

## Target Market Determination – Home Loans

This Target Market Determination [TMD] is a document of Unity Bank Limited.

This TMD seeks to give our members, staff, product distributors, and other interested parties an understanding of the class of consumers for whom the product described has been designed, how the product is distributed, and related matters.

This TMD is not, and should not be construed as, a full summary of the product's terms and conditions. Nor is it a substitute for the provision of financial advice.

When deciding about the product, please refer to the product's terms and conditions.

<b>Product</b>	First Rate Home Loan - Owner Occupied – First Home Buyers – Principal and Interest
<b>Issuer</b>	Unity Bank Limited ABN/ACN 11 087 650 315 AFSL/Australian Credit Licence 240399  Reliance Bank is a division of Unity Bank Limited.
<b>Effective Date of TMD</b>	21 <sup>st</sup> February 2022
<b>Target Market</b>	<p><b>Description of target market</b></p> <p>Consumers that are looking to build or purchase a first home with the flexibility to make additional repayments and redraw funds as required.</p> <p><b>Description of product, including key attributes</b></p> <p>The First Rate home loan is our standard variable interest rate loan that gives flexible repayment options, no monthly account keeping fees and more.</p> <p>The product's key attributes are:</p> <ul style="list-style-type: none"> <li>• Borrow up to 85% LVR without paying LMI</li> <li>• Valuation and Unity Bank Legal fees waived (Government fees still apply)</li> <li>• Principal and interest payments</li> <li>• Unlimited free redraw</li> <li>• Loan period available up to 30 years</li> <li>• No monthly account keeping/service fees</li> <li>• No penalty for early pay outs</li> <li>• Top up facility available</li> <li>• Ability to make additional repayments at no extra cost</li> <li>• Option to split the loan between fixed and variable</li> <li>• Ability to use family guarantee</li> </ul>

**Target Market  
(continued)**

**Description of likely objectives, financial situation and needs of consumers in the target market**

The product has been designed for consumers that:

- Are seeking the flexibility to make extra repayments without a fee and/or seeking flexibility to redraw funds as required
- Meet Unity Bank's credit assessment requirements and receive sufficient regular income
- Are seeking the ability to drawdown the loan progressively for loans for construction purpose
- Can provide residential property to secure the loan
- Need funds to purchase or build their first home.

**Classes of consumers for whom the product is clearly unsuitable**

- Consumers that do not meet the eligibility criteria
- Consumers that are determined unsuitable by the lender due to high credit risk
- Consumers that require interest only payments over the first 1- 5 years
- Consumers that want a loan term greater than 30 years
- Consumers that want to link an offset facility to their home loan
- Consumers that want to fix their interest rate at the commencement of their loan
- Consumers that want a line of credit facility
- Consumers that have defined goals and objectives and are not met by this product
- Consumers that have purchased a property before.

**Distribution**

**Distribution channels**

The product is designed to be distributed through the following means:

- Direct distribution by Unity Bank employees via branch, online and phone
- Unity Bank accredited mortgage brokers

**Distribution conditions and restrictions**

The distribution of the product is subject to the following conditions and restrictions:

- Consumer meets the minimum age of 18
- Consumer is an Australian citizen or permanent resident
- Consumer meets the credit eligibility criteria
- Be a shareholder or become a shareholder of Unity Bank
- Unity Bank to ensure staff are accredited and authorised as product distributors
- Unity Bank to ensure Third Party distributors are industry qualified and fully accredited
- Consumers with appropriate borrowing capacity

<p><b>Distribution (continued)</b></p>	<p><b>Why the distribution conditions and restrictions will make it more likely that the consumers who acquire the product are in the target market</b></p> <p>All applications for this product are subject to Unity Banks credit assessment and loan eligibility criteria. In addition, Unity Bank completes further upfront evaluations, ongoing due diligence and monitoring of product training to our staff.</p>
<p><b>Reviews Triggers</b></p>	<p>We will undertake a review of this TMD in the following circumstances:</p> <p><b>Complaints</b></p> <ul style="list-style-type: none"> <li>• Consumer complaints (in number or significance) within a 3 month period regarding understanding of risks, key terms, conditions or features of this product.</li> </ul> <p><b>Feedback from Third Party distributors</b></p> <ul style="list-style-type: none"> <li>• Reporting received, or consistent feedback from Third Party distributors which suggests that the target market may no longer be appropriate.</li> </ul> <p><b>Substantial product change</b></p> <ul style="list-style-type: none"> <li>• When a substantial change is made to the product terms, conditions or key attributes</li> <li>• If we make a material change to the design or distribution of the product</li> </ul> <p><b>Product performance</b></p> <ul style="list-style-type: none"> <li>• Evidence that consumer usage is significantly different from original expectations and contrary to the design of the product</li> <li>• Evidence that product is no longer meeting the financial situation, needs and objectives of the target market</li> <li>• Evidence of substantial sales outside of the target market</li> <li>• If the product's design or distribution receive adverse media coverage</li> </ul> <p><b>Significant change to the external environment</b></p> <ul style="list-style-type: none"> <li>• Regulatory or legislative environment for this product</li> <li>• Economic and market conditions</li> </ul> <p><b>Notification from ASIC and/or AFCA</b></p> <ul style="list-style-type: none"> <li>• ASIC request immediate cessation of product distribution, or cessation of particular conduct in relation to the product</li> <li>• If ASIC raises concerns about the product's design or distribution</li> <li>• If the Australia Financial Complaints Authority or a Court raise concerns about the product's design or distribution</li> </ul> <p><b>Significant dealings</b></p> <ul style="list-style-type: none"> <li>• A significant dealing of the product to consumers outside the target market occurs</li> <li>• If any other event or circumstance occurs indicating that this TMD may no longer be appropriate.</li> </ul> <p>Where a review trigger or event occurs, we will review this TMD within 10 business days.</p>

<p><b>Review Periods</b></p>	<p><b>Initial review</b></p> <p>We will undertake a review of this TMD within 12 months of the effective date.</p> <p><b>Periodic review</b></p> <p>We will undertake periodic reviews of this TMD at least every 2 years from the initial review.</p>
<p><b>Distributors Reporting Requirements</b></p>	<p><b>Complaints</b></p> <p>Distributors must report to us in writing within 10 business days they become aware of a complaint related to risks, key terms, conditions or features of this product including:</p> <ul style="list-style-type: none"> <li>• The number of complaints</li> <li>• The nature and circumstances of the complaint; and</li> <li>• The substances of those complaints and any general feedback relating to the product or its performance.</li> </ul> <p><b>Significant dealings</b></p> <p>Distributors must report to us in writing within 10 business days they become aware of a significant dealing in the product that is inconsistent with this TMD. This also applies when we distribute our own product. Written notification needs to include the following:</p> <ul style="list-style-type: none"> <li>• Date(s) the significant dealing occurred;</li> <li>• Description of the significant dealing and why it is not consistent with the TMD;</li> <li>• Why the dealing is significant;</li> <li>• How the significant dealing was identified; and</li> <li>• What steps, if any, have been, or will be, taken in relation to the significant dealing.</li> </ul>