



# LENDING & CREDIT COMMITTEE CHARTER

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## Version Control

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## **1 Constitution and Purpose**

The Lending and Credit Committee (*Committee*) shall be a committee of the Board of Turners Automotive Group Limited (*Turners*). The purpose of the Committee is to assist the Board of Directors in fulfilling its responsibilities by providing oversight of the credit risk management of Turners, including reviewing internal credit policies and recommending portfolio limits for Board approval. The Committee shall also review the quality and performance of Turners credit portfolio and shall also be responsible for any other matters delegated to it by the Board of Turners and its wholly owned subsidiaries (together, the *Group*).

## **2 Duties and Responsibilities**

The Committee does not take actions or make decisions on behalf of the Board unless specifically mandated. The Committee is responsible for overseeing the credit risk management of the Group. The Board has delegated the following functions to the Committee:

- The Committee shall review the credit policies for the Group, which shall be prepared and periodically updated by management. The objective of the credit policies shall be to ensure the credit quality of the Group's loan portfolio and to maintain profitability of Turners. The Committee shall review changes to the credit policies proposed by management or initiated by members of the Committee from time to time, taking into account changes in applicable laws or regulations or as warranted by changing economic and/or applicable market conditions.

In order to fulfil the Committee's responsibilities of reviewing credit performance, management shall provide the Committee with periodic reports of loans, loan activity and loan portfolio information. Such reports may include, without limitation, the following:

- Portfolio concentration, including separation by loan size and consumer vs commercial mix;
  - Non-performing assets;
  - Write-offs;
  - Analysis of reserve for loan losses;
  - Loan exceptions;
  - Loans in default;
- Management shall provide the Committee with confirmation on at least a quarterly basis that the Group is maintaining a sufficient allowance for loan defaults and losses. The Committee shall review and approve the Group's recommended allowance for loan defaults and losses. Any changes to the methodology for determining such allowance for loan defaults and losses shall be reviewed and approved by the Committee.

- The Committee shall have responsibility for recommending the Group's in-house lending limit to the Board. The Committee may, in consultation with management, also establish credit portfolio limitations for Board approval. In doing so, the Committee may without limitation consider and provide its opinion to the Board on the following:
  - Acceptable concentrations of loans;
  - Acceptable product mix (lines of credit, consumer loans, commercial term loans, real estate and other loans); and,
  - Geographic dispersion of the loan portfolio.
- The Committee shall have the authority to approve loans as detailed in the Lending Policy of the Group. Approval is detailed in the Lending Policy and is dictated by loan size.
- The Committee shall review the Group's compliance with regulatory requirements and internal policies applicable to credit, including any legal and in-house lending limit restrictions and insider loan transactions. This shall be reported to the Committee by the Group's compliance manager. Any change to procedure and practice on regulatory requirements is to be approved by the board.
- The Committee shall review the Group's credit review process, which shall address, without limitation, the following:
  - Asset quality;
  - Early recognition of any deteriorating credit situation;
  - Quantifying the level of risk in the portfolio;
  - Adequacy of documentation; and,
  - Compliance with applicable regulations and with the Credit policies;

### **3 Membership**

Members of the Committee must be non-executive directors, appointed by the Board and shall comprise of three directors, with at least one being an independent director.

The Board shall appoint a member of the Committee to act as its Chair. The Chair of the Committee cannot be the Chair of the Board.

The appointment and removal of Committee members shall be the responsibility of the Board.

The Group shall identify the members of the Committee each year in its annual report.

### **4 Secretarial and Meetings**

A quorum of members of the Committee shall be a majority of members.

The Committee may have in attendance such members of management and such other persons including external advisers, as it considers necessary to provide appropriate information and advice.

All directors who are not members of the Committee shall be entitled to attend meetings of the Committee.

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee and all other members of the Board.

At least once per year the Committee shall meet without the chief executive officer or management being present.

Any member of the Committee may request a meeting at any time if they consider it necessary.

The Committee will convene a meeting if the Board so requests.

Minutes of all meetings shall be kept. Minutes of all meetings will be circulated to all directors and to the CEO within 30 days of each meeting.

## **5 Authorities**

The Committee will make recommendations to the Board on all matters requiring its decision. The Committee does not have the power or authority to make a decision in the Board's name or on its behalf.

The Committee is authorised by the Board, at the Group's expense, to obtain such outside legal or other independent information and advice including market surveys and reports, and to consult with such management and executive search consultants and other outside advisers with relevant experience and expertise, as it thinks necessary for carrying out its responsibilities.

## **6 Reporting Procedures**

As soon as practicable after each Committee meeting the Committee will communicate its findings and recommendations to the Chair of the Board.

The minutes of all Committee meetings will be circulated to members of the Board. Extracts from the minutes will be made available to such other persons as the Board directs, as may be necessary to enable them to properly carry out their functions.

## **7 Annual Review of Charter**

The Committee, in conjunction with Turners Management and the Board, shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. This Charter may be amended only by the Board.