



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

3rd November 2009

Adair Turner
Chairman
Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

Dear Adair

As you know, I will announce today the final agreements reached with Royal Bank of Scotland (RBS) with regard to its participation in the Asset Protection Scheme (APS), which we have discussed at Principals.

The final details of the agreement are set out in the term sheet attached, as discussed on a Deputies call on Sunday evening. I am writing separately with regard to the Lloyds Banking Group announcements.

Whilst all material commercial issues have now been agreed with RBS, full legal documents are being finalised and will be signed shortly. These arrangements also remain subject to final European Commission approval, which we expect to receive during November.

I am grateful to you and your officials for your work with us over the past months in reaching these agreements.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alistair Darling'.

ALISTAIR DARLING