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FINANCIAL SERVICES

Target Market Determination

For the Volkswagen Financial Services Australia Consumer Loan

1. The contract

This Target Market Determination (TMD) applies to Volkswagen Financial Services Australia ("VWFSA") Consumer Loan and Consumer Loan GFV Products (The Products), sold under the trading names of Volkswagen Financial Services, Audi Financial Services, ŠKODA Financial Services, Jaguar Financial Services, Land Rover Financial Services, Ducati Financial Services, Bentley Financial Services Australia, Porsche Financial Services, Lamborghini Financial Services, Volvo Car Financial Services and CUPRA Financial Services. The TMD seeks to provide consumers, distributors, and employees with an understanding of the class of consumers for which this product has been designed, having regard to the objectives, financial situation and needs of those consumers.

It also describes the events or circumstances where we are required to review the TMD for a financial product (the Review Triggers).

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. Consumers must refer to any supplementary documents which outline the relevant terms and conditions when making a decision about this product. We strongly recommend that a customer seek independent financial, tax and/or legal advice prior to taking out a VWFSA product.

This document also sets out the events or circumstances where VWFSA will review, monitor or amend the TMD.

Issuer
Volkswagen Financial Services Australia (VWFSA), ABN 20 097 071 460, ACL Licence No 389344.

Date from which this TMD is effective:
12 August 2026

Next review date: 12 August 2027

Review period: At least every 12 months from the start date of this TMD

2. Class of consumers that fall within this target market

The Consumer Loan is designed for customers who require a personal vehicle loan with some features such as repayments that can be spread over the life of the contract or repayments that can include a balloon at the end of term or include a Guaranteed Future Value (GFV) option. Customers who select the GFV may have the option to trade in, retain or return the vehicle at the end of the loan. Further information about the GFV option is contained in the VWFSA Terms and Conditions.

The Consumer Loan without GFV option has been designed for individuals who:

- want to finance the purchase of a vehicle for private/personal use;
- want the ability to choose a loan term between 12 to 84 months;
- want a fixed interest rate;
- can comfortably service the principal balance of the loan and the interest as it accrues;
- can pay the associated fees and charges;
- can pay the deposit amount required for the amount of credit; and
- want the option to have a balloon* payment at the end of the loan term.

*A balloon payment is a final payment in the form of a lump sum and is payable at the end of the loan term.

The Consumer Loan with GFV option has been designed for individuals who:

- want to finance the purchase of a vehicle for private/personal use;
- want the ability to choose a loan term between 12 to 60 months for all new, demonstrator and used vehicle brands, with a restricted range of 36 to 60 months applicable only to selected partner brands*.
- want a fixed interest rate;
- want access to a GFV at the end of the loan

term that includes (subject to fair wear and tear conditions and agreed kilometres being met);

a. the ability to return the vehicle to VWFSA (subject to fair wear and tear conditions and agreed kilometres being met), which will be applied against the final balloon payment; or

b. Trade in the vehicle (subject to fair wear and tear conditions and agreed kilometres being met), or

c. Retain the vehicle subject to paying out the final balloon payment

- can comfortably service the principal balance of the loan and the interest as it accrues;
- want a loan with a balloon payment which is equal to the GFV;
- can pay the associated fees and charges; and
- can pay the deposit amount required or other security for the amount of credit.

This option has been designed with a balloon payment for individuals who:

- Want to reduce payments for the loan term and either intend to:
  a. Pay the final balloon payment when it is due;
  b. Refinance the final balloon payment when it is due, as they are comfortable with paying higher amounts in interest overall in order to reduce repayments over the term and understand that refinance is subject to a lender's lending criteria; or
  c. Exercise the end of loan term options under the GFV.

*Up to 48 months for selected partnered brands for new or demonstrator vehicles, and GFV is not available on new, used or demonstrator Lamborghini, Bentely any used Ducati – subject to change, please speak to your dealer for more information at the time of application.

Excluded class of consumers

This product has not been designed for individuals who:

- seek to use their vehicle for commercial/ business use. This includes Fleet, Wholesale, rideshare or other income generating services;
- modify the vehicle in a way that may void any warranty or cause the vehicle to be illegal, unroadworthy or not fully covered by insurance; or
- who cannot comfortably service the principal balance of the loan and interest as it accrues.

Product description and key attributes

The key eligibility requirements and product attributes of the Consumer Loan are as follows:

Eligibility Requirements:

- VWFSA's credit and responsible lending criteria must be met;
- customers must be at least 18 years of age;
- vehicle must be for Personal/Private use;
- vehicle financed must be:
  a. Motor Vehicle (New, Demo, Used)
  b. Motorcycle (New, Demo, Used)

The Products include the following fees and charges:

- Establishment Fee - $520.00
- Non-Direct Debit Payment Fee - $4.50
- Payment Dishonour Fee - $35.00

Please note; dealerships may have separate fees and charges associated with organising finance

Product Attributes

Purpose	46
Min/Max Term	12 to 84 months – Consumer Loan 12 to 60 months*- Consumer GFV Loan
Contract Start Date	Date customer signs contractual documents
Contract End Date	Contract Start Date plus the contract term
Min/Max Amount	Min - $10 000 Max – $1,000,000
Deposit	Deposit can be paid by the customer
Interest Type	Fixed
Interest Calculation	Interest is calculated on the daily balance outstanding and charged to the customer on a monthly basis
Legal Ownership	The customer owns the asset, subject to a security interest which VWFSA will register via the Personal Property Security Register (PPSR) to secure repayment of the loan.

* - Up to 48 months for selected partnered brands for new, demonstrator or used vehicles. For certain selected partnered brands for new, demonstrator or used vehicles loan term is between 36 to 60 months. GFV is not available on new, used or demonstrator Lamborghini, Bentley and any used Ducati– subject to change, please speak to your dealer for more information at the time of application.

Consistency between target market and the product

VWFSA has reviewed the key attributes and product features of (The Products) and is satisfied that these are consistent with the objectives, financial situation and needs of the class of customers in the target market. Individual customers will need to consider whether the product meets their specific objectives, financial situation and needs as outlined under

Corporations Act 2001 of Design and Distribution Obligations (DDO) 2001.

3. How this product is to be distributed

VWFSA will have oversight over how the product is promoted and issued. The product can only be distributed to customers in accordance with VWFSA's product and process requirements. All customers must satisfy VWFSA's credit assessment and lending criteria which will ensure that every customer has capacity to service their loan. In addition, the below information identifies the distribution channels which the product can be sold through and sets out the conditions that apply to each channel. VWFSA considers that the below distribution channels are appropriate to ensure that the product will likely be distributed to VWFSA's target market.

Distribution channels

This product is designed to be distributed by VWFSA or VWFSA' distributors by any of the following means, where authorised:

Distribution Channels	Channel Deemed appropriate as:
VWFSA	
VWFSA Retention Team and staff that distribute	this product: • are appropriately trained and accredited to meet VWFSA's internal requirements to distribute credit products; • are able to explain the features, benefits, rates/fees of the product and the key differences between the various features of the product (i.e. difference between a balloon and GFV); • are able to explain why the product may not be appropriate for the customer; • are trained and required to follow process and procedures that outline a customer's application eligibility; • have access to product resources to assist customers to understand how the product • will fit with their personal circumstances; and • are monitored through assurance programs such as internal compliance reviews and controls.

Third Party Channels	
VWFSA Accredited Dealerships & VWFSA Accredited Brokers	VWFSA only permits third parties to distribute this product who are accredited by VWFSA. This involves checks completed by VWFSA and a mandatory ongoing training program and process. This ensures that all accredited dealers and brokers understand their legal obligations, can provide credit assistance to VWFSA customers and have the required qualifications to distribute VWFSA credit products.

Distribution conditions

This product should only be distributed under the following circumstances:

- the product has been explained to the customer;
- the product meets the consumer's requirements and objectives;
- the consumer meets all eligibility requirements for the product;
- the consumer has the capacity to service the loan repayments (including the balloon); and
- the product has been distributed by one of the authorised channels outlined above.

Adequacy of distribution conditions and restrictions

These distribution conditions have been designed to ensure that customers who acquire (The Products) are in the target market. By ensuring responsible lending requirements are met while also restricting by whom the Product may be distributed to those accredited and authorised by VWFSA, the intended market will be reached.

4. Reviewing this target market determination

We will review this target market determination in accordance with the below listed triggers and/or if an event of circumstance has occurred that would reasonably suggest that the TMD is no longer appropriate.

Customer Outcomes	Unexpected trends experienced by customers in our portfolio which are significantly inconsistent with the intended product performance, including: • Customers who are in hardship arrangements; and • An increase in customers who terminate their loan contract well before the contract term expiry.
Complaints	Unexpected trends in complaints received from customers who acquired this product which relate to customer's purchase, for example: • distribution (e.g misrepresentation or mis-selling from staff;) and • product attributes
Changes to the Product	A material change to the design or distribution of the product, including related documentation.
Significant Dealing	Occurrence of a significant dealing such as substantial distribution outside of the target market.
Notification from ASIC	The receipt of a product intervention power order from ASIC requiring VWFSA to immediately cease retail product distribution conduct in respect of the product.
Changes to the Distribution	• A material change to the sale of the product, included but not limited to, new sales channel impacting the sale of the product or sales processes; or • Distribution channels / conditions found to be inadequate.
Significant changes to Data Metrics	Material external events such as significant adverse media coverage or regulatory attention.

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.

5. Significant dealings

VWFSA will notify ASIC in writing of a significant dealing relating to the products that is not consistent with the product's TMD, within 10 business days of becoming aware of the significant dealing.

Examples of significant dealings include:

- high proportion of customers who are not in the target market; and
- actual or potential harm to consumers, including financial loss resulting from customers who are not in the target market acquiring the product

6. Reporting and monitoring this target market determination

We will collect the following information from our distributors in relation to this TMD:

Complaints	Distributors will provide a written summary of complaints received in relation to the Product on a quarterly basis. The summary must include information about number of complaints, substance of the complaint and the general feedback from the customer in relation to the product.
Distribution Issues	Distributors will monitor for significant dealings and report any significant dealings to VWFSA, as soon as possible, or at least within 10 business days. The report should include: • the date on which the dealing or dealings occurred; • the date on which the distributor became aware of the significant dealing; • a description of the significant dealing and how it was identified; and • details of any steps taken in relation to the significant dealing.
System Controls	VWFSA will review and assess its distribution condition to ensure it's consistent with the TMD on a bi-annual basis.
Sales Practice & Transaction Data Monitoring	VWFSA will review sales practice results and transaction data relevant to the TMD and report any significant dealings in relation to this TMD.

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Volkswagen Financial Services, Audi Financial Services, Škoda Financial Services, Ducati Financial Services, Jaguar Financial Services, Land Rover Financial Services, Bentley Financial Services Australia, Porsche Financial Services, Lamborghini Financial Services, Volvo Car Financial Services and CUPRA Financial Services is a trading name of Volkswagen Financial Services Australia Pty Limited ABN 20 097 071 460 Australian Credit Licence 389344

Version 2.2 Consumer TMD – August 2026