What is the CANSTAR Home Loan Package Star Rating?

CANSTAR *Home Loan Package Star Rating* uses a sophisticated and unique ratings methodology that compares both Cost and Features across packaged products. CANSTAR star ratings represent a shortlist of financial products, enabling consumers to narrow their search to products. CANSTAR *Home loan Package Star Rating* is a transparent analysis comparing all types of home loan package products.

What types of products are evaluated by CANSTAR Home Loan Package Star Rating?

Home Loan Packages allow consumers to bundle home loans, credit cards and deposit accounts together. CANSTAR *Home Loan Package Star Rating* aims to recognise institutions that offer outstanding value products to consumers across all three product areas.

Home Loans

Credit Cards

Deposit Accounts

Eligibility

In order to be considered for a Star Rating, home loan packages must meet the following requirements:

- Home Loan package must be available for residential and investment purposes
- Home Loan package must offer both 3 year fixed and variable rates
- Annual fee on the credit cards must be waived
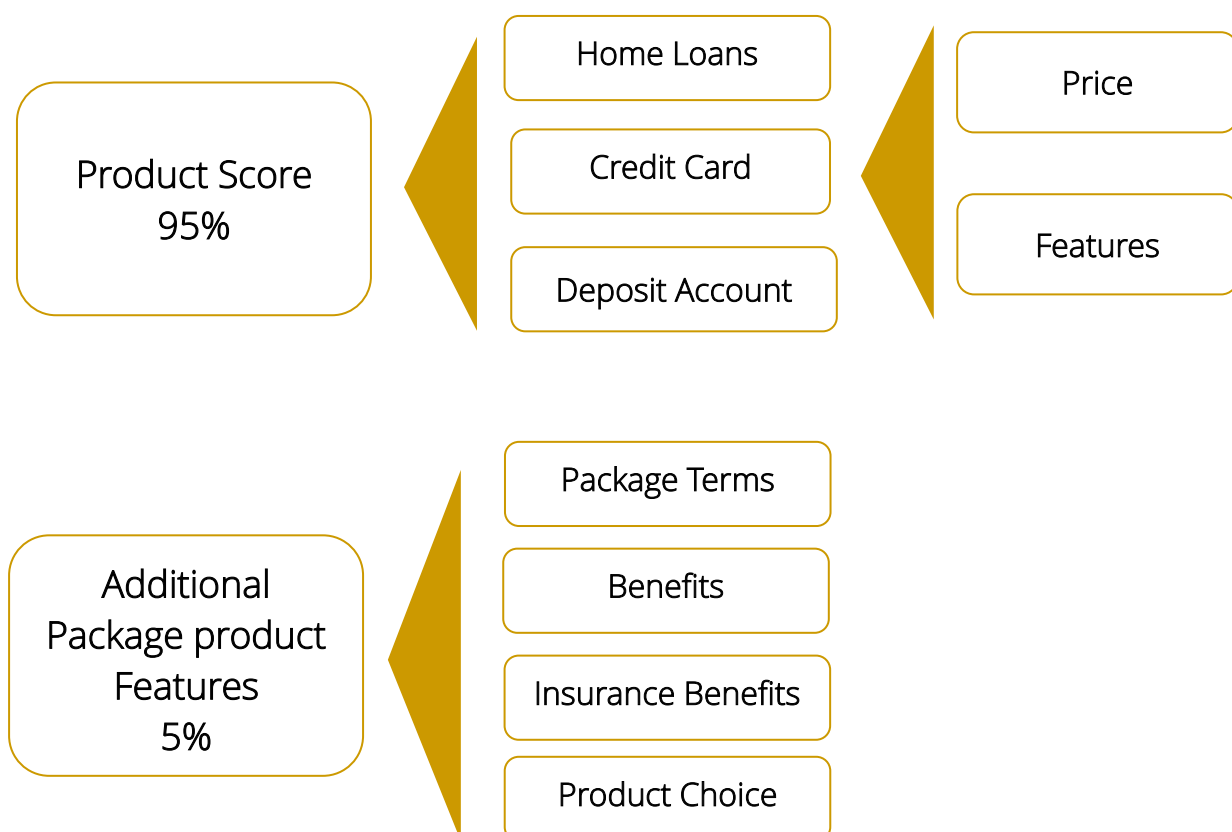- Account keeping fee on the deposit accounts must be waived

How is the CANSTAR Home Loan Package Star Rating calculated?

CANSTAR *Home Loan Package Star Rating* is a consumer friendly benchmark or value index. Each product reviewed for the Star Rating is awarded points for its comparative Pricing and for the array of positive Features attached to the product. Points are then aggregated to achieve a Product Score and Package Feature score.

To arrive at the total score CANSTAR applies a weight (w) against the Product and Package Feature scores. This method can be summarised as:

TOTAL SCORE = PRODUCT SCORE + PACKAGE FEATURE SCORE

Product Score 95%	Home Loans	Price
	Credit Card	Features
	Deposit Account	

Additional Package product Features 5%	Package Terms
	Benefits
	Insurance Benefits
	Product Choice

Outstanding value Home Loan Packages are products that offer great value home loans, credit cards and deposit accounts with the addition of extra package features. Each product within the package is assessed separately on price and features. The top performing product from each category is represented within the package. Points are assigned for a range of positive features attached to the package.

Product Score

Within the Product Score, Home Loans are allocated the most weight, as it is the biggest component of the Home Loan Package. The rest of the weight is distributed between credit cards and deposit accounts.

	Home Loan	Credit Card	Deposit Account
Weight	85%	10%	5%

Within Home Loans both Residential and Investment loans are considered, with the following weights applied:

Home Loans	
	Weight
Residential Home Loan	65%
Investment Home Loan	35%

The weighted average of Residential and Investment loans price and feature scores will be taken into account to arrive at the Total Home Loan Score for the Star Rating.

Home Loans

The Methodology for Home Loans considers the price and features associated with different loan types.

The weights assigned for each Home Loan type are as follows:

	Price Score	Feature Score
Variable	80%	20%
3 Year Fixed	80%	20%

Price Score – Home Loans

The Pricing Score of Home Loans is based on the cost of a home loan over 25 years and includes interest cost, upfront and ongoing fees.

Pricing Score 80%	◀	Variable Rate 70%	◀	$250,000
		3 Year Fixed 30%		$500,000
				$750,000
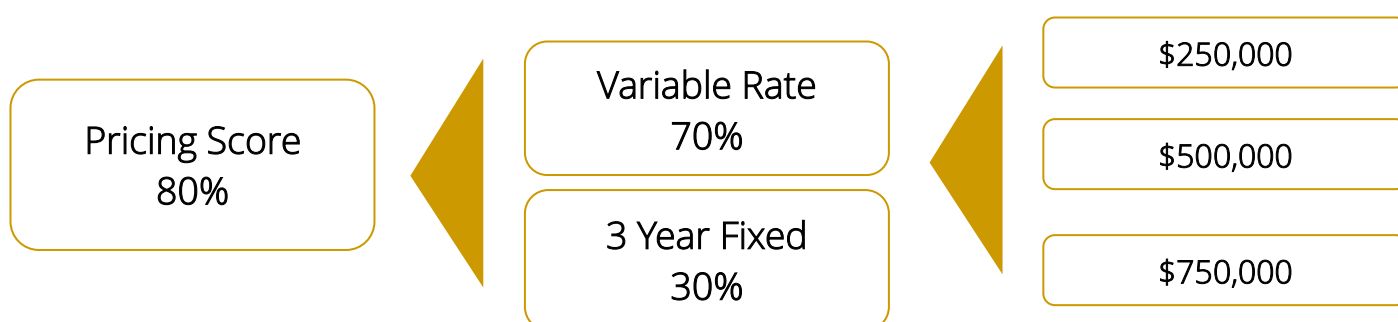
Loan Amount	Weight
$250,000	40%
$500,000	50%
$750,000	10%

The weighted average of the above loan amounts is used to calculate the total pricing score.

For the full Home Loans methodology please refer to CANSTAR Home Loans Star Rating.

YOUR GUIDE TO PRODUCT EXCELLENCE

Feature Score – Home Loans

The Feature score for the Home Loan component is based on <u>CANSTAR Home Loans Star Rating</u>.

Credit Cards

Profile	Description	Weight
Everyday Spender	Everyday spenders are disciplined credit card users that pay off their balances every month and may be looking to maximize their rewards benefit.	60%
Big Spender	Big spenders are credit card users that will put large amounts of money through their card each month and then pay off their balances.	40%

The Credit Card score is the weighted average of the total score for the Everyday Spender and Big Spender.

For the full Credit Card methodology please refer to <u>CANSTAR Credit Card Star Rating</u>.

Deposit Accounts

The price and feature scores for the Deposit account component are based on CANSTAR Savings and Transaction Accounts Star Rating. The Deposit Account score is represented by the top performing product within the "High Transactor" profile.

For the full Deposit Account methodology please refer to <u>CANSTAR Savings and Transactions Accounts Star Rating</u>.

Package Features

CANSTAR Home loan packages Star Rating not only considers the product assessment, but evaluates additional benefits that are offered to the consumer. Additional package benefits are as follows:

Categories	Weight	Description
Package Terms	15%	Requirements for an individual to obtain this product
Benefits	20%	Discounted financial planning, share trading and other benefits
Insurance Benefits	45%	Insurance discounts on general and risk products
Product Choice	20%	Number of home/investment loan options

Does CANSTAR rate all products available in the market?

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However complete coverage is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

How often are products reviewed for awards or star ratings purposes?

All ratings are fully recalculated every six months based on the latest features offered by each provider. CANSTAR also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazines, television, websites, etc.)

How are the stars awarded?

The total score received for each profile ranks the products. The stars are then awarded based on the distribution of the scores with the objective to award the top 5-10% of products with the CANSTAR five-star rating.
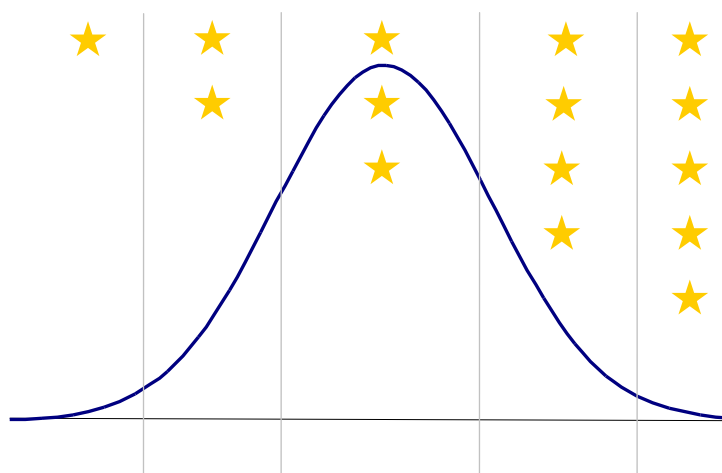
Does CANSTAR rate other product areas?

CANSTAR researches, compares and rates the suite of banking and insurance products listed below. These star ratings and awards use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers, who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Access the CANSTAR website at www.canstar.com.au if you would like to view the latest star ratings and awards reports of interest.

- Account-based pensions
- Business life insurance
- Deposit accounts
- Health insurance
- Life insurance
- Online banking
- Personal loans
- Term deposits
- Youth banking

- Agribusiness
- Car insurance
- Direct life insurance
- Home & Contents
- Managed investments
- Online share trading
- Reward programs
- Travel insurance

- Business banking
- Credit cards
- First home buyer
- Home loans
- Margin lending
- Package banking
- Superannuation
- Travel money cards