



# TARGET MARKET DETERMINATION

## NAB BASE VARIABLE RATE HOME LOAN

Determination Criteria	Description	
<b>Start Date:</b>	16/10/2021	
<b>First and ongoing review period:</b>	The first review, and each ongoing review, must be completed within each consecutive 12 month period from the Start Date.	
<b>Product:</b>	<p><b>NAB Base Variable Rate Home Loan</b></p> <p>A basic home loan to use credit for the purchase, improvement, or construction of a property for owner occupied or investment purposes or other personal purposes with flexible repayment options, redraw and no monthly fee.</p>	
<b>TARGET MARKET</b>		
<b>Target market &amp; product attributes:</b>	<p><b>Consumer needs and objectives</b></p> <p>A person that wants a basic home loan to purchase or improve a home, refinance a home loan, construct a home to owner occupy or for investment or other personal purposes.</p>	<p><b>Product attributes</b></p> <p>This home loan provides the ability to use credit:</p> <ul style="list-style-type: none"> <li>for the purchase or improvement of a property</li> <li>for the refinance a home loan</li> <li>for the construction of a home</li> <li>other personal purposes.</li> </ul> <p>This home loan has an application fee but no monthly fee.</p>
	<p><b>Consumer financial situation</b></p> <p>A person that has at least 20% equity in their home or is willing to pay an insurance premium for Lender's Mortgage Insurance (LMI) where the borrowing amount exceeds 80% of the value of the home.</p> <p>A person that has access to sufficient income satisfy NAB's credit assessment requirements and to meet the following payments:</p> <ul style="list-style-type: none"> <li>principal amounts due</li> <li>interest amounts due</li> <li>application fee.</li> </ul> <p>A person that has a defined exit strategy to pay the outstanding amount due at the end of the loan term.</p>	<p><b>Product attributes</b></p> <p>Lender's Mortgage Insurance (LMI) may be required and a premium charged for this home loan if the Loan to Value Ratio (LVR) is 80% or more.</p> <p>This home loan requires regular schedule repayments including:</p> <ul style="list-style-type: none"> <li>principal amount</li> <li>interest repayments.</li> </ul> <p>This home loan requires the payment of an application fee.</p>
	<p>A person that wants an interest rate that varies with flexible repayment amounts and the flexibility to make extra repayments and save interest.</p> <p>A person that wants to minimise repayments for a defined period by only repaying interest costs.</p> <p>A person that wants flexibility to access and redraw extra repayments that have been made.</p>	<p><b>Product attributes</b></p> <p>This home loan provides access to a variable interest rate option with:</p> <ul style="list-style-type: none"> <li>flexible principal and interest repayment options including: <ul style="list-style-type: none"> <li>weekly repayments</li> <li>fortnightly repayments</li> <li>monthly repayments</li> </ul> </li> <li>interest only repayment option (monthly only)</li> <li>flexibility of making extra repayments</li> <li>redraw of extra repayments with a minimum \$500 where the extra</li> </ul>



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		<p>repayments are more than one scheduled repayment.</p>
	<p>A person that wants to minimise repayments for a defined period by only repaying interest costs. A person that is able to repay increased principal and interest repayments after the defined interest only period.</p> <p>A person that does not want to:</p> <ul style="list-style-type: none"> <li>• reduce the principal owing on a home loan for a defined period</li> <li>• reduce the interest repayments for a defined period.</li> </ul>	<p>This home loan provides access to an interest only option for a defined period.</p> <ul style="list-style-type: none"> <li>• Only the interest must be paid during the interest only period.</li> <li>• Extra principal payments may be made during the interest only period for any amount where a variable interest rate applies.</li> </ul>
<b>Negative target market statement</b>	<ul style="list-style-type: none"> <li>• Not suitable for a person requiring credit for business purposes or a home loan with a fixed rate period.</li> <li>• Not suitable for a person requiring a home loan with an offset facility.</li> </ul>	
<b>Appropriateness statement:</b>	<p>NAB has considered that the product including its key attributes is appropriate for the target market including the likely objectives, financial situation and needs of consumers in the target market.</p>	
<b>DISTRIBUTION CONDITIONS</b>		
<p><b>Authorisation:</b> This condition applies to all conduct</p>	<p><b>Condition 1</b></p> <p>A distributor must:</p> <ul style="list-style-type: none"> <li>• hold an Australian Credit Licence or be a Credit Representative authorised to engage in credit activities on behalf of a credit licensee unless an exemption applies covering the provision of credit activities in respect of the product; and</li> <li>• if the distributor is not NAB: <ul style="list-style-type: none"> <li>- comply with the terms and conditions of any relevant distribution agreement or arrangement with NAB</li> <li>- if applicable, comply with the terms of any licensing exemption covering the provision of credit activities in respect of the product.</li> </ul> </li> </ul> <p>This condition is appropriate as it ensures distributors are appropriately authorised to provide the relevant regulated financial services and will comply with the commercial terms agreed between the distributor and NAB.</p>	
<p><b>General Advice including Marketing:</b> This condition applies to general advice (including most marketing)</p>	<p><b>Condition 2</b></p> <p>A distributor must only provide general advice (such as marketing) if:</p> <ul style="list-style-type: none"> <li>• a Target Market Determination (TMD) has been made and published for the product and has not been withdrawn</li> <li>• the distributor complies with the terms of the TMD for the product</li> <li>• the general advice is consistent with the consumer needs, objectives and financial situation defined in the target market for the product; and</li> <li>• ASIC has not issued a Product Intervention Power restricting the publication of general advice for the product by the distributor.</li> </ul> <p>A distributor may provide general advice (marketing) as to the product through public channels such as:</p> <ul style="list-style-type: none"> <li>• television, radio, internet (including social media), billboards and physical banners, periodicals, brochures, and other marketing material available to the general public</li> </ul>	



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	<ul style="list-style-type: none"><li>• advertising through comparison sites and rating agencies</li><li>• NAB Branch</li><li>• NAB Business Banking Centre</li><li>• NAB Relationship Bankers</li><li>• NAB Mobile Bankers</li><li>• NAB Accredited Brokers</li><li>• NAB's Call Centre</li><li>• NAB's Mobile Application</li><li>• NAB's Website</li><li>• Direct Mail</li><li>• Direct Email.</li></ul> <p>It is intended that these channels may be available to persons who would not at that time qualify for the product to be issued to them in a regulated sale, for example because they are minors or do not have the income to service the product. This is because the issue of the product is subject to Distribution Conditions 1, 3 and 4 which will ensure that the product is only issued to persons for whom it will be appropriate.</p>
<p><b>Retail Product Distribution Conduct (other than General Advice):</b> These conditions apply to all retail product distribution conduct that is not general advice</p>	<p><b>Condition 3</b></p> <p>A distributor must only engage in retail product distribution conduct (other than general advice) if:</p> <ul style="list-style-type: none"><li>• a TMD has been made and published for the product and has not been withdrawn</li><li>• the distributor complies with the terms of the TMD for the product</li><li>• ASIC has not issued a Product Intervention Power restricting the distribution of the product for the distributor; and</li><li>• the distributor has complied with Condition 4.</li></ul> <p>A distributor must only engage in retail product distribution conduct (other than general advice) through:</p> <ul style="list-style-type: none"><li>• NAB Branch</li><li>• NAB Business Banking Centre</li><li>• NAB Relationship Bankers</li><li>• NAB Mobile Bankers</li><li>• NAB Accredited Brokers</li><li>• NAB's Call Centre</li><li>• NAB's Mobile Application</li><li>• NAB's Website</li><li>• Direct Mail</li><li>• Direct Email.</li></ul> <p>This condition is appropriate as the issuer has distributed this product using these methods, with limited risk to consumers.</p> <p><b>Condition 4</b></p> <p>A distributor must only engage in retail product distribution conduct (other than general advice) if they have identified:</p> <ul style="list-style-type: none"><li>• that the distribution of the product is consistent with the consumer needs, objectives and financial situation defined in the target market for the product</li><li>• that the person is willing and able to pay the application fee and the required minimum monthly repayments including principal and interest to access the key attributes of the product</li><li>• that the person is seeking access to a home loan with the following key attributes:<ul style="list-style-type: none"><li>– a variable rate with access to:</li></ul></li></ul>



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	<ul style="list-style-type: none"> <li>▪ extra repayments</li> <li>▪ redraw</li> <li>▪ interest only repayments</li> </ul> <ul style="list-style-type: none"> <li>• the key difference between:             <ul style="list-style-type: none"> <li>– the product (including the specific product option requested by the consumer); and</li> <li>– the other home loan products issued by NAB.</li> </ul> </li> </ul> <p>The issue of this product is subject to compliance with the responsible lending obligations in Chapter 3 of the National Consumer Credit Protection Act 2009.</p> <p>This condition is appropriate as it requires a distributor to confirm that the consumer is in the target market.</p>						
<h3 style="color: red;">REVIEW TRIGGERS</h3>							
<p><b>Review triggers:</b></p>	<p>NAB and any distributor must cease all retail product distribution conduct (except excluded conduct) in respect of this product within 10 business days of NAB identifying a review trigger unless:</p> <ul style="list-style-type: none"> <li>• NAB has determined that this TMD continues to be appropriate; or</li> <li>• a new TMD has been made.</li> </ul> <p>The events and circumstances described below will trigger a review of this TMD if NAB determines it may relate to the appropriateness of the TMD having regard to NAB's internal policies.</p> <p>NAB will publish notice of a review on its website.</p> <table border="1" data-bbox="384 1122 1497 1973"> <tr> <td data-bbox="384 1122 571 1447"> <p><b>Material complaints</b></p> </td> <td data-bbox="571 1122 1497 1447"> <p>NAB actively monitors consumer complaints and will review the appropriateness of the TMD where complaints in number or significance relate to:</p> <ul style="list-style-type: none"> <li>• consumer understanding of the risks, key terms, conditions or key attributes of this product</li> <li>• credit limit amounts of product</li> <li>• ability to repay the principal amount and interest amounts owed under the facility</li> <li>• interest only periods; and</li> <li>• Loan to Value Ratio and Lender's Mortgage Insurance.</li> </ul> </td> </tr> <tr> <td data-bbox="384 1447 571 1794"> <p><b>Product Performance</b></p> </td> <td data-bbox="571 1447 1497 1794"> <p>NAB actively monitors product performance indicators relevant to the product and will review the appropriateness of the TMD in circumstances where:</p> <ul style="list-style-type: none"> <li>• evidence shows that the financial situation of consumers in the target market may not be met including monitoring of:             <ul style="list-style-type: none"> <li>– customers experiencing disproportionate rate of delinquencies</li> <li>– access to and use of Lender's Mortgage Insurance</li> </ul> </li> <li>• evidence shows that the needs and objectives of consumers in the target market may not be met including monitoring of:             <ul style="list-style-type: none"> <li>– changes to key product attributes; and</li> <li>– consumers refinancing to different lending products.</li> </ul> </li> </ul> </td> </tr> <tr> <td data-bbox="384 1794 571 1973"> <p><b>Feedback from distributors</b></p> </td> <td data-bbox="571 1794 1497 1973"> <p>Reporting received from distributors, or consistent feedback from distributors which suggests that the target market or product attributes may no longer be appropriate.</p> <p>Refer to reporting.</p> </td> </tr> </table>	<p><b>Material complaints</b></p>	<p>NAB actively monitors consumer complaints and will review the appropriateness of the TMD where complaints in number or significance relate to:</p> <ul style="list-style-type: none"> <li>• consumer understanding of the risks, key terms, conditions or key attributes of this product</li> <li>• credit limit amounts of product</li> <li>• ability to repay the principal amount and interest amounts owed under the facility</li> <li>• interest only periods; and</li> <li>• Loan to Value Ratio and Lender's Mortgage Insurance.</li> </ul>	<p><b>Product Performance</b></p>	<p>NAB actively monitors product performance indicators relevant to the product and will review the appropriateness of the TMD in circumstances where:</p> <ul style="list-style-type: none"> <li>• evidence shows that the financial situation of consumers in the target market may not be met including monitoring of:             <ul style="list-style-type: none"> <li>– customers experiencing disproportionate rate of delinquencies</li> <li>– access to and use of Lender's Mortgage Insurance</li> </ul> </li> <li>• evidence shows that the needs and objectives of consumers in the target market may not be met including monitoring of:             <ul style="list-style-type: none"> <li>– changes to key product attributes; and</li> <li>– consumers refinancing to different lending products.</li> </ul> </li> </ul>	<p><b>Feedback from distributors</b></p>	<p>Reporting received from distributors, or consistent feedback from distributors which suggests that the target market or product attributes may no longer be appropriate.</p> <p>Refer to reporting.</p>
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	<b>Substantial Product Change</b>	NAB makes a substantial change to the product terms, conditions or key product attributes including: <ul style="list-style-type: none"> <li>• adding to, removing or changing a product attribute</li> <li>• a substantial pricing change which impacts the customer value proposition of the product</li> <li>• significant changes to a distribution channel and distribution strategy.</li> </ul>
	<b>Significant Change to the External Environment</b>	<ul style="list-style-type: none"> <li>• Regulatory or legislative environment for this product.</li> <li>• Economic and market conditions.</li> </ul>
	<b>Notification from ASIC</b>	NAB receives a notification from ASIC requiring immediate cessation of product distribution, or cessation of particular conduct in relation to the product.
	<b>Significant Dealings</b>	Evidence that the distribution of the product or distributor conduct are significantly different to the expectations set out in the TMD.
<b>REPORTING</b>		
<b>Reporting period:</b>	The Reporting Period for this determination is quarterly during each calendar year: <ul style="list-style-type: none"> <li>• First reporting period ending on 31 March.</li> <li>• Second reporting period ending on 30 June.</li> <li>• Third reporting period ending on 30 September.</li> <li>• Fourth reporting period ending on 31 December.</li> </ul>	
<b>Reporting information:</b>	A distributor must provide the following information in writing as soon as practicable, or within 10 business days after the reporting period unless otherwise specified.	
	<b>Complaint Information</b>	Complaints related to risks, key terms, conditions or key attributes of this product including: <ul style="list-style-type: none"> <li>• the number of complaints</li> <li>• the nature and circumstances of the complaints</li> <li>• whether or not there has been or is likely to be consumer harm or detriment, and if so, the nature of the harm or detriment.</li> </ul>
	<b>Feedback from distributors</b>	Feedback that the target market or key product attributes may no longer be appropriate, including about: <ul style="list-style-type: none"> <li>• consumer understanding of the risks, key terms, conditions or key attributes of this product</li> <li>• the credit limit amount for the product</li> <li>• interest only period</li> <li>• ability to repay the principal amount and interest amounts owed under the loan</li> <li>• Loan to Value Ratio and Lender’s Mortgage Insurance.</li> </ul>
	<b>Significant Dealings</b>	If a distributor becomes aware of a significant dealing in the product or an issue with distributor conduct, that is not consistent with the TMD, they must notify the issuer in writing as soon as practicable, and in any event within 10 business days after becoming aware.
	<b>Other Information Requested by NAB</b>	Any other information requested in writing by NAB from time to time subject to: <ul style="list-style-type: none"> <li>• The request being necessary to enable NAB to meet its legal and compliance obligations; and</li> <li>• NAB providing at least 30 days prior notice before the end of the Reporting Period.</li> </ul>