

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Bendigo and Adelaide Bank

BAB09QW: *Whether the valuations on large commercial investments or like large commercial investments financed by the bank are:*

- (a) independently completed?*
- (b) whether they are completed and/or reviewed annually?*
- (c) in reference to (b), if they are reviewed by whom?*
- (d) in reference to (b), if not annually, how often, the trigger, and the average timeframe between review?*

Answer: (a) For large commercial investments or like large commercial investments, a Full Certified Valuation (an independent externally conducted valuation) is required.

(b) An annual review of all exposures greater than \$1 million is required. The valuation is required to be reviewed as part of the annual review and, depending on circumstances, a fresh valuation may be required. 'Circumstances' might include where there is evidence of a material deterioration in valuation, or where it has been three or more years since the last valuation was completed. Where credit quality has deteriorated, revaluations are more frequent to enable the Bank to correctly assess collective and specific provision requirements.

(c) Depending on the value of the security, it may be reviewed by the lender responsible, a credit decision-maker or by property risk management. Where the loan is managed by Asset Management, valuations are reviewed by Asset Management staff with support as needed from property risk management.

(d) Not applicable.