

**Leeds Building Society**  
**Board Credit Committee**  
**Terms of Reference and Constitution**

**Constitution**

The Board has established a sub-committee to be known as the Board Credit Committee (BCC) to support it in achieving its objectives and responsibilities. BCC reports directly to the Board.

**Membership**

- Deputy Chief Executive & Finance Director (Chairman)
- Operations Director
- GM Property Services
- GM Finance
- Head of Commercial Lending
- Non-Executive Director – R D Booth
- Non-Executive Director – R Smith

The Chairman of BCC is appointed by the Board.

**Quorum**

For a quorum to be established, a minimum of four of the members must be present who must include one non-Executive Director, one Executive Director, the Head of Commercial Lending (or his alternate) and one other committee member.

**Frequency of Meetings**

Meetings should be held on a quarterly basis.

The Chairman of BCC may also convene meetings of the committee if in his judgement a loan proposal or issue arises that must be sanctioned/addressed before the next scheduled meeting.

**Authority**

BCC is authorised by the Board to:

- a) provide an oversight role in relation to the operation of the Commercial Lending business. This will include ensuring that there are adequate resources in place (staff numbers, experience and skills) and that the systems established by management to identify, assess, manage and monitor commercial loans are effective,
- b) to sanction lending up to £40m per borrower, and
- c) to approve the capital rating models for the residential and commercial loan portfolios.

**Objectives**

The objectives of BCC shall be:

1. Control of credit risk – Loans and Advances to members
  - i) set credit criteria
  - ii) formulate lending policy that balances lending quality, operational risk and profitability
  - iii) review lending policy on an annual basis or more frequently if appropriate
  - iv) monitor the risk profile of the portfolio using Basel outputs
  - v) monitor the performance of the mortgage application scorecard
  - vi) monitor arrears performance
  
2. Control of credit risk – Loans and Advances to others
  - i) set credit criteria
  - ii) formulate lending policy that balances lending quality, operational risk and profitability
  - iii) review commercial lending policy on an annual basis or more frequently if appropriate
  - iv) monitor the risk profile of the portfolio using Basel outputs
  - v) monitor arrears performance
  
3. Credit Risk Management
  - i) review the excess of loss policy on an Annual basis
  - ii) review and recommend for approval by the Board the systems and statistical models used to measure the capital required to support the residential mortgage book
  - iii) review and recommend for approval by the Board the pricing model used in the evaluation of the commercial loans
  - iv) monitor the performance of the capital rating models used for the residential and commercial loan portfolios
  
4. To ensure that new and existing members of the BCC receive appropriate training and information as to the workings of the committee.

### **Communication**

The Secretary of BCC will circulate the agenda and papers for meetings at least two days before the meeting.

Formal minutes, approved by the Chairman of BCC, shall be submitted to the main Board following each meeting of BCC.