

Board Credit Committee Charter

1. Role

1.1 About the Board Credit Committee

The Committee is a committee of the Bendigo and Adelaide Bank Board. Our main business, and income producing activity, is providing residential, business and consumer finance to our customers. The purpose of the Committee is to provide the Board with objective oversight of the credit risk profile and the risk management framework established to manage the credit risk arising from this activity.

1.2 Purpose of the Charter

This charter sets out the role, responsibilities, powers and terms of operation of the Committee.

1.3 Scope of responsibilities

The Committee's responsibilities apply in relation to Bendigo and Adelaide Bank Limited (**Bank**) and its subsidiaries (**Group**).

2. Purpose

The purpose of the Committee is to provide assistance to the Board in relation to:

- Overseeing the credit risk profile and management of material credit risk exposures for consistency with the approved credit risk appetite;
- Overseeing the implementation and operation of the credit risk management strategy and credit risk management framework. This includes constructively testing and challenging management proposals and decisions on all aspects of credit risk management;
- Monitoring new or emerging material risks and review the treatment plans developed by management to mitigate these risks;
- Overseeing compliance with credit risk management strategies, policies, tolerances, limits and management delegations; and
- Monitoring the credit risk culture of the Group.

3. Responsibilities

3.1. Credit risk appetite and framework

The Committee's responsibilities include:

- Making recommendations to the Board on changes to the credit risk appetite and primary credit risk appetite settings;
- Making recommendations to the Board on changes to the credit risk management framework;
- Consider and decide the secondary credit risk appetite settings;
- Consider and decide, as required, proposed changes to policies, processes, credit rating systems, models, limits and ceilings used to govern credit risk which are consistent with the risk management strategy and risk appetite. Where required, and if supported by the committee, the matter will be recommended for decision by the Board;

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- Monitor the risk profile and performance of the credit portfolios including portfolio composition, risk concentrations, portfolio analytics, arrears performance, provisioning, non-performing loans and loss performance;
- Monitor the performance of credit risk rating models and scorecards;
- Monitor material changes to credit risk policy approved under delegation by the Management Credit Committee and Credit Policy Committee;

- Review the outcomes of portfolio stress testing undertaken to assess the financial impact and resilience to severely stressed conditions;
- Monitor changes to, and continuing appropriateness of, the delegated lending authority framework for the business (approved by the management credit committee) under which day to day transactional credit decisions are made;
- Monitor the outcomes from credit risk reviews completed by Group Assurance;
- Monitor emerging trends and risks that may impact the credit risk profile along with relevant regulatory and industry developments and oversee management's plans to manage these risks and developments;
- Oversee management actions to resolve material high risk non-performing exposures and review and decide the six-monthly collective provision assessments. This includes any material changes to the provisioning methodology;
- Monitor the independence, performance and effectiveness of the credit risk management function;
- Oversee the activities and decisions of the Management Credit Committee and its sub-committees comprising the Management Credit Decision Committee, Credit Recoveries Management Committee, Lending Standards Review Committee and Credit Policy Committee; and
- Review and decide on changes to the role and responsibilities of the Management Credit Committee (MCC) as described in the MCC charter.

3.2. Specific Management Committee Delegations

The Management Credit Committee is delegated authority to consider and decide on transactional credit submissions (exceeding business unit delegated lending authorities) that are within the credit risk appetite and limits.

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

3.3. Policy approval delegations

The Credit Policy Committee is delegated authority to monitor, assess, develop, amend and approve changes to existing credit policy. The Management Credit Committee is delegated authority to consider, and if though appropriate, approve new or substantially amended credit policies based on recommendation from the Credit Policy Committee.

4. Other responsibilities

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

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

Reviews: The committee may initiate reviews as needed, to fulfil its responsibilities under this charter and report to the Board on any new or significant credit risk developments.

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General: Any other responsibilities delegated to the committee by the Board from time to time relating to credit risk management.

5. Reporting & Meeting Planner

Each year the committee approves a meeting planner setting out the standing items of business and reports to be considered during the year. The planner includes items of business and reports applicable to the responsibilities under this charter.

6. Procedural Rules

The Bendigo and Adelaide Bank Board Committee Procedural Rules apply to the Credit Committee.

This charter was adopted by the Board of Bendigo and Adelaide Bank Limited on 15 December 2003 and last amended on 31 July 2018.