

NZX/ASX release
8 November 2022

Heartland 2022 Annual Shareholder Meeting

The Annual Shareholder Meeting of Heartland Group Holdings Limited (**Heartland**) (NZX/ASX: HGH) will be held online today at www.virtualmeeting.co.nz/hgh22, commencing at 2pm (New Zealand time).

Shareholders joining the online meeting will require their shareholder number for verification purposes. From the online platform, shareholders will be able to view the presentation, vote and ask questions during the meeting.

Guidance on meeting participation is included in the Notice of Meeting available at shareholders.heartland.co.nz. For more information about joining the online meeting, 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. CEO's Address
4. Virtual Annual Meeting Online Guide.

The webcast will be available on Heartland's website at shareholders.heartland.co.nz, approximately 24 hours after the conclusion of the live event.

– ENDS –

The person(s) who authorised this announcement:

Jeff Greenslade
Chief Executive Officer

Geoff Ricketts
Chair of the Board

For further information, please contact:

Nicola Foley
Group Head of Communications
027 345 6809

nicola.foley@heartland.co.nz

Level 3, Heartland House, 35 Teed Street, Newmarket, Auckland, New Zealand



Hui Ā-tau
Annual Meeting
2022

HEARTLAND
— GROUP —

Agenda

- Welcome and formalities
- Chair's address
- Chief Executive Officer's address
- Shareholder discussion
- Voting and conduct of poll
- Other business



Board of directors

Heartland Group board



Geoffrey Ricketts (Chair)
Independent
Non-Executive Director



**Gregory Tomlinson
(Deputy Chair)**
Non-Executive Director



Jeff Greenslade
CEO &
Executive Director



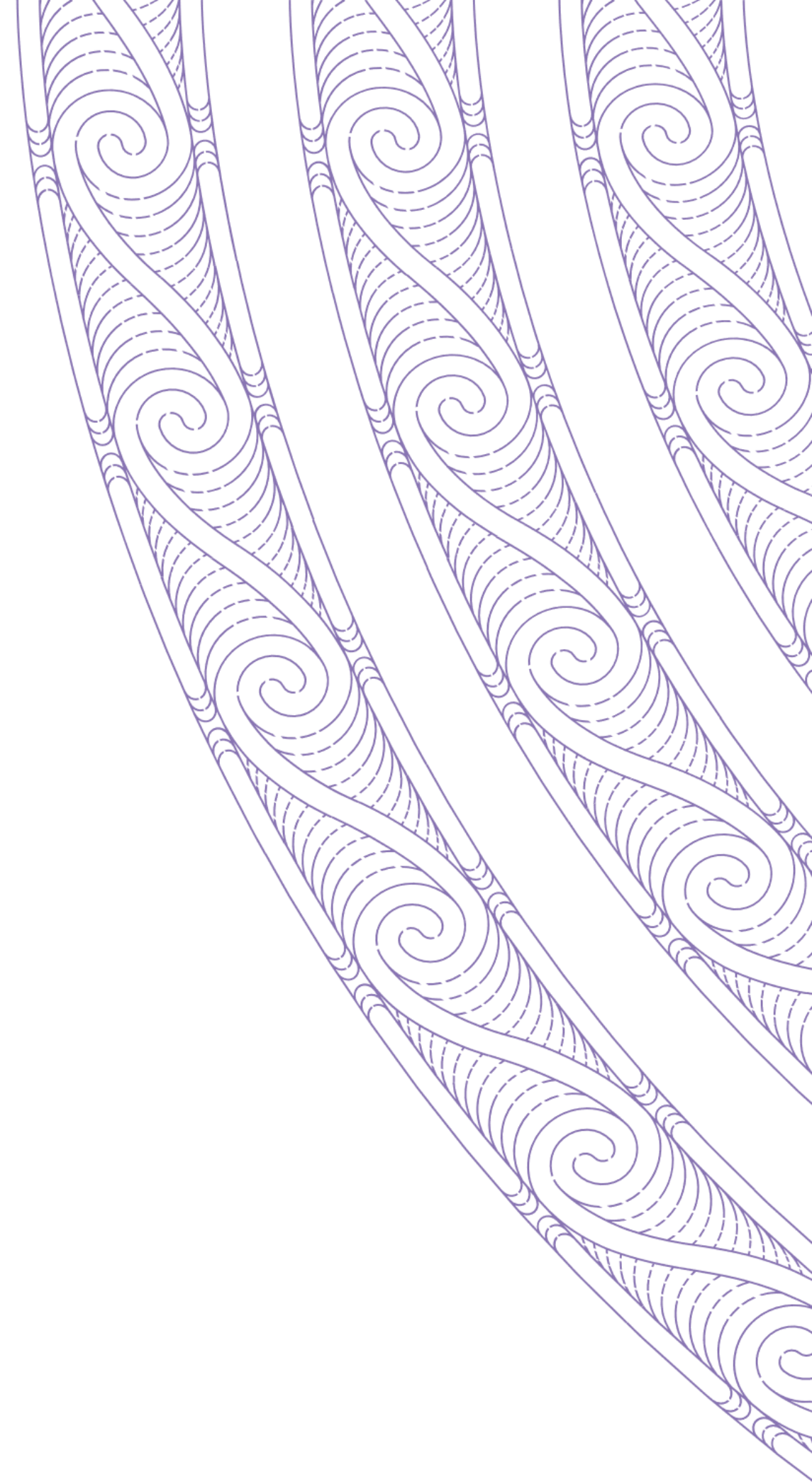
Ellen Comerford
Independent
Non-Executive Director



Kathryn Mitchell
Independent
Non-Executive Director



Geoff Summerhayes
Independent
Non-Executive Director





Board of directors

Heartland Bank board



Bruce Irvine (Chair)
Independent
Non-Executive Director



Jeff Greenslade
Executive Director



Edward John Harvey
Independent
Non-Executive Director



Kathryn Mitchell
Non-Independent
Non-Executive Director



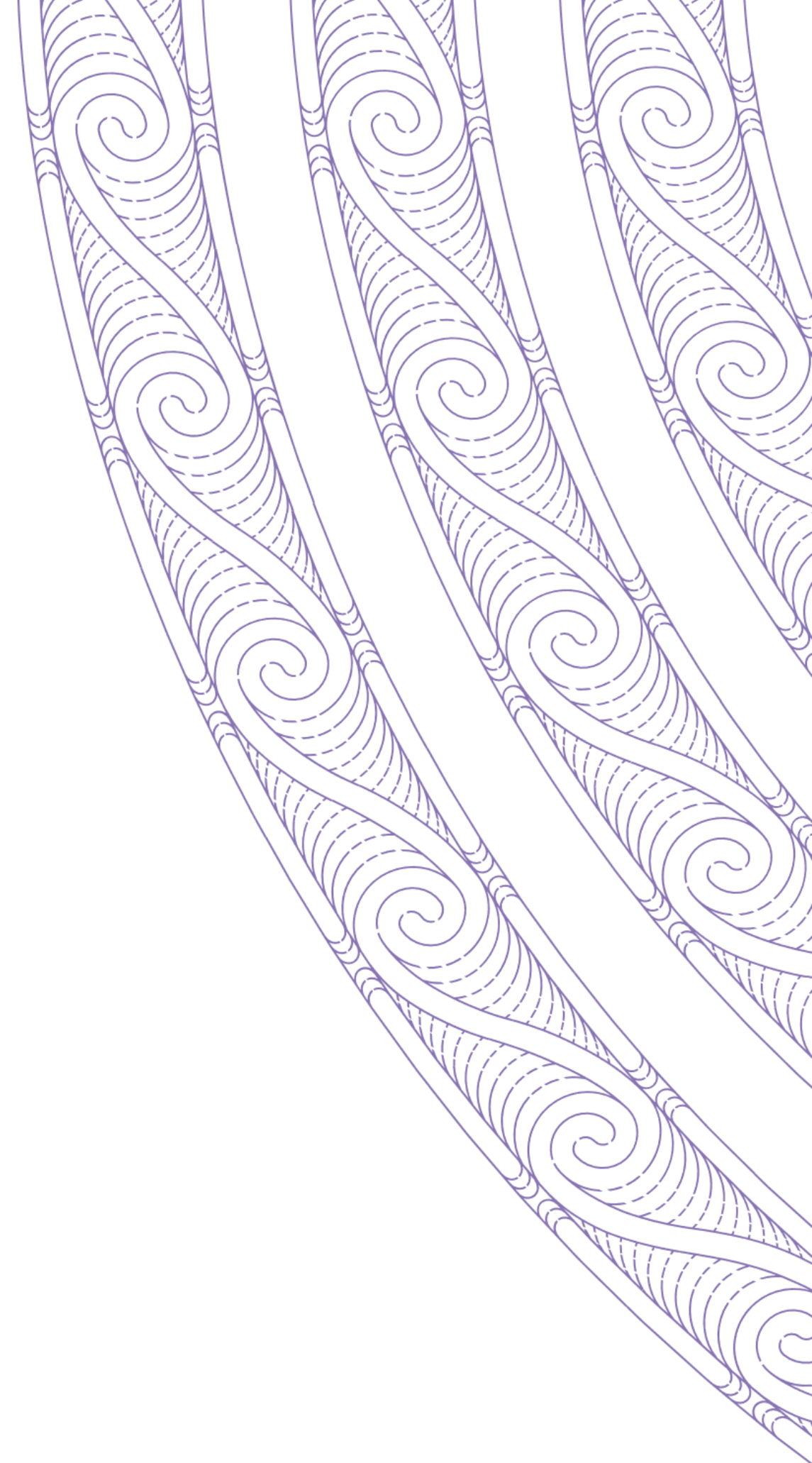
Geoffrey Ricketts
Non-Independent
Non-Executive Director



Shelley Ruha
Independent
Non-Executive Director



Simon Tyler*
Independent
Non-Executive Director



* Effective 8 November 2022, immediately following the 2022 Annual Shareholder Meeting.



Strategic Communication & Execution Committee



Jeff Greenslade
Group CEO



Chris Flood
Deputy Group CEO



Leanne Lazarus
Heartland Bank CEO



Andrew Dixon
Chief Financial Officer



Michael Drumm
Group Chief
Operating Officer



Monique Forbes
Group Chief
Marketing Officer



Mike Grenfell
Heartland Bank
Chief Operating Officer



Aleisha Langdale
Head of Strategic
Analysis & Execution



Doug Snell
StockCo Australia
CEO



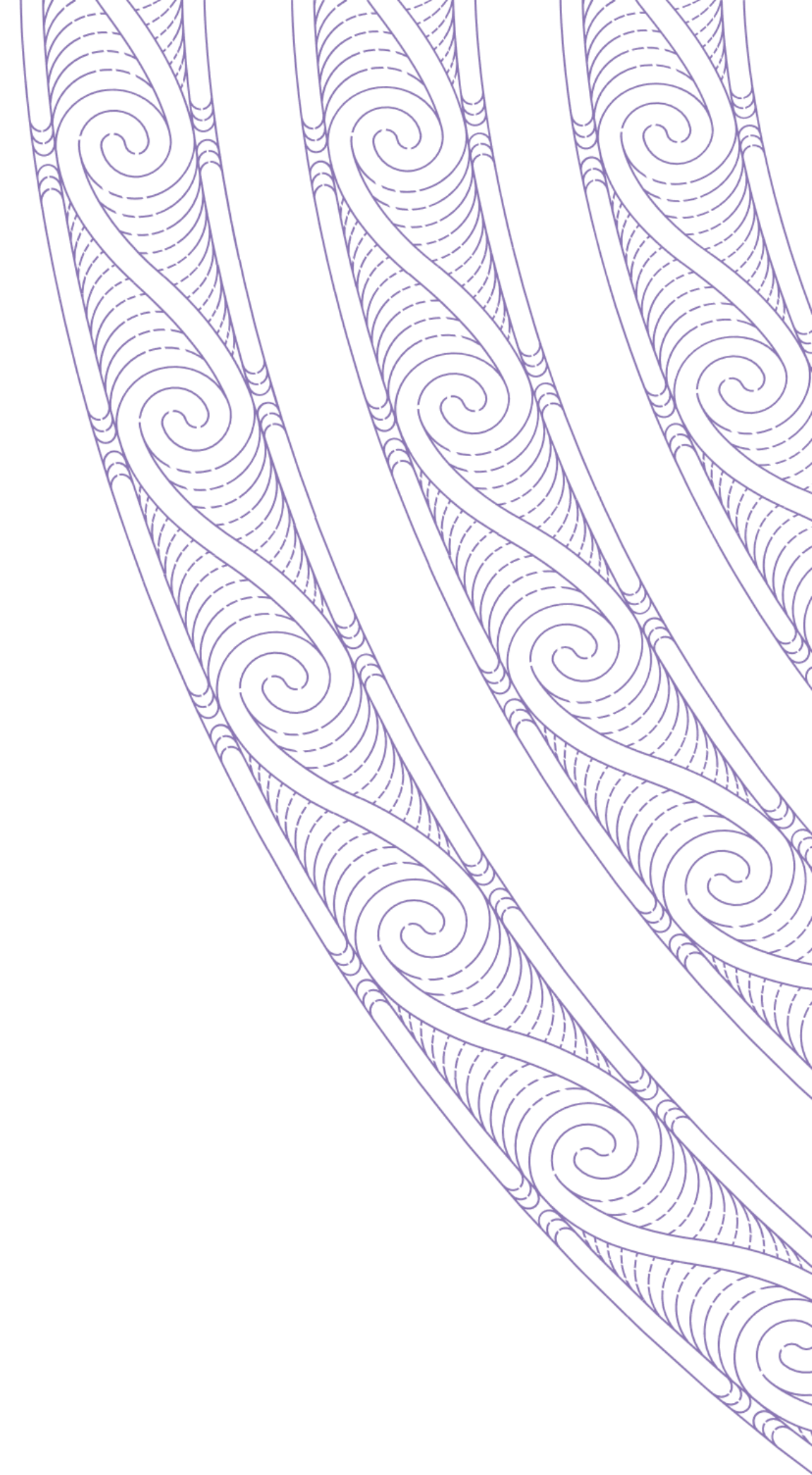
Lana West
Group Chief People
& Culture Officer



Andy Wood
Heartland Bank
Chief Risk Officer

Other formalities

- Proxies and postal votes received
- Meeting procedures
- Voting procedures and declaration of poll
- Notice of meeting
- Minutes of last Annual Meeting



Voting and asking questions

HEARTLAND GROUP

HELP NUMBER
0800 200 220

Ask a Question

Get a Voting Card

Exit Meeting ↗

Voting Card

Question box

+

Get a Voting Card

?

Ask a Question

Downloads

- Notice of Meeting
- Annual Report
- Virtual Meeting Online Guide

Virtual Meeting

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Chair's address

Geoff Ricketts | Chairman of the board



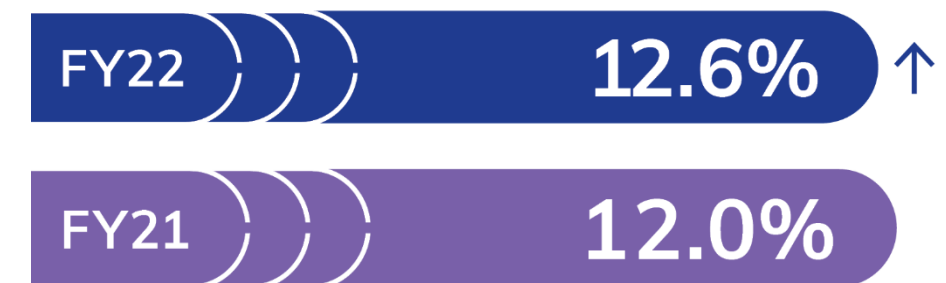
The year in review

NPAT of \$95.1 million.

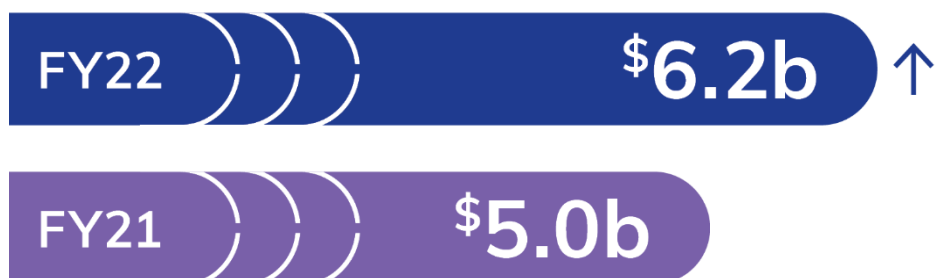
Underlying NPAT of \$96.1 million (up \$8.2 million).



Underlying return on equity up 59 bps to 12.6%.



Gross finance receivables up 15.3% to \$6.2 billion.



Underlying net interest margin of 4.16%, consistently higher than banking peers.¹



¹ KPMG FIPS Report June 2022.



The year in review continued



Acquisition of StockCo Australia in May 2022.



Ongoing digital developments, including for Australian Reverse Mortgage customers.



Progress made against **sustainability framework**.



120% increase in Heartland Mobile App users.

Equity raise

<p>\$200 million equity raise announced on 23 August 2022</p>	<p>\$130 million fully underwritten placement. Up to \$70 million non-underwritten share purchase plan.</p>
<p>\$198.6 million raised</p>	<p>\$130 million Placement was fully subscribed. \$68.6 million raised through SPP.</p>
<p>Proceeds used to repay A\$158 million acquisition finance facility outstanding from StockCo Australia.</p>	<p>Remainder will provide growth capital for existing businesses in New Zealand and Australia.</p>



Sustainability

Environmental Conservation



31% absolute reduction in Greenhouse Gas emissions (21% adjusted for COVID-19) from FY2019 baseline.



Preparation and contribution to **new climate-related disclosures** in NZ (coming into effect from FY2024).



23% of vehicle fleet replaced with hybrid alternatives.



Percentage of “**new generation**” (electric and hybrid) vehicles **financed increased steadily** over the year and continues to climb as Heartland’s key partners increase production of new generation vehicles.

Social equity



Implemented processes and controls to prevent any connection to modern day slavery.



One of seven organisations to disclose gender, Māori and Pasifika pay gap measures on launch of new registry.

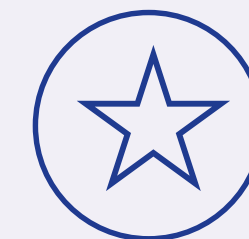


Rainbow Tick achieved in November 2021.

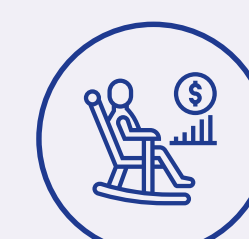


Heartland Trust¹ grants totalled \$501,933 to community groups and organisations.

Economic prosperity



Heartland Bank named **Canstar’s 2022 Bank of the Year – Savings** (fifth consecutive year).



Enabled more than **40,000 New Zealanders and Australians** to live a more comfortable retirement through a reverse mortgage.



Offered **customer cost savings** through competitive rates.



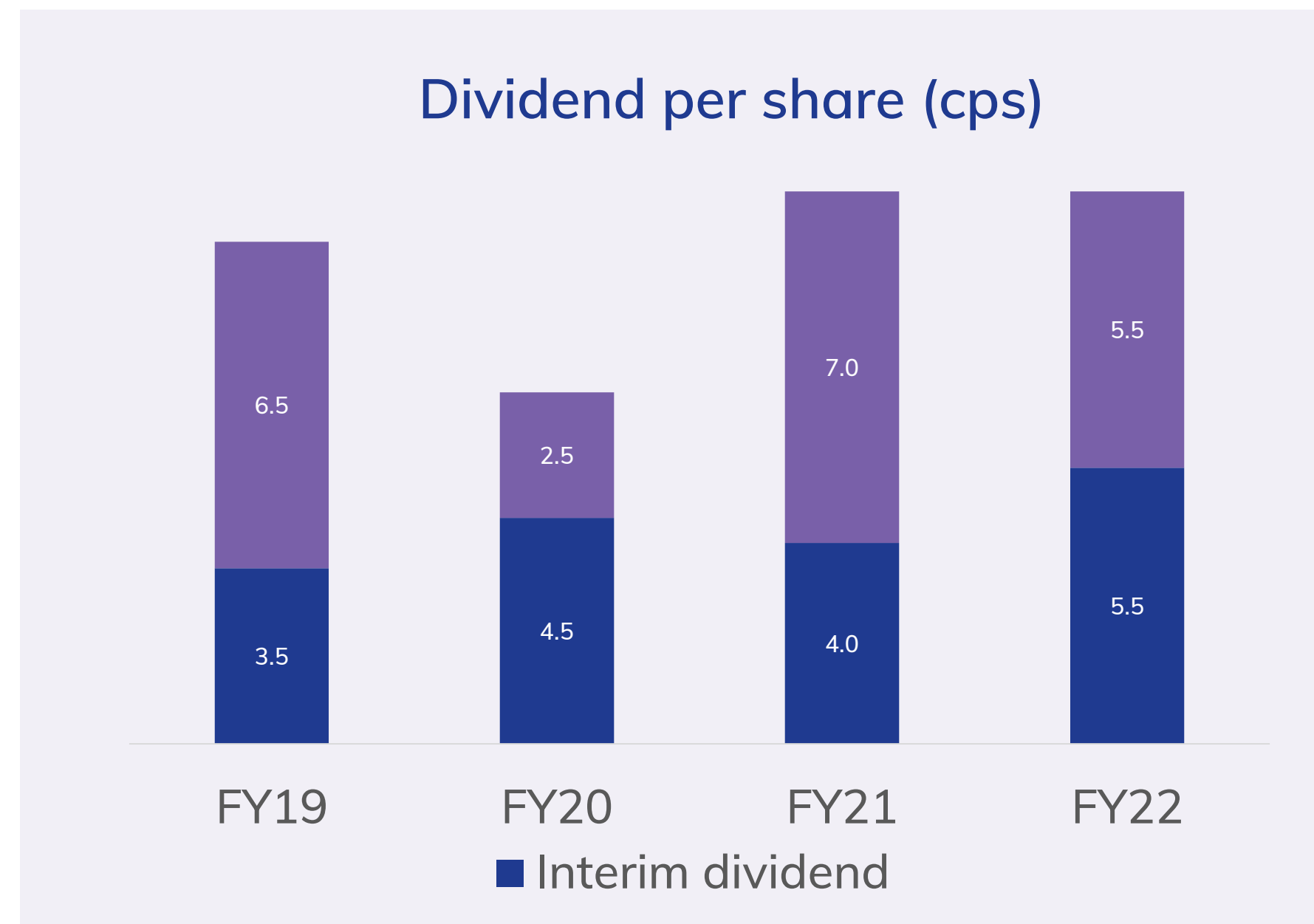
Delivered **total shareholder return** as described on page 12.

¹ The Heartland Trust is a registered charitable trust which is independent from, but closely supported by Heartland and Heartland Bank.



Shareholder return

- **Final dividend** of 5.5 cents per share.
- **Total dividend** for FY2022 of 11.0 cents per share
- **Full year payout ratio of 68%**, consistent with three-year average.
- **Five year total shareholder return (TSR) of 66.9%**, compared with the NZX50 Index TSR of 56.7% in the same period.¹



¹ TSR for the period 19 August 2017 – 19 August 2022.



Outlook

- The Board is confident in Heartland's ability to generate strong growth and profitability as it continues to deliver against its best or only strategy.
- \$9.6 million COVID-19 Overlay taken in FY20 released in full.
- \$8.0 million Economic Overlay created to provide more resilience in areas with larger loan sizes, such as Business Relationship lending and Asset Finance.

NPAT for FY2023

Heartland expects NPAT for FY2023 to be in the range of

\$109m to \$114m

Excluding any impact of fair value changes on equity investments held and the impact of the de-designation of derivatives.



CEO's address

Jeff Greenslade

Strategic focus

Four pillars underpin Heartland's best or only strategy:





Business as Usual Growth



1 All lending portfolio figures are as at 30 June 2022 and exclude FX impact. 2 Previously referred to as Business Intermediated. 3 Business includes floorplan lending to vehicle retailers and wholesale facilities to other lenders. The portfolio includes what was previously known as Business Relationship.



Frictionless Service at the Lowest Cost

Ka whawhai tonu mātou.

The path to delivering frictionless service is a never-ending journey.

- Self-service capability has been delivered, with more in development.
- Self-service removes telephone wait times and other forms of customer friction while creating scale and efficiencies. This flows through to our cost-to-income (**CTI**) ratio.
- Underlying CTI ratio reduced to 42.5% in FY22.



Expansion in Australia and Acquisitions

HEARTLAND
REVERSE MORTGAGES

- **Australian Reverse Mortgages** now over A\$1 billion.

 **STOCKCO**
100% LIVESTOCK FINANCE

- The acquisition of **StockCo Australia** in May 2022 extends Heartland's best or only strategy into the livestock finance market.

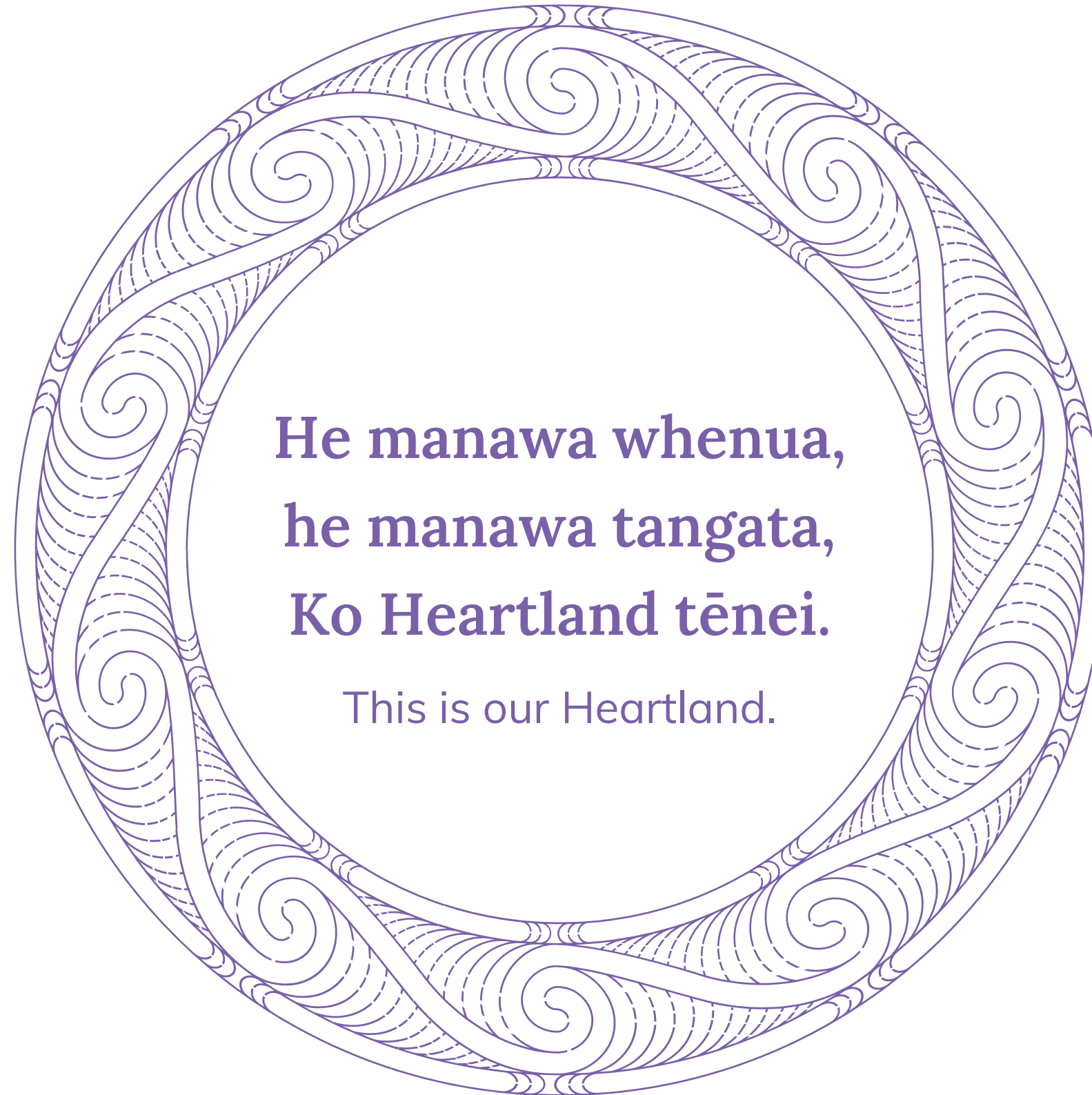


Challenger Bank

- In October 2022, Heartland entered into an agreement for the acquisition of established authorised deposit-taking institution (**ADI**), Challenger Bank.
- Operating as a bank in Australia would provide the platform needed to:
 - access ongoing funding
 - lift Heartland's margin through lower cost of funds
 - extend Heartland's best or only strategy into a larger market.
- The consideration payable on completion is expected to be A\$36 million, subject to adjustments for net assets delivered at completion. Heartland's intention is to cover the costs of the acquisition through existing resources.



Closing remarks



Shareholder discussion



Voting



Other business



Thank you

For further information, please see
shareholders.heartland.co.nz

HEARTLAND
— GROUP —

2022 Annual Shareholder Meeting: Chair's Address

1. Introduction

The financial year ended 30 June 2022 (**FY2022**) certainly presented its challenges. However, the Board and I are proud of the way in which Heartland Group Holdings Limited (**Heartland**) and its customers have continued to respond to the uncertainties presented to them.

After another year hampered by the ongoing effects of the pandemic, and with increasing challenges presented by the economic environment, I am pleased to be standing here today confirming yet another positive financial result for Heartland.

2. The year in review

In FY2022, Heartland achieved a record net profit after tax (**NPAT**) of \$95.1 million. On an underlying basis, which excludes the impacts of one-offs and the acquisition of StockCo Holdings 2 Pty Ltd and StockCo Australia Management Pty Limited (together, **StockCo Australia**), this NPAT was \$96.1 million, an increase of \$8.2 million over the prior year (**FY2021**). This is another strong result for Heartland as it continues to deliver against its best or only strategy.

Heartland grew its gross finance receivables (**Receivables**)¹ by 15.3% to \$6.2 billion during the year as a result of strong performance from its Rural lending, online Home Loans, Motor and Reverse Mortgages portfolios.

On an underlying basis, return on equity was up 59 basis points to 12.6%. Further, Heartland's net interest margin of 4.16% in FY2022 has been consistently higher than banking peers.²

During FY2022, Heartland achieved a significant milestone against its strategy for growth in Australia through the acquisition of StockCo Australia. StockCo Australia specialises in livestock finance for Australian cattle and sheep farmers, similar to Heartland Bank Limited's (**Heartland Bank's**) Livestock Finance product in New Zealand.

Proceeds from Heartland's recent equity raise have been used to repay outstanding debt from the acquisition and will also support future growth ambitions.

Heartland also recently announced its intention to purchase Australian bank, Challenger Bank Limited, conditional only on regulatory approvals. Jeff Greenslade will discuss this in more detail.

Heartland continued to advance the digitalisation of its products and platforms. Achievements included a 120% increase in the number of Heartland Mobile App users in New Zealand, and the development of a digital platform to allow Australian Reverse Mortgage customers to view their loan balance and cash review or redraw facilities from their mobile phone, tablet or computer.

Progress has also been made against Heartland's sustainability framework, which I will discuss shortly.

¹ Receivables include Reverse Mortgages and StockCo Australia.

² KPMG FIPS Report June 2022.

3. Equity raise

In order to repay the StockCo Australia acquisition debt funding, and to fund future growth for Heartland's existing businesses in New Zealand and Australia, Heartland announced a \$200 million equity raise on 23 August 2022. This was Heartland's first equity raise since 2017.

The equity raise comprised a \$130 million fully underwritten placement (**Placement**) and a non-underwritten share purchase plan (**SPP**) offered to shareholders in New Zealand and Australia to raise up to \$70 million. The SPP included the ability for Heartland to accept oversubscriptions at its discretion.

Heartland chose this offer structure due to the volatile market conditions, and its objective to further diversify its share register. A diversified share register would promote increased liquidity on both the NZX and ASX. This is important in driving long-term value for all shareholders, by attracting depth of investment and widening demand.

Pleasingly, the \$130 million Placement was fully subscribed. The Placement was strongly supported by shareholders, and attracted significant bids from new institutional and retail investors who we welcome as shareholders. The SPP had raised a total of \$68.6 million from shareholders. Thank you for your ongoing support and contribution to Heartland's strategic ambitions.

4. Sustainability

Moving to sustainability, significant progress has been made against each of Heartland's sustainability pillars. These are environmental conservation, social equity and economic prosperity.

Heartland is embedding sustainability as a strategic focus throughout the business, ensuring that it is operating in a way that is sustainable for the planet, customers, communities and shareholders.

Environmental conservation

Heartland's most recent Greenhouse Gas (**GHG**) emissions reporting period relates to FY2021. Pleasingly Heartland achieved a 31% absolute reduction in emissions for this period. 21% of this can be attributed to new ways of operating, while the remainder is a result of the impact of COVID-19.

Work is underway to ensure Heartland is in a position to report its GHG emissions for the financial year ending 30 June 2023 (**FY2023**) as part of its FY2023 financial reporting. From FY2023, Heartland's GHG emissions reporting will also include emissions attributed to customer activity enabled through lending.

The installation of EV charging stations at key office locations has commenced as Heartland continues to replace its vehicle fleet with hybrid alternatives. Through FY2022 Heartland also saw an increasing number of electric and hybrid vehicles being financed through its Motor portfolio.

Social equity

Social equity includes ensuring good conduct and culture practices are maintained to drive fair outcomes for customers, together with fostering a work environment that promotes diversity and inclusion, and making a positive difference in the community.

In FY2022 Heartland implemented processes and controls to prevent any connection to modern day slavery, whether through business practices, customer practices, or supply chain connections.

Heartland remains committed to doing the right thing for its customers, and was pleased to achieve Consumer Trusted accreditation for its New Zealand Reverse Mortgages for the fifth year in a row.

As part of its commitment to providing fair pay to its people, Heartland introduced pay gap reporting as part of a reporting register launched in March 2022. Heartland was one of only seven organisations to disclose its gender, Māori and Pasifika pay gap measures on the first day of the registry's launch. There is more to be done to close Heartland's pay gaps, and work is underway in this regard.

Heartland Bank was also proud to achieve the Rainbow Tick in line with concerted efforts by its people to focus on diversity, equity and inclusion.

Heartland has a strong history in New Zealand, dating back to 1875. So, it is our pleasure to be able to support the communities we operate in, through the Heartland Trust. The Heartland Trust is an independent registered charitable trust which is closely supported by Heartland and is a holder of Heartland shares.

During the year, the Heartland Trust made grants totalling more than \$500,000 to support our communities, including in the areas of education, arts and culture, and mental health. The Trust continued its funding and support of the InZone Education Foundation, Auckland City Mission, Auckland University's Kupe Leadership Scholarship, the Auckland Writers Festival, WORD Christchurch Festival, Lifeline, and a number of high school and club 1st XV rugby teams across the country.

Economic prosperity

Economic prosperity was delivered through Heartland's products and ongoing digitalisation efforts.

Heartland Bank was once again named Canstar's "2022 Bank of the Year – Savings" for the fifth consecutive year, with awards also given for its Direct Call and Notice Saver accounts.

More than 40,000 New Zealanders and Australians have been able to live a more comfortable retirement through access to Heartland's Reverse Mortgages.

Furthermore, over 20,000 Heartland Bank customers are now using the Heartland Mobile App, which allows Heartland to pass cost savings on to its customers in the form of competitive rates.

For our shareholders, we were pleased to be able to pay a final dividend of 5.5 cents per share, bringing the total dividend for FY2022 to 11 cents per share. The full year payout ratio of 68% was consistent with the average over the last three years.

The total shareholder return (TSR) was 66.9% for the five-year period from 19 August 2017 – 19 August 2022. This compares with TSR of 56.7% for the NZX50 in the same period.

5. Outlook

The Board is confident in Heartland's ability to generate strong growth and profitability as it continues to deliver against its strategy to provide best or only products through scalable digital platforms – with further expansion expected in Australia.

While Heartland released its \$9.6 million COVID-19 Overlay taken in the financial year ended 30 June

2020 (**FY2020**), it was considered prudent to create an Economic Overlay of \$8.0 million due to the uncertainty and economic pressures facing businesses. The Economic Overlay will provide more resilience in areas such as Business Relationship lending and Asset Finance which have larger loan sizes.

Noting the ongoing volatility in the market, and the challenges of rapidly rising interest rates, Heartland affirms its NPAT for FY2023 to be in the range of \$109 million to \$114 million. This excludes any impact of fair value changes on equity investments held and the impact of the de-designation of derivatives.

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. I would also like to extend a very warm welcome to Leanne Lazarus who joined the Executive team as Heartland Bank CEO in August 2022.

On behalf of the Board and Executive team, I wish to thank our Heartland employees for their hard work and resilience which enabled an exceptional result this 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.

2022 Annual Shareholder Meeting: Group Chief Executive Officer's Address

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 iwi maha o te motu whānui, kei te mihi, kei te mihi.

To the many iwi across the country, 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.

To say that these are trying times seems glib when faced both with the flow of negative headlines and the complexities at work behind them. The post-pandemic world is fraught with “not for a decade” levels of economic turmoil. Escalating inflation has impacted interest rates and created uncertainty and volatility. Sovereign debt yields have pushed up, raising the discount on future cash flows, reducing asset values.

Despite all this, thus far, conditions are not as bad as post Global Financial Crisis (**GFC**) in 2009-2011. There is very low unemployment and there has been no liquidity or balance sheet crisis.

However, we do not expect our customers to be immune from the economic pressures and as we did in the last two years of the pandemic, we will continue to support them.

But above all, as a growth business, we must keep our eyes on the long-term goals, while ensuring we are able to meet the short-term challenges.

Heartland Group Holdings Limited (**Heartland**) has a strong pedigree in successfully navigating uncertainty. Heartland was forged in the aftermath of the GFC. From difficult times, we have learned lessons.

1. The first is the value of having positions in markets that are either immune to macro-economic stress or are resilient. The best example of this is Reverse Mortgages where growth in the first quarter of the financial year ending 30 June 2023 (**FY2023**) of \$44 million (or 24.4% annualised) was achieved in New Zealand and A\$55 million (18.9% annualised) in Australia, while loan to value ratios remain at conservative levels. We expect resilience in Livestock lending where demand for protein remains constant despite the conditions. And we hope for good growth over the financial year. We anticipate some stress on our Motor loans, recalling however, that during the GFC, Motor loans arrears and losses increased, but were absorbable. And it is pleasing to see Motor growth is returning to levels pre- changes to the New Zealand Credit Contracts and Consumer Finance Act 2003 and the Credit Contracts and Consumer Finance Regulations 2004 (**CCCFA**), introduced on 1 December 2021.
2. Secondly, it is vital to be agile and adapt. Resisting despair with every negative headline, seeking

out opportunities in adversity. The recent announcement of our intention to acquire Challenger Bank Limited (**Challenger Bank**) occurred at an opportune time for values. The cost of purchasing a bank in Australia has moved in our favour.

Despite the economic situation, Heartland is positioned for a transformation. We will continue to challenge operating models, remaining true to our best or only strategy, extracting the benefits of digitalisation: generating efficiencies and delivering market differentiation. But the game-changer is the opportunity to purchase a bank in Australia which drives a quantum shift in growth potential.

I will talk to that in a moment, but first I will update the four pillars of our best or only strategy:

1. Business as Usual Growth
2. Frictionless Service at the Lowest Cost
3. Expansion in Australia
4. Acquisitions.

2. Business as Usual Growth

As the Chair outlined, Heartland achieved earnings of \$95.1 million in the financial year ended 30 June 2022 (**FY2022**), being at the top end of the guidance range, based on 15.3% growth in gross finance receivables (**Receivables**)¹, excluding the impact of the StockCo Holdings 2 Pty Ltd and StockCo Australia Management Pty Limited (together, **StockCo Australia**) acquisition. This level of growth further evidences the resilience of Heartland's market position.

At the same time, Heartland's portfolio mix has moved towards higher quality assets. This is due to four factors:

1. higher aggregate growth in Reverse Mortgages and online Home Loans
2. the introduction of lower impairment livestock loans
3. a shift in the Motor book towards higher quality loans, and
4. the run-off of higher risk personal lending.

Reverse Mortgages have consistently performed well and are expected to continue to do so in this environment where rising costs puts pressure on household budgets. In FY2022, NZ Reverse Mortgages helped their 20,000th customer and saw a 19.9% increase in Receivables compared with the financial year ended 30 June 2021 (**FY2021**). Australian Reverse Mortgages saw a 15.2% increase in Receivables, and grew market share from 29% to 33%². The potential addressable market for reverse mortgages in Australia is estimated to be \$10-15 billion³ – demonstrating clear opportunity for ongoing growth.

In FY2022, Heartland Bank's Livestock business enjoyed record growth from an increase in customers and facility utilisation rates reaching an historic high. We expect the global demand for protein to drive further growth for Livestock in New Zealand and our recently acquired business, StockCo Australia.

Supply chain disruptions and the unintended effects of the CCCFA changes made in December 2021 caused ebbs and flows in Motor with some normalisation in the last quarter. The portfolio's 7%

¹ Receivables include Reverse Mortgages and StockCo Australia.

² Based on APRA ADI Property Exposure and Heartland Finance data as at 31 March 2021 and 31 March 2022.

³ According to Deloitte at the 2021 Three Pillars Forum.

increase in Receivables for FY2022 was not as strong as we would typically expect. However, the last quarter alone produced almost a doubling in growth on the previous quarter.

Online Home Loans were also affected by the recent CCCFA changes, and more recently by a slowdown in house sales. However, the refinance market is attractive and a book size in excess of \$400 million by the end of FY2023 is targeted.

A more cautious approach will be taken in personal and small business lending given the current environment. This may impact on growth and net interest margin but is prudent risk management.

3. Frictionless Service at the Lowest Cost

Ka whawhai tonu mātou.

The path to delivering frictionless service is a never-ending journey.

Technology moves quickly – faster than people – though behaviours are changing, driven by pandemic necessity. The trend is moving ineluctably towards self-service. This capability via digital platforms and apps has been delivered across both sides of the Tasman, and more is in development.

Telephone wait times are constantly rising. Self-service removes this and other forms of customer friction while creating scale and efficiencies. This flows through to our cost-to-income ratio.

On an underlying basis, the cost to income ratio reduced to 42.5% in FY2022. While this might wobble in the short-term due to investment, we are committed to reducing this further over the long-term. Ultimately, a lower cost-to-income ratio allows us to be more competitive.

4. Expansion in Australia and Acquisitions

Expansion in Australia has been exemplified by Reverse Mortgages growth. The loan book was A\$377 million in April 2014 when acquired by Heartland, and is now just over A\$1 billion.

The acquisition of StockCo Australia in May this year extended Heartland's best or only strategy into the Australian livestock finance market.

In order to realise the full potential of our Australian businesses, we require access to deep and efficient pools of funding. In August, we announced our intention to establish or acquire an authorised deposit-taking institution (**ADI**) licence in Australia. As confirmed recently, we have now entered into an agreement for the acquisition of Challenger Bank from ASX-listed investment management firm, Challenger Limited.

Challenger Bank is an established ADI which offers customers a range of savings and lending products, including government-guaranteed retail term deposits and home loans. It has invested in systems and, in particular, has a very efficient and scalable deposit platform.

Subject to regulatory approvals and transaction completion, Heartland's existing businesses in Australia will be transferred to sit in or under Challenger Bank. This would be Heartland's vehicle for growth in Australia.

The consideration payable by Heartland on completion is expected to be A\$36 million, subject to

adjustments for net assets delivered at completion. We intend to cover this cost through existing resources.

It is important to pause and consider for a moment the opportunity we have of operating as a bank in Australia. There is not just the potential to lift our margin through lower costs of funds, but critically, we also have available to us a much larger market to extend our best or only strategy. Think of the growth we have achieved in New Zealand and then apply that to a market which is several times larger. In New Zealand, Heartland's best or only strategy has driven a tripling of our size in the 10 years since becoming a bank.

5. Conclusion

To conclude, I can confirm that we remain on track to deliver FY2023 net profit after tax within the guidance range of \$109 to \$114 million, excluding any impacts of fair value changes on equity investments held and excluding the impact of the de-designation of derivatives.

Our Heartland employees are crucial to meeting this target and delivering against our strategy. In what has been a challenging year, I would like to thank our employees for their exceptional efforts and commitment to our customers.

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.



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

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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

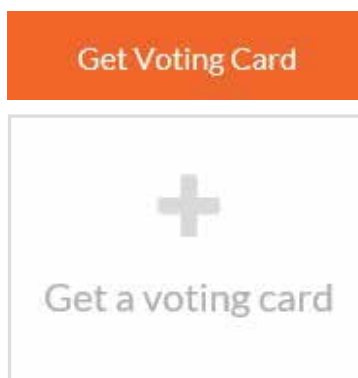
At the bottom of the webpage under the webcast and presentation there are three boxes. Refer to each section below for operating instructions.

- 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*

ADRISA PTY LTD X39210924

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 sharholder'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.

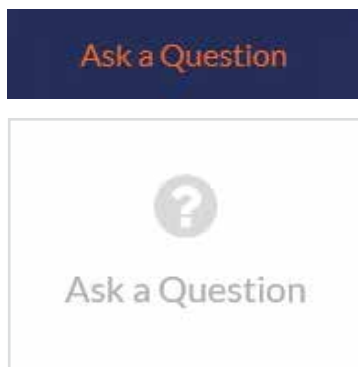
If an additional resolution is proposed during the meeting, there will be a short delay while the resolution is added to the voting card. Once the resolution has been added you will be notified by the Chairman during the meeting. In order to vote on the extra resolution you will need to reopen your voting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

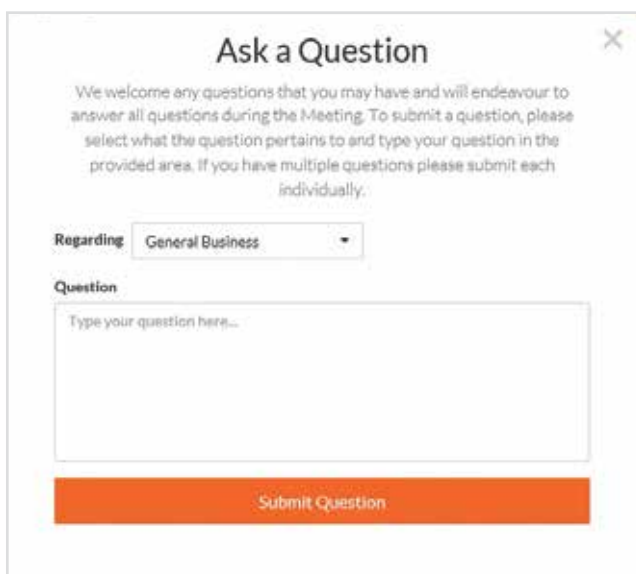
2. How to ask a question

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.

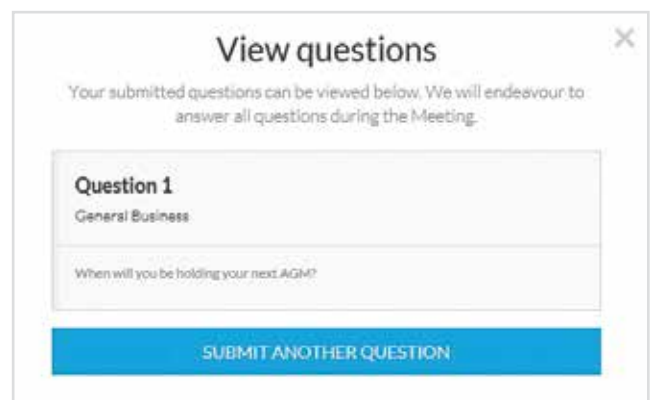
Note that not all questions are guaranteed to be answered during the Annual General Meeting, but we will do our best to address your concerns.

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.

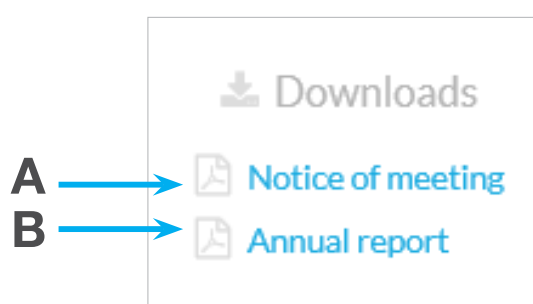
If your question has been answered and you would like to exercise your right of reply, you can do so by submitting another question.



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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