


<p>कार्पोरेशन बैंक (सार्वजनिक क्षेत्र का अग्रणी बैंक) प्रधान कार्यालय, डा पे सं. 88 मंगलूर - 575 001</p>	 e-CIRCULAR	<p>Corporation Bank (A Premier Public Sector Bank) Head Office, PB No.88, Mangalore – 575 001</p>
<p style="text-align: center;">Credit Division Email : Cld2@corpbank.co.in</p>		
<p>HO Circular No. 400/2013</p>	<p>Index No. 11.00/44/2013</p>	<p>17-July-2013</p>

TO ALL THE BRANCHES / OFFICES

Subject : VALUATION OF SECURITIES

HIGHLIGHTS

Securities being offered by the borrower / accepted by the Bank are required to be valued by the empanelled valuer to ascertain their fair realisable value

1. In the Long Form Audit Report of the Bank for the year ending 31.03.2013, Statutory Central Auditors have, inter-alia, observed that branches fail to obtain the valuation of securities as per stipulated norms. Value of the security is one of the tools for taking credit decision. Provisioning requirement for NPAs also depends upon the value of security. Apart from this, Bank fall back on securities to recover the dues in case the borrower defaults in repayment.

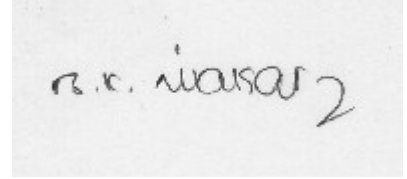
2. As such, the valuation of securities is very important and shall have to be done on a conservative basis taking into account the realizable value. As per extant guidelines, the securities being offered by the borrower / accepted by the Bank are required to be valued by the empanelled valuer to ascertain their fair realisable value. The credit decisions are taken considering, inter-alia, the security coverage available to the Bank.

We reiterate the existing guidelines on valuation of securities in the Group Credit Policy of the Bank hereunder:

- Valuation report on the land and buildings and other movable assets shall be obtained from the Bank's approved valuer. Further, such valuation report shall also contain market value, realizable/distress sale values. In case of borrowers under multiple / consortium lending, the Bank may accept valuation report obtained by the lead Bank / other member Banks. In case of CB1 to CB4 graded borrowers, for loans with credit limits of Rs.50 crore and above, valuation shall be obtained from two independent approved valuers. In case of CB5 to CB8 graded borrowers, such two independent valuations are to be carried out in respect of credit limits of Rs.25 crore and above. With regard to other movable fixed Assets, the book value may be reckoned as it would be normally at a discount to market / realisable value.

- The land and building property obtained as security shall be revalued once in three years in respect standard assets and once in two years in respect of NPAs. The value of security should be updated in the system from time to time.

3. All our branches and other offices are advised to note the above for guidance and strict compliance.



[B K DIVAKARA]
GENERAL MANAGER

Note : Hindi version of the Circular follows.