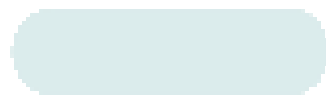
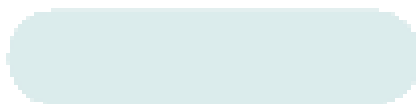


Target Market Determination

Business Home Loan



About this document

This document has been prepared by First Option Bank Ltd (“the Bank”, “we”, “us”), ABN 95 087 650 735, Australian Financial Services Licence (AFSL) no. 236 509, Australian Credit Licence (ACL) no. 236 509.

This Target Market Determination (TMD) is prepared in accordance with section 994B of the Corporations Act 2001 (Cth). It outlines the class of consumers for whom this product is intended, and sets out:

- ③ The conditions under which the product may be distributed,
- ③ The events or circumstances that would trigger a review of the TMD, and
- ③ The reporting obligations for distributors.

This document is not a Product Disclosure Statement (PDS) and does not contain a complete summary of the product’s features or terms. It should not be relied upon as personal advice. Consumers should refer to the relevant disclosure documents before making any decision about this product.

This TMD supports First Option Bank’s commitment to designing and distributing financial products that align with the needs and expectations of our members. First Option Bank is the issuer of this product.

Target Market

This product is designed for members who want a loan:

- ③ to purchase or renovate a residential or commercial real property
- ③ to refinance an existing loan secured by real property.
- ③ to top up an existing loan for any worthwhile purpose
- ③ with a fixed interest-rate option but do not intend to payout the loan in full prior to the end of the fixed period

They must:

- ③ be aged 18 years or over
- ③ be willing and able to offer a first registered mortgage over real property (or other acceptable security) as security for the loan
- ③ meet the credit assessment criteria for the product

They want:

- ③ the flexibility to make additional repayments
- ③ an interest-only period (eg: for tax planning reasons/to complete the construction of a home before commencing principal and interest reductions/whilst selling other property to enable repayment of the loan/planned leave such as maternity)
- ③ need the facility to redraw advance repayments

They do *not* want:

- ③ to pay an annual or monthly fee
- ③ an attached mortgage offset account
- ③ a fee-free, low-interest credit card

Description of Product, including Key Attributes

This is a housing loan secured over real property. The key attributes are:

- ④ loan terms of up to 30 years
- ④ up to a maximum loan amount of 80% loan to valuation ratio of a qualifying security
- ④ interest only for an initial period (contact us via one of our distribution channels for more information)
- ④ interest rate options:
 - ④ fixed for an initial period, then variable (contact us via one of our distribution channels for more information)
 - ④ variable
- ④ repayment frequency monthly (other repayment options are available)
- ④ the ability to make additional repayments (but not a full payout) during the fixed rate period without incurring a break cost fee
- ④ redraw facility
- ④ must provide a registered first mortgage over real property
- ④ No application, monthly, or annual membership fees apply.
- ④ Fees apply for redraw and for changes to the loan. (Details are available on the Lending Fees and Charges schedule)
- ④ break costs will apply if a loan with a fixed interest rate is paid out in full during the fixed rate term (details available on the Fees and Charges – Lending schedule)

Distribution Conditions

This product is distributed only by the issuer through the following channels:

- ④ Member Services Contact Centre
- ④ Online (firstoption.com.au)

Distribution conditions for this product include:

- ④ ensuring that customers meet the eligibility requirements for the product
- ④ ensuring that distribution through the member contact centre is by appropriately trained staff

There are currently no other distributors for this product.

Reasonable Steps

First Option Bank will take the following reasonable steps to ensure the product is distributed in accordance with this TMD:

- ④ Ensure all staff involved in distribution are trained on the product's features, target market, and eligibility criteria.
- ④ Regularly monitor sales and distribution data to identify any patterns of distribution outside the target market.
- ④ Implement system-based controls to prevent distribution to ineligible customers (e.g., credit assessment filters, eligibility checks).
- ④ Promptly investigate any significant dealings or complaints and take corrective action where necessary.

Review Triggers

The review triggers that would reasonably suggest that the TMD is no longer appropriate include:

- ③ a significant dealing of the product to consumers outside the target market
- ③ a significant number of complaints is received from customers in relation to their use of the product that reasonably suggests that the TMD is no longer appropriate
- ③ any material changes to the product or the terms and conditions of the product occurs which would cause the TMD to no longer be appropriate

Distributor Reporting Requirements

Distributors of this product must report the following information to First Option Bank:

- ③ Any dealing in the product that is inconsistent with this TMD, within 10 business days of becoming aware.
- ③ The number and nature of complaints received about the product, on a quarterly basis.
- ③ Information on the number of products sold, customer demographics (if available), and any trends or anomalies observed, on a quarterly basis or upon request.
- ③ Any feedback that may indicate the product is not meeting the needs of the target market.
- ③ This information must be reported to the issuer in accordance with the agreed reporting schedule or upon request.

Justification for Grouping Product Variants

Product Name: First Option Business Home Loan

Product Variants Covered:

- ③ Repayment Type:
 - ③ Principal & Interest (P&I)
 - ③ Interest Only (IO)

This Target Market Determination (TMD) applies to the First Option Bank Business Home Loan product in all its available configurations. While the product offers choices in repayment method (P&I or IO) this difference does not fundamentally alter the nature, purpose, or suitability of the product for its intended target market.

The grouping of all home loan variants into a single TMD is appropriate because:

- ③ The variants serve a broad but cohesive class of consumers.
- ③ Differences in features do not warrant materially different target markets.

As such, First Option Bank considers this consolidated TMD to be compliant with the obligations set out in ASIC Regulatory Guide 274 (RG 274) and the Corporations Act 2001 – Design and Distribution Obligations

Review Periods

- ③ First issue date: 5 October 2021
- ③ Periodic reviews: Annually