

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

Board Terms of Reference

Chair	An independent Non-executive Director or in his absence another independent Non-executive Director.
Directors	At least two further independent Non-executive Directors Chief Executive Officer, RBSIH (“CEO”) Chief Finance Officer, RBSI, RBSIH (“CFO”)
Attendees	Chief Risk Officer, RBSIH (“CRO”). Chief Governance Officer, RBSIH. For remuneration related items the HR Director RBSI and a representative of the Director, RBS Group Reward, Pensions & Benefits should be in attendance. Senior officials from specialist areas may be requested to attend for specific items. External Auditors as necessary.
Additional Invitees	Subject matter experts and key external stakeholders, business partners and advisors may be invited to attend on an ad hoc basis.
Quorum	Any two Directors at least one of whom must be an independent Non-executive Director, other than for remuneration related items where quorum is any two independent Non-executive Directors.
Meeting Frequency	Quarterly and ad hoc as required.
Secretary	Chief Governance Officer, RBSIH.
This Board receives its authority from	The RBSIH Board of Directors (the “Board”) is appointed by the shareholder.
Purpose of this Board	<p>The Board is collectively responsible for the long term success of RBSIH and the delivery of sustainable value to shareholders.</p> <p>The Board’s role is to provide leadership of RBSIH and oversight of its subsidiaries. The Board sets the strategic aims of RBSIH within the strategic direction of the RBS Group, ensures that the necessary resources are in place for RBSIH to meet its obligations and reviews business and financial performance.</p> <p>The Board is the main supervisory, decision making and oversight forum for RBSIH. However, day-to-day executive management responsibility has been delegated to the CEO. The CEO monitors and reports to the RBSIH Board on all operational and day-to-day activities in relation to RBSIH businesses and has authority to delegate certain activities to other committees and steering groups.</p> <p>The Board also oversees the implementation of The Royal Bank of Scotland Group plc (“RBSG”) group-wide Remuneration Policy within RBSIH and reviews performance and remuneration arrangements as set out below.</p>
Scope of this Board’s oversight and responsibility	<p>The detailed responsibilities of the Board are to:</p> <ol style="list-style-type: none"> 1. Monitor the operations and financial performance of the RBSIH business. 2. Review any matters raised by the CEO. 3. Review the financial performance of RBSIH versus budgets and the forecasts for the current financial year. 4. Review and approve the interim and annual financial statements / Annual Report & Accounts of RBSIH.

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5. Taking account of the strategy, capital and revenue plans of the shareholder, to review and approve RBSIH strategy, capital and revenue plans.
 6. Approve key financial objectives appropriate for RBSIH.
 7. Consider emerging issues which may be material to the business and affairs of RBSIH.
 8. Review and approve proposals for the allocation of capital and other resources within RBSIH as well as approval of proposed dividends within agreed policy set by RBS Group.
 9. Keep under review the capital and liquidity positions of RBSIH, taking into account the operations of The Royal Bank of Scotland International Limited, NatWest Trustee and Depositary Services Limited, and RBS International Depositary Services S.A. (the "Operating Subsidiaries").
 10. Approve material acquisitions and disposals of assets and share acquisitions and disposals which are significant in terms of the business of RBSIH in line with RBS Group policies.
 11. Approve material joint ventures, strategic partnerships and alliances which are significant in terms of the business of RBSIH in line with RBS Group policies.
 12. Exercise oversight of Isle of Man Bank Limited.
 13. Receive and review reports from the Operating Subsidiaries which monitor performance against risk appetite and set out the effectiveness of the risk management and internal control systems of the Operating Subsidiaries.
 14. Consider and approve, as appropriate, actions recommended by the RBSIH Board Risk Committee in relation to material risks.
 15. Approve arrangements for General Meetings.
 16. 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.
 17. Approve delegated authorities for expenditure, lending and for other risk exposures in accordance with applicable RBS Group policies.
 18. Make recommendations to shareholder(s) 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.
 19. Approve the appointment of the CEO, CRO, CFO and Head of Internal Audit.
 20. Approve high level governance arrangements for RBSIH to ensure these reflect principles of good governance and transparency and accountability and support the values of the RBS Group and the sustainability of RBSIH over the longer term.
 21. Review and, as appropriate, agree changes in the terms of reference of Board Committees and Subsidiary Boards.
 22. Consider and approve appointments to the Board and its Committees and Subsidiary Boards, ensuring compliance with the RBS Group's Subsidiary Board and Committee membership Mandatory Procedures.
 23. 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.
 24. Receive periodic reports from the Chair, The Royal Bank of Scotland International Limited.
 25. Receive periodic reports from the Chair, Isle of Man Bank Limited.
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26. Receive periodic reports from the Chair, NatWest Trustee and Depositary Services Limited.
 27. Receive periodic reports from the Chair, RBS International Depositary Services S.A..
 28. Receive and consider minutes and/or high level reports from the RBSIH Audit Committee summarising key matters of note.
 29. Receive and consider minutes and/or high level reports from the RBSIH Board Risk Committee summarising key matters of note.
 30. Receive and note the quarterly reports prepared by the RBSIH Audit Committee and Board Risk Committee for consideration by the RBS Group Audit Committee and RBS Group Board Risk Committee.
 31. Arrange annual assessments of its own performance and review annually its terms of reference and recommend any changes to the shareholder for approval.
 32. Receive and review, as appropriate, periodic reports from the RBS Group Performance and Remuneration Committee in relation to remuneration matters.
 33. Review and recommend performance measures, performance assessment and remuneration arrangements¹ for executive directors of the RBSIH Board and executive directors of other material operating subsidiaries, executive committee members who are direct reports of the CEO and the senior risk and compliance officers for RBSIH. As part of the review, the Board will determine whether an appropriate level of risk management and performance adjustment has been applied through consultation and receipt of advice from the senior board committees of RBSG, the RBSIH Board Risk Committee and RBSIH Control Functions, as it considers necessary or appropriate.
 34. To review and recommend remuneration arrangements for individuals working for RBSIH earning total annual compensation of \geq £1 million (“High Earners”) and any individual remuneration arrangements with a total or aggregate value of \geq £1 million, which would include severance arrangements and new hires with buyouts. Together, this population under 33 and 34 is defined as (the “in scope population”).
 35. To review the framework and principles that govern remuneration arrangements for RBSG MRTs with roles aligned to RBSIH who fall outside of the in scope population.
 36. To oversee remuneration arrangements for individuals who fall outside of the in scope population but who have been identified as RBSG MRTs with roles aligned to RBSIH. Management will have responsibility for approving remuneration arrangements for such individuals in accordance with the RBSG group-wide Compensation Approvals Matrix.
 37. To note an annual report on remuneration arrangements for individuals outside of the MRT and in scope populations that have been approved by management. This will provide the RBSIH Board with a summary of remuneration levels for individuals that currently sit below the in scope threshold but who may come through the pipeline due to promotions in future.
 38. To review the annual bonus pool proposal for RBSIH ensuring it is appropriately performance and risk adjusted and is congruent with the financial performance
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¹For the purpose of these Terms of Reference, ‘remuneration arrangements’ include variable remuneration, fixed pay adjustments, malus and clawback, in-year reductions and placing or lifting vesting suspensions, severance and new hire arrangements.

of, and meets capital adequacy requirements for, RBSIH. As part of the review, the Board will receive advice from RBSIH Board Risk Committee and the RBSIH Control Functions, as it considers necessary or appropriate.

39. To review and adopt the RBSG group-wide Remuneration Policy for RBSIH on an annual basis, taking into account applicable regulatory requirements and other relevant guidance.
40. To review annually a report from management on the operation and effectiveness of the RBSG group-wide Remuneration Policy from an RBSIH perspective.
41. Should a specific regulatory submission be required for any entities within RBSIH (except RBS International Depository Services S.A.), the RBSIH Board will review the document prior to submission to the appropriate regulator.

The Board may request that a detailed review be presented on any topic as determined by the members.

The Board may engage independent counsel and other advisers, as it determines necessary, to carry out its duties.

Escalation

Remuneration recommendations in relation to RBSIH individuals will, where necessary, be presented to the RBSG Performance and Remuneration Committee (“RBSG RemCo”).

The RBSIH Board will report and make recommendations to the RBSG RemCo, identifying any matters within its remit in respect of which it considers that further action / approval is required.

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 RBSIH Audit Committee and an RBSIH Board Risk Committee.

All other matters, including the day to day executive management responsibility for the operations of RBSIH, 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.

ToR last approved on

December 2018 (RBSG Board)
ToR to be reviewed annually.