

ANZ FIXED RATE PERSONAL LOANS

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

YOU MAY HAVE TO PAY EARLY REPAYMENT CHARGES

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

- repay the loan early, either in full or in part, or
- switch to variable interest rate

before the end of the fixed rate term, early repayment charges may apply.

Early Repayment Cost

Early repayment costs can be very large and may vary in size from day to day. Before making an early repayment 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 and how we calculate it.

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

ANZ Fixed Rate Personal Loans are designed to give you interest rate and repayment certainty for a term of up to 7 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.

CAN I MAKE EXTRA REPAYMENTS?

You can make extra payments of up to 5% of the loan balance (calculated at the start of the current fixed interest rate period and reset annually) or \$5,000, whichever is less. These payments can be in the form of larger regular repayments or lump sums and are at no additional cost to you.

If you choose to make additional repayments above this threshold, repay your fixed rate loan early (in part or in full) or switch to variable interest rate before the end of your fixed rate period, 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 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 variable interest rate loan
- the number of days left on the fixed rate period of your ANZ Fixed Rate Personal Loan
- the amount that market rates¹ have moved since the start of the fixed rate period on your ANZ Fixed Rate Personal Loan

Further details about how this cost is calculated are contained in the ANZ Consumer Lending Terms and Conditions brochure issued with your Letter of Offer.

ESTIMATING MY EARLY REPAYMENT COST

For illustrative purposes only, the table below provides a guide on how changes in market interest rates¹ and term of your loan can impact the break costs.

Per \$10,000 of lending repaid		Remaining Fixed Term (Months)			
		6	12	18	24
Cost of funds ¹ at start minus Cost of funds now	< 0.00%	\$0	\$0	\$0	\$0
	1.00%	\$29	\$53	\$76	\$99
	2.00%	\$57	\$106	\$154	\$200
	3.00%	\$86	\$159	\$232	\$303
	4.00%	\$115	\$213	\$310	\$407

Example:

David takes out a \$40,000 Fixed Rate Personal Loan over 3 years at a market interest rate¹ of 7%. After making his agreed payments for two years he decided to fully repay his loan, at this time the market interest rate¹ for the remaining 12 months is 5% and the principal balance is \$15,000. The difference in rates is 2%. From this table we can see that David will pay a Early Repayment Cost of approximately \$159 (\$106 per \$10,000)

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 Personal Loan Enquiries on 1800 801 485. Hours of operation available on anz.com 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.



For further information please contact us on **1800 801 485**. Hours of operation available on anz.com

¹ Market rates at the start of the fixed rate period and 'Market rates at the date of the repayment' are defined in the Consumer Lending Terms and Conditions booklet 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.