



ADDENDUM TO THE FINAL REQUIREMENT NOTICE SKILLED PERSON'S REVIEW

In respect of:

The Royal Bank of Scotland plc of 36 St Andrew Square, Edinburgh, EH2 2YB; National Westminster Bank Plc of 135 Bishopsgate, London, EC2M 3UR; Real Estate Asset Management (comprising the companies listed at Annex A of the 20 May 2014 Requirement Notice, whose registered addresses are also listed therein), and Strategic Investment Group/West Register companies (comprising the companies listed at Annex B, whose registered addresses are also listed therein) (collectively "**RBS Group**").

Date: 26 January 2016

1. Background

- 1.1. This addendum is to supplement the previous Requirement Notice to RBS Group dated 20 May 2014 (the "**Requirement Notice**"). The Requirement Notice notified RBS Group of the FCA's appointment of a Skilled Person to provide it with a report (or reports, if appropriate) relating to the treatment of SME customers referred to Royal Bank of Scotland's Global Restructuring Group ("**RBS GRG**").
- 1.2. This addendum sets out an amendment to the definition of "GRG" and "SME customer" as defined in Annex F of the Requirement Notice. Paragraph 3 of Annex F provides that if the Skilled Person considers it necessary to amend the definition of SME customer in order to complete the review, the Skilled Person should inform the FCA immediately, should consult with RBS Group and the FCA, and that any change to the definition of SME customer shall require the prior approval of the FCA.
- 1.3. Following discussions with RBS Group the Skilled Person has determined that it is necessary to amend the definition of "GRG" and "SME customer" in order to capture some customers who were directly or indirectly transferred to and/or managed by the Strategic Management Unit ("**SMU**") but whose debt levels were below £1 million. The FCA has approved this change and is amending the Requirement Notice accordingly.

2. Amendment to the definition of SME customer

- 2.1. Paragraphs 1 and 2 of Annex F to the Requirement Notice are replaced with the following text:



"1. The Global Restructuring Group ("**GRG**") means the following units/business areas within RBS Group:

- a. Business Restructuring Group ("**BRG**");
- b. Specialised Relationship Management Unit ("**SRM**");
- c. GRG Recoveries Unit ("**GRGr**") (but only where cases originated from SMU, SRM GRG, or BRG);
- d. REAM (which comprises the companies listed in Annex A)(but only where cases originated from SMU, SRM, GRG, BRG or GRGr);
- e. Northern Ireland Business Restructuring Group and Strategic Relationship Management Units;
- f. Strategic Management Unit ("**SMU**") (but only those cases where a units/business area listed at (a) to (e) above managed the credit line of the customer or were otherwise involved in the management of the case);
- g. the predecessors of the above business units/business areas as appropriate.

2. For the purposes of the review "**SME customers**" is defined as all customers who:

- a. were directly or indirectly transferred to and/or managed by SMU (or any predecessor) during the Relevant Period with debt levels of between £250,000 and £20 million; or
- b. were directly or indirectly transferred to and/or managed by any other unit or business area in GRG during the Relevant Period with debt levels of between £1million and £20million,

where, in either case, that transfer and/or management was carried on from an establishment in the United Kingdom."

3. Other

3.1. All other parts of the Requirement Notice remain unchanged.