



Commercial Update

Commercial Credit Policy Changes

During the pandemic the Business Lending team have been focused on supporting our existing customers and brokers to navigate through these uncertain times, tailoring solutions to help them meet their commitments.

We also spent time reviewing our strategy and resetting our lending proposition to focus on business customers. This proposition is consistent with ING globally - to provide a niche focus to trading business customers.

We're pleased to announce that the current market conditions have meant we've been able to make some changes to our Commercial Credit policy. Below are some of the key credit policy changes that are effective immediately.

Section	Revised Policy Details

Borrower Type/Group Industry Classification	<ul style="list-style-type: none"> • Focus on trading business (SME) within acceptable industries. • Pure property investors and pure PAYG no longer accepted
Income Source	<ul style="list-style-type: none"> • PAYG and/or Rental income is no longer acceptable if it is the main source of income. PAYG and/or Rental income must be < 49% of the total group income with the other 51% of income coming from a trading business.
Interest Only	<ul style="list-style-type: none"> • Interest only is no longer acceptable for Owner occupied business premises. I.e. Owner occupied loans must service and be repaid on a Principal and Interest repayment basis. • Interest Only period for investment purpose with LVR >70% has been reduced to 3 years (from 5 years). It is important to highlight, the Interest Only period for investment purpose with LVR <70% remains unchanged (5 years). • Interest Only period is capped at 5 years for life of a loan with an LVR >70%, this also applies to existing commercial loans.
LVR	<ul style="list-style-type: none"> • Maximum LVR increased to 75% subject to asset type and location (metro or regional) <p>See section below 'COVID-19 Impacted Industries' for more information.</p>
Cash-out	<ul style="list-style-type: none"> • Now capped at 50% of the total loan with a maximum amount of \$500,000. <p>Higher amounts can be considered with acceptable supporting documentation.</p>
Childcare Centre	<ul style="list-style-type: none"> • In addition to Investors Owner Operators are now acceptable. (Owner operators must have at least 5 years experience within the industry) • Purchase or refinance freehold centres that have been trading for 3 years • No restriction on operator type, they don't have to be national operators • Maximum LVR 65% for Metro & 60% for Regional – Freehold value

New Supporting Document requirements

As part of our review we have made some changes to our supporting document requirements. Going forward, for all loan applications we will require:

Supporting Document	Details of Requirement
3 years financial results (P&L and Balance Sheet)	<p>This must include:</p> <ul style="list-style-type: none"> • Most recent 2 years tax returns (minimum requirement); and • Either last 4 quarter BAS Statements or Management Accounts for the remaining period, up to the latest GST reporting quarter.
Bank statements	<ul style="list-style-type: none"> • Six months bank account statements for main trading account of business. <p>Please note, 12 months bank account statements for the main trading entity are required where sales have reduced by more than 15% from the previous year.</p>
Tax Portals	<ul style="list-style-type: none"> • Integrated client account and income tax account covering 12 month period.
Applications above \$1.5 million	<ul style="list-style-type: none"> • For all loan applications above \$1.5m (at any LVR) an accountant prepared 12-month Profit and Loss forecast together with assumptions must be provided.

COVID-19 Impacted Industries

As you're aware some industries have been affected by COVID-19 more than others. Whether your loan submission relates to residential or commercial lending, our list of COVID-19 impacted industries is identical. Where required, we may exercise additional caution where an applicant's income is sourced from the following industries:

- Accommodation
- Air Transport
- Creative, arts and entertainment activities
- Food and beverage service activities
- Gambling and betting activities
- Heavy Engineering and Civil Engineering Construction
- Libraries, archives, museums and other cultural activities
- Sports activities and amusement and recreation activities
- Travel agency, tour operator and other reservation services

If you have any questions regarding the above Commercial Credit policy changes, or would like to discuss a possible scenario, please do not hesitate to contact your ING Commercial representative. Our commercial lending team are here to help you!

Online help & support
Visit broker.ing.com.au

Here 1300 656 226, 8.30
a.m. - 6pm Monday to Friday
(AEST)

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ING
60 Margaret Street
Sydney, NSW, 2000, AU

