

Monitoring FR Accounts after Write Off

DATE EFFECTIVE: 12 March 2018

1. Purpose

This procedure establishes guidelines for the ongoing monitoring of FR accounts that have been written off and closed in Globus or T24.

1.2 Prerequisites

This procedure only applies to those accounts where:

- The Bank has incurred a loss, i.e. an amount has been written off in the Bank's general ledger (including circumstances where a residual amount of debt has been left to be repaid under some form of repayment arrangement),
- The account has been closed in Globus or T24; and
- There is good reason to continue to monitor this account for some period after the write off. This will generally be the case where there is some potential to recover further funds (even though it was considered remote or unlikely) through a bankruptcy process or through recovery of nominal amounts from client's future employment/business activities.

2. Task List

There are 4 tasks in the ongoing monitoring of FR accounts after write off.

Task	Responsibility
Add the client to the FR client list in in the "Salvage Accounts" tab.	Senior Finance Officer (NZ)/ Business Management Risk (AU)
Assess whether Statements are required to be prepared and forwarded to client on an ongoing basis.	FR Manager
If required, prepare Statement for client as required and forward to client. Maintain a record of these Statements.	FR Manager/ Finance Officer
At six monthly intervals, prepare a brief memo to Head of FR with an update on each of the clients on the "Salvage Clients" tab.	Senior Finance Officer (NZ)/ Finance Officer FR (AU)

3. Add Client to the FR Client List in the 'Salvage Clients' tab

Step	Action
1	Add the client to the "Salvage Clients" tab.

Step	Action
2	<p>Include the following details in relation to each client:</p> <ul style="list-style-type: none"> ■ FR Manager responsible ■ Client Name ■ Date of write off ■ Amount of write off ■ Requirement for statements (Yes/No) <p>Updated comments on the file. Note: these comments will be used for the report provided to Head of FR on a half yearly basis.</p>

4. Assess if Statement is required to be prepared and forwarded to Client

Generally it will be necessary to maintain a record of the full legal debt owed by the client which should be available to a client if requested. The requirement to provide written statements to a client differs in each jurisdiction and is dependent on whether the client is a Rural client (and booked in the local subsidiary) or a Wholesale client (where the debt is generally booked in the Rabobank branch).

For Rural accounts in New Zealand it is necessary to provide a statement every 6 months unless there have been no transactions on the account in that time period. A transaction includes the debiting of enforcement costs.

In Australia, under the Code of Banking Practice (applicable to all Rural accounts) there is a caveat from having to send a statement of account where a loan is in default and it is not practicable to send such a statement (e.g. because automatic statement generation is not available on loans in default). In these circumstances the bank must, instead, tell the client that statements of account are available and how they can request them and we must then provide those statements, on request, in a timely manner.

For those FR accounts that are booked in the branch (and previously maintained on the T24 system) it will be necessary to review the loan documentation and also consult with the relevant internal legal department to ensure correct protocol is followed.

5. Prepare Statement on a six monthly basis and forward to Client

Step	Action
1	FR Manager/ Finance Officer (as available) creates the statement from the pro forma statement available on SharePoint.
2	Statement should be checked by another FR Manager to ensure it is accurate.
3	Forward to client, and maintain a record of the statement created and date sent.

6. Prepare Credit Memo on the FR Portfolio

Step	Action
1	Business Management Risk coordinate with FR team members to ensure that the "Salvage Clients" tab has updated comments on all clients in the list. As part of this update, each FR Manager should consider whether the client needs to remain on this list.

Step	Action
2	On six monthly basis, Senior Finance Officer FR NZ and Finance Officer FR AU each prepare a memo to Head of FR AU/NZ (as appropriate) to provide an update on these portfolios.
3	Head of FR AU/NZ review the memo and approve any recommendations in relation to those clients (including whether to continue to monitor on the salvage ledger).

7. Supplementary Information

7.2 Related Documents

Documents related to this procedure include:

- Pro forma statement – FR New Zealand
- Pro forma statement – FR Australia
- [Loan Asset Write Off policy](#)
- [Loan Asset Write Off procedure](#)

7.3 Document Management

Owner:	Head of FR, Australia Head of FR, New Zealand	Author:	Risk Manager
Authoriser:	Head of FR, Australia Head of FR, New Zealand	Next Review Date:	30 Mar 2020