



Supplementary business lending relief

The ABA ~~notifies~~ provides the ACCC with an updated notification of certain members' agreement to implement supplementary support measures for Australian businesses affected by COVID19. A list of banks that have agreed to offer the supplementary measures is set out in **Attachment A** (Participating Member Banks).

The supplementary business relief package will continue to operate under this notification in substantively the same way as under the previous notification provided to the ACCC on 30 March 2020 (under interim authorisation number AA1000482), subject to a change to the customer's currency requirements for new applicants as a result of subsequent conditions advised by APRA. Customers who have already received relief under the supplementary business relief package will not be impacted by the updates to the notification. Going forward Participating Member Banks will offer the supplementary business relief package on the terms set out below.

Supplementary measures

The supplementary measures to be implemented are:

- 1) A deferral of principal and interest repayments for all standard form business loans of a business customer for 6 months (interest will be capitalised).
- 2) Up to 30 September 2020 or for the period of the loan deferral, whichever is later, Participating Member Banks agree to not to enforce business loans for non-monetary defaults, other than as set out in para 80 the March 2020 Banking Code of Practice. These provisions are set out in **Attachment B**.

These supplementary measures will be available to all current business customers of a Participating Member Bank, in all sectors of the economy, and on an opt-in basis, where:

- 1) the customer has advised that its business is affected by COVID-19
- 2) the business has a total business loan facilities of less than \$10M
- 3) the customer was ~~current~~ less than 90 days past due in terms of their repayment on their existing facilities at the beginning of the repayment deferral ~~90 days prior to the application~~
- 4) the business is operated in Australia with less than 20% foreign ownership, and
- 5) for commercial property customers with total loan facilities less than \$10M, the customer provides a self-declaration that they will not terminate leases or evict tenants based on non-payment of rent for the period during which the interest is capitalised. On the basis the non-payment of rent is a direct result of the Covid-19 outbreak.

"Interest will be capitalised" means that Participating Member Banks will, based on existing loan terms in the context of customers' requirements, either:

- extend the term of the loan repayment to account for the interest incurred during the deferral period and keep the level of repayments following the deferral the same as that the customer had paid prior to deferral; or
- increase the level of the loan repayments to account for the interest incurred during the deferral period but keep the term of the loan repayment the same as if the deferral had not occurred.

For the avoidance of doubt, Participating Member Banks will not apply or require a payment of the capitalised interest in a lump sum at the end of the deferral period.

For borrowers with total credit facilities above \$10M, relief will be considered on a case by case basis.

The measures can be applied for by customers until 30 September 2020.



Australian Banking
Association

Attachment A – List of Participating Member Banks

AMP

ANZ

Bank Australia

Bank of Queensland

Bendigo and Adelaide Bank

CBA

ING

Macquarie Bank

MyState

NAB

Suncorp Bank

Westpac



Attachment B – Banking Code of Practice

Enforcement of small business loans for non-monetary defaults

80. If you are a small business and you have met all your payment obligations under the loan terms, we will not take default based action against you unless:

- a) you or a guarantor is insolvent, goes into bankruptcy, voluntary administration, other insolvency process or arrangement, or no longer has legal capacity;
- b) enforcement proceedings are taken against you or a guarantor or your or their assets by another creditor;
- c) early repayment is required under a separate financing arrangement you or a guarantor has with us, or default based action is taken against you or a guarantor by us, due to an event of default which is described in this chapter;
- d) we believe on reasonable grounds that you or a guarantor has not complied with the law or any requirement of a statutory authority, or it becomes unlawful for you or us to continue with the loan;
- e) you or a guarantor gives us information or makes a representation or warranty to us which is materially incorrect or misleading (including by omission);
- f) you use the loan for a purpose not approved by us;
- g) your assets or a guarantor's assets are dealt with, or attempted to be dealt with in breach of the loan, or any security or other agreement with us without our consent;
- h) you or a guarantor do not provide financial information required by your agreement with us;
- i) you or a guarantor do not maintain a licence or permit necessary to conduct your business;
- j) you or a guarantor do not maintain insurance required by your agreement with us;
- k) legal or beneficial ownership, or management control of a borrower or guarantor or their business changes without our consent; or
- l) status, capacity or composition of you or a guarantor changes without our consent.