



*NZX Release*

## **Heartland Bank Announces Equity Raising**

12 December 2016

Heartland Bank Limited (NZX: HBL) (**Heartland**) is experiencing strong receivables growth across all of its business divisions, with growth of 4% in the first quarter of FY17. Most pleasing is the performance of the strategically important reverse mortgage businesses in both Australia and New Zealand and the motor vehicle finance business in New Zealand.

This growth has also been driven by Heartland's investment in, and alignment of, resources to support digital origination across the wider business, and the increasing use of data analytics to more precisely target our customers. Those factors have opened up real opportunities for Heartland to further differentiate itself from its competitors.

Heartland expects receivables growth to continue for the rest of FY17 – in particular, during our traditionally high-volume month of December. In order to further invest in our digital strategy, and to ensure Heartland continues to have sufficient capital to support that growth, Heartland intends to raise up to \$30 million of new capital.

The capital will be raised via a combination of a placement and a Share Purchase Plan (**SPP**). The placement will be conducted today through a bookbuild in which institutional and other select investors in New Zealand and Australia will be invited to participate by First NZ Capital. Heartland will raise up to \$20 million of new capital under the placement.

In addition to the placement, Heartland intends to make an offer of up to \$10 million through an SPP. The SPP is expected to give each New Zealand resident shareholder of Heartland an opportunity to subscribe for up to \$15,000 of shares. The final terms of the SPP are expected to be announced in more detail in early 2017, and shareholders will receive a discount on the share price at the time.

Heartland will continue to monitor its capital position after the SPP, with a view towards optimising its capital position through the issuance of Tier 2 capital, if market conditions are appropriate.

A copy of the notice of offer of same class financial products for issue and investor presentation accompany this announcement.

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For further information please contact:

Jeff Greenslade  
Chief Executive Officer  
Heartland Bank Limited  
DDI 09 927 9149  
M 021 563 593

Laura Byrne  
Chief Operations Officer  
Heartland Bank Limited  
DDI 09 927 9029  
M 027 6111 557