

CHANGES TO RESIDENTIAL INVESTMENT LOAN INTEREST ONLY LENDING POLICY

FREQUENTLY ASKED QUESTIONS:

1. What is changing?

Effective Date	Key Changes	Products
Monday, 25 th March, 2019	Interest only availability for Residential Investment lending will be increased from 80% to maximum 90% LVR for new lending and increased lending	Residential Investment Loan Products
	The maximum interest only period will be increased from 5 years to maximum 10 years for residential investment lending	Residential Investment Loan Products

2. Why are we making these changes?

- In response to APRA's responsible lending guidance in 2017, ANZ made a series of policy changes to manage the growth in Interest Only (IO) and Investor lending.
- On recent review, we have made a decision to increase our focus on the investor market. The upcoming changes demonstrate our continued appetite in the investor market, whilst ensuring we remain in line with our APRA requirements.

3. Will we make further changes to interest only lending?

- We continuously review our processes and policies to ensure we meet our objectives of doing the right thing by our customers, meeting community expectations and ensuring we have a prudent and balanced home loan portfolio.

4. What happens to in-flight applications?

- For new applications in the system that are submitted on or after Monday 25th March 2019, the new policy/product parameters will apply.
- Applications submitted to Credit Assessment prior to Monday 25th March 2019 will be assessed under previous policy/product parameters unless a credit critical change request is submitted.
- If a decision to increase the loan amount (irrespective of impact on LVR) or change the repayment structure/IO period is in flight, a variation email template is required to accompany this change.

5. Do these changes apply to all new lending?

- Yes. These changes will apply to any new lending (for new and existing customers) and any increased lending (including top-ups).

6. Are the LVR limits inclusive or exclusive of the LMI premium?

- The LVR limit is inclusive of the LMI premium.

7. Can a customer extend their Investor Interest Only period?

- For Owner Occupier Home Loan products: Interest Only term cannot exceed a maximum 5 years per application **OR** 5 years in total since the last full credit critical application.
- For Residential Investment Home Loan products: Interest Only term cannot exceed a maximum 10 years per application **OR** 10 years in total since the last full credit critical application.

8. Will the 10 year maximum IO term apply to both Fixed and Variable lending?

- Yes, the change will apply to all Residential Investor products.

9. How will a new to bank Investor 10 Year Interest Only customer be assessed for a 30 year term?

- For servicing, the customer is assessed based on their ability to repay the loan over 20 years P&I.

10. Are Owner Occupied loans eligible for a 10 year IO term?

- No.