

THE ROYAL BANK OF SCOTLAND PLC

- and -

BNP PARIBAS S.A.

SCHEME SUMMARY

PART ONE – OVERVIEW

1 Introduction

- 1.1** On 19 February 2014, The Royal Bank of Scotland plc (“**RBS plc**”) announced that it had reached an agreement with BNP Paribas S.A. (“**BNPP SA**”) for the disposal of certain assets and liabilities related to RBS plc’s structured retail investor products and equity derivatives (“**IPED**”) business, as well as associated market-making activities. It was also announced that where available, statutory transfer schemes would be used to effect a legal transfer of eligible transactions (including securities) to BNPP SA or one of its affiliates. In particular, RBS plc and BNPP SA agreed to work together with the aim of implementing a banking business transfer scheme pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the “**Scheme**”).
- 1.2** The terms of the Scheme are set out in a banking business transfer scheme document (the “**Scheme Document**”), which has been submitted to the Court of Session in Scotland (the “**Court**”) for sanction, as explained further in paragraph 5 below.
- 1.3** This document (the “**Scheme Summary**”) summarises the principal terms of the Scheme.

2 Transfers under the Scheme

- 2.1** The Scheme will transfer to BNPP SA (acting through its London branch) part of the IPED business of RBS plc. That part will comprise the rights and obligations of RBS plc as:
- 2.1.1** issuer of, and (where relevant) agent in relation to, certain IPED securities (the “**IPED Securities**”);
- 2.1.2** deposit taker of, and (where relevant) deposit calculation agent in relation to, certain IPED structured deposits (the “**IPED Deposits**”); and
- 2.1.3** issuer and (where relevant) agent under certain agreements relating to the IPED Securities, and as deposit taker and (where relevant) deposit calculation agent under certain agreements relating to the IPED Deposits (together, the “**IPED Agreements**”),

together, the “**Transferring Business**”. The IPED Deposits and the IPED Securities are together referred to as the “**IPED Products**”.

- 2.2** In other words, BNPP SA will become deposit taker and, where relevant, deposit calculation agent in respect of the IPED Deposits and issuer (subject to paragraph 3 below) and, where relevant, agent in respect of the IPED Securities pursuant to the Scheme. Further details are set out in Part Two of this Scheme Summary.

3 Securities Issuer Role Transfer and BNPP SA Guarantee

- 3.1** In recognition of the function of BNP Paribas Arbitrage Issuance B.V. (“**BNPP IBV**”) as an “issuance vehicle” of BNPP SA’s corporate group, the role of issuer of the IPED Securities will be transferred from BNPP SA to BNPP IBV pursuant to the Scheme (the “**Securities Issuer Role Transfer**”). BNPP IBV will also become a party to the IPED Agreements related to the IPED Securities which will transfer under the Scheme.
- 3.2** The Securities Issuer Role Transfer will take effect one minute after the IPED Securities have been transferred to BNPP SA. BNPP IBV is a wholly owned, direct subsidiary of BNPP SA. BNPP SA and BNPP IBV are together referred to as the “**BNPP Entities**” and either one as a “**BNPP Entity**”.
- 3.3** As part of the Securities Issuer Role Transfer, BNPP SA will guarantee all the obligations of BNPP IBV with effect from the time of the Securities Issuer Role Transfer. The terms of the guarantee will be set out in a separate deed of guarantee, the form of which is scheduled to the Scheme Document.

4 Amendment of Terms and Conditions

- 4.1** The IPED Securities are governed by the laws of England and Wales, Switzerland, Germany or The Netherlands. The IPED Deposits are governed by the laws of England and Wales.
- 4.2** As set out more fully in Part Two of this Scheme Summary, certain amendments are to be made to the terms and conditions of (i) the IPED Securities which are governed by the laws of England and Wales or the laws of Switzerland, and (ii) the IPED Deposits in accordance with the terms of the Scheme.
- 4.3** BNPP SA and BNPP IBV will enter into a separate Deed of Irrevocable Offer to give certain undertakings in respect of the IPED Securities which are governed by the laws of Germany or by the laws of The Netherlands.

5 Timing of the Scheme

- 5.1** Implementation of the Scheme is subject, among other matters, to regulatory and Court approvals. The petition to the Court for an order sanctioning the Scheme (the “**Petition**”) is expected to be heard by the Court on 19 November 2015.
- 5.2** If the Court approves the Scheme, it is expected to become effective at 00.01 (GMT) on 7 December 2015, or such other date as RBS plc and BNPP SA may agree in writing. The date on which the Scheme becomes effective is referred to as the “**Effective Date**”. The Securities Issuer Role Transfer is expected to occur at 00.02 (GMT) on the Effective Date.

- 5.3** The Scheme will lapse if it does not become effective on or before the later of (i) 19 May 2016, or (ii) such time and date as the Court may allow on the application of RBS plc and BNPP SA.
- 5.4** In general, the Scheme provides a mechanism to transfer the Transferring Business on the Effective Date without any further steps being required. However, additional actions might be required in order to transfer certain assets and liabilities. Those assets and liabilities may transfer at a later date (called a “**Subsequent Transfer Date**”), once the necessary steps have been completed, as explained further in paragraph 9 of Part Two below. The date on which an asset, or liability, of RBS plc transfers to BNPP SA pursuant to the Scheme (being either the Effective Date or a Subsequent Transfer Date) is referred to as the “**Relevant Date**”.
- 5.5** If any IPED Securities are transferred on a Subsequent Transfer Date, the Securities Issuer Role Transfer in respect of those IPED Securities will take place on that Subsequent Transfer Date, immediately after BNPP SA becomes the issuer of such IPED Securities.

6 Further information

- 6.1** The information in this Scheme Summary is intended to be a summary of the Scheme only. A copy of the Scheme Document is available, free of charge, on request by e-mailing FSMAResponseTeamRBS@rbs.com, writing to Pieter-Reinier Maat, Global Head of IPED Client Management, The Royal Bank of Scotland, 135 Bishopsgate, London EC2M 3UR, United Kingdom or by calling your regular RBS contact person (and will be available on RBS plc’s website at <http://investors.rbs.com/FSMA-transfer-IPED/>) until the date on which the Court sanctions the Scheme. That date is currently expected to be 19 November 2015.
- 6.2** RBS plc and BNPP SA will publish a series of notices in relation to the Petition. They are expected to be published in *The Edinburgh Gazette*, *The London Gazette*, *The Belfast Gazette*, *The Times*, the *Financial Times* (including international editions, other than the Americas edition) and *The Scotsman*. Any person who considers that they would be adversely affected by the carrying out of the Scheme may lodge written Answers (formal written objections) to the Petition with the Court at Parliament House, Parliament Square, Edinburgh EH1 1RQ, within 42 days of the publication of the last of these notices, which is expected to be on or around 2 October 2015. In accordance with its practice, the Court is also likely to consider any other objections to the Scheme which are made to it whether in writing or in person at the hearing to sanction the Scheme.

7 Change of final hearing date

As stated above, the final Court hearing in respect of the Scheme is expected to take place on 19 November 2015. If this date is changed for any reason, an announcement will be made on RBS plc’s website at <http://investors.rbs.com/FSMA-transfer-IPED/> and details of the new date will be provided to anyone who has contacted the Court to register an objection to the Scheme.

PART TWO – PARTICULARS OF THE SCHEME

8 The Transferring Business

- 8.1** Assets and liabilities which comprise the IPED Products and related IPED Agreements will transfer under the Scheme. A list of the international securities identification numbers for the IPED Securities is set out in Part 1 of Schedule 1 to the Scheme Document and a list of the IPED Deposits is set out in Part 2 of Schedule 1 to the Scheme Document. A list of the related IPED Agreements is set out in Part 3A and Part 3B of Schedule 1 to the Scheme Document.
- 8.2** Business carried on by RBS plc that is not part of the Transferring Business will not transfer under the Scheme.

9 Residual Assets and Residual Liabilities

- 9.1** It is expected that all the assets and liabilities which comprise the Transferring Business will be transferred to BNPP SA on the Effective Date.
- 9.2** However, the Scheme also provides for assets and liabilities which comprise the Transferring Business, which for some reason cannot be transferred to BNPP SA on the Effective Date, to be transferred later on a Subsequent Transfer Date. The reasons why assets and liabilities may not be able to be transferred on the Effective Date include where: (i) the Court declines to order the transfer at the Effective Date; (ii) legal title cannot transfer under the relevant governing law or cannot transfer without additional steps; (iii) the parties agree not to transfer them on the Effective Date; or (iv) BNPP SA does not have the requisite regulatory authorisation, permission or other consent to hold the transferring asset or liability as at the Effective Date. The Subsequent Transfer Date will be when:
- 9.2.1** the impediment to their transfer has been removed;
- 9.2.2** RBS plc and BNPP SA determine that such assets and liabilities should be transferred; or
- 9.2.3** as otherwise set out in the definition of “Subsequent Transfer Date” in the Scheme Document.

10 Transfer of IPED Agreements

- 10.1** IPED Agreements entered into by RBS plc which are governed by English law or any other law that recognises the effect of the Scheme will transfer to BNPP SA under the Scheme if and when the IPED Products to which they relate transfer to BNPP SA.
- 10.2** Those IPED Agreements related to the IPED Securities will immediately thereafter transfer to BNPP IBV (as part of the Securities Issuer Role Transfer), except in respect of RBS plc’s role as agent of the issuer, which will remain with BNPP SA under the Scheme.
- 10.3** Where IPED Agreements relate solely to IPED Products which transfer on the Effective Date, those IPED Agreements will transfer to BNPP SA on the Effective Date (and, where applicable (see paragraph 10.2 above), transfer immediately thereafter to BNPP IBV).
- 10.4** Where IPED Agreements relate solely to IPED Products which do not transfer to BNPP SA on the Effective Date but which transfer on one or more Subsequent Transfer Dates, those

IPED Agreements will transfer on the first relevant Subsequent Transfer Date (and, where applicable (see paragraph 10.2 above), transfer immediately thereafter to BNPP IBV).

- 10.5** Where IPED Agreements relate partly to IPED Products which transfer on the Effective Date and partly to IPED Products which transfer on one or more Subsequent Transfer Dates, those IPED Agreements will transfer to BNPP SA on the Effective Date (and, where applicable (see paragraph 10.2 above), transfer immediately thereafter to BNPP IBV).
- 10.6** Where IPED Agreements relate partly to IPED Products which transfer on the Effective Date and partly to assets and liabilities which do not form part of the Transferring Business, those IPED Agreements will transfer to BNPP SA on the Effective Date (and, where applicable (see paragraph 10.2 above), transfer immediately thereafter to BNPP IBV).
- 10.7** Where IPED Agreements relate partly to IPED Products which transfer on one or more Subsequent Transfer Dates and partly to assets and liabilities which do not form part of the Transferring Business, those IPED Agreements will transfer to BNPP SA on the first relevant Subsequent Transfer Date (and, where applicable (see paragraph 10.2 above), transfer immediately thereafter to BNPP IBV).
- 10.8** Where IPED Agreements relate partly to IPED Products which transfer on the Effective Date and on one or more Subsequent Transfer Dates and partly to assets and liabilities which do not form part of the Transferring Business, those IPED Agreements will transfer to BNPP SA on the Effective Date (and, where applicable (see paragraph 10.2 above), transfer immediately thereafter to BNPP IBV).
- 10.9** In each case, to the extent that IPED Agreements relate to IPED Products that have not yet transferred to BNPP SA or relate to assets and liabilities which do not form part of the Transferring Business, RBS plc will be added back as a party in respect of such IPED Products. The relevant BNPP Entity will have rights and obligations under those IPED Agreements to the extent that they relate to IPED Products which have transferred to it and RBS plc will retain rights and obligations under them to the extent that they relate to assets and liabilities which it retains.
- 10.10** More detail is set out in paragraphs 9.4 to 9.11 of the Scheme Document.

11 Deposit Guarantee Schemes

- 11.1** It is possible that the Scheme could affect the rights of investors in IPED Deposits who are currently protected by the Financial Services Compensation Scheme of the UK (the “**FSCS**”). From the Effective Date, the relevant compensation fund of last resort protection would be the *Fonds de Garantie des Dépôts et de Résolution* of France (the “**FGDR**”) rather than the FSCS.
- 11.2** Certain undertakings are therefore being given by BNPP SA and RBS plc, as further explained in paragraphs 12 and 13 below.

12 Deposit withdrawal undertaking given by BNPP SA

- 12.1** Those IPED Deposits which are covered by the FSCS will cease to be covered by the FSCS once the IPED Deposits are transferred to BNPP SA, acting through its London branch. However, it is expected that such IPED Deposits will qualify for protection under the deposit guarantee scheme operated by the FGDR.

- 12.2** In terms of the extent of the cover, the FGDR protects depositors who satisfy the FGDR eligibility criteria against loss of up to €100,000 per depositor per authorised institution. If, prior to the Effective Date, an investor has IPED Deposits with RBS plc and deposits with BNPP SA, as a consequence of the Scheme all such deposits will be held with a single authorised institution after the Effective Date (being BNPP SA). So, following the Effective Date and where the FGDR eligibility criteria are satisfied, the €100,000 cap will apply to all such deposits of such an investor together.
- 12.3** Those investors in the IPED Deposits who also have deposits with BNPP SA or investors whose rights would be materially diminished after the transfer of their deposits, in comparison with the rights that they had under the FSCS, will have the right, upon providing appropriate evidence, to withdraw all or part of their deposits should they wish to do so. They may withdraw their deposits at mid market value (or in the case of a withdrawal of part only of their deposit, the relevant part of such deposit) (spread-free) provided that BNPP SA is reasonably satisfied that normal market conditions exist on the relevant business day. This withdrawal right will be exercisable within 60 business days from the Effective Date and without any penalty that would otherwise apply in consequence of such a withdrawal.
- 12.4** The withdrawal right will not apply where the deposit is held by BNPP SA as security or BNPP SA has a right of set-off against such deposit (except if the security or set-off right arises solely as a result of the Scheme).
- 12.5** For more information about this process, investors should contact their usual RBS or BNP Paribas contact.

13 Compensation undertaking given by RBS plc

- 13.1** The maximum compensation payable under the FSCS in respect of any individual depositor with protected deposits held with any one financial institution is £75,000 (subject to certain transitional arrangements under which the maximum level of compensation will remain at £85,000 until 31 December 2015). As explained above, the corresponding maximum compensation payable under the FGDR is €100,000.
- 13.2** Upon any default of BNPP SA, amounts payable under the FGDR in euro may be less than £75,000 (or £85,000 if BNPP SA were to default before 31 December 2015) due to the exchange rate between sterling and euro at such time.
- 13.3** Therefore, following any default of BNPP SA after the Effective Date in circumstances where a claim could have been made under the FSCS by the investor in respect of an IPED Deposit (had the Scheme not taken place and a default of RBS plc had occurred), RBS plc will pay to any such relevant eligible investor, who would have qualified for protection under the FGDR on the Effective Date, an amount to cover any shortfall (calculated in accordance with the details specified in paragraph 16.2 of the Scheme Document).
- 13.4** For more information about the FGDR (including the eligibility criteria) you can contact the FGDR on +33 1 58 18 38 08 or write to the FGDR at Fonds de Garantie des Dépôts et de Résolution, 65, rue de la Victoire, 75009 Paris, France. Full details of the FGDR can be found on this website: <http://www.garantiedesdepots.fr/en>.

14 Restrictions on the BNPP Entities

The transfer of the Transferring Business in accordance with the Scheme may result in the BNPP Entities having certain rights in respect of the Transferring Business that RBS plc did not have prior to the Relevant Date. Where the exercise of such rights might prejudice investors, the BNPP Entities have given certain undertakings not to exercise those rights in order to mitigate potential prejudice. Those undertakings are set out in detail in Part C of the Scheme Document and include those summarised below.

14.1 Set-off Rights

14.1.1 Prior to the Effective Date, RBS plc and BNPP SA may each have certain contractual set-off rights. However, the carrying out of the Scheme might widen such rights and/or result in additional contractual set-off rights arising to the benefit of a BNPP Entity. Consequently, the set-off position of the BNPP Entity as against an affected investor could, but for the restrictive undertaking described below, result in a "windfall" gain to the detriment of the relevant investor.

14.1.2 To prevent such detriment, the BNPP Entities will not exercise these rights to the extent they have arisen solely as a consequence of the carrying out of the Scheme, unless the agreements containing such rights are subsequently amended in accordance with their terms or with the consent of the other parties to those agreements (see paragraphs 12 and 13 in the Scheme Document).

14.2 Disruption/Adjustment Rights

14.2.1 Certain IPED Products contain provisions that give RBS plc, as the issuer or deposit taker, the right, under certain circumstances, to accelerate, terminate or alter its rights or obligations under such IPED Product.

14.2.2 Such circumstances include:

- (i) the issuer or the deposit taker being unable, or otherwise determining that it is, or has become not reasonably practicable, or it has become undesirable for the issuer or the deposit taker to establish, re-establish, substitute or maintain transactions necessary or desirable to hedge its obligations under such IPED Product; and
- (ii) it becoming more expensive for the issuer or deposit taker to establish, re-establish, substitute or maintain such hedging transactions.

14.2.3 Where the relevant BNPP Entity becomes the issuer or deposit taker pursuant to the Scheme, certain restrictions will be placed on the BNPP Entities in relation to such circumstances to seek to ensure that the relevant BNPP Entity will not exercise, to the detriment of the investors in such IPED Products, any such rights (as described more fully in paragraph 14 of the Scheme Document) that might otherwise have been available to it (to the extent that such rights arise solely in consequence of the Scheme).

15 Amendments to IPED Products and IPED Agreements

15.1 The Scheme Document provides for certain amendments to the terms and conditions of the IPED Products and the IPED Agreements. These amendments are generally to give effect to the Scheme (for example, substituting "*BNP Paribas S.A.*" or "*BNP Paribas Arbitrage Issuance B.V.*" as the contracting party instead of "*The Royal Bank of Scotland*

plc”), to avoid nonsensical or untrue clauses in agreements arising as a result of the transfer and to mitigate potential adverse effects on investors. The amendments to IPED Securities which are governed by the laws of England and Wales or by the laws of Switzerland and to the IPED Deposits and related IPED Agreements are set out in paragraphs 9.2 and 9.3 and Part D of the Scheme Document and include those explained further below. Certain undertakings will be given by the BNPP Entities in respect of the IPED Securities governed by the laws of The Netherlands or the laws of Germany as described in paragraph 15.3 below.

15.2 The following principal amendments to the IPED Securities which are governed by the laws of England and Wales or by the laws of Switzerland and to the IPED Deposits and related IPED Agreements are proposed to take effect from the Relevant Date pursuant to the Scheme:

15.2.1 Dividend Amounts: Where the terms and conditions of an IPED Security provide for:

- (i) RBS plc as issuer to pay a “Dividend Amount” to holders of such IPED Security; or
- (ii) the amount payable on maturity to be adjusted for a “Notional Dividend Amount”,

and the amount of any such Dividend Amount or Notional Dividend Amount falls to be calculated net of withholding tax at the rate determined by reference to a double tax treaty, the terms and conditions will be amended to ensure that any such Dividend Amount or Notional Dividend Amount will continue to be calculated by reference to the same double tax treaty as would have been applicable if the relevant IPED Security had not been transferred pursuant to the Scheme (see paragraph 18.2 of the Scheme Document);

15.2.2 Events of default: Any references in the events of default of IPED Securities to insolvency-related events that are specific to UK companies, such as RBS plc, will be amended to refer to equivalent general concepts that are not specific to UK companies, so as to cover BNPP IBV as the new issuer (see paragraph 18.3 of the Scheme Document);

15.2.3 Provision of guarantee by BNPP SA: To reflect the provision of the guarantee by BNPP SA (see paragraph 3.3 in Part One above), where the relevant IPED Securities contain certain insolvency related events of default in respect of the issuer, the events of default in the terms and conditions of the IPED Securities will also be extended to cover certain insolvency related events of default of BNPP SA as guarantor (see paragraph 18.4 of the Scheme Document);

15.2.4 References to UK government bodies: Where the terms and conditions of an IPED Product or a related IPED Agreement contain provisions to the effect that the term “Affiliate” (in the context of the issuer’s group or deposit taker’s group, as applicable) shall not include certain UK government entities, those provisions will be deemed to be deleted (see paragraphs 18.5 and 19.2 of the Scheme Document); and

15.2.5 Substitution provisions: Where the terms and conditions of an IPED Security or related IPED Agreement refer to the ability of the issuer to substitute a third party for itself subject to the provision of a guarantee by RBS plc or The Royal Bank of

Scotland Group plc, as the case may be (or make substantially similar provision), such references to the provision of a guarantee by RBS plc or The Royal Bank of Scotland Group plc as the case may be, will instead be deemed to refer to the provision or, if applicable, the continuation, of a guarantee by BNPP SA (see paragraph 18.6 of the Scheme Document).

- 15.3** Certain of the proposed amendments to the terms and conditions of the IPED Securities and related agreements set out above may not be capable of being made by way of the Scheme in the case of IPED Securities which are governed by the laws of Germany or The Netherlands and related IPED Agreements. To ensure that investors in such IPED Securities or counterparties to the related IPED Agreements are not prejudiced as a result of the Scheme, the BNPP Entities will enter into a Deed of Irrevocable Offer, under which the BNPP Entities will give certain undertakings not to exercise rights and certain undertakings to construe the terms and conditions of such German and Dutch law governed IPED Securities and related IPED Agreements in such a way that, subject to the next sentence, replicates the amendments to be made by way of the Scheme. These undertakings only replicate such amendments to the extent they provide the investors in the relevant IPED Securities and counterparties to the related IPED Agreements with additional rights and/or limit rights of or impose additional obligations on the BNPP Entities.

16 Tax repurchase undertaking

If any holders of IPED Securities reasonably consider that the transfers under the Scheme are likely to result in adverse tax consequences, they may be entitled under the terms of the Scheme, upon providing appropriate evidence of such adverse consequences, to request RBS plc or BNPP IBV (as the case may be) to purchase their IPED Securities at their mid market value (spread-free), provided such request is made in advance of, or is made within 60 business days after, the Effective Date and assuming normal market conditions exist. See paragraph 17 of the Scheme Document.

PART THREE – GENERAL PROVISIONS

17 Rights under agreements

In general and from the Relevant Date, each of the relevant BNPP Entities and the relevant counterparty to any contract or agreement comprised in the Transferring Business will become entitled to the same rights and remedies and be subject to the same liabilities against each other as were applicable to RBS plc and that counterparty against each other immediately prior to the relevant transfer under the Scheme. However, certain terms and conditions of IPED Products and IPED Agreements will be amended under the Scheme, as described above in paragraph 15 in Part Two of this Scheme Summary.

18 Modifications and additions to the Scheme

Prior to the Court approving the Scheme, RBS plc and BNPP SA may consent, jointly for and on behalf of themselves and all other persons concerned, to any modification of or addition to the Scheme Document or to any further condition or provision affecting the Scheme which, in each case, the Court may approve or impose. At any time after the approval of the Scheme by the Court, RBS plc and BNPP SA may jointly apply to the Court for consent to amend the terms of the Scheme.

19 Governing law

The Scheme is governed by, and will be construed in accordance with, Scots law.