



SPECIFIC RESPONSES TO MR KEVIN LANDRIGAN'S OPINION PIECE PUBLISHED IN TARANAKI DAILY NEWS ON 10 JUNE 2026

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It is important that the consultation programme on the Proposal to merge TSB with Heartland Bank is based on facts. To this end, it is essential some statements made in Mr Kevin Landrigan's opinion piece are corrected.

We value community feedback, however, to be useful, it must be based on factually correct information. The following corrections and comments are provided to ensure accurate public discussion of the merger proposal. The key points have been raised with Mr Landrigan and with the Daily News.

1. Under the proposal, the Heartland Group Holdings Ltd shares would be issued to Toi at \$1.25 not \$1.52. We do not know where the \$1.52 per share figure originated from.
 2. The suggestion that there is a premium of 23% being paid for the shares is incorrect. At the referenced Heartland Group Holdings Limited share price of \$1.23 per share, Toi is effectively paying a premium of 2 cents per share on the 200 million shares that form part of the merger consideration. This equates to a premium of \$4m in total, not the \$46m referenced. That is a 1.6% premium not a 23%.
We believe the error has occurred because a calculation may have been made using 17.5% of the existing Heartland Group Holdings Limited equity, not 17.5% of the merged entity (if the merger goes ahead). The merger would result in the issue of an additional 200 million shares in Heartland Group Holdings Limited.
 3. The statement that "50% of TSB staff being made redundant or redeployed outside the region" has no factual basis and in our opinion is irresponsible. No significant job losses are expected in Taranaki in the foreseeable future.
It is important to emphasise that there is not a lot of duplication between TSB and Heartland's existing functions and the merger, if it goes ahead, recognises this important point. As part of the proposal, retaining local and regional services and products is built into the proposed deal. We stated this at the time of the announcement. Both parties have committed to retaining their regional presence as a core part of Merger Implementation Agreement.
Toi Foundation understands the merged bank will recognise the importance of its Taranaki roots and the importance of customers in the region. There is no evidence that the merger will affect this and indeed the commercial incentives are to remain competitive in Taranaki.
 4. In a listed company context, a 17.5% ownership is a significant and influential shareholding. Toi Foundation will be the largest shareholder in Heartland Group Holdings Limited, with nearly double the holding of the next biggest shareholder.
 5. Heartland Group Holding Limited's 12-month lowest share price was 77 cents, not 70 cents.
 6. The suggestion that the \$56million of Tier 2 debt would be at risk of being repaid is incorrect. It misunderstands the nature of Tier 2 Bank debt. It is a 10-year instrument with an option of repayment after 5 years. It would be given preference over the combined Heartland Group Holdings Limited equity post-merger of circa \$1.7 billion.
 7. While reverse mortgages have different risks from traditional home loans, both are secured over residential property.
 8. We believe that the comment about at least \$100 million in potential deposit withdrawals has no basis in evidence and is irresponsible.
 9. The statement that "They are selling TSB....to buy "low grade, unsecured deposits and shares in a high risk company" is incorrect. Both banks have investment grade ratings, albeit that TSB's current rating is one-notch higher than Heartland Bank. Heartland Bank is rated BBB by Fitch while TSB is rated BBB+.
 10. Heartland Bank is a regulated bank and has been since 2012. It also has through its predecessor institution over 150 years of providing banking services to New Zealand customers. The merger would bring together two long standing banks with complimentary product offerings.
 11. Ratings agency, Fitch, has recently placed Heartland Group on ratings watch positive, suggesting that its rating may improve.
- We also note we are not sure where the figure of "70% of Taranaki residents hold a bank account with TSB" has come from.