



NZX/ASX Release

Heartland 2020 Annual Shareholder Meeting

30 November 2020

The Annual Shareholder Meeting of Heartland Group Holdings Limited (NZX/ASX: HGH) (**Heartland**) will be held today online at www.virtualmeeting.co.nz/hgh20 and in person at Eden Park, Reimers Avenue, Kingsland, Auckland, commencing at 2pm (New Zealand time).

Shareholders joining online will require their shareholder number for verification purposes. For more information about joining the online meeting, please view the attached Virtual Annual Meeting Online Guide.

Please find attached the following documents relating to the meeting:

1. Annual Meeting Presentation
2. Chairman's Address
3. Chief Executive officer's Address
4. Group Chief of Staff's Address
5. Virtual Annual Meeting Online Guide.

The webcast will be available on Heartland's website within 24 hours of the live event conclusion: shareholders.heartland.co.nz.

- Ends -

For further information, please contact the person(s) who authorised this announcement:

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2020 Annual Meeting

30 November 2020

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Agenda

- Welcome and formalities
- Chair's address
- Chief Executive Officer's address
- Group Chief of Staff's address
- Rangatahi Advisory Board presentation
- 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 | Deputy Chair and Non-Executive Director |

Heartland Bank Board

- | | |
|-------------------|--|
| • Bruce Irvine | Chair and Independent Non-Executive Director |
| • Jeff Greenslade | Non-Independent Director |
| • Ellie Comerford | Independent Non-Executive Director |
| • John Harvey | Independent Non-Executive Director |
| • Kate Morrison | Independent Non-Executive Director |
| • Geoff Ricketts | Independent Non-Executive Director |
| • Shelley Ruha | Independent Non-Executive Director |

Strategic Management Group

- **Jeff Greenslade** CEO, Heartland Group Holdings
- **Chris Flood** CEO, Heartland Bank
- **Keira Billot** Chief People & Culture Officer
- **Laura Byrne** Group Chief of Staff
- **Andrew Dixon** Chief Financial Officer
- **Michael Drumm** Chief Legal & Bank Risk Officer
- **Grant Kemble** Group Chief Risk 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

The Year in Review



Grew finance receivables
by 4.9% to \$4.6 billion



Launched digital platform
for residential mortgages



Established long-term
funding structure for
Australian business



New products to support
customers affected by
COVID-19



Awarded Canstar's 2020
Savings Bank of the Year
for third year in a row



Significant progress
made on Heartland's
sustainability journey

Credit Rating

Heartland Group Holdings Limited

BBB

(outlook stable)

Heartland Bank Limited

BBB

(outlook stable)

Heartland Australia Group Pty Limited

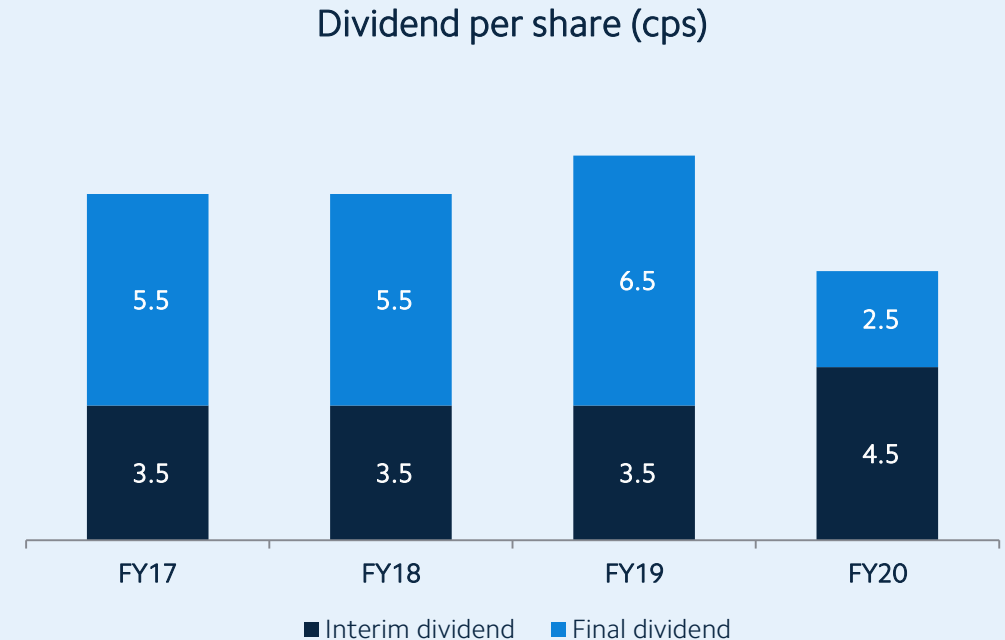
BBB-

(outlook stable)

“Heartland Bank remains one of only two Australasian banks to have no reduction or adverse change to its rating or outlook despite the economic impacts of COVID-19.”

Dividends

- **Final dividend** of 2.5 cents per share
- **Total dividend** for FY20 of 7.0 cents per share
- **RBNZ restriction on distributions** by banks will remain in place until at least 31 March 2021
- FY21 interim dividend



Conduct and Culture

- Policy, tools and training introduced to help identify and support **vulnerable customers**
- Formal **responsible lending policy** implemented
- **Code of Conduct** for employees and intermediaries refreshed
- **Complaints** policy and processes streamlined
- **Customer feedback** channels enhanced

Going the extra mile



for customers who need it most

Manawa-Taki 

Kei konei mātou ki te āwhina
We are here to help

Supporting our Communities



“During the year, the Heartland Trust made grants totalling \$452k to support our communities including in the areas of education, sport and financial literacy.”

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

FY2021 Outlook and Conclusion



Expect strong growth to
continue across the
business



Supporting our
customers through any
future COVID-19 related
uncertainties



NPAT for FY2021 in the
range of \$83 million to
\$85 million



CEO's Address

Jeff Greenslade

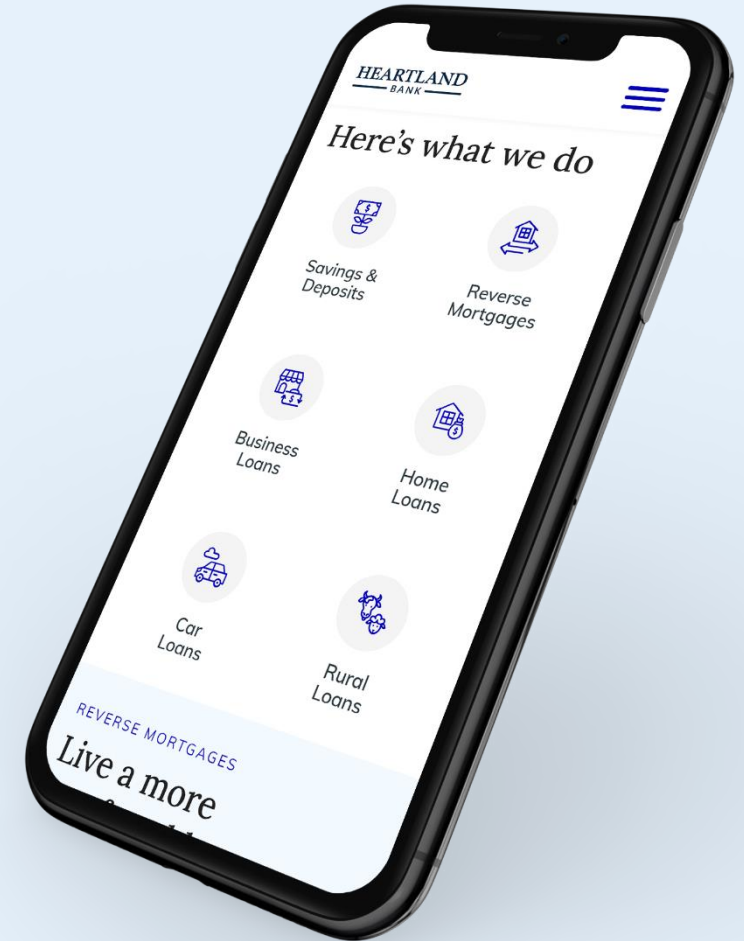
COVID-19 Response

- **Proactively contacted customers** to determine support required – particularly consumer, SME and larger business customers
- **Support options** offered to customers included payment holidays (1-3 months), reduced principal and interest only payments
- Established **Heartland Extend** to provide customers with flexibility to manage the term of loans to match cashflows
- As at 18 November 2020, **98.6% of Consumer loans and 99.6% of SME and Business loans** are on usual (or pre-COVID) repayment schedules or have taken up Heartland Extend



Digital Update

- Heartland Group is, in essence, a **Financial Technology business with a bank**
- **Digitalisation** at the core of everything we do – making our products and services accessible on a smart-phone
- **New digital platforms** for Residential Mortgages, Sheep & Beef Loans and Motor Loans
- Digital facial recognition (biometrics) and electronic document signature (DocuSign) innovations provide **end-to-end contactless onboarding and fulfilment**
- Increased investment will continue be undertaken in technology to **expand digital capability**



YTD Financial Performance

for the four months ended 31 October 2020

- **Net profit after tax** \$29.9 million vs. full year guidance \$83 million to \$85 million
- **Net interest margin** and **cost to income ratio** in line with expectations
- **Overall balance sheet growth flat** – repayments in non-core Relationship Lending as well as Open for Business and Harmoney have offset **growth in core areas** (Business Intermediated, Motor, Reverse Mortgages NZ and Reverse Mortgages Australia)
- **Economic overlay** taken in FY20 has **not been utilised**
- **Impairments** to date much **lower than anticipated**
- **Reassessment of fair value** of equity investment in Harmoney may impact FY21 NPAT guidance range

Strategic Developments

- The Board has asked management to identify means of **optimising value** within the Group
- Review is on-going but the preliminary picture emerging is that the Group can be seen as comprising **four distinct businesses**:
 - New Zealand Banking
 - Motor Finance;
 - FinTech (primarily based on the Open for Business platform)
 - Australia Reverse Mortgages
- Considering structuring Heartland Bank's **motor finance business** as a separate wholly-owned subsidiary
- No conclusions have been reached and the Board continues to consider these matters



Chief of Staff's Address

Laura Byrne

Sustainability at Heartland



Social Equity

Caring for our people,
customers and communities



Environmental Conservation

Acting as a kaitiaki of our
natural environment



Economic Prosperity

Creating sustainable
economic outcomes for
our stakeholders

Environmental Conservation

- Joined Climate Leaders Coalition in 2018
- Now measuring our greenhouse gas (**GHG**) emissions
- Formulation of GHG emissions reduction target underway
- Reduction initiatives underway include:
 - Transitioning vehicle fleet to electric or plug-in hybrid electric vehicles
 - Reducing paper based communications to customers
 - Encouraging greater adoption of video conferencing to reduce business travel
- Considering our wider environmental impact of our products and services

Social Equity – Our People



Heartland Bank became an accredited **Living Wage employer**



Recognition payments made to over 90% of employees



50 Māori and Pasifika students participated in the **Manawa Ako internship**



Partnered with Indigenous Growth to provide **leadership development** programme for cohort of Māori employees



Excellent progress made towards achieving **gender balance**



Creation of **Rangatahi Advisory Board** to diversify perspectives and provide unique insights

Rangatahi Advisory Board



Aleisha Langdale
Digital Projects Manager



Brody Sumner
Sales Support Executive



Harsha Dahya
Account Manager (Motor)



Ian Hedley-Wakefield
Operations Risk Manager



Jess Tomlinson
Communications Executive



Karem Ortiz
Creative Lead



Kate Manihera
People, Culture &
Communications Coordinator



Kevin Min
Relationship Manager



Monica Iakopo
Internal Auditor



Natasha Abeysundara
Corporate Finance Analyst



Paul Koraua
Project Co-ordinator



Qiays Longman
Customer Compliance
Team Leader



Shreyansh Patni
Integration Developer



Te Whaiora Te Maapi Pene
Operations Analyst



Veronica Franklin
Corporate Finance Analyst



William Orr
Relationship Manager



Shareholder Discussion



Voting

Thank you

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Heartland Annual Meeting 2020

Chair's Address

1. Introduction

It is approximately a year since our last Annual Meeting and the ensuing year has presented us with unprecedented challenges. The global, economic and social impacts have been profound. From Heartland's perspective, our priorities are to continue supporting our customers and ensuring the health and wellbeing of our employees. I am proud of the manner in which management and the board have responded to such challenges, in mitigating the impacts on the business and planning for the future.

Fortunately we entered into the COVID-19 lockdown in a strong financial position and I am pleased to report that Heartland achieved a net profit after tax (**NPAT**) of \$72.0 million for the financial year ended 30 June 2020. This NPAT is after allowing for an economic overlay of \$9.6 million pre-tax, which Heartland applied to its potential credit losses in response to the ongoing uncertainties relating to the COVID-19 pandemic. The adjusted NPAT, which excludes this economic overlay, is \$78.9 million. Overall this was a solid result, reflecting the strength of our businesses.

2. The Year in Review

Heartland grew its finance receivables by 4.9% to \$4.6 billion during the year as a result of strong performance across Reverse Mortgages, Business Intermediated, Motor, Open for Business and Harmony.

We also achieved a number of key strategic milestones including the launch of Heartland Bank Limited's (**Heartland Bank's**) digital platform for residential mortgages, the establishment of a 'first of its kind' long term funding structure to support the growth of Heartland's Australian business, and the launch of new products to support our customers who were affected by COVID-19. COVID-19 has reinforced our strategy of transforming our business through digitisation.

Heartland Bank was once again named Canstar's "2020 Bank of the Year – Savings" for the third consecutive year and its Reverse Mortgage product was awarded the "Consumer Trusted" accreditation for the fourth year in a row.

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We also made significant progress on our sustainability journey which Laura Byrne, our Group Chief of Staff, will present to you shortly.

Credit Rating

During the 2020 financial year, and more recently in October 2020, Heartland's rating agency Fitch affirmed the credit ratings for Heartland and Heartland Bank at 'BBB' and Heartland Australia at 'BBB-', with the outlook remaining stable for all three companies. Heartland Bank remains one of only two Australasian banks to have no reduction or adverse change to its rating or outlook since January 2020 despite the economic impacts of COVID-19.

Dividends

Heartland paid a fully imputed final dividend of 2.5 cents per share on 9 October 2020. Together with the interim dividend of 4.5 cents per share, the total dividend for the year was 7.0 cents per share. This compares to 10.0 cents per share in FY19. The reduction was not reflective of performance, but of caution given at that time the uncertainties concerning COVID-19. At the same time, the Reserve Bank of New Zealand (**RBNZ**) imposed a restriction on bank dividends.

On 11 November, the RBNZ announced that the restriction on banks paying dividends will continue until at least 31 March 2021 "to support the stability of the financial system". This restriction only applies to distributions from Heartland Bank and does not apply to Heartland's Australian operations. This year, those Australian operations enabled Heartland to distribute a final dividend to shareholders. While the RBNZ restrictions limit the distribution of bank dividends, shareholders can take comfort in the fact that retained earnings continue to accumulate.

The Group remains capable of declaring an interim dividend at half year in line with previous 'usual' dividends, should performance and conditions be supportive. Once the RBNZ restrictions are removed, subject to the usual prudential considerations, a return to historical pay-out ratios is expected.

3. Conduct and Culture

Ensuring our conduct and culture drives fair outcomes for our customers is a core focus in everything we do at Heartland. This is reflected in one of our values, 'mahi tika', or 'do the right thing'.

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The Financial Markets Authority and RBNZ completed their review of conduct and culture in New Zealand retail banks in November 2018. Their findings focused on the industry as a whole and they found no evidence of widespread misconduct. Each bank received recommendations specific to them, and for Heartland, these recommendations formed the basis of our Conduct and Culture Work Plan.

During the year, we made significant progress towards completing our Conduct and Culture Work Plan. This included the development of a new policy, training and resources to help our employees identify and support vulnerable customers. We also implemented a formal Responsible Lending Policy, bringing together our responsible lending principles for use by our credit team, sales teams and intermediaries.

Heartland's Code of Conduct was refreshed to provide a more useful framework for our people and intermediaries to make good decisions, and we enhanced our employee training to ensure integration of good conduct and culture across all content. We also streamlined our complaints policy and processes and enhanced our customer feedback channels.

4. Supporting our Communities

Heartland is in a privileged position to make a positive contribution to the communities in which it operates. We do this through the Heartland Trust which is an independent registered charitable trust that is closely supported by Heartland. During the year, the Heartland Trust made grants totalling \$452,000 to support our communities, including in the areas of education, sport and financial literacy.

The Heartland Trust continues to be a proud sponsor of the InZone Education Foundation, a registered charitable trust that aims to enhance the educational outcomes of Māori and Pasifika youth. A number of InZone students have participated in our Manawa Ako internship programme and are now working in permanent roles at Heartland or have continued on to tertiary education.

This year, the Heartland Trust also provided funding and support to the Kupe Leadership Scholarship, a programme which aims to develop future leaders who are committed to New Zealand and to creating a successful future for our country. The Kupe Leadership Scholarship, which is administered by the University of Auckland, provides scholars with financial support, a personal mentor and participation in a leadership programme.

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Bringing together our focus on financial literacy and te reo Māori, the Heartland Trust also provided a grant to MoneyTime. MoneyTime is an online financial literacy programme designed for students aged 10 to 14 years in order to provide them with the skills and knowledge they need to become financially independent. The grant was provided to MoneyTime to assist with the design and creation of a te reo Māori version of its programme.

The Heartland Trust also continued its support of the Auckland Reader's & Writer's Festival, the Auckland City Mission, the Special Children's Christmas Party and a number of women's 1st XV rugby teams.

5. Outlook

The Board is confident in Heartland's ability to continue achieving strong growth and profitability, while continuing to support our customers through any future COVID-19 related uncertainties.

Heartland expects its NPAT for the year ending 30 June 2021 to be in the range of \$83 million to \$85 million.

6. 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 Greenslade, Chris Flood and the Executive team who continue to provide strong leadership for Heartland through their diverse set of skills.

Heartland's response to the COVID-19 pandemic highlighted the resilience of both our employees and our organisation. The efforts of our Heartland people were exceptional and on behalf of the Board and Executive team, I wish to thank them for their hard work, adaptability and compassion for our customers during the year.

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.

Thank you.

I will now ask Jeff Greenslade to address you.

Heartland Annual Meeting 2020

Group Chief Executive Officer's Report

1. 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.

E ngā tangata whenua o Tāmaki-makau-rau, kei te mihi, kei te mihi.

To the many iwi of the Auckland area, I acknowledge you as tangata whenua.

Ki a koutou katoa kua hui mai nei i tēnei rā, tēnā tātou katoa.

To everyone joining us today, thank you.

The Coronavirus pandemic has, as you would expect, over-shadowed the last financial year. It continues to present challenges.

However, I am proud to report we continue to meet that challenge and at the same time, achieved a number of important milestones.

And in my address, I first wish to describe our COVID-19 response to you, then update you on progress in our digital strategy, before moving on to provide an update on financial performance and, finally, outline some key strategic matters.

2. COVID-19 Response

As an 'essential service', Heartland continued to operate during the COVID-19 lockdown period at alert levels 3 and 4 to support our customers. Our initial response focused on proactively contacting our Consumer, small-to-medium enterprise (**SME**) and larger business customers to offer support. Alongside this, we made the logistics possible for all staff to work from home.

Support options offered to customers included payment holidays ranging from one to three months, reduced principal and interest only payments. We built a new website functionality to enable customers to easily contact us remotely and request support online.

Consumer customers, representing \$143 million of loans, took up the various offers of support, as did SME and Business customers, representing \$510 million of loans. 98.6% of Consumer loans and 99.6% of SME and Business loans have now returned to their pre-

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COVID-19 payment schedules or have taken up a new product, Heartland Extend, which provides flexibility to manage the term of loans to match cashflows. This is a product that aligns debt servicing with commercial realities, and is available in a 'business-as-usual' context to both existing and non-customers.

The resilience of the economy has defied expectations and the same is true of our customer base, reflecting the effectiveness of the support measures provided by government – particularly the IRD loan to small businesses, but also the resilience within Heartland's portfolio. While this crisis has not been as bad as initially feared, we remain prepared for the possibility of any deterioration. An economic overlay of \$9.6 million has been taken and remains available should it be needed. This is an added buffer on existing general provisions which together amounts to \$62.7 million of provisions to cover any losses that may arise from whatever cause.

3. Digital Update

The Heartland Group is, in essence, a Financial Technology business with a bank. Digitalisation is at the core of everything we do.

Digitalisation is primarily dedicated to making our products and services accessible on a smartphone.

The smartphone is increasingly the preferred channel for all demographics – whether for communication, entertainment, information or for commercial and financial services.

Also, through the advent of Application Programming Interface or "API" technology, it has become a much cheaper medium for electronic interactions. This makes the cost of acquiring, on-boarding and processing new customers very low. This has the potential to reduce ongoing or marginal costs. As a consequence, areas where previously we had no competitive advantage such as Residential Mortgages, are now open to us. Through a digital platform, Heartland is now able to offer market-leading rates – 1.99% p.a. for one year and a 2.50% p.a. floating rate.

We can provide simple applications to customers that can be completed within minutes online and receive an automatic response.

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Just a year ago, this was beyond contemplation. However, new, low cost technology is available to disrupt main banks in a way that is aligned with customer behaviours and meets their preferences.

We are facing a world where there is greater choice and where customers want what they want quickly and with minimal fuss.

During the course of the year, we extended our digital reach to more customers, in addition to Residential Mortgages, we also launched digital platforms for Sheep & Beef Loans, and Motor Loans alongside our existing Business and Deposit digital platforms.

The Deposit platform in particular worked well during the lockdowns, enabling customers to access Heartland's products and services despite the alert level restrictions on in-person interactions. Facial recognition (biometrics) and electronic document signature (DocuSign) innovations provide customers with end-to-end contactless on-boarding and fulfilment. In addition, at the height of alert level 3 and 4 lockdowns, motor vehicle dealers were able to progress vehicle loan applications using product channel biometrics. Heartland's online application process for Reverse Mortgages also enabled Australian retirees to apply for a Reverse Mortgage online from the safety of their own homes during the Victorian lockdown.

Increased investment will continue to be undertaken in technology to expand digital capability to meet Heartland's growth aspirations and the needs of customers in both New Zealand and Australia – particularly in a post-COVID-19 world where the ability to interact online and remotely is of even greater importance.

4. FY21 Financial Update

Given the current uncertainties, we have decided to give shareholders an update on financial performance. This is not our usual practice but in the interests of transparency in unprecedented circumstances, we considered it appropriate to do so.

As at the end of October, which is the first four months of FY21, NPAT is tracking at \$29.9 million (versus full year guidance of \$83 million - \$85 million).

Margin and Costs have been maintained, with NIM and Cost Income Ratio both in line with expectations.

Overall balance sheet growth has been flat. Repayments from non-core area of Relationship Lending, Open for Business (**O4B**) and Harmoney have offset growth in core areas of Business

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Intermediated (up 13% per annum); Motor is up 11.5% per annum; Reverse Mortgages are up 4.4% and 11% respectively per annum in New Zealand and Australia (excluding the FX impact). Lower interest rates and customers utilising the government's packages appear to have contributed to the level of repayments. Livestock is also down due to seasonality reasons.

Impairments to date have been much lower than anticipated, tracking well below budget. This reflects releases due to repayments, but also an improving profile and reduction in non-performing loans.

The economic overlay we took in FY20 of \$9.6 million pre-tax has not been utilised.

Some commentators maintain that the economic ramifications of the pandemic are yet to be fully felt, and due to this remaining uncertainty, and despite running ahead of the forecast run rate, we don't propose currently to change the current NPAT guidance of \$83 million to \$85 million for FY21.

More recently, Harmoney successfully concluded an Initial Public Offering (**IPO**) in Australia. The listing and subsequent trading prices are at a material premium to the book value of our holding. Heartland will re-assess the fair value of its equity investment in Harmoney as part of the preparation of its financial results for the half year. If so, this may impact on guidance range.

5. Strategic Developments

In the FY20 results announcement, we advised that the Board had asked Management to identify means of optimising value within the Group.

The review is ongoing but the preliminary picture emerging is that the Group could be seen as comprising four distinct businesses:

1. New Zealand Banking;
2. Motor Finance;
3. FinTech (primarily based on the Open for Business Platform); and
4. Australia Reverse Mortgages.

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Further that:

- each business unit had both differing return profiles and growth opportunities;
- three of the four component parts are not typically found within a traditional bank structure;
- the Group is regarded by the market as a bank, and benchmarked against a group of Australasian peers including the major banks;
- Heartland performs well in a relative sense across each business in terms of operating metrics;
- each business has material opportunities to scale, and Heartland, at times, is possibly discounted because of its size. The Group has been successful previously scaling businesses, and should continue to pursue its long term strategy to acquire scale both organically and inorganically.
- Finally, the possibility of structuring the Bank's Motor business as a separate entity under the Bank may assist in highlighting any intrinsic value which may not be reflected in current bank-based benchmarking. This may also provide flexibility and efficiency in terms of access to, and cost of, capital.

No conclusions have been reached and the Board continues to consider these matters.

6. Conclusion

Finally, I would like to thank the people of Heartland for their exceptional efforts, in what I'm sure you will all agree has been an extraordinary year.

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.

I will now hand you over to Laura Byrne, our Group Chief of Staff, to provide an update on Heartland's sustainability initiatives.

Heartland Annual Meeting 2020 Group Chief of Staff Speech

Tēnā koutou kātoa, kua hui mai nei i tēnei rā.

Ko Laura Byrne ahau, nō Tāmaki Makaurau ahau.

I am Laura Byrne and I'm the Group Chief of Staff at Heartland. I've just celebrated my seventh year as part of the Heartland whānau, and during my tenure, I've held a variety of roles, first joining as General Counsel in 2013. I now have the pleasure of leading a number of our back office teams as well as responsibility for various strategic projects across the group.

Furthering Heartland's sustainability goals is one of my key areas of focus.

We believe that New Zealand's financial system should serve the long term needs of society, the environment and the economy. We are privileged to be the guardian of your - our shareholders' - funds. For us, sustainability means ensuring that the business you invest in is both profitable in the short term but also can continue for generations to come

And so:

- Social Equity;
- Environmental Conservation; and
- Economic Prosperity,

are the three pillars of Heartland's sustainability framework.

The framework operates to ensure we are meeting the increasing community expectations of businesses and maintaining our social licence to operate.

Today I wish to share with you some of the initiatives we have underway, particularly in relation to acting as a kaitiaki of our environment, and also the work we are doing to create an internal culture of inclusivity and equal opportunity at Heartland.

Heartland is proud to be a member of the Climate Leaders Coalition, a group of organisations who have joined together to promote business leadership and collective action on the issue of climate change.

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Since joining the coalition, we have started to measure our greenhouse gas emissions, with our baseline year being 2019. Through this process, we discovered that our biggest emission sources are our vehicle fleet, air travel, waste to landfill and electricity usage.

Work is underway to set a reduction target that we will work towards over the next five years.

Some of the initiatives we already have underway to reduce our emissions include transitioning our fleet to electric or plug-in hybrid electric vehicles, reducing our paper-based communications and encouraging greater adoption of video conferencing to reduce business travel.

While the environmental impact of our operations is important, our potential to make a positive impact extends into our products and services and how we can encourage and support New Zealand to transition to a low carbon economy. So, alongside reducing the environmental impact of our operations we are actively looking at the wider environmental impact we can have.

Turning now to the work we are doing for our people to create a work environment that is fair, inclusive and supports the wellbeing of our employees.

This year we were proud to become a Living Wage Employer, being one of only a small number of NZX-listed companies to do so. The Living Wage concept refers to the hourly wage a worker needs to pay for the necessities of life and to participate as an active member of their community. As a Living Wage Employer, we have committed to paying all of our employees at least the current Living Wage, 15% more than the minimum wage.

We also recognised the efforts of our people in achieving our financial results by awarding recognition payments to over 90% of our employees, including special awards to those who had made a significant contribution to Heartland's internal culture during the year

A key area of focus for Heartland is to be an employer of choice for Māori. Māori are under-represented in the financial sector. We want to have a positive impact on the quality and access to financial services for Māori, and we are genuinely committed to improving the way we serve and engage with Māori.

This year will be the fourth consecutive year of our Manawa Ako internship programme which we established in 2017 to provide opportunities for the next generation of Māori and Pasifika to experience working in the financial sector and a corporate environment.

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Since its inception, 50 interns have participated in the Manawa Ako programme, and almost 20 of these interns have continued in employment with Heartland. Our Manawa Ako internship saw us being recognised as a finalist for the 2020 Diversity Awards NZ.

As part of our proactive approach to career progression for Māori, we have a cohort of Heartlanders currently participating in a cadetship programme in partnership with Indigenous Growth and supported by Te Puni Kōkiri. The purpose of the cadetship is to enable our promising and established indigenous leaders to take up leadership opportunities.

Over the past five years, we've made great strides in addressing the gender balance at Heartland. Our Strategic Management Group is currently made up of four females and five males. Across our key leadership roles, 46% are held by females and 54% by males. This is a result of a number of initiatives we have in place to ensure proactive in-role development of females at Heartland together with a focus on recruiting and promoting more women into senior roles.

Almost half of Heartland's workforce is aged 35 and under. This insight was the genesis for the creation of Heartland's Rangatahi Advisory Board, a group of employees aged 35 and under with the main purpose being to diversify the perspectives of the Strategic Management Group and the Board by providing unique millennial and Generation Z insights on our people, customers and strategic initiatives.

They are not the voice of the future business, they are the voice of today's business, and it should come as no surprise to any of us that the Rangatahi Advisory Board are passionate about social, environmental and economic sustainability. The current members of our Rangatahi Advisory Board are joining us today to share with you one of the key initiatives they have created, being a financial literacy programme aimed at school leavers aged 16 to 18. It is my pleasure to hand you over to our Rangatahi Advisory Board to take you through their presentation.



Virtual Annual General Meeting Online Guide

Virtual Annual General Meeting Online Guide

Before you begin

Ensure your browser is compatible. You can easily check your current browser by going to the website: **whatismybrowser.com**

Supported browsers are:

- Chrome – Version 44 & 45
- Firefox – 40.0.2 and after
- Safari – OS X v10.9 “Mavericks” & OS X v10.10 “Yosemite”
- Internet Explorer 9 and up (please note Internet Explorer 8 is not supported)

The virtual meeting is viewable from desktops and laptops. To attend and vote at the virtual annual general meeting you must have:

- NZX registered holders: Shareholder number and authorisation code (FIN)
- ASX registered holders: Shareholder number and postcode

If you are an appointed proxy you will need your proxy number which will be provided by Link Market Services prior to the meeting. **Please make sure you have this information before proceeding.**



Step 2

Login to the portal using your full name, email address, and company name (if applicable).

Please read and accept the terms and conditions before clicking on the blue **‘Register and Watch Annual General Meeting’** button. Once you have logged in you will see:

- On the left – a live video webcast of the Annual General Meeting
- On the right – the presentation slides that will be addressed during the Annual General Meeting.

Note: After you have logged in we recommend that you keep your browser open for the duration of the meeting. If you close your browser, your session will expire. If you attempt to log in again, you will be sent a recovery link via email for security purposes.

Step 1

Open your web browser and go to virtualmeeting.co.nz and select the relevant meeting.



Navigating

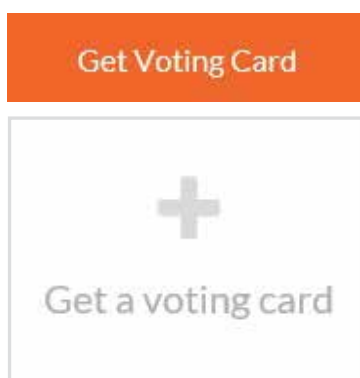
At the bottom of the webpage under the webcast and presentation there are three boxes. Refer to each section below for operating instructions.

- 1 Get a voting card
- 2 Ask a Question
- 3 Downloads



1. Get a voting card

To register to vote - click on the 'Get a voting card' box at the top of the webpage or below the videos.



This will bring up a box which looks like this.

If you are an individual or joint Shareholder you will need to register and provide validation by entering your details in the top section:

- **NZX registered holders:** Shareholder number and authorization code (FIN)
- **ASX registered holders:** Shareholder number and postcode

If you are an appointed Proxy, please enter the Proxy Number issued to you by Link Market Services in the PROXY DETAILS section. Once you have entered your appropriate details click the blue **'SUBMIT DETAILS AND VOTE'** button.

Once you have registered, your voting card will appear with all of the resolutions to be voted on by Shareholders at the Annual General Meeting (as set out in the Notice of Meeting). You may need to use the scroll bar on the right hand side of the voting card to scroll up or down to view all resolutions.

Shareholders and proxies can either submit a Full Vote or a Partial Vote. You can move between the two tabs by clicking on **'Full Vote'** or **'Partial Vote'** at the top of the voting card.

Virtual Annual General Meeting Online Guide *continued*

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Voting Card

Please complete your vote by selecting the required voting instruction (For, Against or Abstain) for each resolution. If you would like complete a partial vote, please specify the number of votes for each resolution in the Partial Vote section. Proxy holder votes will only be applied to discretionary (undirected) votes. Directed votes will be applied as per the the shareholder's voting instructions.

Full Vote Partial Vote

Resolution 2B ☒ For ☐ Against ☐ Abstain
RE-ELECTION OF MR ANTHONY FROGGATT AS A DIRECTOR

Resolution 2C ☒ For ☐ Against ☐ Abstain
RE-ELECTION OF MR JOHN BORGHETTI AS A DIRECTOR

Resolution 3 ☒ For ☐ Against ☐ Abstain
INCREASE TO DIRECTORS' MAXIMUM FEE POOL LIMIT

Resolution 4 ☒ For ☐ Against ☐ Abstain
PARTICIPATION BY EXECUTIVE DIRECTOR IN THE 2016-2018 LONG TERM INCENTIVE PLAN

SUBMIT VOTE

Full Votes

To submit a full vote on a resolution ensure you are in the **'Full Vote'** tab. Place your vote by clicking on the **'For'**, **'Against'**, or **'Abstain'** voting buttons.

Partial Votes

To submit a partial vote on a resolution ensure you are in the **'Partial Vote'** tab. You can enter the number of votes you would like to vote (for any or all) resolution/s. The total amount of votes that you are entitled to vote for will be listed under each resolution. When you enter the number of votes in a certain box it will automatically tally how many votes you have left.

Note: If you are submitting a partial vote and do not use all of your entitled votes, the un-voted portion will be submitted as No Instruction and therefore will not be counted.

Once you have finished voting on the resolutions scroll down to the bottom of the box and click the blue **'Cast Vote'** or **'Cast Partial Vote'** button.

Note: You are able to close your voting card during the meeting without submitting your vote at any time while voting remains open. Any votes you have already made will be saved for the next time you open up the voting card. The voting card will appear on the bottom left corner of the webpage. The message **'Not yet submitted'** will appear at the bottom of the page.

You can edit your voting card at any point while voting is open by clicking on **'Edit Card'**. This will reopen the voting card with any previous votes made.

If at any point you have submitted your voting card and wish to make a change while voting is still open you can do so by clicking the **'Edit Card'** button and making the required change. Once you have completed your card select the blue **'Cast Vote'** or **'Cast Partial Vote'** button.

The voting card remains editable until the voting is closed at the conclusion of the Annual General Meeting. Once voting has been closed all voting cards, submitted and un-submitted, will automatically be submitted and cannot be changed.

At the conclusion of the Annual General Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide windows advising the remaining voting time available to shareholders. Please make any changes required to your voting cards at this point and submit your voting cards.

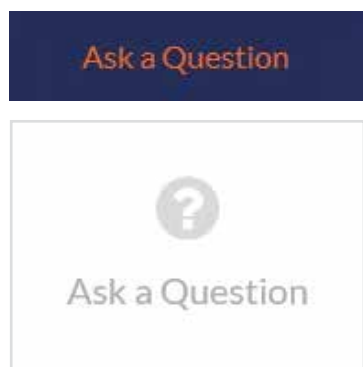
If an additional resolution is proposed during the meeting, there will be a short delay while the resolution is added to the voting card. Once the resolution has been added you will be notified by the Chairman during the meeting. In order to vote on the extra resolution you will need to reopen your voting card to cast your vote by clicking the **'Edit Card'** button.

Note: Registration for the Annual General Meeting and voting opens one hour before the meeting begins.

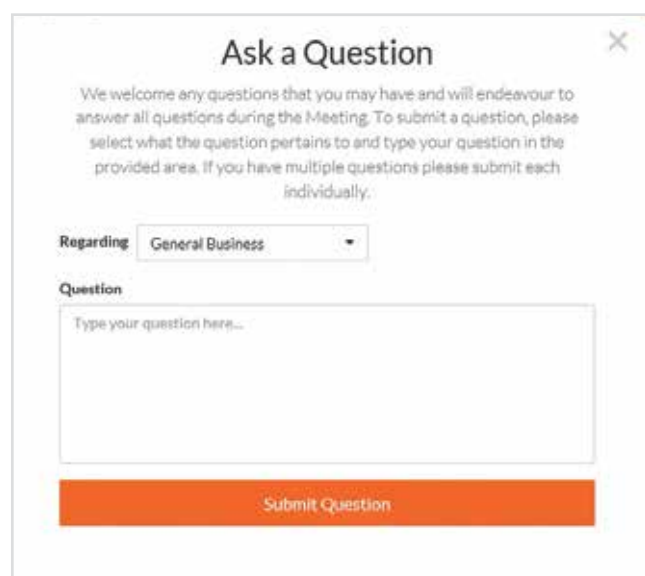
2. How to ask a question

Note: Only shareholders are eligible to ask questions.

You will only be able to ask a question after you have registered to vote. If you would like to ask a question, click on the 'Ask a Question' box either at the top or bottom of the webpage.



The 'Ask a Question' box will then pop up with two sections for completion.



In the 'Regarding' section click on the drop down arrow and select one of the following categories:

- General Business
- Resolution 1
- Resolution 2
- Resolution 3
- Resolution 4
- Resolution 5
- Resolution 6

After you have selected your question category, click in the 'Question' section and type your question.

When you are ready to submit your question - click the blue 'Submit Question' button. This will send the question to the Management/Board.

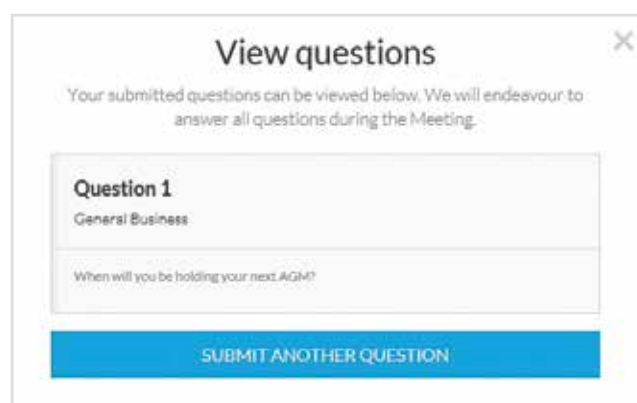
Note that not all questions are guaranteed to be answered during the Annual General Meeting, but we will do our best to address your concerns.

Once you have asked a question a 'View Questions' box will appear.

At any point you can click on 'View Questions' and see all the questions you have submitted. Only you can see the questions you have asked.

Note: You can submit your questions by this method one hour before the meeting begins, if you have registered to vote. You can continue to submit questions up until the close of voting.

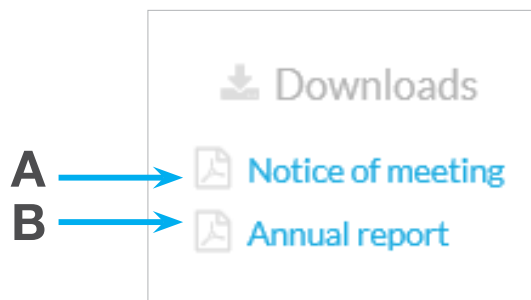
If your question has been answered and you would like to exercise your right of reply, you can do so by submitting another question.



Virtual Annual General Meeting Online Guide *continued*

3. Downloads

If you would like to see the Notice of Annual General Meeting or the Annual Report you can do so here.



- To download the Notice of Meeting – click A
- To download the Annual Report – click B

When you click on these links the file will open in another tab in your browser.

Voting closing

Voting will close 5 minutes after the close of the Annual General Meeting.

At the conclusion of the Annual General Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide screens advising the remaining voting time. If you have not yet submitted your vote at this point, you will be required to do so now.

At the close of the meeting any votes you have placed will automatically be submitted.



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