Valuations Policy

Credit Risk Policy | Global

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Document Control

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Contents

1. Purpose

This Policy establishes the requirements for obtaining, relying upon and maintaining valuations of property offered or held as security for lending by the Company. Reliable, independent and current security valuations are fundamental to sound credit decisioning, to the determination of regulatory capital for property-secured exposures, to the measurement of expected credit losses, and to the protection of the Company's position on enforcement.

The Policy defines the valuation methods acceptable to the Company and the criteria governing their use; the appointment, independence and oversight of Panel Valuers; the triggers for revaluation of existing security; the treatment of specialised and non-standard securities; the process for challenging a valuation; and the monitoring of valuation risk across the portfolio.

Collateral is a secondary source of repayment. No valuation, however favourable, may substitute for assessment of a borrower's capacity and willingness to repay. A valuation controls the loss the Company would suffer if repayment capacity fails; it is not evidence that repayment capacity exists.

This Policy is approved by the Board Risk Committee and owned by the Chief Risk Officer, who holds executive accountability for the Company's credit risk management framework under the senior manager accountability regime applicable in the Company's jurisdiction(s). It gives effect to the collateral valuation requirements of the Basel Framework and the International Valuation Standards.

2. Scope

This Policy applies to all valuations of real property offered or held as security for credit exposures of the Company and of every entity within its consolidated group, across all lending products, distribution channels and customer segments, including residential mortgage lending, commercial property lending, construction and development finance, and business lending secured by property. It applies to valuations obtained at origination, at variation, extension or further advance, during ongoing portfolio management, and in collections, financial hardship and enforcement contexts.

The Policy binds all directors, employees and contractors of the Company, all Panel Valuers acting on the Company's instruction, and any service provider operating the Valuation System, sourcing valuations or managing valuation workflow on the Company's behalf. Where any element of valuation management is outsourced, the Company retains full ownership of this Policy and undiminished accountability for oversight and control of the valuation process.

This Policy does not apply to non-property collateral (such as guarantees, cash cover, marketable securities or security over business assets), which is governed by the Credit Risk Management Policy, nor to valuation of the Company's own premises, right-of-use assets or investment property for financial reporting, which is governed by the relevant finance and accounting policies. It must be read with the Credit Risk Management Policy, the lending standards for each product, the Model Risk Policy, the Conflicts of Interest Policy, the Fraud Risk Management Policy and the Outsourcing Policy.

Jurisdictional application. This Policy states international best practice and is drafted to apply in any jurisdiction. The Company must map each requirement to the law and regulation of every jurisdiction in which it operates or in which security property is located, including valuer licensing regimes, title and security registration requirements, consumer credit protections and the duties owed on exercise of a power of sale. Where local law or a local regulator imposes a stricter or more specific obligation, local law prevails; where this Policy is stricter, this Policy applies.

3. Definitions

Term	Definition
Automated Valuation Model (AVM)	A statistical model that produces an estimate of a property's value, with a measure of confidence, by applying mathematical modelling to property attribute and transaction databases, without inspection of the property.
Comparable Transaction	A completed, settled transaction in a property of similar type, size, condition, location and permitted use to the security property, relied upon by a valuer as direct market evidence supporting an assessed Market Value.
Confidence Score	A statistical measure produced by an AVM expressing the expected dispersion of the model estimate around Market Value, whether expressed as a forecast standard deviation, a confidence band or an equivalent metric; lower dispersion indicates higher confidence.
Desktop Valuation	A valuation prepared by a qualified valuer using available property data, imagery and market evidence, without a physical inspection of the property.
Drive-by Valuation	A valuation based on an external inspection of the property only, in which the valuer confirms location and observable condition and applies Comparable Transaction evidence.
Enforcement Sale	The realisation of a security property by or on behalf of the Company in exercise of its rights under the security instrument, whether effected as a sale by the Company in possession, a receiver sale, a judicial sale or an equivalent process

	under applicable local law.
Expected Credit Loss (ECL)	The probability-weighted estimate of credit losses on a financial instrument determined under IFRS 9, measured as the present value of expected cash shortfalls discounted at the original effective interest rate, on a 12-month basis for Stage 1 exposures and a lifetime basis for Stage 2 and Stage 3 exposures.
Fair Value	The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date, as defined in IFRS 13; an accounting measurement concept applying a defined hierarchy of valuation inputs, distinguished from Market Value.
Full Valuation	A valuation involving a physical internal and external inspection of the property by a Panel Valuer, delivered as a short form or long form report that assesses Market Value and identifies property and market risks.
In-One-Line Valuation	The valuation of four or more adjoining properties or titles, or of multiple properties within a single development, on the assumption of a single sale to one purchaser.
Loan-to-Value Ratio (LTV)	The total approved facility amount, including capitalised fees and any mortgage insurance premiums, expressed as a percentage of the accepted value of the security property; for a purchase, the lower of the transaction price and the assessed market value is used as the denominator.
Market Value	The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion, as defined in the International Valuation Standards.
Panel Valuer	A valuer or valuation firm assessed, accredited and appointed to the Company's valuer panel and authorised to perform valuations on the Company's instruction.
Prudently Assessed Value	The value of a security property

	recognised for regulatory capital purposes, being a value that excludes expectations of price increases and is adjusted where necessary so that it does not exceed the value sustainable over the life of the exposure.
Security Value	The value of a security property recorded in the Company's collateral management system and relied upon for credit decisioning, regulatory capital, provisioning and enforcement purposes.
Specialised Security	A property whose value is materially dependent on a particular use, operator or income stream, or for which the pool of potential purchasers is limited, including hotels, childcare centres, aged-care facilities, fuel service stations, marinas and purpose-built student accommodation.
Two-Tier Marketing	The practice of marketing property at inflated prices to purchasers unfamiliar with local market values, typically non-resident or distant buyers, while local purchasers transact in the same market at materially lower prices.
Valuation System	The system, whether operated internally or by an approved service provider, that applies the Company's configured rules to determine the required valuation method, allocate instructions to Panel Valuers, and manage valuation workflow and records.
Valuation Uncertainty	The possibility, disclosed by the valuer, that the assessed value may differ materially from the price achievable on the valuation date, arising from market disruption, absence of transaction evidence or unusual characteristics of the asset.

4. Regulatory Framework

The key legislation, regulations and standards relevant to this document include (as amended from time to time):

Instrument / Standard	Relevance
Basel Framework — Standardised Approach to Credit Risk (CRE20), real estate exposures	Makes Security Value a direct input to regulatory capital through LTV-banded risk weights, and requires property value to be assessed prudently, independently of the

End of preview

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Bracketed prompts such as [30 days] mark the points where your own thresholds, committee names and local regulatory references are inserted.