

Commonwealth Bank Interest Rates



Changes to the Terms and Conditions for Business Finance products

From 20 October 2023, CBA's *Current Terms and Conditions for Business Finance* (current version issued 12 July 2022) (the **Old Terms**) will be replaced with new Terms and Conditions (the **New Terms**). The **New Terms** reflect CBA's commitment to ensure its customer contracts do not contain terms which may be considered potentially unfair under the unfair contract terms law changes to the *Australian Securities and Investments Commission Act 2001*.

Effect on Existing Customer Contracts

CBA gives notice that it varies the contracts for facilities governed under the Old Terms to include the changes described below. The variation takes effect on 20 October 2023 and rights and obligations accrued before then are unaffected.

A copy of the new Terms and Conditions showing all of the changes are available for download at commbank.com.au/businessfinancetandc. You can ask for an electronic or paper copy by contacting your relationship manager, business banker or broker, or by calling 13 1998.

Key changes

- The definition of 'Large Business Customer' in clauses A1.4 and A11.3 are removed and a new definition inserted in clause A11.3.
 - In relation to a Contract obtained on or after 9 November 2023, you are a 'Large Business Customer' if the total Limits of all your Facilities under the Contract are \$5 million or more (including the Facility applied for), for the purposes of the following clauses:
 - A4.2 (Changes we can make without your agreement)
 - A7.3 (Certain events that are Default events but excluding a breach of a Financial Covenant under clause A7.3(f))
 - A7.4.4 (The Bank's right to act on a specific event of non-monetary default)
 - B1.3.1 (Changes that the Bank can make subject to an annual review of a BetterBusiness Loan)
 - B4.3.2 (Changes that the Bank can make subject to an annual review of a Market Rate Loan)
 - B5.2.5(a)(iii) (Obligation to reimburse the Bank where the Bank is called on to pay a Beneficiary under a Contingent Liability Instrument as a result of delivering air waybills or customers assessments notices or control of consignments to you)
 - B5.6.3(a)(ii) (Obligation to indemnify the Bank in connection with a Foreign Bill)
 - B5.7.1(d)(iii) (Obligation to indemnify the Bank in connection with Import Documentary Collections)
 - B5.8 (Exclusion of liability by the Bank in connection with any Trade Product or Service except to the extent caused by the Bank's negligence or wilful misconduct).
 - In relation to a Contract obtained on or after 9 November 2023, you are a 'Large Business Customer' if the total Limits of all your Facilities and the business debts owed to the Bank by Related Entities are \$3 million or more (including the Facility applied for), for the purposes of the following clauses:
 - A2.3 (Conditions you must meet before funding)
 - A6.3 (Obligations to comply with Financial covenants)
 - A7.3(f) (Default event as a result of breaching a Financial Covenant)
 - A10.5.1(e) (When the Bank may refuse to serve you immediately and without giving a reason to you if we believe on reasonable grounds that you are or will soon be a resident or visitor of a Sanctioned Jurisdiction).
- In clause A3.3.4 insert an additional sentence "We will promptly inform you if we have done either of the above".
- In clause A4.2 (changes we can make without your agreement), we have added the following wording to clause 4.2(a) "We'll act reasonably in exercising these rights and only to the extent reasonably necessary to protect our legitimate business interests" and amend the wording of the minimum notice period at (vii) in the Table to read as follows "90 days if we reasonably consider the change will be adverse to you, except where urgent action is reasonably necessary to protect our legitimate interests or manage our risk. Otherwise no later than the day the change takes effect".
- In clause A7.2 Default – All Borrowers, we have added the words "Subject to clause A7.4.4" to clarify we will only act on non-monetary defaults for small business customers where other material impacts apply.
- In clause A7.2(f) the words in brackets are included:

you or a Guarantor (or someone acting on your behalf or behalf of a Guarantor, for example your or a Guarantor's accountant) gives us information or makes a representation or warranty to us which is materially incorrect or misleading (including by omission) and which materially increases our risk in relation to a Facility;
- In clause A7.4.3(c) delete the words "and any other contract you have with us".
- In clause A7.5, we have amended the evidence clause to read as follows:

A written statement signed by one of our *Authorised Officers* can be used as evidence of the current balance of your *Facility*, unless you provide evidence to the contrary.
- Clause A1.6 is amended to read as follows:

The Contract is governed by the laws in the State or Territory of *your* Australian address in the Offer Document or, if none, the Australian state or territory from which we issued the Offer Letter.
- Clause A10.1.2(c) is amended to read as follows:

(c) Can be assigned or otherwise dealt with at any time and in any way we consider appropriate (for example, as part of a sale of business or a business restructure; for the purposes of a securitization, the issue of covered bonds or similar funding arrangement; or if we sell your debt to another party such as a debt collector).
- In clause 6.1 (Financial Information) we have added to words "which may have a Material Adverse Effect" to clause A6.1.1(ii), (iii) and (iv).
- The previous clause 10.2 relating to 'Liability for Loss' is deleted.
- A new Severance clause is inserted as clause 10.2, with the effect that if any provision of these terms and conditions is found to be illegal, void or unenforceable for unfairness or any other reason (e.g. if a court or other tribunal or authority declares it so), the remaining provisions of these terms and conditions will continue to apply to the extent possible as if the void or unenforceable part had never existed.
- Clauses B.1.4.1, B3.4.1 and B4.4.1 have been amended by deleting the words "or any other period agreed by us that does not exceed three months" so that we will no longer consider any other statement period requested by you in relation to BetterBusiness Loans, Lines of Credit and Overdraft Facilities and Market Rate Loans. We will continue to send statements of account to you every three months.
- Various other drafting changes for potential unfair contract terms.

Changes to the Market Rate Loans section of the Business Finance Terms and Conditions

These changes include:

- We have clarified in clauses B4.2.4 and B4.2.5 the way we calculate the Interest Rate Risk Management (IRRM) Agreement Break Cost where you end an IRRM Agreement before the Scheduled Maturity Date.

Changes to the Contingent Liability & Trade Finance section of the Business Finance Terms and Conditions

These changes include:

- A new clause B5.3.3(h) is inserted (and clauses renumbered) where we have a new right to request you to provide additional supporting documents in relation to a Trade Advance after Drawdown.
- Insertion of the Standby Letter of Credit/Bank Guarantee/Bond (Inward) fees schedule in sub-clause B5.9

Changes to the Card Products section of the Business Finance Terms and Conditions

These changes include:

- Amendment to sub-clause B7.3.4(g) to clarify when we may exercise our right not to authorise transactions (for example, where we reasonably believe that a block on a transaction is necessary to protect our legitimate interests) and that we will act fairly and reasonably towards you when we exercise this right.
- Updated sub-clause B7.4.4 for reference to "Commonwealth Bank Business Credit Card Standard Fees and Charges" and "Commonwealth Bank Corporate Card Fees and Charges" brochures.
- Amended clause B8.11 (Authorising Transactions) to read as follows:

We reserve the right to decline to provide authorisation for any *Drawing*. We'll act fairly and reasonably towards you in exercising this right. This might happen where we reasonably believe that such action is necessary to protect our legitimate interests, for instance, if we suspect a fraudulent transaction or have problems with our computer systems.

Things you should know: This notice and current version of the 'Current Terms & Conditions for Business Finance' can be accessed from commbank.com.au/businessfinancetandc

Commonwealth Bank of Australia ABN 48 123 123 124 AFSL and Australian credit licence 234945.

Visit us at commbank.com.au