Target Market Determination – Discount Plus Home Loan and Discount Plus Investment Home Loan

(including Offset Account option)

This is the target market determination (**TMD**) for the purposes of section 994B of the *Corporations Act 2001* (Cth) (**Corporations Act**) for the Discount Plus Home Loan and Discount Plus Investment Home Loan (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 Issuer to review the TMD; and
- requirements for distributors to report certain information to the Issuer.

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 Discount Plus Home Loan and Discount Plus Investment Home Loan Product Sheets, Transactional and At Call Account Terms and Conditions and other information available on the Bank's website in relation to the Product. A copy of these documents can be accessed on the Bank's website at www.bankofchina.com/au or from the Bank's retail branches in Australia during business hours (free of charge). If a home loan application is approved, the Home Loan Agreement 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. If you are considering a Discount Plus Home Loan and/or Discount Plus Investment Home Loan, 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 Home Loan General Terms, unless otherwise defined.

Product	• Discount Plus Home Loan; and • Discount Plus Investment Home Loan (each of which is provided with an optional Offset Account)
Issuer	Bank of China (Australia) Limited ABN 28 110 077 622 AFSL 287322 ACL 287322 (**Bank**)
Date of TMD	6 May 2026
Target Market	***Description of target market*** People who are looking to purchase, refinance or construct a home (in the case of the Discount Plus Home Loan) or investment property (in the case of the Discount

	Plus Investment Home Loan), who want the flexibility to make additional repayments and redraw funds as required as well as access to additional features such as an offset account to save interest and are seeking a discount interest rate. This Product comes with options that allow the borrower to either: • make interest only payments during an initial period of 1 to 5 years at the beginning of the loan (for which the target market is limited to persons who are undertaking construction on their home (in the case of the Discount Plus Home Loan) or investment property (in the case of the Discount Plus Investment Home Loan) **or** do not need to and do not wish to make repayments of principal during the interest only period). Loans provided for construction or renovation purposes will be structured as interest only during the construction period; or • make principal and interest repayments for the whole term (for which the target market includes persons who either wish to or need to make repayments of the principal amount during entire loan term). ***Description of product, including key attributes*** The Discount Plus Home Loan and the Discount Plus Investment Home Loan are loans that operate for maximum loan terms of up to 30 years but for which customers may elect to have interest only repayments at the beginning of the loan for periods of between 1 and 5 years (after which if the loan is not repaid the customer makes principal and interest repayments for the remaining term). Key attributes of each Product include: • that loan has a discounted variable interest rate; • the loan is secured against the property being financed; • the minimum loan amount is $250,000; • the maximum loan term is up to 30 years; • the repayment options include 'principal and interest 'or 'interest only' for the periods of 1 to 5 years at the beginning of the loan; • the repayment frequency is either monthly or fortnightly; • the loan offers the ability to make early extra repayments, to redraw repayments made and can be linked to offset account; • the ability to switch from the 'principal and interest' option to the 'interest only' option (provided the 'interest only' option would end before the end of the 5th anniversary of the loan), and between the 'interest only' and the 'principal and interest' option, without break costs; • the ability to use the loan for construction or renovations during an interest only period; • the loan offers customers the ability to apply for a credit card issued by the Bank with all annual fees waived (please refer to the Target Market Determination for the Bank's Credit Cards);

	• fees and costs payable in respect of the loan include an annual service fee, a discharge service fee and certain third party fees (for example, for preparation of valuations); and • for customers where the value of their loan exceeds 80% of the value of the property over which the loan is secured, lenders mortgage insurance will be payable. For those customers selecting the 'interest only' option available under the Product the following additional key attributes apply: • a smaller payment obligation during the 'interest only' period: and • no reduction of the principal amount during the interest only period with the result that the total amount of interest over the life of the loan will be higher when compared to a loan with repayments that include principal and interest. Customers with a Discount Plus Variable Home Loan or a Discount Plus Investment Home Loan are also able to elect to establish an Offset Account. This option allows customers to place funds into the deposit account and offset the positive balances in the deposit account against the balance owed under their home loan for interest calculation purposes. The Offset Account does not otherwise earn interest. The customer is entitled to withdraw funds from the Offset Account on demand. ***Description of likely objectives, financial situation and needs of consumers in the target market*** This Product is generally designed for customers whose: • <u>Likely objectives include:</u> o seeking flexibility to make extra repayments without a fee; o seeking flexibility to redraw funds as required; o seeking the ability to link to an offset account; o seeking a discounted interest rate discount; and o seeking access to a credit card without incurring annual fees; • <u>Likely financial situation include:</u> o meeting the Bank's credit assessment and eligibility requirements including having a regular income for the term of the loan and: ▪ in respect of the Discount Plus Home Loan - being owner/occupiers; and ▪ in respect of the Discount Plus Investment Loan - being investors in property that is to be used for residential purposes; o for customers electing to open an Offset Account, the ability to build or maintain additional cash deposits (i.e. in excess of the minimum payments) to offset against the debt balance. • <u>Likely needs includes:</u> o needing funds to purchase, refinance or construct a home or investment property. In addition, the 'interest only' option available under the Product is designed for customers whose:

- Likely objectives include:
    - not seeking to make repayments of principal during the interest only period (for example because they wish to maximise the amount of credit they can borrow or because they wish to minimise repayments during the interest only period so they can make capital improvements to their property, fund other expenses or accommodate a temporary period of reduced income);
    - seeking the ability to make periodic lump sum repayments;
    - in the case of the Discount Plus Investment Home Loan, seeking to make interest only repayments that can be off-set against income for tax purposes;
- Likely financial situation include:
    - meeting the Bank's credit assessment and eligibility requirements referred to above and do not need to make repayments of principal during the interest only period for example because:
        - the borrower will be able to repay the loan after the end of the interest only period by the end of the term by reverting to normal principal and interest repayment; or
        - in the case of the Discount Plus Investment Home Loan, the property is an investment property and they will not have to sell their principal place of residence to repay the loan, even if the loan will not be repaid by the end of the loan term; or
- Likely needs include:
    - needing funds to purchase, refinance, construct or renovate a home (in the case of the Discount Plus Home Loan) or investment property (in the case of the Discount Plus Investment Home Loan).

For those customers wishing to exercise access to a Bank credit card the likely needs, objectives and financial situation may vary depending on the particular credit card selected (see the separate Target Market Determination for the Bank's credit cards).

Classes of consumers for whom the product is clearly unsuitable

This Product is not suitable for customers who seek some payment certainty on their home loan such as the ability to fix their interest rate and repayments for agreed periods;

However this Product may be not be unsuitable where it is held by the customer in conjunction with another home loan (such as a fixed rate loan) which gives the customer access to these features.

In addition, the selection of the

- principal and interest repayment option may not be suitable or available to customers during any period in which customers wish to use the loan to fund construction or renovations; and

	• 'interest only' option for an initial period of 1 to 5 years at the beginning of the loan is not suitable for customers whose primary objective is to minimise the total amount of interest payable over the entire period of the loan (as opposed to other objectives such as financing construction or renovations). The Target Market Determination for the Bank's Credit Cards identifies some customers for whom particular credit cards may be unsuitable. ***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 the Product is likely to be consistent with the likely objectives, financial situation and needs of customers in the target market because: • as a home loan, the Product is specifically intended for the purpose of financing residential homes (either for owner/occupiers under the Discount Plus Home Loan or for investors under the Discount Plus Investor Home Loan); • in the case of the 'interest only' option, the provision of different interest only periods allows customers to select an option that reflects their own objectives; • in the case of the 'interest only' option, the selection of interest only periods by customers is likely to be consistent with the target market described above for that option because it allows those customers to minimise their repayment obligations during the nominated interest only period for example so that they can complete construction or renovations; • the Product is likely to reflect the financial circumstances of customers because the eligibility criteria include criteria relating to their financial circumstances; and • the Product provides customers with an ability to open an Offset Account so that the customer set off cash reserves from time to time but draw on the cash reserve when required.
Distribution Conditions	***Distribution conditions*** The Product can only be distributed by: • employees of Bank of China Sydney Branch 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 who are required to comply with the Bank's internal policies and procedures and training requirements for the origination of home loans; and • the Bank's panel aggregators (and the accredited member brokers under these aggregators) who are required to comply with the requirements of law including the obligations imposed on them as the holder of an

	Australian Credit Licence or as representative of a relevant licensee (such as an aggregator) . Third party distributors are not agents of the Bank and are not authorised to independently approve an application for credit or represent to customers that credit will be approved (except where the Issuer has confirmed credit approval has been granted). The procedures applied to all of the Bank's distribution channels (direct and indirect) ensure that the Issuer collects the necessary information in a loan application that will include information about the customer's needs, objectives and financial situation to ensure that the customers meet the eligibility requirements for the loan and fall within the target market. ***Why the distribution conditions and restrictions will make it more likely that the consumers who acquire the product are in the target market*** 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: • all employees involved in the origination of home loans will be required to follow the Bank's internal procedures for loan approvals and training in relation to home loan origination that together allow them to understand the classes of customer for whom particular types of homes loans are suitable or not suitable (including where relevant the types of customer for whom an 'interest only' option is likely to be suitable); • third party distributors who are involved in the origination of home loans such as aggregators and their accredited broker groups as credit licensees or credit representatives: o in most cases are likely to be under separate obligations to undertake individualised preliminary loan unsuitable assessments under responsible lending laws that will help them identify whether the customer's needs, objectives and financial situation are consistent with that of the target market; and o in any event, as a consequence of their involvement in regulated lending will be experienced and trained in understanding the types of customer for whom a particular type of home loan (including an interest only loan) will be suitable; and • the Bank will have the opportunity to check all loan applications for new customers (irrespective of the origination channel) 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.

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<tr><td>Review Triggers</td><td>The review triggers that would reasonably suggest that the TMD is no longer appropriate include:
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 rates of default or number of hardship applications in relation to the Product exceeds 5% in any one year (except where explainable by external factors unrelated to product attributes or distribution arrangements);
the rate of account closures or customers switching to other loan products offered by the Bank within 12 months of account opening exceeds 20% in any one year (except where explainable by external factors unrelated to product attributes or distribution arrangements);
the bank identifies a significant dealing of the Product outside of the target market 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 number of customers making complaints in relation to their purchase or use of the Product in any year exceeds 5% of the total number of customers holding this Product; and
ASIC has utilised its product intervention power in Part 7.9A of the Corporations Act to intervene in relation to this product.</td></tr>
<tr><td>Review Periods</td><td>Next review date: Within 1 year from 6 May 2026.

Periodic reviews: Within 2 years after the next review date and each subsequent review date after that.</td></tr>
<tr><td>Distribution Information Reporting Requirements</td><td>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. Unless otherwise specifically exempted by the bank this includes all persons whose distribution activities might fall within the definition of 'excluded conduct' under Part 7.8A of the Corporations Act.

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<tr><th>Type of information</th><th>Description</th><th>Reporting period</th></tr>
<tr><td>Complaints</td><td>Number of complaints nature and substance of the complaint</td><td>Every 6 months within 10 business days from the end of the period</td></tr>
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Account switching	Rate of 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
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
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.