

## UNITY TRUST BANK PLC (“the Bank”)

### BOARD RISK COMMITTEE

#### Terms of Reference

1. **Constitution**

The Committee was established by a resolution of the Board on 20 September 2013. These Terms of Reference were approved by the Board on 21 May 2015.

2. **Membership**

2.1 The Committee members shall be appointed by the Board and shall normally consist of no less than four Non-Executive Directors, of which at least two shall be a Director determined by the Board to be Independent on appointment.

2.2 At least two members of the Committee shall normally also be members of the Bank’s Audit Committee, one of whom should be the Audit Committee Chair.

2.3 Appointments shall be for a period of up to three years, extendable by no more than two additional three-year periods.

2.4 The Chair of the Committee shall be appointed by the Board. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.

2.5 The Secretary, or such person as the Secretary may recommend to the Board of Unity Trust Bank, shall be the Secretary of the Committee and shall circulate the minutes of the meeting to the Committee.

3. **Quorum**

A quorum shall be the chair of the meeting and two other members, at least one of whom must be a director determined by the Board to be independent on appointment.

4. **Attendance at Meetings**

4.1 No one other than the members of the Committee shall attend meetings of the Committee, unless at the invitation of the Chair.

4.2 At each meeting the Committee shall have the opportunity to meet with the Chief Risk Officer without the presence of executive management.

5. **Frequency of Meetings**

Meetings shall be held no fewer than four times a year or more frequently as circumstances require.

6. **Authority**

6.1 The Committee is authorised by the Board to investigate any activity within its terms of reference and seek information that it requires from any employees of the Bank, all of whom are directed to co-operate with any request made by the Committee.

- 6.2 The Committee is authorised to engage any firm of professionals to provide independent advice, within any budgetary constraints imposed by the Board.

## 7. Responsibilities

The responsibilities of the Committee are set out below. These responsibilities include consideration of the management and control of all risks in the risk universe.

### 7.1 Risk Management Framework

7.1.1 Review and challenge the design of the risk management framework and recommend to the Board for approval.

7.1.2 Review and challenge the implementation and effectiveness of the risk management framework and function. The committee shall also ensure the function has adequate independence and is free from management and other restrictions.

7.1.3 In cooperation with the Audit Committee, monitor identified risk control failings and weaknesses and management actions taken to resolve them.

### 7.2 Risk Culture

7.2.1 Promote the defined risk culture.

7.2.2 Review Conduct Risk framework and customer outcomes.

### 7.3 Risk Appetite, limits and tolerances

7.3.1 Review, challenge and recommend to the Board for approval risk appetite, risk tolerance, and risk limits

7.3.2 Provide advice to the Board on overall risk appetite and tolerance when setting future strategy

### 7.4.1 Prudential Regulatory Requirements

Oversee, review and challenge capital and liquidity management as detailed in the ICAAP and ILAA, and advise the Board on strategy for capital and liquidity management.

### 7.5 Reverse Stress Testing.

Review, challenge and recommend to the Board to approve the reverse stress testing methodology and results and also in the context of the Resolution and Recovery Plan.

### 7.6 Business Strategy

Ensure appropriate due diligence is carried out focusing on risk aspects and implications for risk profile and appetite when advising the Board on strategic acquisitions or disposals.

### 7.7 Risk Monitoring

Exercise oversight and provide advice to the Board on current risk exposures and any emerging risks.

- 7.8 Risk Reporting  
Review and challenge risk reports provided
- 7.9 Approvals  
Act as the Board's approval committee to sanction credit proposals in excess of Executive sanctioning authority.
- 7.10 Other Matters
  - 7.10.1 Provide qualitative and quantitative advice to the remuneration committee on risk weightings to be applied to performance objectives in the area of risk management incorporated in executive remuneration.
  - 7.10.2 Annually review and update its Terms of Reference requesting Board approval for all proposed changes at appropriate intervals.
  - 7.10.3 Annually evaluate its own performance against its terms of reference and best practice.
  - 7.10.4 Ensure that ongoing training is provided to Committee members and that an induction programme is provided for new members.
  - 7.10.5 Recommend to the board the appointment and/or removal of the CRO. The Chair of the Committee shall participate in the annual review of the Chief Risk Officer

**8. Reporting Lines**

- 8.1 The Chair of the Committee shall report on Committee business to the Board with such recommendations as the Committee may deem appropriate.
- 8.2 The minutes of Committee meetings shall be provided to the Board.
- 8.3 Review and challenge (if necessary) the minutes of the Risk and Compliance Committee, and Asset and Liability Committee.