

## The Royal Bank of Scotland International Limited (“RBSI”)

# Board Terms of Reference

<b>Chair</b>	An independent Non-executive Director or in his absence another independent Non-executive Director.
<b>Directors</b>	At least two further independent Non-executive Directors Chief Executive Officer, RBSI (“CEO”) Chief Finance Officer, RBSI (“CFO”)
<b>Attendees</b>	Chief Risk Officer, RBSI (“CRO”). Chief Governance Officer, RBSI. Senior officials from specialist areas may be requested to attend for specific items. External Auditors as necessary.
<b>Additional Invitees</b>	Subject matter experts and key external stakeholders, business partners and advisors may be invited to attend on an ad hoc basis.
<b>Quorum</b>	Any two Directors at least one of whom must be an independent Non-executive Director.
<b>Meeting Frequency</b>	Quarterly and ad hoc as required.
<b>Secretary</b>	Chief Governance Officer, RBSI
<b>This Board receives its authority from</b>	The RBSI Board of Directors (the “Board”) is appointed by the shareholder.
<b>Purpose of this Board</b>	<p>The Board is collectively responsible for the long-term success of RBSI and the delivery of sustainable value to shareholders.</p> <p>The Board’s role is to provide leadership of RBSI. The Board sets the strategic aims of RBSI within the strategic direction of the RBS Group and the financial resources available for RBSI to meet its obligations. The Board reviews business and financial performance.</p> <p>The Board leads the development of culture, values and standards (aligned to the culture, values and standards of the RBS Group) and ensures that its obligations to its stakeholders, including shareholders, regulators, customers and staff, are met and understood. In carrying out the duties of the Board the directors will act in accordance with all relevant and applicable legislative and regulatory rules.</p> <p>The Board is the main supervisory, decision making and oversight forum for RBSI. However, day-to-day executive management responsibility has been delegated to the CEO. The CEO monitors and reports to the Board on all operational and day-to-day activities in relation to RBSI’s business and has authority to delegate certain activities to other committees and steering groups.</p>
<b>Scope of this Board’s oversight and responsibility</b>	<p>The detailed responsibilities of the Board are to:</p> <ol style="list-style-type: none"> <li>1. Monitor the operations and financial performance of the RBSI business.</li> <li>2. Review any matters raised by the CEO.</li> <li>3. Review the financial performance of RBSI versus budgets and the forecasts for the current financial year.</li> <li>4. Review and approve the interim and annual financial statements/Annual Report &amp; Accounts of RBSI.</li> </ol>

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5. Taking account of the strategy, capital and revenue plans of the shareholder, to review and approve RBSI strategy, capital and revenue plans.
  6. Approve RBSI's key financial objectives including:
    - i. prudential and other ratios; and
    - ii. target rates of return on capital;
  7. Consider emerging issues which may be material to the business and affairs of RBSI.
  8. Review and approve proposals for the allocation of capital and other resources within RBSI as well as approval of proposed dividends within agreed policy set by RBS Group.
  9. Keep under review the capital and liquidity positions of RBSI.
  10. Approve material acquisitions and disposals of assets and share acquisitions and disposals which are significant in terms of the business of RBSI in line with RBS Group policies.
  11. Approve material joint ventures, strategic partnerships and alliances which are significant in terms of the business of the RBSI in line with RBS Group policies.
  12. Note the risk appetite framework set by the ultimate shareholder and approve risk appetite statements for material risks relevant to RBSI, in accordance with the Risk Appetite Framework Mandatory Procedures.
  13. Monitor and review performance against risk appetite and the effectiveness of the risk management and internal control systems of RBSI.
  14. Consider and approve, as appropriate, actions recommended by the RBSI Board Risk Committee in relation to material risks.
  15. Approve arrangements for General Meetings.
  16. Commission and review the Money Laundering Compliance Officer Annual Report (including anti-bribery and corruption) and the identification and agreement of necessary action required to remedy deficiencies identified within the report.
  17. Implement and monitor appropriate accounting policies, implement and monitor the maintenance of adequate accounting and other records and systems of planning and internal control and audit.
  18. Note delegated authorities for expenditure, lending and for other risk exposures approved by RBS International (Holdings) Limited Board.
  19. Approve all material regulatory submissions and returns, in particular the Internal Capital Adequacy Assessment Process and the Recovery and Resolution Plan.
  20. Make recommendations to the shareholder for their approval in general meeting in relation to the appointment, re-appointment and removal of the External Auditor, following the recommendations of the RBS Group Audit Committee.
  21. Approve the appointment of the CEO, CRO, CFO and Head of Internal Audit.
  22. Approve high level governance arrangements for RBSI to ensure these reflect principles of good governance and transparency and accountability and support the values of the RBS Group and the sustainability of RBSI over the longer term.
  23. Review and, as appropriate, agree changes in the terms of reference of Board
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Committees.

24. Consider and approve appointments to the Board and its Committees, ensuring compliance with the RBS Group's Subsidiary Board and Committee Membership Mandatory Procedures.
25. To keep the knowledge, skills and experience of individual members of the Board under review, having regard to induction, training and continuous professional development of Directors.
26. Receive and consider high level reports from the RBSI Audit Committee summarising key matters of note each quarter.
27. Receive and consider high level reports from the RBSI Board Risk Committee summarising key matters of note each quarter.
28. Provide to the Board of RBS International (Holdings) Limited a brief summary report of activities within the business for noting at its quarterly board meeting.
29. Arrange an annual assessment of its own performance and review its terms of reference annually and recommend any changes to the RBS International (Holdings) Limited Board for approval.

The Board may request that 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.

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**Authority Delegated by this Board**

Matters specifically reserved to the Board are set out above.

To enable the Board to carry out its objectives, authority and terms of reference will be delegated to certain Board Committees, as required. In particular there will be an RBSI Audit Committee and an RBSI Board Risk Committee.

All other matters, including the day to day executive management responsibility for the operations of RBSI, not specifically reserved to the Board or delegated to a Board Committee are delegated to the CEO in accordance with the CEO's role profile.

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**ToR last approved on**

22 November 2018 (RBS International (Holdings) Limited Board)

Note: ToR to be reviewed annually.

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