

Management of Impaired Assets in T24

DATE EFFECTIVE: 03 December 2017

1. Purpose

This procedure establishes guidelines for the management of client facilities for FR clients that are booked in T24 and are reclassified to an impaired status.

1.1 Conditions

This procedure applies to Wholesale Banking or MAC clients that have facilities booked in T24 CFAB for Australia and New Zealand.

2. Task List

Task	Description	Responsibility
Reclassification of Account to 'Impaired' Status	FR Manager determines that the account is impaired and seeks confirmation from LCC/CBCC as appropriate	FR Mgr / LCC / CBCC
Advise Relevant Parties of Account Downgrade	Ensures relevant parties are advised of change to client status	Business Management Risk
Change Facility Details in T24 CFAB	Enables facility to be set up in the T24 CFAB non-accrual module	Account Mgr or Credit Admin Wholesale Banking
Rebook All Loans in Non-Accrual Module	Book all loans in T24 CFAB non-accrual module	CBS
Provide Notice of Impending Rollovers	Ensures loans are rolled over as required in the system	CBS / FR Mgr / Account Mgr

3. Reclassification of Account to 'Impaired' Status

FR Manager undertake this task on assessment of the client's exposure, security and the FR Manager's strategy for the client including reclassifying an account to 'Impaired' status.

Step	Action
1	Where the FR Manager assesses an account to be 'Impaired', the LSR/Memo is to note the account's RRR, LQC and status as 'Impaired'. Generally, the client will have a Risk Rating of D2, D3 or D4. Note: Any downgrade should be entered in the Credit Ratings Engine (Wholesale Accounts) and in CMS+ (MAC Accounts) and also approved by the FR Manager.
2	Obtain LCC/CBCC approval for the downgrade and status of 'Impaired' through a Credit Submission or Memo. This will generally be done as part of a credit review or strategy report.

4. Advise Relevant Parties of Account Downgrade

Business Management Risk team undertakes this task to ensure that the downgrade is reported to all relevant parties in the Bank.

Step	Action
1	Advise Finance & Control of the account downgrade and the account's status as 'Impaired' or 'Not Impaired'.
2	Advise Account Manager (MAC) or Senior Manager Credit Admin (WB) of the account downgrade and the account's status as 'Impaired' or 'Not Impaired'. This would generally have already been done with the provision of a copy of the credit submission and minutes to the Account Manager or the Senior Manager Credit Admin by the Business Management Risk Team.
3	Advise CBS of the account downgrade and the account's status as 'Impaired' or 'Not Impaired'.

5. Change Facility Details in T24 CFAB

Account Manager (MAC) or Senior Manager Credit Admin (Wholesale Banking) completes this task to enable the loans under the client's facility to be established in the non-accrual module in T24 CFAB.

Step	Action
1	Complete changes to the Facility section of T24 CFAB for the client - refer 'Impaired Asset Checklist' – Facilities Going Into Impairment
2	Arrange for Credit (MAC) or Wholesale Banking front office (WB) to authorise those changes.

6. Rebook all Loans in Non-Accrual Module

CBS action this task to ensure that the loans are all correctly booked in the non-accrual module.

Step	Action
1	Complete steps in 'Impaired Asset Checklist' (Current Loans to Transfer to Impairment) to rebook the loan.
2	<p>Confirm the following with the FR Manager and include Wholesale Banking or MAC, depending on the client :</p> <ul style="list-style-type: none"> ■ Required rollover periods (including any future instructions on rollovers) ■ The Default Margin (if applicable) ■ Application of any repayments (to principal, interest, fees, other) <p>Note: All instructions from FR Manager should be documented at this time for ongoing management of the loans in T24 CFAB.</p>

7. Provide Notice of Impending Rollovers

CBS action this task to provide Account Manager/FR Managers with advance notice of any pending rollovers on loans that are booked in the non-accrual module in T24 CFAB. The correct and timely booking of these loans is essential to ensure that these facilities attract the correct amounts of interest on all unpaid debt.

Step	Action
1	CBS contacts the Account Manager (MAC or Wholesale) to discuss pending loan rollovers on the day of maturity.
2	Account/FR Manager determines (in discussion with client/FR/Account Manager as appropriate) the required instruction to CBS.
3	Account/FR Manager provides CBS with instructions for rollover of relevant loans at least one business day in advance of the rollover due date. Where continuous rollover terms are agreed upon these are considered as standing instructions until otherwise advised. This will include any specific instruction in relation to sending rollover or other notice requirements to the client or agent in relation to the facility.

8. Supplementary Information

8.1 Related Documents

Documents related to this procedure include:

- [Impairment, Non-Accrual and Provisions](#)
- [T24 Impairment Procedures](#) (T24 Resource Centre)

8.2 Definitions / Glossary of Terms

Term	Definition
CBS	Corporate Business Services
MAC	Major Agri Clients
LCC	Local Credit Committee
T24 CFAB	System used to manage loans, deposits guarantees and Letter of Credit
WB	Wholesale Banking

8.3 Document Management

Owner:	Head of FR Australia Head of FR New Zealand	Author:	Manager Risk
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