

**FIXED RATE BILL FACILITY
- FINANCING COSTS
IN ADVANCE®**

**SPECIFIC CONDITIONS OF USE
ANZ BUSINESS BANKING
10.2023**



KEY TERMS OF YOUR FIXED RATE BILL FACILITY – FINANCING COSTS IN ADVANCE

ABOUT THESE KEY TERMS

The aim of these key terms is to help you understand the key terms of your Fixed Rate Bill Facility – Financing Costs in Advance with us. It should be read in conjunction with the 'Key Terms of your Business Lending' document you will also receive. Please note it does not cover all of the terms and conditions of your arrangements.

Additionally, it is not a substitute for, and does not form part of, your Agreement with us. The Specific Conditions of Use that follow on from these key terms do form part of your Agreement.

Please read the Specific Conditions of Use for detailed information about the Fixed Rate Bill Facility – Financing Costs in Advance.

BEFORE YOU CAN USE THE FIXED RATE BILL FACILITY – FINANCING COSTS IN ADVANCE

Before you can start using the facility, you will need to provide ANZ with a completed Deed of Authority, Indemnity and Power of Attorney.

DRAWING DOWN ON YOUR FIXED RATE BILL FACILITY – FINANCING COSTS IN ADVANCE

To draw down on your Fixed Rate Bill Facility – Financing Costs in Advance, you need to provide us with certain information such as the face value of the bill you wish to draw and the desired period between rollover dates. Once you have drawn down on your Fixed Rate Bill Facility – Financing Costs in Advance, ANZ will pay to you the face value of the bill and you will pay ANZ a financing cost in advance amount, which is similar to interest.

REPAYING AMOUNTS AT EACH ROLLOVER AND END OF THE FACILITY TERM

During the term of your facility, you need to pay to ANZ the face value of each drawn bill when it matures – this is known as a ‘maturity date’. Your **Agreement** will set out your facility limit and the term of your facility. If ANZ accepts and purchases a replacement bill on the same day that another bill matures (each date being a ‘rollover date’) the proceeds of the replacement bill will be used towards repaying the maturing bill. You will also need to pay us the financing cost in advance amount (similar to interest) that applies to the replacement bill. We will continue to do this until the maturity date for the final bill within a bill series when no further bills can be drawn and the face value of the final maturing bill must be repaid. If you do not wish to draw the next bill in a bill series, you must tell us first as required under the terms of the Specific Conditions of Use.

FEES, COSTS AND CHARGES

You need to pay the fees, costs and other charges associated with your Fixed Rate Bill Facility – Financing Costs in Advance. The fees and charges are set out in your Agreement and the ANZ Business Banking Finance Fees and Charges booklet. You can terminate your facility at any time if you no longer have any drawn bills.

If you do not wish to draw the next bill in a bill series, there may be additional costs. These costs could be significant. You must contact us to discuss the amount of these early repayment costs. You also agree to pay any early repayment costs if certain other things occur, such as a default.

MAINTAIN AN ANZ TRANSACTION ACCOUNT

You must have an ANZ transaction account for the full term of your commercial bill facility that contains enough funds for payment of any amount owing by you under your Agreement such as fees and other amounts, including any financing cost in advance amount.

WHERE CAN YOU FIND OUT MORE?

Your Agreement has been provided to you and you should read it before you sign anything. Please ask your ANZ business banker or your accountant or lawyer about anything you do not understand.

FIXED RATE BILL FACILITY – FINANCING COSTS IN ADVANCE® SPECIFIC CONDITIONS OF USE

This document contains important Specific Conditions of Use which apply to your Fixed Rate Bill Facility – Financing Costs in Advance. It should be read in conjunction with the ANZ Business Banking Finance Conditions of Use and your Letter of Offer. ANZ recommends that you study it in detail and then keep it in a safe place for future reference.

*If you have received Specific Conditions of Use in respect of other commercial bill facilities offered to you by ANZ, please **do not** refer to them for the purposes of your Fixed Rate Bill Facility – Financing Costs in Advance.*

Also some words and expressions have special meanings in these Specific Conditions of Use. To the extent a word or phrase is not set out under the heading 'Meaning of terms', it has the meaning given to it in the ANZ Business Banking Finance Conditions of Use or your Letter of Offer.

CONTENTS

1. Using your Facility	6
2. Instructions	6
3. What is the process for requesting a Bill Series?	6
4. Business Day rules	7
5. Mandatory ANZ transaction account	7
6. Amount payable by ANZ and by you on purchase by ANZ at face value of Bills	8
7. Automatic rollover	8
8. Early Cancellation or Prepayment of a Bill or your Facility	9
9. ANZ may prepare Bills	13
10. Your liability in respect of Bills purchased	13
11. Financing Cost in Advance Payment	14
12. Net payment on Maturity Dates for Bills	14
13. General	14
14. Meaning of terms	15

1. USING YOUR FACILITY

- 1.1 You may use your Facility once we tell you that the conditions in section 1.2 and in your Letter of Offer have been met.
- 1.2 Before you can use your Facility you must:
 - (a) sign and return to us the Deed of Authority, Indemnity and Power of Attorney; and
 - (b) pay us the Limit Approval Fee specified in your Letter of Offer (if any) and any other fees which your Agreement specifies are due for payment before the first drawing of Bills under your Facility.
- 1.3 You may draw multiple Bills under your Facility. However, the maximum aggregate face value of all outstanding Bills drawn must not exceed the Facility Limit.
- 1.4 Your first drawing of a Bill must be within three months of the date of your Letter of Offer unless ANZ otherwise agrees.

2. INSTRUCTIONS

- 2.1 Any instructions given to ANZ must be given by you or by your Authorised Representative.
- 2.2 An instruction to accept the quote for the relevant Bill Series is irrevocable once the instruction to accept the quote is given.

3. WHAT IS THE PROCESS FOR REQUESTING A BILL SERIES?

- 3.1 You must call us if you want to request a Bill Series. We must receive your request before 4pm Sydney time two Business Days before the date you want ANZ to accept and purchase the first Bill in the Bill Series.
- 3.2 When you call us you must tell us the following information.
 - The face value of each Bill in the Bill Series.
 - The Rollover Period frequency for the Bills in the Bill Series. You may select a Rollover Period frequency of anywhere between 6 months and 12 months or such other period as ANZ otherwise agrees.

- The Drawdown Date for the Bill Series. This date must be a Business Day unless ANZ otherwise agrees.
- The Maturity Date for the final Bill in the Bill Series, which must comply with section 3.3.

3.3 A Bill Series Term must be no shorter than six months, and no longer than five years, unless ANZ otherwise agrees. The Maturity Date for the final Bill in a Bill Series must also be within the term of your Facility.

3.4 Once you have given us the above information we will give you a fixed rate pricing quote for the Bill Series.

If you wish to proceed with the quote, then you must confirm your acceptance immediately, either on the phone after we give it to you, or by another reasonable method specified by ANZ. On your acceptance, the details that we have agreed with you (including the information that you provided us) will form part of your Agreement with us.

We will send you a Confirmation setting out details that we have agreed with you. You must check the details in the Confirmation and contact us as soon as reasonably practicable if you have any concerns.

4. BUSINESS DAY RULES

4.1 If an amount payable by you would be due on a non-Business Day, the date for payment will generally be the next Business Day unless that day falls in the next calendar month. If it does then the amount will generally be due on the Business Day before the non-Business Day.

4.2 If a Bill Series Term or Rollover Period would end on a non-Business Day, we will generally treat it as ending on the next Business Day unless that day falls in the next calendar month. If it does then the period will generally end on the Business Day before the non-Business Day.

5. MANDATORY ANZ TRANSACTION ACCOUNT

5.1 You must hold and maintain an ANZ transaction account for the full term of your Facility. You must also maintain enough funds in your account to cover payment of any amount owing by you under your Facility. Examples of such amounts are fees and other charges payable by you.

This account is a 'nominated account' for the purposes of section 4.6 of the Finance Conditions of Use.

- 5.2 For the purposes of the 'failure to pay' Event of Default in the Finance Conditions of Use, an amount owed to ANZ in connection with the ANZ transaction account referred to in section 5.1 (such as any informal overdraft on that account) will be treated as an amount owed to ANZ under the Facility.

6. AMOUNT PAYABLE BY ANZ AND BY YOU ON PURCHASE BY ANZ AT FACE VALUE OF BILLS

- 6.1 Subject to the other terms of your Agreement, on each Drawdown Date or Rollover Date (as applicable) for a Bill ANZ shall accept the Bill drawn on it and purchase that Bill by paying to you an amount equal to the face value of the Bill.
- 6.2 On each Drawdown Date or Rollover Date (as applicable), you shall pay to ANZ, or ANZ may debit your ANZ account with:
- (a) the Financing Cost in Advance Payment;
 - (b) the Usage Line Fee for the Bill specified in your Letter of Offer (if any);
 - (c) the Handling Fee specified in your Letter of Offer (if any); and
 - (d) any stamp duty and other taxes payable in respect of the Bill.

7. AUTOMATIC ROLLOVER

7.1 Rollover

Subject to the other terms of your Agreement, unless you contact us two Business Days before the Rollover Date for a Bill to notify us that you do not wish to draw the next Bill in the Bill Series, then when a Bill matures, ANZ will automatically draw a replacement Bill on your behalf on that Rollover Date. Subject to sections 7.2 and 8.4, the replacement Bill will have the same face value as the maturing Bill. The Yield Rate will also be determined in the same way as for the maturing Bill.

7.2 Change in face value

- (a) If your Letter of Offer specifies that your Facility Limit will reduce, ANZ may draw a replacement Bill on your behalf with a face value different to that determined under section 7.1.
- (b) Subject to the other terms of your Agreement, if you contact us at least two Business Days before the Rollover Date for a Bill and request to change the face value of the next Bill in the Bill Series, ANZ will draw a replacement Bill on your behalf with the face value that you requested, if the change would not result in the maximum aggregate face value of all outstanding Bills drawn exceeding the Facility Limit.

If you request a change in the face value of Bills in a Bill Series you may be required to pay early repayment costs. The early repayment costs can be significant and are not the same for every Bill or every type of change in face value. For further details on these costs see section 8 below.

7.3 Rollover Period frequency

The Rollover Period frequency for a replacement Bill will not change, subject to ANZ having the right to adjust (in accordance with section 4) the period so that the next Rollover Date falls on a Business Day or to align the end of the period with the Maturity Date for the final Bill in the relevant Bill Series.

8. EARLY CANCELLATION OR PREPAYMENT OF A BILL OR YOUR FACILITY

8.1 Prepayment and Cancellation

(a) Prepayment

You may partially or fully Prepay a Bill on a Maturity Date only (unless ANZ otherwise agrees).

You must contact us if you want to partially or fully Prepay a Bill so that we can tell you the amount of the early repayment costs associated with doing so. You must contact us no later than two Business Days before the proposed Prepayment date, which must be a Maturity Date (unless ANZ otherwise agrees).

If you do make a Prepayment then you may be required to pay early repayment costs. The early

repayment costs can be significant and are not the same for every Bill.

If you would like to proceed with the Prepayment, you must confirm your acceptance of the early repayment costs either on or before the proposed Prepayment date. You must confirm your acceptance immediately, either by calling us, or by another reasonable method of contact that we ask you to use.

When we tell you the amount of the early repayment costs, that is the amount that will apply if you accept it at the time we tell you. If you do not accept that amount at that time, then a different amount may apply if you later choose to make a Prepayment.

Section 8.3 explains how we calculate early repayment costs.

(b) **Cancellation**

You must contact us if you want to Cancel a Bill, so that we can tell you the amount of the early repayment costs associated with doing so.

If you Cancel a Bill, then you may be required to pay early repayment costs. These costs can be significant and are not the same for every Bill.

If you would like to proceed with the Cancellation, you must confirm your acceptance of the early repayment costs before the proposed Drawdown Date. You must confirm your acceptance immediately, either by calling us, or by another reasonable method of contact that we ask you to use.

When we tell you the amount of the early repayment costs, that is the amount that will apply if you accept it at the time we tell you. If you do not accept that amount at that time, then a different amount may apply if you later choose to proceed with the Cancellation.

Section 8.3 explains how we calculate early repayment costs.

8.2 Other early repayment events

In addition to the events described in section 8.1, early repayment costs may also be payable if any of the following

events (together with the events in section 8.1, referred to as the **Bill Early Repayment Events**) occur:

- ANZ requires you to make a Prepayment of all or part of a Bill during its Bill Series Term or cancels your Facility (for example, in exercise of our Default Rights); or
- ANZ agrees to make certain other changes to a Bill Series before the end of its Bill Series Term.

Section 8.3 explains how we calculate that amount.

8.3 Early repayment costs

Warning: *Early repayment costs can be significant. You must contact us so that we can notify you of the amount of these early repayment costs or if you have any questions before you Prepay or Cancel a Bill.*

When we provide or agree to provide a Bill Series to you we generally assume that there will be no changes to the Bill Series during its Bill Series Term. We also generally arrange our own funding position (which may include hedging to manage our interest rate risk) based on this assumption. This involves the allocation of funding costs from our treasury function, and the establishment of internal interest rate risk management transactions. We pool these transactions with those from various facilities and transactions provided to our other customers, and manage them on a portfolio basis in the wholesale financial markets. If a Bill Early Repayment Event occurs then our funding position will change and we may incur a loss as a result of the event occurring.

The early repayment costs payable by you are a reasonable estimate of that loss. Our estimate may not always reflect actual transactions we entered into when we provided the relevant Bill Series to you. This is because we manage our risk associated with various facilities and transactions on a portfolio basis.

You must pay the early repayment costs in addition to the face value amounts, fees, charges and any other amounts payable by you.

The amount of any early repayment costs that you must pay will vary according to a number of factors including:

- the remaining Bill Series Term;
- how much you have Prepaid; and
- changes in market interest rates.

Some information about how we calculate early repayment costs is set out below.

Early repayment costs

Why do certain Bill Early Repayment Events attract early repayment costs?

When ANZ agrees to provide you with a Bill Series, it gives both ANZ and you increased certainty about the timing and quantity of the amounts payable by you to us over the Bill Series Term.

We take these agreed arrangements into account when managing our risk associated with commercial bill facilities and may enter into hedging transactions to manage that risk.

If:

- you partially or fully Prepay your Bill;
- you Cancel your Bill; or
- another Bill Early Repayment Event occurs,

our risk associated with commercial bill facilities changes and we may need to change the arrangements we have made to manage that risk.

The early repayment costs help us recover our reasonable estimate of the costs that would be incurred in changing those arrangements.

How do we calculate the amount of the early repayment costs?

The early repayment costs are determined using current market data by calculating:

- the present value of the Financing Cost in Advance Payment which we should have received for the period from the date of the Bill Early Repayment Event to the final Maturity Date for the Bill Series; less
- the present value of the cashflows which we reasonably estimate that we would be able to receive if we were to hedge a fixed rate bill for the Prepaid, Cancelled or other Bill Early Repayment Event amount at the current wholesale mid-market price for the remainder of the period ending on the final Maturity Date for the Bill Series.

We will then add to the calculated amount a further amount reasonably determined by us as recompense for the transactional and operational costs and risks that we would expect to incur if executing the transaction in the market to determine the early repayment costs.

If the calculations above for the early repayment costs show that the Bill Early Repayment Event results in a benefit rather than a cost, we will pay the amount of the benefit (as calculated by us) to you.

If any early repayment costs are payable by you, you must pay the costs together with any other outstanding fees or charges on the date of your Prepayment or Cancellation. If any of the Bill Early Repayment Events in section 8.2 occur then you must pay the early repayment costs on the date specified by ANZ.

- 8.4 If you partially Prepay the face value of a maturing Bill, the face value of any replacement Bill drawn by ANZ on your behalf will be reduced by the amount of the Prepayment.
- 8.5 If you Prepay or Cancel a Bill, ANZ will no longer accept and purchase any replacement Bill (in accordance with section 7) in respect of that Bill Series.

9. ANZ MAY PREPARE BILLS

You request ANZ to draw, sign and present on your behalf the Bills which you have requested ANZ to accept and purchase, so that each Bill:

- (a) is dated with the relevant Drawdown Date or Rollover Date;
- (b) is drawn by you or on your behalf with the name of the payee to be completed by ANZ;
- (c) names ANZ as drawee and acceptor; and
- (d) is for a face value amount and Rollover Period determined by you and agreed by ANZ.

10. YOUR LIABILITY IN RESPECT OF BILLS PURCHASED

- 10.1 You must pay to ANZ an amount equal to the face value of a Bill on the Maturity Date for that Bill.
- 10.2 You must pay any Usage Line Fee, Commitment Fee or Handling Fee as specified in your Letter of Offer. You

agree that ANZ may debit any of these fees from your nominated transaction account or we may deduct the fee from the face value of the relevant Bill (or in the case of the Commitment Fee any Bill).

- 10.3 Your obligations in relation to a Bill drawn, accepted and purchased by ANZ under the Facility continue despite the fact that ANZ is or becomes the holder of the Bill in ANZ's own right on or after the Bill's Maturity Date.
- 10.4 You must repay the Outstanding Money in full at the end of the term of your Facility.
- 10.5 ANZ and you agree that section 66 of the *Bills of Exchange Act 1909* does not apply as between you and ANZ.

11. FINANCING COST IN ADVANCE PAYMENT

You must pay the Financing Cost in Advance Payment on the Drawdown Date or Rollover Date (as applicable) of each Bill under the Facility.

12. NET PAYMENT ON MATURITY DATES FOR BILLS

Unless otherwise agreed between you and ANZ, where replacement Bills are to be drawn and accepted by ANZ on the Maturity Date of maturing Bills, only the net amount as between the amounts payable on that date:

- by you to, or for the account of, ANZ in respect of the maturing Bills; and
- by ANZ to, or for the account of, you in respect of the replacement Bills,

need be paid.

13. GENERAL

13.1 Acknowledgement

You acknowledge that:

- (a) it is difficult to predict with any certainty the future movements in interest rates;
- (b) the Yield Rate for a Bill may be higher than the yield rate for a variable rate bill;

- (c) you are responsible for any Costs or losses that you may suffer or incur in connection with future movements of interest rates in the market;
- (d) you should consider whether you need your own independent professional advice in relation to any possible taxation consequences of making a drawing under the Facility;
- (e) in accepting the terms quoted by ANZ for a Bill Series, you should make your own assessment of future movements in interest rates; and
- (f) words and expressions not defined in this document have the meanings given to them in the Finance Conditions of Use or your Letter of Offer.

13.2 Recording

You (i) consent to the recording of telephone conversations between the trading, marketing and other relevant personnel of you and us in connection with the Facility; (ii) agree to obtain any necessary consent of, and give any necessary notice of such recording to, your relevant personnel; and (iii) agree, to the extent permitted by applicable law, that recordings may be submitted in evidence in any proceedings.

14. MEANING OF TERMS

The words and phrases below have the following special meanings in this document.

Bill means a bill of exchange.

Bill Series means each financing arrangement you enter into with ANZ under your Facility for the drawing of a single Bill, or for the drawing of a series of more than one Bill.

Bill Series Term, for a Bill Series, means the period commencing on the Drawdown Date and ending on the final Maturity Date for the Bill Series.

Business Day means a day that is not a Saturday, a Sunday or an Australian national public holiday. We also generally exclude New South Wales public holidays and may, in certain circumstances, exclude other State or Territory public holidays.

Cancel, in relation to a Bill, means cancelling an agreement for the drawing of the Bill that you have made with ANZ in accordance with section 3.4 before the Bill is drawn.

Commitment Fee means the fee, if any, described as such in your Letter of Offer.

Confirmation means a 'confirmation' document issued to you by ANZ in connection with your Facility and includes a 'confirmation' issued to you under section 3.

Drawdown Date means the first day of the Rollover Period for the first Bill in a Bill Series and is the date on which funding is or is to be provided under the Facility.

Facility means the Fixed Rate Bill Facility – Financing Costs in Advance.

Facility Limit is the Australian dollar limit for the Facility, as set out in your Letter of Offer.

Finance Conditions of Use means the ANZ Business Banking Finance Conditions of Use.

Financing Cost in Advance Payment, of any Bill, means the amount calculated with reference to the Yield Rate for the Rollover Period and the face value of the relevant Bill calculated by multiplying the face value by the Yield Rate and by the number of days in the Rollover Period divided by 365.

Handling Fee means the fee, if any, described as such in your Letter of Offer.

Limit Approval Fee means the fee, if any, described as such in your Letter of Offer.

Maturity Date, for a Bill, means the last day of the Rollover Period for that Bill and, in the case of the final Bill in a Bill Series, the date agreed between you and ANZ as being the Maturity Date for the final Bill in the Bill Series.

Prepay, in respect of a Bill, includes:

- (a) where you fully or partially pay the face value of the Bill before the final Maturity Date of that Bill Series; and
- (b) where you no longer require ANZ to automatically roll the Bill in accordance with section 7.

Rollover Date, for a Bill, means the first day of a Rollover Period, except in the case of the first Bill in a Bill Series.

Rollover Period, for a Bill, means a period commencing either on the Drawdown Date for that Bill Series or on a Rollover Date and ending on the next Rollover Date or the final Maturity Date for the relevant Bill Series, whichever is the first to occur.

Usage Line Fee means the fee, if any, described as such in your Letter of Offer.

Yield Rate means the fixed rate quoted to you by ANZ in accordance with section 3.

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