




Credit Policy | Calculating Product Commitments

	What	Below we provide product specific calculations to help you understand how to successfully complete an assessment .																
	Why	When calculating commitments for a customer it is important to use the correct assessment criteria .																
	How	<div><div>This table provides calculations by product type:</div><table><thead><tr><th>PRODUCT</th><th>MINIMUM ASSESSMENT RATES AND REQUIREMENTS</th></tr></thead><tbody><tr><td>Home Loan/Investment Home Loan</td><td><p>Amortise the loan amount (including any undrawn balance and special repayments) at the assessment rate over the remaining principal and interest (P&I) term of the loan plus the monthly fee.</p><p>Inclusion of the monthly fee only applies for CBA loans.</p><p>For new CBA loans the assessment rate is higher of:</p><ul style="list-style-type: none">▶ The current floor rate; or▶ the products P&I variable interest rate + interest rate buffer (currently 3.00%) less any concessions granted to the borrower (eg, package margin, product margin and any discretionary discount) ; or▶ the actual rate applied to the customer's application at the commencement of the loan, less any concession granted to the borrower (eg, package margin, product margin, and any discretionary discount). Note: If the application is IO, the IO rate must be applied for this scenario.<p>For existing CBA and OFI loans the assessment rate is the higher of:</p><ul style="list-style-type: none">▶ The current floor rate; or▶ The current account interest rate + an interest rate buffer of at least 3.00%</td></tr><tr><td>Variable Rate Personal Loan</td><td><p>Amortise the loan amount (including any undrawn balance and special repayments) at the actual interest rate over the remaining principal and interest term of the loan plus the monthly fee.</p></td></tr><tr><td>Fixed Rate Personal Loan</td><td>Use contracted (National Consumer Credit Loan (NCC) Schedule) loan repayments.</td></tr><tr><td>Personal Overdraft</td><td>Multiply limit by 3% per month.</td></tr><tr><td>Credit Cards (all types)</td><td><p>Multiply limit by 3.8% per month (minimum \$25/month)</p><p>Charge cards do not have a limit so are not to be included as a commitment; expenditure on these cards should be considered for inclusion in monthly living expenses provided by the customer.</p></td></tr><tr><td>All Margin Loans</td><td>Excluded from serviceability calculations. Don't include the monthly commitment or any income from associated investment.</td></tr><tr><td>All Overseas Loans</td><td><p>Convert repayments into Australian Dollar (AUD) by using CommBank "Sell" rate</p><p>Example:</p></td></tr></tbody></table></div>	PRODUCT	MINIMUM ASSESSMENT RATES AND REQUIREMENTS	Home Loan/Investment Home Loan	<p>Amortise the loan amount (including any undrawn balance and special repayments) at the assessment rate over the remaining principal and interest (P&I) term of the loan plus the monthly fee.</p> <p>Inclusion of the monthly fee only applies for CBA loans.</p> <p>For new CBA loans the assessment rate is higher of:</p> <ul style="list-style-type: none">▶ The current floor rate; or▶ the products P&I variable interest rate + interest rate buffer (currently 3.00%) less any concessions granted to the borrower (eg, package margin, product margin and any discretionary discount) ; or▶ the actual rate applied to the customer's application at the commencement of the loan, less any concession granted to the borrower (eg, package margin, product margin, and any discretionary discount). Note: If the application is IO, the IO rate must be applied for this scenario. <p>For existing CBA and OFI loans the assessment rate is the higher of:</p> <ul style="list-style-type: none">▶ The current floor rate; or▶ The current account interest rate + an interest rate buffer of at least 3.00%	Variable Rate Personal Loan	<p>Amortise the loan amount (including any undrawn balance and special repayments) at the actual interest rate over the remaining principal and interest term of the loan plus the monthly fee.</p>	Fixed Rate Personal Loan	Use contracted (National Consumer Credit Loan (NCC) Schedule) loan repayments .	Personal Overdraft	Multiply limit by 3% per month.	Credit Cards (all types)	<p>Multiply limit by 3.8% per month (minimum \$25/month)</p> <p>Charge cards do not have a limit so are not to be included as a commitment; expenditure on these cards should be considered for inclusion in monthly living expenses provided by the customer.</p>	All Margin Loans	Excluded from serviceability calculations. Don't include the monthly commitment or any income from associated investment.	All Overseas Loans	<p>Convert repayments into Australian Dollar (AUD) by using CommBank "Sell" rate</p> <p>Example:</p>
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		<p>Monthly repayment: USD 1,000.</p> <p>Calculation: $\text{USD } 1,000 / 0.64 = \\$1,563/\text{month}$</p>
	<p>Equipment finance facilities (e.g. Hire Purchase, Lease, Equipment loan, Flexirent, etc.)</p>	<p>Use existing loan repayments.</p>
	<p>Overdraft, Business Line of Credit or Other Commercial 'revolving' Credit Facility</p>	<p>Amortise the limit at the Assessment Rate over a notional 15 year term.</p> <p>Note: Assessment rate is higher of:</p> <ul style="list-style-type: none"> ▶ The current floor rate or ▶ Actual interest rate + an interest rate buffer of 3.00%
<p>Resources</p> <p>See also</p> <p>Home Loan Assessment Rates - Proposed Loans</p>	<p>Better Business Loan or Other commercial 'reducing' credit facility (except Commercial Bill)</p>	<p>Amortise the loan amount at the Assessment Rate over the remaining principal and interest term of the loan.</p> <p>Note: Assessment rate is higher of:</p> <ul style="list-style-type: none"> ▶ The current floor rate or ▶ Actual interest rate + an interest rate buffer of 3.00% <p>Notes:</p> <ul style="list-style-type: none"> ▶ If the interest only end date and loan expiry date are the same, refer to other commercial 'revolving' credit facility calculation. ▶ If there is a residual / balloon repayment arrangement, only amortise the component that is reducing, i.e. the amount of residual / balloon may be assessed on an interest only basis. <p>Note: For loans held with Other Financial Institutions (OFI), a servicing loading of 30% will be added automatically by the system to the principal and interest repayment amount instead of using an Assessment Rate.</p>
	<p>Commercial Bill</p>	<p>Multiply limit by 1.5% per month.</p>