

KEY TERMS SUMMARY – BOQ BUSINESS FACILITIES

November 2023

ABOUT THIS DOCUMENT

This document contains a summary of the key terms and conditions of your facilities. It is current as at the date we provide you with your facility agreement.

This summary does not replace your facility agreement and it does not set out all of your obligations. You still need to carefully read your facility agreement, any securities and any other document we give you. Different terms may apply to you depending on whether you are a “small business” under the Banking Code of Practice or if your facility agreement is a small business contract under the ASIC Act. In particular, the events of default and the steps we may take on default are different. For a full definition of “small business”, please refer to the Banking Code of Practice available at www.ausbanking.org.au

Your facility agreement is made up of the following documents:

- **Facility Details and Schedule** – your Facility Details and Schedule tells you the types of facilities we offer you and includes information such as your facility limit, facility term, interest rate, fees and charges, repayment arrangements, whether your facility is committed or uncommitted and any special conditions that may apply, such as whether your facility agreement is a Large Business Transaction.
- **Facility General Conditions** – the Facility General Conditions sets out the general terms and conditions that apply to your facilities.

Other terms and conditions may also be relevant to your arrangements with us (eg the Business Lending Supplementary Terms and Conditions).

PART A – TERMS THAT APPLY TO ALL FACILITIES

Conditions to using your facilities

You may need to satisfy certain conditions before you can use your facility. Some of these conditions may apply each time you want to use your facility. You should refer to the Facility General Conditions and Facility Details and Schedule to understand the conditions that apply.

Facility limit

You must ensure the facility balance does not exceed the facility limit. If it does, you must immediately pay the excess.

Representations and warranties

You represent and warrant certain things to us about you, your business and the information and documents you give us. You repeat these representation and warranties at regular intervals. All information you give us must be true and not misleading to the best of your knowledge and belief.

Additional costs

You may have to pay extra costs if you do not comply with your obligations under your facility agreement (eg higher interest may be charged if you do not pay on time or, for a Commercial Rate Loan, on any date other than an interest payment date).

Other costs may apply if your circumstances change (eg you may have to pay break costs if you repay your facility during a fixed rate period).

Indemnities

You must indemnify or compensate us for certain liabilities, direct losses and reasonable costs we incur in connection with certain events while you have a facility with us (and in some cases after the facility ends), except where the liability, loss and costs arise because of our mistake, error, fraud, negligence or wilful misconduct.

Things you undertake

You agree to do, and not to do, certain things in connection with you and your business (eg you must maintain insurance and licences in connection with you and your business).

Financial information

If we ask, you must give us regular financial information about you and your business (eg tax returns, financial reports, statements and accounts).

Default

If an event of default occurs, we can end your facility and require you to repay it early. You may also incur additional costs and interest charges and, if you have a fixed rate facility, break costs. We can also enforce any security you have given us or require a guarantor to pay the amounts you owe us.

Some events that will trigger a default include:

- you do not pay an amount when due under the facility;
- you or a guarantor become insolvent or subject to enforcement proceedings;
- we require early repayment under another facility you or a guarantor have with us;
- you or a guarantor do not comply with the law;
- you or a guarantor give us materially false or misleading information;
- you use the loan for an unapproved purpose;
- you or a guarantor deal with your assets in a way not permitted under the facility agreement or a security;
- you or a guarantor have a change in management or control without our consent;
- you do not comply with certain other obligations (eg you do not maintain a licence and you do not provide us with financial statements when required).

Reviewing your facility

We can review your facilities annually or more frequently if we believe there has been a detrimental change in your financial position. As part of this review, we may need to obtain a new valuation of the secured property. After a review, if there has been a change in your financial position we can make some changes to your arrangement with us (eg increase a margin or change terms and conditions).

Variations

We can vary the terms of your facility agreement in certain circumstances. We will generally provide you with notice of these changes (however, there may be circumstance when we cannot give you advance notice). This includes changes to your interest rates, repayment requirements and fees and charges. We may make changes because of changes in law, industry codes or our systems and processes. We will notify you of changes in writing (including email) or by advertisement in a newspaper.

PARTS B, C, D & E – TERMS THAT APPLY TO SPECIFIC FACILITIES

This part sets out the key general terms that apply to the specific facilities you have with us.

Business term loans and commercial rate loans

A business term loan or commercial rate loan is a term facility that must be repaid at the end of the term. Depending on your repayment arrangements, you may have to make regular payments that cover interest or reduce the facility balance and/or facility limit over the term of the loan (see your Facility Details and Schedule).

Even if you make repayments which reduce the facility balance, there may be a shortfall which you will have to pay at the end of the loan term. This may occur if interest rates change.

If you have a variable business term loan, variable commercial rate loan or an interest capitalised variable commercial rate loan, you may be able to redraw amounts you have repaid early under the facility. However, we can cancel your right to redraw at any time.

If you repay your facility in full before the end of the term we will close your facility.

Joint borrowers

Joint borrowers are separately liable for everything owed under the facilities.

Sanctions and other regulatory obligations

We may not be able to provide your facilities to you because of legal or regulatory sanctions or obligations. If this happens, we are not responsible for losses you incur.

We can set-off amounts and combine accounts

We can set-off amounts you owe us, and may debit them directly from your account. We may also combine your accounts in certain circumstances.

Business overdrafts and business line of credit

A business overdraft or business line of credit is an “at call” or “on demand” facility. This means you have to repay the facility when we ask. In some circumstances we can ask you to repay the facility at any time and for any reason (including if there is no event of default).

Bank guarantee facility

Under a bank guarantee facility, we issue a bank guarantee to a third party at your request. A bank guarantee may be issued with an expiry date.

You have to reimburse us for any amount which we pay under the bank guarantee. You also have to pay us any taxes or costs we have to pay in connection with the bank guarantee.

Reductions and special reductions

Depending on your arrangements, your facility limit may reduce at a regular interval over the term of the loan. When this happens, you must ensure that you repay enough of the facility balance to ensure it is equal to or less than the new facility limit.