

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

Bank of Queensland

BAQ09QW: Whether the valuations on large commercial investments or like large commercial investments financed by the bank are:

- (a) independently completed?

Answer: BOQ only uses independent qualified and experienced valuers, with appropriate industry memberships, to value commercial property held as collateral.

BOQ controls the valuers used through authorised valuer panels. Valuer firms are appointed to BOQ panels based on accreditation requirements. This includes consideration of a firm's level of expertise, experience and professionalism. Panels are formed to give broad national coverage and where appropriate specialised property coverage.

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

Answer: All corporate lending facilities with collateral of this nature are reviewed annually. Consideration of BOQ's collateral position would form part of the broader facility review. Consideration would be given as to any adverse market movement or other aspects impacting the value of a property collateral (e.g. loss of key tenant/s, local redevelopment/rezoning, etc.). By exception, where considered necessary, an updated formal valuation by an independent valuer may be undertaken as part of the annual review.

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

Answer: The annual review of facilities of this nature are undertaken by the client relationship manager in conjunction with the borrower and subsequently approved by an independent Group Risk representative.

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

Answer: If an annual review does not trigger the requirement for an updated property valuation consideration would be given to completing a new valuation in line with general industry timeframes every 3 years.

Updated valuations by an independent valuer may also be required for requests to increase borrowing limits or materially restructure existing facilities. For these requests consideration is given to the assessment of the fuller credit proposal and individual circumstances, including the collateral position held by BOQ. Where considered necessary based on such things as the age of existing property valuations and market movements BOQ may determine updated independent valuation is required.