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**Media release
For immediate release**

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Toi Foundation seeking Taranaki community feedback on TSB share sale proposal

Toi Foundation, the 100% owner of TSB, today announced it is seeking Taranaki community feedback on a proposal for TSB to merge with Heartland Bank Limited (Heartland Bank), as part of its strategy to grow philanthropic giving in the region.

The proposal would involve the sale of Toi Foundation's 100% shareholding in TSB, with Toi Foundation becoming a shareholder in Heartland Group Holdings Limited (Heartland Group), the parent company of the merged bank.

Toi Foundation chair, Chris Ussher, said Toi Foundation exists to fund projects and activities in Taranaki that make Taranaki a better place.

"To achieve this, Toi Foundation trustees are responsible for managing Toi Foundation's investment portfolio in a way that balances today's needs with long-term community interests. TSB has played an important role in this portfolio to date; however, we believe this proposal creates a win-win where we can retain a strong TSB presence in Taranaki, grow Toi Foundation's investment returns through a stronger, combined, performing bank investment and take steps towards diversifying our investment portfolio.

"Along with regulatory approvals, the proposal is also conditional on Toi Foundation trustees consulting with the Taranaki community, in line with Toi Foundation's Trust Deed. People who live in Taranaki are invited to provide written feedback on the proposal.

"The conditional proposal would see TSB and Heartland Bank merge to form TSB Heartland Bank, which would be a larger New Zealand challenger bank with a continued strong association with the Taranaki region, complementary products and services, and an improved long-term performance outlook," Mr Ussher said.

If the proposal proceeds in its current form, Toi Foundation would sell its 100% shareholding in TSB to Heartland Group and receive a total aggregate consideration of \$620 million, comprised of a mix of debt capital, equity and cash. The equity portion of the proposed transaction would mean Toi Foundation would hold a 17.5% shareholding in Heartland Group, the parent company of TSB Heartland Bank.

If the proposed transaction and merger proceed, and subject to Heartland Group shareholder approval, it is expected that one Toi Foundation nominee would be appointed to the Heartland Group

Board. It is also expected that on completion, two existing TSB directors would join the TSB Heartland Bank Board.

“The structure of this proposal would enable Toi Foundation to continue to support the merged bank’s strategic direction through its Heartland Group equity stake and governance role, while also freeing up capital to better support philanthropic giving in Taranaki.”

Creating a challenger bank with scale

Mr Ussher said the proposal has carefully considered how to best create a strong future for TSB.

“We fully recognise the importance of TSB in the Taranaki community and for customers all over New Zealand. The intent of the merger proposal would be to make TSB Heartland Bank a significant challenger bank that has greater scale to support its ability to compete against larger banks, is commercially strong and backed by specialist products.

“Importantly, there is an agreed intent that, if the proposal proceeds, there would be no changes to the range of current TSB customer products or services, and TSB Heartland Bank would continue to be regionally focused, with specialist teams retained in Taranaki to support future growth. TSB Heartland Bank would continue to have a close association with the Taranaki region,” he said.

Heartland Group CEO, Andrew Dixon, said the merger would increase banking competition and choice for New Zealanders.

“By bringing together Heartland Bank’s specialist product strengths with TSB’s strong funding base and everyday banking capability, we can offer more New Zealanders a better-value alternative – with the scale to keep investing in products, technology and resilience.

“Heartland Bank is a New Zealand owned bank that has been serving Kiwi for over 150 years. Across the Heartland group, we have a strong track record of building and integrating specialist financial institutions, including our recent acquisition of Challenger Bank in Australia (now called Heartland Bank Australia), which made Heartland Bank the first New Zealand bank to acquire an Australian bank. Pairing that capability with TSB’s 175-year heritage and customer-first reputation creates a bank with deep regional roots and the scale to support customers throughout their financial lifecycle.”

Mr Ussher noted both banks have strong connections to, and roots in, regional New Zealand, with complementary strengths.

“There are strong opportunities for TSB which would be greatly enhanced through this merger, including better access to capital, scale benefits, leveraging Heartland’s investment in technology, and an enhanced product and service offering for customers across New Zealand,” said Mr Ussher.

Taranaki community consultation process

The proposal is subject to regulatory approvals and Toi Foundation will also undertake a consultation process with Taranaki residents to seek feedback on the proposal to sell its 100% shareholding in TSB, as a key step to enable the merger to proceed. Toi Foundation is particularly keen to understand any perspectives it may not have considered.

Taranaki residents who reside within Toi Foundation’s legislated boundary are welcome to provide written feedback. Detailed information will be available via toifoundation.org.nz with consultation open from 9am, Wednesday 3rd June 2026 until 5.00pm, Tuesday 30th June 2026.

All feedback will be considered before Toi Foundation trustees make a final decision on whether to proceed with the proposal.

“We believe this proposal is compelling in the way it recognises the value of TSB, delivers on community and customer considerations, and would help all parties accelerate their respective strategic objectives,” said Mr Ussher.

“In particular, the ability to increase returns from our investment portfolio will have a significant impact for people in Taranaki, especially in Toi Foundation’s key focus areas of improving the environment, enhancing child and youth wellbeing, and empowering Māori aspiration. We look forward to hearing the community’s views.”

If you’d like to hear from our Trustees and find out more about this proposal, then please join us at a community information session near you on Friday 5th June.

SOUTH TARANAKI Hāwera Community Centre Theatre Lounge 66 Albion Street, Hāwera 9.30 – 10.30am	STRATFORD TET MultiSports Centre Stadium Restaurant & Bar 62 Portia Street, Stratford 12.15 – 1.15pm	NEW PLYMOUTH Toi Foundation Toitū Te Huatahi Community Hub. Entry off Davidson Street 3.00 – 4.00pm
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For seating and catering arrangements your RSVP is essential. Please email info@toifoundation.org.nz before 5pm, 4th June 2026.

ENDS

Media interview times are available by appointment between 10am – 12.30pm Tuesday 2nd June 2026.

For further information/or to book a Media appointment contact:

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About Toi Foundation

Toi Foundation is a philanthropic organisation investing in the success and wellbeing of Taranaki and its people. Through strategic funding, partnerships, and community investment, the Foundation supports initiatives that create long-term, meaningful impact across the region. Our funding is directed to where it’s needed most and where it will have the greatest impact, supporting our communities to build a thriving, inclusive and equitable Taranaki.