

Serviceability & Eligible Incomes

The following document outlines Bankwest's Serviceability Test and the Income Types that will be considered for Retail (Consumer) lending and is to be used as a guide.

Bankwest's Servicing Test is completed through a Net Income Commitment Level (NICL) calculation.

This is calculated by subtracting the total of their annual repayment commitments (both existing and proposed) and annual living expense allowance from their total allowable net income.

Servicing capacity is to demonstrate a surplus income position, i.e. net cash position must be greater than \$0 or \$2400 for applications involving a Self Employed Borrower under the full verification method, after allowing for taxation, household and general living expenses and commitments, on a monthly basis.

Exceptions to this include Bridging loans require that borrowers must be able to clear the bridging loan at the expiry of its term through sale of assets.

Verifying income is an important part of ensuring the borrower is able to service the loan and is a requirement as part of our responsible lending obligations.

Income and verification

It is imperative that the Bank:

- understands the customer's employment arrangement, e.g. full time, part time, casual, as well as their income structure, e.g. base, overtime, shift, bonus, to ensure that an accurate income / servicing assessment is completed. This must be completed at the start of the application process to enable the correct verification documentation to be obtained;
- includes comments in the application detailing the customer's employment arrangements, income structure and any associated calculations; and
- uses the most appropriate verification method which will accurately reflect the customer's income position.

Income types

Income used in the NICL calculation is broken into different categories:

Personal / PAYG

This is all income received that is taxed at the standard Australian Resident personal taxation rates.

For individuals receiving income as a sole trader, from a partnership, or income from a business entity where the income has been expensed as a profit and loss item e.g. Director's Salary or **Partner's Wages**, refer to **Completing the self-employed worksheet**.

Note: Amounts representing statutory employer contributions towards superannuation are to be excluded from serviceability calculations.

- For full information on the income type conditions, description and verification refer to the **section 'PAYG' below.**

Self employed

This represents the Australian income received for individuals who have self-determination of their salary (i.e. company directors, business proprietors etc).

Self Employed income for non-residents is not acceptable.

- For full information on the income type conditions, description and verification refer to the **section 'Self Employed' below.**

Rental income

Rental income refers to the amount of rent received, or will be received, by the customer prior to the **deduction of real estate agent's commission, other expenses and income tax. Gross rental income** only applies to self-contained dwellings. Room rental and board are unacceptable. A retail customer can receive up to 100% of their income from rental sources. The borrower must derive a benefit from all of their properties by being an owner occupier or from rental income.

- For full information on the income type conditions, description and verification refer to the **section 'Rental Income' below.**

Foreign income

This represents ongoing income that is paid to individuals who are either not Australian citizens or Permanent Australian Residents OR the income is paid in a currency other than Australian Dollars.

The only acceptable foreign income sources are Foreign Pensions and Salary Based Income.

For full information on the income type conditions, description and verification refer to the section **'Foreign Income' below.**

Disallowed income

Disallowed income is any income which is not contained within the respective Income Matrixes and must be referred to Retail Credit Decisions with the appropriate delegation before including this income.

Commitments & Living Expenses

An applicant's ongoing financial commitments and expenditure must be considered in the serviceability assessment. These are defined within two categories;

Category	Definition
Commitments (New and Existing)	<p>On-going financial debts or facilities that are typically repaid or held over an extended period of time, bound by contractual terms including;</p> <ul style="list-style-type: none"> • Fixed commitment repayments (e.g. loans) OR, • Limit facilities (e.g. credit cards and overdrafts). <p>All commitments must be included in the customer's serviceability assessment. Refer to 'Minimum assessment rates and requirements for Bankwest and Other Financial Institution (OFI) commitments' below for details on the treatment of specific commitments.</p>
Monthly Living Expenses	<p>Include all other expenditure associated with the cost of living (including charge cards without a limit; and Buy Now Pay Later (BNPL) facilities if no formal loan offer issued, the facility is to be repaid within a very short term and cannot be redrawn or reused).</p> <p>The borrower's declared living expenses must be itemised, documented and reviewed for reasonableness.</p> <p>The amount of living expenses used in the servicing assessment is:</p> <ol style="list-style-type: none"> 1. The higher of either: <ul style="list-style-type: none"> a. the declared basic living expenses advised by the borrower/s; OR b. determined using the retail annual living expenses based upon the Household Expenditure Measure (HEM). 2. Plus any declared additional living expenses not included in the HEM comparison.

Minimum assessment rates and requirements for Bankwest and Other Financial Institution (OFI) commitments

Repayment commitments included in the application must include all debt servicing commitments on a fully amortised basis, including, where applicable, consideration of the current interest rate, remaining term, outstanding balance and amount available for redraw of the existing loan facility plus any ongoing rental payments that will continue to be met by loan borrowers for existing housing arrangements.

Supporting commentary outlining the rationale of a varied approach to the calculation of servicing commitments may be included (do not alter the assessed commitment). These applications must be referred to a PCAA holder who will consider the information on a case-by-case basis.

The method of assessing a borrower's repayment commitments is as follows:

Interest rate / repayment amount	Facility	New / existing	Requirement
Interest rate	Where the loan is fully secured by residential property	New	<p>The higher of either the:</p> <ul style="list-style-type: none"> • Current assessment rate floor of 5.40% OR • Applicable current fixed Principal and Interest (P&I) product rate OR • Applicable current variable P&I product rate plus the minimum assessment rate buffer of 3.00% OR • Actual product's go-to rate plus the minimum assessment rate buffer of 3.00%.
		Existing	<p>The higher of either the:</p> <ul style="list-style-type: none"> • Current assessment rate floor of 5.40% OR • Actual rate plus the minimum assessment rate buffer of 3.00%.
	Facilities being refinanced that have failed servicing using the above minimum assessment rates for "New and existing Bankwest and OFI mortgage facilities"		<p>An additional servicing assessment may be undertaken based on the higher of:</p> <p>Current assessment rate floor of 5.40%; or</p> <p>Applicable current fixed Principal and Interest (P&I) product rate; or</p> <p>Applicable current variable P&I product rate plus the minimum assessment rate buffer of 1.00%; or</p> <p>Actual product's go-to rate plus the minimum assessment rate buffer of 1.00%.</p> <p>Applications demonstrating a net monthly income surplus using this assessment rate method above must</p>

Interest rate / repayment amount	Facility	New / existing	Requirement
			<p>also meet the following eligibility criteria:</p> <ul style="list-style-type: none"> • LVR <= 80%; AND • No LMI; AND • No delinquency across any product on CCR and Bankwest for the last 12 months; AND • IO is restricted to Investment Loans only; AND • Borrowed amount is limited to the existing loan limit plus the lower of \$10,000 or 1% of the loan limit (to cover fees and costs in refinancing). <p>Note 1: Full standard income and liability verification must be applied.</p> <p>Note 2: A specific exception must be recorded by the appropriate credit authority holder.</p> <p>Note 3: Refer to Refinance exception assessment method - application criteria</p>
Repayment terms	Home loan fully secured by residential property	New	<p>Annual repayment is to be assessed using regular instalments over the remaining P&I term of the loan.</p> <p>Note: When the facility is construction until fully drawn a 2-year default IO period is applied.</p>
		Existing	<p>Annual repayment is to be assessed using regular instalments over the remaining P&I term of the loan.</p> <p>Note: For existing Bankwest construction facilities the annual repayment is to be assessed over the remaining term.</p>

Interest rate / repayment amount	Facility	New / existing	Requirement
	Non-amortising facilities fully secured by residential property	All	Annual repayment is to be assessed using P&I repayments over a period of 25 years.
	Credit Cards (i.e. OFI, store cards)	All	A monthly repayment equal to 3.80% of the limit of the facility. Note: This includes Personal Overdrafts which are a limit facility.
	Buy Now Pay Later (BNPL) facilities	All	The treatment of a BNPL facility depends upon its characteristics: <ul style="list-style-type: none"> To be treated as a monthly expense, a BNPL facility should be paid in equal instalments over a maximum of six months, have a small limit (generally no more than \$2000) and not incur any interest charges when paid within the set period. All other BNPL facilities e.g. those with a reusable set credit limit, instalments that extend for a longer period of time (more than six months) and/or incur interest and fees, should be treated in the same way as a credit card commitment i.e. not as a living expense.
	Personal loans	New	The higher of either the <ul style="list-style-type: none"> Actual repayment OR As if the loan was amortised over the term of the loan at the Personal Loan Benchmark Rate.
		Existing	The higher of either the <ul style="list-style-type: none"> Actual repayment OR As if the loan was amortised over a period of five years at

Interest rate / repayment amount	Facility	New / existing	Requirement
			the Personal Loan Benchmark Rate.
	Business loans	All	The higher of either the: <ul style="list-style-type: none"> Actual repayment; OR The Current Business Benchmark Rate of 7.25% or the Actual product rate plus a buffer of 2.50% (whichever is the higher) amortised over 15 years.
	Commercial Credit Cards	All	A monthly repayment equal to 3.80% of the limit of the facility.
Other liabilities, not already included in living expenses, including but not limited to HELP / HECS / Family Maintenance / ATO Debt(s) / Margin Loans.	All	The actual amount	

Rent and Board

A notional board or rent amount will be automatically applied where the borrower is applying for a retail home loan for investment purposes and is renting, boarding or living with relatives or friend free of charge.

Where the borrower has declared they are paying rent, boarding, or living for free and this is less than \$150 per week / \$7,800 per annum, the notional amount is applied, even when lower can be verified.

If a borrower lives with a spouse in a property belonging to the spouse, with no obligation to **contribute to the spouse's mortgage commitment, notional rent does not apply.**

NOTE: The application of an annual rental expense does not apply where the primary purpose of the loan is not for owner occupied purposes, unless the arrangement will continue after the loan is disbursed.

Living expenses

Responsible lending obligations require reasonable inquiries to be made about the consumer's financial situation, their requirements and objectives. The below table provides a guide as to how

living expenses are to be applied. For further assistance, please contact your Bankwest Business Development Manager.

Borrowers	Living allowance applied to application
Married / Defacto couple where both adults reside at the same address.	Joint SOP with living allowance of one adult and one subsequent adult.
Married / Defacto couple where each adult resides at a different address.	Single SOP for each borrower, inclusive of living allowance of one adult for each.
Married / Defacto couple where both adults reside at the same address, and single person (such as parents and adult child purchasing a home together).	Joint SOP with living allowance of one adult and one subsequent adult applied to the parents as well as a separate SOP including living allowance of one adult for adult child.
Married / Defacto couple, where each adult resides at a different address, and single person (such as parents and adult child purchasing a home together).	Single SOP for each borrower, inclusive of living allowance of one adult for each.
Brother and sister / parent and adult child.	Single SOP for each borrower, inclusive of living allowance of one adult for each.
Two x friends.	Single SOP for each borrower, inclusive of living allowance of one adult for each

Note: Single borrowers in a spousal relationship (married / defacto) – Though the application is in one name, it requires inclusion of living allowance expense of two adults.

Dependants in shared custody

Where a borrower has a child(ren) subject of a shared custody arrangement, the child(ren) must be factored into the household position in line with the below requirements:

- If child maintenance / support is not paid and there is a shared custody arrangement, the child(ren) must be included as a dependant(s) for servicing purposes.
- If the child(ren) does not primarily reside with the borrower (less than 50% custody), for servicing purposes an outgoing child support payment can be used instead of including the child as a dependant. However, it is expected that any additional living expenses the borrower incurs while the child(ren) is residing with them is captured.
- Where custody is shared equally, i.e. 50/50, you must include the child(ren) as a dependant(s) in addition to any child maintenance / support commitment, but only need to include living expenses that are incurred while the child(ren) is residing with the borrower.
- Any child maintenance / support paid must be captured as a commitment.

Income Types

PAYG

Unless specified below or noted in the verification requirements the most recent payslip must be dated within 60 days immediately preceding the application date.

Note: Application date includes the transfer date to formal application for pre-approved home loans.

Note: Enter 100% of the gross amounts into Apply Online for all income types. Shaded income amounts will be automatically calculated by the system for use in the serviceability assessment.

Income type & conditions	Description	Verification
PAYG Salary / Wage		
Base Full Time	This is the minimum income the customer earns excluding any allowances, commission, bonus and overtime.	Use one of the following options: 1. One acceptable payslip, OR 2. A Bankwest bank account with a minimum of three months' consecutive salary credits that show the employer's name. Refer Below 'Income Verification - three month's salary credits' for further details.
Base Part Time		
Base Contract		
Base Employed by family (100% - Personal)	If an income level above the Base Income is required to service the proposed debt (overtime, commission, etc.) then further supporting documents are required as per income matrix.	<p>Note: For PAYG applications subject to LMI approval AND less than six months with current employer: In addition to the option chosen from the above, a letter from the applicant's employer (on a company letterhead) detailing name, length of employment, income details, and confirmation that any probationary period has been completed.</p> <p>Note: Borrowers who are employed by their self-employed spouse/defacto must provide their personal tax return and corresponding notice of assessment (or letter from an accountant to confirm the tax return provided is final and has been lodged with the ATO) from the most recent financial year where their spouse/defacto is also a co-borrower, and full verification method is used. The tax return and notice of assessment</p>

Income type & conditions	Description	Verification
		<p>must be from the same year from which the self-employed income is being assessed.</p> <p>Where the salaried self-employed method is used for the self-employed spouse/defacto, a personal tax return and corresponding notice of assessment is required where the self-employed borrower's income has been verified to a tax return.</p>

An acceptable payslip must include:

- Borrowers name
- Employer name
- ABN (if not a government department)
- Gross Income / Tax paid / Net income
- Breakdown of any allowances and deductions

Should the payslip provided not contain all the above information the customer is required to provide either;

1. **A signed letter on the employer's letterhead confirming the missing details, or**
2. Online ABN and White / Yellow Pages searches must be completed by Bankwest and salary credits matched to Bank account statements.

Income verification – **three month's salary credits**

The following sets out the eligibility criteria for verifying income using salary credits to a Bankwest account.

For customers who have held account/s with Bankwest for at least three months, their wage and salary income may be verified through evidencing direct salary credits without the need to further source pay slips / salary advices where:

- The income being verified is wage and salary based only.
- **The account is in the applicant's name (this can be a joint account where it is evident that the applicant is an account holder).**
- **The salary credits show the employer's name and are consistent, with the most recent credit being within the observed pay cycle.**

Income type & conditions	Description	Verification
<ul style="list-style-type: none"> Where salary credits are consistent with a variance within 10%, the average credit can be relied upon. If these salary credits vary by more than 10%, then the lowest value is to be relied upon. Any other income type is required to be verified in line with existing policy requirements. 		
<p>Note 1: It is acceptable to include other regular salary credits paid to a different Bankwest account, provided these also meet the criteria above.</p> <p>Note 2: Where the existing three month's salary credits are not sufficient to meet the Bank's serviceability requirements or a higher income amount is to be relied upon, e.g. where salary sacrifice may exist, full income documentation is required to be provided as per existing policy and verification of this is to be completed.</p>		
Salary Sacrifice (100% - Personal) Note: This is not to be used for individuals employed by eligible Not-For-Profit Charities eligible to claim a Fringe Benefit Tax exemption or rebate. Refer to Salary Sacrifice tax-free arrangements below.	Salary sacrifice is an arrangement between an employer and an employee, whereby the employee agrees to forgo part of their future entitlement to salary or wages in return for the employer providing them with benefits of a similar value. A salary sacrifice arrangement is also commonly referred to as salary packaging or total remuneration packaging. Common salary sacrifices include but are not limited to: <ul style="list-style-type: none"> Liabilities (e.g. novated lease, home loan repayment, other loan repayment) Living expenses (e.g. gym membership, childcare fees, transport, charitable donation) Other (e.g. voluntary or compulsory superannuation, purchase leave) <p>Note: Compulsory superannuation payments are</p>	Use one of the following options: <ol style="list-style-type: none"> One acceptable electronic year to date income payslip verifying base income that covers at least two consecutive pay cycles in the year to date amount, OR A letter from the employer, OR Current employment contract or remuneration schedule. <p>Note: Where there are multiple salary sacrifice deductions, and they are not itemised on the payslip, additional documents must be obtained.</p> <p>The full amount of all liabilities (e.g. novated lease, home loan) must be included as a commitment in servicing.</p>

Income type & conditions	Description	Verification
	<p>additional payments that an employee must make as a condition of their employment, that are above the minimum employer superannuation guarantee contributions.</p> <p>Salary sacrifice arrangements can only be used if the customer is willing and able to stop the deduction; you must understand the customer/s employment/salary arrangement in detail to determine this.</p> <p>Example:</p> <p>Total Package (gross) = \$100,000</p> <p>Salary Sacrifice = \$20,000 (confirmed that this can be discontinued at any time)</p> <p>Cash Component excl. salary sacrifice (gross) = \$80,000</p> <p>Use the Total gross package amount of \$100,000 as the customer can elect to discontinue the salary sacrifice amount at any time.</p>	
<p>Salary sacrifice tax-free arrangements</p> <p>Fringe Benefit Tax (FBT) – Eligible Not-For-Profit Employees</p> <p>100% - Untaxed - to a maximum of the respective capping threshold</p>	<p>Individuals employed by an eligible not-for-profit organisation may be eligible for a FBT exemption or rebate; the ability to salary sacrifice part of their income and receive pre-tax benefit to pay expenses.</p> <p>Eligible employees must be employed by either a public benevolent institution, health promotion charity, religious institution, public or not-for-</p>	<p>Use one of the following options:</p> <p>One acceptable electronic year to date income payslip confirming details of the FBT arrangement, OR</p> <p>A letter from either the employer or agency managing the arrangement confirming the amount.</p>

Income type & conditions	Description	Verification
	<p>profit hospital, or public ambulance service.</p> <p>You must understand the customer/s employment / salary arrangement in detail to determine this.</p> <p>Capping thresholds</p> <p>Individuals employed by an eligible not-for-profit organisation can claim the amount evidenced within their payslip up to the following respective capping threshold:</p> <ul style="list-style-type: none"> Public benevolent institutions, health promotion charities or religious institution: \$15,900 per year. Hospitals and ambulance services: \$9,010 per year. <p>NOTE: Should the actual amount exceed the respective threshold, the amount above this must be treated as 100% - Personal.</p>	
Commission (80% - Personal)	Commission (e.g. retail sales commissions without incurring business related expenses) must be a permanent part of income and been consistent for at least six months.	<p>Use one of the following options:</p> <ol style="list-style-type: none"> One acceptable payslip showing current base wage AND a letter/s from the employer detailing the commission amount/s received over the past six months, OR One acceptable payslip showing current base wage AND the most recent tax return or PAYG payment summary / ATO Income Statement that must be 'Tax

Income type & conditions	Description	Verification
		<p>Ready' not more than 18 months old, OR</p> <p>3. Payslips showing the commission amounts received over six consecutive months.</p>
Bonus Income (80% - Other Gross)	<p>Bonus income must be a permanent and ongoing part of the customer's income.</p> <p>Bonus income can be monthly, quarterly, half-yearly or annually.</p>	<p>Use one of the following options:</p> <ol style="list-style-type: none"> 1. A letter/s from the employer detailing the bonus amount/s received in the most recent financial year, OR 2. Payslip/s showing the bonus amount/s received in the most recent financial year.
Incentive Income (80% - Personal)	<p>Incentive income must be a permanent and ongoing part of the customer's income.</p> <p>Incentive income be regular and received at least monthly.</p>	<p>Use both of the following options:</p> <ol style="list-style-type: none"> 1. Payslips showing the incentive income received over two consecutive pay cycles, AND 2. Copy of either letter of entitlement from employer or employment contract
Allowances (100% - Personal)	<p>Work related allowance must be a permanent and ongoing part of the customer's income.</p> <p>Examples may include allowances for a motor vehicle, living away from home, shift allowances or penalty rates where those allowances have been received for a minimum of 3 months.</p>	<p>Use one of the following options:</p> <ol style="list-style-type: none"> 1. One acceptable payslip, which shows a YTD income history of at least three months, OR 2. One acceptable payslip AND the most recent tax return or PAYG payment summary / ATO Income Statement that must be 'Tax Ready' not more than 18 months old, OR 3. Payslips showing the allowance amounts received over three consecutive months, OR

Income type & conditions	Description	Verification
		4. The most recent acceptable payslip showing less than three months in the YTD AND one payslip from end of the most recent pay year which combined show YTD income history of at least three months.
Overtime (80% / 100% - Personal) Notes: 1. For applications where the individual is employed in either the Health Care or Emergency Services industries use 100%. 2. For applications where the individual is not employed in either the Health Care or Emergency Services industries a maximum of 80% can be used.	Overtime must be a permanent and ongoing part of the customer's income.	Use one of the following options: 1. One acceptable payslip, which shows a YTD income history of at least three months, OR 2. One acceptable payslip AND the most recent tax return or PAYG payment summary / Australian Taxation Office (ATO) Income Statement that must be 'Tax Ready' not more than 18 months old, OR 3. Payslips showing the overtime amounts received over three consecutive months, OR 4. The most recent acceptable payslip showing less than three months in the YTD AND one payslip from end of the most recent pay year which combined show YTD income history of at least three months.
Casual Employment / Employees of Temporary Agencies (100% - Personal) Note: This is not to be used for seasonal workers where income is received over a season only and not across a full year. Refer to the	Minimum six months with current employer. This is where a full time or part time employee is not permanently employed or is employed by a temp agency.	Use one of the following options: 1. One acceptable payslip which shows a YTD income history of at least six months, OR 2. One acceptable payslip AND the most recent PAYG summary / ATO Income Statement that must be 'Tax

Income type & conditions	Description	Verification
'Seasonal Employment' verification requirements		Ready' for the last financial year.
Seasonal Employment (100% - Personal) Note: For applications where customers have worked for more than one season in the same industry or employment role	Seasonal employees typically receive their income over a particular period or part of the year, i.e. they do not receive the income across the full year. Income is not to be annualised and the actual income received over the season must be used for servicing.	Use ALL of the following options: 1. Letter from current employer or employment agency detailing: a. current employment arrangement (number of months per year they work); AND b. length of employment; AND c. annual gross salary, AND 2. The most recent acceptable payslip (may be older than 60 days if season has ended), AND 3. Either of: a. The most recent PAYG summary / ATO Income Statement that must be 'Tax Ready' for the last financial year ; OR b. The most recent tax return. NOTE: If evidence is held on file from different sources with differing income amounts, the lowest figure must be used.
Second Job (100% - Personal)	Minimum six months with current employer. This is where a full time or part time employee has a second job.	Use one of the following options: 1. One acceptable electronic year to date income payslip verifying base income that covers at least six months year to date income, OR

Income type & conditions	Description	Verification
		2. One acceptable payslip AND the most recent PAYG summary / ATO Income Statement that must be 'Tax Ready' for the last financial year.

Self Employed

For the self-employed or those who have self-determination of their salary, i.e. company directors, the minimum level of income evidence is as below.

	Simple Verification	Full verification or where two years financials are provided
Maximum age of documents	The most recent payslip must be dated within 60 days immediately preceding the application date.	20 months.
Income amount used in servicing calculation	100%	Most recent financial year.
Variance review	<p>Not applicable for applications with LVR<=80% where the financial statements only include the most recent financial year.</p> <p>Where two years financials have been provided both years must be considered as part of verification and the below variance rules will apply.</p> <p>Where the variance is +/-20% and greater than \$10,000 the application must have commentary explaining the reason for the variance.</p>	

Sole Trader

Business Type	Sole Trader	
Application conditions	LVR ¹ <=80%	LVR ¹ >80%

¹ Loan to value ratio.

Business Type	Sole Trader	
Minimum ABN / ACN registration ²	18 months	24 months
Documentation required	Personal tax return from most recent financial year including depreciation schedule ³ AND Corresponding Notice of Assessment (NOA) ⁴ , OR Letter from an accountant to confirm the tax return provided is final and have been lodged with the ATO.	Two years personal tax return from the most recent financial years including depreciation schedule ³ AND Most recent Notice of Assessment (NOA) ⁴ , OR Letter from an accountant to confirm the tax returns provided are final and have been lodged with the ATO.

Partnership

Business Type	Partnership	
Application conditions	LVR ¹ <=80%	LVR ¹ >80%
Minimum ABN / ACN registration ²	18 months	24 months
Documentation required	Personal tax return from most recent financial year; AND Corresponding Notice of Assessment (NOA) ⁴ OR letter from an accountant to confirm the tax return provided is final and have been lodged with the ATO; AND Business tax return from most recent financial year; AND Accountant prepared business financial statements from the most	Personal tax return from most recent financial year; AND Corresponding Notice of Assessment (NOA) ⁴ OR letter from an accountant to confirm the tax return provided is final and have been lodged with the ATO; AND Business tax return from most recent financial year; AND Accountant prepared business financial statements from the most

² If an entity does not meet the minimum requirement, individual circumstances can be considered by a Personal Credit Approval Authority (PCAA) holder.

³ Where there is no depreciation claimed in the profit and loss, no depreciation schedule is required. Where the depreciation is unable to be verified as recurring or is not supplied, it can be entered as a non-recurring expense.

⁴ The taxable income stated on the NOA must be compared to the personal tax return to ensure the amount is the same.

Business Type	Partnership	
	recent financial year ⁵ including depreciation schedule ³ .	recent financial year ⁵ including depreciation schedule ³ .

Trust or company

Business Type	Trust or Company	
Application conditions	Salaried Self Employed: Can only be used where customer has paid themselves a salary from their company or trust for a minimum period of 6 months and there is no reliance on additional income from the business to demonstrate servicing.	
	If customer requires additional income from the business to support servicing, or the required documents cannot be evidenced, the Full verification method must be used.	
	LVR ¹ <=80%	LVR ¹ >80%
Minimum ABN / ACN registration	18 months	24 months
Documentation required	Use ONE of the following options: Individual ATO lodged tax return showing twelve months income; OR The most recent payslip* showing > six months YTD income; OR One payslip* showing < six months YTD income and most recent financial years' PAYG Payment Summary/'Tax ready' Income Statement ; OR The most recent six months consecutive acceptable payslips*; AND Evidence the business is operating at a net profit using ONE of the following: The most recent year's ATO lodged Business Tax Return ; OR	Use ONE of the following options: Individual ATO lodged tax return showing twelve months income; OR The most recent payslip* showing > six months YTD income; OR One payslip* showing < six months YTD income and most recent financial years' PAYG Payment Summary/'Tax ready' Income Statement ; OR The most recent six months consecutive acceptable payslips*; AND Evidence the business is operating at a net profit using ONE of the following: The most recent year's ATO lodged Business Tax Return ; OR

⁵ For trusts, the financial information must include distribution statements.

Business Type	Trust or Company	
	<p>The most recent year's accountant prepared Business Profit and Loss statement; OR</p> <p>Accountant prepared letter stating that the company/ trust has sufficient profits to meet the business commitments and can continue to pay the salary the customer has declared.</p>	<p>The most recent year's accountant prepared Business Profit and Loss statement.</p>
<p>* Payslips may only be used under the Salary Self Employed policy where they are ordinarily issued to the customer AND they have paid themselves a regular salary for a minimum of 6 months to a personal account.</p>		
Application conditions	Full Verification: must be used to verify self-employed income where additional income from the business is required to demonstrate servicing.	
	LVR ¹ ≤80%	LVR ¹ >80%
Minimum ABN / ACN registration ²	18 months	24 months
Documentation required	<p>Personal tax return from most recent financial year; AND</p> <p>Corresponding Notice of Assessment (NOA) ⁴ OR letter from an accountant to confirm the tax return provided is final and have been lodged with the ATO; AND</p> <p>Business tax return from most recent financial year; AND</p> <p>Accountant prepared business financial statements from the most recent financial year⁵ including depreciation schedule³.</p>	<p>Personal tax return from most recent financial year; AND</p> <p>Most recent Notice of Assessment (NOA)⁴ OR letter from an accountant to confirm the tax returns provided are final and have been lodged with the ATO; AND</p> <p>Business tax return from most recent financial year; AND</p> <p>Accountant prepared business financial statements⁶ from the most recent financial year⁵ including depreciation schedule³. The statements must show the last two consecutive years profit and loss information.</p>

¹ Loan to value ratio.

² If an entity does not meet the minimum requirement, individual circumstances can be considered by a Personal Credit Approval Authority (PCAA) holder.

³ Where there is no depreciation claimed in the profit and loss, no depreciation schedule is required. Where the depreciation is unable to be verified as recurring or a depreciation schedule is not supplied, it must be entered as a non-recurring expense (taxable).

⁴ The taxable income stated on the NOA must be compared to the personal tax return to ensure the amount is the same.

⁵ For trusts, the financial information must include distribution statements.

⁶ Accountant prepared business financial statements are not required for companies and trusts which are not trading where the entity acts as an income distribution vehicle only.

Other

Note: Enter 100% of the gross amounts into Apply Online for all income types. Shaded income amounts will be automatically calculated by the system for use in the serviceability assessment.

Income type and conditions	Description	Verification
Support incomes		
Government Pensions (100% Personal)	<p>Acceptable Government Pensions:</p> <ul style="list-style-type: none"> Aged Pensions Veteran Affairs pension Disability Pensions Widows Pensions <p>There is no need to use acceptable Government pensions when servicing can be satisfactory demonstrated from the customers other income.</p>	<p>Use the following option:</p> <ul style="list-style-type: none"> Letter from the respective Australian Government Department confirming benefit amount dated within the preceding six months.
Government Payments (100% Untaxed)	<p>Acceptable Government Payments:</p> <ul style="list-style-type: none"> Family Tax Benefit Part A and B (Use on a pro rata basis for each child under 15 years). Carer's Income <p>All other government payments (including, but not limited to, Newstart / Austudy / Parenting Payment / Pharmaceutical Allowances and Mobility Allowance payments) are unacceptable forms of income.</p> <p>There is no need to use acceptable Government payments when servicing can be satisfactory</p>	<p>Use the following option:</p> <ul style="list-style-type: none"> Letter from the respective Australian Government Department confirming benefit amount dated within the preceding six months. <p>Note 1: Family tax benefit A Includes allowances such as large family supplement and multiple birth allowance.</p> <p>Note 2: Carer payment for foster children Where this payment is in relation to foster children, the income should not be included and</p>

Income type and conditions	Description	Verification
	<p>demonstrated from the customers other income.</p> <p>Acceptable Government payments should only be considered as a supplementary income source/s for the application where the main stream of income is derived from another source.</p> <p>Where Acceptable Government payments are the only source/s of income, the application must be referred to credit sanctioning.</p>	<p>the foster children should not be treated as dependents.</p>
Overseas Pension (90% Untaxed)	<p>Austria, Belgium, Canada, Chile, Croatia, Cyprus, Denmark, Finland, Germany, Greece, Ireland, Italy, Japan, Republic of Korea, Malta, The Netherlands, New Zealand, Norway, Poland, Portugal, Slovenia, Spain, Switzerland and the United States of America only.</p> <p>UK pensions in existence prior to 1/3/01 are still acceptable.</p>	<p>Use one of the following options:</p> <ol style="list-style-type: none"> 1. Letter from Centrelink confirming benefit amount dated within the preceding six months, OR 2. Written evidence to prove receipt of entitlements. (Limited to the listed countries which have reciprocal arrangements with Australia).
Paid Parental Leave (100% Personal)	<p>Suitable to be used in calculating servicing requirements for all Products.</p> <p>For Home Loan Application, when reliance on the paid parental leave is required for meeting the Bank's minimum servicing requirements, the application must be referred to Retail Credit Decisions for review and acceptance.</p>	<p>Use one or a combination of the following options:</p> <ol style="list-style-type: none"> 1. Centrelink Letter confirming: <ul style="list-style-type: none"> Payment amount. a. Payment period. 2. Letter from employer confirming: <ul style="list-style-type: none"> a. Payment amount. b. Payment Period (start and end date of paid parental leave. c. Return to work date.
Scholarship (100% Untaxed)	<p>The loan term must not extend past the expiry date of the scholarship.</p>	<p>Use the following option:</p> <ul style="list-style-type: none"> • Written evidence of the scholarship payment details.

Income type and conditions	Description	Verification
Child Support and Maintenance (80% Extraordinary)	<p>Child support and maintenance is a payment that is received to assist with the care of dependent children.</p> <p>Note: There is no need to use child support and maintenance income when servicing can be satisfactorily demonstrated from the customers other income.</p> <p>Child support and maintenance should only be considered as a supplementary income source/s for the application where the main stream of income is derived from another source. Where child support and maintenance are the only source/s of income, the application must be referred to credit sanctioning.</p> <p>Note: Where the benefit will be received for less than 5 years, or where the child will be over the age of 18 during the 5 years minimum child maintenance payment period, individual circumstances can be considered by a PCAA holder.</p>	<p>Use the following option:</p> <ol style="list-style-type: none"> 1. Confirmation of 3 months credits to an account, AND 2. Family Law Court Order, or letter from the Child Support Agency*, or solicitor's letter. <p>* Child Support account statements issued by the Australian Government Department Services Australia can be accepted as current if the application submission date falls within the child support assessment period.</p>
Workers Compensation (50% - Personal)	Salaried Position must remain open	<p>Use the following option:</p> <ol style="list-style-type: none"> 1. Letter from insurer stating the payment amount, frequency and expiration date of payments, AND 2. written confirmation from the employer that the existing salaried position continues to remain open for the customer.
Investment income		
Dividend Income (80% Personal)	<p>Shares, managed investments and other income producing assets.</p> <p>Dividend income is restricted to that received from shares listed on the ASX 200 register.</p>	<p>Use the following option:</p> <ol style="list-style-type: none"> 1. 12 months dividend advice notices OR the borrowers most recent Australian Tax Return not

Income type and conditions	Description	Verification
		<p>more than 18 months old, listing dividends received, AND</p> <p>2. Statement or letter less than 60 days old immediately preceding the date of the application from a recognised brokerage, e.g. CommSec, detailing the current balance / holdings of the investment in the borrower's name.</p>
Investment Income (proposed) (0%)	Proposed investment income is the income to be generated by any asset (excluding rental properties) that the customer is purchasing, e.g. dividends from the purchase of shares or distributions from the purchase of managed funds.	Proposed investment income is an excluded income and will not be considered.
Superannuation income		
Superannuation income is only allowed for customers who are eligible to, and currently in receipt of, these payments.		
Superannuation Fund (e.g. Retail, Industry) (100% - Extraordinary)	<p>Superannuation refers to contributions made by employers and employees to a superannuation fund of the borrower(s) which will assist them financially in their retirement.</p> <p>Generally, these funds are not available until they reach retirement age.</p> <p>When retirement age is reached the customer may choose to access these funds as either an income stream (e.g. indexed pensions, allocated pensions and annuities), or a lump sum*, depending upon the circumstances.</p> <p>* Lump sum payments from a Superannuation Fund are not an acceptable income type as they do not represent an ongoing income stream.</p>	<p>Use one of the following options:</p> <ol style="list-style-type: none"> 1. Superannuation statement which includes the indexed pension, allocated pension, or annuity amount, OR 2. Superannuation statement where the indexed pension, allocated pension, or annuity amount is not stated AND a minimum of three months credits to a bank account, OR 3. Most recent annual or bi-annual superannuation statement AND three months consistent credits to an account. <p>Note: The credits to the customer's account must be identifiable as superannuation payments.</p>

Income type and conditions	Description	Verification
Self-Managed Superannuation Fund (SMSF)	Self-managed superannuation funds (SMSF's) are a way of saving for retirement.	Eligible SMSF pension to be evidenced from one of the following options:
To be treated as two separate amounts as follows;	The difference between an SMSF and other types of funds (e.g. Retail, Industry) is that the members of an SMSF are usually also the trustees. This means the members of the SMSF run it for their own benefit and are responsible for complying with the superannuation and tax laws.	1. Most Recent Member Benefit Statement detailing:
Personal for the Taxable component portion only, AND	Generally, SMSF's can only pay a member super benefits when the member reaches their 'preservation age' and meets one of the conditions of release, such as retirement. The payment may be an income stream (pension) or a lump sum.	a. Member's name (must match the personal name of the applicant).
Untaxed for the tax-free component only	The eligible income is to be calculated using a 4% minimum benefit payment as shown.	b. Member's account balance
	Current Members' account balance x 4 % = Eligible SMSF pension to be used for servicing.	c. The account has reached retirement phase (i.e: Member has reached preservation age, and can draw down income from the account)
	e.g. \$1,000,000 x 4% = \$40,000 pa	d. Taxable and tax-free components
	Note : The default minimum of 4% is to be used unless a higher benefit payment percentage is evidenced on the Member benefit statement and/or accountants letter)	2. Where the most recent Members Benefit Statement does not contain all the required information, an Accountant/Financial Advisor letter confirming this detail must be provided in addition to the Statement.

Rental income

Note: Enter 100% of the gross amount into Apply Online. The shaded income amount will be automatically calculated by the system for use in the serviceability assessment.

Income type and conditions	Description	Verification
Gross Rental Income (80% / 90% Rental)	<p>Rental income refers to the amount of rent received, or will be received, by the customer prior to the deduction of real estate agent's commission, other expenses, and income tax.</p> <p>Gross rental income only applies to self-contained dwellings.</p> <p>Room rental and board are unacceptable.</p> <p>90% of gross rental income can be used except for home loan applications in restricted regional postcodes where 80% is to be used.</p>	<p>Use one of the following options:</p> <ol style="list-style-type: none"> 1. A current lease agreement (which may be included as part of a Contract of Sale), OR 2. Most recent valuation report, completed for Bankwest that is less than three months old. (i.e. estimated market rental as if rented on a normal basis), OR 3. Minimum of three consecutive months' rental credits into a bank account, OR 4. A rental statement or letter from an agent less than two months old immediately preceding the date of application. Where the letter states a range for the proposed rental income then the lower figure is to be adopted. <p>Note 1: If evidence is held on file and from different sources with differing rental income amounts, the lowest figure must be used. Exception: When the estimated market rental from a valuation report or tax return(s) (if provided) is lower than the value on the current lease agreement, rental statement or three consecutive month's rental credits into a bank account.</p> <p>Note 2: Where the LVR is greater than 80% a maximum gross rental income yield of 6% is acceptable for servicing; if the calculated rental yield is greater than 6% p.a. then the gross rental income is to be reduced to reflect a maximum yield of 6% p.a. (Rental yield only applies to residential property)</p> <p>Note 3: The address of all of the applicant(s) properties and any liabilities against these must always be fully disclosed in their statement of position. Copies of supporting documents must be provided and held by the Bank.</p> <p>Note 4: Rent from properties that are part of the National Rental Affordability Scheme (NRAS) must be confirmed through a full valuation report and any interest, considered as</p>

Income type and conditions	Description	Verification
		deductible for tax purposes, must be excluded from the NICL / servicing calculation.
Rental Income from Holiday Letting (80% / 90% - Rental)	<p>Rental income from Holiday Letting refers to rental that is either varied or inconsistent in amount and / or regularity i.e. dependent on or determined by the time of year.</p> <p>This includes properties rented through websites including, but not limited to, AirBnB and Stayz.</p> <p>Room rental and board are unacceptable.</p> <p>Rental income from serviced apartments is not to be considered under this policy.</p> <p>90% of gross rental income can be used except for home loan applications in restricted regional postcodes where 80% is to be used.</p>	<p>Use one of the following options:</p> <p>Existing rental income:</p> <ol style="list-style-type: none"> 1. Most recent taxation return 2. Rental income statement issued by a managing agent less than two months old immediately preceding the date of application showing rental income received over the past 12 months. If the rental income has been received for less than 12 months, this amount is not to be annualised. <p>Note 1: If evidence is held on file from different sources with differing rental income amounts, the lowest figure must be used. Exception: If a valuation report is also provided for the property, or if dated tax returns are supplied, the most recent taxation return or rental income statement can only be accepted for servicing.</p> <p>Note 2: Where the Loan to Value Ratio (LVR) is greater than 80% a maximum gross rental income yield of 6% is acceptable for servicing; if the calculated rental yield (refer to Income - Rental) is greater than 6% p.a. then the gross rental income is to be reduced to reflect a maximum yield of 6% p.a. (rental yield only applies to residential property).</p> <p>Note 3: The address of all of the applicant/s properties and any liabilities against these must always be fully disclosed in their Statement of Position. Copies of supporting documents must be provided and held by the Bank.</p> <p>Note 4: Where the above verification requirements cannot be satisfied (i.e., property is being purchased or has not been owned for 12 months and a tax return is not yet available), revert to Gross Rental Income policy.</p>

Extraordinary / other

Extraordinary income is any income received by a borrower which may be subject to a different taxation treatment than the standard Australian resident personal taxation rates.

Given the different possible tax treatments for extraordinary income, lending officers will be required to ascertain both gross and net income amounts received by the borrower. Due enquiry must be made to correctly determine the tax payable on these types of income. Where appropriate the rationale behind the net income determination must be included within your deal comments.

- For full information on the income type conditions, description and verification refer to the **section 'Other' below.**

Investment Property Related Expenses

For housing loan applications (including increases and interest only transfers) where there is any reliance on rental income (current or proposed) then the customer is required to declare expenses that will be incurred to maintain the investment property.

The amount of investment property expenses used in the NICL will be the higher of either:

- 10% of the gross rental income; OR
- Customers declared investment property related expenses.

Tax deductibility of interest

Any interest, considered as deductible for tax purposes, as calculated by the Bank's systems, is based upon on the applicable investor rate being, for new applications the applicable product rate, and for existing loans, the confirmed interest rate, and is automatically split equally between all borrowers by LendNet. Where this is not being split equally between all borrowers, and this cannot be reflected in LendNet, a manual serviceability calculator must be uploaded to the application showing the split and also mitigating comments relating to this and must be referred to Retail Credit Decisions for approval.

Note 1: Where the security is land only and does not involve construction of a residential dwelling, any interest, considered as deductible for tax purposes, must be excluded from the serviceability calculation.

Note 2: For applicants deemed not to be a resident for taxation purposes, any interest, considered as deductible for tax purposes, must be excluded from the serviceability calculation. For more information please refer to the ATO website.

Foreign Income

Note: Enter 100% of the gross amounts into Apply Online for all income types. Shaded income amounts will be automatically calculated by the system for use in the serviceability assessment.

Additional Notes:

- At all times the Bank, at its absolute discretion, retains the right to ask for the provision of additional information to assist in the verification of any part of the application.
- Foreign Self Employed income is not an acceptable income source. Any other foreign income type that is not listed below is unacceptable.

Income type and conditions	Description	Verification
Foreign Income Currency – PAYG Base – full time and permanent part time (80% / 70% of the Net Income amount - Extraordinary)	<p>This is the minimum income the customer earns.</p> <p>If an income level above the PAYG Base – full time and permanent part time is required to service the proposed debt (e.g. Bonus, commission, incentive, overtime, or work related allowances) then further supporting documents are required as required in the table below.</p> <p>Note: Where foreign currency is in the following list (GBP, EUR, HKD, NZD, SGD, CAD, USD, INR, IDR, VND, JPY, AED) then use 80% of the Net Income amount.</p> <p>For all other currencies use 70% of the Net Income amount subject to approval by the holder of an appropriate delegation.</p> <p>Note: CNY is currently not an acceptable foreign currency for servicing purposes.</p>	<p>Use ALL the following options:</p> <ol style="list-style-type: none"> 1. Employment contract or letter from employer AND, 2. Three months' Bank statement showing salary credits AND, 3. the two most recent consecutive payslips, where the most recent is no older than 60 days from the time of application. <p>Note : The letter from the employer, and payslips, must include current base salary / wage information. For Bankwest's policy in relation to accepting and assessing applications for retail products from non-Australian citizens or individuals who receive foreign income refer Consumer Lending Overview</p>
Foreign Income Currency – PAYG -	Work related allowances must be a permanent and ongoing part of the customer's income; examples include motor	<p>Use ALL of the following options:</p> <ul style="list-style-type: none"> • Employment contract or letter from employer, AND

Income type and conditions	Description	Verification
<p>Work related allowances</p> <p>(80% / 70% of the Net Income amount - Extraordinary)</p>	<p>vehicle, living away from home and shift allowances or penalty rates.</p> <p>Note: Where foreign currency is in the following list (GBP, EUR, HKD, NZD, SGD, CAD, USD, INR, IDR, VND, JPY, AED) then use 80% of the Net Income amount.</p> <p>For all other currencies use 70% of the Net Income amount subject to approval by the holder of an appropriate delegation.</p> <p>Note: CNY is currently not an acceptable foreign currency for servicing purposes.</p>	<ul style="list-style-type: none"> • Three months salary credits to an account, AND • One payslip showing base salary / wage => three months YTD income. <p>Note: Letter from employer and payslip used to verify Work related allowance payments must include current base / salary wage and YTD information and may be dated more than 6 weeks prior to date of application.</p>
<p>Foreign Income Currency – PAYG Bonus</p> <p>(80% / 70% of the Net Income amount of the bonus amount/s received in the most recent year)</p> <p>80% - Extraordinary</p>	<p>Bonus income must be a regular and ongoing part of the customer's income and received either monthly, quarterly, half-yearly or annually.</p> <p>Note: Where foreign currency is in the following list (GBP, EUR, HKD, NZD, SGD, CAD, USD, INR, IDR, VND, JPY, AED) then use 80% of the Net Income amount.</p> <p>For all other currencies use 70% of the Net Income amount subject to approval by the holder of an appropriate delegation.</p>	<p>Use BOTH of the following options:</p> <ul style="list-style-type: none"> • Bank statement showing bonus payment/s credited into an account AND either of the following: • A letter/s from the employer detailing the bonus amount/s received in the most recent year, OR • Payslip/s showing the bonus amount/s received in the most recent year. <p>Note: Letter from employer or payslips used to verify bonus payments may be dated more than 6 weeks prior to date of application.</p>

Income type and conditions	Description	Verification
	Note: CNY is currently not an acceptable foreign currency for servicing purposes.	
Foreign Income Currency – PAYG Commission and / or incentive payments (80% / 70% of the Net Income amount) 80% - Extraordinary	<p>Commission and/or incentive payments must be a permanent part of income and be consistent for at least one year.</p> <p>Note: Where foreign currency is in the following list (GBP, EUR, HKD, NZD, SGD, CAD, USD, INR, IDR, VND, JPY, AED) then use 80% of the Net Income amount.</p> <p>For all other currencies use 70% of the Net Income amount subject to approval by the holder of an appropriate delegation.</p> <p>Note: CNY is currently not an acceptable foreign currency for servicing purposes.</p>	<p>Use ALL of the following options:</p> <ul style="list-style-type: none"> • Twelve months salary credits into an account, AND • One payslip showing current base salary/wage, AND • Letter/s from employer detailing the commission amount/s received over the past twelve months. <p>Note: Letter from employer and payslip used to verify Commission and / or incentive payments may be dated more than 6 weeks prior to date of application.</p>
Foreign Income Currency – PAYG - Overtime (80% / 70% of the Net Income amount) 80% - Extraordinary	<p>Overtime must be a regular and ongoing part of the customer's income.</p> <p>Note: Where foreign currency is in the following list (GBP, EUR, HKD, NZD, SGD, CAD, USD, INR, IDR, VND, JPY, AED) then use 80% of the Net Income amount.</p> <p>For all other currencies use 70% of the Net Income amount subject to approval by the holder of an appropriate delegation.</p>	<p>Use ALL of the following options:</p> <ul style="list-style-type: none"> • Employment contract or letter from employer, AND • Three months salary credits to an account, AND • One payslip showing base salary / wage => three months YTD income. <p>Note: Letter from employer and payslip used to verify Overtime payments must include current base / salary wage and</p>

Income type and conditions	Description	Verification
	Note: CNY is currently not an acceptable foreign currency for servicing purposes.	YTD information and may be dated more than 6 weeks prior to date of application.

Note: Any documents presented in a foreign language must be translated into English. The customer will need to accompany the documents with an English translation from a translator at the level of Professional Translator or above currently accredited by the National Accreditation Authority for Translators and Interpreters (NAATI). Please refer to their website for further information. Translation of documents by brokers will not be accepted.

Borrowers approaching retirement age

The following outlines the general requirements for Retail Home Loan lending to applications involving borrowers approaching retirement age and is to be used as a guide only.

Business rules

The ability to demonstrate servicing on post-retirement income can include:

- For joint applications, where the other borrower is to continue employment, and their income is sufficient to service their total proposed ongoing commitments before they attain the age of 67 years.
- The sale of an Australian based investment property.
- Listed Australian based investment funds.
- The sale of shares already held in companies listed on the ASX200.
- Sufficient Australian based superannuation income that will allow for servicing.
- Making additional payments to pay the loan off before any **borrower's** planned retirement, or 67 years of age, whichever occurs first, where the borrower can demonstrate capacity to make additional payments.
- Reducing the loan term so the loan is repaid before any **borrower's** planned retirement age, or 67 years of age, whichever occurs first.

Retirement rule conversation

Originators must have a conversation with the following applicants to determine how they plan to make repayments at retirement.

If during the loan term any borrower, who has not already retired, will either:

- exceed their planned retirement age; or
- reach 67 years of age, whichever occurs first, then:

The application must include commentary as to how the borrower(s) intends to repay the loan as verbally advised to the originator.

Applications which require assessment of repayment capacity after retirement will be system referred to Credit Decisioning for approval.

Effective : 31st January 2025 - \$2400 servicing threshold for Self Employed borrowers

Effective : 3rd February 2025 – Updates to payslip age and self employed procedures