# Early Repayment Charge & Rate Lock Fact Sheet.

July 2025

A fixed interest rate loan gives you the certainty of knowing exactly what your repayments will be for the term that you choose. If variable interest rates rise and you are on a fixed interest rate loan you won't face higher repayments. On the flip side, when variable interest rates fall and you have a fixed interest rate loan, you do not receive the benefit of lower interest rates and repayments.

## Early Repayment Charge Fact Sheet

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| **What is an Early Repayment Charge?** | A Early Repayment Charge is the calculated amount of the loss which we suffer if you choose to break your fixed interest rate loan contract with us. This loss is passed onto you as a Early Repayment Charge. |
| **Why does the bank charge Early Repayment Charges?** | When you decide to fix your loan interest rate, we enter into a contract with you to fix the interest rate for your loan for a specified period. To enable us to fund your loan, we enter into a contract with a third party to lock in our funding costs at a fixed interest rate for the same period as your contract with us. |
| **When does the bank charge an Early Repayment Charge?** | When you make a payment into your loan in excess of the annual prepayment limit, change your annual percentage rate, make other changes to your loan that impact your repayments that can only be made when the loan has a variable rate by choosing to break your fixed rate contract with us. In turn, this forces us to break our funding contract with the third party. If we incur a loss as a result of this then we will charge you an Early Repayment Charge. Please refer to your home loan terms and conditions for full details of the circumstances when an Early Repayment Charge may be charged. |
| **How do we calculate Early Repayment Charges?** | We use a formula to calculate whether we have incurred a loss as a result of you breaking your fixed rate contract. Please refer to your home loan terms and conditions for details of the formula we use. The formula is complex, but in general terms if our current wholesale interest rate for the remaining part of the fixed interest term is lower than the original wholesale interest rate when the fixed interest rate period started, then an Early Repayment Charge will be charged. The difference between the wholesale interest rate at the start of the fixed interest rate period for the contracted fixed interest rate term and the rate on the day you break your fixed rate contract for the remaining fixed interest rate term is known as the Interest Rate Differential.<br><br>The formula can be approximately expressed as:<br><br>**Early Repayment Charge = Loan amount prepaid * (Interest Rate Differential) * Remaining Term**<br><br>**An Example**<br><br>• A loan amount of $300,000 is fixed for 3 years and then is entirely repaid by the customer with 1.5 years of the loan's original fixed term remaining.<br>• The 3 year wholesale rate on the date the loan was fixed was 3.45% p.a. but the rates have fallen since then. The current 1.5 year wholesale rate when the contract was broken was 2.23% p.a.<br>• The difference between the wholesale rates on the date the loan was fixed and when the contract was broken is: 3.45% less 2.23% = 1.22% Interest Rate Differential<br>• The approximate Early Repayment Charge would therefore be:<br>• $300,000 x 1.22% x 1.5 = $5,490<br>• This figure is then discounted to provide a net present value as at the date of the break. |
| **Notes** | If you make multiple payments above the annual prepayment limit, an Early Repayment Charge is calculated and processed at the time of each extra payment |
| **How can you minimise Early Repayment Charges?** | Going into a fixed interest rate term contract implies you are seeking protection against rising rates and higher repayments. If you want flexible payment alternatives discuss your needs with us and we can look at restructuring your loan to meet your needs. |
| **Important Information** | You can obtain details of the Early Repayment Charges payable on your loan at any time from our Customer Contact Centre. These Early Repayment Charges will only apply for the moment in time that you make a payment above the annual prepayment limit or other applicable loan changes. As the wholesale interest rates change from time to time the actual Early Repayment Charge amount can vary from moment to moment. Should you require further explanation on the detailed formula for how your Early Repayment Charge was calculated you should seek qualified independent advice. |

## Rate Lock Terms & Conditions.

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| **What is rate lock?** | When you apply for a fixed interest rate, you have the option to lock in your rate using rate lock.<br><br>If the applicable fixed rate available is higher than your locked rate when your fixed rate period starts, you will receive the locked rate. If the applicable fixed rate available is lower, you will receive the lower interest rate.<br><br>This way, you are protected from any fixed rate increases that may happen between your rate lock being applied and your fixed rate period starting.<br><br>Rate lock is optional. If you choose not to lock in a fixed rate, the available fixed rate on the fixed rate start date will apply. |
| **How it works** | Rate lock will apply for 90 days from when we receive your rate lock request.<br><br>Generally, you would request rate lock during application submission and the 90 days will start from the submission date. Alternatively, you can request it after application submission and the 90 days will start from when we receive your request.<br><br>You can also choose to apply a rate lock on an existing loan, for example, to lock in a new fixed rate that will apply after your current fixed rate expires. In this situation, the rate lock will start from when we receive your request.<br><br>If the fixed rate period starts after the rate lock expiry date, then the rate available on the fixed rate start date will apply instead |
| **Rate lock fee** | A **$750** fee is payable per fixed rate loan account that you choose to lock in.<br><br>If you request for a rate lock during the loan application process, the fee is payable on the loan settlement date. If you request a rate lock on an existing loan, the fee is payable when the fixed rate period starts. |
| **How to apply** | When applying for your home loan, speak to us or your broker who can arrange this for you. You can get in touch with us if you want to apply rate lock to an existing loan. |
| **Changes to your loan** | The fixed interest rate available for you to lock in is based on your loan details at the time of your rate lock request. If there are changes to your loan that affect your eligibility for this rate, then the rate lock will be cancelled. For example, if you change the fixed rate period from 1 year to 2 years, or you change from principal and interest to interest only repayments, then the rate lock will be cancelled.<br><br>You would need to contact us or your Broker to request a new rate lock based on your updated loan details. Otherwise, the available fixed rate on the fixed rate start date will apply |

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