
Roles and Responsibilities for accounts in Financial Restructuring

DATE EFFECTIVE: 29 March 2018

1. Overview

1.1 Purpose

This policy sets out the guidelines for managing problem loan accounts that are downgraded to ‘substandard’ or worse, and are transferred to the Financial Restructuring (FR) team.

1.2 Rationale

This policy provides clarity around the role of the FR Manager, the Account Manager in the Branch and other support departments in relation to problem loans transferred to FR from:

- Country Banking
 - Rural
 - MAC
- Wholesale Banking.

1.3 Scope / Responsibilities

Compliance with this policy is the direct responsibility of:

- the FR Manager and the Account Manager responsible for the individual accounts and
- staff in other business units who provide support in relation to problem loans.

2. Rural Accounts

The FR team is responsible for developing and implementing recovery strategies for problem loan accounts that have been transferred to FR through policy requirements (for example, accounts that have been in excess for greater than 90 days) or through agreement with the AM/Credit, a delegated decision (CBCC/Approver) or LCC/KRM/CCCRG.

FR determines a recovery strategy and obtains appropriate approval of that strategy (through the relevant Credit Committee or through agreement with another FR Manager under the delegated authority policy). FR is also responsible for the daily decision making on the account once it comes under FR management. Management requirements for a FR account are determined by the FR classification. A FR Light account requires less intensive overall management by FR and accordingly, all of the steps in the Intake Process may not be required. Refer to the procedure in [Section 5.1](#) for more details.

The FR Manager and the Account Manager are responsible for the following tasks in relation to managing a rural account:

Role	Tasks
FR Manager (or alternate FR Manager as required)	<ul style="list-style-type: none"> ■ Undertake an initial review of the Account ■ Develop and implement a recovery strategy ■ Meet with the client as required (at the discretion of the FR Manager for a FR Light account) ■ Liaise with higher decision making bodies within the Bank ■ Review security documentation in line with FR policy (at the discretion of the FR Manager for a FR Light account) ■ Liaise with Internal Appraisals team in relation to updated valuations of collateral (as per policy requirements) ■ Review and comment on any requests received in relation to that client (generally received through CMS+) ■ Refer matters to Group Legal (for Australian matters) or New Zealand Legal (for New Zealand matters) as appropriate ■ Engage external advisers including accountants (investigative accountants), lawyers (to review security documents, review or prepare further documents or take legal action against clients), receivers, and estate agents and manage the work undertaken by that external adviser ■ Approve payment of invoices such as legal fees, receivers fees, accounting fees on FR accounts ■ Prepare loan strategy reports in the LQA system and/or CMS+ review memorandums with input and support from the Account Manager ■ Manage other stages of workout, including Farm Debt Mediation ■ Approve Credit Reviews, other requests and Strategy under FR delegation ■ Review and authorise written correspondence to clients ■ Update CRE (via CMS+) records on change of Loan Quality or Review Date ■ Ensure Risk Ratings are correctly maintained, including default triggers, in CRE (via CMS+) by approving the updated rating). ■ Ensure default exit criteria are met before initiating transfer back to branch where appropriate ■ Collate data on all default clients on transfer to FR for input into the LQA system <p>Note: This list is not exhaustive but is indicative of the tasks required to be performed by the FR Manager (or alternate FR Manager as required).</p>
Account Manager	<ul style="list-style-type: none"> ■ Initiate a Work Request that includes a credit submission/review in relation to the client, including obtaining all relevant financial and other information from the client for these reviews. This Work Request should be launched at least 3 weeks prior to the review date for the client (for Australian FR clients) and by the 20th of the month of the review date (for New Zealand FR clients). ■ Undertake facility maintenance for the facilities in T24 ■ Update Risk Ratings (as required) in CRE (via CMS+) including Default Triggers. ■ Process invoices related to the facility (such as legal fees, accounting fees, etc. that are not reimbursed directly by the client) ■ Process other requests for approval, as they arise, through CMS+ for approval by FR ■ Prepare updated Letters of Offer as requested by FR ■ Monitor covenant compliance, report and escalate to FR as required ■ Obtain updated insurance certificates as required ■ Complete a 'Default Data' spreadsheet which is sent to the FR Manager for all clients if and when they are downgraded to D1 or lower status. Refer Section 5.

Role	Tasks
	<ul style="list-style-type: none"> ■ Change the status of the client to 'never market' in the MAPS marketing database unless good commercial reason exists to retain on marketing database ■ Manage excesses and arrears on client accounts under the FR policy, including submitting requests to the FR Manager for approval of excess amounts through a CMS+ Work Request.

3. MAC Accounts

The FR team is responsible for developing and implementing recovery strategies for problem loan accounts that have been transferred to FR, generally at the request of LCC/KRM/CCCRG and on the recommendation of Credit Approvals.

FR determines a recovery strategy and obtains appropriate approval of that strategy through the relevant Credit Committee. FR is also responsible for the daily decision making on the account once it comes under FR management.

The following table outlines the roles and tasks in relation to managing a MAC account:

Role	Tasks
FR Manager	<ul style="list-style-type: none"> ■ Prepare loan strategy reports with input and support from the Account Manager ■ Engage external advisers such as Investigative Accountants, Receivers, and Lawyers. In this regard, the instruction letter should be prepared by the FR Manager and reviewed by Transactions Legal for legal advisers (if required). Please refer to Financial Restructuring Legal Policy for more details. ■ Approve payment of invoices such as legal fees, receivers fees and accounting fees on FR accounts ■ Update CMS+/CRE records (including default triggers) on change of Loan Quality or Review Date
Country Banking Credit	<ul style="list-style-type: none"> ■ Input financial data into MFA/MRA/LEA/RAROC (where applicable) systems ■ Prepare brief financial analysis to be included in credit papers/LSRs. FR is responsible for placing the financial analysis in context with the credit papers/LSRs. ■ Review financial reporting/covenant reporting as forwarded by the Account Manager to the Credit Analyst. The Credit Analyst advises the Account Manager and FR Manager of any breach of financial covenants based on that review. <p>Note: Refer to detailed Covenant Compliance policy for MAC for more information around this process</p>
Transactions Legal	<ul style="list-style-type: none"> ■ Review instruction/engagement letters for legal advisers at the request of the FR Manager ■ Assist with the review of legal documentation at the request of the FR Manager ■ Assist with the review of breach letters at the request of the FR Manager

Role	Tasks
Account Manager	<ul style="list-style-type: none"> ■ Assist with/input into credit papers/loan strategy reports ■ Prepare legal documentation (including Letters of Offer) with the assistance and review of the FR Manager and Transactions Legal. In general, the documentation should also be reviewed by an external legal adviser. ■ Maintain facilities in T24, Infolease and SKY (with authorisation by Country Banking Credit SAS and approval by the FR Manager) ■ Maintain data in CMS+/CRE(including default triggers), with approval of ratings completed by the FR Manager ■ Manage excesses and arrears on client accounts under the FR policy, including submitting requests to the FR Manager for approval of excess amounts. ■ Manage the collection of key client information such as financial reporting and covenant reporting. The information received should also be sent to Credit Approvals for checking. Where appropriate, a breach letter/default letter should be drafted by the Account Manager and reviewed by the FR Manager. The letter should be signed by the Account Manager. Transactions Legal assistance should also be requested to review the letter. Refer to MAC procedures on Covenant Monitoring and the FR policy on Covenant Compliance Monitoring for further details. ■ Obtain updated insurance certificates as required.

4. Wholesale Banking

The FR team is responsible for developing and implementing recovery strategies for problem loan accounts that have been transferred to FR, generally at the request of LCC/KRM/CCCRG and on the recommendation of Wholesale Banking Credit.

FR determines a recovery strategy and obtains appropriate approval of that strategy through the relevant Credit Committee. FR is also responsible for the daily decision making on the account once it comes under FR management.

The following tables outline the roles and tasks in relation to managing a Wholesale Banking account:

Role	Tasks
FR Manager	<ul style="list-style-type: none"> ■ Prepare loan strategy reports with input and support from the Account Manager. ■ Engage external advisers such as Investigative Accountants, Receivers, and Lawyers. In this regard, the instruction letter should be prepared by the FR Manager and reviewed by Transactions Legal for legal advisers. In addition, the engagement/appointment of an external adviser should be done in consultation with the Account Manager. ■ Manage the collection of key client information such as financial reporting and covenant reporting. The FR Manager also determines the appropriate letters to send to the client in relation to any defaults/breaches and drafts such letters. These letters should be reviewed by Transactions Legal and Wholesale Banking Credit Administration, and should be signed by the FR Manager and the Transactions Legal.

Role	Tasks
Wholesale Banking Credit	<ul style="list-style-type: none"> ■ Credit Analyst inputs financial data into MFA/MRA/LEA/RAROC systems (where applicable) ■ Credit Analyst prepares financial analysis to be included in credit papers/LSRs ■ Credit Analyst prepares financial projections at the request of the FR Manager ■ Review financial reporting/covenant reporting as forwarded by the FR Manager to the Credit Analyst. The Credit Analyst advises the FR Manager of any breach of financial covenants based on that review ■ Maintain facilities in T24 and SKY (by Wholesale Banking Credit Admin and with approval from the FR Manager) and Credit Analyst inputs data into CRE including default triggers (where applicable) ■ Maintain the Insurance Policy Register (by Wholesale Banking Credit Admin, with the relevant RM/PM responsible for ensuring an updated insurance policy or certificate of insurance is held.)
Transactions Legal	<ul style="list-style-type: none"> ■ Prepare and sign off legal documentation, including restructure documentation. This is done with the support of the FR Manager and the Account Manager and through the engagement of external legal advisers at the discretion of Transactions Legal. ■ Review engagement letters sent to external legal advisers ■ Review any default/breach letters prepared by FR before sending to the client. Countersign any such letters.

5. Supplementary Information

5.1 Related Documents

	Document Title	Type	Link
3.1.1	Allocation of an Account in Financial Restructuring	FR Procedure	Financial Restructuring
3.1.2	Delegated Authorities for Financial Restructuring	FR Policy	Financial Restructuring
3.1.3	Management of Excesses on FR Accounts	FR Procedure	Financial Restructuring
3.1.4	Default Data Spreadsheet	Credit Template	Templates AU
3.1.5	Litigation Management Policy	Legal Policy	Legal
3.1.6	Financial Restructuring (FR) – Legal Policy	Legal Policy	Legal

5.2 Definitions / Glossary of Terms

Term	Description
AM	Account Manager
CBCC	Country Banking Credit Committee
CCCRG	Central Credit Committee Rabobank Group
CRE	Central Rating Engine (accessed via CMS+ by Rural)
KRM	Credit Risk Management
LCC	Local Credit Committee
LSR	Loan Strategy Report
MAC	Major Agri Clients

Term	Description
Recovery Strategy	A plan to determine whether the Bank retains the client (through restructure or further lending) or exits the client relationship (through refinance with another bank, sale of assets or receivership)
FR	Financial Restructuring
FR Light Account	<p>FR file that holds one of the following risk rating criteria:</p> <p>Substandard R18 rating or better;</p> <p>Substandard/Doubtful/Loss LQC and less than \$1mln in exposure and no provision; or</p> <p>Substandard/Doubtful/Loss LQC and less than \$3.75mln in exposure and LSR of < 45%</p> <p>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>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>

5.3 Relevant Regulations

External regulation is not applicable to this policy. It is considered that this policy meets the standard of prudent lending practices while enabling the FR portfolio to be adequately managed.

6. Document Management

Owner:	Head of FR, Australia Head of FR, New Zealand	Author	Manager Risk
Authoriser:	Head of FR, Australia Head of FR, New Zealand	Next Review Date:	30 March 2021
Other Stakeholders	National Manager Country Banking Australia General Manager Country Banking New Zealand General Manager, Credit Risk Head Counsel, Transactions Legal Head of Risk (NZ) Head Counsel, New Zealand		