

Target Market Determination

Gold Commercial SMSF Variable Rate Loan

Issuer: BNK Banking Corporation Limited
ABN 63 087 651 849 AFSL 246884

Manager: Better Choice Home Loans Pty Ltd
ABN 79 095 728 868 ACL 378333

This Target Market Determination describes the type of customer for which the Gold Commercial SMSF Variable Rate Loan is designed for, having considered the likely objectives, financial situation and needs of customers in the target market.

Effective date: 4 September 2023

Target Market

This product is only suitable for self-managed superannuation fund (SMSF) trustees who, acting in accordance with the Superannuation Industry (Supervision) Act 1993 (Cth) and other relevant regulation, have decided to invest or refinance commercial security as specified below, and can qualify for a maximum LVR (loan to value ratio) of 80%.

The SMSF Trustee desires a loan with the following features:

- A variable interest rate;
- The flexibility to make extra repayments at any time;
- The ability to make interest only repayments for up to 5 years
- Loan term: Up to 25 years
- Minimum loan size: \$100,000
- Maximum loan size: \$4,000,000 (75% LVR Category 1 Property), \$3,000,000 (80% LVR Category 1 Property), \$3,000,000 (75% LVR Category 2 Property) , \$2,000,000 (70% LVR Category 2 Property). Categories are based on the type and location of the security property. Refer to the lender for more information.
- Acceptable Security being Shop fronts, Offices, Industrial Units, Factories, Warehouses, Mixed residential and Commercial Use, Medical and Professional Suites.

Suitability:

This Loan would suit borrowers whose:

- Likely objective is to pay off the quickly with rental income and other contributions;
- Likely financial situation is the SMSF trustee can afford the repayments
- Likely needs are to purchase or refinance a commercial property for the super fund of a prescribed type.

And the Borrower should be:

- Comfortable using technology to manage their mortgage accounts;
- Not needing to use cheques or handle cash to make repayments;
- Not needing to visit a physical branch.

Not suitable:

This loan would not be suitable for:

- Borrowers looking for the ability to fix the interest rate on their loan;
- Borrowers looking for a loan with an offset account or the ability to have split accounts.

Key Eligibility Requirements

Corporate Trustee Borrowers only structured as follows:

SMSF Trustee (Borrower)

The SMSF trustee must be a corporate trustee (where all beneficiaries must be directors of the trustee company), on behalf of a SMSF.

Property Trustee (Mortgagor)

The property trustee must be a corporate trustee (and must be a different company to the SMSF company trustee).

The property trustee can be another company owned or controlled by a member of the SMSF, but not an individual member of the SMSF.

Personal Guarantees from all SMSF beneficiaries

All directors and shareholders and beneficiaries are required to provide unconditional joint and several guarantees. This is in addition to the standard requirements for trust borrowers.

Serviceability

The Borrower must be able to satisfy BNK credit criteria. Serviceability will be undertaken solely from the SMSF itself. The SMSF must be able to service the loan from existing SMSF income and assets, proposed rental income and mandatory members' contributions.

Distribution

Distribution Channel	Distribution Conditions
By mortgage brokers directly accredited with Better Choice Home Loans Pty Ltd	<p>The distributor must be an accredited mortgage broker and hold an Australian Credit License or be an Authorised Credit Representative to engage in credit activities on behalf of a credit licensee through accredited mortgage aggregators, to consumers.</p> <p>The accredited mortgage broker is subject to a best interest's duty and related obligations to ensure that the product is in the best interests of any customer when offering this product.</p>

Distributor Reporting Requirements

Reporting period	Reporting information is to be reported quarterly during each calendar year. Reporting periods are: <ul style="list-style-type: none"> • Quarter ending 31 March • Quarter ending 30 June • Quarter ending 30 September • Quarter ending 31 December
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Reporting information	Third party distributors of these products must provide BNK with the following information as soon as practical, or within 10 business days after the reporting period, unless otherwise specified.	
	Complaint information	Full details of any complaints received in relation to this product, including: <ul style="list-style-type: none"> • Number of complaints. • Nature and circumstances of the complaints.
	Feedback	Feedback that the target market or key product attributes may no longer be appropriate and not meeting the likely needs, objectives or financial situation of the target market.
	Significant dealings	A distributor must notify BNK in writing as soon as possible but, in any case, within 10 business days of becoming aware of a significant dealing. The notification must include the following information: <ul style="list-style-type: none"> • The date or date range when the significant dealing occurred; • A description of the dealing and an explanation on why it's deemed significant and inconsistent with the TMD; • Steps taken or to be taken because of the dealing; and • How the significant dealing was identified.

Review

Periodic review	Every year from the effective date to ensure it remains appropriate, or earlier if other circumstances occur which trigger the need to review the TMD
Review Trigger	This TMD will be reviewed should any of the following occur: <ul style="list-style-type: none"> • An unexpected increase in material complaints about the product are received; • A significant dealing in the product outside the TMD occurs; • A material change is made to this product; • A significant breach has occurred in association with this product; or • A significant change to the enforceable regulations that govern the product or direct intervention from any of the governing bodies.