# Target Market Determination

## HSBC Fixed Rate Home Loan

**Effective:** 23 September 2025

**Next periodic review due:** 7 August 2026

**Maximum period between periodic reviews:** 12 months

HSBC | Opening up a world of opportunity

# Target Market

## Product description and key attributes

The HSBC Fixed Rate Home loan is designed for customers who are looking for a residential loan for owner occupied or investment purposes, with a fixed interest rate that provides repayment stability over a set period. This product is bundled with a transaction account and Visa Debit card.

The following table sets out the key attributes of the HSBC Fixed Rate home loan, which HSBC has assessed as being consistent with the likely needs and objectives of customers in the target market for this product:

| Customers with any one or more of the following needs and objectives | Key attributes |
|---|---|
| Require a home loan which is paid off over time with regular repayments for any one or more of the following purposes:<br>• To purchase a residential owner occupied or investment property<br>• To re-finance an existing residential owner occupied or investment property<br>• To access equity in an existing residential property as security for the loan, or<br>• To consolidate personal debt. | This loan can be used for any one or more of the listed purposes. |
| Require fixed repayment certainty, over a short set time period, to avoid future interest rate (and repayment) increases during the fixed loan term. | This home loan has a fixed interest rate and set repayments for a selected loan term^ between 1 to 5 years.<br>Principal & Interest (P&I) repayments can be made:<br>• weekly<br>• fortnightly or<br>• monthly<br>^ After the fixed term period has expired, the loan reverts to a standard variable interest rate home loan, unless the interest rate is fixed for a new specified term, or the loan is switched to another home loan product. |
| Require the ability to,<br>• reduce the interest rate payable.<br>• waive certain fees. | Customers can pay an annual fee to access Home Loan Package benefits (eligibility criteria apply):<br>• a discounted interest rate(s), and<br>• waiver of establishment, valuation (standard only) and settlement fees. |
| Require the option to minimise repayments by making interest only repayments for a defined period of the loan term. | Subject to credit approval a customer may elect to minimise repayments by selecting the interest only (IO)# repayment option for the following period of the loan term:<br>• IO owner-occupy maximum term is three years, and<br>• IO investment maximum term is up to five years<br>The interest only repayment option caters for monthly repayments.<br># IO payments revert to P&I repayments after the IO period. |
| Require the option to make additional repayments. | Extra repayments can be made on the loan (capped at $10,000 per year from the date the loan was opened).<br>Additional payments that exceed $10,000 per year may trigger break costs. |
| Ability to lock in the interest rate (s) to protect customers against any rate rises between the time HSBC receives the Fixed Rate Lock request and the time of settlement or variation.*<br>* Excludes pre-approvals. | Provides the option to Rate Lock at the time of application for a fee. This guarantees the interest rate (s) for the fixed rate between the time of the Fixed Rate Lock request and the time of settlement or variation. *(Eligibility criteria apply).*<br>If the available fixed rate falls below the locked in rate on settlement date, the lower rate is applied. |

### Financial Situation

The financial situation of customers in the target market for this product are customers that:

- have access to sufficient discretionary income to meet the following repayments.
  - principal amounts due
  - interest amounts due
  - applicable fees
- have at least 10%-20% equity deposit in savings or equity in property, or can pay Lender's Mortgage Insurance (LMI), where applicable.

### Consistency with the Target Market

HSBC has assessed and determined that the HSBC Fixed Rate Home Loan and its key attributes are likely to be consistent with the needs and objectives of customers within the target market. The product is designed for customers who are seeking a fixed rate loan to buy a residential property, refinance an existing home loan, access equity in a residential property for an approved purpose or consolidate debt. The product offers a fixed interest rate for a specified term, which is consistent with customers who wish to have certainty of repayments over the fixed term period. HSBC considers that its processes in place, including credit assessment and other suitability checks carried out at the time of application, will mean that the product will likely be consistent with the financial situation of customers within the target market.

# Negative Target Market

The HSBC Fixed Rate Home loan is not targeted at customers who:

- do not meet the key eligibility requirements outlined below.
- require the flexibility of unlimited additional repayments without incurring fixed rate break costs.
- plan to repay their loan before the fixed rate term is completed, where break costs will be applied.
- are seeking a basic home loan.
- require a construction home loan or credit for commercial purposes.

# Key eligibility requirements

To hold this home loan customers must at the time of application be able to meet all the following:

- be aged 18 years or older.
- meet HSBC's credit criteria, including:
  - the ability to meet ongoing repayment obligations.
  - customers who opt for the Home Loan Package must be Australian residents.

# Distribution Conditions

This product, including the linked transaction account and Visa Debit card, can only be distributed through the following channels:

- HSBC Bank Australia Limited staff-assisted channels, where all customers are directed to an HSBC Relationship or Client Manager to conduct an interview and assist with the application.
- Accredited third-party mortgage brokers.

| Channel | Distribution of this product is subject to the following conditions and restrictions |
|---|---|
| Staff-assisted | Applications for this product can only be made via the HSBC origination system with an HSBC Relationship or Client Manager face-to-face in an HSBC branch or via telephone. Applications cannot be made or completed via the HSBC website, Online Banking or Mobile Banking.<br>HSBC staff who distribute this product:<br>• are appropriately trained to discuss the key features, eligibility requirements, loan application process, interest rates and fees associated with this product.<br>• have access to resources and materials including up-to-date product information to be able to discuss the key differences between our home loan products.<br>• are required to follow HSBC's procedures including in relation to assessing eligibility, suitability and affordability. This includes collecting the necessary customer information at the time of application to apply our suitability assessment checks and<br>• are subject to supervisory oversight, continuous monitoring and customer feedback surveys.<br>These distribution conditions and restrictions will make it more likely that the customers who acquire the product are in the target market because:<br>• staff who are appropriately trained and have access to product information will be able to provide clear and accurate information about the product to customers, including whether they are eligible for the product.<br>• staff will only discuss this product where it is likely to match the likely needs, objectives and financial situation of those customers within the target market, in accordance with approved conversations frameworks and<br>• customers will not be issued this product unless they have completed the suitability assessment checks in accordance with HSBC's procedures to assess that the product is likely to be consistent with their likely needs, objectives and financial situation. |
| Accredited third party mortgage brokers | Third party mortgage brokers who distribute this product:<br>• must be a representative of an HSBC authorized aggregator who is subject to comply with the relevant legal and regulatory obligations.<br>• are accredited by HSBC. They must hold authorizations to engage in credit activities and meet HSBC's training requirements. HSBC provisions brokers access to credit lending guidelines and support materials.<br>• must submit applications for assessment via HSBC's forms, documents and origination system.<br>These distribution conditions and restrictions will make it more likely that the customers who acquire the product are in the target market because:<br>• third party mortgage brokers who meet HSBC's accreditation standards are appropriately trained to distribute this product, so that customers receive clear and accurate information about the key attributes, eligibility requirements, interest rates and fees associated with this product.<br>• customers will not be issued this product unless they have completed the suitability assessment checks in accordance with HSBC's procedures to assess that the product is likely to be consistent with their likely needs, objectives and financial situation. |

# Review Triggers

This Target Market Determination (TMD) will be reviewed if any of the below triggers occur, where they reasonably indicate that the TMD for the product is no longer appropriate:

- A significant dealing in the product to customers who are outside the Target Market, that is not consistent with the TMD.
- A trend or trends in customer outcomes that are significantly inconsistent with the intended product usage, for example:
  - Customers breaking their fixed loan term.
  - Customers not meeting repayment obligations by payment due dates.
- An unexpected trend or trends in complaints received from customers regarding the design or distribution of the product, for example:
  - product features (e.g. related to fees, interest, or charges).
  - distribution of product (e.g. misrepresentation of the product or sales conduct).
- A material change to the product (e.g. to its key attributes or distribution channels) or the terms and conditions of the product.
- A product intervention power order is made by ASIC in relation to the product.

# Distribution Information Reporting Requirements

The following information must be provided to HSBC by all third-party distributors engaging in retail product distribution conduct in relation to this product.

| Distributor | Type of Information | Reporting Period |
|---|---|---|
| Mortgage brokers | Complaints received in relation to this product including:<br>• The number of complaints<br>• Circumstances of the complaints | Quarterly within 10 business days of the quarter ending:<br>• 31 March<br>• 30 June<br>• 30 September<br>• 31 December |
| Mortgage brokers | Significant dealings in the product that are not consistent with the TMD, including how the significant dealing was identified, date(s) of the significant dealing(s) and steps taken (if any) in relation to the significant dealing. | As soon as practicable but, in any case, within 10 business days of becoming aware of the significant dealing. |

For more information related to HSBC home loans, please visit https://www.hsbc.com.au/home-loans/