

Target Market Determination

Macquarie Fully Drawn Advance (including the Specialist Exertion Loan)

Issued by Macquarie Bank Limited

ABN 46 008 583 542 AFSL and Australian Credit Licence 237502

Effective date: 11 December 2023

This Target Market Determination (TMD) describes the class of customer for which this product has been designed, having regard to the likely objectives, financial situation and needs of customers in the target market. This document is not a complete summary of the product's terms and conditions or other disclosure documents. Further information about this product can be found on the Macquarie website.

Target Market

This product (including the key attributes set out below) is likely to be consistent with the likely needs, objectives and financial situation of customers in the target market. This conclusion is based on an assessment of the key terms, features and attributes of the product and a determination that they are consistent with the objectives, financial situation and needs of the identified class of customers (as set out below).

This product is designed for customers who, want to borrow money:

- Wholly or predominantly for a personal or investment purpose; or
- To refinance a loan that was provided wholly or predominantly for personal or investment purpose, and who do not require a redraw capability on their loan.

Customers must be able to demonstrate their ability to repay their loan over their full loan term, in accordance with our credit policy.

This product is not designed for customers who, want the ongoing ability to:

- Make repayments using, or to deposit to their account, physical currency;
- Withdraw physical currency at a branch; or
- Deposit or draw cheques, including bank cheques.

Note: This TMD does not apply to Macquarie Fully Drawn Advance loans (including Specialist Exertion Loans) that are to be used wholly or predominately for business purposes.

Key Product Attributes

The table below matches the key product attributes (first column) to the likely objectives and needs of the target market for this product (second column).

Attributes	Appropriate for customers within the target market that	Important Considerations
Variable loan interest rate	<p>Want to benefit from future interest rate decreases.</p> <p>Want the option to make additional repayments to their loan, at any time, up to the outstanding loan amount.</p> <p>Understand that their repayments can change at any time.</p>	<p>Variable loan interest rates can increase at any time, resulting in increased loan repayments.</p>
Fixed loan interest rate	<p>Want certainty in repayment amounts for a specified period.</p> <p>Understand that their ability to make additional repayments or changes to their loan is restricted.</p> <p>Understand they will not benefit from interest rate decreases during the fixed rate period.</p>	<p>Break cost fees may be charged if the customer:</p> <ul style="list-style-type: none"> • Requests a change to a variable loan interest rate; • Requests a different fixed loan interest rate; • Requests a different repayment type; • Makes additional payments to their loan; or • Repays the loan in full, prior to the end of the fixed rate period. <p>Maximum fixed rate period of 5 years. At the end of the fixed rate period, the interest rate will revert to variable.</p>
Principal and Interest loan repayments (Attribute only available for loans to natural persons or strata corporations only)	<p>Want to pay down their outstanding debt on a regular basis, in addition to their interest repayments.</p>	<p>Only available on loans that are to be used wholly or predominantly:</p> <ul style="list-style-type: none"> • For personal, domestic, or household purposes; or • To purchase, renovate or improve residential property for investment purposes or to refinance any credit provided for these purposes.
Principal plus Interest loan repayments Note: This repayment type is different to Principal and Interest repayments	<p>Want to pay down their outstanding debt on a regular basis, in addition to their interest repayments.</p>	<p>Only the principal amount is fixed each month.</p> <p>The total payment may be different each month depending on the amount of interest accrued for the relevant month.</p>

Attributes	Appropriate for customers within the target market that	Important Considerations
Interest only loan repayments	Want the option of lower repayments for the duration of their interest only term. Understand that they may pay more interest over the life of the loan.	Not paying down principal during the interest only period may result in customers paying more interest over the life of the loan. Maximum interest only period of 5 years at a time. At the end of the interest only period, the repayment type will revert to principal and interest or principal plus interest, as applicable.
Bullet/Balloon payment	Want to defer the repayment of some or all of the principal until the end of the loan term. Will have funds available at the end of the loan term to make the Bullet/Balloon payment.	Not paying down principal regularly during the loan term may result in customers paying more interest over the life of the loan.
Construction loan option	Want to fund their renovation or new residential property build.	Interest rate must be variable, and the repayments interest only during the construction phase, usually up to 2 years. Timeframes apply to commence and complete construction. Loan funds are advanced in stages as agreed construction milestones are met.
Bridging loan option	Want temporary funding to purchase a new property while they wait for the proceeds from the sale of their existing property.	Interest will be charged on the bridging loan as well as any loans on the existing property or the new property. Generally only available for a period of up to 1 year depending on location and/or property type.

Distribution Conditions

Macquarie's view is that the conditions specified below are appropriate and that customers who acquire the product will likely be in the target market if distributed in accordance with them (excluding customers who acquire it for wholly or predominantly business purposes). These conditions:

- Limit the channels through which the product can be provided, thereby ensuring that applications are only received through assisted channels that are subject to appropriate conditions, appropriate controls and appropriate monitoring;
- Ensure that those appointed to distribute the product (e.g.: brokers and Macquarie staff) are adequately trained, accredited, monitored, and subject to other compliance obligations;
- Ensure Macquarie only distributes this product in accordance with a consistent application and assessment process – that is, Macquarie Fully Drawn Advance is:
 - Subject to controls in our application and approval systems that ensure that:
 - Appropriate information is gathered about applicants, including:
 - Financial information, which is analysed to assess whether the customer will be able to meet their financial obligations without substantial hardship; and
 - Making reasonable enquiries with customers about their needs and objectives in relation to the product; and
 - Only applicants that meet our product eligibility requirements proceed for assessment; and
 - Only approved by us in line with our credit assessment policy after a completed application is received from an eligible customer, which makes it likely that the product is affordable for the customer based on their financial situation as reported to us at the time of assessment.

When distributed by a third party:

Brokers

Brokers may only submit an application for a Macquarie Fully Drawn Advance:

- Using Macquarie's approved application systems, forms and documents;
- Where they are accredited by Macquarie or are a member or representative of an aggregator who has been accredited by Macquarie and met its training requirements;
- Where the broker or aggregator is required to comply with the Macquarie Broker Code of Conduct (or an equivalent Macquarie policy);
- Where they maintain the licencing status necessary to distribute regulated credit products; and
- Where they are not currently subject to any suspension or revocation of that accreditation.

If aggregators and brokers fail to comply with the above requirements, it may result in Macquarie terminating their authority to distribute this product.

When distributed by Macquarie:

- Only appropriately authorised Macquarie staff that have satisfied Macquarie's training requirements (which includes training to understand and discuss the benefits, rates, fees and key features) may distribute this product.
- Advertising materials are prepared in accordance with appropriate Macquarie processes and controls including, without limitation, in order to ensure that those materials are consistent with this TMD.

Distributor Reporting Requirements

Third party distributors of this product must provide Macquarie with the information in the tables below, in writing.

Complaints

Reporting obligation	As soon as practicable but, in any case, within 10 business days after the end of each reporting period.
Reporting period	Every quarter, ending on: <ul style="list-style-type: none">• 31 March;• 30 June;• 30 September; and• 31 December.
Required detail	The full details of any complaints received.
Reporting method	Via www.macquarie.com.au/ddo

Significant Dealings

Reporting obligation	As soon as practicable but, in any case, within 10 business days of becoming aware of the significant dealing.
Required detail	<ul style="list-style-type: none">• The date on which or the date range over which the dealing occurred;• A description of the dealing;• An explanation of why the dealing is considered significant;• An explanation of why the dealing is considered to be inconsistent with the TMD;• How the dealing was identified (e.g., through monitoring, complaints etc); and• Detail of what steps have been or will be taken in relation to the significant dealing.
Reporting method	Via www.macquarie.com.au/ddo

Additional Information

Reporting obligation	As soon as practicable but, in any case, within 10 business days of receiving a request from Macquarie.
Required detail	Any additional complaint related information (such as further information relating to the nature of complaints) that Macquarie requests from time to time.
Reporting method	As specified in any request from Macquarie.

Operation of this TMD

We consider that the product (including its key attributes) is likely to be appropriate for the target market because:

- We have conducted an assessment and concluded that:
 - The product (and its key attributes as set out above) is likely to be consistent with the likely needs, objectives and financial situation of customers in the target market as disclosed in this document; and
 - The distribution conditions have been designed with the purpose of appropriately directing the distribution of the product to the target market, such that most of the customers who acquire the product are likely in the target market; and
- Our application and assessment processes (including the collection of information from customers as part of the application process and the assessment of the consumer's ability to service the proposed debt) help ensure that most customers who acquire the product are in the target market.

Review of this Target Market Determination

This TMD will be reviewed as follows:

Initial review	Within 18 months of the effective date.
Ongoing Scheduled review	Within 18 months from the completion of the last TMD review.
Review triggers	<p>This TMD will be reviewed should any of the following events occur:</p> <ul style="list-style-type: none">• A material unexpected increase in complaints received about the product;• A material, unexpected increase in the number of customers in arrears;• A material incident (affecting a customer) or significant number of incidents in relation to the product's design or distribution that identify breaches of Design and Distribution Obligations; <p>Note: The above review triggers are monitored through the collection of data relating to the performance of the product.</p> <ul style="list-style-type: none">• Implementation of a material change to the product including a material change to the fees or terms and conditions of the product;• Commencement of a change in law or other regulatory requirement materially affecting the product;• the use of a regulatory order or direction (including the use by ASIC of its Product Intervention Powers) that expressly states or directly implies that this TMD is no longer appropriate; or• Macquarie reporting a significant dealing in the product to ASIC. <p>The TMD need not be reviewed if any of the above matters occur, and they have been specifically considered as part of a prior review.</p>