FAQ's – Debt to Income Policy Questions

Policy Rationale

1. Why are we making this change?

Debt to income ratios are used to identify highly leveraged customers. A customer with a high DTI has a lower proportion of disposable income as a large proportion is committed to servicing debt obligations. This makes a high DTI customer more vulnerable to adverse changes in circumstances or loan conditions.

DTI Policy and Calculation

2. What is ANZ's DTI policy?

Applications will no longer be accepted where the combined applicant's debt to income ratio is greater than or equal to 9 times.

3. How is DTI Calculated?

At a high level, the DTI calculation is based on the Total Debt/Total Annual Gross Verified (pre-shaded) Income at application level.

4. If a customer's DTI is greater than or equal to 9, can we still consider the application?

No. Applications that have a DTI greater than or equal to 9.0 will be declined. In these instances, the customer will be required to either reduce the loan amount sought or verify further income in order to reduce application DTI below 9.0.

5. How are Equity Manager Accounts (EMA) treated?

Equity Manager Accounts will be included in the calculation based on the limit amount not the balance owing in line with the serviceability assessment.

6. How are Personal Loans, Credit Card and other liabilities treated?

Personal loans, credit cards, car loans and all other personal debt will be included in the DTI calculation.

7. When calculating the DTI ratio, is Total Debt considered to be total outstanding debts or total lending limits?

Total Debt is equal to the total lending limits of the application. For example, if a customer has an Equity Manager Account with an outstanding balance of $50,000 and a Limit of $100,000, debt to be included in the DTI calculation will be $100,000.

8. How is business debt treated for the calculation of DTI?

Business debt for self-employed applicants, including sole traders, is not included in the DTI calculation.

9. For self-employed applicants, how is interest and depreciation addbacks considered when calculating application DTI?

Interest and depreciation addbacks are included when calculating application DTI.

10. For self-employed applicants, are net profits included in DTI calculation?

Yes, if net profits have been used when calculating income for servicing, that income will be used when calculating DTI.

11. How are guarantees provided by directors / third party security providers treated under DTI policy?

Guarantees provided by directors/third party security providers to secure business lending are not included in the DTI calculation.

12. How will we treat dual applications?

Dual applications will be treated the same as standard Home Loan applications where the application will be required to have a DTI ratio within policy.

13. If we have a security guarantee, do we include the debt covered by the guarantee (which is secured by another property) or the total debt of the guarantor?

ANZ will only include the debt covered by the guarantee, but not any other debt of the guarantor.

14. How do we calculate DTI for bridging loans?

Bridging loans will generally be above DTI thresholds when using peak debt amount. These loans can be approved as long as the continuing loan (post bridging period) is below the DTI threshold of 9. If the continuing loan DTI is also greater than or equal to 9, the customer will be required to either reduce the loan amount sought or verify further income.

15. Will Non-credit critical renewals decline for a DTI greater than or equal to 9?

Non-credit critical renewal applications will not decline for a DTI greater than or equal to 9.

16. Will Streamlined Credit Critical Renewals (SCCR) decline for high DTI?

Any SCCR request that has a zero dollar increase will not decline for a DTI greater than or equal to 9.

Any SCCR request for increased lending will decline where DTI is greater than or equal to 9.

17. Will Brokers be notified of the DTI ratio when submitting the application?

An indicative unverified DTI figure will be visible on both the ApplyOnline and LoanApp platforms for brokers.

18. What is the treatment of inflight applications?

- For new applications submitted **prior to the 21st of October** but not yet assessed, **old policy** applies.
- For new applications submitted **on or after the 21st of October** the **new policy** will be applied.

- For applications in **AST/AIP/deferred prior to the 21st of October**, and the customer is seeking an Increase or Credit Critical changes, the **new policy** will apply.
- For applications in **AST/AIP/deferred prior to the 21st of October**, and the customers are satisfying outstanding conditions, the **previous policy** will apply
- If an application is **declined or has expired** and is resubmitted **on or after the 21st of October**, the **new policy** will apply.