# Target Market Determination
# First Business 3 Loan

This Target Market Determination (TMD) has been prepared by First Federal as part of its product governance framework. It describes the class of customer for whom the First Business 3 Loan is likely to be appropriate, having regard to their likely objectives, financial situation and needs.

This TMD does not constitute financial, legal or credit advice and does not take into account the individual circumstances of any customer. Customers should consider the relevant loan terms and their own circumstances before deciding whether the product is appropriate.

In this TMD, references to "customer" include the borrower, company, directors and/or guarantors as relevant.

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| **Products** | First Business 3 Loan is a short-term business loan with terms of up to three (3) years, designed for company borrowers seeking business-purpose finance secured by real property.<br><br>This product is not regulated under the National Consumer Credit Protection Act 2009 where the credit is provided wholly or predominantly for business purposes |
| **Issuer** | First Federal Pty Ltd ACN: 136 380 526<br>Capital Securities Mortgages Pty Ltd ACN: 651 179 298 |
| **Distributor** | First Federal Home Loans Pty Ltd ACN: 160 925 146 ACL: 504317 |
| **Date Effective** | 1 October 2026 |
| **Objectives, financial situation and needs of the target market (Class of customer)** | This product is designed for company borrowers seeking short-term business-purpose finance secured by real property.<br><br>Customers will likely need this product for:<br>• accessing working capital for business growth;<br>• funding time-sensitive opportunities or short-term liquidity needs;<br>• business expansion or investment purposes;<br>• purchasing or refinancing property;<br>• consolidating business or taxation-related liabilities, including ATO debts;<br>• purchasing vehicles or equipment; or<br>• funding business-related renovations or improvements. |

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| | Customers are expected to have a clear strategy to repay or refinance the facility at maturity.<br><br>The financial situation of the target market is company borrowers with a clear and demonstrable capacity to service interest-only repayments and a credible strategy to repay or refinance the facility at maturity. |
| **Credit assessment criteria for target market** | Customers in the target market must:<br><br>• be an eligible company borrower;<br>• have at least one individual guarantor who is an Australian citizen or permanent resident of Australia;<br>• satisfy applicable residency and borrower eligibility requirements;<br>• meet First Federal's credit assessment and applicable legal requirements;<br>• have acceptable residential, commercial, industrial or land security; and<br>• provide a first registered mortgage over the security property. |
| **Key Features of this product** | • Loan amounts from $150,000 to $5,000,000.<br>• Maximum LVR varies by security type and loan amount:<br>  ○ Residential house / townhouse: up to 75% (loans up to $3M) / 70% (loans $3M–$5M)<br>  ○ Residential unit: up to 70%<br>  ○ Commercial / industrial: up to 70%<br>  ○ Metropolitan vacant land: up to 60% (loans up to $3M) / 50% (loans $3M–$5M)<br>  ○ Non-metropolitan vacant land: up to 60% (loans up to $1M)<br>• Loan term of up to three (3) years.<br>• Variable interest rate.<br>• Interest-only repayments for the life of the loan.<br>• Ability to make additional repayments without penalty.<br>• Establishment, application, risk, valuation and legal fees may apply. |
| **Why this product is likely to match the objectives, financial situation and needs of the target market** | • This product provides short-term business-purpose finance for customers seeking funding for transitional, time-sensitive or other short-term business needs.<br>• The variable interest rate, interest-only repayment structure and ability to make additional repayments provide flexibility to customers within the target market.<br>• This product is supported by residential, commercial, industrial or land security. |
| **Classes of Customer this product may not be suitable for** | This product may not be suitable for customers who:<br>• are seeking long-term lending;<br>• are seeking principal and interest repayments; |

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| | • are seeking fixed interest rates;<br>• are seeking offset accounts or transactional banking features;<br>• are seeking construction funding or progressive draw facilities;<br>• are seeking finance as an individual, sole trader or partnership rather than through a company structure; or<br>• do not have a clear strategy for repayment or refinance of the facility at maturity. |
| **Distribution Conditions/Restrictions for the product** | These products may only be distributed through:<br>• accredited mortgage brokers;<br>• approved aggregator partners; or<br>• other approved distribution partners,<br>who are appropriately trained, competent and authorised to engage in credit activities.<br><br>These distribution arrangements are appropriate because they ensure distributors:<br>• understand the product's key features and target market;<br>• hold the required authorisations;<br>• are able to assess whether applicants are likely to fall within the target market; and<br>• take reasonable steps to ensure distribution is consistent with this TMD.<br><br>Distributors must:<br>• only submit applications where the customer is reasonably assessed as being within the target market; and<br>• ensure the customer meets First Federal's credit assessment requirements.<br><br>First Federal's credit assessment process includes controls designed to identify applicants who fall outside the target market.<br><br>Distribution outcomes, complaints and significant dealings inconsistent with this TMD are monitored as part of First Federal's ongoing review process. |
| **Review triggers** | This TMD will be reviewed:<br>• in line with any ASIC or RG requirements;<br>• if a significant number of complaints are received from Customers with the product;<br>• if this TMD is deemed to be no longer be appropriate;<br>• where there are material changes to the product or regulatory requirements;<br>• where the product is no longer considered appropriate for the target market; or<br>• where there are significant dealings inconsistent with this TMD. |

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<td>Review cadence</td>
<td>If a review trigger occurs, or First Federal becomes aware of an event or circumstance suggesting this TMD may no longer be appropriate, First Federal will conduct a review as soon as practicable and within 10 business days (or as otherwise required).<br><br>First Federal will complete a review at least annually, or more frequently where required to ensure ongoing appropriateness of the TMD.<br>Next review: October 2027<br><br>
<table>
<tr><td>Document created</td><td>July 2024</td></tr>
<tr><td>Document reviewed</td><td>January 2025</td></tr>
<tr><td>Document reviewed, minor credit policy changes updated</td><td>January 2026</td></tr>
<tr><td>Document reviewed, minor credit policy changes updated</td><td>June 2026</td></tr>
<tr><td>Document reviewed, minor credit policy changes updated</td><td>October 2026</td></tr>
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<td>Distribution Information Reporting Requirements</td>
<td>The following information must be provided to First Federal in writing by distributors:<br><br>
<ul>
<li>complaints relating to key terms, features or risks of the product as soon as practicable and no later than 10 business days after becoming aware;</li>
<li>reporting to include:
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<li>number and nature of complaints;</li>
<li>circumstances and substance of complaints; and</li>
<li>general feedback on product performance (reported quarterly);</li>
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<li>any significant dealing inconsistent with this TMD, including:
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<li>date;</li>
<li>description;</li>
<li>why it is significant;</li>
<li>how it was identified; and</li>
<li>actions taken to remediate.</li>
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