

Group Risk Committee Terms of Reference

Constitution

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

Membership

The GRC Chairman will be appointed by the Board. The committee members will include;

- Non Executive Director (Chairman)
- At least one other Non-Executive Director
- Chief Executive
- Finance Director
- Sales & Marketing Director
- Director of Operations
- General Manager Finance
- Chief Risk Officer
- General Manager Group Treasury
- Head of Risk
- Operational Risk Manager (Secretary)

Quorum

For a quorum to be established, a minimum of four members must be present, including one non Executive Director or one Executive Director.

Attendance at Meetings

The members of the GRC should normally attend all scheduled meetings. In addition, other Society officers will be invited to attend subject to the agenda items to be discussed.

Frequency of Meetings

The GRC will meet at least four` times per year. The Chairman of the GRC may also convene a special meeting of the committee, if in his judgement an issue arises that cannot wait until the next scheduled meeting.

Objectives

The Committees purpose is to develop the strategic risk view of the Society, including:

- 1 Monitoring the risks facing the Society - both current and likely future risk together with an assessment of the adequacy of management actions;

- 2 To develop the ICAAP for Board approval;
- 3 To develop the risk management framework of the Society;
- 4 The development, definition and testing of the risk appetite/tolerance processes for approval at the Board;
- 5 The development of the Society's Corporate Risk Register;
- 6 The review, challenge and approval of the risk management controls within the Society;
- 7 The oversight and approval of the stress testing framework for use within the ICAAP/Corporate Plan;
- 8 The identification and communication of the source of any potential variance in capital adequacy requirements arising out of current trading conditions and to recommend improvements where considered desired or necessary.
- 9 Provide total capital (Pillar 1 & 2) and risk assessment view for input into the Corporate Plan;
- 10 Develop and maintain Board and Senior Management awareness of risk management practices and issues.

Reporting Requirements

The GRC will provide regular and timely Board reports summarising its activities and recommendations;

Approved minutes from GRC meetings will be submitted to the Board and the Audit Committee for information and consideration;

Should any serious matters be identified by the GRC, or its members, they will be reported to the Society Chairman and Chief Executive immediately.

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