

## Fixed Loan.

**Complete this form to fix your interest rate on your BankSA Margin Loan.** Prior to selecting a fixed interest rate contract, we recommend that you read section 4A of the BankSA Margin Lending Facility Agreement and the attached 'Break costs fact sheet'. If you have any questions please contact your Adviser or our Account Management Team on 1300 305 172, 8.00am – 5.00pm (Adelaide time) Monday to Friday.

### 1. Client Details

Client Reference Number

Name of Borrower(s)

### 2. Client Instructions

	Please complete	Notes
Fixed loan amount	<input type="text"/>	Minimum \$20,000
Fixed Loan Start Date	<input type="text" value="/ /"/>	The date you would like your fixed rate loan to commence. Must be a business day.
Maturity Date or Loan Term	<input type="text" value="/ /"/> or <input type="text"/> Years, or <input type="text"/> Months	The date your fixed rate loan will mature. Must be a business day.  3, 6 or 9 months or 1, 2, 3, 4 or 5 years.
Interest Rate p.a.	<input type="text"/>	Refer to our current interest rates at <a href="http://banksa.com.au/marginlending">banksa.com.au/marginlending</a>
Interest Amount Due (paid yearly in advance)	<input type="text"/>	If you require assistance to determine the interest amount due on your loan please contact the Account Management Team on 1300 305 172 8.00am – 5.00pm (Adelaide Time) Monday to Friday.
Paid In Advance For	<input type="checkbox"/> Term of the Loan (up to one year) <input type="checkbox"/> Yearly <input type="checkbox"/> Monthly	If no selection is made we will charge the interest yearly in advance. Additional interest of 0.10% will be charged for interest paid monthly.

### 3. Payment

#### Options for Fixed Loan interest payment.

- Direct debit my bank account *(Please complete and attach a Direct Debit request form)*
- Transfer the funds from my linked Cash Management Account (CMA) *(Sufficient fund must be available)*
- Capitalise interest to my variable rate loan
- Compound the interest to my fixed rate loan for the term of the loan at initial drawdown *(Only applicable where the term of the loan is one year or less)* Choose an option below. If no option is selected then the default is option 1.
1. Add the compounded interest to the fixed rate loan amount (by choosing this option, at the initial drawdown of your fixed rate loan, the balance will be increased by the compounded interest amount) or;
2. Include the compounded interest in the total fixed loan amount.

**Please note:**

1. If no payment option is selected or a fund transfer from your preferred method fails for any reason, interest will be taken from available margin loan funds and added to your variable loan.
2. It is your responsibility to ensure you have sufficient available margin loan funds on the start date of your fixed loan. If not, the resulting fixed interest charge may result in your account going into buffer, margin call or a credit limit breach.
3. Interest paid in advance (prepaid) is not refundable.
4. There may be costs associated with breaking a fixed rate contract prior to its end date. We recommend that you read both section 4A of the BankSA Margin Lending Facility Agreement and the attached 'Break costs fact sheet' for an explanation of these.

#### 4. Client Signature(s)

For company or company trustee borrowers, either two directors, or one director and the secretary OR the sole director and the secretary must sign. Indicate your company capacity by marking the appropriate box below your signature.

Borrower / Trustee / Director 1 Full Name

Borrower / Trustee / Director 2 Full Name

Signature 1

Signature 2

Title:  Director  Sole Director and Secretary

Title:  Director  Company Secretary

Date

Date

**Please send the completed form to: BankSA Margin Lending, Reply Paid 1467, Royal Exchange NSW 1224  
or email to: [MLTRANSACT@stgeorge.com.au](mailto:MLTRANSACT@stgeorge.com.au)**

# Break costs fact sheet.

## For Margin Loans.

### How are break costs calculated?

How are break costs calculated? The answer isn't simple, but we do use a standard formula. Set out below is an explanation of the issues involved and the calculations we use. The actual formula is shown on the next page.

### Break costs.

When we agree to lend you money at a fixed interest rate, we do so on the understanding that you will make certain fixed rate repayments for the whole of the fixed rate period.

We generally arrange our own funding position on the assumption that we will receive those payments. So, if during the fixed rate period you choose to, or are required to, repay the fixed interest rate loan prior to the end of the fixed rate period, it will change our funding position. We may make a loss from re-arranging our own funding.

The amount of that loss will be passed on to you as a break cost.

### How is the break cost worked out?

To work out whether you need to pay us a break cost, we will use the formula shown on the next page. Break costs are calculated using this formula which is an estimate of our loss as a result of your repayment of the fixed rate loan before the end of the fixed rate period.

Generally, you will need to pay us a break cost if, at the date of the repayment, current Wholesale Interest Rates are lower than your original Wholesale Interest Rate.

Wholesale Interest Rates are our estimates of the current rate at which we can transact fixed rate funds with the money market. Different rates apply for different periods of time, and do not include any applicable customer margin. These rates are not advertised.

Among other things, the break cost formula takes into account:

- the original Wholesale Interest Rate on the date your interest rate was fixed;
- the current Wholesale Interest Rates at the time of your repayment;
- any unpaid interest you may have;
- the timing and dollar amount of repayments required under your loan contract; and
- the remaining fixed interest rate period.

When you partially or fully repay your loan we may calculate the break cost shortly before the repayment. In this case, we may assume that the current Wholesale Interest Rates on the day we make our calculation are the rates on the date of repayment.

## Break Cost Formula.

Where break costs apply, the formula used to calculate the break cost is as follows.

Where possible we have used the same terms as in the accompanying explanation.

The break cost is:

$$\sum [i * B_{t-1}^{adj} + B_{t-1}^{adj} - B_t^{adj}] * df_t - CB - \sum [i * B_{t-1}^{new} + B_{t-1}^{new} - B_t^{new}] * df_t - (CB - P)$$

Where:

$i$  = The original wholesale interest rate (adjusted for number of days between payments divided by 365).

$n$  = Number of scheduled repayments remaining in the fixed rate period.

$df_t$  = "Zero coupon discount factor" at period 't' based on the current wholesale interest rates.  
The zero coupon discount factor is a value which takes into account the time value of money.

$CB$  = Current balance before this repayment.

$P$  = This repayment amount.

$t$  = Period number (where  $t = 1$  at the next repayment date).

$B_t^{adj}$  = The Scheduled Principal loan balance such that it is equal to

$$\max \left\{ \begin{array}{l} B_0^{adj} = CB \\ 0 \leq B_t^{adj} = B_{t-1}^{adj} (1 + C_i (k_t - k_{t-1}) / 365) - R + Al_{t-1} \\ B_n^{adj} = 0 \end{array} \right. \left. \begin{array}{l} \text{for } t=0 \\ \text{for } 0 < t < n \\ \text{for } t=n \end{array} \right\}$$

Where

$R$  = Scheduled Repayment amount

$Al_t$  = Accrued Interest at time of Repayment

$C_i$  = Customer Interest Rate

$K_t$  = Number of days between the date of repayment and the last day of the fixed rate period

$B_t^{new}$  = The new scheduled principal loan balance after taking into account the repayment amount, such that it is equal to

$$\max \left\{ \begin{array}{l} B_0^{new} = CB - P \\ 0 \leq B_t^{new} = B_{t-1}^{new} (1 + C_i (k_t - k_{t-1}) / 365) - R + Al_{t-1} \\ B_n^{new} = 0 \end{array} \right. \left. \begin{array}{l} \text{for } t=0 \\ \text{for } 0 < t < n \\ \text{for } t=n \end{array} \right\}$$

## Your fixed rate break cost questions answered.

### **Is BankSA Margin Lending the only lender to charge this cost?**

No. It is a common practice for lenders to pass on the actual loss incurred from repaying a fixed rate loan.

### **When is a break cost payable?**

It is payable if the current Wholesale Interest Rate for the remaining fixed rate term is lower than the original Wholesale Interest Rate. This is outlined in your facility terms.

### **I have been provided with a break cost in the past and the amount has now changed – why is this the case?**

Wholesale rates change daily, and the changes can be significant especially if wholesale rates continue to decrease. Break costs are valid for 5 business days from the day they are calculated.

### **Where can I find the information on the Wholesale Interest Rates?**

The Wholesale Interest Rate is commercially sensitive and not displayed publicly. Therefore, you do not have access to this information. However, there is no way to predict what the Wholesale Interest Rate will be and it changes frequently subject to market conditions. Movement in BankSA Margin Lending's Variable or Fixed rates do not form part of the calculation we use to establish if a break cost is applicable.

### **I want to break my fixed rate loan so I can take advantage of the lower fixed rates on offer at the moment. What do I need to consider?**

The decision to break your fixed rate loan is entirely up to you however a break cost may be applicable. Your decision may be affected by the amount of interest you may save at a lower interest rate versus the cost to break the loan. BankSA Margin Lending encourages you to seek independent financial advice before choosing to repay any amount on a fixed rate loan. BankSA Margin Lending also encourages you to seek independent financial advice when considering whether or not to fix your rate.

### **The current market is seeing variable rates and fixed rates trend down – should I move out of my fixed rate now or later?**

As noted above, Wholesale Interest Rates can change up or down daily. If the Wholesale Interest Rate decreases, the break costs will increase. BankSA Margin Lending encourages you to seek independent financial advice before choosing to repay any amount on a fixed rate loan.

### **Who do I call to find out if a break cost will be applicable for my fixed loan?**

To find out whether a break cost will be applicable for your fixed rate loan, please call 1300 305 172 to request a quote.

### **How long is a break cost quote valid for?**

As noted above break cost quotes are valid for 5 business days from the day the break costs are calculated. If you decide to proceed with breaking your fixed loan, your request needs to be submitted within the 5 business days for the quote to be honoured. For example, for a break cost calculated on Monday 24th November, the request must be lodged by close of business Friday 28th November.