

Target Market Determination

Standard Variable Rate Home Loan

Start date: 18 November 2024

Next review due: 17 November 2025

Review period: At least every 12 months from the start date of this Target Market Determination

What is a Target Market Determination?

A Target Market Determination (TMD) describes the cohort of customers that the product is targeted at (the Target Market) and any conditions around how the product is distributed to customers (the Distribution Conditions).

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

Why does CommBank need to have Target Market Determinations?

We're required to have Target Market Determinations under law. The purpose of the law is to make sure customers are at the centre of our approach when designing and distributing our financial products. This document is not a substitute for the product's terms and conditions or other disclosure documents.

When making a decision about this product, customers must refer to the relevant Product Disclosure Statement (PDS), Terms and Conditions or other disclosure documents.

Target Market

The table below matches the Product Attributes to the Objectives and Needs of the Target Market for this product. CBA has assessed that the product including its Key Attributes are likely to be consistent with the Objectives and Needs of the Target Market.

Objectives and Needs	Product Attributes
Require a home loan with a range of features including repayments that can vary over the life of the loan	<ul style="list-style-type: none"> The home loan account has a variable interest rate meaning that repayments will vary based on changes to the interest rate.
Require a home loan for any of the following purposes: <ul style="list-style-type: none"> purchasing, refinancing or renovating a residential owner occupied or investment property; consolidation of personal debt; purchase of land; personal needs or personal investments; building and construction finance; and / or off the plan purchase 	<ul style="list-style-type: none"> The loan amount can be used for any one or more of the listed purposes.
Ability to make unlimited payments in excess of the required monthly repayment amount	<ul style="list-style-type: none"> Unlimited additional repayments (including the ability to pay the loan out early) can be made without additional charge.
Access to a redraw facility	<ul style="list-style-type: none"> The home loan account has a redraw facility which enables customers to access additional repayments made over and above the minimum required repayments (conditions apply).
Ability to switch between principal and interest and interest only repayments	<ul style="list-style-type: none"> Subject to approval, a customer can switch between principal and interest and interest only repayment methods (conditions apply).
Option to link an Everyday Offset Account	<ul style="list-style-type: none"> Multiple Everyday Offset accounts can be linked to the home loan account. Credit balances in the Everyday Offset Accounts will reduce the balance on which interest is charged. A separate Target Market Determination has been made for the Everyday Offset Account, refer to commbank.com.au/tmd.



Objectives and Needs	Product Attributes
Option to reduce interest rate and obtain waiver of certain fees	<ul style="list-style-type: none"> Customers can pay an annual fee to access a Wealth Package / Mortgage Advantage (subject to its own eligibility criteria). The Wealth Package / Mortgage Advantage provides customers with access to a discount on home loan interest rates as well as a waiver of certain fees (e.g. upfront establishment fee, monthly loan service fee and a fee waiver on one eligible credit card). Eligible Wealth Package/ Mortgage Advantage customers may get access to further interest rate discounts in addition to standard package benefits.
Financial Situation	
<p>The Financial Situation of the Target Market are customers that meet CBA's credit assessment criteria which includes:</p> <ul style="list-style-type: none"> Demonstrating the capacity to make the required repayments and the ability to pay off the loan without substantial hardship; and Where determined by CBA to be required, (based on the customers' deposit size, security, applicant and loan attributes), will pay Lenders Mortgage Insurance or Low Deposit Premium or have an acceptable Guarantor. <p>CBA views that its processes in place, including assessing the customer's ability to service the home loan account, will mean that the product will likely be consistent with the Financial Situation of the Target Market.</p>	

Eligibility Criteria for the Product

To hold this product, customers will need to satisfy certain eligibility criteria, including that customers must:

- be individuals (including trustee of a family, hybrid or unit trust) 18 years of age or above; and
- be living in Australia as:
 - an Australian citizen, permanent resident or specified temporary Australian resident;
 - New Zealand citizen; or
 - overseas citizen co-borrowing with an Australian citizen or permanent resident; or
- be living and working overseas as an Australian citizen or permanent resident; or
- be an Australian registered, non-trading company; or
- be a trustee of an Australian, non-trading, family, hybrid or unit trust (the beneficiary and trustee must meet the eligibility criteria of an individual or a company (as above)); and
- provide sufficient security in accordance with CBA's credit assessment criteria, including:
 - acceptable residential mortgage;
 - acceptable residential mortgage with supplementary cash held in an eligible CBA account; and/or
 - guarantor who supports the loan by providing additional security.



Distribution Conditions

CBA will have oversight over how the product is promoted and issued. The product can only be distributed to customers in accordance with CBA's product and process requirements. All customers must satisfy CBA's credit assessment criteria which demonstrates the customer's capacity to service the credit facility. In addition, the below table identifies the distribution channels which the product can be sold through and sets out the conditions that apply to each channel. CBA views that the conditions specified are appropriate and are of a nature that it will be likely that the product will be distributed to the target market.

Distribution Channels	Conditions that make product distribution through the channel appropriate
Proprietary:	
<ul style="list-style-type: none"> Staff assisted channels (e.g. in branch, over the phone, with a relationship manager or mobile banker) 	<p>CBA staff that distribute this product:</p> <ul style="list-style-type: none"> are appropriately trained and accredited to meet CBA's qualification requirements which includes our regulatory obligations; understand and are able to discuss the features, trade-offs, rates / fees of the product and the key differences between home loan products; must follow process and procedures that outline application eligibility; have access to product resources such as home loan comparison tools, borrowing and repayment calculators, stamp duty & upfront cost calculator, pricing tools; and are monitored through assurance programs such as sample call monitoring or sample file monitoring for errors.
<ul style="list-style-type: none"> Self-service for existing CBA home loan customers switching into this product (e.g. using the switch form or online switching process) 	<p>Existing CBA home loan customers can switch into this product from an existing eligible CBA home loan. This is undertaken by completing a switching application process where the customer is provided with key information about this product including its product attributes, applicable rate type and fees.</p> <p>During this switching process, customers who require further assistance or would like to understand more about this product will have the option to be directed to appropriately trained CBA staff.</p> <p>CBA views that origination through this process is appropriate given customers:</p> <ul style="list-style-type: none"> currently hold an eligible CBA home loan product and have familiarity with their existing CBA home loan; are provided key information about this product through the switching process; and



Distribution Channels	Conditions that make product distribution through the channel appropriate
	<ul style="list-style-type: none"> have the ability to discuss this product and their options with appropriately trained staff.
<ul style="list-style-type: none"> Online channels (e.g. CommBank website, NetBank and the CommBank app) 	<p>The product cannot be distributed through online channels however the application process may commence online.</p> <p>CBA's online channels provide customers with access to the following;</p> <ul style="list-style-type: none"> home loan comparison tool that assists customers to select a suitable product; information about the products with a summary of key benefits, trade-offs and rates/fees, in an easy to navigate format; and home loan calculators to estimate their borrowing, repayments and other costs of buying a property. <p>Applications commenced through an online channel will be directed through to a staff assisted channel.</p>
Third Party:	
<ul style="list-style-type: none"> Accredited third party brokers 	<p>CBA only permits third parties to distribute this product who are approved aggregators and their authorised brokers who have been accredited by CBA. CBA also requires that:</p> <ul style="list-style-type: none"> aggregators responsible for third party brokers involved in the distribution of the product comply with their agreement in place with CBA and take reasonable steps to: <ul style="list-style-type: none"> ensure that their brokers meet CBA's mortgage broking requirements; and comply with their legal obligations, which includes the obligation for brokers to act in the best interests of their client when providing credit assistance. third party brokers meet CBA's accreditation requirements which include holding appropriate qualifications, industry membership and authorisations to engage in credit activities as well as completion of background checks. <p>If aggregators and their authorised brokers fail to comply with the above requirements, it may result in CBA terminating their authority to distribute this product.</p>



Review Triggers

If any of the below review triggers occur, or if an event or circumstance has occurred that would reasonably suggest that the TMD may no longer be appropriate, CBA will undertake a review of this TMD:

Information Type	Description
Customer Outcomes	<p>Unexpected trends in customer outcomes which are significantly inconsistent with the intended product performance, including:</p> <ul style="list-style-type: none"> customers who are not utilising product features (for example the Wealth Package/ Mortgage Advantage and/or Everyday Offset Account); and / or customers who are in hardship arrangements within first year of fully funding; and/or customers who have been charged late payment fees; and/or customers who are switching to Extra Home Loan within the first year of funding.
Complaints	<p>Unexpected trends in complaints received from customers who acquired the product, which relate to the customer's purchase or use of the product, for example:</p> <ul style="list-style-type: none"> distribution (e.g. misrepresentation or mis-selling from staff); product suitability (e.g. sale of Standard Variable Rate home loan to a customer that prefers the certainty of a fixed rate); and / or product attributes (e.g. inability to access funds in redraw; the funds in the offset account are not being deducted from the loan balance before interest is charged).
Incident Data	A material incident or significant number of incidents in relation to the product's design or distribution that identify breaches of our legal or regulatory obligations.
Significant Dealings	Any significant dealing of the product to customers who are outside of the Target Market.
Notification from ASIC	The receipt of a product intervention power order from ASIC requiring CBA to immediately cease retail product distribution conduct in respect of the product.
Changes to the product	The material alteration of the product or product terms and conditions (e.g. adding to, removing or changing a key product attribute; significant change to distribution channel and distribution strategy).



Review Trigger Information Reporting Requirements

The following information must be provided to CBA by all third parties responsible for the retail product distribution conduct of this product in accordance with this TMD, within the required timeframes:

Information Type	Description	Time Frame for Reporting
Product complaints data	Information relating to complaints received including number of complaints, third party distributor identifier information, product name and complaint verbatim.	Quarterly, and in any case no later than 10 business days from the end of the quarter.
Significant Dealings	Any significant dealing of the product to customers who are outside of the Target Market.	As soon as practicable, and in any case, no later than 10 business days after becoming aware.

Product Issuer: Commonwealth Bank of Australia ABN 48 123 123 124 AFSL and Australian credit licence 234945

