

Notification of Issue of Securities pursuant to Listing Rule 7.12.1

7 April 2017

For the purposes of Listing Rules 5.2.5 and 7.12.1 of the NZX Main Board Listing Rules, Heartland Bank Limited (**Heartland**) advises that the following securities have been issued to certain institutional investors:

Class of Security	Subordinated unsecured convertible notes (Notes). The Notes are not quoted on the NZX Debt Market. If a non-viability trigger event occurs, the Notes will convert into fully paid ordinary shares in Heartland (Conversion)
ISIN	AU3FN0035416
Number of Notes issued	20,000
Nominal value (if any)	A\$10,000 per Note
Issue price	A\$10,000 per Note and A\$20,000,000 in aggregate for all Notes
Payment	Cash
Amount paid up	Fully paid up
Percentage of total class issued	100% of the total number of Notes
Principal terms of the Notes	Refer to the Term Sheet accompanying this notice.
Reason for issue	Approximately 72% of the face value of the Notes will be recognised as Tier 2 Capital, a type of regulatory capital, for Heartland. The proceeds of the issue of the Notes will be used for Heartland's general corporate purposes.
Specific authority for issue	The Notes are issued pursuant to a Deed Poll dated 31 March 2017. The issue was approved by a resolution of the board of directors of Heartland.
Terms or details of issue	Refer to the Term Sheet accompanying this notice.
Total number of Notes after issue	20,000

Treasury stock (for acquisition only)	Not applicable
Date of issue	7 April 2017
Additional information	<p>If a non-viability trigger event occurs, Conversion will occur immediately and without prior notice to the market.</p> <p>There is no cap on the number of ordinary shares in Heartland (HBL Shares) that can be issued by Heartland on Conversion. This means Conversion is potentially dilutionary for existing holders of HBL Shares. The level of potential dilution for existing holders of HBL Shares will depend on the price of HBL Shares and the spot NZ\$/A\$ exchange rate at the time of Conversion.</p>

- Ends -

For further information please contact:

Michael Drumm (General Counsel, Heartland Bank Limited)
DDI 09 927 9136