

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Australia and New Zealand Banking Group

ANZ08QW: INFRASTRUCTURE VALUATION INDEPENDENCE

Question: Whether the valuations on infrastructure investments financed by the bank are:

(a) independently completed?

The valuation ANZ prescribes to each of the infrastructure sub asset classes varies, with some infrastructure assets supported by an independent third party valuation while others are not. For many of these asset classes, like ports, and transmission and distribution assets, ANZ will take comfort from regulation of the asset by an independent regulatory body.

(b) whether they are completed and/or reviewed annually?

Valuations across the asset classes can be updated or provided between 12 and 36 months, noting in some instances if a valuation is provided independently (eg airports, ports) this may only be updated every 2-3 years. ANZ's policy requires the Security Indicator (SI) to be recalculated every 12 months, requiring the use and review of the valuation as a starting point.

(c) in reference to (b), if they are reviewed by whom?

Valuations are initially reviewed by Client Credit Management Analysts with the outcome of the SI reviewed and approved by dual Credit Approval Discretion holders as part of the annual review process.

(d) in reference to (b), if not annually, how often, the trigger, and the average timeframe between review?

For those valuations not provided/updated annually, ANZ policy requires this to be updated between 2-3 years (depending on asset class).

There may be exceptions to this policy for particular specialised assets where different approaches are employed (eg certain public infrastructure businesses or services with concession agreements that include step-in rights for lenders).