

# Target Market Determination

## Aussie Select Basic Fixed Rate Home Loan

<b>Start date</b>	15th December 2021
<b>Next review due</b>	15th December 2023
<b>Review period</b>	At least every 24 months from the start date of this Target Market Determination
<b>Product Issuer</b>	Product Issuer for the Aussie Select Basic Fixed Rate Home Loan is Residential Mortgage Group (RMG)
<b>What is a Target Market Determination?</b>	<p>A Target Market Determination (TMD) describes the cohort of customers that the product is targeted at (the Target Market) and any conditions around how the product is distributed to customers (the Distribution Conditions).</p> <p>It also describes the events or circumstances where we are required to review the Target Market Determination for a financial product (the Review Triggers).</p>
<b>Why does RMG need to have Target Market Determinations?</b>	<p>We're required to have Target Market Determinations under law. The purpose of the law is to make sure customers are at the centre of our approach when designing and distributing our financial products. This document is not a substitute for the product's terms and conditions or other disclosure documents.</p> <p>When making a decision about this product, customers must refer to the relevant Product Disclosure Statement (PDS), Terms and Conditions or other disclosure documents.</p>

## Target Market

The table below matches the Product Attributes to the Objectives and Needs of the Target Market for this Product. RMG has assessed that the Product including its Key Attributes are likely to be consistent with the Objectives and Needs of the Target Market.

Objectives and Needs	Product Attributes
Require a simple home loan with certainty of fixed repayments over a set period	<ul style="list-style-type: none"><li>– Customers will receive a fixed interest rate for between 1 and 5 years meaning repayments will be fixed for the selected term.</li><li>– The fixed rate home loan will change to a variable rate home loan after the set fixed interest period, where the interest rate and repayments will become variable, unless it is switched to a new fixed rate home loan.</li><li>– Additional charges including an early repayment adjustment may apply if a customer wishes to break their fixed term early.</li><li>– Additional features such as a redraw facility are not available.</li></ul>
Require a home loan for any of the following purposes: <ul style="list-style-type: none"><li>– Purchasing, refinancing, non-structural building or renovating a residential owner occupied or investment property;</li><li>– Consolidation of personal debt; or</li><li>– Personal needs or personal investments</li></ul>	<ul style="list-style-type: none"><li>– The loan amount can be used for any of the listed purposes.</li></ul>
Ability to switch between principal and interest and interest only repayments	<ul style="list-style-type: none"><li>– Subject to approval, a customer can switch between principal and interest and interest only repayment methods (conditions apply).</li></ul>
Ability to make additional repayments (in excess of the required monthly repayment amount) up to a threshold without additional charges	<ul style="list-style-type: none"><li>– Additional repayments can be made up to 5% per annum of the original loan balance as at the start of the fixed rate term per year otherwise additional charges including an early repayment adjustment may apply.</li></ul>

## Financial Situation

The Financial Situation of the Target Market are customers that meet RMG's credit assessment criteria which includes demonstrating the capacity to make the required repayments and the ability to pay off the loan without substantial hardship.

RMG views that its processes in place, including assessing the customer's ability to service the home loan account, will mean that the product will likely be consistent with the Financial Situation of the Target Market.

# Target Market Determination

## Eligibility Criteria for the Product

To hold this product, customers will need to satisfy certain eligibility criteria, including that customers must:

- Be individuals 18 years of age or above;
- Be living in Australia as:
  - An Australian citizen, permanent resident or specified temporary Australian resident;
  - New Zealand citizen; or
  - Overseas citizen co-borrowing with an Australian citizen or permanent resident; or
- Provide sufficient security in accordance with RMG's credit assessment criteria, including:
  - Acceptable residential mortgage; and
  - An individual Guarantor who supports the loan by providing additional security.

## Distribution Conditions

RMG will have oversight over how the product is promoted and issued. The product can only be distributed to customers in accordance with RMG's product and process requirements. All customers must satisfy RMG's credit assessment criteria which demonstrates the customer's ability to service the loan. In addition, the below table identifies the distribution channels which the product can be sold through and sets out the conditions that apply to each channel. RMG views that the conditions specified are appropriate and are of a nature that it will be likely that the product will be distributed to the target market.

Distribution Channels	Conditions that make product distribution through the channel appropriate
Third Party: - Accredited Aussie Home Loan (AHL) brokers	<p>The distribution of this product is subject to the following conditions and restrictions:</p> <ul style="list-style-type: none"><li>- The product can only be distributed by suitably accredited Aussie Home Loans (AHL) brokers; and</li><li>- The product can only be distributed to customers in accordance with RMG's product and process requirements.</li><li>- AHL must comply with the agreement in place with RMG and take reasonable steps to:<ul style="list-style-type: none"><li>- ensure that brokers meet RMG's mortgage broking requirements; and</li><li>- comply with legal obligations, which includes the obligation for brokers to act in the best interests of their client when providing credit assistance.</li></ul></li></ul> <p>RMG views that these distribution conditions are appropriate and are of a nature where it is likely that the product will be distributed to the target market given that:</p> <ul style="list-style-type: none"><li>- RMG will have oversight of how the product is promoted and issued, including that AHL brokers hold appropriate qualifications, industry membership and authorisation to engage in credit activities as well as completion of background checks; and</li><li>- Customers must satisfy RMG's credit assessment criteria.</li></ul>

## Review Triggers

If any of the below review triggers occur, or if an event or circumstance has occurred that would reasonably suggest that the TMD may no longer be appropriate, RMG will undertake a review of this TMD:

Information Type	Description
Customer Outcomes	<p>Unexpected trends in customer outcomes which are significantly inconsistent with the intended product performance, including:</p> <ul style="list-style-type: none"><li>- Customers who have incurred a full or partial early repayment adjustment; and</li><li>- Customers who are in hardship arrangements.</li></ul>
Complaints	<p>Unexpected trends in complaints received from customers who acquired the product, which relate to the customer's purchase or use of the product, for example:</p> <ul style="list-style-type: none"><li>- Distribution (e.g. misrepresentation or mis-selling from staff);</li><li>- Product suitability (e.g. sale of a fixed rate home loan to a customer that wanted access to their redraw facility); and</li><li>- Product attributes (e.g. additional charges when making additional repayments of greater than 5% of the original loan balance in a year).</li></ul>
Incident Data	<p>A material incident or significant number of incidents in relation to the product's design or distribution identifying potential breaches of our legal or regulatory obligations.</p>
Significant Dealings	<p>Any significant dealing of the product to customers who are outside of the Target Market.</p>

Information Type	Description
Notifications from ASIC	The receipt of a product intervention power order from ASIC requiring RMG to immediately cease retail product distribution conduct in respect of the product.
Changes to the Product	The material alteration of the product or product terms and conditions (e.g. adding to, removing or changing a key product attribute; significant change to distribution channel and distribution strategy).

## Review Trigger Information Reporting Requirements

The following information must be provided to RMG by all third parties responsible for the retail product distribution conduct of this product in accordance with this TMD, within the required timeframes:

Information Type	Description	Time Frame for Reporting
Product complaints data	Information relating to complaints received including number of complaints, third party distributor identifier information, product name and complaint verbatim.	Quarterly, and in any case no later than 10 business days from the end of the quarter.
Significant Dealings	Any significant dealing of the product to customers who are outside of the Target Market.	As soon as practicable, and in any case, no later than 10 business days after becoming aware.