

Nedbank Large Exposure Approval Committee (LEAC) Charter



Secretary: Anmol Singh

Addendum J

1 Introduction and objectives

The Large Exposure Approval Committee (LEAC) is appointed by the Nedbank Group Limited board to perform the functions set out in this charter to enable the board to achieve its responsibilities in relation to matters arising from and associated with the following:

- Section 73(1)(a) of the Banks Act, No 94 of 1990 (Banks Act), which states that *'a bank shall not make investments with or grant loans or advances or other credit to any person, to an aggregate amount exceeding 10 per cent of such amount of its capital reserves as may be prescribed, without first having obtained the permission of its board of directors, or of a committee appointed for such purpose (for the composition of which committee the prior written approval of the Registrar has to be obtained), to make such investments or to grant such loans, advances or other credit'*. (Approval function)
- Regulation 24(9)(iv) of the Regulations issued in terms of the Banks Act (Regulations), which states that *'any transaction with a related person and the write-off of any related party exposure exceeding one per cent of the bank or controlling company's qualifying common equity tier 1 capital and reserve funds, as reported in item 64 of the form BA 700, or otherwise posing special risks, is subject to the prior written approval of the board of directors of that bank or controlling company'*. (Approval function)

General note:

The LEAC is appointed and authorised by the board in accordance with the requirements of Directive 5 of 2008, issued by the South African Reserve Bank Prudential Authority.

2 Delegation and authority

The board delegates its responsibility and authority, but not accountability, for large exposure approval or any other credit-related function to the LEAC in terms of section 72(1)(b) of the Companies Act, 71 of 2008 (as amended).

3 Roles and responsibilities

The LEAC has a decision-making responsibility. The functions listed below will be common recurring activities of the LEAC in discharging its mandate.

The roles and responsibilities of the LEAC are as follows:

- Approval of credit applications where the requested limits exceed the large exposure threshold of 10% of Nedbank's total qualifying tier 1 capital and reserve funds (NQCR-T1). (The NQCR-T1 amount is per line item 77 of the BA 700).
- Approval of credit applications to Related Parties where the requested limits exceed 1% of Nedbank's qualifying common equity tier 1 capital and reserve funds (NCE-T1). (The NCE-T1 amount is per line item 64 of the BA 700).
- Approval of the write-off of any Related-Party's exposure exceeding 1% of NCE-T1.

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

4 Meeting governance and administration

Group Secretariat will provide a secretary function to all LEAC meetings to ensure accurate minutes of all decisions made by the LEAC.

All LEAC meetings will be prearranged with all applications distributed at least 5 business days before the meeting unless a shorter period has been agreed by the chairman of the LEAC.

The cluster Head of Credit Risk must notify the LEAC Secretary at least 14 days before a meeting whether the meeting will be required, and the LEAC Secretary will inform the members.

The relevant cluster will inform the LEAC Chairman of the attendees and their job titles at least 5 business days before the LEAC meeting.

The minutes of the LEAC meeting will be provided to the Chairman for his review within 3 weeks from the date of the LEAC meeting.

Any Related Party loan application and agreement will require signoff by Group Finance, Group Tax and Group Compliance and the regulatory team has to confirm that the loans will be reflected in line with Regulations set out in the Banks Act. In addition, Group Legal must review and approve the intragroup loan agreements to ensure compliance with the Companies Act. Group Legal will work with the relevant cluster legal advisor, where appropriate.

5 Membership

In terms of Directive 5 of 2008, a bank or bank controlling company must ensure that a credit committee appointed by the board of directors to approve large exposures will, as a minimum, consist of the following members:

- Any 3 non-executive directors, that is, persons who are not employees of the bank or any of its subsidiaries, its controlling company or any subsidiary of its controlling company, 1 of whom will be the chairperson of the said committee.
- The Chief Executive of the bank.
- The bank's Head of Finance.
- The bank's Head of Risk or an equivalent function, such as the Head of enterprise-wide risk management.
- The bank's Head of Credit.