

Intake Policy for FR Accounts

DATE EFFECTIVE: 30 June 2017

1. Overview

1.1 Purpose

This policy describes the matters required to be undertaken as part of the Intake Process for new FR accounts. The Intake Process directly follows the process of allocation of an account within FR.

The Intake Process should be initially determined by the Head of FR on transfer of each new account to FR management. This generally is in either of two forms, either a full intake (full management) process or a light process for lower risk files – being for “FR Light accounts”).

1.2 Rationale

On transfer of accounts to FR, there are a number of matters that should be considered and attended to in order to ensure that all relevant matters have been taken into account as part of the development of an appropriate strategy for that account. In addition, given the deterioration of the credit quality in the account, it is important that the Bank ensures that it has taken all practicable steps to preserve the Bank’s legal position and ability to recover amounts outstanding from the client.

1.3 Scope / Responsibilities

Compliance with this policy is the direct responsibility of the FR Manager allocated to the account.

1.4 Relevant Regulations

There are no specific regulations applicable to the Intake Process itself. However, we note that dealings with clients in FR may be governed by various Banking Codes, APRA and RBNZ.

1.5 Definitions / Glossary of Terms

Term	Definition
Intake Process	The work required to be done on a new FR account during the initial phase after an account has been referred to FR under policy

Term	Definition
FR Light account	<p data-bbox="619 190 1302 225">FR file that holds one of the following risk rating criteria:</p> <ul data-bbox="663 243 1417 450" style="list-style-type: none"> <li data-bbox="663 243 1106 277">• Substandard R18 rating or better; <li data-bbox="663 296 1377 362">• Substandard/Doubtful/Loss LQC and less than \$1mln in exposure and no provision; or <li data-bbox="663 381 1417 450">• Substandard/Doubtful/Loss LQC and less than \$3.75mln in exposure and LSR of < 45% <p data-bbox="663 468 1461 569">It needs to be noted that some files that fall into the above characteristics may still require a Full Intake and Full Management process – with this being at the discretion of the FR Manager.</p> <p data-bbox="663 587 1457 714">Similarly, the FR Manager may subsequently decide to utilise a Light account management style if the attributes of an account that was under Full Management change and where the account now fits one of the above criteria.</p>
FR	Financial Restructuring

2. Policy Statement

The Intake Process may consist of the following key steps:

1. Confirmation to branch of review of account, including advising the branch of continuing roles of each of the Account Manager and the FR Manager (this is contained in the procedure Allocation of an Account in FR)
2. Review of account details – history, current facilities, balances, work requests, etc
3. Notification to Client of the transfer of the account to FR and other relevant matters (default, demand, etc)
4. Client visit
5. Security review
6. Security valuation.

For FR Light accounts, the FR Manager may agree with the Account Manager appropriate intake steps, with FR having discretion to waive the notification to the client of the transfer to FR, client visit, and security and valuation review requirements.

These steps, and other related matters, are contained in the ‘FR Checklist’. Once these items have been considered/attended to, the FR Manager can formulate and present a strategy relating to the client.

The Intake Process should be completed for each new FR account within a period of 90 days from the date of referral of the account to the FR Team.
For exposures over AUD/NZD10mln, the Intake Process should be completed within 45 days from the date of referral.

Approval for an extension of time for the intake process beyond the 45 day/90 day period (as applicable) must be obtained as follows:

- For accounts reviewed under delegated authority – from the Head of FR
- For accounts to be submitted to LCC/FR&R – from LCC.

Business Rules	
2.1	As part of the Intake Process, the FR Checklist should be completed for each new FR Account and a copy retained in the client directory/client file as appropriate for each office.
2.2	The FR Manager should visit the client during the 90 day (or 45 day, if relevant) period of the Intake Process. Where it is not practicable or necessary to undertake a client visit within this time period, approval of Head of FR should be obtained. The FR Manager may determine that it is not necessary to undertake a client visit for a particular FR Light account. This should be agreed with the Account Manager.
2.3	A review of the security documentation should be conducted during the Intake Process. For standard rural loans with a basic security arrangement, this exercise can be done by either FR or Credit Securities. For more complicated security arrangements, the security should be reviewed by an external lawyer in accordance with FR’s legal policies and procedures. Where there are issues with the security documentation, steps should be taken to rectify these as soon as practicable.

	<p>For a FR Light account, the FR Manager may waive the requirement for a security and document check unless:</p> <ul style="list-style-type: none"> • Additional lending >10% is required; • The client LSR>60%; or • There is some complexity in the security arrangements warranting a security review.
2.4	<p>An updated valuation should be obtained for any property on accounts transferred to FR where:</p> <ul style="list-style-type: none"> ■ The valuation is not current, in line with the Bank's valuation policy; or ■ There is possibility of the Bank incurring a loss on the account. <p>FR will determine the best appraisal approach on a case by case basis. Refer to the Valuation of Real Estate Credit Policy for further information regarding obtaining an updated valuation.</p> <p>A revised valuation by the Internal Appraisals team should be undertaken if the LSR>60% or the valuation is older than 24 months.</p>
2.5	Other matters as referred to in the FR Checklist should be reviewed and either marked as completed or noted as 'not applicable'.
2.6	While completion of each of the items on the Checklist is recommended, it is recognised that not every item on the Checklist or in the above process will be applicable to each FR account. Accordingly, it is acceptable to note on the Checklist for each client where a specific item is not applicable or required together with the reason. Deviations from the standard agreed process (above) should be documented on the Checklist or in the next review memo/LSR.

3. Related Documents

Documents related to this policy include:

- [FR Checklist](#)
- [Allocation of an Account in Financial Restructuring](#)
- [Roles and Responsibilities for Accounts in Financial Restructuring](#)
- [Valuation of Real Estate Policy](#)

4. Document Management

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