

News Release

19 September 2016

HSBC TARGETS A BIGGER SHARE OF HOME LOAN MARKET

***Offers market leading home loan rate of 3.55% p.a. ***

Only 1 in 5 home owners switch loans, which could be costing them tens of thousands of dollars over the life of their loan

HSBC is offering owner occupiers a market leading rate of 3.55% p.a. (comparison rate 3.57% p.a.) for its Home Value mortgage offer.

The new rate is lower than all national banks¹ and demonstrates HSBC's bold ambition to significantly increase its current mortgage book.

"Our market leading rate of 3.55% p.a. provides owner occupiers with a great opportunity to refinance their loans with HSBC. Only a small proportion of home owners in Australia actually refinance their mortgage. By not reviewing your home loan, you could end up paying tens of thousands of dollars more over the life of your loan," says Graham Heunis, Head of Retail Banking and Wealth Management.

The Home Value rate of 3.55% is cheaper than all of the national banks and is on offer from 19 September 2016. A customer with a standard \$500,000 loan at 4.62% p.a. could save up to \$96,000² over the life of the loan by switching to the HSBC Home Value loan rate. Research from RFI shows that only 1 in 5 Australians will actually refinance loans, many citing they aren't aware that there are savings to be made by switching loan providers.

"HSBC has always offered competitively low rates and our customers can be assured of a superior experience with our local Relationship Managers. Australian home owners don't have to put up with sub-standard customer service or proportionally high interest rates. There are better options out there, and we're dedicated to being that better option for home owners," continues Graham.

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HSBC Bank Australia

In Australia, the HSBC Group offers an extensive range of financial services through a network of 37 branches and offices. These services include retail and commercial banking, financial planning, trade finance, treasury and financial markets, payments and cash management and securities custody. Principal HSBC Group members operating in Australia include HSBC Bank Australia Limited (ABN 48 006 434 162 AFSL/Australian Credit Licence 232595) and The Hongkong and Shanghai Banking Corporation Limited (ABN 65 117 925 970 and AFSL 301737)

This news release is issued by

HSBC Bank Australia Limited

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Notes to editors

1. National banks refers to banks with a branch network across multiple states/territories. Data sourced from finder.com.au/home-loans on 19 September 2016.

2. Savings calculated using loan comparison calculator on <http://www.hsbc.com.au/1/2/personal/home-loans/calculators/loan-compare>

Calculator Information

The Loan Comparison Calculator calculates the total amounts payable under two alternative loans and then provides the comparative amount saved by using the lower cost loan. The two loans allow for the entry of different expense amounts, both initial and monthly ongoing. In addition, the two loans allow for the entry of different introductory interest rates and terms, with different ongoing interest rates for the balance of the loan term. The calculation is done based on the repayment frequency selected by the user, in respect of the common loan parameters entered, namely amount and total term in years.

Calculator Assumptions

Length of Month

All months are assumed to be of equal length. In reality, many loans accrue on a daily basis leading to a varying number of days' interest dependent on the number of days in the particular month.

Number of Weeks and Fortnights in a Year

One year is assumed to contain exactly 52 weeks or 26 fortnights. This implicitly assumes that a year has 364 days rather than the actual 365 or 366.

Rounding of Amount of Each Repayment

In practice, repayments are rounded to at least the nearer cent. However the calculator uses the unrounded repayment to derive the amount of interest payable at points along the graph and in total over the full term of the loan. This assumption allows for a smooth graph and equal repayment amounts. Note that the final repayment after the increase in repayment amount will be a partial repayment as required to reduce the loan balance to zero.

Amounts of Totals Payable under each Loan

The website calculator quotes Total Amounts Payable under each loan that are rounded to the nearer dollar, after basing the calculations on unrounded repayment amounts.

Amount of Saving under Lower Cost Loan

The calculation of the amount of repayments saved under the lower cost loan is based on unrounded payment amounts. The amount saved is quoted in dollars and cents, not rounded to the nearer dollar.

Note: The results from this calculator should be used as an indication only. Results do not represent either quotes or pre-qualifications for the product. Individual institutions apply different formulas. Information such as interest rates quoted and default figures used in the assumptions are subject to change. Calculator © InfoChoice 2016

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