

Target Market Determination – Bank of China UnionPay Rewards Credit Card

This is the target market determination (**TMD**) for the purposes of section 994B of the *Corporations Act 2001* (Cth) (**Corporations Act**) for each of the credit card products listed below (each a **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 of China Credit Card Conditions of use and Bank of China Credit Card Rewards Program Terms and Conditions* and other information available on the Bank's website in relation to the Product. If an application for a credit card is approved, the credit contract issued following any approval 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. Any person seeking to obtain a credit card Product should consider how it may affect their personal circumstances.

Capitalised terms have the meaning given to them in the *Bank of China Credit Card Conditions of use and Bank of China Credit Card Rewards Program Terms and Conditions*, unless otherwise defined.

Product	Bank of China UnionPay Rewards Credit Card
Issuer	BANK OF CHINA (AUSTRALIA) LIMITED ABN/ACN 28 110 077 622 Australian Financial Services Licence and Australian Credit Licence No 287322 (the Bank)
Date of TMD	28 February 2025
Target Market	<p>Description of target market</p> <p>The target market for this Product will comprise persons who wish to acquire goods or services from merchants and suppliers who accept payment using the payment scheme operated by UnionPay (including persons frequently transacting with or commuting to China) and at the time of acquiring those goods and services:</p> <ul style="list-style-type: none"> • want to manage their cashflow by accessing credit up to an agreed credit limit under a credit facility that allows them to make repayments and then redraw within the credit limit (sometimes referred to as a 'continuing credit contract'); • want to temporarily defer repayment of the cost of acquiring the goods and services; and

- otherwise meet the Bank's eligibility criteria (including that they are able to repay the money that they borrow).

Description of product, including key attributes

Key attributes of this product include:

- the ability to make payment to merchants/suppliers both in Australia and overseas including in China who accept UnionPay as a payment method using the customer's credit card;
- the ability to make payments over the internet and by phone;
- the ability to link the credit card facility to the Bank's mobile banking facilities which allows easy account monitoring;
- where the Product is used to purchase goods or services, an interest free period of up to 50 days (but only if the outstanding balance is reduced to nil by the due date shown in each statement);
- an option to apply for a smart interest free instalment plan (subject to the consent of the Bank). The Bank can consider requests for a purchase instalment plan (which can be applied for after a purchase) or a statement instalment plan (which can be applied for after a statement has been issued and if approved may require a minimum balance payment of 10%).
- fees and charges payable in respect of the Product – such as annual fee, late payment fees and currency conversion fees for foreign currency transactions;
- the use of the card is subject to a fraud monitoring program that assists customers to mitigate against the risk of their credit card details being used fraudulently;
- the ability to obtain cash advances under the credit facility from ATMs anywhere in the world in the relevant local currency and from the Bank's Australian branches (subject to the cash advance rate);
- the ability to obtain balance transfers from another credit facility (subject to the cash advance rate and a balance transfer fee).;
- a minimum periodic repayment amount that is calculated as the greater of \$20 or 4% of the total outstanding amount (excluding overdue amounts), whichever is greater.

In addition, the Product has the following key attributes that vary according to the specific Product:

UnionPay Rewards Credit Card Product feature	
Additional Cardholder	Yes
Additional Cardholder fees apply	Yes
Rewards Points	Yes
Interest rate applicable for purchases of goods and services	Standard rate for purchases
Fees and charges applicable	Standard fees and charges

	including an annual fee
Minimum amount of credit	\$500
Maximum amount of credit	\$50,000

Information about Fees and Charges for this Product are set out in the Bank's 'Credit Card Rates and Fees' information which is available on the Bank's website (as is the Key Facts Sheet for the Bank's credit card products).

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

This Product is designed for customers whose likely needs include:

- the ability to make payments using the payment system operated by UnionPay; and
- the ability to manage or meet cash flow on an ongoing basis.

In addition, this Product is designed for customers whose likely objectives and financial situation include the following as relevant:

Likely objectives of customers in the target market	Likely financial situation of customers in the target market
Preference to earn rewards from use of their credit card and willingness to accept standard fees and interest rates for the opportunity to earn and redeem rewards.	Meet the Bank's credit assessment and eligibility requirements including: <ul style="list-style-type: none"> • having regular income; • having the ability to fully repay the credit balance on repayment dates so as not to carry significant balances after repayment dates for a prolonged period; and • having a good credit score.

Classes of consumers for whom the product is clearly unsuitable

This Product is not suitable for customers who do not require an ongoing credit facility to use to make recurring purchases.

This Product is not suitable for customers looking to obtain credit below the minimum credit limit or above the maximum credit limit for the relevant card type.

In addition, this Product will not be suitable for some types of customers as described below:

Persons for whom this product will not be suitable
Customers who:

- do not wish to have the ability to make payments to persons who accept UnionPay; and
- prefer to minimise costs over the chance to participate in rewards programmes; and
- are likely to carry substantial balances for prolonged periods (i.e. they will not be able to reduce the credit amount to nil on repayment dates).

Explanation of why the product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market

The Bank considers that this Product is likely to be consistent with the likely objectives, financial situation and needs of customers in the target market because:

- the Product provides access to a payment scheme accepted by merchants in Australia and internationally (but especially in China); and
- each credit card is linked to an underlying credit facility that allows the customer to manage cash flow needs within the agreed credit limit.

In addition, the Bank considers that this Product is likely to be consistent with the likely objectives, financial situation and needs of customers in the specific target market of that Product for the reasons set out in the table below:

Explanation of why the product is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market

UnionPay is the card most widely accepted by merchants in China and is accepted by most merchants in Australia.

Customers can earn rewards points for purchases made on the card for goods and services. Where customers repay their credit balance to nil by each repayment date they will not incur interest on purchases due to the 50 days of interest free period for purchases.

<p>Distribution Conditions</p>	<p><i>Distribution conditions</i></p> <p>This Product is not distributed by third parties.</p> <p>All credit card applications are required to go through a common application and approval process which requires the customer to provide information about the requirements and objectives of the customer applying for a credit card product and their financial situation (consistent with the Bank's responsible lending obligations and credit approval criteria).</p> <p>The Credit Card may be issued in conjunction with Bank of China Discount Plus Home Loan or a Bank of China Discount Plus Investment Home Loan. When issued with a home loan the information collected about financial situation and objectives is simplified as some of this information is already collected for the home loan application.</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"> • distribution of the Product is restricted to the Bank's own authorised employees; • employees must be authorised by the Bank to distribute this Product and are required to complete relevant training in relation to the Product and the distribution of the Product; and • the training provided to the Bank's employees, and the application and approval process, take into account the likely objectives, financial situation and needs of customers.
<p>Review Triggers</p>	<p>The review triggers that would reasonably suggest that the TMD is no longer appropriate in relation 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 it would no longer be consistent with the TMD; • the bank identifies a significant dealing that it is required to report to ASIC (including where the Bank identifies that the Product is being distributed without due care outside the target market to customers suffering from circumstances of vulnerability); • the rate of account closures within 12 months of account opening increases by more than 15% in any one year (except where explainable by external factors unrelated to product attributes or distribution arrangements); • the rate of account closures within 12 months of account opening exceeds 10% in any one year (except where explainable by external factors unrelated to product attributes or distribution arrangements); • the number of complaints received from customers in relation to their purchase or use of the Product increases by more than 15% in any 12 month period;

	<ul style="list-style-type: none"> the rates of default or number of hardship applications in relation to the Product increases by more than 15% in any one year (except where explainable by external factors unrelated to product attributes or distribution arrangements); the rates of default or number of hardship applications in relation to the Product exceeds 10% in any one year (except where explainable by external factors unrelated to product attributes or distribution arrangements); there are low numbers* of customers claiming redemptions under rewards programs offered in conjunction with this Product; ASIC has utilised its product intervention power in Part 7.9A of the Corporations Act to intervene in relation to this product; and UnionPay ceases to be widely accepted by merchants in China. <p>*low numbers will be determined from expected numbers set for each quarter</p>															
Review Periods	<p>Next review date: Within 1 year from 10 February 2025.</p> <p>Periodic reviews: Within 2 years after the next review date and each subsequent review date after that.</p>															
Distribution Information Reporting Requirements	<p>The following information must be provided to Bank of China (Australia) Ltd by distributors who engage in retail product distribution conduct in relation to this product:</p> <table border="1" data-bbox="464 1098 1357 1818"> <thead> <tr> <th>Type of information</th> <th>Description</th> <th>Reporting period</th> </tr> </thead> <tbody> <tr> <td>Complaints</td> <td>Number of complaints, nature and substance of the complaint</td> <td>Every 3 months within 10 business days from the end of the period.</td> </tr> <tr> <td>Account closures/switching</td> <td>Rate of account closures or customers switching accounts within 12 months of account opening</td> <td>Every 3 months within 10 business days from the end of the period</td> </tr> <tr> <td>Defaults/hardship applications</td> <td>Rates of default or number of hardship applications</td> <td>Every 3 months within 10 business days from the end of the period</td> </tr> <tr> <td>Rewards redemption</td> <td>Rates of reward redemption – based on number of customers claiming redemptions against expected numbers set for each quarter</td> <td>Every 3 months within 10 business days from the end of the period</td> </tr> </tbody> </table>	Type of information	Description	Reporting period	Complaints	Number of complaints, nature and substance of the complaint	Every 3 months within 10 business days from the end of the period.	Account closures/switching	Rate of account closures or customers switching accounts within 12 months of account opening	Every 3 months within 10 business days from the end of the period	Defaults/hardship applications	Rates of default or number of hardship applications	Every 3 months within 10 business days from the end of the period	Rewards redemption	Rates of reward redemption – based on number of customers claiming redemptions against expected numbers set for each quarter	Every 3 months within 10 business days from the end of the period
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	Significant dealing(s) ¹	Date or date range of the significant dealing(s) and description of the significant dealing (e.g., why it is not consistent with the TMD)	As soon as practicable, and in any case within 10 business days after becoming aware
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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 customer (or class of customers), 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.