

Group Credit Committee (GCC) Charter



Secretary: Anmol Singh

Addendum F

1 Introduction and goals

The Group Credit Committee (GCC) is appointed by the Nedbank Group Limited Board of Directors (board) to perform the functions set out in this charter and enable Nedbank Group (group) to:

- meet its credit risk management requirements and obligations under the Banks Act (BA), 94 of 1990, and its regulations; and
- comply with credit risk policies, procedures, processes and practice/s.

2 Delegation and authority

The board delegates its responsibility and authority, but not accountability, for credit risk management to the GCC in terms of section 72(1)(b) of the Companies Act, 71 of 2008.

The GCC:

- has scope and authority that extends to all activities in the group where there is credit risk and related concentrations, including counterparty credit, risk, settlement, country and issuer risks; and
- must ensure that Group Credit Risk (GCR):
 - remains functionally independent from the personnel and management functions of clusters and business units that are responsible for the origination of credit exposures; and
 - is headed by a person who, with the approval of the South African Reserve Bank Prudential Authority (SARB PA), reports directly to the Group Chief Risk Officer (GCRO).

Without in any way abrogating its responsibilities, the GCC will rely on the work and reporting of cluster credit committees (CCCs), the Executive Credit Committee (ECC), Group Risk Analytics (GRA), GCR, Group Technology, Group Internal Audit (GIA) and External Auditors.

3 Roles and responsibilities

The GCC supports the board to set credit policy, monitors compliance with that policy, monitors credit risk in the group.

To ensure the proper functioning of the GCC, the following applies:

- The GCC has a monitoring and approval responsibility.
- The functions listed in the next sections are the usual activities of the GCC.
- This charter serves as a guide and does not prevent the GCC from carrying out extra functions and adopting extra measures as may be deemed appropriate in the light of changing business, regulatory, strategic, risk or other conditions, or anything related to credit risk management.

4 Approval functions

4.1 Credit risk appetite (CRA), limits and mandates

The GCC must approve the following:

- The appropriateness of the credit risk appetite metrics, concentration risk levels.
- Changes to the credit risk appetite, including the articulation of and tolerance for credit risk across the group.

4.2 Policies and Clusters

The GCC must approve the following Level 1 policies and charters:

- Level 1 Group Credit Policy (GCP), including the following Annexures:
 - I: Expected Credit Loss (ECL) Policy
- Executive Credit Committee (ECC) Charter.

- Recommend the Group Credit Committee (GCC) Charter to the board for approval.

- Recommend the Large Exposure Approval Committee (LEAC) charter to the board for approval.

4.3 Impairments

The GCC must:

- Approve the Group IFRS 9 impairments figures, as recommended in the adequacy of impairments (AOI) submission and includes the impairments (and overlays) proposed by the CCCs and the ECC. The AOI submission is submitted for half-year (30 June) and year-end (31 December). The AOI is recommended by GCC to the Group Audit Committee (GAC) for approval.
- Note the IFRS 9 expected credit loss (ECL) macroeconomic forecast probability weightings, after being approved by the ECC, annually.

4.4 Credit risk-weighted assets

The GCC will do the following:

- Approve the year-end (31 December) credit risk-weighted assets (RWA).
- Note the half-year (30 June) credit RWA, after the ECC has approved them.

5 Monitoring functions

The GCC must review and/or monitor the following:

- The credit risk appetite, including reasons for credit risk appetite metrics being above or below the target ranges set by the GCC.
- The credit portfolio, credit risk information and disclosures of the group.
- Interrelated risks: These are principal and key risks (per the Enterprise Risk Management Framework (ERMF)) primarily overseen by other Board committees, but which may affect GCC in-scope risks from time to time. The Committee may consider these risks, to ensure appropriate coordination and escalation while avoiding duplication of reporting and oversight.
- The trends in asset and portfolio composition, quality and growth, stage 3 loans and advances, risk-based pricing, intragroup and related-party lending and concentration risk exposures, and the directing of action accordingly when deemed necessary.
- Group credit policies, credit risk appetite metrics and guidelines.
- The credit risk management information and Watch List, Prudential Guidelines and any other risk concentrations as specified from time to time.
- The guidance given by business regarding specific industries, geographical locations and clients.

6 Establish sound governance

The GCC must monitor and promote sound credit practice across the group to ensure the following:

- The establishment and maintenance of an appropriate credit risk management environment.
- The establishment of best risk practices, standards and adequate controls for the effective and efficient management of credit risk.
- Proper assessment of asset quality and the adequacy of impairments and reserves.
- Adequate disclosure of credit risk, including appropriate reporting systems and processes.
- A proper analysis of current and future capital requirements in relation to strategic lending goals.

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7 Members

The GCC members include the Chief Financial Officer, Chief Operating Officer, Chief Executive and non-executive directors. The list of five non-executive directors is available from the GCC secretary.

8 Quorum

The GCC quorum must be made up of five members, of which 3 must be non-executive directors.

9 Oversight of Subsidiaries

The GCC will provide oversight of the appropriateness and effectiveness of credit risk governance for all subsidiaries that grant credit, including the Isle of Man and Nedbank Africa Regions (NAR), in line with the Nedbank Group Operating Manual (GOM).

The GCC is responsible for ensuring that the credit committees of the subsidiaries (also for alliances and joint ventures, where provided for in the agreements) have the correct policies, procedures, processes, practices, and people in place to ensure the following:

- The monitoring process adopted by the underlying credit committee is adequate and aligned with Nedbank requirements.
- The impairments, which are reviewed by the underlying credit committee in discharging their responsibilities, are adequate.
- The concerns raised by the underlying credit committee in discharging their responsibilities are dealt with.
- Facilities are monitored in relation to group exposures.

10 General matters

The GCC has authority to deal with matters not referred to in this charter and that are related to the specific functions and powers outlined in this charter and that the GCC could reasonably be expected to deal with to discharge its obligations.

11 Procedure

At each meeting of the GCC time must be allotted during which the directors, in the absence of management, may consider and make decisions on any matters raised during the meeting.