

EQUIPMENT FINANCE STAFF LOAN

Target Market Determination

30 November 2023

Prepared by BOQ Equipment Finance Limited (BOQEF) ABN 78 008 492 58. BOQEF is a wholly owned subsidiary of Bank of Queensland Limited ABN 32 009 656 740 (BOQ). BOQ does not guarantee or otherwise support the obligations or performance of BOQEF or the products it offers.



FINANCE

What is a Target Market Determination?

A Target Market Determination (TMD) describes:

- the class of customers that comprise the Target Market for the product
- any conditions or restrictions on how the product is distributed to retail customers
- events or circumstances where we will review the TMD for the product.

Why does BOQ Equipment Finance need to make this TMD publicly available?

We are required to produce this TMD by law. The law is intended to help customers obtain appropriate financial products by requiring issuers and distributors to have a customer centric approach to the design and distribution of products.

This document is not a substitute for the product's terms and conditions or other disclosure documents.

Customers must refer to these documents when making a decision about this product. The terms and conditions can be found on via this link:

<https://www.boq.com.au/content/dam/boq/files/terms-and-conditions/business/boqef-general-terms-march-2023.pdf> or you can obtain a copy upon request.

The TMD will undergo a periodic review as follows:

EFFECTIVE DATE
30 November 2023
NEXT REVIEW DUE
Before 30 November 2025
PERIODIC REVIEWS
Within two years of the date from when this TMD was made and then every two years thereafter.
TRIGGER REVIEWS
Review to be completed within 10 business days of the identification of a trigger event.

Target Market

This product is designed for BOQ staff members who want to acquire an eligible motor vehicle asset for personal use and have the capacity to borrow money to fund the purchase. These staff members are likely to have the following objectives, financial situation and needs and must meet the eligibility criteria for this product.

Objectives

The BOQ staff member's likely objective is to borrow money to fund the acquisition of an eligible motor vehicle asset.

Needs

The BOQ staff member's likely need is for a basic credit product that allows them to fund the purchase of an eligible motor vehicle asset whilst providing them with the following loan features:

- certainty in repayments and interest rates/cost with a fixed interest rate;
- short-to-medium repayment term;
- loan amount secured against the asset acquired;
- want the option to select a loan with or without a residual payment (balloon payment).

Financial situation

This product is for BOQ staff members who:

- satisfy BOQEF's credit assessment criteria; and
- are able to demonstrate that they have the capacity to meet the following payments:
 - principal amounts due
 - interest amounts due.

- **With balloon payment:**

This option has been designed for consumers who seek to reduce repayments for the loan term in exchange for paying higher interest costs over the term of the loan when compared to loans without a balloon payment and either intend to:

- a) pay the final balloon payment when it is due; or
- b) refinance the final balloon payment when it is due, because they are comfortable with paying higher amounts in interest overall in order to reduce repayments over the term; or
- c) sell the asset to pay the balloon payment.

- **Without balloon payment:**

This option has been designed for consumers who seek to pay:

- a) higher repayments and do not wish to, or may not have access to a lump sum amount to, pay a final balloon payment; and
- b) pay lower interest costs over the term of the loan when compared to loans with a balloon payment.

Eligibility criteria for this product

BOQ staff members must satisfy the following criteria to acquire this product:

- be an Australian citizen, permanent resident or resident with acceptable residency status
- be 18 years or older
- have an acceptable credit history
- at the time of application, demonstrate their capacity to repay the loan
- be a permanent employee of the BOQ Group and passed the applicable probation period.

Excluded class of consumers

This product is not suitable for individuals that:

- are not a permanent employee of the BOQ group and passed their probation period.
- do not satisfy our eligibility criteria
- require an unsecured loan
- require the flexibility of a variable rate
- are seeking to part with possession or control of the asset by way of lease, transfer, assignment during the term of the loan.

Product description

A fixed rate loan that gives you the certainty of knowing what your repayments will be over the course of your loan. Final payment can be a balloon payment enabling lower payments during the term in exchange for paying higher interest costs over the term of the loan when compared to a loan without a balloon payment.

Key attributes of this product

- fixed interest rate for the term
- principal & interest repayment schedule

- flexible terms (up to five years)
- asset must be eligible in accordance with BOQ Credit's credit policy for this product
- security registration fees
- secured against the asset
- balloon payment option

Why the product is likely to be consistent with the likely objectives, financial situation and needs of the Target Market

This product including its key attributes have been designed to enable individuals in the Target Market to satisfy their likely objectives, financial situation and needs by providing them with:

- the ability to fund the purchase of an eligible motor vehicle asset.
- certainty of repayments and interest rate as a result of the fixed interest rate.
- the option of a balloon payment which provides smaller regular repayments throughout the loan term in exchange for higher interest costs over the term of the loan when compared to loans without a balloon payment.

Distribution conditions

This product can be distributed through BOQ's internal channel only, including:

- Equipment Finance (BOQEF bankers); and
- the BOQ staff member's direct line manager.

This product can only be distributed to retail customers in accordance with BOQ and BOQEF's customer acceptance requirements and is subject to BOQEF's credit assessment criteria.

Why the distribution conditions will make it likely that the customers who acquire the product are in the Target Market

BOQEF considers that the distribution conditions and restrictions will make it likely that the individuals who acquire the product will be in the Target Market because of the following key controls:

- checks are applied to align staff needs and financial circumstances with this product.
- BOQEF utilises an approval system that has controls in place to ensure applicants fall within the target market.

Review triggers

We will review this TMD if any of the following trigger events and information being monitored reasonably suggest that the TMD may no longer be appropriate:

- there is an increase in complaints received in relation to the product and its features that exceeds internally set tolerances.
- we identify a material adverse customer experience in relation to product appropriateness.
- there is an increase in the number of customers in default or financial hardship which exceeds internally set tolerances.
- there is a material change to the product attributes, fees, charges, terms and conditions or the manner of distribution.
- there is a Significant Dealing in the product to individuals outside the Target Market.

Information reporting requirements

All distributors who distribute this product must provide the following information to BOQEF:

TYPE OF INFORMATION	DESCRIPTION	REPORTING PERIOD
Specific complaints received about this product	<ul style="list-style-type: none"> Name, phone, and email of the complainant. Loan account number (if applicable). A full record of the complaint. Any other relevant information. 	As soon as practicable and in any case within 5 business days of receipt of complaint.
Number of complaints received about this product	Number of complaints relating to the product.	As well as agreed in writing, quarterly and in any case within 10 business days from the end of the reporting period.
Significant Dealings	<ul style="list-style-type: none"> The date on which or the date range over which the dealing occurred. A description of the significant dealing. An explanation of why the dealing is considered significant; How the significant dealing was identified. Detail of what steps (if any) have been or will be taken in relation to the significant dealing. 	As soon as practicable, and in any case within 10 business days after becoming aware.
Incidents/Issues (including regulatory breaches)	Incidents and breaches that may indicate product is no longer appropriate for the Target Market or is being distributed outside the Target Market.	As soon as practicable, and in any case within 10 business days after becoming aware.