

Target Market Determination (TMD)

Fixed Rate Home Loan - IO 00 (80% - 90% LVR)

Fixed Rate Home Loan - Interest Only - Owner Occupied LVR less than or equal to 90%

Effective date: 04/08/2023

Product: 445

Key product attributes

- Interest rate type: Fixed rate converting to variable.
- Minimum loan amount: \$20,000.00
- Maximum loan amount: \$5,000,000.00
- Loan term: 8 - 30 years.
- Fees payable: There are no upfront bank fees payable for the establishment of the loan. Early repayment or closure of the Fixed Rate Loan, during the fixed term, may result in Break Costs being applied. Details of other possible fees and charges that may be applicable during the course of the loan are available upon enquiry.
- Fees not payable: Establishment fee or monthly fee.
- Repayment type: Fixed rate and interest only for up to 5 years, then variable rate principal and interest for the balance of the term.
- Repayment frequency: Weekly, fortnightly or monthly.
- Features: Certainty of set repayments for terms of 1 to 5 years.
- Security: Required - property used for predominantly residential purposes.
- LVR: Up to 90% (Lenders Mortgage Insurance may be required where applicable and as determined by P&N).

Target market

Members seeking finance secured by residential property and want the certainty of knowing what their repayments will be for an initial period. Available for owner occupier purposes.

This product is designed for members who:

- Are the age of 18 years old or older and meet the bank's credit assessment requirements.
- Need finance for the purchase, refinance or renovation of residential property to reside in as their principal place of residence.
- Want the certainty of knowing what their repayments will be for the initial term of their loan and to have the option to make additional payments, up to a total of \$25,000, during the fixed term of the loan without additional fees.

This product is not suitable for members who:

- Do not meet the eligibility requirements including loan purpose, the ability to service the financial obligations of the loan, or their financial needs would not be met by taking out this product.
- Want the ability to make additional repayments above \$25,000 during the fixed period or other loan features such as redraw or offset.

Likely objectives, needs and financial situation

- Members seeking to achieve ownership of a property with the intention of living in it.
- Requires the certainty of a fixed rate home Loan, with the ability to repay extra on the loan within the fixed term, to finance their objective.
- Able to provide an adequate deposit and have a regular income to support the loan repayments.

Distribution of this product

This product is designed to be distributed by:

- Visiting a P&N branch in person, calling the P&N Bank Contact Centre on 13 25 77, via the P&N Bank website at pnbank.com.au or through an accredited Mortgage Broker or a P&N Bank accredited Mobile Lender.
- Product and rate comparison websites.

This product will only be distributed by the appropriately trained and authorised P&N Bank representatives. These representatives will apply distribution conditions which include ensuring that customers fall within the TMD, meet the eligibility and servicing requirements for the loan and that the product is not unsuitable for their needs.

Distribution obligation

The following information must be provided to P&N Bank (Police & Nurses Limited) by distributors who engage in retail product distribution conduct in relation to this product:

Accredited P&N Bank staff who are required to:

- follow an approved conversation framework and direct members towards the most suitable product to meet their objectives, needs and financial requirements.
- understand and be able to discuss the features, benefits, rates, and any applicable fees associated with the selected product and the key differences between lending products.
- provide details of any application for this product that may be considered inconsistent with this TMD. Police & Nurses Limited, Products department and Assessors must be notified as soon as practical and within **10 business days** of staff becoming aware of any inconsistencies in the sale of this product with this TMD. Failure to provide details of dealings considered inconsistent with this TMD may lead to this product being removed from sale.

Applications and discussions are monitored through controls such as sample call monitoring and application reviews to identify errors and ensure compliance with P&N Bank's distribution processes.

Online Channels (P&N Bank website; rate and comparison websites)

- the P&N Bank website provides members with information and tools about this product, including the interest rates, any applicable fees or charges, and repayment calculators as well as a summary of the key features and benefits of the product.
- enquiries lodged via the P&N Bank website may be directed to accredited P&N Bank staff.
- Rate and comparison websites provide members with an overview of rates and products available. Members may select a series of click through links that will direct them to P&N Bank's website where they can request a call from one of our accredited staff.

Accredited aggregators and brokers

If P&N Bank permits this product to be distributed through approved aggregators and their authorised brokers, who have been fully approved by P&N Bank, P&N Bank also requires that aggregators responsible for third party brokers involved in the distribution of this product:

- comply with the agreement in place with P&N Bank and must ensure compliance by their authorised brokers with:
 - P&N Bank mortgage broking requirements; and
 - their legal obligation to act in the best interest of their client when providing assistance.
- provide information relating to complaints, including the number of complaints, third party name and verbatim details of the complaint and their significance, on a quarterly basis in a format acceptable to P&N Bank.
- report any significant dealings with this product that may be considered inconsistent with this TMD. P&N Bank must be notified as soon as practical and within **10 business days** of becoming aware of any inconsistencies. Failure to provide details of dealings considered inconsistent with this TMD may lead to this product being withdrawn from sale by P&N Bank.
- provide any other information reasonably requested by the issuer.

Distribution appropriateness

These distribution conditions are designed to ensure that all channels submit detailed applications that capture and record the members objectives, needs and financial situation through the sales process and lead to the recommendation of this product as the most suitable for members according to the key attributes of the product listed and described in this determination.

These obligations are also considered appropriate as the target market is wide and the issuer has distributed this product using these methods, with limited risk to members.

Reviewing this document

This TMD will be reviewed within 1 year from the effective date and every 1 year after the initial review and each subsequent review to ensure it remains appropriate.

We will also review this document should any review triggers occur that would reasonably suggest that the TMD is no longer appropriate. The occurrence of any one of the following trigger events will result in an immediate review of this TMD:

- a dealing of the product to members, made through any distribution channel, that is not consistent with this target market determination occurs and results in a significant material impact to a member or material impact to numerous members.
- material changes to the product or the terms and conditions of the product occurs which would cause the TMD to no longer be appropriate.
- material changes to the regulatory environment.

A quarterly review will be conducted of the following trigger events to determine if the account performance, usage, or complaint information indicates that a review of this TMD is required.

These triggers include:

- a material and/or unexpected increase in the volume, nature and/or significance of complaints is received in any quarter from members in relation to their purchase or use of the product that reasonably suggests that the TMD is no longer appropriate.
- changes to the overall product performance, as determined by the issuer, that suggests that the product is no longer appropriate to the target market, including but not limited to:
 - an increase in the number of defaults;
 - an unexpected change in the sales volumes in any or all of the distribution channels;
 - a material change in the volumes of product refinances or product switches; or
 - an unexpected increase in associated fee income.
- feedback received from any of the distribution channels for this product.