

## Target Market Determination

<b>Product</b>	<b>Housing Loan - No Frills Owner Occupied Variable Rate Home Loan</b> with: <ul style="list-style-type: none"> <li>- LVR <math>\leq</math> 80%</li> <li>- LVR &gt;80% and <math>\leq</math>90%</li> <li>- LVR &gt;90%</li> </ul>
<b>Issuer</b>	The Capricornian Ltd ABN/ACN 54 087 650 940 Australian Financial Service Licence / Australian Credit Licence 246780
<b>Date of TMD</b>	3 January 2023
<b>Target Market</b>	<b>Description of target market</b> Retail clients who: <ul style="list-style-type: none"> <li>• Is an Australian resident and whose potential security property is domiciled in Australia;</li> <li>• Are aged 18 years or more and meet the credit assessment criteria for the product;</li> <li>• Are seeking a loan to: <ul style="list-style-type: none"> <li>○ purchase a new home;</li> <li>○ build a new home;</li> <li>○ purchase land with plans of building a new home;</li> <li>○ complete major renovations; or</li> <li>○ refinance an existing home loan</li> </ul> </li> <li>• Are willing and able to offer a first registered mortgage over real property (or other acceptable security) as security for the loan;</li> <li>• Need the flexibility to make additional repayments and a contractual right to redraw advance repayments as required;</li> <li>• Are wanting a competitive rate that moves with market changes;</li> <li>• Do not need a mortgage offset account;</li> <li>• Are seeking a loan priced according to LVR percentages: <ul style="list-style-type: none"> <li>○ differing interest rate for loans with a; <ul style="list-style-type: none"> <li>▪ LVR <math>\leq</math> 80%;</li> <li>▪ LVR &gt;80% and <math>\leq</math>90%;</li> <li>▪ LVR &gt;90%; and</li> </ul> </li> </ul> </li> <li>• Is currently or wishes to become a shareholding member of The Capricornian Ltd.</li> </ul>

### **Interest only loans**

Retail clients who additionally:

- Need an interest only period so as to complete the construction of an owner occupied home before commencing principal and interest reducing payments.

### **Principal & Interest reducing loans**

Retail clients who additionally:

- Need to make regular repayments of interest and principal over the term of the loan.

### **Description of product, including key attributes**

This is a No Frills Owner Occupied Variable Rate Home Loan secured over real property. The key attributes are:

- Loan amounts of between \$150,000 and 90% of the property value plus Lenders Mortgage Insurance premium
- Loan terms of up to 30 years (subject to age of borrower)
- Interest only and principal and interest reducing repayment options
- Variable interest rate
- Repayment frequency can be weekly, fortnightly or monthly
- Ability to make additional repayments
- Redraw facility to redraw advance repayments
- Free online and mobile banking redraws (fee applies for in branch redraw transactions)
- No penalty for extra payments or early payouts
- No monthly loan fees (establishment fee applicable)
- Must provide a registered first mortgage over real property or other acceptable security
- Internet Banking access
- Banking App access
- Telephone Banking access
- Direct Credits, Periodical Payments, Payroll Allocations or Online Deposits
- Interest only option available for Construction period only – a margin of 0.3% applies

	<p><b>Classes of consumers for whom the product is clearly unsuitable</b></p> <p>This product is not suitable for retail clients who:</p> <ul style="list-style-type: none"> <li>• Are unable or unwilling to offer appropriate security;</li> <li>• Existing borrowers who apply for an increase in their home loan of less than \$150,000;</li> <li>• Need the certainty of a fixed interest rate and fixed repayments for the term of the loan;</li> <li>• Would like to purchase/or own the property as investors or for investment purposes;</li> <li>• Would like to utilise loan as a bridging loan – need interest only period whilst selling other property to enable repayment of loan;</li> <li>• Are seeking to attach an offset facility;</li> <li>• Are under the age of 18 years;</li> <li>• Do not meet the credit assessment criteria for the product; or</li> <li>• Do not wish to become a shareholding member of The Capricornian Ltd.</li> </ul>
<p><b>Distribution Conditions</b></p>	<p><b>Distribution conditions</b></p> <p>This product is distributed by the issuer through the following channels:</p> <ul style="list-style-type: none"> <li>• Branches</li> <li>• Mobile Lenders</li> <li>• Call Centre</li> <li>• Online (contact referral generation)</li> </ul> <p><b>Distribution conditions for this product include:</b></p> <ul style="list-style-type: none"> <li>• Ensuring that clients meet the eligibility conditions for the product</li> <li>• Ensuring that distribution through Branches, Mobile Lenders and Call Centre is by appropriately authorised and trained staff</li> <li>• Online application - Form submission only</li> </ul> <p>There are no other distributors for this product.</p>
<p><b>Review Triggers</b></p>	<p>The review triggers that would reasonably suggest that the TMD is no longer appropriate include:</p> <ul style="list-style-type: none"> <li>• A significant dealing of the product to consumers outside the target market occurs;</li> <li>• A significant number of complaints is received from customers in relation to their purchase or use of the product that reasonably suggests that the TMD is no longer appropriate; or</li> <li>• A material change to the product or the terms and conditions of the product occurs, which would cause the TMD to no longer be appropriate.</li> </ul>

	<p>The <i>Product Governance Framework</i> includes regular consideration of whether there has been a review trigger following each distribution information report. That consideration is by reference to paragraphs 154 to 156 of RG 274.</p>															
<p><b>Review Periods</b></p>	<p><b>First review date:</b> 30 June 2023</p> <p><b>Periodic reviews:</b> After initial review, subsequent reviews are on an annual basis.</p>															
<p><b>Distribution Information Reporting Requirements</b></p>	<p>The Capricornian Ltd's Home Loans are not distributed by Third Parties. The Capricornian Ltd as the issuer and distributor of the this product will ensure that the following information is regularly monitored, reviewed and reported in relation to distribution conduct for this product:</p> <table border="1" data-bbox="440 712 1437 1518"> <thead> <tr> <th data-bbox="440 712 807 775">Type of information</th> <th data-bbox="807 712 1123 775">Description</th> <th data-bbox="1123 712 1437 775">Reporting period</th> </tr> </thead> <tbody> <tr> <td data-bbox="440 775 807 1160">Significant dealing(s)</td> <td data-bbox="807 775 1123 1160">Date or date range of the significant dealing(s) and description of the significant dealing (eg, why it is not consistent with the TMD)</td> <td data-bbox="1123 775 1437 1160">As soon as practicable, and in any case within 10 business days after becoming aware</td> </tr> <tr> <td data-bbox="440 1160 807 1279">Complaints</td> <td data-bbox="807 1160 1123 1279">Number of complaints</td> <td data-bbox="1123 1160 1437 1279">Every 3 months</td> </tr> <tr> <td data-bbox="440 1279 807 1397">Sales outside the target market</td> <td data-bbox="807 1279 1123 1397">Number of sales \$ value of sales</td> <td data-bbox="1123 1279 1437 1397">Every 3 months</td> </tr> <tr> <td data-bbox="440 1397 807 1518">Sales inside the target market</td> <td data-bbox="807 1397 1123 1518">Number of sales \$ value of sales</td> <td data-bbox="1123 1397 1437 1518">Every 3 months</td> </tr> </tbody> </table>	Type of information	Description	Reporting period	Significant dealing(s)	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	Complaints	Number of complaints	Every 3 months	Sales outside the target market	Number of sales \$ value of sales	Every 3 months	Sales inside the target market	Number of sales \$ value of sales	Every 3 months
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