



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

20 September 2017

The Rt Hon Nicky Morgan MP
Chair of the Treasury Committee
House of Commons Committee Office
14 Tothill Street
London
SW1H 9NB

Dear Nicky

ROYAL BANK OF SCOTLAND'S STATE AID COMMITMENTS

I am writing to let you know that the European Commission has announced that it has approved under EU State aid rules the Alternative Remedies Package to replace the commitment for RBS to divest Williams and Glyn.

The package will see RBS fund and deliver two measures to improve the UK business banking market and is designed to boost competition, helping SMEs benefit from greater choice and offers on banking services. The package is comprised of a £425 million fund to help challenger banks increase their business banking capabilities and £350 million of funding to incentivise and facilitate the switching of business current accounts and related loans. RBS will also fund around £60 million of additional implementation and other costs. We have published full details of the remedies online at www.gov.uk/government/publications/rbs-state-aid-alternative-remedies-package.

This announcement marks another significant milestone in resolving a major legacy issue at RBS. It builds on the recent settlement with the Federal Housing Finance Agency and together they show the progress being made to resolve RBS's outstanding issues.

PHILIP HAMMOND