

Table: RBS projected consolidated solvency ratios in the stress scenario

Minimum stressed ratio after
'strategic' management
actions and before the
conversion of AT1

| | Actual (end -2017) ⁽ⁱ⁾ | Minimum stressed ratio (<i>before</i> 'strategic' management actions or AT1 conversions) | Non-dividend 'strategic' management actions only ⁽ⁱ⁾ | All 'strategic' management actions including CRD IV related restrictions | Minimum stressed ratio (<i>after</i> the impact of 'strategic' management actions and conversion of AT1) | Hurdle rate | Actual (2018 Q3) | Submit revised capital plan? |
|---|---|---|--|--|--|----------------|---------------------|---------------------------------------|
| IFRS 9 Transitional basis | | | | | | | | |
| Common equity Tier 1 ratio ^{(a) (b)} | 16.2% | 9.6% | 9.7% | 9.7% | 9.7% | 7.3% | 16.7% | Not required |
| Tier 1 capital ratio ^(c) | 20.0% | 12.1% ^(g) | 12.1% ^(g) | 12.1% ^(g) | 12.1% ^(g) | - | 20.6% | |
| Total capital ratio ^(d) | 24.1% | 15.3% ^(g) | 15.4% ^(g) | 15.4% ^(g) | 15.4% ^(g) | - | 24.7% | |
| <i>Memo:</i> risk-weighted assets (£ bn) | 201 | 288 ^(g) | 288 ^(g) | 288 ^(g) | 288 ^(g) | - | 194 | |
| <i>Memo:</i> CET1 (£ bn) | 32 | 28 ^(g) | 28 ^(g) | 28 ^(g) | 28 ^(g) | - | 32 | |
| Tier 1 leverage ratio ^{(a) (e)} | 6.2% | 5.1% | 5.2% | 5.2% | 5.2% | 3.59% | 6.3% | |
| <i>Memo:</i> leverage exposure (£ bn) | 588 | 590 ^(h) | 590 ^(h) | 590 ^(h) | 590 ^(h) | - | 580 | |
| IFRS 9 non-transitional basis | | | | | | | | |
| Common equity Tier 1 ratio ^(f) | 16.2% | 9.2% | 9.2% | 9.2% | 9.2% | 6.9% | 16.7% | |
| Tier 1 leverage ratio ^(f) | 6.2% | 4.8% | 4.8% | 4.8% | 4.8% | 3.25% | 6.3% | |

Sources: Participating firms' 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 and before AT1 conversion.
- (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) The low point year for the non-transitional IFRS 9 basis may differ to the low point year on a transitional IFRS 9 basis. Non-transitional IFRS 9 hurdle rates are hypothetical. The bank will review its method for calculating these hurdle rates in future years.
- (g) Corresponds to the same year as the minimum CET1 ratio over the stress scenario after 'strategic' management actions.
- (h) Corresponds to the same year as the minimum leverage ratio over the stress scenario after 'strategic' management actions.
- (i) This includes 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.
- (j) Actuals for end-2017 are shown on the basis of 1 January 2018 in order to incorporate the implementation of IFRS 9.

Additional information:

1. Hurdle rate is Bank specific and set by the PRA.
2. 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.