HEARTLAND BANK

Target Market Determination

Equity Access Loan (Reverse Mortgage)

This Target Market Determination **(TMD)** is made available to the public under section 994B of the Corporations Act 2001 (Cth) **(the Act).**
It describes the type of customer this product is appropriate for **(target market)**, its key attributes, and any conditions around how the product can be distributed. It also describes events or circumstances where Heartland Bank Australia Limited **(we, us, our)** may need to review this TMD and forms part of our design and distribution obligations.
The TMD isn't a summary of the features or terms of the product and doesn't take into account your individual objectives, financial situation or needs. If you're interested in acquiring this product, you should carefully read additional information available on our website **heartlandbank.com.au** and ASIC's Money Smart website **moneysmart.gov.au/retirement-income/reverse-mortgage-and-home-equity-release** before making a decision.

Target market summary

Our Equity Access Loan (Reverse Mortgage) may suit customers who want a reverse mortgage with flexible ways to access funds, including regular advances, redraw and the option to apply for a Future Access Fund for use later.

The product also has options for residential aged care and for customers who want to use an investment property as security.

Product and issuer identifier

Product	**Equity Access Loan (Reverse Mortgage)**
Issuer	Heartland Bank Australia Limited
Issuer ABN	54 087 651 750
Issuer ACN	087 651 750
Issuer AFSL	AFSL/Australian Credit Licence 245606
Date of TMD	1st July 2026
Version	1.0

Description of target market

Customer attributes	**Our Equity Access Loan (Reverse Mortgage) is likely to be appropriate for customers who meet all of the following criteria:** • Reside in Australia • Are 55 years old or older (or 60 years old or older if applying for the Aged Care Option) • Want access to funds through an initial lump sum, with the option to apply for regular advances, and access to redraw for any voluntary repayments made. • May wish to apply for an Future Access Fund, which, if approved and subject to applicable caps, allows access to additional funds for future needs. • Own a residential property valued at $200,000 or more.

Customer attributes	**Our Equity Access Loan (Reverse Mortgage) is likely to be appropriate for customers who meet all of the following criteria:** • Reside in Australia • Are 55 years old or older (or 60 years old or older if applying for the Aged Care Option) • Want access to funds through an initial lump sum, with the option to apply for regular advances, and access to redraw for any voluntary repayments made. • May wish to apply for an Future Access Fund, which, if approved and subject to applicable caps, allows access to additional funds for future needs. • Own a residential property valued at $200,000 or more. • Are seeking a loan with a variable interest rate • Do not want to be required to make regular repayments to the loan. **This product is not designed for those who:** • Don't own a residential property valued at $200,000 or more • Require a fixed interest rate loan • Would be unable to meet their identified future financial needs if they were to receive the loan funds. • Do not meet the credit and eligibility criteria for the Reverse Mortgage. **How customers typically use this product** Customers in the target market typically want to remain in their home or move into residential aged care, while accessing some of the equity in their property to support their lifestyle or meet other financial needs. The loan does not require regular repayments. Interest is calculated daily and added to the loan balance each month. Customers can make voluntary repayments at any time if they choose. The loan is generally repaid when the property is sold, 12 months after the customer permanently leaves the home, or when the last borrower passes away. Subject to approval and applicable limits, customers may apply for regular advances or an Future Access Fund, and can access redraw where they have made voluntary repayments. A minimum loan amount is $5,000, unless the loan is used to fund approved home care purposes. There are two product variations that may be suitable for different customers at different times. **Investment Property target market** When an investment property is used as security, the loan must be repaid when the security property is sold, 12 months after the last borrower moves from their primary residential property, or when the last borrower passes away. These customers are likely to want to improve their lifestyle while staying in their main home by using the equity in their investment property. **Aged Care target market** When a residential property is used as security, the Aged Care loan must be repaid when the loan term expires (unless otherwise approved), the security property is sold, or 12 months after the last borrower passes away. These customers are likely to need funds to move into, or stay in, residential aged care by using the equity in their residential property.
Description of product, including key attributes & definitions	The table below shows the product attributes to help determine which variation suits a customer's needs.

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	Standard	Investment Property	Aged Care
Minimum age	55	55	60
Available for owner- occupied properties	✓	✗	✓
Available for investment properties	✗	✓	✓
Provides the ability to redraw surplus funds	✓	✓	✓
Provides the ability to set up regular advance	10 years	10 years	5 years
Provides the ability to set up a future access fund for future needs	✓	✓	✓
Provides the ability to make voluntary repayments	✓	✓	✓
Maximum term	Lifetime	Lifetime	Lifetime
No negative equity guarantee	✓	✓	✓

A Lump Sum is an amount of money you receive at the start of your loan. Every loan must include a lump sum payment. The minimum lump sum is $5,000, unless the loan is being used to help pay for approved home care costs. In those cases, a lower amount may be considered, subject to approval.

Regular Advances are ongoing payments made to you from your loan at regular intervals, such as fortnightly, monthly, quarterly or annually.
You can apply to have regular payments set up, and they must be approved before they start. Approval depends on your circumstances and any applicable limits.

Redraw allows you to access money that you have previously voluntarily repaid into your loan. This feature comes as standard with the product and lets you withdraw those repaid amounts again, in line with the loan terms and conditions.

Future Access Fund is a pre-approved amount that gives you quick access to additional funds if you need them.
You need to apply for an Future Access Fund and it must be approved. Caps apply. Once approved, you can access these funds quickly, including through the mobile app, subject to the loan terms and conditions.

Description of likely objectives, financial situation and needs of customers in the target market

Customers in the target market are likely to use this product to access the equity in their property to support their lifestyle or meet other financial needs while continuing to live in their home. Some customers may instead use the product to help pay for residential aged care costs by using the equity in their residential property.
These customers are likely to want a loan with a variable interest rate and no required regular repayments, with interest calculated daily and added to the loan balance each month. They are also likely to value the ability to make voluntary repayments at any time without penalty, providing flexibility to manage their loan balance over time. Customers in the target market may also value the no negative equity protection

that applies to reverse mortgages, which provides reassurance that they will not be required to repay more than the value of the secured property when the loan is repaid, subject to the loan terms and conditions.

Explanation of why the product is likely to be consistent with the likely objectives, financial situation and needs of customers in the target market
The product allows eligible customers to access funds from the equity in their property through a lump sum paid at the start of the loan, with the option to apply for regular advance payments at a frequency that suits their needs. All loans have a variable interest rate, with interest calculated daily and added to the loan balance each month.

Customers are not required to make regular repayments but can make voluntary repayments at any time without penalty, providing flexibility to manage their loan balance over time.

Customers who make voluntary repayments can access those repaid amounts again through Redraw, which is available as a standard feature of the product, subject to the loan terms and conditions. Customers may also apply for an Future Access Fund, which, if approved and within applicable limits, provides quicker access to additional funds if unexpected expenses arise. Not all customers in the target market will necessarily have access to an Future Access Fund, as approval is subject to eligibility criteria and caps.

Applications are assessed by accredited lending specialists who are trained in the product's features, eligibility requirements and lending criteria. As part of the application process, customers are required to obtain independent legal advice, supporting informed decision-making.

Standard and Investment Property loans must be repaid when the security property is sold, 12 months after the last borrower moves out of their main home, or when the last borrower passes away. Aged Care loans must be repaid at the end of the loan term (unless otherwise approved), when the property is sold, or 12 months after the last borrower passes away. These repayment conditions align with the needs of customers who are seeking longer-term access to funds without the need to make regular repayments while they remain in their home or move into aged care.

Distribution conditions/restrictions

Distribution conditions

The product is distributed via several channels:

- direct to individual or joint customers via the digital application on the web site accompanied by a call with one of our Lending Specialists.
- to individual or joint customers via third-party distributors, referrers, accredited brokers groups, and aggregators.

Trained phone-based lending specialists are available to speak with prospects and customers about the product over the phone.

Where the product is distributed through third-party distributors including referrers, accredited brokers groups, and aggregators, an appropriate service level agreement is in place.

Why the distribution conditions and restrictions will make it more likely that the customers who acquire the product are in the target market

The application and distribution process is designed to help ensure that the product is only provided to customers whose objectives, financial situation and needs are consistent with this Target Market Determination. Eligibility requirements are clearly set out in the application process, and customers who do not meet those requirements are prevented from proceeding.

Customers access the product through trained and accredited distribution channels.

Phone-based lending specialists are trained to support customers to identify and consider their current and future needs, including foreseeable expenses such as ongoing living costs, aged care requirements and other longer-term financial needs. This helps customers to assess whether the product is suitable for them in the context of those future needs before deciding to proceed.

Intermediaries, including brokers and referrers, must complete training and be accredited before distributing the product, and application forms used through broker channels include controls to restrict applications from customers who do not meet the distribution criteria.

As part of the application process, customers are provided with information about the key features, risks and long-term implications of taking out a reverse mortgage, including how interest is added to the loan over time, the impact of this on the equity remaining in the property and when the loan must be repaid. Customers are required to confirm that they understand these impacts, including the potential effect on their future financial position and estate, before proceeding. All applications, regardless of distribution channel, are assessed by us to confirm that the customer meets the lending and eligibility criteria for the product.

These distribution conditions and safeguards help make it more likely that the product is distributed to customers whose objectives, financial situation and needs align with the target market, and that customers make an informed decision before entering into the loan.

Review triggers

The review triggers that would reasonably suggest that the TMD is no longer appropriate

The review triggers include:

- material changes to the product or the terms.
- a significant dealing, as decided by us, not consistent with the TMD
- a material increase in complaints received from customers in relation to their use of the product
- a material increase in the rate of defaults
- a material increase in the rate of hardship
- a material change in the regulatory environment

Mandatory review periods

First review date: 1st July 2028
Periodic reviews: No later than 2 years from the date of the previous review

Distribution reporting requirements

The following information must be provided to us by distributors who engage in retail product distribution conduct in relation to this product:

Type of information	Description	Reporting period
Complaints	Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution. The distributor should provide relevant details of the complaint, having regard to privacy requirements.	Within 10 business days following the end of calendar quarter.
Significant dealing(s)	Date or date range of the significant dealing(s) and description of the significant dealing(s) (e.g., online channel performance significantly limits use of product).	As soon as practicable, and in any case within 10 business days after becoming aware.
Dealings outside the target market	Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution. The distributor should provide relevant details of the complaint, having regard to privacy requirements.	Within 10 business days following the end of calendar quarter.