

H&R Block, HSBC Announce Refund Lending Enhancements

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Business Editors

KANSAS CITY, Mo.--(BUSINESS WIRE)--Oct. 31, 2006--H&R Block Inc. (NYSE: HRB) and HSBC - North America today announced enhancements to the refund anticipation loan product for the coming tax filing season. These enhancements will provide clients convenient access to information about debts that could affect their tax refund loan as well as an improved disclosure process to ensure clients can make the most informed decisions about how to receive their tax funds.

The enhancements follow H&R Block's September announcement to reduce the cost of refund lending and to target opening 1 million low-cost bank accounts for free during tax season 2007.

"Besides saving our clients money, we're doing even more to make sure H&R Block customers receive the best service and disclosures in the industry," said Mark A. Ernst, chairman and CEO of H&R Block. "As our clients' tax and financial partner, we are dedicated to providing our clients with the best products at the best prices."

"We are confident that by teaming up together, H&R Block and HSBC can provide clients the opportunity not only to make more informed choices, but also that those choices are for more innovative products which specifically address our clients' needs," said Patrick A. Cozza, group executive of insurance and taxpayer financial services for HSBC.

Key improvements to the refund lending process include:

-- A new "debt alert" service: Starting this tax season, H&R Block and HSBC will launch a free, nationwide service to alert clients about possible outstanding tax-related debt. H&R Block will notify clients who are interested in a refund anticipation loan if they may have outstanding debt from a prior tax refund loan or tax preparation fees that could affect the loan decision. H&R Block tax professionals will provide access to an office phone to call HSBC toll-free for more information on any debt owed.

-- Improved disclosure process: Building on an industry-leading, five-step disclosure process, H&R Block and HSBC continue to expand and improve how the loan process is explained to clients.

A side-by-side comparison chart outlining all filing options, fees, and the time it takes to receive the client's refund ensures that consumers have the information needed to fully understand the costs of refund anticipation loans.

H&R Block tax professionals also provide a free H&R Block Advantage Report to every client. The report provides customized tax, budgeting, banking and government benefit information. The report and the tax professional also remind clients who choose refund anticipation loans that they can keep more of their refund by selecting a non-loan product.

Loan disclosure documents are provided to H&R Block customers during their discussion with a tax professional about tax refund settlement options. The documents explain in plain language that refund anticipation loans are loans. HSBC and H&R Block have been industry leaders in providing loan disclosures that clearly define products and costs and that explain explicitly obligations to each client considering a refund anticipation loan.

Previous Refund Lending Improvements

H&R Block announced on Sept. 7 that it will reduce the cost of refund lending for many taxpayers in the upcoming tax season. For a \$2,800 classic refund anticipation loan, which is the average loan size for H&R Block, the cost will be reduced by more than 40 percent compared to last year when taken with a new H&R Block Emerald Prepaid MasterCard(R). As an 11-day loan, the finance charge on this \$2,800 loan translates to a 36 percent APR, which meets benchmarks suggested by many consumer advocates.

The new H&R Block Emerald Card allows clients to direct deposit future payroll and tax refunds, eliminates check-cashing fees, and also reduces or eliminates other transaction charges that can cost clients without bank accounts as much as \$600 annually. The card is provided by the H&R Block Bank.

To learn more about H&R Block and its products, visit hrblock.com or call 1-800-HRBLOCK.

About H&R Block

H&R Block Inc. (NYSE: HRB) is a leading provider of tax, financial, mortgage, accounting and business consulting services and products. H&R Block is the world's largest tax services provider, having prepared more than 400 million tax returns since 1955. The company and its subsidiaries generated revenues of \$4.9 billion and net income of \$490 million in fiscal year 2006. The company operates in four principal business segments: Tax Services (income tax preparation and advice via in-office, online and software solutions); Mortgage Services (non-prime mortgage originations and loan servicing); Business Services (tax, accounting and consulting services for midsized businesses); and Consumer Financial Services (investment and financial advisory services, retail mortgage loans and banking services). Headquartered in Kansas City, Mo., H&R Block markets its services and products under three leading brands - H&R Block, Option One and RSM McGladrey. For more information visit our Online Press Center at www.hrblock.com.

About HSBC Taxpayer Financial Services

HSBC Taxpayer Financial Services is the leading U.S. servicer of tax-related financial products offered to consumers through professional tax preparer locations and tax preparation software providers. Serving millions of customers annually, the business leverages the annual U.S. income tax filing process to provide products that offer consumers quick and convenient access to their funds in a range of tax-related financial products.

About HSBC - North America

HSBC - North America comprises all of HSBC's U.S. and Canadian businesses, including the former Household International businesses. The company's businesses serve nearly 60 million customers in five key areas: personal financial services, consumer finance, commercial banking, private banking and corporate investment banking and markets. Financial products and services are offered under HSBC, HFC and Beneficial brands. For more information, visit www.hsbcusa.com.

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