

# NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION

## Credit Risk Committee Charter

### Definitions

*Credit Risk:* Credit risk is the risk of economic loss arising from the failure or potential failure of an obligor to perform on a financial obligation

*Credit Risk Governance Framework:* The oversight and/or approval of the credit risk policies, criteria, procedures, analytical standards and tools and surveillance and remediation procedures used in credit risk management by National and its subsidiaries (the “Company”).

*Risk Tolerance:* The types and amounts of risk the Company and its subsidiaries can take consistent with their business objectives.

### Purpose of the Credit Risk Committee

The Credit Risk Committee is appointed by the Board of Directors of National (the “Company”) to assist the Board of Directors in the governance of credit risk in the Company and its subsidiaries.

In fulfilling their responsibilities under this Charter, it is recognized that the members of the Committee are not full-time employees. Each member of the Credit Risk Committee shall be entitled to rely on the information, opinions, reports or statements, and other data prepared or presented by officers or employees of the Company, its legal counsel, or other persons with professional or expert competence.

### Committee Composition, Membership and Voting

The Credit Risk Committee shall consist of at least three members. Members of the Credit Risk Committee shall serve at the pleasure of the Board of Directors and for such terms as the Board of Directors shall determine. The minimum meeting quorum is three members present in person, by video or by phone. Any action requiring approval by the Credit Risk Committee shall require the approval of a majority of the members attending the related meeting or, if such action is taken by written consent, by a majority of the members of the Committee.

### Committee Meetings, Reports and Authority

The Credit Risk Committee shall meet as often as it or the Board deems appropriate, but not less frequently than quarterly. In the course of performing its functions, the Credit Risk Committee shall make regular reports to the Board of Directors.

To perform its functions, the Credit Risk Committee shall have the independent authority: (1) to retain independent legal or other advisors to advise the Credit Risk Committee; and (2) to receive appropriate funds as determined by the Credit Risk Committee from the Company for payment of compensation to the outside legal or other advisors employed by the Credit Risk Committee. The Credit Risk Committee may request any officer or employee of the Company or the Company's outside counsel, or other advisers to attend a meeting of the Credit Risk Committee or to meet with any members of, or consultants to, the Credit Risk Committee and to provide such information as the Credit Risk Committee may deem necessary or reasonable.

The Credit Risk Committee may form and delegate authority to subcommittees consisting of one or more members of the Committee, which may also include other members of the Board of Directors as may be designated by the Board of Directors, when appropriate.

In performing its functions, the Credit Risk Committee shall undertake those tasks and responsibilities that, in its judgment, would most effectively contribute to and implement the purposes of the Credit Risk Committee. The following functions are some of the common recurring activities of the Committee in carrying out its oversight responsibility:

1. *Credit Risk Management*

1. Review and recommend for Board approval on an annual basis the Risk Tolerance and other material credit risk policies for National and all of its subsidiaries.
2. Review and recommend for Board approval on an annual basis the Credit Risk Governance Framework.
3. Monitor compliance with the Risk Tolerance and Credit Risk Governance Framework at least quarterly through the receipt of periodic reports and provide the Board of Directors with periodic compliance updates.
4. To consider any prospective breaches or exceptions to the portfolio management limits and review management exposure reduction plans and/or ratify an excess limit request on an ongoing basis.
5. Review and recommend for Board approval on an as-needed basis management proposals to introduce new risk types, product lines and services that involve credit risk outside the scope of existing businesses.
6. Monitor at least quarterly the aggregate credit risk profile of the Company and its subsidiaries including changes in portfolio risk characteristics, capital usage, portfolio management limits, and portfolio performance across sectors.

7. Approval on an annual basis a sector review schedule through which the Credit Risk Committee can monitor the credit risk profile of business sectors including changes in credit risk concentrations, capital usage, portfolio management limits and portfolio performance characteristics.

8. Review portfolio management stress test scenarios to evaluate any emerging franchise risks.

2. Other Responsibilities

Undertake and review with the Board of Directors an annual performance evaluation of the Credit Risk Committee, which shall compare the performance of the Credit Risk Committee with the requirements of this Charter and set forth the goals and objectives of the Credit Risk Committee for the upcoming year. The performance evaluation by the Credit Risk Committee shall be conducted in such manner as the Board deems appropriate.

Review the adequacy of this Charter at least annually and make any recommended changes to the Board of Directors for consideration and approval.

Perform such other duties as may be delegated to the Credit Risk Committee by the Board or as may be consistent with this Charter or the Company's By-Laws.

Charter Approved on April 23, 2013.