

PINNACLE AUSTRALIA BANK LENDING POLICY

Third Party Channel Guidelines

Version: 6.2

Effective Date: May 2024

Policy Owner: Pinnacle Broker Services

1. PINNACLE HOME LOAN PRODUCT PORTFOLIO

1.1 Pinnacle Choice Package Home Loans

- **Annual Package Fee:** \$395 with comprehensive benefits and fee savings
- **Variable Rate Discount:** Up to 0.85% discount off standard variable rate
- **Offset Account Benefits:** Unlimited transactions, no monthly fees, 100% interest offset
- **Redraw Facility:** Free unlimited redraws on variable rate loans
- **Additional Savings:** Waived application fees, discounted valuations, insurance discounts

1.2 Standard Home Loan Options

- **Pinnacle Basic Variable:** Competitive rate with essential features for price-conscious customers
- **Pinnacle Standard Variable:** Full-featured variable rate loan with offset and redraw options
- **Fixed Rate Products:** Comprehensive range from 1-5 years with competitive rates
- **Pinnacle Equity Builder:** Investment loan specifically designed for share and managed fund investments
- **Interest Only Options:** Available for both owner-occupied and investment properties

1.3 Niche and Specialized Products

- **Pinnacle Construction Loans:** Purpose-built progress payment loans with competitive construction rates
- **Professional Package:** Enhanced benefits for medical, legal, and accounting professionals
- **Foreign Exchange Loans:** Multi-currency loans for eligible high-net-worth clients
- **Green Home Loans:** Discounted rates for energy-efficient homes and renovations
- **Aboriginal Home Loans:** Specialized products for Aboriginal and Torres Strait Islander customers

2. PINNACLE BORROWER ELIGIBILITY AND ASSESSMENT

2.1 Customer Eligibility Framework

- **Age Requirements:** Minimum 18 years, maximum age 65 at loan maturity for standard products
- **Residency Status:** Australian citizens, permanent residents, and eligible 457/482 visa holders
- **Income Thresholds:** Minimum \$40,000 individual income, \$60,000 combined for joint applications
- **Employment Stability:** PAYG minimum 3 months current role, 12 months employment history
- **Credit Standing:** Maximum 1 unpaid default under \$500, no defaults in past 2 years

2.2 Income Assessment Methodology

- **PAYG Income:** Base salary plus regular allowances, shift penalties, and confirmed overtime
- **Self-Employed Applicants:** Average net profit over 2 years plus depreciation and other add-backs
- **Commission and Bonus:** 2-year average with weighting toward recent 12-month performance
- **Investment Income:** Rental income at 75% of gross rent, dividends at 100% of franked amount
- **Centrelink Payments:** Age pension, disability support pension, and family tax benefits accepted
- **Casual Employment:** Minimum 12 months continuous casual work with regular hours pattern

2.3 Credit Risk Assessment Standards

- **Credit Bureau Analysis:** Comprehensive review of Equifax and Experian credit reports
- **Banking Conduct:** 12 months satisfactory banking conduct with no dishonours or overlimit fees
- **Debt Consolidation:** Assessment of reasons for consolidation and future payment capacity
- **Previous Mortgage Experience:** Positive weighting for customers with good mortgage payment history
- **Guarantor Arrangements:** Family guarantee options available to reduce deposit requirements

3. PINNACLE SERVICEABILITY CALCULATIONS AND TESTING

3.1 Income Calculation Standards

- **Base Salary Verification:** 100% of contracted base salary for permanent employees
- **Variable Income Components:** Overtime and allowances averaged over 12-24 month periods
- **Self-Employed Profits:** Net business income after tax with add-backs for depreciation and interest
- **Rental Income Assessment:** 80% of established rental income, 70% for proposed rent
- **Investment Returns:** Dividend income including franking credits for Australian shares

3.2 Expense Assessment Framework

- **Living Expenses:** Pinnacle expense calculator based on postcode, family composition, and lifestyle
- **Committed Expenses:** Actual payments for child support, school fees, and other regular commitments
- **Credit Card Assessments:** Higher of 3.5% of limit or actual payment history
- **Investment Property Expenses:** 20% of gross rental income unless detailed expenses provided
- **Insurance Premiums:** Health insurance, life insurance, and other regular insurance costs

3.3 Stress Testing and Buffer Requirements

- **Interest Rate Assessment:** Current loan rate plus 2.75% buffer for serviceability calculations
- **Floor Rate Policy:** Minimum 7.50% assessment rate regardless of actual loan interest rate
- **Surplus Requirements:** Minimum \$2,500 monthly surplus after all expenses and loan commitments
- **Future Rate Scenarios:** Modeling of payment capacity with potential 3% rate increases
- **Expense Growth:** Annual expense inflation of 3% factored into multi-year projections

4. PINNACLE SECURITY AND VALUATION REQUIREMENTS

4.1 Acceptable Property Categories

- **Standard Residential:** Houses, townhouses, apartments in established metropolitan and regional areas
- **New Developments:** Off-the-plan purchases from established developers with pre-sales evidence
- **Rural Residential:** Lifestyle properties up to 5 hectares with standard residential improvements
- **Commercial Properties:** Owner-occupied business premises with established income streams
- **Strata Properties:** Unit developments with appropriate sinking funds and management structures

4.2 Valuation Process and Requirements

- **Automated Valuations:** Statistical models used for refinancing up to 80% LVR in major cities
- **Desktop Valuations:** Remote assessment with comparable sales analysis for metropolitan properties
- **Full Inspections:** Physical inspection required for loans above 85% LVR and unusual properties
- **Panel Valuers:** Pinnacle maintains approved valuer panels in all major markets nationwide
- **Review Process:** Second opinions sought when valuations vary significantly from expectations

4.3 Loan-to-Value Ratio Policies

- **Owner Occupier Maximum:** 95% LVR with lenders mortgage insurance from approved providers
- **Investment Property Limits:** 90% LVR for principal and interest, 85% for interest-only loans
- **Construction Lending:** 95% LVR including land cost and fixed-price building contracts
- **Refinancing Transactions:** Up to 90% LVR for existing customers with good payment history
- **Cross-Collateral Security:** Multiple properties can be used to achieve required security coverage

5. PINNACLE APPLICATION PROCESSING AND APPROVAL

5.1 Documentation Requirements Checklist

- **Identification:** Current photo ID, proof of address, and residency status documentation

- **Income Verification:** Recent payslips, employment contracts, tax returns, and accountant letters
- **Financial Position:** Bank statements, credit card statements, and investment portfolio summaries
- **Property Documentation:** Contract of sale, building inspections, strata reports, and council certificates
- **Existing Commitments:** Loan statements, lease agreements, and child support documentation

5.2 Processing Standards and Timeframes

- **Pre-Approval Processing:** 24 hours for complete applications with all supporting documents
- **Conditional Approval:** 3-5 business days including credit assessment and initial property review
- **Valuation Completion:** 2-4 business days for metropolitan properties, 5-7 days for regional
- **Final Approval:** 48 hours from receipt of satisfactory valuation and outstanding conditions
- **Settlement Coordination:** 10-14 days minimum from final approval to settlement date

5.3 Credit Decision Authority Matrix

- **Automated Approvals:** System decisions for applications meeting all standard credit criteria
- **Credit Officer Review:** Manual assessment for applications with minor policy exceptions
- **Senior Management:** Approval authority for loans \$1-5 million with policy variations required
- **Executive Committee:** High-value and complex transactions above \$5 million loan amounts
- **Specialist Teams:** Dedicated assessment for SMSF, commercial, and construction loan applications

6. PINNACLE SPECIALIZED SERVICES AND SUPPORT

6.1 First Home Buyer Initiatives

- **Pinnacle First Home Coach:** Dedicated support program with financial education and planning
- **Deposit Assistance Programs:** Access to government first home buyer schemes and grants

- **Family Guarantee Options:** Parents can provide additional security to reduce deposit requirements
- **Shared Equity Loans:** Partnership arrangements to help first home buyers enter market
- **Educational Resources:** Online calculators, budgeting tools, and property buying guides

6.2 Investment Property Services

- **Portfolio Assessment:** Comprehensive analysis of investment property portfolios and strategies
- **Tax Planning Integration:** Coordination with accountants for optimal tax structure advice
- **Property Management Referrals:** Connections with quality property management firms
- **Market Research:** Access to Pinnacle property research and market outlook reports
- **Depreciation Services:** Referrals to quantity surveyors for building depreciation schedules

6.3 Post-Settlement Customer Care

- **Relationship Management:** Dedicated customer service teams for ongoing account management
- **Regular Reviews:** Annual contact to assess changing circumstances and refinancing opportunities
- **Rate Monitoring:** Proactive rate reviews to ensure customers receive competitive pricing
- **Additional Facilities:** Streamlined applications for top-ups, redraw increases, and product switches
- **Financial Planning:** Integration with Pinnacle financial planning services for comprehensive advice