

News Release

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ANZ reinforces commitment to small business, simplifies loans up to \$3 million

ANZ today reaffirmed its commitment to implement recommendations from the Australian Small Business and Family Ombudsman's report into small business loans and outlined plans for simplified lending contracts.

General Manager Small Business Banking Kate Gibson said: "As we outlined before the Parliamentary Committee last month, ANZ will implement all 11 banking recommendations. This includes simplified contracts for new loans to small business customers being those with total business lending of less than \$3 million."

"As a result there will be no financial indicator covenants, such as loan-to-value ratios, for more than 95 per cent of ANZ small business customers. Financial indicator covenants will remain in place for small business customers seeking complex lending or complex products.

"We are simplifying the contracts for our small business customers to make it easier for them to understand their loan terms, so they can be clear up front about their obligations for the life of their loan. We are working to implement all these changes by the end of the year," Ms Gibson said.

The new, simplified standard loan contracts for small business customers will remove general material adverse change default clauses.

They will also clearly outline the reduced number of specific event clauses that could result in bank enforcement action if breached, including unlawful behaviour, insolvency, misrepresentation, change in beneficial control of the company, loss of licence to conduct business, and failure after a reasonable period to provide proper accounts.

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