



Your ANZ Fixed Rate Home Loan

What happens if you repay some or all of it early?

You may have to pay an early repayment cost

When you sign up for an ANZ Fixed Rate Home Loan, you get all the benefits of certainty and easy loan management.

You know exactly how much you're borrowing, how long you're borrowing it for, how much your regular payments 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 the interest rate rising during the fixed rate term.

But you also need to know that if you repay the loan before the end of the fixed term, either in full or in part, you may have to pay an 'early repayment cost' and an 'early repayment administration fee'.

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

Early repayments

If you want to pay off some of your fixed rate home loan, in addition to your regular fixed payments, you can still do that. For each year of the fixed rate term, you can make extra payments, of up to 5% of the loan balance (at the beginning of the fixed rate term), or \$10,000, whichever is the lesser. These payments can be in the form of regular repayments or lump sums and are at no additional cost to you.

If you choose to make extra payments above this threshold, repay your fixed rate home loan early (in part or in full) or switch to another fixed rate home loan or another type of loan before the end of the fixed rate period, you'll have to pay an early repayment cost. An early repayment administration fee of \$300 may apply to full repayments and where you switch to a new fixed rate period or another type of loan.

Why do we have an early repayment cost?

ANZ Fixed Rate Home Loans give our customers certainty about their payments and the Bank certainty about the income we can expect to receive from those loans. That allows us to source funds in the wholesale money market, which helps us keep home loan interest rates for our customers as competitive as possible.

When we use wholesale funds, we commit to paying a fixed rate of return (the wholesale interest swap rate (market rate) at the start of the fixed rate period*) on those funds for the term of our fixed rate home loans. If a customer repays their fixed rate home loan early we still have to honour our commitment to pay for the funds we secured for the loan. In that situation, if wholesale interest swap rates (market rates) have moved and there is a difference between the wholesale interest swap rates (market rates) at the start of the fixed rate period and the wholesale interest swap rates (market rates) at the date of repayment*, we may make a loss. The early repayment cost helps us recover some of that loss.

How do we 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:

- › the amount you're paying off the loan
- › the number of days left on the fixed rate period of your ANZ Fixed Rate Home Loan
- › the amount that wholesale interest swap rates (market rates) have moved since the start of the fixed rate period on your ANZ Fixed Rate Home Loan.

Full details about how this cost is calculated are contained in ANZ's Loan Terms and Conditions brochure, available from any ANZ branch.

* 'Market rates at the start of the fixed rate period' and 'Market rates at the date of the repayment' as defined in your ANZ Loan Terms and Conditions. Lending criteria apply. Full details, including terms, conditions and fees are available from any ANZ branch. ANZ, part of ANZ National Bank Limited.

What are the options available?

If you're thinking of applying for an ANZ Fixed Rate Home Loan, you need to be sure that it's the right loan for you. If you think you may be able to repay it early, you could be better off choosing a different fixed rate period or another loan type, such as an ANZ Standard Variable Rate Home Loan or ANZ FlexiPlus, or even a combination of the two. If you already have a ANZ Fixed Rate Home Loan and are considering repaying it early, please think carefully about the costs or ensure you don't exceed the 5% or \$10,000 threshold.

Need to find out more information on how this applies to you?

If you need help with your decision, we can make it easy. Just phone us on **0800 ANZ HOME** or call in to any ANZ branch. We'll discuss the options available to you so that you can choose the right loan for you today and in the future.

Early repayment cost calculator

Per \$100,000 of lending

The table below provides a guide on how changes in the wholesale interest swap rates (market rates) at the start of the fixed rate period, the date of repayment and the term of your loan can impact the early repayment cost. For illustrative purposes only this table shows what the early repayment cost may equate to per \$100,000 of lending repaid.

		Remaining Fixed Term (Months)								
		12	18	24	30	36	42	48	54	60
Market Rate Differential	0.50%	-\$479	-\$705	-\$921	-\$1,130	-\$1,330	-\$1,522	-\$1,707	-\$1,884	-\$2,055
	1.00%	-\$958	-\$1,409	-\$1,843	-\$2,259	-\$2,659	-\$3,044	-\$3,413	-\$3,769	-\$4,110
	1.50%	-\$1,437	-\$2,114	-\$2,764	-\$3,389	-\$3,989	-\$4,566	-\$5,120	-\$5,653	-\$6,165
	2.00%	-\$1,916	-\$2,818	-\$3,685	-\$4,518	-\$5,319	-\$6,088	-\$6,827	-\$7,537	-\$8,220
	2.50%	-\$2,395	-\$3,523	-\$4,606	-\$5,648	-\$6,648	-\$7,610	-\$8,534	-\$9,422	-\$10,275
	3.00%	-\$2,874	-\$4,227	-\$5,528	-\$6,777	-\$7,978	-\$9,132	-\$10,240	-\$11,306	-\$12,330
	3.50%	-\$3,353	-\$4,932	-\$6,449	-\$7,907	-\$9,308	-\$10,654	-\$11,947	-\$13,190	-\$14,385
	4.00%	-\$3,832	-\$5,636	-\$7,370	-\$9,036	-\$10,637	-\$12,176	-\$13,654	-\$15,074	-\$16,439

The amount of the early repayment cost is based on the loan term remaining and movements in the wholesale interest swap rates (market rates) that can change daily.

If you would like to find out what the early repayment cost would be on your ANZ Fixed Rate Home Loan call 0800 ANZ HOME or visit any ANZ branch.