



Target Market Determination – Bank Guarantee

This is the target market determination (**TMD**) for the purposes of section 994B of the *Corporations Act 2001* (Cth) (**Corporations Act**) for the Bank Guarantee(**Product**).

The issuer of the Product is Bank of China (Australia) Limited (**Bank**). This TMD sets out certain information relevant to the Bank's compliance with the design and distribution (**DDO**) framework in the Corporations Act, including the:

- class of consumers that makes up the target market for the Product;
- conditions that will be imposed on the distribution of the Product;
- requirements for the Bank to review the TMD; and
- requirements for distributors to report certain information to the Bank.

This TMD does not provide a complete list of the features and terms and conditions of the Product. This TMD should be read in conjunction with the Bank Guarantee Product Sheet and other information in relation to the Product. A copy of these documents can be accessed from the Bank's retail branches in Australia during business hours (free of charge). If a Bank Guarantee application is approved, the Bank Guarantee Agreement in the application form will govern the specific terms and conditions that apply to that particular Product.

This TMD has been prepared without taking into account any person's individual needs, objectives, or financial situation. If you are considering a Bank Guarantee, we encourage you to understand how it may affect your personal circumstances and seek professional advice (such as, independent legal and financial advice).

Capitalised terms have the meaning given to them in the Bank Guarantee Agreement, unless otherwise defined.

Product	Bank Guarantee
Issuer	Bank of China (Australia) Limited ABN 28 110 077 622 AFSL 287322 ACL 287322 (Bank)
Date of TMD	5 October 2021
Target Market	<p>Description of target market</p> <p>People who are looking for a bank guarantee to be issued to secure their obligations under one of the following types of contract entered into with another party (the beneficiary).</p> <ul style="list-style-type: none"> - a contract to purchase a property; - a lease to occupy premises; or - a building contract. <p>Description of product, including key attributes</p> <p>The key attributes of a Bank Guarantee include:</p>

- available to any Australian citizen, Australian permanent resident or Non-Resident;
- the minimum guarantee amount is \$5,000;
- the maximum guarantee amount is either:
 - 10% of the purchase price of a residential property (or in the case of a lease or building contract, 10% of the contract price); or
 - \$500,000 per applicant (whichever is the lesser);
- no minimum term is required;
- a maximum term is dependent on the use of the Bank Guarantee. It may be for a set term with a predetermined expiry date or have no fixed expiry date;
- a Bank Guarantee with no fixed expiry date will only be accepted where it is fully secured by a Cash Security over a term deposit;
- the facility is to be secured to the Bank's satisfaction, i.e. a Cash Security is taken over a term deposit in the applicant's name or mortgage over Residential Property. In such situations, interest will be payable at the Bank's prevailing term deposit rate;
- the Bank Guarantee can only be cancelled upon return to the Bank by the beneficiary, if a nominated expiry date is reached or when the specified amount has been fully paid to the beneficiary;
- fees and costs that may be payable in respect of the Bank Guarantee include:
 - specified issuance fees;
 - a specified release fee if a nominated expiry date is reached;
 - a specified cancellation fee for a guarantee with no fixed expiry date;
 - specified guarantee amendment fees (for example, increase of amount, extension of the term); and
 - a legal fee, which is applicable by quotation.
- no application fee applies; and
- interest is not applicable to the facility unless the Bank Guarantee is called up and converts to a mutually agreed loan facility.

Description of likely objectives, financial situation and needs of consumers in the target market

This Product is generally designed for customers whose:

- Likely objectives include:
 - seeking a bank guarantee to secure their obligations under a contract entered into with another party (the beneficiary)
 - to purchase a property;
 - for a lease to occupy premises;
 - for a building contract.
- Likely financial situation include:
 - meeting the Bank's eligibility requirements including having a term deposit as a Cash Security or Mortgage over Residential Property for the term of the Bank Guarantee; and
 - having a guarantee amount that is higher than \$5,000 but less than maximum guarantee amount being (10% of the purchase price of a

	<p>Residential Property or \$500,000 per applicant (whichever is the lesser)).</p> <ul style="list-style-type: none"> • <u>Likely needs includes:</u> <ul style="list-style-type: none"> ○ requiring security of obligations to another party (a beneficiary) in a situation where the customer does not want to, or is unable to, provide funds directly to the other party. <p><i>Classes of consumers for whom the product is clearly unsuitable</i></p> <p>This Product is not suitable for customers who:</p> <ul style="list-style-type: none"> • do not need a bank to secure their obligations to another party (a beneficiary); • cannot provide a term deposit as a Cash Security or a Mortgage over Residential Property for the term of the Bank Guarantee; • require a Bank Guarantee for purposes other than entering into a contract to purchase a property, entering into a lease to occupy premises or entering into a building contract; or • are not Australian citizens, Australian permanent residents or Non-Residents or do not meet the other eligibility criteria. <p><i>Explanation of why the product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market</i></p> <p>The Bank considers that the Product is likely to be consistent with the likely objectives, financial situation and needs of customers in the target market because:</p> <ul style="list-style-type: none"> • as a bank guarantee, the Product is specifically intended for the purpose of securing the customers' obligations to another party; • the Product is likely to reflect the financial circumstances of customers because the eligibility criteria include criteria relating to their financial circumstances.
<p>Distribution Conditions</p>	<p><i>Distribution conditions</i></p> <p>The Product can only be distributed by employees of the Bank and its related corporations, in branch (through one of the Bank's branches in Australia) who are supervised by responsible managers under the Bank's Australian Credit Licence and must comply with the Bank's internal policies and procedures and training requirements for the origination of Bank Guarantee.</p> <p>The procedures applied to the Bank's distribution channels ensure that the Bank collects the necessary information in a Bank Guarantee application that will include information about the customers' needs, objectives and financial situation to ensure that the customers meet the eligibility requirements for the Bank Guarantee and fall within the target market.</p>

	<p><i>Why the distribution conditions and restrictions will make it more likely that the consumers who acquire the product are in the target market</i></p> <p>The Bank considers that the distribution conditions mean that it is likely that customers who acquire the Product will be in the target market because:</p> <ul style="list-style-type: none"> • all employees involved in the origination of Bank Guarantees will be required to follow the Bank's internal procedures for Bank Guarantee approvals and training in relation to Bank Guarantee origination that together allow them to understand the classes of customer for whom a Bank Guarantee is suitable or not suitable; • the Bank will have the opportunity to check all Bank Guarantee applications for new customers before they are approved for consistency with the Bank's eligibility criteria which include considerations relating to needs, objectives and the financial circumstances of customers.
<p>Review Triggers</p>	<p>The review triggers that would reasonably suggest that the TMD is no longer appropriate in relation to the Product include:</p> <ul style="list-style-type: none"> • there are significant changes to the key attributes of the Product as described in this document that make it reasonable to conclude that the Product of the options contained in it would no longer be consistent with the relevant TMD; • there are significant changes to the methods of distribution of the Product that make it reasonable to conclude that the TMD does not reflect the actual distribution methods used by the Bank; • the Bank identifies a significant dealing of the Product outside of the target market that it is required to report to ASIC; • a significant number of complaints are received from customers in relation to their purchase or use of the product that reasonably suggests that the TMD for the product as whole (or any for any options within the product is no longer appropriate; and • ASIC has utilised its product intervention power in Part 7.9A of the Corporations Act to intervene in relation to this product.
<p>Review Periods</p>	<p><i>First review date:</i> Within 1 year from 5 October 2021.</p> <p><i>Periodic reviews:</i> Within 2 years after the initial review date and each subsequent review date after that.</p>
<p>Distribution Information Reporting Requirements</p>	<p>The following information must be provided to Bank of China (Australia) Limited by distributors who engage in retail product distribution conduct in relation to this Product.</p>

	Type of information	Description	Reporting period
	Complaints	Number of complaints, nature and substance of the complaint	Every 6 months within 10 business days from the end of the period
	Significant dealing(s) ¹	Date or date range of the significant dealing(s) and description of the significant dealing (eg, why it is not consistent with the TMD)	As soon as practicable, and in any case within 10 business days after becoming aware
	Dealing outside the target market	Date or date range of any dealing outside the target market of which the distributor is aware, a description of the dealing and any reasons why there was a dealing outside the target market	Every 6 months within 10 business days from the end of the period

¹ For example, a distributor may consider a dealing outside the TMD to be significant because (i) they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or (ii) they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer), or (iii) the issuer has reasonably identified the this type of dealing as significant or a regulator, court or AFCA identifies this type of dealing as significant.