



Housing Australia

CREDIT COMMITTEE CHARTER

December 2022

Contents

Purpose, Role and Functions.....	3
Membership	3
Participation of Non-members.....	3
Meetings.....	3
Agenda and Minutes	4
Duties and Responsibilities	4
Authority	6
Escalation Process.....	6
Compliance with Housing Australia Policies	7
Reporting.....	7
Review of the Charter	7
Conflicts of Interest	7
Review of Performance.....	7

Purpose, Role and Functions

This Credit Committee Charter (Charter) governs the operations of Housing Australia's Credit Committee. It sets out the committee's roles and responsibilities and its membership structure.

A key function of Housing Australia is to provide finance to proponents eligible under Housing Australia's investment mandate. The Credit Committee is an advisory committee that has been established to assist Housing Australia's Board with the objective oversight and management of credit risk arising from this key function.

Membership

The Credit Committee will consist of at least 3 members appointed by the Board.

Additional members may be appointed by the Board to provide appropriate back-up (for example, to avoid potential conflicts of interest or availability issues).

The Board will review and confirm membership of the committee each year.

The Credit Committee may comprise of Housing Australia staff and external members, provided that:

- all members of the committee are independent from the Board; and
- the majority of the committee members are not employees of Housing Australia (noting that a person engaged primarily for the purpose of being a member of the Credit Committee will not be treated as an employee of Housing Australia for this purpose).

All members of the Credit Committee must have appropriate qualifications, knowledge, skills and experience to assist the committee to perform its functions.

The Chief Credit Officer will chair the Credit Committee (Credit Committee Chair).

Members of the Credit Committee may resign on giving reasonable notice in writing to the Credit Committee Chair.

A Credit Committee member may be removed by notice in writing by the Board.

The secretary of the committee will be the Board Secretary or such other person as nominated by the Credit Committee Chair.

Participation of Non-members

Housing Australia's Chief Executive Officer (CEO) and such other members of Housing Australia's management team (including Origination staff and Credit staff) may attend and present at Credit Committee meetings as the committee determines.

Members of the Board may also observe Credit Committee meetings from time to time.

Non-Credit Committee members will not be entitled to participate in any Credit Committee decisions or recommendations to the Board.

Meetings

The Credit Committee will meet every month to discuss matters which require Committee

endorsement. The Credit Committee Chair may call additional meetings as necessary to consider applications that require endorsement in between scheduled meetings. Where no applications are presented for consideration, a Credit Committee meeting may be cancelled.

Once the Credit Committee has settled into its duties/ responsibilities (and no later than 6 months after the first Credit Committee meeting), the Credit Committee Chair will arrange himself / herself and two other Credit Committee members to attend Credit Committee meetings, taking into account the skills of the personnel required for an upcoming meeting, the availability of Credit Committee members, the frequency of their meeting attendance and any conflict of interest issues.

A quorum consists of a majority of Credit Committee members. To achieve a quorum at least two Credit Committee members, who are external to Housing Australia, must be present at the meeting in person or virtually.

Attendance in person at Credit Committee meetings is encouraged. A Credit Committee member may attend a meeting via telephone or videoconference rather than in person if necessary, provided that the above quorum requirements have been met.

All attendees at Credit Committee meetings must treat any deliberations, recommendations or decisions made by the committee members during those meetings as confidential. No attendee at a Credit Committee meeting may disclose the content of any such meeting to third parties unless the Credit Committee Chair has given prior authorisation for them to do so.

Agenda and Minutes

The Credit Committee Chair will approve the agenda for the committee meetings, and any member may suggest items for consideration.

Briefing materials will be provided to the Credit Committee as far in advance of meetings as practicable (and at least two business days in advance).

Housing Australia's Board Secretary or such other person nominated by the Credit Committee Chair will keep minutes of the Credit Committee meetings.

The minutes, or relevant extracts from them, will be circulated to Credit Committee members and included in the papers for the next Board meeting held after the relevant committee meeting.

Duties and Responsibilities

The duties and responsibilities of the Credit Committee include:

- (a) reviewing and making recommendations on the creditworthiness of a Housing Australia applicant, bearing in mind the credit risk appetite, any other lending parameters set by Board from time to time and the requirements of the Housing Australia Investment Mandate;
- (b) reviewing and making recommendations on the ability of the Housing Australia applicant to service the Housing Australia loan;
- (c) reviewing and making recommendations on the quality of security available from a Housing Australia applicant;
- (d) in the case of Affordable Housing Bond Aggregator (AHBA) finance, having regard to (where appropriate) the complementarity of any private sector finance that may be available to the

registered community housing provider;

- (e) working with the credit assessment team to consider the impact that a particular finance application will have on the credit risk profile of the portfolio overall and Housing Australia's credit policy and credit risk appetite;
- (f) providing feedback to the credit assessment team on the operation of Housing Australia's credit risk management framework, credit exposure limits and/or Credit Policy Manual;
- (g) ensuring all recommendations and decisions made by the committee have regard to the objectives and requirements of the *Housing Australia Act 2018* (Cth) and Housing Australia's Investment Mandate,

noting that the Housing Australia Origination team is responsible for the following activities:

- (a) assessing the creditworthiness of a Housing Australia applicant, their ability to service the loan and the quality of the security available and preparing an analysis for the Credit Committee's consideration;
- (b) obtaining the relevant information from applicants to inform the assessments;
- (c) highlighting pertinent risks to transactions presented;
- (d) preparing and structuring the credit submission for approval, in accordance with Housing Australia's policies, in particular the Credit Policy Manual;
- (e) in the case of National Housing Infrastructure Facility (NHIF) finance, reviewing and making recommendations to the Board on the extent of any concession that would be appropriate for Housing Australia to offer,
- (f) and noting further that the Housing Australia Credit team is responsible for the following activities:
- (g) finalising assessment of each credit submission, agreement with the CEO, and presentation to the Board for approval where appropriate;
- (h) assessing the impact that a particular finance application will have on the credit risk profile of the portfolio overall;
- (i) monitoring Housing Australia's credit risk profile, including the quality and performance of credit portfolios, to ensure it aligns with Housing Australia's credit risk appetite and Credit Policy Manual;
- (j) from time to time, reviewing and making recommendations to the Board on any changes to Housing Australia's credit risk management framework, credit exposure limits and/or Credit Policy Manual;
- (k) providing input into the development, refinement and implementation of Housing Australia's Risk Appetite Statement; and
- (l) monitoring material changes to Housing Australia's credit risk policy and the implementation of credit policies and standards.

Authority

The Credit Committee has authority to:

- (a) investigate any matter brought to its attention, consistent with its duties and responsibilities;
- (b) have direct access to any employee or contractor of Housing Australia and seek any information that it requires from any employee or contractor of Housing Australia in order to discharge its responsibilities. The Credit Committee Chair will be responsible for coordinating any necessary input/ information from Housing Australia employees/ contractors on behalf of the Credit Committee.
- (c) In respect of Housing Australia finance applications:
 - i. endorse a recommendation made by the Housing Australia Origination team for consideration by the Chief Credit Officer;
 - ii. defer any endorsement of a Housing Australia Origination team recommendation pending the provision of further information from the Origination team;
 - iii. decide not to endorse a recommendation made by the Housing Australia Origination team.

Credit committee members are to reach consensus on whether or not to make recommendations to the Chief Credit Officer and the CEO is to endorse transactions for Board approval.

The Credit Committee Chair does not have a casting vote. All Credit Committee deliberations must be conducted in a respectful manner

Where a consensus cannot be reached within the Credit Committee, or between the Credit Committee members and Housing Australia's business, a third-party independent opinion may be sought by the Credit Committee Chair.

The Credit Committee has an advisory role to assist the Chief Credit Officer, the CEO, and the Board. It does not have any power to commit the Board to any financing decision. The Board is responsible and accountable for all Housing Australia finance decisions.

Escalation Process

Any concerns in relation to the conduct of the Credit Committee meetings, or any disputes between Credit Committee members themselves, should be raised with the Credit Committee Chair in the first instance. The Credit Committee Chair will then determine whether it is appropriate in the circumstances to escalate the matter to the CEO.

In circumstances where a concern relates to or involves the Credit Committee Chair, the relevant Credit Committee member may raise their concern with the CEO directly.

In circumstances where the Credit Committee is unable to reach consensus, any such deadlock will be managed by the Credit Committee Chair and escalated by the Credit Committee Chair as necessary.

The Credit Committee Chair or the CEO (as applicable) will use their best endeavours to resolve the concern or dispute expeditiously by negotiation in good faith, including by convening an unscheduled

Credit Committee meeting as necessary or desirable to address the concern/ resolve the dispute.

Compliance with Housing Australia Policies

Members of the Credit Committee must comply with any Housing Australia policies applicable to the performance of its functions, as required by the Board.

Reporting

The Credit Committee Chair will provide the Board the following after each Credit Committee meeting:

- copies of its minutes or relevant extracts from them;
- copies of the relevant credit papers prepared by the Origination team which contain the Credit Committee's recommendation; and
- such additional reporting as the Board may require.

Copies of written reports provided by the Chair to the Board will be circulated to Credit Committee members.

Review of the Charter

The Credit Committee will review the terms of this Charter at least annually.

Conflicts of Interest

Credit Committee members will provide annual written declarations, through the Chair, to the Board declaring any conflicts of interest they may have in relation to their responsibilities.

Credit Committee members must be alert to conflicts of interest on an ongoing basis for the duration of their tenure. Credit Committee members must confirm whether they have any actual, perceived or potential conflict of interest at the beginning of each Credit Committee meeting.

Review of Performance

The Credit Committee will review the scope and effectiveness of its activities and performance against this Charter at least every two years. The review will incorporate input from relevant stakeholders. The Chair of the Audit and Risk Committee will be provided with a report on the review.