ME Basic Home Loan.

Target Market Determination
27 March 2024

Prepared by ME Bank – a division of Bank of Queensland Limited ABN 32 009 656 740
Australian Credit Licence and AFSL 244616, the issuer of this product.

ME Basic Home Loan – Target Market Determination.

Effective date: 27 March 2024

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This Target Market Determination (**TMD**) applies to the:

- Basic Home Loan

What is a Target Market Determination?
A TMD describes:

- the class of customers that comprise the target market for the product;
- any conditions or restrictions on how the product is distributed to retail customers; and
- events or circumstances where we will review the TMD for the product.

Why does ME need to make this TMD publicly available?
We are required to produce this TMD by law. The law is intended to help consumers obtain appropriate financial products by requiring issuers and distributors to have a consumer centric approach to the design and distribution of products.

This document is not a substitute for the product's terms and conditions or other disclosure documents. Customers must refer to these documents when making a decision about this product. These documents can be found on our website or you can obtain a copy upon request.

This TMD will undergo a periodic review as follows:

Effective date	Next review due	Review
27 March 2024	Before 28 February 2025	At least two years from when this TMD was made and then every two years thereafter.

Target market.

The target market for this product are customers who require a basic home loan of at least $40,000 to purchase, renovate a home, refinance an existing home loan, or access credit for other approved personal purposes, and have the financial situation to borrow money to do so.

These customers are likely to have the following objectives, needs, financial situation and must meet the eligibility criteria for this product.

Objectives.
The customer's likely objective is to have a basic home loan to purchase, renovate an owner occupied or investment home, or refinance an existing home loan.

Needs.
The customer's likely need is a basic home loan product that enables their objective to purchase, renovate a home, or refinance existing lending. This may include:

- A variable interest rate.
- Long repayment term.
- Wide range of Loan to Value Ratio (LVR) with Lender's Mortgage Insurance for higher LVRs

Financial situation.
This product is suited to customers who have a regular income and can meet the repayment obligations without substantial hardship.
They will also need to satisfy ME's credit assessment process.

Eligibility criteria for this product.
Customers must satisfy the following criteria to acquire this product:

- Be an Australian citizen or permanent resident or resident for tax purposes with an Australian residential address or eligible temporary resident (subject to its own eligibility criteria) with an acceptable visa type.
- Be aged 18 years or older.
- Be applying in personal name(s) – not as a company or a trust.
- Have a good credit history.
- Earn a regular income.

Customers outside target market.
This product is not designed for customers who are seeking:

- to have a fixed interest rate period;
- a loan for construction purposes;
- split loan options;
- a loan for business purposes;
- to have the Lenders Mortgage Insurance premium capitalised above 95% LVR.

Product description.

A basic home loan.

Key attributes of this product.
Attributes of this product include:

- A variable interest rate.
- Principal and interest repayment schedule.
- Interest only repayment option of up to five years for owner occupiers or up to 10 years for investors.
- An early payout of variable rate loans option without incurring a termination fee.
- Free redraw (minimum $500).
- Loan top up option.
- Repayment options (weekly, fortnightly, or monthly).
- Online access to account via internet banking, and the mobile app.
- No application fee, or ongoing account keeping fees.
- A loan term from 10 to 30 years.
- Wide range of Loan to Value Ratio (LVR) with Lender's Mortgage Insurance for higher LVRs.
- Optional repayment holiday allowing a break from making regular repayments when in advance on repayments.

Customisable key features and customer needs.
The following key features of this product are customisable by customers and are appropriate for those customers within the target market with the selected needs as described below. There are other non-listed Key Features of the product that are appropriate for the Target Market.

Optional feature or attribute	**Restrictions or conditions**	**Appropriate for**
Principal and interest repayments	Nil.	Customers in the target market that are seeking to: • pay less interest over the life of the loan compared to an Interest Only repayment option; • pay a lower interest rate compared to interest-only rates; and • pay off their loan faster.
Interest only repayments	• Only available on loans for a period of up to five years for owner occupiers or up to 10 years for investors. • Customers seeking to change to interest only repayments after settlement will be subject to a new credit assessment and will incur a Loan Renegotiation fee.	Customers in the target market: • seeking to have lower repayments for a short period; and • can afford to make the higher repayments when the interest only period ends.

Why the product is likely to be consistent with the likely objectives, needs and financial situation of the target market.
The product's attributes are designed to support the target market's objectives, needs, and financial situation. The customer's need to purchase, renovate a home, or refinance an existing home loan, can be met by the multiple repayment options and loan features.

Distribution conditions.

Distribution by ME.
This product can be distributed through ME's direct channels by an authorised ME staff member (in person, over the phone or via a digital platform).

Distribution by third party distributors.
The product may be distributed via other third party channels which include comparison, lead generation and referral sites. Conduct by such sites is usually limited to providing factual information about the product, and in some instances:

- providing a link to ME's product page on our website where further information about the product can be accessed; or
- passing on contact details of a prospective customer to ME or a Mortgage Broker accredited by ME.

Where any conduct by a third party amounts to distribution conduct, they must comply with this target market determination.

Why the distribution conditions will make it likely that the consumers who acquire the product are in the target market.
ME considers that the distribution conditions and restrictions support ME's Credit Assessment that the product will likely be distributed to the target market because of the following key controls:

- Customers applying for the product are assisted by ME staff who are trained and qualified, to provide credit assistance.
- Aggregators/Brokers are accredited, and Mortgage Brokers need to comply with all legal requirements including an obligation to only recommend a product which is in the best interests of the customer.
- Controls are in place to ensure customers applying for a product meet ME's credit assessment and eligibility requirements.

Review triggers.

This TMD may at some time in the future, be considered as no longer appropriate at which time ME will undertake a review of the TMD. This TMD will be reviewed if any of the following trigger events and information being monitored reasonably suggests that the TMD may no longer be appropriate:

- There is an increase in complaints received in relation to the product and its features that exceeds internally set tolerances.
- A material change is made to the product attributes, fees, charges, terms and conditions, or the manner of distribution which may cause the TMD to no longer be appropriate.
- A significant dealing in this product occurs which is inconsistent with the target market.
- An incident or breach is reported that may indicate product is no longer appropriate for the target market or is being distributed outside the target market.
- The number of loans that are 90 days or more in arrears exceeds internally set tolerances.

Information reporting requirements.

The following information must be provided to ME by to all distributors who engage in retail product distribution conduct in relation to this product.

Type of information	Description	Reporting period
Consumer complaints received post 5 October 2021 in relation to this product	Consumer complaints (including number of complaints, complaints record verbatim, product name and distributor name) in relation to this product that may indicate the TMD may no longer be appropriate for this product.	6 monthly and in any case within 10 business days after becoming aware.
Significant dealings	The date or date range of when the significant dealing occurred and a description of why it may not be consistent with this TMD.	As soon as practicable, and in any case within 10 business days after becoming aware.
Incidents / Issues (incl. regulatory breaches)	Incidents and breaches that may indicate product is no longer appropriate for the target market or is being distributed outside the target market.	As soon as practicable, and in any case within 10 business days after becoming aware.

Record keeping.
ME and its distributors will maintain records of the reasonable steps they have taken to ensure that this product is sold in a manner consistent with this TMD.

ME will also prepare and maintain complete and accurate records of our decisions, and the reasons for those decisions, in relation to:

- all target market determinations for this product;
- identifying and tracking review triggers;
- setting review periods; and
- the matters documented in this Target Market Determination.