



Hanley
ECONOMIC
Building Society

2021

**Product Development Committee
Terms of Reference**

Submitted to Risk Committee

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Next Review: January 2022

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1. MEMBERSHIP

Chief Executive

Finance Director (Chair)

Head of Risk

Head of Sales & Marketing

Head of Operations

Head of Branches

2. QUORUM

Three members of the Group must be present; one of whom must be an Executive Director.

There is an open invitation to directors and other members of the management team who may wish to attend meetings.

3. FREQUENCY OF MEETINGS

At least 3 times per month.

4. RESPONSIBILITIES

- To initiate and oversee the design of new mortgage and savings products.
- To recommend to Risk Committee ('RC') any product proposals that are a new initiative or account type not currently offered by the Society.
- For new products that are variations on existing offers (e.g. a new issue savings bond or a new issue of an existing mortgage type):
 - If the new product costing is within budget the PDC is authorised by Risk Committee to launch that product and inform Risk Committee of their action;
 - If the new product will operate within a 0.35% variation on the hurdle rate the PDC is authorised by Risk Committee to launch that product and inform RC of their action; subject to the need to maintain the margin of the medium term objective;
 - The PDC will consider and support recommendations to Risk Committee of new products that fall outside the limits of the above condition.
- To monitor parameters used within the Mortgage Product Costing Model.
- To monitor the performance of existing products, and
 - Authorise the closure of issues as and when tranches have been met or it is desirable to do so for other reasons. Risk Committee will be informed of such decisions;
 - To recommend to Risk Committee variations to main account type offers, to include variations to interest rates, variations to their terms and conditions of offer and eligibility, and where deemed appropriate their withdrawal from customer availability.
- Initial assessment of Regulatory changes
- Other duties as delegated to the PDC by Board or Risk Committee.
- Review and challenge of the following policies in line with the Society RMF:
 - Financial Promotions incl. Social Media Policy; and
 - Product and Pricing including product development and product pricing.

5. MANAGEMENT INFORMATION

Key reports considered by the Committee to include:

- **HEBS Lending Report:**
Snapshot of mortgage performance to date. Frequency: Weekly & Monthly.
- **Mortgage Product Performance Report:**
- Tranche management of existing mortgage products available for both Direct and Intermediaries. Frequency: Weekly.
- **Group Lending Report by Distribution and Lending Type:**
Analysis of mortgage advances analysed by distribution and loan type, LTV, absolute advances and WAIR%. The report allows a comparison between budget and actual performance to date for each of the key variables above and allows for key variances to be identified. Frequency: Monthly.
- **Retentions Dashboard:**
Review of monthly and annual retentions profile (e.g. products at the end of an incentive period) and variances to budgeted volumes and WAIR%. Frequency: Weekly.
- **HEBS Savings Report:**
Review of all variable retail account types, including inflow and outflow positions, opened and closed accounts by branch, fixed rate bond maturity profiles and retail large exposures. Frequency: Weekly.
- **Daily Rates Monitoring:**
Review of current live mortgage products and 3M LIBOR rates against that assumed in the product costing models and their placement in both the direct and intermediary markets. Frequency: Weekly.
- **Product Listing Review:**
Review of current live mortgage products and their placement in both the direct and intermediary markets. Frequency: Weekly.
- **SS20/15 Lending Limits:**
Review of current stock and flow position against lending types in accordance with both internal appetite and SS20/15 limits. Frequency: Monthly.
- **SS20/15 Financial Risk Limits:**
Review of current stock position of administered and non-administered lending in accordance with both internal appetite and SS20/15 limits. Frequency: Weekly.

6. REPORTING PROCEDURES

Minutes of all committee meetings will be maintained and copies sent to Risk Committee.

7. TERMS OF REFERENCE REVIEW

Annually or at other times as required.