

**MORTGAGE CREDIT RISK COMMITTEE
TERMS OF REFERENCE**

1. Constitution

The Credit Risk Committee is a Management Committee reporting to the Board of Directors.

2. Authority

The Committee is under the Authority of the Board to investigate activity within its terms of reference.

The Committee is authorised to obtain external legal or other professional advice and to secure the attendance of anyone it considers has relevant experience expertise or knowledge.

Minutes of all formal meetings will be issued to the Board, to all members and attendees.

3. Membership – formal meetings

Mrs. K. Roby (Customer Services Director) (Chair)
Mrs. A. Kos (Finance Director)
Mrs. J. Goodwin (Head of Business Development)
Mr. S. Melbourne (Head of Risk & Treasury and MLRO)
Ms. L. Pearson (Head of Lending)
Mr. D. Shelley (Head of Finance)
Mrs. D. Wilson (Head of Compliance & DPO)

In absence of the Chair, the remaining members present shall elect one of the members to be the Chair for that meeting.

4. Membership – To consider individual mortgages cases

3 from A or 2 from A plus 1 from B

Group A	Group B
Mr. S. Penlington	Mr. K. Barron
Mrs. K. Roby	Ms. J. Beddeson
Mrs. A. Kos	
Mrs L. Pearson	

The member from Group B must be totally independent of the case being presented.

The Head of Risk may also attend individual mortgage case meetings.

5. Attendance at Meetings

The quorum necessary for the transaction of the business of the Committee shall be three Committee members.

All matters shall be decided by a majority of votes. Every Member present, including the Chairman shall have one vote. In the event of a tie, the Chairman shall have a second and casting vote.

6. Frequency of Meetings

The Committee shall meet formally on a quarterly basis.

The Committee will meet on an ad hoc basis to consider individual mortgage cases as required.

7. Purpose of the Committee

The Committee exists to manage mortgage credit risk ensuring that the Society operates within agreed parameters set out in the Lending Policy Statement and Risk Appetite Policy Statement.

8. Duties

Formal Meetings

- * to review, agree and recommend for approval by the Board, the Lending Policy Statement and Arrears Policy Statement on at least an annual basis
- * to review, agree and approve the Training & Competency Scheme on at least an annual basis
- * to receive quarterly reports on mortgage credit risk and monitor adherence to and monitor and direct compliance with the limits set out in the Lending Policy Statement
- * to review the risk dashboard in respect of those limits and ratios identified as the responsibility of the Credit Risk Committee
- * to approve all underwriter mandates ensuring that underwriter mandates do not exceed 2.5% of capital resources
- * to receive and monitor the early warning indicators as outlined in the Recovery & Resolution Plan relating to mortgage credit risk matters namely Impaired and past due loans / Total loans; Weighted average LTV / Gross Lending; and Non-performing loans by counterparty sector
- * to review the framework for all mortgage pilots
- * to consider and recommend to the Board all new mortgage lending pilots
- * to monitor new areas of lending approved by the Board; if approved by the Board the lending will be tested on a pilot basis prior to inclusion in the Lending Policy Statement. If a pilot is approved by the Board, the Society's PRA Supervisor will be notified.
- * to consider on at least an annual basis, the appropriateness of the Society's MIG contract
- * to review all serious arrears cases (arrears \geq 3 months)
- * to review all interest only loans past their designated maturity date
- * to review interest only, arrears and forbearance matters
- * to approve any key worker schemes

- * to receive an annual due diligence report on the performance of Dunhams
- * to review all cases in negative equity

Individual Cases

- * to consider all cases of lending in retirement
- * to consider any application to remove a guarantor from a mortgage
- * to consider all mortgages $\geq 2.50\%$ of capital resources to assess and approve the recommendations made by the Advisors and/or Mortgage Underwriters regarding an application, which is either outside the Society's normal criteria and/or above the underwriter's lending mandate up to a maximum of £1 million

General

- * to review, agree and recommend for approval to the Board, the Terms of Reference of the Credit Risk Committee
- * as a Committee to undertake an annual review of performance and to ensure all duties have been discharged
- * to oversee the performance of any relevant GOSPA projects
- * to relinquish all authority to the Crisis Management Committee in the event that Committee is invoked

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