

CURTIS BANKS GROUP PLC

RISK & COMPLIANCE COMMITTEE'S TERMS OF REFERENCE

1. CONSTITUTION AND MEMBERSHIP

- 1.1 The Committee was constituted at a full meeting of the board of directors held on 14 April 2015 in accordance with the articles of association of Curtis Banks Group plc (**Company**).
- 1.2 The board shall appoint the Committee chairman who shall be an independent non-executive director. In the absence of the Committee chairman 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.
- 1.3 The members of the Committee shall be appointed by the board of directors in consultation with the Committee chairman. All of the members of the Committee should be non-executive directors. Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two additional periods of up to three years.
- 1.4 The Committee shall have at least two members and at least one member should have recent and relevant financial/risk experience. The Chairman of the board shall not be a member of the Committee.
- 1.5 At the date of formation of the Committee, it has been agreed that the members of the Committee will be Chris Macdonald, Bill Rattray and Jules Hydleman and the Committee shall be chaired by Chris Macdonald. Subject to paragraph 1.6, a quorum shall be any two members of the Committee. .
- 1.6 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.

2. MEETINGS

- 2.1 The Committee will meet at least twice a year. The Committee may meet at other times during the year as agreed between the members of the Committee or as required.

- 2.2 Outside of the formal meeting programme, the Committee chairman will maintain a dialogue with key individuals involved in the Company's risk management and compliance including the chairman, chief executive, finance director, the external audit lead partner and Head of Risk and Compliance.
- 2.3 Other directors or persons who are not members of the may be invited to attend all or part of any meeting as and when appropriate.
- 2.4 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members.
- 2.5 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.
- 2.6 The company secretary or his or her nominee 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 all issues.
- 2.7 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.
- 2.8 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.
- 2.9 Save where he has a personal interest, the Chairman of the Committee will have a casting vote.
- 2.10 The proceedings and resolutions of meetings of the Committee, including the names of those present and in attendance, shall be minuted. Draft minutes of each meeting will be circulated promptly to all members of the Committee. Once approved, the minutes of each meeting will be circulated to all other members of the board of directors unless it would be inappropriate to do so in the opinion of the Committee chairman.

3. AUTHORITY

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 by the board of directors to examine any activity within its terms of reference and is authorised to have unrestricted access to the Company's external auditors and to obtain, at the Company's expense, professional advice on any matter within its terms of reference. 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.

4. DUTIES AND TERMS OF REFERENCE

- 4.1 The Committee shall consider the Company's appetite for risk, in particular:
- (a) review and monitor the process undertaken by the Company to set and adhere to the Company's current risk profile;
 - (b) review and monitor the Company's risk concentrations and exposures as well as emerging and future risks.
 - (c) Review reports on any material breaches of risk limits.
 - (d)
- 4.2 The Committee will ensure that Company has in place procedures and mechanisms for the identification and control of all fundamental risks including financial, legal, regulatory and operational risks. The Committee shall:
- (a) review and monitor the Company's risk management framework;
 - (b) receive and review reports from the Company's Head of Risk and Compliance including on adherence to the Company's risk management policies and practices and the maintenance of a risk & compliance culture;
 - (c) review the effectiveness of the Company's internal risk management system and controls.
 - (d) advise and make recommendations to the board on risk management policy and procedures.
- 4.3 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.
- 4.4 The Committee shall meet with the Head of Risk and Compliance at least once annually, without management being present, to discuss their work, role and any issues arising.

- 4.5 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.
- 4.6 The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 4.7 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.
- 4.8 The Committee shall:
- (a) have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
 - (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
 - (c) oversee any investigation of activities which are within its terms of reference; and
 - (d) arrange for periodic review 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 for approval.
- 4.9 To consider such other matters as may be requested by the board of directors.

5. GENERAL MATTERS

- 5.1 The Chairman of the Committee should make himself or herself available at each Annual General Meeting of the Company to answer questions concerning the Committee's work.
- 5.2 The recommendations of the Committee minutes must be approved by the board of directors before they can be implemented.