

The Royal Bank of Scotland International (Holdings) Limited (“RBSIH”)
Board Risk Committee

Committee Terms of Reference

Chair	An independent Non-executive Director of RBSIH
Members	At least two independent Non-executive Directors
Attendees	Chief Risk Officer, RBSIH (“CRO”) Chief Governance Officer, RBSIH Head of Internal Audit, RBSIH (“Head of IA”) Managing Director, Customer Experience, RBSI
Additional Invitees	Chief Executive Officer, RBSIH (“CEO”), Chief Finance Officer, RBSIH, the Managing Directors of Private Banking, Personal & Business Banking and Corporate & Markets, RBSIH 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, Chairman of the RBSIH Board, the CEO, the CRO or the Head of IA.
Secretary	RBSIH Corporate Governance
This Committee receives its authority from	This Committee operates under delegated authority from RBSIH Board (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 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; and (ii) the effectiveness of the risk management framework and, in conjunction with the RBSIH Audit Committee, internal controls required to manage risk across The Royal Bank of Scotland International Limited, NatWest Trustee and Depositary Services Limited and RBS International Depositary Services S.A. (the “Operating Subsidiaries”) on a holistic basis; • Exercising oversight of risk management within Isle of Man Bank Limited; • Assisting on such other matters as may be referred to it by the Board; and • Acting as the Board Risk Committee of the Board.
Scope of this Board/Committee’s oversight and responsibility	Risk Policy <ul style="list-style-type: none"> • To receive and review reports from the Operating Subsidiaries in relation to compliance with the risk management framework and management of any breaches.

Risk Appetite, Framework and Limits

- To note and exercise oversight of the risk appetite framework set by the shareholder and the risk appetite statements set by Operating Subsidiaries.

Risk Profile

- To review the effectiveness of the risk management framework and, in conjunction with the RBSIH Audit Committee, internal controls required to manage risk in the Operating Subsidiaries. In undertaking this responsibility the Committee shall receive reports from the Operating Subsidiaries.
- 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.
- Report to the Board on its consideration of the above matters, identifying those areas where improvement is needed and making recommendations as appropriate.

Risk Operating Model

- Receive and review reports from the Operating Subsidiaries in relation to the operating model for Risk considering the adequacy and effectiveness of resource, access to information and independence from management and scope of work to be undertaken across all relevant risk disciplines, making recommendations 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.

Remuneration

- To provide advice to the Board to enable the Board to consider adjustments to the bonus pool to reflect risk management;
 - To review the annual risk and control objectives of the RBSIH Executive Committee members and formal attendees (“ExCo”) and recommend these to the Board for approval;
 - To review the year-end performance of ExCo against risk and control objectives and advise the Board of any specific recommendations;
 - To consider regulatory reportable events/other significant investigations and resulting accountability reviews and to advise the Board on robustness of approach, which may include expressing a view on the appropriateness of the recommendations;
 - To review and provide recommendations to the Board regarding (i) LTI performance measures of ExCo to monitor that risk perspectives are appropriately reflected; and (ii) the effectiveness of risk management during the relevant LTI performance period(s) prior to the grant and vesting of the LTI awards to ExCo.
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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 Group Board Risk Committee.
- The Committee will receive quarterly reports from 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.
