



# **Board Credit and Finance Committee Charter**

## Table of Content

1.	Introduction.....	3
2.	Purpose.....	3
3.	Responsibilities.....	3
4.	Size, make-up and competencies of committee members .....	5
5.	Secretary at Meeting.....	5
6.	Attendance by Invitation .....	5
7.	Chairperson eligibility and terms of appointment .....	5
8.	Reconstitution .....	5
9.	Remuneration for members of the committee. ....	5
10.	Restrictions placed on its powers and responsibilities. ....	6
11.	Frequency of meetings. ....	6
12.	Attendance at Committee Meetings.....	6
13.	Notice of meetings. ....	6
14.	Quorum at meetings. ....	6
15.	Record keeping at meetings.....	6
16.	Appointment of sub-committees.....	7
17.	Ability to take outside advice. ....	7
18.	Reporting and accountability. ....	7

## **1. Introduction**

This Charter governs the operations of Access Bank Plc's Board Credit and Finance Committee ('the Committee'). The Committee shall review and re-assess this Charter every three years or such other period as the circumstance may warrant and recommend required changes to the Board.

## **2. Purpose**

The Committee shall advise the Board in relation to the Bank's credit exposure and management, lending practices and provide strategic guidance for the development and achievement of the Bank's credit and lending objectives. In performing this oversight role, the Committee shall work with management to:

- a) Review the quality of the Bank's credit portfolio and the trends affecting the portfolio;
- b) Oversee the effectiveness and administration of credit related policies including compliance with legal lending limits and the Bank's in-house lending restrictions;
- c) Review the process for determining provision for credit losses and the adequacy of the provision made; and
- d) Provide oversight and guidance to the Bank regarding credit related aspects of implementing the Basel II Capital Accord and compliance to CBN Risk Based Supervision Framework.

## **3. Responsibilities**

The Committee shall have the following responsibilities:

- a) Approve definition of risk and return preferences, target risk portfolio, credit portfolio quality plan for the year and level of exposure to domestic and foreign banks;
- b) Approve credit risk appetite and credit portfolio strategy and ensure it is in line with the Bank's corporate strategy;
- c) Review and approve, as and when required, the establishment of or any material changes to: (i) credit policies; (ii) underwriting guidelines; (iii) credit concentration guidelines and limits; (iv) compliance programmes for credit-related matters; (v) delegations of credit authority; (vi) the provisions for loan losses methodology; and (vii) other matters as required by regulation on the recommendation of the Management Credit Committee (MCC);
- d) Exercise general oversight of the Bank's credit portfolio and related risk management processes through a periodic review of reports on the following:

- i. Credit and assets quality trends and statistics;
  - ii. Reports on the lending activities of the major business units and lines of business which comprise the Bank's lending operations;
  - iii. Reports on any category of credit or specialized credit activity that reflects areas of material or rapidly increasing risk (e.g., concentrations of credit, classified credits and non-performing assets, etc.); and
  - iv. Report of the Bank's Collateral Adequacy Assessment
  - v. Any other matter that relates to the extension or administration of credit or the condition of the Bank's credit portfolio that is deemed appropriate by the Committee or as required by regulation at a level and frequency established by the Committee.
- e) Oversee the administration and effectiveness of, and compliance with the Bank's credit policies through the review of processes and reports on the recommendation of the Management Credit Committee and any other means as it deems appropriate. The review shall as a minimum, include the loan quality grading in accordance with the CBN Prudential Guideline, internal and external audits and examinations of the Bank's credit processes, the incidence of new problem assets and the frequency and reasons for credit policy exceptions;
- f) Approve credit facility requests and proposals within limits defined by the Bank's credit policy and within the statutory requirements set by the regulatory/ supervisory authorities;
- g) The Committee shall review and assess the adequacy of the provision for credit losses. In making its assessment, the Committee may review such measures of the adequacy of the provision as it deems appropriate, and shall periodically review the credit rating methodology used in computing the adequacy of the provisions;
- h) Approve new credit products and processes;
- i) Approve limit setting and assignment of credit approval authority on the recommendation of the Management Credit Committee;
- j) Approve changes to Credit Policy Guidelines on the recommendation of the Management Credit Committee;
- k) Review credit risk reports on a periodic basis;
- l) Approve credit exceptions in line with Board approval; and
- m) Make recommendations to the Board on suggested changes to credit policy and strategy where appropriate.
- n) Approve credit write-offs in accordance with Credit Policy Guidelines and regulatory requirements.

#### **4. Size, make-up and competencies of Committee members**

The Committee shall be made up of at least ten members one of whom shall be an Independent Director. The number of Non-Executive Directors must always out-number Executive Directors. The Board shall have the authority to appoint and remove a member from the Committee as it deems fit.

The Committee shall be made up of members representing a balance of views, skills, knowledge and experience. Specifically, the Committee shall have a member who has over 12 year's management experience in the finance industry.

#### **5 Secretary**

The Company Secretary shall serve as the Committee's secretary.

#### **6. Attendance by Invitation**

Attending each meeting by standing invitation are the Chief Audit Executive, Group Head Corporate Counsel, and Head of Credit Administration and Portfolio Management, Head of African Cluster, Head of Risk Subsidiaries. The Committee shall have authority to invite members of management, or others to attend meetings and provide pertinent information, as necessary.

The Chairperson of the Committee shall be entitled to request that the Committee meet without any of these persons.

#### **7. Chairperson eligibility and terms of appointment**

Where the Chairman is absent from a meeting, the Non-Executive Director previously designated by the Board as the Committee's Vice-Chairman shall preside over the meeting. Where both the Chairman and Vice-Chairman are absent from the meeting, members of the Committee present shall have authority to choose one of the Non-Executive Directors to be Chairman for that meeting.

#### **8. Reconstitution**

The Board reserves the right to reconstitute the membership of the Committee at any point in time it deems fit.

#### **9. Remuneration for members of the Committee**

The Non-Executive Directors' remuneration shall be limited to Directors' fee, sitting allowance and reimbursable travel and hotel expenses. The Non-Executive Directors shall not receive benefits and salaries whether in cash or in kind other

than those mentioned above.

**10. Restrictions placed on its powers and responsibilities**

The Board shall reserve the right to approve the Bank's lending limits and risk appetite.

**11. Frequency of meetings**

The Committee shall meet at least once every quarter. The quarterly meeting shall be held in January, April, July, and October of every year or such other months as exigencies of the Bank's operations may permit.

The Committee shall in addition to the quarterly meeting referred to above meet every month to consider and approve credit requests. The Committee may upon the approval of the Chairman of the Committee hold Emergency Meetings where the need arises apart from the quarterly and monthly meeting mentioned above.

The decision of the majority at any such meeting will be the decision of the Committee. The Committee may also act by unanimous written resolution in lieu of a meeting.

**12. Attendance at Committee Meetings**

All Committee members are required to attend all meetings of the Committee.

**13. Notice of meetings**

The Secretary shall provide notice of meetings, but lack of notice shall not invalidate the proceeding of any meeting at which a quorum was present.

Notice of quarterly meetings shall be sent out to members of the Committee 14 days before the date of the meeting.

Notice of monthly meetings shall be sent out to members of the Committee seven days before the date of the meeting.

**14. Quorum at meetings**

Seven members of the Committee with at least four Non-Executive Directors present shall constitute a quorum.

**15. Record keeping at meetings**

The Secretary shall keep minutes of the Committee meetings. The minutes of the Committee meetings shall be made available for approval at the next meeting of the Committee.

**16. Appointment of sub-committees**

The Committee may appoint its own sub-committees and delegate any of its responsibilities that do not require approval of the Committee as a whole, to a sub-committee. The sub-committee may comprise one or more members of the Committee. Each sub-committee shall report its actions at the next practicable meeting of the Committee.

**17. Ability to take external advice**

The Committee has the power, to obtain advice and assistance from, and to retain at the Bank's expense, such independent or outside legal counsel, accounting or other advisors and experts as it determines necessary or appropriate to carry out its duties. The Committee shall have the sole authority to retain, replace and approve fees and other retention terms for any consultant or advisors that it shall deem necessary to assist it in fulfilling its duties.

**18. Reporting and accountability**

The Committee shall report the proceedings and recommendations of each meeting to the Board at the next practicable meeting of the Board. The reports to the Board shall include the quality of the Bank's loan portfolio and any significant actions or approvals made by the Committee. The Committee shall annually review and present a report of its performance to the Board.

**19. Approval and Effective Date:**

This charter becomes effective immediately upon approval of the Central Bank of Nigeria.