

Target Market Determination

For Bendigo Market Rate Loan

BEN-BUS-MRKRATE

Product

This target market determination (TMD) applies to Bendigo Bank's Market Rate Loan.

Issuer

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL / ACL 237879 (Bendigo Bank).

Date from which this target market determination is effective

17 October 2022

1. Target market for this product

Target Market

This TMD applies to the Bendigo Market Rate Loan, and only concerns one type of borrower who might require this product, i.e., borrowers who are 'retail clients' within the meaning of the Design and Distribution Obligations (DDO) legislation, to whom an exemption does not apply. For the avoidance of doubt, this document does not apply to and may be ignored in respect of other types of borrowers who are not 'retail clients' for the purpose of the DDO legislation.

This TMD seeks to offer consumers, distributors, and staff with an understanding of the class of consumers for which this product has been designed, having regard to their needs, objectives, and financial situation.

This document is not intended to provide financial advice. Consumers must refer to the Terms and Conditions and any supplementary document(s), which outline the relevant terms and conditions being provided under the product when deciding about this product.

Class of consumers that fall within this target market

This Bendigo Market Rate Loan has been designed for individuals whose likely objectives, financial situation, and needs (as listed below) are aligned with the product (including the key attributes). The retail clients for whom this product has been designed include small business (specifically, companies, partnerships, and trusts) who:

- are able to grant a first-ranking registered real property mortgage in respect of one or more residential or commercial real properties to Bendigo Bank to secure the loan;
- want a term loan to finance or refinance the acquisition, renovation, and/or improvement of residential or commercial property for the purpose of it being used as an investment, or to use for an approved business purpose.
- want to make principal and interest payments over the term of the loan. or want to repay the interest amount only for a specified term (interest only up to 5 years generally).
- want certainty of a fixed interest rate and fixed repayments for a fixed rate period, with limited ability to make additional repayments without incurring an extra charge or want flexibility provided with a variable interest rate to make additional repayments and be able to redraw those early repayments or prepayments.
- can afford the loan.

Excluded class of consumers

The retail clients for whom this product has not been designed are individuals or strata corporations who:

- require credit wholly or predominantly for personal, domestic, or household purposes; or
- require credit to finance or refinance the purchase, renovation, or improvement of a residential property for investment purposes.

2. Product Description and attributes

Bendigo Bank's Market Rate Loan is a term loan (with variable or fixed, principal and interest or interest only) term loan which is used to finance or refinance the acquisition, renovation and/or improvement of a residential or commercial investment property. This product is not a regulated credit contract under the National Consumer Credit Protection Act 2009.

Product key attributes

The key attributes of this product that make it likely to be consistent with the target market described above, include:

Attribute	Appropriate for
Term loan	Retail clients that want to repay their loan over medium to long term period.
Minimum loan amount	Retail clients who want to borrow at least \$10,000 generally.
Property Investment	Retail clients who will use the financing for the purpose of acquiring a residential or commercial property investment. This product is not suitable for retail clients who will use an acquired residential property to live in as a principal place of residence.
Suitable Entity Type	This product may not be suitable for individuals.
Regular repayments of principal and interest, or Interest Only Period.	<p>Principal and Interest: Retail clients make regular scheduled principal and interest repayments over the term of the loan. Retail clients can choose from monthly, quarterly or half yearly repayment frequencies.</p> <p>Interest Only: Retail clients who want to pay interest only for a specified period (up to generally 5 years). Repayments are made on a monthly frequency.</p>
Interest rate	<p>Variable Interest Rate: A variable interest rate means the interest rate may increase or decrease over the term of the loan. This product, being on a variable interest rate, may be more appropriate for retail clients who are able to sustain repayments when the interest rate rises while benefiting when the interest rate drops. This interest rate option may not be suitable for retail clients who require certainly around repayments by having a fixed interest rate.</p> <p>Fixed Interest Rate: A fixed interest rate means the interest rate will remain the same for a nominated period. At the end of the period, the retain client can nominate a new fixed interest period, capped at no more than five years generally, and within the remaining loan term. Otherwise, the loan will convert to a variable rate loan.</p>
Early repayments and redraw	<p>Retail clients on a variable interest rate may have the flexibility to make additional repayments without incurring early repayment fees, and the ability to access those repayments (1 repayment amount is preserved and not accessible).</p> <p>Whilst retail clients on a fixed interest rate do not have the ability to make additional repayments during the fixed rate period, any additional repayments above this cap, or changes to the fixed rate period (e.g., ending it early), may incur additional fees and charges. Retail clients cannot access additional repayments during the fixed rate period.</p>

Consistency between target market and product

This product is likely to be consistent with the likely objectives, financial situation and needs of the class of consumers in the target market. This is based on an analysis of the key terms, features and attributes of the product and a finding that these are consistent with the identified class of consumers.

3. How this product is to be distributed

Distribution channels

This product is designed to be distributed through the following means:

- Bendigo Bank and Community Bank branches
- Bendigo Bank's Mobile Relationship Managers; and
- Bendigo Bank's Business Bankers; and
- Bendigo Bank approved and targeted industry aggregators and their accredited brokers.

Distribution conditions

Please note that this product should only be distributed under the follow circumstances:

- Only prospective retail clients who meet Bendigo Bank's minimum eligibility criteria for the product should apply for this product.
- This product can only be issued to retail clients within the target market after applying Bendigo Bank's affordability and suitability processes; and
- This product can only be issued (or arranged to be issued) by persons who are trained and accredited

Adequacy of distribution conditions and restrictions

We have determined that the distribution conditions and restrictions will make it likely that consumers who purchase the product are in the class of consumers for which it has been designed. We consider that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

4. Reviewing this target market determination

Bendigo Bank will review this TMD as set out below:

Initial review	Within the first year of the effective date.
Periodic reviews	At least every 18 months from the initial review.
Review triggers or events	<p>Any event or circumstances arising that would reasonably suggest the TMD is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none">• a material change to the design or distribution of the product, including related documentation;• occurrence of a significant dealing;• distribution conditions found to be inadequate in ensuring that the product is issued to retail clients who are likely to be in the target market;• relevant changes in the law or its application, a change in an industry code or decision of a court or other body (including through regulatory guidance) that materially affects the product;• significant changes in metrics, including, but not limited to:<ul style="list-style-type: none">○ a material increase in the number of complaints in relation to a product or aspect of a product;○ the level of consumers experiencing hardship such as falling into arrears; and○ an increase in early termination of the product; and○ any other event occurs, or information is received that reasonably suggests this TMD is no longer appropriate.

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.

5. Reporting and monitoring this target market determination

Bendigo Bank' third-party distributors who are regulated persons will need to collect, keep, and report the following information to Bendigo Bank:

Type	Description of information	Frequency of reporting
Complaints	Customer complaints made in relation to this product. This includes: <ul style="list-style-type: none">• written details of the complaint; and• the number of complaints during the reporting period.	Reporting period: Monthly When does the regulated person have to report: Within 10 business days of the end of the reporting period
Sales data	Sales and customer data in relation to this product as requested by Bendigo Bank	Reporting period: Monthly When does the regulated person have to report: Within 10 business days of the end of the reporting period.
Significant dealings	The following information: <ul style="list-style-type: none">• details of the significant dealing;• the date (or range) on which the significant dealing occurred;• why the distributor considers the dealing to be significant (including why it is inconsistent with this TMD); and• how the dealing was identified.	When does the regulated person have to report: Within 10 business days of the distributor becoming aware of the dealing.