Target Market Determination

HSBC Standard Variable Rate Home Loan

Effective: 7 August 2026

Next periodic review due: 7 August 2027

Maximum period between periodic reviews: 12 months

Target Market

Product description and key attributes

The HSBC Standard Variable Rate home loan is a variable rate home loan for customers who are seeking to use credit for the purchase of a residential property for owner occupied or investment purposes. This product is bundled with an offset account and Visa Debit card. Customers can take up the HSBC Home Loan Package (eligibility criteria and annual fee apply) to access features, including discounted interest rates and reduced fees.

The following table sets out the key attributes of the HSBC Standard Variable 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: • To purchase or construct a residential owner occupied or investment property • To re-finance an existing residential owner occupied or investment property • To access equity in an existing residential property as security for the loan, or • To consolidate personal debt.	This loan can be used for any one or more of the listed purposes. Principal & Interest (P&I) repayments can be made: • weekly, • fortnightly or • monthly
Require an offset account to reduce the amount of interest payable.	This home loan provides customers with an offset account. Balances in the offset account can be used to offset the interest paid on the loan. Funds in the offset account can be accessed via a linked HSBC Visa Debit Card and transfers can be made via the HSBC Mobile Banking App.
Require the ability to • reduce the interest rate payable. • waive certain fees.	Customers can pay an annual fee to access Home Loan Package benefits (eligibility criteria apply): • a discounted interest rate(s), and • waiver of establishment, valuation (standard only) and settlement fees.
Require a variable interest rate to take advantage of potential future interest rate decreases.	This home loan has a variable interest rate that moves with the market, which means that repayments will vary based on the interest rate for the life of the loan.
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: • IO owner-occupy maximum term is three years, and • IO investment maximum term is up to five years. Interest only repayment option caters for monthly repayments. #IO payments revert to P&I repayments after the IO period.
Require the flexibility to make additional repayments to reduce the interest payable on the loan and access additional funds	Customers can make unlimited additional repayments, including early payout of the loan, without additional charge. Customers can access any additional funds, that have been repaid early.

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% 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 Standard Variable 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 to borrow money to buy a residential property, re-finance an existing home loan, access equity in a residential property for an approved purpose, for construction or bridging purposes or to consolidate debt. The product offers a variable interest rate that moves with the market, which is consistent with customers who wish to take advantage of potential future interest rate decreases earlier than if the rate were fixed. The product also offers the ability to make unlimited additional repayments, and the offset account provided is consistent with customers who wish to minimise interest payable. 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 Standard Variable home loan is not targeted at customers who:

- do not meet the key eligibility requirements outlined below.
- require the certainty of fixed repayments.
- are seeking a basic home loan without a Package and/or offset facility.
- require 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 offset 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.

<table>
<tr><th>Channel</th><th>Distribution of this product is subject to the following conditions and restrictions</th></tr>
<tr><td>Staff-assisted</td><td>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.

HSBC staff who distribute this product:
• are appropriately trained to discuss the key features, eligibility requirements, loan application process, interest rates and fees associated with this product.
• 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.
• 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
• are subject to supervisory oversight, continuous monitoring and customer feedback surveys.

These distribution conditions and restrictions will make it more likely that the customers who acquire the product are in the target market because:
• 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.
• 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
• 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.</td></tr>
<tr><td>Accredited third party mortgage brokers</td><td>Third party mortgage brokers who distribute this product:
• must be a representative of an HSBC authorised aggregator who is subject to comply with the relevant legal and regulatory obligations
• are accredited by HSBC. They must hold authorisations to engage in credit activities and meet HSBC's training requirements. HSBC provisions brokers access to credit lending guidelines and product support materials.
• must submit applications for assessment via HSBC's forms, documents and origination system.

These distribution conditions and restrictions will make it more likely that the customers who acquire the product are in the target market because:
• 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.
• 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.</td></tr>
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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 not meeting repayment obligations by payment due dates.
  - Customers not utilising Standard Variable product features e.g. offset account.
- 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: • The number of complaints • Circumstances of the complaints	Quarterly within 10 business days of the quarter ending: • 31 March • 30 June • 30 September • 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/