

# Target Market Determination

## Coles Personal Loan including the linked non-cash payment facilities (the Product)

This Product and Target Market Determination (**TMD**) is issued by National Australia Bank Limited (ABN 12 004 044 937, AFSL and Australian Credit Licence 230686) (**NAB**) on 1 September 2023 under section 994B(1) of the *Corporations Act 2001* (Cth) (**Act**). NAB has acquired the business relating to this Product from Citigroup Pty Limited (ABN 88 004 325 080, AFSL and Australian credit licence 238098) (**Citi**) and has appointed Citi to assist to administer this Product.

<b>1. Product</b>	Coles Personal Loan including the linked non-cash payment facilities.
<b>2. Product overview</b>	The Product is a personal loan with the ability to re-use the originally approved credit limit as the loan is paid down. Access to credit is via an initial instalment loan (called a Fixed Payment Option ( <b>FPO</b> )) which may be repaid over a term of 3, 4 or 5 years. Individuals can access the reusable credit facility to make ongoing purchases or cash advances as the initial FPO is repaid.
<b>3. Key attributes</b>	<p>The key attributes of the Product include:</p> <ul style="list-style-type: none"><li>a) A minimum credit limit of \$2,000 up to a maximum limit of \$50,000 for Flybuys members and \$20,000 for non-Flybuys members.</li><li>b) The credit limit is initially converted into a FPO with the benefit of being repaid in fixed instalments over a term of 3, 4 or 5 years. The FPO will be disbursed to a nominated Australian bank account.</li><li>c) Access to an ongoing reusable credit facility which allows the individual to access the available credit as the initial FPO is repaid. Use of the reusable credit will increase the repayment amount required each month.</li><li>d) No early repayment fees or limits to the amount that can be repaid in a month.</li><li>e) A one-off establishment fee of \$199 and a \$10 monthly fee unless the account was acquired during a special promotion period.</li><li>f) A variable annual percentage rate (<b>APR</b>) applies to the whole account (initial FPO, retail purchases and cash advances). From time-to-time special promotions may be provided for retail purchases or cash advances.</li><li>g) Flybuys members enjoy additional benefits such as a discounted APR or extra Flybuys Points. Flybuys members who use the reusable line of credit to shop in-store at a Coles Supermarket earn extra Flybuys Points each month up to a maximum of 1,000 Flybuys Points.</li><li>h) No cash advance fees are charged for accessing cash from the Product.</li><li>i) The Product can be used to make payments to others, such as retailers in store or online via a debit card and through digital wallets, to obtain cash via an ATM or electronic funds transfer, pay bills through BPAY® using online access, the customer service centre or mobile services or by setting up recurring card instructions with merchants. Account holders can obtain Product and account information and transact through online access, the customer service centre or mobile services.</li></ul>

<p><b>4. Target market</b></p>	<p>The target market for the Product are individuals who:</p> <ol style="list-style-type: none"> <li>a) are seeking a personal loan to manage cash flow for a large consumer purchase (such as a home improvement or a holiday) over a fixed 3, 4 or 5 year term to be paid into their nominated Australian bank account; or</li> <li>b) are seeking to use funds to repay an outstanding credit balance or other debt; and</li> <li>c) may have the need to access an ongoing credit line in the future at the same initial interest rate; and</li> <li>d) meet the Product eligibility criteria and serviceability requirements.</li> </ol> <p>The Product can be used to repay other outstanding credit balances. The Product is not suitable if the individual does not want access to an ongoing line of credit.</p>
<p><b>5. Likely objectives, financial situation and needs of individuals in the target market</b></p>	<p>The likely objectives, financial situation and needs of individuals in the target market include individuals who:</p> <ol style="list-style-type: none"> <li>a) are seeking credit to manage their cash flow in connection with large consumer purchases (such as a home improvement or a holiday); and/or</li> <li>b) use the initial FPO proceeds to repay other credit facilities to receive a benefit such as interest charged at a lower APR or a fixed repayment term; and</li> <li>c) meet the Product eligibility criteria and serviceability requirements.</li> </ol>
<p><b>6. Why it is reasonable to conclude that the Product is likely to be consistent with the likely objectives, financial situation and needs of individuals in the target market</b></p>	<p>The Product, if sold to individuals in the target market, is likely to be consistent with the likely objectives, financial situation and needs of those individuals because the key attributes of this Product are likely to be suitable for individuals in that target market, including that:</p> <ol style="list-style-type: none"> <li>a) the initial FPO will be drawn down upon opening and disbursed to the nominated Australian bank account;</li> <li>b) the initial FPO has a fixed repayment term of 3, 4 or 5 years and a fixed monthly payment amount to repay within the selected term;</li> <li>c) the Product provides access to an ongoing available credit limit via a debit card for retail purchases, or the ability to withdraw cash (cash advance) at ATMs or transfers through online services; and</li> <li>d) the eligibility criteria and serviceability requirements are aligned with key product attributes including the minimum credit limit.</li> </ol>
<p><b>7. Distribution conditions</b></p>	<p>The Product is designed to be distributed by authorised distributors through the following channels to an application process that is owned and managed by NAB:</p> <ul style="list-style-type: none"> <li>• online via Coles website, third party aggregators and partners to an unassisted online application; and</li> <li>• assisted applications through authorised call centres.</li> </ul> <p>The following conditions and restrictions on retail product distribution conduct apply in relation to the Product in addition to any condition or restriction imposed by or under the Act:</p> <ol style="list-style-type: none"> <li>a) The Product may only be distributed to individuals who meet the Product eligibility criteria and serviceability requirements.</li> <li>b) Individuals prior to applying have access to appropriate information and can select the loan purpose, credit limit and initial FPO term to meet their requirements and objectives.</li> <li>c) Third party distributors (e.g. aggregators and partners) may only distribute the Product if they are authorised to do so and then only in the manner described in that authorisation.</li> <li>d) Call centre staff may only distribute the Product if they are authorised to do so and then only in the manner permitted.</li> </ol>

<p><b>8. Why do the distribution conditions make it more likely that consumers who acquire the Product are in the target market?</b></p>	<p>If the Product is sold to an individual in accordance with the distribution conditions, it is likely that the individual is in the target market for reasons including that:</p> <ol style="list-style-type: none"> <li>a) the distribution conditions will facilitate distribution to individuals who meet the eligibility criteria and serviceability requirements for the Product;</li> <li>b) the information prior to applying and disclosures at application make it more likely to assist individuals to assess if the key attributes of the Product are consistent with their needs and objectives;</li> <li>c) authorised third party distributors who engage in retail product distribution conduct are subject to contractual obligations which assist to make it likely that the Product is only distributed to individuals meeting eligibility criteria for the Product; and</li> <li>d) authorised call centre staff have been trained to understand the Product and the relevant policies.</li> </ol>
<p><b>9. Events and circumstances (review triggers) that would reasonably suggest the TMD is no longer appropriate</b></p>	<p>In addition to the initial and periodic reviews, the TMD will be reviewed upon the occurrence of any of the following events:</p> <ol style="list-style-type: none"> <li>a) a material increase over a 12 month period in the proportion of individuals with the Product: <ul style="list-style-type: none"> <li>• who enter into collections or hardship that would suggest difficulty in being able to service the Product; and/or</li> <li>• who lodge complaints that relate to the design or the distribution of the Product that would suggest the TMD is no longer appropriate.</li> </ul> </li> <li>b) a material change to the design or the distribution of the Product that relates to factors considered in making the TMD for the Product; and</li> <li>c) a significant dealing in the Product that reasonably suggests the TMD is no longer appropriate.</li> </ol>
<p><b>10. Review period</b></p>	<p>Next review date: 31 August 2024</p> <p>Periodic reviews: within 1 year after the initial review or the most recent periodic review.</p>
<p><b>11. Reporting period when the Distributor should provide information about complaints and significant dealings to NAB</b></p>	<ol style="list-style-type: none"> <li>a) The reporting period for persons engaging in retail product distribution conduct in relation to the Product (<b>Distributors</b>) to report information about the number of complaints about the Product is monthly.</li> <li>b) Distributors must report if they become aware of a significant dealing in the Product that is not consistent with this TMD as soon as practicable but within 10 business days of becoming aware of that significant dealing.</li> </ol>

**12. Information required from Distributors to enable NAB to identify that the TMD is no longer appropriate**

The following information must be provided to NAB by Distributors who engage in retail product distribution conduct in relation to this Product:

Kind of information	Description	Reporting period for reporting the information
Complaints	Number and substance of complaints and general feedback relating to the Product.	Monthly. Reporting timing: within 10 business days of the end of the reporting period.
Significant dealing(s)	Date or date range of the significant dealing(s) and description of the significant dealing (e.g. why it is not consistent with the TMD).	As soon as practicable but within 10 business days of becoming aware of the significant dealing.
An event or circumstance that has occurred that would reasonably suggest that the TMD is no longer appropriate	Date or date range of the event or circumstance and description of the event or circumstance (e.g. why it is not consistent with the TMD).	As soon as practicable but within 10 business days of becoming aware of the event or circumstance.

Coles unsecured credit products are issued by National Australia Bank Limited (ABN 12 004 044 937, AFSL and Australian Credit Licence 230686) (“NAB”) and distributed by Coles Supermarkets Australia Pty Ltd ABN 45 004 189 708. NAB has acquired the business relating to these products from Citigroup Pty Limited (ABN 88 004 325 080, AFSL and Australian credit licence 238098) (“Citi”) and has appointed Citi to assist to administer the products.