

# HEARTLAND BANK

31 March 2017

## **Notice pursuant to clause 20(1)(a) of schedule 8 of the Financial Markets Conduct Regulations 2014**

Heartland Bank Limited ("**Heartland**") is offering for issue up to A\$20 million of subordinated unsecured convertible notes ("**Notes**") by way of private placement to certain institutional investors. If a non-viability trigger event occurs, the Notes will be required to convert into fully paid ordinary shares in Heartland ("**HBL Shares**"). The HBL Shares are of the same class as the HBL Shares already quoted on the NZX Main Board.

The Notes are being offered in reliance upon exclusions in clause 3 and 7 of schedule 1 to the Financial Markets Conduct Act 2013 ("**FMC Act**"). The HBL Shares are being offered in reliance upon the exclusion in clause 19 of schedule 1 to the FMC Act (offers of financial products of the same class as quoted financial products).

As at the date of this notice, Heartland is in compliance with:

- the continuous disclosure obligations that apply to it in relation to the HBL Shares; and
- its financial reporting obligations (as defined in the Financial Markets Conduct Regulations 2014 ("**FMC Regulations**")).

As at the date of this notice, there is no excluded information required to be disclosed for the purposes of the FMC Regulations.

The potential effects that the offer and acquisition of the HBL Shares will have on the control of Heartland (within the meaning of clause 48 of schedule 1 to the FMC Act) and the consequences of those effects, are described below:

- as at the date of this notice, no person controls Heartland;
- the HBL Shares will only be issued if a non-viability trigger event occurs and the Notes are converted. A non-viability trigger event only occurs in an extreme and remote regulatory circumstance;
- it is not possible as at the date of this notice to determine how many HBL Shares would be issued to holders of Notes if a non-viability trigger event occurred, as the number of HBL Shares to be issued is determined by reference to the HBL Share price and the A\$/NZ\$ exchange rate at the time of conversion;
- however, if a non-viability trigger event occurs and the Notes convert into HBL Shares, existing shareholders' voting rights will be diluted.

ENDS

### **For further information, please contact:**

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