

STANDARD TERMS AND CONDITIONS OF NON-EXECUTIVE DIRECTORS

The standard terms and conditions of Non-executive Directors of

1. The Royal Bank of Scotland Group plc (“the Group”);
2. The Royal Bank of Scotland plc (“the Royal Bank”); and
3. National Westminster Bank Plc (“NatWest”),

(together “the Companies”), are as follows:-

1. Appointment

- 1.1 The appointment is for an initial term of three years.
- 1.2 New Directors require to retire and seek re-election at the first Annual General Meeting following their appointment.
- 1.3 The Director’s appointment is contingent on his or her contribution to the Board and to the Committees of which they are a member.

2. Time Commitment

- 2.1 There is an anticipated time commitment in line with the recommendations of the Walker Review in respect of general Board duties and additional time as necessary in respect of Committee duties. This includes attendance at the regular Board and relevant Committee meetings of the Companies, the Annual General Meetings of the Companies and the annual Group Board strategy offsite.
- 2.2 An additional time commitment will be required should the Director be appointed to serve on any Board Committees and for attendance at relevant events such as informal dinners for the Directors.
- 2.3 The Director should seek the agreement of the Chairman before accepting additional commitments that might affect the time the Director is able to devote to his or her role as a Non-executive Director of the Companies.

3. Role

The key objectives and interests of a Non-executive Director are detailed below.

Key Objectives

As a member of the Group Board to: -

- Provide sound leadership of the company within a framework of prudent and effective controls that enable risk to be assessed and managed;
- Set the Group's strategic aims having regard to the risk appetite appropriate to the Group, ensure that the necessary financial and human resources are in place for the company to meet its objectives and review management performance; and
- Set the Group's values and standards and ensure that its obligations to its shareholders and other stakeholders, including government and regulatory agencies, are understood and met.

Key Interests

In furtherance of the key objectives, the Non-executive Director's principal areas of interest will consist of: -

- **Strategy.** Non-executive Directors should constructively challenge and help to develop proposals on strategy by bringing a different and external perspective to Board discussions.
- **Performance.** Non-executive Directors should support and scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- **Risk.** Non-executive Directors should satisfy themselves that Board discussion and decision making on risk matters is based on accurate and appropriately comprehensive information and draws, as far as they believe it to be relevant or necessary, on external analysis and input. In particular, Non-executive Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust, adequate and effective.
- **People.** Through membership of Board Committees, Non-executive Directors are responsible for determining appropriate policies, structure and levels of remuneration for Executive Directors and senior Executive Management and ensuring appropriate arrangements are in place for Board appointments and Executive and Non-Executive succession planning.

4. Fees

- 4.1 Non-executive Directors' fees are currently set at £72,500 per annum, which covers membership of all three Boards.
- 4.2 Additional fees will be paid in respect of any Board Committees on which a Director is asked to serve and, at the discretion of the Board, if a Director is required to take on additional responsibilities or tasks.
- 4.3 The Group will reimburse Directors for all reasonable and properly documented expenses incurred by them in performing their duties.

5. Outside Interests

In the event that a Director becomes aware of any potential conflicts of interest, these should be disclosed to the Chairman and the Group General Counsel and Group Secretary as soon as they are apparent to the Director.

With effect from 1 October 2008, the Board will be required to authorise any actual or potential conflicts of interest a Director may have and may impose conditions or limitations on a Director as a result of such authorisations.

6. Confidentiality

All information acquired during a Director's appointment is confidential to the Companies and should not be released, either during the appointment or following termination of the appointment, to third parties without prior written clearance from the Chairman.

7. Induction

A tailored induction programme is arranged for new Directors.

8. Review Process

The performance of individual Directors and the whole Board and its Committees is evaluated annually.

9. Insurance

- 9.1 Subject to legislative provisions, Directors will be entitled to be indemnified out of the assets of the Group against all costs and liabilities incurred by them in the execution of their duties.
- 9.2 The Group will maintain Directors' and Officers' Liability Insurance cover for Directors for the full term of their appointment.

10. Independent Professional Advice

Directors are able to take independent professional advice at the Companies' expense in furtherance of their duties if necessary.