

Target Market Determination

For Bendigo Bank's Commercial Business Solutions Prepaid Interest (Non-residential secured) Interest Only Loan (Fixed Rate)

BEN-PREPAID-NRES-IO-F

Product

This target market determination (TMD) applies to Bendigo Bank's Commercial Business Solutions Prepaid Interest (Non-residential secured) Interest Only Loan (Fixed Rate).

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

5 October 2021.

1. Target market for this product

Target Market

This TMD 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. 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, such as borrowers who require credit for business purposes.

The retail clients for whom this product has been designed include small businesses (specifically, companies, partnerships and trusts) who:

- do not propose to use the loan wholly or predominantly for business purposes;
- 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;
- want to repay the interest amount only for a specified term (interest only up to 5 years);
- 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;
- can afford the loan.

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.

Product Description

Bendigo Bank's Commercial Business Solutions Prepaid Interest (Non-residential secured) Interest Only Loan (Fixed Rate) is a term loan (up to a maximum term of 5 years) which is used to finance or refinance the acquisition, renovation and/or improvement of a residential investment property. Retail clients only have to pay interest charges for an initial period (up to 5 years). A fixed interest rate also applies to the loan for set period. At the end of that fixed period, the retail client can set a new period (however, if this is not done the home loan will automatically convert to a variable interest rate). Retail clients have no ability to make additional repayments without incurring early repayment costs.

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 (up to a term of 5 years generally).
Minimum Loan Amount	Retail clients who want to borrow at least \$20,000 generally.
Residential Investment	This product may not be 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.
Interest only period	Retail clients who want to pay interest only for a specified period at the start of their loan (up to 5 years generally). Repayments are made on a monthly frequency.
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 retail client can nominate a new fixed interest rate period, capped at no more than five years and within the remaining term of the loan, otherwise the loan will convert to a variable rate loan.
Fixed Rate Lock	A Fixed Rate Lock gives retail clients the option to pay a fee to guarantee the current fixed rate offered to them will still apply to their loan when they first draw down on their loan, provided that is no more than 3 months after the Fixed Rate Lock application, as protection against possible higher fixed rates at that future date.
Early repayments and redraw	Retail clients who do not require the flexibility to make additional repayments of the specified cap without incurring an extra fee or charge. No additional repayments during the fixed rate period. Any additional repayments, or changes to the fixed rate period (eg ending it early), may incur in additional fees or charges (eg break costs). Retail clients cannot access additional repayments during the fixed rate period.

2. How this product is to be distributed

Bendigo Bank applies certain conditions and restrictions to the distribution of this product so that distribution is likely to be to retail clients within the target market for this product. The conditions and restrictions are:

Channel	<p>This product is to be distributed only through the following channels:</p> <ul style="list-style-type: none"> • Bendigo Bank and Community Bank branches; • Bendigo Bank's Mobile Relationship Managers; • Bendigo Bank's Business Bankers; and • By an accredited mortgage broker with Bendigo Bank.
Additional conditions or restrictions	<p>The following additional conditions and restrictions also apply to the distribution of this product:</p> <ul style="list-style-type: none"> • Only prospective retail clients who meet Bendigo Bank's minimum eligibility criteria for the product should submit an application 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.

3. 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 12 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.

4. Reporting and monitoring this target market determination

Bendigo Bank's 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	<p>Customer complaints made in relation to this product. This includes:</p> <ul style="list-style-type: none"> • written details of the complaint; and • the number of complaints during the reporting period. 	<p>Reporting period: Monthly</p> <p>When does the regulated person have to report: Within 10 business days of the end of the reporting period</p>
Sales data	Sales and customer data in relation to this product as requested by Bendigo Bank.	<p>Reporting period: Monthly</p> <p>When does the regulated person have to report: Within 10 business days of the end of the reporting period.</p>
Significant dealings	<p>The following information:</p> <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. 	<p>When does the regulated person have to report: Within 10 business days of the distributor becoming aware of the dealing.</p>