

Target Market Determination

Home Finance (Ijārah) — Islamic Money Australia Pty Ltd



Issuer: Islamic Money Australia Pty Ltd | ABN 37 609 971 280 | AFSL and Australian Credit Licence 534355

Product: Home Finance (Ijārah) Version 3.0

Start date: 25 June 2026 Date of this determination: 25 June 2026 Next review due: by 25 June 2027

1. About this Target Market Determination

This Target Market Determination (TMD) is made by Islamic Money Australia Pty Ltd (ABN 37 609 971 280), the holder of Australian Financial Services Licence and Australian Credit Licence number 534355 (Islamic Money Australia or IMA, we, us, our), in accordance with section 994B of the Corporations Act 2001 (Cth).

This TMD describes the class of retail clients for whom the Home Finance (Ijārah) product (the product) has been designed, the conditions and restrictions on its distribution, the events that will trigger a review of this TMD, the periods within which this TMD will be reviewed, and the information that distributors must report to us.

This TMD is not a product disclosure document and is not a summary of the product's terms and conditions. It does not take into account any person's individual objectives, financial situation or needs, and it is not financial product advice or credit assistance. Before deciding whether to accept the terms and conditions of the product, customers should read the applicable Credit Guide, Key Facts Sheet, Home Finance Agreement, fees schedule and other disclosure documents as provided.

Product structure and legal form

The product is a credit contract regulated by the National Credit Code (Schedule 1 to the National Consumer Credit Protection Act 2009 (Cth)) and is provided under our Australian Credit Licence. It is secured by a registered first mortgage granted by the customer over the financed Australian residential property.

The customer holds legal title to the property from the date of settlement. This structure has been adopted for legal and taxation reasons: under certain State and Territory duties (stamp duty) legislation, financing structures in which the financier takes legal title to the property and later transfers it to the customer can give rise to a double impost of transfer duty on Shariah-compliant arrangements. Placing the customer on title from settlement, with Islamic Money Australia holding a registered first mortgage as security, avoids that double taxation and places customers of this product in the same duty position as customers of conventional home finance.

To reflect the Shariah principles underpinning the product, the customer also enters into a separate Shariah agreement. That non-binding legal agreement records the Shariah principles and intentions of the parties and complements, but does not alter, replace or limit the legal rights and obligations contained in the Home Finance Agreement and the registered first mortgage. The overall product structure has been approved by our Shariah Committee.

Key product attributes

The product's key attributes, and how each is consistent with the needs of the target market, are set out below.

Attribute	Detail	Consistency with the target market
Eligible customers	Natural persons aged 18 or over, as sole or joint applicants.	Retail customers seeking finance for their own home or residential investment.
Purpose	Purchase or refinance of established Australian residential property for owner-occupation or residential investment. Equity release and consolidation of personal debts are available to customers who otherwise meet the target market.	Meets the need to acquire, refinance or release equity in a home or residential investment property.
Finance amount	Minimum \$50,000; maximum aggregate exposure per borrower \$5,000,000.	Appropriate for standard residential property values across Australia.
Term	5 to 30 years.	Allows payments to be structured affordably over the customer's working life.
Finance-to-Value Ratio (FVR)	Maximum 80% of security value (no lender's mortgage insurance is offered at this stage). Lower maximum FVRs apply to higher-risk security (e.g. high-density or high-risk-location property, rural or vacant land).	Requires a meaningful equity contribution, supporting affordability and a prudent security position.
Payment options	Rental and ownership payments, or rental-only payments for an initial period of up to 5 years (and, subject to credit approval, a further period of up to 5 years).	Flexibility to match payment structure to the customer's circumstances and objectives.
Rental rate	Variable rental rate (may move up or down); or fixed rental rate for a maximum fixed term of 5 years; or a combination (split). Variable facilities include a redraw facility.	Choice between payment certainty (fixed) and flexibility and redraw (variable).
Payment frequency	Weekly, fortnightly or monthly.	Allows customers to align payments with their income cycle.
Fees and charges	As set out in the product fees schedule (including, where applicable, application, valuation, settlement, monthly and discharge fees).	Disclosed before entry so customers can assess affordability.
Security	Registered first mortgage over Australian residential property; customer on title from settlement.	Standard, well-understood security suitable for the target market.

Shariah note: the product uses rental-rate concepts in place of interest, and Finance-to-Value Ratio (FVR) in place of loan-to-value ratio. References in this TMD to "payments" and "rental rate" should be read accordingly.

2. Class of consumers this product is designed for (Target Market)

We have assessed that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of the class of retail clients described below. The parameters below are objective and are applied through our application and credit-assessment systems.

The target market — who the product is designed for

The product is designed for consumers who meet all of the following:

- **Age and capacity** — are natural persons aged 18 years or over, applying as sole or joint applicants;

- **Residency** — are citizens of Australia or New Zealand, Australian permanent residents, or non-residents who hold a valid visa permitting them to reside in Australia (non-resident applications are subject to the additional distribution conditions in section 4 below);
- **Purpose** — are seeking to purchase or refinance an established Australian residential property for owner-occupation or for residential investment (and may seek to release equity in, or consolidate personal debts against, such a property as part of that finance);
- **Security** — are able to provide acceptable Australian residential property as security, over which we can register a first mortgage, with the customer on title from settlement;
- **Finance amount** — require finance of between \$50,000 and \$5,000,000 (aggregate exposure per borrower);
- **FVR** — require a Finance-to-Value Ratio of 80% or less;
- **Financial situation** — can demonstrate, under our credit-assessment criteria, the capacity to meet the required payments over the finance term without substantial hardship, assessed at the greater of the applicable rental rate plus a serviceability buffer of 3.0% or our floor assessment rate (currently 7.0% per annum);
- **Credit profile** — are assessed as an acceptable credit risk under our Retail Credit Policy (i.e. what would generally be considered "prime" credit risk); and
- **Objectives** — want a Shariah-compliant means of financing a home or residential investment property, and/or want to finance such a property with a provider that invests in accordance with the Bank's responsible investment and Shariah governance framework.

Likely objectives, financial situation and needs

Objectives: customers in the target market want to acquire, refinance or release equity in an owner-occupied or residential investment property in Australia using a Shariah-compliant finance arrangement, and value certainty (fixed rental rate) and/or flexibility and redraw (variable rental rate).

Financial situation: customers in the target market have an established and verifiable capacity to meet payments over the term without substantial hardship, can provide acceptable residential security at an FVR of 80% or less, and meet our acceptable credit risk under our Retail Credit Policy and serviceability criteria.

Needs: customers in the target market need medium-to-long-term residential property finance (5–30 years), the ability to choose between rental-only and rental-and-purchase payments and between fixed and variable rental rates, payment frequencies aligned to their income, and, for variable facilities, the ability to redraw surplus payments.

Consistency of key attributes with the target market

Variable rental rate: although the variable rental rate may move up or down, the product is consistent with the target market because it allows customers to make additional payments to reduce the outstanding finance amount and the rental payable over time, while retaining the ability to redraw surplus funds when required.

Fixed rental rate: although a fixed-rate facility limits additional payments and does not permit redraw during the fixed period, the product is consistent with the target market because it provides certainty of payments during the fixed period, which assists budgeting.

Rental-only payments: a rental-only period is consistent with the target market because it can assist customers to manage cash flow for a defined period; customers requesting rental-only payments must provide a reason consistent with their purpose, needs and objectives, and capacity to meet rental-and-ownership payments over the remaining term is assessed at the assessment rate.

Consumers this product is NOT designed for

The product is not designed for, and is not likely to be consistent with the likely objectives, financial situation or needs of, consumers who:

- are under 18 years of age;
- are not natural persons (e.g. companies, trusts or self-managed superannuation funds applying as applicants — such finance, where offered, is provided outside this TMD);
- are undischarged bankrupt, or do not meet our credit-assessment, serviceability or acceptable credit risk under our Retail Credit Policy;
- require a Finance-to-Value Ratio greater than 80%;
- require finance of less than \$50,000 or aggregate exposure greater than \$5,000,000;

- are seeking finance secured other than by a registered first mortgage over Australian residential property (e.g. non-residential or commercial property);
- are seeking finance predominantly for business or investment-in-securities purposes, to pay taxation liabilities, or for any purpose not compliant with our Shariah-Compliance Policy; or
- require a conventional interest-based facility rather than a rental-based Shariah-compliant arrangement.

Our application and credit-assessment systems include controls to identify and flag applicants who may be outside the target market.

Statement on appropriateness

We have determined that this TMD satisfies the appropriateness requirement in section 994B(8) of the Corporations Act 2001 (Cth). It is reasonable to conclude that, if the product is distributed in accordance with the distribution conditions in section 3, it is likely that a consumer who acquires the product is in the target market; and that, if the product is issued to a consumer in the target market, it is likely to be consistent with that consumer's likely objectives, financial situation and needs. This conclusion is supported by our product design, our Retail Credit Policy (including serviceability, FVR and acceptable credit risk), and the distribution conditions and controls described below. In reaching this determination, we considered the product's key attributes, target market, distribution conditions, consumer outcomes and internal product governance processes.

3. Distribution conditions and restrictions

The product may only be distributed through the channels and subject to the conditions set out below. These conditions are designed to make it likely that consumers who acquire the product are in the target market. Distribution is not permitted where the relevant conditions are not met.

Distribution channel	Conditions and restrictions, and why they make it likely acquirers are in the target market
Direct — Islamic Money Australia digital channels (website and mobile app)	Customers apply through our website or mobile app, which provide product information, access to disclosure documents and the application form. The digital application applies automated eligibility rules (age, residency, purpose, FVR, finance amount, security type and location) and a serviceability assessment so that applicants who fall outside the target market are identified and cannot proceed to approval. Why: automated, objective gating at the point of application channels the product to consumers within the target market.
Direct — Islamic Money Australia staff (Customer Help Centres, telephone and webchat)	Only authorised, trained staff may assist customers to apply. Staff are trained on this TMD and the target market and apply the same eligibility and serviceability criteria as the digital channel. Staff must complete initial and ongoing product training, including training on this TMD, before they are authorised to distribute the product. Why: trained staff applying objective criteria make it likely that assisted applicants are within the target market.
Accredited mortgage brokers / credit assistance providers	The product may only be distributed by brokers we have accredited. Accredited brokers must be appropriately licensed or authorised, hold the training and competency we require, apply our eligibility and serviceability criteria, and comply with this TMD and their reasonable-steps obligations under section 994E of the Corporations Act 2001 (Cth). Why: accreditation, training and application of our criteria make it likely that broker-introduced applicants are within the target market.
Referral — approved comparison-site and referral providers	Approved comparison and referral providers may only provide factual information about the product and refer consumers to us (for example, by providing our contact details). They must not provide credit assistance or recommendations. Referred consumers are then taken

	<p>through a direct distribution channel and assessed against the criteria above.</p> <p>Why: limiting these providers to factual information and routing all applications through a direct channel preserves the eligibility controls.</p>
Non-resident applicants (all channels)	<p>Applications from non-resident customers require sign-off by the Head of Credit, must be for Australian residential real estate, and (where the customer does not reside permanently in Australia) require an Australian financial-institution account from which payments are sourced prior to settlement.</p> <p>Why: senior credit oversight and additional controls address the higher risk profile of non-resident finance and keep distribution consistent with the target market.</p>

4. Review triggers

We will review this TMD when any of the following review triggers occurs, being an event or circumstance that would reasonably suggest that this TMD is no longer appropriate:

- **Significant dealings** — a significant dealing in the product to one or more consumers outside the target market occurs (whether or not consistent with the distribution conditions);
- **Product performance** — arrears, missed-payment, default or financial-hardship rates on the product (or a material increase in them) that reasonably suggest the product is not consistent with the target market;
- **Early exits** — a materially elevated rate of early payout, refinancing away or switching out of the product shortly after settlement;
- **Complaints** — the number, nature or trend of complaints about the product or its distribution reasonably suggesting the TMD is no longer appropriate (for the avoidance of doubt, this trigger may be met before any fixed threshold of complaint volume is reached);
- **FVR / policy exceptions** — a material volume or pattern of approvals made as exceptions to FVR, serviceability or other Retail Credit Policy criteria;
- **Distribution conduct** — a material pattern of distribution conduct (by our staff or distributors) that is not consistent with this TMD;
- **Product or process change** — a material change to the product, its key attributes, its pricing structure or the way it is distributed that is likely to affect the appropriateness of this TMD;
- **Legal or regulatory change** — a change in law, regulation, regulatory guidance or industry code that materially affects the product or its distribution;
- **External determinations** — a relevant determination, decision or finding by a court, the Australian Financial Complaints Authority (AFCA) or another regulator;
- **ASIC action** — ASIC makes a product intervention order, or issues a stop order or other notification, in relation to the product or its distribution (in which case distribution will cease immediately); and
- **Catch-all** — any other event or circumstance that would reasonably suggest that this TMD is no longer appropriate.

Where a review trigger occurs, we will commence a review of this TMD as soon as practicable and in any event within 10 business days. While the review is being conducted, we will (where required) cease retail product distribution conduct in relation to the product and direct our distributors to do the same, until the TMD has been reviewed and, if necessary, amended in accordance with sections 994C of the Corporations Act 2001 (Cth).

5. Mandatory review periods

In addition to reviews prompted by a review trigger, we will review this TMD within the following periods:

Review	Maximum period
Initial review	Completed no later than 12 months from the start date of this TMD.
Periodic reviews	Each subsequent review completed no later than 24 months from the completion of the previous review.

We consider these periods reasonable having regard to the risk of consumer detriment if the product were no longer appropriate, the nature of the product and its target market, and the maturity of our distribution arrangements. Because the product and our distribution network are relatively new and we are not yet an authorised deposit-taking institution, we will review this TMD more frequently than the maximum periods above where our monitoring indicates it is appropriate to do so, and we may shorten these periods over time.

6. Information reporting requirements

Distributors that engage in retail product distribution conduct in relation to the product must collect and report the following information to us. This information is required so that we can promptly identify whether a review trigger has occurred or this TMD may otherwise no longer be appropriate. Reports are to be sent to us using the contact details we notify to distributors from time to time.

Information	Description	Reporting period
Complaints	The number of complaints about the product or its distribution during the reporting period, together with the substance of those complaints and any general feedback on the product and its performance.	Quarterly — as soon as practicable and in any event within 10 business days after the end of each calendar quarter.
Significant dealings	Information about any significant dealing in the product that is not consistent with this TMD, including the date or date range and a description of why it is not consistent with the TMD.	As soon as practicable, and in any event within 10 business days after the distributor becomes aware of the significant dealing.
Eligibility / target-market exceptions	Information about any instance where the product was, or may have been, distributed to a consumer outside the target market, or outside the distribution conditions.	As soon as practicable, and in any event within 10 business days after becoming aware.
Product performance and other trigger data	Other information we reasonably request to monitor the review triggers in section 4 (for example, application and approval volumes, FVR/serviceability exception data, arrears and hardship indicators).	As reasonably requested by us, and otherwise quarterly.

Significant dealings — our obligation: where we become aware of a significant dealing in the product that is not consistent with this TMD, we will report it to ASIC in writing as soon as practicable, and in any event within 10 business days, in accordance with section 994G of the Corporations Act 2001 (Cth).

Nil complaints: in accordance with ASIC relief, a distributor is not required to report that it received no complaints during a reporting period; however, distributors must still keep records of complaint numbers (including nil returns).

7. Record-keeping

We will keep complete and accurate records of the decisions we make in relation to this TMD, including the reasons for, and the data underlying, our conclusion that this TMD is appropriate and the outcomes of each review. We will retain these records for at least 7 years and make them available to ASIC on request, in accordance with sections 994F and 1101C of the Corporations Act 2001 (Cth).

Distributors must keep records of the information they are required to collect and report under section 6 (including complaint numbers and substance, significant dealings, the steps they have taken to comply with this TMD, and the dates and substance of their reports to us) and retain those records for at least 7 years.

8. Issuer identification and contact

This TMD is issued by Islamic Money Australia Pty Ltd (ABN 37 609 971 280), the holder of Australian Financial Services Licence and Australian Credit Licence number 534355.

This TMD is published, free of charge, at islamicmoney.au. Superseded versions of this TMD are retained and remain available. For questions about this TMD or to report information required under it, contact us at help@islamicmoney.au.

Signoff/owner: Chief Executive Officer

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