

Public Section

RBS Group plc Resolution Plan

Pursuant to 12 C.F.R. Parts 217 & 381

and

RBS Citizens, N.A. Resolution Plan

Pursuant to 12 C.F.R. 360

July 1, 2013

Table of Contents

I	Introduction	1
II	RBS Group and RBS Americas	2
II.A	Global Operations of RBS Group	2
II.B	Material Supervisory Authorities	4
II.C	Principal Officers of RBS Group plc.....	5
II.D	Resolution Planning Corporate Governance, Structure and Processes	6
II.E	Summary of Financial Information, Capital and Major Funding Sources.....	7
III	RBSCNA IDI Plan and RBS Citizens Resolution Plan.....	10
III.A	Material Entities	11
III.B	Core Business Lines.....	12
III.C	Summary of Financial Information, Capital and Major Funding Sources.....	13
III.D	Derivative and Hedging Activities	16
III.E	Membership in Material Payment, Clearing and Settlement Systems	17
III.F	Foreign Operations	17
III.G	Material Supervisory Authorities	17
III.H	Principal Officers.....	17
III.I	RBS Citizens' Resolution Planning Corporate Governance, Structure and Processes	18
III.J	Material Management Information Systems	19
III.K	High-Level Description of RBS Citizens' Resolution Strategy	20
IV	Markets & International Banking Americas.....	22
IV.A	Material Entities	22
IV.B	Core Business Lines.....	23
IV.C	Summary of Financial Information, Capital and Major Funding Sources.....	24
IV.D	Derivative and Hedging Activities	24
IV.E	Memberships in Material Payment, Clearing and Settlement Systems	24
IV.F	Foreign Operations	25
IV.G	Material Supervisory Authorities	25
IV.H	Principal Officers.....	25
IV.I	M&IBA's Resolution Planning Corporate Governance, Structure and Processes	25
IV.J	Material Management Information Systems	26
IV.K	High-Level Description of Markets & International Banking Americas' Resolution Strategy	26

Chapter 1. Public Section

I Introduction

On September 13, 2011, the Board of Governors of the Federal Reserve System (the “**Federal Reserve**”) and the Federal Deposit Insurance Corporation (the “**FDIC**”) jointly adopted a final rule (Federal Reserve Regulation QQ, Part 381 of the FDIC regulations, the “**Title I Rule**”) to implement resolution plan requirements for certain nonbank financial companies and bank holding companies pursuant to Section 165(d) of Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”). Under the Title I Rule, The Royal Bank of Scotland Group plc (“**RBS Group plc**” and, together with its subsidiaries, the “**RBS Group**”) is required to submit periodically a resolution plan for the US operations of the RBS Group (such resolution plan is referred to herein as the “**RBS US Title I Plan**”).

On January 17, 2012, the FDIC issued a final rule (Part 360 of the FDIC regulations, the “**IDI Rule**”) that requires insured depository institutions (“**IDIs**”) with assets of \$50 billion or more to submit periodically to the FDIC a plan for resolution in the event of failure under the Federal Deposit Insurance Act (“**FDIA**”). RBS Citizens, N.A. (“**RBSCNA**”) is concurrently filing its separate plan (“**IDI Plan**”) to fulfill the requirements of the IDI Rule. RBSCNA’s IDI Plan is substantially included as a subpart of the RBS US Title I Plan, and is referred to as the “**RBS Citizens Resolution Plan**.”

The RBS US Title I Plan demonstrates how the material entities, core business lines and critical operations of the RBS Group that are domiciled or conducted in whole or material part in the United States can be reorganized, liquidated or otherwise resolved under applicable insolvency law in a reasonable period of time, without any extraordinary support from the US, the UK or any other government, and in an organized manner 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 US.

The RBS Group US operations consist of two divisions: US Retail & Commercial division, which is the consumer and commercial banking operating division in the United States of America of the RBS Group; and Markets & International Banking Americas (“**M&IBA**”), with M&IBA being the American operating division of Markets & International Banking (“**M&IB**”), which is the wholesale banking division of the RBS Group. M&IB provides fixed income, risk management, foreign exchange, rates and transaction banking services to its clients, which include corporations, financial institutions, governments and the public sector.

US Retail & Commercial operates principally through RBSCNA, its sister bank, Citizens Bank of Pennsylvania (“**CBPA**”, and together with RBSCNA, the “**RBS IDIs**”), and their parent company, RBS Citizens Financial Group, Inc. (“**RBSCFG**”, and together with RBSCNA and CBPA, “**RBS Citizens**”).

The US Retail & Commercial and M&IBA operating divisions conduct business via separate and distinct legal entities with oversight from RBS Group’s centralized RBS Americas (“RBSA”) regional management structure. The RBS US Title I Plan includes the resolution strategies for both US Retail & Commercial and M&IBA.

This document constitutes the Public Section (“**Chapter 1**”) of both the RBS US Title I Plan filed by RBS Group plc pursuant to the Title I Rule, and the separate IDI Plan filed by RBSCNA pursuant to the IDI Rule. Information required under the Title I Rule with respect to RBS Group plc, the “covered company” under the Title I Rule, is provided in Part II below; information required under the Title I Rule and the IDI Rule with respect to RBS Citizens is provided in Part III below; and information required under the Title I Rule with respect to M&IBA is provided in Part IV below.

II RBS Group and RBS Americas

II.A Global Operations of RBS Group

The RBS Group provides a wide range of products and services to personal, commercial, large corporate and institutional customers through its two principal subsidiaries, The Royal Bank of Scotland plc and National Westminster Bank plc, as well as through a number of other well-known brands including RBS Citizens, Charter One, Ulster Bank and Coutts.

Exhibit 1: RBS Group 2012 Total Income by Region	
Region	%
United Kingdom	66%
United States of America	20%
European Union	11%
Rest of the world	3%
Total	100%

Source: RBS Group’s 2012 Annual Report. Excludes one-off and other items. All amounts presented were prepared in accordance with IFRS Accounting Principles.

RBS Group is organized along the following business groupings:

- UK Retail offers a comprehensive range of banking products and related financial services to the personal market. It serves customers through the RBS and NatWest networks of branches and ATMs, and also through telephone and digital channels. It has approximately 26,000 full time equivalent employees.
- UK Corporate is a leading provider of banking, finance and risk management services to the corporate and SME (small and medium-sized enterprise) sector in the United Kingdom (“UK”), offering a full range of banking products and related financial services. It has approximately 13,300 full time equivalent employees.

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- Wealth provides private banking and investment services in the UK through Coutts & Co and Adam & Company; offshore banking through RBS International, NatWest Offshore and Isle of Man Bank; and international private banking through Coutts & Co. Ltd. It has approximately 5,300 full time equivalent employees.
 - International Banking offers a core banking proposition to multi-national corporate and financial institutions by providing debt financing, risk management and transaction services, working with clients to find the best product mix to execute their strategy. It has approximately 4,400 full time equivalent employees.
 - Ulster Bank is a leading retail and commercial bank in Northern Ireland and the Republic of Ireland, providing comprehensive range of financial services through RBS Group's Retail Markets and Corporate Markets divisions. It has approximately 4,500 full time equivalent employees.
 - US Retail & Commercial provides financial services primarily in the Northeastern, Mid-Atlantic and Midwest United States through its two IDI subsidiaries, RBS CNA and CBPA, using the Citizens Bank, Charter One and RBS Citizens brands. It is engaged in retail and corporate banking activities. It has approximately 19,000 full time equivalent employees.
 - Markets provides financing, risk management and advisory services to RBS Group's corporate and institutional clients. It has approximately 11,200 full time equivalent employees.
 - Direct Line Group is a retail general insurer, with leading market positions in the UK and businesses in Italy and Germany. The brands include Direct Line, Green Flag, Churchill and Privilege. It has approximately 14,200 full time equivalent employees. RBS owns 65.3% of Direct Line and plans to cede control by the end of 2013.
 - Business Services supports the customer-facing businesses and provides operational technology, customer support in telephony, account management, lending and money transmission, global purchasing, property and other services. It has approximately 33,200 full time equivalent employees.
 - Central Functions comprises RBS Group corporate functions, such as treasury, finance, risk management, legal, communications and human resources. The Central Functions division manages RBS Group's capital resources and Group-wide regulatory projects and provides services to the operating divisions. It has approximately 6,800 full time equivalent employees.
 - Non-Core manages separately assets that RBS Group intends to run off or divest. It has approximately 3,100 full time equivalent employees.

II.B Material Supervisory Authorities

United Kingdom

The UK Prudential Regulation Authority (“**PRA**”) is currently the consolidated supervisor of the RBS Group. On April 1, 2013, regulatory responsibilities were split between two new regulatory bodies: the PRA and the Financial Conduct Authority (“**FCA**”). At that point, RBS Group’s previous consolidated supervisor, the Financial Services Authority, ceased to exist and the PRA became the consolidated prudential supervisor of the RBS Group.

United States

RBS Group plc is both a bank holding company and a financial holding company within the meaning of the US Bank Holding Company Act of 1956 (“**BHC Act**”). As such, it is subject to the regulation and supervision of the Federal Reserve. RBS Group’s US IDI and non-bank subsidiaries and RBS plc’s US branches are also subject to supervision and regulation by a variety of other US regulatory agencies.

RBSCNA is supervised by the Office of the Comptroller of the Currency (“**OCC**”), which is charged with the regulation and supervision of nationally chartered banks. CBPA is subject to the regulation and supervision of the FDIC and the Pennsylvania Department of Banking. Both IDIs are subject to supervision and regulation by the Consumer Financial Protection Bureau (“**CFPB**”), established by the Dodd-Frank Act. RBSCFG is also supervised by the Federal Reserve as a bank holding company and financial holding company under the BHC Act.

RBS plc’s New York branch is supervised by the New York State Department of Financial Services, and its Connecticut branch is supervised by the Connecticut Department of Banking. Both branches are also subject to supervision by the Federal Reserve.

RBS Group’s primary US broker dealer, RBS Securities Inc. (“**RBSSI**”), is also subject to regulation and supervision by the US 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 US Commodity Futures Trading Commission (“**CFTC**”) and the Chicago Mercantile Exchange Group-owned exchanges.

Netherlands

The consolidated supervisor of The Royal Bank of Scotland N.V. (“**RBS NV**”), the Netherlands bank subsidiary of RBS plc, is the De Nederlandsche Bank (“**DNB**”). The DNB operates as 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.

Republic of Ireland

The banking service in the Republic of Ireland is provided by Ulster Bank Ireland Limited, which is supervised by the Central Bank of Ireland.

Other jurisdictions

The RBS Group operates in over 45 countries through a network of branches, local banks and non-bank subsidiaries and these activities are subject to supervision in most cases by a local regulator or central bank.

II.C Principal Officers of RBS Group plc

The exhibit below lists the Principal Officers of RBS Group plc:

Exhibit 2: Principal Officers of RBS Group plc	
Executive	Title
Philip Hampton	Chairman of the Board
Stephen Hester	Group Chief Executive, Executive Director ^(a)
Bruce Van Saun	Group Finance Director, Executive Director
Ellen Alemany	Chief Executive – RBS Citizens and Head of Americas ^(b)
Suneel Kamlani	Co-CEO - Markets
Ross McEwan	Chief Executive - UK Retail
Peter Nielsen	Co-CEO - Markets
John Owen	Chief Executive - International Banking
Chris Sullivan	Chief Executive - UK Corporate Banking
Ron Teerlink	Group Chief Administrative Officer ^(c)
Nathan Bostock	Chief Risk Officer ^(a)
Aileen Taylor	Group Secretary

^(a) RBS Group announced on June 12, 2013 that Stephen Hester will be stepping down as Group Chief Executive later this year.

^(b) RBS Group announced on May 9, 2013, that effective October 1, 2013, Ellen Alemany will be retiring and will be replaced by Bruce Van Saun, currently RBS Group Finance Director, that Mr. Van Saun will be replaced as RBS Group Finance Director by Nathan Bostock; and that Mr. Bostock will be replaced as Chief Risk Officer by David Stephen, who is currently Deputy Group Chief Risk Officer.

^(c) RBS Group announced on May 13, 2013, that Ron Teerlink will be retiring at the end of June and will be replaced as Group Chief Administrative Officer by Simon McNamara, who will be joining the company in the third quarter of 2013.

II.D Resolution Planning Corporate Governance, Structure and Processes

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

RBS Americas Management

The RBS Americas Management Committee (“**RBSA ManCo**”) was established by and operates under authority delegated by the Executive Committee of the RBS Group Board (“**RBSG ExCo**”). The RBSA 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 RBS in the Americas region. Subject to the oversight of the RBSG ExCo, the RBSA ManCo determines the overall strategic direction of RBS in the Americas, and, as appropriate, will determine policies and procedures relating to the overall business and operation of RBS in the Americas. Among its responsibilities, the RBSA ManCo is responsible for ensuring that the businesses of RBS in the region are well managed at all times, and that the businesses of RBS in the Americas region operate in compliance with all applicable laws and regulations as well as RBS Group and regional policies and standards. The RBSA ManCo may delegate authorities and responsibilities to committees to provide oversight for businesses in the Americas as appropriate to fulfill its responsibilities. The RBSA ManCo reviewed the RBS US Title I Plan before it was approved by the RBS Group Recovery and Resolution Planning Steering Group.

RBS Group Resolution Planning Governance

The RBS Group established the RBS Group Recovery and Resolution Planning Steering Group (the “**RBSG RRP SG**”) in 2012. Its purpose is to coordinate the development of recovery and resolution planning activities as required by regulators. It is sponsored by the RBS Group Finance Director, chaired by the RBS Group Director of Regulatory Affairs and includes senior executives from key functional areas. It is a subcommittee of RBSG ExCo. The RBSG ExCo is RBS Group’s most senior management committee, and is chaired by the RBS Group Chief Executive Officer. The RBS Group Resolution Planning Office (“**RBSG RPO**”) was established in 2011 to manage ongoing resolution plan developments across the RBS Group.

RBSA Resolution Plan Corporate Governance

A comprehensive governance and management process has been established to oversee the creation and maintenance of the RBS US Title I Plan and the IDI Plan. The process relies on a combination of existing corporate governance and executive management structures, as well as

new committees, work groups and permanent functions established to provide oversight, control and ongoing management of the resolution plan.

In the United States, the RBS Americas Resolution Plan Executive Steering Group (“**RBSA RP ESG**”) was established in 2012 by the RBSA ManCo and the RBSG RRP SG to oversee the preparation of the RBS US Title I Plan and the IDI Plan, and to ensure consistency in plan development across the different operating businesses. The RBSA RP ESG is chaired by the RBS Americas Chief Financial Officer (“**CFO**”), and includes members of senior management. The Head of the RBSG RPO is a member of the RBSA RP ESG, as is the Chairman of the RBSG RRP SG, providing direct coordination with the RBSG RRP SG to ensure consistency with RBS Group resolution planning efforts.

Because RBS Citizens and M&IBA have largely separate businesses and management structures, each of those operating divisions created its own work streams, headed by one of their representatives on the RBSA RP ESG, under the oversight of the RBSA RP ESG. This governance structure ensures a consistent approach under the oversight of the RBS Group and RBS Americas management, while permitting each of the RBS US operating divisions to focus on the resolution strategies of their different businesses and resolution authorities having jurisdiction over their legal entities, as described further below.

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

Exhibit 3 summarizes the assets, liabilities, and capital position for RBS Group plc as of December 31, 2012. For the most complete, updated financial information regarding assets, liabilities, capital and major funding sources, RBS Group plc’s annual review and quarterly reports are available at www.investors.rbs.com and should be read in their entirety.

**Exhibit 3: Condensed Consolidated Balance Sheet of RBS Group plc
as of December 31, 2012 (£ in millions)**

	2012	2011	2010
Assets:			
Cash and balances at central banks	79,290	79,269	57,014
Loans and advances to banks	63,951	83,310	100,518
Loans and advances to customers	500,135	515,606	555,260
Debt securities subject to repurchase agreements	91,173	79,480	80,104
Other debt securities	66,265	129,600	137,376
Debt securities	157,438	209,080	217,480
Equity shares	15,232	15,183	22,198
Settlement balances	5,741	7,771	11,605
Derivatives	441,903	529,618	427,077
Intangible assets	13,545	14,858	14,448
Property, plant and equipment	9,784	11,868	16,543
Deferred tax	3,443	3,878	6,373
Prepayments, accrued income and other assets	7,820	10,976	12,576
Assets of disposal groups	14,013	25,450	12,484
Total assets	1,312,295	1,506,867	1,453,576
Liabilities			
Deposits by banks	101,405	108,804	98,790
Customer accounts	521,279	502,955	510,693
Debt securities in issue	94,592	162,621	218,372
Settlement balances	5,878	7,477	10,991
Short positions	27,591	41,039	43,118
Derivatives	434,333	523,983	423,967
Accruals, deferred income and other liabilities	14,801	23,125	23,089
Retirement benefit liabilities	3,884	2,239	2,288
Deferred tax	1,141	1,945	2,142
Insurance liabilities	—	6,312	6,794
Subordinated liabilities	26,773	26,319	27,053
Liabilities of disposal groups	10,170	23,995	9,428
Total liabilities	1,241,847	1,430,814	1,376,725
Non-controlling interests	2,318	1,234	1,719
Owners' equity	68,130	74,819	75,132
Total equity	70,448	76,053	76,851
Total liabilities and equity	1,312,295	1,506,867	1,453,576

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

Funding

The RBS Group has access to a variety of wholesale funding sources across the globe, including short-term money markets and term debt investors through its secured and unsecured funding programs. These sources of funding are complementary to RBS Group's customer deposit gathering activities.

Diversity in funding is provided by its active role in the money markets, along with access to global capital flows through RBS Group's international client base. These funding programs allow RBS Group subsidiaries to issue secured or unsecured, senior or subordinated securities. Over time RBS Group's wholesale funding franchise has been diversified by currency, geography, maturity and type.

RBS Group accesses the market 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 RBS Group to further diversify its funding profile, take advantage of different benefits offered by using these entities, and in certain limited circumstances demonstrate to regulators that specific operating subsidiaries enjoy market access in their own right.

Given the mixture of products and services offered across the region, funding and liquidity decisions are managed on an entity level.

Capital

The RBS Group is responsible for maintenance of capital adequacy for the enterprise on a consolidated basis according to UK regulation by the PRA and Bank of England. RBS Group aims to maintain an appropriate level of capital to meet its business needs and regulatory requirements, and operates within an agreed risk appetite. The appropriate level of capital is determined based on the dual aims of: (i) meeting minimum regulatory capital requirements; and (ii) ensuring the 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 as a measure of capital adequacy in the UK 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 risk asset ratios should not be less than 8% with a Tier 1 component of not less than 4%. RBS Group's risk asset ratios at December 31, 2012 were a Total capital ratio of 14.5%, a Core Tier 1 capital ratio of 10.3% and a Tier 1 capital ratio of 12.4%.

The minimum regulatory capital requirements are identified by RBS Group through the Internal Capital Adequacy Assessment Process and then agreed between the RBS Group Board and the appropriate supervisory authority. RBS Group's own determination of how much capital is sufficient is derived from the desired credit rating level, 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.

III RBSCNA IDI Plan and RBS Citizens Resolution Plan

As explained above, this section constitutes the Public Section of the RBSCNA IDI Plan, and of the RBS Citizens Resolution Plan component of the RBS US Title I Plan.

Overview of RBS Citizens Financial Group, Inc.

RBSCFG is headquartered in Providence, Rhode Island, and has \$127.4 billion in assets and \$24.1 billion in stockholders equity as of December 31, 2012. It is registered as a bank holding company, and as a financial holding company, for purposes of the BHC Act, by virtue of its ownership of two IDI subsidiaries, RBSCNA and CBPA, which hold \$104.8 billion and \$34.1 billion in assets, respectively.

Through the IDI subsidiaries, RBS Citizens provides a broad range of consumer and commercial banking products through approximately 1,400 branches, approximately 3,600 ATMs and more than 19,000 colleagues. It operates its branch network in 12 states and has non-branch retail and commercial offices in more than 30 states.

RBSCFG became a wholly-owned subsidiary of RBS Group in 1988. However, RBS Citizens remains distinct from and independent of, RBS Group's other businesses in the US, with each of its material entities having its own board of directors and executive management team separate from those of M&IBA's material entities. RBSCFG and its subsidiary IDIs are very well capitalized and its subsidiary IDIs have strong liquidity positions. These strong capital and liquidity positions are the result of repositioning RBS Citizens following the industry-wide 2008 financial crisis by reducing liquidity risk, strengthening the capital base, improving the credit risk profile and implementing enhanced controls.

Business Strategy

RBS Citizens' goal is to become a top-performing regional bank that facilitates the growth and prosperity of its customers, colleagues and communities. This goal should be accomplished by winning the customers' loyalty, serving as their primary banking partner and providing globalized products and services with personal and local delivery. RBS Citizens' "back-to-basics" strategy focuses on the IDIs' core banking products and competes on service and product capabilities. Its five strategic priorities are:

- Employ a high-performing, engaged workforce. RBS Citizens has made investments in resources aimed at ensuring that its employees remain well-prepared for their roles, work as a unified team and receive recognition for their achievements. Its employees participate in significant training programs every year that help them develop personally and professionally.

- Deliver a differentiated customer experience. Recognizing that RBS Citizens competes in a highly competitive industry and that good banking is personal, employees are prepared to deliver a consistent, high-quality experience with every customer interaction. RBS Citizens has a corporate culture that is passionate about exceptional customer service and continuous improvement in overall delivery.
- Serve as its customers' primary banking partner. RBS Citizens strives to ensure that customers consider it to be their primary banking partner by helping them achieve their financial goals and by offering a full range of products and services. RBS Citizens aims to deliver consistently high-quality services by anticipating customer needs and providing convenient, customer-oriented options and solutions.
- Embed strong risk management. RBS Citizens' focus on taking care of its customers is matched closely by its efforts to manage risks. RBS Citizens aims to provide the right products and services that meet its customers' needs, comply with applicable laws and regulations, and grow its loan portfolio and asset base within approved credit risk tolerance. The level of credit losses has improved significantly, and RBS Citizens' percentage of nonperforming loans to total loans was among the best in its peer group as of December 31, 2012. RBS Citizens believes that strong risk management is the defining characteristic that enables it to deliver sustainable, long-term growth.
- Deliver financial results consistent with a top-performing regional bank. RBS Citizens aims to deliver results consistent with peer regional banks by rebalancing its business mix and investing in underpenetrated markets (such as capital markets, mortgage and wealth management). RBS Citizens has rebalanced and continue to rebalance its business mix to optimize its balance sheet and focus on improving profitability by reducing non-core loans, increasing the percentage of commercial loans in the portfolio, and improving deposit composition.

III.A Material Entities

The RBS Group utilized specific criteria to confirm its material entities in accordance with the definitions provided by the FDIC and Federal Reserve. Applying these criteria, the RBSCNA (for the IDI Plan) and the RBS Group (for the RBS US Title I Plan) designated three material entities of RBS Citizens: RBSCFG and its two IDI subsidiaries, RBSCNA and CBPA. RBSCNA is a "covered insured depository institution" under the IDI Rule, because it holds over \$50 billion of assets. As part of RBSCNA's resolution planning process, two additional RBS Citizens legal entities were identified as material entities for purposes of the IDI Plan and the RBS Citizens Resolution Plan due to their relationship with RBSCNA: namely, its parent bank holding company, RBSCFG; and its sister IDI, CBPA.

The RBS Citizens Resolution Plan includes an analysis of each material entity and the resolution regime and strategy that would be applicable to each material entity. The material entities in the RBS Citizens Resolution Plan are further described below:

RBS Citizens Financial Group, Inc.

RBSCFG is a Delaware corporation headquartered in Providence, Rhode Island that holds all of the shares of RBSCNA and CBPA. RBSCFG is a registered US bank holding company and financial holding company subject to supervision by the Federal Reserve. RBSCFG does not perform directly any line of business or operation.

RBS Citizens, N.A.

RBSCNA is a national bank and an IDI regulated by the OCC. RBSCNA offers personal, small business and commercial banking services, such as checking accounts, savings and money market accounts, certificates of deposits, card products, mortgages, home loans, auto loans, student loans, online/mobile banking, cash management, borrowing options and personal and business investment services. RBSCNA has retail banking branches in Connecticut, Delaware, Illinois, Massachusetts, Michigan, New Hampshire, New York, Ohio, Rhode Island and Vermont.

Citizens Bank of Pennsylvania

CBPA is a Pennsylvania-chartered savings bank and IDI that offers personal, small business and commercial banking services, such as checking accounts, savings and money market accounts, CDs, mortgages, home loans, auto loans, student loans, online/mobile banking, cash management, borrowing options and personal and business investment services. The primary regulators of CBPA are the FDIC and the Pennsylvania Department of Banking. CBPA has retail banking branches in Pennsylvania and New Jersey. CBPA is not required to submit an IDI Plan, but it is included as a material entity in the RBS US Title I Plan, and in RBSCNA's IDI Plan due to its affiliate relationship with RBSCNA as the covered insured depository institution.

III.B Core Business Lines

RBS Citizens' core business lines consist of the two customer-facing businesses of RBSCNA and CBPA, including associated operations, services, functions and support, that upon failure would result in a material loss of revenue, profit, or franchise value: Commercial Banking; and Consumer Banking. RBS Citizens' core business lines are housed entirely within RBS Citizens' two IDI material entities— RBSCNA and CBPA.

Commercial Banking

The Commercial Banking business provides financial solutions for companies with annual revenues from \$25 million to \$2 billion. It provides a full complement of financial products, including loans, leases, trade financing, deposits, cash management, foreign exchange, interest rate risk management, corporate finance, healthcare, asset finance, and capital markets advisory capabilities. Commercial Banking has dedicated teams with industry expertise in government banking, not-for-profit, healthcare, technology, franchise finance, asset-based lending, private equity, sponsor finance and commercial real estate.

Consumer Banking

The Consumer Banking business focuses on retail customers as well as businesses with annual revenues less than \$25 million. It offers traditional banking products and services including checking, savings, cash management and wealth management services, as well as lending products such as mortgages, home equity loans/lines, auto loans, business loans, credit cards, unsecured personal loans and educational loans. It includes the distribution channels needed to support its customers' banking activities, such as bank branches (both freestanding and in-store branches), ATMs, online/mobile banking and telephone banking. The Consumer Banking business also includes wealth management activities such as investment management and trust services for high net worth individuals and small business customers.

III.C Summary of Financial Information, Capital and Major Funding Sources

Financial Overview

The following exhibit summarizes the assets, liabilities, and capital for RBSCNA as of December 31, 2012, as required by the FDIC's IDI Rule. For the most complete, updated financial information regarding assets, liabilities, capital and major funding sources, RBSCNA's call reports filed with the FDIC should be read in their entirety.

Exhibit 4: Consolidated RBS Citizens, N.A. Balance Sheet

As of December 31, 2012 (\$ in thousands)

Assets:	
Cash and due from banks	1,524,077
Interest-bearing deposits in banks	5,431,740
Securities available-for-sale, at fair value	9,194,699
Federal funds sold and securities purchased under agreements to resell	1,100,000
Loans held for sale	645,892
Loans and leases	73,115,138
Less: Allowance for possible loan and lease losses	1,035,634
Net Loans and Leases	72,079,504
Trading account assets	918,009
Premises and equipment	1,150,796
Other real estate owned	84,347
Investments in unconsolidated subs	1,464
Investments in real estate ventures	75,226
Goodwill	9,344,053
Other intangibles	145,728
Other assets	3,128,459
Total Assets	104,823,994
Liabilities and Stockholder's Equity:	
Liabilities:	
Deposits:	80,349,888
Federal funds purchased	994,000
Securities sold under agreements to repurchase and short-term borrowings	1,377,002
Trading liabilities	862,056
Borrowed funds	750,855
Subordinated notes and debentures	260,000
Other liabilities	1,455,435
Total Liabilities	86,049,236
Stockholder's Equity	
Perpetual preferred stock and related surplus	75
Common stock	1
Surplus	16,360,719
Retained earnings	2,762,342
Accumulated and other comprehensive income	(348,379)
Total Bank Equity Capital	18,774,758
Total Liabilities and Equity Capital	104,823,994

Note: All amounts presented were prepared in accordance with US Generally Accepted Accounting Principles (GAAP).

Capital Management

RBS Citizens' objectives are to have adequate capital to cover all risks within its business activities, meet current and future regulatory requirements and allow flexibility to maintain access to financial markets and undertake strategic business initiatives.

RBSCFG annually submits a capital plan to the Federal Reserve as required by Section 225.8 of the Federal Reserve's Regulation Y (the "**Capital Plan Rule**"), adopted in November 2011. This Capital Plan Rule requires any U.S. bank holding company with \$50 billion or more of total consolidated assets, including RBSCFG, to submit an annual capital plan in which the company must set forth a range of information and capital analysis. Following submission of an annual capital plan, RBSCFG may take only those capital actions, including payment of dividends and repurchases of capital instruments agreed to by the Federal Reserve.

Regulatory Capital

Under its current regulation implementing Basel I, the Federal Reserve requires RBSCFG, the OCC requires RBSCNA, and the FDIC requires CBPA each to maintain minimum levels with respect to its respective Tier 1 Capital ratio, Total Capital ratio and Tier 1 Leverage ratio. The Tier 1 Capital ratio is the ratio of the company's tier one capital to its total risk weighted assets. The Total Capital ratio is the ratio of the company's Total Risk-Based Capital, or the sum of its Tier 1 and Tier 2 Capital, to its total risk-weighted assets. The Tier 1 Leverage ratio is the ratio of the company's Tier 1 Capital to total adjusted quarterly average assets, as defined for regulatory purposes.

The following chart shows that each of RBS Citizens' regulated material entities maintains strong ratios compared to its current regulatory guidelines.

Exhibit 5: Basel I Capital Ratios as of December 31, 2012					
Capital Ratio	RBSCFG	RBSCNA	CBPA	Regulatory - Minimum	Regulatory - Well Capitalized
Tier 1 Capital Ratio	14.2%	12.3%	15.7%	4.0%	6.0%
Total Capital Ratio	15.8%	13.8%	16.9%	8.0%	10.0%
Tier 1 Leverage Ratio	12.1%	11.0%	11.1%	4.0%	5.0%

Funding Sources

RBSCNA's primary funding source is consumer and commercial customer deposits, which are stable and lessen reliance on wholesale funding markets. As of December 31, 2012, RBSCNA's assets of \$105 billion were funded mainly by \$80 billion of deposits, and \$19 billion of shareholder equity. The loan to deposit ratio was 91%, reflecting a surplus of deposits over loans. Furthermore, asset liquidity (i.e., unencumbered high quality securities and loans)

equivalent to 11% of liabilities was available to support contingent secured funding, including repos and Federal Home Loan Bank (“FHLB”) advances. During the ordinary course of business, RBSCNA has no dependence on wholesale markets to meet short-term funding needs. Nevertheless, RBSCNA maintains a diversified network of funding sources, which reduces reliance on any one particular source in the event that certain segments of the wholesale funding markets become impaired. Unsecured funding sources available include interbank (Fed Funds and Euro) markets, term unsecured debt markets, brokered retail deposits, repurchase agreements, and institutional certificates of deposit. Secured funding sources include high quality debt securities that can be readily sold or repurchased and high quality real estate loans that can be pledged against advances from the FHLBs. Securities and consumer and commercial loans can be pledged against borrowings from the Federal Reserve’s Discount Window.

RBS Citizens does not engage in other activities that would add material liquidity risk, such as maintaining substantial off-balance sheet entities requiring funding or depending on significant securitization activities. RBS Citizens manages capital and liquidity independently of other RBS Group businesses and does not rely on the RBS Group plc or other RBS Group affiliates for funding. Consistent with US banking regulations, RBSCFG and its subsidiaries do not supply funds to other RBS Group affiliates.

III.D Derivative and Hedging Activities

In the normal course of business, RBSCNA enters into a variety of derivative transactions both to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. RBSCNA sell interest rate swaps and foreign exchange forwards to commercial customers, offsetting those transactions with the RBS Group affiliates. RBSCNA also uses interest rate swaps to manage its exposure to its interest rate risk, typically executing these transactions with the RBS Group affiliates. RBSCNA also buys and sells interest rate forwards to manage the interest rate risk of the residential loan commitment rate locks it provides to customers. RBSCNA does not use derivatives for speculative purposes. The derivative instruments are recognized on the consolidated balance sheet at fair value.

For financial reporting purposes, all of RBSCNA derivatives used to manage its structural interest rate exposure qualify for hedge accounting. RBSCNA formally documents at inception all hedging relationships, as well as risk management objectives and strategies for undertaking various accounting hedges. Hedge accounting is substantially discontinued when it is determined that a derivative is not expected to be, or has ceased to be effective as a hedge, and then reflects changes in fair value in earnings after termination of the hedge relationship.

RBSCNA’s customer derivatives and residential loan derivatives do not qualify for hedge accounting. Mark-to-market adjustments to the fair value of customer related derivatives are included in income. Mark-to-market gains and losses associated with customer derivatives are mitigated by the mark-to-market gains and losses on the offsetting derivative contracts transacted with the RBS Group affiliates.

III.E Membership in Material Payment, Clearing and Settlement Systems

RBS Citizens participates in a variety of payment, clearing and settlement systems, also known as Financial Market Utilities (“**FMUs**”), to facilitate the clearing and settlement of securities and cash transactions. “Membership” means that the relevant RBS Citizens material entity has direct access to certain payment, clearing and settlement systems. RBSCNA and CBPA also have indirect access to other payment, clearing and settlement systems through their affiliates. Some of the material payment, clearing and settlement systems in which RBSCNA or CBPA is a member are listed below:

Exhibit 6: Material FMU Memberships		
RBS Citizens Entity Holding Membership	System Type	FMU Name
RBSCNA and CBPA	Settlement and Clearing	Fixed Income Clearing Corporation-Government Securities Division
RBSCNA and CBPA	Payment	Fed ACH Services
RBSCNA and CBPA	Payment	Fedwire Funds Service
RBSCNA and CBPA	Payment	Fedwire Securities Service
RBSCNA and CBPA	Payment	SVPCO
RBSCNA	Payment	SWIFT

III.F Foreign Operations

RBS Citizens, including RBSCNA, has no material operations outside of the United States.

III.G Material Supervisory Authorities

RBSCNA is supervised by the OCC under the National Bank Act. The FDIC has back-up supervisory authority over RBSCNA as the provider of federal deposit insurance. CBPA’s primary regulators are the FDIC and the Pennsylvania Department of Banking. The Federal Reserve is the umbrella supervisor for RBSCFG as a bank holding company.

In addition, the CFPB has rulemaking and primary supervision and enforcement authority over RBSCNA and CBPA with respect to certain federal consumer protection laws.

III.H Principal Officers

The principal officers of RBSCNA and their current titles are set forth below:

Exhibit 7: Principal Officers of RBS Citizens, N.A.	
Name	Title
Ellen Alemany ^(a)	Chairman and Chief Executive Officer
David Bowerman	Vice Chairman and Head of RBS Citizens Business Services
Michael Cleary	Head of U.S. Distribution
Brad Conner	Vice Chairman, Consumer Banking
John Fawcett	Chief Financial Officer
Sheldon Goldfarb	Chief Legal Counsel
Susan LaMonica	Director of Human Resources
Robert Matthews	Vice Chairman, Commercial Banking
Theresa McLaughlin	Chief Marketing and Communications Officer
Robert Nelson	Chief Administrative Officer and Head of Strategy
Brian O'Connell	Regional Director, Technology Services Americas
Nancy Shanik	Chief Risk Officer

^(a) RBSCNA announced on May 9, 2013, that effective October 1, 2013, Ellen Alemany will be retiring and will be replaced by Bruce Van Saun, currently RBS Group Finance Director.

III.I RBS Citizens' Resolution Planning Corporate Governance, Structure and Processes

RBS Citizens' CFO is directly responsible for the preparation, submission and ongoing maintenance of the RBSCNA's IDI Plan, and in his role as head of the RBSA RP ESG, the RBS Citizens Resolution Plan.

The RBS Citizens Resolution Plan has been developed in concert with and as part of the RBS US Title I Plan. A comprehensive governance and management process has been established within RBS Citizens to oversee the creation and maintenance of the IDI Plan and RBS Citizens Resolution Plan. The process relies on a combination of existing corporate governance and executive management structures, as well as new committees, work groups and permanent functions established to provide oversight, control and ongoing management of the resolution plan.

- The RBSCFG Resolution Plan Executive Steering Group ("RBSCFG RP ESG") provides guidance and oversight to IDI and RBS Citizens Resolution Plan and IDI Plan development. The RBSCFG RP ESG includes senior executives from the RBS Citizens business lines and key support functions.
- The RBS Citizens Resolution Plan Working Group ("RBS Citizens RPWG") was established in 2012 to prepare and submit the RBS Citizens Resolution Plan and the IDI Plan, with oversight from the RBSA RP ESG. The RBS Citizens RPWG consists of subject matter

experts from each of RBS Citizens business lines and support and control functions. All processes related to development and management of the IDI and RBS Citizens Resolution Plans were coordinated through this group.

- The RBS Citizens Resolution Planning Office (“**RBSCRPO**”) will be formed in the third quarter of 2013 to manage the ongoing oversight, development, maintenance, implementation and filing of resolution plans for RBS Citizens. The RBSCRPO will work closely with the RBSG RPO to ensure that RBS Citizens adopts strategies, policies and procedures consistent with the RBS Group resolution plans.

Through this network of steering and working groups, the RBS Citizens Resolution Plan and the IDI Plan were each prepared for review and approval through the standard governance process of the RBS Citizens Executive Risk Committee and the RBS Citizens Executive Committee, the most senior management committees for RBS Citizens chaired by the Chief Executive Officer of RBSCFG.

The RBSCNA Board of Directors received regular progress updates on the IDI Plan’s preparation. The IDI Plan has been reviewed and approved by the RBSCNA Board of Directors. The IDI Plan substantially constitutes the RBS Citizens Resolution Plan that is included in the RBS US Title I Plan.

III.J Material Management Information Systems

RBS Citizens Management Information Systems (“**MIS**”) refers to the information and technology used by RBS Citizens, including RBSCNA, to effectively manage its business line, support, and control function activities. These activities include, but are not limited to, loan and deposit origination, account opening, portfolio management, trading and investment management, customer analytics, risk management, accounting, finance, operations and regulatory reporting.

RBS Citizens MIS reporting is generated from systems that are aligned either with business lines or support and control functions, or from enterprise wide technology. Software applications used include those that are internally developed and proprietary as well as those acquired from third-party vendors. RBS Citizens maintains a governance framework with documented policies, standards and procedures to ensure the systems producing MIS are accurate, reliable and timely.

Key MIS reports that RBS Citizens uses to manage the business can be broadly grouped into six categories further described below.

- **Management Executive Reporting:** Includes executive-level summaries and dashboards used to communicate performance against strategic priorities and inform key decision making.

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- **Monitoring and Exception Reporting:** Provides information to monitor daily activities for business-as-usual purposes and raise exceptions, if any, to senior management.
 - **Risk Reporting:** Provides information primarily used to monitor credit, interest rate, market and operational risk and highlights risk limit breaches, if any, to senior management.
 - **Operational Reporting:** Provides business-as-usual information to manage and monitor operational metrics across the core business lines.
 - **Financial Reporting:** Provides accounting, financial planning and analysis reporting by legal entity, business line and geography, as well as supporting ad hoc analyses needed for management decision-making.
 - **Regulatory Reporting:** Provides key information as set forth by requirements of the regulatory authorities governing the core business line or material entity.

RBS Citizens maintains business continuity and systems disaster recovery plans in accordance with the RBS Citizens Divisional Policy Framework and an appropriate governance structure is in place to provide oversight on all aspects of the Business Resilience program.

III.K High-Level Description of RBS Citizens' Resolution Strategy

As required by the IDI Rule, the RBS Citizens Resolution Plan considers strategies for a hypothetical resolution of RBSCNA under the Federal Deposit Insurance Act.

The IDI and RBS Citizens Resolution Plans assume, consistent with pertinent regulations and supervisory guidance, that the hypothetical failures of RBSCNA and its material entities are caused by an idiosyncratic event that is specific to RBS Citizens. Other financial institutions and the markets are not experiencing system-wide stress and macroeconomic and financial market conditions are as specified under the Supervisory Baseline Scenario provided by the Federal Reserve.

The IDI and RBS Citizens Resolution Plans recommend an orderly resolution strategy in which RBSCNA and CBPA, under a hypothetical scenario, would first attempt a joint private stock sale in the period prior to failure. If this strategy was not successful, RBSCNA and CBPA would fail and be placed in FDIC receiverships and a joint sale of assets and liabilities out of the receiverships would be attempted over the weekend after failure. If that was not successful, then substantially all the RBS IDIs' assets and liabilities would be transferred to a bridge bank to be managed for an interim period of time. The assets and liabilities would then be sold out of the bridge bank by the FDIC in a Purchase of Assets and Assumption of Liabilities transaction to a third-party.

Sale transactions with a third-party buyer could be executed rapidly over the course of a weekend, or on a delayed basis out of the bridge bank. RBS Citizens believes the RBS

IDIs would be attractive to acquisition candidates, and potential buyers of the IDIs would include nationwide banks, regional banks, international banks, other financial institutions or private equity funds. RBS Citizen's other material entity, RBSCFG, would be placed into bankruptcy under Chapter 11 of the US Bankruptcy Code and wound down in an orderly manner.

RBS Citizens' core business lines, Consumer Banking and Commercial Banking, are entirely housed in RBSCNA and CBPA. As a result, the IDI and RBS Citizens Resolution Plans address how they would be maintained without disruption through the FDIC receivership, bridge bank and sale process. The IDI and RBS Citizens Resolution Plans also include strategies to continue access to critical services from affiliates and suppliers including, but not limited to, MIS, operations, technology, employees, facilities and intellectual property.

The IDI and RBS Citizens Resolution Plans do not rely on the provision of extraordinary support by the U.S. or any other government to RBS Citizens or its affiliates to prevent failure. The IDI and RBS Citizens Resolution Plans illustrate how RBSCNA can be resolved in the event of material financial distress or failure in a manner that ensures that depositors have access to insured deposits within one business day after RBSCNA's failure; maximizes the net present value return from the sale or disposition of RBSCNA's assets and minimizes the amount of loss realized by creditors in the resolution in accordance with Sections 11 and 13 of the FDIA; is the least costly to the Deposit Insurance Fund of all possible methods for resolving RBSCNA; and ensures the continuation and funding of any critical services of the RBS IDIs despite the failure of the RBS IDIs.

IV Markets & International Banking Americas

IV.A Material Entities

The RBS Group utilized specific criteria to confirm its material entities in accordance with the definitions provided by the FDIC and Federal Reserve. Applying these criteria, the RBS Group designated six material entities of M&IBA, three of which are direct or indirect subsidiaries of the RBS Group, and three of which are branches or otherwise form part of RBS plc.

RBS Securities Inc.

RBSSI is a wholly-owned subsidiary of RBS Holdings USA Inc. (“**Holdings**”), with its principal place of business in Stamford, CT. RBSSI is an SEC registered broker-dealer, a Federal Reserve supervised primary dealer of US government securities, a CFTC designated futures commission merchant (“**FCM**”) and a member of FINRA and Securities Investor Protection Corporation (“**SIPC**”). RBSSI is registered in 49 US states and territories.

RBS plc NY Branch

RBS plc NY Branch is a New York state-licensed branch of RBS plc located in New York, NY. Corporate loan products have been booked to RBS plc NY Branch. It also provides funding to those loans on its balance sheet and accepts limited third-party deposits through a certificate of deposit program.

RBS plc CT Branch

RBS plc CT Branch is a Connecticut state-licensed branch of RBS plc located in Stamford, CT. Corporate loan products, certain fees associated with the Corporate Debt Capital Markets (“**Corporate DCM**”) business and a small amount of hedging derivatives are booked to RBS plc CT Branch. It also accepts third-party deposits. RBS plc CT Branch’s assets are composed primarily of syndicated and term loans to third parties.

RBS plc London

RBS plc London refers to the RBS plc books to which M&IBA transactions are recorded and whose results are allocated to M&IBA for purposes of internal profit and loss attribution and tax transfer pricing. Products associated with the Rates and ABP core business lines result in transactions being booked to RBS plc London.

RBS Financial Products

RBSFP, a Delaware corporation, is a wholly-owned subsidiary of Holdings. RBSFP, based in Stamford, CT, is engaged in the purchase of residential mortgages, and California-based commercial mortgages. It holds the various state and other licenses necessary to conduct the ABP core business line.

RBS Americas Property Corp

RBSA Property, a Delaware corporation, is a material service entity, providing property services to the RBS Group's affiliates located in the US. RBSA Property's principal asset is the ownership of the Stamford, CT headquarters located at 600 Washington Blvd., which comprises approximately 1 million square feet of commercial space over 12 floors. RBSA Property's primary activity is to provide this facility to the RBS Group's US-based legal entities, including RBSSI, RBS plc CT Branch, and RBSCNA. RBSA Property does not perform any other material business activities or serve any third party clients.

IV.B Core Business Lines

The RBS Group utilized specific criteria to confirm its core business lines, including certain risk and revenue metrics. The core business lines of M&IBA are identified below:

Asset Backed Products

The ABP core business line offers products and services to its clients such as banks, hedge funds, broker-dealers, and asset managers located in the US. The ABP core business line offers four main products and services: underwriting (purchasing or originating and securitizing loans and issuing securities to investors); distribution of the securitization interests; secondary market making in mortgage-backed security (includes residential mortgage backed securities and commercial mortgage backed securities), asset-backed securities and certain swaps products; and providing financing to third parties related to ABP's securitization activities.

Rates

The Rates core business line offers a full spectrum of fixed income products and services, which are divided into two business lines: cash products and derivatives. Rates' primary client base includes financial institutions, money managers, pension funds, hedge funds, corporate clients and central banks. The Rates core business line operates primarily out of RBSSI but also involves RBS plc London.

Corporate Portfolio

The Corporate Portfolio core business line provides financing, investing and risk management solutions to financial institutions and corporations through the structuring and execution of loan products and lending commitments. The Corporate Portfolio core business line is conducted out of two material entities: RBS plc CT Branch and RBS plc NY Branch.

Corporate Debt Capital Markets

The Corporate DCM core business line offers products and services such as origination, underwriting and placement of bonds, commercial paper and certain syndicated loans for

corporate clients. The Corporate DCM core business line operates within two material entities, RBSSI and RBS plc CT Branch.

IV.C Summary of Financial Information, Capital and Major Funding Sources

See Section II.E above for a summary of the RBS Group's financial information, capital and major funding sources.

IV.D Derivative and Hedging Activities

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

RBS plc 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. M&IBA 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 M&IBA participates. The ABP and Rates core business lines trade and manage the trading activities for derivatives products. Derivative products which are traded by the ABP business include credit default swaps, interest rate swaps and constant maturity mortgage securities. Derivative products which are traded by the Rates core business line include uncleared OTC swaps and uncleared OTC options. Derivative trading conducted by the ABP and Rates core business lines is booked to RBS plc London.

IV.E Memberships in Material Payment, Clearing and Settlement Systems

RBS Group plc participates in a variety of payment, clearing and settlement systems, also known as FMUs, to facilitate the clearing and settlement of securities and cash transactions. "Membership" means that the relevant RBS Group plc material entity has direct access to certain payment, clearing and settlement systems. Other material entities also have indirect access to other payment, clearing and settlement systems through their affiliates. Some of the material payment, clearing and settlement systems in which M&IBA entities are a member or which M&IBA entities use are listed below:

Exhibit 8: Material FMU Memberships		
Entity Holding Membership	System Type	FMU Membership
RBSSI	Settlement and Clearing	Depository Trust Company
RBSSI	Settlement and Clearing	Fixed Income Clearing Corporation - Government Securities Division
RBSSI	Settlement and Clearing	Fixed Income Clearing Corporation - Mortgage Backed Securities Division
RBS plc NY Branch	Payment	Fedwire Funds Service
RBS plc	Settlement and Clearing	LCH.Clearnet Limited
RBS plc	Settlement and Clearing	ICE Clear Credit
RBS plc	Settlement and Clearing	CME Group
RBSSI	Settlement and Clearing	CME Group
RBS plc and RBSSI	Payment	SWIFT
RBS plc	Settlement and Clearing	CLS Bank
RBSSI	Settlement and Clearing	NYSE – LIFFE
RBSSI	Settlement and Clearing	Options Clearing Corporation

IV.F Foreign Operations

See Section II.A above for a description of the RBS Group’s global activities.

IV.G Material Supervisory Authorities

See Section II.B above for a description of the RBS Group’s material global supervisory authorities.

IV.H Principal Officers

See Section II.C above for the list of the RBS Group plc’s Principal Officers.

IV.I M&IBA’s Resolution Planning Corporate Governance, Structure and Processes

The M&IBA Resolution Plan Steering Committee (“**M&IBA SteerCo**”) was established in 2012 to provide oversight to M&IBA’s resolution planning efforts as required under the Dodd-Frank Act. The M&IBA SteerCo includes senior executives from the M&IBA business lines and key support and control functions. The M&IBA SteerCo provides guidance and oversight regarding the development of the portion of the RBS US Title I Plan relating to M&IBA.

The M&IBA Resolution Plan Operating Committee (“**M&IBA OpCo**”) was established in 2012 to prepare and submit the portion of the RBS US Title I Plan relating to M&IBA, with oversight from

the M&IBA SteerCo. The M&IBA OpCo and its associated working groups consist of subject matter experts from key business lines and support and control functions. In addition, the M&IBA OpCo is supported by an extended team of project management colleagues to coordinate the production of the portion of the RBS US Title I Plan relating to M&IBA.

Through this network of steering, operating and working groups, the portion of the RBS US Title I Plan relating to M&IBA was prepared for review and approval through a prescribed governance process including reviews from senior M&IBA management and approvals from the Chairman of M&IBA, Head of Markets in the Americas, the Head of International Banking in the Americas and the Global Co-CEO of Markets.

M&IBA's resolution planning process is led by the Treasurer of M&IBA, whose responsibility is to coordinate plan development both within M&IBA's operating businesses and its control and support functions, as well as with the RBSG RPO.

IV.J Material Management Information Systems

M&IBA 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. As part of the information collection process in the context of the preparation of the RBS US Title I Plan, each of the M&IBA material entities, core business lines and critical operations identified systems and applications deemed key to its respective businesses, entities and operations. The RBS US Title I Plan also leveraged M&IBA's Business Continuity Plan to assist in the validation and identification of these key IT/MIS systems and applications. The Business Continuity Plan helps control risk management efforts. In the event of disaster, the Business Continuity Plan will facilitate the resumption of all normal business operations.

IV.K High-Level Description of Markets & International Banking Americas' Resolution Strategy

As required by the Title I Rule, the RBS US Title I Plan considers strategies for a hypothetical resolution of M&IBA material entities, core business lines and critical operations. The M&IBA strategies assume, consistent with pertinent regulations and supervisory guidance, hypothetical simultaneous failures of M&IBA material entities caused by an idiosyncratic event that is specific to the RBS Group. Other financial institutions and the markets are not experiencing system-wide stress and other market participants remain able to acquire M&IBA businesses and assets.

The RBS US Title I Plan describes a strategy for an orderly resolution in which the RBS Group, under the hypothetical scenario described above, would first attempt a private sale of material entities, core business lines, and critical operations during the Runway Period immediately preceding failure. The RBS US Title I Plan describes how, if this strategy were to be

unsuccessful, the M&IBA material entities would be resolved under the regime applicable to each material entity.

The RBS Group believes that three broad categories of resolution strategies would likely yield the optimal results from a systemic, logistical, and value maximization standpoint. These strategies are divided among:

- Runway Period Sale(s);
- Resolution Weekend or Delayed Resolution Weekend Sale(s); and
- Sale or Orderly Wind-Down in Resolution following Resolution Weekend.

The RBS Group believes that the RBS US Title I Plan demonstrates that the resolution strategies detailed in the Plan can be effected within a reasonable time by the applicable resolution authorities to reorganize, liquidate, or otherwise resolve the material entities, core business lines and critical operations of M&IBA under Chapter 11 of the US Bankruptcy Code (in the case of RBSFP and RBSA Property), the Securities Investor Protection Act (in the case of RBSSI), the banking laws of the States of New York and Connecticut (in the case of the New York and Connecticut branches of RBS plc), and the applicable UK insolvency law (in the case of RBS plc London), without any extraordinary support from the US, the UK or any other government and in an organized manner 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 US;
- Facilitates separability from the rest of the RBS Group; and
- Maximizes return to claimants.

While the RBS US Title I Plan recommends a number of alternative strategies that could be employed by resolution authorities in a hypothetical failure scenario, it is important to note that, the RBS Group acknowledges that there are multiple options and assumptions for the resolution of M&IBA's material entities, core business lines and critical operations, and that the resolution strategy chosen by the relevant resolution authority will be dependent on the facts and circumstances existing at the time of resolution.