



Understanding repayment options on your Citibank home loan account.

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Understanding repayment options on your Citibank home loan account

To help you understand more about repayment options on your Citibank home loan account, we provide this easy to read guide, which explains:

- What repayment structures are available?
- How are repayments calculated?
- How do changes to your Citibank home loan account affect repayments?
- What repayment methods are available?
- What are the direct debit repayment options?
- What happens when you make additional repayments?
- Tips to manage repayments on your home loan account

What repayment structures are available?

Dependent on the Citibank home loan product that you have selected, the following monthly repayment options are available:

Principal and interest

This repayment structure will cover interest and reduce the principal (the amount of money borrowed) each month so that the entire loan balance is repaid over a pre agreed term such as 30 years. It should be noted in the first few years the bulk of your monthly principal and interest repayment will cover interest, with only a small portion reducing the outstanding principal balance.

However as time goes on and the outstanding principal balance is reduced, more and more of the monthly repayment will then go towards further reducing the outstanding principal balance to repay the loan within the pre agreed term.

Interest only

This repayment structure will cover interest each month and will not reduce your outstanding principal. Interest only repayments will normally be over a shorter term, e.g. 5 years even though the pre agreed term is longer i.e. 30 years. After the interest only period the repayment structure will then revert to principal and interest for the remainder of the pre agreed loan term i.e. 25 years in this example.

Interest plus principal (Lines of Credit (Citibank's home loan Power loan) accounts only)

Similar to principal and interest repayments, the interest plus principal repayment structure on home loan Power accounts will cover interest each month plus a principal component. The difference to a principal and interest repayment is that the home loan Power credit limit will remain unchanged, so that any principal reductions will be available in the future when you need to draw funds back up to your pre agreed credit limit.

How are repayments 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 pre agreed term.

Interest only

These payments will cover the monthly interest that has accrued, plus any scheduled fees (e.g. monthly account keeping fee). This amount can vary from month to month as interest is calculated daily, and the amount payable will depend on the number of days in each month.

Interest plus principal (Lines of Credit (Citibank's 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. Again the payment can vary depending on the number of days in each month. Interest plus principal repayments will normally apply to Citibank Lines of Credit loans 7 years after settlement i.e. the first 7 years will be interest only repayments.

How do changes to your Citibank home loan account affect repayments?

A number of factors can result in a change to your monthly repayments, such as;

- an increase or decrease to the interest rate
- your interest only repayment term ends and your repayments change to principal and interest
- an increase or decrease to the outstanding principal balance.

If you are making principal and interest repayments Citibank will write to you and advise you of your new monthly repayment amount in the above events. Citibank will give you at least one month's notice of the change, even though the changes to the interest rate or the outstanding principal balance will be effective to your home loan account immediately. Consider the following examples:

Date	Transaction Details
Current interest rate:	6.49% per annum
Current monthly principal and interest repayment:	\$2,023.75
Repayments are due on the:	20th of each month
Direct debit cycle:	Monthly
Direct debit collection dates:	15th of each month
An interest rate decrease to: 5.99% per annum effective	5.99% per annum effective the 10th of June
New monthly principal and interest repayment will be:	\$1,931.07

This customer has elected to make repayments via direct debit on the 15th of each month. The customer in example 1 will be written to on or around the 10th of June advising them of the interest rate change, which is effective immediately. The customer will also be advised that a new repayment of \$1,931.07 will begin to be collected via their monthly direct debit on or after the 20th of July. This means that the direct debits collected on the 15th of June and the 15th of July will be the current monthly principal and interest repayment of \$2,023.75, whilst the direct debit that is collected on the 15th of August will be for the new repayment amount of \$1,931.07.

As the benefit of the reduced interest rate is passed on immediately, any additional amounts paid as part of the current monthly repayment will go directly off the principle of the loan. This means that in this example, additional principal will be paid in both June and July.

Example 2

Date	Transaction Details
Current interest rate:	6.49% per annum
Current monthly principal and interest repayment:	\$2,023.75
Repayments are due on the:	20th of each month
Direct debit cycle:	Monthly
Direct debit collection dates:	21st of each month
An interest rate decrease to: 5.99% per annum effective	6.99% per annum effective the 10th of June
New monthly principal and interest repayment will be:	\$2,118.42

This customer will be written to on or around the 10th of June advising them of the interest rate change, which is effective immediately. The customer will be advised that a new repayment of \$2,118.42 will begin to be collected via their monthly direct debit on or after the 20th of July. This means that the direct debit that is collected on the 21st of June will be the current monthly principal and interest repayment of \$2,023.75, whilst the direct debit that is collected on the 21st of July will be for the new repayment amount of \$2,118.42.

What repayment methods are available?

Citibank requires repayments on all home loan accounts (with the exception of Mortgage Power) to be made via a direct debit. If you choose to make extra repayments on your Citibank home loan it is easily done using one of the following methods:

Transfer of funds - via internet banking from any account that has internet bank functionality to your Citibank home loan account, bank fees may apply.

BPAY - this is one of the easiest and quickest ways to pay your Citibank Home Loan account. This is accessible 24 hours a day, 7 days a week. Simply:

- Ensure you are registered for internet and/or phone banking with the institution that holds the account you want to pay from
- Access your phone and/or internet banking service and follow the simple prompts
- Select the account that you want to transfer from
- Enter the Citibank Biller Code - 49510
- Enter your Citibank home loan account number as your Customer Reference Number
- Enter the amount you wish to pay
- Record your receipt number

Mail - post a cheque to the address below, made payable to the Citibank home loan account holder/s, recording your Citibank home loan account number on the back of the cheque; or simply send the cheque with a completed deposit slip. The cheque will be deposited on the day of receipt and normal cheque clearance times will apply in case you are seeking access to these funds.

Citibank Home Loans
GPO BOX 4799
Sydney NSW 2001

Deposit Book - can be used to make cheque and/or cash deposits at Australia Post or National Australia Bank. You can order a deposit book by calling Citiphone Banking on 13 24 84.

Payment Advice - we will send you periodic statements to let you know the status of your Citibank home loan. On the bottom of each statement there is a Payment Advice slip that you can use to make additional repayments. You can use the Payment Advice in the following ways:

- Post the Payment Advice to us in the reply paid envelope you receive with your statement, along with a cheque for the desired amount.
- Present the Payment Advice together with your payment at an Australia Post outlet.
- Pay in person using your Payment Advice at any National Australia Bank branch within Australia.

What are the direct debit repayment options?

A direct debit allows your regular home loan repayments to be automatically drawn from the bank account of your choice, free of charge.

With a direct debit you have the flexibility of:

- Paying your minimum repayment amount that will repay your loan within the pre agreed term.
- Making extra repayments by nominating to pay a higher amount each time, which should repay your loan ahead of the pre agreed term. The nominated amount will be drawn on the agreed date, unless the minimum repayment amount increases as a result of a change to your home loan account, and exceeds the nominated amount. If this occurs the minimum repayment amount will be drawn.
- Nominating a specific date, or day of the week for your repayment to be drawn, which you may wish to align to your pay day. As interest accrues daily on the outstanding balance it is advantageous to make the repayments as soon as the interest is debited to your home loan account.
- Electing to make your repayments on a fortnightly or weekly basis. The minimum fortnightly repayment will be one half of your monthly repayment, whilst the minimum weekly repayment will be one quarter of your monthly repayment.

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.

Please note that fortnightly and weekly repayment options are not available for fixed rate loans.

What happens when you make additional repayments?

Making additional repayments is the quickest way to repay your Citibank home loan account but you should be aware of the following:

Fixed rate loans:

- The maximum you are can pay in excess of you monthly repayment is \$1,000.00 otherwise a Fixed Rate break charge may apply.
- Fortnightly and weekly direct debit repayment options are not available.
- You are unable to redraw any additional repayments.

Variable rate loans:

- Principal and interest repayments will not be automatically recalculated if you make lump sum repayments, however your repayments can be amended upon your request.
- Interest only repayments are the actual interest charged each month, so any additional repayment will be reflected immediately in the monthly interest only repayment.
- Lump sum repayments will not be considered as all or part of your future month's repayments, i.e. Citibank will still requires you to maintain your minimum monthly repayment amount as it becomes due.

Some tips to manage your home loan account

Some tips to manage repayments on 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 wish to repay your loan faster.
- When setting up a direct debit, ensure that your nominated account has sufficient funds to meet your monthly repayments.

If you have further questions or require general information about your Citibank home loan account you can contact us on 13 24 84, 24 hours a day, seven days a week.