

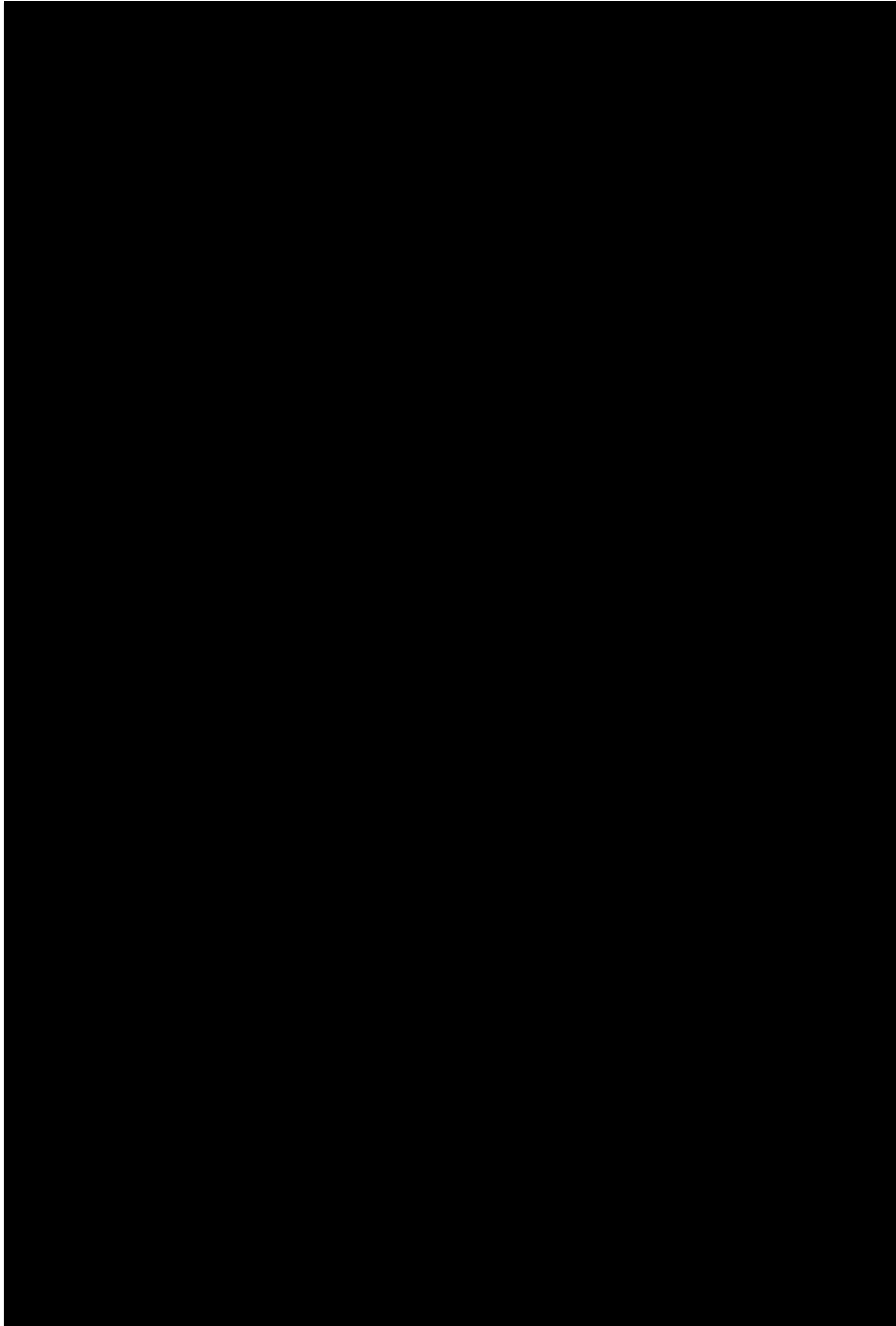


Consumer Credit Policy Changes effective Saturday, 23 May 2015

Call to Action	For noting for potential action or interaction with a customer
What / When?	<p>Effective Saturday, 23 May 2015 the following Consumer Credit policies will change for Consumer Mortgages (including Loan Increase Applications - LIA):</p> <p>[REDACTED]</p> <p>3. Serviceability assessment based on the higher of HEM and declared expenses</p> <p>[REDACTED]</p> <p>The Consumer Credit Policy Manual will be updated on Friday, 22 May 2015 to reflect the change</p>
Actions	Read and be familiar with the  Summary of Consumer Credit Policy Changes effective Saturday, 23 May 2015 .
Why is this happening?	These changes are required to ensure Westpac continues to apply responsible lending practices in assessing a customer's ability to service existing and proposed debts, as well as apply prudent risk management principles that ensure we continue to support targeted growth balanced against current market (eg. rapidly accelerating house prices), segment and regulatory developments (including macro prudential controls).
More information / Contacts	<p>The updated policy manual chapters will be updated on Friday, 22 May 2015 until then refer the attached  Income Verification Matrix.</p> <p>Available online from Friday, 22 May 2015:</p> <ul style="list-style-type: none"> • Consumer Credit Policy Manual > Evaluation > Serviceability > Standards required > Income Assessment: Serviceability > Outgo: Serviceability • Consumer Credit Policy Manual > Evaluation > Serviceability > Additional Information > Monthly Household Expenditure Measure – Table (Appendix 1): Serviceability. • Consumer Credit Policy Manual > Evaluation > Lending Value Ratio (for the definition of prestige properties in terms of locations and dollar value). <p>Credit Hotline - 1800 150 209 > option 2</p>
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Audience	Home Finance Manager, Private Banker, Assistant Private Banker, Private Bank Client Liaison Team Manager, Private Bank Client Liaison Officer, Private Bank Director/Ops and Mgmt, Mobile Home Finance Manager, Consumer Broker, State General Manager, Relationship Director, Relationship Manager, Customer Manager, Practice Manager, Bank Manager with an ABM, Bank Manager without an ABM, Assistant Bank Manager, Personal Banker, Personal Banker - Business, Personal Banker - Premium, Regional General Manager, Premium Partnerships, Relationship Manager/Relationship Banker, Agribusiness, Local Business Banker





3. Serviceability assessment based on the higher of HEM and declared expenses

In all GOE, GOE-X or LIA serviceability calculations the higher of:

- a) Declared total expenses (eg Absolute Basic expenses, Education expenses, Childcare fees etc) or
- b) The HEM value,

will be used to determine the applicant's Surplus Required position (previously only the HEM value was used).

In all GOE, GOE-X and LIA applications the applicant's Actual Surplus must be in excess of the HEM surplus requirement (or higher declared total expenses), plus the surplus buffer.

The change is to more accurately determine an applicant's Surplus Required position where applicants have higher total expenses than the HEM.

Should an application fail serviceability due to the use of the higher declared expenses a new decline message will issue of either:

RDS1 as "Non MI - Fails Serviceability with Customer Declared Expenses" or
RDS2 as "MI - Fails Serviceability with Customer Declared Expenses"

Standard Pipeline application re-assessment criteria applies

Refer Consumer Credit Policy Manual > Evaluation > Serviceability > Standards required > Surplus Buffer: Serviceability

