



# **GENEVA FINANCE LIMITED**

## **BOARD ASSET LENDING COMMITTEE (BALC) CHARTER**

### Version History

Version	Date	Owner	Approver	Amendments
1.0	31.05.2023	Head of Risk & Assurance	Board	New Charter
1.1	30.09.2024	Head of Risk & Assurance	Board	Duplication removed, reformatted document

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## Constitution and Purpose

1. The Board Asset Lending Committee (BALC) shall be a committee of the Board of Geneva Finance Limited (GFL). 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 Geneva Financial Services Limited (GFSL) including reviewing internal credit policies and recommending portfolio limits for Board approval and capital expenditure of GFL group and to oversee the financial, capital investment policies and planning activities of the Company in support of the Company's long-term strategic goals.

The Committee shall also review the quality and performance of GFSL credit portfolio and shall also be responsible for any other matters delegated to it by the Board of GFL.

## Duties and Responsibilities

2. 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 & Capital expenditure of the Geneva.

The Board has delegated the following functions to the Committee:

- Review the credit policies for Geneva Financial Services Limited 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 GFSL.
- 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 (Provisions) 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 (Provisions) for loan defaults and losses. The Committee shall review and approve the Group's recommended allowance for loan defaults, losses & provisions (Specific or General). Any changes to the methodology for determining such allowance for loan defaults and losses shall be reviewed and approved by the Committee.

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 (consumer loans (secured / unsecured), commercial term loans, floorplan limits, real estate and other loans); and,

- Geographic dispersion of the loan portfolio.

The Committee shall have the authority to approve loans that exceed the managements lending authority levels. Refer to LC1-LC 8 of the delegated authorities policy.

The Committee shall review the Group's compliance with regulatory requirements and internal polices applicable to credit, including any legal and in-house lending limit restrictions. This shall be reported to the Committee by Geneva's Risk & Compliance officer.

The Committee shall review the Group's credit review process, which shall address, without limitation, the following:

- Asset quality;
- Adequacy of documentation; and,

The BALC shall as a minimum to ensure that all Loan applications submitted are within Geneva's Lending Policy. Including:

- a) Review and oversee the overall lending policy of the GFSL;
- b) Deliberate and consider loan applications beyond the discretionary limits of the CEO/MD;
- c) Ensure that there are effective procedures and resources to identify and manage irregular problem credits, minimize credit loss and maximize recoveries;
- d) Delegate and review lending limits of GFSL;
- e) Conduct loan reviews independent of any person or committee responsible for sanctioning credit via Internal Audit; and
- f) Ensure that the credit policy and risk lending limits are reviewed as and when the environment so dictates.

BALC shall ensure that the Capital expenditure proposals are within Geneva's Capital expenditure policy. Including:

- a) Review and approval of all capital expenditure projects involving expenditure in excess of the amounts set forth in the approved Annual Operating Plan ("AOP") / Budget.
- b) Review and approval of any capital expenditure in respect of a specific matter or item previously approved by the Committee to the extent the spend in respect thereof is delayed beyond six months from the original contemplated date thereof; provided that, any capital expenditure shall not require re-approval of the Committee to the extent such expenditure when approved initially was expressly provided to apply in future time periods.
- c) Any expenditure, or group of related expenditures, in excess of \$50,000, shall be approved via the delegations authority policy.
- d) Regularly discuss the Company's investment and capital expenditure policies, objectives, and plans with management.
- e) Periodically review the Company's performance on major capital investment or expenditure projects versus original projections.

In carrying out its duties the BALC:

Will have access to resources of the company and full access to any information and documentation of the company.

Obtain professional advice and if necessary invite professionals with relevant experience to attend the BALC meetings, or to carry out such work as deemed necessary. Any member expenses incurred shall be borne by the Company upon approval of the Board's chairman.

BALC may invite any director of the Company, or any other Staff member or a person connected directly or indirectly with the Company to assist with, and participate in the activities of BALC.

The approval limits are set within the Delegated Authority that is approved by the Board.

### **Membership**

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

If the Board appoints 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.

The term of the office of the BALC members shall be fixed by the Board and shall be tied to their term of office as directors.

The Board will periodically review the composition of the BALC and make any changes it deems appropriate.

### **Secretarial and Meetings**

4. A quorum of members of the Committee shall be any three members present. 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.

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

Members of BALC shall meet as required. However, urgent loan application reviews, approvals or declines may be done by circulation.

The Board of GFL will appoint a secretary for the purpose of taking minutes of its meeting.

The following, who shall have no voting rights, may attend the meetings of the BALC on invitation:

- The Chief Executive Officer/ Managing Director.
- Any member of Executive Management team.

The loan applications submitted to the BALC shall also have been approved by the CEO/MD.

BALC decisions shall be taken by a majority of votes of those present. In case of a tie, the Chairman shall have a second or casting vote if a chairman is appointed.

The agenda and the discussion papers of the meeting shall be circulated to the members of BALC at least one week prior to the meeting.

The minutes of the meeting and the action items arising shall be circulated to the members of BALC, within two weeks of the meeting.

The report of the BALC will form a regular feature on the Board's agenda.

### **Authorities & Conflict of Interest**

5. Outside those delegations already provided to the Committee in the delegated authority policy, the Committee will make recommendations to the Board on matters requiring its decision.

All Directors have a duty to ensure that the integrity of the decision making processes of the Board are maintained by ensuring that they and other members of the Board are free from conflict or potential conflict in their decision making. A conflict of interest arises in any situation where a Directors duty to act solely in the best interests of the organisation and to adhere to the Directors fiduciary duties is compromised or impeded by other interests, relationship or duty of the Directors.

Conflict of interest is a type of moral hazard that arises when an institution has multiple objectives and, as a result, has conflicts between those objectives which may potentially lead to conceal information or disseminate misleading information.

One potential component of the conflict of interest relates to Related Party Transactions. BALC shall review the material facts of all Related Party Transactions that require approval and either approve, disapprove, or ratify such transactions. In assessing a Related Party Transaction, BALC shall consider such factors as it deems appropriate: including without limitation (i) the benefits to GFL of the transaction; (ii) the commercial reasonableness of the terms of the Related Party Transaction; (iii) the materiality of the Related Party Transaction to GFL; (iv) the extent of the Related Party's interest in the Related Party Transaction; (v) if applicable, the impact of the Related Party Transaction on a director's independence; and (vi) the actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction. No director shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party, except that the director shall provide all material information concerning the Related Party Transaction to BALC.

### **Reporting Procedures**

6. The decisions made within the committee as authorised in the delegated authority policy and the rules of this charter plus any recommendations for the Board to consider should be included in the next board pack for the full boards information.

The minutes of all Committee meetings will be circulated to members of the GFL 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.

### **Review of Charter**

7. The Committee, shall review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval.