



16 October 2017

Changes to Existing Business Lending Contracts

You can see all of the changes we've made to the terms and conditions of our existing Business Letter of Offer here. We will treat these changes as applying, where applicable, to other small business lending contracts, including security documents.

We've summarised the main changes below. Some of the changes have already been implemented.

There are no changes to commercial terms, key product features, or any specially negotiated conditions of existing facilities as result of these changes.

There are no increases to fees, rates or charges.

What are the main changes?

- **Financial indicator covenants:** Since April 2017, financial indicator loan covenants have not been used, applied or relied on in most loan contracts for new and existing small business customers with total business lending of less than \$3 million. Even where existing loan contracts in that category apply financial indicator covenants, NAB has not been applying them or relying on them since April 2017, and will continue not to.
- **Default:** If you're in default of your loan due to a particular event, you'll be given time to fix it up before we can take action. For many defaults, we'll only take action if we think it is reasonably likely to have a significant negative impact.
- **Material adverse change:** We will not rely on any clause which states that you are in default due to a material adverse change. NAB has not applied or relied on these clauses for small business customers who have entered into or renewed facilities from 12 November 2016, and will continue not to. Also, NAB has not enforced any material adverse change event of default clauses since April 2017 for contracts with total business lending of less than \$3 million and will continue not to.
- **Changing terms and conditions:** If we change one of the terms of the contract, we'll give you more notice than previously. We will give you at least 90 days' notice if the change only applies to your contract, and we think it's going to have a materially adverse impact on you.
- **Indemnities:** We've amended indemnities and other clauses which require you to reimburse NAB or third parties to make it clear that you're not liable for losses due to the fraud, negligence or misconduct of NAB, our employees, contractors or agents, or any receivers, administrators or attorneys' that we have appointed. We will treat these changes as applying retrospectively to small business customers who have entered into or renewed facilities from 12 November 2016.
- **Entire agreement clauses:** We will not rely on any clause which says that your contract is the 'entire agreement' between you and NAB, or other language which could have prevented you from relying on any representations we have made. NAB has not applied or relied on these clauses for small business customers who have entered into or renewed facilities from 12 November 2016, and will continue not to.

Yours sincerely,

NAB