

27.10

DECISION DOSSIER · SME CREDIT BY A CHAIN

The second agent in the chain produced the figure. **The first one decided on it.**

A bank lets a credit agent decide renewals of SME facilities up to €250,000 under mandate LC-07.1. The credit agent calls two delegates: a spreading agent, under sub-mandate LC-07/S, turns the delivered accounts into the bank's spread; a covenant agent, under LC-07/C, tests the covenants against it. On 27 October the third unreconciled spread in thirty days narrows the parent mandate to recommend and the spread sub-mandate to prepare. The reconciled figure of that borrower shows a covenant breach. A renewal permitted at 10:02 is in the night's booking batch, a call to the spreading agent goes out at 11:20 under the narrowed sub-mandate, and a borrower asks which system produced the figure the bank decided on. The room decides what happens next.

Before the session, ten minutes: read pages 1 to 4; pages 7 and 8 are the record of the two acts, field by field, for the seats that read records. **In the session:** pages 5 and 6, the questions, in pairs, then together. Write down what you would do, who decides, and which evidence you would ask for. Where the dossier does not say, say what you would need to know.

In the dossier

- the timeline, 15 October to 12 November
- facility 5351, its spread, and the mandate with its sub-mandates
- chain CH-07 and the record as at 22:00
- a letter from a borrower
- the questions
- the record of the two acts, field by field

Where it comes from

The seventh case of the control plane map: facility 5302 and the referral of facility 5316, the spread SP-5316-1 that did not reconcile, mandate LC-07 with its sub-mandates LC-07/S and LC-07/C, rule R-07, and the loop that narrows on the third referral. The dossier adds the renewal in the batch, the call under the narrowed sub-mandate, the breach in the third file, and the borrower's question.

THE SITUATION

Thirty days, one delegate, three referrals, and a breach

The bank reviews 36,000 SME facilities a year; about 14,400 renewals pass through the chain, some 58 a working day, and twice that in the last week of a month. Under LC-07.1 the credit agent decides renewals at the same or a lower limit and asks the core banking system to book; bookings run in a batch at 22:00. The credit agent calls spreading-agent-02 for the spread under sub-mandate LC-07/S and covenant-agent-01 for the covenant test under LC-07/C; each delegate has its own identity, a token bound to the call, and a record of its own, and neither takes an act on the world. A spread counts once it reconciles to the audited totals, by the credit data team's rule, and the check reads the result from the delegate's record. Rule R-07 narrows the parent to recommend and LC-07/S to prepare after three referrals for one reason in thirty days, and at once on a renewal booked on an unreconciled spread or a breached covenant.

- 15.10 09:31 Facility 5316, borrower B-5119, a food wholesaler: the spreading agent reads the adjusted EBITDA in the management accounts' note, €413,000; the audited account says €318,000. The spread fails its reconciliation; the check refers. Referral 1. Credit officer C-044 reconciles it and permits the renewal at 14:20; it books on 17.10.
- 22.10 Facility 5338, the same delegate, the same reading: a lease remeasurement puts the adjusted figure €61,000 above the audited one. Referral 2.
- 27.10 10:02 Facility 5349, €160,000, borrower B-5131: spread SP-5349-1 reconciled, covenants met. Permitted under LC-07.1 and queued for the 22:00 booking batch, with 33 other renewals.
- 27.10 11:15 Facility 5351, borrower B-5125, a packaging manufacturer: spread SP-5351-1 declares EBITDA €388,000; the audited account says €262,000. The check refers. Referral 3. R-07 narrows LC-07.1 to LC-07.2, recommend only, and LC-07/S to prepare: a spread counts only once an analyst reconciles it. The Head of SME Lending and the CRO are alerted.
- 27.10 11:20 The credit agent, now under LC-07.2, calls the spreading agent for facility 5353. The platform reads LC-07/S as narrowed; SP-5353-1 is produced, marked as not counting, and queued for an analyst.
- 27.10 15:05 Credit officer C-044 reconciles SP-5351-1: EBITDA €262,000, leverage 3.9x against a covenant of 3.5x. A breach, which the covenant agent had tested as met on the spread as delivered. She declines the renewal as proposed and sends it to the credit committee with the waiver request.
- 27.10 22:00 The booking batch starts, with the 34 renewals permitted before 11:15.
- 28.10 Review CR-023 finds the cause in the delegate: spreading agent v2.2 reads the adjusted EBITDA wherever a borrower delivers both sets. The reconciliation becomes a hard stop inside the delegate, release v2.3; model risk validates the chain again as CH-07.1 on 60 spreads.
- 30.10 The finance director of B-5119 writes (page 5).
- 12.11 After 40 clean renewals, restoration to LC-07.3 with both sub-mandates is proposed for signature.

The capacity, from the case pack. While LC-07.2 is in force, every renewal the chain would have decided needs a credit officer's decision: about 58 a day, at 50 minutes each, about 48 officer-hours, six or seven officers. And while LC-07/S is at prepare, every spread needs an analyst's reconciliation: about 58 a day at 20 minutes, 19 analyst-hours. In the last week of the month, twice both.

EXHIBIT A · FACILITY 5351

BORROWER	B-5125, a packaging manufacturer; group exposure €420,000
FACILITY	F5351, €230,000, due for renewal 31.10.2026; leverage covenant 3.5x (agreement v3 §12); accounts FY2025/26, audited, delivered 30.09.2026 with management accounts
SPREAD DECLARED	SP-5351-1, spreading-agent-02, 11:12: EBITDA €388,000, the management accounts' note 3 · unreconciled
SPREAD RECONCILED	SP-5351-2, credit officer C-044, 15:05: EBITDA €262,000, leverage 3.9x · a breach
PROPOSAL	renewal of €230,000 for twelve months, terms unchanged · basis FY2025/26, SP-5351-1, CV-5351-1 · F5351-R1 · calls D-5351-S, D-5351-C

EXHIBIT B · THE FIGURES, AS CLAIMS WITH THEIR SOURCE

CLAIM	SOURCE	OWNER	VALID
B-5125's EBITDA FY2025/26 is €262,000	audited accounts FY2025/26, 30.09.2026	the borrower; the credit data team	from 30.09.2026
~~B-5125's EBITDA FY2025/26 is €388,000~~	spread SP-5351-1, spreading-agent-02 v2.2, the management accounts' note 3	delegated under LC-07/S; counts once reconciled	superseded 15:05
A spread counts once it reconciles to the audited totals	the spread rule, credit policy v9 §5.7	the credit data team	in force
A delegate acts under its parent mandate, within its limits	mandate LC-07, the delegates clause	Head of SME Lending	in force

The audited accounts are the binding source. A spread is a figure a delegate derived from them, reconciled or not; where they disagree, the audited accounts win.

EXHIBIT C · MANDATE LC-07, VERSION 07.1, SINCE 01.09.2026

OWNER	Head of SME Lending
AGENT	credit-agent-07, acting for SME Lending
DELEGATES	spreading-agent-02 under LC-07/S: produce the spread of the facility the call names, counting once it reconciles · covenant-agent-01 under LC-07/C: test the covenants against it · each with its own identity, a token bound to the call, and no act on the world
ACTION	decide renewals of existing SME facilities and request the booking through the core banking system; call the two delegates; recommend new lending, increases, and waivers
LEVEL	decide for renewals at the same or a lower limit; recommend new lending, increases, and waivers · the delegates decide nothing
LIMIT	€250,000 per facility · €300m a month across the deployment · a delegate inherits the parent's limits
CONDITIONS	borrower a legal person · audited accounts delivered · the spread reconciled before it counts · no covenant breached · rating from the approved model, 6 of 10 or better, down no more than one notch, no override · no arrears over 30 days · not on the watch list, not forborne, IFRS 9 stage 1 · group exposure within €500,000 · sector not restricted · terms unchanged
REVIEW TRIGGER	three referrals for one reason in thirty days (R-07); a renewal booked on an unreconciled spread or a breached covenant narrows at once
RESTRICTION	rule R-07: restrict renewals to recommendations, narrow LC-07/S to prepare, and open a review
REVOCATION	the owner, or a revocation rule; the sub-mandates go with LC-07
CHALLENGER	Chief risk officer, credit risk as the second line
RESTORE	after 40 clean renewals from a test chosen for the cause, sampled by credit risk, on the owner's signature; after a serious defect, credit risk signs as well; sub-mandates with the parent
EXPIRY	31.03.2027, or the next release of any agent in the chain; renewed on the evidence of the quarter
DEPUTY	the Head of Business Banking Credit signs in the owner's absence, within the same limits

EXHIBIT D · RELEASE CHAIN CH-07, THE MANIFEST

IDENTITY	credit-agent-07, its own identity, tokens valid for 15 minutes · the two delegates, each its own identity, a token bound to the call and its sub-mandate
MODEL ROUTE	the credit agent: a small model (tier-1, 2026.07.1, a17f5c) reads every file, a larger one (tier-2, 2026.05.2, e9a3b7) drafts the memo for about one in three · the spreading agent: the tier-1 model · the covenant agent: a rules engine · a provider change to any model is a new release of the chain
INSTRUCTIONS	prompt set credit-chain 2.1 · prompt set spread 2.2 · covenant rule set cov 1.4
TOOLS	the credit agent: credit file (read), rating model (call), the two delegates (call), booking request through the check only (write) · the spreading agent: the delivered accounts of the facility named (read) · the covenant agent: the spread and the facility agreement (read)
RETRIEVAL	the delivered accounts, both sets, by the spreading agent; the facility agreement, by the covenant agent; the spread rule, at the check
DEPENDS ON	mandate LC-07 with LC-07/S and LC-07/C · control standard CS-4: refer any unreconciled spread, breach, waiver, or mismatch of basis; read each delegate's record
VALIDATED	as chain CH-07 by model risk on 28.08.2026, report MRV-061 · monthly file review by credit risk review, re-spread by analysts

EXHIBIT E · THE RECORD, AS IT STANDS AT 22:00:00 ON 27.10

F5316-R1 · 15.10 09:31 · credit-agent-07 · chain CH-07 · LC-07.1 · SP-5316-1 (spreading-agent-02, LC-07/S) unreconciled: €413,000 declared, €318,000 audited · CV-5316-1 (covenant-agent-01, LC-07/C) met on the spread as delivered · €240,000 proposed · REFER

F5316-R2 · 15.10 14:20 · credit officer C-044, lending authority €500,000 · SP-5316-2 reconciled: EBITDA €318,000, leverage 3.3x of 3.5x · rating 6 · policy checks 8 of 8 · €240,000 to 31.10.2027 · PERMIT · booked 17.10

F5349-R1 · 27.10 10:02 · credit-agent-07 · chain CH-07 · LC-07.1 · SP-5349-1 reconciled · CV-5349-1 met · €160,000 to 31.10.2027 · PERMIT
 six of six · permit bound to LC-07.1, CH-07, SP-5349-1, CV-5349-1, and this exact action · queued for 22:00

F5351-R1 · 27.10 11:15 · credit-agent-07 · chain CH-07 · LC-07.1 · SP-5351-1 unreconciled: €388,000 declared, €262,000 audited · CV-5351-1 met on the spread as delivered · €230,000 proposed · REFER
 owner: SME credit officers · reason: basis mismatch, an unreconciled spread (3)

F5351-R2 · 27.10 15:05 · credit officer C-044 · SP-5351-2 reconciled: EBITDA €262,000, leverage 3.9x of 3.5x, a breach · DECLINE as proposed · to the credit committee with the waiver request

R-07 · three referrals for one reason in thirty days: F5316, F5338, F5351 · LC-07.1 → LC-07.2, recommend; LC-07/S to prepare · 11:15:04 · alerts: Head of SME Lending, CRO · review CR-023 opened

22:00:00 · booking batch · 34 renewals in the queue, permitted between 09:05 and 11:10, among them F5349-R1

The core banking system holds the credential to book. The credit agent asks, through the check; the delegates cannot reach the booking at all.

What the record does not yet show is what the core banking system did at 22:00 with the 34 permitted renewals, what the platform did with the call of 11:20, and whether any renewal booked since 1 September rested on a spread nobody reconciled. Those are questions 1 and 5.

EXHIBIT F · A LETTER FROM THE FINANCE DIRECTOR OF B-5119, 30.10

"Our line was renewed on 17 October, and we are grateful. But our relationship manager mentioned that a first figure for our EBITDA was €95,000 too high and was corrected by an officer. Which system produced the first figure, which figure did the bank decide on, and who at the bank answers for it? We are about to deliver next year's accounts, and we would like to know how they will be read."

1. Does facility 5349 book at 22:00, and the other 33 renewals in the batch? And the call to the spreading agent at 11:20 for facility 5353: under which sub-mandate did it run, and what did the platform read before it ran?

touches w3 · w4 · p4 · p3

2. Whose mandate did spreading-agent-02 act under when it produced SP-5351-1, and who answers for the figure: the delegate's platform owner, the credit agent's owner, or the credit data team? What does the sub-mandate say, and where is it written?

touches w3 · e3 · w1 · e2

3. The check at 11:15 read the delegate's record. Which fields of SP-5351-1 did it read, and what would it have read if the spreading agent kept no record of its own?

touches w4 · w5 · p2 · p5

4. Release v2.3 makes the reconciliation a hard stop inside the delegate. Is that a new release of the chain? Who validates it, on which sample, and can LC-07/S be restored before its parent?

touches w1 · w6 · p6 · e4

5. Which evidence, produced by someone who did not build the chain, shows that no renewal since 1 September was booked on an unreconciled spread, across the records of three agents?

touches w5 · e5 · p5 · p2

6. What does the finance director of B-5119 receive, from whom, and by when? Which figure, which system, and which decision does the reply name?

touches w5 · w4 · the customer

Afterwards, on your own workflow. For each question, mark the boxes it touches on the print map of your own workflow: not in place, designed, operating, or evidenced. Where the room disagrees, keep both marks and write down who resolves it.

THE RECORD, FILLED · FACILITY 5302 · THE CLEAN ACT

Facility 5302 15.10.2026 · permitted at 09:12, booked in the 22:00 batch

The fourteen fields of the record line (part three, slide 9), filled for this act; Exhibit E on page 4 continues the record on the day of the dossier.

FIELD	WHAT IT HOLDS	FACILITY 5302 · THE CLEAN ACT
BEFORE THE ACT · WHAT THE CHECK READ		
when	the second the check decided, and the second the act committed	decided 15.10.2026 09:12:40 · committed 22:00:05, the booking batch
the agent and its identity	which agent, acting for whom, under its own identity, and how long its credential lived	credit-agent-07, acting for SME Lending · its own identity · token 09:00:11 · called spreading-agent-02 (D-5302-S, 09:03) and covenant-agent-01 (D-5302-C, 09:08), each with its own identity and a token bound to the call
the release	the release id, each model by version and hash, the prompt set, the validation report	chain CH-07 · credit agent v2.1 (tier-1 model 2026.07.1 a17f5c, tier-2 model 2026.05.2 e9a3b7, prompt set credit-chain 2.1) · spreading agent v2.2 (tier-1) · covenant agent v1.4 (a rules engine) · validated as one chain, MRV-061, 28.08.2026
the basis	each claim the act relied on, its version, and its standing at that second on both axes: evidential warrant, and authority	Latest accounts FY2025/26, audited · the credit file · delivered 28.09.2026 · warrant validated · current · uncontradicted · authority: the borrower · the credit data team The spread: EBITDA €412,000, net debt €1.1m, cover 1.7 · spreading-agent-02 · SP-5302-1 · 09:04 · reconciled to the audited totals · warrant validated by the reconciliation · model-derived, corroborated · the weakest premise · authority: delegated under LC-07/S Covenants met: leverage 2.7x of 3.5x, cover 1.7 of 1.25 · covenant-agent-01 · CV-5302-1 · 09:09 · on SP-5302-1, agreement v3 §12 · warrant: the spread's, reconciled · a rules engine, no model · authority: delegated under LC-07/C B-5102 rates 5 of 10 · the approved rating model v4.3 · 09:10 · warrant validated · authority: credit risk, the model owner A renewal to €250,000 at rating 6 or better may be decided; a delegate's output enters the basis with its own standing · credit policy v9 §5.3, §5.7 · warrant foundational · in force · authority: the credit committee · §5.7 on the credit data team's proposal
the mandate version	the mandate in force at that second, with its level and its limit	LC-07.1 · since 01.09.2026 · decide renewals · €250,000 a facility · €300m a month · delegates LC-07/S (the spread) and LC-07/C (the covenant test), bound to the parent's limits and expiry
the control standard	the control standard version and the rule set the check applied	CS-4 v2026.2 · rule set RS-LC-07 r3
the consequence tier	the tier the act was classified into, and the version of the taxonomy that classified it	material · taxonomy CT-2026.1 · €220,000 for twelve months, a contract with legal effect, counts toward the group limit
AT THE ACT · WHAT THE CHECK DECIDED		
the check's decision	permit, refer, or block, how many of the six inputs held, and the reason code	PERMIT · six of six · reason code OK · the chain read: two delegate records bound to this call · eight policy checks of eight
the exact act	what was done, to whom, for how much, under which id, once	renew facility 5302 · €220,000 to 31.10.2027 · pricing, security, and covenants unchanged · F5302-R1 · once
the permit	its id and what it was bound to: the mandate version, the release, the basis version, the exact act; and how long it held	PR-5302-1 · bound to LC-07.1, CH-07, FY2025/26, SP-5302-1, CV-5302-1, the rating run of 09:10, €220,000 on F5302 to 31.10.2027 · valid for the next booking batch
AFTER THE ACT · WHAT CAME BACK		
the receipt	what the receiving system returned, and the reconciliation against it: one permit, one act, one receipt	K-5302 · limit booked 22:00:05 · renewal letter L-5302 issued 16.10 · acknowledged by the core banking system · reconciled against the facility ledger: one permit, one booking, one receipt
the human decision	where a person decided: who, under which authority, what they confirmed, and when	none needed
the cost	what the decision cost in tokens, and in a person's time where one was needed	€1.80 in tokens across the three agents · no officer time
retention	how long the record, the manifest, and the permits are kept, and personal data inside them by its purpose	the record, the manifest, the delegates' records, and the permits: ten years from the end of the facility (illustrative) · personal data by purpose and retention rule · a corrected figure is a new, linked entry

control standard CS-4, version 2026.2 · rule set RS-LC-07 r3: refer any unreconciled spread, any covenant breach or waiver, any increase, any rating override, any mismatch of basis; a delegate's record is read as part of the basis · CT-2026.1 · the bank's consequence taxonomy · proposed by the CRO with compliance and SME Lending, set by the board, 06.2026 · ids and figures invented

THE RECORD, FILLED · FACILITY 5316 · THE REFERRAL

Facility 5316 15.10.2026 · referred at 09:31, renewed by a credit officer at 14:20, booked 17.10

The fourteen fields of the record line (part three, slide 9), filled for this act; Exhibit E on page 4 continues the record on the day of the dossier. The agent's line and the person's are marked R1 and R2.

FIELD	WHAT IT HOLDS	FACILITY 5316 · THE REFERRAL
BEFORE THE ACT · WHAT THE CHECK READ		
when	the second the check decided, and the second the act committed	R1 referred 15.10.2026 09:31:08 R2 decided 15.10.2026 14:20:30 · booked 17.10 in the 22:00 batch · letter issued 19.10
the agent and its identity	which agent, acting for whom, under its own identity, and how long its credential lived	R1 credit-agent-07, acting for SME Lending · its own identity · called spreading-agent-02 (D-5316-S, 09:26) and covenant-agent-01 (D-5316-C, 09:29) under LC-07/S and LC-07/C R2 credit officer C-044, SME Lending · her own login · lending authority €500,000
the release	the release id, each model by version and hash, the prompt set, the validation report	R1 chain CH-07 · credit agent v2.1 · spreading agent v2.2 · covenant agent v1.4 R2 none · a person's decision in the credit system
the basis	each claim the act relied on, its version, and its standing at that second on both axes: evidential warrant, and authority	Latest accounts FY2025/26, audited, with management accounts beside them · the credit file · delivered 29.09.2026 · warrant validated · current · authority: the borrower · the credit data team The spread: EBITDA €413,000 · declared: spreading-agent-02 · SP-5316-1 · 09:28 · note 4 of the management accounts · reconciliation failed: a disposal gain of €95,000 · warrant model-derived · unreconciled · the weakest premise, below the bar · authority: delegated under LC-07/S · does not count EBITDA €318,000, leverage 3.3x of 3.5x, cover 1.3 · applicable: the audited accounts, reconciled by C-044 at 13:50 · SP-5316-2, a second line · warrant validated · a person's reconciliation, signed · authority: the credit officer Covenants met on the spread as delivered: leverage 2.5x of 3.5x · covenant-agent-01 · CV-5316-1 · 09:29 · on SP-5316-1 · warrant: that of SP-5316-1, unreconciled · the test itself is a rules engine's · authority: delegated under LC-07/C B-5119 rates 6 of 10 on the reconciled spread · the approved rating model v4.3 · 14:02 · warrant validated · authority: credit risk
the mandate version	the mandate in force at that second, with its level and its limit	R1 LC-07.1 · decide renewals · €250,000 · delegates LC-07/S, LC-07/C R2 the officer's lending authority · €500,000 · the delegated lending authorities
the control standard	the control standard version and the rule set the check applied	CS-4 v2026.2 · rule set RS-LC-07 r3
the consequence tier	the tier the act was classified into, and the version of the taxonomy that classified it	material · taxonomy CT-2026.1
AT THE ACT · WHAT THE CHECK DECIDED		
the check's decision	permit, refer, or block, how many of the six inputs held, and the reason code	R1 REFER · five of six · reason code BASIS-04: SP-5316-1 unreconciled, €413,000 declared, €318,000 audited · owner: SME credit officers R2 PERMIT · the officer's decision on the reconciled spread · eight policy checks of eight
the exact act	what was done, to whom, for how much, under which id, once	R1 proposed: renew facility 5316 · €240,000 to 31.10.2027 · F5316-R1 · not executed R2 renew facility 5316 · €240,000 to 31.10.2027 · a covenant certificate each quarter · F5316-R2 · once
the permit	its id and what it was bound to: the mandate version, the release, the basis version, the exact act; and how long it held	R1 none · the proposal went to the officers' queue with the reason and both figures R2 PR-5316-2 · bound to the officer's authority, SP-5316-2, the rating run of 14:02, €240,000 on F5316 · valid for the first batch after the documents are signed
AFTER THE ACT · WHAT CAME BACK		
the receipt	what the receiving system returned, and the reconciliation against it: one permit, one act, one receipt	R1 none R2 K-5316 · limit booked 17.10 22:00 · renewal letter L-5316 issued 19.10 · acknowledged by the core banking system · reconciled
the human decision	where a person decided: who, under which authority, what they confirmed, and when	R1 none yet · referred to a person with the reason R2 credit officer C-044 reconciled the spread, ran the rating, and renewed at €240,000 at 14:20
the cost	what the decision cost in tokens, and in a person's time where one was needed	R1 €1.80 in tokens across the three agents R2 €66.67 of an officer's time
retention	how long the record, the manifest, and the permits are kept, and personal data inside them by its purpose	the record, the manifest, the delegates' records, and the permits: ten years from the end of the facility (illustrative) · personal data by purpose and retention rule · a corrected figure is a new, linked entry

ids and figures invented; the control standard and the taxonomy are on the page before