

The Royal Bank of Scotland International Limited (“RBSI”)
Board Risk Committee (the “Committee”)

Committee Terms of Reference

Chair	An independent Non-executive Director of RBSI
Members	At least two independent Non-executive Directors
Attendees	Chief Risk Officer, RBSI (“CRO”) Chief Governance Officer, RBSI Head of Internal Audit, RBSI Managing Director, Customer Experience, RBSI
Additional Invitees	The Chief Executive Officer, RBSI (“CEO”), Chief Finance Officer, RBSI and Managing Directors of Private Banking, Personal & Business Banking and Corporate & Markets RBSI will attend as required. Subject matter experts may be invited to attend on an ad-hoc basis.
Quorum	Two members.
Meeting Frequency	Four meetings per annum. Ad hoc meetings can be called, as required, at the request of the Committee Chair, Chair of the Board of RBSI (the “Board”), the CEO, the CRO or the Head of Internal Audit, RBSI.
Secretary	RBSI Corporate Governance
This Committee receives its authority from	This Committee operates under delegated authority from the Board. The Committee is authorised by the Board: <ul style="list-style-type: none"> • To undertake and investigate any activity within its remit; and • To obtain any information it requires from any RBSI employee and to call any employee to be questioned at its meetings as and when required.
Purpose of this Committee	The Committee will be responsible for: <ul style="list-style-type: none"> • Providing oversight and advice to the Board in relation to (i) current and potential risk exposures and risk strategy, including determination of risk appetite and tolerance within the confines of cascaded RBS Group-wide risk appetite and (ii) the effectiveness of the risk management framework and, in conjunction with the RBSI Audit Committee, internal controls required to manage risk; • Assisting on such other matters as may be referred to it by the Board; • Acting as the Board Risk Committee of the Board; and • Promoting a risk awareness culture within RBSI.

Scope of this Committee's oversight and responsibility

Risk Policy

- To review the implementation of risk management policy across RBSI, taking into account the risk management policies set by the shareholder.
- To review compliance with the risk policy framework and risk and compliance policies, including resultant actions in respect of policy breaches.

Risk Appetite, Framework and Limits

- To note the risk appetite framework set by the ultimate shareholder of RBS International (Holdings) Limited.
- To consider and recommend to the Board for approval, risk appetite statements for material risks relevant to RBSI, in accordance with the Risk Appetite Framework Mandatory Procedures.
- To oversee management's implementation of the framework and the embedding of risk appetite, including management's response to breaches of risk appetite as set out in the framework.

Risk Profile

To review the effectiveness of the risk management framework and, in conjunction with the RBSI Audit Committee, internal controls required to manage risk. In undertaking this responsibility the Committee shall:

- Consider RBSI's risk profile relative to current and future strategy;
- Review performance relative to risk appetite, monitoring risk trends and concentrations;
- Review all material risk exposures and management's recommendations to monitor and control such exposures;
- Receive and review reports from Risk and Finance relating to any significant issues that require, or are subject to, remedial action or recommendation arising in the period under review (including those relating to adherence to internal risk policy, RBSI or RBS (where applicable) standards and agreed risk limits);
- Receive and review reports from the Head of Legal, RBSI on key legal risks and developments affecting RBSI;
- Review, monitor and understand the risk profile of RBSI including receiving a regular report setting out the key risks and CEC reporting;
- Review the due diligence of any proposed material strategic transaction (involving a merger, acquisition or disposal) prior to the relevant Board approval of the transaction, and to monitor the risks associated with the delivery of any such transaction;
- Consider material findings from regulatory reviews and interactions with regulators which impact on risk governance or risk management processes; and
- Report to the Board on its consideration of the above matters, identifying those areas where improvement is needed and making recommendations as appropriate.

Regulatory returns

- To consider, and recommend to the Board for approval, material regulatory
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submissions and returns, in particular in relation to the Internal Capital Adequacy Assessment Process and the Recovery and Resolution Plan.

Risk Operating Model

- Review the operating model for Risk, considering the adequacy and effectiveness of resource, access to information, independence from management and scope of work to be undertaken across all risk disciplines relevant for RBSI, making recommendations to the CRO for action as appropriate.

CRO

- The CRO will report to the CEO, with a functional reporting line to the RBS Group CRO. The CRO will have an additional reporting line to the Chair of the Committee and a right of access to the Chairman of the Board.

Money Laundering Reporting Officer (“MLRO”)

- To review the performance of the MLRO on an annual basis.

Complaints

- To receive and consider regular reports setting out arrangements for the receipt, retention and treatment of complaints.

Performance Review

- The Committee will arrange an annual assessment of its own performance and review its terms of reference annually and recommend any changes to the Board for approval.

Other

- The Committee may request a detailed review be presented on any topic as determined by the members.
- The Committee may engage independent counsel and other advisers, as it determines necessary, to carry out its duties.

Escalation/reporting

- The Committee will report to the Board, identifying any matters within its remit in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.
- The minutes of the Committee will be made available to the Board.
- The Committee will provide a quarterly report to the RBS International (Holdings) Board Risk Committee.

Authority Delegated by this Committee

- None

ToR last approved on

22 November 2018 (by the Board)
Note: ToR to be reviewed annually.
