

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.

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.

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 Dixon, our Chief Executive Officer, who will provide more detail on the Proposed Transaction.