

**1. Membership**

1.1 Members of the Committee shall be appointed by the Board. The Committee shall be made up of three members, one of whom will be the Chief Executive. Head of Finance will be in attendance.

1.2 The Board shall appoint a Chair who shall be a non-executive director.

**2. Quorum**

2.1. The quorum necessary for the transaction of business shall be two members.

**3. Frequency of Meetings**

3.1. The Committee shall meet bi-monthly and otherwise as required.

**4. Minutes of Meetings**

4.1 The Head of Finance or his or her nominee will be responsible for recording the minutes of meetings.

**5. Duties**

The Committee shall, in respect of:

5.1 Risk appetite

- i) Formulate and recommend to the Board a risk appetite relating to treasury and balance sheet structural risk, covering liquidity risk, interest rate risk, basis risk, settlement risk, and operational (treasury) risk.
- ii) Assess the capital needs of the Society's present and proposed activities.
- iii) Recommend remedial action should the Society's capital be in danger of falling below the Board's agreed minimum level.

5.2 Credit Risk (Treasury)

- i) Formulate and recommend to the Board a policy relating to the selection of authorised counterparties for investment purposes.
- ii) Formulate and recommend to the Board a policy relating to the selection of stockbrokers/money brokers to act on the Society's behalf.
- iii) Formulate and recommend to the Board a policy relating to exposure to individual institutions, sectors of institutions, particular types of liquid assets and countries.
- iv) Ensure investment decisions are in accordance with the Credit Risk policy.

### 5.3 Liquidity

- i) Formulate and recommend to the Board a liquidity policy.
- ii) Ensure investment decisions are in accordance with the liquidity policy.
- iii) Ensure that investments maturing are sufficient to meet the Society's known requirements i.e. income tax, corporation tax, interest payments, wholesale fund repayments and other known forecast cashflows.

### 5.4 Non-retail funding

- i) Formulate and recommend to the Board a non-retail funding policy.
- ii) Ensure funding decisions are in accordance with the non-retail funding policy.
- iii) Approve terms of agreement relating to non-retail facilities.

### 5.5 Net Interest

Assess the effect on the Society's capital of the following:

- i) the competitive squeeze on margins;
- ii) the mismatch between interest characteristics of assets and liabilities;
- iii) capital and solvency directives issued by regulatory bodies.

### 5.6 Balance sheet structure

- i) Formulate and recommend to the Board a balance sheet structure policy, including limits relating to interest basis assets.
- ii) Regularly review off-balance sheet items such as guarantees and swaps
- iii) Regularly review the impact of sales of products on the balance sheet structure.

## 6. Performance

- 6.1 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and where appropriate approve changes.