

“ Putting our people and environment at the heart of what we do, to build a sustainable future. ”

Heartland is dedicated to sustainable practices which minimise its environmental impact, positively contribute to its communities and enhance the lives of its people and customers.

Heartland’s sustainability strategy is built on the following three key pillars:



Environment

- › Support the just transition to a net-zero economy.



People

- › Create a pathway and place for Heartland’s people to grow, thrive and be empowered to achieve Heartland’s goals as one team.
- › Care for the communities Heartland operates in.
- › Care for Heartland’s customers.



Financial wellbeing

- › Support the financial wellbeing of Heartland’s customers and communities.

Te taiao Environment



Heartland's commitment: Support the just transition to a net-zero economy.

How: Build the capability to appropriately take climate change risks into consideration when making lending decisions.

FY2023 ACHIEVEMENTS

Environmental risk screening

Heartland developed an environmental risk screening tool to be used in the credit decisioning process to understand the sustainability of its larger business and rural borrowers by reference to environmental, climate, reputational and regulatory factors (and mitigating actions being employed by borrowers). The tool is now in operation with frontline employees and enables a rating to be provided for each of those factors, which is then considered in the initial credit decisioning process, and as part of the ongoing credit review process.

Understanding emissions exposure

Heartland undertook Australian and New Zealand Standard Industrial Classification (**ANZSIC**) code analysis to understand its exposures to customers in high energy use, fossil fuel and extractive industries¹ which are subject to a heightened degree of transitional risk as a result of climate factors.

That analysis disclosed that Heartland has a low exposure to customers in those industries.

FY2024 TARGETS

Implementation of a climate risk tool

Heartland intends to implement a climate risk tool to enable it to assess the potential climate related risks and natural hazards associated with residential property in New Zealand and Australia. Once implemented, Heartland will use this tool as part of its credit decisioning process for reverse and standard residential mortgages in both New Zealand and Australia, and to monitor the climate related risk status of those portfolios over time.

Calculating financed emissions

In FY2023, Heartland developed its methodology for calculating the financed emissions attributable to its Motor Finance portfolio. Heartland is currently implementing tools to enable it to more accurately calculate financed emissions attributable to its Reverse Mortgages, Online Home Loans, Business and Rural portfolios in New Zealand and Australia.

Once these tools are implemented, Heartland intends to set risk appetite metrics and targets for climate related risk in all of its lending portfolios.

Climate related risk analysis

Heartland is currently undertaking scenario analysis to better understand the resilience of its business strategy in light of possible climate related risks.

Establish a Sustainability Committee

Heartland's Board expects to shortly establish a Sustainability Committee to oversee Heartland's sustainability strategy and implementation plans.

How: Fund Heartland's borrowers' transition to a net-zero economy.

FY2023 ACHIEVEMENTS

Funding new generation vehicles

Heartland more than doubled the proportion of new generation vehicles funded through its Motor Finance portfolio in FY2023.

Of all vehicles funded in FY2023, more than 10% were new generation vehicles, compared with 5% in FY2022. The target for FY2023 was 15%. Heartland was well positioned to meet that target in the first half of FY2023, however supply chain issues meant fewer new generation vehicles were available in the second half of FY2023.

iOwn GFV product launched

Heartland launched an "iOwn" guaranteed future value (**GFV**) product across the Peugeot, Citroen and Opel range of vehicles, which includes a range of new generation vehicles.

This product enables a borrower to purchase a new generation vehicle with ease through lower weekly repayments with no deposit and a minimum GFV (de-risking new generation vehicle ownership).

Phasing out diesel passenger vehicle lending

Heartland is phasing out lending on diesel passenger vehicles.

FY2024 TARGETS

Increase lending to new generation vehicle

Heartland intends to increase the proportion of new generation vehicles financed through its Motor Finance portfolio.

Identifying climate related opportunities

Heartland is currently undertaking scenario analysis to better understand the strengthened resilience of its business strategy in light of climate related risks, and also in light of climate related opportunities. This exercise will help inform further sustainable lending initiatives.

Baseline carbon footprint analysis for Australian Livestock Finance

Heartland is working with a third party to enable its Australian Livestock Finance clients to understand their baseline carbon footprint. In addition to helping to educate its customers on sustainability issues, Heartland's intention is to use that tool to develop a livestock lending product in Australia which rewards borrowers for undertaking environmentally friendly pastoral practices which reduce their carbon footprint.

Funding low emission assets

Heartland is committed to funding low emission assets in the Asset Finance area (i.e. new generation trucks and yellow goods). This has led to engagement with vendor partners whose sustainability initiatives fit well with Heartland's. Demand for these assets is already ahead of their development, requiring further trial runs for suitability in New Zealand. Heartland has partnered with two national distributors of new generation trucks and yellow goods, and will continue to expand its footprint regarding green asset funding as new electric technology enters the market.



Heartland more than doubled the proportion of new generation vehicles funded through its Motor Finance portfolio in FY2023.

How: Embed sustainability into what Heartland does.

FY2023 ACHIEVEMENTS

Significant reduction in GHG emissions

Heartland's unaudited operational greenhouse gas (GHG) emissions for FY2023 saw a 17% reduction on the FY2019 base year. This comprised strong reductions in Scope 1 and Scope 2 emissions, but an increase in travel-related emissions as a result of business travel requirements between New Zealand and Australia.

Heartland's Green Team

Heartland's Green Team is a committee of environmentally conscious employees who have organised various environmental initiatives across FY2023 to educate and promote good sustainability practice. This has included an environmental themed quiz night promoting Earth Week, a volunteer day planting trees at the Whau River Trust in West Auckland, organising an audit of waste generated at Heartland's Auckland offices (and raising awareness of ways to reduce that waste) and arranging the installation of LED lighting at Heartland's Auckland offices.

FY2024 TARGETS

Replace remaining vehicle fleet

Heartland intends to replace its remaining New Zealand fleet with new generation vehicles in FY2024.

Set long-term GHG targets

Heartland intends to set a long-term GHG emission reduction target and plan, including Scope 3 financed emissions.

Engagement with Rural borrowers

Heartland is surveying its New Zealand Rural borrowers to understand their emissions profiles and environmental sustainability practices, in order to better target sustainability offerings to those customers.

Ngā tāngata People



Heartland's commitment: Create a pathway and place for Heartland's people to grow, thrive and be empowered to achieve Heartland's goals as one team.

How: To be a workplace where Māori can succeed as Māori and create a pathway to being an employer that is welcoming to all cultures and ethnicities.

FY2023 ACHIEVEMENTS

Manawa Ako

Māori and Pasifika communities are under-represented in the banking industry in New Zealand. Manawa Ako is Heartland's internship programme which has been specifically created for Māori and Pasifika rangatahi (youth). Heartland's Manawa Ako programme provides opportunities for participants to learn, lead and succeed in a corporate environment, and gain a greater understanding of working in the financial sector. The programme is based on the Māori concept of "ako", which means to learn and to teach. As such, Heartland also gains from the cultural perspectives the interns bring to the workplace from their close connection to their identity.

- Māori and Pasifika people represent approximately 2% of employees in the banking industry in New Zealand, however represent 7% of Heartland's employees. Manawa Ako has helped Heartland to access a significant pool of talent which was previously unavailable to it.
- More than 110 rangatahi have participated in the programme since inception in 2017.
- 25 interns were welcomed in FY2023.
- Over the last six years, many interns have continued on to permanent or fixed term employment after their internship. At 30 June 2023, eight former Manawa Ako interns were employed by Heartland.
- Along with the value that the participants gain through this programme, Heartland's tuakana (buddies) also derive the benefit of the experience of mentoring these young people during the programme.

FY2024 TARGETS

Extend community engagement

In FY2024, Heartland intends to engage an even wider network of community groups to seek expressions of interest for the Manawa Ako programme, including reaching out to more iwi and additional schools in Auckland.

How: Establish Heartland as a recognisable and desirable employer of choice to attract, develop and enable exceptional talent.

FY2023 ACHIEVEMENTS

Investing in emerging talent

Heartland invests in attracting and developing talent with a particular focus on the younger demographic. This is important given that 49% of Heartland's people are under 35 years old.

Rangatahi (Youth) Advisory Board

This Board is made up of a select group of employees aged 35 and under from across Heartland. It provides an opportunity for rangatahi at Heartland to learn, develop and be exposed to executives and directors, and likewise for executives and directors to obtain the insights of Heartland's younger people. In FY2023, the Board had 10 members (5 male, 5 female) from across Heartland. The Board focused on strategic projects including social sustainability, employee wellbeing, digital strategy and financial literacy for young people, with recommendations presented to the executive team and considered for implementation.

Rotary Young-Person Leadership Awards (RYLA) youth programme

RYLA is a leadership development programme for 20-28-year olds, hosted and sponsored by New Zealand Rotary Clubs. The week-long, live-in programme involves presentations, workshops and activities designed to help young people develop their teamwork and communication skills, and fulfil their potential as leaders. Heartland nominates and pays for selected Heartland employees to participate in the programme. Five Heartland employees participated in FY2023.

Maintained Living Wage accreditation

Heartland has been an accredited Living Wage employer since 2020 and maintained this accreditation in FY2023. The Living Wage is calculated by the New Zealand Family Centre Social Policy Unit (as an independent party) and is considered the minimum rate for an employee to be able to earn enough money to live with dignity.

Recognising those who live our mātāpono (values)

Each quarter, through its Mātāpono Awards, Heartland recognises its people who consistently demonstrate Heartland's mātāpono. Since 2019, more than 65 people from teams in New Zealand and Australia have received a Mātāpono Award.

FY2024 TARGETS

Seek employee insight

Heartland intends to seek insight from its people on how it can become a more recognisable and desirable employer.

Continue to offer successful initiatives

Heartland intends to continue offering the initiatives it had success with in FY2023, including:

- offering positions for young people who aspire to leadership to participate in the RYLA programme
- facilitating the Rangatahi Advisory Board programme
- continuing to grant Mātāpono Awards (and ensuring that awards recognise employees who are non-leaders and in more junior positions, while seeking to achieve gender balance in award nominations and recipients).

How: Create an inclusive, engaging environment for employees where gender balance and diverse ethnic representation is achieved at all levels of the organisation, leading to exceptional experiences for Heartland's people and customers.

FY2023 ACHIEVEMENTS

Pay gap reporting²

FY2023 was Heartland's second year of reporting pay gap information for gender, Māori and Pasifika. As a median comparison, change for this measure takes time. Heartland remains committed to ensuring it monitors recruitment, pay levels and remuneration to ensure it is fair, and unconscious bias is checked. We will continue to report on these metrics annually.

Gap between median pay of men and women across all NZ roles: 28%

Gap between median pay of non-Māori and Māori across all NZ roles: 28%

Gap between median pay of non-Pasifika and Pasifika across all NZ roles: 27%

Maintained gender balance across the organisation

Heartland's gender split of 52% female and male 47% remains reflective of New Zealand and Australia's total population by gender respectively. At all levels, females reflect 30%+ in Heartland's leadership groupings. While this is not insignificant, Heartland remains focused on consciously supporting women in leadership through the RYLA programme, Kia Eke (see below) and ensuring gender balance in opportunities such as Rangatahi Advisory Board participation, employee group involvement, and in striving to ensure gender balance in recruitment.

The table below shows the gender diversity of directors and employees of Heartland in New Zealand and Australia.

| Positions | As at 30 June 2023 | | | | | As at 30 June 2022 | | | |
|--------------------------------------|--------------------|-----------|----------------|------------|-------|--------------------|-----------|------------|-------|
| | Female | Male | Gender Diverse | Not Stated | Total | Female | Male | Not Stated | Total |
| Board - Heartland Group Holdings | 2 (40%) | 3 (60%) | 0 | 0 | 5 | 2 (33%) | 4 (67%) | 0 | 6 |
| Board - Heartland Bank | 2 (33%) | 4 (67%) | 0 | 0 | 6 | 2 (33%) | 4 (67%) | 0 | 6 |
| Management | 3 (30%) | 7 (70%) | 0 | 0 | 10 | 3 (30%) | 7 (70%) | 0 | 10 |
| All People Leaders (excl Management) | 48 (46%) | 56 (54%) | 0 | 0 | 104 | 47 (44%) | 60 (56%) | 0 | 107 |
| All staff (excl Board) | 279 (52%) | 251 (47%) | 3 (0.6%) | 2 (0.4%) | 535 | 284 (51%) | 266 (48%) | 3 (0.5%) | 553 |

Kia Eke employee group

In FY2023, Heartland reinvigorated Kia Eke, an employee-led group that focuses on supporting women in leadership and creating greater gender balance within the senior leadership group and more broadly within Heartland.

FY2023 ACHIEVEMENTS (CONT)

Growing Families employee group

Growing Families is one of Heartland's newest employee groups which works in collaboration with Kia Eke to look at ways to support employees while they manage family commitments – whether they are first time parents, providing elder care, or supporting their community.

Received Rainbow Tick reaccreditation

Heartland received Rainbow Tick accreditation in November 2021 and was reassessed for reaccreditation in FY2023. The three key standards measured were leadership, organisational development and external engagement.

Creation of Accessibility employee group

Heartland's Accessibility employee group was formed to champion accessibility within Heartland, with the goal of achieving the NZ Accessibility Tick.

Heartland's Head of People & Culture participated in a panel discussion to shine a light on accessibility for deaf or hard of hearing employees and customers. Panellists talked about how their organisations are leading the way in accessibility and making accessibility a priority.

Hearing Accredited Workplace

In FY2023, Heartland was pleased to maintain its status as a Hearing Accredited Workplace through the National Foundation for Deaf and Hard of Hearing.

The Accessibility employee group has taken ownership of ensuring Heartland's workplace is accessible, and its Hearing Accreditation is maintained.

FY2024 TARGETS

Reduce pay gaps

Heartland intends to progress towards further reducing gender and ethnicity pay gaps. Remuneration and recruitment are key to this work, including ensuring remuneration is aligned to the role and the person's skills and experience. A gender review is completed for end of year remuneration reviews and external benchmarking provides remuneration guidance to negate the potential for unconscious bias.

Increase gender balance

Heartland intends to continue to focus on achieving gender balance in all levels at Heartland, including by leveraging its Growing Families and Kia Eke employee groups.

Improve accessibility

Heartland is researching Australian-based organisations which work in accessibility, to improve accessibility across both sides of the Tasman.

Heartland's commitment: Heartland cares for our communities.

How: Heartland gives back to the community through grants, sponsorships and active volunteering.

FY2023 ACHIEVEMENTS

More than \$710,000 funded through the Heartland Trust

The Heartland Trust is Heartland's registered charitable trust that is independent from, but closely supported by, Heartland. The Heartland Trust provides grants and donations to various community groups and organisations across New Zealand in the areas of education and learning, the arts and wellbeing, with a focus on enhancing outcomes of youth. Grants are funded through dividends paid on Heartland shares held by the Heartland Trust.

Grants from the Heartland Trust for FY2023 totalled \$716,015 - a 28% increase from FY2022.

Education and learning

The Trust supports a number of organisations focused on enhancing education and learning opportunities for rangatahi (youth).

Heartland has been an InZone Education Foundation (**InZone**) cornerstone funder since 2017. InZone is a charitable trust that aims to inspire and support Māori and Pasifika youth to take their place in the cultural, economic and civic leadership of Aotearoa New Zealand. It does this by providing kāinga (hostels) which are "InZone" for high performing schools, and partnering with the schools to ensure students achieve top educational outcomes. Its kāinga enable students to live and learn in a supportive whānau environment with a Māori kaupapa, supporting, inspiring and empowering rangatahi to achieve to their full potential.

The Trust has been a proud sponsor of The University of Auckland's Kupe Leadership Scholarship (**Kupe**) since 2019. Kupe offers a unique experience that develops a cohort of future leaders intended to create a dynamic and successful future for Aotearoa, New Zealand. Each year, funding from the Trust supports a Kupe Scholar, and operational costs related to the delivery of the programme. In FY2023, Heartland's Kupe Scholars have set up initiatives to improve access to higher education (in New Zealand and abroad), contributed to local government, represented New Zealand at the coronation of King Charles III, and completed degrees with the aim of improving sectors such as public housing and Corrections.

The Trust maintained its commitment to funding various high school rugby teams across the country. Studies have shown that more involvement in sports can lead to better academic and social achievements, positively impacting students, schools, and the community.

The Trust also contributed towards the costs of Heartland Bank's Manawa Ako internship programme, described on page 6.

FY2023 ACHIEVEMENTS (CONT)

Arts and culture

In FY2023, arts and culture grants included the WORD Christchurch Festival, Te Matatini Herenga Waka Herenga Tangata National Kapa Haka Festival (**Te Matatini**), and Ashburton Schools' Music Festival.

The Trust's grant to WORD Christchurch Festival sponsored Dr. Melani Anae's session at the event. Dr Anae is a Marsden Award recipient, and expert on ethics and Pasifika identity – aligning to Heartland's values, and diversity and inclusion commitments. The Trust was proud to be a Strategic Partner of Te Matatini, the pinnacle cultural event for Māori performing arts. This was the second year Heartland has supported Te Matatini – this year's event going ahead after being postponed due to COVID-19 restrictions.

The Ashburton Schools' Music Festival is a special event for Heartland, given its close connection to the Ashburton community – where Heartland began life as the Ashburton Permanent Building & Investment Society in 1875. Heartland was pleased to once again sponsor the event, providing Ashburton primary school students an opportunity to perform and sing on stage in a choir.

Wellbeing

Following the devastating impacts of the Auckland floods and Cyclone Gabrielle in New Zealand in early 2023, the Trust was pleased to support disaster recovery efforts with donations totalling \$45,000. Donations included \$30,000 to the Hawke's Bay Disaster Relief Trust and \$10,000 to the Auckland Council Emergency Relief Fund. In support of its long-standing relationship through Heartland Bank's New Zealand Reverse Mortgage product, \$5,000 was donated to Age Concern in Wairoa.

In FY2023, the Trust increased its commitment to health and wellbeing through two new grants, one each to the Tania Dalton Foundation's Resilience Project and the Canterbury Sports Development Academy's Tātai Whetū Waitaha Athlete Support Programme (**TWW**).

Funds granted by the Trust enabled Heartland Bank to provide The Resilience Project an electric car, allowing them to more sustainably visit more schools and deliver practical, evidence-based mental health strategies to build resilience and happiness among students. TWW is a holistic programme that aims to assist athletes to achieve their goals, without social restraint, while ensuring they are thriving in sport and life. Funding provided by the Trust enables TWW to create support opportunities (such as psychology, medical, physiotherapy, strength and conditioning, nutrition, leadership, funding and communications) and connections to networks for aspiring Canterbury athletes with potential to represent New Zealand on the world stage.

The Trust also continued its long-term support of the Auckland City Mission.

FY2023 ACHIEVEMENTS (CONT)

Heartland Bank continued supporting its annual Freemasons scholarship programme

The Heartland Freemasons Scholarships assist family members of Freemasons who are Year 13 students and are active in their communities. In FY2023, three scholarships of \$6,000 each were available. Applicants must demonstrate how the scholarship would assist them in achieving their academic goals.

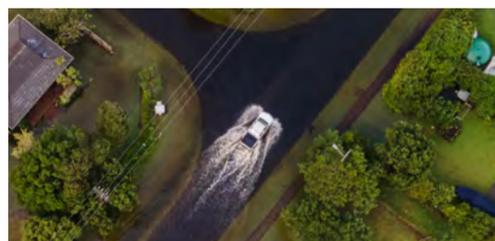
Partnering with Dementia Australia

Heartland Finance has partnered with Dementia Australia since 2018 and currently sponsors the Melbourne 'Memory Walk and Jog' event to support the great work they do in promoting healthy ageing. Dementia Australia is the national peak body for people living with dementia, including their families and carers. They work tirelessly to bring notice to this important health issue – especially as Australia's ageing population increases.



Paid volunteer days

COVID-19 lockdowns saw a reduction in Heartland employees' ability to volunteer in the community. Despite this challenge, volunteer days in FY2023 included supporting Eat My Lunch, the Cyclone Gabrielle disaster recovery efforts, and planting trees for the Whau River Trust.



FY2024 TARGETS

Increasing commitment to wellbeing

In FY2024, the Heartland Trust's commitment to wellbeing has been increased through a renewed partnership with Lifeline Aotearoa.

Continue to give back through the Heartland Trust

The Heartland Trust will continue to give back to worthwhile causes in the communities in which Heartland operates, and in areas that support a thriving New Zealand.

Increase volunteer day participation

Heartland intends to promote volunteer days as a benefit for its employees, with a view to increasing utilisation in FY2024.

Heartland's commitment: Heartland cares for our customers.

How: Heartland provides competitive and flexible products that aim to improve the lives of our customers.

FY2023 ACHIEVEMENTS

Supporting people to live a more comfortable retirement

Heartland's Reverse Mortgage enables New Zealanders and Australians to have more choice in retirement. Rather than needing to sell their homes to consolidate or refinance debt or meet the costs of living, a reverse mortgage gives customers the ability to access the equity in their home without being forced to leave.

Between June 2018 and June 2023, the number of New Zealanders retiring with mortgage debt increased by 15%.³ As the cost-of-living rises, Heartland has seen an increase in the proportion of Reverse Mortgages being used to repay debt in New Zealand. Similarly, providing extra income was an increasingly common reason to take out a reverse mortgage in Australia in FY2023. Use of a Heartland Reverse Mortgage for debt consolidation has increased year-on-year since FY2021, with more than 50% of new Australian customers using their reverse mortgage for this purpose.

The ability to age in place (that is, for a person to remain in their home as they age) is extremely desirable for many. Of Heartland's Reverse Mortgage customers in Australia, 80% stated that retiring and living in their own home was the most important benefit of a reverse mortgage. This aligns with a study by RMIT University, supported by Heartland, which found that 90% of Australians wish to retire and live in their own home. However, 36% of older Australians live in a home that may be unsuitable for ageing in place without upgrades or renovations – and approximately 29% will not be able to afford the changes required to make their home age-friendly.

Funding home improvements continues to be a key reason for customers to take out a Reverse Mortgage in both countries.

The table below shows the way in which Heartland's Australian and New Zealand Reverse Mortgage customers have chosen to use their Reverse Mortgage.

Reverse Mortgage uses (proportion of new customers)⁴

| Australia | New Zealand |
|------------------------------|------------------------------|
| Home improvements (55%) | Home improvements (57%) |
| Debt consolidation (51%) | Debt consolidation (42%) |
| Income (38%) | Everyday expenses (32%) |
| Vehicle upgrade (28%) | Medical and healthcare (27%) |
| Travel (24%) | Travel (26%) |
| Medical and healthcare (14%) | Vehicle upgrade (24%) |

³ According to data from Centrix.

⁴ Reverse Mortgages are often used for more than one purpose.

Savings Bank of the Year

Heartland Bank was proudly awarded Canstar NZ's 2023 Bank of the Year – Savings for the sixth year running.⁵ Heartland Bank also received 5-Star ratings for its Direct Call Account, for the eighth year in a row, its 32-day Notice Saver Account for the second year in a row, and, for the first time, its newest 90-day Notice Saver Account. These products were recognised for their competitive rates and flexibility.



Outstanding Value Home Lender

Heartland Bank was awarded Canstar NZ's Outstanding Value Home Lender Award. Heartland achieved 5-Star Outstanding Value ratings across the three residential home loan product categories: Fixed Home Loans, Floating Home Loans and Line of Credit Home Loans.



Recognised for innovation and excellence

Heartland Finance was a finalist for Best Banking Innovation at the Australian Finder Innovation Awards 2022 and the winner of the Excellence Award for Non-Bank of the Year at the Australian Mortgage Awards 2022.

FY2024 TARGETS

Continue to be recognised for exceptional value and innovation

Heartland intends to continue to provide customers with exceptional value and banking innovation. In doing so, its aims to maintain its streak of Canstar NZ recognition, and recognition in the Australian market for its Reverse Mortgage product.

Commission research to better understand the needs of older New Zealanders and Australians

Heartland is exploring a partnership with organisations such as RMIT University to undertake further research to better understand the needs of older New Zealanders and Australians. This is intended to contribute to greater education and awareness of reverse mortgages as a solution in retirement.

Improve customer feedback collection and evaluation

Heartland aims to improve its customer feedback collection and evaluation processes to ensure its products and distribution channels continue to serve its customers' needs.

Making a dream home reality

Melbourne couple James and Mary dreamed of retiring to coastal New South Wales. They wanted to live in their own home, close to the beach.

When it came time to move, there were complications. The Melbourne house didn't sell for as much as they'd hoped and they'd underestimated the costs to move interstate. To live out their dream, they would have had to spend most of their existing resources, including their superannuation.

James had previously looked into getting a reverse mortgage. He dug out the information he'd gathered and got in touch with Heartland to see if we could help. After speaking with our team, they felt confident that with the support of Heartland, they could continue with their dream plans.

When James and Mary found their dream home, it was about \$100,000 over their budget. They decided to go ahead with a Heartland Reverse Mortgage to cover the extra cost, top up their income and keep funds aside in a cash reserve facility for future needs.

James said, "Without Heartland we would have purchased a lower priced property. Yes, we wouldn't have any 'loans' with the lower priced option, but we would have much less equity wealth and wouldn't have the pleasure of living in our nicer home for the past five years.

We now find ourselves with increased equity, living in a lovely home of our choice and having the confidence that our Heartland Reverse Mortgage will continue to support our lifestyle.... Without Heartland none of this would have been possible."

James has the following message for anyone considering taking out a reverse mortgage.

"Consider your lifestyle, and your home equity. It's all good and well having a million-dollar home, but not when you are living off the pension where you can only just get by. Your home equity is yours to spend, you can control where you want to live and use a reverse mortgage to live a better retirement."



Names changed for privacy purposes.

Te oranga ā-ahumoni Financial wellbeing



Heartland's commitment: Support the financial wellbeing of Heartland's customers and communities.

How: Enhance economic outcomes for customers through digitalisation.

FY2023 ACHIEVEMENTS

Providing repayment relief

The current economic environment and cost of living has left more New Zealanders experiencing financial difficulties. Heartland is providing a range of services to its customers to support them during these difficult times.

This included continuing to offer the Heartland Extend product which enabled customers to make their existing loan repayments more manageable.

Reducing customer friction

Throughout FY2023, Heartland continued to improve the Heartland Mobile App to support in addressing customers' most pressing needs – controlling their own finances, opening accounts, and trusting Heartland with their hard-earned money.

Ongoing digitalisation enhancements in FY2023 included expanding the secure automatic approval capabilities of Asset Finance and New Zealand Livestock Finance application processes, reducing customer friction and the need for manual assessment.

Automating term deposit onboarding

Heartland seeks to offer a frictionless onboarding process to save customers time. In FY2023, Heartland developed automation to provide term deposit applicants a more streamlined account opening process.

FY2024 TARGETS

Support borrowers to manage their repayments, avoiding arrears

One-Click Deferral will offer borrowers the flexibility to self-manage their vehicle loan repayments digitally via the Heartland Mobile App. Several mobile app features are currently being developed to provide borrowers the ability to pre-emptively manage their loan repayments to avoid falling into arrears, and to assist customers who are in arrears with getting their repayments back on track.

Continue to increase digital self-service functionality

One of Heartland's priorities in FY2023 has been Heartland Bank's core banking system upgrade, the development of which is nearing completion. Implementation is expected to be completed by the end of December 2023. Once implemented, Heartland intends to release further features to its mobile apps which will enhance customers' ability to self-service, reducing the dependency customers have on telephony.

Heartland intends to release further features to its mobile apps which will enhance customers' ability to self-service.

How: Ensure customers can benefit from Heartland's digitalisation journey.

FY2023 ACHIEVEMENTS

Extending digital access to Australian Reverse Mortgage customers

Heartland has released a mobile app for its Reverse Mortgage customers in Australia, allowing them to begin to manage their loan from their mobile device. Customers can now view their loan balance and request additional drawdowns in a frictionless manner from the Heartland Finance Mobile App. Within one month of rolling the app out to Australian Reverse Mortgage customers, more than 10% of customers had gained access. It is intended that the app will save customers time by reducing the need for them to call Heartland for these simple requests.

Improving mobile app literacy

Heartland has published "how to" guides on its websites to provide mobile app customers with detailed information on how to complete banking requests themselves. This minimises friction in service requests and reduces the need for customers to call Heartland's contact centre.

Protecting customers from scams and fraud

Heartland took part in an industry wide anti-scam campaign organised by the New Zealand Banking Association to raise awareness and educate people on how to stay safe from scams. Alongside other New Zealand banks, Heartland also supported the production of an educational documentary series organised by New Zealand's Banking Ombudsman Scheme with the same purpose. The documentary series aired in July 2023.

FY2024 TARGETS

Provide digital access to New Zealand Reverse Mortgage customers

Heartland intends to provide its New Zealand Reverse Mortgage customers with app access to view their reverse mortgage balance, interest rate, loan number, transactions, and allow customers to request a cash reserve/redraw from their mobile device.

Deliver educational events to improve digital capability

Heartland intends to host a series of events to educate Heartland's customers on how to use mobile devices and applications, including the Heartland Mobile App, in order to improve their confidence and capability using digital tools.

How: Ensure Heartland's values and commitments are shared by its suppliers.

FY2024 TARGETS

Set supplier sustainability targets

A focus area in FY2024 will be to set a strategy and targets to enhance sustainability and ensure Heartland's values and commitments are shared by its suppliers.