

ANZ TERM LOANS SPECIFIC CONDITIONS OF USE

ANZ BUSINESS BANKING 10.2023

1 WHAT YOU NEED TO KNOW ABOUT THESE TERMS AND CONDITIONS OF USE

This document contains terms for your ANZ term loan facility as described in your Letter of Offer. You should read this document with the other documents that are part of your Agreement with us.

Capitalised words and phrases in this document have special meanings. You can find their meanings in section 7 below.

2 HOW TO CONTACT US

See the 'Contact Details' section at the end of this document.

3 USING YOUR TERM LOAN FACILITY

You may use your Facility once we tell you that the relevant terms in your Letter of Offer have been met. You must give us at least two Business Days' notice, in a form reasonably acceptable to us, before each drawing. Your first drawing must be within three months after the date of your Letter of Offer.

If your Letter of Offer says progressive drawing is available, you may make multiple drawings up to your Facility Limit during the Drawing Period. After the Drawing Period, we will cancel any undrawn portion of your Facility Limit. Your Letter of Offer may have additional requirements you must satisfy to make a progressive drawing.

If progressive drawing is not available, then you may only draw once on your Facility.

In all cases, we will make funds available to you:

- by transfer to another ANZ account; or
- in any other way we agree with you (for example, in your Letter of Offer).

4 YOUR INTEREST AND FEES

4.1 What is your interest rate?

Your initial interest rate is in your Letter of Offer but your interest rate may change. The Finance Conditions of Use will tell you when this may occur and also where you can go to see your current rate.

If ANZ has provided you with a fixed interest rate on your Facility your interest rate will change at the end of its fixed interest rate period. It will also change if the end of a fixed interest rate period coincides with the end of the Term of the Facility and you have not repaid all Outstanding Money on or before the end of the Term. Unless your Letter of Offer says otherwise or we otherwise agree, at the end of your fixed interest rate period your interest rate will be the ANZ Business Mortgage Index (BMI) rate. The BMI rate may vary from time to time. You can obtain details of ANZ's current BMI rate at anz.com/interest-rates.

4.2 How is your interest calculated?

We start calculating your interest on your Facility from the date you first draw funds. We calculate your interest for each day as follows.

$$\text{Daily interest amount} = \left(\frac{\text{interest rate}}{365} \right) \times \text{daily closing balance of your Facility}$$

The daily closing balance of your Facility includes principal and any other amount that you agree to add to the principal amount. This may include interest (which means you pay interest on interest), fees and other charges. It may also include any overdue amounts that you have not paid us on or by the due date.

(a) Where interest is due at the end of your interest payment periods (interest in arrears)

If your Letter of Offer says interest is payable in 'arrears', this means that you will pay interest at the end of each interest payment period. The frequency of your interest payment periods is in your Letter of Offer.

The interest that you pay on a particular day will not include the interest calculated for that day (see example below).

Example

Company ABC has a facility with a term of five years and monthly interest payments, payable in arrears.

Company ABC draws funds on 12 March. The first three interest payment periods and their interest payment dates will be as follows.

Interest payment period	Interest payment date
12 March – 11 April	12 April
12 April – 11 May	12 May
12 May – 11 June	12 June

If we agree to change the terms of your Facility your interest payment periods may also change. If this happens we may require you to pay your interest on the date that the changes begin to apply. That date may not be an interest payment date. We may then re-start the interest payment periods from that date.

(b) Where interest is due at the start of your interest payment periods (interest in advance)

If your Letter of Offer says interest is payable in 'advance', this means that you will pay interest at the start of each interest payment period. The frequency of your interest payment periods is in your Letter of Offer.

Example

Company ABC has a facility with a term of five years and monthly interest payments, payable in advance.

Company ABC draws funds on 1 March. The first three interest payment periods and their interest payment dates will be as follows.

Interest payment period	Interest payment date
1 March – 31 March	1 March
1 April – 30 April	1 April
1 May – 31 May	1 May

The interest that you pay at the start of an interest payment period is an estimated amount. It is based on your Facility balance at the time of calculation, assuming that the balance and your interest rate remain the same during the relevant period.

At the end of each interest payment period, we will recalculate the interest for your Facility for that period.

If the recalculated amount is less than the estimated amount that you paid in advance (for example, because the balance of your Facility decreased during the period), we will refund the difference to you.

If the recalculated amount is more than the estimated amount that you paid in advance, you must pay us the difference. You must pay us on the first day after the end of the relevant period.

4.3 When do you pay a loan administration charge?

The fees for your Facility include a loan administration charge. It is payable in arrears at the frequency (for example, quarterly) specified in your Letter of Offer, from the date you first draw funds.

There may be times when we require early payment of a loan administration charge, for example in the following circumstances:

- If you repay your Facility in full during a payment period.
- If the payment frequency of the loan administration charge is changed.
- If we agree to change other terms of your Facility.

The loan administration charge that you must pay will be based on the number of days in the payment period up to when the early payment is due. We may then re-start the payment period from that date.

If a loan administration charge is due on the last day of a month, the loan administration charge for each subsequent payment period will be due on the last day of the final month in that period. If that day is a non-Business Day, then it is due on the next Business Day.

4.4 When do you pay a late payment fee?

A late payment fee is payable if any payment due to us remains unpaid for 30 days or more. An additional late payment fee is payable for each month (from when the first late payment fee is payable) that any payments due to us continue to be unpaid. The amount of the monthly late payment fee is set out in the ANZ Business Banking Finance Fees and Charges booklet.

If a late payment fee is due on the last day of a calendar month, any additional late payment fees after that will also be due on the last day of the relevant calendar month.

However, if a late payment fee would be due on a non-Business Day, then it is due on the next Business Day. All additional late payment fees after that are payable monthly from that date, unless the rule above applies.

5 YOUR REPAYMENTS

5.1 What are your repayments and when are they due?

You will make the repayments set out in your Letter of Offer. You must repay the Outstanding Money in full at the end of the term of your Facility.

5.2 How are your repayments calculated?

Unless your Letter of Offer says otherwise, we calculate your repayments so instalments are approximately equal to each other over the term of your Facility. Your instalments may be made up of both principal and interest, or principal only. If you make additional early repayments, we may, at your request, recalculate the remaining instalments.

5.3 Can you make early repayments?

If a variable interest rate applies to your Facility, then you may pay off your Facility early without being charged additional interest.

If a fixed interest rate applies to your Facility, then you cannot make any early repayment on your Facility, unless we consent to it. We will not unreasonably withhold our consent. Your Letter of Offer will tell you when a fixed rate applies to your Facility. It will be referred to as the Fixed Rate Term of your Facility.

If we do accept an early partial or full repayment during a Fixed Rate Term, then you may be required to pay an early repayment cost. Section 5.4 explains how we calculate that amount.

5.4 What is the impact of early repayment during a Fixed Rate Term?



Warning: Early repayment costs can be significant. Please contact us for an estimate or if you have any questions [before you make any early repayment of your Facility during its Fixed Rate Term](#).

An early repayment cost may be payable if you make an early repayment of your Facility during its Fixed Rate Term. It may also be payable in the other circumstances in section 3.4 of the Finance Conditions of Use, each being an Early Repayment Event.

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

- the unpaid balance of your Facility at the time;
- the remaining Fixed Rate Term of your Facility;
- how much you have repaid early; and
- changes in relevant market interest rates since the start of the Fixed Rate Term.

We calculate the cost using a formula. This formula is available online at anz.com/business-erc-pdf and is incorporated by reference into this document. ANZ is not obliged to pay early repayment benefits if this formula does not result in any cost payable by you.

We will tell you what early repayment cost you are required to pay. Early repayment costs can be significant and because of the factors above the amount payable is not the same for every facility.

The following example shows a calculation of an early repayment cost. If you have to pay an early repayment cost, the amount may be very different from the example.

Example

Company ABC takes out a \$1,000,000 fixed rate facility with an original Fixed Rate Term of five years. ANZ calculates that the relevant market interest rate for that term is 5% per annum (**p.a.**). Company ABC makes interest only payments.

Company ABC wishes to repay the facility early during the Fixed Rate Term. At the time Company ABC decides to repay its facility ANZ calculates that the relevant market interest rate for the remaining period until the end of the Fixed Rate Term is 3% p.a. The table below shows indicative early repayment costs for three different repayment scenarios.

	Remaining Fixed Rate Term for Company ABC's facility when it decides to make an early repayment		
	4 years	3 years	2 years
Market interest rate differential of 2% p.a. (being original market interest rate of 5% p.a. less the 3% p.a. market interest rate for the remaining Fixed Rate Term)	Costs \$80,000*	Costs \$60,000*	Costs \$40,000*

*The early repayment cost will be the present value of the above amounts, as calculated by us.

6 STATEMENTS OF ACCOUNT

We will provide you with statements of account for your Facility at least every six months unless you request otherwise.

7 DEFINITIONS

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

Agreement has the meaning given in your Letter of Offer.

Business Day means a day that is not a Saturday, a Sunday or an Australian national public holiday.

Customer, you or your means each person named as a borrower or customer for each Facility in a Letter of Offer. When more than one person is named as a borrower or customer, it means each person individually and any two or more of those people. It also includes each person's executors, administrators or permitted assigns or transferees.

Drawing Period means the period from the date you originally draw on the Facility, to the earliest of:

- (a) when your aggregate drawings first reach the Facility Limit;
- (b) when you tell us you do not wish to make any further drawings;
- (c) if your Letter of Offer is dated 31st July 2021 or earlier, 18 months from the date you originally draw on the Facility;
- (d) the end of any period for progressive drawings set out in your Letter of Offer; or
- (e) if the current version of your Letter of Offer does not set out a period for progressive drawings but the original Letter of Offer under which we provided the Facility (or a later version of it) did set out such a period – the end of that period.

However, if we agree a later date with you then that later date applies. If a Drawing Period would end on a non-Business Day, we will generally treat the Drawing Period as ending on the Business Day before the non-Business Day.

Early Repayment Event has the meaning given in the Finance Conditions of Use.

Facility means any of the term loan facilities that we make available to you under your Agreement.

Facility Limit for a Facility, means the amount specified in your Letter of Offer as the facility limit.

Finance Conditions of Use means the ANZ booklet titled 'finance conditions of use'.

Fixed Rate Term has the meaning given in your Letter of Offer.

Letter of Offer means the letter titled 'letter of offer' between a Customer and ANZ.

Outstanding Money for a Facility means all money that a Customer, either alone or with another person, owes or may in the future owe ANZ for that Facility for any reason. For example, it includes all interest, fees, other charges and costs (including early repayment costs) and any related informal overdraft.

CONTACT DETAILS

ANZ may change the contact details below from time to time. If we do, we will not notify you of the change (unless required by law or industry code) but these details will be published on our website anz.com.

ANZ Small Business Banking

1800 351 663
8am - 8pm (AEST), Weekdays

ANZ Business Banking

Speak to your ANZ Manager or call 1800 801 485 8am - 8pm (AEST), Weekdays

ANZ Agribusiness Banking

Speak to your ANZ Agribusiness Manager or call 1800 462 474 8am - 8pm (AEST), Weekdays

ANZ Internet Banking for Business

1800 269 242
+61 3 8699 6906 (International customers) 8am - 8pm (AEST), Weekdays

Lost or Stolen Cards, Suspected Unauthorised Transactions or Divulged Passwords

1800 033 844
+61 3 9683 7047 (International customers)
24 hours, 7 days a week