



Target Market Determination

HSBC Bridging home loan

Date: 5 October 2021



HSBC

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Product Description (including Key Attributes)

HSBC's Bridging home loan is a residential home loan product with:

- a loan amount between \$50,000 and \$15 million
- a variable interest rate
- a term of up to 6 months
- the ability to borrow 90% of the maximum LVR of the property to be sold
- no monthly service fees but establishment and settlement fees may apply

The key attributes are:

- the ability to choose either interest capitalisation or interest only repayments
 - a shorter loan term
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Target Market

The target market for this product is the class or persons who are consumers and who have the following likely objectives, needs and financial situation.

Likely objectives

Consumers with the following likely short term objective:

- cover the financial gap to purchase a residential property before selling the existing one

Likely needs

Consumers with **any one or more** of the following needs:

- to take advantage of potential future interest rate decreases earlier than if the rate were fixed

and

Consumers with **all** of the following needs (these are customisable at point of sale):

(i) with respect to interest-only repayments:

- the ability to manage variable and unpredictable income and/or expenses

OR

with respect to interest capitalised repayments:

- the ability to make a single payment upon the sale of the residential property

and

(ii) with respect to the loan amount:

- to borrow minimum of \$50,000 and maximum of \$15 million

and

(iii) with respect to an overall term:

- a term up to 6 months

Likely financial situation

Consumers who satisfy each of the following:

- in any one or more of the following life stages:
 - subsequent home buyers; and
 - owner/occupiers or investors purchasing an owner occupied home
- are at least 18 years of age
- employed, self-employed or earning another form of income and with ongoing, regular and reliable income for the foreseeable future or an anticipated change to their income and with sufficient surplus discretionary income (after tax, living expenses and financial commitments) to make the required loan repayments
- hold a minimum 28% equity in property

Dependencies

The class of persons must meet **all** of the following at the time of application:

- HSBC's lending criteria
- Australian resident definition
- No Lenders Mortgage Insurance (LMI) requirement

Explanation

The product and its key attributes are likely to be consistent with the likely objectives, financial situation and needs of the target market because:

- the ability to make interest only repayments or capitalise interest until the property is sold is consistent with consumers who wish to minimise monthly repayments until the property is sold
 - the shorter term of the loan, which is not fixed, allows customers to repay the loan once the property is sold
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Distribution Conditions

This product can only be distributed by HSBC Bank Australia Limited.

Direct Channel Conditions

All customers are directed to an HSBC Relationship Manager (RM) to conduct an interview and assist with the application, regardless of channel (e.g. online, branch, phone etc.).

RMs are available:

- face-to-face in an HSBC branch
- over the telephone with the HSBC contact centre

Applications for this product can only be made using HSBC's application form with an HSBC RM. Applications cannot be completed via HSBC's website or through Online or Mobile Banking.

Explanation

The distribution conditions will make it more likely that the consumers who acquire the product are in the target market because:

- the application process makes inquiries about the customer's requirements and objectives for the home loan as well as financial situation, and each home loan application is assessed by an HSBC Underwriter to ensure applicants satisfy HSBC lending guidelines
 - all applications are restricted to HSBC RMs who are required to complete training to be able to recommend this product and have access to HSBC's system and forms
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Review Triggers

If, in HSBC's view, any of the following occur:

- where there is significant dealing outside the target market
 - where there is a significant number of complaints in relation to the product
 - where there is a material change to the product features or the terms and conditions of the product
 - where there is a significant increase to the number of defaults
 - where there is a significant number of customers requiring an extension
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Review Periods

First review date: 5 October 2022

- **periodic reviews:**
 - next review completed by: 5 October 2023
 - maximum period between reviews: 12 months
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Distribution Information Reporting Requirements

N/A – All distribution channels are proprietary channels.

Disclaimer

For more information about HSBC home loans, visit www.hsbc.com.au