



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

10 June 2015

Mark Carney
Governor
Bank of England
Threadneedle Street
London
EC2R 8AH

Dear Mark,

RBS

During the last Parliament we made enormous progress in addressing the huge financial challenges that we inherited following the financial crisis. We have significantly strengthened the financial system and started the process of returning the financial assets acquired by the government to the private sector. Exiting from these interventions should reinforce the important work that you are leading, as Chair of the Financial Stability Board, in addressing the issue of "too big to fail".

I would now like to take stock of the question of RBS ownership. I have been consistently clear that my goal is to return RBS, in full, to the private sector over time. When and how to exit are complex decisions, and there are a number of factors that will need to be considered in determining the appropriate timing and pace. I would welcome your view on these matters, particularly bearing in mind the implications for lending and the wider UK macro economy of returning a bank of this size and structure to the private sector; the implications for the UK financial services sector; and the impacts on the RBS business itself. I shall of course be determined to maximise the return for taxpayers, both directly and through indirect economic benefits, who have stepped in and supported the recapitalisation of the bank.

I am grateful for your continued support in delivering the Government's goal of a more stable and sustainable financial sector, working in the interests of the British people.

GEORGE OSBORNE