

- 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
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- 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 regionalaustaliabank.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 – Early Repayment Fee

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

An Early Repayment (**ERF**) may be payable if you make repayments additional to your scheduled repayments, including repaying your loan or switching to another type of loan, while your loan interest rate is fixed.

The **ERF** reflects the calculated loss to the Bank, based on movements in wholesale interest rates between the start of your fixed rate period and the date of the additional repayment.

ERFs may be substantial. If you are considering making additional repayments, we recommend you contact the Bank to find out whether an ERF will be payable.

Calculation of ERF

The **ERF** will be calculated using the following steps:

1. The proportion of your loan balance that is being repaid subject to **ERF** will be calculated as:

$$\frac{\text{Repayment} - \text{Tolerance}}{\text{Balance}}$$

This proportion is calculated as a percentage to two decimal places.

2. The Bank's loss if you fully repaid your current loan balance will be calculated as:

$$\text{Balance} \times \text{Years} \times (\text{Rate}_0 - \text{Rate}_1)$$

3. An offset based on your scheduled future loan repayments will be calculated as:

$$\text{Instalment} \times N \times (\text{Rate}_0 - \text{Rate}_1) \times \text{Years} / 2$$

4. Your **ERF** will be calculated as:

Proportion (1) x [Amount (2) – Amount (3)]. The **ERF** cannot be less than zero.

Definitions:

Balance is your loan balance after any scheduled repayments and any previous additional repayments, but before you repay the loan or make the latest additional repayment.

Instalment is your scheduled monthly, fortnightly, or weekly repayment, at the date of the additional repayment. For loans with monthly interest-only repayments, Instalment will be taken as $\text{Balance} \times \text{APR} / 12$, where **APR** is the Annual Percentage Rate (% p.a.) for the loan during the fixed rate period.

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

Rate₀ is the **Wholesale Interest Rate** applying for the fixed rate period at the commencement date of the fixed rate period.

Rate₁ is the **Wholesale Interest Rate** applying for the unexpired fixed rate period at the date of the additional repayment.

Repayment is the additional repayment that you are making, i.e. in addition to any scheduled loan repayment.

Tolerance is the additional amount that you can repay without an ERF applying. Within any one year (commencing from your fixed interest start date, or a subsequent anniversary) you can make additional repayments up to \$10,000 without an **ERF** applying.

Tolerance is measured on a yearly basis. Any unused **Tolerance** within a year is not carried forward to future years.

Wholesale Interest Rate is based on the Australian overnight indexed swap rates (for durations of one-day, one to six months inclusive, and one to five years inclusive) applying at the date on or most immediately prior to the relevant calculation date, as published by LSEG or a similar agency considered appropriate by the Bank. For the purposes of this calculation, the overnight indexed swap rate for duration 0-months will be taken as equal to the one-day rate. The **Wholesale Interest Rate** will be interpolated to the number of whole months remaining in the fixed rate period, and expressed as a percentage rounded to two decimal places. The **Wholesale Interest Rate** will be subject to a minimum of zero, i.e. the rate can not be negative.

Example:

A customer makes an additional repayment when there are 10 months remaining on the customer's fixed rate period. The relevant overnight indexed swap rates at the date of repayment are:

6-month overnight indexed swap rate	3.20% p.a.
1-year overnight indexed swap rate	3.50% p.a.

Based on these rates, the **Wholesale Interest Rate** for a 10 month duration will be interpolated as 3.40% p.a. Therefore, for this additional repayment, **Rate₁** will be taken as 3.40% p.a.

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

ERF calculation example

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

A customer takes out a loan of \$400,000 with a fixed rate period of three years, and a fixed rate of 7.0% p.a. The customer's scheduled repayment is \$2,830 per month. After 20 months, when the loan balance is \$389,500, the customer makes an additional repayment of \$200,000.

The customer can repay up to \$10,000 each year during the fixed rate period without an ERF applying. As the customer has not made any previous additional repayments, **Tolerance** = \$10,000.

When the repayment is made, there are 16 whole months remaining on the fixed rate period, so **N** is 16 months and **Years** is $16 / 12 = 1.33$.

If when the fixed rate period commenced, the **Wholesale Interest Rate** for a 3-year duration was 4.00% p.a., then **Rate₀** is 4.00% p.a. If at the time of the additional repayment, overnight indexed swap rates were 3.50% p.a. for a 1-year duration, and 3.80% p.a. for a 2-year duration, then the Wholesale Interest Rate for a 16-month duration will be interpolated as 3.60% p.a.

Therefore **Rate₁** will be 3.60% p.a.

The ERF will be calculated as follows:

- The proportion of the loan balance that is being repaid subject to ERF is calculated as:
(Repayment – Tolerance) / Balance
 $= (\$200,000 - \$10,000) / \$389,500 = 48.78\%$
- The Bank's loss if the customer fully repaid their current loan balance is calculated as:
Balance x Years x (Rate₀ – Rate₁)
 $= \$389,500 \times 1.33 \times (4.00\% - 3.60\%) = \$2,072.14$
- The offset based on the customer's scheduled future loan repayments is calculated as:
Instalment x N x (Rate₀ – Rate₁) x Years / 2
 $= \$2,830 \times 16 \times (4.00\% - 3.60\%) \times 1.33 / 2 = \120.44
- The customer's **ERF** is calculated as:
 Proportion (1) x [Amount (2) – Amount (3)]
 $= 48.78\% \times [\$2,072.14 - \$120.44] = \mathbf{\$952.04}$

Section 4 – Declaration

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

1. I have read and understand the Early Repayment Fee Calculation attached to this Form which details what a Early Repayment Fee is and how it is calculated.
2. By converting the loan to a fixed rate, the Early Repayment 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 Early Repayment 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, or electronically via Regional Australia Bank's DocuSign execution platform.

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