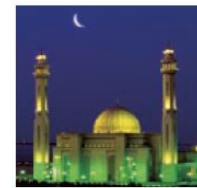


# Bank of China (Australia) Ltd

## Mortgage Products & Credit Policy

Jul 2023



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**Bank of China Introduction**

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**BOCAL Home Loan Products**

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**BOCAL Lending Process**

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**BOCAL Credit Policy**

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**Others**

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1

# Bank of China Introduction

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# History and Milestones

**1912**

Bank of China was founded  
Functioned as central bank



**1929**

Established London Office  
Started overseas network development



**1949**

Became specialised foreign exchange bank



**1985**

Issued the first bank credit card in China



**1994**

Became state-owned commercial bank to provide full-range financial service



**1994/1995**



Became note-issuing bank in Hong Kong and Macau

**2006**



Listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange

**2008**



Provided financial service to Beijing Olympic Games as the sole banking partner

**2011**



Became the Global Systemically Important Banks (G-SIBs)

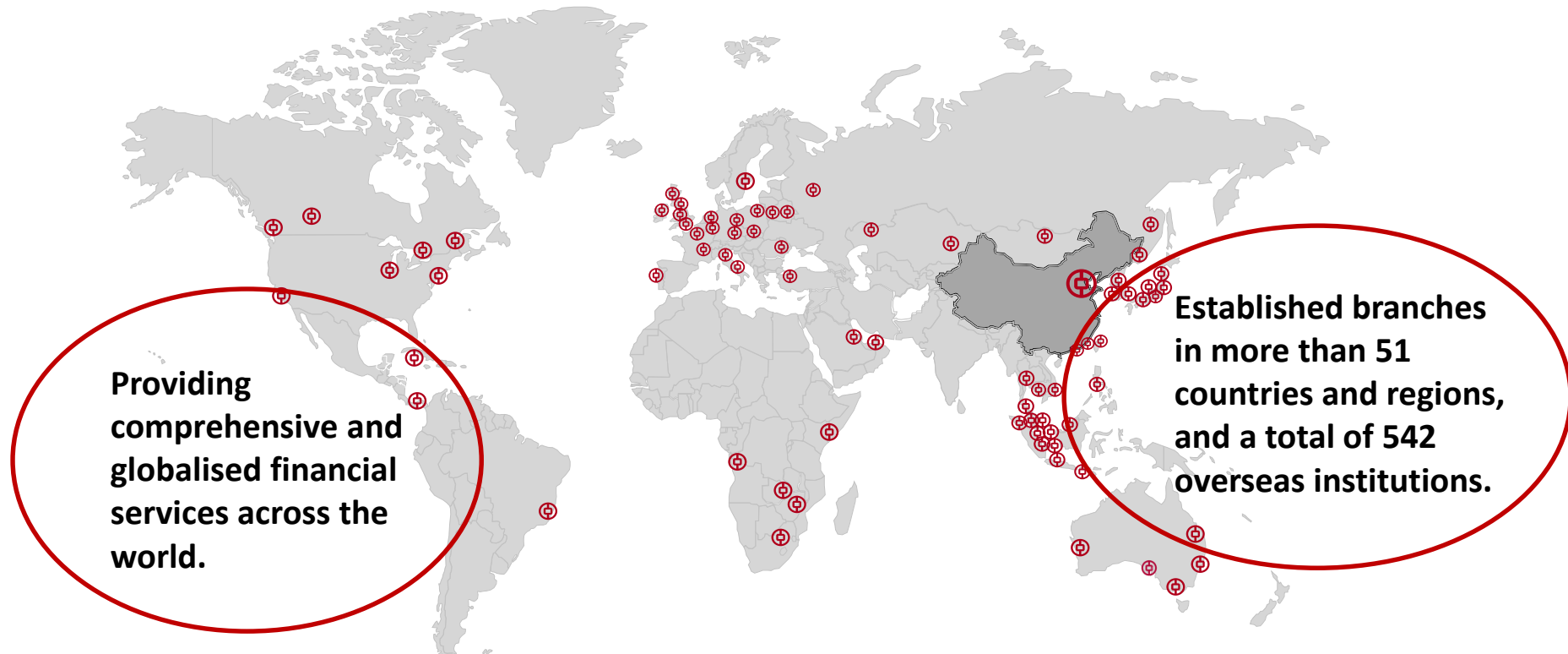
**2012**



Starting point of new century

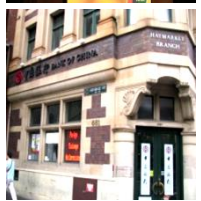
- The only bank in China that has ongoing operating history for a hundred years
- The only Chinese enterprise that has been enrolled in the world top 500 enterprises for 27 consecutive years
- The 1<sup>st</sup> and only financial institution in emerging economies selected as the global systematically important banks (G-SIBs) for 5 consecutive years.
- Ranked 4<sup>th</sup> among the Top 1,000 World Banks by *The Banker* (2017)
- Three-time winner of “Bank of the Year China” by *the Banker*

# Extensive Global Networks



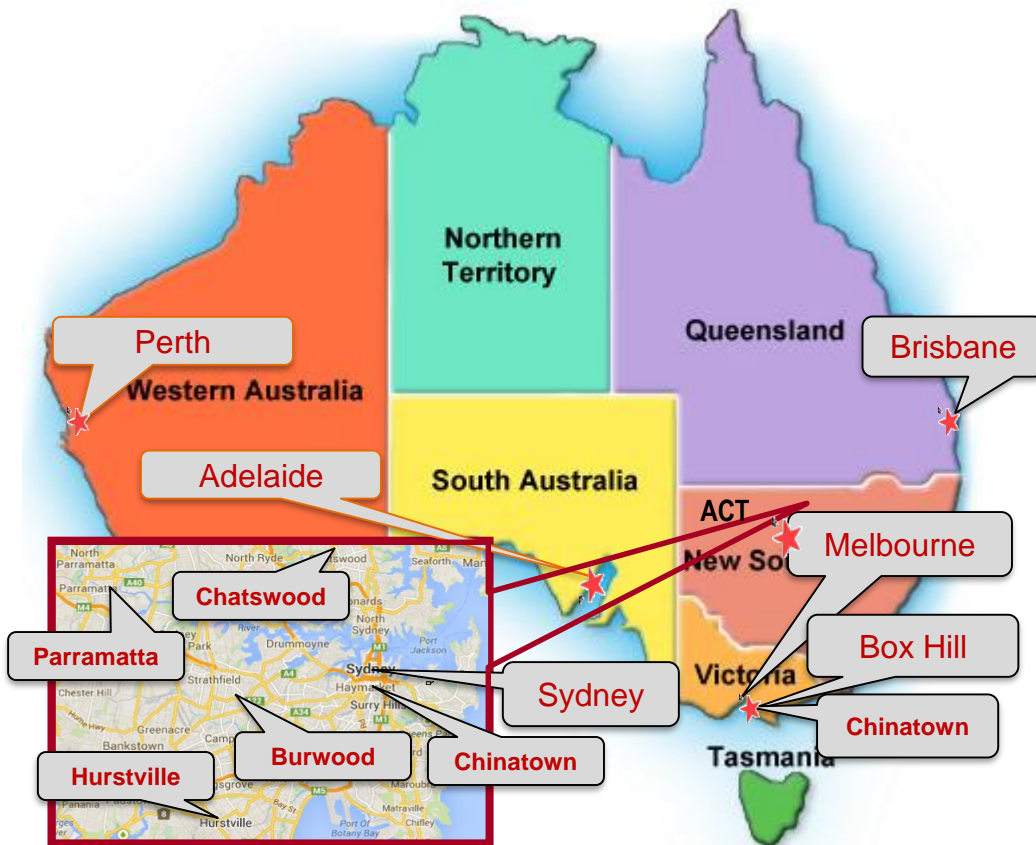
Asia Pacific Region	Europe	The Americas	Africa
Mainland China, Hong Kong, Macau, Taiwan, Australia, New Zealand, Singapore, Japan, Korea, Thailand, Malaysia, Vietnam, Philippines, Indonesia, Kazakhstan, Bahrain, United Arab Emirates, Cambodia, Mongolia, and Turkey	UK, France, Germany, Luxembourg, Italy, Hungary, Russia, Ireland, Netherlands, Belgium, Poland, Portugal and Sweden	US, Canada, Panama, Grand Cayman and Brazil	Zambia, South Africa, Kenya and Luanda

# Bank of China in Australia



# History and Location in Australia

Bank of China is the oldest, largest and has most branches with the most comprehensive services Chinese banks



## BOC History in Australia

- 1942 ✦ Establishment of Bank of China in Australia
- 1985 ✦ Sydney Branch resumed operations
- 1986 ✦ Opening of Haymarket Branch
- 1995 ✦ Opening of Melbourne Branch
- 2000 ✦ Opening of Parramatta Branch
- 2005 ✦ Establishment of Bank of China (Australia) Limited
- 2008 ✦ Opening of Hurstville Branch  
✦ Opening of Perth Branch
- 2010 ✦ Opening of Brisbane Branch
- 2011 ✦ Opening of Box Hill Branch  
✦ Total Assets exceeding AUD 10 Billion
- 2012 ✦ Opening of Chatswood Branch
- 2013 ✦ Total Assets exceeding AUD 20 Billion
- 2014 ✦ Total Assets exceeding AUD 30 Billion
- 2016 ✦ Opening of Adelaide Branch
- 2017 ✦ Total Asset exceeding AUD 37 Billion
- 2018 ✦ Opening of Burwood Branch in Sydney & Chinatown Branch in Melbourne



## Dual Structure and Combined Operation

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- ❖ **Bank of China (Australia) Limited (BOCAL)** Retail banking business
- ❖ **Bank of China Sydney Branch (BOCS)** Corporate banking business

## Our Advantages

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- ❖ **Solid client base** – corporate and retail in China and Australia
- ❖ **Longest history and most extensive network** in Australia compared to other Chinese banks
- ❖ The only Chinese bank in Australia with **full service banking licenses**

## Personal Banking

### Loan Services

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- ❖ Home Loan

### Exchange and Settlement Bank Cards

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- ❖ Debit Card
- ❖ Credit Card

### Deposit Services

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- ❖ Demand Deposit Accounts
- ❖ Cheque Accounts
- ❖ Term Deposit

### Others

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- ❖ Bank Guarantee
- ❖ Exchange and Settlement
- ❖ Safe Deposit Boxes

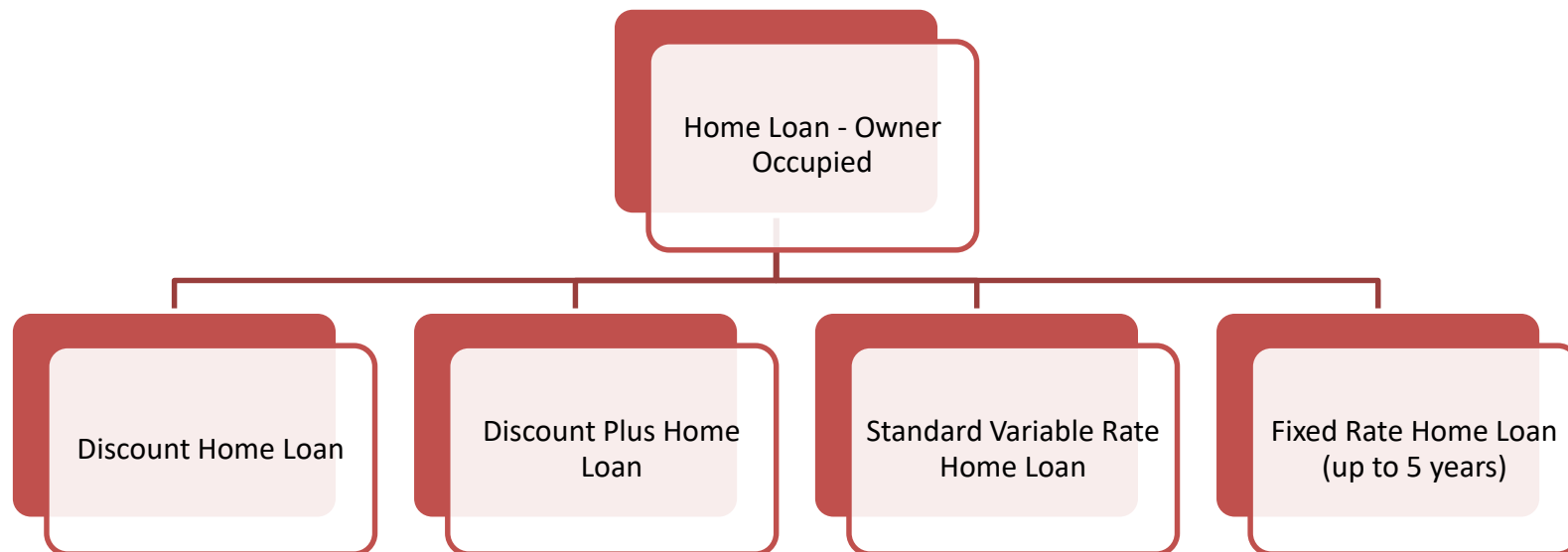
# BOCAL Home Loan Business Highlights

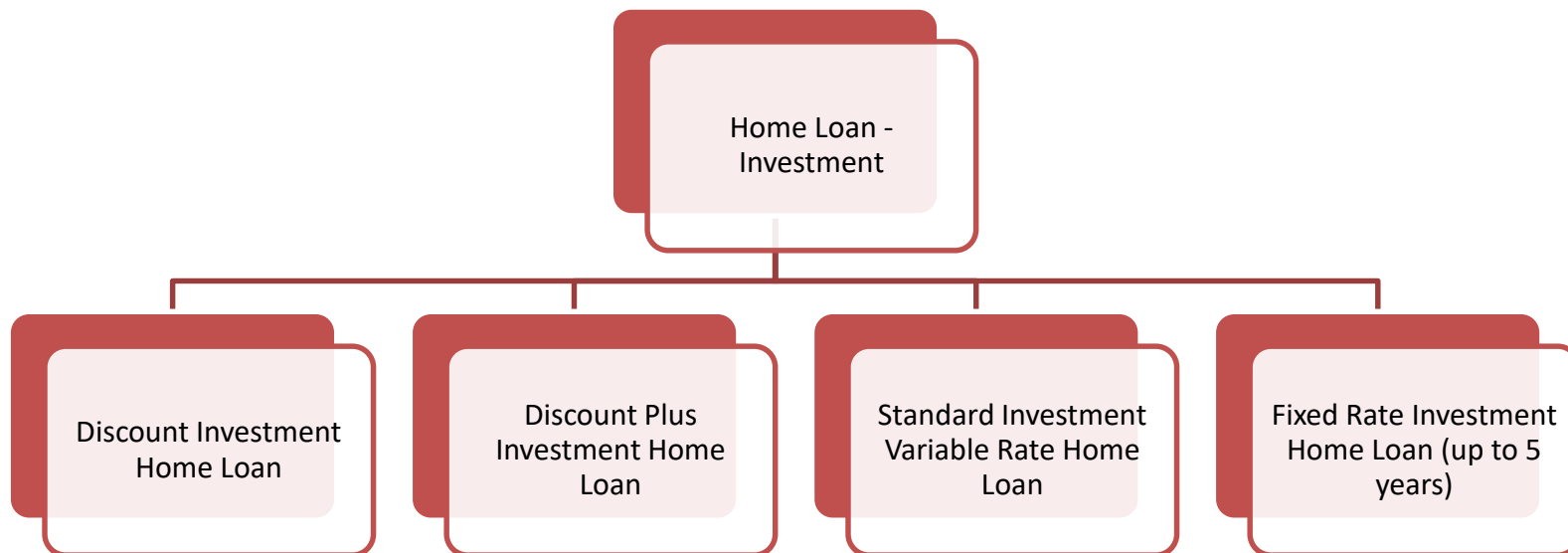
- ❖ Well recognized among Chinese community
- ❖ Dedicated Relationship Manager looking after the business relationship with brokers
- ❖ Competitive products and pricing
- ❖ Same pricing for walk-in customers and those from third parties
- ❖ Mortgage team is based in Sydney that initial decision to be given around 3 business day
- ❖ Updated credit assessment policy and procedures in accordance with current market practice

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## BOCAL Home Loan Products

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# Lending Products – Minimum Loan Amount

## Products Minimum Loan Amount:

- Discount Series Home Loan –250k
- Discount Plus Series Home Loan - 100k
- Standard Variable Rate Series Home Loan – No
- Fixed Rate Series Home Loan - 150k

## Package (Discount Plus Series) Benefits:

- Offset Accounts
- Credit Card with annual card fee waived
- Debit Card without minimum deposit amount

## Variable Rate Product:

- Discount Plus Home Loan (with offset)

**5.53%** with Principle and Interest repayment method

For borrowers who apply for Discount Plus Home Loan ( Principal and Interest repayment) Product fully assessed on Australian Income and if you hold:

- Discount Plus Investment Home Loan (with offset)

**6.03%** with Principle and Interest repayment method

**6.33%** with Interest Only repayment method



## Fixed Rate Product:

After the fixed period, SVR for the remainder of the loan term.

- Fixed Rate 1 year (Owner Occupied):

**5.99%** with Principle and Interest repayment method

- Fixed Rate 2 & 3 year (Owner Occupied):

**5.79%** with Principle and Interest repayment method

- Fixed Rate 1 and 2 & 3 year (Investment):

**6.39% (1 year) 6.09%(2 & 3 year)** with Principle and Interest repayment method

**6.49% (1 year)** with Interest Only repayment method

## More promotional offers:

- ❖ For LVR less than 70% or Green Finance Customer, further 0.10 % p.a. discount applies for owner-occupied and investment variable rate products.
- ❖ For all new applications, there is an annual fee of \$395 which will be waived in the first year.
- ❖ For new borrowers who eligible for BOC VIP company or professional package, an **additional discount** applies for owner-occupied rate products.
- ❖ The above additional promotional offers cannot be applied at the same time

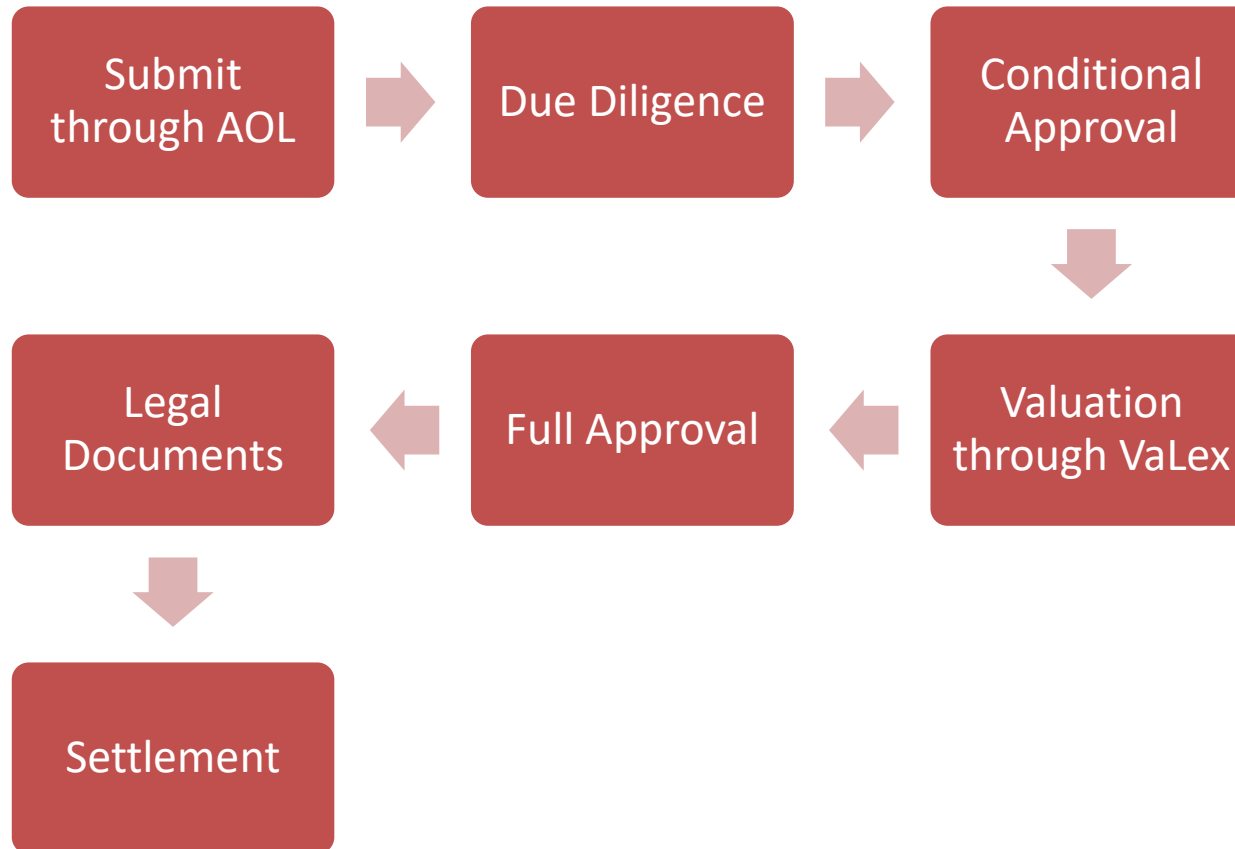
## BOCAL Campaign Rates and Products

- ❖ Promotional rates are available for loan applications received from 1st Jul 2023 to 30 Sep 2023 and settled before 31 Dec 2023. The rates are for loan applications fully assessed on **Australian Income** with an **LVR ≤ 80%**.
- ❖ Cashback of **\$4,288** available for external-refinance and **\$2,000** for new purchase applications with **fully assessed on Australian Income with an LVR ≤ 80% and loan amount ≥ \$250,000**.
- ❖ Each customer (including each holder of joint accounts) can only participate once.
- ❖ No special offers for LMI applications.
- ❖ Any changes will be updated accordingly at any time without notice during this promotion period.

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## BOCAL Lending Process

# Lending Process



4

## BOCAL Credit Policy

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- Applicants
- Loan Purpose
- Securities
- Credit History
- Employment & Income
- Serviceability
- Supporting Documents

## Acceptable Applicants

- Individual aged 18+ who is PR or Citizen of AUS
- Temporary residents:  
Acceptable visa types:  
160, 161, 162, 163, 164, 165, 188, 457, 482, 489, 491  
Spouse visa: 309 and 820 (Application must be jointly with the Australian citizen, Australian permanent resident or eligible NZ citizen. Both applicants must be mortgagors.)
- Non- AU residents and overseas income from selected countries or regions:  
Hong Kong, Macau, Taiwan, New Zealand



# Loan Purpose

## Acceptable Loan Purposes

- Residential property purchase
- Home loan refinance
- House & Land package only
- Debt consolidation
- Equity release / Cash out for home improvement, vehicle purchase and any other purpose deemed worthwhile by the Bank

**Cash out** : Only available with refinances or equity releases;

- No evidence required: Cash out  $\leq$  \$300K
- Evidences required:  $\$300K < \text{Cash out} \leq \$1,000K$
- \$300K and above fund control required

## Maximum Loan Amount

- Maximum loan amount per security – AUD 5 million
- Maximum loan amount per borrower – AUD 8 million

## Credit Defaults

Minor defaults (maximum 2) up to \$1,500 in total are acceptable for standard products providing that the following conditions are met:

- Default has been paid at least 3 months prior to the application, as shown on Broker Preliminary Assessment form.
- Default is not related to a loan or credit card payment
- Reason for default has been properly explained in writing and considered acceptable to the bank

# Employment and Income

## PAYG-Full time/Part time

Minimum 3 months employment with current employer.

**Medical practitioners, registered nurses, lawyers, chartered accountants and certified public accountants are exempted from minimum experience in the industry. Relevant license or registration documents must be provided.**

All probation periods must be completed.

- Last 2 pay slips & letter from employer/employment contract; plus letter from employer/employment contract and 2 months bank statements showing salary credit; or
- Last 2 pay slips & last 2 yrs pay summaries/income statement; or
- Last 2 pay slips & last 2 yrs individual tax returns (NOAs maybe required).

## PAYG-Contract

Minimum 12 months contract term remaining.

- Current contract to be provided

**OR**

Continuous employment history can be established over the past 24 months.

- Last 2 years' individual tax returns, income statements or salary account statements; **and**
- Last 2 pay slips; **and**
- Maximum 48 weeks are allowed if annualisation of income applied

## Multiple Jobs

Multiple jobs will be accepted plus all income must be supported by personal tax return or income statements for the past 6 months, in addition to pay-slips.

## Overtime

- 80% subject to evidence that the overtime is a permanent and ongoing part of borrower's income.
- Minimum 3 months YTD if annualisation of income applied. Otherwise, most recent personal tax return or income statement required.

## Allowance

100% if confirmed via contract that specific allowance is part of fixed income and payments shown in account statements.

80% otherwise confirmed via payslips and payment history.

# Employment and Income

## Commission

- 80% where it can be confirmed over past 6 months.
- At least 6 months YTD if annualisation of income applied.

## Bonus/ Incentive

80%, lower of the past 2 years per personal tax returns or income statements

## Rental income

80% of gross rental ; 70% gross for high-density properties located at restricted post code areas.

# Employment and Income

## SELF-EMPLOYED

### (Does NOT apply to overseas income)

Minimum 2 yrs in current business

- Income from the latest financial year higher than previous year, the average of the last two years' income is used ;
  - Income from the latest financial year is less than the previous year; the lower of the two figures is used.
- 
- Last 2 yrs Individual tax returns (signed by Applicant and the accountant) and at least **one year** of NOA (tax assessment notice);
  - Last 2 yrs Company tax returns; **and**
  - last 2 yrs financials - balance sheet, profit and loss statements; **and**
  - Quarterly BAS since beginning of current financial year



## Business Owner Visa Holders

If the borrower holds a visa of business owner category, e.g. 163, 188a or 188b etc., financial information provided by the primary visa holder must be able to reflect borrower has fulfilled the visa requirement.

## Overseas Income

### (PAYG income )

- The Bank only accepts residents of the following countries and regions and their income derived from these countries/regions: Taiwan, Hong Kong, Macau and New Zealand.
- Salary account statements for 6 months
- Letter from employer
- 2 Most recent pay slips
- Credit file report from local bureau may be required.

# Living expense and existing debts

## Living Expenses Verifications

- The section of living expense in the application form must be completed by the borrowers in details as specified in the application form.
- Minimum 3 months primary / relevant account (everyday and credit card) statements to be provided by the borrowers. (There may be multiple accounts relevant to the living expense verification.)

## Existing debt commitment

- **One of the Latest bank statements for credit cards** and all loans, if declared any Information in relation to existing loans should include: facility limit, remaining term, repayment method and interest rate; Credit Card details should include facility limit.

## Revolving Limit:

- Credit Card debt repayment will be calculated as 3.8% monthly;
- Amex Charge Card without a limit will be based on 3.8% of highest balance in past 6 months;
- Personal overdraft repayment will be calculated as 3.8% of overdraft limit;
- HELOC will be calculated on the basis of amortization of total limit for 20 yrs.

## Net Income Surplus (NIS)

- $NIS = \text{Total Monthly Net Income} - \text{Total Monthly Expenses} - \text{Total Monthly Credit Commitments}$
- Minimum Net Income Surplus(NIS) amount: \$100 per month
- Floor Rate: 5.30%, including buffer of 3%

## Notional Rental Expense

- When the borrower is purchasing an inv property, and is said to reside with family/friends- either rent-free or at an unusually low cost, \$150 per week for individual or \$180 per week for couple

## Joint Income / Commitments

- Where the borrowers have existing joint commitments with parties who are not included in the loan application, 100% of the existing commitment is to be used in calculating serviceability for the new loan
- If the borrowers share a positive income source such as rental income with parties not included in the subject loan application, the percentage of ownership will be applied to the gross joint income in order to determine the amount used in calculating serviceability for the new loan

## Acceptable Securities

- ▶ Houses/townhouses/villas/apartments/units/flats with minimum 45m<sup>2</sup> internal area
  - Units/flats/apartments in **high density lending regions**: minimum internal area 50m<sup>2</sup>

## Acceptable Locations of Securities



Acceptable  
location

## High Density of Securities

High Density Properties: i.e. >35 Units per development

- ▶ Max LVR: O/O 80%, INV 70%
- ▶ Rental income discount
- ▶ Minimum internal area: 50m<sup>2</sup>



High Density

## LVR Summary

$LVR = \text{Loan Amount} / \text{Security Value}$

The maximum LVR for a single security property is as following:

Maximum LVR for residential property:

Security property value:

- Less than or equal to \$3 million: 80%;
- Greater than \$3m to less than or equal to \$3.429m: Transitional between 70% - 80%, maximum loan amount \$2.4m;
- Greater than \$3.429m 70%.

LVR will be reduced by 10% when overseas income is used as part of the income for assessment.



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Others

# Home loan application checklist

1. A signed and dated home loan application form
2. 100 points ID for all individual borrowers
3. Income evidences
4. Minimum of 3 months primary / relevant transaction account statements
5. Most recent rate notice (council rate or water rate) for all properties owned
6. Most recent loan statements for all current borrowings
7. Existing liabilities most recent 3 month statements (personal loan, car loan, credit cards and Over draft)

## Additional documents for *New Purchase*

- ▶ Saving evidence for deposit ( fund to complete the purchase)
- ▶ Exchanged contract of sales and special conditions of the sale (i.e. cash rebate, sunset clause)

# Home loan application checklist ( cont. )

## Additional documents for *Refinance*

- ▶ Most recent 1 month home loan statements

## Overseas borrowers

- ▶ If the borrower is an Australian citizen who requests to assess serviceability based on overseas income, the copy of a valid working visa of the country in which the borrower works should be provided.

The Bank reserves the right to require additional information when necessary.

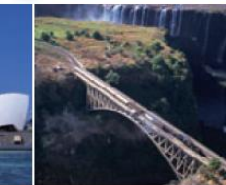
## Forms needed to prepared and signed by brokers:

- ▶ Signed Broker CI form
- ▶ Signed Preliminary Credit Assessment Report

## For customer ID :

- ▶ For passport, front page with photo and signature page are required; Visa grant letter and VEVO check are required

# Thank You !



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