



Fixed Rate Home Loan Award

September 2018

What is the Canstar *Fixed Rate Home Loan Award*?

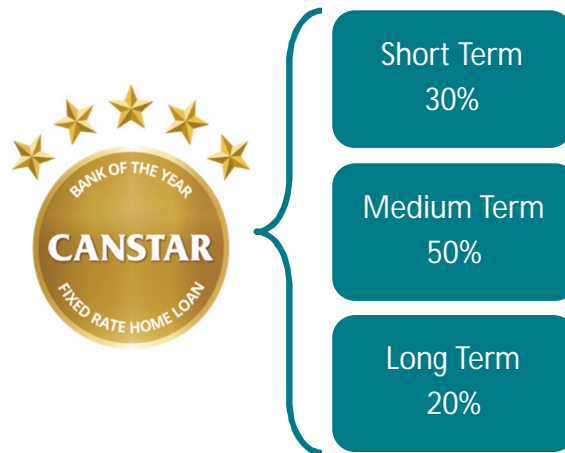
The Canstar Home Loan Star Ratings uses a sophisticated and unique methodology comparing the Cost and Features of a home loan to determine the products representing outstanding value. In conjunction with the Home Loans Star Rating, Canstar awards the Fixed Rate Home Loan Award to institutions that provide the strongest combination of fixed rate products across the Home Loan Star Ratings.

Canstar's Fixed Rate Home Loan Award uses the strength and robustness of the Home Loans Star Ratings to determine institutions that provide the strongest combination of products across two different consumer profiles (Owner Occupier and Investor) and four fixed rate terms (1, 2, 3 and 5 year fixed).

Please refer to the Home Loans Star rating methodology for more information about how the scores are assigned: www.canstar.com.au/home-loans/

How are the Canstar Fixed Rate Home Loan Awards calculated?

Canstar's Fixed Rate Home Loan Award recognises the strongest combination of fixed rate home loans across short, medium and long term fixed periods. Each lender reviewed for the Canstar Bank of the Year Fixed Rate Home Loan Award is awarded points for its comparative pricing and for the array of positive features attached to its offering in each of the loan terms considered. Points are aggregated to achieve a Price Score and a Feature Score. Points from each underlying profile are then combined to achieve a score for each of the fixed rate terms.



Category	Short Term*		Medium Term	Long Term
	1 Year	2 Year	3 Year	5 Year
Owner Occupier	70%		70%	70%
Price	80%		80%	80%
Features	20%		20%	20%
Investor	30%		30%	30%
Principal and Interest	50%		50%	50%
Price	80%		80%	80%
Features	20%		20%	20%
Interest Only	50%		50%	50%
Price	80%		80%	80%
Features	20%		20%	20%

*The Short Term category uses an institutions' best performing score from either 1 Year or 2 Year subcategories.

Price and feature weights applied to the Fixed Rate products are the same as the Home Loans Methodology



Price Score

Canstar accounts for both current and historical interest rates in the calculation of the pricing component of each product's overall score. Total Cost is determined by the loan size of \$350,000 and the loan to value ratio (LVR) of 80% for both Owner Occupied and Investment loans.

Total Cost is based on the following:

- Six months' interest rate historical information
- Interest cost plus upfront, ongoing and discharge fees
- At least one rollover of the fixed rate
- 60 Day period where a product reverts to a standard variable product interest rate (revert rate)

Product Category	Number of Rollovers	Loan Term
1 Year Fixed	2	3 years
2 Year Fixed	1	4 years
3 Year Fixed	1	6 years
5 Year Fixed	1	10 years

Feature Score

The Feature Score is comprised of two elements, the Product Features and an Institutional Assessment which are weighted accordingly:

Feature Category	Weight
Institutional Assessment	20%
Product Features	80%

Institutional Assessment

The Institutional Assessment recognises the following service elements offered by institutions to their customers:

Feature Category	Weight
Market Information/Education	35%
Educational Material, Property Reports/Market Statistics	80%
Tools & Calculators	20%
Accessibility	45%
Call Centre	50%
Branches	25%
Online Live Chat	25%
Online Self Service	20%

Product Features

The Product Features component takes into account more than 200 product features. These features are grouped into seven different categories with weights given to each relevant area. The following table outlines the weightings of each of the feature categories:

Category	Investor	Owner Occupier
Loan Terms	45%	40%
Lending Terms	65%	65%
Security Requirements	15%	15%
Guarantee Options	15%	15%
Construction Loan	5%	5%
Product Functionality	30%	35%
Additional Repayments	15%	20%
Redraw Facility/Transactional	15%	20%
Offset Facility	25%	25%
Split Facility	25%	20%
Top Up Facility	10%	10%
Portability	10%	5%
Fixed Rate	10%	10%
Rate Details	80%	100%
Interest in Advance	20%	-
Loan Fees	10%	10%
Switch Fees	75%	75%
Mortgage Fees	25%	25%
Loan Application	5%	5%

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

The Fixed Rate Home Loan Award is recalculated every 12 months based on the latest rates and features offered by each institution. Canstar also monitors rate changes on an ongoing basis.

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, this process 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.

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

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