
Heartland Bank Limited sets rate on note offer and releases Final Terms Sheet

Date 5 April 2019

Release Immediate

As announced earlier today, Heartland Bank Limited ("**Issuer**") has today closed its offer of 5 year, unsecured, unsubordinated, fixed rate notes ("**Notes**"). The offer was successful, with the final amount to be issued being set at \$125 million (which includes oversubscriptions of \$50 million).

The interest rate for the Notes has been set at 3.55% per annum. This reflects a margin of 1.75% per annum. The Notes will be issued on 12 April 2019 and will mature on 12 April 2024. The Notes are expected to be quoted on the NZX Debt Market on 15 April 2019 under the ticker code HBL020.

A Final Terms Sheet for the Notes is attached.

Ends

For more information please call:

Joint Lead Managers

- BNZ 0800 284 017
- Commonwealth Bank of Australia (acting through its New Zealand branch) 0800 272 633
- Deutsche Craigs Limited 0800 226 263
- Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) 0800 942 822

Heartland Bank Limited

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General Counsel

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Final Terms Sheet: Dated 5 April 2019

For an issue of unsecured, unsubordinated, medium term, fixed rate notes

This Terms Sheet sets out the key terms of an offer by Heartland Bank Limited ("**Heartland Bank**" or "**Issuer**") for an offer of NZ\$125,000,000 fixed rate notes ("**Notes**") under its Deed Poll dated 18 August 2017 ("**Deed Poll**") as modified and supplemented by supplemental deed dated 29 March 2019 ("**Supplemental Deed**").

IMPORTANT NOTICE

The offer of Notes by Heartland Bank is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("**FMCA**").

The offer contained in this Terms Sheet is an offer of Notes that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Heartland Bank's NZ\$150,000,000 unsecured, unsubordinated, fixed rate, interest bearing notes (which have a fixed interest rate of 4.50% per annum) maturing on 21 September 2022, which are currently quoted on the NZX Debt Market under the ticker code HBL010 ("**Existing Notes**").

Accordingly, the Notes are of the same class as the Existing Notes for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 ("**FMC Regulations**").

Heartland Bank is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited ("**NZX**") for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/HBL.

The Existing Notes are the only debt securities of Heartland Bank that are in the same class as the Notes.

Investors should look at the market price of the Existing Notes referred to above to find out how the market assesses the returns and risk premium for those notes.

Issuer	Heartland Bank.
Issue Price and Principal Amount	NZ\$1.00 per Note.
Term and Maturity Date	5 years maturing on 12 April 2024.
Description of the Notes	Unsecured, unsubordinated, medium term, fixed rate notes.
Purpose	General corporate purposes.
Offer Amount	NZ\$125 million.
Minimum Application Amount	NZ\$5,000 and in multiples of NZ\$1,000 thereafter.

Interest Rate	<p>The Interest Rate is fixed for the term of the Notes.</p> <p>The Interest Rate is 3.55% per annum, being the aggregate of the Base Rate on the Rate Set Date and the Margin.</p> <p>Further information regarding the Base Rate and the Margin is set out below.</p>
Base Rate	1.80% per annum, being the mid-market rate for an interest rate swap of a term matching the period from the Issue Date of the Notes to the Maturity Date as calculated by the Arranger in consultation with the Issuer, according to market convention, with reference to ICAP New Zealand Limited (Bloomberg: ICNI > NZD Interest Rate Swaps) (or its successor page) on the Rate Set Date (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).
Margin	1.75% per annum.
Bookbuild Opens	1 April 2019
Bookbuild Closes	Midday, 5 April 2019
Rate Set Date	5 April 2019
Issue Date	12 April 2019
Expected Date of Initial Quotation and Trading of the Notes on the NZX Debt Market	15 April 2019
Frequency of Interest Payments	Interest will be payable semi-annually in arrear in equal amounts on each Interest Payment Date.
Interest Payment Dates	Each 12 April and 12 October during the term of the Notes, commencing on 12 October 2019 (although because 12 October is not a Business Day the payment will be made on Monday 14 October without any interest adjustment, in accordance with the Business Day Convention described below).
Entitlement to Interest Payments	Holders on the Register as at 5pm on the 10th calendar day before the relevant Interest Payment Date or, if that day is not a Business Day, the preceding Business Day.
Who May Apply and How to Apply	<p>All of the Notes (including any oversubscriptions) have been reserved for the Joint Lead Managers (and their clients) and NZX Primary Market Participants and other institutional investors invited to participate in the bookbuild.</p> <p>There will be no public pool for the Notes.</p> <p>Retail investors should contact any Joint Lead Manager, their</p>

	<p>financial adviser or any Primary Market Participant for details on how they may acquire the Notes. A Primary Market Participant can be found by visiting: www.nzx.com/investing/find-a-participant</p> <p>Any allotment of Notes (including any oversubscriptions) will be at the Issuer's discretion, in consultation with the Joint Lead Managers. The Issuer reserves the right to refuse to make any allotment (or part thereof) without giving any reason.</p> <p>Applications cannot be withdrawn or revoked. Applications may be scaled in the event of oversubscriptions. The Issuer in consultation with the Joint Lead Managers reserves the right to scale at its discretion.</p> <p>If an application for Notes is declined, any application money received by the Issuer will be refunded (without interest) as soon as practicable, and in any event within 5 Business Days.</p>			
No Brokerage Payable by Subscribers to Heartland Bank	Subscribers are not required to pay Heartland Bank any amounts over and above the Issue Price in connection with their application for Notes. However, they may have to pay brokerage to any firm from whom they receive an allocation of Notes.			
Quotation	The Issuer has made application for the Notes to be quoted on the NZX Debt Market, and it is a term of this offer that it will take any necessary steps to ensure that the Notes are quoted immediately after issue. NZX ticker code HBL020 has been reserved for the Notes.			
Minimum Transfer Amounts and Minimum Holding	Notes may only be transferred in multiples of NZ\$1,000. However, no transfer may be effected if it would result in the transferor or the transferee holding or continuing to hold Notes with an aggregate Principal Amount of less than the minimum Principal Amount of NZ\$5,000.			
Trading Notes on the NZX Debt Market	Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for investors to trade the Notes, including obtaining a common shareholder number (CSN) and authorisation code (FIN) and opening an account with a Primary Market Participant as well as the costs and timeframes for putting such arrangements in place.			
Credit Ratings		Heartland Bank's Credit Rating	Expected Issue Credit Rating	
	Fitch Ratings Ltd	BBB (Outlook Stable)	BBB	
<p>A credit rating is not a recommendation by any rating organisation to buy, sell or hold Notes. The above rating information is current at the date of this Terms Sheet and may be subject to suspension, revision or withdrawal at any time by Fitch Ratings Ltd. Fitch Ratings Ltd has not been involved in</p>				

	the preparation of this Terms Sheet.
Business Days and Business Day Convention	<p>A Business Day is a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Auckland and Wellington.</p> <p>If any Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the due date for the payment to be made on that date will be the following Business Day (but with no interest adjustment as a result of the delay in payment).</p>
No Guarantee	The Notes are not guaranteed by any other member of the Heartland Bank Group or by any other person.
Repayment Following Event of Default	<p>If an event of default (as defined in the Deed Poll) occurs a Note holder may, by notice in writing to Heartland Bank, require any Note held by that holder to be repaid early.</p> <p>If the Notes are repaid on a date that is not an Interest Payment Date following an event of default, the interest payable on the date of repayment will be adjusted to reflect the number of days from the previous Interest Payment Date (or the Issue Date if the Notes are repaid prior to the first Interest Payment Date) to the date of repayment.</p>
Deed Poll and Supplemental Deed	The terms and conditions of the Notes are set out in the Deed Poll, taken together with the Supplemental Deed. Holders are bound by, and are deemed to have notice of, the Deed Poll and Supplemental Deed. Copies of these documents will be made available by Heartland Bank for inspection by a Note holder at its address set out under “Address Details” below. Copies can also be found on its website at: https://www.heartland.co.nz/about-us/documents-and-forms
ISIN	NZHBLD0020L2
Approved Issuer Levy	The Issuer intends to register the Notes for approved issuer levy (“AIL”) and, where it is eligible to do so in respect of interest paid to a non-resident holder of Notes that is subject to the non-resident withholding tax rules, to pay AIL in lieu of deducting non-resident withholding tax. If the Notes qualify for the 0% rate of AIL, the Issuer intends to apply the 0% rate. Otherwise, it will pay AIL at the applicable rate and deduct the amount from interest paid to the relevant holder.
Registrar & Paying Agent	<p>Link Market Services Limited</p> <p>The Notes will be accepted for settlement within the NZClear system.</p>
Arranger	Bank of New Zealand (“BNZ”)

Joint Lead Managers	BNZ, Commonwealth Bank of Australia (acting through its New Zealand branch), Deutsche Craigs Limited, Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
Other Debt Securities	Heartland Bank may issue other series of Notes under the Deed Poll (as well as other debt instruments) without the consent of Note holders, on such terms as it thinks fit.
Selling Restrictions	The offer and subsequent transfers of Notes are subject to the selling restrictions contained in the schedule to this Terms Sheet.
Governing Law	New Zealand
Singapore Securities and Futures Act Product Classification	Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) as modified or amended from time to time (the " SFA "), Heartland Bank has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).
Important Information for Australian Investors	Heartland Bank is neither a bank nor an authorised deposit-taking institution which is authorised under the Banking Act 1959 of Australia (Australian Banking Act) nor is Heartland Bank authorised to carry on banking business under the Australian Banking Act. Heartland Bank is not supervised by the Australian Prudential Regulation Authority. The Notes are not guaranteed by the Commonwealth of Australia or the Government of New Zealand. An investment in any Notes issued by Heartland Bank will not be covered by the depositor protection provisions in section 13A of the Australian Banking Act and will not entitle Noteholders to claim under the financial claims scheme under Division 2AA of the Australian Banking Act.

The dates and times set out in this Terms Sheet are indicative only and are subject to change. Heartland Bank has the right in its absolute discretion and without notice to close the offer early, to extend the closing date for the offer, or to choose not to proceed with the offer. If the closing date for the offer is extended, subsequent dates may be extended accordingly.

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet.

Investors are personally responsible for ensuring compliance with all relevant laws and regulations

applicable to them (including any required registrations). Investors should seek qualified independent financial and taxation advice before deciding to invest.

Address Details

Issuer

Heartland Bank Limited

PO Box 9919
35 Teed Street
Newmarket
Auckland 1023

Registrar

Link Market Services Limited

PO Box 91976
Auckland 1142

Arranger

Bank of New Zealand

Private Bag 92208
Level 6, Deloitte Centre
80 Queen Street
Auckland

Joint Lead Managers

Bank of New Zealand

Private Bag 92208
Level 6, Deloitte Centre
80 Queen Street
Auckland

Commonwealth Bank of Australia

(acting through its New Zealand branch)
P.O. Box 35, Shortland Street
Level 6, ASB North Wharf
12 Jellicoe Street
Auckland 1010

Deutsche Craigs Limited

Level 36, Vero Centre
48 Shortland Street
Auckland 1010

Westpac Banking Corporation

(ABN 33 007 457 141)

(acting through its New Zealand branch)
P.O. Box 934
Level 8, 16 Takutai Square
Auckland 1010

Schedule – Selling Restrictions

General

The Notes are only being offered to the public in New Zealand and to certain wholesale or institutional investors in New Zealand and in certain overseas jurisdictions. Heartland Bank has not taken and will not take any action which would permit a public offering of Notes, or possession or distribution of any offering material in respect of the Notes, in any country or jurisdiction where action for that purpose is required (other than New Zealand). The Notes may only be offered for sale or sold in a jurisdiction other than New Zealand in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.

Any information memorandum, disclosure statement, circular, advertisement or other offering material in respect of the Notes may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed) and the listing rules of any applicable stock exchange.

Set out below are specific selling restrictions that apply to an offer of the Notes in certain jurisdictions outside New Zealand. These selling restrictions do not apply to an offer of the Notes in New Zealand.

These selling restrictions may be modified by Heartland Bank and the Joint Lead Managers, including following a change in a relevant law, regulation or directive. Persons into whose hands this Terms Sheet comes are, and each subscriber is, required by Heartland Bank and the Joint Lead Managers to comply with these selling restrictions and all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

Indemnity

By subscribing for Notes, the subscriber agrees to indemnify Heartland Bank, the Joint Lead Managers and their respective directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of the subscriber breaching the selling restrictions contained in this schedule of this Terms Sheet.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (**Corporations Act**)) in relation to the Notes (including this Terms Sheet) has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (**ASIC**) or any other regulatory authority in Australia. No person may:

- (a) make or invite (directly or indirectly) an offer of the Notes for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) distribute or publish, any Terms Sheet, information memorandum, prospectus or any other offering material or advertisement relating to the Notes in Australia,

unless:

- i. the minimum aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- ii. the offer or invitation is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act;
- iii. such action complies with all applicable laws, regulations and directives; and
- iv. such action does not require any document to be lodged with, or registered by, ASIC or any other regulatory authority in Australia.

Each Joint Lead Manager has represented and agreed, and by applying for the Notes under this Terms Sheet, each person to whom the Notes are issued (an **Investor**) will be deemed to have represented and agreed, that it will comply with Banking exemption No. 1 of 2018 dated 21 March 2018 promulgated by the Australian Prudential Regulation Authority and which requires all offers and transfers to be in parcels of not less than A\$500,000 in aggregate principal amount. Banking exemption No. 1 does not apply to transfers which occur outside Australia.

This Terms Sheet is not, and under no circumstances is to be construed as, an advertisement or public offering of any Notes in Australia.

Relevant Member States of the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) no Notes have been offered and no Notes will be offered that are the subject of the offering contemplated by this Terms Sheet in relation thereto to the public in that Relevant Member State except that an offer of Notes to the public in the Relevant Member State may be made with effect from the Relevant Implementation Date:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the any of the Joint Lead Managers for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Notes shall require Heartland Bank, the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of the Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended or superseded) and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA applies to Heartland Bank.

All applicable provisions of the FSMA with respect to anything done in relation to the Notes in, from or otherwise involving the United Kingdom must be complied with.

Japan

The Notes have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "ha" of Article 2, Paragraph 3, Item 2 of the FIEA. A Japanese Person who transfers the Notes shall not transfer or resell the Notes except where the transferor transfers or resells all the Notes en bloc to one transferee. For the purposes of this paragraph, **Japanese Person** shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

This Terms Sheet has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly this Terms Sheet or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Hong Kong

No Notes have been offered or sold or will be or may be offered or sold in Hong Kong, by means of any document other than (a) to **professional investors** as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a **prospectus** as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Notes may be issued or in the possession of any person or will be issued or be in the possession of any person in each case for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to **professional investors** as defined in the SFO and any rules made under the SFO.