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HEARTLAND GROUP

NZX/ASX release
30 September 2026

Heartland 2026 Special Shareholder Meeting

The Heartland Group Holdings Limited (**Heartland**) (NZX/ASX: HGH) Special Shareholder Meeting (**Special Meeting**) in relation to Heartland's proposal to acquire all of the shares in TSB Bank Limited (**TSB**) from Toi Foundation and subsequently merge Heartland Bank Limited and TSB (the **Proposed Transaction**) will be held online today at https://meetings.mpms.mufg.com/hghsm26 and in person at Eden Park, Auckland, New Zealand, commencing at 3pm (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.

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. Special Meeting Presentation
2. Chair's Address
3. Chief Executive Officer's Address
4. Virtual Annual Meeting Online Guide.

The results of the meeting will be published on Thursday 1 October 2026.

The webcast will be available on Heartland's website at heartlandgroup.info after the conclusion of the live event.

– ENDS –

The person(s) who authorised this announcement:

Andrew Dixson
Chief Executive Officer

For further information, please contact:

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HEARTLAND GROUP

Special Shareholder Meeting 2026

30 September 2026

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Agenda

01	Welcome and formalities
02	Chair's Address
03	CEO's Address
04	Shareholder discussion
05	Voting and conduct of poll

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Other formalities

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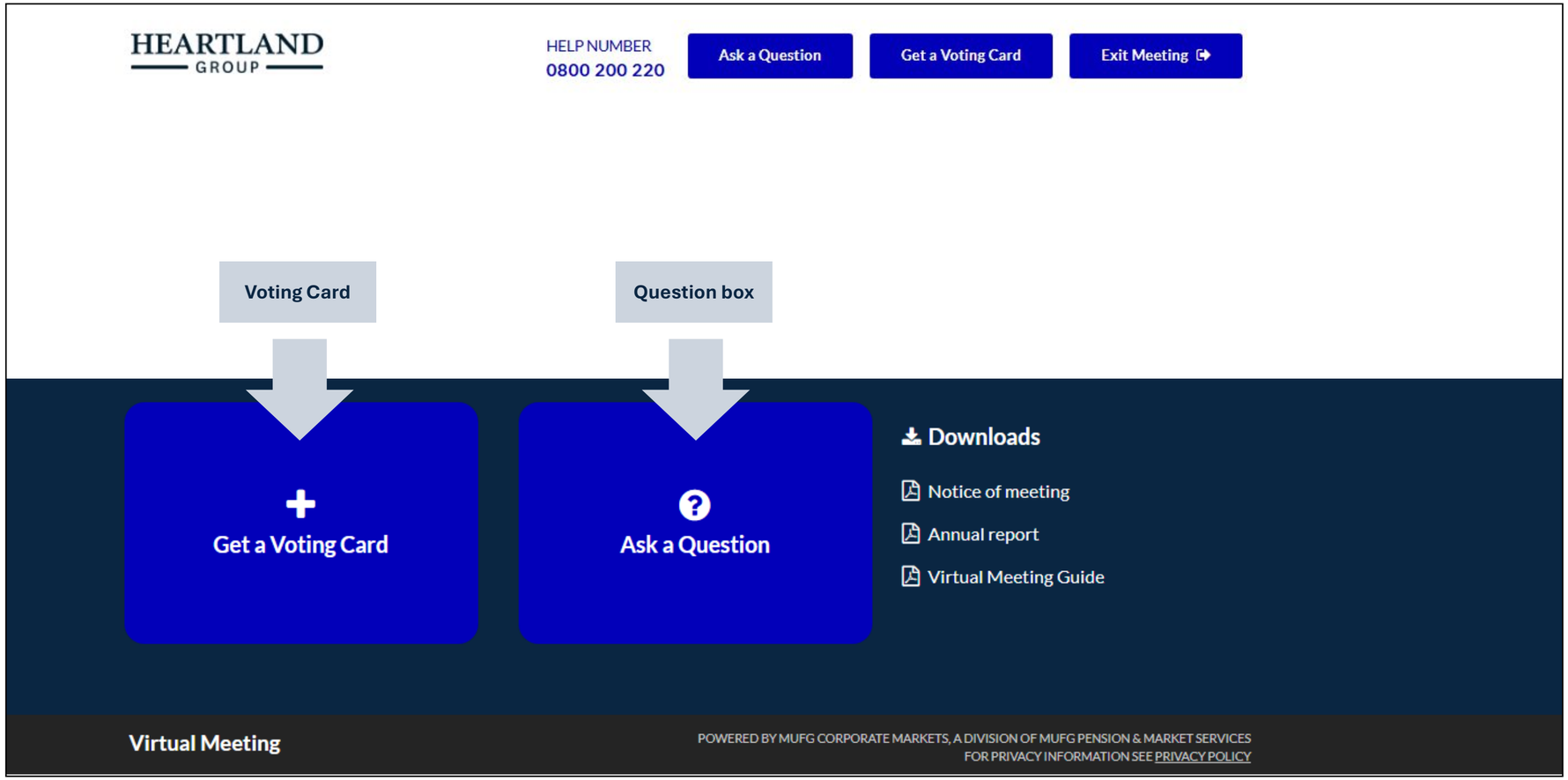
- Proxies and postal votes received
- Meeting procedures
- Voting procedures and declaration of poll
- Notice of meeting

Voting and asking questions



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Other formalities

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02 Chair's Address

Greg Tomlinson Chair, Heartland Group

Creating a larger New Zealand banking platform

Combining two complementary banks to do more together than either could do alone.

	Heartland Bank	TSB	TSB Heartland Bank
Legacy	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	**Significant New Zealand challenger bank of scale, providing New Zealanders with greater choice and supporting a productive economy**
Customers	c. 160k customers[1]	c. 160k customers[2]	**c. 320k customers[3]**
Distribution	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	**Digital distribution strategy complemented by physical network across New Zealand with specialist product distribution capabilities**
Products[4]	Motor Finance, Reverse Mortgages, Rural, Business Finance, savings and deposits	Home Loans, Commercial Property, and Personal Lending, savings, deposits and everyday banking solutions	**Full-service capable bank with specialist products and a broad funding mix**

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.

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Proven M&A and integration experience

Heartland has grown by bringing businesses together.

- ✓ **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 what is now known as Heartland Bank Australia – this acquisition made Heartland Bank the first New Zealand bank to acquire an Australian authorised deposit-taking institution.
- ✓ **Following completion of integration activities in relation to Heartland Bank Australia,** stronger trans-Tasman oversight arrangements and an improvement in the overall risk profile of the Banking Group, the RBNZ reduced Heartland Bank's transitional capital overlay (imposed after the acquisition of what is now Heartland Bank Australia) from 2.0% to 0.5%.

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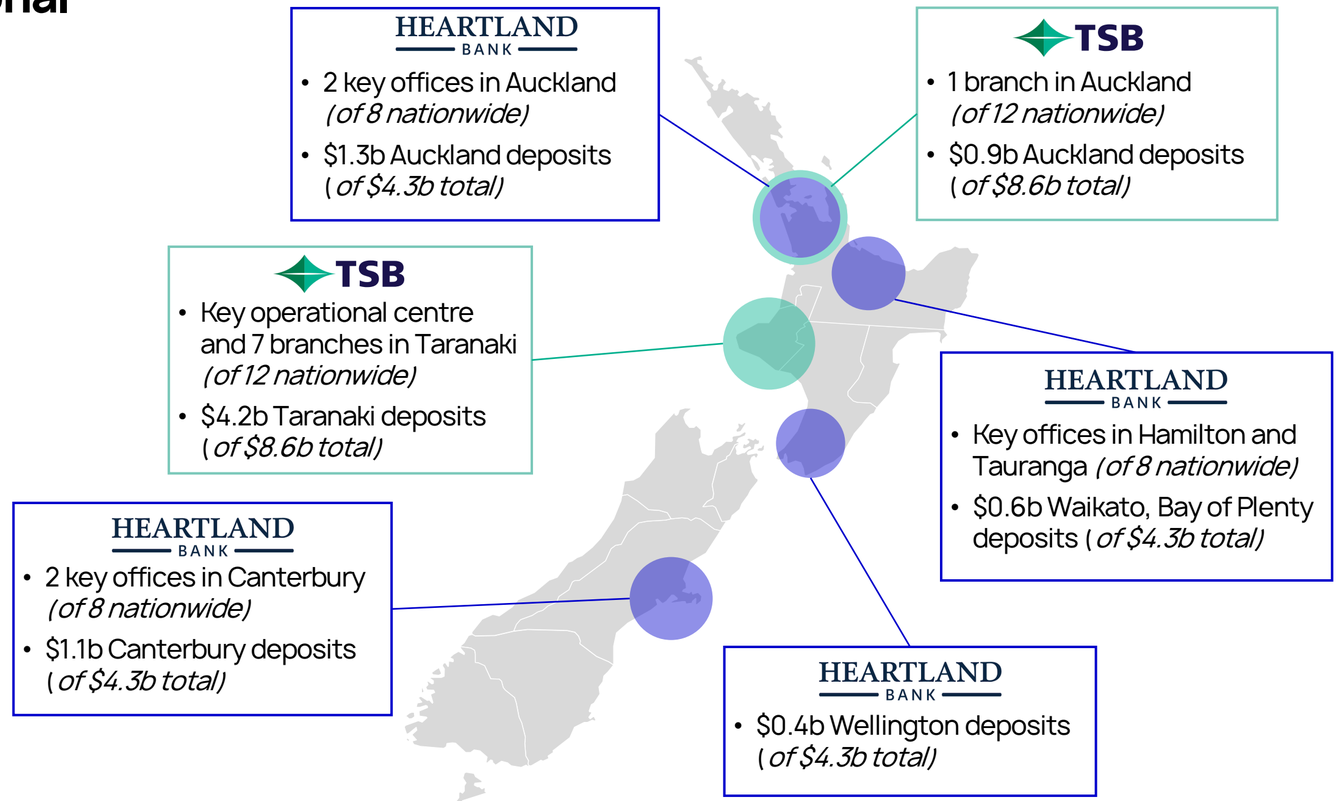
Continued regional focus and nationwide presence

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.[1]

- With its combined rich Kiwi heritage, TSB Heartland Bank will keep its focus on helping New Zealanders to meet their banking needs.
- 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.



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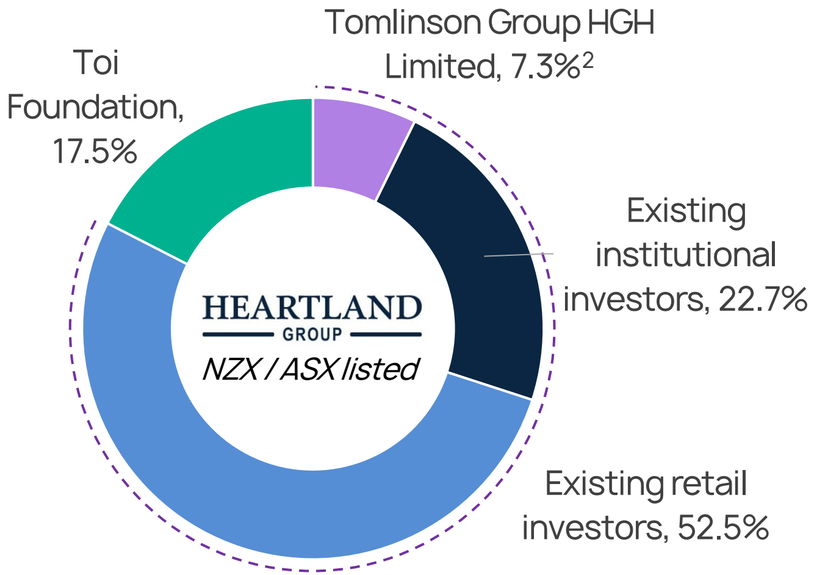
1 Portfolio details as at 31 March 2025 for Heartland Bank and 31 December 2025 for TSB.

Heartland Group governance

Toi Foundation will hold 17.5% of the shares in Heartland. Toi has nominated Mark Darrow for appointment to the Heartland Board, subject to Heartland shareholder approval.

Heartland indicative shareholdings[1]



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.
- As a condition of the MIA, and subject to Heartland shareholder approval of the proposed transaction and appointment, Toi Foundation has nominated Mark Darrow (current TSB Chair) to be initially appointed to the Heartland Board.[3]
- It is also expected that on completion of the proposed transaction, two existing TSB directors will initially join the TSB Heartland Bank Board.[4]

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1 Based on Heartland's share register at 30 April 2026.
2 Related interest of Greg Tomlinson, Chair and Non-Executive, Non-Independent Director of Heartland.
3 With effect on completion, subject to Heartland shareholder approval.
4 Subject to the approval of the respective boards of Heartland Bank and TSB.

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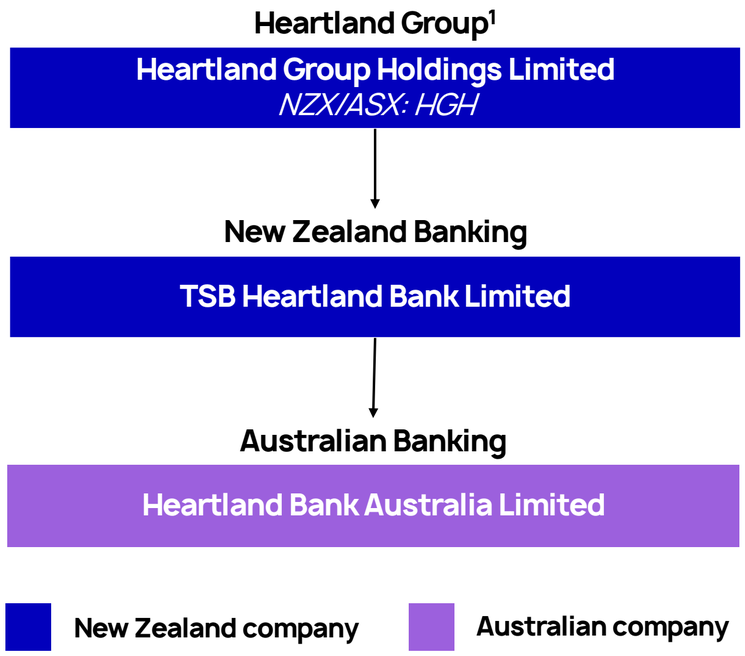
03 CEO's Address

Andrew Dixson Chief Executive Officer, Heartland Group

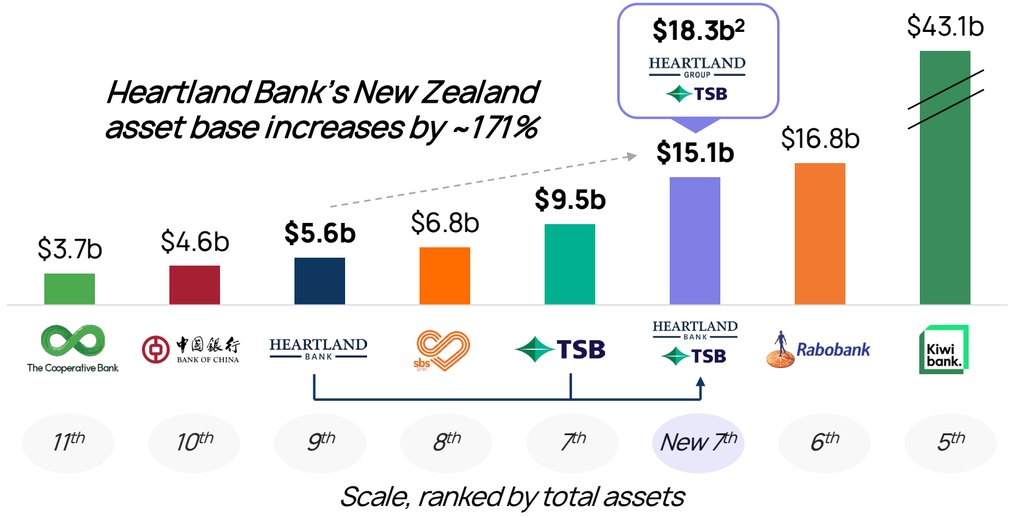
A bank with materially increased scale

Under the proposed transaction, Heartland would acquire all of the shares in TSB, and subsequently merge Heartland Bank and TSB, to create a larger New Zealand bank.

Proposed structure (post-merger)



Total New Zealand assets (NZ$b)[2]



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

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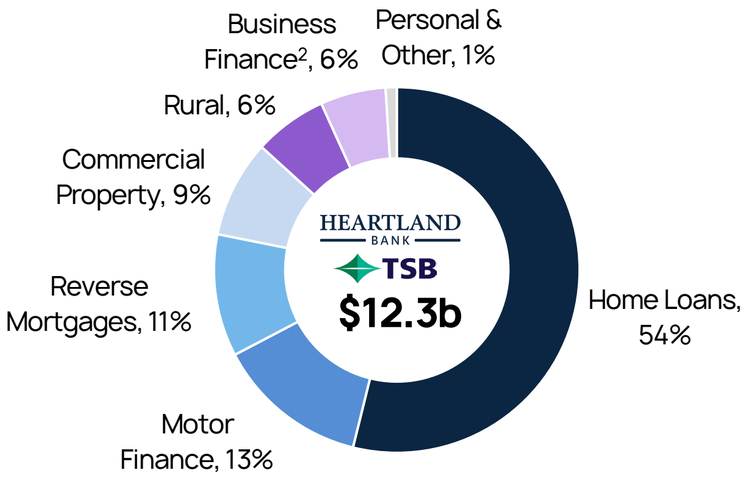
1 Heartland and its subsidiaries.
2 As at 31 December 2025 per RBNZ Banking Dashboard.
3 Including Heartland Bank Australia's assets, held in a subsidiary of Heartland Bank.

Snapshot of TSB Heartland Bank

TSB Heartland Bank will operate as a full-service capable bank with specialist products and a cost-effective funding platform.

Diversified and differentiated product set

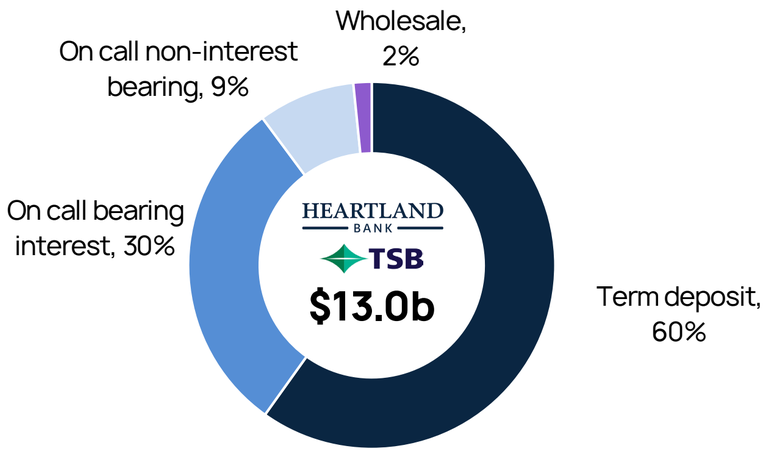
Gross receivables[1]



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

Optimised funding mix

Funding[1]



Optimised funding base through a greater proportion of non-interest and interest bearing on call products.

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1 Pro forma TSB Heartland Bank. As at 31 December 2025 for Heartland Bank and TSB. Gross receivables include Heartland Bank's NSAs. As at 30 June 2026, the NSA realisation programme had successfully concluded (for more information, see Heartland's FY2026 financial results announcement and accompanying investor presentation, available at heartlandgroup.info).

2 Business Finance includes Heartland Bank's Asset Finance and Business Relationship portfolios.

Significant synergies available

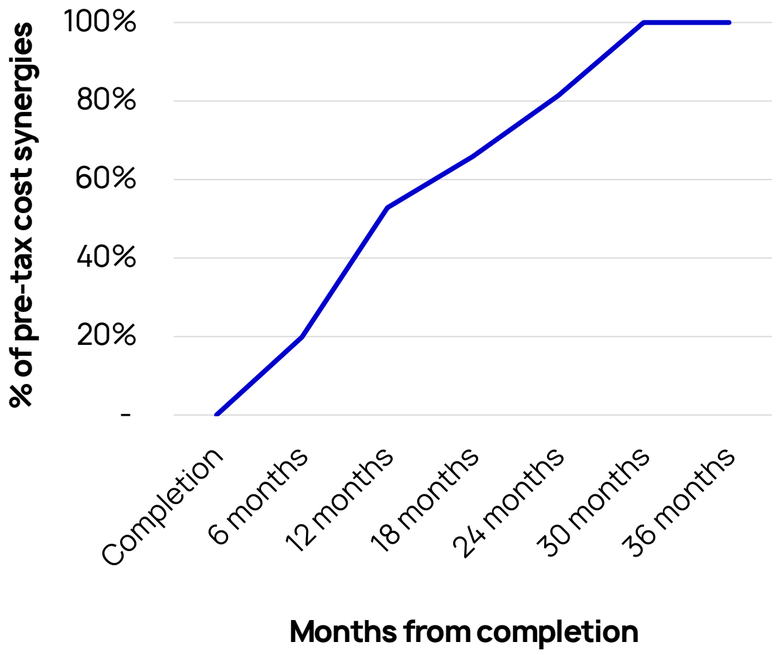
Cost synergies are expected to be realised over a three-year period across TSB Heartland Bank.

- 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.
- 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 synergies



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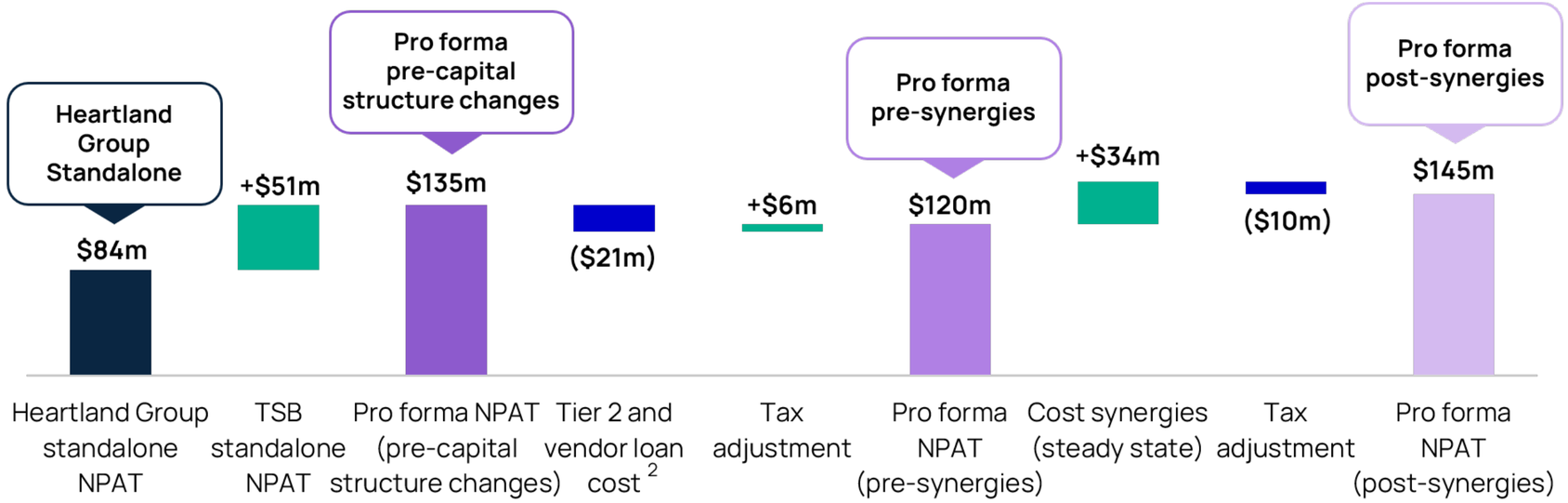
1 EY was engaged by Heartland and Toi Foundation to assist in identifying and quantifying synergies, the pace at which they could be realised, and the cost of extracting them.
2 Assessed synergies and one-off integration costs exclude technology-related items.
3 Estimated synergies are management estimates 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.

Expected to materially enhance earnings and ROE

Pro forma LTM NPAT (historical basis)[1]



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

1 LTM as at 31 December 2025 for Heartland and TSB.
2 Base rates based on average 1m BKBM bid for 2025.
3 Average balances used in ratio calculations are based on period-end balances as at 31 December 2024 and 31 December 2025.
4 Percentage change relative to Heartland Group standalone.

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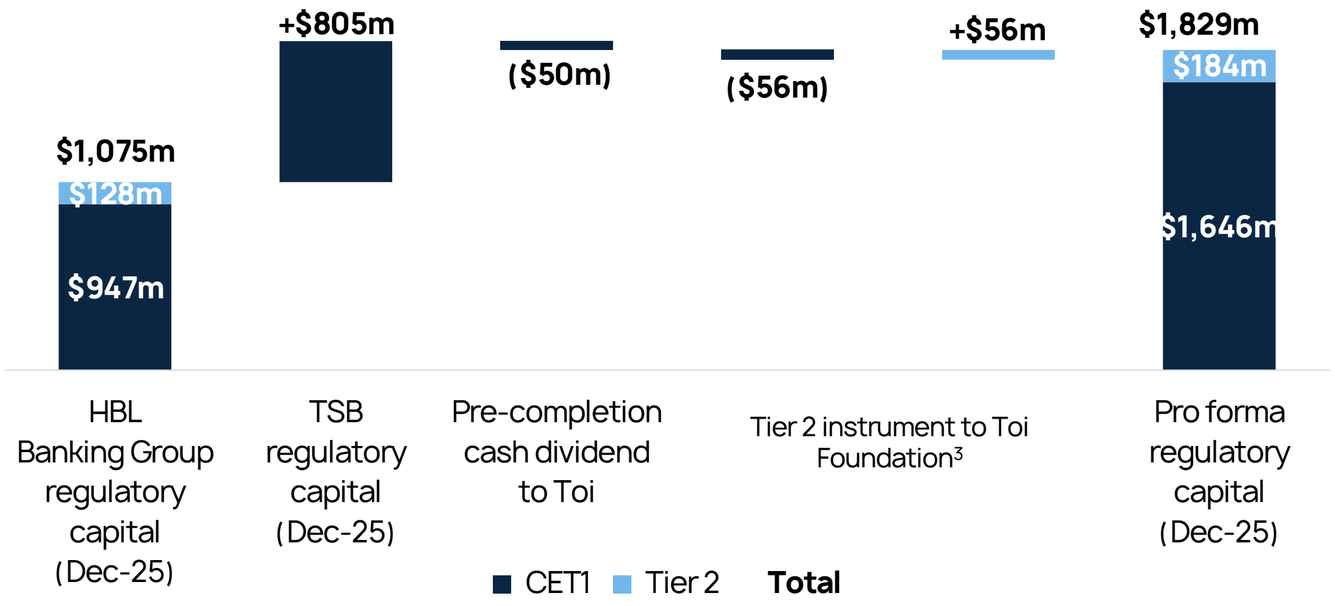
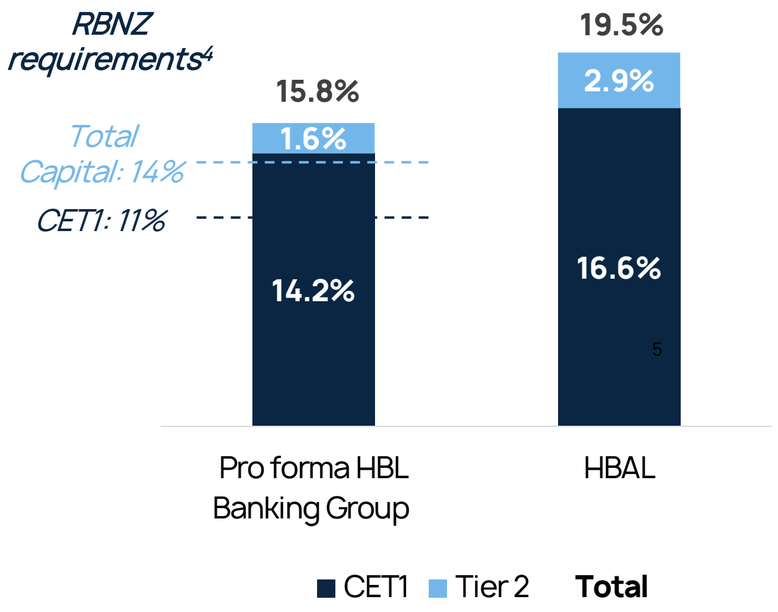
Pro forma capital impact

Heartland will remain well capitalised post-transaction. No ordinary equity share capital issuances by Heartland are expected to be needed to meet future capital requirements.

HBL Banking Group regulatory capital movement[1,2]



Capital ratio[1,2]



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.

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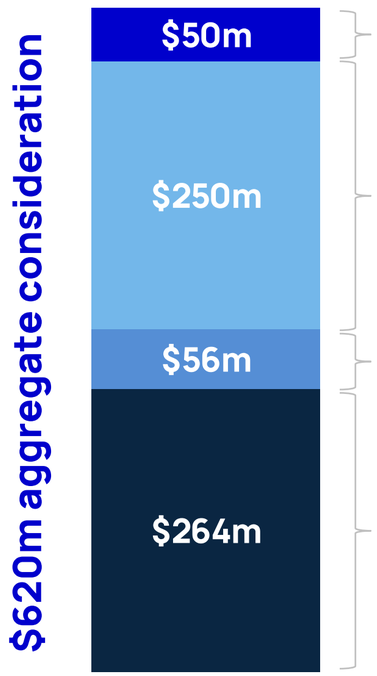
Proposed transaction funding

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.



$50m pre-completion cash dividend from TSB

$250m of ordinary equity: Ordinary shares issued in Heartland

- Shares issued: 200m
- Issue price: $1.25 per share (being a 14.6% premium to Heartland's 10-day volume weighted average share price on the NZX of $1.09 prior to announcement)

$56m subordinated debt: Issued to Toi Foundation by Heartland Bank as RBNZ eligible Tier 2 capital

- Margin: 220 bps over NZ 5Y swap rate
- Term: 10 years, callable after 5 years

$264m vendor loan: Provided to Heartland by Toi Foundation

- Term: 2 years
- Repayable at any time over the loan term without break fees applying, providing TSB Heartland Bank flexibility to optimise capital levels post-merger and following implementation of new RBNZ capital requirements[1]

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1 The RBNZ has confirmed that banks may apply any of the new standardised credit risk weights from 1 October 2026. The first annual step change in capital ratios is also taking place on 1 October 2026.

Independent Expert Report

On balance, Calibre Partners considers the positives of the proposed transaction outweigh the negatives for Heartland shareholders, and that the proposed consideration for TSB is reasonable.

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Value for money

- ✓ Aggregate consideration implies a price to book value multiple of approximately 0.76x, within the range of approximately 0.70x to 0.80x that Calibre Partners considers reasonable for TSB.
- ✓ Heartland acquires TSB at a discount to book value, reflecting benefit of economies of scale.
- ✓ Effectively acquires regulatory capital at a discount, more cheaply than Heartland could generate organically or raise externally, providing capacity for future lending growth.

Scale and diversification

- ✓ More diversified loan book across the expanded Heartland Group, reducing concentration risk.
- ✓ Better positioned to deliver operating leverage benefits.

Financial benefits and other considerations

- ✓ Expected to be meaningfully EPS and DPS accretive for existing Heartland shareholders, with an improved ROE supportive of a higher valuation multiple over time.
- ✓ Existing shareholders' proportional ownership will reduce by approximately 17.5% (however, this dilution is not expected to be value dilutive).

Transaction progress

Several conditions have now been satisfied. Subject to completion, the two banks would be integrated progressively over a period of up to three years.

Condition	Status	Commentary
Initial conditions	*Satisfied*	• Confirmatory due diligence has been completed by both Heartland and Toi Foundation. The W&I deed has been executed and W&I insurance has been obtained by both parties.
Rating condition	*In progress*	• Heartland has engaged Fitch Ratings. The point-in-time assessment is expected to be provided immediately following completion.
Regulatory and approval conditions	*In progress*	• Toi Foundation's trustees have approved the sale of the TSB Shares. • The RBNZ application has been submitted. • Heartland shareholder approval will be sought at its special shareholder meeting on 30 September 2026.
Material adverse change	*No change*	• No material adverse change has occurred or come to the attention of either party as at the date of this presentation.

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Strategic rationale

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Materially increases scale in New Zealand

Diversified and differentiated product set

Material synergies available

Significant shareholder value creation

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04 Shareholder discussion

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05
Voting and conduct of poll

Resolution 1:

Merger of Heartland Bank and TSB

That the acquisition by Heartland of all of the shares in TSB and the subsequent amalgamation of Heartland Bank and TSB (with Heartland Bank being the amalgamated company) under the merger implementation agreement dated 1 June 2026 between Heartland, Toi Foundation and Toi Foundation Holdings Limited be approved, confirmed and ratified for all purposes, including section 129 of the Companies Act 1993 and NZX Listing Rule 5.1.1.

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Resolution 2:

Issue of consideration shares

That the issue of 200,000,000 fully paid ordinary shares in Heartland to Toi Foundation at an issue price of NZ$1.25 per share on completion of, and as partial consideration for, the acquisition by Heartland of all of the shares in TSB be approved, confirmed and ratified for all purposes, including NZX Listing Rule 4.1.1.

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Resolution 3:

Election of Mark Darrow as a Heartland Director

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That Mark Darrow, having been nominated by the Board of Heartland in each director's capacity as a shareholder of Heartland, be elected as a director of Heartland with effect on and from the completion of the acquisition by Heartland of all of the shares in TSB.

Resolution 4:

Directors' remuneration

That the total annual remuneration available to all non-executive directors of Heartland and its subsidiaries be increased from NZ$2,400,000 or AU$2,200,000 (whichever is the greater amount from time to time) to NZ$2,600,000 or AU$2,350,000 (whichever is the greater amount from time to time), an increase of NZ$200,000 or AU$150,000 (8.33% and 6.82% respectively) effective for the financial year ending 30 June 2027 onwards, with such sum to be divided amongst the nonexecutive directors as the Board may determine from time to time.

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Voting and polling procedures

Mark your intention on your Voting Card by selecting "For", "Against" or "Abstain" for each resolution.

For those online, please click "Submit Vote" on the bottom of the voting card to lodge your vote.

Once you have voted:

- Place your Voting Card in the ballot boxes as they are passed around. If you need help, please raise your hand.
- Voting will be open until the close of the meeting.
- The results of the poll will be advised on the NZX and ASX on Thursday 1 October 2026.

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Thank you

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Investor & media relations

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Investor information

For more information
heartlandgroup.info/investor-information

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HEARTLAND GROUP

30 September 2026

Heartland Special Shareholder 2026: Chair's Address

Good afternoon, ladies and gentlemen. Thank you for joining us today, both here at Eden Park and online.

I'm pleased to present to shareholders Heartland Group Holdings Limited's (**Heartland**) proposal to acquire all of the shares in TSB from Toi Foundation and subsequently merge Heartland Bank Limited (**Heartland Bank**) and TSB Bank Limited (**TSB**) (the **Proposed Transaction**). TSB and merge it with Heartland Bank. If approved by our shareholders, and if the remaining conditions are satisfied, the merged bank will be called TSB Heartland Bank Limited (**TSB Heartland Bank**).

The Board has carefully considered the proposal and unanimously supports it.

A larger New Zealand banking platform

The proposal brings together two established New Zealand banks with different strengths, strong regional histories and a shared commitment to customers. It would create a bank with approximately $15 billion in New Zealand assets and the scale to compete, invest and respond to customers' changing needs.

Scale is important in banking. It supports investment in technology, customer service and risk management. It also creates a stronger platform to provide increased competition and choice in a market dominated by larger banks.

This is about combining complementary banks that can do more together than either could do alone.

Complementary strengths and proven execution

Heartland Bank has built specialist product expertise, whereas TSB brings established everyday banking capabilities, together with an efficient funding base.

These products are complementary. Together, they would allow TSB Heartland Bank to support customers through more stages of their financial lives, while keeping the specialist products that set Heartland Bank apart. The result would be a bank with a wider mix of products and a broader base from which to serve customers and grow.

Heartland also brings relevant experience. We have grown by bringing businesses together, including Heartland's own formation in 2011. Our reverse mortgage success in New Zealand and Australia has grown from acquisitions made in 2014. More recently, we acquired and integrated Challenger Bank to create Heartland Bank Australia Limited (**Heartland Bank Australia**). This made Heartland Bank the only New Zealand registered bank to own an Australian bank.

The Reserve Bank of New Zealand (**Reserve Bank**) also recently reduced Heartland Bank's transitional capital overlay which was put in place after the acquisition of the Australian bank. The reduction reflects the progress made on integration, stronger oversight, and an improved overall risk profile.

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That track record gives us confidence that Heartland understands the discipline required through careful planning, strong governance and continued attention to customers while change is underway. We know how to do this, and we know it must be done carefully.

A bank with regional roots and a nationwide presence

TSB Heartland Bank would be regionally focused. TSB was established in Taranaki in 1850. Heartland's origins trace back to Ashburton in 1875, and Canterbury remains an important part of our identity, employment and customer base. These histories would form an important foundation for the merged bank.

TSB Heartland Bank would have a nationwide presence, with Taranaki and Canterbury remaining important operational bases. Taranaki will continue to have a customer banking hub, including a local branch network and local customer roles. The region's connection with TSB will remain an important part of the merged bank's identity and future.

The name TSB Heartland Bank reflects the importance of both banks' histories and the trust that has been built with customers over generations. The intention is for customers to continue to be served through the TSB and Heartland Bank brands and channels they know, with any future changes communicated carefully and clearly.

The opportunity for customers and shareholders

For customers, employees, communities and shareholders, the Proposed Transaction provides an opportunity to share in the growth of a larger New Zealand bank.

Customers would benefit from a broader range of banking products and greater investment by the bank in technology and service. While communities would continue to be served by a bank with genuine regional connections, including its ongoing presence in Taranaki.

Heartland would remain the listed parent company, with the ability to deploy capital across a more diverse banking group and benefit from greater efficiency as the bank grows over time.

Being part of a listed banking group also gives customers and communities the chance to invest in the bank's success. Heartland's shareholders include many everyday New Zealanders who supported the business when it merged and listed in 2011. Their investment reflects the idea that a New Zealand bank can be owned, supported and grown by New Zealanders.

As part of the Proposed Transaction, Toi Foundation would become Heartland's largest shareholder, with a 17.5% shareholding. Toi Foundation intends to remain a long-term, supportive shareholder. This would support Toi Foundation's ability to fund community initiatives across Taranaki.

Governance

Shareholders are also being asked to vote on Mark Darrow's appointment to the Heartland Board. Mark is the current Chair of TSB and has been nominated by Toi Foundation to join the Board when the acquisition is completed. Mark is an experienced board Chair and director, and the Heartland Board considers that he will be able to bring an independent view and act in the best interests of all shareholders. Mark will address shareholders shortly.

On completion of the merger, two existing TSB directors are also expected to join the TSB Heartland Bank Board.

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Together, these appointments will bring relevant knowledge of TSB and support a well-governed integration of the merged bank.

Shareholders are also being asked to approve an increase in the total fee pool for non-executive directors. The new fee pool has been proposed by the Board after receiving the independent director fee benchmarking from Propero Consulting Limited (**Propero**). This increase is to reflect the larger and more complex banking group, the additional directors who will join the two boards, and the time and expertise required for board committee work. The base fees for Heartland and Heartland Bank directors are not proposed to increase, and the base fees for Heartland Bank Australia directors are proposed to decrease. The additional fees for the new director roles would only apply if the Proposed Transaction is completed.

Confidence in the proposal

The proposal remains subject to shareholder approval, regulatory approvals and other conditions. I have considered this proposal carefully, both as Chair and as a shareholder. I believe the proposed transaction is in the best interests of Heartland and its shareholders.

It would bring together two complementary banks to create a larger New Zealand bank with a regional focus. Heartland has the experience to undertake this work and create long-term value over time.

I will now hand over to Andrew Dixson, our Chief Executive Officer, who will provide more detail on the Proposed Transaction.

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HEARTLAND GROUP

30 September 2026

Heartland Special Shareholder 2026: CEO's Address

Thank you, Greg.

Good afternoon and thank you all for joining us today.

Greg has outlined the strategic context for the proposed transaction. I will focus on what the proposed bank and wider Heartland Group Holdings Limited (**Heartland**) (**NZX/ASX: HGH**), would look like, the financial benefits and transaction structure, and how we would bring the two banks together.

The proposed bank

On completion, Heartland would acquire all of the shares in TSB Bank Limited (**TSB**). Heartland Bank Limited (**Heartland Bank**) and TSB would then merge and be renamed TSB Heartland Bank Limited (**TSB Heartland Bank**). Heartland would remain the NZX and ASX listed parent, and the New Zealand bank, TSB Heartland Bank would continue to own Heartland Bank Australia Limited (**Heartland Bank Australia**). There would be no impact to Heartland Bank Australia or its current strategy as a consequence of Heartland's proposal to acquire all of the shares in TSB from Toi Foundation and subsequently merge Heartland Bank and TSB (the **Proposed Transaction**).

On a pro forma basis, TSB Heartland Bank would have approximately $15.1 billion of New Zealand assets, increasing the New Zealand asset base by approximately 171%.

This increased scale creates a larger base to spread the cost of technology, risk management, and regulatory compliance which disproportionately affects smaller subscale banks. It also gives the bank more capacity to invest, respond to customers and compete in the New Zealand market.

The merged bank would have a broader and more balanced loan book. Residential lending through Home Loans and Reverse Mortgages would be the largest component, constituting approximately 65% of gross finance receivables. This would be complemented by Motor Finance, Commercial Property Lending, Rural Lending and Business Finance.

The funding base would also be more diverse with a greater proportion of cost-effective interest and non-interest bearing call deposits.

The result would be a New Zealand bank able to offer a broader range of banking services, while retaining a specialist product focus and a lower risk-weighted product mix.

In practical terms, TSB Heartland Bank would operate as a national bank with a clear regional commitment. Taranaki would remain a key operational hub for customer banking services, including its local branch network and customer-facing roles.

Synergies and financial benefits

Cost synergies are expected to provide an annual benefit of approximately $34 million to profit before tax once fully realised. These estimated efficiencies are associated with bringing the two banks together, reducing duplication in activities, processes and shared business overheads. These savings are expected to build progressively over three years after completion.

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There is potential for further benefits from funding and liquidity, including access to TSB's deposit base, the opportunity to optimise the combined liquid asset base, and the ability to leverage Heartland's existing and future technology investment across a larger bank.

The estimated one-off cost of achieving these benefits is also approximately $34 million, spread over the same three-year period.

The transaction is expected to create material value for Heartland shareholders. Normalised earnings per share is expected to increase by more than 20% in the first year after completion, based on the full run-rate cost benefits. The transaction is also expected to support a stronger dividend per share profile and improve return on equity.

The combined bank would remain well capitalised. We do not expect to need to issue ordinary equity to meet future capital requirements. TSB Heartland Bank is also expected to benefit from recent changes to Reserve Bank capital settings, including lower and more granular risk weights.

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The transaction structure

The aggregate consideration to Toi Foundation is $620 million. This comprises:

- a $50 million pre-completion cash dividend from TSB
- $250 million of ordinary shares in Heartland
- $56 million of subordinated debt issued by Heartland Bank as eligible Tier 2 capital, and
- a $264 million vendor loan provided by Toi Foundation to Heartland.

The issue of shares to Toi Foundation means existing shareholders' proportional ownership of Heartland would reduce by approximately 17.5%. However, the transaction is not expected to be value dilutive, given the expected earnings, dividend and return benefits.

The vendor loan has a two-year term and can be repaid at any time during that period without a break fee. Given Heartland's strong excess capital position, experience in and access to New Zealand and Australian debt capital markets, Heartland has sufficient options available for repaying this loan.

For Toi Foundation, the structure provides a diversified portfolio of investments which supports Toi Foundation's ability to increase its investment in the Taranaki community.

For Heartland, the structure preserves flexibility to use excess capital for future growth and investment, while maintaining strong capital and liquidity settings.

Independent expert findings

Heartland commissioned Calibre Partners to provide an independent expert report on the merits of the proposed transaction.

Calibre Partners concluded that the proposed consideration for TSB is reasonable and that, on balance, the positives of the proposed transaction outweigh the negatives for Heartland shareholders.

The $620 million consideration represents approximately 0.76 times TSB's book value. Calibre Partners considered this to be within the reasonable range of approximately 0.70 to 0.80 times book value.

The report also recognises the expected cost benefits, the more diversified loan book, the improved funding mix, and the potential for the transaction to be earnings and dividend accretive.

Integration and next steps

Several conditions have now been satisfied, including confirmatory due diligence, the entry by Heartland and Toi Foundation into warranty and indemnity insurance arrangements, and Toi Foundation trustee approval of the Proposed Transaction. Applications to the Reserve Bank of New Zealand (**RBNZ**) have been submitted by both Heartland and Toi Foundation, and both parties are continuing to actively engage with the RBNZ in respect of the Proposed Transaction. Shareholder approval, the TSB Material Adverse Change condition, and the remaining regulatory approvals still need to be satisfied for completion to occur.

Following completion, the two banks would be integrated progressively over a period of up to three years. Detailed integration work would be coordinated through an Integration Management Office and overseen by the TSB Heartland Bank Board.

While the proposed transaction provides an opportunity 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. These are not expected to materially impact the transaction economics.

Our first priority will be to maintain reliable banking services and good outcomes for customers. Initially, customers are expected to continue using the brands, products, channels and locations they know. Any changes will be communicated clearly and with appropriate notice.

We will also support our people through the process. Where changes are needed, they will be managed fairly, openly and in line with our employment obligations.

Conclusion

The proposed transaction materially increases Heartland's scale in New Zealand. Greater scale and diversification across products and locations will provide improved financial efficiency and resilience.

TSB Heartland Bank would have a diversified and differentiated product set. This creates a full-service capable bank differentiated by its specialist product offerings with a lower risk-weighted product portfolio – and an enhanced ability to serve customers throughout their financial lifecycle.

Material synergies are available with the potential for further upside.

We believe this transaction would also create a stronger platform for the wider Heartland Group, with the potential to improve earnings, dividends and returns for our shareholders over time.

Thank you for your time today, and for your continued support in Heartland.

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Virtual Meeting Guide

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Make sure your browser will work by going to *whatismybrowser.com*

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- Chrome *Version 44 and later*
- Edge *Version 92.0 and later*
- Firefox *Version 40.0.2 and later*
- Safari *MacOS 10.9 and later*

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Get ready to vote

You will need one of the following to vote

A

Your CSN/ Holder Number if you are an investor

OR

B

Your proxy number if you are an appointed proxy

If you're an investor, you can find your CSN/Holder Number on most investor communications from us.

If you're a proxy, your proxy number will be sent to your email address one to two days before the meeting.

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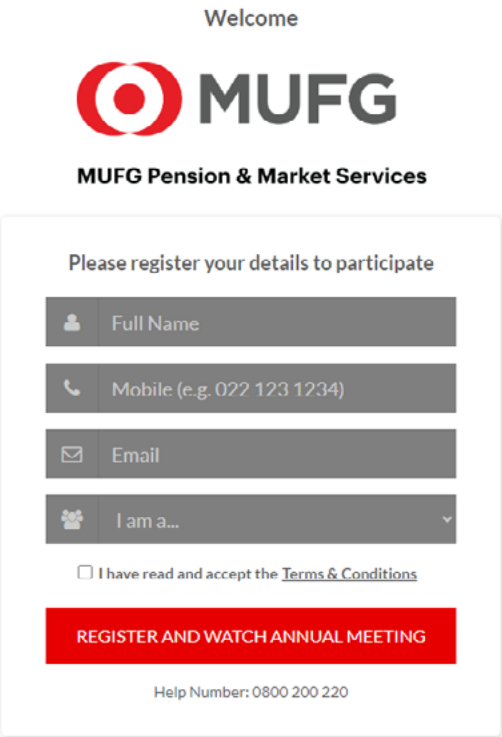
Register for the meeting

Open your browser and go to *www.virtualmeeting.co.nz*

Choose the meeting you want to watch from the list and click the ***View Meeting*** button. Register using your full name, mobile number, email address, and participant type.

Read and accept the terms and conditions before clicking on the ***Register and Watch Meeting*** button.



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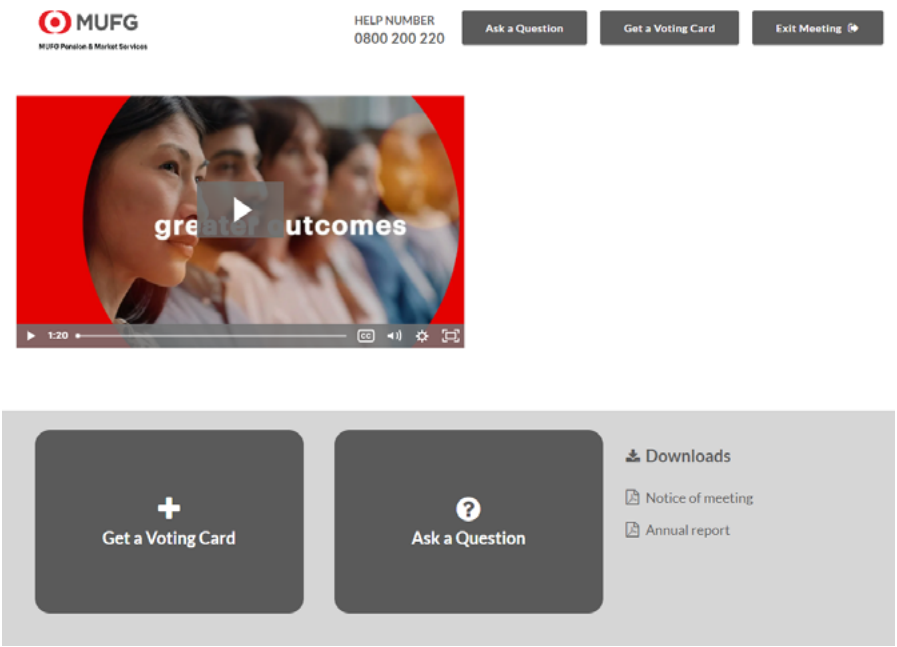
Watch the meeting

The webcast will start by itself when the meeting begins

If the webcast doesn't start, press the play button and check the volume on your device is turned up. The meeting slides will be cycled through while the webcast plays.



At the bottom are buttons for ***Get a Voting Card***, ***Ask a Question*** and a list of documents available for download.

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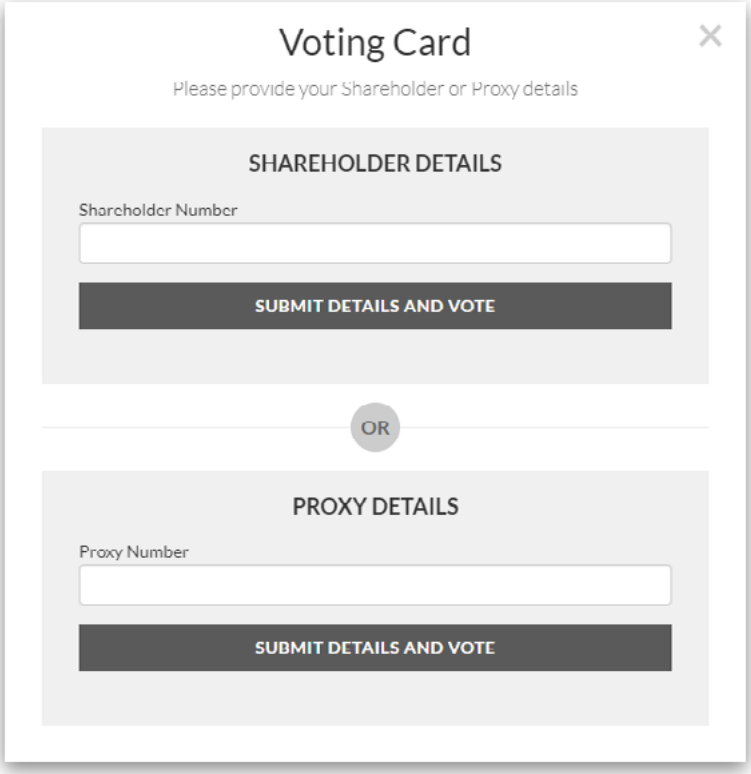
Get a voting card

Register to vote by clicking on the *Get a Voting Card* button

If you're an investor, you will need to enter your CSN/Holder Number.

If you're an appointed proxy, you will need to enter the proxy number in the ***Proxy Details*** section, then click the ***Submit Details and Vote*** button.



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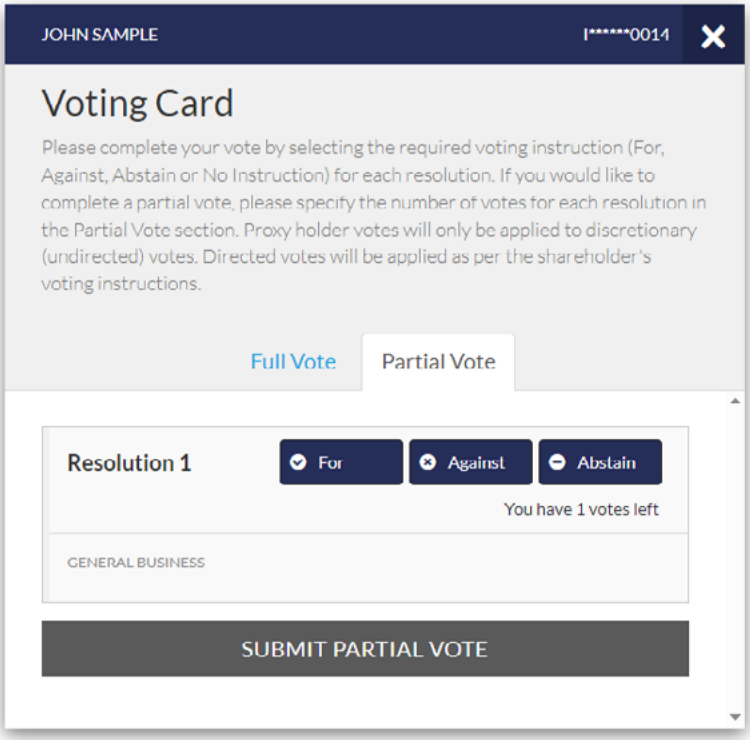
Enter your vote

Once you have your voting card, tell us how you want to vote

You may need to use the scroll bar on the right side of the voting card to see all resolutions.

Choose either ***Full Vote*** or ***Partial Vote*** using the tabs. Click on either the ***For***, ***Against***, or ***Abstain*** voting buttons. For a ***Partial Vote***, enter a number of votes—the total number of votes you have are shown.



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Submit your vote

Make sure you submit your vote before the countdown timer ends

Once you have finished voting, scroll down to the bottom of the box and click on the ***Submit Vote*** or ***Submit Partial Vote*** button.

You can close your voting card without submitting your vote while voting is open. Any votes you have already made are saved. The voting card will be under the webcast with a ***Not yet submitted*** message below.

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

At the end of the meeting, a red bar with a five-minute countdown timer will appear at the top of the website advising the remaining time to submit your voting cards. Once voting has been closed, your vote can't be changed.

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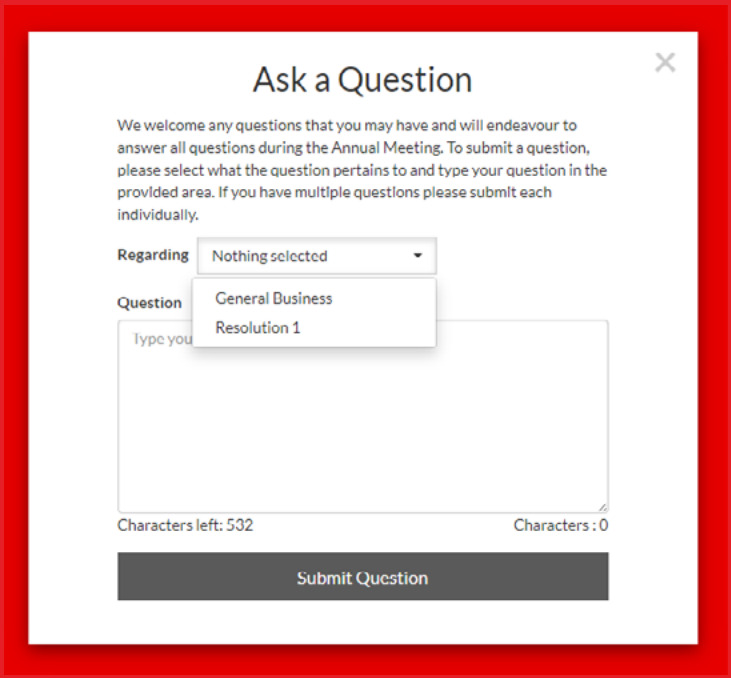
Ask a question

Only investors, proxies and corporate representatives can ask questions

If you have not registered a voting card, you will be asked to enter your CSN/Holder Number or proxy number before you can ask a question.

Click on the ***Ask a Question*** button either at the top or bottom of the page.



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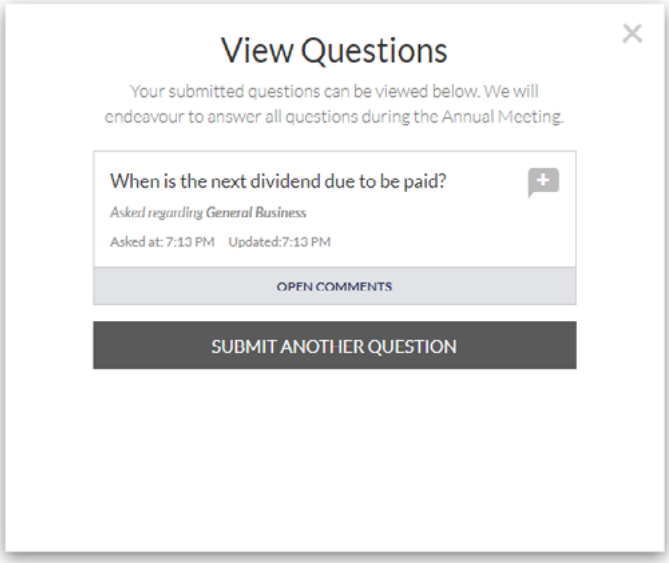
Submit a question/reply

Select the category or resolution for your question

Type your question in the ***Question*** box, and click on the ***Submit Question*** button.

After submitting, click the ***View Questions*** button to see your questions (only visible to you).



If your question has been answered and you want to reply, submit another question.

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