

# 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 and active 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:

- a) Advising on the Group's current and future credit risk appetite and credit risk management strategy;
- b) Overseeing the current and future credit risk profile position and the management of material credit risk exposures for consistency with the approved credit risk appetite;
- c) Overseeing the implementation and operation of the credit risk management strategy and credit risk management framework. This includes constructively testing and challenging management analysis, proposals and decisions on all aspects of credit risk management;
- d) Monitoring new or emerging material risks and reviewing the treatment plans developed by management to mitigate these risks;
- e) Overseeing compliance with the credit risk management strategy, policies, tolerances, limits and management delegations; and
- f) Monitoring the credit risk culture of the Group.

## 3. Responsibilities

### 3.1. Credit risk appetite and framework

The Committee's responsibilities include:

- a) Making recommendations to the Board on changes to the credit risk appetite and primary credit risk appetite settings;
- b) Making recommendations to the Board on changes to the credit risk management framework;
- c) Considering and deciding the secondary credit risk appetite settings;
- d) Considering and deciding, as required, proposed changes to credit rating systems, models, limits and tolerances 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;
- e) Monitoring 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;

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- f) Monitoring the performance of credit risk rating models and scorecards;
- g) Monitoring material changes to credit risk policy approved under delegation by the Management Credit Committee (MCC) and the Credit Policy Committee (CPC);
- h) Reviewing the outcomes of portfolio stress testing undertaken to assess the financial impact and resilience to severely stressed conditions;
- i) Monitoring changes to, and continuing appropriateness of, the delegated lending authority framework for the business (approved by the MCC) under which day to day transactional credit decisions are made;
- j) Monitoring the outcomes from credit risk reviews completed by Group Assurance;
- k) Monitoring emerging trends and risks that may impact the credit risk profile along with relevant legislative, regulatory and industry developments and overseeing management's plans to manage these risks and developments;
- l) Overseeing management actions to resolve material high risk non-performing exposures and reviewing and deciding the six-monthly collective provision assessments. This includes deciding any material changes to the provisioning methodology;
- m) Monitoring the independence, performance and effectiveness of the credit risk management function;
- n) Overseeing the activities and decisions of the MCC and its sub-committees comprising the Management Credit Decisioning Committee, the Lending Standards Review Committee and the CPC; and
- o) Reviewing and deciding on changes to the role and responsibilities of the MCC as described in the MCC Charter.

## 3.2. Specific Management Committee Delegations

- (a) The MCC is delegated the authority to consider and decide on transactional credit submissions (exceeding business unit delegated lending authorities) that are within the credit risk appetite and limits.
- (b) The MCC is also delegated the authority to consider and decide on recommended changes to specific limits assigned to individual treasury counterparties.

## 3.3. Policy approval delegations

- (a) The CPC is delegated the authority to assess, develop, amend and approve changes to existing credit policy.
- (b) The MCC is delegated the authority to consider, and if thought appropriate, approve new or substantially amended credit policies based on recommendations from the CPC.

## 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 and will deal with APRA in an open, constructive and co-operative way.

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

### General:

- a) Any other responsibilities delegated to the Committee by the Board from time to time relating to credit risk management.
- b) Ensure that the Chief Risk Officer has unfettered access to the Committee.

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## 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 Board Credit Committee.

*This charter was adopted by the Board of Bendigo and Adelaide Bank Limited on 15 December 2003 and last amended on 26 May 2020.*