



10 March 2005

## HSBC LAUNCHES LOYALTY HOME LOAN

HSBC today announced the introduction of Home Rewards, a revolutionary new home loan that rewards customers for their loyalty with interest rates that reduce over the first two years. Borrowers can take it from one home to the next and the reduced rate applies for the life of the loan<sup>i</sup>.

HSBC's Home Rewards Loan is a flexible standard variable home loan with interest rates that reduce by 0.25 per cent per annum after the first year and by a further 0.50 per cent per annum after the second year.

With the potential to save borrowers \$49,098 over 30 years on a standard variable loan of \$250,000<sup>ii</sup>, HSBC's Home Rewards offers Australian borrowers an opportunity to save money on their home loan by maintaining a long term relationship with HSBC.

"HSBC's Home Rewards Loan is a welcome innovation for Australian customers," said Steve Martinelli, head of mortgages for HSBC in Australia.

"Home Rewards aims to satisfy the savvy Australian borrower who is looking for more from their lender because they're in the property market for the long haul."

HSBC research<sup>iii</sup> shows that almost half of homeowners surveyed plan to live in their current residence for eight years or more. If selling their current home, 57 per cent of home owners surveyed would purchase another one immediately.

That makes the portability of HSBC's Home Rewards ideal for Australian borrowers. Of those surveyed, more than 85 per cent preferred a home loan that offers rates that reduce over time to the traditional introductory interest rates selected by many borrowers.

There are also huge advantages to the Australian lending industry.

## **HSBC launches loyalty home loan/2**

“Industry concern over the growth of loan churning in the Australian market has grown considerably in the last few years,” Martinelli said.

“HSBC’s Home Rewards may help reduce that trend.

“With a long term commitment to lower variable interest rates for our customer, reducing the industry cost of mortgage churn and encouraging a longer loan tenure with one financial institution, HSBC’s Home Rewards loan is providing the Australian mortgage market with a win-win-win product offering,” he said.

For more information on HSBC’s Home Rewards Home Loan, visit

[www.hsbc.com.au/homerewards](http://www.hsbc.com.au/homerewards)

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**Media enquiries to Kate Epworth on +61 2 9006 5682 or +61 418 700 172  
or at [kateepworth@hsbc.com.au](mailto:kateepworth@hsbc.com.au)**

### **Notes to editors:**

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#### **Footnotes**

<sup>i</sup> Terms and conditions apply. Fees and charges apply. Lending criteria apply. Credit Provider is HSBC Bank Australia Limited ABN 48 006 434 162.

<sup>ii</sup> Savings based on comparing a \$250,000 standard variable rate loan with the Home Rewards Loan. It assumes an initial Home Rewards Loan Variable Rate of 7.24% p.a. and a comparison rate of 6.67%p.a. over a 25-year loan term. The standard variable loan interest rate used is 7.32% p.a., with account keeping fees of \$96 p.a. and a comparison rate of 7.44% p.a. HSBC does not predict how quickly or the amounts by which interest rates may change. This example assumes payments are made monthly. The comparison rate calculations are based on a designated amount of \$150,000 and a term of 25 years. Our comparison rate schedules are available at our branches and on our web site, [www.hsbc.com.au](http://www.hsbc.com.au). WARNING: This comparison rate is true only for the examples given and may not include all fees and charges. Different terms, fees or other loan amounts might result in a different comparison rate.

<sup>iii</sup> Online surveys conducted in November 2004 – January 2005 by Infochoice.

#### **HSBC in Australia**

In Australia, the HSBC Group offers an extensive range of financial services through a network of 35 branches and offices. These services include personal and commercial financial services, trade finance, non-advisory stockbroking, treasury and financial markets, funds management, investment advisory and securities custody.

Principal HSBC Group members operating in Australia include HSBC Bank Australia Limited, HSBC Asset Management (Australia) Limited, HSBC Precious Metals (Australia) Limited, HSBC Stockbroking (Australia) Pty Ltd and HSBC Bank plc.

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