

CURTIS BANKS GROUP PLC

RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE

MAY 2020



1.0 Role of Committee

1.1 The Committee was constituted at a full meeting of the Curtis Banks Group Board of Directors (Board of Directors) held on 14 April 2015 in accordance with the articles of association of Curtis Banks Group plc (the Company).

1.2 The Board shall appoint the Committee Chair, who shall be an independent Non-Executive Director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not be Chair of the Committee.

2.0 Committee Members

2.1 The members of the Committee shall be appointed by the Board of Directors in consultation with the Chair of the Risk & Compliance Committee. All of the members of the Committee should be Non-Executive Directors. Appointments to the Committee shall be for periods of up to three years, which may be extended for no more than two additional three-year periods.

2.2 The Committee shall have at least two members. The Chair of the Board of Directors may also serve on the Committee as an additional member, but not the Chair of the Committee.

2.3 Only members of the Committee have the right to attend Committee meeting but the Chief Risk Officer and other Directors, the Group HR Director and external advisers may be invited to attend all or part of any meeting as and when appropriate.

2.4 The Company's External Auditors may be required to attend Committee meetings with a view to consulting with the Committee.

3.0 Quorum

3.1 Subject to paragraph 3.2, a quorum shall be any two members of the Committee.

3.2 Where a member of the Committee is not permitted under the Articles of Association of the Company to vote on or be counted in the quorum in relation to any matter or resolution to be considered by the Committee, the quorum necessary for the transaction of business shall be such number of members present (being not less than one member) who are permitted to vote on or be counted in the quorum in relation to such matter or resolution.

3.3 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

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3.4 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

3.5 Save where they have a personal interest, the Chair will have a casting vote.

4.0 Frequency of Meetings

4.1 The Committee will meet at least four times a year. The Committee may meet at other times during the year as requested by the Chair of the Committee.

5.0 Notice of Meeting

5.1 Meetings of the Committee shall be scheduled by the Secretary of the Committee at the request of any of the members.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than ten working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

5.3 The Executive Office shall be the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

6.0 Minutes of Meeting

6.1 The proceedings and resolutions of the Committee meetings, including the names of those present and in attendance shall be minuted by the Executive Office.

6.2 Draft minutes of each meeting will be circulated promptly to all members of the Committee.

6.3 Once approved, the minutes of each meeting will be circulated to all other members of the Board of Directors unless, in the opinion of the Chair, it would be inappropriate to do so. The Committee Chair shall report to the Board of Directors on its proceedings after each meeting on all matters within its duties and responsibilities.

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7.0 Main Responsibilities

7.1 The Committee shall consider the Company's appetite for risk, in particular:

- Review and monitor the process undertaken by the Company to set and adhere to the Company's current risk profile
- Review and monitor the Company's risk concentrations and exposures as well as emerging and future risks
- Review reports on any material breaches of risk limits

7.2 The Committee will ensure that the Company has in place procedures and mechanisms for the identification and control of all fundamental risks including financial, legal, regulatory and operational risks and their compliance. The Committee shall:

- Review and monitor the Company's Risk Management Framework
- Receive and review reports from the Company's Chief Risk Officer, including on adherence to the Company's risk management policies and practices and the maintenance of a robust risk & compliance culture
- Review the effectiveness of the Company's internal risk management system and controls
- Advise and make recommendations to the Board on risk management policy and procedures
- Have in place Systems & Controls in accordance with the expectations of the FCA, PRA, HMRC and other regulatory and supervisory bodies
- Consider compliance with FCA requirements and review any significant issues or areas escalated to the Committee
- Have the opportunity to review significant items arising from all Compliance Monitoring reviews and external audits to assess the findings
- Assist the Board in implementing effective and proportionate controls for financial crime and fraud detection
- Liaise with the Money Laundering Reporting Officer to obtain an understanding as to the adequacy of the Company's Whistleblowing and Suspicious Activity Reporting framework

7.3 In relation to proposed strategic transactions including acquisitions, disposals or joint ventures and significant new business streams, products or business partners, ensure that due diligence of the proposition has been carried out, in particular on the risk aspects and implications for the Company's risk appetite alongside the commercial and legal aspects.

7.4 The Committee shall have the opportunity to meet with the Chief Risk Officer at least once annually, without management being present, to discuss their work, role and any issues arising.

7.5 The Chief Risk Officer shall be able to speak directly with the Chair or any other Committee member at any time, should any matter arise which they wish to discuss or make the committee aware of.

7.6 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.

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7.7 The Committee shall consider and approve disclosures on its activities to be included in the Company's annual report. This shall include an explanation of the role of the Committee, its activities and how it has discharged its responsibilities.

7.8 The Committee shall:

- Keep under review the adequacy and effectiveness of the Company's internal control and risk management systems
- Review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action
- Review the Company's arrangements for detecting fraud
- Review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance
- Review regular reports from the Money Laundering Reporting Officer and the adequacy and effectiveness of the Company's anti-money laundering systems and controls
- Review regular reports from the Chief Risk Officer and keep under review the adequacy and effectiveness of the Company's compliance function

7.9 The Chair of the Committee should be available at each Annual General Meeting of the Company to answer questions concerning the Committee's work.

7.10 The Committee shall arrange for periodic reviews of its own performance and, at least once a year, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board of Directors for approval.

7.11 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required and be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

7.13 Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's risk management and compliance including the Chairman, Chief Executive and Chief Risk Officer.

8.0 Authority

8.1 The Committee is authorised by the Board of Directors to examine any activity within its terms of reference and is authorised to obtain, at the Company's expense, legal or professional advice on any matter within its terms of reference.

8.2 A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. The Committee is authorised to seek any information it requires from any employee or Director, and all such employees or Directors will be directed to co-operate with any request made by the Committee.

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9.0 Relationship with other Committees

9.1 The recommendations of the Committee minutes must be approved by the Board of Directors before they can be implemented.

10.0 Management Information Input

10.1 Risk and Compliance Report from the Chief Risk Officer

10.2 The Group Risk Register. The Committee will consider as a minimum all risks with a combined Impact and Likelihood score of ≥ 12

11.0 Committee Reporting & Escalation

TBC

12.0 Approval

Approved by:	Curtis Banks Group Board
Date of approval:	June 2020
Date of next review:	June 2021