

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Commonwealth Bank of Australia

CBA21QW:

*Please advise the number of times that you have made formal use of non-monetary default clauses, of any kind, for loans of less than \$5M, and \$3M, in 2014/15 and 2015/16.*

**Answer:**

We do not keep aggregated records of the number of times Commonwealth Bank has relied upon non-monetary default clauses.

However, at the time of the Parliamentary Joint Committee on Corporations and Financial Services' inquiry into the impairment of customer loans in 2015, we submitted that it was exceedingly rare to instigate recovery proceedings on the basis of loan to valuation ratios or 'non-monetary' covenants alone and in the absence of missed payments.

For example, we examined 36 cases that were put to that Committee and found that in 33 cases the customer was in monetary default. Of the remaining three cases, in one there was no monetary default and no enforcement action was taken. In the second, a voluntary administrator was appointed by the customer. In the third case, the customer invited Bankwest to appoint a receiver because of its financial difficulties.