



**CREDIT
COMMITTEE –
TERMS OF
REFERENCE**

The Revised Terms of Reference of the Credit Committee (the “Committee”) was adopted by the Board on 02 October 2024.

OBJECTIVES

- (a) Oversee Management’s activities in managing credit activities and actions to mitigate such risks and to ensure an effective credit management process and functioning
- (b) The committee shall have the authority to require any information it sees as relevant to its activities from any officer of the bank
- (c) The reports to this committee including any corrective actions taken shall be provided to the Board of Directors

1. Membership/Composition

- 1.1. It shall consist of a minimum of three (3) members and a maximum of five (5) members. The committee members shall be non-executive directors.
- 1.2. Members shall be well versed with credit risk management of the bank in general, and have a broad understanding of the financial and business risks as well as the international economic and political business environment.
- 1.3. One member of the Committee may be a member of the Risk Committee (dual membership in both Risk Committee and Credit Committee) concurrently provided that the said member is not the Chairperson of either of the aforementioned Committees.
- 1.4. Members of Audit Committee should not have membership in the Committee.
- 1.5. **Chairperson** - The Chairperson may be a non-executive director but preferably an independent non-executive director. The Chairperson of the Committee shall be one of the Committee members appointed by the Board but shall not be the Chairperson of the Board.
- 1.6. In the absence of the appointed Chairperson, the members present shall nominate one of them to chair the meeting.

2. Meetings

2.1. Type 1 Meeting:

- 2.1.1. Purpose of Type 1 Meeting is to assume all roles and responsibilities describe in section 6.
- 2.1.2. Frequency of Meetings - At least once every quarter or more frequently as circumstances require.
- 2.1.3. The Company Secretary shall be responsible for organising and scheduling the Committees. In his absence he shall be replaced by his Deputy or an authorised officer of the Committee at the request of the Chairperson or by any of its members.
- 2.1.4. The notice of each meeting of the Committee confirming the venue, time and date and enclosing an agenda of matters to be discussed shall, other than under exceptional circumstances, be communicated to each member of the Committee at his/her known registered address or electronic communication/email or Board Vantage.
- 2.1.5. The Agenda as well as the documents pertaining to each committee shall be addressed to all members at least four (4) business days prior to the Committee. In case of urgent matters, a prior notice of two (2) business days shall apply.
- 2.1.6. The requirements provided above may be amended subject to the written consent of all members.
- 2.1.7. Deliberations assented by all members entitled to receive notice of a meeting of the Committee, is as valid and effective as if it had been passed at a meeting of the Committee duly convened and held.
- 2.1.8. Proceedings of the Committee meetings shall be reported periodically to the Board of Directors preferably on a quarterly basis.

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2.2. Type 2 Meeting

- 2.2.1. Purpose of Type 2 Meeting is to assume roles and responsibilities describe under section 6.
- 2.2.2. Frequency of Meetings – As and when required.
- 2.2.3. Meetings of the Committee shall be convened by the Head of Credit Risk at the request of the Chairperson or by any of its members. The notice of each meeting of the Committee confirming the venue, time and date and enclosing an agenda of matters to be discussed shall, other than under exceptional circumstances, be communicated to each member of the Committee at his/her known registered address or electronic communication/email or Board Vantage.
- 2.2.4. The Agenda as well as the documents pertaining to each committee shall be addressed to all members at least four (4) business days prior to the Committee. In case of urgent matters, a prior notice of two (2) business days shall apply.
- 2.2.5. The requirements provided above may be amended subject to the written consent of all members.
- 2.2.6. Deliberations assented by all members entitled to receive notice of a meeting of the Committee, is as valid and effective as if it had been passed at a meeting of the Committee duly convened and held.
- 2.2.7. Proceedings of all the Type 2 Credit Committees shall be reported on a quarterly basis to the Type 1 Board Credit Committee.

3. Secretary

(I) Type 1 Meeting:

The Company Secretary shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

(II) Type 2 Meeting:

The Head of Credit Risk shall act as the Secretary of the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4. Quorum

- 4.1. The quorum for any meeting shall be a majority of its members.
- 4.2. Decision shall be taken by majority votes.

5. Minutes of Meetings

(I) Type 1 Meeting:

- 5.1. The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 5.2. Draft minutes of Committee meetings shall be circulated to all members of the Committee within 15 Business days of the Meeting or earlier.

(II) Type 2 Meeting:

- 5.3. The Head of Credit Risk shall minute the proceedings and decisions of all meetings held and in addition to a dashboard circulated by the secretary to members within 3 days of the meeting - shall circulate the minutes to all members of the committee for approval prior to the next Type 2 meeting but not later than 15 Business days of the meeting.

6. Role & Responsibilities

- 6.1. Review Credit Risk Policy and related techniques and guidelines, procedures at least once a year to ensure their continued adequacy and effectiveness and submit same for Board's approval.

- 6.2. Oversee the credit activity of the financial institution with integrity, using strictly and exclusively prudential credit criteria.
- 6.3. Ensure the selection and appointment of qualified and competent management to administer the credit risk management function;
- 6.4. Ensure that in case of international credit transactions country risk limits are in place and available and, in addition to standard risks, any risks associated with economic, political and social environment in the country as well as transfer risk are considered;
- 6.5. Review all significant credit exposures of the bank;
- 6.6. Review, at the request of the Risk Committee, specific significant delinquent credits and management's actions taken or contemplated for their recovery;
- 6.7. Oversee the credit risk management of the Bank, including reviewing the loan portfolio (composition and quality) and monitoring of significant credit exposures.
- 6.8. Approve credit applications in accordance with the Bank's Credit Risk Policy when exceeding limits delegated to Management Credit Committee.
- 6.9. Review and approve any deviations from the Bank's written Credit Risk Policy and actions to ensure compliance with the policy; review trends in the quality of, and concentration in, the financial institution's credit portfolio, to identify emerging problems and act to deal with the problems;
- 6.10. Ensure that management establishes adequate credit assessment processes and effective controls to identify any deterioration in the loan portfolio.
- 6.11. Recommend any delegated credit approval authorities to Senior Officers and Management Credit Committee.
- 6.12. As and when required, Board Credit Committee may provide its views and comments to Board Risk Committee on specific credit matters.

7. Reporting Responsibilities

- 7.1. The Committee Chairperson shall report to the Board on its deliberations at quarterly Board meetings on all significant matters within its roles and responsibilities.
- 7.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

8. Other matters

- 8.1. The Committee is authorised to seek any information from any officer or employee all of whom are directed to co-operate with any request made by the Committee.
- 8.2. The Committee shall have access to outside or other independent professional advice as it considers necessary to carry out its duties at the Bank's expense within any reasonable budgetary guidelines as indicated by the Board.
- 8.3. The Committee shall have access to sufficient resources to carry out its duties, including access to the Bank's secretariat for assistance as required.
- 8.4. The Committee shall ensure that regular training on credit-related topics and any other related areas be provided to all staff concerned as well as the members. The Committee may decide on the focus areas.
- 8.5. The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations.
- 8.6. The Committee shall arrange for periodic reviews annually or as and when required of its own performance and review its terms of reference on an annual basis to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.