



Product Suitability Policy

- Commercial Business Loans

Application & Policy Objectives

The loan products provided by Kalx are commercial loan products for business or business investment purposes. As such it is important to recognise that these products are not regulated by the National Consumer Credit Protection Act (NCCP).

It is therefore incumbent on us to ensure our products and the distribution of those products to the financial services marketplace is not done in a way that breaches any laws and occurs in good faith.

It is also incumbent on us to consider the above when we are introducing new Brokers or even existing Brokers or any referral partners, we have about the importance of acting in good faith when considering these loans and determine product suitability for our Customers.

How & Why We Assess Product Suitability

Our products are designed for a variety of business purposes, These financial products are not designed for personal, domestic or household purposes.

Kalx considers product suitability to ensure good customer outcomes. We undertake this assessment to minimize the risk of Customers entering unsuitable loan agreements and to ensure compliance with the relevant laws, banking regulations.

Kalx and or our employees do not and cannot provide our customers (Borrowers) financial or legal advice.

Our Process

1. Review and assess the information and documentation provided by customers to their Mortgage Brokers for suitability with our mortgage products;
2. Request additional information and ask more questions of the Mortgage Brokers of the customers if the circumstances warrant it;
3. Include warnings and notices in our product materials to ensure customers are aware that the NCCP does not apply to the loan products being applied for and subject to Kalx Capital credit policy.
4. Customers must have the opportunity to seek financial and legal advice and require advice be obtained by them in some circumstances;
5. Speak with our customers to ensure they understand the purpose, understand the facility is nonregulated and the risks associated with the proposed loan facilities; and



6. Reject unsuitable loan applications that are assessed as being incompatible with the product design and intended use of the product.

How we determine product suitability

Question 1	What we do
<p>Application is received from an approved Broker who is familiar with our products, their design and intended use</p>	<ul style="list-style-type: none"> • Review proposed borrower(s) and guarantor(s) and loan scenario proposed purpose. • Review incorporation date and ASIC status of the company applicants. • Determine whether guarantors(s) are directors/shareholders of company applicants and suitable for purpose including but not limited to age. • Consider the stated purpose of the loan scenario • Consider the applicant’s ability to service and repay the loan • Consider the security being provided and its ownership • Review the supporting documentation, ensuring the supporting documentation substantiates the content of the application • Note any anomalies or vulnerabilities • Request financial information about the applicants from the mortgage broker. The request makes clear that all parties must have a genuine nexus with the transaction and is clear to all parties this a commercial product to which NCCP protections have no application. • Conduct pre-settlement calls (recorded) with all individuals involved in the loan seeking confirmation that (1) the company applicant is genuinely involved in the transaction and (2) that they are aware the NCCP (and its protections such as AFCA) will not apply to the loan product. • Ensure all applicants including guarantors obtain independent legal advice to the proposed facility.



Step 2	Our action steps
If any concerns are raised in the above review	<ul style="list-style-type: none">• Then, in addition to the above items, we will complete enhanced due diligence to determine product suitability.

If we have been required to apply the enhanced due diligence step, and no information has been supplied to satisfy this checklist, then we consider the loan is not suitable for the client and we will not provide a loan product to the application.