

**Target Market Determination for Living Equity Line of Credit
Issued by Heritage Bank Limited**

Category	Description	
Product:	Living Equity Line of Credit A continuing or revolving credit facility that is used for personal purchases and is secured against residential property, which may initially have a variable interest rate and requirement to repay interest only for a fixed term, which then converts to a variable interest rate facility upon the expiration of that fixed period, with principal and interest repayments required for the remainder of the loan term.	
Product Options:	Living Equity Line of Credit - Investment An option for the product where funds are used for investment purposes.	
	Living Equity Line of Credit - Owner-Occupied An option for the product where funds are used for non-investment purposes.	
Product Inclusions: The other facilities included with the product and covered by this determination	Visa Debit Card A non-cash payment facility used for purchases and withdrawals using the Visa Debit Card issued with the facility.	
	Cheque A non-cash payment facility used to make payment to a specified payee or bearer.	
	BPAY A non-cash payment facility used to make payment using funds available in the facility on a platform operated by BPAY.	
	Direct Debit A non-cash payment facility used to make payment to third party merchants using funds available in the facility.	
	Periodical Payments A non-cash payment facility used to make payment to another Heritage account or an account at another financial institution using funds available in the facility.	
	Fund Transfers A non-cash payment facility used to make payment to another Heritage account or an account at another financial institution using funds available in the facility.	
Start Date: Date the determination was made	5 October 2021	
Version:	1.0	
Review Date:	The first review, and each ongoing review, must be completed within each consecutive 1 year period from the Start Date.	
Target Market: Class of consumers that comprise the target market for the product	Consumer Description: This describes consumers in the target market	<p>Objectives & Needs</p> <p>A person who may require a continuing or revolving line of credit facility for personal purchases, that is secured against residential property, and who may seek to make interest only repayments initially upon commencement of the facility, for a fixed period, and then principal and interest repayments upon conclusion of that fixed period, for the remainder of the loan term.</p> <p>Financial Situation</p> <p>A person who:</p> <ul style="list-style-type: none"> • at the time of application, owns residential property that can be used to secure the credit facility; and • will have access to funds to pay fees, interest and repayments as and when such amounts become due and payable.
	Product Description: This describes the product	<p>A variable rate revolving line of credit facility used for personal purchases, that is secured against residential property with the following key attributes:</p> <ul style="list-style-type: none"> • the ability to access credit over an extended period of time; • the requirement to make interest only repayments upon commencement of the facility, for a fixed period of time, and then principal and interest repayments upon conclusion of the fixed period and for the remainder of the loan term; and • a variable interest rate with interest charged monthly on the daily debit balance (and which may pay monthly interest at a variable rate on daily credit balances). <p>In general, it is only available to consumers that meet standard eligibility criteria.</p>
	Appropriateness Statement: 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.

Distribution Conditions: The conditions and restrictions on the distribution of the product	Marketing and Promotion This condition applies to marketing and promotional materials that describe the product	Condition 1 A distributor must only market and promote the product through: <ul style="list-style-type: none"> advertising on television, radio, the internet (including social media), billboards and physical banners, brochures and other marketing material available to the general public; in person recommendations to access marketing material (including in branch communications and through broker networks); and any other issuer approved communication channels (including telephone, email and social media). This condition is appropriate as the target market is wide.
	Retail Product Distribution Conduct (other than Marketing) This condition applies to all conduct (other than marketing) such as issuing, arranging and providing disclosure material	Condition 2 A distributor must only engage in retail product distribution conduct (other than general advice) through: <ul style="list-style-type: none"> in person communications (including in branch and through broker networks); the issuer's and other approved third party digital platforms; and any other issuer approved communication channels (including telephone, email and social media). This condition is appropriate as the target market is wide. It is also appropriate as the issuer has distributed this product using these methods, with limited risk to consumers.
		Condition 3 A distributor must only engage in retail product distribution conduct (other than marketing and promotion activity) if it has identified the key difference between: <ul style="list-style-type: none"> the product (including the specific product option requested by the consumer); and other separate credit products issued by the issuer. This condition is appropriate as it requires a distributor to confirm that the consumer is in the target market.
Review Triggers: The events and circumstances that would reasonably suggest the determination is no longer appropriate	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:	
	Material Complaints	material complaints (in number or significance) in relation to the terms of this product and / or the distribution conduct.
	Hardship Requests, Defaults & Refinances	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.
	Distributor Feedback	reporting from distributors, or consistent feedback from distributors on the target market which suggests that the determination may no longer be appropriate.
	Substantial Product Change	a substantial change to the product that is likely to result in the determination no longer being appropriate for the target market.
	Significant Dealing	a material pattern of dealings in the product or of distributor conduct that is not consistent with the determination.
	Notification from ASIC	a notification from ASIC requiring immediate cessation of product distribution or particular conduct in relation to the product.
Reporting Period:	The reporting period for this determination is every 6 months commencing from the Start Date.	
Reporting Information: The kinds of information needed to identify whether a review trigger has occurred, who must report this information and the reporting period	A distributor that engages in retail product distribution conduct in respect of this product must provide the following information in writing within the times specified below:	
	Complaint Information	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. 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.
	Hardship Requests, Defaults & Refinances	Information about defaults, hardship requests or refinance requests related directly to the unsuitability of the loan. 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.
	Distributor Feedback	Information discovered or held by the distributor that suggests that the determination may no longer be appropriate. The distributor must provide the information within 10 business days after the reporting period.
	Significant Dealing	Information about any significant dealing in the product that is not consistent with the target market determination of which the distributor becomes aware. 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.
	Information Requested by Issuer	Information reasonably requested by the issuer. The distributor must provide the information by the date requested by the issuer.

Note that when printed, this document may have been superseded. Please refer to heritage.com.au/TMD for the most current version of this document. Heritage Bank Limited. ABN 32 087 652 024. AFSL and Australian Credit Licence 240984. Doc ID Living Equity Loan/v1. Effective 10/21.

Notes: Other information relevant to the distribution of the product	Nil
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Document Control

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