

## Target Market Determination

<b>Product</b>	<b>Housing Loan – Variable Rate Offset Home Loan</b>
<b>Issuer</b>	<p>The Capricornian Ltd trading as The Capricornian Bank</p> <p>ABN/ACN 54 087 650 940</p> <p>Australian Financial Service Licence / Australian Credit Licence 246780</p>
<b>Date of TMD</b>	01 July 2025
<b>Target Market</b>	<p><b>Description of target market</b></p> <p>Retail clients who:</p> <ul style="list-style-type: none"> <li>• Are 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 policy, Know Your Customer and AML/CTF requirements;</li> <li>• Are seeking a loan to: <ul style="list-style-type: none"> <li>◦ purchase a new Owner Occupied home;</li> <li>◦ build a new Owner Occupied home;</li> <li>◦ purchase land with the plans of building a new Owner Occupied home;</li> <li>◦ wanting to complete major renovations; or</li> <li>◦ refinance an existing Owner-Occupied 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>• 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 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 an Owner Occupied, Variable Rate Offset Home Loan secured over real property. The key attributes are:

- Loan amounts over \$250,000 and up to 97% of the property value (Lenders Mortgage Insurance applicable over 80% LVR)
- Variable Interest Rate
- Loan terms of up to 30 years
- Principal and interest repayments
- Available for interest only repayments to approved applicants a margin of 0.30% applies
- Repayment frequency can be weekly, fortnightly or monthly
- Ability to make additional repayments
- No penalty for extra payments or early payouts
- Redraw facility to redraw advance repayments
- Free online, mobile banking and in Branch redraws.
- 100% offset account available
- No establishment or Legal fees applicable (Government fees and charges apply)
- Valuation Fees
  - - The Capricornian will pay the first \$500.00 for any valuations required
  - - For Construction Loans, a progress inspection valuation fee will apply
- No monthly loan fees
- Must provide a registered first mortgage over real property or other acceptable security
- Internet Banking access
- Banking App access
- Direct Credits, Periodical Payments, Payroll Allocations or Online Deposits

	<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 without capacity (without appropriate representation) to be bound by contract</li> <li>• Are unable or unwilling to offer appropriate security;</li> <li>• Need to purchase a property over eight (8) hectares</li> <li>• Borrowers who require a loan less than \$250,000;</li> <li>• Need the certainty of a fixed interest rate and fixed repayments for the term of the loan;</li> <li>• Need an interest only period whilst selling other owner occupied property</li> <li>• Would like to borrow funds in a Company or Trust name;</li> <li>• Would like to borrow funds using a Guarantee;</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</li> <li>• The Capricornian Broker Network relationships</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, Call Centre, Online and Brokers is by appropriately authorised and trained staff</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> <p>A significant dealing of the product to consumers outside the target market occurs;</p> <ul style="list-style-type: none"> <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>															
<b>Review Periods</b>	<p><b>First review date:</b> 30 June 2025</p> <p><b>Periodic reviews:</b> After initial review, subsequent reviews are on an annual basis.</p>															
<b>Distribution Information Reporting Requirements</b>	<p>Distribution of the Variable Rate Offset Home Loan can be provided through all channels which include, in branch, online, by phone or through our broker network relationships and will be undertaken by accredited lending staff. Marketing of the Variable Rate Offset Home Loan may include website and other media channels such as online, radio, TV, print and paper articles.</p> <p>The Capricornian Ltd as the issuer and distributor of 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"> <thead> <tr> <th>Type of information</th><th>Description</th><th>Reporting period</th></tr> </thead> <tbody> <tr> <td>Significant dealing(s)</td><td>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)</td><td>As soon as practicable, and in any case within 10 business days after becoming aware</td></tr> <tr> <td>Complaints</td><td>Number of complaints</td><td>Every 3 months</td></tr> <tr> <td>Sales outside the target market</td><td>Number of sales \$ value of sales</td><td>Every 3 months</td></tr> <tr> <td>Sales inside the target market</td><td>Number of sales \$ value of sales</td><td>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 (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	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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Date	Version	Nature/Purpose of Review/Amendment	Reviewer
31/10/2023	1.0	Created	Head of Lending
10/01/2025	1.01	Review	Senior Manager Credit Risk & Compliance
01/07/2025	1.02	Annual Review	Product & CDR Officer