

Table: RBS projected consolidated solvency ratios in the stress scenario.

	Actual (end- 2016)	Minimum stressed ratio (before the impact of 'strategic' management actions or AT1 conversion)	Minimum stressed ratio after 'strategic' management actions and before conversion of AT1		Minimum stressed ratio (after the impact of 'strategic' management actions and conversion of AT1)	Hurdle rate	Systemic reference point	Actual (2017 Q3)	Submit revised capital plan?
			Non-dividend 'strategic' management actions only ⁽ⁱ⁾	All 'strategic' management actions including CRD IV related restrictions					
Common equity Tier 1 ratio ^{(a)(b)}	13.4%	6.4%	6.4%	7.0%	7.0%	6.7%	7.4%	15.5%	Not required
Tier 1 capital ratio ^(c)	17.7%	9.0% ^(f)	9.1% ^(f)	9.7% ^(f)	9.7% ^(f)			19.1%	
Total capital ratio ^(d)	22.9%	13.2% ^(f)	13.2% ^(f)	13.8% ^(f)	13.8% ^(f)			23.1%	
<i>Memo: risk-weighted assets (£ billion)</i>	228	298 ^(f)	298 ^(f)	298 ^(f)	298 ^(f)			211	
<i>Memo: CET1 (£ billion)</i>	31	19 ^(f)	19 ^(f)	21 ^(f)	21 ^(f)			33	
Tier 1 leverage ratio ^{(a)(e)}	5.6%	3.7%	3.7%	4.0%	4.0%	3.25%	3.5%	6.0%	
<i>Memo: leverage exposure (£ billion)</i>	615 ^(g)	621 ^(h)	621 ^(h)	622 ^(h)	622 ^(h)			609	

Sources: Participating banks' published accounts and STDF data submissions, Bank analysis and calculations.

(a) The low points for the common equity Tier 1 (CET1) ratio and leverage ratio shown in the table do not necessarily occur in the same year of the stress scenario and correspond to the year where the minimum stressed ratio is calculated after 'strategic' management actions.

(b) The CET1 capital ratio is defined as CET1 capital expressed as a percentage of risk-weighted assets, where these are in line with CRR and the UK implementation of CRD IV via the PRA Rulebook.

(c) Tier 1 capital ratio is defined as Tier 1 capital expressed as a percentage of RWAs where Tier 1 capital is defined as the sum of CET1 capital and additional Tier 1 capital in line with the UK implementation of CRD IV.

(d) Total capital ratio is defined as total capital expressed as a percentage of RWAs where total capital is defined as the sum of Tier 1 capital and Tier 2 capital in line with the UK implementation of CRD IV.

(e) The Tier 1 leverage ratio is Tier 1 capital expressed as a percentage of the leverage exposure measure excluding central bank reserves, in line with the PRA's Policy Statement PS21/17.

(f) Corresponds to the same year as the minimum CET1 ratio over the stress scenario.

(g) Leverage exposure measure taken from the bank's annual accounts.

(h) Corresponds to the same year as the minimum leverage ratio over the stress scenario.

(i) This excludes CRD IV distribution restrictions. Where a bank is subject to such restrictions all non business as usual cuts to distributions subject to CRD IV restrictions will appear in the next column — 'All 'strategic' management actions including CRD IV distribution restrictions'. This should not be interpreted as a judgement by the Bank that any or all of such cuts are conditional on such restrictions.

Additional

information:

1. ICG is the amount and quality of capital resources which the regulator requires a firm should hold at all times under the overall financial adequacy rules. RBS's updated CET1 ICG comprises 4.5% Pillar 1 requirement and 2.2% Pillar 2A.
2. Systemic reference point defined as sum of P1, P2A and a 75% per annum phase-in of the current 1% G-SIB buffer.
3. The projections of RBS's financial performance under hypothetical stress included in this announcement are based on the methodology and calculations of the BoE. This does not represent RBS's projections or base capital plan assumptions.
4. Detailed disclosure is available from the BoE website: <http://www.bankofengland.co.uk/financialstability/Pages/fpc/stresstest.aspx>