Target Market Determination

Product Name:
Home Loan Offset account

Product Description:	A home loan offset account is an at-call transactional account that can be linked to an eligible home loan. The balance held in the account is used to offset the outstanding home loan balance for interest calculation purposes, helping to reduce interest costs and potentially shorten the loan term. The account also supports day-to-day banking transactions and access to funds at call.
Date Published:	1 November 2026
Version:	7
Effective From:	1 November 2026
Issuer Details:	**Defence Bank Limited** ABN 57 087 651 385 AFSL/Australian Credit Licence 234582 PO Box 14537 Melbourne VIC 8001

Purpose of this document

This Target Market Determination (TMD) is prepared under Part 7.8A of the Corporations Act 2001 and ASIC Regulatory Guide 274 (RG 274). It describes the class of retail clients who the product is appropriate for, distribution conditions, reporting requirements, and review triggers to ensure ongoing appropriateness. This is not a disclosure document and does not take into account individual objectives, financial situation or needs. The design and distribution obligations are intended to help members obtain appropriate financial products by requiring issuers and distributors to have a consumer centric approach to the design and distribution of products. Refer to the applicable Terms and Conditions and Schedule of Fees and Charges before deciding.

1. Target Market

Details

This product is designed for retail clients who are likely to have the following:

Needs:

- Access to funds at call while retaining the benefit of reducing home loan interest.
- A transaction account linked to an eligible home loan.
- The ability to make and receive everyday payments and transactions.
- Access to a debit card for day-to-day banking.
- A simple way to help reduce the interest payable on their home loan.

Objectives:

- Reduce the amount of interest payable on their home loan
- Potentially repay their home loan sooner
- Conveniently manage everyday banking transactions and cash flow
- Maintain access to their funds while supporting their home loan repayment goals.

Financial situation:

- Hold, or are likely to hold, an eligible Defence Bank home loan.
- Have surplus funds, such as salary deposits, savings, or everyday transaction balances, that they intend to keep in an offset account.
- Are seeking a low-risk transaction account to support their home lending needs.

This product is not designed for retail clients who:

- Do not hold, or do not intend to hold, an eligible Defence Bank home loan.
- Are seeking a standalone transaction or savings account that is not linked to a home loan.
- Want to earn interest on their account balance, as no interest is paid on this account.
- Are under 18 years of age.
- Require a business banking account or an account for non-personal purposes.
- Are seeking a credit facility, overdraft facility, or a fixed-term investment product.

2. Key Attributes

Key Attribute Details

This is a Home Loan Offset account and the key features of this product are:

- An at-call transaction account linked to an eligible Defence Bank home loan.
- 100% of the account balance is offset against the linked home loan balance for the purpose of calculating interest on the loan.
- No interest is payable on the account balance.
- No minimum opening or ongoing balance requirement.
- No monthly account keeping, domestic transaction, or overdrawn fees.
- Debit card access for eligible account holders.
- The ability to make and receive everyday payments and transactions.
- Access to online banking through Defence Bank Online Banking and the Defence Bank App.
- Access to staff-assisted services through branches and call centres.
- Funds remain available at call while providing an offset benefit against the linked home loan.

3. Distribution Conditions and Restrictions

Details

Distribution conditions

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

- Branches
- Call centres
- Mobile lenders

Distribution conditions for this product include:

- Ensuring that retail clients meet the eligibility requirements for both the account and the linked eligible home loan.
- Ensuring that distribution is conducted by appropriately trained staff.
- Ensuring the product is offered to retail clients who hold, or are applying for, an eligible Defence Bank home loan.
- Ensuring staff explain the operation of the offset feature, including that no interest is paid on account balances and that benefits are derived through the reduction of interest charged on the linked home loan.

4. Review Triggers

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

Details	Required data points
A significant number of complaints is received from members in relation to their opening or use of the product that reasonably suggests that the TMD is no longer appropriate	Complaints reporting
A material change to the product or the terms and conditions of the product occurs which would cause the TMD to no longer be appropriate	Notification of proposed material change/s to key product design, key attributes and or fees
A significant dealing of the product to retail clients outside the target market occurs	Product reporting
A notification from ASIC	Requiring immediate cessation of product distribution or particular conduct in relation to the product

5. Review Frequencies

Initial Review
29 September 2022

Date of Superseded TMD
1 November 2024

Subsequent Reviews
At least every two years and earlier if a review trigger occurs.

Current Review Date
1 September 2026

6. Distributor Information

The following information must be reviewed in relation to distribution of this product to ensure it is in accordance with this TMD:

Information type	Details	Reporting period
Significant dealings	Any significant dealing which is not consistent with the TMD reporting must be within 10 business days of becoming aware of such dealing	As soon as practicable
Product related complaints	Number of member complaints received each quarter	Quarterly
Sales data	The number of accounts opened and closed on a quarterly basis	Quarterly