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NZX/ASX release
2 June 2026

Proposed merger of Heartland Bank and TSB will create a New Zealand challenger bank of scale with a regional focus

Heartland Group Holdings Limited (**Heartland**) (**NZX/ASX: HGH**) is pleased to announce that it has signed a conditional merger implementation agreement (**MIA**) with Toi Foundation and Toi Foundation Holdings Limited (together, **Toi Foundation**) to merge Heartland Bank Limited (**Heartland Bank**) and TSB Bank Limited (**TSB**).

Under the proposed transaction, Heartland will acquire from Toi Foundation all TSB shares on issue for an aggregate consideration of $620 million. Immediately following the acquisition, Heartland Bank and TSB will merge to create TSB Heartland Bank Limited (**TSB Heartland Bank**).[1]

Summary of the proposed transaction and merger

- Recognising each bank's long history and deep connection to regional New Zealand, the merged bank will be called TSB Heartland Bank.
- TSB Heartland Bank will be a challenger bank of scale with a regional focus – increasing banking competition and choice for New Zealanders.
- By combining Heartland Bank's specialist product expertise with TSB's cost-effective funding platform and transactional banking capabilities, TSB Heartland Bank will be a full-service capable bank differentiated by its specialist product offerings, with a lower risk-weighted product portfolio.
- Greater scale and product diversification will improve financial efficiency and resilience, which may support an uplift in the merged bank's long-term credit rating.[2]
- Material synergies are expected to be progressively realised over a three-year period post-completion by reducing shared costs across TSB Heartland Bank.
- Synergy realisation and the transaction structure are expected to drive material normalised earnings per share accretion for Heartland shareholders, alongside an enhanced dividend per share profile.
- The aggregate consideration to Toi Foundation of $620 million represents 76% of TSB's book value[3] and comprises ordinary equity in Heartland (resulting in a 17.5% shareholding in Heartland by Toi Foundation), a pre-completion cash dividend paid by TSB, a vendor loan provided to Heartland by Toi Foundation, and Toi Foundation subscribing for Heartland Bank Tier 2 capital.
- Subject to Heartland shareholder approval, it is expected that one Toi Foundation nominee will be initially appointed to the Heartland Board with effect from completion of the proposed merger. It is also expected that on completion of the proposed merger, two existing TSB directors will initially join the TSB Heartland Bank Board.[4]
- The proposed merger is targeting completion in December 2026, subject to satisfaction of a number of conditions in the MIA, including community consultation by Toi Foundation with Taranaki residents[5], Heartland shareholder approval and any necessary New Zealand and Australian regulatory approvals.

The proposed transaction builds on Heartland's strong merger, acquisition and integration track record, including the recent acquisition of Challenger Bank Limited (now Heartland Bank Australia Limited (**Heartland Bank Australia**)) – which made Heartland Bank the first New Zealand registered bank to acquire an Australian authorised deposit-taking institution.

Transaction costs are estimated to be approximately $15 million. Approximately $7 million will be expensed and therefore reflected in Heartland's net profit after tax (**NPAT**) for the financial year ending 30 June 2026 (**FY2026**) and approximately $8 million will be expensed and reflected in Heartland's NPAT for the financial year ending 30 June 2027 (**FY2027**) (subject to the transaction completing in FY2027).[6] 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.

See the accompanying investor presentation for more details.

Heartland will host an investor briefing at 10.30am (NZST) today, Tuesday, 2 June 2026 – see page 3 for webcast details.

Note: *All figures in NZD unless otherwise stated.*

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Strategic rationale

The proposed merger will create a New Zealand challenger bank of scale with a regional focus – increasing banking competition and choice for New Zealanders. By bringing together Heartland Bank's specialist product expertise and TSB's cost-effective funding platform and established transactional banking capabilities, TSB Heartland Bank will be a full-service capable bank differentiated by its specialist products, with a lower risk-weighted product portfolio.

Should the proposed merger proceed, substantial scale benefits, value creation and material synergies are expected to be available.

TSB Heartland Bank will become New Zealand's seventh largest bank[7], with approximately $15 billion in total New Zealand assets (a 171% increase in Heartland's New Zealand asset base). With a materially increased scale and diversified product set, it will have an enhanced ability to serve customers throughout their financial lifecycle, support a productive economy, and deliver improved financial returns. In addition, the proposed merger may support an uplift in the merged bank's long term credit rating compared with Heartland Bank, reflecting TSB Heartland Bank's strengthened asset quality and lower risk-weighted product profile.

Heartland's specialist product focus across New Zealand and Australia will be retained and enhanced by the addition of full-service banking capabilities in New Zealand. As the NZX/ASX listed parent company of a larger, optimised New Zealand banking business, Heartland will have the ability to deploy capital more effectively across the group, and have the scale required to deliver an improved cost-to-income ratio through greater operating leverage.

Material synergies are estimated through cost efficiencies associated with bringing the two banks together by reducing duplication in activities, processes and shared business overheads. It is anticipated that these synergies will be progressively realised over a three-year period post-completion of the proposed merger. When fully realised, these synergies are expected to deliver an ongoing ~$34 million p.a. benefit to profit before tax.[8]

There is also potential for further upside from funding and liquidity synergies, in addition to the ability to 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 proposed transaction's financial outcomes. Total one-off integration costs of approximately $34 million are expected to be incurred over a three-year period post-completion as synergies are realised.

Continued regional focus and nationwide presence

Heartland Bank and TSB each have long histories and a deep connection to regional New Zealand. 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.

Heartland Bank traces its roots more than 150 years to the Ashburton Permanent Building & Investment Society in 1875. Its specialist product strategy and community investment via the Heartland Trust reflect its ongoing commitment to Canterbury and New Zealand. This investment is expected to continue and strengthen through TSB Heartland Bank.

TSB is a community trust-owned bank with deep regional roots in Taranaki, and has grown to provide banking services nationwide. Known for its customer-centric approach, TSB has built a reputation for trust and simplicity over generations. In 2025, the bank marked a significant milestone, celebrating its 175th anniversary.

Reflecting each bank's community roots, TSB Heartland Bank will have a continued regional focus and nationwide presence in New Zealand. 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.

Through the sale of TSB to Heartland, Toi Foundation will receive a more diversified investment portfolio, including 17.5% of the shares in Heartland. This will enhance Toi Foundation's ability to fund philanthropic activities across the Taranaki region.

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Proposed transaction details

Consideration

The aggregate consideration to Toi Foundation of $620 million represents 76% of TSB's book value[3] and includes a pre-completion cash dividend from TSB of $50 million. The remaining consideration comprises:

- $250 million of ordinary equity issued to Toi Foundation by Heartland (200 million shares issued at a price of $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, representing a 17.5% shareholding in Heartland post-completion of the proposed transaction)
- $56 million of subordinated debt (issued by Heartland Bank as Reserve Bank of New Zealand eligible Tier 2 capital)
- $264 million vendor loan provided by Toi Foundation to Heartland[9], with a two-year term, but able to be refinanced by Heartland at any time without break fees applying.

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.

MIA and indicative timetable

The proposed merger is targeting completion in December 2026, subject to satisfaction of the conditions in the MIA, including community consultation by Toi Foundation with Taranaki residents[5], Heartland shareholder approval and any necessary New Zealand and Australian regulatory approvals.

Each party may terminate the MIA if any condition is incapable of being satisfied, or is not satisfied or waived, by the requisite date. The MIA includes customary interim period obligations which apply from execution of the MIA to completion of the proposed merger, including requiring Heartland Bank and TSB to operate in the ordinary course of business consistent with past practice.

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 the accompanying investor presentation for more details on the MIA, including the risks associated with the proposed transaction.

Key event	Indicative timing
Toi Foundation community consultation with Taranaki residents[5]	June – July 2026
Confirmatory due diligence completed and conditions satisfied	June 2026
Warranty and indemnity insurance obtained	June 2026
Notice of Meeting dispatched to Heartland shareholders	July 2026
Heartland shareholder meeting to vote on the proposed transaction, including appointment of Toi Foundation nominated director	August 2026
Targeted merger implementation date[10]	December 2026

Heartland is being advised by Jarden (sole financial advisor), Chapman Tripp (legal and tax), Deloitte (financial and technology due diligence) and EY (independent synergy assessment) in relation to the proposed transaction.

Investor briefing

Heartland will host an investor briefing at 10.30am (NZST) today, Tuesday, 2 June 2026. To join the live webcast, investors and media are invited to register at ccmediaframe.com/?id=43ZmloKv. The recording will be available via the same link and from Heartland's website after the call ends.

Investor day

Heartland's investor day, previously scheduled for Friday 5 June 2026, 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).

– ENDS –

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The person who authorised this announcement:
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About Heartland

Heartland is an Australasian financial services group providing specialist banking products to New Zealanders and Australians. Heartland is listed on the New Zealand and Australian stock exchanges under the HGH ticker (NZX/ASX: HGH). Through its various predecessors, Heartland has a long history in financial services, stretching back to Ashburton, New Zealand in 1875.

Today, Heartland is the listed holding company for two banks – Heartland Bank in New Zealand and Heartland Bank Australia. Each bank is focused on providing specialist banking products to enable better lives for New Zealanders and Australians. In both countries, these products include Reverse Mortgages, Livestock Finance, and Savings and Deposits. In New Zealand, Heartland Bank also offers Motor Finance and Asset Finance.

Heartland's role as the listed parent company is to ensure capital is allocated to the parts of its business which generate strong returns, and to set the strategy and risk appetite within which the group operates. This enables Heartland to maximise shareholder returns and for each bank to enhance the value it offers customers by helping more New Zealanders and Australians with their specialist banking needs.
More: heartlandgroup.info

About Toi Foundation

Toi Foundation is a perpetual philanthropic community trust focused on building a thriving, inclusive and equitable Taranaki for current and future generations. Toi Foundation supports communities in traditional, philanthropic ways, while also looking to the future with a focus on strategic and innovative granting and impact investing to achieve even greater long-term, intergenerational and transformational benefits for Taranaki. It has owned TSB since 1988, with its investment portfolio currently including 100% of TSB and 66% of Fisher Funds. More: toifoundation.org.nz

Endnotes

[1] Heartland Bank will be the surviving entity following completion of the proposed merger.
[2] Heartland Bank currently has a long-term credit rating of BBB stable (issued by Fitch Australia Pty Ltd).
[3] As at 31 December 2025.
[4] Subject to the approval of the respective boards of Heartland Bank and TSB.
[5] Residents are defined as any people residing in the Taranaki region.
[6] Final transaction costs are subject to actual spend.
[7] Based on RBNZ Banking Dashboard data as at 31 December 2025.
[8] Estimated synergies are management estimates prepared for transaction evaluation purposes and are forward-looking. Cost synergies (~$34 million 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.
[9] 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.
[10] 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 $2.4 million 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.

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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.

Proposed transaction summary	• On 1 June 2026, Heartland Group Holdings Limited (**Heartland**) signed a conditional merger implementation agreement (**MIA**) with Toi Foundation and Toi Foundation Holdings Limited (together, **Toi Foundation**) to merge Heartland Bank Limited (**Heartland Bank**) and TSB Bank Limited (**TSB**). • Under the proposed transaction, Heartland will acquire from Toi all TSB shares on issue for an aggregate consideration of $620m. • Immediately following the acquisition, Heartland Bank and TSB will merge via a short form amalgamation to create TSB Heartland Bank Limited (**TSB Heartland Bank**).[1] • 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.
Financial outcomes	• 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. • 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[2], alongside an enhanced DPS profile.

Consideration	• The aggregate consideration to Toi Foundation of $620m includes a $50m pre-completion cash dividend from TSB. The remaining consideration comprises:
	  • $250m of ordinary equity issued to Toi Foundation by Heartland (200m shares issued at a price of $1.25 per share[3], representing a 17.5% ownership interest in Heartland post-completion of the proposed transaction)
	  • $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[4].
	• The aggregate consideration to Toi Foundation implies:
	  • 0.76x TSB's book value[5]
	  • 12.1x TSB's LTM[5] NPAT
	  • 8.2x TSB's LTM[5] NPAT post achievement of full run-rate synergies realised across TSB Heartland Bank.[2, 6]

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1 Heartland Bank will be the surviving entity following completion of the proposed merger.
2 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.
3 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.
4 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.
5 As at 31 December 2025.
6 Excludes capital structure (Tier 2 and vendor loan cost) adjustments from the proposed transaction.

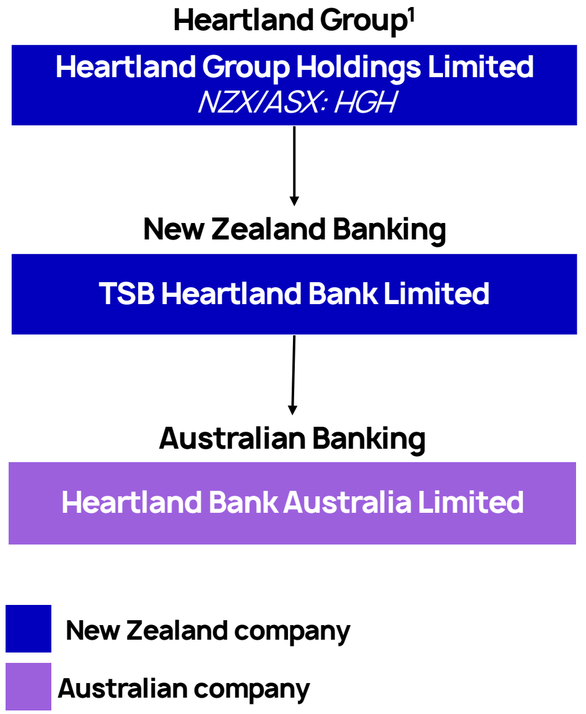
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Summary of proposed transaction

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

Brand and regional presence	• 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. • TSB Heartland Bank will continue to 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.
Governance	• As part of the consideration, Toi Foundation will hold 17.5% of the shares in Heartland. • Subject to Heartland shareholder approval, it is expected that one Toi Foundation nominee will be initially appointed to the Heartland Board.[2] • It is also expected that on completion of the proposed transaction, two existing TSB directors will initially join the TSB Heartland Bank Board.[3]
Timing and conditions	• 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[4], Heartland shareholder approval and any necessary New Zealand and Australian regulatory approvals. See page 23 for the full list of conditions. • 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). • 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.

Proposed structure (post-merger)



1 Heartland and its subsidiaries.
2 Effective from and subject to completion of the proposed transaction.
3 Subject to the approval of the respective boards of Heartland Bank and TSB.
4 Residents are defined as any people residing in the Taranaki region.

Strategic rationale

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Materially increases scale in New Zealand

- Material 171% increase in Heartland Bank's asset base and 72% increase in pro forma NPAT (post synergies)[1] to create a New Zealand challenger bank of scale.
- Greater scale and diversification across products and locations will provide improved financial efficiency and resilience.
- Enhanced regional presence through Heartland Bank's existing nationwide presence and the intention to retain Taranaki as a key operational hub for customer-based banking services.

Diversified and differentiated product set

- Creation of 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.
- Access to a cost-effective deposit funding base and established transactional banking capability.
- May support an uplift in the merged bank's long-term credit rating compared with Heartland Bank, reflecting strengthened asset quality and risk profile.[2]

Material synergies available

- Material synergies are expected to 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.[3]
- 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.

Significant shareholder value creation

- The aggregate consideration to Toi Foundation of $620m implies an acquisition multiple of 0.76x TSB's book value[4] and 8.2x TSB's LTM[4] NPAT post achievement of full run-rate synergies realised across TSB Heartland Bank[1, 5].
- Synergy realisation and the transaction structure are expected to drive material normalised EPS accretion in excess of 20% for Heartland shareholders in the first year post-completion[1], alongside an enhanced DPS profile. The enlarged capital base and enhanced returns profile of Heartland Group may support improved share liquidity.

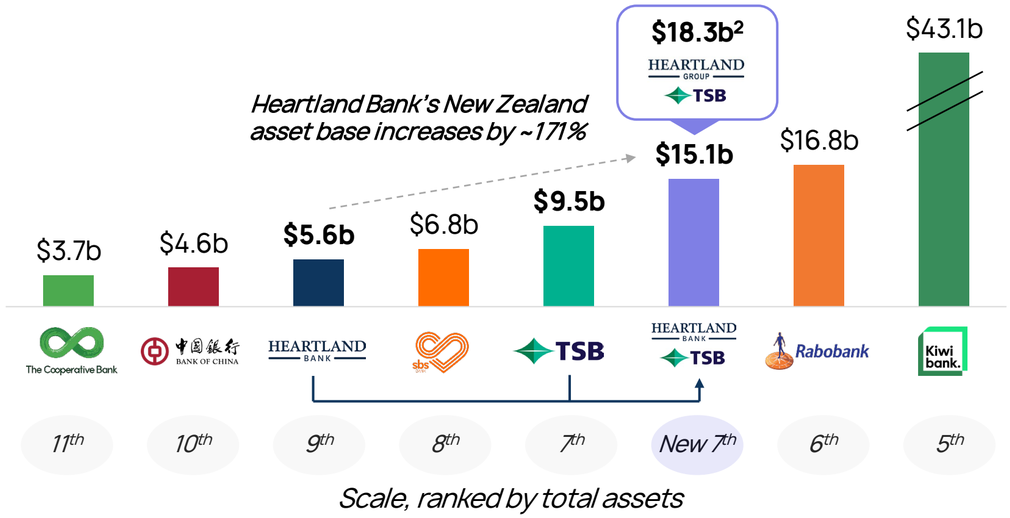
1 Based on steady state pre-tax cost synergies of ~$34m p.a. which will be realised over time across TSB Heartland Bank. Excludes integration costs as these are non-recurring in nature.
2 Heartland Bank currently has a long-term credit rating of BBB stable (issued by Fitch Australia Pty Ltd (**Fitch Ratings**)).
3 See page 16 for further detail.
4 As at 31 December 2025.
5 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)[1]



Scale, ranked by total assets

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.

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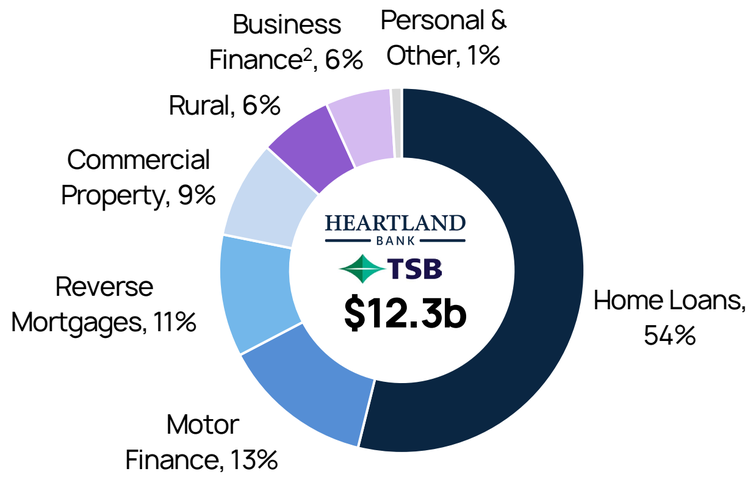
1 As at 31 December 2025 per RBNZ Banking Dashboard.
2 Including Heartland Bank Australia's assets, held in a subsidiary of Heartland Bank.

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

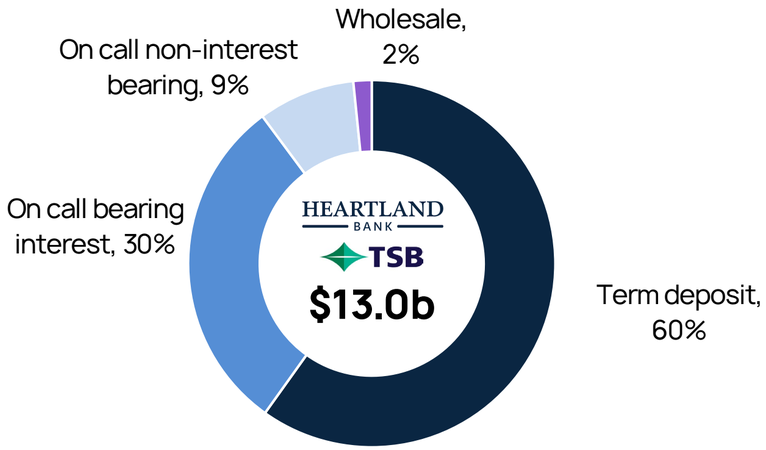
Gross receivables[1]



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 TSB's greater proportion of non-interest and interest bearing on call products.

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1 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.
2 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[5]		Australia	Heartland Group[5]	
		HEARTLAND BANK	TSB	HEARTLAND BANK	HEARTLAND GROUP	
Core lending products[1]	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[2]	✓			✓	*5%*
	Personal[3]		✓		✓	*1%[6]*
						Gross receivables %
Gross receivables[4]		NZ$12.3b		A$2.5b	NZ$15.1b	
Total assets[4]		NZ$15.1b		A$3.1b	NZ$18.3b	
Funding[4]		NZ$13.0b		A$2.7b	NZ$16.1b	
Regulatory capital[4]		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.

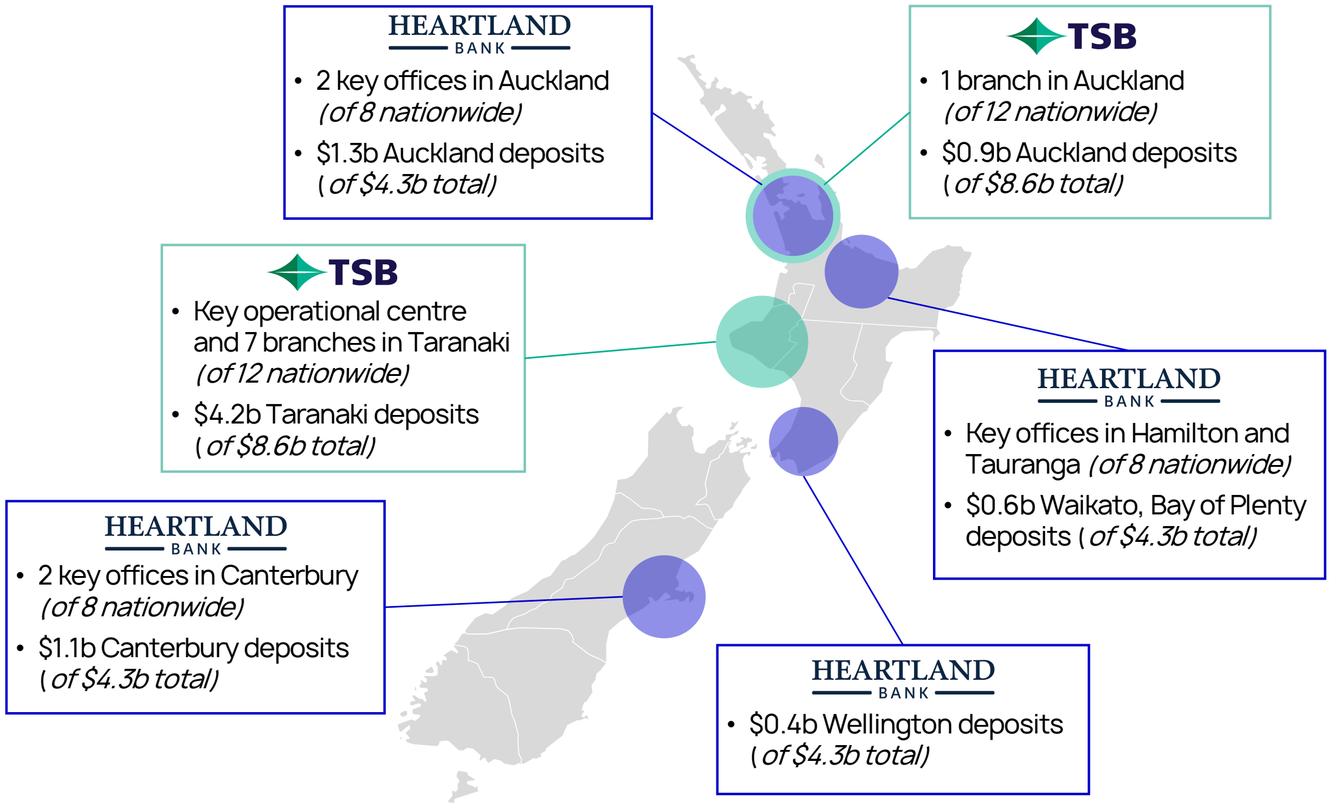
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Continued regional focus and nationwide presence

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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]

- 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.



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

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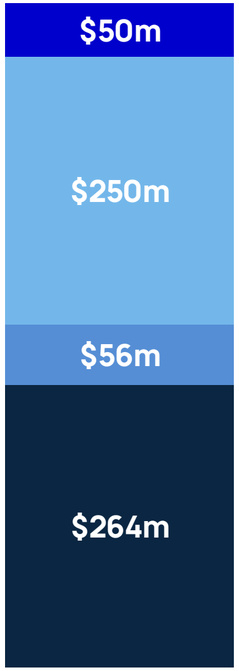
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02 Funding and governance

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:



$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]

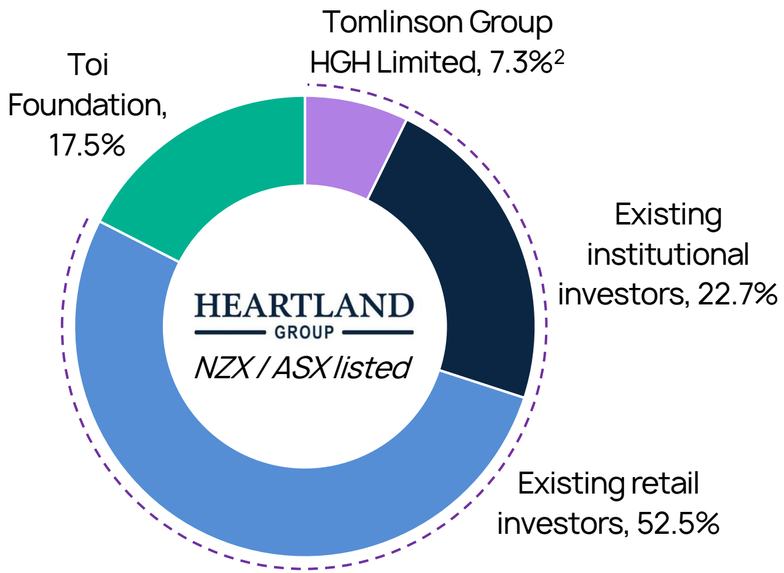
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1 The current RBNZ target date for implementation of risk weight reductions and the first annual step change in capital ratios is 1 October 2026.

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[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.
- 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.[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]

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 Financial overview

Financial summary

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

1	• **Aggregate consideration to Toi Foundation of $620m for 100% of the shares in TSB implies:**
	  • 0.76x book value[1]
	  • 12.1x LTM[1] earnings after tax (excluding synergies)
	  • 8.2x LTM[1] earnings after tax (including achievement of steady state synergies[2, 3]).

2	• **The proposed transaction is expected to generate material normalised EPS accretion in excess of 20%** including steady state synergies[2] in the first year post-completion, alongside an enhanced DPS profile. • In addition to synergies (see point 4 below), returns are enhanced through the vendor loan component offered by Toi Foundation.
3	• **The proposed transaction is expected to enhance normalised ROE** including steady state synergies.[2]
4	• **Pre-tax cost synergies of ~$34m p.a.** are expected to be realised over time across TSB Heartland Bank, with full run-rate achieved 3 years post-completion. • Estimated total one-off integration costs of ~$34m are expected to be incurred over a 3-year period post-completion. • 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.
5	• **Strong balance sheet, funding and liquidity position maintained.** • Strengthened capital position, with TSB Heartland Bank well placed to benefit from the reduction in certain RBNZ risk weightings expected from October 2026. • The proposed transaction may support an uplift in TSB Heartland Bank's long-term credit rating reflecting its strengthened asset quality and risk profile.[4]
6	• 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.

1 As at 31 December 2025.
2 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.
3 Excludes capital structure (Tier 2 and vendor loan cost) adjustments from the proposed transaction.
4 Heartland Bank has a long-term credit rating of BBB stable (issued by Fitch Ratings).

Significant synergies available

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

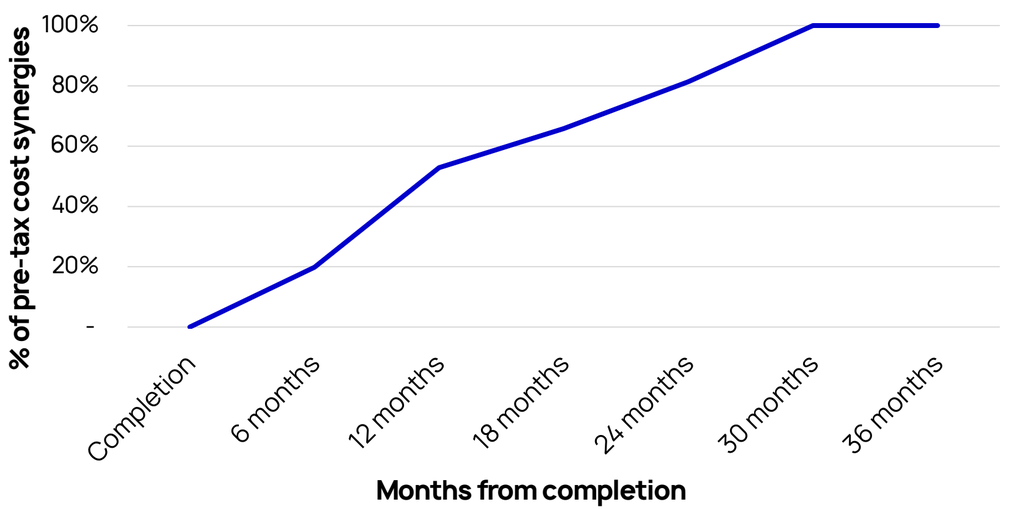
Synergies overview[1,2]

- Material synergies[3] 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.

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.

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

$445m increase in book value of equity

Pro forma adjustments

1. $50m pre-completion cash dividend from TSB to Toi Foundation
2. $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)
3. 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.

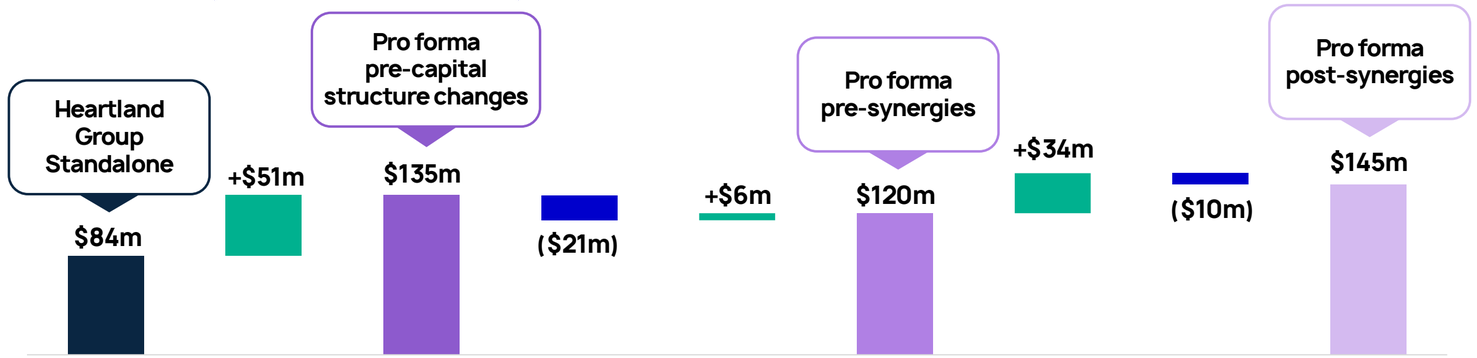
1 As at 31 December 2025 for Heartland (unaudited) and TSB (unaudited).
2 Excludes transaction costs.

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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)[1]



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%

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.

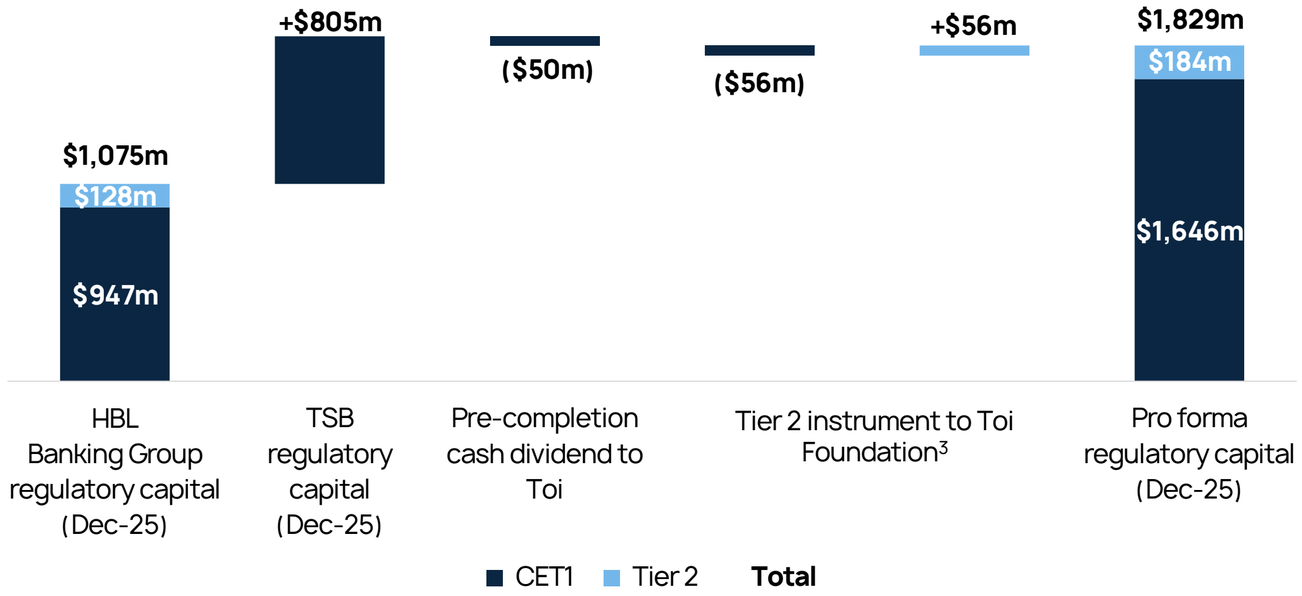
1 LTM as at 31 December 2025 for Heartland and TSB.
2 Base rates based on average 1m BKBM bid for 2025.
3 Average balances used in ratio calculations are based on period-end balances as at 31 December 2024 and 31 December 2025.
4 Percentage change relative to Heartland Group standalone.

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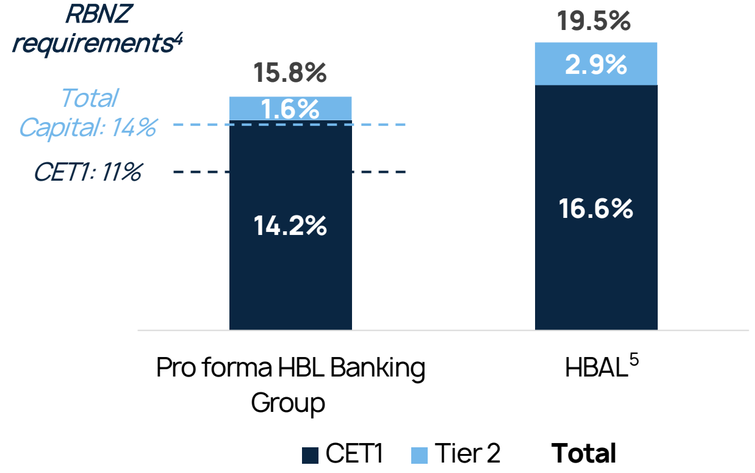
Pro forma capital impact

Heartland will remain well capitalised post-transaction, 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[1,2]



Capital ratio[1,2]



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.

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Pro forma capital impact

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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[1];
  - removal of Additional Tier 1 capital instruments, while allowing a higher mix of Tier 2 capital (to 3% from 2%)[1]; 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[2], having regard to the impact of the recent RBNZ decision on key capital settings[3], TSB Heartland Bank is expected to hold approximately $289m of regulatory capital in excess of expected regulatory requirements.[4]

1 Relative to the 2028 settings under the 2019 RBNZ review of New Zealand's capital adequacy.
2 As at 31 December 2025 for Heartland Bank and TSB, adjusted for the transaction consideration structure.
3 Assuming a target implementation date of 1 October 2026.
4 In relation to New Zealand Banking Group and including ordinary internal buffers.

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04 Process and timing

Summary of MIA

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

Implementation	• 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.
	• On completion of the proposed transaction:
	  • Heartland will acquire all of the TSB Shares from Toi Foundation (**Step 1 Completion**). 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.
	  • Immediately following Step 1 Completion, Heartland Bank and TSB will be amalgamated by way of short-form amalgamation.
	• 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.

Consideration	• As set out on page 12.
Interim period	• 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.
Termination events	• 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) • 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.

Summary of MIA: Conditions

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

Initial conditions	• Completion of confirmatory due diligence by Heartland and Toi Foundation. • Execution of Warranty and Indemnity deed. • W&I insurance obtained by both parties.
Rating condition	• Fitch Ratings reaffirming that TSB Heartland Bank will have a Long-Term Issuer Default Rating of at least BBB with outlook "Stable".
Regulatory and approval conditions	• 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. • The trustees of the Toi Foundation completing a community consultation process with Taranaki residents[1] in respect of the proposed transaction and the trustees approving the sale of the TSB Shares. • 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.
Material adverse change	• No Heartland or TSB material adverse change occurring, or coming to the attention of the parties, between signing and Step 1 Completion. • 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[2], 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). • 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.

1 Residents are defined as any people residing in the Taranaki region.
2 In the case of Heartland, the relevant bank will be Heartland Bank and Heartland Bank Australia assessed as a whole.

Indicative timetable

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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[1]	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[2]	December 2026

1 Residents are defined as any people residing in the Taranaki region.
2 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

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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.

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.

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Appendix 01
Overview of Heartland Bank and TSB

Overview of Heartland Bank

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Heartland Bank is the 9th 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.[1]
- Heartland Bank NZ's lending portfolio[2,3,4] includes core products[5]:
  - **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	$1.2b	$53m
Total assets[2,3]	*Book equity[2,3]*	*LTM NPAT[2,3]*

160k	BBB
Customers[3,5]	*Credit rating[6]*

CANSTAR

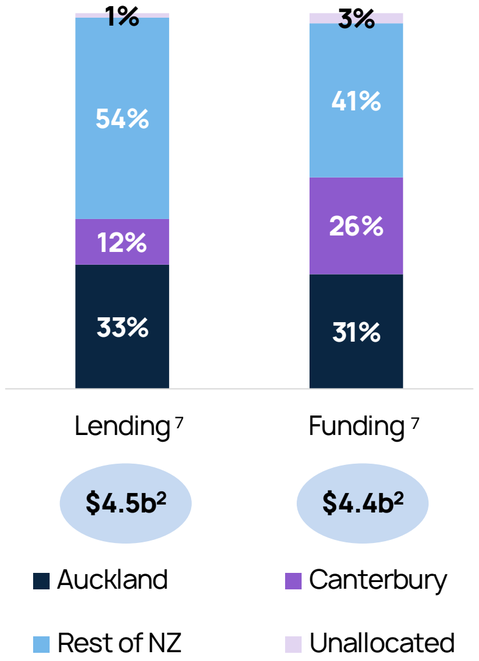
Bank of the Year

Savings	*2018 – 2025*

Outstanding Value

Direct Call Account	*2018 – 2025*
32 Day Notice Saver	*2022 – 2025*
90 Day Notice Saver	*2023 – 2025*
Digital Saver	*2025*

Geographic mix



1 See page 30 for a detailed history of Heartland.
2 As at 31 December 2025. Receivables includes NSAs.
3 For New Zealand Banking Group, excluding Heartland Bank Australia.
4 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.
5 As at 30 June 2025.
6 Fitch credit rating.
7 As at 31 March 2025. Funding split is based on deposit mix.

Overview of TSB

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TSB is the 7th 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.[1]
- TSB's lending portfolio[2] includes core products[3]:
  - **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.

Snapshot of TSB

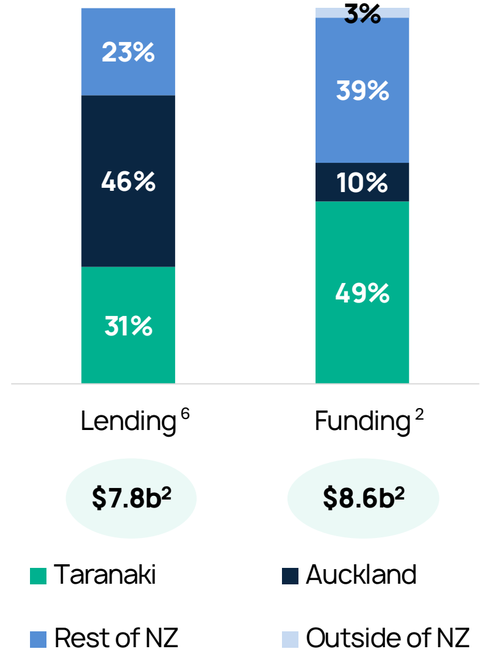
$9.5b *Total assets*[2]	**$815m** *Book equity*[2]	**$51m** *LTM NPAT*[2]
160k *Customers*[2]	**BBB+** *Credit rating*[4]	**12** *Branches*[5]

CANSTAR

Bank of the Year

Everyday Banking	*2023 – 2024*
Credit Cards	*2023 – 2025*
Home Loans	*2025*

Geographic mix



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

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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

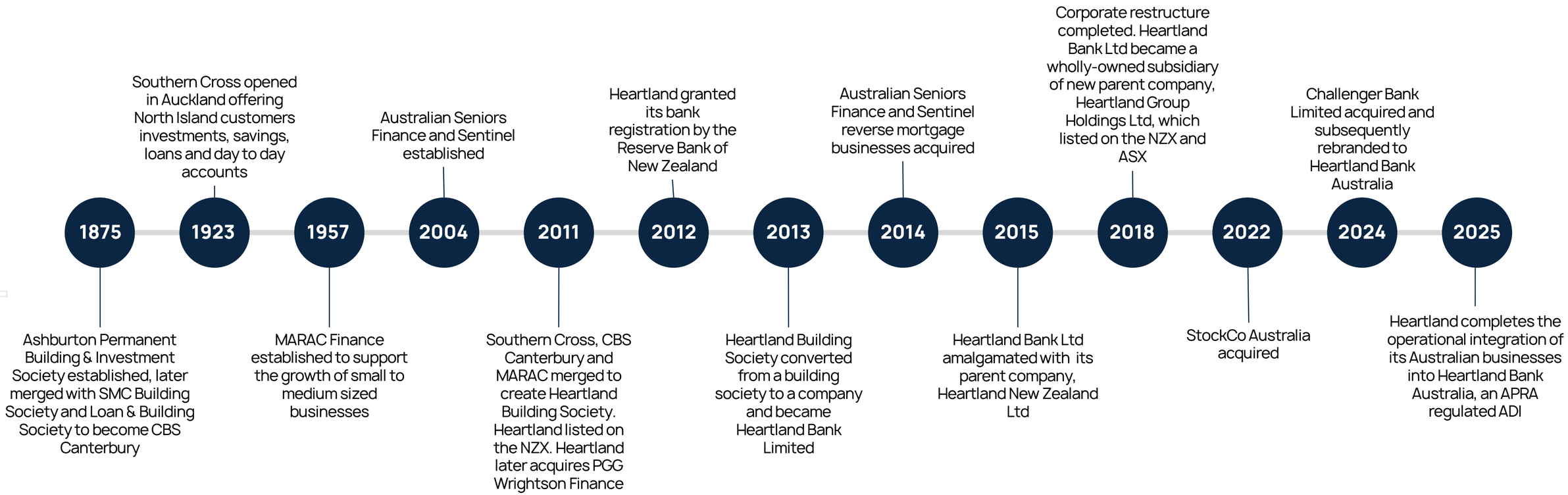
Innovative

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.



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History of TSB

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

1850 – 1970	1970 – 1981	1981 – 1996	1996 – 2016	2016 – 2019	2019 – Present
Regional Focus • Established in 1850 as New Plymouth's independent, self-reliant bank • First New Plymouth branch opened in 1860, growing throughout Taranaki region • Renamed Taranaki Savings Bank (1964)	**Industry Pioneers** • First New Zealand bank to offer free interest-bearing cheque accounts (1975) • Technology leadership as the first New Zealand bank to use bank-wide real-time computer processing (1976) and develop/install ATMs (1981)	**Independence Confirmed** • Remained independent when 10 of 12 New Zealand banks merged during 1985 deregulation • TSB Community Trust established in 1988, renamed TSB Bank (1989)	**National Expansion** • Expanded beyond Taranaki with TSB Bank Direct (1996) and Loan Direct (1999) • Established home loan centres in Christchurch (2001) and Auckland (2002) • Opened branches across New Zealand including Wellington, Auckland and other regional cities	**Re-branding & customer recognition** • TSB Bank re-branded to TSB in 2017, leveraging two decades of national expansion • Achieved widespread recognition for superior service levels and customer satisfaction	**Transformational change** • Investing in transformational change, including technology, branch rationalisation and product offering • Roadmap to become New Zealand's digital bank of choice, whilst maintaining award winning customer care

Enhanced value proposition for customers and stakeholders

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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
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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Appendix 02
Glossary and disclaimers

Glossary

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

Important notice and disclaimer and non-GAAP measures

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Information

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- 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 and www.asx.com.au under the ticker code "HGH").
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- 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.
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- 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

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