Why does the interest charged increase or decrease some months?

A number of factors can result in an increase or decrease in the amount of interest that is charged from one month to another, including:

- The number of days in the month e.g. February which only has either 28 or 29 days
- An increase or decrease to the interest rate during the month
- An increase or decrease to the outstanding balance during the month.

How is your monthly repayment calculated?

Your monthly repayment is calculated based on the repayment structure you have agreed to:

Principal and interest
These payments will cover the monthly interest that has accrued, any scheduled fees (e.g. monthly account keeping fee) plus a component covering a principal reduction of the money you have borrowed so that the loan can be repaid within the agreed term.

Interest only[1]
These payments will cover the monthly interest that has accrued, plus any scheduled fees (e.g. monthly account keeping fee).

Interest plus principal (Mortgage Power loan accounts only)
These payments will cover the monthly interest that has accrued, any scheduled fees (e.g. monthly account keeping fee) plus a principal component, which is 0.25% of your credit limit.

You can elect to make your repayments on a monthly, fortnightly[2] or weekly[2] basis. The minimum fortnightly repayment will be one half of your monthly repayment, while the minimum weekly repayment will be one quarter of your monthly repayment, unless you have nominated a higher amount.

As there are 26 fortnights (or 52 weeks) in each year, paying half (or one quarter) is equivalent to making one extra monthly repayment each year.

As a result, you'll pay off your home loan account sooner and save on interest.

When will changes to interest rates affect your principal and interest monthly repayment?

While changes to the interest rate are effective as of the advertised date, the bank is required to provide sufficient notice on changes to the minimum repayments.

As a result, customers with principal and interest repayments will receive written notification of the new repayment amount and the effective date for the new repayment (remember the effective date of the new repayment is different to the effective date of the interest rate change).

To ensure you are aware of the new minimum repayment amount before you are required to pay it, the new amount will not be due until at least 1 month after the interest rate change.

Some tips to manage your home loan account

Here are some tips to help you manage fees and interest charges on your home loan account:

- Understand the basics of interest and how interest is applied to your home loan account
- Always make your monthly repayment on or before the due date
- Set up a direct debit to automatically deduct the repayment from your nominated bank account
- Elect for the repayments to be collected on the day interest is charged to the account
- Elect an amount in excess of your minimum repayment
- If you do set up a direct debit, ensure that your nominated account has sufficient funds to meet your monthly repayments
- Read and understand your facility agreement and the terms and conditions of your home loan account.

If you have more questions or require general information about your Citibank home loan after reading this guide, please refer to your 'Citibank Home Loan Facility Agreement - Terms and Conditions booklet' or **contact us on 13 24 84 for enquiries 24 hours a day, seven days a week.**

1. Please note that interest only repayments are for a defined term which will be outlined in your original or amended 'Citibank Home Loan Facility Agreement - Details' document.
2. Fortnightly and weekly repayment options are not available for fixed rate loans.

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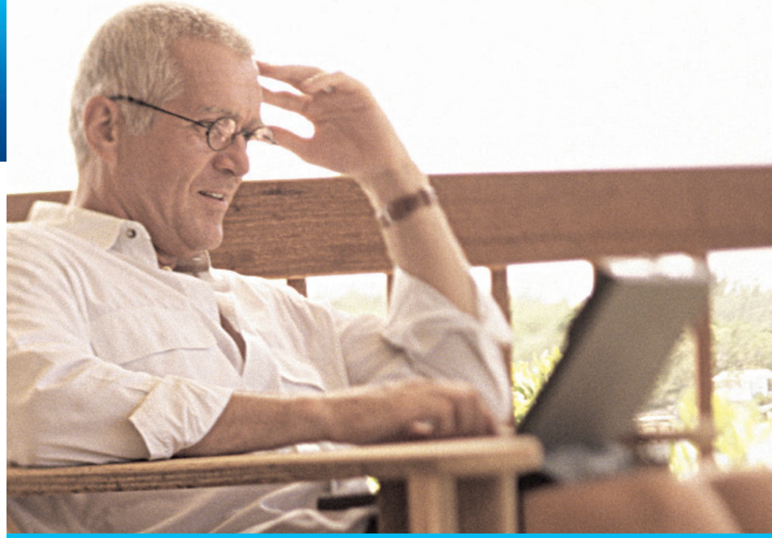

Understanding your home loan.

Powered by Citi.

Understanding interest on your Citibank home loan account.

citibank

Understanding interest on your Citibank home loan account

To help you understand more about interest on your Citibank home loan account, we have created this easy to read guide which explains:

- What is interest?
- Your interest rate
- How is interest calculated?
- Why does the interest charged increase or decrease some months?
- How is your monthly repayment calculated?
- When will changes to interest rates affect your principal and interest monthly repayment?
- Some tips to manage your home loan account.

What is interest?

When you open and/or draw down your home loan account you are borrowing a sum of money that has to be repaid at a he cost of this service will be made up of interest and/or fees that are added to the sum that you have borrowed and which needs to be repaid to the bank.

We charge you interest based on your interest rate (also known as your annual percentage rate) as a percentage per annum, your daily outstanding balance and the number of days in the month.

Your interest rate

Your interest rate (annual percentage rate) will be determined by the applicable Citibank rate plus or minus any margin. Both the applicable Citibank rate and any margin will be outlined in your original or amended 'Citibank Home Loan Facility Agreement - Details' document.

Where you have selected a variable interest rate, this rate may increase or decrease when changes are made to interest rates, for example when the Reserve Bank of Australia increases or decreases the cash rate. Where you have selected a fixed interest rate loan, this rate will not change until the fixed rate term expires.

Citibank rates are available on request by calling Citiphone Banking on **13 24 84**. Changes to Citibank rates will be advertised in a national newspaper or leading daily newspapers in each state and territory, and will also appear on your next home loan account statement.

Year to date interest charged will appear on each statement, while the total financial year interest charged will appear on the July statement.

How is interest calculated?

Interest on your home loan account is calculated based on the applicable interest rate and the closing balance each day, then summed and charged to your account monthly.

The basic interest calculation is:

Outstanding balance (amount that is owing to the bank on a specific day); multiplied by the

Daily percentage rate (the annual percentage rate divided by the number of days in the year i.e. 365, or 366 for a leap year).

Example 1

A standard loan with an interest rate of 5.99% per annum and a repayment of $2,000.00 per month.

Details of your account

Date	Transaction Details	Debits	Credits	Balance
10 March	Opening Balance			$100,376.25 DR
10 March	Payment		$2,000.00	$98,376.25 DR
9 April	Interest Charge	$500.48		$98,876.73 DR

Interest Calculation

$$\frac{\$98,376.25 \text{ (outstanding balance) x } \$5.99\% \text{ p.a. (interest rate)}}{365 \text{ (days in 2010)}} \times 31 \text{ (days from 10 March to 9 April)} = \$500.4790^{\#}$$

Total interest for the month is $500.48#

Example 2

The same standard loan with an initial interest rate of 5.99% per annum which decreases to 5.79% per annum part the way through the month and a repayment of $2,000.00 with an additional deposit of $500.00.

Details of your account

Date	Transaction Details	Debits	Credits	Balance
10 April	Opening Balance			$98,876.73 DR
10 April	Payment		$2,000.00	$96,876.25 DR
24 April	Payment		$500.00	$96,376.73 DR
30 April	Rate Change Your New Rate is 5.79%			$96,376.73 DR
9 May	Interest Charge	$470.36		$96,847.09 DR

Interest Calculation

$$\frac{\$96,876.25 \text{ (outstanding balance) x } \$5.99\% \text{ p.a. (interest rate)}}{365 \text{ (days in 2010)}} \times 14 \text{ (days from 10 April to 23 April)} = \$222.5776^{\#}$$

$$\frac{\$96,376.25 \text{ (outstanding balance) x } \$5.99\% \text{ p.a. (interest rate)}}{365 \text{ (days in 2010)}} \times 6 \text{ (days from 24 April to 29 April)} = \$94.8981^{\#}$$

$$\frac{\$96,376.25 \text{ (outstanding balance) x } \$5.79\% \text{ p.a. (interest rate)}}{365 \text{ (days in 2010)}} \times 10 \text{ (days from 30 April to 9 May)} = \$152.8825^{\#}$$

#Calculations are rounded to 4 decimal points for each transaction and to 2 decimal points for each month's total interest calculation.