

# Less BS (Bank Stuff) for Self-Employed Customers.

Making home lending more accessible for people who own their business.

We're working hard to support your customers with easing of income validation requirements, enabling self-employed customers to have greater access to home lending.

## What you need to know

Self-Employed Credit Standard:

### LVR <=80% and DTI <=6:

- A minimum ABN/ACN registration of 18 months will be required
  - Business financial statements covering the most recent financial year only
- IMPORTANT** \*If you provide financial statements covering 2 consecutive years and the variance is greater than or equal to +/- 20% and exceeds \$10,000 we will require supporting commentary

### LVR >80% or DTI >6:

- A minimum ABN/ACN registration of 24 months will be required
- Servicing based on the most recent financial year
- Business financial statement covering the last 2 consecutive financial years
- Supporting commentary for income variance review will only be required when the variance is greater than or equal to +/- 20% and exceeds \$10,000

bank less

	Sole Trader		Partnership, Trust or Company	
Application conditions	LVR <sup>1</sup> <=80% and DTI <sup>2</sup> <=6	LVR <sup>1</sup> >80% or DTI <sup>2</sup> >6	LVR <sup>1</sup> <=80% and DTI <sup>2</sup> <=6	LVR <sup>1</sup> >80% or DTI <sup>2</sup> >6
Minimum ABN/ACN registration <sup>3</sup>	18 months	24 months	18 months	24 months
Documentation required	Personal tax return from most recent financial year including depreciation schedule <sup>4</sup>  Corresponding Notice of Assessment (NOA) <sup>5</sup> <b>OR</b> letter from an accountant to confirm the tax return provided is final and has been lodged with the ATO	Two years personal tax return from the most recent financial years including depreciation schedule <sup>4</sup>  Most recent Notice of Assessment (NOA) <sup>5</sup> <b>OR</b> letter from an accountant to confirm the tax returns provided are final and has been lodged with the ATO	Personal tax return from most recent financial year  Corresponding Notice of Assessment (NOA) <sup>5</sup> <b>OR</b> letter from an accountant to confirm the tax return provided is final and has been lodged with the ATO  Business tax return from most recent financial year  Accountant prepared business financial statements from the most recent financial year <sup>6</sup> including depreciation schedule <sup>4</sup>	Personal tax return from most recent financial year  Most recent Notice of Assessment (NOA) <sup>5</sup> <b>OR</b> letter from an accountant to confirm the tax returns provided are final and has been lodged with the ATO  Business tax return from most recent financial year  Accountant prepared business financial statements from the most recent financial year <sup>6</sup> including depreciation schedule <sup>4</sup> .  The statements must show the last two consecutive years profit and loss information
Maximum age of documents	20 months			
Income amount used in servicing calculation	Most recent financial year			
Variance review <sup>7</sup>	Supporting commentary is required when the variance is greater than or equal to +/- 20% and exceeds \$10,000.			

<sup>1</sup> Loan to value ratio

<sup>2</sup> Debt to income ratio

<sup>3</sup> If an entity does not meet the minimum requirement, individual circumstances can be considered on a case by case basis.

<sup>4</sup> Where there is no depreciation claimed in the profit and loss, no depreciation schedule is required. Where the depreciation is unable to be verified as recurring or is not supplied, it can be entered as a non-recurring expense.

<sup>5</sup> The taxable income stated on the NOA must be compared to the personal tax return to ensure the amount is the same.

<sup>6</sup> For trusts, the financial information must include distribution statements.

<sup>7</sup> Not applicable for applications with LVR<=80% and DTI<=6 where the financial statements only include the most recent financial year.

## What's Debt to Income Ratio (DTI)?

$$DTI = \frac{\text{Debt}}{\text{Income}}$$

The **debt** component is the borrowers total existing debt limits (after any variations) and new debt including any capitalised fees and Lenders Mortgage Insurance (LMI).


The **income** component is the borrower's total gross income captured.

DTI is used to measure the customers' ability to afford their commitments, the lower the number the greater the customers affordability.

- Total debt includes new home & existing home lending, personal loans, credit cards & HECs/HELP debt.
- Capturing all the customers liabilities accurately is important to ensure the correct DTI is calculated.
- Total income is any allowable income entered into the NICL for servicing.
- DTI will be displayed on the NICL on the self employed tab – you don't need to work it out manually.

**Important things you should know:** This email has been authorised by Bankwest, a division of Commonwealth Bank of Australia ABN 48 123 123 124 AFSL/Australian credit licence 234945 of 300 Murray Street Perth, Western Australia. Digital Security Information. At Bankwest we aim to ensure our customers are cyber safe. To help you keep your bank accounts and personal information secure please be aware Bankwest will never ask for your PIN, PAN or password via email or SMS. Nor will we ask you to log directly into your online bank accounts from a link in an email or SMS. You can find more security information at [www.bankwest.com.au/security-centre](http://www.bankwest.com.au/security-centre). If you receive an email requesting this information, please forward the email to Bankwest and delete the email. You can report suspicious emails to [abuse@security.bankwest.com.au](mailto:abuse@security.bankwest.com.au)

## How to use the Self-Employed calculator.


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## Self Employed Income Calculator

Number of Borrowers

Number of Entity

1
1

Business Income

First Name	Surname	
A	B	\$ 126,400

Extraordinary

Debt to Equity (D/E) Ratio

\$ 6,000

5.32

Business benchmark:

Buffer:

7.25%

2.50%

DTI will auto populate once all data is entered on both main and SE pages.

If Company is a holding company for a trust and not trading please use "Trust Beneficiary" as business type.

Given the variance between the two financial year's Total Allowable Income, please provide mitigating commentary in the highlighted text box as to why the variance occurred, as review by credit is likely.

All business liabilities must be entered.

Self Employed WorkSheet									
<b>Business Name</b>	<div>CDE Pty Ltd</div>								
<b>What type of business is it?</b>	<div>Company</div>								
		<b>Enter Year</b>			<b>Previous Year</b>		<b>Most Recent Year</b>		
		<div>19</div>			<div>20</div>				
<b>Net Profit Before Tax (NPBT)</b>				\$	100,000	\$	120,000		
<b>Addbacks:</b>	<b>Comment</b>			\$	4,000	\$	4,000		
Depreciation				\$		\$			
Amortisation				\$	2,000	\$	2,000		
Interest				\$		\$			
Hire Purchase Charges				\$		\$			
Lease Expenses				\$		\$			
Other Addbacks - explain below				\$		\$	50,000		
<div>Instant Asset W/O</div>									
Less: Extraordinary Contributions to NPBT (e.g. windfall gains during year)				<div>40000</div>					
<div>Job Keeper &amp; Cash Flow</div>									
<b>Total Allowable Income</b>				\$	106,000	\$	136,000		
				<b>Total Allowable Income Variance</b>				<div>28%</div>	
<b>Method of assessing income</b>				<div>Most Recent Year</div>					
<b>Business Facilities</b> (uses higher of actual repayments or benchmarked)				<b>NPBT FIGURE USED</b>				\$	120,000
<b>Loan Provider</b>	<b>Limit</b>	<b>Facility Type</b>	<b>Term Remaining (mths)</b>	<b>IO Term Remaining (mths)</b>	<b>Loan Maturity Date</b>	<b>IO Period Maturity Date</b>	<b>Actual Rate</b>	<b>Monthly Repayment</b>	<b>Annual Repayments</b>
Bankwest	\$ 40,000	Lease/HP	180					\$ 300	\$ 3,600
<b>Total Benchmarkd Repayments</b>									\$ 3,600
<b>AVAILABLE CASH FOR DISTRIBUTION</b>									\$ 132,400
<b>First Name</b>		<b>Income Share (%)</b>							
A		100%							
<b>Extraordinary Income</b>		\$							6,000
<b>Business Income</b>		\$							126,400
<b>Total Income Available to Borrowers</b>		\$							132,400
<b>Additional Comments</b>									
Please provide mitigating commentary in the text box below as to why the income variance occurred									
<div></div>									

NPBT, standard depreciation, interest expense as per the financials to be entered.

Instant Asset W/O,  
additional super & other  
acceptable non recurring  
expenses can be added  
back under "other".

JK, Cashflow, Cap Gains and other unacceptable income types to be entered here.

**Total available income variance calculation.**

NB: Supporting commentary will only be required when the variance is greater than or equal to +/- 20% and exceeds \$10,000 in the additional comments section below.