

**HEARTLAND**  
— GROUP —

Investor Presentation

# Proposed merger of Heartland Bank and TSB

2 June 2026

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**01**  
**Summary of  
proposed  
transaction**

# Summary of proposed transaction

## The proposed merger will create a New Zealand challenger bank of scale with a regional focus.

<b>Proposed transaction summary</b>	<ul style="list-style-type: none"><li>On 1 June 2026, Heartland Group Holdings Limited (<b>Heartland</b>) signed a conditional merger implementation agreement (<b>MIA</b>) with Toi Foundation and Toi Foundation Holdings Limited (together, <b>Toi Foundation</b>) to merge Heartland Bank Limited (<b>Heartland Bank</b>) and TSB Bank Limited (<b>TSB</b>).</li><li>Under the proposed transaction, Heartland will acquire from Toi all TSB shares on issue for an aggregate consideration of \$620m.</li><li>Immediately following the acquisition, Heartland Bank and TSB will merge via a short form amalgamation to create TSB Heartland Bank Limited (<b>TSB Heartland Bank</b>).<sup>1</sup></li><li>The proposed merger will create a New Zealand challenger bank of scale with a regional focus – increasing banking competition and choice for New Zealanders. It will be a full-service capable bank differentiated by its specialist product offerings, with a lower risk-weighted product portfolio.</li></ul>
<b>Financial outcomes</b>	<ul style="list-style-type: none"><li>Material synergies will be progressively realised over a 3-year period post-completion by reducing shared costs across TSB Heartland Bank. When fully realised, these synergies are expected to deliver a ~\$34m p.a. benefit to profit before tax.</li><li>Material normalised EPS accretion in excess of 20% is expected to be generated in the first year post-completion based on full run-rate synergies<sup>2</sup>, alongside an enhanced DPS profile.</li></ul>
<b>Consideration</b>	<ul style="list-style-type: none"><li>The aggregate consideration to Toi Foundation of \$620m includes a \$50m pre-completion cash dividend from TSB. The remaining consideration comprises:<ul style="list-style-type: none"><li>\$250m of ordinary equity issued to Toi Foundation by Heartland (200m shares issued at a price of \$1.25 per share<sup>3</sup>, representing a 17.5% ownership interest in Heartland post-completion of the proposed transaction)</li><li>\$56m subordinated debt (issued to Toi Foundation by Heartland Bank as RBNZ eligible Tier 2 capital)</li><li>\$264m vendor loan provided to Heartland by Toi Foundation<sup>4</sup>.</li></ul></li><li>The aggregate consideration to Toi Foundation implies:<ul style="list-style-type: none"><li>0.76x TSB's book value<sup>5</sup></li><li>12.1x TSB's LTM<sup>5</sup> NPAT</li><li>8.2x TSB's LTM<sup>5</sup> NPAT post achievement of full run-rate synergies realised across TSB Heartland Bank.<sup>2, 6</sup></li></ul></li></ul>

<sup>1</sup> Heartland Bank will be the surviving entity following completion of the proposed merger.

<sup>2</sup> Based on steady state pre-tax cost synergies of ~\$34m p.a. which will be realised over time across TSB Heartland Bank. Excludes integration costs as these are non-recurring in nature.

<sup>3</sup> Issue price is a 14.6% premium to Heartland's 10-day volume weighted average share price on the NZX of \$1.09 prior to announcement.

<sup>4</sup> Less the value of any non-permitted pre-completion dividend paid by TSB (if any), noting this would not reduce the aggregate consideration to Toi Foundation.

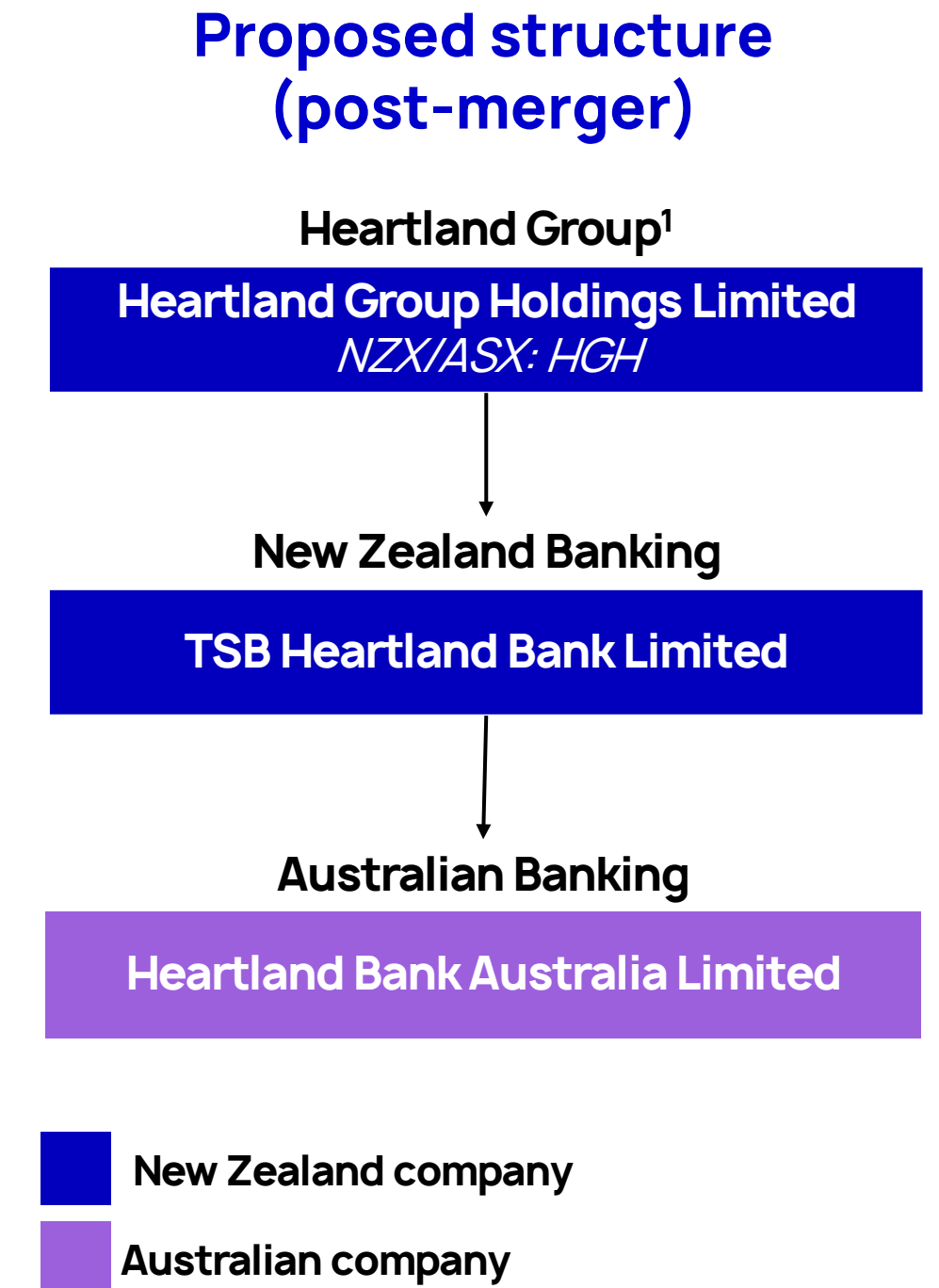
<sup>5</sup> As at 31 December 2025.

<sup>6</sup> Excludes capital structure (Tier 2 and vendor loan cost) adjustments from the proposed transaction.

# Summary of proposed transaction

## TSB Heartland Bank will continue to have a regional focus and nationwide presence.

<b>Brand and regional presence</b>	<ul style="list-style-type: none"> <li>Recognising each bank's long history and deep connection to regional New Zealand, the Heartland Bank and TSB brands will be reflected in the merged bank's name and branding strategies.</li> <li>TSB Heartland Bank will continue to focus on helping New Zealanders to meet their banking needs.</li> <li>It is intended that TSB Heartland Bank will retain Heartland Bank's existing nationwide presence, with Taranaki as a key operational hub for customer-based banking services – including maintaining a local branch network and customer-facing roles in Taranaki.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>As part of the consideration, Toi Foundation will hold 17.5% of the shares in Heartland.</li> <li>Subject to Heartland shareholder approval, it is expected that one Toi Foundation nominee will be initially appointed to the Heartland Board.<sup>2</sup></li> <li>It is also expected that on completion of the proposed transaction, two existing TSB directors will initially join the TSB Heartland Bank Board.<sup>3</sup></li> </ul>
<b>Timing and conditions</b>	<ul style="list-style-type: none"> <li>Completion is being targeted in December 2026, subject to satisfaction of a number of conditions in the MIA, including community consultation by Toi Foundation with Taranaki residents<sup>4</sup>, Heartland shareholder approval and any necessary New Zealand and Australian regulatory approvals. See page 23 for the full list of conditions.</li> <li>Heartland's investor day will be deferred to a later date, enabling Heartland to provide a more detailed update on its strategy and financial ambitions, including as a larger banking group (subject to approval of the proposed transaction).</li> <li>As is the case with any acquisition, the proposed transaction is subject to various risks, including that it may not complete if the conditions are not satisfied. See page 25 for more detail on the risks.</li> </ul>



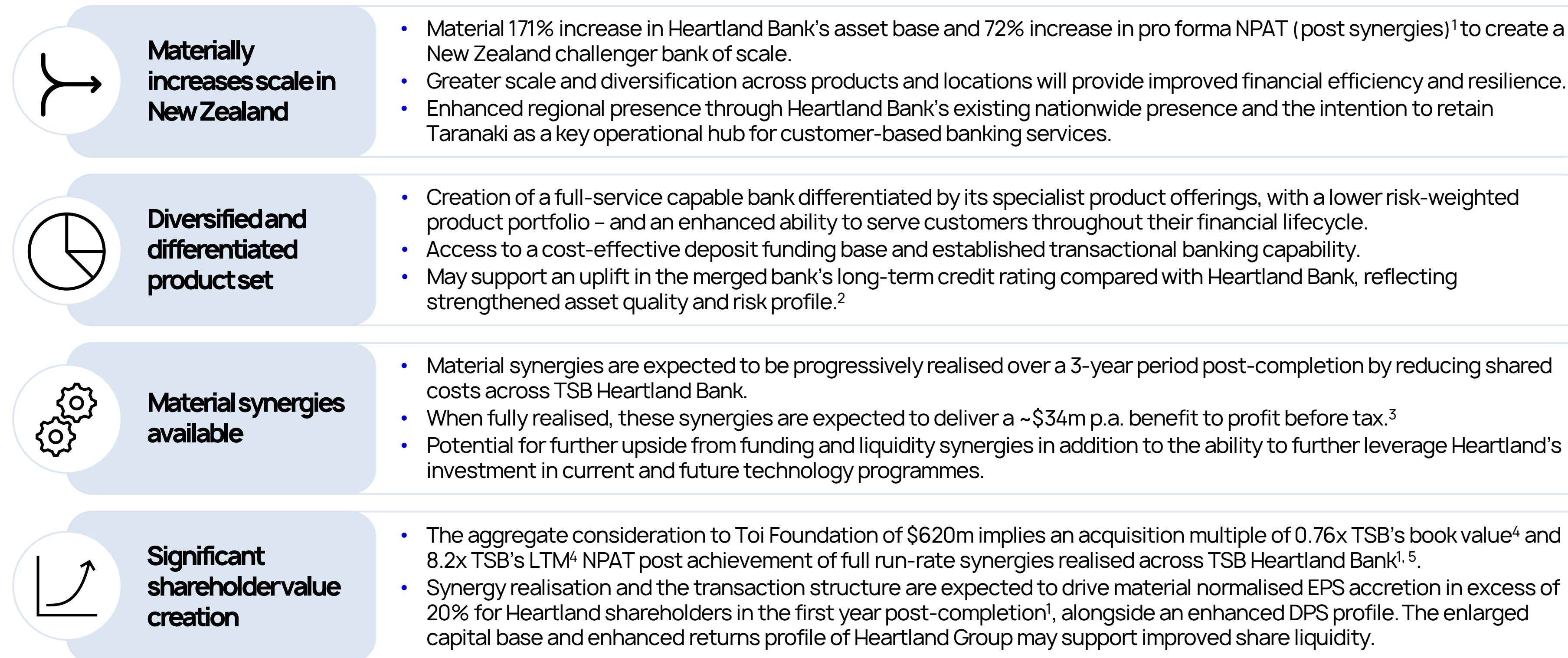
<sup>1</sup> Heartland and its subsidiaries.

<sup>2</sup> Effective from and subject to completion of the proposed transaction.

<sup>3</sup> Subject to the approval of the respective boards of Heartland Bank and TSB.

<sup>4</sup> Residents are defined as any people residing in the Taranaki region.

# Strategic rationale



<sup>1</sup> Based on steady state pre-tax cost synergies of ~\$34m p.a. which will be realised over time across TSB Heartland Bank. Excludes integration costs as these are non-recurring in nature.

<sup>2</sup> Heartland Bank currently has a long-term credit rating of BBB stable (issued by Fitch Australia Pty Ltd (**Fitch Ratings**)).

<sup>3</sup> See page 16 for further detail.

<sup>4</sup> As at 31 December 2025.

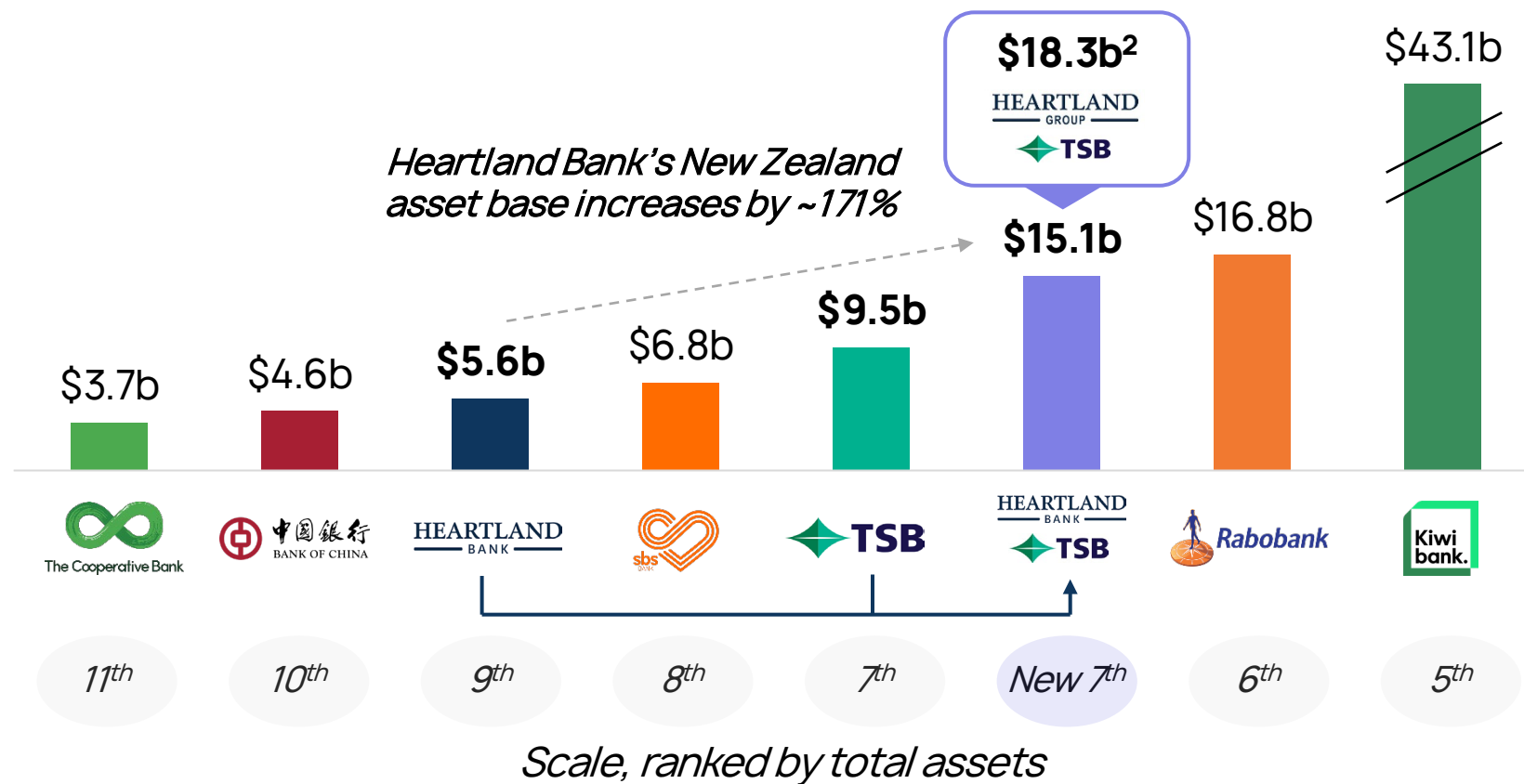
<sup>5</sup> Excludes capital structure (Tier 2 and vendor loan cost) adjustments from the proposed transaction.

# Snapshot of TSB Heartland Bank

A New Zealand challenger bank of scale with a regional focus – increasing banking competition and choice for New Zealanders.

## Material increase in scale

### Total New Zealand assets (NZ\$b)<sup>1</sup>

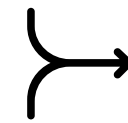


Greater scale and product diversification will improve financial efficiency and resilience.

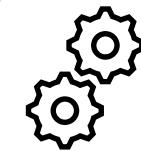
## Scale drives efficiency opportunities



Ability to **deploy capital more effectively** across a larger, optimised banking business.



Additional scale will drive an **improved CTI ratio** by leveraging the existing fixed cost base, with a streamlined operating model.



Leverage Heartland's investment in current and future technology programmes.

<sup>1</sup> As at 31 December 2025 per RBNZ Banking Dashboard.

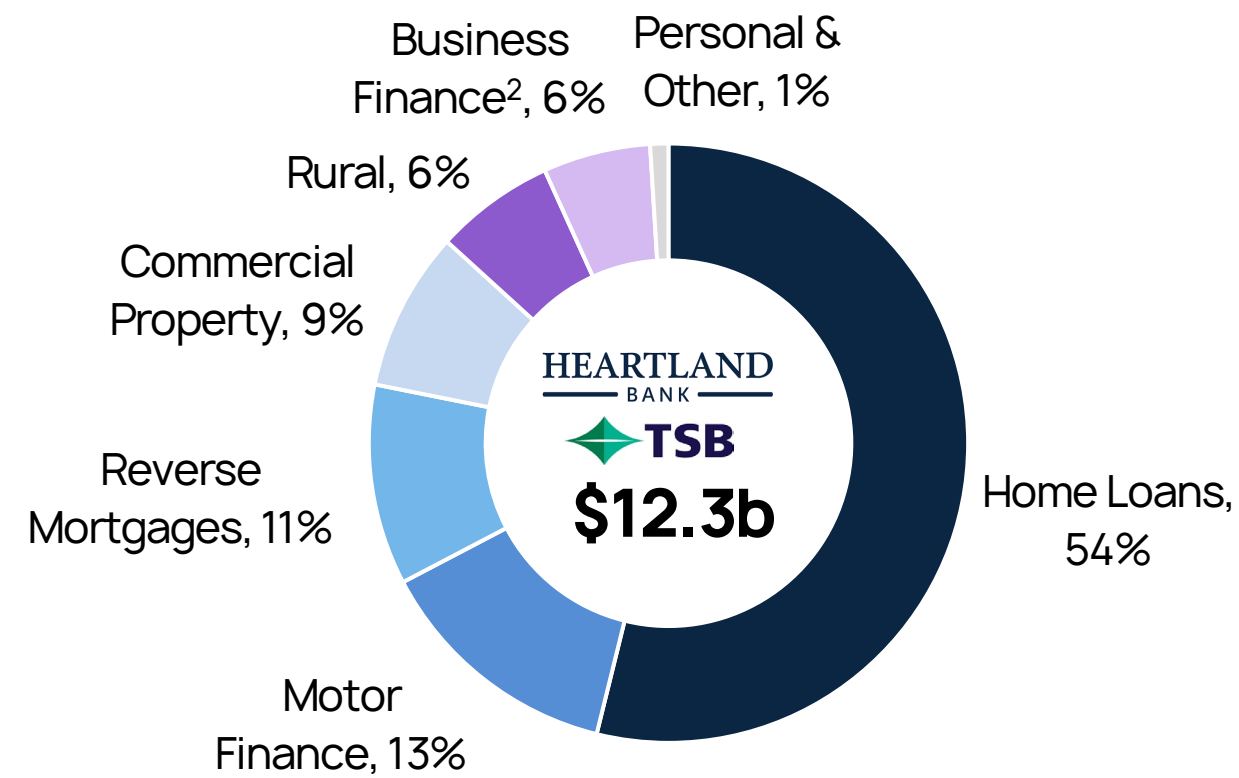
<sup>2</sup> Including Heartland Bank Australia's assets, held in a subsidiary of Heartland Bank.

# Snapshot of TSB Heartland Bank

**TSB Heartland Bank will operate as a full-service capable bank with specialist products, benefiting from TSB's cost-effective funding platform.**

## Diversified and differentiated product set

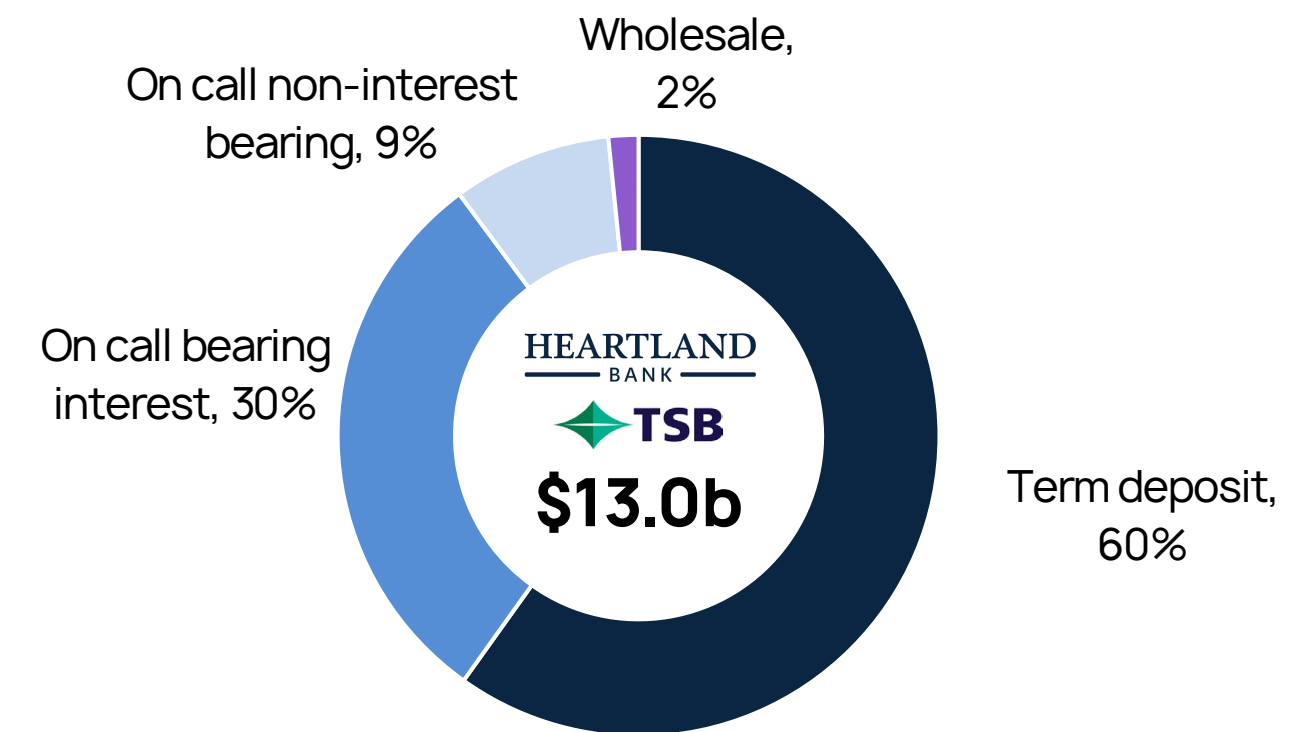
### Gross receivables<sup>1</sup>



**Full-service capable banking with specialist products, underpinned by low-risk reverse mortgages and home loans.**

## Optimised funding mix

### Funding<sup>1</sup>



**Optimised funding base through TSB's greater proportion of non-interest and interest bearing on call products.**

<sup>1</sup> Pro forma TSB Heartland Bank. Gross receivables include Heartland Bank's NSAs – realisation of which is expected to be largely concluded by 30 June 2026. As at 31 December 2025 for Heartland Bank and TSB.

<sup>2</sup> Business Finance includes Heartland Bank's Asset Finance and Business Relationship portfolios.

# Snapshot of Heartland Group

The expanded Heartland Group will retain its existing specialist product focus across New Zealand and Australia, enhanced by full-service banking capabilities in New Zealand.

	New Zealand <sup>5</sup>		Australia	Heartland Group <sup>5</sup>	
	HEARTLAND BANK	TSB	HEARTLAND BANK	HEARTLAND GROUP	
Core lending products <sup>1</sup>	Home Loans	✓		✓	44%
	Reverse Mortgages	✓	The acquisition of TSB provides requisite scale in New Zealand home loans which Heartland has been unable to achieve organically	✓	25%
	Motor Finance	✓		✓	11%
	Commercial Property	✓		✓	7%
	Rural	✓		✓	7%
	Business Finance <sup>2</sup>	✓		✓	5%
	Personal <sup>3</sup>	✓		✓	1% <sup>6</sup>
<b>Gross receivables<sup>4</sup></b>	NZ\$12.3b			A\$2.5b	
<b>Total assets<sup>4</sup></b>	NZ\$15.1b		A\$3.1b		
<b>Funding<sup>4</sup></b>	NZ\$13.0b		A\$2.7b		
<b>Regulatory capital<sup>4</sup></b>	NZ\$1.5b		A\$0.3b		n.a.

## Key highlights

- ✓ Formed through the merger of several New Zealand financial institutions in 2011, the addition of TSB extends Heartland Bank's scale and capability.
- ✓ Strong M&A and integration track record, including the recent acquisition of Challenger Bank Limited (now Heartland Bank Australia) – the first Australian authorised deposit-taking institution (**ADI**) to be acquired by a New Zealand registered bank.
- ✓ Continued focus on providing specialist products in New Zealand and Australia.
- ✓ Continued investment in technology and automation to enhance customer and employee experience.

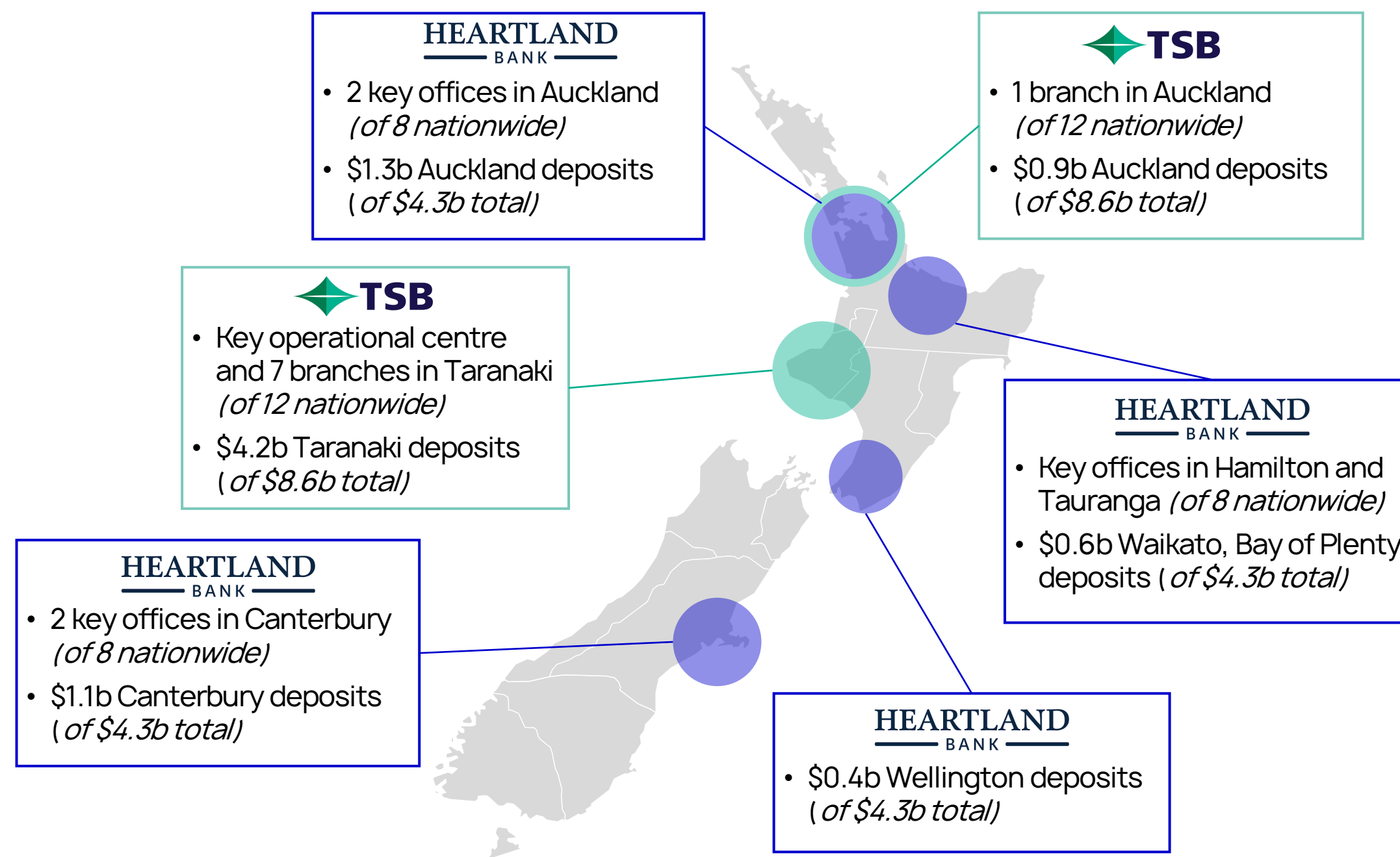
1 Heartland Bank's lending portfolio also includes Home Loans and Unsecured Lending portfolios in addition to core product portfolios. Home Loans and Unsecured Lending are winding down.  
 2 Business Finance includes Asset Finance and Business Relationship.  
 3 Includes credit card balances and other retail lending (including personal lending which is no longer accepting new applications).

4 As at 31 December 2025 for Heartland and TSB. Heartland Bank's gross receivables include NSAs.  
 5 Pro forma combination.  
 6 Including Heartland Bank's Unsecured Lending portfolio which is winding down.

# Continued regional focus and nationwide presence

Heartland Bank and TSB each have long histories and a deep connection to regional New Zealand, with each bank's portfolio reflecting its community roots.<sup>1</sup>

- The proposed merger will be grounded in ensuring good outcomes for both Heartland Bank's and TSB's customers, and the communities they serve.
- With its combined rich Kiwi heritage, TSB Heartland Bank will keep its focus on helping New Zealanders to meet their banking needs.
- It is intended that TSB Heartland Bank will retain Heartland Bank's existing nationwide presence, with Taranaki as a key operational hub for customer-based banking services – including maintaining a local branch network and customer-facing roles in Taranaki.



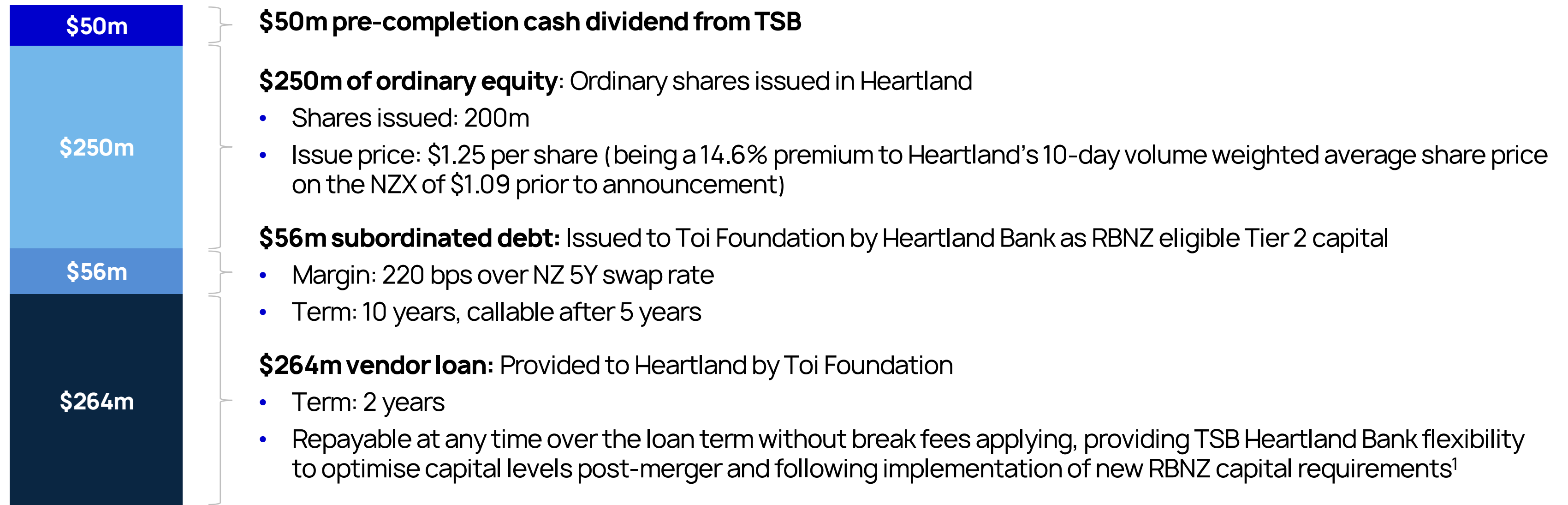
<sup>1</sup> Portfolio details as at 31 March 2025 for Heartland Bank and 31 December 2025 for TSB.

**02**  
**Funding and  
governance**

# Proposed transaction funding

As part of the consideration, Toi Foundation will receive a diversified range of banking investments with greater flexibility and liquidity than is currently possible through its ownership of TSB.

Aggregate consideration to Toi Foundation of \$620m comprises:

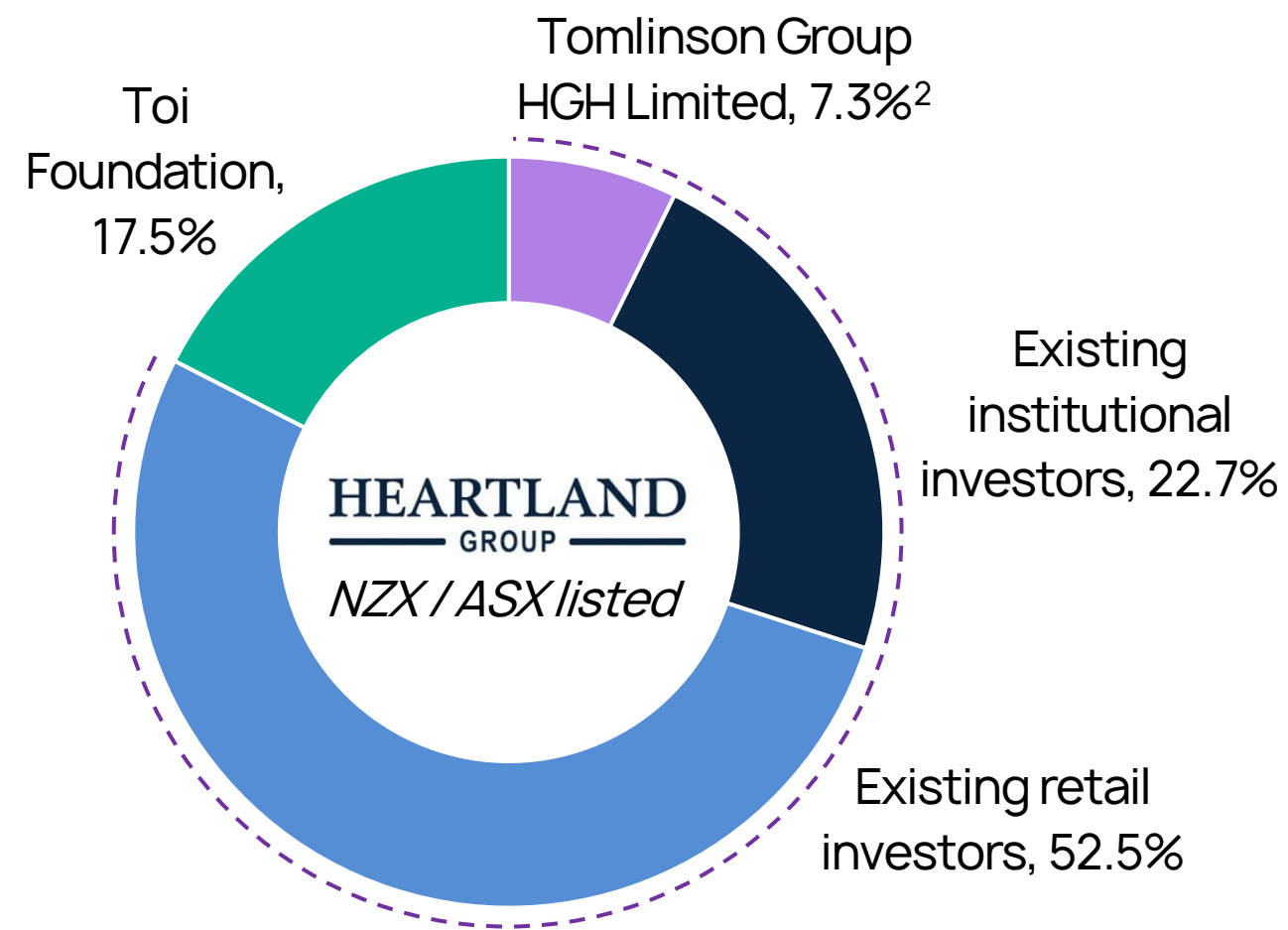


<sup>1</sup> The current RBNZ target date for implementation of risk weight reductions and the first annual step change in capital ratios is 1 October 2026.

# Heartland Group governance

**Toi Foundation will hold 17.5% of the shares in Heartland and is expected to have representation in Heartland Group's governance.**

## Heartland indicative shareholdings<sup>1</sup>



## Governance

- Toi Foundation is strongly aligned to the continued growth and prosperity of TSB Heartland Bank, and intends to be a long-term, supportive shareholder.
- Subject to Heartland shareholder approval of the proposed transaction and appointment, it is expected that one Toi Foundation nominee will be initially appointed to the Heartland Board.<sup>3</sup>
- It is also expected that on completion of the proposed transaction, two existing TSB directors will initially join the TSB Heartland Bank Board.<sup>4</sup>

<sup>1</sup> Based on Heartland's share register at 30 April 2026.

<sup>2</sup> Related interest of Greg Tomlinson, Chair and Non-Executive, Non-Independent Director of Heartland.

<sup>3</sup> With effect on completion, subject to Heartland shareholder approval.

<sup>4</sup> Subject to the approval of the respective boards of Heartland Bank and TSB.

**03**  
**Financial  
overview**

# Financial summary

## The proposed transaction is expected to create significant value for Heartland shareholders.

1	<ul style="list-style-type: none"><li>• <b>Aggregate consideration to Toi Foundation of \$620m for 100% of the shares in TSB implies:</b><ul style="list-style-type: none"><li>• 0.76x book value<sup>1</sup></li><li>• 12.1x LTM<sup>1</sup> earnings after tax (excluding synergies)</li><li>• 8.2x LTM<sup>1</sup> earnings after tax (including achievement of steady state synergies<sup>2, 3</sup>).</li></ul></li></ul>
2	<ul style="list-style-type: none"><li>• <b>The proposed transaction is expected to generate material normalised EPS accretion in excess of 20%</b> including steady state synergies<sup>2</sup> in the first year post-completion, alongside an enhanced DPS profile.</li><li>• In addition to synergies (see point 4 below), returns are enhanced through the vendor loan component offered by Toi Foundation.</li></ul>
3	<ul style="list-style-type: none"><li>• <b>The proposed transaction is expected to enhance normalised ROE</b> including steady state synergies.<sup>2</sup></li></ul>
4	<ul style="list-style-type: none"><li>• <b>Pre-tax cost synergies of ~\$34m p.a.</b> are expected to be realised over time across TSB Heartland Bank, with full run-rate achieved 3 years post-completion.</li><li>• Estimated total one-off integration costs of ~\$34m are expected to be incurred over a 3-year period post-completion.</li><li>• Potential for further upside from funding and liquidity synergies, in addition to the ability to further leverage Heartland's investment in current and future technology programmes.</li></ul>
5	<ul style="list-style-type: none"><li>• <b>Strong balance sheet, funding and liquidity position maintained.</b></li><li>• Strengthened capital position, with TSB Heartland Bank well placed to benefit from the reduction in certain RBNZ risk weightings expected from October 2026.</li><li>• The proposed transaction may support an uplift in TSB Heartland Bank's long-term credit rating reflecting its strengthened asset quality and risk profile.<sup>4</sup></li></ul>
6	<ul style="list-style-type: none"><li>• Transaction costs are estimated to be approximately \$15m. It is expected that approximately \$7m will be expensed and therefore reflected in Heartland's NPAT for FY2026 and approximately \$8m will be expensed and reflected in Heartland's NPAT for FY2027 (subject to the transaction completing in FY2027). Heartland now expects the difference between reported and underlying NPAT in FY2026 to include transaction costs in addition to any fair value changes on equity investments held and other one-off non-recurring expenses.</li></ul>

<sup>1</sup> As at 31 December 2025.

<sup>2</sup> Based on steady state pre-tax cost synergies of ~\$34m p.a. which will be realised over time across TSB Heartland Bank. Excludes integration costs as these are non-recurring in nature.

<sup>3</sup> Excludes capital structure (Tier 2 and vendor loan cost) adjustments from the proposed transaction.

<sup>4</sup> Heartland Bank has a long-term credit rating of BBB stable (issued by Fitch Ratings).

# Significant synergies available

## Ongoing cost synergies are expected to be realised over a three-year period across TSB Heartland Bank.

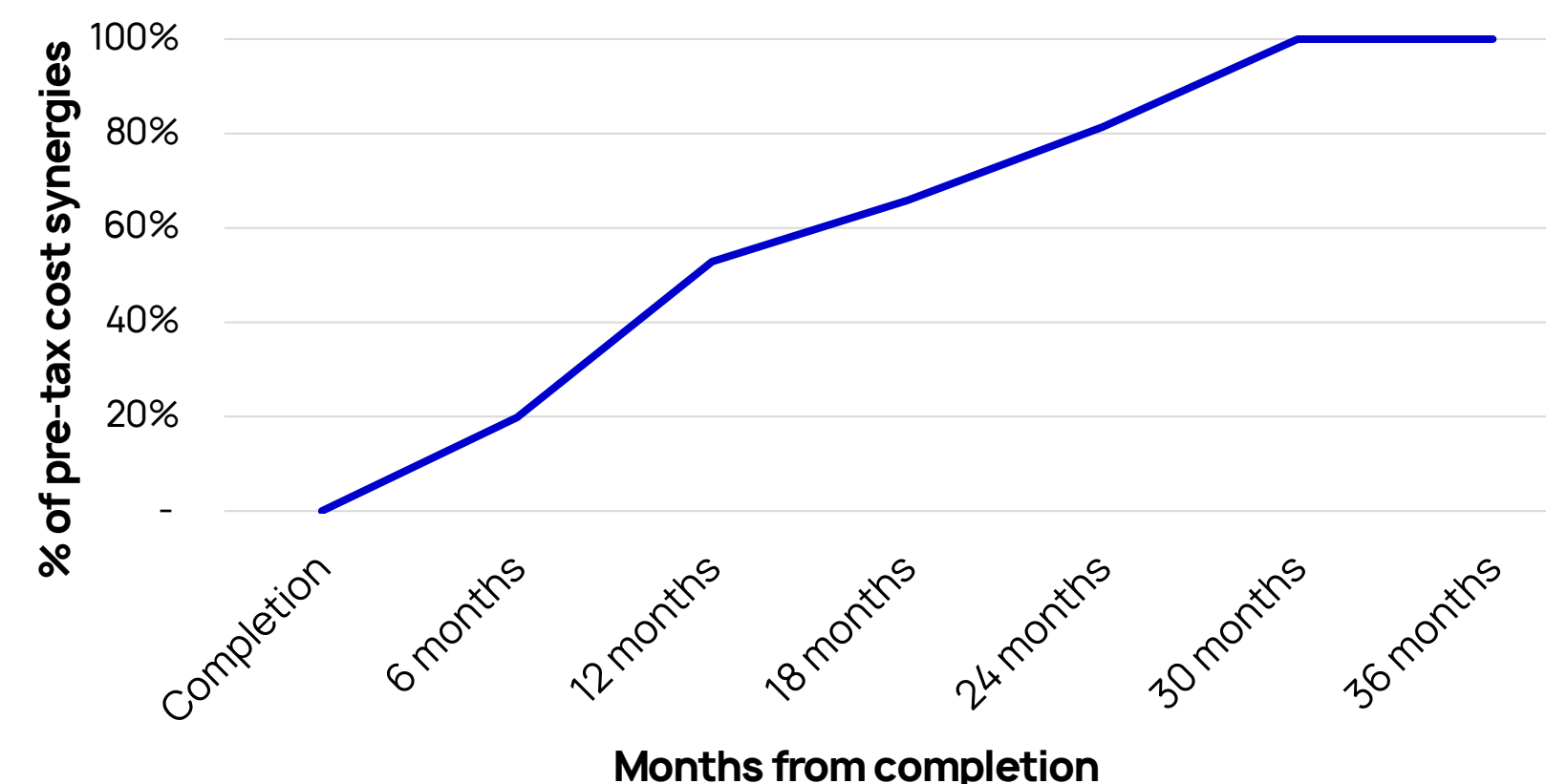
### Synergies overview<sup>1,2</sup>

- Material synergies<sup>3</sup> will be realised over a 3-year period post-completion by reducing shared costs across TSB Heartland Bank. When fully realised, these synergies are expected to deliver a ~\$34m p.a. benefit to profit before tax.
- Total one-off integration costs to realise the synergies are estimated at ~\$34m and are expected to be incurred over a three-year period post-completion.

### Potential further upside

- Enhanced ability to serve evolving customer needs throughout their financial lifecycle (e.g. transitioning from traditional mortgage to reverse equity product).
- Funding synergies based on access to TSB's cost-effective deposit base.
- Liquidity synergies based on optimising TSB Heartland Bank's liquid asset base post-completion.
- Ability to further leverage Heartland's investment in current and future technology programmes. Work remains ongoing in relation to technology integration costs and potential technology synergies, however these are not expected to materially impact the transaction economics.

### Indicative phasing of pre-tax cost synergies



Estimated cost efficiencies associated with bringing the two banks together include reducing duplication in activities and processes, and shared business overheads.

<sup>1</sup> EY was engaged by Heartland and Toi Foundation to assist in identifying and quantifying synergies, the pace at which they could be realised, and the cost of extracting them.

<sup>2</sup> Assessed synergies and one-off integration costs exclude technology-related items.

<sup>3</sup> Estimated synergies are management estimates prepared for transaction evaluation purposes and are forward-looking. Cost synergies (~\$34m p.a.) represent expected annual pre-tax run-rate benefits anticipated to be progressively realised within 3 years post-completion, subject to execution risk, regulatory requirements, market conditions and final integration design. Synergy estimates have not been audited and may differ materially from actual outcomes.

# Heartland Group pro forma balance sheet

The proposed transaction will significantly increase the size of Heartland Group.

Balance sheet <sup>1</sup>	HGH (Dec-25)	TSB (Dec-25)	Transaction adjustments <sup>2</sup>	HGH pro forma
Liquid assets	\$1,173.6m	\$1,676.1m	(\$50.0m) <sup>1</sup>	\$2,799.7m
Finance receivables (net)	\$7,240.2m	\$7,788.1m	-	\$15,028.3m
Other assets	\$394.9m	\$73.7m	-	\$468.5m
<b>Total assets</b>	<b>\$8,808.6m</b>	<b>\$9,537.9m</b>	<b>(\$50.0m)</b>	<b>\$18,296.6m</b>
Deposits	\$6,895.2m	\$8,625.7m	-	\$15,520.8m
Other borrowings	\$554.6m	-	\$320.0m <sup>2</sup>	\$874.6m
Other liabilities	\$70.3m	\$97.7m	-	\$167.9m
<b>Total liabilities</b>	<b>\$7,520.1m</b>	<b>\$8,723.3m</b>	<b>\$320.0m</b>	<b>\$16,563.4m</b>
<b>Total equity</b>	<b>\$1,288.6m</b>	<b>\$814.6m</b>	<b>(\$370.0m) <sup>3</sup></b>	<b>\$1,733.2m</b>

\$445m increase in book value of equity

## Pro forma adjustments

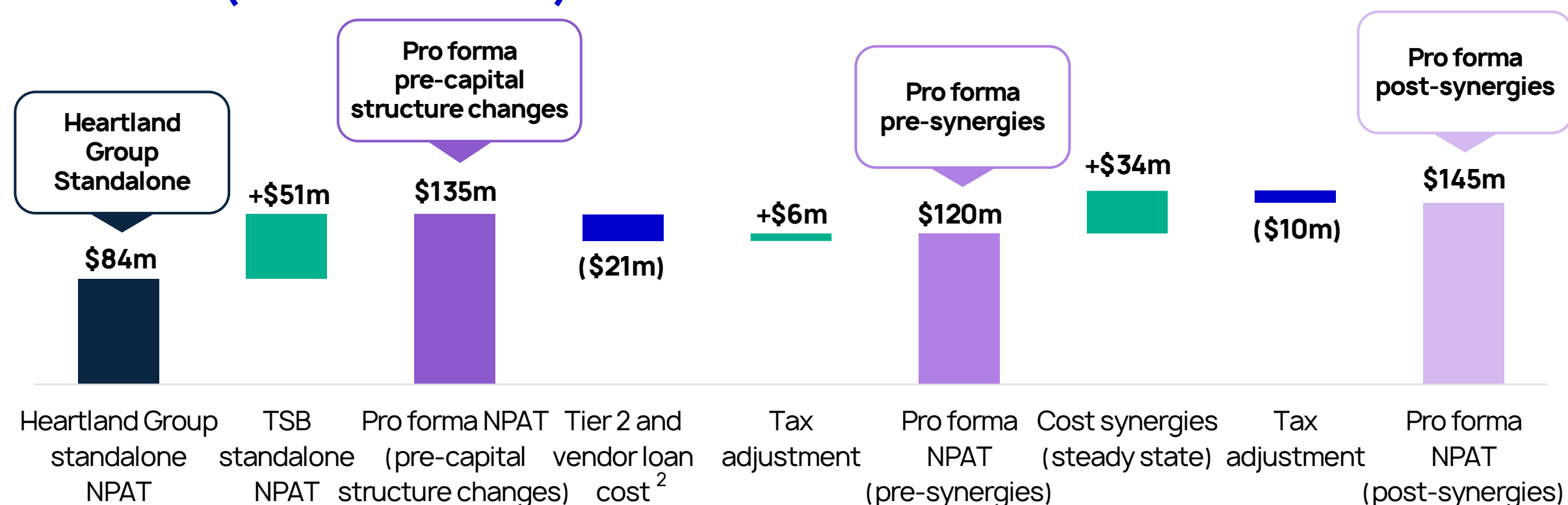
- <sup>1</sup> \$50m pre-completion cash dividend from TSB to Toi Foundation
- <sup>2</sup> \$320m increase in borrowings, comprising:
  - \$56m subordinated debt (issued to Toi Foundation by Heartland Bank as RBNZ eligible Tier 2 capital)
  - \$264m vendor loan (provided to Heartland by Toi Foundation)
- <sup>3</sup> Change in total equity of \$445m is equal to TSB's total equity of \$815m plus \$250m ordinary equity in Heartland issued to Toi Foundation, less the aggregate consideration of \$620m to Toi Foundation.

<sup>1</sup> As at 31 December 2025 for Heartland (unaudited) and TSB (unaudited).  
<sup>2</sup> Excludes transaction costs.

# Heartland Group pro forma NPAT

The proposed transaction is expected to materially enhance the earnings and ROE of Heartland Group.

## Pro forma LTM NPAT (historical basis)<sup>1</sup>



	Heartland Group standalone NPAT	TSB standalone NPAT	Pro forma NPAT (pre-capital structure changes)	Tier 2 and vendor loan cost <sup>2</sup>	Tax adjustment	Pro forma NPAT (pre-synergies)	Cost synergies (steady state)	Tax adjustment	Pro forma NPAT (post-synergies)
<b>NIM<sup>3</sup></b>	~3.9%	~2.2%	~3.0%			~2.9%			~2.9%
<b>CTI ratio</b>	~56%	~67%	~60%			~63%			~54%
<b>Impairment ratio<sup>3</sup></b>	~0.5%	~0.0%	~0.2%			~0.2%			~0.2%
<b>EPS</b>	8.9 cps	<i>n.a.</i>	<i>n.a.</i>			10.5 cps			12.6 cps
<b>ROE<sup>3</sup></b>	~6.7%	~6.5%	~6.6%			~7.2%			~8.6%
<b>EPS accretion<sup>4</sup></b>						~18%			~42%
<b>ROE accretion<sup>4</sup></b>						~7%			~29%

## Commentary

- Uplift in pro forma NPAT is expected to drive material normalised EPS accretion and enhance ROE.
- Uplift is expected to support a higher dividend payment and DPS accretion.
- Returns are enhanced through the vendor loan component provided by Toi Foundation.
- Normalised CTI ratio is expected to improve on Heartland's standalone LTM CTI ratio, underpinned by synergy realisation.

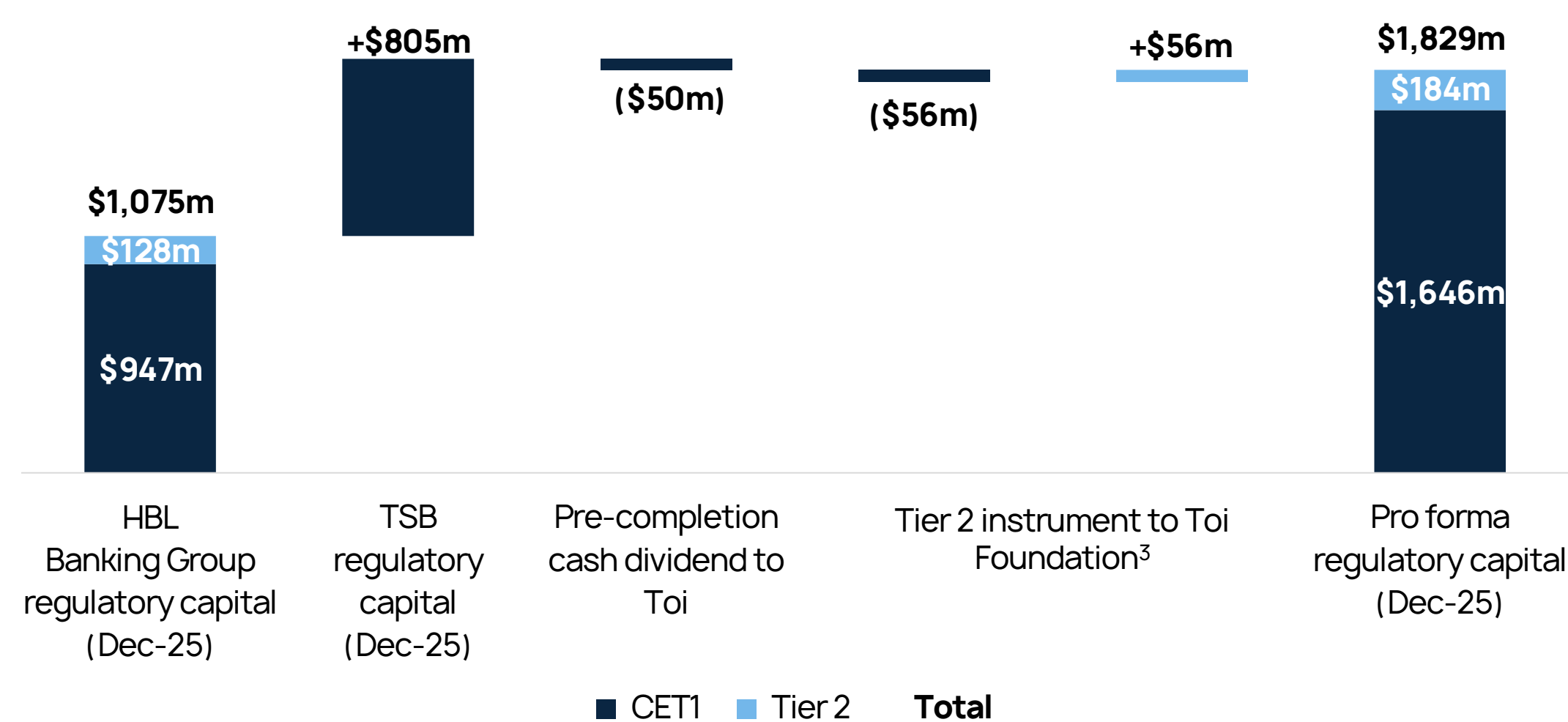
<sup>1</sup> LTM as at 31 December 2025 for Heartland and TSB.  
<sup>2</sup> Base rates based on average 1m BKBM bid for 2025.

<sup>3</sup> Average balances used in ratio calculations are based on period-end balances as at 31 December 2024 and 31 December 2025.  
<sup>4</sup> Percentage change relative to Heartland Group standalone.

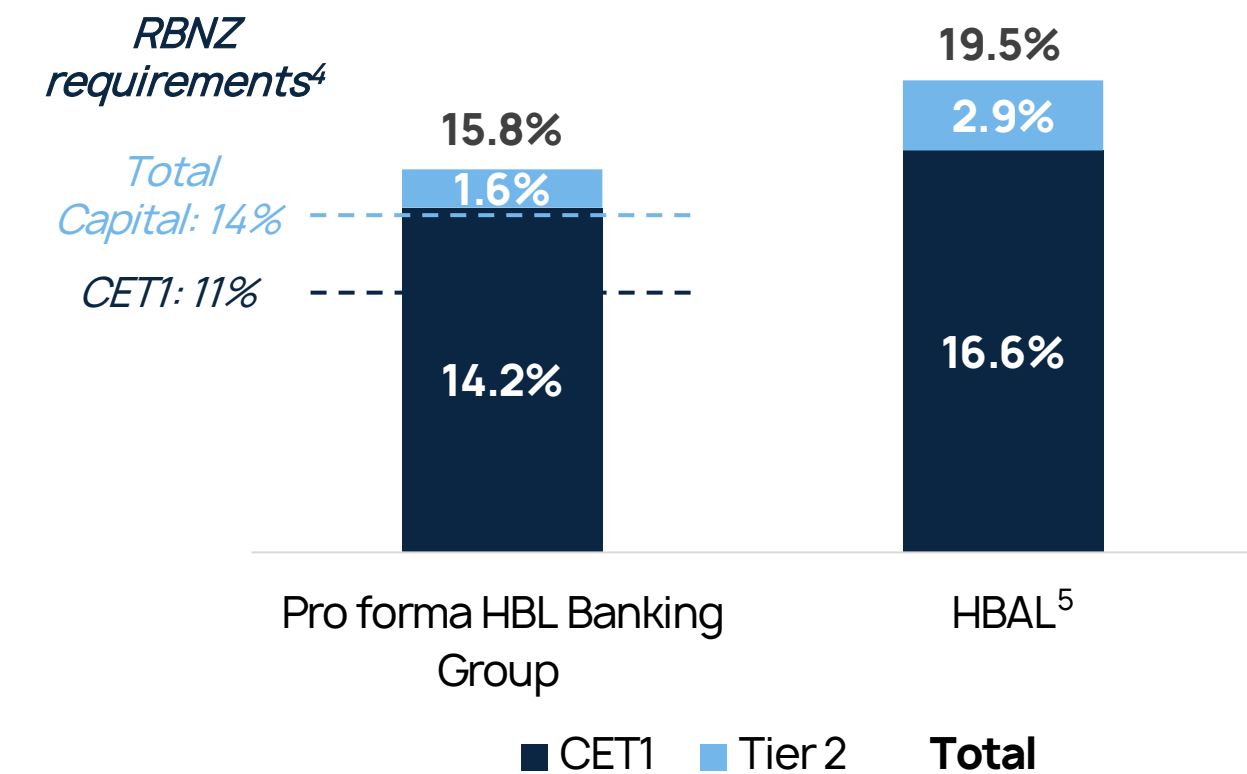
# Pro forma capital impact

Heartland will remain well capitalised post-transaction, with TSB Heartland Bank and Heartland Bank Australia each maintaining strong regulatory capital positions. No ordinary equity share capital issuances by Heartland are expected to be needed to meet future capital requirements.

HBL Banking Group regulatory capital movement<sup>1,2</sup>



Capital ratio<sup>1,2</sup>



The \$264m vendor loan is repayable by Heartland at any time over its two-year loan term, providing TSB Heartland Bank with flexibility to optimise capital levels post-merger.

1 As at 31 December 2025 for Heartland and TSB, assuming no pre-completion dividend above \$50m.  
 2 HBL Banking Group includes all of Heartland Bank's subsidiaries, including Heartland Bank Australia and Marac Insurance Limited.  
 3 As the \$56m Tier 2 instrument is issued by Heartland Bank (rather than by Heartland as purchaser), a corresponding liability arises from Heartland to Heartland Bank. Heartland Bank intends to declare a \$56m dividend, reducing CET1 by \$56m, which will be set off against that Heartland liability.

4 Based on RBNZ's final decisions on key capital settings for deposit takers (see next page for further detail).  
 5 HBAL includes Heartland Bank Australia and its subsidiaries.

# Pro forma capital impact

## Recent RBNZ decisions on key capital settings position TSB Heartland Bank well for future growth.

- The RBNZ's final decisions on key capital settings for deposit takers include the following key features set to benefit TSB Heartland Bank:
  - a reduction in Tier 1 (to 11% from 14%) and total capital (to 14% from 16%) ratio requirements<sup>1</sup>;
  - removal of Additional Tier 1 capital instruments, while allowing a higher mix of Tier 2 capital (to 3% from 2%)<sup>1</sup>; and
  - more granular and reduced standardised risk weights, particularly in the productive sectors of the economy TSB Heartland Bank will focus on – including rural loans and residential mortgages. These changes are expected to take effect on 1 October 2026.
- The RBNZ is now also consulting on reverse mortgage risk weights (following their adjustment after a review conducted in 2023).
- Effective 1 March 2026, the RBNZ reduced Heartland Bank's transitional capital overlay (imposed after the acquisition of (now) Heartland Bank Australia) by 1.5%, from 2.0% to 0.5%.

**On a pro forma basis<sup>2</sup>, having regard to the impact of the recent RBNZ decision on key capital settings<sup>3</sup>, TSB Heartland Bank is expected to hold approximately \$289m of regulatory capital in excess of expected regulatory requirements.<sup>4</sup>**

<sup>1</sup> Relative to the 2028 settings under the 2019 RBNZ review of New Zealand's capital adequacy.

<sup>2</sup> As at 31 December 2025 for Heartland Bank and TSB, adjusted for the transaction consideration structure.

<sup>3</sup> Assuming a target implementation date of 1 October 2026.

<sup>4</sup> In relation to New Zealand Banking Group and including ordinary internal buffers.

**04**  
**Process and  
timing**

# Summary of MIA

**The proposed transaction will be effected in accordance with the MIA, a summary of which is set out on the following pages.**

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<b>Implementation</b>	<ul style="list-style-type: none"><li>• A Steering Committee (comprised of three members nominated by Heartland and three by Toi Foundation) will have oversight of the implementation process and keep the parties informed of material developments.</li><li>• On completion of the proposed transaction:<ul style="list-style-type: none"><li>• Heartland will acquire all of the TSB Shares from Toi Foundation (<b>Step 1 Completion</b>). Step 1 Completion will occur after the parties determine that the merged bank will be able to operate in accordance with its conditions of registration and all relevant prudential standards.</li><li>• Immediately following Step 1 Completion, Heartland Bank and TSB will be amalgamated by way of short-form amalgamation.</li></ul></li><li>• The parties will agree an Implementation Plan which provides for the steps and actions to be undertaken by the parties to give effect to the merger.</li></ul>
<b>Consideration</b>	<ul style="list-style-type: none"><li>• As set out on page 12.</li></ul>
<b>Interim period</b>	<ul style="list-style-type: none"><li>• Both banks are subject to certain customary interim period covenants in the interim period between signing of the MIA and Step 1 Completion, including to operate in the ordinary course consistent with past practice. Heartland also has certain rights of reasonable access to certain TSB executives for the purpose of planning the merger.</li></ul>
<b>Termination events</b>	<ul style="list-style-type: none"><li>• Either party may terminate if any condition is incapable of being satisfied, or is not satisfied or waived, by 5.00pm NZDT on the agreed sunset date (being 1 March 2027)</li><li>• If a party materially defaults in performing its completion obligations for remediable defaults, the non-defaulting party may terminate after 5 business days notice if unremedied (except if the default relates to certain legal documents required to effect the amalgamation, in which case the non-defaulting party may terminate after 20 business days' notice if unremedied). For non-remediable defaults, the non-defaulting party may immediately sue for specific performance or cancel the MIA, with documents and consideration to be returned.</li></ul>

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# Summary of MIA: Conditions

**Completion of the proposed transaction is subject to the satisfaction of conditions set out in the MIA and summarised here.**

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<b>Initial conditions</b>	<ul style="list-style-type: none"><li>• Completion of confirmatory due diligence by Heartland and Toi Foundation.</li><li>• Execution of Warranty and Indemnity deed.</li><li>• W&amp;I insurance obtained by both parties.</li></ul>
<b>Rating condition</b>	<ul style="list-style-type: none"><li>• Fitch Ratings reaffirming that TSB Heartland Bank will have a Long-Term Issuer Default Rating of at least BBB with outlook “Stable”.</li></ul>
<b>Regulatory and approval conditions</b>	<ul style="list-style-type: none"><li>• All necessary New Zealand or Australian regulatory approvals obtained by the parties as may be required, including RBNZ, FMA, APRA, and any other New Zealand government agencies.</li><li>• The trustees of the Toi Foundation completing a community consultation process with Taranaki residents<sup>1</sup> in respect of the proposed transaction and the trustees approving the sale of the TSB Shares.</li><li>• Heartland shareholders providing all necessary approvals for the proposed transaction and the appointment of the person nominated by Toi Foundation as a director of Heartland.</li></ul>
<b>Material adverse change</b>	<ul style="list-style-type: none"><li>• No Heartland or TSB material adverse change occurring, or coming to the attention of the parties, between signing and Step 1 Completion.</li><li>• A material adverse change for each bank, respectively, means any event which has had, or is reasonably likely to have, a material adverse effect on the business, operations, assets, financial condition or results of the relevant bank<sup>2</sup>, or the ability of the relevant bank to carry on its business, or has resulted in a reduction in the relevant bank’s NPAT compared to the twelve months ended 30 April 2026 or net assets compared to net assets as at 30 April 2026 above specified levels (for Heartland, on a consolidated basis).</li><li>• Carve-outs apply for general market, economic or political conditions or changes in applicable laws or accounting rules, except to the extent that they disproportionately impact the relevant bank.</li></ul>

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<sup>1</sup> Residents are defined as any people residing in the Taranaki region.

<sup>2</sup> In the case of Heartland, the relevant bank will be Heartland Bank and Heartland Bank Australia assessed as a whole.

# Indicative timetable

**The proposed transaction is subject to Heartland shareholder and regulatory approvals. A Heartland shareholder meeting to vote on the proposed transaction is expected to be held in August 2026.**

Key event	Indicative timing
Toi Foundation community consultation period with Taranaki residents <sup>1</sup>	June 2026 – July 2026
Confirmatory due diligence completed and conditions satisfied	June 2026
Warranties and indemnities insurance obtained	June 2026
TSB FY2026 financial results	June 2026
RBNZ application submitted	July 2026
Notice of Meeting dispatched to Heartland shareholders	July 2026
Heartland shareholder meeting to vote on proposed transaction	August 2026
Heartland FY2026 financial results	August 2026
Targeted merger implementation date <sup>2</sup>	December 2026

<sup>1</sup> Residents are defined as any people residing in the Taranaki region.

<sup>2</sup> Prior to 1 December 2026, TSB is permitted to pay to Toi Foundation dividends of an equivalent amount to those declared or paid by Heartland in the same period, based on the relative values of TSB and Heartland and, if the merger implementation date is delayed

beyond the 1 December 2026 target, TSB is permitted to pay to Toi Foundation a dividend of up to \$2.4m per full calendar month (pro-rated for any partial month) from 1 December 2026 to completion, in each case funded solely from TSB's NPAT generated during the relevant period.

# Risks

**As with any acquisition, there are risks associated with the proposed transaction. The key risks as at the date of MIA signing are described below.**

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## **Completion risks**

- There is a risk that the proposed transaction does not proceed. This may be due to the conditions not being satisfied by the requisite date or being unable to be satisfied, including if any of the regulatory or shareholder approvals are not obtained. Heartland has incurred costs and expended resource in progressing the transaction and if the transaction does not proceed for any reason, including in relation to the completion of the conditions and obtaining the necessary approvals, these costs are unlikely to be recouped.
- 

## **Forecast risks**

- The information in this presentation includes forecasts for TSB Heartland Bank and statements about the expected benefits and financial position of the merged bank, including expected synergies. Although Heartland believes the forecasts in this presentation are well founded, there is a risk that, as with any forecast, the actual outcome is different to that expected. The actual position may be worse than expected, including if the synergies are not achieved in full or take longer to realise than is anticipated, or if Heartland's assumptions about the market and economic conditions are incorrect.
- 

## **Information risk**

- In progressing the transaction, including in the preparation of this presentation, Heartland has relied on information provided by or on behalf of TSB. The transaction remains conditional on completion of confirmatory due diligence. As completion remains conditional on completion of due diligence, there is a risk that further information is provided which is different to Heartland's present understanding. There is also a risk that after completion, Heartland discovers that information provided by or on behalf of TSB is incorrect, incomplete or misleading. However, Heartland emphasises that it has no reason to believe TSB has not acted in good faith and therefore believes the likelihood of this risk materialising to be low.
-

**Appendix 01**  
**Overview of**  
**Heartland Bank**  
**and TSB**

# Overview of Heartland Bank

Heartland Bank is the 9<sup>th</sup> largest New Zealand bank by total assets with core product portfolios including Motor Finance, Reverse Mortgages, Rural and Business Finance.

## Business overview

- Heartland Bank offers specialist products with over 150 years of banking and finance experience with regional roots dating back to Ashburton in 1875.<sup>1</sup>
- Heartland Bank NZ's lending portfolio<sup>2,3,4</sup> includes core products<sup>5</sup>:
  - Motor Finance** (~\$1.7b / ~37% of total lending)  
*Loans secured against motor vehicles or wholesale floorplan lending.*
  - Reverse Mortgages** (~\$1.3b / ~30% of total lending)  
*Equity release lending for older homeowners secured against residential property.*
  - Rural** (~\$0.6b / ~14% of total lending)  
*Lending to farming businesses including livestock finance and farm financing.*
  - Business Finance** (~\$0.8b / ~16% of total lending)  
*Equipment and machinery finance provided to SME borrowers.*
- In 2024, Heartland Bank became the first New Zealand registered bank to acquire an Australian ADI.

## Snapshot of Heartland Bank

**\$5.6b**  
*Total assets*<sup>2,3</sup>

**\$1.2b**  
*Book equity*<sup>2,3</sup>

**\$53m**  
*LTM NPAT*<sup>2,3</sup>

**160k**  
*Customers*<sup>3,5</sup>

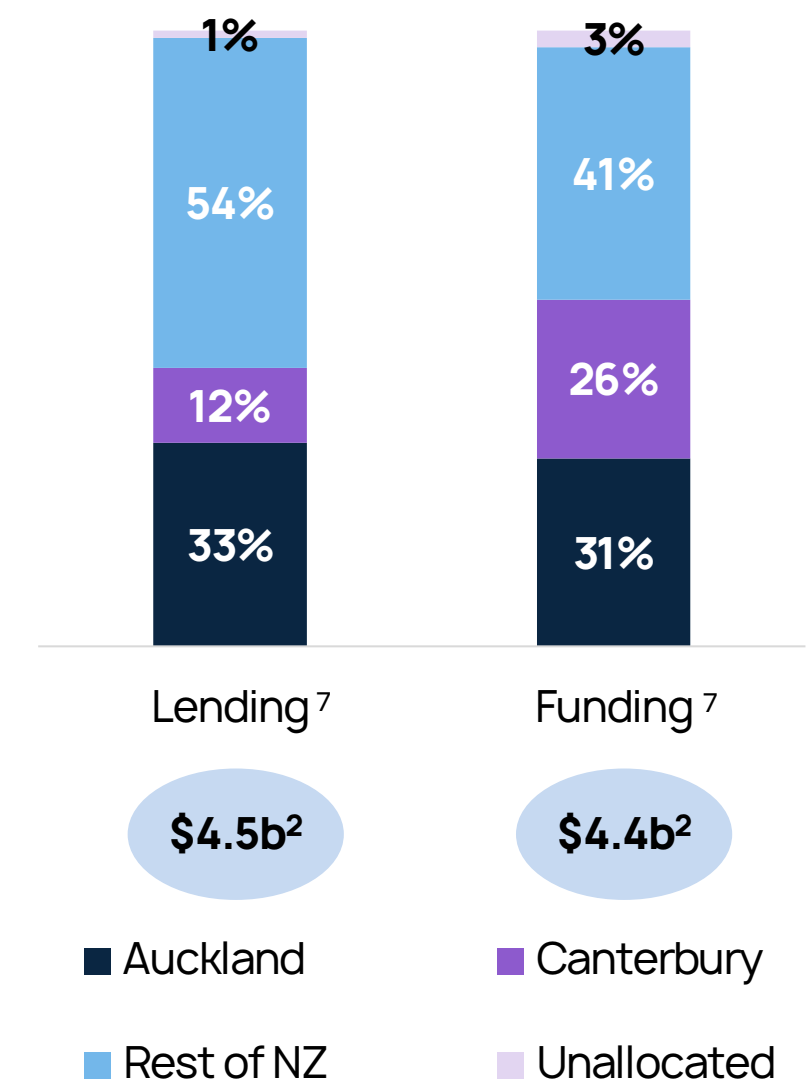
**BBB**  
*Credit rating*<sup>6</sup>



### Bank of the Year

<i>Savings</i>	2018 – 2025
<b>Outstanding Value</b>	
<i>Direct Call Account</i>	2018 – 2025
<i>32 Day Notice Saver</i>	2022 – 2025
<i>90 Day Notice Saver</i>	2023 – 2025
<i>Digital Saver</i>	2025

## Geographic mix



<sup>1</sup> See page 30 for a detailed history of Heartland.

<sup>2</sup> As at 31 December 2025. Receivables includes NSAs.

<sup>3</sup> For New Zealand Banking Group, excluding Heartland Bank Australia.

<sup>4</sup> In addition to its core products, Heartland Bank's lending portfolio also includes Home Loans (~\$0.1b / ~2% of total lending) and Unsecured Lending (~\$0.05b / ~1% of total lending) which are winding down.

<sup>5</sup> As at 30 June 2025.

<sup>6</sup> Fitch credit rating.

<sup>7</sup> As at 31 March 2025. Funding split is based on deposit mix.

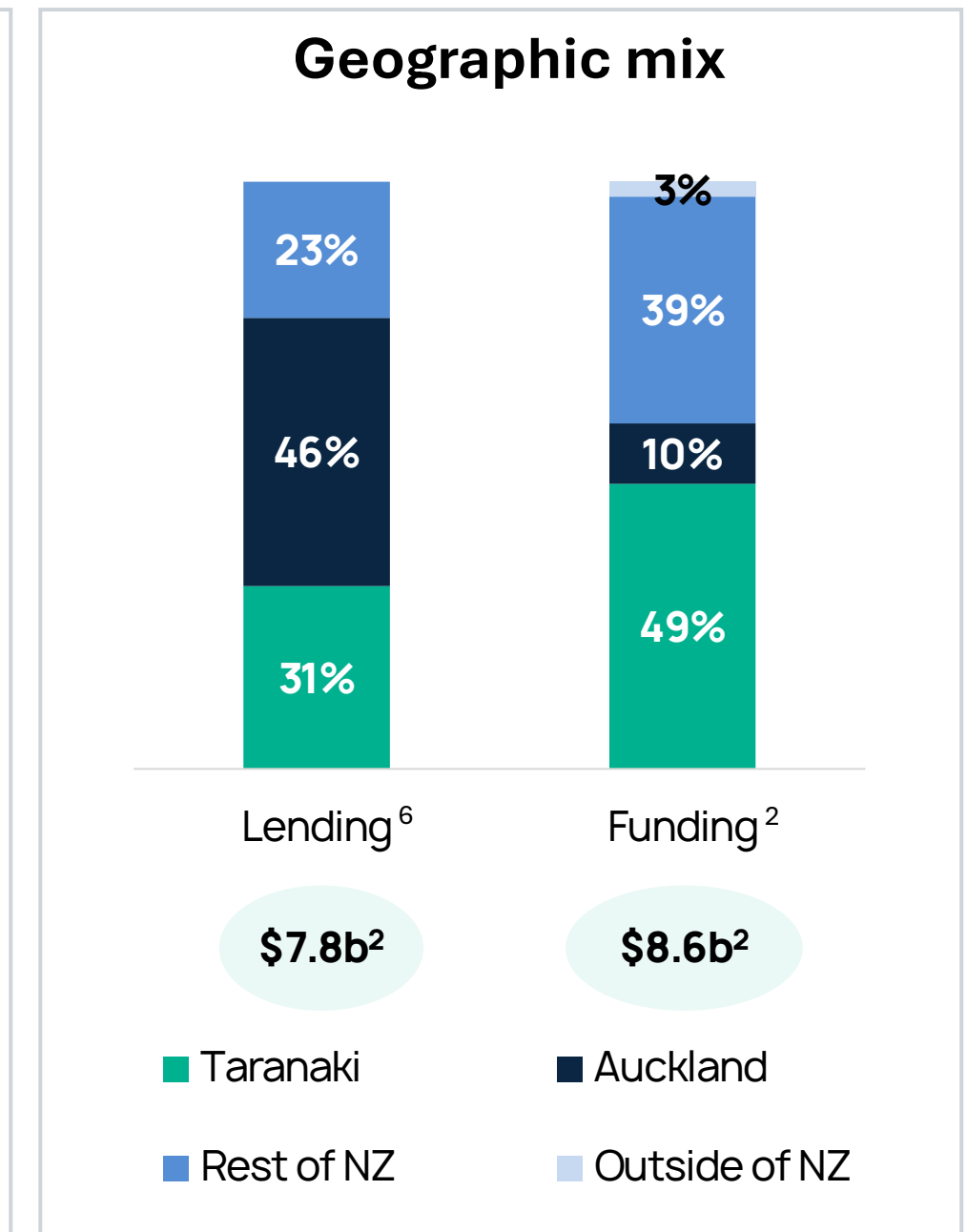
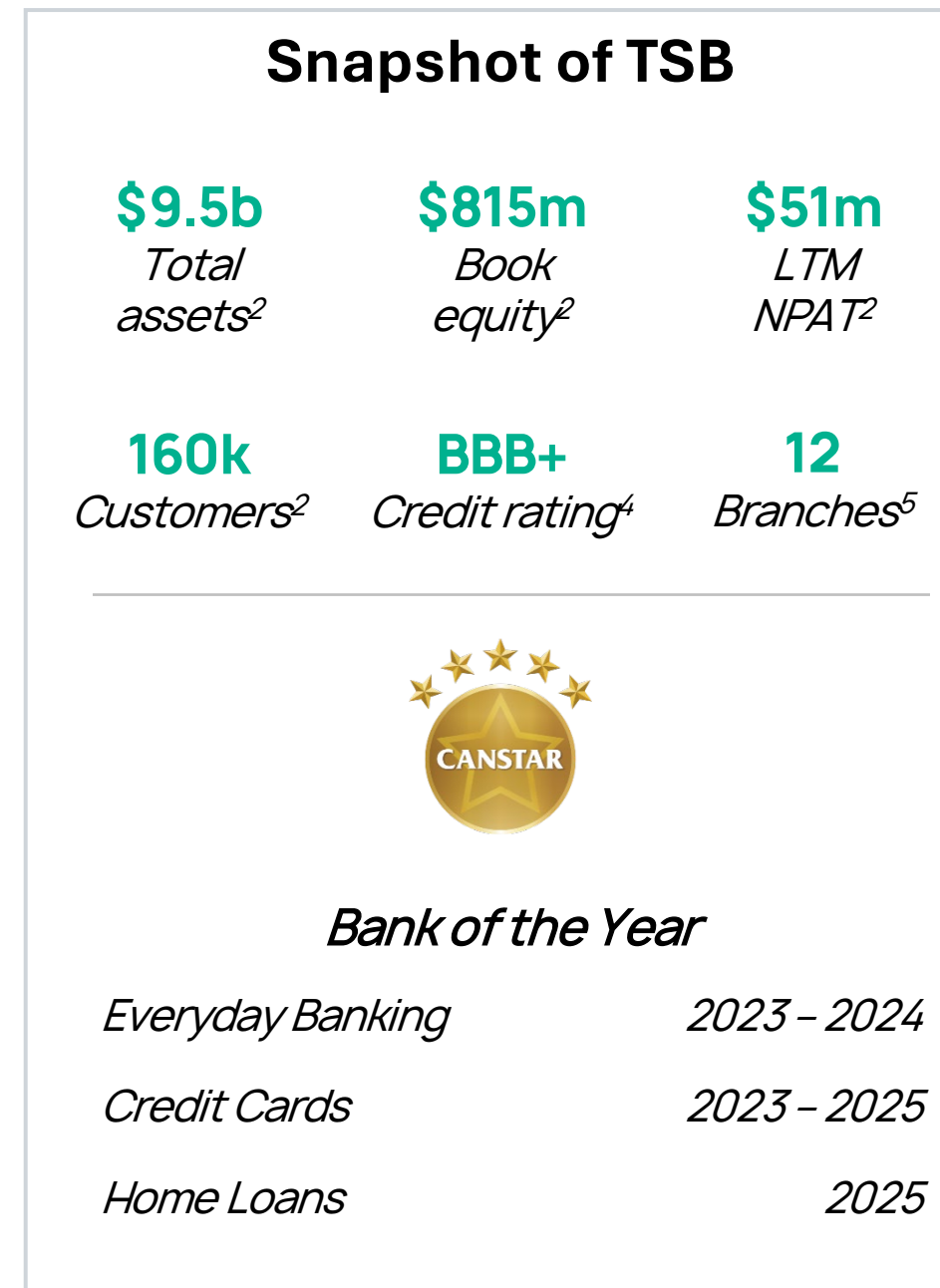
# Overview of TSB



**TSB is the 7<sup>th</sup> largest New Zealand bank by total assets with core product portfolios including Home Loans, Commercial Property and Personal.**

## Business overview

- TSB offers a range of personal and business banking services nationwide with a significant presence in the Taranaki region.<sup>1</sup>
- TSB's lending portfolio<sup>2</sup> includes core products<sup>3</sup>:
  - **Home Loans** (~\$6.5b / ~84% of total lending)  
*Combination of owner-occupied housing and lending for the purpose of investment in residential property.*
  - **Commercial Property** (~\$1.1b / ~14% of total lending)  
*Business loans and commercial property lending secured by residential or commercial properties.*
  - **Personal** (~\$0.1b / ~1% of total lending)  
*Other retail lending and credit card balances.*
- TSB has a low-cost funding base through transactional and savings accounts, in addition to everyday banking.



1 See page 31 for a detailed history of TSB.  
 2 As at 31 December 2025.  
 3 In addition to its core products, TSB's lending portfolio also includes Rural (~\$0.1bn / ~2% of total lending).  
 4 Fitch credit rating.

5 In addition to 5 Banking Hubs that TSB customers can access.  
 6 Geographic split of lending at 31 March 2024.

# Overview of Toi Foundation

**Toi Foundation is the 100% owner of TSB and the last community trust to own a registered bank in New Zealand.**

## Toi Foundation overview

- Toi Foundation is a perpetual philanthropic community trust focused on building a thriving, inclusive and equitable Taranaki for current and future generations.
- It has owned TSB since 1988, with its investment portfolio including 100% of TSB and 66% of Fisher Funds.
- Toi Foundation has invested significantly in its own capability in recent years, in terms of strategic philanthropy and investment management. Toi Foundation trustees have a plan to move towards a diversified investment portfolio, including fixed income investments.
  - Toi Foundation recognises that alternate, more cash generative assets could facilitate improved distributions into the community compared with more capital-intensive investments such as its current holding of 100% of the ordinary equity in TSB.
  - Toi Foundation also sees significant opportunity for earnings and ROE growth for TSB through merging with Heartland Bank, including benefits from greater scale and a more diversified product offering of the merged bank.

## Values



### Collaborative

*Together we are stronger.  
Relationships are authentic, enduring and based on trust*



### Focused

*Targeted philanthropic efforts on areas of greatest need.  
Deliberate in our actions*



### Integrity

*Open and trustworthy.  
Value differences and knowledge within the community*



### Innovative

*Pursue the new. Grow from success and learn from failure*



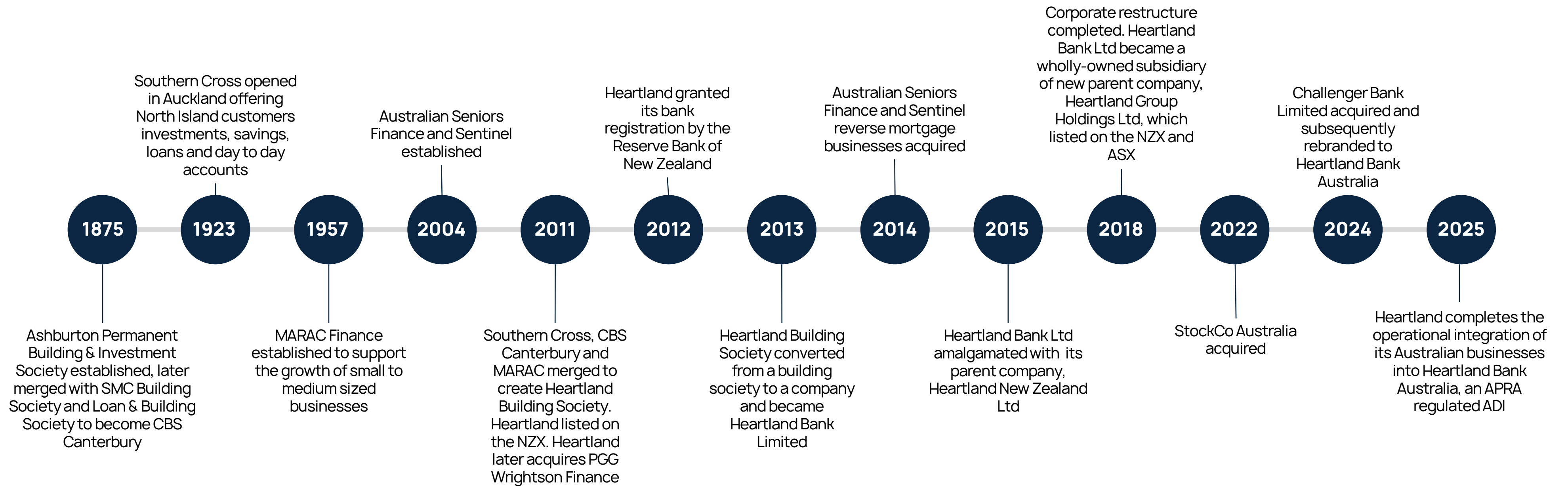
*Toi Foundation trustees are responsible for the prudent investment of the Foundation's assets consistent with the purposes of the Foundation. We believe this proposal creates a win-win where we can further strengthen the bank, retain a strong presence in Taranaki, and grow the Foundation's investment returns through both a stronger, combined, performing bank investment and some investment portfolio diversification.*



*Chris Ussher (Toi Foundation Chair)*

# History of Heartland

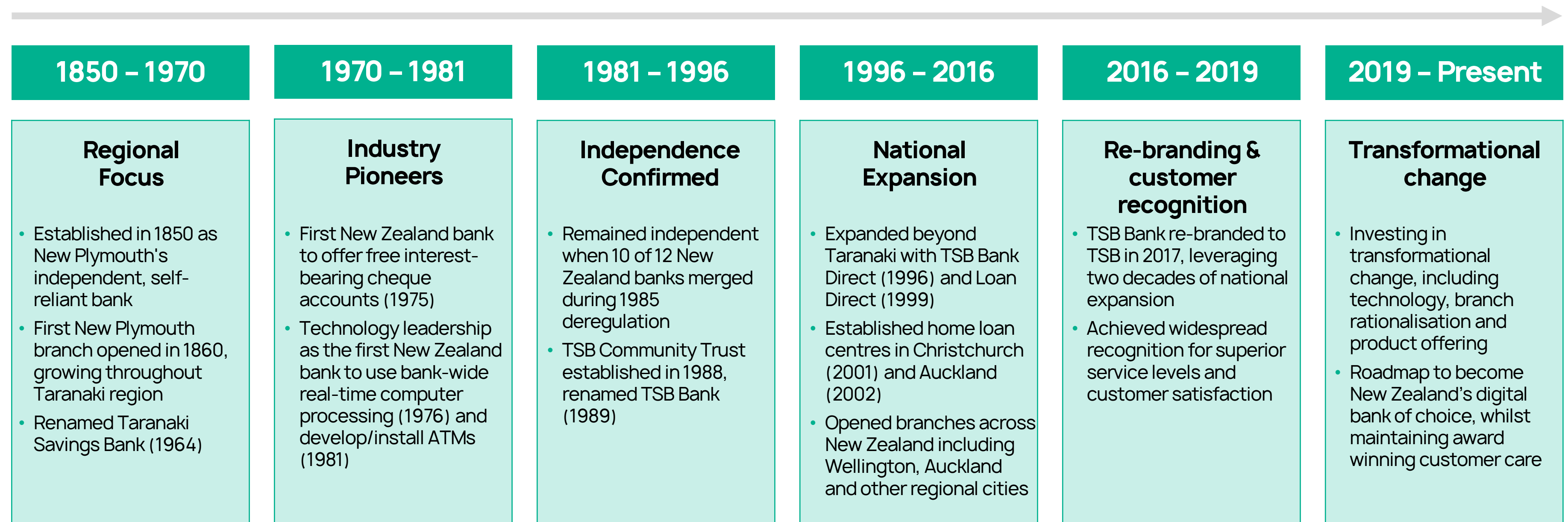
Heartland’s origins date back to the establishment of the Ashburton Permanent Building & Investment Society in 1875. In 2011, in the wake of the Global Financial Crisis, Heartland Bank emerged with a clear ambition to be a bank that could thrive by doing things differently.



# History of TSB







Founded in 1850 to serve the people of Taranaki, today TSB enjoys nationwide trust and high brand recognition.



# Enhanced value proposition for customers and stakeholders

Two complementary banks, grounded in a focus on regional New Zealand, combined to create a New Zealand challenger bank of scale.

	Heartland Bank	TSB	TSB Heartland Bank
 <b>Legacy</b>	A New Zealand bank with a rich Kiwi heritage dating back to Ashburton in 1875, focused on providing specialist banking products	Regional community roots since 1850, delivering award-winning banking solutions with exceptional customer service	<b>Significant New Zealand challenger bank of scale, providing New Zealanders with greater choice and supporting a productive economy</b>
 <b>Customers</b>	c. 160k customers <sup>1</sup>	c. 160k customers <sup>2</sup>	<b>c. 320k customers<sup>3</sup></b>
 <b>Distribution</b>	Digital channels, call centre, relationship managers, third party brokers / advisors, dealerships (franchise & non-franchise), branded vendor financing, stock agents and meat processors	12 branches, 5 banking hubs, digital channels, contact centre, business, commercial and property finance managers, home lenders, third party mortgage advisors and ATM network	<b>Digital distribution strategy complemented by physical network across New Zealand with specialist product distribution capabilities</b>
 <b>Products<sup>4</sup></b>	Motor Finance, Reverse Mortgages, Rural, Business Finance, savings and deposits	Home Loans, Commercial Property, and Personal Lending, savings, deposits and everyday banking solutions	<b>Full-service capable bank with specialist products and a broad funding mix</b>

1 As at 30 June 2025 for Heartland Bank.

2 As at 31 December 2025 for TSB.

3 Pro forma without adjusting for any potential common customers.

4 Includes core product portfolios.

# Appendix 02

## Glossary and disclaimers

# Glossary

<b>ADI</b>	Authorised deposit-taking institution	<b>NIM</b>	Net interest margin
<b>APRA</b>	Australian Prudential Regulation Authority	<b>NPAT</b>	Net profit after tax
<b>AU Bank, AU banking, Heartland Bank Australia, HBAL</b>	Heartland Bank Australia Limited	<b>NSAs</b>	Non-strategic assets
<b>bps</b>	Basis points	<b>On call</b>	Deposits repayable on demand (short-term) by the depositor
<b>BV, Book value</b>	Book value of equity (net assets)	<b>Receivables</b>	Gross Finance Receivables (includes Reverse Mortgages)
<b>CET1</b>	Common Equity Tier 1	<b>RBNZ</b>	Reserve Bank of New Zealand
<b>CTI ratio</b>	Cost-to-income ratio	<b>ROE</b>	Return on equity
<b>DPS</b>	Dividends per share	<b>RWA</b>	Risk-weighted assets
<b>EPS</b>	Earnings per share	<b>SME</b>	Small-to-medium enterprise
<b>FMA</b>	Financial Markets Authority	<b>Swap rate</b>	Fixed rate exchanged for floating interest rate
<b>FY</b>	Financial year	<b>Tier 1 capital</b>	CET1 and some other equity-like items
<b>HBL Banking Group</b>	HBL Banking Group includes all of the NZ bank's subsidiaries, including the AU bank and Marac Insurance	<b>Tier 2 capital</b>	Long-term subordinated debt
<b>Heartland, HGH</b>	Heartland Group Holdings Limited or the <b>Company</b>	<b>Total capital, regulatory capital</b>	Tier 1 and Tier 2 capital
<b>Heartland Bank, HBL, NZ Bank, NZ Banking, Heartland Bank NZ</b>	Heartland Bank Limited	<b>Total capital ratio</b>	Total capital divided by risk-weighted assets
<b>Heartland Group</b>	Heartland Group Holdings Limited and its subsidiaries (including after acquiring all of TSB Bank Limited's shares on issue)	<b>Toi Foundation</b>	Toi Foundation and Toi Foundation Holdings Limited
<b>LTM</b>	Last twelve months	<b>TSB</b>	TSB Bank Limited
<b>New Zealand Banking Group, NZ Banking Group, NZBG</b>	The New Zealand Banking Group consists of the NZ Bank and its NZ subsidiaries, excluding Marac Insurance	<b>TSB Heartland Bank</b>	Heartland Bank Limited together with TSB Bank Limited

# Important notice and disclaimer and non-GAAP measures

## Information

- The presentation (the **Presentation**) contains summary information about Heartland (NZX/ASX: HGH), TSB, Toi Foundation, and the proposal to merge Heartland Bank with TSB following the acquisition of all of TSB's shares by Heartland from Toi Foundation.
- This Presentation should be read in conjunction with Heartland's financial statements for the year ended 30 June 2025 and the interim financial statements for the six months ended 31 December 2025, TSB's disclosure statement for the six months ended 30 September 2025, Heartland Bank's disclosure statement for the six months ended 31 December 2025, and other announcements released to NZX and ASX (which are available at [www.nzx.com](http://www.nzx.com) and [www.asx.com.au](http://www.asx.com.au) under the ticker code "HGH").
- The information in the Presentation has been prepared with due care and attention, but its accuracy, correctness and completeness cannot be guaranteed. To the maximum extent permitted by law, no person (including Heartland, Toi Foundation, Heartland Bank, TSB, any member of Heartland Group and their respective directors, shareholders and employees) will be liable to any other person for any loss arising in connection with this Presentation.

## Not advice

- The information in this Presentation is of a general nature and does not constitute legal, financial, tax, accounting, financial product or investment advice or any recommendation
- Investors should assess their own individual financial circumstances and consult with their own legal, tax, business and/or financial advisers before making any investment decision.

## Non-GAAP measures

- This presentation contains references to non-GAAP measures including normalised CTI ratio, EPS and ROE.
- These non-GAAP figures are provided as a supplementary measure for readers to assess Heartland's performance alongside NZ GAAP reported measures, where one-offs, both positive and negative, can make it difficult to compare profits between years. However, these non-GAAP measures do not have standardised meanings prescribed by GAAP and should not be viewed in isolation nor considered a substitute for measures reported in accordance with NZ GAAP. Non-GAAP financial information has not been subject to review by PricewaterhouseCoopers, Heartland's external auditor.
- Some figures in this presentation may be rounded, and so actual calculations may differ from the figures presented.

# Important notice and disclaimer and non-GAAP measures

## Past performance

- Past performance information provided in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) a promise, representation, warranty or guarantee as to the past, present or future performance of Heartland, TSB, Toi Foundation or Heartland Group.

## Forward-looking statements

- This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of Heartland Group.
- Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. Forward-looking statements in this presentation include statements regarding the Merger, Heartland Group's strategies and future plans, estimated synergies, and Heartland Group's future financial performance. Any indications of future earnings or financial position or performance and future distributions are also forward-looking statements.
- Those plans and projections reflect current expectations, but are inherently subject to risk and uncertainty, and may change at any time. All such forward-looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies, and other factors, many of which are outside the control of Heartland and Toi Foundation, which may cause the actual results or performance of Heartland Group to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such forward-looking statements speak

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# Important notice and disclaimer and non-GAAP measures

## Basis of presentation

- This Presentation has been prepared on the basis that Heartland completes the Merger pursuant to the Merger Implementation Agreement dated 1 June 2026 (*MIA*).
- Unless otherwise stated, figures labelled "Heartland" or "HGH" are sourced from the consolidated financial statements of Heartland Group Holdings Limited, being the interim financial statements for the six months ended 31 December 2025, the annual financial statements for the year ended 30 June 2025, and presented on a last twelve months (LTM) basis where indicated. TSB figures are sourced from the RBNZ Bank Financial Strength Dashboard as at 31 December 2025 and TSB's disclosure statement for the six months ended 30 September 2025. Heartland Bank figures (where used) relate to Heartland Bank Limited and are sourced from Heartland Bank's disclosure statement for the six months ended 31 December 2025; these may differ from Heartland's consolidated figures due to differences in consolidation scope and accounting presentation.
- Pro forma financial information is presented for illustrative purposes only and is not intended to represent the actual financial position or performance of Heartland Group or any part of Heartland Group following completion. Pro forma adjustments reflect the assumed transaction structure, including a pre-completion dividend paid by TSB to Toi Foundation, issuance of shares by HGH to Toi Foundation, issuance of a Tier 2 instrument by HBL, and vendor loan, as described on page 12.
- Estimated synergies are management estimates prepared for transaction evaluation purposes and are forward-looking. See the above paragraph on forward-looking

statements for more information about how these are used in this presentation. Cost synergies (~\$34m p.a.) represent expected annual pre-tax run-rate benefits anticipated to be progressively realised over a three-year period post-completion, subject to execution risk, regulatory requirements, market conditions and final integration design. Synergy estimates have not been audited and may differ materially from actual outcomes.

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# Thank you

## Investor & media relations

Nicola Foley  
Head of Corporate Communications & Investor Relations  
+64 27 345 6809  
[nicola.foley@heartland.co.nz](mailto:nicola.foley@heartland.co.nz)

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## Investor information

For more information  
[heartlandgroup.info/investor-information](http://heartlandgroup.info/investor-information)

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— GROUP —