
FARM LOANS AND SUPPORT · PART 9 OF 10

How to read your bank's annual review letter

By Nick Clunes · Updated 26 October 2026 · 6 minute read

SHORT ANSWER

An annual review letter asks for the figures the bank needs to decide whether your facilities carry on as they are. Read it for three things: the documents wanted, the date they're due and any facility that is expiring or changing. If you can't meet the date, ring the bank manager before it passes and agree a new one in writing.

The envelope from the bank sits on the bench for a week because nobody wants to open it. When you do, it's two pages of polite language, a list of documents and a date four weeks away. Most of it is routine, but a few lines in it matter a lot, and it pays to find them early.

I started as a personal and business banker at Greater Bank, and I've worked in commercial and equipment finance since 2018. Here is how I'd read the letter, line by line.

What the letter is for

Most farm facilities, such as the overdraft, a seasonal facility and term loans, are reviewed once a year. The bank wants up-to-date figures so its credit team can decide whether to carry on with the facilities, change them or renew any that are expiring. The letter is the request for those figures.

A review letter on its own is not bad news. It's the bank doing what it agreed to do in your facility letter.

The four parts to look for

1. The facilities being reviewed

Near the top, the letter usually lists your facilities, with limits and expiry dates. Check each one against your own records. If the overdraft or seasonal facility has an expiry date in the next few months, the review is also the renewal.

2. The documents wanted

This is the longest part. Write each item on a list and tick it off as you gather it. The usual requests, and what they mean, are below.

What the letter says	What it means in practice
Financial statements for the year ended 30 June	Your accountant's profit and loss and balance sheet for last financial year
Interim or management accounts	Figures for the months since 30 June, so the bank sees how this year is going
Budget and cashflow forecast	A month-by-month forecast for the coming year, showing the overdraft against its limit
Statement of assets and liabilities	What you own and owe today, at current values, including stock on hand
Tax returns or ATO statements	Usually to confirm income and that tax is up to date. Your accountant has these
Stock and production figures	Head on hand, sales, yields, or a stock reconciliation
Insurance certificates	Proof the security, such as buildings and plant, is insured
Rates notices	Shows council rates on the security are paid

3. The due date

The date is the line I'd circle. If it falls in a busy month, like lamb marking or the middle of autumn weaner sales, plan around it now. Your accountant may need weeks to finish last year's statements.

4. Anything new

Read the last paragraphs slowly. Look for words like "conditions", "covenant", "valuation" or "reduce". A request for a new valuation, a change to the limit or a new reporting condition is where the review stops being routine. If you see one, it's worth a phone call to the bank manager to ask why.

A worked example

This is an invented beef cattle business near Forbes, and the details are illustrative. The letter arrives on 3 February. It reviews a \$250,000 overdraft expiring on 31 March and two term loans. It asks for documents by 3 March, which gives 28 days.

Working backwards from 3 March, the timeline looks like this.

Task	Who	Target date
Ask accountant for last year's statements	You	5 February
Gather stock numbers, insurance and rates	You	12 February
Build the budget and monthly cashflow	Adviser or you	19 February
Check ratios against the covenants	Adviser or you	21 February
Write a one-page covering note	You, with help	24 February
Send the pack to the bank	You	28 February

That leaves a few days spare before the deadline, in case something comes back late. The overdraft also expires four weeks after the due date, so the bank needs the pack on time to renew it.

If you can't meet the date

The most common reason is that the accountant hasn't finished last year's statements. If that's you, ring the bank manager before the date, not after it. Tell them what's late, why, and when you'll have it. Then confirm the new date in an email.

This matters because of what your loan agreement says. For small business customers, the Banking Code of Practice limits the defaults other than missed payments that a bank can act on to a set list (paragraph 87). Not providing financial information your agreement requires is on that list. The Code also says the bank must give at least 30 days' notice of such a default and, where it can be fixed, a chance to fix it (paragraph 88).

None of that should come into play if you've kept the bank informed. A late pack with a phone call beforehand is a much easier conversation than a late pack with silence. The GRDC GroundCover article on cashflow planning quoted a consultant saying banks "don't like surprises", and that holds here too.

Under the 2025 Code, a small business is one with turnover under \$10 million in the previous financial year and fewer than 100 full-time equivalent staff. Your bank must have signed up to the Code for it to apply. A solicitor can tell you what your own agreement says.

If a facility isn't being renewed

If you're not in default and a loan won't be fully repaid by its regular repayments, the Code says the bank must tell you at least three months before the loan is due if it won't extend it (paragraph 93). It also says a

bank that extends or refinances a loan doesn't have to do it on the same terms (paragraph 94). If the letter hints at either, talk to the bank straight away.

If the review shows you're under real pressure, the Rural Financial Counselling Service gives free, confidential help to primary producers. In Central and Southern NSW, RFCS NSW is on 1800 319 458.

Get the cashflow done first

The cashflow is the document that takes longest and tells the bank the most. You can start one with the cashflow forecaster and check your ratios with the bank ratio check. The bank review pack checklist lists every item above so you can tick them off.

When to get help

If you'd like the whole pack built from your numbers and checked before the bank sees it, that's the Bank Review Pack at \$1,850 plus GST. If you'd like to see where you stand first, the Farm Health Check is \$850 plus GST.

Common questions

Is the annual review a sign the bank is worried?

Usually not. Most farm facilities are reviewed every year as a matter of course. What matters is what the letter asks for, and whether it mentions a facility expiring or new conditions.

What happens if I send the documents late?

It depends on your loan agreement, so read the facility letter or ask the bank manager. The Banking Code of Practice lists not providing financial information your agreement requires as one of the defaults a bank can act on for a small business. That's why I'd agree any new date in writing before the old one passes.

Can the bank change my terms at the review?

It can offer new terms when a facility is renewed. The Banking Code says a bank that extends or refinances a loan doesn't have to do it on the same terms. A solicitor can tell you what your own agreement allows.

Do I have to use my accountant's financial statements?

The bank will usually want the statements your accountant prepares. I build the budget, cashflow and covering note that sit alongside them, so the two need to agree.

Sources

1. Australian Banking Association, 2025 Banking Code of Practice (screen reader version)
2. Australian Banking Association, Banking Code of Practice
3. GRDC GroundCover, Consultants reiterate the need for careful crop production and cashflow planning (2020)
4. Rural Financial Counselling Service NSW

General information only, not financial, tax or credit advice. Worked examples use made-up figures.