

Product	Mortgage Secured Overdraft
Issuer	QPCU Limited trading as QBANK ABN 79 087 651 036 AFSL / ACL 241413 (we, us, our and QBANK)
Date of Issue	23 March 2022
Target Market	<p>1.1 This Target Market Determination (TMD) sets out the target market for our Mortgage Secured Overdraft product.</p> <p>1.2 This product offers key features which provide Members* a line of credit with a competitive variable interest rate, giving the ability to access funds (deposits and withdrawals) when required.</p> <p>1.3 Applicants must satisfy the following criteria to be eligible to apply for this product:</p> <ul style="list-style-type: none">(a) Members who are 18 years and over;(b) Pay As You Go (PAYG) income earners, guarantors and self-employed (sole traders or partnership); and(c) Permanent Australian residents or Australian citizens (residing in Australia or overseas) where the security provided is in Australia. <p>1.4 QBANK will make reasonable enquiries about the Member's requirements and objectives. When applying for this product, QBANK will consider the following:</p> <ul style="list-style-type: none">(a) Objectives<ul style="list-style-type: none">(i) This product offers a competitive variable interest rate and is suitable for those who are seeking a redraw facility and no penalties for additional repayments.(b) Loan Purpose<ul style="list-style-type: none">(i) This product is suitable for those who are seeking to purchase or refinance an owner-occupied or investment property, purchase vacant land, conduct home renovations, purchase motor vehicles, consolidate other personal debts, purchase investments, repay gifts, pay medical costs or purchase other items using a residential property as security.(ii) This product is not suitable for Members who are seeking the certainty of a fixed rate and fixed repayments, not seeking additional features (i.e. redraw facility) and do not anticipate making extra repayments.(c) Financial Position<ul style="list-style-type: none">(i) QBANK will make reasonable enquiries about the Member's financial situation. To assess whether this product is affordable to the Member, QBANK will consider the Member's income or benefits, living expenses, other debts, credit history, specific life events, temporary difficulties and any information that will assist QBANK to understand the Member's full financial position.

- 1.5 QBANK will need to consider if this product is suitable to the Member's objectives, loan purpose and financial position.
- 1.6 QBANK will not accept Members who do not meet the above criteria or where the objectives, loan purpose and financial position do not align with the Member's personal circumstances.
- 1.7 QBANK has the following conditions and restrictions on this product:
 - (a) Borrowers of Convenience
 - (i) Borrowers of convenience arise where Members wish to borrow, however their income is insufficient to satisfy servicing requirements. In such cases a borrower of convenience may be introduced. They obtain little or no benefit from the transaction however are jointly responsible for the commitment. This scenario is not acceptable to QBANK.
 - (b) Exit Strategy Condition
 - (i) QBANK has no formal restriction on age; however Members must clearly demonstrate their ability to repay the loan within all agreed contractual arrangements. A satisfactory exit strategy must be provided acknowledging their ongoing ability to repay the loan within an acceptable time frame, normally by anticipated retirement age.
 - (c) Disadvantaged Applicants
 - (i) If a Member may be at a disadvantage due to language, age or medical capabilities, the Member will be offered the services of an interpreter or the ability to be accompanied by a person of the Member's choice to the initial and subsequent interviews. The Member will need to obtain independent legal and financial advice and provide supporting evidence.
- 1.8 QBANK has committed itself to the Customer-owned Banking Code of Practice (**Code**), and will only provide the product where it can satisfy itself that it will meet its obligations under the Code to do so, e.g. *'We will be responsible lenders'*.

Distribution Conditions

- 2.1 Distribution Conditions
 - (a) To ensure this product will be distributed to Members within the target market, QBANK will:
 - (i) be selective regarding distributors;
 - (ii) implement targeted advertising;
 - (iii) provide specific content about the product on its website;
 - (iv) use line scripts specific to the product at its call centre and offices;
 - (v) ensure authorised bankers are adequately trained; and
 - (vi) provide guidance for distributors.

2.2 Selection of Distributors

- (a) QBANK has a very strict process for accrediting new brokers.
- (b) When assessing a broker's accreditation application, QBANK will consider the following factors:
 - (i) the broker's resources;
 - (ii) internal controls;
 - (iii) past conduct;
 - (iv) experience with the target market; and
 - (v) competence to distribute the product to the target market.

2.3 Supervision and Monitoring

- (a) QBANK requires all distributors to complete a full accreditation process and knowledge competence test. The Home Lending Guide is provided to the distributor at the time of accreditation.
- (b) QBANK's Relationship Manager will regularly communicate with its distributors to reiterate education and conduct training sessions on this product.
- (c) QBANK is able to supervise and monitor the distribution of this product through review triggers which highlight any issues with distribution e.g. where the product potentially has been distributed outside of the target market.

2.4 Conflict of Interest

- (a) QBANK will take steps to ensure that its remuneration and incentive structures for this product do not result in distribution that is inconsistent with this TMD.
- (b) Commission rates are fixed and do not vary based on the loan amount. In addition, QBANK performs diligent reviews of all applications to ensure the loan amount applied for does not exceed the Member's requirements or capacity as described in Section 1.

2.5 Information Sharing with Distributors

- (a) QBANK will provide to its distributors sufficient information to assist them with meeting their obligations to ensure distribution is consistent with this TMD.
- (b) Information is shared with distributors through lender updates as well as product fact sheets.

2.6 If QBANK becomes aware that the distribution conditions for this product are inadequate, where for example, significant distribution is occurring outside the target market, it will:

- (a) amend this TMD to set out additional distribution conditions to ensure that such distribution does not occur; or
- (b) cease distribution.

Review Triggers

- 3.1 There may be events and circumstances (called 'review triggers') that would reasonably suggest that this TMD is no longer appropriate. These review triggers include:
- (a) the number of defaults;
 - (b) the number of applicants outside the target market;
 - (c) the number of successful applicants versus unsuccessful applicants;
 - (d) the number of Members refinancing from QBANK to another financial institution;
 - (e) the average loan duration;
 - (f) a material change to this product;
 - (g) promotional features that materially change this product;
 - (h) complaints to Australian Financial Complaints Authority; and
 - (i) the nature and number of all complaints and complaint trends.
- 3.2 QBANK will review this TMD within 10 business days if it knows, or reasonably knows, that a review trigger, or an event or circumstance that reasonably suggests that this TMD is no longer appropriate, has occurred.
- 3.3 QBANK will notify the Australian Securities and Investments Commission within 10 business days of it becoming aware of a significant dealing in this product that is not consistent with this TMD.
- 3.4 Distributors must notify QBANK when they identify a significant dealing that is not consistent with this TMD. QBANK acknowledges whether a dealing is significant may be dependent on the circumstances of a distributor's business however, this information will assist QBANK to determine whether the dealing is significant and reportable.

Review Periods

- 4.1 The next review of this TMD will occur by 11 July 2022.
- 4.2 To ensure that this TMD remains appropriate for this product, QBANK will review this TMD:
- (a) periodically, and at least each six months;
 - (b) in response to any review triggers; or
 - (c) in response to other events or circumstances that would reasonably suggest that this TMD is no longer appropriate.
- 4.3 QBANK has integrated the review process into the product governance arrangements, and controls are in place to ensure that meaningful reviews take place. Possible outcomes from the review process include:
- (a) no change to the way this product is distributed;
 - (b) changing the product design, target market or distribution; or
 - (c) ceasing to distribute this product.

Distribution Information Reporting Requirements

4.4 If QBANK becomes aware of information that would reasonably suggest that this TMD is no longer appropriate (e.g. a review trigger has occurred), QBANK will stop issuing this product and direct its distributors to stop distributing until QBANK has reviewed this TMD and product.

5.1 Complaints, defaults and general feedback about a financial product are a useful indicator of whether this TMD may still be appropriate.

5.2 Where QBANK engages mortgage or finance brokers to distribute this product, it requires the brokers to promptly provide any information about complaints and product feedback received to QBANK.

5.3 QBANK requires a broker to provide the following information:

Type of Information	Description	Reporting Period
Complaint / Significant Dealings / Others	The following information is required: <ol style="list-style-type: none"> 1. Distributor name 2. Date of complaint 3. Product 4. Nature of the complaint 5. AFCA status (if applicable) 	Complaint / Others - As soon as complaint is received by the distributor Significant Dealings – As soon as practicable, and in any case within 10 business days after becoming aware.

*Please visit <https://www.qbank.com.au/join/> to see our membership eligibility criteria.