

Target Market Determination (TMD)

Home Loans

Product	Variable Rate Residential Investment Home Loan <ul style="list-style-type: none"> • Better Home Loan - Investment • Standard Variable Home Loan
Issuer	Police Credit Union Ltd ABN 30 087 651 205 AFSL/Australian Credit Licence 238991
Effective Date	4 October 2021
Last Review Date	14 March 2024
Target Market	<p><i>Description of target market</i></p> <p>Customers who are looking to obtain credit with flexible features (such as the flexibility to make unlimited additional repayments, offset the interest incurred and to redraw funds) to purchase, refinance, renovate or build a residential investment property or borrow additional funds for investment purposes.</p> <p><i>Key product attributes</i></p> <ul style="list-style-type: none"> • Variable interest rate, ▪ Minimum loan amount \$20,000, • Choice of principal and interest or interest only repayments, • Choice of weekly, fortnightly or monthly repayments, • Access to an Offset account, • Redraw available, • Additional and early repayments allowed, • Maximum loan term 40 years, and • Minimum deposit or equity of 10% to purchase or build a new home or refinance another home loan. <p><i>Fees payable</i></p> <ul style="list-style-type: none"> • Standard establishment fees and fees charged for specific events for example Default fees and Top-up fees, and • No ongoing monthly or annual fees.

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Description of likely objectives, financial situation and needs of consumers in the target market

This product is designed for customers who have the following:

- **Likely objectives:** To obtain credit that has a variable interest rate which allows the customer to make additional repayments without penalty, with no ongoing monthly or annual fees, includes a redraw facility and has options for other additional features such as a mortgage offset account.
- **Likely financial situation:** Meet Police Credit Union's lending criteria including having regular income, stable employment, are an Australian permanent resident, have an acceptable credit history and have a minimum 10% deposit or equity.
- **Likely needs:** Would like to make additional repayments without penalty or restriction, need funds to purchase, refinance or build a residential investment home or to fund a worthwhile investment purpose.

Consumers for whom the product is clearly unsuitable

- Customers who do not have the minimum 10% deposit/equity,
- Customers who are under the age of 18, are not an Australian permanent resident or do not have an acceptable credit history,
- Customers who do not meet lending criteria, and
- Customers who do not have any surplus income after meeting their existing financial commitments.

Distribution Conditions and Restrictions

Distribution conditions

Distribution Channels: The Variable Rate Residential Investment Home Loan is only distributed by Police Credit Union and is not available through any third-party distributors including mortgage brokers.

The Variable Rate Residential Investment Home Loan product is available to customers by:

- Applying online through policecu.com.au,
- Calling the Contact Centre on 1300 131 844,
- Visiting any Police Credit Union branch, or
- Requesting a work site visit from a Relationship Manager/Branch Manager.

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Process: A Variable Residential Investment Home Loan is only offered by Police Credit Union staff who have been accredited and trained to offer the product. Police Credit Union will make relevant enquiries about prospective customers to assess and review all applications for the product. This will ensure that only customers within the target market will acquire the product and that the product will meet the objectives, financial situation and needs of the customer.

Customers considering the Variable Rate Residential Investment Home Loan must meet the lending criteria for the loan which includes a number of channels including:

- Employment and income criteria,
- Have access to the minimum deposit requirements,
- Ability to make minimum loan repayments with surplus income after taking into consideration all current debts and living expenses, and
- An acceptable credit file.

A Variable Rate Residential Investment Home Loan is actively promoted to customers through:

- Media campaigns which include but not limited to statements, press, TV, website, digital, radio and social media channels, and
- Promotion by Police Credit Union staff and through advertising collateral available at Police Credit Union branches.

Review Triggers

The review triggers that would reasonably suggest that the TMD is no longer appropriate and would trigger a review of the TMD by Police Credit Union are:

- A significant dealing of the product to consumers outside the target market occurs.
- Material changes to the product or the terms and conditions of the product such as changes to:
 - fees or rates of interest and/ or the way in which these are incurred/earned,
 - other product attributes such as the ability to make extra repayments without penalty, utilise an offset account or redraw funds.
- Material change in law, relevant industry codes or regulatory guidance that impacts the product.

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- An Australian Financial Complaints Authority (AFCA) determination, court decision or enforcement activity which suggests that the product does not meet the target market's objectives or needs.
- A material increase beyond expected levels in complaints, or a material change in the nature of complaints or disputes relating to the product.
- Any other event occurs, or information is received that reasonably suggests the target market is no longer appropriate such as:
 - High numbers beyond expected levels of account closures or consumers switching to other products,
 - High rates of default beyond expected levels,
 - High hardship rates beyond expected levels, and
 - Change to eligibility criteria.

Review Periods

Initial review date: No later than 12 months from the date the first determination is made.

Periodic reviews: Every one year after the initial and each subsequent review.