Retail Credit Delegation Framework

Credit Risk Framework | Global

Version 2.0 · July 2026 · Confidential — Internal Use

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Document Control

Document name	Retail Credit Delegation Framework
Document type	Credit Risk Framework
Jurisdiction	Global
Owner	Chief Risk Officer
Approved by	Board Risk Committee
Version	2.0
Effective date	July 2026
Review cycle	Annual
Next review due	July 2027
Classification	Confidential — Internal Use

Contents

1. Purpose

This Framework establishes how the Company delegates authority to approve retail credit. It defines the principles on which delegation is based, the structure and levels of Delegated Lending Authority (DLA), the process for granting, varying, suspending and revoking delegations, the competency an individual must demonstrate before a delegation is granted, and the controls — including one-up approval, dual sign-off, exception escalation, override monitoring and annual revalidation of authorities — that ensure delegated authority is exercised prudently and within the Board's risk appetite.

Delegation of credit authority allows the Company to make timely, consistent credit decisions close to the customer while preserving the Board's ultimate accountability for credit risk. Without a disciplined delegation structure, credit approval becomes a source of conflict of interest, error and fraud. This Framework exists to prevent those outcomes: every retail credit decision made in the Company must be traceable to a valid, current, personal authority granted under this document.

This Framework gives effect to the Basel Committee's Principles for the Management of Credit Risk, which require credit to be granted under sound, well-defined criteria with clearly established approval authorities, and to the BCBS Corporate Governance Principles for Banks, under which the Board may delegate authority while retaining ultimate responsibility. It has been approved by the Board Risk Committee under delegation from the Board and is owned by the Chief Risk Officer. It operates alongside, and must be read with, the Retail Credit Policy, which sets the lending criteria, serviceability standards and product parameters against which DLA Holders make decisions. This Framework governs who may approve; the Retail Credit Policy governs what may be approved.

2. Scope

This Framework applies to all retail credit approval decisions of the Company and its subsidiaries, across all channels (branch, broker or intermediary, digital and direct), including new facilities, increases, variations, refinances, restructures, redraws above automated limits, security substitutions and releases, approval of Credit Exceptions, and overrides of Credit Decisioning Engine outcomes.

It binds every person who holds, grants, administers or monitors a DLA, including the Board, the Board Risk Committee, the Chief Executive Officer, the Chief Risk Officer, the Head of Credit, credit officers, frontline lending staff, and any committee exercising credit authority. It also governs the authority delegated to the Credit Decisioning Engine.

- In scope: all retail credit products regulated as consumer credit under applicable law in the Company's operating jurisdiction(s), and small-value secured or unsecured lending managed under retail credit processes.
- Out of scope: non-retail (commercial, corporate and institutional) credit approvals, which are governed by the [Non-Retail Credit Delegation

Framework]; treasury counterparty limits; and collections hardship arrangements below [$X], which are governed by the Hardship Policy and the Debt Collection Policy.
- Provisioning, write-off and security-realisation authorities are in scope only to the extent set out in the Dual Sign-off requirements of the Exercising a Delegation section; detailed provisioning standards are in the Provisioning Policy.

No person may approve retail credit on behalf of the Company other than under a DLA granted in accordance with this Framework. There are no standing exemptions from this Framework; any exception to the Framework itself must be approved in writing by the Board Risk Committee. Every such exception must state the business reason, the compensating controls applied and an expiry date not exceeding [12] months; must be recorded by the Chief Risk Officer in the Framework exceptions register maintained by the Credit Risk function; and lapses on its expiry date unless expressly re-approved by the Board Risk Committee before that date. The Chief Risk Officer must report to the Board Risk Committee quarterly on all Framework exceptions in force, those granted in the period and those that have lapsed, and must recommend amendment of this Framework where more than [X] exceptions are in force in any one area at the same time. Where the Board Risk Committee refuses an exception, the requesting business unit must comply with this Framework as drafted and must not resubmit the same request except on materially changed facts, with the resubmission recorded in the same register.

Jurisdictional application: this Framework states international best practice for the delegation of retail credit authority. The Company must map the requirements of this Framework to the law and regulatory requirements of each jurisdiction in which it operates, including applicable consumer credit, licensing and accountability-regime requirements, and where local law or regulation imposes a stricter requirement than this Framework, local law prevails.

3. Definitions

Term	Definition
Delegated Lending Authority (DLA)	A written, personal authority granted under this Framework that permits a named individual or constituted committee to approve, decline or vary retail credit facilities up to defined monetary limits and within defined conditions.
DLA Holder	An individual or committee to whom a Delegated Lending Authority has been formally granted, recorded in the DLA Register and confirmed by an Authority Letter.
Delegating Authority	The person or body empowered under this Framework to grant, vary, suspend or

	revoke a DLA at the next level down (for example, the Board Risk Committee in respect of the Chief Risk Officer's DLA).
DLA Register	The central record, maintained by the Credit Risk function, of all DLAs granted, including holder, level, limits, conditions, exception authority, grant date, review date and any suspensions or revocations.
Authority Letter	The written instrument issued to a DLA Holder that sets out the monetary limits, product classes, exception authority and conditions attaching to the delegation.
Aggregate Customer Exposure	The total of all existing and proposed credit facilities (drawn and undrawn) to a customer and connected borrowers, measured post-settlement of the application under consideration.
One-Up Approval	The requirement that a decision or item of expenditure be approved by a holder of delegated authority at least one reporting level senior to the person who assessed, recommended or initiated it, or who will benefit from it.
Dual Sign-off	The requirement that two authorised DLA Holders independently approve a credit decision before it takes effect.
Credit Exception	An approval of a facility that does not meet one or more requirements of the Retail Credit Policy or associated lending standards, granted under a documented exception authority.
Out-of-Policy Application	A credit application that falls outside the parameters of the Retail Credit Policy and can only be approved as a Credit Exception by a DLA Holder with the relevant exception authority.
Delegation Breach	The exercise of a credit approval outside the monetary limits, product scope, exception authority or conditions of the holder's DLA, or the exercise of a DLA that has been suspended, revoked or never validly granted.
Temporary Delegation	A DLA granted for a defined period not exceeding [X] months, for example to cover leave or a vacancy, subject to the same competency requirements as a permanent DLA.
Credit Decisioning Engine	The automated system that applies approved credit rules and scorecards to retail applications and returns an approve,

	refer or decline outcome under authority delegated to it by this Framework.
Senior Manager	A person, other than a director, who holds senior executive responsibility for the Company or for a significant business unit or control function, including any person designated, registered or approved as such under the senior manager accountability regime applicable in the Company's operating jurisdiction(s) or, where no such regime applies, under the Company's own accountability arrangements.
Related Party	A person or entity connected to the Company through control, joint control, significant influence or common control, including its subsidiaries and affiliates, other entities within its corporate group, substantial shareholders, its directors and senior managers, their close family members, and any party treated as related under applicable law or accounting standards (IAS 24).
Three Lines of Defence	The Company's risk governance model allocating accountability across three lines: business and support units that own and manage risk and its controls (first line); the risk and compliance functions that set frameworks and provide independent oversight and challenge (second line); and Internal Audit, which provides independent assurance over both (third line).
Retail Credit	Credit provided wholly or predominantly for personal, domestic or household purposes, including home lending, personal lending, overdrafts and credit cards, and small-value secured lending managed on a retail basis.

4. Regulatory Framework

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

Instrument / Standard	Relevance
BCBS Principles for the Management of Credit Risk	Requires banks to operate under sound, well-defined credit-granting criteria with clearly established authorities and limits for approving new credit and amending

End of preview

This is a preview extract. The complete document continues beyond the pages shown here.

The full document is supplied as a single, fully editable Microsoft Word (.docx) file immediately after purchase — including every remaining section, the definitions, the regulatory framework references and all appendices and templates.

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