

Company Fact Sheet

ABOUT HEARTLAND

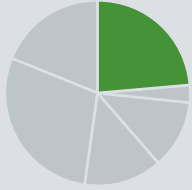
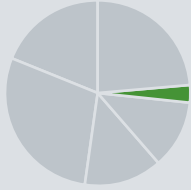
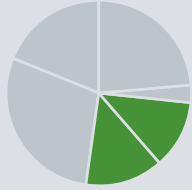
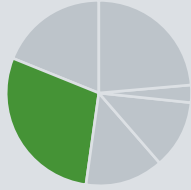

Heartland Bank Limited (**Heartland**) is a New Zealand registered bank with operations in New Zealand and Australia. It was listed on the NZX Main Board in February 2011 and obtained its bank registration in December 2012.

Heartland's early strategic focus was product-centric; delivering innovative banking products to market segments underserved by the other banks. Now in the next phase of its strategy, Heartland is focused on the channels to deliver its products with an emphasis on digital distribution. Heartland has successfully launched a range of digital lending and deposit platforms that deliver a fast and simple customer experience.

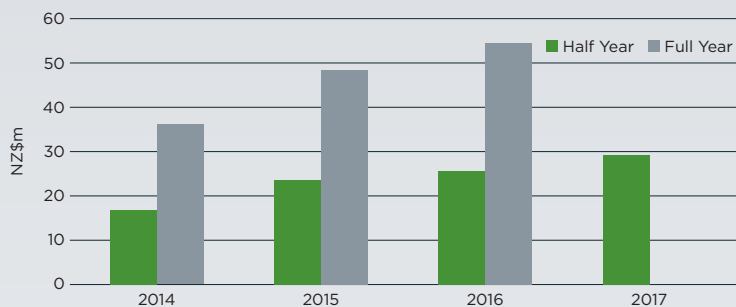
Heartland's strategic priorities for growing earnings and improving return on equity are to:

- use technology to cost effectively extend its reach to customers in existing key markets;
- replicate successful product offerings and distribution channels into Australia; and
- pursue acquisition opportunities that deliver innovation or a compelling distribution capability, and are value accretive.

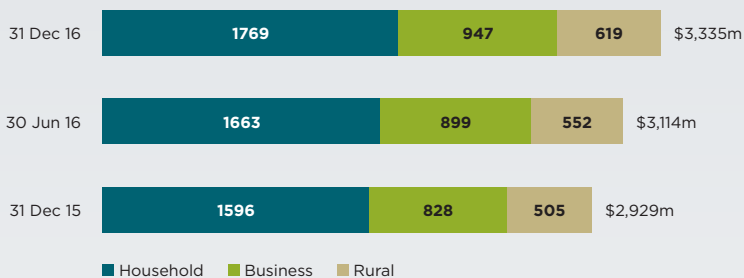
KEY MARKETS

	HOUSEHOLD			BUSINESS	RURAL
	MOTOR VEHICLE FINANCE	PERSONAL LOANS	SENIORS FINANCE		
Key products and distribution channels	Motor vehicle finance through intermediated channels (motor vehicle dealers) and direct channels.	Personal loans available through digital platform 'Open for You'. Personal loans available through peer-to-peer lender Harmony.	Reverse mortgages available through direct channels in New Zealand and intermediated channels (brokers) and direct channels in Australia.	Business loans for small businesses available through digital platform 'Open for Business'. Plant/equipment and working capital finance available through relationship managers and intermediated channels.	Livestock supply chain finance available through digital platform 'Open for Livestock' and alliance partners Targeted rural finance available through relationship managers and alliance partners.
Gross receivables as at 31 December 2016	\$798m 	\$85m 	\$386m/AU\$455m 	\$958m 	\$623m 
Average loan size as at 31 December 2016	\$15k	\$10k	\$97k/AU\$109k	\$106k	\$215k

NET PROFIT AFTER TAX



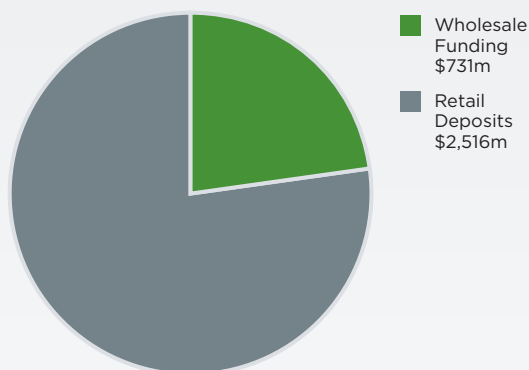
NET FINANCE RECEIVABLES



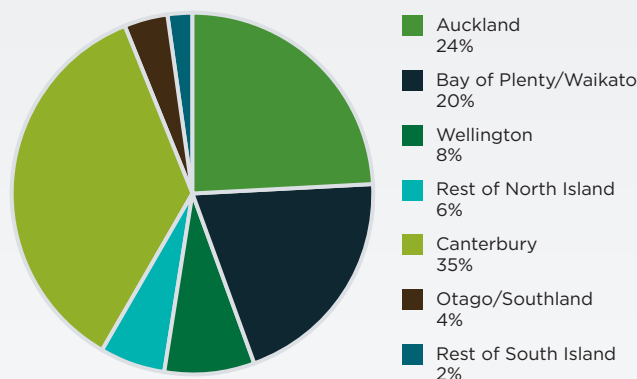
FUNDING

Heartland's funding is comprised of retail deposits in New Zealand and funding from wholesale providers. As at 31 December 2016, retail deposits totalled \$2,516m (77%) and wholesale funding totalled \$731m (23%). Heartland has a widespread retail depositor base throughout New Zealand.

Funding Composition as at 31 December 2016

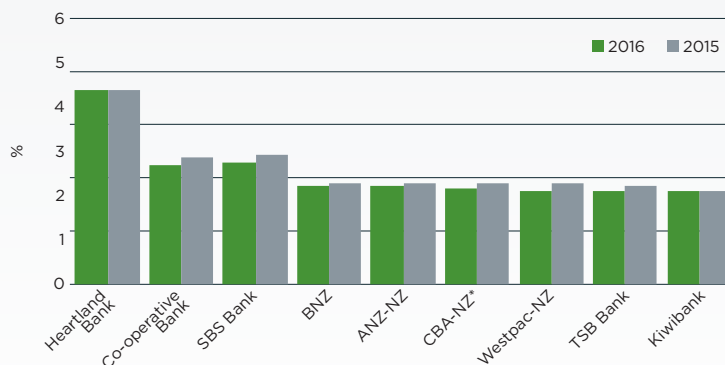


Depositors by Region as at 31 December 2016



INTEREST MARGINS

Heartland has the strongest net interest margin amongst the New Zealand banks.



*Includes ASB Bank
Source: KPMG Financial Institutions Performance Summary - Review of 2016

DIGITAL PARTNERSHIPS



- Harmony is New Zealand's first peer-to-peer money marketplace offering personal loans to consumers.
- Fully online customer experience through the Harmony platform.
- Heartland has a 13% shareholding and provides a lending facility to Harmony to support growth of its online platform.



- Fuelled is an online invoice financing lender for business customers.
- Fully online customer experience which is real time, simple and fully integrated with accounting software provider Xero.
- Heartland has a 25% shareholding and provides a lending facility to Fuelled to support the acceleration of its Australasian growth plans.



- Spotcap Australia is an online lender offering unsecured business loans of up to A\$250,000 to small and medium sized businesses.
- Spotcap utilises a unique proprietary algorithm providing alternative basis for analysis.
- Heartland provides a lending facility to Spotcap, enabling Heartland to participate in online lending in Australia.

SHARE PRICE CHART AND RELATIVE PERFORMANCE TO NZ50G

In the three years to 31 March 2017, Heartland's share price appreciated 86.4%. Total shareholder return (share price appreciation and dividends received, including imputation credits) (TSR) has been 138.1% over the same period.

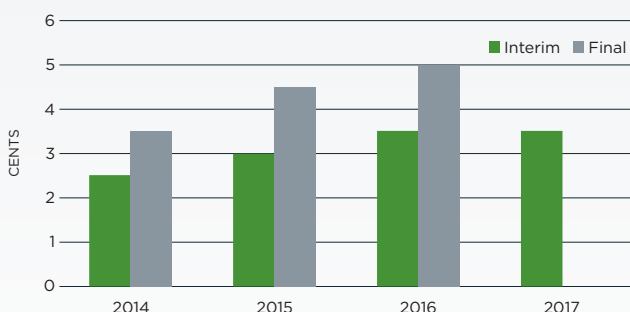


Note the NZ50G calculates TSR on the basis that dividends are reinvested.

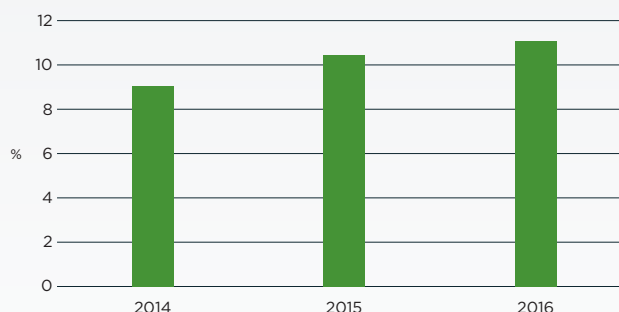
DIVIDEND POLICY

Heartland will determine dividends (both interim and final) based on its net profit after tax, subject to maintaining a prudent level of capital for its needs. Heartland's capital needs will vary from time to time, depending on a range of factors (including regulatory and credit rating requirements, general economic conditions, current and expected growth and the mix of business). A key objective is to ensure an appropriate balance between maximising shareholder returns, and protecting the interests of depositors through prudent capital management.

DIVIDEND HISTORY



RETURN ON EQUITY



SHARE INFORMATION

NZX code	HBL
First listed on NZX	1 February 2011
Share price at 31/03/17	\$1.64
Shares on issue at 31/03/17	512,902,032
Market capitalisation at 31/03/17	\$841,159,332
Average monthly trading for 12 months to 31/03/17	10,422,367 shares per month
Share price high/low for 6 months to 31/03/17	\$1.66/\$1.42
Financial year end	30 June
NZX industry sector	Services / Finance & Other Services
Indices	NZX 50, NZX 50 Portfolio, NZX MidCap, NZX All

RESEARCH COVERAGE

Company	Analyst	Email
Deutsche Craigs	Mohandeep Singh	mohandeep.singh@db.com
First NZ Capital	Greg Main	greg.main@fnzc.co.nz
Forsyth Barr	James Bascand	james.bascand@forsythbarr.co.nz

CONTACT DETAILS

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DIRECTORS

Geoff Ricketts	Chairman
Jeff Greenslade	Director
Ellie Comerford	Director
John Harvey	Director
Bruce Irvine	Director
Graham Kennedy	Director
Chris Mace	Director
Vanessa Stoddart	Director
Greg Tomlinson	Director

MANAGEMENT TEAM

Jeff Greenslade	Chief Executive Officer
Chris Flood	Deputy Chief Executive Officer
Laura Byrne	Chief Operations Officer
Chris Cowell	Head of Digital Execution
Lydia Zulkifli	Head of Digital Strategy
Michael Drumm	General Counsel
Peter Griffin	Head of Business
Darryl Harnett	Head of Retail & Consumer
Richard Lorroway	Chief Risk Officer
David Mackrell	Chief Financial Officer
Ben Russell	Head of Rural

All currency is NZ\$ unless otherwise indicated