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## THFC Group Credit Committee Terms of Reference

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### 1 Constitution

For the purposes of this document, reference to The Housing Finance Corporation Limited ("THFC") includes the equivalent functions for all its subsidiary companies (except Affordable Housing Finance Plc), together known as "the Group". The Committee is empowered to act for the Group.

### 2 Membership

Committee members shall be appointed by the Board of THFC and shall comprise a minimum of four non-executive directors of THFC, together with the Chief Executive, the Marketing & Funding Director and the Credit and Risk Director of THFC. The non-executive directors nominated by the National Housing Federation and the Regulator of Social Housing shall not be permitted to be members of, or attend the Credit Committee. The Board shall appoint one of the eligible non-executive directors as the Credit Committee Chair.

Mr Scott Bottles has been appointed Chair of Credit Committee.

### 3

[REDACTED]

### 4 Meetings

The Committee shall meet quarterly with additional meetings called as necessary to review individual credit proposals or other urgent business.

### 5 Quorum

As a minimum, two non-executive directors and one of the Chief Executive, the Marketing & Funding Director or Credit and Risk Director shall constitute a quorum.

A member may attend (and be deemed present at) a meeting by telephone or other electronic device.

If the Committee Chair is unable to attend, one of the other non-executive directors will be appointed Chair of the meeting. In exceptional circumstances, and if agreed by the non-executive directors present, the Chief Executive or Credit & Risk Director may chair the meeting.

### 6 Voting

The votes of both non-executive and executive members present (this includes those attending by telephone or other electronic means) at any meeting shall count in the quorum when voting on any decision of the Committee.

However, for a decision to be carried there must be a separate majority in favour of the decision from the non-executive members present and the executive members present.

Where appropriate the Chair will have a casting vote on any business of the meeting.

### 7 Attendance at meetings

Attendees at Committee meetings shall normally be any Relationship Manager presenting a paper to the Committee, together with the Company Secretary. Other directors may attend meetings and/or request papers, except where there are conflicts of interest.

## 8. Decisions by written resolution

There may be matters arising between meetings of the Committee which are relatively minor and for which an immediate decision of the committee is required. Any such matters requiring a decision will be circulated to all credit committee members by E Mail, and provided at least 3 non-executives, and two executive members respond supporting the proposal, it will be approved and submitted to the next available committee meeting for ratification. Any member of the committee may ask that the proposal is referred to a full meeting of the committee, in which case decision by written resolution will not be permitted. Similarly if any committee member responds not supporting the proposal, it shall be referred to a full meeting of the committee for discussion. Proposals submitted via E Mail circulation will be deemed to have been approved, if the aforementioned 3 non-executives and 2 executive members have responded positively, and there have been no dissenting responses at the expiry of a 72 hour period.

## 9. Responsibilities

The Board is responsible for approving THFC's strategy and the overall level of acceptable risk, as reflected in the Risk Management Framework and the Risk Appetite Statements. The Committee is primarily responsible for the assessment of individual credit propositions and ensuring appropriate review of the existing loan portfolios. The Committee reports periodically to the Board.

### a. Loan approvals

The Committee has delegated authority to approve credit proposals, whether for new lending, increased lending or variations to existing lending. [REDACTED]

Where a credit application highlights an area of risk that requires specific negotiation of a standard loan agreement terms then the Committee may delegate completion of the issue to the executive [REDACTED]

### b. Breaches of covenant

Once a year the Board receives a detailed Exceptions Report for all Group companies, setting out any borrower non-compliance with financial covenants. The Board has delegated the review of this detailed report to Credit Committee, and this takes place on a quarterly basis.

### c. Borrower watch list

A watch list is prepared by the relationship managers which is overseen by the Credit & Risk Team, and is reviewed quarterly by the Committee. This report gives a summary of any borrowers where there are concerns over their financial performance or governance, or where there are perceived to be wider risk concerns. The Committee may ask for a more detailed report on any such borrowers as it sees fit.

### d. Credit Proposals

All borrowers are subject to detailed due diligence and a written credit proposal prior to a loan being granted which involves a full financial and non-financial analysis, including scrutiny of any regulatory and audit reports, comparison of performance indicators and an assessment of management capabilities. New or increased credit exposures are reviewed, recommended, approved or rejected by Credit Committee.

### e. Credit Grading Model

THFC's proprietary credit grading model ranks all current and prospective borrowers against a number of parameters. [REDACTED]

[REDACTED]

The Credit & Risk Director is responsible for the periodic review of the Credit Grading model.

*f. Portfolio and Liquidity Risk Reporting*

On a quarterly basis, the Committee is presented with the "Portfolio Dashboard" report, [REDACTED]

[REDACTED]

A summary of loans to borrowers is also included in THFC's report and accounts.

*g. Periodic Review of the Portfolio*

In addition to the above reporting, THFC undertakes written [REDACTED] reviews for all borrowers [REDACTED]

A report summarising reviews undertaken, is circulated to Credit Committee members for information purposes at each quarterly committee.

**10 Delegations**

The credit committee has delegated certain decisions [REDACTED]

[REDACTED]

**11 Authorities**

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

**12 Reporting responsibilities**

The Committee shall:

- a. Report to the Board after each meeting on the nature and content of its discussion.

Committee minutes shall be presented to the Board and the Chair of the Committee shall present any issues arising of which the Board should be made aware.

**13 Annual review**

The Committee is required to review annually its terms of reference and its own effectiveness and to recommend any necessary changes to the Board.

These terms of reference were last approved by the Board on 26 March 2024.

**Julie Coetzee**  
**Company Secretary**  
**26 March 2024**