

Target Market Determination

CommBank Green Loan

Start date: 26 August 2024

Next review due: 21 March 2026

Review period: At least every 24 months from the start date of this Target Market Determination

What is a Target Market Determination?

A Target Market Determination (TMD) describes the cohort of customers that the product is targeted at (the Target Market) and any conditions around how the product is distributed to customers (the Distribution Conditions).

It also describes the events or circumstances where we are required to review the Target Market Determination for a financial product (the Review Triggers).

Why does CommBank need to have Target Market Determinations?

We're required to have Target Market Determinations under law. The purpose of the law is to make sure customers are at the centre of our approach when designing and distributing our financial products. This document is not a substitute for the product's terms and conditions or other disclosure documents.

When making a decision about this product, customers must refer to the relevant Product Disclosure Statement (PDS), Terms and Conditions or other disclosure documents.

Target Market

The table below matches the Product Attributes to the Objectives and Needs of the Target Market for this product. CBA has assessed that the product including its Key Attributes are likely to be consistent with the Objectives and Needs of the Target Market.

Objectives and needs	Product attributes
Require a loan to fund the purchase of energy efficient product(s)	<ul style="list-style-type: none"> Customers can access funds to purchase and install eligible energy efficient products at the property securing their eligible home loan and CommBank Green Loan. A minimum loan amount of \$5,000 and a maximum loan amount of \$30,000. No online application.
Require a loan with certainty of fixed repayments over a set period	<ul style="list-style-type: none"> Customers can access a fixed interest rate with fixed repayments for a loan term of 10 years. Repay on a principal and interest basis only. No establishment fee, monthly service fee or early repayment adjustments apply.
Ability to make unlimited payments in excess of the required monthly repayment amount	<ul style="list-style-type: none"> Unlimited additional repayments (including the ability to repay the loan early) can be made without additional charges.

Financial situation

The Financial Situation of the Target Market are customers that meet CBA's credit assessment criteria which includes:

- Demonstrating the capacity to make the required repayments and the ability to pay off the loan without substantial hardship; and
- Where determined by CBA to be required (based on the customers' deposit size, security, applicant and loan attributes) will have an acceptable Guarantor; and
- Choosing a CommBank Green Loan amount typically between \$5,000 and \$30,000; and
- Having a total CBA home loan balance of \$150,000 or more at the time the CommBank Green Loan is funded (not including any redraw balances, loans for bridging purposes, Viridian Line of Credit limits, Equity Unlock for Seniors loans, or the new CommBank Green Loan).

CBA views that its processes in place, including assessing the customer's ability to service the CommBank Green Loan, will mean that the product will likely be consistent with the Financial Situation of the Target Market.

Eligibility criteria for the Product

To hold this product, customers will need to satisfy certain eligibility criteria, including that customers must:

- Be individuals 18 years of age or above; and



- Be living in Australia as:
 - An Australian citizen, permanent resident or specified temporary Australian resident;
 - New Zealand citizen; or
 - Overseas citizen co-borrowing with an Australian citizen or permanent resident; or
- Be living and working overseas as an Australian citizen or permanent resident; and
- Hold an eligible home loan with CBA that is secured by the same property (not a commercial property) as the CommBank Green Loan; and
- Have a total CBA home loan balance of \$150,000 or more at the time the CommBank Green Loan is funded (not including any redraw balances, loans for bridging purposes, Viridian Line of Credit limits, Equity Unlock for Seniors loans or the new CommBank Green Loan); and
- Provide evidence that the loan will be used to fund an eligible energy efficient product; and
- Provide an acceptable residential mortgage as security in accordance with CBA's credit assessment criteria.

Distribution conditions

CBA will have oversight over how the product is promoted and issued. The product can only be distributed to customers in accordance with CBA's product and process requirements. All customers must satisfy CBA's credit assessment criteria which demonstrates the customer's capacity to service the credit facility. In addition, the below table identifies the distribution channels which the product can be sold through and sets out the conditions that apply to each channel. CBA views that the conditions specified are appropriate and are of a nature that it will be likely that the product will be distributed to the target market.

Distribution channels	Conditions that make product distribution through the channel appropriate
Proprietary	
Staff assisted channels (e.g. in branch, over the phone, with a relationship manager or mobile banker)	CBA staff that distribute this product: <ul style="list-style-type: none"> • are appropriately trained and accredited to meet CBA's qualification requirements which includes our regulatory obligations; • understand and are able to discuss the features, trade-offs, rates/fees of the product and the key differences between home loan products; • must follow process and procedures that outline application eligibility; • have access to product resources such as home loan repayments and borrowing calculator; and • are monitored through assurance programs such as sample call monitoring or sample file monitoring for errors.
Third Party	
This product cannot be distributed through third parties	N/A



Review triggers

If any of the below review triggers occur, or if an event or circumstance has occurred that would reasonably suggest that the TMD may no longer be appropriate, CBA will undertake a review of this TMD:

Information type	Description
Customer outcomes	<p>Unexpected trends in customer outcomes which are significantly inconsistent with the intended product performance, including:</p> <ul style="list-style-type: none">• customers who have made additional repayments on the CommBank Green Loan as opposed to their other home loans (where rates are higher); and/or• customers in hardship arrangements.
Complaints	<p>Unexpected trends in complaints received from customers who acquired the product, which relate to the customer's purchase or use of the product, for example:</p> <ul style="list-style-type: none">• distribution (e.g. misrepresentation or mis-selling from staff);• product suitability (e.g. sale of a loan to a customer that required the loan for a purpose other than an energy efficient product); and/or• product attributes (e.g. inability to make additional repayments to the home loan).
Incident data	<p>A material incident or significant number of incidents in relation to the product's design or distribution that identify breaches of our legal or regulatory obligations.</p>
Significant dealings	<p>Any significant dealing of the product to customers who are outside of the Target Market.</p>
Notification from ASIC	<p>The receipt of a product intervention power order from ASIC requiring CBA to immediately cease retail product distribution conduct in respect of the product.</p>
Changes to the product	<p>The material alteration of the product or product terms and conditions (e.g. adding to, removing or changing a key product attribute; significant change to distribution channel and distribution strategy).</p>



Review trigger information reporting requirements

The following information must be provided to CBA by all third parties responsible for the retail product distribution conduct of this product in accordance with this TMD, within the required timeframes:

Information type	Description	Time frame for reporting
Product complaints data	Information relating to complaints received including number of complaints, third party distributor identifier information, product name and complaint verbatim.	Quarterly, and in any case no later than 10 business days from the end of the quarter.

Product Issuer: Commonwealth Bank of Australia ABN 48 123 123 124 AFSL and Australian credit licence 234945

