up for review as external auditor?* P Gibbons advised that auditor appointment is in accordance with Heartland's Auditor Appointment Policy. The Heartland CEO added that we are currently three years into a five year appointment, so it will be another two years.
 - (b) *A question regarding when external audit was last put out to tender and when we are most likely to run a full competitive tender for the external audit job?* P Gibbons confirmed that PwC was appointed in 2023 as advised earlier, and we have a 5 year policy in terms of auditor rotation and considering the appointment of the auditor. The HBL Chair added that 2023 saw a competitive process where the incumbent was KPMG.
- 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.
- 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.
- 15.2 The following questions were received online and from the floor:
- (a) *A question asking that In light of the strong performance in reverse mortgages and the improving asset quality in vehicle finance and livestock, what new quality loan products Heartland is considering to diversify revenue streams and drive future receivables growth?* The Heartland Chair advised the product that we have been working on is in the reverse mortgage space, helping elderly into aged care, called the Village Access Loan, and confirmed Heartland believes there to be a lot of opportunity and has growth aspirations in that sector. The HBL Board Chair gave a brief overview of the Village Access Loan.
 - (b) *A question asking why the Notice of Meeting wasn't lodged with the ASX this year. Also, what is the split between Australian and NZ shareholders and is it worth maintaining both listings?* The Chair confirmed that someone will respond on that question after the meeting.
- 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

17 December 2025
Date