

## Target Market Determination

### Standard Reverse Mortgage

This Target Market Determination (TMD) is required 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](http://heartlandbank.com.au) and ASIC's Money Smart website [moneysmart.gov.au/retirement-income/reverse-mortgage-and-home-equity-release](http://moneysmart.gov.au/retirement-income/reverse-mortgage-and-home-equity-release) before making a decision.

#### Target market summary

Our Standard Reverse Mortgage is likely to be appropriate for those seeking a reverse mortgage that provides payment options including regular advance, redraw, and the ability to apply for a cash reserve in the future. Variations support residential aged care living and using a secondary property as security.

### Product and issuer identifier

Product	Standard 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	19 July 2024
Version	4.0

### Description of target market

Customer attributes	<p><b>Our Standard Reverse Mortgage product is likely to be appropriate for those who satisfy all the following:</b></p> <ul style="list-style-type: none"><li>• reside in Australia and at least one borrower is 60 years or older</li><li>• no borrower is under 55 years</li><li>• require a lump-sum initial advance, regular advance or redraw facility</li><li>• own a residential property valued at \$200,000 or more</li><li>• require a variable interest rate.</li></ul> <p><b>This product is not designed for those who:</b></p> <ul style="list-style-type: none"><li>• where both borrowers are aged under 60 years</li><li>• don't own a residential property valued at \$200,000 or more</li><li>• require a fixed rate loan</li><li>• the provision of funds will impact any future financial needs</li><li>• don't meet the credit criteria of the Reverse Mortgage.</li></ul> <p>Our Standard Reverse Mortgage is designed for those seeking a loan with a variable rate of interest that's calculated daily. No regular repayments are required with</p>
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interest capitalised monthly. There's a minimum loan amount of \$5,000 (unless the purpose is to fund home care).

The loan must be repaid when either the property is sold, 12 months after the last borrower moves from the owner-occupied property or passes away. Voluntary repayments can be made at any time without penalty. Customers have the option of applying for a regular advance, redraw or cash reserve for future needs.

Their likely needs are that they're seeking to improve their lifestyle, while remaining in their home. They wish to do this by accessing equity in their owner-occupied residential property.

There are two variations which may be suitable for different customers at different times.

#### **Secondary property target market**

Using a secondary property as security, the loan must be repaid when either the security property is sold, 12 months after the last borrower moves from their primary residential property or passes away.

Their likely needs are they're seeking to improve their lifestyle, while remaining in their primary residence. They wish to do this by accessing equity in their secondary residential property.

#### **Aged care target market**

Using a residential property as security, the loan must be repaid when either the loan term has expired, the security property is sold, or 12 months after the last borrower passes away.

Their likely needs are the ability cover the cost of moving into or remaining in residential aged care. They wish to do this by accessing equity in their residential property.

#### **Description of product, including key attributes**

The table below shows the product attributes to help determine which variation suits a customer's needs.

	Standard	Secondary property	Aged care
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 cash reserve for future needs	✓	✓	✓
Provides the ability to make voluntary repayments	✓	✓	✓
Maximum term	Lifetime	Lifetime	5 years
No negative equity guarantee	✓	✓	✓

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

The likely objective of someone taking out this product is that they're seeking to improve their lifestyle, while remaining in their home, or residing in residential aged care. They wish to do this by accessing equity in their residential property.

They're seeking a variable interest rate loan, with interest calculated daily and capitalised to the loan each month with the ability to make fee-free voluntary repayments at any time.

Their likely financial situation could include a desire to access funds to support their lifestyle, financial needs, or fund residential aged care.

Their likely needs are to borrow funds to support their lifestyle, financial needs, or aged care with a variable rate of interest and no requirement to make regular repayments.

They want the no negative equity safeguards provided by a reverse mortgage.

**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 provides eligible customers a lump sum or regular advance payment with a variable interest rate, interest is calculated daily and capitalised to the loan each month, while allowing fee free voluntary payments.

Applications are assessed by accredited lending specialists who undergo regular training on lending criteria.

Customers are required to obtain independent legal advice.

Repayment on Standard and Secondary Property loans is due when either the security property is sold, 12 months after the last borrower moves from the primary residential property or passes away. Repayments on the Aged care loan is due when either the loan term has expired, the property is sold, or 12 months after the last borrower passes away.

## Distribution conditions/restrictions

### Distribution conditions

The product is distributed via several channels:

- direct to individual or joint customers via our website online form
- to individual or joint customers via third-party distributors, referrers, accredited brokers groups, and aggregators.

Trained and accredited 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**

Eligibility is outlined within the application form and the application process restricts individual or joint customers who don't meet the distribution criteria.

Accredited phone-based lending specialists are trained in the product's features and eligibility criteria. Intermediaries undergo training prior to being accredited by us. The

application form provided through broker channels restricts customers who don't meet the distribution criteria.

All applications are assessed by us to ensure they meet the lending eligibility criteria.

## 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:** 19 July 2026

**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 all the content of the complaint, having regard to privacy.	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	Any dealings outside the target market (to the extent that the distributor is aware of such dealings), and the reason why the distribution occurred outside the target market	Within 10 business days following the end of calendar quarter.

Any advice is general and doesn't take into account your personal situation. Please consider whether it's right for you.

Need to talk to us? We'd be happy to help.

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