



NZX and Media Release

Q1 Disclosure Statement and Rights Issue Announced

9 November 2017

Heartland Bank Limited (**Heartland**) (NZX: HBL) has released its disclosure statement for the three months ended 30 September 2017. A copy of the disclosure statement is attached.

Heartland is also pleased to announce a capital raising that will provide eligible shareholders an opportunity to participate in a pro-rata 1 for 15 rights issue at \$1.70 per share. A copy of the investor presentation for the rights issue is also attached.

Q1 Disclosure Statement

Unaudited net profit after tax (**NPAT**) for Heartland was \$16m for the three months ended 30 September 2017, an increase of 12% from the corresponding three month period in 2016.

The result was driven by continued growth in net finance receivables across all divisions. Net finance receivables grew \$138m to \$3,684m, which equates to 16% annualised growth (4% growth for the three month period).

Heartland expects underlying asset growth to continue during the remainder of the 2018 financial year, and is pleased to reaffirm its forecast range for NPAT for the 2018 financial year of \$65.0m to \$68.0m.

Rights Issue

To support continued growth in its loan portfolio and maintain a strong balance sheet, Heartland is seeking to raise up to approximately \$59 million of new equity under a pro rata rights issue.

Key details:

- 1 for 15 pro rata rights issue
- Issue price of \$1.70 per share, being a 10.1% discount to the closing price on 8 November 2017 and a 9.5% to the theoretical ex-rights price (TERP)
- Open to New Zealand and Australian shareholders, as well as institutional shareholders in Hong Kong, Singapore, the United Kingdom and Norway
- Open from 23 November 2017 to 8 December 2017 (unless extended)
- Any rights not taken up will be sold under a shortfall bookbuild
- Shareholders who take up their rights in full may participate in the shortfall bookbuild
- The offer is not underwritten
- Rights will not trade on the NZX Main Board

Under the offer, eligible shareholders are entitled to subscribe for 1 new share for every 15 existing shares held, as at 5pm on Friday 17 November 2017, at an issue price of \$1.70 per share.

The issue price is a 10.1% discount to the closing price of Heartland's shares as traded on the NZX Main Board on 8 November 2017, and a 9.5% discount to the theoretical ex-rights price (TERP) of \$1.88 per share (based on the 8 November 2017 closing price).

The offer will open on Thursday 23 November 2017 and will close at 5.00pm on Friday 8 December 2017 (unless extended).

The offer is open to all shareholders with a New Zealand or Australian address recorded in Heartland's share register, as well as those shareholders who constitute institutional investors (in accordance with applicable legal requirements) with an address recorded in Heartland's share register in Hong Kong, Singapore, the United Kingdom or Norway.

The rights will not be tradable on the NZX Main Board. Instead, any rights not exercised, including those attributable to ineligible shareholders, will be sold under a shortfall bookbuild conducted by the Lead Manager, First NZ Capital Securities Limited, after the offer has closed.

Heartland is pleased to provide eligible shareholders with an opportunity to participate in the shortfall bookbuild, provided they first take up their rights in full. To participate, shareholders need to apply for a dollar amount of additional shares which are attributable to any rights not taken up. The price for those shares will be determined by Heartland and the Lead Manager, but will be no less than the issue price of \$1.70 per share and no greater than the closing price on the NZX Main Board on the day prior to the bookbuild. Any premium above the issue price that is achieved in the bookbuild will be shared between those shareholders who did not, or were unable to, take up their rights, in proportion to the number of rights not taken up.

The offer is not underwritten. Given the size of the offer and the intended use of proceeds – which is to support continued strong asset growth over time – Heartland did not consider that underwriting provided value for shareholders.

Full details of the offer will be sent to eligible shareholders by 22 November 2017, and will also be available at heartlandshareoffer.co.nz from 16 November 2017.

- Ends -

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