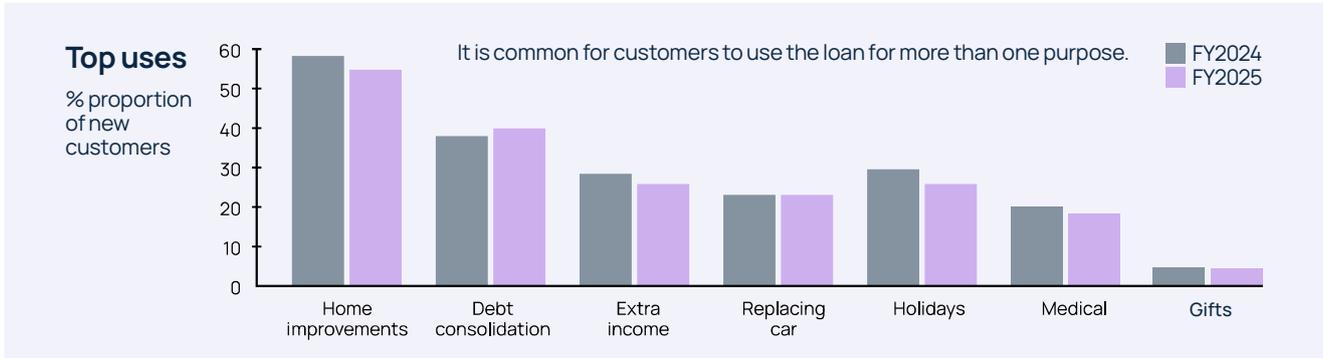


Reverse Mortgage factsheet

New Zealand, as at 30 June 2025.

HEARTLAND
BANK

Heartland Reverse Mortgages are continuing to be used for a range of purposes and to ease cost of living pressures.



26,600+

Number of customers helped (since 2004)

73 years

Average age of youngest new borrower

8.11%



Weighted average initial LVR

25.32%



Weighted avg current LVR (index val) Since 2004

\$78k



Average initial loan amount (new loans only)



21 years

Heartland has been providing Reverse Mortgages since 2004

Repayment type

Involuntary

19%

81%

Voluntary

6.00 years

Average term at repayment

www.heartland.co.nz/reverse-mortgage

Glossary of terms and definitions

Reverse mortgage

A reverse mortgage is a loan that has been designed for the needs of people over 60. It allows people to release equity from the value of their home to help fund retirement, while continuing to own and live in their home. No regular repayments are required – the debt is repaid from the proceeds received from the property in a future sale.

Loan purpose

In their application for a reverse mortgage, customers share what they intend to use their Reverse Mortgage for. It is common for customers to use the loan for more than one purpose. This fact sheet outlines the most common purposes. We know that some customers also use their loans for homeware purchases, long-term care and gifting.

Loan to value ratio (LVR)

A loan to value ratio (LVR) is calculated from the amount borrowed as a percentage of the bank's valuation of the property.

Weighted average initial LVR

The weighted average initial LVR is a percentage calculated by aggregating the amount borrowed by customers against the aggregate of the initial valuation for Heartland Bank's Reverse Mortgage loans originated over the past 12 months. This provides a weighted average based on loan size. Loans drawn and repaid within the same 12 months are excluded to avoid distortion to the weighting.

Average current LVR

The average current LVR is the average LVR across all active loans, since 2004, at the end of the reporting period.

Indexed valuation

The indexed valuation is calculated by Heartland Bank at the end of each quarter. This is done by adjusting the market value of each property to reflect the indexed market growth in that period. The indexed market growth is informed by an external quarterly valuation report.

Weighted average current LVR (index val)

The weighted average current LVR is the averaged weighting calculated by summing the total of each individual loan's LVR value divided by the total loan book, as a percentage.

Average term at repayment

This is the average length of time it has taken for the loan to be fully repaid.

Average age of youngest borrower

This is the average age of the youngest borrower of a single loan for loans settled within the previous 12 months, at the end of the reporting period. When applying for a Reverse Mortgage as a couple, the lending criteria is based on the age of the youngest borrower.

Repayment type

With a reverse mortgage, no repayments are required until the borrower sells or permanently leaves their home. With a Heartland Reverse Mortgage, there is no need to make regular repayments (subject to complying with the terms of the loan). The total loan amount, including accumulated interest, is repayable when the borrower moves permanently from their home – usually when they sell the property, move into long-term care, or pass away.

The loan can be repaid from the sale proceeds of the home, and the balance is then retained by the borrower or their estate. Heartland allows 12 months from when the borrower moves from the property for the loan to be repaid. The loan can be repaid in full or partially at any time without penalty.

Voluntary repayment

In most cases, borrowers voluntarily repay their loan to downsize, move into aged care or with family.

Involuntary repayment

In some cases, the loan is repaid once the borrowers have deceased.