

## Target Market Determination

### Reverse Mortgage

Category	Description
Product	<p><b>Reverse Mortgage</b></p> <p>A credit facility for seniors secured against their residential property to access equity in the property for personal purposes which does not require regular repayments during the term of the facility.</p>
Issuer	Issued by IMB Ltd trading as IMB Bank ABN 92 087 651 974, AFSL/Australian Credit Licence 237 391
Version	1.0
Start Date	5 October 2021
Review Date	The first review of this determination, and each ongoing review, must be completed within each consecutive 12-month period from the Start Date.
<p><b>Target Market</b></p> <p>Class of consumers that comprise the target market for the product</p>	<p><b>Consumer Description</b></p> <p>This describes consumers in the target market</p> <p><b>Objectives &amp; Needs</b></p> <p>A person who is aged 70 years or older (subject to exception) who may require a credit facility secured against their residential property:</p> <ul style="list-style-type: none"> <li>to access equity in the property for personal purposes;</li> <li>that may be drawn down as either: <ul style="list-style-type: none"> <li>an initial lump sum payment; or</li> <li>a scheduled monthly payment; or</li> <li>a flexible draw when required; or</li> <li>a combination of these payment options;</li> </ul> </li> <li>that takes advantage of potential future decreases in interest rate, and has flexibility to make additional repayments and/or repay the facility at any time;</li> <li>that has access to a redraw facility;</li> <li>that has the option to nominate a person to reside in the property after the last person who is a borrower passes away (subject to approval) (<b>nominated resident</b>);</li> <li>that is not required to be repaid until the earlier of: <ul style="list-style-type: none"> <li>the sale of the property;</li> <li>12 months after the last person who is a borrower passes away; or</li> <li>if there is a nominated resident, 12 months after the last person who is a borrower passes away and the last nominated resident has ceased to reside in the property;</li> </ul> </li> <li>that does not require a repayment that is more than the market value of the property at the time the facility is required to be repaid (<b>no negative equity guarantee</b>); and</li> <li>that, in addition to the no negative equity guarantee, has the option to limit the amount required to be repaid by up to 25% of the market value of the property at the time the facility is required to be repaid (<b>protected equity option</b>),</li> </ul> <p>and who has had the opportunity to consider:</p> <ul style="list-style-type: none"> <li>the implications of the facility for any other person residing in the property who is not a nominated resident; and</li> <li>other potential alternatives to the facility.</li> </ul> <p><b>Financial Situation</b></p> <p>A person who:</p> <ul style="list-style-type: none"> <li>owns a residential property with sufficient equity to repay the credit facility and interest that has capitalised during the term of the facility when the facility is required to be repaid</li> </ul>

		<p>(subject to the no negative equity guarantee and protected equity option); and</p> <ul style="list-style-type: none"> <li>• has had the opportunity to consider the implications of the credit facility for: <ul style="list-style-type: none"> <li>○ their entitlement to an age pension or other government benefits; and</li> <li>○ their possible future expenses such as aged care accommodation, in-home care services, medical treatment, home maintenance and day-to-day living expenses (<b>future needs</b>); and</li> <li>○ the value in their property that they can leave to their estate.</li> </ul> </li> </ul>
<p><b>Product Description</b> This describes the product</p>		<p>A credit facility secured against residential property with the following key attributes:</p> <ul style="list-style-type: none"> <li>• the ability to use the credit to access equity in the property for personal purposes;</li> <li>• the facility may be drawn down as either: <ul style="list-style-type: none"> <li>○ an initial lump sum payment; or</li> <li>○ a scheduled monthly payment; or</li> <li>○ a flexible draw as required; or</li> <li>○ a combination of these payment options;</li> </ul> </li> <li>• a variable interest rate with flexibility to make additional repayments (including early repayment of the facility);</li> <li>• interest is capitalised (i.e. periodically added to the outstanding balance) during the term of the facility;</li> <li>• access to a redraw facility;</li> <li>• the option to nominate a person to reside in the property after the last person who is a borrower passes away (subject to approval);</li> <li>• the requirement to repay the facility and capitalised interest on the earlier of: <ul style="list-style-type: none"> <li>○ the sale of the property;</li> <li>○ 12 months after the last person who is a borrower passes away; or</li> <li>○ if there is a nominated resident, 12 months after the last person who is a borrower passes away and the last nominated resident has ceased to reside in the property;</li> </ul> </li> <li>• a no negative equity guarantee and protected equity option; and</li> <li>• a maximum loan to value ratio based on the age of the youngest borrower.</li> </ul> <p>In general, it is only available to consumers that meet eligibility criteria such as being a consumer who is aged 70 years or older (subject to exception).</p>
	<p><b>Appropriateness Statement</b> This explains why the product is consistent with the likely objectives, financial situation and needs of the target market</p>	<p>The product is appropriate for the target market on the basis that the key attributes of the product listed in this determination are consistent with the objectives, financial situation and needs of consumers in the target market as described in this determination.</p>
<p><b>Distribution Conditions</b> The conditions and restrictions</p>	<p><b>Marketing and Promotion</b> This condition applies to</p>	<p><b>Condition 1</b> A distributor must not market and promote the product through marketing and promotional materials available to the general public.</p>

on the distribution of the product	marketing and promotional materials that describe the product	This condition is appropriate as the product is not currently being marketed or promoted to the general public.
	<p><b>Retail Product Distribution Conduct (other than Marketing)</b> This condition applies to all conduct (other than marketing) such as issuing, arranging and providing disclosure material</p>	<p><b>Condition 2</b> A distributor must only engage in retail product distribution conduct through in person communications and any other issuer approved communication channels (including telephone and email). This condition is appropriate as the target market is limited.</p> <hr/> <p><b>Condition 3</b> A distributor must only engage in retail product distribution conduct to persons that are aged 70 years or older (subject to exception) and if it:</p> <ul style="list-style-type: none"> <li>• has identified the key difference between the product and other separate credit products issued by the issuer; and</li> <li>• is reasonably satisfied that the consumer has had the opportunity to consider: <ul style="list-style-type: none"> <li>○ potential alternatives to the product; and</li> <li>○ the implications of the product for: <ul style="list-style-type: none"> <li>▪ their entitlement to an aged pension or other government benefits;</li> <li>▪ their future needs;</li> <li>▪ the value in their property that they can leave to their estate; and</li> <li>▪ any other person residing in the property who is not a nominated resident.</li> </ul> </li> </ul> </li> </ul> <p>This condition is appropriate as it requires a distributor to confirm that the consumer is in the target market.</p> <hr/> <p><b>Condition 4</b> A distributor must only engage in retail product distribution conduct if the distributor is the issuer’s Head of Reverse Mortgages, or another representative of the issuer who is authorised by the issuer to act in conjunction with, or in place of, the issuer’s Head of Reverse Mortgages. This condition is appropriate as it requires a distributor to be appropriately trained to engage in all retail product distribution conduct.</p>
<p><b>Review Triggers</b> The events and circumstances that would reasonably suggest the determination is no longer appropriate</p>	<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:</p>	<p><b>Material Complaints</b> Material complaints (in number or significance) in relation to the terms of this product and / or the distribution conduct.</p> <hr/> <p><b>Financial Difficulty</b> A significant number of customers experiencing financial difficulty related directly to the appropriateness of the product that the issuer determines may relate to the appropriateness of the determination.</p> <hr/> <p><b>Product Performance</b> Evidence, as determined by the issuer, of the performance of the product, in practice, that may suggest that the product is not appropriate for the target market.</p>
	<p><b>Distributor Feedback</b></p> <hr/> <p><b>Substantial Product Change</b></p>	<p>Reporting from distributors, or consistent feedback from distributors on the target market which suggests that the determination may no longer be appropriate.</p> <hr/> <p>A substantial change to the product that is likely to result in the determination no longer being appropriate for the target market.</p>

	<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 3 months commencing from the Start Date.
<b>Reporting Information</b> The kinds of information needed to identify whether a review trigger has occurred, who must report this information and the reporting period		A person that engages in retail product distribution conduct in respect of this product ( <b>distributor</b> ) must provide the following information in writing to the issuer within the times specified below:
	<b>Complaint Information</b>	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.
	<b>Financial Difficulty</b>	Information about customers experiencing financial difficulty related directly to the appropriateness of the product 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 the end of each reporting period.
	<b>Distributor Feedback</b>	Information discovered or held by the distributor that suggests that the determination may no longer be appropriate. 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.
	<b>Significant Dealing</b>	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.
	<b>Information Requested by Issuer</b>	Information reasonably requested by the issuer. The distributor must provide the information by the date requested by the issuer.