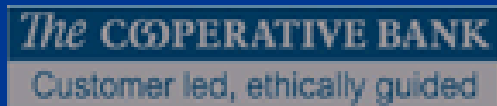


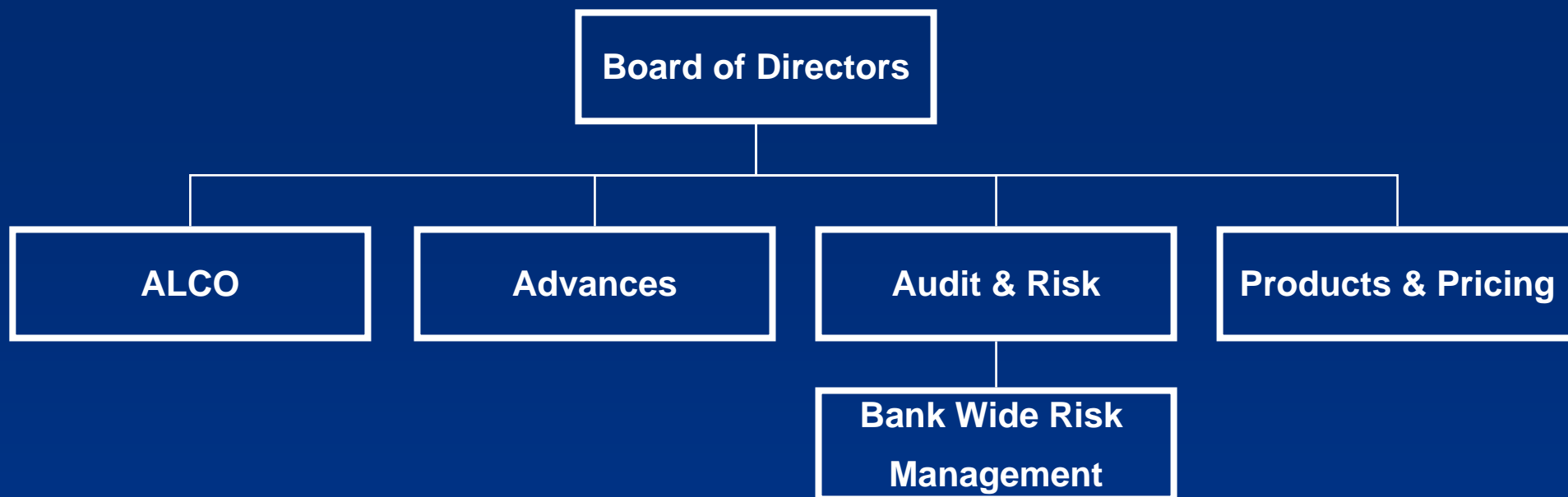
CO-OPERATIVE FINANCIAL SERVICES

ALMA - Risk Governance

10 June 2005

Judith Aspin – Head of ALM





Responsible for
Liquidity & Funding
Capital

Banking Book

Interest Rate Risk

Setting limits for
Treasury Market Risk

Responsible for
credit risk

Personal

Corporate

Wholesale

Responsible for
reporting
consolidated risk

Economic/Performance

Pension

Credit

Market Risk

Operational Risk

Responsible for
Products

Pricing existing
products

New products

Marketing

ALCO**Membership**

Chief Executive (Chair)

Risk & Compliance Director (Deputy Chair)

Chief Operating Officer

Finance & Risk Director, Bank

Finance & Actuarial Director, CFS

Retail Banking Director

Corporate & Commercial Director

Marketing Director

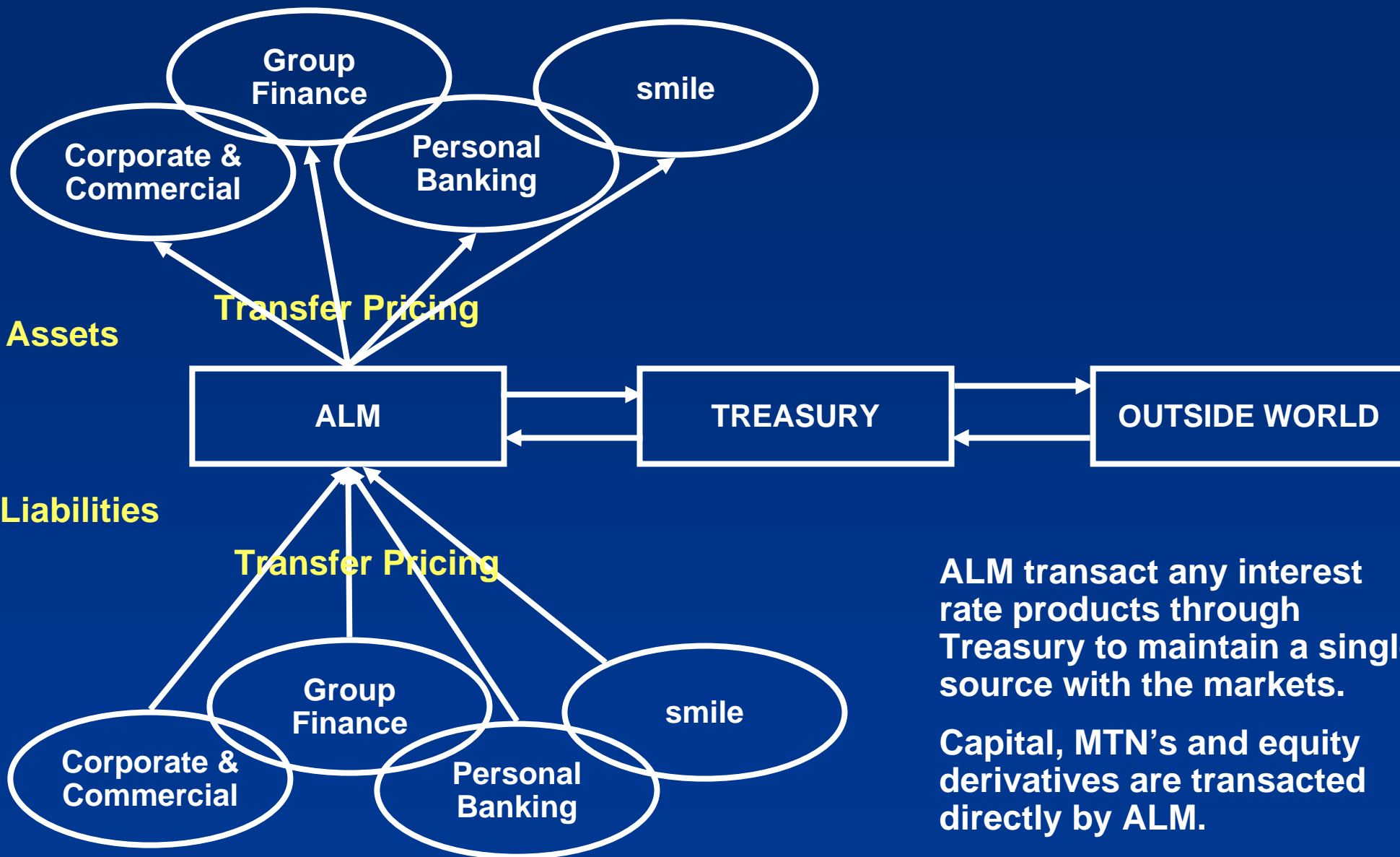
Treasury & ALM Director

Head of ALM

Reporting

Monthly Meetings

Quarterly Board Updates



ALM transact any interest rate products through Treasury to maintain a single source with the markets.

Capital, MTN's and equity derivatives are transacted directly by ALM.

ALM**Capital**

Monitoring levels, predicting requirements & raising capital

Liquidity & Funding

Set Policy for ALCO approval

Monitor future Funding requirements

Issue MTN as required

Manage retail liquidity – behavioural cash gap reports

Transfer Pricing / IRR

Manage Transfer Pricing to centralise retail risk in ALM.

Transact IRR with Treasury, equity risk with market

Report aggregate risk to the Board

TREASURY**Liquidity & Funding**

Manage & monitor day-to-day liquidity

Wholesale liquidity stress tests

Wholesale funding – CDs and CP

Retail IRR

Transact IRR with external markets on behalf of ALM

Trading

Manage FX requirements for customers

Trade primarily IRR

TREASURY RISK**Independent reporting line**

Monitor market risk & credit risk for Treasury

ALM

Manage interest rate risk within closely defined risk limits

Profit Centre

Budget set on basis that all positions hedged.

Expected to add value above the neutral position.

All transactions done at market rates.

Recharge cost of liquidity and raising wholesale funds to retail.

No recharge is made for term lending.

TREASURY

Take trading positions within risk limits

Profit Centre

Budget set on basis that risk will be taken

Locked in revenues considered, then risk income applied. Additional Revenue targets set.

All transactions done at market rates

Recharge cost of holding liquidity to ALM