# Retail Credit Policy

Credit Risk Policy | Global

Version 2.0 · July 2026 · Confidential — Internal Use

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*Replace all references to “the Company” with your organisation’s name.*

## Document Control

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## Contents

## 1. Purpose

This Policy sets the minimum standards that the Company applies when originating, assessing, approving and varying retail credit. It exists to ensure that every retail credit decision is made prudently, consistently and lawfully: prudently, so that the quality of the retail portfolio remains within the Board-approved risk appetite; consistently, so that like applications receive like outcomes regardless of channel or assessor; and lawfully, so that the Company meets the sound credit risk management expectations of the Basel Framework, the responsible lending and consumer protection principles reflected in the G20/OECD High-Level Principles on Financial Consumer Protection, and applicable consumer credit law in each jurisdiction in which it lends.

The Policy translates the Credit Risk Management Policy and the Risk Appetite Statement into operable retail lending criteria: who the Company will lend to, on what terms, against what security, on what evidence, and with what tolerance for exceptions. It is a component of the Company's Credit Risk Management Framework and must be read together with the Retail Credit Delegation Framework, which governs who may approve credit and at what level.

This Policy is approved by the Board Risk Committee on the recommendation of the Chief Risk Officer, who owns it. No business unit, product team or third-party introducer may adopt retail credit criteria that are less conservative than this Policy without an approved exception under section 12.

## 2. Scope

This Policy applies to all retail credit products offered by the Company, across all origination channels (branch, digital, contact centre, mobile lenders and accredited brokers or introducers), including:

- owner-occupied and investment residential mortgage lending, including construction and land finance;
- personal loans (secured and unsecured), including vehicle finance to consumers;
- credit cards, overdrafts and other continuing retail credit facilities; and
- variations, further advances, limit increases and internal refinances of any of the above.

It binds all directors, employees, contractors and authorised representatives involved in designing retail credit criteria, originating, assessing, approving, documenting or varying retail credit, and it applies to decisions made by automated systems to the same extent as decisions made by people.

The following are outside the scope of this Policy: business and SME lending (governed by the [Business Lending Policy]); credit approval authority levels and their delegation (governed by the Retail Credit Delegation Framework); the detailed treatment of borrowers in financial difficulty (governed by the Hardship Policy); provisioning and impairment (governed by the Credit Risk Management

Policy); and detailed valuation methodology (governed by the Valuations Policy). Where this Policy touches those subjects it does so only to define the hand-off.

### 2.1 Jurisdictional application

This Policy states international best practice for retail credit risk management and responsible lending. The Company must map the requirements of this Policy to the consumer credit, credit reporting, data protection and prudential law of each jurisdiction in which it lends, and must document that mapping. Where the law of an operating jurisdiction imposes a stricter requirement than this Policy — for example a mandated affordability test, buffer, disclosure, cooling-off period or hardship process — local law prevails and must be applied.

## 3. Definitions

| Term | Definition |
| --- | --- |
| Serviceability | A borrower's assessed capacity to meet the repayments on a proposed credit facility, together with all existing financial commitments and reasonable living expenses, from verified income and without substantial hardship over the life of the facility, tested at the applicable assessment buffer or sensitised rate. |
| Living-expense benchmark | An externally published or internally derived statistical benchmark of household living expenses, differentiated by income band, household composition and location, used as a floor against which a borrower's declared living expenses are compared. |
| Interest Rate Buffer | The margin, expressed in percentage points, added to the applicable product or facility interest rate when assessing serviceability, so that a borrower's capacity to repay is tested at a rate materially above the rate actually payable; it must not be set below any minimum specified by the Company's prudential regulator. |
| Floor assessment rate | The minimum rate at which serviceability must be assessed regardless of the product rate plus buffer, set by the Company and reviewed at least annually. |
| 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 |

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| | assessed market value is used as the denominator. |
| Mortgage insurance (MI) | Insurance or an equivalent credit protection arrangement that protects the Company against loss arising from borrower default on a facility secured by residential property, obtained from a provider acceptable under this Policy. |
| Debt-to-income ratio (DTI) | Total committed debt across all of the borrower's facilities (internal and external) divided by verified gross annual income. |
| Net income surplus (NIS) | The income remaining after deducting tax, assessed living expenses and all buffered financial commitments in the serviceability calculation; a positive NIS is a minimum condition of approval. |
| Delegated Credit Authority (DCA) | A written authority, conferred under the Board-endorsed delegations framework, permitting a named individual, committee or approved automated decisioning system to approve credit exposures up to specified limits and within specified conditions, recorded in the delegated credit authority register and monitored under that framework. |
| Exception | An approved departure from a requirement of a Company policy, procedure, risk limit, underwriting standard or control, granted on documented merits for a specific transaction, application, customer, process or system and, where applicable, time-limited and recorded with an associated risk acceptance. |
| Override | A decision by an authorised person to depart from, set aside or reverse the outcome produced by a scorecard, internal rating model, decision engine, policy rule or automated system control, whether that outcome is an approval, a decline, a rating, a price, a limit or a workflow block, supported by documented rationale. |
| Credit bureau data | Credit information — including enquiry, account, repayment-history and default data — obtained from a licensed or recognised credit reporting body under applicable law and with any consent that law requires. |
| Genuine savings | Funds demonstrably saved or held by the |

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| | applicant over a minimum period of [3] months from acceptable sources, evidencing capacity to accumulate a deposit. |
| Scorecard | A statistical or rules-based model that assigns a risk grade or score to an application or account to support consistent credit decisioning. |
| Unsuitable credit | Credit that does not meet the consumer's requirements and objectives, or that the consumer could not repay without substantial hardship, assessed against the responsible lending standards of this Policy and any stricter test under applicable consumer credit law. |
| Financial hardship | A situation in which a borrower is unable, currently or prospectively, to meet contractual repayments by reason of illness, unemployment, family circumstances or other reasonable cause. |
| Non-Performing Exposure | An exposure that is in default, more than 90 days past due, or otherwise assessed as unlikely to be repaid in full without realisation of collateral, classified consistent with the Basel Committee's harmonised definitions on the prudential treatment of problem assets and forbearance. |
| Forbearance | A concession granted to a borrower experiencing, or about to experience, financial difficulty — such as a payment moratorium or deferral, reduced instalments, term extension, arrears capitalisation, rate concession or restructure — that the Company would not otherwise have granted, whether or not the concession is at its discretion, consistent with the Basel Committee's definitions of forbearance. |

# 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 — Principles for the Management of Credit Risk (BCBS) | Sets the international sound-practice expectations for credit granting, well-defined criteria, credit administration and |

# 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.