# Target Market Determination

## Gold Commercial SMSF Variable Rate Loan

**Issuer:** BNK Banking Corporation Limited

ABN 63 087 651 849 AFSL 246884

**Manager:** Better Choice Home Loans Pty Ltd (Better Choice)

ABN 79 095 728 868 ACL 378333

This Target Market Determination (TMD) describes the type of customer for which the Gold Commercial SMSF Variable Rate Loan is designed, having considered the likely objectives, financial situation and needs of customers in the target market.

**Effective date:** 22 December 2025

## Target Market

This product is only suitable for self-managed superannuation fund (SMSF) corporate trustees who, acting in accordance with the Superannuation Industry (Supervision) Act 1993 (Cth) have decided to purchase, or refinance a commercial investment property as security as specified below, and can qualify for a maximum loan to value ratio (LVR) of 80%.

The SMSF Trustee desires a loan with the following features:

- A variable interest rate;
- The flexibility to make extra repayments at any time;
- The ability to make Interest Only (IO) repayments for up to 5 years (switching to principal and interest repayments after the IO period ends);
- Minimum Loan Term: 3 years;
- Maximum Loan Term: up to 30 years;
- Minimum loan size: $100,000;
- Maximum loan size:
  - $3,000,000 70% LVR (Category 1 properties)
  - $2,500,000 75% LVR (Category 1 properties)
  - $2,000,000 80% LVR (Category 1 properties)
  - $2,000,000 75% LVR (Category 2 properties)
  - $1,500,000 70% LVR (Category 3 properties)
  - Categories depend on the type and location of the security. Refer to Better Choice for more information on this.
- Acceptable Securities include:
  - Shop fronts
  - Offices
  - Industrial Units
  - Factories
  - Warehouses
  - Mixed Residential and Ccommercial use
  - Medical and Professional Suites.
  - Boarding houses
  - Multiple Units on one title

**Suitability:**

This product would suit borrowers whose:

- Likely objective is to pay off the loan with rental income and other contributions;

- Likely objective is to want the flexibility to make extra repayments at any time;
- Likely financial situation is the SMSF trustee can afford the repayments
- Likely needs are to purchase or refinance a commercial property for the super fund of a prescribed type.

The Borrower should be:

- Comfortable using technology to manage their mortgage accounts.

**Not suitable:**

This product is unlikely to meet the needs, objectives and financial situation of customers who:

- are not an SMSF corporate trustee;
- require a loan for a property for personal use;
- require a construction loan;
- require the ability to fix the interest rate on their loan;
- are looking for a loan with an offset account, the ability to redraw excess payments from the loan or the ability to have split accounts;
- need to use cheques or handle cash to make repayments; or
- need to visit a physical branch.

## Key Eligibility Requirements

Corporate Trustee Borrowers only structured as follows:

**SMSF Trustee (Borrower)**

The SMSF trustee must be a corporate trustee (where all beneficiaries must be directors of the trustee company), on behalf of a SMSF.

**Property Trustee (Mortgagor)**

The property trustee must be a corporate trustee (and must be a different company to the SMSF company trustee).

The property trustee can be another company owned or controlled by a member of the SMSF, but not an individual member of the SMSF.

**Personal Guarantees from all SMSF beneficiaries**

All directors and shareholders and beneficiaries of the SMSF are required to provide unconditional joint and several guarantees. This is in addition to the standard requirements for trust borrowers.

**Serviceability**

The Borrower must be able to satisfy Better Choice's credit criteria. Serviceability will be undertaken solely from the SMSF itself. The SMSF must be able to service the loan from existing SMSF income and assets, proposed rental income and mandatory members' contributions.

## Distribution

| Distribution Channel | Distribution Conditions |
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| By mortgage brokers directly accredited with Better Choice Home Loans Pty Ltd | The main distribution channel for this product is through third party distributors. Better Choice only permits third parties to distribute this product who are approved aggregators, who in turn use their |

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| | authorised brokers who have been accredited by Better Choice.<br><br>The accredited mortgage brokers are subject to a best interest's duty and related obligations to ensure that the product is in the best interests of any customer when offering this product.<br><br>Better Choice also requires that:<br>• Aggregators be responsible for third party brokers involved in the distribution of the product and comply with their agreement in place with Better Choice and take reasonable steps to ensure that their brokers meet the Better Choice's mortgage brokering requirements.<br>• Third party brokers meet Better Choice's accreditation requirements which include holding appropriate qualifications, industry membership and authorisations to engage in credit activities as well as completion of background checks<br>• Brokers use Better Choice's approved application system to provide Better Choice with the customer's details and product requirements to be assessed by our systems and staff to ensure applications meet our eligibility criteria, including the customer's ability to meet repayment obligations.<br>If aggregators and mortgage brokers fail to comply with the above requirements, it may result in Better Choice terminating their authority to distribute this product. |

## Distributor Reporting Requirements

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| **Reporting period** | Reporting information is to be reported quarterly during each calendar year. Reporting periods are:<br>• Quarter ending 31 March<br>• Quarter ending 30 June<br>• Quarter ending 30 September<br>• Quarter ending 31 December | |
| **Reporting information** | Third party distributors of these products must provide BNK with the following information as soon as practical, or within 10 business days after the reporting period, unless otherwise specified. | |
| | **Complaint information** | Full details of any complaints received in relation to this product, including:<br>• Number of complaints.<br>• Nature and circumstances of the complaints. |
| | **Feedback** | Feedback that the target market or key product attributes may no longer be appropriate and not meeting the likely needs, |

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| | | objectives or financial situation of the target market. |
| | **Significant dealings** | A distributor must notify BNK in writing as soon as possible but, in any case, within 10 business days of becoming aware of a significant dealing. The notification must include the following information:<br>• The date or date range when the significant dealing occurred;<br>• A description of the dealing and an explanation on why it's deemed significant and inconsistent with the TMD;<br>• Steps taken or to be taken because of the dealing; and<br>• How the significant dealing was identified. |

## Review

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| **Periodic review** | Every year from the effective date to ensure it remains appropriate, or earlier if other circumstances occur which trigger the need to review the TMD |
| **Review Trigger** | This TMD will be reviewed should any of the following occur:<br>• An unexpected increase in material complaints about the product are received;<br>• A significant dealing in the product outside the TMD occurs;<br>• A material change is made to this product;<br>• A significant breach has occurred in association with this product; or<br>• A significant change to the enforceable regulations that govern the product or direct intervention from any of the governing bodies. |