

Retail Credit Committee: Terms of Reference

1. The Committee is established by the Board to monitor and review the performance and risks of the mortgage book of the Society, make recommendations to the Board on policy matters and draw to the attention of the Board any concerns relating to the quality of the book. The remit is reviewed at least annually by the Board.

Membership and Attendees

2. The Committee is appointed by the Board and consists of two non-executive Directors, one of whom is the Chairman of the Committee, the Chief Executive and the Head of Lending. A quorum is two members.

3. The Committee is attended by the Operations Manager (Head Office) and other individuals attend as required.

Meetings

4. The Committee normally meets bi-monthly, approximately two weeks prior to the main Board meeting. Additional meetings may be held as and when required. Minutes are taken and these form a report to the Board at its next meeting.

Responsibilities

5. To review all policies relating to the mortgage book on a rolling basis prior to presentation to the Board with appropriate recommendations for approval, all policies to be reviewed at least annually. Policy reviews regarding non residential mortgage products with specific risks, such as buy to let and guest houses, are supported by appropriate specialist market information.

6. To monitor general economic and mortgage market conditions from a credit risk perspective, challenge lending policy accordingly, and make recommendations to the Board regarding any policy changes considered appropriate.

7. To review delegated lending mandates at least annually and make appropriate recommendations to the Board.

8. To review monthly reports and trend analyses relating to the credit quality and risk profile of the mortgage book, and monitor the format of statistical reporting to the Board.

9. To consider reports on regulatory and legal issues relating to the mortgage book and make appropriate recommendations to the Board, and to review monthly reports relating to lending levels against Credit Risk Appetite.

10. To ensure there are adequate resources in place, in terms of staff numbers, experience, skills and systems established by management, to effectively assess, manage and monitor the mortgage book of the Society.

11. To consider risks associated with new lending products, and recommend any specific controls considered appropriate, with the view of the Committee to be incorporated in the product proposal subsequently presented to the Board.

12. To provide an oversight role in relation to the quality of lending decisions by ensuring management have in place procedures for decisions to be overviewed at all levels by one level above, and to review on a monthly basis lending decisions made by the Chief Executive and/or the Head of Lending, and decisions made at any level outwith agreed lending criteria.
13. To review monthly reports on arrears levels together with statistical/trend analyses, and specific reports on accounts with provisions, or properties in possession, or where new provisions are to be proposed to the Board in accordance with the Specific Provisioning Model.
14. To review at least quarterly detailed reports on all accounts in arrears by two or more months to ensure that appropriate action is being taken, and make recommendations to the Board as appropriate.
15. To review at least quarterly the amount of General Provision determined by the General Provisioning Model of the Society, consider whether that provision is a reasonable reflection of risks embedded in the mortgage portfolio and make an appropriate recommendation to the Board.
16. To review at least annually the Specific and General Provisioning Models of the Society to ensure they remain relevant and make recommendations to the Board regarding any proposed amendments.
17. To review at least annually the affordability methodology employed by the Society in the assessment of new mortgage lending and contract variations, making recommendations to the Board regarding any material amendments.
18. To review the Retail Credit Risk Register and to report to the Board on any matters of concern.
19. To review the Retail Credit Risk Dashboard and consider any breaches and necessary actions.
20. To provide a forum for discussion of all credit related matters with regard to the mortgage book and report to the Board as appropriate.

Communication

21. The Secretary of the Committee will normally circulate the agenda and papers for meetings at least three working days before the meeting.
22. All Board members are provided with Committee papers and subsequent formal minutes via the Board portal.

Date Remit last reviewed

28 October 2015