

Target Market Determination (TMD)

This TMD is issued by BankSA - A Division of Westpac Banking Corporation ABN 33 007 457 141

Product: This TMD applies to:

- Standard Variable Rate Investment Loan
- Standard Variable Rate Home Loan

Effective date: 26 May 2023

Target market class of consumers.

Product description and key attributes.

Standard Variable Rate loans are fully featured loans designed for borrowers who are looking for a home or investment loan that offers a variable rate, unlimited additional payments, and access to optional loan features including a package and offset facility. These products are for the purchase or construction of a residential property, using the equity in their property for other non-residential personal purposes or refinancing an existing loan.

The key product attributes (including the key eligibility requirements) to acquire these products:

Key product attributes:

- A variable rate that could move both up and down;
- Flexibility of making unlimited additional payments;
- Access to available funds built up with additional payments via redraw;
- Available for owner occupied or investment purposes;
- Progressive drawdown feature allows customers to finance a new build or major renovation and only pay interest on the amount drawn until construction is completed;
- The optional Advantage Package (the Package) gives access to benefits on eligible products including interest rate discounts on their home loan(s). Annual package fee and eligibility criteria apply;
- The optional offset feature allows the balance in eligible linked transaction account(s) to offset against the amount owed on the home loan when calculating interest;
- May be taken as a standalone facility or included as part of a combination loan; where part of the loan amount is the fully featured loan and the remainder is another eligible home loan type;
- Principal and Interest (P&I) repayments with option (subject to eligibility) of an Interest Only period.*

*Note: Interest Only payments revert to P&I repayments after the Interest Only period. These P&I repayments will be set to reduce the loan balance over the shorter remaining term and will be higher than if P&I repayments were made from the start of the loan, that is, over a longer term.

Key eligibility requirements:

- Borrower must be an individual (18+ years old); an individual or incorporated trustee; or a company; and
- Must meet the credit criteria which includes demonstrating the ability to meet repayment obligations.
- Loan must be secured by Australian residential property.

Class of consumers.

These products are designed for a class of consumers whose likely needs, objectives and financial situation (as set out below) are aligned with the product and the product's key attributes.

Needs, objectives and financial situation.

These products are designed for consumers who:

- need a flexible variable rate loan; and
- want repayment flexibility to make additional payments and access available funds via redraw;
- want to access benefits including an interest rate discount on their home loan(s) applied under a Package; or
- want to link eligible transaction account(s) to their loan to access Offset interest benefits; or
- are looking to buy, build or renovate a residential property to live in or for investment purposes; or
- looking to refinance a home or investment loan from another lender secured by residential property; or
- may be looking to use the equity in the security property for other non residential purposes; and
- are able to meet repayment obligations.

These products are not designed for consumers who:

- need a loan for predominantly business purposes;
- need repayment stability during a fixed rate period;
- are seeking a basic product without a package or offset.

Alignment to target market.

These products are likely to be consistent with the likely objectives, financial situation and needs of the class of consumers in the target market. This is based on an assessment of the key terms, features and attributes of the products and a determination that these are consistent with the identified class of consumers.

Distribution conditions and restrictions:.

Distribution channels.

These products are designed to be sold via the following means:

- Banker assisted channels including in branch, over the phone, mobile bankers, Relationship Managers;
- Online channels including our website, mobile app and online banking;
- Through an accredited mortgage broker.

Distribution conditions and restrictions.

These products should only be distributed under the following circumstances:

- If a consumer meets the eligibility criteria for these products;
- Banker assisted channels including in branch, over the phone, mobile bankers, Relationship Managers, with bankers who:
 - are required to be trained to meet role-based accreditation requirements;
 - are able to discuss the product features, eligibility, interest rates, fees and charges including key differences from other home and investment loan products we offer;

Target Market Determination (TMD).

- have access to tools and resources such as product information and repayment calculators;
- are required to follow the policies, procedures and systems including in relation to eligibility criteria and assessing the customer's ability to meet repayment obligations.
- Online channels including our websites, mobile app and online banking provide customers with access to:
 - information about the product's features, eligibility requirements, interest rates, fees and charges to assist customers to make an informed choice of the product;
 - tools and resources such as product information and repayment calculators to assist customers to make an informed choice of product;
 - an online application process, with applications directed to a banker assisted channel when the customer is ineligible for full digital processing due to product restriction, or where further information is required to assess eligibility criteria, including the customer's ability to meet repayment obligations.
- An accredited mortgage broker who:
 - meets our accreditation requirements, including completion of product and regulatory training;
 - holds required industry membership;
 - complies with their agreements in place with us and ensure that brokers meet our broking requirements;
 - is required to use our approved application systems to provide us with the customer's details and product requirements to be assessed by our systems and staff to ensure applications meet our eligibility criteria, including the customer's ability to meet repayment obligations.
- All distribution channels are subject to appropriate controls and/or monitoring.

Appropriateness of distribution conditions and restrictions .

We have assessed that the distribution conditions and restrictions will make it likely that consumers who acquire the products are in the target market. We consider that the distribution conditions and restrictions are appropriate and will direct distribution towards the class of consumer for whom the products have been designed.

TMD reviews.

We will review this TMD in accordance with the below:

Initial review	Within 2 years of the effective date.
Periodic reviews	At least every 2 years from the last review.
Review triggers	<p>The review triggers (which reasonably suggest the TMD is no longer appropriate) that may result in an earlier review of the TMD include material changes to the design or distribution of the products including related documentation, material changes in law or taxation policy that may affect the operation of the products, or:</p> <ul style="list-style-type: none">• Significant changes in metrics. These include:<ul style="list-style-type: none">• Customer complaints; e.g. relating to key product attributes, product suitability and sales conduct;• Switching and closed account volumes;• Distribution conditions found to be inadequate;• Any direction from ASIC which requires us to cease distribution of the product.• Occurrence of a significant dealing.

Distribution information.

We will collect the following information from our distributors directly or indirectly in relation to this TMD.

Target Market Determination (TMD).

Complaints	Distributors will report all complaints in relation to the products covered by this TMD on a daily basis, and for all other complaints about the distribution of the product including conduct complaints, on a quarterly [ending March, June, September, and December] calendar basis. This will include written details of the complaints.
Significant dealings	Distributors will report if they become aware of a significant dealing in relation to this TMD that is inconsistent with the TMD within 10 business days.
Other information required	<p>The reporting timeframe for a significant dealing:</p> <ul style="list-style-type: none">• within 10 business days of the date the distributor becoming aware of the significant dealing.