

The Royal Bank of Scotland International (Holdings) Limited (“RBSIH”)
Audit Committee (the “Committee”)

Committee Terms of Reference

Chair	An independent Non-executive Director, RBSIH
Members	At least two independent Non-executive Directors
Attendees	Head of Internal Audit, RBSIH (“Head of IA”) Chief Finance Officer, RBSIH Governance Officer, RBSIH External Auditors
Additional Invitees	The Chief Executive Officer, RBSIH (“CEO”) and Chief Risk Officer, RBSIH will attend as required. Subject matter experts and key external stakeholders, business partners and advisors may be invited to attend on an ad hoc basis.
Quorum	Any two members of the Committee.
Meeting Frequency	Four meetings per annum, with two of these meetings being held immediately prior to submission of the annual and interim financial statements to the Board of RBSIH (the “Board”). Ad hoc meetings can be called as required at the request of the Committee Chair; Chair of the Board, the CEO, the Head of IA, the CRO or the External Auditors.
Secretary	RBSIH Corporate Governance
This Committee receives its authority from	The Committee operates under delegated authority from the Board.
Purpose of this Committee	The Committee will be responsible for:- 1. Acting as the Audit Committee of the Board; 2. Assisting the Board in carrying out its responsibilities relating to accounting policies, internal control and financial reporting functions; and 3. Assisting on such other matters as may be referred to it by the Board.
Scope of this Committee’s oversight and responsibility	The detailed responsibilities of the Committee will cover, in particular, the following:- Financial Affairs of RBSIH <ul style="list-style-type: none"> To monitor the integrity of the financial statements of RBSIH and to review the interim and annual financial statements prior to their submission to the Board for approval; To review any unusual items or matters brought to its attention requiring the exercise of managerial judgement affecting the preparation of the statements; and To provide a forum for the discussion and resolution of areas of disagreement in relation to the statements, e.g. between management and the External

Auditors.

Arrangements for Accounting and Financial Reporting and for Regulatory Compliance

- To review compliance with both RBS Group accounting policies and practices and any applicable local legal or regulatory requirements; and
- To review the controls and procedures established by management for compliance with regulatory and financial reporting requirements and with the requirements of external regulators.

Standards of Internal Control

- To review the arrangements of systems of internal controls for RBSIH in relation to financial management, compliance with laws and/or regulations relating to financial reporting or accounting issues and safeguarding of assets and the procedures for monitoring the effectiveness of such controls.
- To monitor by means of the Risk and Control Assessment process, the identification, evaluation and management of material risks throughout RBSIH relating to financial management, compliance with laws/and or regulations relating to financial reporting or accounting issues, safeguarding of assets and Treasury Risk.
- To monitor significant deficiencies and material weaknesses in systems of internal controls and procedures, as reported by Internal Audit and the External Auditors, and the implementation by management of appropriate remedial action.

Arrangements for Internal Audit

- To consider and approve the annual plan of Internal Audit in relation to RBSIH, with reference to the appropriateness of the scope and timing of proposed coverage in relation to risk.
- To receive reports from The Royal Bank of Scotland International Limited, NatWest Trustee and Depositary Services Limited and RBS International Depositary Services S.A. (the “Operating Subsidiaries”) detailing oversight of Internal Audit including (i) monitoring and reviewing the scope, nature of the work and effectiveness of Internal Audit; (ii) key reports, findings and recommendations covering the management of key operating risks, the adequacy of any necessary follow up action and any relevant investigation work carried out by Internal Audit; and (iii) review of the operating model for Internal Audit.
- To meet with Internal Audit privately twice a year.

Appointment of Head of IA, RBSIH

- The Head of IA, RBSIH will report to the Chair of the Committee and have a functional reporting line to the Chief Audit Executive, RBS Group. The Head of IA, RBSIH will also have a right of access to the Chairman of the Board.
- The Committee is responsible for the appointment and termination of the Head of IA.

Arrangements for External Audit

- To consider and make recommendations to the Board for it to then recommend to the shareholder the appointment, re-appointment and the removal of the External Auditor.
- To review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration all relevant professional and regulatory requirements.
- To resolve any disagreements between management and the External Auditor regarding financial reporting.
- To review the scope and planning of the External Auditor.
- To confirm that, in planning their work, the External Auditor places appropriate reliance on the work of Internal Audit, such that unnecessary overlap is avoided.
- To review reports prepared by the External Auditor, including their annual management letter.
- To review the overall relationship between RBSIH and the External Auditor.
- To meet with the External Auditors privately at least once a year.

Audit and Non-Audit Services Policy

- To receive reports from the Operating Subsidiaries on the implementation of RBS Group policy on the engagement of the External Auditor to supply audit and non-audit services (the "Policy") and setting out audit and non-audit services to be provided by the External Auditor in accordance with the Policy.

Speak Up

- To receive reports from the Operating Subsidiaries setting out the operational effectiveness of the Speak Up framework as it relates to them. The Chair of the Committee will act as Speak Up champion for RBSIH.

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, at the expense of RBSIH, 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 Group Audit Committee.

The Committee will receive quarterly reports from the Audit Committees of the

Operating Subsidiaries.

**Authority Delegated by
this Committee**

None.

ToR last approved on

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