

Range Fixed Rate Bank Bill Business Loan

Product information statement.

Issued by Westpac Banking Corporation
ABN 33 007 457 141
Australian Financial Services Licence No. 233714

Effective date: 22 May 2023



We're here to help

For more information, please contact our team of interest rate specialists below.

Interest Rate Hub

☎ (02) 8204 2821

✉ irhub@westpac.com.au

📍 Level 3, 275 Kent Street, Sydney NSW 2000

Accessibility support.

At any time, you can inform us how you would prefer to be contacted. If you are deaf and/or find it hard hearing or speaking with people who use a phone, you can reach us through the National Relay Service (NRS). To use the NRS, you can register by visiting infrastructure.gov.au/national-relay-service

Visit westpac.com.au/web-accessibility for further information on our accessible products and services for people with disability.

Important information

A Product Information Statement ('PIS') is an information document. The purpose of a PIS is to provide you with information intended to assist you in making a decision about a product's suitability for your needs. A PIS is also a tool for comparing the features of other products you may be considering. If you have any questions about this product, please contact us on the details provided above.

You should read and consider this PIS, in its entirety, carefully and seek independent expert advice before making a decision about whether or not this product is suitable for you.

If you decide to enter into a Range Fixed Rate Bank Bill Business Loan, you should keep a copy of this PIS, your Business Finance Agreement that sets out the terms and conditions which apply to this product, and any associated documentation. This product is subject to the terms and conditions in your Business Finance Agreement which should be read together with this PIS. You should also promptly tell us if at any time you experience financial difficulties.

This PIS is issued by Westpac and is current as at the date of this document. The information in it is subject to change. We may issue a replacement PIS, or post updated information on our website.

Nothing in this PIS is, or may be relied upon as, a representation as to the future performance of the Range Fixed Rate Bank Bill Business Loan.

The offer of the Range Fixed Rate Bank Bill Business Loan is being made to persons located in Australia only. Receipt of this PIS in jurisdictions outside of Australia may be restricted by local law and applications from outside Australia will not be accepted.

The information set out in this document is general in nature. It has been prepared without taking into account your objectives, financial situation or needs. Because of this you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation and needs. By providing this PIS, we do not intend to provide financial advice or any lending recommendations.

A Range Fixed Rate Bank Bill Business Loan is a fixed rate loan facility between you and Westpac to pay a certain fixed interest rate for an agreed period of time with the added benefit that Westpac will pay you a rebate amount should variable rates fall below a pre-determined level.

Key facts	
Eligibility	Subject to an approved and documented Fixed Rate Bank Bill Business Loan facility with Westpac.
Minimum Transaction Amount	AUD \$250,000.
Term	1 Year to 10 Years (longer terms available on request only).
Currency	Australian Dollars (AUD).
Interest Charge Frequency	Monthly, Quarterly, Half yearly.

Description

- A Range Fixed Rate Bank Bill Business Loan (FRR-BBBL) is a fixed rate loan facility provided by Westpac to you, where you agree to pay Westpac an agreed fixed rate over an agreed period but Westpac may be required to pay you a rebate.
- An FRR-BBBL gives the certainty of a fixed interest rate while allowing the ability to participate in any interest rate movements below a pre-determined level, should they occur.
- An FRR-BBBL is primarily chosen when you require interest rate protection. However you acknowledge that variable rates may move either up or down within the agreed fixed rate period.
- A rebate amount will be payable to you when the Variable Reference Rate (VRR) falls below the agreed upper Range Reference Rate (RRR) on any calculation date.
- The maximum rebate payable by Westpac to you is limited to the interest rate differential between the pre-determined upper and lower Range Reference Rates.
- You can tailor your FRR-BBBL by selecting from a range of payment options including: interest only; interest only with principal reductions; principal, interest and fees; or interest in advance.

Suitability

- An FRR-BBBL may be suitable if you would like to change your interest rate exposure based on your underlying liabilities, interest rate view, hedging and/or cash-flow requirements and have a good understanding of interest rate markets.
- If you are not confident about your understanding of interest rate markets and/or products, this product may not be suitable for you and we strongly suggest you seek independent advice before making a decision about this product.
- An FRR-BBBL should only be used where you have a genuine commercial need to manage your interest rate risk. It should not be used for speculative purposes.

Key Benefits

- **Flexibility** – You can tailor your FRR-BBBL to suit your interest rate view, meet your business or specific asset strategy and your hedging and/or cash-flow requirements.
- **Certainty** – An FRR-BBBL allows you to manage your interest rate exposure and to be more certain of your ability to reliably meet your cash-flow requirements and debt service obligations.
- **Market Based Pricing** – Interest rates are aligned to market based bank bill pricing.
- **Interest Rate** – The FRR-BBBL allows you the ability to participate in any interest rate movements below a pre-determined level, should they occur. Any rebate amount payments can be paid directly to your nominated bank account. This may result in a lower effective interest rate than would have otherwise been the case.

Key Risks

- **Interest Rate Risk** – An FRR-BBBL has a fixed interest rate which is binding for the agreed fixed rate period. The FRR-BBBL will be provided at a higher interest rate than the standard fixed rate Bank Bill Business Loan (BBBL) available for the same period.
- **Early Termination/Variation** – You can vary or terminate an FRR-BBBL early but there may be a cost if you do.
- **Counterparty and Operational Risk** – Westpac has performance obligations under an FRR-BBBL. You need to form a judgement on our ability to meet those obligations.

Costs

- **Margins, Fees and Charges** – Any other margins, fees or charges which apply in addition to the Range Fixed Rate will be outlined in your Business Finance Agreement.

Documentation

- **Terms and Conditions** – Please refer to the Terms and Conditions of your Business Finance Agreement. If you require further clarification speak to your Relationship Manager, Financial Markets Specialist, Legal or Financial Advisor.

What is a Range Fixed Rate Bank Bill Business Loan?

An FRR-BBBL is a fixed rate loan facility between you and Westpac for an agreed facility limit at an agreed fixed rate over an agreed period. The only real difference between an FRR-BBBL and other types of fixed rate loans is the ability to benefit from any interest rate movements below a pre-determined level, should they occur. This is called the rebate amount.

You can tailor your FRR-BBBL payments by selecting from an Interest Only, Interest Only with Principal Reductions, Principal Interest & Fees or Interest in Advance options, if required during the fixed rate period.

The interest rate on an FRR-BBBL is determined by market based bank bill pricing. The Range Fixed Rate on an FRR-BBBL may be higher than a standard Fixed Rate Bank Bill Business Loan (FR-BBBL).

The “Base Rate” shown in the Finance Details of your Business Finance Agreement is your indicative Range Fixed Rate. Once confirmed, it is fixed for the period we agree with you. This means that the Range Fixed Rate will not change during the agreed fixed rate period. On each interest payment date, you will be charged the Range Fixed Rate plus any other margins, fees or charges that may apply to your facility. If a rebate amount is to be paid to you it will be paid separately in accordance with your interest payments.

Before you want to draw down we will agree the upper and lower RRR with you. The RRR may be set at any levels above zero and below your Range Fixed Rate with our agreement. If you choose a lower RRR band, your Range Fixed Rate will be lower and there may be less likelihood of you receiving a rebate amount than if you choose a higher RRR band. In general terms, the higher the upper RRR, the more likely it is that you will receive a rebate for that period and correspondingly, the higher your Range Fixed Rate will be. The VRR that will be used to calculate whether you are entitled to a rebate cannot be fixed and will vary throughout the fixed rate period. The VRR is based upon the 3 month variable BBSY rate or other external reference rate you and Westpac agree.

On each calculation date Westpac will determine whether a rebate is payable by comparing the RRR to the agreed VRR current on the calculation date.

If the VRR is equal to or more than the upper RRR, then you are not entitled to any rebate for the rebate calculation period.

If the VRR is below the upper RRR, then, as long as you have paid Westpac all amounts due and payable to it under the facility, you are entitled to a rebate. If this is the case, Westpac first works out the percentage per annum difference between (A) either the VRR or the lower RRR (whichever is the highest), and (B) the upper RRR. For the rebate calculation period, Westpac will then use that percentage per annum difference to calculate the rebate amount on a daily basis. It's applied to the outstanding principal at the beginning of the rebate calculation period (or if you have made any principal repayments during the rebate calculation period, it's applied to the daily outstanding principal during the rebate calculation period).

You will receive the maximum rebate if the VRR is equal to or less than the lower RRR for the relevant rebate calculation period.

The agreed ‘Base Rate’ is your worst fixed base rate outcome for the fixed rate term of the FRR-BBBL. Conversely, your best fixed base rate outcome under the FRR-BBBL is achieved when the VRR for the rebate calculation period is equal to or less than the lower RRR.

Any rebate will be paid in accordance with your interest payments. This means that:

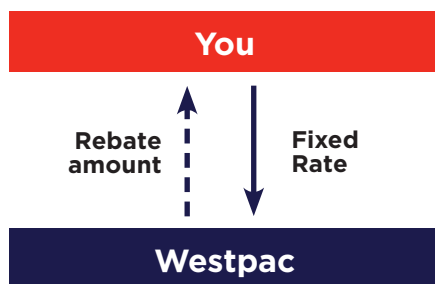
- if there is more than one interest payment date during a rebate calculation period then on each interest payment date during the rebate calculation period Westpac will credit the proportionate amount of the whole rebate entitlement attributable to the relevant interest period to your loan or nominated account; and
- if an interest charge period includes days which fall within more than one rebate calculation period, then on the interest payment date Westpac will credit the applicable proportionate amount of each rebate entitlement (if any) to your loan or nominated account.

Interest and Rebate Calculation Methodology

Interest on your loan facility is calculated daily at the Range Fixed Rate and charged to your loan account or nominated account typically on a monthly basis on the last business day, although other interest charge frequencies are available.

Example.

The table below outlines the direction of the cashflows that will occur under an FRR-BBBL. You pay the Range Fixed Rate to Westpac. However, if the VRR is below the upper RRR, Westpac will pay you the rebate amount up to the maximum interest rate differential between the upper and lower RRR.



Scenario.

You agree to enter into an AUD \$1 million Range Fixed Rate Bank Bill Business Loan with a 3 year fixed rate of 2.65% per annum with quarterly calculation dates. By comparison, the current 3 year fixed rate for a standard fixed rate BBBL is 2.50% per annum. The potential outcomes on any given calculation date are indicated below. These examples are used for illustrative purposes only to demonstrate how a Range Fixed Rate Bank Bill Business Loan will operate. Actual rates may vary at the time of dealing. The example does not include any margins, fees or charges that may apply.

You choose an FRR-BBBL with the following features:

Loan amount	\$1,000,000
Term	3 years
Range Fixed Rate	2.65% per annum
Upper RRR	2.30% per annum
Lower RRR	1.80% per annum
VRR	3 month BBSY
Payment type	Interest Only

The rebate amounts based on various VRR outcomes are as follows:

Example outcomes on a quarterly calculation date for the VRR:	
Example 1	
VRR	2.85%
Range Fixed Rate	2.65%
Upper RRR	2.30%
Lower RRR	1.80%
Effective rate	2.65%
Example 2	
VRR	2.58%
Range Fixed Rate	2.65%
Upper RRR	2.30%
Lower RRR	1.80%
Effective rate	2.65%
Example 3	
VRR	2.00%
Range Fixed Rate	2.65%
Upper RRR	2.30%
Lower RRR	1.80%
Effective rate	2.35%
Example 4	
VRR	1.49%
Range Fixed Rate	2.65%
Upper RRR	2.30%
Lower RRR	1.80%
Effective rate	2.15%

No rebate is applicable in Example 1, because the VRR is above both the upper RRR and FFR-BBBL.

No rebate is applicable in Example 2, because the VRR is above the upper RRR but below the FFR-BBBL.

In Example 3, as the VRR is below the upper RRR but above the lower RRR a rebate is payable. It is calculated as follows:

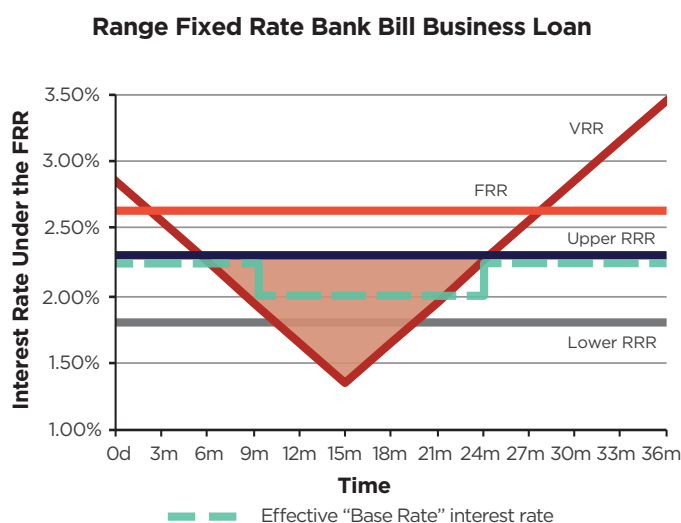
$$(2.30\% - 2.00\%) \times \$1,000,000 \times 91/365 = \$747.95$$

In Example 4, the VRR is below both the upper RRR and the lower RRR so Westpac will pay the maximum rebate amount. It is calculated as follows:

$$(2.30\% - 1.80\%) \times \$1,000,000 \times 91/365 = \$1246.58$$

Payoff Diagram

The following diagram illustrates the potential outcomes on an FRR-BBBL at each calculation date every quarter over the life of the facility. This is provided as an example only to illustrate when a rebate amount would be paid to you. Up to and including the 6th month calculation date, the VRR is at or above the upper RRR and as such no rebate amount would apply. Between the 6th month and 24th month the VRR is lower than the upper RRR, and a rebate amount would be paid to you. Between the 10th month and the 20th month the VRR is lower than or equal to the lower RRR, and you will be paid the maximum rebate amount. In this example, the VRR moves above the Range Fixed Rate after the 27th month but as you are contracted at the Range Fixed Rate you are protected from the higher VRR.



Confirmation

Shortly after entering into an FRR-BBBL Westpac will send you a confirmation outlining the commercial terms of the arrangement (such as the FRR-BBBL, upper and lower RRR, VRR, calculation dates, rebate calculation periods and rebate payment dates).

It is extremely important you check the confirmation to make sure that it accurately records your understanding of the terms of the arrangement.

In the case of a discrepancy, you will need to raise the matter with your Westpac representative as a matter of urgency.

Termination/Variation

You can terminate or vary your FRR-BBBL early but there may be a cost to you resulting in a possible early termination or variation payment. With these risks in mind, please consider your circumstances carefully when selecting the terms of your FRR-BBBL.

Break Costs and Benefits

Because an FFR-BBBL has a fixed rate, break costs may be payable in some circumstances. They may be payable if you do not draw your loan for the amount and at the time Westpac assumed (when Westpac set the fixed rate). Additionally, break costs may be payable if during the fixed rate period, Westpac agrees to a request from you to change the fixed rate, the facility is cancelled or the facility limit is reduced, you repay early all or any part of the money you owe under the loan or you are required to repay all money you owe Westpac under the facility earlier than as agreed (for example, because of a default).

However, for this facility, if you break it during a fixed rate period and our break cost calculations result in us estimating that we'll receive a benefit (rather than a loss), then, as long as you're up to date with all your payment obligations to us, we'll credit an amount equal to our estimated "break benefit" to your nominated account on the day the break occurs.

Your Business Finance Agreement explains how Westpac calculates break costs.

You can get an estimate of applicable break costs by contacting Westpac at any time.

General information

Banking Code of Practice.

Westpac has adopted the *Australian Banking Code of Practice 2020* (Banking Code). The Banking Code sets out the standards of practice and service for Australian banks to follow when dealing with certain customers.

If Westpac provides you with a 'banking service' and you are an 'individual' or a 'small business' (each term as defined in the Banking Code), the relevant provisions of the Banking Code will apply in addition to, and prevail to the extent of any inconsistency with, these terms and conditions.

You can obtain a copy of the Banking Code from our website or any of our branches. Please let us know if you would like to discuss whether or not the Banking Code will apply to you. Our contact details are set out on the inside front cover of this PIS.

Anti-Money Laundering and Counter-Terrorism Financing Act 2006 Obligations.

What we need from you:

To open any new FRR-BBBL we'll need some important details from you. Depending on the legal nature of your business (company, trustee, partnership etc.) you will be required to provide certain documents and information to Westpac.

If this is your first account with us:

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* it is a requirement that the account holder and all signatories to the account must be identified. So if you're opening an account for the first time this applies to you. It also applies to any (cardholder) (signatory) who is not an existing customer.

The identification requirements can be met by completing the Westpac Customer Identification Procedure which involves providing identity documentation to Westpac. For information on documents required under Westpac's Customer Identification Standards please contact any branch or refer to our website – westpac.com.au/aml

If the account holder or any of the signatories to an account are not identified in terms of the Act, the account will be blocked for all withdrawals, until they are identified. If you are an existing customer, an account signatory (or any other cardholder) identification requirements may have previously been satisfied so you don't need to provide it again, unless you are asked to do so by us.

Regulatory and Compliance Controls and Monitoring.

Westpac is bound by laws that impose regulatory and compliance obligations, including obligations in relation to the prevention of money laundering and the financing of terrorism, which are the AML/CTF Laws. In order for Westpac to meet its regulatory and compliance obligations, we perform certain control and monitoring activities.

Upon entering into any FRR-BBBL with Westpac, you agree and provide the following undertakings and agree to indemnify Westpac against any potential loss arising from any breach by you of such undertakings that:

- you are not and will not enter into any agreement with Westpac under an assumed name;
- any funds used by you to enter into an agreement with Westpac have not been derived from or related to any criminal activities;
- any payments received from Westpac will not be used in relation to any criminal activities;
- if we ask, you will provide us with additional information we reasonably require from you for the purposes of meeting our regulatory and compliance obligations, including the obligations under AML/CTF Laws (including information about the source of funds used to settle an FRR-BBBL); and
- you and your FRR-BBBL with Westpac will not initiate, engage or effect a transaction that may be in breach of Australian law or sanctions (or the law or sanctions of any other country).

You should be aware that:

- we may obtain information about you or any beneficial owner of an interest in an agreement with Westpac from third parties if we believe this is necessary to comply with our regulatory and compliance obligations, including AML/CTF Laws;
- transactions may be delayed, blocked, frozen or refused where we have reasonable grounds to believe that they breach Australian law or sanctions or the law or sanctions of any other country;
- where transactions are delayed, blocked, frozen or refused, Westpac and other members of the Westpac Group are not liable for any loss you suffer (including consequential loss) in connection with a deposit; and
- where legally obliged to do so, we may disclose information that we hold about you to our related bodies corporate or service providers, other banks, or relevant regulatory and/or law enforcement agencies (whether in or outside of Australia).

Telephone Conversations.

The terms of an FRR-BBBL are usually discussed over the telephone. Conversations with our dealing room and settlement departments are recorded. This is standard market practice. Recorded conversations are retained for a limited period and are usually used where there is a dispute and for staff monitoring purposes. You will need to advise our staff if you do not wish to be recorded.

Dispute Resolution.

Sometimes you may want to talk about problems you are having with us. Fixing these problems is very important to us. We've put in place ways of dealing with your issues quickly and fairly.

Please talk to us first.

We aim to resolve your complaint at your first point of contact with us. You can contact us on the details provided on the inside front cover of this PIS.

What to do if you're still unhappy.

If you are not satisfied with our response, you may lodge a complaint with the Australian Financial Complaints Authority:

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Mail: Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

ASIC also has a free call Info line on 1300 300 630, which you may use to make a complaint and obtain further information about your rights.

Privacy Statement.

All personal information and credit-related information (if applicable) we collect about you is collected, used and disclosed by us in accordance with our Privacy Statement which is available at westpac.com.au/privacy/privacy-statement. You do not have to provide us with any personal information or credit information (if applicable) but, if you don't, we may not be able to process an application or request for a product or service.

Where individuals engage with us in relation to products and services for our business, corporate or institutional customers (for example, as representative, administrator, director, corporate officer, signatory, beneficiary or shareholder of one of our customers) our Privacy Statement will be relevant to those individuals where we collect and handle their personal information. For example, where we collect their personal information to verify their identity or collect their signature as a signatory on a corporate account.

Privacy Obligations.

To the extent that it applies to you, you must comply with the *Privacy Act 1988* (Cth) in relation to any personal information you provide to us in connection with this PIS, and if you engage in activities in a jurisdiction other than Australia, you must comply also with the applicable privacy laws in that jurisdiction.

External Service Providers.

We may subcontract any of our rights and obligations to another person in Australia or overseas.

We may disclose or share any information you provide to us with any such person. With respect to any personal information, details of the countries where the overseas recipients are likely to be located is contained in our Privacy Statement which is available at westpac.com.au/privacy/privacy-statement (as updated from time to time).

Foreign Tax Residents.

We are required under domestic and international laws to collect and report financial and account information relating to individuals and organisations who are, or may be, foreign tax residents. We may ask you whether you or any shareholder, beneficiary, settlor or controlling person are a foreign tax resident from time to time, such as when you open an account with us, or if your circumstances change. If you do not provide this information to us we may be required to limit the services we provide to you.

Unless you tell us otherwise, by completing any application, you certify that any shareholder, named beneficiary, settlor or controlling person is not a foreign tax resident. You must tell us if you, or any shareholder, named beneficiary, settlor or controlling person is, or becomes, a foreign tax resident (unless an exemption applies, such as for shareholders of listed companies). Where there are no named beneficiaries (e.g. for beneficiaries identified only as a class) you must tell us if a beneficiary is a foreign tax resident immediately when any decision is made to identify and make a distribution to them. You may contact us to provide foreign tax residence information by calling 1300 720 314 Option 1.

We cannot give tax advice, so please contact your independent tax advisor if you need help finding out whether any person is a foreign tax resident.

Taxation.

Taxation law is complex and its application will depend on a person's individual circumstances. When determining whether or not this product is suitable for you, you should consider the impact it will have on your own taxation position and seek professional advice on the tax implications it may have for you.

Glossary

BBSY or Bank Bill Swap Bid Rate means the primary short-term rate used in the financial markets for the pricing and valuation of Australian dollar securities and as a lending reference rate as calculated and published daily by its administrator, the ASX or any successor administrator. If such a rate is not published, then a rate will be determined by Westpac, acting in good faith and in a commercially reasonable manner. Investors can access information on the calculation methodology and the previous day's BBSY rate in the ASX Benchmark Rates section of the ASX website located at [asx.com.au](https://www.asx.com.au)

Business Finance Agreement means the Business Finance Agreement between Westpac and you that sets out the terms and conditions of your finance facilities including your FRR-BBBL.

Range Fixed Rate or FRR means the agreed fixed base interest rate for a fixed rate period. It does not include any applicable margins, fees or charges. **Range Reference Rate or RRR** means the agreed upper and lower rates used to compare against the Variable Reference Rate on each calculation date to determine whether a rebate is payable.

Variable Reference Rate or VRR means, for a calculation date, the agreed market based reference rate as at the calculation date, used to determine the rebate amount.

Westpac means Westpac Banking Corporation ABN 33 007 457 141 Australian Financial Services Licence No. 233714, and includes references to 'we', 'our' and 'us' and related bodies corporate (as that term is defined in the Corporations Act) of Westpac Banking Corporation.

Westpac Group means Westpac and its related bodies corporate.

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