

Mortgage Credit Committee Terms of Reference

1. Membership

- 1.1. Members of the Committee shall be appointed by the Board. The Committee shall be made up of four members, two of whom will be non-executive directors.
- 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, including at least one non-executive director.

3. Frequency of Meetings

- 3.1. The Committee shall meet, on average, once per quarter and otherwise as required to consider:
 - 3.1.1 Approve the credit quality of the mortgage book involving trend analysis based on risk profile.
 - 3.1.2 The quality of underwriting decisions.
 - 3.1.3 Changes to the lending policy as recommended by the Mortgage Underwriting Committee including underwriting mandates.
 - 3.1.4 The performance of the mortgage book with regard to 'out of policy' lending decisions and and loan monitoring.

4. Minutes of Meetings

- 4.1. The Executive Secretary or his/her nominee will be responsible for recording the minutes of meetings.
- 4.2. Minutes of meetings will be circulated to all Directors.

5. Duties

- 5.1. The Committee shall:
 - 5.1.1 Consider and agree with the Board the Society's high level policy on lending (residential and commercial).
 - 5.1.2 Have oversight of the Executive Underwriting Committee through the appointment to the Committee of an officer of suitable authority to challenge decisions made.

- 5.1.3 Have oversight of the Executive Underwriting Committee providing guidance and instruction on policy change required as a result of a change in the risk profile of the Society's mortgage book.
- 5.1.4 Review and challenge the quality of underwriting decisions taken.
- 5.1.5 Receive and approve a report on the credit quality and risk profile of the Society's mortgage book.
- 5.1.6 Receive and approve a report on the performance of the Society's mortgage book.
- 5.1.7 Recommend mortgages for Board approval (currently cases over £4.7 million - 10% of the Society's capital at the previous year end).

6 Review of 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.