

From Global Restructuring Group ('GRG') to RBS Restructuring

Explaining how RBS has changed the way it supports customers in financial distress

The Restructuring mandate, operating model and culture has changed considerably in recent years.

RBS Restructuring function has a single, clear purpose:

- **To protect the bank's capital. Where practicable it will do this by working with commercial and corporate customers to support their turnaround and recovery strategies and enable a return to mainstream banking.**
- **It will always aim to recover capital in a fair and efficient manner.**

£5bn to over £70bn



Real Estate accounted for 60% of all cases in GRG

At its peak in August 2011, approximately **60% of cases managed by GRG** were related to commercial real estate and other property-based lending such as hotels, care homes and construction.

Rapid rise in SME customers

There was an unprecedented increase in SMEs within GRG, **rising to a case load of 5,044 customers in August 2011 up from 1,356 at the start of 2008.** In the space of three years, GRG's headcount to support SMEs increased significantly from c.55 to over 250.

Important role for the bank

RBS lost more than £2bn from lending to SME customers and £50bn overall. Despite these challenging circumstances, GRG played an important role for SME customers and the bank.

Between 2011-2013, GRG advanced **over £100 million of new lending to SMEs**, successfully restructured thousands of SMEs and in doing so safeguarded tens of thousands of jobs.

£77bn of assets

At its peak, GRG managed **£77bn of assets and 12,500 connections** across 20 countries and 49 offices.

Restructuring works closely with Commercial and Private Banking. Customers retain their mainstream relationship manager as they go through restructuring.

Key changes designed to improve our customers experience are:

	Now: RBS Restructuring	Then: GRG
Purpose and mandate	<ul style="list-style-type: none"> To protect the bank's capital. Where practicable it will do this by working with commercial and corporate customers to support their turnaround and recovery strategies and enable a return to mainstream banking. It will always aim to recover capital in a fair and efficient manner. 	<ul style="list-style-type: none"> Restore customers to acceptable credit condition Obtain return for increased risk Minimise losses and maximise recoveries GRG had ultimate right to invoke transfer into their area
Consistency of relationship	<ul style="list-style-type: none"> Customer keeps their mainstream banking relationship manager throughout the restructuring process 	<ul style="list-style-type: none"> Mainstream banking relationship ended on transfer to GRG
Transparency of pricing	<ul style="list-style-type: none"> Pricing based on mainstream pricing risk models Simplified pricing and products for SME customers – discontinued PPFAs and equity instruments 90 days' grace provided before charging interest at default rate 30 days' notice in writing of any changes to fees 	<ul style="list-style-type: none"> Bespoke pricing within guidelines for senior, mezzanine and equity risk Deferred return and recovery instruments e.g. Property Participation Fee Agreements (PPFA) and equity Bespoke fee structures including ratcheted 'risk fees' and management fees
Potential conflicts of interest	<ul style="list-style-type: none"> Wind down of West Register substantially complete Unpaid secondments ended with small number of paid legal secondees retained 	<ul style="list-style-type: none"> West Register as purchaser of last resort Secondees from professional services firms
Clear and consistent communications with customers	<ul style="list-style-type: none"> Standard letters re-written in clear and simple language 	<ul style="list-style-type: none"> Standard letters based on legal terminology