
Delegated Authorities for FR

DATE EFFECTIVE: 28 March 2018

1. Purpose

This policy sets out the requirements in relation to delegated authorities for decision making on FR accounts, and covers authority levels for:

- FR Team members
- Country Banking Credit Committee (CBCC); and
- Local Credit Committee (LCC).

1.1 Rationale

This policy provides details of various matters that may be approved by FR team members under this delegated authority without recourse a Committee or higher authority. It provides the FR team with appropriate authority to manage day to day matters and those within lower exposure ranges to enable efficient handling of the FR portfolio. Matters requiring CBCC or LCC approval are also included for clarity.

1.2 Scope / Responsibilities

Compliance with this policy is the direct responsibility of all FR team members acting in accordance with the delegated authority levels.

This policy does not apply to:

- Matters within the control of Credit; and
- Matters that are required to be referred to Global FR&R for review/approval.

2. Policy Statement

The policy determines the level of authority required to approve and manage various day to day tasks that are undertaken or reviewed by the FR Team. It also includes details of what level of approval is required for material matters, including appointment of receivers, raising of provisions, and writing off debt. We note that all decisions are made on a 'four eyes' principle basis.

The policy relates primarily to the Country Banking portfolio in FR other than [Sections 3.1\(b\)](#) and [Section 3.3](#) (Routine Credit Matters), which also relate to the Wholesale clients in FR.

Business Rules	
2.1	Any matter requiring 2 S4 signatories should show evidence of the review by the two signatories, including approval in Workflow.
2.2	Any matter requiring Local Credit Committee or other committee approval should be evidenced by a formal credit minute of the decision.
2.3	<p>Credit reviews undertaken under dual S5/S4 delegation or Single S5 and AM, and policy waivers are to be reviewed in hindsight. The respective Head of FR will then review a sample of 20% of the decisions, including waivers (not including those already approved under delegation by the Head of FR) on a quarterly basis. This should be completed on a continuous basis.</p> <p>Decisions made by Head of FR will also be reviewed in hindsight. A sample of 20% of those decisions will be reviewed by the other Head of FR (from Australia/New Zealand, as appropriate) on a quarterly basis.</p> <p>All CBCC decisions will be reported via a monthly report to LCC for ratification.</p>
2.4	The downgrade of accounts to D1 is completed through the branch and credit under the Credit Policy and is therefore not repeated in this policy.
2.5	Amounts that are approved under Dual S4 or Single S4 and AM delegation for essential working capital purposes under the Additional Lending item (Section 3.1) may be managed through the Account Manager in the branch. The Account Manager will then be authorised to approve amounts for such purpose provided that are within the amount approved by the FR Managers.
2.6	Reinstatement of limits on expired facilities or missed CPRs may be approved under delegated authority as outlined in Section 3.1 .
2.7	<p>In determining the appropriate level of delegation for a FR account, regard should be had to the required provision level. This is the provision level after the decision is made (as recommended by the FR Manager).</p> <p>Ultimately, the level of provision will determine the appropriate level of delegation. For example, if there is an exposure of \$2mln but a provision of \$1mln, the matter will need the approval of LCC.</p>

3. Approval Authorities

This section outlines the delegated authority levels for the following topics.

Section	Topic
3.1	Additional Lending and/or Credit Reviews
3.2	Routine Credit Matters
3.3	Equipment Finance
3.4	Recovery

3.1 Additional Lending and/or Credit Reviews

Item	Aggregate Group Exposure (all in AUD or NZD)	Approval Authority
<p>a) Approve</p> <p>1) additional lending (to a maximum of 20% of the exposure on a 12 month rolling basis, to a cap of \$750k)*</p> <p>2) reinstatement of limits on expired facilities or missed CPRs;</p> <p>3) Credit Reviews (or extension of Credit Reviews);</p> <p>4) Upgrade or downgrade of accounts (RRR or LQC)*; and</p> <p>5) Raising or amending a specific provision, or recommending a write off, or agree Formal Arrangements with borrowers or guarantors which result in debt forgiveness or compromise.</p> <p>Note: * For upgrade of clients to Good/OLEM, support of Country Banking Credit and Head of FR is required.</p>		
<ul style="list-style-type: none"> ■ Accounts with LQC of 'substandard' 	<ul style="list-style-type: none"> ■ <7.5mln R18 or better 	<ul style="list-style-type: none"> ■ Dual S4/S5 or; ■ Single S5 and AM
	<ul style="list-style-type: none"> ■ <7.5mln R19 or worse 	<ul style="list-style-type: none"> ■ Dual S4, or ■ Single S4 and AM
	<ul style="list-style-type: none"> ■ 7.5mln but <15mln ■ 15mln but <37.5mln 	<ul style="list-style-type: none"> ■ CBCC ■ LCC
<ul style="list-style-type: none"> ■ Accounts with LQC of 'doubtful' or 'loss' 	<ul style="list-style-type: none"> ■ <3.75mln (provided provision balance is Nil) 	<ul style="list-style-type: none"> ■ Dual S4, or ■ Single S4 and AM
	<ul style="list-style-type: none"> ■ <3.75mln (provided provision balance is <250k) 	<ul style="list-style-type: none"> ■ S3
	<ul style="list-style-type: none"> ■ 3.75mln but <7.5mln (provided provision balance is <500k) 	<ul style="list-style-type: none"> ■ CBCC
	<ul style="list-style-type: none"> ■ 7.5mln but <37.5mln (provided provision balance is <EUR5mln) 	<ul style="list-style-type: none"> ■ LCC
<ul style="list-style-type: none"> ■ Accounts with LQC of 'substandard', 'doubtful' or 'loss' 	<ul style="list-style-type: none"> ■ Total exposure less than \$1mln (provided provision balance is <\$250k) 	<ul style="list-style-type: none"> ■ Dual S5/S4, or ■ Single S5 and AM
<ul style="list-style-type: none"> ■ Accounts with LQC of 'substandard', 'doubtful' or 'loss' 	<ul style="list-style-type: none"> ■ Total exposure less than \$3.75mln (provided LSR<45%) 	<ul style="list-style-type: none"> ■ Dual S5/S4, or ■ Single S5 and AM
<p>b) Approve new lending exceeding 20% of exposure or the \$750k cap, on a rolling basis</p>	<p>These limits include the new exposure after new lending</p>	
	<ul style="list-style-type: none"> ■ <7.5mln 	<ul style="list-style-type: none"> ■ CBCC
	<ul style="list-style-type: none"> ■ 7.5mln but <37.5mln 	<ul style="list-style-type: none"> ■ LCC

Item	Aggregate Group Exposure (all in AUD or NZD)	Approval Authority
<p>c) Approve additional Funding/Exposure to cover essential expenditure needs capped at the lesser of 10% of the exposure or \$300k on a 12 month rolling basis.</p> <p>Note: For the sake of clarity, these approval limits are in addition to Rabobank interest charged to the client's account</p> <ul style="list-style-type: none"> ■ Exposure less than 37.5mln 	<ul style="list-style-type: none"> ■ Sub R18 or better ■ Sub R19 or worse, Doubtful or Loss 	<ul style="list-style-type: none"> ■ Dual S4/S5 or, Single S5 and AM ■ Dual S4 or, Single S4 and AM
<p>d) Unsecured Lending - new or further advances</p>	<ul style="list-style-type: none"> ■ All exposures 	<ul style="list-style-type: none"> ■ LCC or above
<p>e) Salvage Ledger review</p>	<ul style="list-style-type: none"> ■ All exposures 	<ul style="list-style-type: none"> ■ S3 (on a six monthly basis)

3.2 Routine Credit Matters

Item	Aggregate Group Exposure (all in AUD or NZD)	Approval Authority
Release of security for full consideration resulting in full repayment of entire client exposure without any shortfall	<ul style="list-style-type: none"> ■ Less than 37.5mln 	<ul style="list-style-type: none"> ■ Dual S4/S5 or ■ Single S5 and AM
Approve release of individual assets where sales price is not less than 15% below most recently approved appraisal or valuation prior to the offer being received	<ul style="list-style-type: none"> ■ Less than 37.5mln 	<ul style="list-style-type: none"> ■ Dual S4 or ■ Single S4 and AM
Approve non-charging of default interest rate or of an exit fee where the ability to meet the payment out of cash flow is doubtful.	<ul style="list-style-type: none"> ■ Up to 7.5mln ■ Up to 37.5mln 	<ul style="list-style-type: none"> ■ S3 ■ S3 together with Country Banking Group Executive
Approve fixed rate facilities on accounts that extend beyond 6 months up to a maximum of 3 years (and provided the fixed term does not exceed the term of the facility). This only applies to FR accounts expected to continue trading for the period of the fixed term and on the basis that any early break of this is at the client's cost.	<ul style="list-style-type: none"> ■ Up to 7.5mln 	<ul style="list-style-type: none"> ■ Dual S5/S4 or ■ Single S5 and AM
Non-material changes to documentation, e.g. change of trustees, easements, subdivisions and minor changes to loan structures, maturity, covenants and conditions of financing.	<ul style="list-style-type: none"> ■ Less than 37.5mln 	<ul style="list-style-type: none"> ■ Dual S4/S5 or ■ Single S5 and AM

3.3 Equipment Finance

Item	Aggregate Group Exposure (all in AUD or NZD)	Approval Authority
Equipment Finance		
<ul style="list-style-type: none"> ■ Agree deferred payment arrangements 	<ul style="list-style-type: none"> ■ Less than 7.5mln 	<ul style="list-style-type: none"> ■ Dual S4 or ■ Single S4 and AM
<ul style="list-style-type: none"> ■ Agree deferred payment arrangements 	<ul style="list-style-type: none"> ■ 7.5mln or more 	<ul style="list-style-type: none"> ■ S3 or above
Equipment Finance – Debt Recovery		
<ul style="list-style-type: none"> ■ Issue first Default Notice 	<ul style="list-style-type: none"> ■ Less than 37.5mln 	<ul style="list-style-type: none"> ■ S5 or above
<ul style="list-style-type: none"> ■ Instruct repossession agents, equipment valuers and selling agents 	<ul style="list-style-type: none"> ■ Less than 37.5mln 	<ul style="list-style-type: none"> ■ S5 or above
<ul style="list-style-type: none"> ■ Realise on plant and equipment security and agree sales 	<ul style="list-style-type: none"> ■ Less than 37.5mln 	<ul style="list-style-type: none"> ■ Dual S4/S5 or ■ Single S5 and AM

3.4 Recovery

Item	Aggregate Group Exposure (all in AUD or NZD)	Approval Authority
Debt Recovery – Mediation		
<ul style="list-style-type: none"> ■ Attend formal mediation meetings and negotiate on behalf of the Bank in matters which involve minor concessions 	<ul style="list-style-type: none"> ■ Less than 7.5mln ■ 7.5mln or more up to 37.5mln 	<ul style="list-style-type: none"> ■ S5 or above ■ S4 after obtaining specific authority from S3 or above
<ul style="list-style-type: none"> ■ As above but with possible major concessions. 	<ul style="list-style-type: none"> ■ Less than 7.5mln ■ 7.5mln or more up to 37.5mln 	<ul style="list-style-type: none"> ■ S4 or above ■ S4 or above after obtaining specific authority from S2 or above. Any changes to approved terms agreed in a Mediation meeting should be ratified by LCC.
Debt Recovery – Rural Enforcement		
<ul style="list-style-type: none"> ■ Instruct solicitors to issue demand, default notices and summary judgement applications for possession. 	<ul style="list-style-type: none"> ■ Less than 7.5mln 	<ul style="list-style-type: none"> ■ Dual S4/S5 or ■ Single S5 and AM
<ul style="list-style-type: none"> ■ Instruct solicitors to issue demand, default notices and summary judgement applications for possession. 	<ul style="list-style-type: none"> ■ 7.5mln or more 	<ul style="list-style-type: none"> ■ Dual S4/S5 or ■ Single S5 and AM
<ul style="list-style-type: none"> ■ Enforce securities and realise on land, stock, plant and equipment. 	<ul style="list-style-type: none"> ■ Less than 37.5mln 	<ul style="list-style-type: none"> ■ S3 and S4 or above
<ul style="list-style-type: none"> ■ Approve immediate payment of asset protection payments, e.g. rates, insurance, power, etc up to AUD50k or equivalent. 	<ul style="list-style-type: none"> ■ Less than 37.5mln 	<ul style="list-style-type: none"> ■ Dual S4/S5 or ■ Single S5 and AM
<ul style="list-style-type: none"> ■ Approve the engagement of legal advisers for legal and enforcement work, valuers, receivers fees, etc up to AUD50k or equivalent in services. 	<ul style="list-style-type: none"> ■ Less than 37.5mln 	<ul style="list-style-type: none"> ■ Dual S4/S5 or ■ Single S5 and AM

Item	Aggregate Group Exposure (all in AUD or NZD)	Approval Authority
Debt Recovery – Rural Formal Recovery		
<ul style="list-style-type: none"> ■ Appoint Receivers or make application for Company Wind ups or Formal Liquidation 	<ul style="list-style-type: none"> ■ <7.5mln ■ 7.5mln but <15mln ■ 15mln but <37.5mln 	<ul style="list-style-type: none"> ■ S3 ■ CBCC ■ LCC
<ul style="list-style-type: none"> ■ Appoint Investigating Accountants 	<ul style="list-style-type: none"> ■ All exposures 	<ul style="list-style-type: none"> ■ S4 and S3 or above
<ul style="list-style-type: none"> ■ Initiate major Formal Litigation 	<ul style="list-style-type: none"> ■ All exposures 	<ul style="list-style-type: none"> ■ LCC or above plus GL
<ul style="list-style-type: none"> ■ Initiate minor litigation, e.g. suing guarantors, summary judgment for unsecured debts, applications for bankruptcy. 	<ul style="list-style-type: none"> ■ All exposures 	<ul style="list-style-type: none"> ■ S4 and S3 or above plus GL
<ul style="list-style-type: none"> ■ Agree payment arrangements for unsecured debts after asset sales with full recovery possible. 	<ul style="list-style-type: none"> ■ Less than 7.5mln 	<ul style="list-style-type: none"> ■ S4 (dual) or above

4. Supplementary Information

4.1 Related Documents

- Policy: [Roles and Responsibilities for Accounts in Special Asset Management](#)

4.2 Definitions / Glossary of Terms

The following short form Codes have been used to describe the various levels of approval authority. Refer to [Section 3](#) - Approval Authorities Table for the various tasks/items performed by the FR team and the required approval authority for each task.

Term	Definition – Approval Authority
AM	Account Manager in Branch providing submission in CMS+
CBCC	Country Banking Credit Committee
CPR	Compulsory Principal Repayment
Dual	Requires joint sign-off from the specified approvers at the same level or with a higher approval authority
GL	Group Legal
LCC	Local Credit Committee
S1	F R&R/CC FR&R and above
S3	Head of FR (Australia or New Zealand)
S4	Senior Manager FR
S5	Manager FR

4.3 Relevant Regulations

External regulations are not applicable to this policy. It is considered that this policy meets the standard of prudent lending practices while enabling the FR portfolio to be managed more efficiently. Where external regulations are shown to apply, it will take precedence over this policy.

4.4 Document Management

Owner:	Head of FR AU, Head of FR NZ	Author:	Risk Manager
Authoriser:	Credit Policy Committee	Next Review Date:	31 July 2018