

**Target Market Determination for Variable Rate Home Loan – Investment  
Issued by Heritage Bank Limited**

Category	Description	
<b>Product:</b>	A variable rate credit facility used to purchase or build a residential property (or refinance an existing home loan facility) for investment purposes.	
<b>Product Options:</b>	<b>Discount Variable Rate Home Loan - Investment – Principal and Interest</b> Principal and interest repayments (but interest only repayments during construction period) with a discount variable interest rate for the product.	
	<b>Discount Variable Rate Home Loan - Investment – Interest Only</b> Interest only repayment with a discount variable interest rate for the product.	
	<b>Standard Variable Rate Home Loan – Investment – Principal and Interest</b> Principal and interest repayments (but interest only repayments during construction period) with a standard variable interest rate for the product.	
	<b>Standard Variable Rate Home Loan – Investment – Interest Only</b> Interest only repayment with a standard variable interest rate for the product.	
<b>Start Date:</b> Date the determination was made	5 October 2021	
<b>Version:</b>	1.0	
<b>Review Date:</b>	The first review, and each ongoing review, must be completed within each consecutive 1 year period from the Start Date.	
<b>Target Market:</b> Class of consumers that comprise the target market for the product	<b>Consumer Description:</b> This describes consumers in the target market	<b>Objectives &amp; Needs</b> A person who may seek a credit facility to purchase or build a residential property, improve residential property, access equity, or refinance an existing home loan facility for investment purposes, and that takes advantage of potential future decreases in an interest rate, and has flexibility to make additional repayments and/or repay the facility early.  <b>Financial Situation</b> A person who will have access to funds to pay fees, interest and repayments as and when such amounts become due and payable.
	<b>Product Description:</b> This describes the product	Variable rate loan with the following key attributes: <ul style="list-style-type: none"> <li>the ability to use the credit to build, renovate or purchase residential property for investment purposes, access equity, or refinance a credit facility obtained for such investment purposes;</li> <li>a variable rate with flexibility to make additional repayments (including early repayment of the facility); and</li> <li>the consumer is only required to make payment of fees, interest and repayments.</li> </ul> In general, it is only available to consumers that meet standard eligibility criteria.
	<b>Appropriateness Statement:</b> This explains why the product is consistent with the likely objectives, financial situation and needs of the target market	The product is appropriate for the target market on the basis that the key attributes of the product listed in this determination directly address the objectives, financial situation and needs of consumers in the target market as described in this determination.
<b>Distribution Conditions:</b> The conditions and restrictions on the distribution of the product	<b>Marketing and Promotion</b> This condition applies to marketing and promotional materials that describe the product	<b>Condition 1</b> A distributor must only market and promote the product through: <ul style="list-style-type: none"> <li>marketing material available to potential retail property investors;</li> <li>in person recommendations to access marketing material (including in branch communications and through broker networks) to potential retail property investors; and</li> <li>any other issuer approved communication channels (including telephone, email and social media) used to market the product to potential retail property investors.</li> </ul> This condition is appropriate as the target market is potential retail property investors.
	<b>Retail Product Distribution Conduct (other than Marketing)</b> This condition applies to all conduct (other than marketing) such as issuing, arranging	<b>Condition 2</b> A distributor must only engage in retail product distribution conduct (other than general advice) through: <ul style="list-style-type: none"> <li>in person communications (including in branch and through broker networks);</li> <li>the issuer's and other third party digital platforms; and</li> <li>any other issuer approved communication channels (including telephone, email and social media).</li> </ul>

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	and providing disclosure material	<p>This condition is appropriate as the target market is potential retail property investors. It is also appropriate as the issuer has distributed this product using these methods, with limited risk to consumers.</p> <p><b>Condition 3</b></p> <p>A distributor must only engage in retail product distribution conduct (other than marketing and promotion activity) if it has identified the key difference between:</p> <ul style="list-style-type: none"> <li>the product (including the specific product option requested by the consumer); and</li> <li>the other product options for the product and other separate credit products issued by the issuer.</li> </ul> <p>This condition is appropriate as it requires a distributor to confirm that the consumer is in the target market. It is also appropriate as the issuer has distributed this product by third parties, with limited risk to consumers.</p>
<p><b>Review Triggers:</b></p> <p>The events and circumstances that would reasonably suggest the determination is no longer appropriate</p>	The issuer, and any distributor of this product, must cease retail product distribution conduct in respect of this product when the issuer determines a material event or circumstance has occurred in relation to:	
	<b>Material Complaints</b>	material complaints (in number or significance) in relation to the terms of this product and / or the distribution conduct.
	<b>Hardship Requests, Defaults &amp; Refinances</b>	a significant number of default notices, hardship requests or refinance requests related directly to the appropriateness of the loan that the issuer determines may relate to the appropriateness of the determination.
	<b>Distributor Feedback</b>	reporting from distributors, or consistent feedback from distributors on the target market which suggests that the determination may no longer be appropriate.
	<b>Substantial Product Change</b>	a substantial change to the product that is likely to result in the determination no longer being appropriate for the target market.
	<b>Significant Dealing</b>	a material pattern of dealings in the product or of distributor conduct that is not consistent with the determination.
	<b>Notification from ASIC</b>	a notification from ASIC requiring immediate cessation of product distribution or particular conduct in relation to the product.
<b>Reporting Period:</b>	The reporting period for this determination is every 6 months commencing from the Start Date.	
<p><b>Reporting Information:</b></p> <p>The kinds of information needed to identify whether a review trigger has occurred, who must report this information and the reporting period</p>	A distributor that engages in retail product distribution conduct in respect of this product must provide the following information in writing to the issuer within the times specified below:	
	<b>Complaint Information</b>	<p>Information about complaints received in relation to the product during the reporting period, and if complaints were received, a description of the number of complaints and the nature of the complaints received and other complaint information set out in paragraph RG 271.182 of Regulatory Guide 271 Internal dispute resolution.</p> <p>The distributor must provide the information as soon as practicable, or in any event, within 10 business days after the end of each reporting period.</p>
	<b>Hardship Requests, Defaults &amp; Refinances</b>	<p>Information about defaults, hardship requests or refinance requests related directly to the unsuitability of the loan.</p> <p>The distributor must provide the information as soon as practicable, or in any event, within 10 business days after the end of each reporting period.</p>
	<b>Distributor Feedback</b>	<p>Information discovered or held by the distributor that suggests that the determination may no longer be appropriate.</p> <p>The distributor must provide the information as soon as practicable, or in any event, within 10 business days after the end of each reporting period.</p>
	<b>Significant Dealing</b>	<p>Information about any significant dealing in the product that is not consistent with the target market determination of which the distributor becomes aware.</p> <p>The distributor must provide the information as soon as practicable, or in any event, within 10 business days after becoming aware of the significant dealing.</p>
	<b>Information Requested by Issuer</b>	<p>Information reasonably requested by the issuer.</p> <p>The distributor must provide the information by the date requested by the issuer.</p>
<b>Notes:</b>	Other information relevant to the distribution of the product	
	Nil	

#### Document Control

Version	Date	Comments
1.0	5 October 2021	Determination commenced as a result of the new DDO Regime.

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