

## **Asset Protection Scheme (“APS”)**

### **Detailed Organisational Structure**

#### **1 Introduction**

- 1.1** This document constitutes the Detailed Organisational Structure applicable to The Royal Bank of Scotland plc’s (“**RBS**”) participation in the APS as referred to in Condition 26.1 of the terms and conditions of the APS set out in the document entitled “UK Asset Protection Scheme Terms and Conditions” which is in agreed form (the “**Conditions**”).
- 1.2** In accordance with Condition 26.1, RBS shall ensure that the governance and organisational structure of the RBS Group is at all times consistent in all material respects with this Detailed Organisational Structure, subject to the provisions of the Scheme Documents.

#### **2 Interpretation**

Capitalised terms used but not defined in this document have the meanings given to them in the Conditions.

#### **3 Changes**

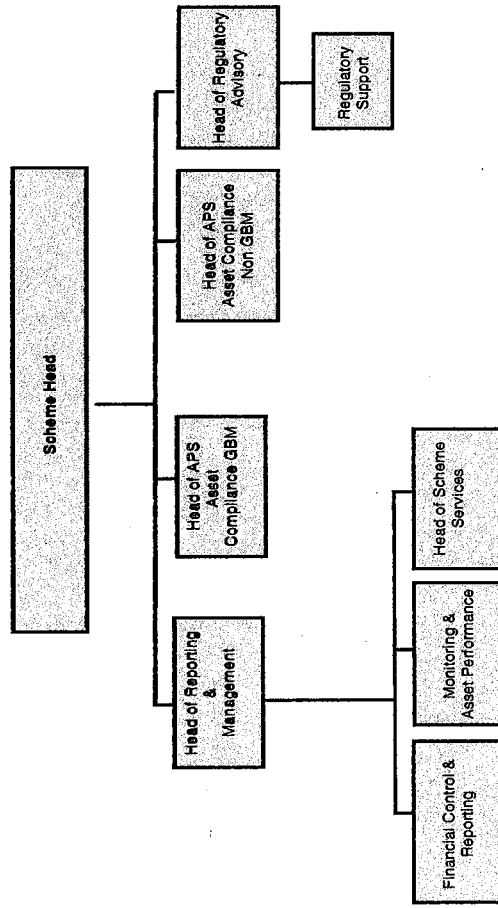
In accordance with Condition 26.2, no proposed material change to this Detailed Organisational Structure shall be implemented unless approved in writing by the SOC and by the Commissioners of her Majesty’s Treasury (the “**Treasury**” or “**HMT**”).

#### 4 Overall Management Team Structure

- The following diagram summarises the organisational structure described under this document.



#### APS – Overall Management Team Structure



## 5 The Scheme Head and the Scheme Executive Team

- The Scheme Head manages and administers RBS's participation in the APS, including day-to-day oversight of compliance with the Conditions. The Scheme Head reports to the SOC
- The members of the Scheme Executive Team ("**SET**") report directly to the Scheme Head. The SET comprises (in addition to the Scheme Head):
  - Head of Reporting & Management
  - Head of APS Asset Compliance Global Banking and Markets ("**GBM**")
  - Head of APS Asset Compliance Non-GBM
  - Head of Regulatory Advisory
- A deputy to the Scheme Head shall be appointed from one of the members of the Scheme Executive Team (other than the Scheme Head).
- The members of the SET will have APS Approvals (as defined in the Asset Management Framework) authority and are responsible for advice in respect of APS Approvals and monitoring of APS asset actions and trends.
- The members of the SET are will also liaise with the Treasury and are responsible for ensuring that RBS's activities are compliant with the Conditions

Each SET member has a team who will directly report to that SET member to assist them in carrying out their role and responsibilities

Descriptions of each key role are set out in the remainder of this document.

## APS ROLE SUMMARIES

| <b>Scheme Head</b><br><b><u>SET member</u></b> |  |
|--|--|
|  | <ul style="list-style-type: none"><li>• Being the primary senior point of contact for the Treasury with regard to the APS and the Covered Assets and compliance with the Scheme Documents and providing such briefings and information to the Treasury as may be required in accordance with the Scheme Documents from time to time;</li><li>• Leading, overseeing and ensuring the performance by the Scheme Executive Team of their respective functions under the Scheme Documents;</li><li>• Proposing to the SOC a strategy for ensuring, overseeing and supervising compliance with the Scheme Documents;</li><li>• In conjunction with the other members of the Scheme Executive Team, day-to-day oversight of compliance with the Scheme Documents, including with respect to:<ul style="list-style-type: none"><li>– the calculation of the Quarterly Payables (and other amounts which fall to be calculated, accounted for or reported pursuant to and in accordance with the Scheme Documents);</li><li>– the Asset Management Conditions, the Governance and Oversight Conditions and the Monitoring and Reporting Conditions;</li><li>– the establishment of systems, controls and processes to comply with the Scheme Documents; and</li><li>– the functions set out in the Remuneration Conditions;</li><li>– the Conflicts Management Policy including making such determinations and approving or refusing (as appropriate) any matters which are escalated under the Conflicts Management Policy; and</li><li>– the requirements of the Asset Management Framework</li></ul></li><li>• In conjunction with the other members of the Scheme Executive Team, developing, periodically reassessing and providing recommendations to the SOC in respect of the business strategies and governance arrangements of the members of the Covered Group in connection with the APS (including the Asset Management Framework, the Conflicts Management Policy, Business Level Guidelines and any other policies and practices relating to the RBS's participation in the APS);</li><li>• Delivering and implementing the systems, controls and processes described or referred to in the Transitional Exceptions Document;</li><li>• In conjunction with the other members of the Scheme Executive Team, determining whether or not to approve proposed Conduct Requiring Approval notified to him or her pursuant to the Conduct Approvals Hierarchy and monitoring and overseeing all Conduct Requiring Approval;</li><li>• Coordinating RBS's participation in the APS with any Other Protection Scheme, overseeing and assessing any impact on the Covered Assets or RBS's participation in the APS arising from or relating to any such Other Protection Scheme;</li><li>• Such other functions and responsibilities as the SOC may determine from time to time in connection with the implementation and administration of, and compliance with, the Scheme Documents.</li></ul> |

**Head of APS Asset Compliance  
GBM**

**SET member**

- Together with the Scheme Head and other SET members, take responsibility both individually and collectively for all decisions taken in relation to the Covered Assets;
- Hold and exercise Secondary Approval Authority (as defined in the Asset Management Framework) where required by the Asset Management Framework (depending on materiality of risk and exposure) in relation to Sighted Assets.
- Advise on APS compliance requirements for all transactions affecting Covered Assets within the Global Banking and Markets division and act as a key escalation point for significant compliance issues affecting Covered Assets in the Non-Core Bank;
- Ensure that relevant compliance processes are implemented and issues are adequately managed, escalated and reported to the Scheme Head and other relevant areas, as applicable, and that an audit trail is conducted with necessary follow up with the business areas affected;
- Provide input regarding the management of Covered Assets to the SOC as appropriate;
- Ensure robust processes and risk controls to review and monitor transactions / exposures within the Non-Core Bank, including adherence to Group Policies and escalation of any problem deals / counterparties in line with Group Risk Principals;
- Ensure that all relevant conduct affecting Covered Assets is executed in accordance with the Scheme Documents (including the Asset Management Framework and the Conflicts Management Policy);
- Take a leadership role in strategic and policy issues regarding compliance with the Scheme Documents;
- Monitor and review regulatory requirements, modifications to Scheme Documents, Practice Statements (if any) etc and update business partners as appropriate;
- Maintain effective controls within the Global Banking and Markets division;
- Manage relationships with HMT ensuring that appropriate approvals are in place, and that all operations affecting Covered Assets are compliant with the Scheme Documents and any agreements reached with HMT;
- Financial Management: Responsibility for budget of APS Compliance shared with Scheme Head and other SET members;
- In conjunction with the other members of the Scheme Executive Team, ensuring day-to-day oversight of compliance with the requirements of the Asset Management Framework;
- In conjunction with the other members of the Scheme Executive Team, day to day oversight of compliance with the Conflicts Management Policy including making such determinations and approving or refusing (as appropriate) any matters which are escalated under the Conflicts Management Policy; and
- Such other functions and responsibilities as the SOC and the Scheme Head may determine from time to time in connection with the implementation and administration of, and compliance with, the Scheme Documents.

**Head of APS Asset Compliance,  
Non-GBM**

**SET member**

- Together with the Scheme Head and other members of the SET take responsibility both individually and collectively for all decisions taken in relation to the Covered Assets;
- Hold and exercise Secondary Approval Authority (as defined in the Asset Management Framework) where required by the Asset Management Framework (depending on materiality of risk and exposure) in relation to Sighted Assets;
- Advise on APS compliance requirements for all transactions affecting Covered Assets that are not within the Global Banking and Markets division and act as a key escalation point for significant compliance issues affecting Covered Assets in the Non-Core Bank;
- Ensure that relevant compliance processes are implemented and issues are adequately managed, escalated and reported to the Scheme Head and other relevant areas, as applicable, and that an audit trail is conducted with necessary follow up with the business areas affected;
- Provide input regarding the management of Covered Assets to the SOC as appropriate;
- Ensure robust processes and risk controls to review and monitor transactions / exposures within the Non-Core Bank, including adherence to Group Policies and escalation of any problem deals / counterparties in line with Group Risk Principals;
- Ensure that all conduct affecting Covered Assets is executed in line with the Scheme Documents (including the Asset Management Framework and the Conflicts Management Policy);
- Take a leadership role in strategic and policy issues regarding compliance with the Scheme Documents;
- Monitor and review regulatory requirements, modifications to Scheme Documents, Practice Statements (if any) etc and update business partners as appropriate;
- Maintain effective controls within the divisions other than the Global Banking and Markets division;
- Manage relationships with HMT ensuring that appropriate approvals are in place, and that all operations affecting Covered Assets are compliant with the Scheme Documents and any agreements reached with HMT;
- Financial Management: Responsibility for budget of APS Compliance shared with the Scheme Head and other SET members;
- In conjunction with the other members of the Scheme Executive Team, ensuring day-to-day oversight of compliance with the requirements of the Asset Management Framework;
- In conjunction with the other members of the Scheme Executive Team, day to day oversight of compliance with the Conflicts Management Policy including making such determinations and approving or refusing (as appropriate) any matters which are escalated under the Conflicts Management Policy; and
- Such other functions and responsibilities as the SOC and the Scheme Head may determine from time to time in connection with the implementation and administration of, and compliance with, the Scheme Documents.

**Asset Compliance Team roles (currently in process of being staffed)**

|  |  |
|--|--|
| <p><b>Senior APS Roles</b></p> <ul style="list-style-type: none"> <li>• There will be four APS Compliance sub-teams in line with the underlying asset classes covered:<br/>With reference to GBM Assets:             <ul style="list-style-type: none"> <li>– One team of about three people dealing with Banking and Net Portfolio Management Assets</li> <li>– One team of about three people dealing with Market-oriented portfolios</li> </ul> </li> <li>With reference to Non GBM Assets             <ul style="list-style-type: none"> <li>– One team of about three people dealing with Retail and Commercial Banking assets, as Portfolio management of Blind Pool Assets.</li> <li>– One team of about three people dealing with Corporate Banking and Ulster Bank's pools of Sighted and Blind Pool Assets.</li> </ul> </li> </ul> | <p><b>Main roles:</b></p> <ul style="list-style-type: none"> <li>• Monitoring of Approvals as granted by APS approvers pursuant to the Asset Management Framework into the Divisions for Sighted Assets</li> <li>• Advisory to RBS for any issue related to APS</li> <li>• Monitoring of Blind Pool Assets on a regular basis as to inform any action by RBS and HMT</li> <li>• Secondary Approvals under specific circumstances (on basis of APS Authorities delegated by SOC to individuals):             <ul style="list-style-type: none"> <li>– Proposed actions in respect of connections with a material level of total counterparty exposure above the limits for a Senior Credit Officer 2</li> <li>– Proposed actions related to connections in excess of Single Name Concentration Limit included into the Watch List</li> <li>– Proposed actions related to clients where impairments/provisions have been allocated in excess of £25m</li> <li>– Proposed actions that may effectively withdraw a Covered Asset from the APS</li> <li>– Proposed disposals of Covered Assets</li> <li>– Referral by APS Approvers for second opinion, for specific material issues</li> </ul> </li> <li>• Maintenance of adequate liaison with respective Divisions, their Risk Executives.</li> <li>• Key contact point with APA in relation to Compliance matters.</li> <li>• One Senior APS Approver/Manager for each sub-team will have shared HR responsibility with the respective heads of Asset Control.</li> </ul> |
|--|--|

|  |   |
|--|---|
| <p><b>Head of Reporting &amp; Management</b><br/><u>SET member</u></p> | <ul style="list-style-type: none"> <li>• Establish and manage the APS Reporting and Management unit responsible for the ongoing compliance and satisfaction of internal and external reporting across divisions for the Covered Assets in line with the Scheme Documents and any other relevant rules and regulations;</li> <li>• Lead the development and implementation of efficient processes and technology with the Divisions and Central functions to support the reporting requirements of the Scheme Documents and any other relevant rules and regulations;</li> <li>• Ensure appropriate financial and quality control environment in line with RBS procedures and Scheme Documents;</li> <li>• Support and co-ordinate provision of appropriate training and communication related to APS across all divisions;</li> <li>• Ensure effective support to the SOC and SET with regards to Secretariat services and relevant reporting;</li> <li>• Support Scheme Head and business in assessing appropriateness and delivery of special projects that may have impact on Covered Assets; and</li> <li>• Such other functions and responsibilities as the SOC and the Scheme Head may determine from time to time in connection with the implementation and administration of, and compliance with, the Scheme Documents.</li> </ul> |
|--|---|

**Teams directly reporting to Head of Reporting & Management**

|   |  |
|---|--|
| <p><b>Financial Control &amp; Reporting</b></p> | <ul style="list-style-type: none"> <li>• Produce and deliver all internal and external reporting, regular and ad-hoc, in respect of the status and management of the APS;</li> <li>• Oversee reporting requirements (timetable, content and analytical review) for public disclosures, asset performance and compliance obligations e.g. lending commitments;</li> <li>• Ensure robust processes and version controls in place to ensure quality and accuracy of reporting provided;</li> <li>• Produce and deliver all required reporting to the Scheme Head and Scheme Executive Team on the status of the Covered Assets, including:             <ul style="list-style-type: none"> <li>– Triggered Assets;</li> <li>– Assets undergoing, or subject to proposals for, restructure;</li> <li>– Assets rolled over, or proposed for Rollover;</li> <li>– Losses, claims and Recoveries;</li> <li>– The position of the APS ledgers;</li> </ul> </li> <li>• Ensure that all conduct/deals/ transactions affecting Covered Assets are appropriately represented and covered in reporting;</li> <li>• Monitor and review regulatory requirements, modifications to Scheme Documents, Practice Statements etc and update reporting as appropriate;</li> <li>• Take responsibility for information control and data quality; and</li> <li>• Ensure appropriate reporting tools exist in order to monitor and mitigate significant exceptions to the APS internal policy framework; decisions above defined delegated authority limits; significant influence on budget; impact on the risk profile of APS.</li> </ul> |
|---|--|

**Teams directly reporting to Head of Financial Control & Management (continued)**

|  |   |
|--|---|
| <p><b>Monitoring &amp; Asset Performance</b></p> | <ul style="list-style-type: none"> <li>• Design, agree, produce and maintain Key Performance Indicators (KPIs) for Covered Assets and Related Party Assets across business, risk and finance;</li> <li>• Monitor risk parameters of Covered Assets, track and report on material movements and trends;</li> <li>• Primary support for Head of APS Reporting and Management around reporting of actuals, budget and forecast for key APS metrics (including, assets values, maturity profiles, credit ratings, RWAs, Expected Losses and Impairment);</li> <li>• Key stakeholder for global system solutions being built for APS;</li> <li>• Organise and collate qualitative analysis from across the RBS Group to support the Financial Control &amp; Reporting function;</li> <li>• Liaise with HMT in relation to any requests for asset performance &amp; data quality related information;</li> <li>• Communicate and plan any data activities, coordinate across divisions, and arrange appropriate sign-offs prior to release. Ensure data and reports stored appropriately; and</li> <li>• Agree, plan, manage and deliver any ad hoc internal data requests pursuant to APS.</li> </ul>  |
| <p><b>Head of Scheme Services</b></p>            | <p><i>SOC Support</i></p> <ul style="list-style-type: none"> <li>• Provide support to the SOC and SET with regards to managing APS strategic agenda and secretariat, including representing the Head of Reporting &amp; Management as and when appropriate;</li> <li>• Support the Head of Reporting &amp; Management and the Scheme Head in setting the SOC and SET agendas;</li> <li>• Timely production of support material for SOC/SET meeting (including summary financials, internal KPIs);</li> </ul> <p><i>APS Implementation</i></p> <ul style="list-style-type: none"> <li>• Active management oversight of the Transitional Exceptions Document;</li> <li>• Represent/participate in relevant programme/BAU governance programmes (steering committee, Group forums etc);</li> <li>• Ensure consistent data and information/reporting is provided to HMT;</li> </ul> <p><i>Training &amp; Communications</i></p> <ul style="list-style-type: none"> <li>• Develop and implement training activities across all divisions and functions to ensure compliance with Scheme Documents;</li> <li>• Ensure suitable and consistent communications across the APS team, divisions and functions (i.e. newsletters, Quarterly presentations); and</li> <li>• Liaise with RBS Group functions to ensure consistent messages are delivered to relevant parties.</li> </ul> |

**Head of Regulatory Advisory**

**SET member**

- Advising on the Asset Management Conditions, the Governance and Oversight Conditions and the Monitoring and Reporting Conditions;
- Supporting on developing, reassessing and providing recommendations to the SOC in respect of the business strategies and governance arrangements;
- Proactively support specific business areas on all aspects of prudential regulatory issues ensuring that FSA requirements are met;
- Establish and manage APS Regulatory and Advisory Group functions (including in relation to the Conflicts Management Policy);
- Liaise with business areas to identify priority lobbying requirements on regulatory developments produced by the Basel Committee; EU Commission and FSA;
- Support the APS business by providing advice on FSA, HMT, EU approach when they are in contact with the relevant regulatory bodies;
- Develop regulatory strategy for appropriate areas to ensure that the team is adding value to business areas in real money terms;
- Represent RBS with regards to the regulatory and advisory aspects of the APS with key external stakeholders (HMT, FSA, External Audit, BOE, DNB);
- Provide leadership in terms of interaction with divisional management teams on regulation related to Covered Assets;
- Act according to the intent of RBS business principles and corporate values, all applicable laws and regulations and create a strong compliance culture within the APS business; and
- Such other functions and responsibilities as the SOC and the Scheme Head may determine from time to time in connection with the implementation and administration of, and compliance with, the Scheme Documents.

**Teams directly reporting to Head of Regulatory Advisory**

|                                  |   |
|----------------------------------|---|
| <p><b>Regulatory Support</b></p> | <ul style="list-style-type: none"><li>• Act as a resource for queries relating to legal interpretation of Scheme Documents and provide leadership and direction to the SET on legal issues;</li><li>• Be a technical expert on APS responsibilities. This will necessarily require liaison with Group Legal &amp; Group Tax;</li><li>• Drive initiatives that support the business in achieving its objective of evidenced compliance with Scheme Documents;</li><li>• Provide appropriate independent advice to the APS business ensuring compliance with relevant regulatory requirements (individual areas and senior exec) (including in relation to the Conflicts Management Policy);</li><li>• Advise on formal measures place to facilitate evidencing of appropriateness of claims to HMT;</li><li>• Advise on claim management process – look at disclosure issues, timely provision of advice;</li><li>• Provide advice and training where necessary;</li><li>• Manage the transition and handover from APS Design (APS Project) to APS implementation (APS BAU) from a legal perspective ensuring continuity of understanding around the legal framework;</li><li>• Manage the APS relationships with key law firms serving the business;</li><li>• Work effectively with and contribute to the SET in its leadership and management of RBS's participation in the APS; and</li><li>• Support and work effectively with other Group Legal teams to provide effective, highly valued and joined-up legal support.</li></ul> |
|----------------------------------|---|