

Public Section

The Royal Bank of Scotland Group plc Resolution Plan

Chapter 1: Public Section

Table of Contents

I.	Introduction.....	1
II.	RBS Group	2
II.A	Global Operations of RBS Group	2
II.B	RBS Group Organization Chart.....	3
II.C	Business Groupings.....	4
II.D	International Regulatory Authorities	5
II.E	Material Entities	6
II.F	Core Business Lines	7
II.G	Summary of Financial Information, Capital and Major Funding Sources	9
II.H	Funding.....	10
II.I	Liquidity Risk Management	10
II.J	Capital	11
II.K	Derivative and Hedging Activities.....	11
II.L	Memberships in Material Payment, Clearing and Settlement Systems.....	12
II.M	Principal Officers of the RBS Group.....	12
II.N	Resolution Planning, Corporate Governance, Structure and Processes.....	13
II.O	Material Management Information Systems	13
II.P	High-Level Description of Resolution Strategy	14
II.P.i	Global Resolution Strategy	14
II.P.ii	U.S. Resolution Strategy.....	14
II.Q	Resolution Strategies According to Entity	16
II.R	Interconnectedness.....	17
II.R.i	Efforts to Improve Resolvability.....	17

Chapter 1. Public Section

I. Introduction

This public section briefly summarizes the plan for the rapid and orderly resolution of the U.S. operations of The Royal Bank of Scotland Group plc (“**RBS Group plc**” and, together with its subsidiaries, the “**RBS Group**”). RBS Group is required to submit a resolution plan (the “**RBS U.S. Title I Plan**”) for its U.S. operations in the event of material financial distress or failure under the implementing regulations of Title I, Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Title I Rule**”).

The RBS U.S. Title I Plan describes how RBS Group’s critical operation, material entities, and core business lines can be reorganized, liquidated or otherwise resolved within a reasonable period of time, without any government or taxpayer support from the United States or United Kingdom in the event of material financial distress or failure in a way that substantially minimizes the risk that the failure of these entities, businesses or operations would have a serious adverse effect on financial stability in the U.S. The RBS U.S. Title I Plan also describes steps RBS Group has taken to improve resolvability, such as divesting its interest in Citizens Financial Group, Inc. (“**CFG**”) and significantly reducing its U.S. and global footprints.

The RBS Group is incorporated in Edinburgh, Scotland and operates in the U.S. through the U.S. branch and subsidiaries of The Royal Bank of Scotland plc (“**RBS plc**”). RBS Group has significantly reduced its U.S. operations since it filed its last resolution plan, on December 31, 2014, including the full divestment of its remaining interest in CFG.

On September 22, 2014, CFG closed an Initial Public Offering (“**IPO**”) of its common stock, reducing RBS Group’s ownership percentage from 100 percent to 71.2 percent.¹ By July 29, 2015, RBS Group had further reduced its ownership interest in CFG to 20.9% through a series of additional public offering of shares² and announced plans to divest the rest of CFG by December 31, 2015—one year earlier than originally planned.³ RBS Group sold its remaining ownership interest in CFG on October 30, 2015, significantly reducing its U.S. operations.

¹ See Press Release, Citizens Financial Group announces launch of Initial Public Offering (September 8, 2014), *available at* <https://www.citizensbank.com/about-us/news/citizens/2014/9-8-14-IPO.aspx>.

² On October 8, 2014, CFG repurchased 14.3 million of its shares from RBS Group, further reducing RBS Group’s ownership percentage to 70.5% after adjustment for the anti-dilutive effect of the repurchase. On March 30, 2015, RBS Group sold an additional 28.4% of Citizens through another public offering of shares, bringing RBS Group’s ownership of Citizens to 40.8% (following an additional repurchase of its own shares by Citizens from RBS Group on April 7). On or about July 29, 2015, RBS Group sold additional shares of Citizens through another public offering of shares, reducing RBS Group’s ownership of Citizens to 20.9%.

³ Statement of RBS Group Chief Executive “We are now targeting to be able to exit Citizens fully by the end of 2015, a year ahead of the original deadline.” See Partial Sale of Citizens Financial Group, Inc. Stake, Press Release (Jul. 29, 2015), *available at* <http://www.rbs.com/news/2015/july/partial-sale-of-citizens-financial-group-inc-stake.html>.

II. RBS Group

II.A Global Operations of RBS Group

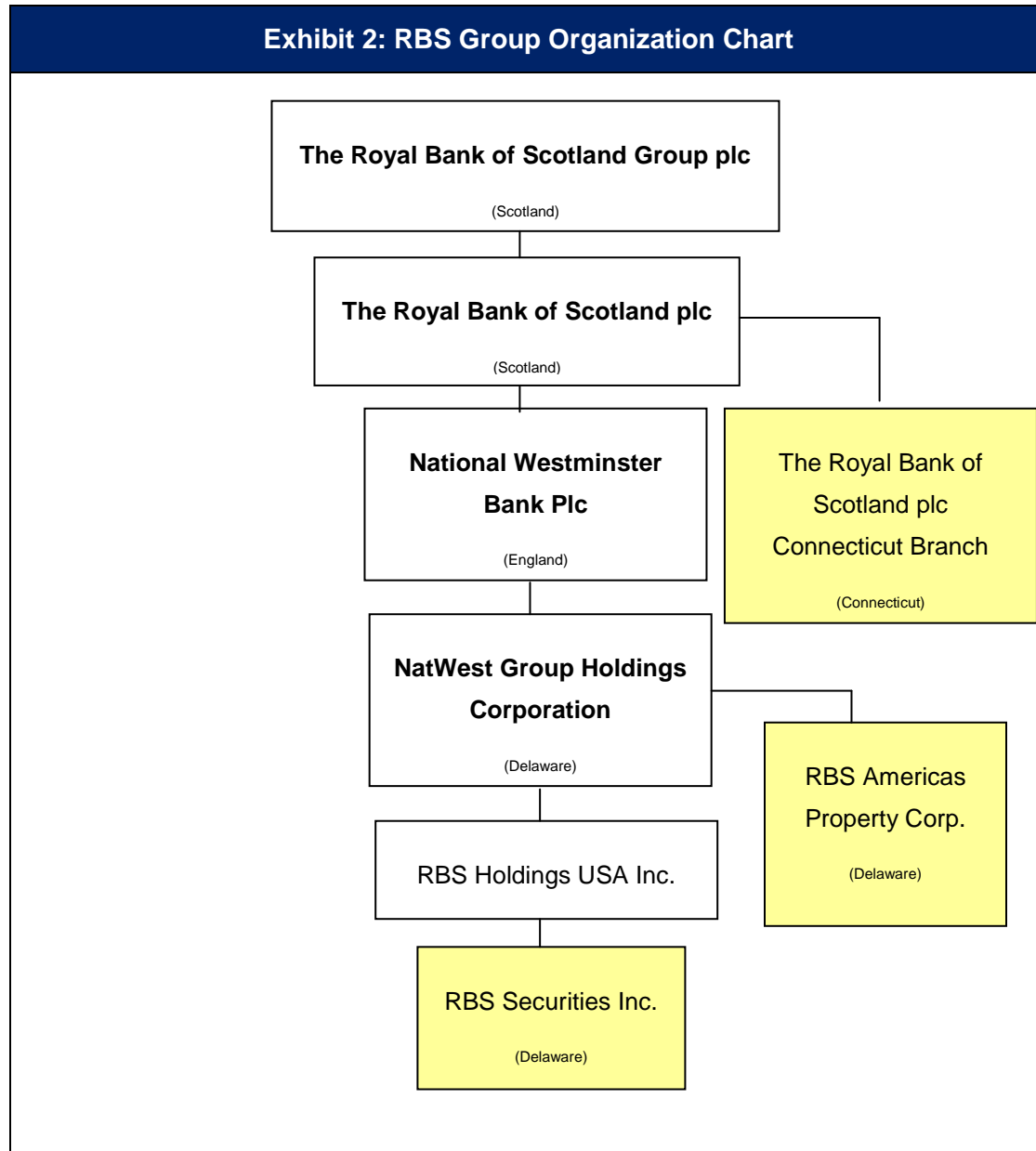
Since December 31, 2013, RBS Group has begun to dismantle its global investment bank and refocus on regional operations in the U.K. and Western Europe. In 2014 the percentage of total income from RBS Group's U.K. operations increased from 63% to 80% of total income. As of December 31, 2014, the RBS Group operated in 38 countries but expects to completely terminate its operations in 25 countries over the next few years. The RBS Group provides a wide range of products and services to personal, commercial, large corporate and institutional customers through its two principal subsidiaries, RBS plc and National Westminster Bank Plc, as well as through a number of other well-known brands, including Ulster Bank and Coutts. In the U.S., RBS Group mostly operates through RBS plc and its Corporate and Institutional Banking ("CIB") Americas business franchise.

Exhibit 1: RBS Group Total Revenue by Region		
Region	2014	2013
United Kingdom	80%	63%
United States	7%	24%
European Union	9%	9%
Rest of The World	4%	4%
Total	100%	100%

Source: RBS Group's 2014 Annual Report. Excludes one-off and other items. All amounts presented were prepared in accordance with IFRS Accounting Principles.

II.B RBS Group Organization Chart

The exhibit below lists the RBS Group Organization Chart as it relates to the RBS U.S. Title I Plan.



II.C Business Groupings

On February 27, 2014, RBS Group announced a new business strategy and reorganization of its business segments. As of December 31, 2014, RBS Group's business segments were organized into three main franchises (excluding CFG, which is no longer a part of RBS Group).

- **Personal & Business Banking (“PBB”)** combines the former **U.K. Retail** and business banking elements of former **U.K. Corporate** and **Ulster Bank** reportable segments. PBB provides individuals and small businesses with a full range of financial services and advice through the RBS Group, NatWest and Ulster Bank brands. PBB is now made up of two segments: **U.K. Personal & Business Banking** and **Ulster Bank**.
 - **U.K. Personal & Business Banking** serves U.K. individuals and small businesses with less than £2 million annual turnover and no currency transactions through a number of channels, including the RBS Group and NatWest network of branches and ATMs in the United Kingdom.
 - **Ulster Bank** is a leading retail and commercial bank in Northern Ireland and the Republic of Ireland. It provides a comprehensive range of financial services through both its Retail Banking division, which provides loan and deposit products through a network of branches and direct channels, and its Corporate Banking division, which provides services to businesses and corporate customers.
- **Commercial & Private Banking** serves high net-worth individuals and mid-sized corporations in the U.K.
 - **Commercial Banking** provides banking, finance and risk management services to the commercial, mid-corporate and corporate customers in the U.K. It offers a full range of banking products such as invoice finance through the RBSIF brand and asset finance through the Lombard branch and related financial services.
 - **Private Banking** provides banking and wealth management services in the U.K. through Coutts & Co and Adam & Company, offshore through RBS International and Isle of Man Bank and internationally through Coutts & Co Ltd.
- **Corporate & Institutional Banking (“CIB”)** combines certain large customers from two former divisions, International Banking and Markets and the former U.K. Corporate Banking division. CIB serves large corporate and financial institutions, governments and their agencies primarily in the U.K. and Western Europe and multinationals with substantial trade and investment links in the region. RBS Group primarily operates in the U.S. through the Americas division of CIB, CIB Americas.

II.D International Regulatory Authorities

United Kingdom

The U.K. Prudential Regulation Authority (“**PRA**”) is the consolidated supervisor of the RBS Group.

United States

The RBS Group plc is a foreign banking organization and financial holding company subject to the U.S. Bank Holding Company Act of 1956 (“**BHC Act**”), as if it were a bank holding company since it has a U.S. branch and therefore is regulated and supervised by the Federal Reserve. RBS Group's U.S. nonbank subsidiaries and RBS plc's U.S. branch are also subject to supervision and regulation by a variety of other U.S. state and federal regulatory agencies.

RBS plc's Connecticut branch (“**RBS plc CT Branch**”) is supervised by the Connecticut Department of Banking and is also subject to supervision by the Federal Reserve.

The RBS Group's primary U.S. broker dealer, RBS Securities Inc. (“**RBSSI**”), is also subject to regulation and supervision by the U.S. Securities and Exchange Commission (“**SEC**”) and the Financial Industry Regulatory Authority (“**FINRA**”) with respect to its securities activities. The futures activities of RBSSI are subject to regulation and oversight by the U.S. Commodity Futures Trading Commission (“**CFTC**”) and the Chicago Mercantile Exchange Group-owned exchanges.

Other Jurisdictions

The RBS Group operates in many different countries through a network of branches, local banks and nonbank subsidiaries, and these activities are subject to supervision in most cases by a local regulator or central bank.

The consolidated supervisor of The Royal Bank of Scotland N.V. (“**RBS NV**”), the Netherlands bank subsidiary of RBS Group plc, is the De Nederlandsche Bank (“**DNB**”). The DNB operates as the independent central bank and prudential supervisor of banks, insurance companies, pension funds and securities firms domiciled in the Netherlands, and also as part of the European System of Central Banks.

The RBS Group provides banking services in the Republic of Ireland through Ulster Bank Ireland Limited, which is supervised by the Central Bank of Ireland.

As both the Netherlands and Ireland are Euro-zone countries, the Single Supervisory Mechanism (SSM) composed of the European Central Bank (ECB) and National Competent Authorities (NCAs), now means that the ECB is responsible for the effective and consistent functioning of the SSM, for exercising oversight over the functioning of the system, and has

direct supervisory competence in respect of credit institutions. NCAs are responsible for assisting the ECB.

II.E Material Entities

The Title I Rule requires that RBS Group designate certain of its subsidiaries or foreign offices as material entities for purposes of the RBS U.S. Title I Plan. Applying specific criteria in conformance with the definition of material entity in the Title I Rule, the RBS Group designated four material entities of RBS Group, two of which are indirect subsidiaries of the RBS Group, one is a branch of RBS plc, and the other one forms part of RBS plc.

RBSSI's principal place of business is Stamford, CT. RBSSI is a SEC-registered broker-dealer, a Federal Reserve supervised primary dealer of U.S. government securities, a CFTC designated futures commission merchant ("**FCM**") and a member of FINRA and the Securities Investor Protection Corporation ("**SIPC**"). RBSSI is registered in 48 U.S. states and territories.

Exhibit 3: Financial Information for RBSSI (in USD millions)	
as of June 30, 2015	
Total Assets	32,029
Total Liabilities	26,939
Net Revenue	529
Income(Loss) before tax	(272)

RBS plc CT Branch is a Connecticut state-licensed branch of RBS plc located in Stamford, CT. Lending products, syndication fees associated with the Debt Capital Markets ("**DCM**") business and Repo activity is booked to RBS plc CT Branch. RBS plc CT Branch's assets are composed primarily of cash, reverse repurchase agreements and loans to third parties.

Exhibit 4: Financial Information for RBS plc CT Branch (in USD millions)	
as of June 30, 2015	
Total Assets	54,870
Total Liabilities	54,870
Net Revenue	15
Income(Loss) before tax	(99)

RBS plc London refers to the RBS plc books in which CIB Americas transactions are recorded and whose results are allocated to CIB Americas for purposes of internal profit and loss attribution and tax-transfer pricing. Products associated with the Rates and FX U.S. core business lines result in transactions being booked in RBS plc London. As of June 30, 2015, RBS plc London had a balance sheet of approximately \$148,638 million on a mark-to-market

basis, of which third party assets and liabilities (with equity) were \$86,400 and \$97,689 million, respectively.

RBS Americas Property Corp. (“RBSA Property”), a Delaware corporation, provides property services to its affiliates located in the U.S. RBSA Property’s principal asset is its headquarters at 600 Washington Blvd. in Stamford, CT, which comprises approximately one million square feet of commercial space over 12 floors. RBSA Property primarily provides this facility to the RBS Group's U.S.-based legal entities, including RBSSI and RBS plc CT Branch and to other third parties through leases. RBSA Property does not perform any other material business activities or serve any third-party clients.

Exhibit 5: Financial Information for RBSA Property (in USD million)	
as of June 30, 2015	
Total Assets	118
Total Liabilities	479
Net Revenue	5
Income (Loss) before tax	(430)

II.F Core Business Lines

The Title I Rule requires that the RBS Group designates certain businesses as core business lines for the purposes of the RBS U.S. Title I Plan. The RBS Group used specific criteria to designate its core business lines, including certain risk and revenue metrics. Its core business lines are identified below.

- Rates:** The Rates business operates primarily out of RBSSI, RBS plc CT Branch, and RBS plc London. The Rates business line offers fixed income products and services to financial institutions, money managers, pension funds, hedge funds, corporate clients and central banks. These products and services are divided into three business lines: cash products, derivatives, and futures.
- Debt Capital Markets (“DCM”):** The DCM business operates within two material entities, RBSSI and RBS plc CT Branch. The DCM business offers products and services such as origination, underwriting and placement of bonds, and certain syndicated loans for a select group of clients. DCM is organized into the following groups: (i) DCM specializes in originating bond issuances and syndicated loan transactions; and (ii) Syndicate, which is responsible for the underwriting and placement (including pricing) of bonds and syndicated loans.

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- **Lending Portfolio:** The Lending Portfolio CBL provides financing, investing and risk management solutions to financial institutions and corporations through the structuring and execution of loan products and lending commitments.
 - **FX U.S.:** The FX U.S. business is part of the global FX Trading and Sales business. The primary customers it serves are large corporations and financial institutions. The products traded cover G11 and emerging markets currencies in FX spot, forwards and options. Additionally it has an FX platform which is part of the global platform offering customers the opportunity to trade over E-commerce direct.

II.G Summary of Financial Information, Capital and Major Funding Sources

Exhibit 6 summarizes the assets, liabilities and capital position for the RBS Group plc as of December 31, 2014. For the most complete, updated financial information regarding assets, liabilities, capital and major funding sources, the RBS Group plc's annual and quarterly reports are available at <http://www.investors.rbs.com> and should be read in its entirety.

Exhibit 6: Condensed Consolidated Balance Sheet of the RBS Group plc				
as of December 31, 2014 (£ millions)				
	2014	2013	2012	2011
Assets				
Cash and balances at central banks	74,872	82,659	79,290	79,269
Loans and advances to banks	43,735	54,071	63,951	83,310
Loans and advances to customers	378,238	440,722	500,135	515,606
Debt securities subject to repurchase agreements	23,048	55,554	91,173	79,480
Other debt securities	63,601	58,045	66,265	129,600
Total debt securities	<u>86,649</u>	<u>113,599</u>	<u>157,438</u>	<u>209,080</u>
Equity shares	5,635	8,811	15,232	15,183
Settlement balances	4,667	5,591	5,741	7,771
Derivatives	353,590	288,039	441,903	529,618
Intangible assets	7,781	12,368	13,545	14,858
Property, plant and equipment	6,167	7,909	9,784	11,868
Deferred tax	1,540	3,478	3,443	3,878
Prepayments, accrued income and other assets	5,878	7,614	7,820	10,976
Assets of disposal groups	82,011	3,017	14,013	25,450
Total assets	<u>1,050,763</u>	<u>1,027,878</u>	<u>1,312,295</u>	<u>1,506,867</u>
Liabilities				
Deposits by banks	60,665	63,979	101,405	108,804
Customer accounts	391,639	470,880	521,279	502,955
Debt securities in issue	50,280	67,819	94,592	162,621
Settlement balances	4,503	5,313	5,878	7,477
Short positions	23,029	28,022	27,591	41,039
Derivatives	349,805	285,526	434,333	523,983
Accruals, deferred income and other liabilities	13,346	16,017	14,801	23,204
Retirement benefit liabilities	2,579	3,210	3,884	2,239
Deferred tax	500	507	1,141	1,945
Insurance liabilities	—	—	—	6,233
Subordinated liabilities	22,905	24,012	26,773	26,319
Liabilities of disposal groups	71,320	3,378	10,170	23,995
Total liabilities	<u>990,571</u>	<u>968,663</u>	<u>1,241,847</u>	<u>1,430,814</u>

Exhibit 6: Condensed Consolidated Balance Sheet of the RBS Group plc

as of December 31, 2014 (£ millions)

Non-controlling interests	2,946	473	1,770	686
Owners' equity	57,246	58,742	68,678	75,367
Total equity	60,192	59,215	70,448	76,053
Total liabilities and equity	£1,050,763	£1,027,878	£1,312,295	£1,506,867

Note: All amounts presented were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

II.H Funding

The RBS Group's primary funding source is its customer deposit base, primarily through its retail and commercial franchises in the UK and Ireland. These deposits form a stable base which fully funds RBS's customer lending activities.

Complimentary to its deposit funding, RBS maintains access to various wholesale markets or funding, on both a public and private basis, across a range of currencies, geographies, and maturities. These include long-term secured and unsecured debt, short-term money markets and repurchase agreements. The RBS Group accesses the wholesale funding markets directly or through one of its main operating subsidiaries through established funding programs. The use of different entities to access the market from time to time allows the RBS Group to further diversify its funding mix and in certain limited circumstances, demonstrate to regulators that specific operating subsidiaries enjoy market access in their own right.

II.I Liquidity Risk Management

The RBS Group has strategies, policies and practices in place to ensure that it maintains sufficient liquidity. The RBS Board sets the firm-wide liquidity risk appetite, which is managed on a daily basis by legal entity, country, region and business. In setting risk limits the RBS Board takes into account the nature of RBS Group's various activities, the overall risk appetite, market best practice and regulatory compliance. RBS Group's risk management framework (which is reviewed by The Asset and Liability Management Committee) determines the sources of liquidity risk and the steps that can be taken when these risks exceed certain actively monitored limits. These steps include when and how to use the liquid asset portfolio and what adjustments to the balance sheet should be undertaken to manage risks within RBS Group's risk appetite. The RBS Group maintains an adequate liquid asset portfolio appropriate to its business activities.

II.J Capital

The RBS Group is responsible for maintenance of capital adequacy for the enterprise on a consolidated basis according to U.K. regulation by the PRA and Bank of England. The RBS Group aims to maintain an appropriate level of capital to meet its business needs and regulatory requirements, and operates within an agreed upon risk appetite. The appropriate level of capital is determined based on the dual aims of: (i) meeting minimum regulatory capital requirements and (ii) ensuring that the RBS Group maintains sufficient capital to uphold investor and rating agency confidence in the organization, thereby supporting the business franchise and funding capacity. The PRA uses the risk asset ratio (“**RAR**”) as a measure of capital adequacy in the U.K. banking sector, comparing a bank’s capital resources with its risk weighted assets (the assets and off-balance sheet exposures are weighted to reflect the inherent credit and other risks). By international agreement, the RARs should not be less than 8% with a Tier 1 component of not less than 4%. The RBS Group’s risk asset ratios at December 31, 2014 were a total RAR of 13.7% and Tier 1 RAR of 11.2% (both on a CRR end point basis).

The minimum regulatory capital requirements are identified by the RBS Group through the Internal Capital Adequacy Assessment Process and then agreed upon between the Board of Directors of the RBS Group plc (the “**RBS Board**”) and the appropriate supervisory authority. The RBS Group’s own determination of how much capital is sufficient is derived from the desired credit rating level and risk appetite and reflects the current and emerging regulatory requirements. It is evaluated through the application of both internally and externally defined stress tests that identify potential changes in capital ratios to a range of scenarios.

II.K Derivative and Hedging Activities

The RBS Group enters into economic hedges primarily to manage its interest rate risk in financial assets/liabilities and non-trading positions. The RBS Group manages this risk within approved limits.

The RBS Group attempts to control its market risk exposures through hedging strategies and a wide variety of quantitative and qualitative monitoring and analytical review mechanisms, including Value-at-Risk measures.

Risk hedging strategies may include internal trades with other parts of the business falling within other economic functions. CIB Americas has a comprehensive market risk management framework in place to identify, measure, monitor, analyze and control market risk arising from trading activities on a consistent and timely basis.

The trading of derivatives products is a subset of the overall trading activities in which CIB Americas participates. The FX U.S. and Rates core business lines trade and manage the trading activities for derivatives products. Derivative products that are traded by the Rates core business line include interest rate swaps and uncleared options. Derivative products that are

traded by FX U.S. core business line include FX spot, forwards, and options. Derivative trading conducted by the Rates and FX U.S. core business lines is booked in RBS plc London.

II.L Memberships in Material Payment, Clearing and Settlement Systems

The RBS Group relies on a variety of Payment, Clearing and Settlement Systems (also known as Financial Market Utilities) to facilitate the clearing and settlement of securities and cash transactions. Financial Market Utilities that the RBS Group has direct access to (through memberships by its material entities) or indirect access to are listed below.

Exhibit 7: Material FMU Memberships		
System Type	Financial Market Utility Membership	Entity Holding Membership
Payment	CHIPS	RBS plc CT Branch
Payment	Fedwire Funds Service	RBS plc CT Branch
Messaging	SWIFT	RBS plc and RBSSI
Settlement and Clearing	CLS Bank	RBS plc
Settlement and Clearing	CME Group	RBS plc and RBSSI
Settlement and Clearing	Depository Trust Company	RBSSI
Settlement and Clearing	FICC - GSD	RBSSI and RBS plc CT Branch
Settlement and Clearing	ICE Clear US	RBSSI
Agent Bank	JPMCB	RBSSI and RBS plc

II.M Principal Officers of the RBS Group

The exhibit below lists the principal officers of the RBS Group (members of the Executive Committee).

Exhibit 8: Principal Officers of the RBS Group plc	
as of September 30, 2015	
Executive	Title
Ross McEwan	Chief Executive
Ewen Stevenson	Chief Financial Officer
David Stephen	Chief Risk Officer
Jon Pain	Chief Conduct & Regulatory Affairs Officer
Simon McNamara	Chief Administrative Officer
Les Matheson	Chief Executive Officer, Personal and Business Banking

Exhibit 8: Principal Officers of the RBS Group plc	
as of September 30, 2015	
Executive	Title
Alison Rose	Chief Executive Officer, Commercial and Private Banking
Elaine Arden	Chief Human Resources Officer
Chris Marks	Co CEO Corporate & Institutional Banking
Mark Bailie	Co CEO Corporate & Institutional Banking
David Wheldon	Chief Marketing Officer

II.N Resolution Planning, Corporate Governance, Structure and Processes

Ultimate responsibility for governance of the RBS Group and its operations and subsidiaries worldwide lies with the RBS Board. To enable the RBS Board to carry out its responsibilities, authority is delegated to committees of the RBS Board, as well as to boards and committees and senior management of its various divisions, regions and operating entities throughout the RBS Group.

In order to provide timely, credible and complete responses to supervisory recovery and resolution planning initiatives designed to promote financial stability and enable authorities to resolve financial institutions in an orderly manner, the RBS Group Board established the RBS Group Recovery and Resolution Planning Steering Group (“**RBSG RRP ESG**”) in 2012.

The RBS Group is managed in the U.S. by the CIB Americas Management Committee (“**CIB Americas ManCo**”) under such delegated authority. The CIB Americas ManCo is the RBS Americas region’s highest level decision-making forum and a forum for discussion of key operational, supervisory and/or governance matters relating to the overall business and operations of the RBS Group in the Americas region.

The RBS U.S. Title I Plan was prepared by committees from CIB Americas with oversight and approval by CIB Americas ManCo and RBSA RP ESG. The CIB Americas ManCo reviewed the Resolution Plan before it was approved by the RBSA RRP ESG.

II.O Material Management Information Systems

The RBS Group uses information technology and management information systems (“**IT/MIS**”) to support various business functions. IT/MIS includes applications used to generate management reports, conduct business activities in derivatives trading, lending operations and financing, risk and compliance management and front-office support. In preparation for the Resolution Plan, each of RBS Group’s material entities, core business lines and critical

operations identified systems and applications essential to its respective businesses, entities and operations. The Resolution Plan also used the RBS Group Business Continuity Plan (which is used to manage risk management efforts) to validate and identify some of these key IT/MIS systems and applications. In the event of disaster, the RBS Group will also use the Business Continuity Plan to facilitate the resumption of all normal business operations.

II.P High-Level Description of Resolution Strategy

II.P.i Global Resolution Strategy

The European Commission Bank Recovery and Resolution Directive and the Single Resolution Mechanism does not impact the resolution strategy of the CIB Americas U.S. ME's. The Single Resolution Mechanism provides for the recapitalization of RBS plc to affect a transfer of assets and certain liabilities to a bridge bank. None of the CIB Americas MEs are attempting to survive resolution and are being wound down. As such, any strategy for the resolution and survival of RBS plc by the U.K. Agencies has little significance or impact on the CIB Americas MEs since the U.S. MEs are being liquidated and will not require any recapitalization with funds from a single point of entry strategy. If in the future, the RBS U.S. Title I Plan were to contemplate the survival of any CIB Americas MEs, then the implementation of a single point of entry strategy by the U.K. Agencies would take on more significance in resolving the U.S. ME's.

II.P.ii U.S. Resolution Strategy

As required by the Title I Rule, RBS U.S. Title I Plan demonstrates how the RBS Group MEs, CBLs and the CO domiciled or conducted in whole or material part in the United States can be reorganized, liquidated or otherwise resolved under the Bankruptcy Code, Securities Investor Protection Act ("**SIPA**") or other applicable law in an organized manner, in a reasonable period of time, without any extraordinary support from the U.S., the U.K. or any other government.

While the RBS U.S. Title I Plan explores a potential sale of MEs and CBLs, the single resolution strategy adopted by the RBS U.S. Title I Plan is determined to be wind-down or liquidation.

The resolution must be conducted in a manner that:

- Substantially minimizes the risk that the failure of RBS Group's entities, businesses or operations would have a serious adverse effect on financial stability in the U.S.;
- Facilitates separability from the rest of the RBS Group; and
- Maximizes return to claimants.

The RBS Group's resolution strategy assumes, consistent with pertinent regulations and supervisory guidance, that the RBS Group's material entities will fail due to an idiosyncratic event that is specific to RBS Group. The resolution strategy assumes that other financial institutions and the markets are not experiencing system-wide stress and that other market

participants remain able to acquire RBS Group’s businesses and assets. Events in the RBS U.S. Title I Plan are organized relative to four time segments:

Exhibit 9: Descriptions of Relevant Time Periods and Actions		
Time Period	Description	Actions
Pre-Runway Period	The five day period between the occurrence of the idiosyncratic event that causes material financial distress and the time when the MEs would enter the Runway Period.	Throughout the Pre-Runway period, the RBS Group would attempt to recover from the idiosyncratic event and maintain or restore adequate liquidity to the CIB Americas MEs. By day five of this scenario, however, the liquidity situation has worsened to the degree that the RBS Group believes that it would not be able to recover from the idiosyncratic event in event that counterparty reaction is severe and sustained, as third party creditors would not want to continue to provide funding to CIB Americas ME’s.
Runway Period	The ten day period between the Pre-Runway Period and when the material entities enter into resolution proceedings.	The RBS Group would attempt to sell itself to a third party. The goal of the sales would be to continue without interrupting or materially distressing the RBS Group’s US critical operation and maximize value for the benefit of RBS Group’s creditors and other stakeholders to whatever extent possible.
Resolution Weekend	The period between the initiation of resolution proceedings of at least one the RBS Group material entity and the start of the following business day.	The RBS Group would continue to attempt a third-party sale after the initiation of resolution proceedings of at least one material entity until the start of the following business day. This would include a sale of RBSSI, RBSA Property, the U.S. loan assets of RBS plc CT Branch and the U.S. assets booked to RBS plc London.
Resolution Period	The period following Resolution Weekend when the RBS Group’s MEs are resolved through their respective resolution proceedings	The material entities would be resolved through their respective resolution proceedings during the period following Resolution Weekend, either through asset sales or orderly wind down. The RBS U.S. Title I Plan includes detailed strategies for the sale or orderly wind-down of each of RBS Group’s CBLs through the relevant resolution proceedings, including a SIPA liquidation of RBSSI, Chapter 11 bankruptcy of RBSA Property if needed and wind-down of RBS plc CT Branch under Connecticut state law. It is assumed that the MEs will not have access to outside funding.

II.Q Resolution Strategies According to Entity

Exhibit 10 describes the resolution regime for each of RBS Groups MEs.

Exhibit 10: Material Entity Resolution Regimes	
Material Entity	Resolution Regime
RBSSI.	SIPA
RBS plc CT Branch	The Banking Law of Connecticut
RBS plc London	U.K. Resolution Regime
Material Service Entity	Resolution Regime
RBSA Property	Chapter 11 of the U.S. Bankruptcy Code

RBSSI: Because the RBS U.S. Title I Plan assumed that a going-concern sale is not viable, RBSSI would need to be wound down in SIPA Proceedings. RBSSI's business would almost immediately cease to conduct business as a broker-dealer once SIPA Proceedings are commenced after which it would be liquidated in an orderly manner. The RBS Group believes that RBSSI would be able to generate sufficient liquidity to cover funding needs during SIPA Proceedings. The liquidity expected to be generated is expected to be sufficient to cover the cost of administering RBSSI's estate, including any transfer of customer property and the administration of claims.

RBS plc CT Branch The resolution strategy for RBS plc CT Branch does not contemplate the possibility of continuing the operations of the RBS plc CT Branch, and instead provides for the orderly wind-down of such operations in the receivership. The RBS Group believes RBS plc CT Branch would have sufficient liquidity and funding to maintain operations for the Runway Period before it would enter into resolution proceedings. If the RBS Group were able to find a third-party buyer for some of RBS plc CT Branch's assets but unable to close the transaction before Resolution Weekend and the commencement of the Commissioner's receivership, that partial sale would be at the discretion of the Commissioner. The unsold portions of the CT branch would be managed and liquidated by the Commissioner.

RBS plc London The resolution strategy for RBS plc would include maintaining operations and funding for CBLs conducted out of RBS plc London. U.K. Agencies would oversee the RBS plc resolution process.

RBSA Property In designing the resolution strategies for RBSA Property, the RBS Group considered the fact that some operations of RBS Group located in the U.S. are dependent on RBSA Property for access to physical facilities and leased property. The resolution strategy for RBSA Property is thus driven by and would need to be coordinated with the resolution strategies of the material entities that it supports. The RBS Group believes, based on RBSA

Property's stable operating expenses and revenue streams, that RBSA Property would have sufficient liquidity and funding to maintain operations from the Runway Period through the Resolution Period, for so long as access to RBSA properties continues to be necessary to support the resolution of other material entities and core business lines.

II.R Interconnectedness

RBS Group's U.S. operations are financially and operationally interconnected with the rest of RBS Group. The Resolution Plan assumes that RBS Group's U.S. operations and the RBS Group plc would simultaneously enter into resolution in the U.S. and U.K., respectively. The range of outcomes for the resolution of the assets booked to RBS plc London by the U.S. material entities may differ depending on the specific resolution strategy employed by the U.K. authorities.

II.R.i Efforts to Improve Resolvability

Since December 31, 2014, the RBS Group has undergone a series of changes to reduce its footprint in the U.S. and globally and to refocus on its U.K. operations, including terminating operations in 25 countries and executing on its commitment to divest CFG. The RBS Group has completely divested its ownership stake in CFG common stock through a series of public offerings.

In addition to divesting its interest in CFG, the RBS Group has significantly simplified its other U.S. operations. The RBS Group has considerably reduced (and is continuing to reduce) its remaining U.S. non-branch assets by modifying the CIB Americas business to simplify its regional operating model, mitigate risk and reduce costs. The RBS Group is limiting its U.S. presence to several core products, including rates and currencies. Certain CIB Americas businesses, including previously identified CBLs, have already been wound down, and the RBS Group has further reduced assets through the sale of highly liquid assets or the expiration of repurchase and reverse repurchase transactions. The RBS Group also de-designated one of its MEs, RBS Financial Products, Inc.

As discussed above, by divesting its interest in CFG, simplifying its operations through CIB Americas, and by eliminating another material entity, the RBS Group has taken significant steps to reduce its U.S. footprint and risk to the American economy should RBS Group's U.S. operations enter into resolution proceedings. Upon the conclusion of these resolution proceedings, the MEs would be wound-down and cease to exist.