NZX/ASX release
27 August 2026

Heartland confirms receipt of Toi Foundation trustee approval of the proposed TSB transaction

Heartland Group Holdings Limited (**Heartland**) (**NZX/ASX: HGH**) welcomes the Toi Foundation's announcement today that the trustees have voted in favour of the sale of all of the shares in TSB Bank Limited (**TSB**) to Heartland.

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 Limited (**Heartland Bank**) and TSB will merge to create TSB Heartland Bank Limited (**TSB Heartland Bank**) (together, the **Proposed Transaction**).

The Proposed Transaction remains subject to satisfaction of the remaining conditions in the merger implementation agreement (**MIA**), including Heartland shareholder approval and any necessary regulatory approvals.

Heartland's Special Shareholder Meeting to vote on the proposed transaction is scheduled for 30 September 2026 and completion is targeted for December 2026.

Heartland CEO Andrew Dixson said Toi Foundation trustee approval is an important milestone in the transaction timeline.

"Heartland respects the importance of TSB's connection with Taranaki and preserving this through the proposed merger. Taranaki will remain a key operational hub for customer-based banking services, including maintaining a local branch network and customer-facing roles in Taranaki. In recognition of 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 be a stronger New Zealand challenger bank with the potential to deliver greater value for customers, shareholders and communities across New Zealand, including Taranaki," said Mr Dixson.

For more information about the Toi Foundation trustees' decision, see the Toi Foundation announcement attached.

On Monday 31 August 2026, Heartland expects to submit its RBNZ application and dispatch to Heartland shareholders its notice of meeting for its Special Shareholder Meeting.

– ENDS –

The person who authorised this announcement:
Andrew Dixson, Chief Executive Officer

For further information and media enquiries, please contact:
Nicola Foley, Head of Corporate Communications & Investor Relations
+64 27 345 6809, nicola.foley@heartland.co.nz
Level 3, Heartland House, 35 Teed Street, Newmarket, Auckland, New Zealand

TOI FOUNDATION
info@toifoundation.org.nz
(0800) 769 9471
PO Box 667
New Plymouth 4340
Taranaki, New Zealand

Media release
For immediate release

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Toi Foundation to proceed with sale of TSB shares

Toi Foundation's Trustees have decided to proceed with the proposed sale of the Foundation's shares in TSB to Heartland Group Holdings, to enable the merger of TSB and Heartland Bank.

The decision follows a community submissions process where the Foundation received 1,159 submissions from Taranaki residents in the first submission period and 108 in the second. Trustees read and considered every submission and sought additional independent and expert advice where necessary, particularly where submitters put forward alternative proposals.

In reaching their decision, Trustees considered all eligible submissions alongside the independent and expert advice received and the Foundation's Trust Deed.

"Some submissions provided detailed perspectives that helped Trustees test the proposal and consider whether any matters had not previously been considered or given appropriate weight," Toi Foundation Chair, Chris Ussher, said.

"We know how much TSB means to Taranaki, and we have taken our responsibilities in making this decision seriously. Every submission has been considered and in some cases we sought further advice on the issues and alternatives raised."

"After considering all the information available to us, Trustees believe proceeding is the best long-term decision for Toi Foundation, the Taranaki community and TSB."

The Trustees thank everyone who took the time to make a submission, attend information meetings, ask questions or share their view.

Further information about the decision will be shared in the coming weeks.

Market commentary

Mr Ussher said Toi Foundation was aware of comments in the market from other parties.

"In the interests of addressing speculation I can confirm that Toi Foundation proactively engaged with a range of parties at the beginning of this process, but following some initial information sharing, not all elected to make an offer."

"From the proposals we received, Heartland Group Holdings is the best deal. This is both in terms of value and – given TSB and Heartland's complementary strengths – in meeting key concerns for the community, such as job retention, branch retention and TSB presence in the Taranaki region. We also believe that the Heartland Group Holdings proposal is a better option than retaining TSB as a standalone bank in Toi Foundation ownership."

"The sale will enable Toi Foundation to accelerate diversification of its investment portfolio, increase sustainable, long-term cash returns available for community distribution, and will ensure TSB can continue operating successfully in a challenging banking environment while maintaining a strong connection to, and presence in, Taranaki."

Next steps

The decision allows the proposed sale to move to the next stage. Further approvals and implementation steps are still required before any sale could be completed.

"We encourage customers to continue supporting and banking with TSB. It is business as usual for customers," Mr Ussher said.

"Ultimately, the Toi Foundation's purpose is to invest and use the trust fund to support charitable, cultural, philanthropic, recreational and other activities that will benefit Taranaki communities. Trustees believe the proposal provides the strongest pathway to achieve that both now and for future generations."

Toi Foundation currently distributes around $30 million annually in grants and expects this could increase to approximately $50 million a year over time if the sale proceeds, benefiting communities across Taranaki.

ENDS

For further information:
Glen West
glen@toifoundation.org.nz
06 769 9471

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.