

Notice of 2018 Annual Meeting

**Heartland Bank Limited
invites you, our shareholders,
to join us at our annual meeting.**

The meeting will be held at the
Waipuna Hotel & Conference Centre,
58 Waipuna Road, Mt Wellington,
Auckland on 19 September 2018,
commencing at 10am (New Zealand time).

Dear shareholders



On behalf of the board, I am pleased to invite you to the 2018 annual meeting of Heartland Bank which is to be held on 19 September 2018 at 10am (New Zealand time) at the Waipuna Hotel and Conference Centre, Auckland.

At this year's annual meeting, we will be updating you on Heartland's performance for the 2018 financial year, discussing Heartland's strategy and plans for future growth, and asking you to vote on a proposed corporate restructure ("**Restructure**"). The Restructure will be a significant event for Heartland, and I encourage you to read and consider the Scheme Booklet which sets out information in relation to the Restructure.

John Harvey, Graham Kennedy and Vanessa Stoddart are retiring and standing for re-election at the annual meeting. Shareholders will be asked to vote on their re-election as directors. The board unanimously supports their re-election. You can read about John, Graham, and Vanessa's backgrounds in the explanatory notes to this notice of meeting.

At the meeting shareholders will also be asked to authorise the directors to fix the auditor's remuneration.

The board is recommending that you:

- Vote **in favour** of the Restructure resolution;
- Vote **in favour** of the resolution to re-elect John Harvey as a Director;

- Vote **in favour** of the resolution to re-elect Graham Kennedy as a Director;
- Vote **in favour** of the resolution to re-elect Vanessa Stoddart as a Director; and
- Vote **in favour** of the resolution to authorise the directors to fix the remuneration of the auditor.

If you are unable to attend the annual meeting, I strongly encourage you to cast a postal vote or appoint a proxy to attend and vote at the annual meeting on your behalf. Your personalised voting form accompanies this letter.

For those shareholders who are attending the annual meeting, please bring the enclosed voting form with you to assist with your registration. You are invited to join the board and senior management for light refreshments at the conclusion of the meeting. I look forward to seeing you there.

Yours sincerely

Geoffrey Ricketts
Chair of the Board

Actions for Heartland Bank shareholders



Carefully read the Scheme Booklet

You should read the Scheme Booklet in full, including any advantages, disadvantages and risks of the Restructure, before making any decision on how to vote on the Restructure.

There are answers to other questions you may have about the Restructure in the section titled "Other Important Questions".

If you have any further questions in relation to the Scheme Booklet or the Restructure, you should consult your broker, financial adviser, solicitor, accountant and/or other professional adviser before voting on the Restructure.

Vote on the Restructure

Heartland Bank shareholders as at 5pm (New Zealand time) on 17 September 2018 are entitled to vote on the Restructure.

You can vote on the Restructure by:

- attending the annual meeting and voting in person;
- submitting a postal vote; or
- appointing a proxy (or representative) to attend the meeting and vote in your place.

Agenda for the Annual Meeting



A. Chair's Welcome and Address

B. Chief Executive Officer's Review

C. Shareholder Discussion

D. Business

To consider, and if thought fit, to pass the following resolutions:

Resolution 1: Restructure

That the Restructure (details of which are set out in the Scheme Booklet) is approved.

Resolution 1 is a special resolution with an additional voting threshold, which is a specific requirement of the Companies Act as the resolution relates to a scheme of arrangement. These approval thresholds are described in the explanatory notes.

Resolution 2: Re-election of John Harvey

That John Harvey, who retires by rotation and is eligible for re-election, be re-elected as a director of Heartland Bank.

Resolution 2 is an ordinary resolution, requiring approval by a majority (being more than 50%) of the votes of those shareholders entitled to vote and voting.

Resolution 3: Re-election of Graham Kennedy

That Graham Kennedy, who retires by rotation and is eligible for re-election, be re-elected as a director of Heartland Bank.

Resolution 3 is an ordinary resolution, requiring approval by a majority (being more than 50%) of the votes of those shareholders entitled to vote and voting.

Resolution 4: Re-election of Vanessa Stoddart

That Vanessa Stoddart, who retires by rotation and is eligible for re-election, be re-elected as a director of Heartland Bank.

Resolution 4 is an ordinary resolution, requiring approval by a majority (being more than 50%) of the votes of those shareholders entitled to vote and voting.

Resolution 5: Auditor's remuneration

Resolution 5 is an ordinary resolution, requiring approval by a majority (being more than 50%) of the votes of those shareholders entitled to vote and voting.

A brief description of each resolution is included in the explanatory notes. The board unanimously supports each resolution.

On behalf of the board,

Geoffrey Ricketts

Chair of the Board

15 August 2018

Explanatory Notes



Resolution 1: Restructure Resolution

The Restructure will result in:

- shareholders exchanging their shares in Heartland Bank Limited for shares in Heartland Group Holdings Limited (the new listed parent) on a one for one basis;
- the shares in Heartland Group Holdings Limited being listed on the NZX Main Board and on the ASX (as a foreign exempt listing), and the shares in Heartland Bank Limited ceasing to be listed on the NZX Main Board;
- Heartland Bank Limited becoming a wholly owned subsidiary of Heartland Group Holdings Limited; and
- the shares in Heartland Australia Holdings Pty Limited being transferred from Heartland Bank Limited to Heartland Group Holdings Limited.

The Restructure is to be implemented by way of a Court approved scheme of arrangement under Part 15 of the Companies Act 1993 and must be approved by shareholders. In addition to the ordinary business of the annual meeting, Heartland is asking shareholders to consider and vote on the Restructure.

For the Restructure to proceed, in accordance with section 236A of the Companies Act 1993, it must be approved by:

- a majority of 75% of the votes of shareholders entitled to vote and voting on the Restructure; and
- a majority (being more than 50%) of the votes of those shareholders entitled to vote on the Restructure (i.e. whether or not they vote on the Restructure).

Both of the above voting thresholds must be met for the Restructure to be approved.

If the Restructure would result in a different effect for a group of shareholders, that group could form a separate interest class for the purposes of voting on the Restructure. As at the date of the Scheme Booklet, all shareholders form part of a single interest class.

Resolutions 2 – 4: Re-election of John Harvey, Graham Kennedy and Vanessa Stoddart

Heartland Bank's constitution and the NZX Listing Rules require at least one third of the directors (or the number nearest to one third) to retire by rotation at the annual meeting each year. Those directors are, however, eligible for re-election at that meeting. Jeff Greenslade is excluded from this requirement under Heartland Bank's constitution and the NZX Listing Rules.

The directors who have been longest in office since their last election are ordinarily required to retire by rotation. John Harvey, Graham Kennedy and Vanessa Stoddart are therefore retiring by rotation this year, and are standing for re-election with the full support of the board. A full list of their current directorships can be found in Heartland's 2018 Financial Report.

If the Restructure is approved, the board of Heartland Bank will change on implementation of the Restructure (currently anticipated to be 31 October 2018). The directors of Heartland Bank following the implementation of the Restructure are identified in the Scheme Booklet, including John Harvey, Graham Kennedy and Vanessa Stoddart (provided they are re-elected at the annual meeting).

If the Restructure is not approved, or the Restructure does not proceed for any other reason, the current directors of Heartland Bank, including John Harvey, Graham Kennedy and Vanessa Stoddart (provided they are re-elected at the annual meeting), will remain on the board of Heartland Bank.

Biographies for John Harvey, Graham Kennedy and Vanessa Stoddart are on the next page.

Resolution 5: Auditor's remuneration

KPMG will be automatically reappointed as Heartland Bank's auditor under section 207T of the Companies Act 1993. It is proposed that the board be authorised to fix KPMG's remuneration for the following year in accordance with section 207S of the Companies Act 1993.



John Harvey

BCom, CA, CF InstD

Independent Non-Executive Director

Term of office

Appointed 31 December 2015,
last elected 22 November 2016.

Board committees

Chair of the Risk Committee and
member of the Audit Committee.

John has considerable financial
services experience and 36 years in
the professional services industry,
including 23 years as a partner of
PricewaterhouseCoopers where he
also held a number of leadership and
governance roles. Since his retirement
from PricewaterhouseCoopers in
2009, John has pursued a career as an
independent director of a number of
companies, including NZX-listed
Stride Property Limited, Investore
Property Limited and NZX/ASX-listed
Kathmandu Holdings Limited. He is
also chairman of NZ Opera Limited.



Graham Kennedy

MNZM, J.P., BCom, FCA, ACIS,
ACIM, CFInstD

Independent Non-Executive Director

Term of office

Appointed 30 September 2010,
last elected 31 December 2015.

Board committees

Member of the Audit Committee and
member of the Risk Committee.

Graham has over 40 years' experience
as a chartered accountant and business
advisor. He is now an independent
professional director and Chairman
of a number of private companies,
providing him with governance
experience across a diverse range of
business sectors including property,
tourism, agribusiness, transport,
construction and professional services.
Graham is also actively involved,
at a governance level, in a variety
of community based charitable
organisations. He has considerable
experience in Mergers and Acquisitions,
Human Resources, Finance and Banking
having been involved in the Building
Society sector since 1985.

Graham was awarded a New Zealand
Order of Merit for services to Business,
in the 2017 Queen's Birthday Honours.



Vanessa Stoddart

BCom/LLB (Hons), PGDip Professional
Ethics, GAICD, CMIInstD

Independent Non-Executive Director

Term of office

Appointed 3 October 2016,
last elected 22 November 2016.

Board committees

Member of the Risk Committee and
member of the Corporate Governance,
People, Remuneration and Nominations
Committee.

Vanessa is an experienced director
and serves on the boards of
New Zealand Refining Company
Limited, Alliance Group Limited,
Tertiary Education Commission
and the Financial Markets Authority.
Her government appointments
include MBIE's Audit and Risk
Committee, DOC's Audit and Risk
Committee, and Business New
Zealand's representative on DESC.

Following an early legal career,
Vanessa gained broad commercial
and leadership transformation
experience with a specific focus on
people, culture and health and safety
as well as best practice governance
and business ethics with some of
New Zealand's largest companies,
including Air New Zealand and Carter
Holt Harvey.

Vanessa's drive for enhanced
diversity in New Zealand companies
is demonstrated through her
commitment to Global Women for
which she is currently the Chair.

Continued overleaf.

Procedural Notes

Voting

Voting at the meeting will be decided by a poll. Each shareholder will be entitled to one vote for every share held as at 5pm (New Zealand time) on 17 September 2018.

Your right to vote may be exercised by:

- attending the meeting and voting in person;
- submitting a postal vote; or
- appointing a proxy (or representative) to attend the meeting and vote in your place (“**Proxy**”).

If you are attending the meeting, please bring the enclosed voting form that will act as your admission card to the meeting.

How to submit a postal vote or appoint a proxy

If you are not able to attend the annual meeting, but wish to submit a postal vote or appoint a Proxy to attend the meeting and vote on your behalf, you can:

- lodge your postal vote or appoint a Proxy online at <https://investorcentre.linkmarketservices.co.nz/voting/HBL>. You will be required to enter your CSN/Holder Number and Authorisation Code (“**FIN**”). If you do not have a FIN number, please contact Link Market Services at enquiries@linkmarketservices.co.nz or 09 375 5998; or
- complete and return your voting form in accordance with the instructions on the voting form.

Your completed voting form must be received by Link Market Services, or your postal vote or your Proxy appointment lodged online, by no later than 10am (New Zealand time) on 17 September 2018.

If you wish, you may appoint the Chair of the meeting as your proxy. To do so, please write “Chair of the meeting” in the relevant section. The Chair will vote according to your instructions. If the Chair is not instructed how to vote, the Chair will vote as he or she thinks fit.

Shareholder questions prior to the annual meeting

Shareholders present at the annual meeting will have the opportunity to ask questions during the meeting. If you cannot attend the annual meeting but would like to ask a question, you can submit a question by emailing shareholders@heartland.co.nz. Shareholder questions will need to be submitted by 12 September 2018. Questions should relate to matters being addressed at the annual meeting.

Venue & Parking Information

The meeting is being held at the **Waipuna Hotel and Conference Centre**

Please enter Waipuna Hotel & Conference Centre at 58 Waipuna Road, where free parking is available.

Security will assist with directing you to nearest available car parking space.

Please make your way to the Cole Theatre situated on the ground level of the conference centre.

