

ANZ FIXED RATE LOANS

WHAT HAPPENS IF YOU REPAY SOME OR ALL OF IT EARLY?

YOU MAY HAVE TO PAY AN EARLY REPAYMENT COST

When choosing a fixed rate loan you need to know that if you:

- repay the loan, either in full or in part, or
 - switch to another fixed or variable interest rate
- before the end of the fixed rate term, you may have to pay an Early Repayment Cost.

Early repayment costs can be very large and may vary in size from day to day. Before making an early repayment (or varying a fixed interest rate) during a fixed rate term, you should ensure that you have an understanding of the likely early repayment cost. ANZ can give you an estimate of the likely cost, but the actual cost will be determined on the day that the early repayment event occurs.

If you are not sure what that's all about, read on. You will find out why we charge the cost, how we calculate it and what other options are available to you.

If you still have queries after reading this information, we suggest that you contact your accountant or financial advisor.

ANZ Fixed Rate Loans are designed to give you interest rate and repayment certainty for a term of up to 10 years (the fixed rate term). So, for the length of your fixed rate term, you will know exactly how much your regular repayments will be and how much interest you'll pay.

This means you can budget with confidence and know you're protected against the risk of your interest rate rising during the fixed rate term of your loan.

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CAN I MAKE EXTRA REPAYMENTS?

You can make extra repayments up to a set available tolerance amount (the lesser of 5% of the loan amount at the start of the fixed rate period or \$5,000) in each year of the fixed rate period. If the total fixed rate period is less than a year, the tolerance amount is reduced proportionally.

If you choose to make additional repayments above this tolerance amount, repay your fixed rate loan (in part or in full), with our consent, or switch to a new fixed interest rate or variable interest rate before the end of your fixed rate period, change the term of the current fixed interest rate period of your loan or change certain terms of your loan, you may have to pay an early repayment cost.

WHY DO FIXED RATE LOANS HAVE AN EARLY REPAYMENT COST?

Fixed rate loans are a contract between you and ANZ. They give you certainty about your repayments and provide us certainty about the interest we will receive over your fixed rate term. This allows us to make hedging and funding arrangements to match our customers lending needs.

In making these hedging and funding arrangements we incur interest costs. If you repay some or all of your fixed rate loan early or switch to another fixed or variable interest rate before the end of your fixed rate term, we will need to change our funding arrangements. The Early Repayment Cost helps us recover our reasonable estimate of the cost incurred in changing those funding arrangements.

HOW DOES ANZ CALCULATE THE AMOUNT OF THE EARLY REPAYMENT COST?

The cost isn't the same for everyone – it's based on a calculation that takes into account things like:

- the amount that you:
 - are paying off or
 - switch to another fixed or variable interest rate loan
- the number of days left on the fixed rate period of your ANZ Fixed Rate Loan
- the amount that market rates¹ have moved since the start of the fixed rate period on your ANZ Fixed Rate Loan

Further details about how this cost is calculated are contained in the ANZ Consumer Lending Terms and Conditions brochure (or the Specific Conditions of Use Brochure for 'in a Company Name' loans) issued with your Letter of Offer.

ESTIMATING MY EARLY REPAYMENT COST

The table below provides a guide on how changes in the market rates, the date of the repayment (or change to interest rate) and the term of your loan can affect the early repayment cost. For illustrative purposes only this table shows what the early repayment cost may be per \$100,000 of lending repaid.

per \$100k of lending		Remaining Fixed Term (Months)								
		12	18	24	30	36	42	48	54	60
	0.50%	-\$489	-\$727	-\$960	-\$1,188	-\$1,411	-\$1,630	-\$1,845	-\$2,056	-\$2,262
	1.00%	-\$979	-\$1,454	-\$1,919	-\$2,375	-\$2,823	-\$3,261	-\$3,691	-\$4,112	-\$4,525
	1.50%	-\$1,468	-\$2,180	-\$2,879	-\$3,563	-\$4,234	-\$4,891	-\$5,536	-\$6,168	-\$6,787
	2.00%	-\$1,957	-\$2,907	-\$3,838	-\$4,751	-\$5,645	-\$6,522	-\$7,381	-\$8,224	-\$9,050
	2.50%	-\$2,447	-\$3,634	-\$4,798	-\$5,938	-\$7,056	-\$8,152	-\$9,227	-\$10,280	-\$11,312
	3.00%	-\$2,936	-\$4,361	-\$5,757	-\$7,126	-\$8,468	-\$9,783	-\$11,072	-\$12,336	-\$13,575
	3.50%	-\$3,425	-\$5,087	-\$6,717	-\$8,314	-\$9,879	-\$11,413	-\$12,918	-\$14,392	-\$15,837
	4.00%	-\$3,915	-\$5,814	-\$7,676	-\$9,501	-\$11,290	-\$13,044	-\$14,763	-\$16,448	-\$18,100

Example:

David takes out a 3 year Fixed Rate loan for \$200,000 at the market interest rate of 7%. Two years later David decides to fully repay his loan, at this time the market interest rate for the remaining 12 months is 5%. From the table we can see that David will have to pay roughly \$3914 (\$1957 per \$100,000 ERC) for breaking the terms of his Fixed Rate Loan.

The amount of the early repayment cost can change daily.

INTEREST DIFFERENTIAL REFERS TO THE DIFFERENCE BETWEEN THE MARKET RATE AT THE START OF THE FIXED RATE TERM YOU NOMINATE AND THE MARKET RATE FOR THE PERIOD REMAINING AT THE TIME OF THE EARLY REPAYMENT EVENT. REMAINING FIXED RATE TERM IS THE TERM REMAINING, UNTIL YOUR FIXED RATE LOAN EXPIRES.



For further information please contact us on **13 25 99**, refer to anz.com for operating hours.

HOW DO I GET A QUOTE OF THE EARLY REPAYMENT COST FROM ANZ?

If you are considering paying out a fixed rate loan, making additional repayments or switching to a new interest rate, a quote of the Early Repayment Cost can be obtained by calling ANZ Home Loan Enquiries on 13 25 99 or by contacting your local ANZ branch.

Please remember that early repayment costs can vary DAILY and the actual cost for your loan will be determined on the day that the early repayment event occurs.

WHAT OTHER OPTIONS ARE AVAILABLE?

If you're thinking of applying for an ANZ Fixed Rate Loan, you need to be sure it's the right loan for you. If you think you may be able to make additional repayments or wish to change your loan type or your interest rate prior to the end of the fixed rate term, you may wish to consider:

- choosing a different fixed rate loan term
- choosing a variable interest rate loan
- splitting your loan into 2 portions: a fixed rate portion for repayment certainty and a variable rate portion for greater repayment flexibility

¹ Movements in market rates are reflected in the concepts of the 'original market rate' and the 'market rates at the date of the relevant early repayment event', each of which are defined in the Consumer Lending Terms and Conditions booklet or the Specific Conditions of Use issued with your Letter of Offer. All applications for loans are subject to ANZ's normal credit approval criteria. **Terms and conditions, fees and charges apply.**

Information in this brochure does not form part of the Terms and Conditions of any loans or other facilities and provides general information current as at the time of production. The information in this brochure is intended as a guide only; it is not intended to be a substitute for professional advice and should not be relied upon as such.