



Westpac Margin Lending Fixed Loan Request

Complete this form if you would like to fix your interest rate on your Westpac Margin Loan. Prior to selecting a fixed interest rate contract, we recommend that you read both section 4A of the Westpac Margin Lending Facility Agreement and the attached 'Break costs fact sheet'.

Questions?

If you have any questions regarding completing this form, please call us on 1800 816 222. Phone lines are available Mon - Fri from 8.30am - 5.30pm (Sydney time).

1. Borrower's details

Borrower's name(s)

Borrower's Client Code (For new Westpac Margin Lending applications, this will be left blank.)

2. Fixed interest rate loan details

	Please complete	Notes
Fixed loan amount	\$ <input type="text"/>	Minimum is \$20,000
Fixed loan start date	<input type="text"/> / <input type="text"/> / <input type="text"/>	Must be a business day.
Type of fixed rate loan	<input type="checkbox"/> Interest payable monthly in arrears OR <input type="checkbox"/> Interest paid in advance (prepaid)	An additional 0.10% p.a. will be charged for interest paid monthly. Interest can only be paid in advance for terms of 3, 6, 9 and 12 months. For fixed rate terms greater than 1 year, interest will be paid in advance annually (ie for 12 month terms).
Fixed rate loan term	<input type="text"/> years or <input type="text"/> months OR Maturity date <input type="text"/> / <input type="text"/> / <input type="text"/>	Ensure the term selected is consistent with the options above. If you have nominated a maturity date, this must be a business day.
Fixed interest rate	<input type="text"/> %	Refer to our current interest rates at westpac.com.au/marginloan
Interest amount due (interest paid in advance only)	\$ <input type="text"/>	Complete this where you have selected a fixed rate loan with interest paid in advance. If you require assistance to determine the interest amount due, please contact our Customer Relations Consultants on 1800 816 222.



3. Fixed interest payment options

You can pay your interest using a number of options. **Select your preferred method by ticking one box:**

- From available margin loan funds.** This will increase your variable loan balance by the amount of the interest due or the monthly interest to be charged in arrears. Interest payments that place the loan account into the buffer will not be accepted. Please ensure you have sufficient funds available, if you select this option.
- Direct debit.**
Please select from an option below:
- Direct debit my existing, nominated bank account which has previously been provided to Westpac Margin Lending.
- New direct debit bank account details are attached. Please download and complete the Direct Debit/Direct Credit Request to nominate a bank account, and return it with this form.
- Compounding.** (For fixed rate loans with interest paid in advance only.)
Compound the interest to my fixed loan for the term of the loan at initial drawdown (*not available for subsequent interest payment periods if the term of the loan is greater than 12 months*). Please choose the compounding interest option below. If no option is selected the default is option 1.
1. I would like the compounded interest to be added to the fixed loan amount (by choosing this option, at the initial drawdown of your fixed loan, the balance will be increased by the compounded interest amount); or
2. I would like the compounded interest to be included in the total fixed loan amount.

The following options are available only for existing clients who request a fixed rate loan with interest payable in advance:

- BPAY.** Please allow 2 working days for funds to be received by Westpac Margin Lending.
Billier Code: 17111
Ref: Your six digit reference number
*Registered to BPAY Pty Ltd ABN 69 079 137 518.
- Direct Credit.** You can transfer the Interest amount due directly to your Westpac Margin Loan.
BSB: 262 755
Account No: Your six digit reference number
Account Name: Westpac Margin Lending
- Cash Management Trust (CMT).** Westpac Margin Lending will take this as an instruction to withdraw this amount from your applicable CMT accounts. You may only use this option where you have sufficient units available in your CMT on the fixed loan start date and these have been pledged to your Westpac Margin Loan. Please note that CMT redemption requests must be received prior to the fixed loan start date in order for Westpac Margin Lending to process it.
- Geared Panorama Cash Management Cash Account.**
Pay directly from your Geared Panorama Cash Management Account.

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 Westpac Margin Lending Facility Agreement and the attached 'Break costs fact sheet' for an explanation of these.



4. Signing section

For company or company trustee borrowers, either 2 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.

Signature of **Applicant/Borrower 1**

Date

X

/ /

Full name of **Applicant/Borrower 1**

Title

Director Sole Director/Sole Secretary

Signature of **Applicant/Borrower 2**

Date

X

/ /

Full name of **Applicant/Borrower 2**

Title

Director Company Secretary

You can submit this form by:

🏠 Westpac Margin Lending
GPO Box 3917, Sydney NSW 2001

✉ mltransact@westpac.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

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

Where

R = Scheduled Repayment amount

AI_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

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

Your fixed rate break cost questions answered.

Is Westpac 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 & 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 Westpac'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. Westpac encourages you to seek independent financial advice before choosing to repay any amount on a fixed rate loan. Westpac 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. Westpac 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 1800 816 222 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.

