

TARGET MARKET DETERMINATION

Issuer	C1 Finane Pty Ltd t/a C1carloans
Issuer ABN	95 113 695 453
Issuer ACL	386366
Product	C1 Asset Finance (“the Product”)
Date TMD approved	05/10/2021
TMD Version	V01
TMD Status	Current

Purpose of this Document

The purpose of this Target Market Determination (“TMD”) is to comply with the Design and Distribution Obligations incorporated under Chapter 7 of the *Corporations Act 2001* (“the Act”) by the *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019*.

The TMD aims to provide consumers and distributors with information about the class of consumers that comprises the target market for the Product, taking into account their objectives, financial situation and needs. It also specifies any Product distribution conditions and restrictions and deals with reviews of the TMD as well as distributor arrangements.

Legal Disclaimer

This document is not a credit disclosure document and does not include all relevant terms and conditions associated with this Product. It does not take into account any person’s individual objectives, financial situation or needs. Individuals interested in making use of this product should carefully read the Issuer’s Credit Guide and any other disclosure documents before making a decision whether to use this Product.

Description of Target Market

Target Market Summary

This Product is likely to be appropriate for a consumer who is seeking an amount of credit from \$8,000 to \$35,000 (excluding fees), repayable over a fixed period from 2 to 5 years, for the primary purpose of purchasing a motor vehicle.

The target market has been established by assessing the Product (including its key attributes) and the consumer objectives, financial situation and needs for which the Product is likely to be appropriate. The class of consumers who fall within the target market for the Product is described below, based on the objectives, financial situation and needs of the consumer and the key attributes of the Product.

Description of Consumer Objectives, Financial situation and Needs

This Product is suitable for persons seeking finance to purchase a motor vehicle for personal use, that typically don’t have access to savings for this purpose and have capacity to make fixed loan repayments over a fixed period.

Excluded Classes of Consumers

This Product is unsuitable for persons who:

- do not qualify under the responsible lending requirements imposed by the National Consumer Credit Protection Act 2009 (“National Credit Act”), will be unable to comply with their financial obligations under the Product terms, or could only comply with substantial hardship.
- the Product will not meet requirements or needs
- receive more than 50% of income from non-permanent government benefits
- total loan repayments exceed 40% of net earnings
- without regular income and capacity to make fixed loan repayments

Description of Product and Key Attributes

- No deposit required
- Loan from \$8,000 to \$35,000
- Vehicle age maximum at settlement 11 years and grey imports not accepted
- Employment full, part time or casual
- Establishment fees financed into the loan
- Monthly account fee
- Fixed interest rate
- Fixed regular repayments over a fixed term up to 60 months
- Flexibility to make additional or increased payments
- No exit fee

Product and Target Market Consistency

The Product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market based on the following:

- Regular income with capacity to make fixed repayments over a fixed period
- That may typically be unable to obtain prime asset finance to purchase a motor vehicle
- Due to single or multiple contributing factors from adverse credit file reporting, low credit score, not being a permanent resident, use of SACC loans, probation, casual or short time in employment, employment gaps and many others
- C1 asset finance aims to provide an alternative for consumers who may otherwise be excluded from access to finance for the purpose of purchasing a motor vehicle.

Distribution Conditions and Restrictions

Distribution Methods

This product is distributed through the following channels:

- Direct to consumers through the website and online smart application
- Through C1 approved referrers to the online smart application
- Through C1 approved finance brokers across Australia

Distribution Conditions

This product is distributed subject to the following conditions and requirements:

- Consumers must complete an online smart application to determine the consumer does not fall into an excluded class and does meet eligibility criteria
- Applications that pass the online smart assessment criteria are referred to a credit analyst for further verification of information and credit assessment

- C1 publishes and updates educational information, articles and content online to inform and educate and attract consumers that best meet target market distribution
- C1 requires broker accreditation, onboarding and training to be completed
- Where the consumer meets the product eligibility and credit assessment criteria an offer to finance is presented to the consumer, outlining the product attributes, fees and terms for the customer and/or broker to consider and accept before formal loan documentation is issued.

Factors Considered

In assessing the appropriateness of the distribution methods, conditions and restrictions, the Issuer has taken into account the following factors:

- Wide spread of the target market across Australia
- Ability to manage the distribution channels
- Ability to reach the intended target market based on past outcomes
- Consumers that meet C1 eligibility criteria are spread across a broad range of distribution and marketing channels with each providing some access to part of the C1 target market
- Actively monitoring and measuring the effectiveness of distribution channels for the target market
- Lending guidelines, eligibility and credit assessment criteria with checklists to identify the target market
- Accreditation and onboarding of finance brokers to be qualified to distribute the products
- Online smart form application processes to ensure successful applicants fall within the target market
- Website and online content is reviewed and updated to keep consumers and finance applicants informed of

Reviewing the TMD

The Issuer will review this TMD as follows:

Review Triggers

This part is required under section 994B(5)(d) of the Act.

If events or circumstances occur that would reasonably suggest that the TMD is no longer appropriate, the Issuer will review the TMD. This may include:

- an event or circumstance that would materially change a factor taken into account in making the target market determination for the Product. Example, a change in regulation where the interest rate cap is lowered below the product rate.
- a material change to the design or distribution of the Product. For example if no longer requiring a motor vehicle as security.
- a significant dealing in the Product that is not consistent with the product's TMD

Where new regulation may deem a target market unsuitable to lend to, for example imposes lending caps or lending criteria that is not catered for in the C1 product and therefore C1 is unable to meet to the particular target market needs with its products.

- the nature and extent of feedback received from distributors or users of the product

Where repeated complaints and/or misrepresentations of the C1 product are found to have been made to consumers through a distribution channel. Brokers/Referrers may also provide

feedback on the products, initiating a change, which would trigger a change in TMD. eg significant changes in customer complaints, loan default rates.

- experiencing significant regulatory issues with industry bodies or government entities ASIC, AFCA, AML investigations, breach reporting or large volume complaint

Mandatory Review Periods

Initial Review: This TMD will be reviewed within 12 months of the TMD approved date.

Periodic Reviews: This TMD will be reviewed at least every 12 months from the initial review date.

Distributors: Reporting & Required Information

Complaints

Distributors are required to report and detail in writing all complaints in relation to the Product covered by this TMD to the Issuer immediately they become aware of a complaint.

Significant Dealings

Distributors are required to report any significant dealing in the Product that is not consistent with this TMD, within 10 business days.

Appropriateness of the TMD

The Issuer has reviewed the Product and its key attributes by considering its purpose, past outcomes and likely future outcomes, and has reasonably concluded that the Product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above, when offered to the consumer in accordance with the distribution conditions listed above. The comparatively wide target market of the Issuer has been a factor in assessing why the distribution conditions and restrictions will make it likely that consumers who purchase the product are in the class of consumers for which it has been designed.

END