

Target Market Determination

For the Rural Bank Farm Management Deposit Offset Account

FMD-O

Product

This target market determination (TMD) applies to the Rural Bank Farm Management Deposit Offset Account.

Issuer

Rural Bank – A division of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL / Australian Credit License 237879 (Rural Bank).

Date from which this target market determination is effective

5 October 2023.

1. Target market for this product

Target Market

The retail clients for whom this product has been designed are individuals carrying on a primary production business who:

- are or may become eligible for the taxation benefits under the Farm Management Deposits scheme;
- have \$1,000 or more to deposit into the account;
- want the ability to add and withdraw funds at any time; and
- want to use deposited funds to reduce the interest costs on eligible primary production business lending.

Product Description

A Rural Bank Farm Management Deposit Offset Account is a deposit product that enables eligible individuals to obtain certain benefits under the Federal Farm Management Deposits Scheme administered by the Department of Agriculture, Water and Environment (Scheme). These benefits (including tax benefits) are only available if Scheme conditions are met, including eligibility conditions, minimum and maximum deposit amounts, no withdrawals for a minimum period of 12 months (unless an exemption applies), and so on. In addition to the Scheme conditions, Rural Bank's conditions include (for this product only, i.e. the Offset product):

- a minimum deposit of \$1,000;
- linking of deposit to an eligible Rural Bank term loan.

Product key attributes

The key attributes of this product that make it likely to be consistent with the target market described above, include:

Attribute	Appropriate for
Eligibility	Retail clients who are individual primary producers who are Australian residents and have earned less than \$100,000 in non-primary production income in the financial year the deposit is made and satisfy all other eligibility requirements to qualify for a tax benefit under the Scheme.
Minimum deposit amount of \$1,000	Retail clients who have \$1,000 or more to deposit, up to a maximum of \$800,000 (individuals are not eligible for a tax benefit under the Scheme if they hold more than \$800,000 in farm management deposits across all Authorised Deposit-taking Institutions).



Attribute	Appropriate for
Taxation benefit of Farm Management Deposit Scheme	Retail clients who are able to adhere to Scheme rules established under the Income Tax (Farm Management Deposits) Regulations 1998 (Cth) made under the Income Tax Assessment Act 1936 (Cth).
Ability to add and withdraw funds at any time	Retail clients who want to be able to add or withdraw funds at any time. If the minimum period under the Scheme has not been met (i.e. the minimum period for holding the deposit), there may not be any tax benefit under the Scheme.
Access to Funds	Retail clients who want to access their funds in branch or by phone and internet banking.
Reduce interest costs on business lending	<p>Retail clients who want to reduce the interest on an eligible Rural Bank term loan that is used wholly for the purpose of a primary production business. The offset can only be linked to one loan at a time which must have a variable interest rate. The loan must be in the name of the product owner or their partnership, it cannot be the name of a company, trust or a person who is not the product owner.</p> <p>The combined value of all offset accounts linked to a term loan may not exceed 50% of the borrower's term loan facility limit or \$1,000,000 per borrower without prior approval from Rural Bank.</p>

2. How this product is to be distributed

Rural Bank applies certain conditions and restrictions to the distribution of this product so that distribution is reasonably likely to be to retail clients within the target market for this product. The conditions and restrictions are:

Channel	<p>This product is to be distributed only through the following channels:</p> <ul style="list-style-type: none"> • Rural Bank relationship managers; and • The Rural Bank customer service team.
Additional conditions or restrictions	<p>The following additional conditions and restrictions also apply to the distribution of this product:</p> <ul style="list-style-type: none"> • Only prospective retail clients who meet Rural Bank's minimum eligibility criteria for the product should submit an application for this product; • This product can only be issued to retail clients after applying Rural Bank's application processes; • This product can only be issued (or arranged to be issued) by persons who are trained and accredited; and • This product cannot be issued through third party distribution channels (other than Community Bank branches and Elders stores).

3. Reviewing this target market determination

Rural Bank will review this TMD as set out below:

Initial review	Within the first year of the effective date.
Periodic reviews	At least every 18 months from the initial review.
Review triggers or events	<p>Any event or circumstances arising that would reasonably suggest the TMD is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none"> • a material change to the design or distribution of the product, including related documentation; • occurrence of a significant dealing; • distribution conditions found to be inadequate in ensuring that the product is issued to retail clients likely to be in the target market; • relevant changes in the law or its application, a change in an industry code or decision of a court or other body (including through regulatory guidance) that materially affects the product; • significant changes in metrics, including, but not limited to: <ul style="list-style-type: none"> ○ a material increase in the number of complaints in relation to a product or aspect of a product; ○ an increase in early termination of the product; and ○ any other event which occurs, or information is received that reasonably suggests this TMD is no longer appropriate.

4. Reporting and monitoring this target market determination

Rural Bank's third party distributors who are regulated persons will need to collect, keep and report the following information to Rural Bank:

Type	Description of information	Frequency of reporting
Complaints	<p>Customer complaints made in relation to this product. This includes:</p> <ul style="list-style-type: none"> • written details of the complaint; and • the number of complaints during the reporting period. 	<p>Reporting period: Monthly</p> <p>When does the regulated person have to report: Within 10 business days of the end of the reporting period.</p>
Sales data	Sales and customer data in relation to this product.	<p>Reporting period: Monthly</p> <p>When does the regulated person have to report: Within 10 business days of the end of the reporting period.</p>
Significant dealings	<p>The following information:</p> <ul style="list-style-type: none"> • details of the significant dealing; • the date (or range) on which the significant dealing occurred; • why the distributor considers the dealing to be significant (including why it is inconsistent with this TMD); and • how the dealing was identified. 	<p>When does the regulated person have to report: Within 10 business days of the distributor becoming aware of the dealing.</p>