

Clear Path Variable Rate Home Loan

**Target Market Determination
30 September 2023**

Prepared by Bank of Queensland Limited (BOQ) ABN 32 009 656 740 Australian Credit Licence and AFSL 244616, the issuer of this product.



What is a Target Market Determination?

A Target Market Determination (TMD) describes:

- the class of customers that comprise the Target Market for the product
- any conditions or restrictions on how the product is distributed to retail customers
- events or circumstances where we will review the TMD for the product.

Why does BOQ need to make this TMD publicly available?

We are required to produce this TMD by law. The law is intended to help customers obtain appropriate financial products by requiring issuers and distributors to have a customer centric approach to the design and distribution of products.

This document is not a substitute for the product's terms and conditions or other disclosure documents. Customers must refer to these documents when making a decision about this product. These documents can be found on our website or you can obtain a copy upon request.

The TMD will undergo a periodic review as follows:

| | |
|--|--|
| Effective date | |
| 30 September 2023 | |
| Next Review Due | |
| Before 30 September 2025 | |
| Review | |
| At least two years from when this TMD was made and then every two years thereafter | |

Target Market

The Target Market for this product is customers who need a loan to acquire a residential property and have the financial situation to borrow money to do so. These customers are likely to have the following objectives, needs and financial situation and must meet the eligibility criteria for this product.

Objectives

The customers' likely objectives are to:

- buy or construct residential property to be owner-occupied or held for investment purposes, or
- refinance an existing residential property loan, or
- buy vacant land with the intent to build a residential property or,
- any other lawful personal purpose such as renovating a property or personal investments.

Needs

The customers' likely need is a lending product that enables their objectives. These needs may include:

- a flexible repayments structure with a variable interest rate
- a longer repayment term of up to 30 years
- a wide range of Loan-to-Value Ratio
- interest savings through an offset account.

For more information, see the table in the product description section below.

Financial situation

This product is for customers who satisfy BOQ's credit assessment criteria.

Eligibility criteria for this product

Customers must satisfy the following criteria to acquire this product:

- be an Australian citizen, permanent resident or eligible temporary resident (subject to its own eligibility criteria) with an acceptable residency status
- be 18 years or older
- have an acceptable credit history
- demonstrate their capacity to repay the loan without substantial hardship
- provide sufficient security in accordance with BOQ's credit assessment criteria, including residential property that meets our loan-to-value ratio (LVR) and lender's mortgage insurance (LMI) requirements.



Product description

A variable interest rate home loan with an optional Mortgage Offset Account, which is a simple transaction account designed for loan settlement and as an offset account against the home loan balance. If the Mortgage Offset Account option is not selected then the customer needs to hold an existing or open a new BOQ transaction account to facilitate loan settlement.

Key attributes of this product

- variable interest rate
- principal and interest repayment schedule
- interest only payment option (up to five years)
- loan splitting
- access to redraw and top-up facilities
- ability to make unlimited repayments
- interest offset (only available for personal customers)
- secured against property
- wide range of Loan-to-Value Ratio with Lender's Mortgage Insurance for higher LVRs
- digital access to account
- Optional Mortgage Offset Account to facilitate withdrawals, unlimited cheques, BOQ balance enquiries, funds transfer and BPAY payments with a Visa Debit Card*

* Customers are eligible for a VISA debit card when opening this account. They can use this card to make purchases at merchants and cash withdrawals from ATMs that accept VISA domestically and internationally, using the money in the account.

Customisable key features and customer needs

Customers can customise the following listed key features of this product. These features are appropriate for those customers within the Target Market with the selected needs described below. Other non-listed key features of the product are appropriate for the whole Target Market.

| Target market needs | Key features appropriate for the needs of this target market | | | | | |
|---------------------------|--|---|-----------------|----------------------------------|--|--|
| | Loan splitting | Construction Loan feature – Progressive Draw down to Facility limit | Interest offset | Redraw and top up | Principal and interest Repayment | Interest only payment (up to five years) |
| Home construction finance | Yes | Yes | Yes | Yes (subject to credit approval) | Interest only payments during construction phase with no repayments of principal. Your loan changes after construction phase to the repayment option nominated in your original loan application. | Yes |



Why the product is likely to be consistent with the likely objectives, needs and financial situation of the Target Market

The product's attributes are designed to support the Target Market's objectives, needs and financial situation. The customer's need to acquire a residential property can be met by the repayment options and loan features such as fixed interest, principal and interest, interest only, loan splitting, offset and redraw.

Distribution conditions

This product can be distributed through BOQ's direct channels, including:

- BOQ branch network (including Owner-Managers)
- Mobile Bankers
- Customer Contact Centre
- Business Bankers

This product can also be distributed by accredited third party channels, including:

- aggregators/brokers
- comparison sites.

This product can only be distributed to retail customers in accordance with BOQ's customer acceptance requirements and is subject to BOQ's credit assessment criteria.

Why the distribution conditions will make it likely that the customers who acquire the product are in the Target Market

BOQ considers that the distribution conditions and restrictions support BOQ's assessment that the product will likely be distributed to the Target Market because of the following key controls:

- training of Customer Contact Centre staff and branch staff with quality assurance processes over compliance
- aggregator/broker accreditation requirements
- controls to ensure customers who apply, meet BOQ's credit assessment and eligibility requirements
- customer needs analysis and broker checklists are applied to align customer needs and financial circumstances with this product.

Review triggers

We will review this TMD if any of the following trigger events and information being monitored reasonably suggest that the TMD may no longer be appropriate:

- there is an increase in complaints received in relation to the product and its features that exceeds internally set tolerances
- we identify a material adverse customer experience in relation to product appropriateness
- there is a material change to the product attributes, fees, charges, terms & conditions or the manner of distribution
- there is a Significant Dealing in this product which is inconsistent with the Target Market
- there is a Notification from ASIC which requires BOQ to cease product distribution conduct if they deem the product inappropriate for any reason.



Information reporting requirements

All distributors who distribute this product must provide the following information to BOQ:

| Type of Information | Description | Reporting Period |
|--|---|--|
| Customer complaints received about this product | Customer complaints (including number of complaints, complaints record verbatim, product name and distributor name) in relation to this product that may indicate the TMD may no longer be appropriate for this product | As well as agreed in writing, quarterly and in any case within 10 business days from the end of the reporting period |
| Significant Dealings | The date or date range of when the Significant Dealing occurred and a description of why it may not be consistent with this TMD | As soon as practicable, and in any case within 10 business days after becoming aware |
| Incidents/Issues (including regulatory breaches) | Incidents and breaches that may indicate product is no longer appropriate for the Target Market or is being distributed outside the Target Market | As soon as practicable, and in any case within 10 business days after becoming aware |

Note: Record keeping

BOQ and its distributors will keep records of the reasonable steps they have taken to ensure that this product is sold in a manner consistent with this TMD.

BOQ will also keep complete and accurate records of our decisions, and the reasons for those decisions about:

- all Target Market determinations for this product
- identifying and tracking review triggers
- setting review periods, and
- the matters documented in this TMD.