

Five things to know

RBS has now had final approval from the European Commission (EC) for an Alternative Remedies Package to promote competition in the market for banking services to small and medium-sized enterprises (SMEs) in the UK.

This forms the basis of a new agreement in relation to RBS's remaining State Aid commitments and replaces the existing requirement to divest the business previously described as Williams & Glyn (W&G) by 31 December 2017.

1 220,000

Who's affected?

Williams & Glyn SME customers

Williams & Glyn refers to RBS customers in England and Wales and certain NatWest customers. In total this consists of around 220k SME customers, and around 1.5m personal customers.

Personal customers are not in scope of the alternative remedy.

2 Why it's happening

The £45bn bailout by the UK Government was considered State Aid by the EC. To ensure we don't gain an unfair advantage over other banks, we had to take measures to reduce our size and market share.

The EC required RBS to sell off five parts of the business. We successfully completed four of those requirements well in advance of the deadlines.

The fifth and final requirement was the divestment of W&G. W&G was due to be sold to a competitor or set up as a standalone bank. Due to complications in the sale process and concerns around financial viability, this had to be stood down.



2008-2009 RBS received £45bn State Aid

Successful sale of ...

2010	Sempre	✓
2013	Worldpay	
2014	Direct Line	
2015	Citizens FG	

W&G journey ...

2009-2013	Trade sale with Santander	✗
2013-2016	IPO to create Williams & Glyn	✗
2017	Alternative remedy approved by EC in September 2017	✓

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What it is

Centred around increased customer choice, this alternative remedy provides our customers with greater certainty, is easier to execute and the EC has agreed it is equivalent to the original objective to meet our State Aid requirements.

The overall purpose is to increase competition in the SME banking market. The revised package focuses on two remedies; a £350m* Incentivised Switching Scheme and a £425m Capability and Innovation Fund.

An Independent Body will be set-up to oversee the schemes and coordinate activity between RBS and the challenger banks.

An Incentivised Switching Scheme

RBS will fund the scheme to encourage eligible W&G SME banking customers to switch to participating challenger banks.

RBS

RBS communicates challenger bank switching offers to

220,000

eligible business customers

RBS pays

£275m*

to Incentivised Switching Fund



Participating challenger banks

Design preferential offers
On-board switched customers on preferential terms



Receive dowries for each current account switched

* £275m for dowries paid to challenger banks, plus up to £75m to cover switching costs.

A Capability and Innovation Fund

The purpose is to encourage challenger banks and other financial institutions to develop and improve financial capability and technology in the SME banking environment.

RBS

RBS pays

£425m

to Capability & Innovation Fund



Challenger banks, payments businesses and FinTechs

1. Complete grant application
3. Grants received for successful applications

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How it'll happen

The UK Government has negotiated the remedy with the EC and received input from challenger banks.

Now that the alternative remedy has been formally approved by the EC, an Independent Body will be set up to oversee the scheme and ensure it works.

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When it'll happen

It's anticipated the Independent Body will launch the Capability and Innovation Fund and the Incentivised Switching Scheme in:

H1-2018

