

NZX/ASX release
1 July 2024

Heartland Bank Australia issues AUD Tier 2 regulatory capital

Heartland Group Holdings Limited (**Heartland**) (NZX/ASX: HGH) is pleased to announce that its subsidiary Heartland Bank Australia Limited (**Heartland Bank Australia**) (BBB Outlook: Stable, Fitch Ratings) successfully completed an inaugural A\$50 million Tier 2 Subordinated Note transaction (**Subordinated Notes**) on Friday 28 June 2024, arranged with the assistance of Westpac Banking Corporation.

The 10-year non-call 5-year Subordinated Notes qualify as Tier 2 Capital under the Australian Prudential Regulation Authority's capital adequacy framework for authorised deposit-taking institutions (**ADIs**), and were priced at 370 basis points over the 3-month Bank Bill Swap Rate.

The transaction received strong support from a broad range of institutional investors with demand for the offer nearly three times oversubscribed.

The Subordinated Notes were issued as part of Heartland Bank Australia's ongoing funding and capital management strategy. The proceeds are intended to support future growth opportunities for Heartland Bank Australia's specialist banking products, Reverse Mortgage and Livestock Finance.

The successful Tier 2 Subordinated Notes issuance comes just two months after Heartland's New Zealand banking subsidiary Heartland Bank Limited completed its acquisition of Challenger Bank Limited (subsequently renamed to Heartland Bank Australia). The acquisition made Heartland Bank Limited the first registered New Zealand bank to acquire an Australian ADI. With the inclusion of Heartland's existing Australian businesses, Heartland Finance and StockCo Australia, Heartland Bank Australia is Australia's only specialist bank provider of both reverse mortgages and livestock finance.

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About Heartland Bank Australia

Heartland Bank Australia is a digital specialist bank. It focuses on providing Australians with specialist banking products that are the best or only of their kind, through digital channels.

Heartland Bank Australia (previously known as Challenger Bank and MyLife MyFinance) has been serving Australians since 1971. It is proud to offer competitive term deposit rates to help Australians get the most out of their money. It also offers reverse mortgages through Heartland Finance, and specialist livestock finance through StockCo Australia.

[Heartland Finance](#) is Australia's leading provider of reverse mortgages. Since 2004, Heartland Finance has helped more than 27,500 Australians to live a more comfortable retirement by releasing equity from their homes. [StockCo Australia](#) is a leading provider of specialist livestock finance for Australian food producers. It has been operating in Australia since 2014, with origins in New Zealand dating back to 1995.

Heartland Bank Australia is part of the [Heartland group of companies](#). Heartland has more than 145 years of experience in financial services and is listed on the New Zealand and Australian stock exchanges (NZX/ASX:HGH).

More: heartlandbank.com.au