Target Market Determination

This Target Market Determination (TMD) has been prepared in accordance with the *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019* and associated Regulations.

TMDs are designed to assist issuers to ensure that financial products they issue are likely to be consistent with the *likely objectives, financial situation and needs* of the consumers for whom they are intended (the target market) and to assist distributors to ensure that financial products are distributed to the target market.

The TMD is general in nature and should not be construed as financial advice. Consumers should obtain independent advice prior to acquiring the product to ensure that it is appropriate for their particular *objectives, financial situation and needs.*

<table>
<tr><td>Product</td><td>Azora Variable Rate Home Loan – Full and Alternative Documentation</td></tr>
<tr><td>Issuer</td><td>Lender of Record: Perpetual Trustee Company Limited ACN 000 001 007.

Manager: Azora Finance (Services) Pty Limited ACN 122 544 781 Australian Credit Licence 390864 (Azora)</td></tr>
<tr><td>Date of TMD</td><td>7 October 2022</td></tr>
<tr><td>Target Market</td><td>Description of target market, including likely objectives, financial situation and needs of consumers in the target market

The features of this product, including its key attributes, have been assessed as meeting the likely objectives, financial situation and needs of consumers who:

satisfy Azora’s eligibility criteria (including, but not limited to):

are an individual who is a permanent Australian resident or Australian citizen and resides in Australia; and
are PAYG employees and can provide sufficient supporting income documents or are self-employed and sufficient recent financial information is available; or
are self-employed and have limited recent financial information available

may have current or history of credit impairment
require finance to:

purchase or refinance an owner occupied or investment property; and/or
consolidate consumer loans; and/or
payout defaults and judgments listed on their credit file; and/or
consolidate business/commercial loans; and/or
access equity in the property for working capital; and/or
carry out non-structural renovations to the property

require the flexibility of a variable interest rate
require the flexibility to make additional repayments without a penalty
want the flexibility to redraw funds as required
understand that their repayments can change at any time

Whilst variable interest rates may fluctuate, the product has been assessed as meeting the likely objectives, financial situation and needs of consumers in the target market because it allows consumers to make additional repayments to reduce interest payable whilst retaining the ability to draw on those funds when required.

Owner Occupied Residential Property
This product enables consumers to finance the purchase or refinance of an owner occupied residential</td></tr>
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property with the ability to select principal and interest repayments in order to reduce the overall debt and build equity.

Investment Residential Property

This product enables consumers to finance the purchase or refinance of an investment property with the ability to select:

- principal and interest repayments in order to reduce the overall debt and build equity; or
- interest only repayments for tax purposes.

Consolidate Consumer Loans

This product allows consumers to access part of the equity in their owner occupied or investment residential property in order to use the funds to consolidate other consumer loans into one manageable loan.

Payout Defaults and Judgments listed on Credit File

This product allows consumers to access part of the equity in their owner occupied or investment residential property in order to use the funds to payout defaults and judgments listed on the consumer's credit file in order to improve their credit rating.

Consolidate Commercial Loans

This product allows consumers to access part of the equity in their owner occupied or investment residential property in order to use part of the funds to consolidate other commercial loans into one manageable loan.

Working Capital

This product allows consumers to access part of the equity in their owner occupied or investment residential property in order to use part of the funds as working capital in their business.

Non-structural Renovations

This product allows consumers to access part of the equity in their owner occupied or investment residential property in order to complete non-structural renovations in order to increase the value of the property.

Description of product, including key attributes

- Variable interest rate
- Minimum 10 year loan term
- Maximum 30 year loan term
- Principal & Interest repayments
- Up to 5 years interest only term (must be for predominately investment or business purposes)
- Minimum loan amount $50,000
- Maximum loan amount $1,500,000 (subject to credit criteria)
- LVR up to 80% for Alternative Documentation loan (subject to credit criteria)
- LVR up to 85% for Full Documentation loan (subject to credit criteria)
- Split loan option with **combination of principle and interest and/or interest only portions (subject to credit criteria)**
- Weekly, fortnightly or monthly repayments
- Redraw available
- Types of fees:
  - Application Fee
  - Security Review Fee
  - Risk Assessment Fee
  - Monthly Account Service Fee

Other fees and charges may apply, as set out in the loan agreement.

Classes of consumers for whom the product may be unsuitable

This product may not be suitable for consumers who:

- do not meet Azora's eligibility criteria;
- are seeking the certainty of a fixed rate;
- are seeking the certainty of fixed repayments over the term of the loan;
- are seeking a line of credit facility;
- require an offset account; or
- are seeking to finance structural renovations or construct a property.

Distribution Conditions

Distribution conditions

The following distribution channels and conditions have been assessed as being appropriate to direct the distribution of the product to the target market:

Channel	Conditions
Direct (related entity) – online, in-person or by phone	Only authorised staff are permitted to assist consumers with this product. Authorised staff have the necessary training, skills and knowledge to assess whether the consumer is within the target market.
Third party – Accredited mortgage brokers subject to Best Interests Duty (BID) and related obligations	Accredited mortgage brokers are permitted to assist consumers with this product. All applications submitted by accredited mortgage brokers must comply with our policies and procedures issued to accredited brokers from time to time. Accredited mortgage brokers are subject to a higher duty under BID to ensure that the Product is in the best interests of the particular consumer.
Authorised Finance Brokers (credit representatives)	Authorised Finance Brokers (credit representatives) are permitted to assist consumers with this product. All applications submitted by authorised finance brokers (credit representatives) must comply with our policies and procedures issued to authorised finance brokers from time to time. Authorised Finance Brokers (credit representatives) have the necessary training, skills and knowledge to assess whether the consumer is within the target market.

The distribution channels and conditions are appropriate because:

- the product has a wide target market;
- our distributors have been adequately trained to understand their DDO obligations;
- we rely on existing distributors, methods, controls and supervision already in place;
- our application and approval process has controls in place to ensure all approved consumers meet our eligibility and lending requirements; and
- accredited mortgage brokers are subject to a higher duty under Best Interests Duties to ensure that the product is in the best interests of the particular consumer.

Review Triggers	The review triggers that would reasonably suggest that the TMD is no longer appropriate include: • A significant dealing of the product to consumers outside the target market occurs; • A significant number of complaints are received from customers in relation to their purchase or use of the product that reasonably suggests that the TMD is no longer appropriate; • A material change to the product or the terms and conditions of the product occurs which would cause the TMD to no longer be appropriate; • A significant number of defaults; and • A significant number of applications for hardship.
Review Periods	**First review date:** Within 12 months of the date of this TMD. **Periodic reviews:** Every 12 months after the initial and each subsequent review. **Trigger reviews:** review to be completed within 10 business days of the identification of a trigger event.
Distribution Information Reporting Requirements	The following information must be provided to Perpetual Trustee Company Limited (Lender of Record) and Azora Finance (Services) Pty Limited (Manager) by distributors who engage in retail product distribution conduct in relation to this product. Distributors should provide all reporting to DDOreporting@azora.com.au.

Type of information	Description	Reporting period
Specific Complaints received in relation to the product or Azora	Written details of the complaint, including name and contact details of complainant and substance of the complaint.	As soon as practicable and within 10 business days of receipt of complaint.
Complaints	Number of complaints	Every 3 months
Significant dealing(s)	Date or date range of the significant dealing(s) and description of the significant dealing (eg, why it is not consistent with the TMD)	As soon as practicable, and in any case within 10 business days after becoming aware