

Target Market Determination (TMD)

For Premium Plus Package Fixed Rate Home Loan

Effective from 29 September 2023

About this document

This TMD applies to the Newcastle Permanent Premium Plus Package Fixed Rate Home Loan issued by Newcastle Greater Mutual Group (ACN 087 651 992, AFSL/Australian credit licence 238273) (the **Issuer**).

The purpose of this TMD is to describe who a product is appropriate for (the target market), and any conditions around how the product can be distributed to customers.

This TMD is not intended to provide any financial product advice, and does not take into account any individual customer's objectives, financial situation or needs. Examples used in this TMD are illustrative only, and are not intended to be exhaustive.

This TMD does not replace the Terms and Conditions applicable to this product. Before deciding to acquire a product from Newcastle Permanent, you should consider the relevant Terms and Conditions, which are available from newcastlepermanent.com.au/terms-and-conditions, at any branch or by calling 13 19 87.

Who is this product suitable for?

The Premium Plus Package Fixed Rate loan is designed for:

- **Owner Occupiers** seeking a loan to finance the purchase or refinance of their primary residence, or
- **Investors** seeking a loan to finance a property to be used for investment purposes

The loan is targeted at customers who want:

- A competitive fixed interest rate with the added flexibility of being able to make up to \$25,000 per calendar year in extra repayments without any break cost penalties.
- The certainty of repayments staying the same for a fixed term they select (up to 5 years).
- Access to funds when they need it, by being able to redraw up to \$25,000 of any extra repayments per calendar year.
- Package benefits to access special discounts and save money on other Newcastle Permanent products and services, for one annual fee.

This loan offers two repayment options:

1. **Principal and Interest** for customers whose primary objective is to pay down their loan and own their property, or
2. **Interest Only** for customers seeking to reduce their cash outflows by paying only interest to minimise repayments.

Eligible borrowers must:

- Be 18 years of age or over
- Be permanent residents of Australia or New Zealand
- Depending on their circumstances, hold a deposit of at least 5%; or 5% if eligible for a First Home Guarantee loan or 2% if eligible for a Family Home Guarantee loan
- Have a demonstrated ability to afford loan repayments

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

The Premium Plus Package Fixed Rate is generally not suitable for customers who:

- Value the flexibility that comes with a variable interest rate, including no cap on additional repayments and no cap on redraw amounts
- Would be extremely dissatisfied if market interest rates reduced after they locked in a fixed interest rate
- Wish to use their savings to reduce the interest they pay on the loan via the use of 100% offset accounts
- Have less than the required minimum deposit
- Cannot demonstrate an ability to afford loan repayments without financial hardship
- Do not wish to pay an annual fee and do not want to take advantage of the available package benefits and discounts
- Are not comfortable with potentially paying break costs (which could be significant) if they need to repay, make changes to or close the loan during the fixed rate period.

How is this product distributed?

This product is designed to be distributed through:

- Newcastle Permanent Lenders (in person, via phone or video conferencing)
- Newcastle Permanent website (direct)
- Mortgage Brokers (in person, via phone or video conferencing) that are authorised credit representatives of the aggregators listed below.

This product is approved to be distributed by Newcastle Permanent and the following aggregators (the Distributor):

- AFG
- Connective
- Mortgage Choice
- Plan
- Smartline
- Lendi

What conditions or restrictions are there on the distribution of this product?

This product is designed to be distributed directly by the Newcastle Permanent website or by accredited lenders who are aware of the product and its attributes.

Distribution of this product direct via the website will present the customer with questions to help them self-determine their loan product needs and objectives. The customer will be presented with a summary of available loan products and their key attributes and will select the product/s they wish to apply for. In addition, the application questions collect customer financial details to allow for a credit assessment. There are restrictions applied on the types of loan applications and customers that can apply via the website, to ensure more complex needs are met through distribution by an accredited lender.

Distribution of this product by accredited lenders is to follow from a conversation with the customer on their lending needs, and whether these appear to be met by the product's key attributes. The customer will be presented with a summary of available loan products and their key attributes and will select the product/s they wish to apply for. In addition, the application questions collect customer financial details and the customer must provide proof of income.

Potential customers may also be referred to the website via links from third-party comparison websites that Newcastle Permanent has partnered with. These customers are able to apply for the product in the same manner as described above (i.e. no different distribution conditions apply).

Newcastle Permanent has assessed the distribution conditions and restrictions will make it likely customers acquiring the product are in the target market. Newcastle Permanent has considered the distribution conditions and restrictions are appropriate and will facilitate distribution of the product to be directed towards the class of customer for whom the product has been designed.

What monitoring will be undertaken on this product?

Distributors will provide reporting on the below areas on a quarterly basis as agreed with Newcastle Permanent.

Distributors of this product will need to provide reporting to Newcastle Permanent on the following to determine whether the TMD and product continues to be appropriate:

- Information about the nature and number of complaints about the product
- Information about sales of the product that have occurred outside of this TMD

Additionally, this product will be subject to Newcastle Permanent internal reporting and monitoring on:

- Sales performance and TMD adherence on a monthly basis,
- Customer complaints and remediation, on a monthly basis,
- Staff feedback, either ad hoc or via internal forums and surveys,
- Product portfolio and performance measures such as account closure patterns, on a monthly and quarterly basis, and,
- Incidents, on a monthly basis

How will Newcastle Permanent review this document?

Newcastle Permanent will review this document at a minimum of once every two years from the effective date to ensure it remains appropriate, or earlier as required or if other circumstances occur which trigger the need to review the TMD.

The specific review triggers (events that reasonably suggest the TMD may no longer be appropriate) for the Premium Plus Package Fixed Rate Loan that may result in an earlier review of the TMD are:

- Any distribution or sales activity, outside the TMD or to ineligible customers, that meets the definition of a significant dealing,
- A material change in the nature and number of customer complaints and underlying complaint trends,
- Regulatory change that materially impacts the manufacture or sale of this product, and
- Material customer remediation events and incidents in relation to this product.