

Target Market Determination

Macquarie Home Loans

Issued by Macquarie Bank Limited

ABN 46 008 583 542 and Australian Credit Licence 237502

Effective date: 11 December 2023

This Target Market Determination (TMD) describes the class of customers for which these products have 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 products' terms and conditions or other disclosure documents. Further information about these products, can be found on the Macquarie website and in the Macquarie home loans terms and conditions on our website.

This TMD applies to the following products:

- Macquarie Basic Home Loan Facility,
- Macquarie Offset Home Loan Facility, and
- Macquarie Offset Account.

Target Market

These products (including the key attributes set out below for each product covered in this TMD) are 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 products and a determination that they are consistent with the objectives, financial situation and needs of the identified class of customers (as set out below).

The Macquarie Basic Home Loan and Macquarie Offset Home Loan is designed for customers want to:

- Borrow money to:
 - Buy or build a residential property;
 - Refinance an existing home loan; or
 - Release equity in a residential property for an approved purpose.
- Manage their accounts via Macquarie Online and/or Mobile Banking.

The Macquarie Offset Home Loan is also designed for customers who:

- Want the ability to open Offset Accounts, to reduce their monthly interest charges;
- Understand that they need to keep at least \$20,000 of their facility limit in a Variable Rate loan account; and
- Understand that they need to pay the annual fee.

The Macquarie Offset Account is designed for customers who:

- Have (or have applied for) an Offset Home Loan facility;
- Want to offset some or all interest payable on a variable rate loan account under their Offset Home Loan;
- Want an everyday transaction account with no fees charged by Macquarie (others, such as the banks of international merchants or international ATM operators, may charge fees);
- Want to pay bills and/or receive salary/wage deposits; and
- Want to make everyday purchases with a linked debit card including in person, online and via digital wallets.

Customers must meet our eligibility requirements, provide as security a residential property located in Australia and be able to demonstrate their ability to repay their loan over their full loan term, in accordance with our credit policy.

These products are not designed for customers who want:

- The ongoing ability to:
 - Deposit physical currency into their account; or
 - Withdraw physical currency at a branch; or
 - Deposit or draw cheques, including bank cheques.

Key Product Attributes

Basic Home Loans and Offset Home Loans

The table below lists the key product attributes for both the Basic Home Loan (BHL) and Offset Home Loan (OHL) and details why these attributes align to the likely needs and objectives of customers in the target market.

Attributes	Appropriate for customers who...	Important Considerations	BHL	OHL
The ability to open multiple Offset Accounts with linked debit cards	Want to use the balance in their offset account to reduce the interest payable on their home loan, whilst retaining flexible access to their money.	Offset Accounts cannot be linked to fixed rate home loan accounts. An annual fee applies to the Offset Home Loan facility.	✗	✓
The ability to open multiple loan accounts under a single home loan facility	Want to split their total facility limit across one or more home loan accounts with different key attributes. Want the ability to change the number of loan accounts, key attributes of each loan account and/or transfer their limit between loan accounts in the future.	Switching to Interest Only repayments is subject to credit assessment.	✓	✓

Attributes	Appropriate for customers who...	Important Considerations	BHL	OHL
The ability to select a combination of loan accounts with variable and fixed rates	Variable rate loan accounts Want to benefit from future interest rate decreases. Want the option to make unlimited additional repayments. Want access to redraw.	Variable rates can increase at any time, resulting in increased loan repayments. OHL facilities require at least one variable rate loan account, with a minimum limit of \$20,000.	✓	✓
	Fixed rate loan accounts Want to avoid future interest rate (and repayment) increases during the fixed rate term.	During the fixed rate term redraw is not available. Break costs may be charged if the fixed rate term is broken, or additional repayments are made. Maximum fixed rate term of 5 years. At the end of the fixed rate term, the loan account will switch to a variable rate.	✓	✓
The ability to select a combination of loan accounts with principal & interest and interest only repayments	Principal & Interest Want to make repayments that reduce their outstanding loan balance.	NA	✓	✓
	Interest Only Want to make repayments that only cover their interest charges, during the interest only term.	Customers will pay more interest over the life of the loan. Maximum interest only period of 5 years. At the end of the interest only period, the repayments will switch to principal & interest.	✓	✓
The ability to borrow funds to purchase land	Want to fund the purchase of land, with the intention to begin construction of a residential property within 24 months of settlement.	Approval of a Land Loan does not guarantee the future approval of a Construction Loan.	✓	✓
The ability to borrow funds under a Construction Loan	Want to fund the construction of (or renovation of) a residential property where the construction will be complete within 24 months of settlement.	Construction Loan accounts must have a variable rate and interest only repayments during construction. Fixed rates are not available during the construction period. A Construction Administration Fee applies.	✓	✓

Offset Accounts

The table below lists the key product attributes for the Offset Account and details why these attributes align to the likely needs and objectives of customers in the target market.

Attributes	Appropriate for customers who...	Important Considerations
An everyday transaction account	Want access to an everyday transaction account designed for digital use, with no fees.	Others, such as the banks of international merchants or international ATM operators, may charge fees.
Reduced interest on the linked home loan	Want to offset some or all interest payable on a variable rate loan account under their OHL.	Offset Accounts can only be linked to a variable rate home loan account under an OHL facility.
A linked debit card	Want the ability to make everyday purchases with a linked debit card including in person, online and via digital wallets.	Branch services are not readily available and customers must manage the account via Macquarie Online and/or Mobile Banking.

Monthly home loan repayments will not reduce as a result of using an Offset Account. The interest saved will be used to pay down the principal balance faster. These funds will not become available redraw.

Distribution Conditions

Macquarie's view is that the conditions specified below are appropriate and that most of the customers who acquire the products will likely be in the target market if distributed in accordance with them. These conditions:

- Limit the channels through which the product can be provided, thereby ensuring that applications are only received through channels that are subject to appropriate conditions, appropriate controls and appropriate monitoring; and
- Ensure that those appointed to distribute the product (mortgage brokers and Macquarie staff) are adequately trained, accredited, monitored, and subject to other compliance obligations; and
- Ensure the product is only distributed in accordance with a consistent application and assessment process - that is Macquarie Home loans are:
 - 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 products; and
 - Only reviewed 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; and
- Ensure that only applicants that meet our product eligibility requirements proceed for assessment.

When distributed by third party brokers:

Mortgage brokers may only submit an application for a Macquarie Home Loan:

- Using Macquarie's approved application systems, forms and documents; and
- Where they are accredited with Macquarie and have met Macquarie's training requirements; and
- Where they are a member or representative of a mortgage aggregator which has:
 - Been accredited by Macquarie; and
 - Entered into an agreement with Macquarie that is subject to legal and regulatory obligations that the aggregator and the broker must meet and
 - Where the mortgage broker or aggregator is required to comply with the Macquarie Broker Code of Conduct (or an equivalent Macquarie policy; and
- Where they maintain the licencing or authorisation status necessary to distribute regulated credit products; and
- Where they are not currently subject to any suspension or revocation of their accreditation with Macquarie; and

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

When distributed by Macquarie:

- Only appropriately authorised Macquarie staff that have satisfied Macquarie's training requirements (including but not limited to training to understand and discuss the benefits, rates, fees and key differences between these products) may distribute these products.
- 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.

Distribution Reporting Requirements

Brokers must provide Macquarie with the following information:

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 information relating to the nature of complaints) as Macquarie requests from time to time.
Reporting method	Via www.macquarie.com.au/ddo

Operation of this TMD

We consider that the products (including their key attributes) are likely to be appropriate for the target market because we have conducted an assessment and concluded that:

- The products (and each of their key attributes as set out above) are 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 products to the target market, such that most of the customers who acquire the products 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 products 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.
Scheduled ongoing reviews	Within 18 months from the completion of the last 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 products; or• A material, unexpected increase in the number of customers in arrears; or• A material incident (affecting a customer) or significant number of incidents in relation to the products design or distribution that identify breaches of our Design and Distribution Obligations; or <p>Note: The above review triggers are monitored through the collection of data relating to the performance of the products.</p> <ul style="list-style-type: none">• Implementation of a material change to the products to customers including a material change to the fees or terms and conditions of the products; or• Commencement of a change in law or other regulatory requirement materially affecting the products; or• 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 products to ASIC. <p>Note: 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>
