

Target Market Determination (TMD) Sovereign Credit Secured Personal Loans

Issuer of this TMD – Sovereign Credit Pty Ltd ACN 089 890 326 Australian Credit Licence 392266

Effective Date of TMD – 1st November 2023

1. About this document

This Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth). It sets out the target market for the product, distribution conditions and restrictions, triggers to review and certain other information. It forms part of Sovereign Credit's product design and distribution framework for the product.

This document is **not** a summary of all product features, fees, or terms of the product. This document is general in nature and should not be construed as financial advice. This document does not consider any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the "Loan Contract Terms and Conditions" before deciding whether to apply for this product.

2. Class of consumers that fall within this target market

This product has been designed for customers who:

- are individuals;
- are Visa holders, Permanent Residents or Australian Citizens;
- are over 18 years of age;
- require a retail loan for an approved purpose;
- require a loan for a term between 1 to 7 years, for loan amounts of at least \$6,000, that is to be repaid with regular principal and interest repayments;
- be in possession of unencumbered security valued within the loan to value parameters of the product
- require certainty around repayments with a fixed repayment amount and interest rate; and
- can afford the loan amount having regard to Sovereign Credit's credit risk assessment.

3. Product descriptions and key attributes

The key attributes of this product include:

- Loan amounts of at least \$6,000.
- Fixed loan term starting at 1 year up to 7 years.
- Fixed interest rate for the term of the loan.
- Security for Personal Loans must be 80% Net amount financed, minimum \$5000. Security can include car, caravan, motorcycle and boat.
- Types of fees payable include establishment fee, monthly loan service fee, late fee, and early termination fee).
- Customers make scheduled principal and interest repayments at regular intervals (weekly, fortnightly or monthly) over the term of the loan.

4. Objectives, financial situations and needs

The product has been designed for individuals whose objectives, financial situation and needs include:

- Credit for an approved purpose (including holidays, home improvements, medical loans and debt consolidation)
- A loan term between 1 and 7 years
- Being able to pay the fees and charges associated with the loan
- The stability of repaying the loan across a specified term
- The ability to provide security for the credit

5. How this product will be distributed

The following conditions and restrictions have been assessed as being appropriate to direct the distribution of the product to the target market.

Channel	Conditions
Direct – online or by phone	Only trained and approved Sovereign Credit employees are permitted to assist consumers with this product. The employees have the necessary training, skills and knowledge to assess whether the consumer is within the target market.
Referrers	Only referrers engaged under a Referrer agreement are permitted to assist consumers with this product. The Referral partner may collect the customers information and generate contracts, but all lending decisions remain with Sovereign Credit employees.

The distribution channels and conditions are appropriate because:

- the product has a wide target market;
- our distributors have been adequately trained to understand their DDO obligations;
- we rely on existing distributors, methods, controls and supervision already in place; and
- our approval system has controls in place to flag applicants who may be outside the target market.

6. Reviewing the TMD

The following review triggers would reasonably suggest that the TMD may no longer be appropriate:

Review Trigger 1:

A significant dealing of the product to consumers outside the target market occurs.

Review Trigger 2:

Relevant changes in the law, applicable industry code, decision of a court or other regulatory body (including through regulatory guidance), that materially affects the product.

Review trigger 3:

Significant or unexpectedly high number of complaints regarding the product, including Australian Financial Complaints Authority (AFCA) determinations.

Review trigger 4:

Sovereign Credit will measure leading indicators to determine if product performance is materially inconsistent with Sovereign Credit's expectations.

Leading indicators for potential review triggers:

Leading indicators and trends are measures that may be suggest that the TMD requires a review.

Some of these are noted below:

- Internal decisions to amend or modify the product, its features, or its distribution including changes to pricing.
- Regulator and other feedback received.
- Portfolio performance, including customer assistance.
- The nature and volume of any significant dealings out of the target market.

Where a trigger event has occurred, this TMD will be reviewed within 10 business days.

7. Periodic review of TMD

Sovereign Credit will review this TMD periodically to ensure that it remains appropriate.

- Initial review of TMD: within 12 months from the date this TMD is made; and
- Ongoing review of TMD: within 24 months from the date of the last review.

8. Distribution Information Reporting Requirements

The following information must be provided to Sovereign by distributors who engage in retail product distribution conduct in relation to this product:

Type of information	Description	Reporting period
Specific Complaints	Details of the complaint, including name and contact details of complainant and substance of the complaint.	As soon as practicable and within 10 business days of receipt of complaint.
General Complaints Information	Number of complaints and general feedback relating to the product and its performance	Quarterly
Significant dealing(s)	Date or date range of the significant dealing(s) and description of the significant dealing (eg, why it is not consistent with the TMD)	As soon as practicable, and in any case within 10 business days after becoming aware