

Pepper Money Consumer Loan and Mortgage

Target Market Determination

For Pepper Money Limited as servicer of loans issued by Pepper Asset Finance Pty Ltd ACN 165 183 317 and Australian Credit Licence 458899



1. About this document

This target market determination (TMD) provides information about the target market for the Product. It also outlines the likely objectives, financial situation and needs of the target market as well as the key attributes of the product.

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. Consumers must refer to the Consumer Loan and Mortgage which outline the relevant terms and conditions under the product when making a decision about this product.

Target market determination date

5 October 2021

2. Product Name

Pepper Money Consumer Loan and Mortgage

3. Description of target market, including likely objectives, financial situation and needs

The features of this product, including its key attributes have been assessed as meeting the likely objectives, financial situation and needs of consumers who:

- Satisfy our eligibility criteria, including (but not limited to):
 - Being 18 years or older at the time of application;
 - Being resident of Australia (or residing in Australia on a working visa that is acceptable as determined by the us);
 - Being individual or joint applicants living at the same address;
 - Having acceptable credit rating; and
 - receiving sufficient and consistent income;
- Require finance for the acquisition or refinance of one of the following assets for personal use (hereafter defined as Acceptable Asset):
 - Car;
 - Boat;
 - Jet ski;
 - Caravan;
 - Motorcycle;
 - All-terrain vehicle;
 - Tractor;
 - Horse float; or
 - Solar generation and storage;
- Can provide security over the Acceptable Asset by way of a PPSR registration;
- Require a fixed interest rate to provide certainty of repayments;
- Require a loan of between \$5,000 and \$300,000;
- Require a loan term of between 1-7 years;
- Are able to make repayments from an Australian bank account;
- Require the flexibility of making weekly, fortnightly or monthly principal and interest repayments;
- Require the flexibility of purchasing an Acceptable Asset from a dealer or private seller; and
- May require the option of a balloon payment.

The product has been assessed as being consistent with the likely objectives, financial situation and needs of consumers in the target market because the product enables consumers to finance the purchase of a wide variety of assets at a fixed interest rate in return for providing security over the asset. The fixed interest rate provides the certainty of fixed repayments for the term of the loan and the option of a balloon payment provides the ability for the consumer to make lower ongoing repayments during the term of the loan with a final repayment at the end of the loan term.

Product description, including key attributes

Important features of this product include:

- Minimum loan term: 1 year
- Maximum loan term: 7 years
- Minimum loan size: \$5,000
- Maximum loan size: \$300,000
- Fixed interest rate
- Weekly, fortnightly or monthly principal and interest repayments
- Early payout permissible for a fee
- Ability to purchase assets from a dealer or through a private sale
- Balloon repayment available
- Establishment fee, Origination fee, Personal Property Securities Register (PPSR) Search fee, PPSR Registration fee and monthly account keeping fees are payable.
- Interest rate for risk pricing:
 - if a loan is approved, the interest rate offered will depend on our assessment of a number of factors at the time of application including the consumer's credit history, the nature of the asset being purchased, and other relevant factors as provided in the application;
 - the interest rate offered may be higher than our published starting rate(s), depending on the consumer's circumstances (e.g. risk of default, etc). This risk loading will apply for the full term of the loan.

Product description, including key attributes

This product may not be suitable for individuals who:

- do not satisfy our eligibility criteria;
- require a variable interest rate loan;
- require an unsecured loan;
- require a loan for debt consolidation;
- require redraw functionality; and/or
- are looking to borrow less than \$5,000 or more than \$300,000.

4. How this product is to be distributed

Distribution channels and conditions

This product is designed to be distributed through the following channels:

- Pepper Money accredited Asset Finance introducers (**Third Party Channel**); and
- Directly via Pepper Money employees (**Direct Channel**).

The distribution channels are appropriate because:

- the product has a wide target market;
- our Third-Party Channel has an accreditation process to ensure introducers have the required skills, training and knowledge to distribute this product in accordance with the TMD;
- our Direct Channel distributors have been adequately trained and have the necessary skills and knowledge to distribute this product in accordance with the TMD;
- our application and approval process has controls in place to ensure all approved consumers meet our eligibility and lending requirements; and
- we conduct adequate training, upfront and ongoing due diligence and monitoring of distributors including the ongoing provision of information to these distributors.

5. Reviewing this target market determination

We will review this TMD in accordance with the following:

Review periods	First review date: Within twelve months of the effective date Periodic reviews: every twelve months after the initial review and each subsequent review
Review triggers	The review triggers that would reasonable suggested that the TMD is no longer appropriate include (but are not limited to): <ul style="list-style-type: none"> • There is a material change to the design or distribution of the product, including related documentation; • A significant dealing of the product to consumers outside the target market occurs; • External events such as adverse media coverage or regulatory attention suggest that the target market for the product might not be appropriate; and • There is a significant change in product related metrics, including, but not limited to: <ul style="list-style-type: none"> ○ increased complaints in relation to the purchase or use of the product; ○ increased declined loan applications; ○ an increase in the number of customers who pay out the loan within first 12 months; ○ high rates of default; or ○ high rates of hardship.

Where a review trigger has occurred, this TMD will be reviewed within 10 business days. Meanwhile, we will cease to offer this product to our consumers until our review concludes and any necessary changes to the product or TMD, including distribution methods, are made.

6. Distribution information reporting requirements

The following information must be provided by Pepper Money distributors to Pepper Money in relation to the distribution conduct in relation to the product.

Distributors should provide all reporting to ddoreporting@pepper.com.au

Type of Information	Description	Reporting Period
Complaints received in relation to the product, Pepper Money or the distributor	Written details of the complaint, including name and contact details of complainant and substance of the complaint.	As soon as practicable and in any case within 10 business days of receipt of complaint.
Significant dealings	Any significant dealing which is not consistent with this TMD.	As soon as practicable, and in any case within 10 business days after becoming aware