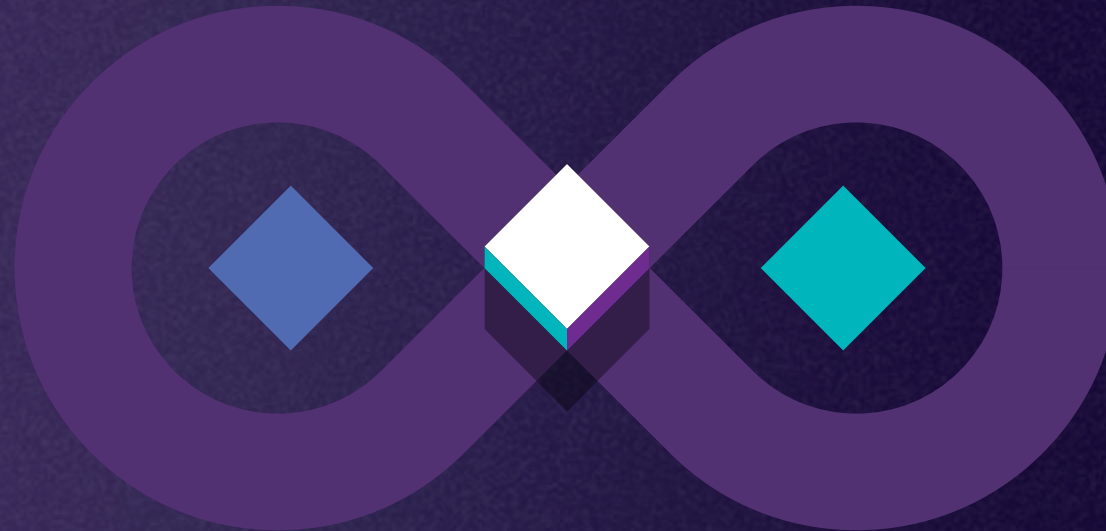


Important ring-fencing information

NATWESTMARKETS.COM

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NatWest
Markets

Version 9

Our ring-fencing plans explained

This brochure outlines what ring-fencing is, why it's happening, our plans and an overview of what this will mean for our NatWest Markets customers.

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What is ring-fencing?

Ring-fencing is a restructuring of the largest UK banks. It was proposed via the publication of the report by the Independent Commission on Banking (“ICB”), also known as the Vickers Report. The UK Government has adopted this proposal through passing the **Banking Reform Act (2013)**.

This ‘ring-fencing’ legislation requires the separation of retail banking services from investment banking services. It will take effect on 1 January 2019.

Certain customers, activities and geographies must be placed inside or outside the ring-fence, however some discretion remains for banks, and implementation strategies will vary across the five impacted banks.

	Personal and Business	Commercial ¹	Corporate	Exempt Financial Institutions ²	Relevant Financial Institutions ³
Capital Markets				Debt Capital Markets	
				Complex Derivatives	
Financial Markets	Simple Derivatives			Simple Derivatives	
	Spot FX				
	Payments				
Banking	Deposits		Deposits		
Lending	Lending			Lending	
	Overdrafts		Overdrafts		
Geography	UK and any mandated activity within a branch in the EEA		Banking activities in a EEA based subsidiary		Branches or subsidiaries outside of the EEA

- Mandated inside the ring-fence
- Permitted inside the ring-fence
- Prohibited inside the ring-fence

¹ Commercial: turnover < £6.5m a year, < 50 employees or balance sheet < £3.26m

² Financial Institutions with whom ring fenced banks can have financial exposures, including other ring fenced banks, building societies and small insurers

³ Relevant Financial Institutions: large banks, funds and Global Systematically Important Insurers

How we are implementing ring-fencing

The UK Government has passed ring-fencing legislation, which requires banks to separate their retail and investment banking activities by 1 January 2019. To comply with this legislation, the RBS Group (RBS) needs to undertake a reorganisation of its group legal entity structure and business model.

Following the reorganisation, RBS Group will be split into a ring-fenced bank sub-group structure and multiple entities outside the ring-fence. During December 2016 we changed the brand of our Corporate & Institutional Banking (CIB) business to 'NatWest Markets'. The majority of the existing NatWest Markets business will be outside of the ring-fence. Please see more details about our legal entity structure on page 6.

NatWest Markets is now the marketing and trading name under which RBS Group offers our financing, risk management and trading solutions. On 30 April 2018 we renamed the legal entity of RBS plc to NatWest Markets Plc in readiness to operate as a non ring-fenced bank once the rules come into effect on 1 January 2019.

What this means for you

For now very little is changing. You'll continue to perform business with NatWest Markets in the normal way. Any transactions that you have with NatWest Markets Plc as at 1 January 2019 will be with a non ring-fenced bank.

The Royal Bank of Scotland Group plc

Group Holding Company and primary issuing entity for MREL*

▼ Proportional Intercompany issuance of Loss Absorbing Capital ▼

NatWest Holdings Limited

Ring-fenced Bank Intermediate Holding Company

The Royal Bank of Scotland plc

Formerly Adam & Company PLC

Entity was renamed on receipt of certain businesses from RBS plc on 30 April 2018

Personal, private, business and commercial customers in England, Scotland and Wales

National Westminster Bank Plc

Personal, private, business and commercial customers in England, Wales, Scotland and our customers in Western Europe

Ulster Bank Ltd Coutts & Company

Ulster Bank Ireland DAC

Ring-fence ~80% of RWA**



NatWest Markets Plc

Formerly RBS plc:
Entity will continue to operate our NatWest Markets businesses in London, Manchester, Dublin, Frankfurt, Stamford, San Francisco, Singapore, Hong Kong and Tokyo (formerly RBS Corporate & Institutional Banking)
Most non-NatWest Markets customer business was transferred to the former Adam & Company PLC alongside rename of entity on 30 April 2018

~15% of RWA**



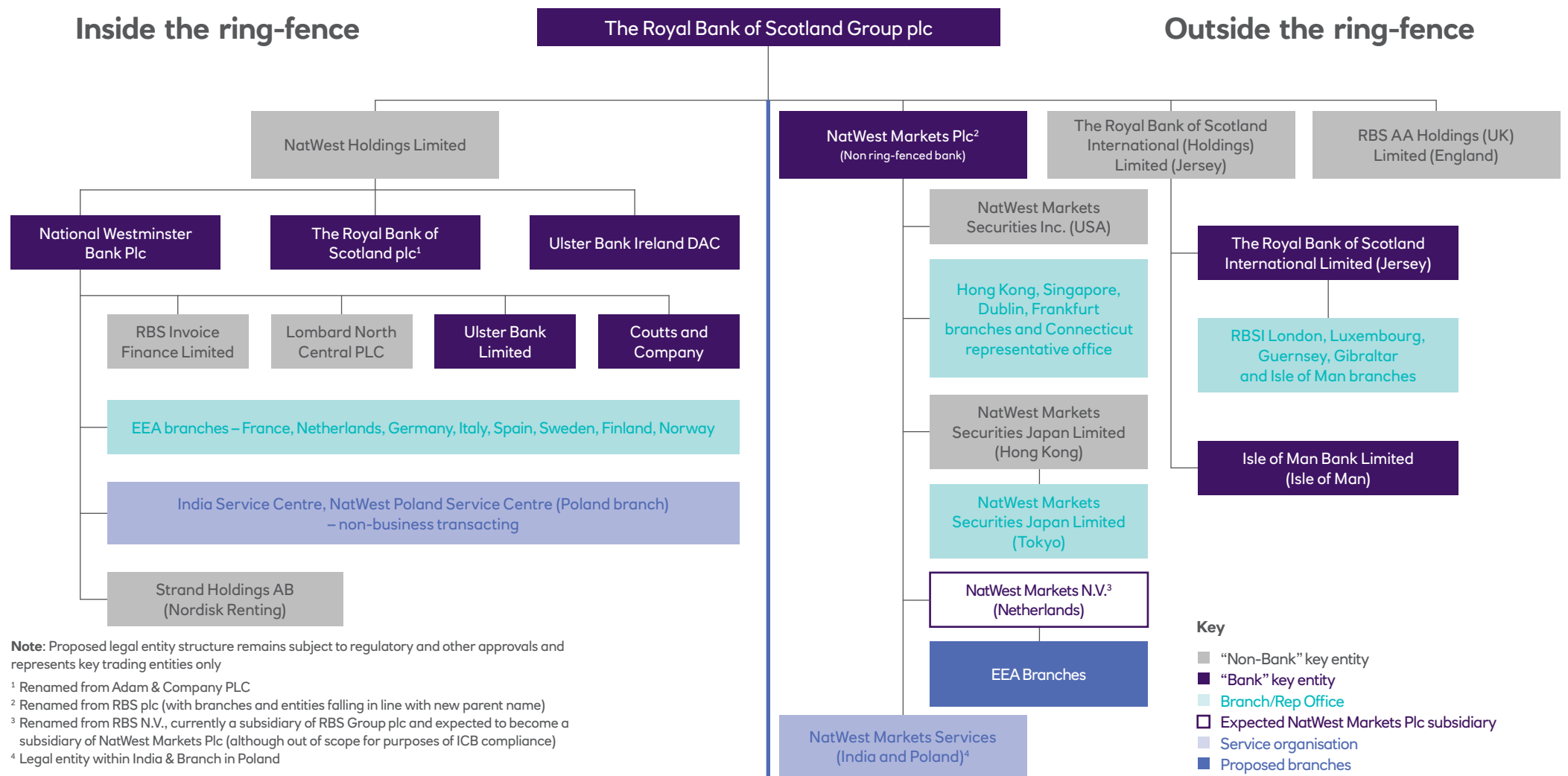
RBS International Holdings Ltd (RBSI)

Existing Holding Company to:
RBS International Ltd
Jersey-based bank with branches in Guernsey, Gibraltar, Isle of Man and Luxembourg
Isle of Man Bank Ltd
Personal, private and business customers on the Isle of Man

~5% of RWA**



Our ring-fencing compliant structure



Note: Proposed legal entity structure remains subject to regulatory and other approvals and represents key trading entities only

¹ Renamed from Adam & Company PLC

² Renamed from RBS plc (with branches and entities falling in line with new parent name)

³ Renamed from RBS N.V., currently a subsidiary of RBS Group plc and expected to become a subsidiary of NatWest Markets Plc (although out of scope for purposes of ICB compliance)

⁴ Legal entity within India & Branch in Poland

Our offering

	Personal and Business	Commercial ¹	Corporate	Financial Institutions ²	Relevant Financial Institutions ³
Ring-fenced bank					
Cash Accounts and Deposits	✓	✓	✓	✓	✓
Payments and Clearing	✓	✓	✓	✓	✓
Trade Finance ⁴	✓	✓	✓	✓	✓
Lending	✓	✓	✓	✓	X
NatWest Markets (non ring-fenced bank)*					
Spot FX / FX Fwd	X	✓	✓	✓	✓
All other Derivatives	X	✓**	✓	✓	✓
Securities / Money Markets	X	X	✓	✓	✓
DCM and Loan Underwriting	X	X	✓	✓	✓
Securitised Products Lending	X	X	✓	✓	✓
Lending	X	X	✓***	X	✓
Outside the ring-fence – RBS International*					
Cash, Payments and Clearing, and Trade Finance	✓	✓	✓	✓	✓
Lending	✓	✓	✓	✓	✓

* Subject to customer eligibility.

** Limited derivative products offered to certain Commercial customers.

*** NatWest Markets will lend to non EEA Corporate customers if required.

All products are subject to eligibility. This table doesn't set out the detail or exceptions relevant to specific exposures or products.

¹ Commercial: turnover < £6.5m a year, < 50 employees or balance sheet < £3.26m.

² Financial Institutions with whom ring fenced banks can have financial exposures, including other ring fenced banks, building societies and small insurers.

³ Relevant Financial Institutions: large banks, funds and Global Systematically Important Insurers.

⁴ Trade Finance to RFIs will only be permitted in certain circumstances.

RBSI will also offer the following:

- Main banking
- Savings
- Unsecured lending
- Mortgages
- Spot FX / FX Fwd

Ring-fencing Transfer Schemes (RFTS)

The Royal Bank of Scotland Group plc, along with other major UK banks, is required by UK law to separate everyday banking services from investment banking, and to prepare for it we need to make some changes to the way our group is structured.

To help facilitate this separation we are using a legal scheme called a Ring-fencing Transfer Scheme (RFTS). We are pleased to confirm that the first RFTS was implemented on 30 April 2018 and the second RFTS was implemented on 13 August 2018.

The first RFTS transferred approximately four million customers from the former The Royal Bank of Scotland plc (RBS plc) to the former Adam & Company PLC. In addition, certain advisory products and a covered bond programme transferred from the former RBS plc to National Westminster Bank Plc (NatWest Bank Plc).

This transfer occurred on 30 April 2018, alongside the legal entity rename of the former Adam & Company PLC to The Royal Bank of Scotland plc. In parallel, the former RBS plc was renamed NatWest Markets Plc and will be one of the entities through which we will deliver markets products that must sit outside the ring-fence.

The second RFTS transferred the customer interest rate and foreign exchange derivatives business of NatWest Bank Plc to NatWest Markets Plc.

What this means for you

We have contacted all customers and security providers whom we think were affected by the Ring-fencing Transfer Schemes. If you would like further information, please see natwestmarkets.com/ringfencing.

Other important ring-fencing information

Our legal entity name change

We renamed RBS plc to NatWest Markets Plc on 30 April 2018. You will see our name change in a number of places, including at Companies House, on the Financial Services Register, across our marketing materials and on statements such as confirmations.

Existing legal documentation continues to be enforceable and the legal relationship between you and RBS plc did not change when RBS plc was renamed NatWest Markets Plc.

Our [Companies House guide](#) will help you find evidence of our legal entity name change from The Royal Bank of Scotland Public Limited Company, to NatWest Markets Plc.

If you require evidence of the renames of RBS Securities Japan Limited and RBS Securities Inc. to NatWest Markets Securities Japan Limited and NatWest Markets Securities Inc., please liaise with your usual NatWest Markets contact in Asia or the US respectively.

Rating agencies' recent comments on NatWest Markets*

Ratings Position

NatWest Markets Plc (previously The Royal Bank of Scotland plc)			
	Short Term Debt	Long Term Debt	Outlook
Moody's	P-2	Baa2	Positive
Standard & Poor's	A-2	BBB+	Positive
Fitch	F2	BBB+	Positive

NatWest Markets N.V. (previously The Royal Bank of Scotland N.V.)			
	Short Term Debt	Long Term Debt	Outlook
Moody's	P-2	Baa2	Positive
Standard & Poor's	A-2	BBB+	Positive
Fitch	F2	BBB+	Positive

NatWest Markets Securities Inc. (Previously RBS Securities Inc.)			
	Short Term Debt	Long Term Debt	Outlook
Standard & Poor's	A-2	BBB+	Positive
Fitch	F2	BBB+	Positive

*To read the full reports please click [here](#)

Other important ring-fencing information (continued)

Operational changes to be aware of

Products and services will now be delivered through legal entities that sit on both sides of the ring-fence and to support this. We therefore need to make some changes to our internal processes.

Payment information for Confirmation, Settlement and Payment Departments

On 16 October 2017 the SWIFT BIC associated with The Royal Bank of Scotland plc London changed from RBOSGB2LTCM to RBOSGB2RTCM.

Note that effective 30 April 2018, RBS plc was renamed NatWest Markets Plc. The existing attributes of RBS plc were adopted by NatWest Markets Plc including SSIs.

Over Account Settlement (OAS)

NatWest Markets will only be able to debit your account if there are sufficient funds to ensure that you remain within your overdraft limit.

Trading cut-off times for some currencies will be changing as follows:

GBP: 17:25
EUR: 15:30
USD: 16:25

Please note that these are listed as UK times.

For other currencies, please contact your usual point of contact at the bank.

Payments FX

If you book FX contracts directly with NatWest Markets for the purpose of making a payment via Bankline, you will experience the following changes:

FX trades for payment related activities that had not settled by 16 April 2018 were replaced with new trades with the same economic details. New confirmations for these trades were issued at that time.

NatWest Markets will now issue final confirmations for payment-related FX transactions directly to you.

Standard Settlement Instructions (SSIs)

Payments relating to foreign exchange, currency options, money markets, interest rate, credit and equity derivatives, fixed income coupons, margin calls, exchange traded futures and options with a value date on or after this date should be made to our new SSIs. Click [here](#) to access a full list of our updated SSIs.

Contact details for all confirmations and settlements teams remain unchanged and can be located [here](#).

Brexit planning

The UK government is negotiating with the EU to determine when and how the UK will exit the EU. During this time the UK automatically remains a member of the EU.

We have advanced our contingency planning for NatWest Markets to ensure we can continue to provide the same products and services to our customers who operate in, or need access to, the EU Single Market, regardless of the outcome of the negotiations.

Having reviewed our potential options, we believe that our existing NatWest Markets N.V. entity in the Netherlands is the best fit for our services. NatWest Markets N.V. has a full banking licence with EU passporting permissions for our NatWest Markets services and products.

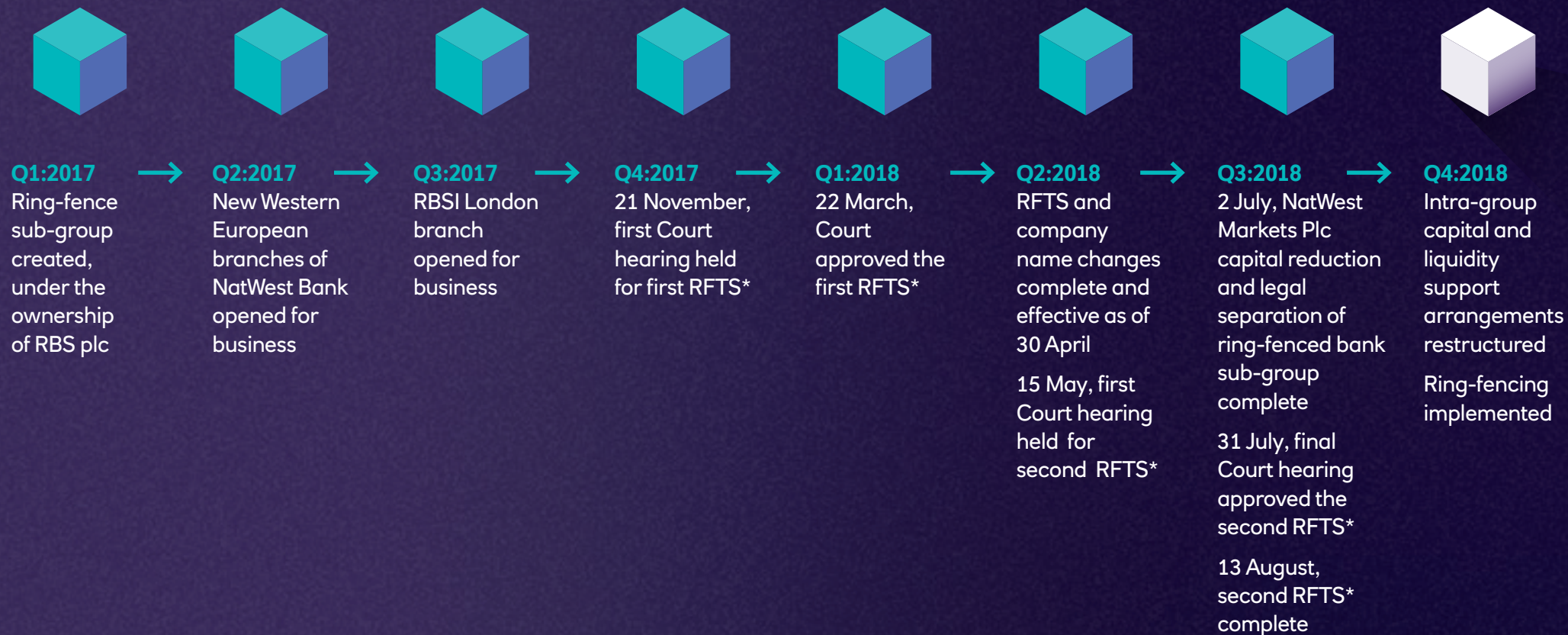
We are advancing discussions with the relevant regulators about repurposing the existing NatWest Markets N.V. licence and our planning is now focused on what we need to do to make sure that the entity is operationally ready if required.

What this means for you

For now nothing is changing. During the EU/UK negotiations you will have all the same services that you have today. We will keep you updated on any significant developments.

Please see the NatWest Markets website for [more information about Brexit](#).

Implementation timeline



Customer communications

Note: Timeline is indicative and may be subject to change. *Ring-fencing Transfer Scheme (RFTS) – the process where the bank sought court permission to transfer customer accounts across entities within the RBS Group.

Any questions?

If you would like to talk to us about this or anything else, please contact your usual point of contact at the bank; alternatively you can email us as ringfencing@natwestmarkets.com.

For more information about ring-fencing:

Please see the [relevant pages](#) on our website.

Our announcements in [September 2016](#), [January 2017](#), [April 2018](#) and [May 2018](#)

[Financial Conduct Authority \(FCA\)](#)

[Bank of England \(BoE\)](#)

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