

- i** This form is used to vary your Home or Commercial Loan Facility with Regional Australia Bank Ltd to enable you to fix your interest rate.
- i** In some circumstances we may ask you for additional financial information to enable us to assess your application. We will contact you if we are unable to proceed with your request or if we require any additional information to assist with the assessment of your request.

Section 1 – Member Details

Please provide the full names of individuals noted on the loan facilities. Please note this request must be signed by all borrowers.

| Member Number | Name | Capacity – Borrower |
|---------------|------|---------------------|
|---------------|------|---------------------|

- i** If there are more than four Borrowers, complete an additional form and have all Borrowers initial both forms.

My/Our Regional Australia Bank Relationship Manager / Home Loan Specialist (if known):

Section 2 – Loan Details

Please list all loan accounts which you would like converted to a fixed interest rate and select the fixed period.

| Loan Account No. | Loan Amount to Convert | Fixed Period | | |
|------------------|------------------------|--------------|---------|---------|
| | Convert Full Balance | 1 Year | 2 Years | 3 Years |
| | Partial Amount \$ | 4 Years | 5 Years | |
| | Convert Full Balance | 1 Year | 2 Years | 3 Years |
| | Partial Amount \$ | 4 Years | 5 Years | |
| | Convert Full Balance | 1 Year | 2 Years | 3 Years |
| | Partial Amount \$ | 4 Years | 5 Years | |

- i** Please refer to regionalaustriabank.com.au for current fixed interest rates which would apply to your home loan, based on your product and loan type (Owner Occupied or Investor Home Loan).
- i** If you have a commercial loan, please contact your Relationship Manager to obtain current commercial fixed rates.
- i** The proposed rates are indicative rates only. The actual fixed rate will be the current rate applicable as at the date that your Fixed Rate Variation Request Form is processed by Regional Australia Bank.
- i** If you are currently on a fixed rate, the new fixed rate is set at the date of the expiry of your current fixed rate term, any advertised fixed rates are indicative only.
- i** We will confirm this fixed rate by a confirmation letter if your application is successful.

Section 3 – Break Cost Fee Calculation

The following terms will be incorporated to your loan facility if your application to convert to a fixed rate loan is accepted.

1. Break Cost Fee

A Break Cost Fee (BCF) may be payable if you repay your loan, or if you make an additional repayment, during any period in which your loan interest rate is fixed.

The BCF is based on the difference between the **Fixed Rate**, i.e. the interest rate for your fixed interest rate contract, and our **Reinvestment Rate**, which is the interest rate that we can reasonably expect to earn on any amount that is repaid early.

The BCF reflects the cost incurred by us if the **Reinvestment Rate** is less than the **Fixed Rate** at the date of repayment.

The minimum BCF is zero. We will not pay a refund for any advantage gained if the **Reinvestment Rate** exceeds the **Fixed Rate**.

WARNING: If the fixed rate loan or any part of it is terminated early Break Cost Fees could be substantial particularly if market interest rates have reduced during your fixed rate period. Ask us for an estimate of Break Cost Fee before you arrange to repay a fixed rate loan early.

The BCF will be calculated using the following steps:

1. The proportion of your loan balance that is being repaid subject to BCF will be calculated as:
Repayment/Balance.
2. The interest that would be lost to us if you fully repaid your current loan balance will be calculated as:
Balance x Years x (Fixed Rate – Reinvestment rate).
3. An interest offset based on your expected future loan instalments will be calculated as:
Instalment x N x (Fixed Rate – Reinvestment Rate) x Years / 2.
4. Your BCF will be calculated as:
Proportion (1) x [Amount (2) – Amount (3)].
The BCF cannot be less than zero.

Definitions:

Balance is your total loan balance outstanding after any regular scheduled repayments, but before your additional repayment.

Fixed Rate is the fixed interest rate (%p.a.) applicable to your loan contract.

Instalment is the regular loan instalment you have been paying each week, fortnight, or month, at the date of repayment.

N is the number of whole instalment periods (weeks, fortnights or months depending on your instalment frequency) remaining in your fixed interest rate term, at the date of repayment.

Reinvestment Rate is the interest rate (%p.a.) that we can reasonably expect to earn on any amount that is repaid early.

This rate will be determined as our interest rate at the date of repayment for a fixed interest rate loan with a term equal to **Years**, or the nearest term less than **Years** for which we offer fixed interest rate contracts. If there is no such fixed interest rate, then **Reinvestment Rate** will be taken as our Basic Variable Special Offer interest rate at the date of repayment. If **Fixed Rate** includes any discount that may have been applied to the fixed interest rate otherwise applicable to the contract, then **Reinvestment Rate** will be discounted similarly.

Example

If at the date of repayment, we offer fixed interest rate contracts for terms of one, two, three, four or five years, then it will be based on the value of **Years** as follows:

Years (remaining in fixed interest rate period)

Less than 1 year
1 year or more, but less than 2 years
2 years or more, but less than 3 years
3 years or more, but less than 4 years
4 years or more, but less than 5 years
5 years or more

Reinvestment Rate

Basic Variable Special Offer interest rate
1 year fixed interest rate
2 year fixed interest rate
3 year fixed interest rate
4 year fixed interest rate
5 year fixed interest rate

Repayment is the additional repayment that you are making, i.e. in addition to your regular loan repayment instalments.

Years is the number of years remaining in your fixed interest rate term, at the date of repayment. **Years** is calculated as **N/52** if you are making weekly repayments, **N/26** for fortnightly repayments, or **N/12** for monthly repayments.

Example 1

The following example is provided to illustrate how the BCF is calculated using the above steps. Any BCF payable under your contract will depend on the loan details specific to the contract.

A Regional Australia Bank member takes out a loan of \$150,000 with a fixed interest rate period of three years, and a fixed interest rate of 8.0% p.a. The member's repayments are \$1,200 per month. After eleven months, the member makes an additional repayment of \$50,000.

At that time, the loan balance outstanding is \$147,700, and there are two years and one month remaining on the fixed interest rate period. At the time of the repayment, we offer fixed interest rate contracts for terms of one, two, three, four or five years.

For this member, **N** is 25 months, and **Years** is $25/12 = 2.08$. The nearest term less than or equal to **Years** for which we offer fixed interest rate contracts is two years, so the **Reinvestment Rate** is taken as the interest rate for our two year fixed interest contract. At the time of repayment this interest rate is 7.0% p.a.

Therefore the member's BCF will be based on the difference between the **Fixed Rate** of 8.0% p.a. and the **Reinvestment Rate** of 7.00 % p.a.

The BCF will be calculated as follows:

1. The proportion of the loan balance that is being repaid subject to BCF is calculated as:

Repayment/Balance

Where **Repayment** = \$50,000 and **Balance** = \$147,700
 $= \$50,000 / \$147,700 = 33.85\%$

2. The interest that would be lost to us if the member fully repaid their current loan balance is calculated as:

Balance x Years x (Fixed Rate – Reinvestment rate)

$= \$147,700 \times 2.08 \times (8.00\% - 7.00\%) = \$3,072.16$.

3. The interest offset based on the member's expected future loan instalments is calculated as:

Instalment x N x (Fixed Rate – Reinvestment rate) x Years / 2

$= \$1,200 \times 25 \times (8.00\% - 7.00\%) \times 2.08 / 2$
 $= \$312.00$

4. The member's BCF is calculated as:

Proportion (1) x [Amount (2) – Amount (3)]
 $= 33.85\% \times [\$3,072.16 - \$312.00]$
 $= \$934.31$

Example 2

If this borrower's **Fixed Rate** had been discounted by 0.25% p.a. to 7.75% p.a., then for the purposes of the BCF calculation, **Reinvestment Rate** would similarly be discounted by 0.25% p.a., i.e. from 7.0% p.a. to 6.75% p.a.

The BCF would be calculated using the same formula, but based on a **Fixed Rate** of 7.75% p.a. and a **Reinvestment Rate** of 6.75% p.a. In these circumstances, the BCF would be identical, i.e. \$934.31

2. When payable

We will charge you a break cost fee on the day:

- (a) You terminate the loan; or
- (b) You become liable to repay us the loan sum immediately because of your default; before expiry of any period under the contract for which the Annual Percentage rate is fixed.

3. No Offset, Additional Repayments and Redraw

You acknowledge that during the fixed rate period:

- (a) no offset facility can be utilised;
- (b) no additional repayments to the facility are allowed to be made; and
- (c) there is no redraw available on the loan.

Additional repayments will incur a Break Cost Fee. Contact us before you make any additional repayments to discuss the amount if any.

Section 4 – Declaration

By completing, signing and returning this form you acknowledge and agree as follows:-

1. I have read and understand the Break Cost Fee Calculation attached to this Form which details what a Break Cost Fee is and how it is calculated.
2. By converting the loan to a fixed rate, the Break Cost Fee may apply when any amendments or variations are made (at the Borrower's request) to the loan the subject of this Fixed Rate Variation before the end of the Fixed Rate Term. These include but are not limited to:-
 - (a) Paying out and closing the loan the subject of this Fixed Rate Variation;
 - (b) Changing of the interest rate from fixed to variable;
 - (c) The loan the subject of this Fixed Rate Variation falling into arrears resulting in a demand for repayment of the loan.

I am aware that the Break Cost Fee in these situations may be significant and that I have been advised to contact you prior to making any variations or repayments.
3. Any additional repayments or advanced funds are not available for redraw during the fixed rate term.
4. Offset Loan facilities are not available. If any offset accounts are currently linked to the loan, the offset feature will be unavailable during the Fixed Rate Period.
5. If you are currently on a fixed rate, the fixed rate is set at the date of end of your current fixed rate term, any advertised fixed rates are indicative only.
6. This request can be approved or rejected at Regional Australia Bank's discretion in line with its usual credit policies.

Regional Australia Bank will confirm the approval or rejection of this variation by letter within seven (7) business days of receipt of this Variation Request. If successful this confirmation will set out details of changes to your fixed rate loan term.

If your application is approved this form and the confirmation letter will serve as the Variation to your loan Contract.

Section 5 – Borrower Execution

This request must be signed by all borrowers.

I/We request Regional Australia Bank to convert the above-mentioned facilities to a Fixed Interest Rate

| | | |
|--------------|-------------------|--------------|
| Name: | Signature: | Date: |

i This form is only valid if all borrowers associated with the lending facilities have completed the form in person. Digital execution is not accepted.

i Once you have completed this form please deliver to your local branch or email your request to: enquiries@regionalaustraliabank.com.au