HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

CBA

CBA17QW: Whether the valuations on infrastructure investments finances 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) Valuations are undertaken by either (1) an independent and appropriately experienced external consultant or (2) by a Project Finance Qualified Appraiser who is independent from the transaction. All valuations are approved by Line 2 risk professionals.

In accordance with the Project Finance (PF) Valuation policy, a PF Qualified Appraiser is a member of the Institutional Banking and Markets Project Finance Industry Group (which has subsequently been restructured into the Real Estate and Infrastructure Client Solutions team) who:

- Holds a minimum of 5 years sector specific experience and at least 5 years banking experience in lead project finance roles; and

- Complies with the Category 7 Minimum Continuing Education Policies under the Business and Private Banking & Institutional Banking and Markets Training Policy.

All PF Qualified Appraisers need to successfully complete the Bank's Project Finance Secured Lending Margin Policy Certification course and be certified as a Qualified Appraiser.

(b) Valuations are reviewed annually along with an assessment of the credit rating as part of the annual credit review process.

(c) Valuation models are updated annually by a an experienced modeller or financial analyst (no less than 1 year experience) within

Institutional Banking and Markets, Real Estate and Infrastructure team (Line 1) and approved by Line 2 risk professionals. Line 2 risk professionals may request that the Valuation be reviewed and confirmed by a PF Qualified Appraiser where there have been material changes which are likely to impact the Valuation.

(d) N/A.