

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

#### Commonwealth Bank of Australia

**CBA61QON:** Ms HAMMOND: Is it a standard practice of the bank, when SME loans are given, to take security over personal assets?

Mr Comyn: Certainly it is common practice for security to be involved in business lending—not always. Many of the facilities, in terms of working capital overdrafts, tend to be unsecured, but, if we look across our lending book, there is a high proportion of there being security. That ranges from residential security to commercial property security—and, in some cases, secured over particular assets such as equipment, vehicles et cetera.

Ms HAMMOND: Have you identified that as an area of greater risk at this stage for the bank?

Mr Comyn: The risk more precisely around property flows through into both the housing book as well as our commercial lending book. There's no escaping that. Fortunately there was a lot of diversification, particularly across commercial property, you'd appreciate—everything from small retail to commercial property. That can be anything from office to logistics or industrial if I look across our lending book in business. Agriculture, fortunately, is having a good year. In many parts of the country there has been much stronger rainfall, so we're seeing a much better outlook there, which is obviously very good news for our customers in regional areas.

Ms HAMMOND: I would like, if possible, to get some sort of statistics on the SME loans which are secured by homes.

Mr Comyn: Sure. No problem.

**Answer:** The SME Loan book is primarily secured against collateral other than residential property. Residential property represents roughly 30 per cent of collateral type (by value of loans), however this varies depending on the definition of SME lending, including the threshold in terms of value and the types of loans included.

This figure reflects total SME Lending, as opposed to the SME Government Guarantee Scheme, which of course does not permit taking residential property as collateral.