

A photograph of a man with dark hair and a beard, wearing a striped shirt, smiling as he looks at a document. He is sitting at a desk with a laptop and an open book. The background is a blurred office or home workspace.

Credit Committee Charter

As at March 2023

Credit Committee Charter

Purpose of Charter

1. This Charter governs the operations of the Credit Committee (the Committee). It sets out the Committee's roles and responsibilities, composition, structure and membership requirements. The Committee has been established to assist the board of directors (the Board) of BNK Banking Corporation Limited (the Company) in the objective oversight of the Company's credit risk profile and Credit Risk Management Framework taking into account the risk appetite of the Company.
2. The Committee will primarily fulfil these responsibilities by carrying out the activities outlined in the Duties and Responsibilities section of this Charter.
3. The Committee shall review and reassess the Charter at least every two years and, on each occasion, shall obtain the approval of Board to the form of the Charter.

Membership

4. The Committee shall be members of, and appointed by, the Board. It shall be of sufficient size, independence and technical expertise to discharge its mandate effectively. The Committee shall consist of:
 - (a) only non-executive directors;
 - (b) at least three (3) members;
 - (c) a majority of independent directors; and
 - (d) a chairperson, who shall be an independent director as nominated by the Board from time to time but who shall not be the chairperson of the Board.
5. All Committee members shall be financially literate and have a good understanding of credit risk.
6. All Committee members will be appointed for a term of three (3) years, after which they will be eligible for re-appointment for so long as they remain directors of the Board and, if they are independent, they do not become non-independent. The effect of ceasing to be a director of the Board is the automatic termination of appointment as a member of the Committee. Members may resign upon reasonable notice in writing to the Committee chairperson. A member may from time to time be immediately removed by notice in writing under the hand of the Committee chairperson.

7. The secretary of the Committee shall be the Company Secretary from time to time or such other person as nominated by the Board.

Meetings

8. The Committee shall meet often enough to undertake its role effectively.
9. The Committee may request any officer or employee of the Company, external legal counsel or any person or group with relevant experience or expertise to attend meetings of the Committee or to meet with any members or consultants to the Committee.
10. A quorum for any meeting will be 2 members.
11. The agenda and supporting documentation will be circulated to the Committee members within a reasonable period in advance of each meeting. The Company Secretary will act as Secretary of the Committee and will circulate minutes of meetings to members of the Committee and the Board.
12. Special meetings may be convened as required. The chairperson of the Committee will call a meeting of the Committee if requested to do so by any member of the Committee or by the chairperson of the Board.
13. The Committee must invite the Chief Risk Officer to meetings of the Committee. The Committee may invite such other persons (e.g. executives, staff, external parties) to its meetings as it deems necessary (whether on a permanent or ad hoc basis).
14. The proceedings of all meetings will be minuted and these will be included in the papers for the next Board meeting after each Committee meeting. Other Directors of the Board are entitled to attend the Committee meetings.

Authority

15. The Board authorises the Committee, within the scope of its responsibilities, to:
 - (a) investigate any matter brought to its attention with full access to all books, records and facilities;
 - (b) seek any information it requires from an employee (and all employees are directed to co-operate with any request made by the Committee) or external parties;
 - (c) obtain outside accounting, legal, compliance, risk management or other professional advice as it determines necessary to carry out its duties; and

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(d) ensure the attendance of Company officers at meetings as it thinks appropriate.

Reporting

16. The Chairman of the Committee shall regularly update the Board about Committee activities and make appropriate recommendations. The minutes of each meeting will be tabled at the next Board meeting.

Duties and responsibilities

17. Oversee the Company's credit risk appetite and credit risk management strategy taking into account the size and complexity of the Company.

This includes constructively testing and challenging management proposals and decisions on all aspects of credit risk management including hindsight reviews. Some of the responsibilities noted below may also be actioned by the Risk and Compliance Committee given the common membership of both committees.

18. Review and decide on recommended changes to the Company's Credit Risk Management Framework and monitor compliance with this framework.

19. Monitor the Company's credit risk profile, including the quality and performance of credit portfolios, to ensure it is aligned to the Company's credit risk appetite and credit risk management framework.

20. Review and decide on recommended changes to credit exposure limits and ceilings supporting the credit risk management framework. This includes reviewing and deciding on recommended changes to the counterparty limits and associated maximum limits.

21. Monitor changes to credit risk policy and standards (being within the Company's credit risk appetite and framework).

22. Oversee the implementation and monitor compliance with credit risk policies and standards.

23. Monitor changes to the delegated lending authority framework for the business under which day to day transactional credit decisions are made.

Delegation

24. The Committee is delegated authority to consider and decide on transactional credit submissions (exceeding business unit Delegated Lending Authorities) that are within the Company's credit risk appetite, framework and limits.

25. The Committee is also delegated authority to consider and decide on recommended changes to specific limits assigned to individual treasury counterparties.

Other

26. The Committee may initiate reviews as needed, to fulfil the Committee's responsibilities under this charter and report to the Board on any new or significant credit risk developments.

27. Review and oversee the implementation of agreed actions arising from APRA credit risk reviews.

28. Members of the committee must be available to meet with APRA on request.

29. Any other responsibilities delegated to the Committee by the Board from time to time relating to credit risk management. Directors are required to conduct themselves in accordance with the ethical policies of the Company and be meticulous in their disclosure of any material contract or relationship. This disclosure extends to the interests of family companies and spouses.

Directors must also strictly adhere to the participation and voting constraints in relation to matters in which they may have an interest. Each Director may from time to time have personal dealings with the Company or be involved with other companies or professional firms which may have dealings with the Company.

Details of offices held by Directors with other organisations are disclosed in the Directors' Report and on the Company's website. Full details of related party dealings are set out in the notes to the Financial Statements as required by law.

All the current Non-Executive Directors of the Company have been assessed as independent Directors. In reaching that determination, the Board has taken into account (in addition to the matters set out above):

- (a) Whether the Director has been, employed in an executive capacity by the Company and there has not been a period of at least three years between ceasing such employment and serving on the board; or
- (b) Has within the last three years been, a partner, Director or senior employee of a provider of material professional services to the Company; or

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- (c) Has been within the last three years, in a material business relationship (e.g. as a supplier or customer) with the Company, or an officer of, or otherwise associated with, someone with such a relationship; or
- (d) Is a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the Company; or
- (e) Has a material contractual relationship with the Company other than as a Director; or
- (f) Has close family ties with any person who falls within any of the categories described above; or
- (g) Has been a Director of the entity for such a period that his or her independence may have been compromised.