

TARGET MARKET DETERMINATION

Fixed Rate Interest Only Residential Investment Loan (L46, L47, L49, L33)

1) Introduction

About this document

This target market determination (TMD) is a document of Horizon Credit Union Ltd trading as Horizon Bank [Horizon]. This TMD seeks to give our customers, staff, product distributors, and other interested parties an understanding of the class of consumers for whom the product described has been designed, how the product is distributed, and related matters. This TMD is not, and should not be construed as, a full summary of the product's Terms and Conditions. Nor is it a substitute for the provision of financial advice. When deciding about the product, consumers should refer to the product's Terms and Conditions set out in the loan contract.

Product to which this Target Market Determination applies

This TMD applies to the Fixed Rate Interest Only Residential Investment Loan (L46, L47, L49, L33) [the product] referred to in key fact sheet:

<https://horizonbank.infocast.com.au/home-loan-key-fact-sheets.html>

Effective date of this Target Market Determination

This TMD is effective from 01 August 2022

2) Class of consumers comprising the product's target market

Below we summarise the class of consumers comprising the target market for the product based on the product's key attributes and the consumer objectives, financial situations, and needs the product has been designed to meet.

Class of consumers

The product has been designed for consumers who require a guaranteed rate and interest only repayments for the duration of the agreed fixed period.

Product description, key attributes, and eligibility criteria

Product description	Key Attributes	Eligibility Criteria
A fixed rate interest only investment loan for loans over \$50,000.	<p>Guaranteed rate for the duration of the fixed period nominated</p> <p>Interest only payments for the duration of the fixed period nominated</p> <p>Fixed period of 1, 2, 3 or 5 years</p> <p>Establishment fee \$350</p> <p>Annual fee \$150</p> <p>100% offset account available</p>	<p>Be a member of Horizon Bank</p> <p>Minimum age of 18yrs</p> <p>Be a resident of Australia</p> <p>Meet Horizon Bank Credit risk criteria</p> <p>Borrowing ability up to 79% of property value or up to 95% of property value with mortgage insurance. If loan is a bridging loan borrowing</p>

	<p>Break costs may apply, if over a 12 month period, \$30,000 or more is repaid over and above scheduled repayment amounts</p> <p>No cost redraw facility</p> <p>Early payout fee payable if loan paid out before the end of its fixed interest rate period</p>	<p>ability up to LVR 85% with mortgage insurance</p>
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Objectives, financial situations, needs

The product has been designed for individuals (outlined below) who:

Consumer Objectives	Financial Situation	Needs product designed to meet
<p>Require a n investment loan with interest only repayments and a guaranteed fixed interest rate for the duration of the fixed period nominated to purchase investment property</p>	<p>Meets Horizon credit assessment criteria</p>	<p>Consumer has the ability to lock in an interest rate which allows them to know the exact repayments of their loan for the contracted period.</p>

Consistency with the target market

The Fixed Rate Interest Only Residential Investment Loan (L46, L47, L49, L33) product including its key attributes is likely to be consistent with the likely objectives, financial situation and needs of the class of customers in the target market, as we consider that it provides the required type of banking access, fee structure and transaction allowances for that class of consumer. This has been determined based on an assessment of the product including its key attributes. Individual customers will need to consider whether this product meets their specific objectives, financial situation and needs.

Excluded class of consumers

The product has NOT been designed for individuals who:

- Require a variable rate investment loan
- Wish to make lump sum repayments in excess of \$30,000 over 12 months
- Intend to repay the loan within the fixed rate period without penalty
- Wish to borrow less than \$50,000
- Wish to pay principle and interest repayments for the duration of the fixed rate period
- Have poor credit history

3) Distribution of the product

Distribution channels

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

- In branch
- Via online banking
- By contacting any branch by phone

Distribution conditions and restrictions

The distribution of the product is subject to the following conditions and restrictions:

- Can only be distributed by Horizon bank staff member who is Tier 2 accredited and has received full training for this product
- Approval is given by a recognised lender with appropriate delegation for the requested loan size.

4) Reporting by distributors and staff of the product

Significant inconsistent dealings

Staff must report to us immediately they become aware of a significant dealing in the product that is inconsistent with this TMD.

Complaints

Staff must follow the Horizon complaints process and escalate any matter that is inconsistent with this TMD.

5) Reviewing this Target Market Determination

Initial review

We will undertake an initial review of this TMD within 2 years of the effective date (see section 1).

Periodic review

We will undertake periodic reviews of this TMD at least every 2 years from the initial review.

Review triggers or events

We will also undertake a review of this TMD in the following circumstances:

- If we make a material change to the design or distribution of the product
- If a significant inconsistent dealing in the product occurs
- If we receive a significant number of complaints regarding the design or distribution of this product
- If the business performance and value provided by this product indicate the TMD is no longer appropriate.
- If ASIC raises concerns about the product's design or distribution
- If the Australian Financial Complaints Authority or a Court raise concerns about the product's design or distribution
- If the product's design or distribution receive adverse media coverage
- If any other event or circumstance occurs indicating that this TMD may no longer be appropriate.

Where a review trigger or event occurs, we will review this TMD within 10 business days.