

Target Market Determination

Goldrate Home Loan – Investment Interest Only

1. About this document

This target market determination (TMD) is a publicly available document required under section 994B of the Corporations Act 2001 (Cth). It seeks to offer consumers, distributors and staff with an understanding of the class of consumers and therefore the target market for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

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. Members must still refer to our Financial Service Guide (FSG) and any supplementary documents which outline the relevant terms and conditions under the product when making a decision about this product.

Please see the Terms & Conditions or Financial Services Guide (FSG) to which this target market determination applies

Date from which this target market determination is effective

31 January 2025

2. Class of consumers that fall within this target market

The information below summarises the overall class of consumers that fall within the target market for this product, based on the product key attributes and the objectives, financial situation and needs of our members that it has been designed to meet.

This product has been designed for consumers whose likely objectives, financial situation and needs (as listed below) are aligned with the product (including the key attributes):

- This product is suitable for individuals aiming to refinance, purchase and or construct residential property used or intended to be used for investment purposes; and who require a mortgage loan to fulfil the desired outcome.

Product description and key attributes

The key eligibility requirements are:

- An existing, or becoming a member of Border Bank
- Be a permanent resident of Australia and 18 years of age or over
- A minimum 10% deposit
- Must meet the Bank's Credit criteria

The key product attributes of this product are:

- Minimum loan amount is \$50,000
- No monthly account keeping fee
- No annual fee
- Redraw facility available
- Option to split home loan into variable and fixed option
- Repayment frequency options - Monthly
- LVR up to 90% available with Lender's Mortgage Insurance applicable for LVR's over 80%
- Available for construction purposes

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Variable rate - key attributes:

- Unlimited additional repayments
- Interest Only repayments available (Maximum 5 year term)
- Can switch to Principal and Interest repayment option at any time for Variable loans

Fixed rate - key attributes

- 1-, 2-, 3- and 5-Year Fixed term
- Up to \$9,999 in additional repayments per calendar year of the fixed term
- Can switch to Principal and Interest repayment options for Fixed Loans at the end of the term

Fixed and Variable key attributes

- Customers can get the best of both worlds and get the benefit of having both a variable or fixed loan, by splitting their loan amount

Objectives, financial situation, and needs

This product has been designed for individuals who:

- Are Residential Investors are looking to make Interest Only repayments and are generally those who are looking for Capital growth vs Equity growth and/or are looking to expand their investment portfolio sustaining a successful retirement plan.
- Have set objectives when considering an investment property purchase with repayments set to Interest Only, this repayment option enables the customer to increase cash flow, expand their investment portfolio and/ or maximise any potential tax benefits.
- Have a minimum of 10% deposit to contribute towards their purchase, accepting Lenders Mortgage Insurance will be applicable above 80% and capitalized onto the base loan amount.
- Looking to reduce repayments by refinancing from another financial institution.
- Investors planning retirement who seek a less volatile investment
- Aiming to achieve financial goals relating to residential property investment by expanding their portfolio/ or restructuring their current portfolio to meet their needs.
- Looking for slightly higher risk strategy by relying on Capital Growth vs increasing equity in the property

Fixed Rate

- Certainty around repayment
- Ability to reduce other liabilities whilst on Interest Only repayment for a fixed term using surplus cash flow
- Redraw access allowed for any additional repayments made to the loan whilst on a fixed period

Variable

- Flexibility to make unlimited additional repayments and access the additional funds at any time

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Consistency between target market and the product

This product is likely to be consistent with the likely objectives, financial situation and needs of the class of customers in the target market. This is based on an analysis of the key terms, features and attributes of the product and a finding that these are consistent with the identified class of customers.

This product enables Investors to take advantage of the flexibility of the product whilst making principal and interest repayments. These options include flexible repayment options, through the choice of variable rate, fixed rate, or a split between both options.

The **Variable rate** option offers additional flexibility by allowing additional repayments to be made. This rate isn't locked in, so it is suitable for those wanting to sell their investment property soon, those who aren't sure what the short-term future holds, or those wanting to take advantage of any rate decreases over the loan's term (as this interest rate may change over time). Members can redraw on any extra repayments made to the loan.

The **Fixed rate** options provide certainty, as borrowers know their repayments won't change during the fixed rate term. Will not be impacted by interest rate fluctuations during the fixed term, however there is limited flexibility, as additional repayments are limited during the fixed term period.

Excluded class of consumers

This product has not been designed for individuals who:

- Have a deposit of less than 10%
- Are not Members of Border Bank
- Do not meet our Credit eligibility criteria at the time of application
- Seeking a home loan for owner occupied property

3. How this product is to be distributed

Distribution conditions

This product can only be distributed and/or in accordance with the relevant product terms and conditions as outlined in the FSG and other relevant material (as amended from time to time). This product is designed to be distributed through:

- Online through our Website
- In-store retail branch network
- Relationship Banking Team

This product should only be distributed under the following circumstances:

- An existing, or becoming a member of Border Bank
- Be 18 years of age or over and meets our Credit criteria
- Access the product through the appropriate distribution channels

Adequacy of distribution conditions and restrictions

The Bank's application process has been tailored to identify the Target Market described in this TMD as part of the eligibility criteria for the product covered by this TMD, and the use of the Bank's application process would make it more likely that a product covered by this TMD will be acquired by persons in the Target Market.

Goldrate Home Loan – Investment Interest Only**4. Reviewing this target market determination**

We will review this target market determination in accordance with the below:

Periodic reviews	At least every 12 months from the TMD version date..
Review triggers or events	Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but not limited to): <ul style="list-style-type: none"> • If we make a material change to the design or distribution of the product, including related documentation; • If a significant inconsistent dealing in the product occurs • If any other event occurs indicating that this TMD may no longer be appropriate. • An alteration in the eligibility criteria, lending criteria or application process; • Identified systemic issues in the product or across the product lifecycle; • Relevant material external events such as relevant litigation, adverse media coverage or regulatory attention; • Relevant feedback, information or notification received from distributor, regulator such as ASIC or APRA or other interested parties; • Significant changes in metrics. These include sales, portfolio changes, risk tolerance, loss ratios and complaints; and • Any significant dealings that are inconsistent with the TMD

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

5. Reporting and monitoring this target market determination

We may collect the following information in relation to this TMD.

Complaints	The Bank will report all complaints in relation to the product covered by this TMD on a quarterly basis. This will include but not limited to the number and nature of complaints received regarding the product's design, key attributes and distribution
Significant dealings	The nature and the circumstances of the significant dealing (including why the dealings occurred outside the Target Market), the date range of when the significant dealing occurred, the number of consumers to whom the report relates and whether consumer harm or detriment has or likely occurred as a result of the significant dealing. The Bank will report if they become aware of a significant dealing in relation to this TMD within 10 business days.
Sale and Transaction Data	<i>Distribution information required</i> e.g., transaction data, outcomes from sale practices like promotions and monitoring on a monthly period. Member data relevant to sale.