



UK Corporate Investor Roundtable

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UK Corporate Executive Committee

8 April 2011

Important Information



Certain sections in this presentation contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements that include the words 'expect', 'estimate', 'project', 'anticipate', 'believes', 'should', 'intend', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'will', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on such expressions.

In particular, this presentation includes forward-looking statements relating, but not limited to: the Group's restructuring plans, capitalisation, portfolios, net interest margin, capital ratios, liquidity, risk weighted assets, return on equity (ROE), cost:income ratios, leverage and loan:deposit ratios, funding and risk profile; the Group's future financial performance; the level and extent of future impairments and write-downs; the protection provided by the Asset Protection Scheme (APS); and the Group's potential exposures to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity and equity price risk. These statements are based on current plans, estimates and projections, and are subject to inherent risks, uncertainties and other factors which could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements. For example, certain of the market risk disclosures are dependent on choices about key model characteristics and assumptions and are subject to various limitations. By their nature, certain of the market risk disclosures are only estimates and, as a result, actual future gains and losses could differ materially from those that have been estimated.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this presentation include, but are not limited to: the full nationalisation of the Group or other resolution procedures under the Banking Act 2009; the global economy and instability in the global financial markets, and their impact on the financial industry in general and on the Group in particular; the financial stability of other financial institutions, and the Group's counterparties and borrowers; the ability to complete restructurings on a timely basis, or at all, including the disposal of certain Non-Core assets and assets and businesses required as part of the EC State Aid restructuring plan; organisational restructuring; the ability to access sufficient funding to meet liquidity needs; cancellation, change or withdrawal of, or failure to renew, governmental support schemes; the extent of future write-downs and impairment charges caused by depressed asset valuations; the inability to hedge certain risks economically; costs or exposures borne by the Group arising out of the origination or sale of mortgages or mortgage-backed securities in the United States; the value and effectiveness of any credit protection purchased by the Group; unanticipated turbulence in interest rates, yield curves, foreign currency exchange rates, credit spreads, bond prices, commodity prices and equity prices; changes in the credit ratings of the Group; ineffective management of capital or changes to capital adequacy or liquidity requirements; changes to the valuation of financial instruments recorded at fair value; competition and consolidation in the banking sector; HM Treasury exercising influence over the operations of the Group; the ability of the Group to attract or retain senior management or other key employees; regulatory or legal changes (including those requiring any restructuring of the Group's operations) in the United Kingdom, the United States and other countries in which the Group operates or a change in United Kingdom Government policy; changes to regulatory requirements relating to capital and liquidity; changes to the monetary and interest rate policies of the Bank of England, the Board of Governors of the Federal Reserve System and other G7 central banks; impairments of goodwill; pension fund shortfalls; litigation and regulatory investigations; general operational risks; insurance claims; reputational risk; general geopolitical and economic conditions in the UK and in other countries in which the Group has significant business activities or investments, including the United States; the ability to achieve revenue benefits and cost savings from the integration of certain of RBS Holdings N.V.'s (formerly ABN AMRO Holding N.V.) businesses and assets; changes in UK and foreign laws, regulations, accounting standards and taxes, including changes in regulatory capital regulations and liquidity requirements; the participation of the Group in the APS and the effect of the APS on the Group's financial and capital position; the ability to access the contingent capital arrangements with HM Treasury; the conversion of the B Shares in accordance with their terms; limitations on, or additional requirements imposed on, the Group's activities as a result of HM Treasury's investment in the Group; and the success of the Group in managing the risks involved in the foregoing.

The forward-looking statements contained in this presentation speak only as of the date of this announcement, and the Group does not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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Introduction to UK Corporate

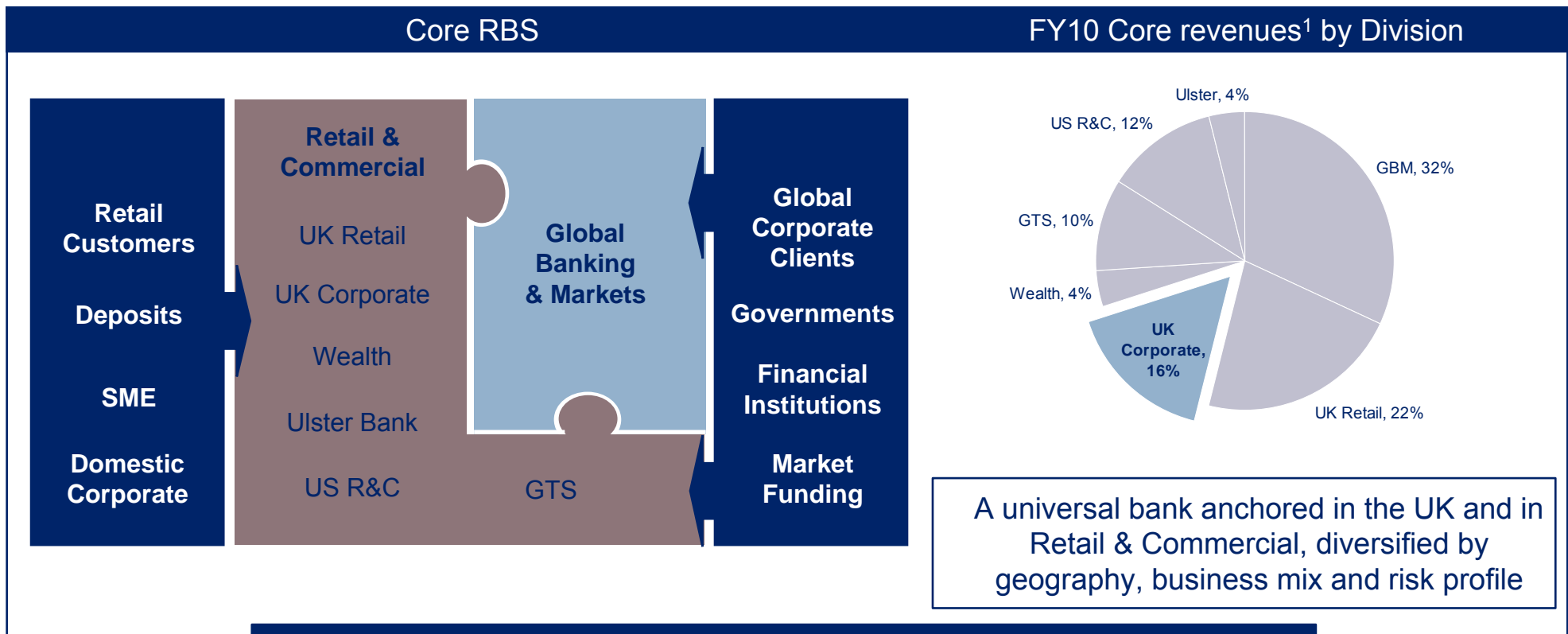
- Overview
- Financial performance and outlook
- Risk Management

Spotlight on our business

- Business and Commercial (B&C)
- Corporate and Institutional (CIB)

Summary

Our position within the Group



¹ Excluding Fair Value of Own Debt and RBS Insurance

UK Corporate

Role: to service and grow the Group's small, medium and large business customers in the UK

Business and Commercial Banking (B&C)

- Relationships with small and medium size clients in the UK with up to £25m in turnover
- Leading provider of Asset Finance and Invoice Finance
- c1.2m customers

Corporate and Institutional Banking (CIB)

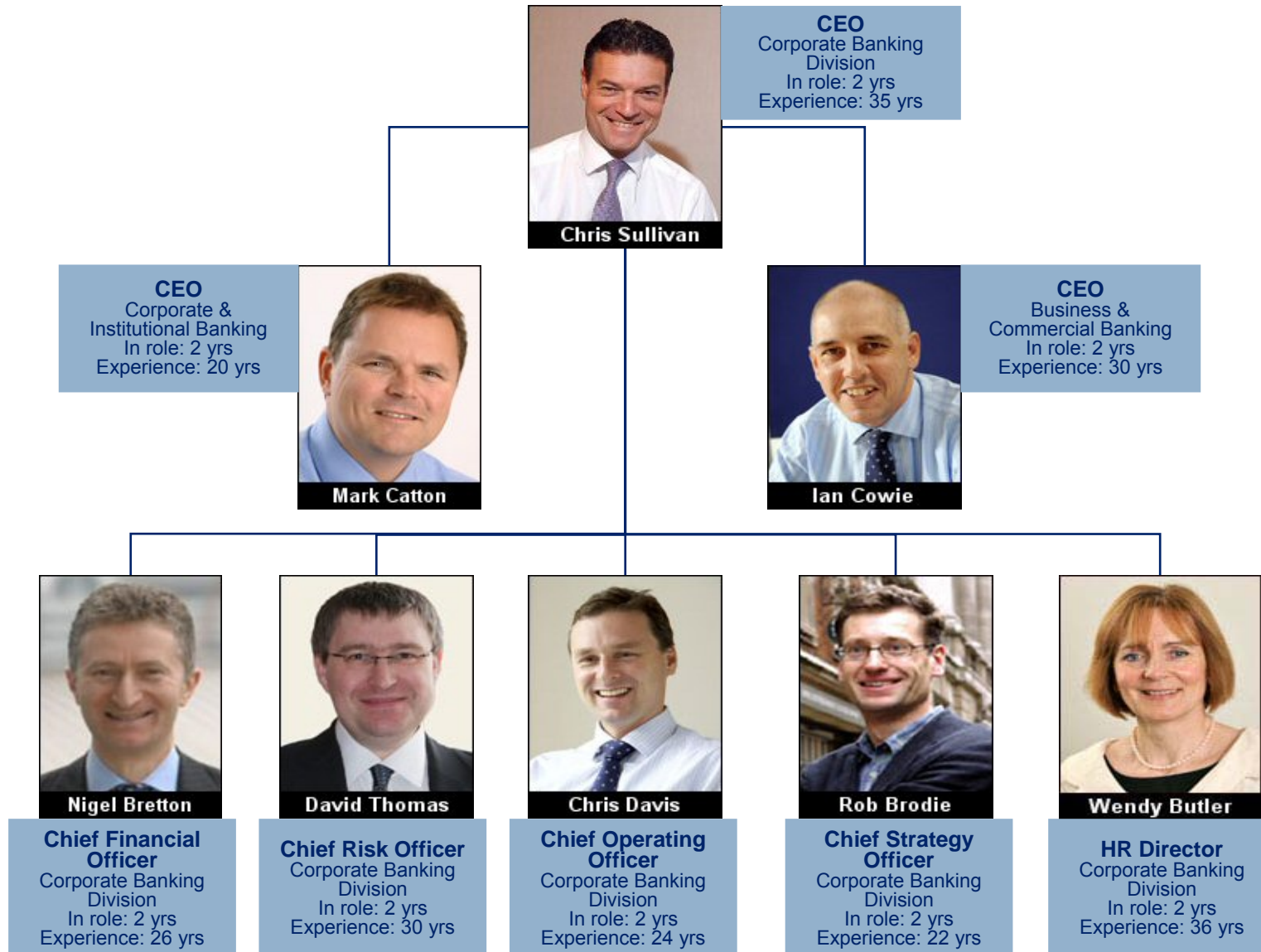
- Relationships with medium and large Corporates in the UK with turnover > £25m, including FTSE 250 clients
- c12,000 customers

UK Corporate¹ is a consistent key contributor to RBS Group

	2008	2009	2010	% of RBS
Income, £bn	3.8	3.6	3.9	16% ²
Costs, £bn	(1.6)	(1.5)	(1.7)	12% ²
Impairments, £bn	(0.3)	(0.9)	(0.8)	20% ²
Operating profit, £bn	1.8	1.1	1.5	21% ²
Deposits, £bn	82.0	87.8	100.0	20%
RWA, £bn	85.7	90.2	81.4	20%
Return on Equity (RoE)	15.9%	9.4%	12.1%	n/a
Employees	13,600	12,300	13,100	9%

¹ Core business. ² Core business, excluding Fair Value of Own Debt, Group Centre and RBS Insurance

An experienced team at the helm



We have a strong franchise...



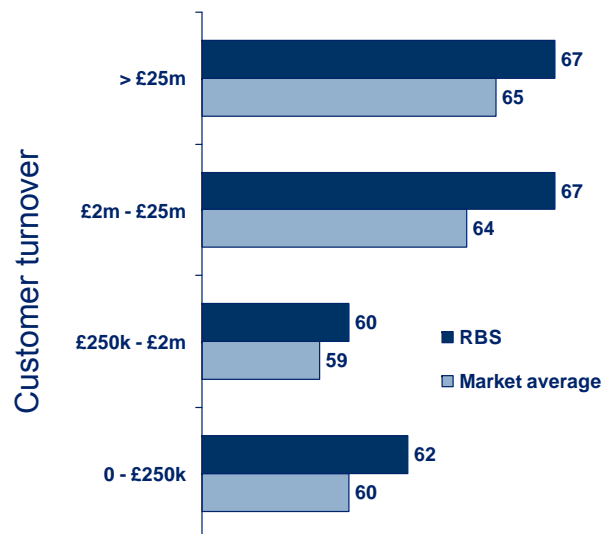
Leading customer franchise

Market position for primary banking relationships¹

Customer turnover	UK Corporate Division	Market position
> £25m	CIB	#1
£5m - £25m	B&C	#1
£1m - £5m	B&C	#1
£0m - £1m	B&C	#1

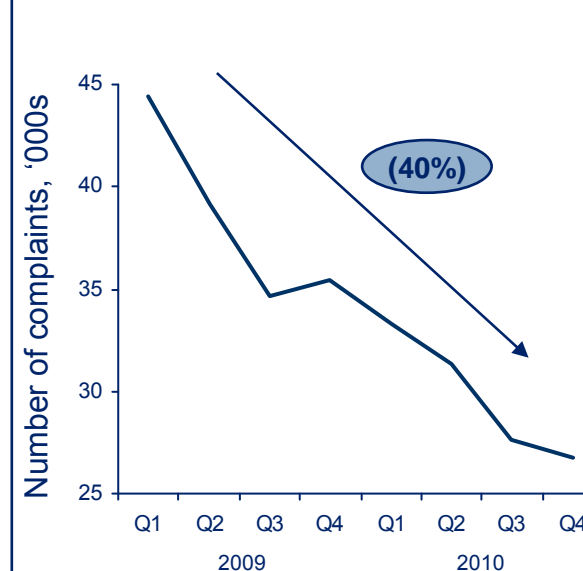
Strong customer satisfaction

Overall customer satisfaction scores², 2010



Improving service

Volume of customer complaints, UK Corporate



- We have a strong position
 - Strong market shares and customer satisfaction provide healthy base for growth
- We are committed to continuous improvements to sustain our position and performance
 - Our investments will deliver an experience that delivers to customer needs within the appropriate risk appetite

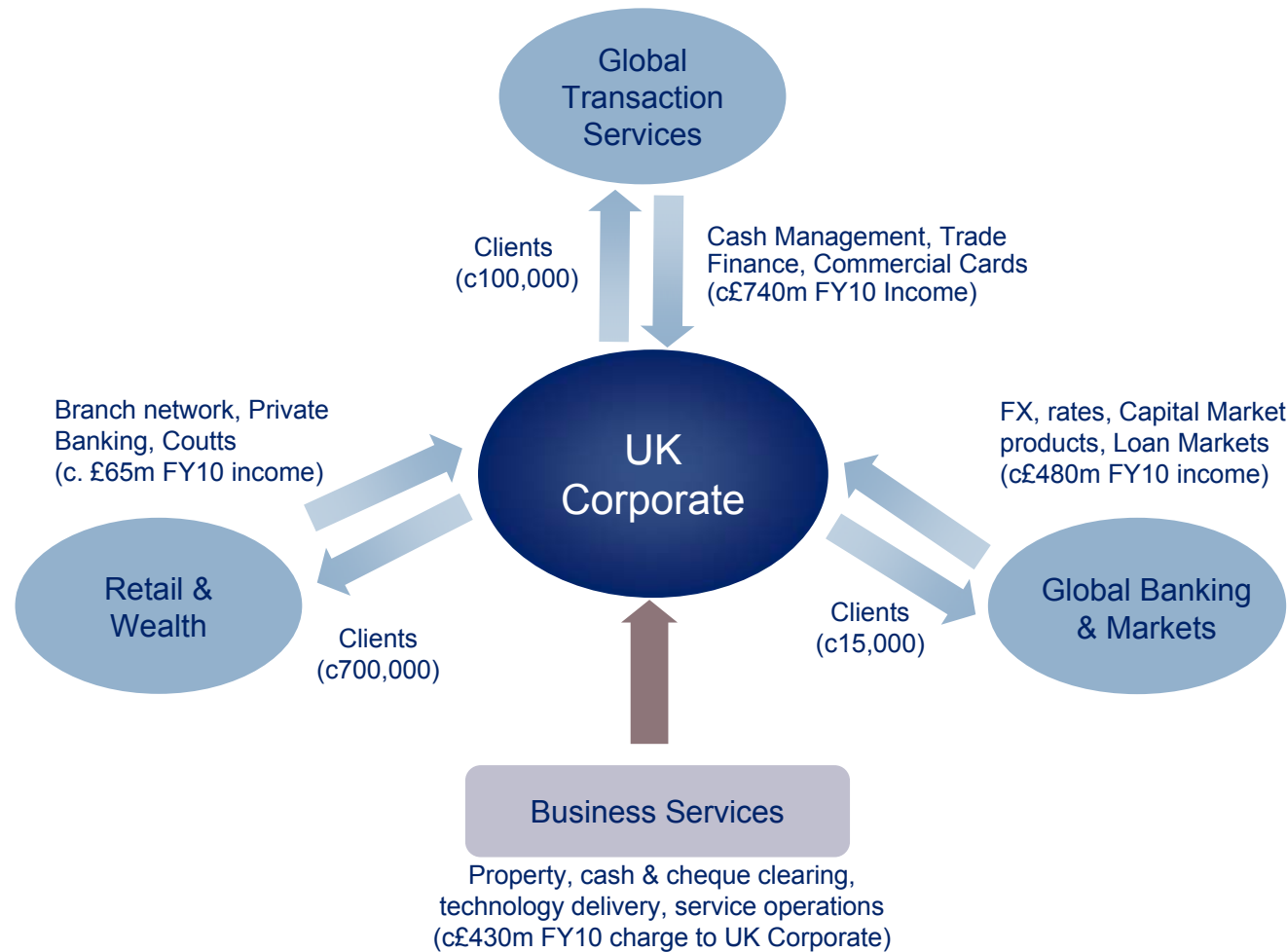
¹ Figures are pre EU divestment, impact of divestment expected to reduce position to #1/2. Approximately 5% market share overall reduction.

² Source: Charterhouse Research Business Banking Survey. Base sample size: >£25m: 667; £2m - £25m: 2,238; £250k - £2m: 3,283; £0 - £250k 5,995

...which is well connected...

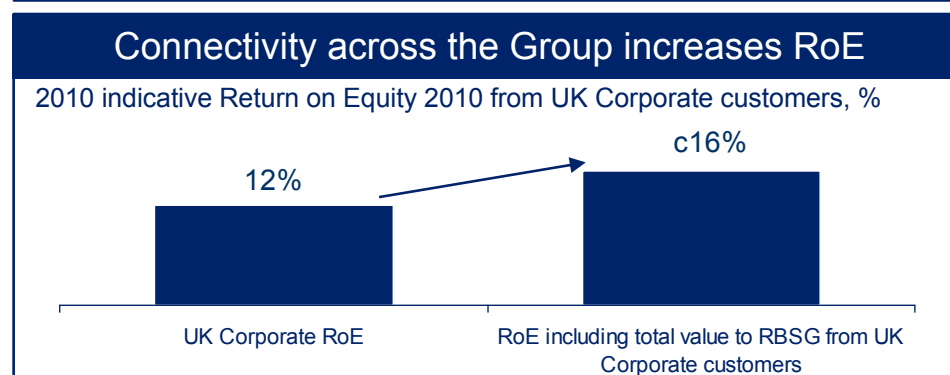
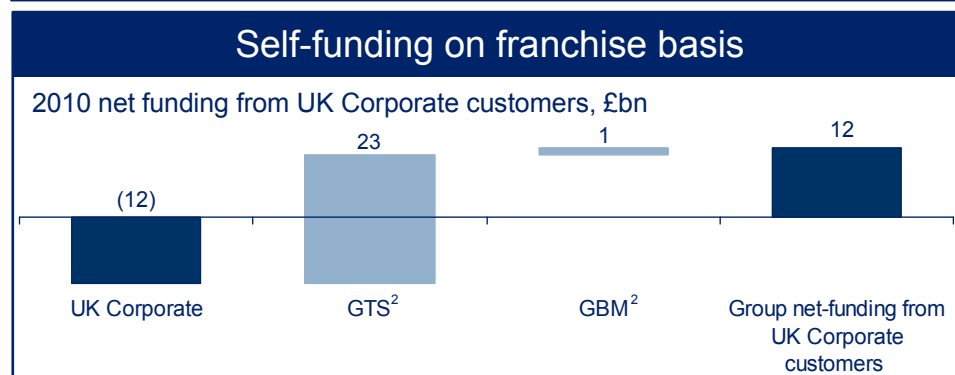
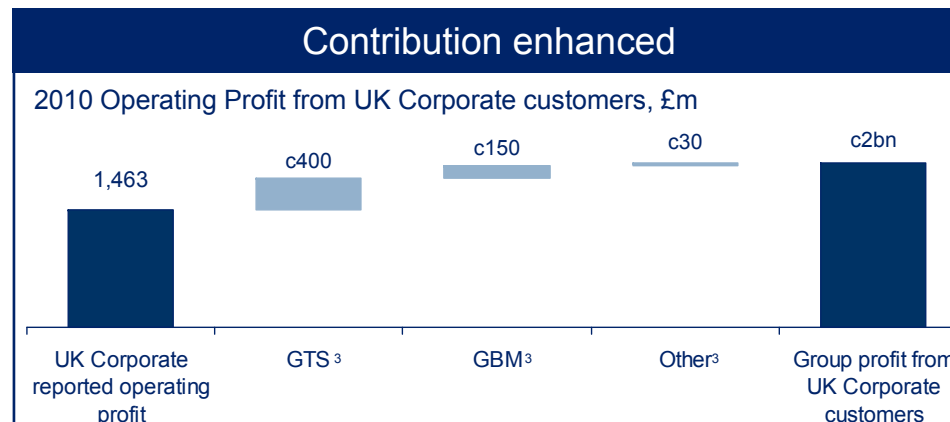
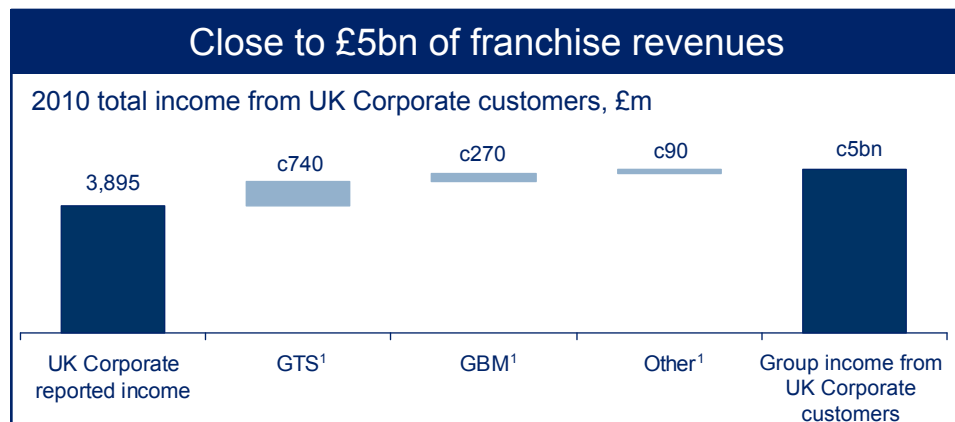


UK Corporate delivers a comprehensive proposition linked into capabilities across the Group



Note: Income figures refers to total income to Group from UK Corporate customers, some of which booked within UK Corporate reported figures, balance reported in respective divisions.

... and adds significant value across the Group



- ### Opportunities & Challenges
- Greater connectivity driving value
 - Continued progress in winning deposits to reduce funding gap
 - Deliver benefits from strategic investments e.g. for SME banking
 - Maintain focus on attracting/retaining talent
 - Recovery of UK economy and business is still slow
 - Regulatory headwinds
 - Management of mandatory divestments

¹ Income from UK Corporate customers booked in other divisions. ² UK Corporate customer deposits booked in other divisions. ³ Contribution from UK Corporate customers booked in other divisions.

Our intent is to be a 'world class' business in our chosen markets



Strategic priority	Position end of 2008	Progress in 2009-10 ¹	Aspiration
Putting the customer at the core	<ul style="list-style-type: none"> Un-differentiated and under-invested experience Limited customer insight 	<ul style="list-style-type: none"> Customer-centric, sector and asset-class based model implemented for Corporates Launched SME charter to service smaller customers in fair and transparent way Committed £130m investment targeting smaller businesses (intent to invest c.£300m over 3-5 yrs) 	<ul style="list-style-type: none"> World class customer service
Delivering the Group	<ul style="list-style-type: none"> Low connectivity with Group Over-reliance on lending 	<ul style="list-style-type: none"> c.13% increase in income from greater connectivity² 14% increase in deposits (£100bn at Dec 2010) – self funding when accounting for deposits from UK Corporate customers held across the Group LDR down from 142% at peak to 110% 	<ul style="list-style-type: none"> Best in class connectivity Seamless solutions Loan-deposit ratio <130% ROE > 15%
Managing risks and our resources intelligently	<ul style="list-style-type: none"> Concentrated portfolio Non-Core exposure Reliance on wholesale funding 	<ul style="list-style-type: none"> Property exposure down 9% to c.£30bn Non-Core exposure³ down by 14% to c.£31bn Funding gap down from £35bn at peak to £12bn RWAs down 10% 	<ul style="list-style-type: none"> Predictability in the book Run-down of Non-Core exposure Solid risk disciplines part of how we do business
Operating simply and coherently	<ul style="list-style-type: none"> Complex operating model Cost:income Ratio of 44% 	<ul style="list-style-type: none"> Automated and simplified processes Cost:income Ratio of 43% 	<ul style="list-style-type: none"> Simple and fast processes, alongside best-in-class systems Cost:income Ratio < 35%
Best people	<ul style="list-style-type: none"> Low morale of staff Specialist talent shortage Engagement index below industry average 	<ul style="list-style-type: none"> Voluntary turnover reduced to below 5% Hired experienced staff, particularly in areas with skills shortage; increased training days Leading engagement index scores within the Group 	<ul style="list-style-type: none"> Our people equipped with strong skills and the right tools Engagement index at best-practice

¹ Unless otherwise mentioned, % changes refer to movement YoY from 2009 to 2010

² Sale of products across Invoice Finance, Asset Finance and Investment Banking (based on income booked to UK Corporate P&L)

³ Non-core UK Corporate donated assets

Introduction to UK Corporate

- Overview
- **Financial performance and outlook**
- Risk Management

Spotlight on our business

- Business and Commercial (B&C)
- Corporate and Institutional (CIB)

Summary

Good progress across key metrics - 1



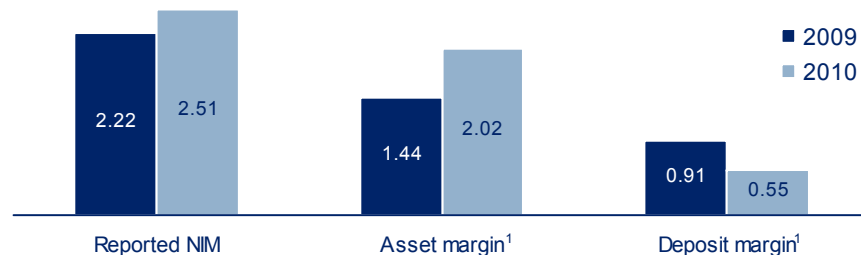
	FY08 £m	FY09 £m	FY10 £m	FY10 vs. FY09	Santander branch disposal as % of 2010 UK Corporate ¹
Net interest income	2,448	2,292	2,572	12%	c.13%
Non-interest income	1,289	1,290	1,323	3%	c.11%
Total income	3,737	3,582	3,895	9%	c.12%
Costs	1,637	1,530	1,671	9%	c.12%
Pre impairment op. profit	2,100	2,052	2,224	8%	c.12%
Impairments	319	927	761	(18%)	c.19%
Operating profit	1,781	1,125	1,463	30%	c.8%
Customer L&A (£bn) ²	116.9	111.6	111.7	-	c.10%
Customer deposits (£bn)	82.0	87.8	100.0	14%	c.15%
RWA (£bn)	85.7	90.2	81.4	(10%)	c.12%
ROE	15.9%	9.4%	12.1%	270bp	
C:I Ratio	44%	43%	43%	-	
Reported NIM	2.40%	2.22%	2.51%	29bp	
Asset margin ³	1.30%	1.44%	2.02%	58bp	
Deposit margin ³	1.25%	0.91%	0.55%	(36bp)	
Loan:deposit ratio ⁴	142%	126%	110%	(1,600bp)	

Good progress across key metrics - 2



Asset margin driving NIM uplift

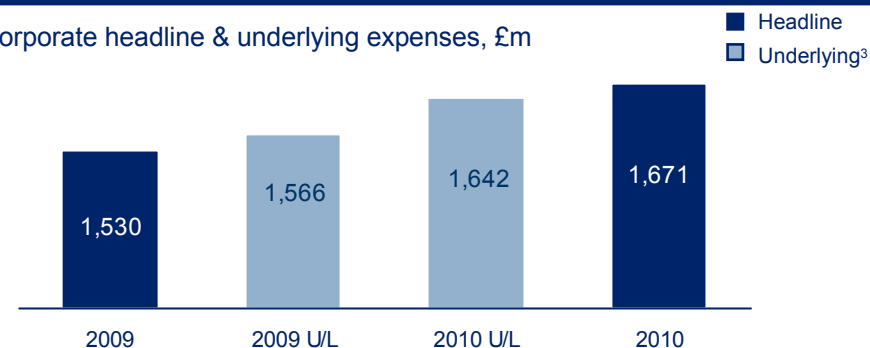
UK Corporate NIM, %



- Loan book re-pricing (c.70% completed) and improved funding environment driving asset margin growth
- Deposit margin reflects competitive pressure and lower Base Rate

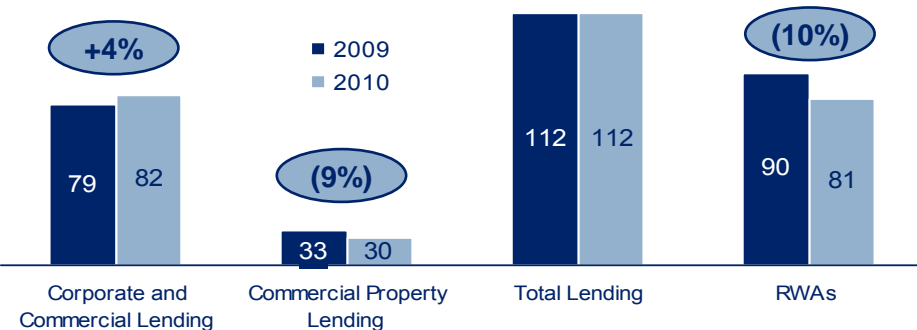
Underlying cost control, with targeted investment

UK Corporate headline & underlying expenses, £m



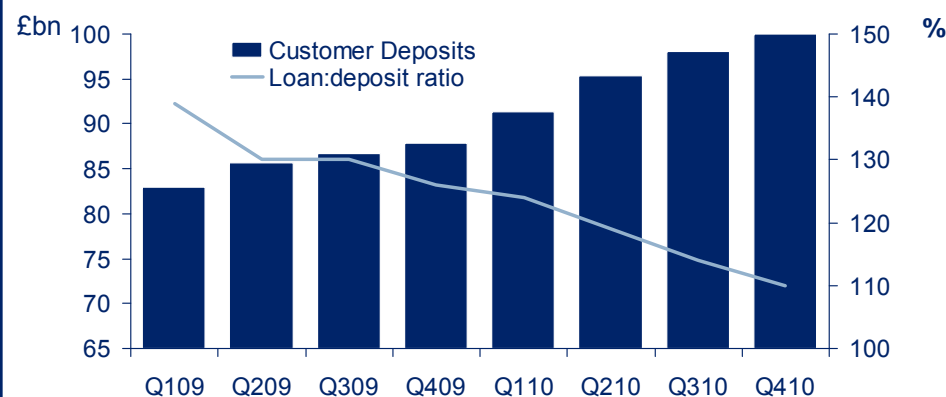
- U/L cost:income ratio down from c.44% at FY09 to c.42% FY10
- Headline costs up 9%, underlying costs +5%

Supporting customers, diversifying the book



- Overall L&A flat YoY, building a more balanced business
- £48.2bn FY10 gross new lending commitments, significantly above Government target. Peer net lending down c3% in 2010²
- RWA reduction from procyclicality and efficiency initiatives

Reducing funding 'gap', strong deposit growth



- Strong momentum in drive to sustainable model
- Loan:deposit ratio reduced from '08 peak of 142% to 110%⁴

¹ Excludes Group Treasury funding allocations. ² Average of growth rates reported by Barclays Corporate, Lloyds Wholesale, Santander UK Region & HSBC Commercial Banking Europe. ³ Underlying cost adjustments in 2009 include: Legal recovery £19m; Comp phasing £17m; 2010 includes Office of Fair Trading fine £29m ⁴ Loan:deposit ratio calculated using loans & advances net of provisions

2010 Results by business

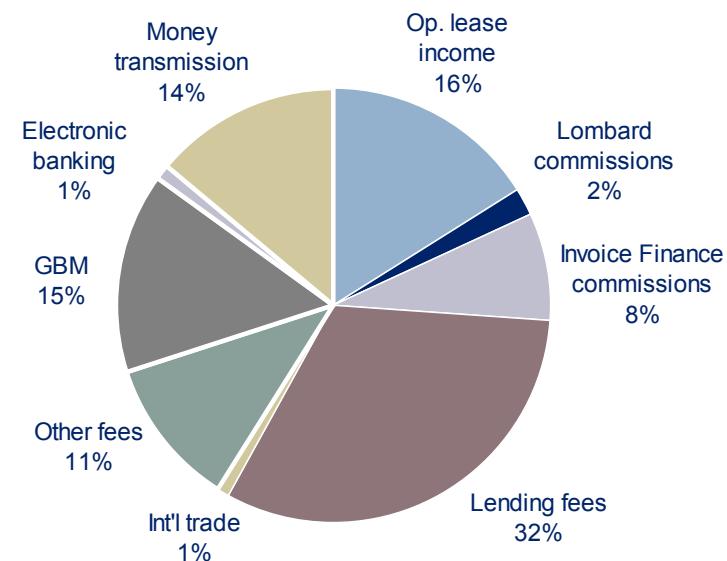


	CIB £m	B&C £m	Centre £m	UK Corporate £m
Net interest income	1,073	1,494	5	2,572
Non-interest income	491	869	(37)	1,323
Total income	1,564	2,364	(33)	3,895
Costs	(416)	(1,208)	(47)	(1,671)
Pre impairment operating profit	1,148	1,155	(79)	2,224
Impairments	(211)	(550)	-	(761)
Operating profit	937	605	(79)	1,463
Customer L&A, £bn	59.5	52.2		111.7
Customer deposits, £bn	53.9	46.1		100.0
RWA, £bn	40.6	40.8		81.4
ROE	17.6%	9.6%		12.1%
C:I Ratio	27%	51%		43%
Reported NIM	2.02%	2.99%		2.51%
Asset margin ¹	1.78%	2.26%		2.02%
Deposit margin ¹	0.34%	0.79%		0.55%
Loan:deposit ratio	110%	110%		110%
Impairments as % of L&A	0.35%	1.05%		0.7%

UK Corporate results key highlights

- **Income** of £3.9bn excludes £1.1bn of franchise income booked in other divisions
- **C:I Ratios** reflect higher cost to serve for small businesses in B&C
- **ROE** in CIB already above group ROE target, B&C currently below due to more significant impact from the economic downturn

Non-II a broad product offering²



¹ Excludes Group Treasury funding allocations

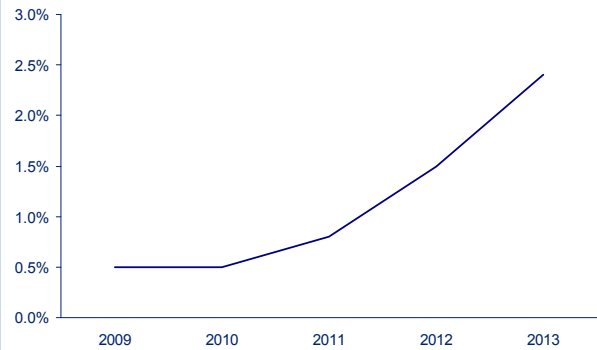
² Electronic banking, Money Transmission and Int'l trade non-interest income substantially reported in GTS

Economic prospects suggest gradual recovery



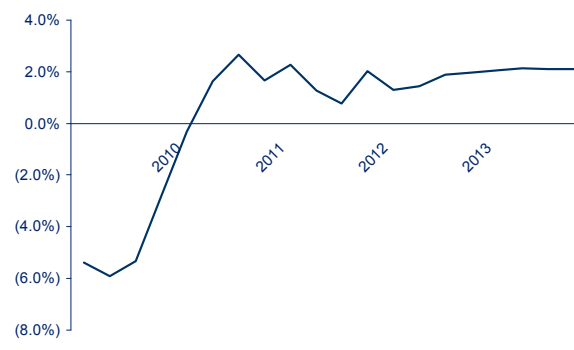
Rebalancing expected to continue in the UK economy...

UK Official bank rate, %



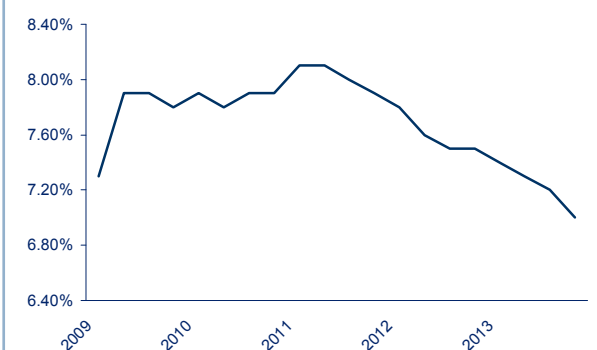
Source: HM Treasury (based on independent average)

UK GDP, %



Source: RBSG Economics

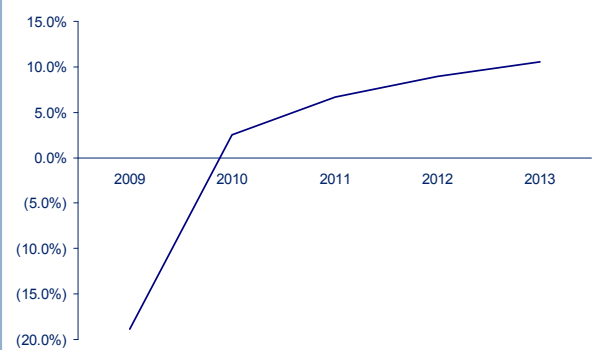
UK unemployment, %



Source: RBSG Economics

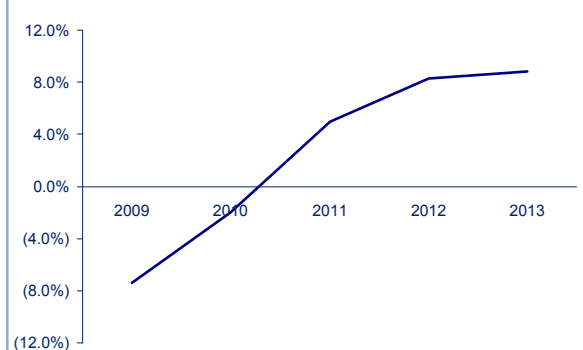
...while UK business slowly emerges from crisis

UK Business investment, % growth YoY



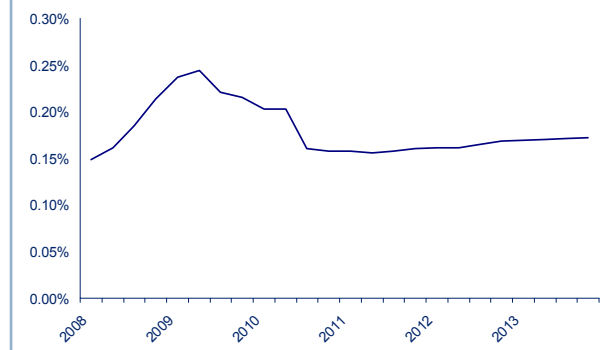
Source: Office for Budget Responsibility

UK Company profits, % growth YoY



Source: RBSG Economics

UK insolvencies, % of active companies



Source: RBSG Economics

¹ Private non-financial companies

P&L and Balance Sheet

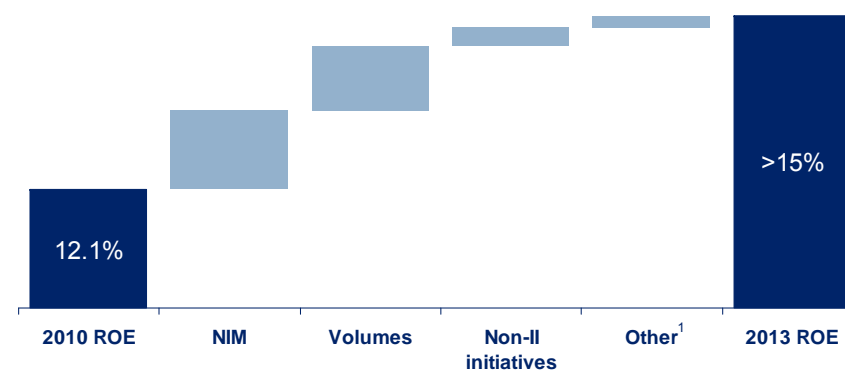
£m	2010 actual	Near term outlook	Medium term outlook
NII	2,572	➔	➔
Other income	1,323	➔	➔
Costs	(1,671)	➔	➔
Impairments	(761)	➔	➔
Impairments as % of L&A	0.7%	➔	➔
L&A, £bn	111.7	➔	➔
Deposits, £bn	100.0	➔	➔
NIM	2.51%	➔	➔
Asset margin	2.02%	➔	➔
Deposit margin	0.55%	➔	➔

Strategic targets

	2010 actual	Near term	Med. term	2013 target
ROE	12.1%	➔	➔	>15%
C:I Ratio	43%	➔	➔	<35%
L:D Ratio	110%	➔	➔	<130%

Clear pathway to >15% RoE established

Indicative ROE waterfall



¹ Other includes RWA efficiency/pro-cyclicality, cost and impairment management

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Summary

Our intent is to be 'world class' in managing the risk in our business



Strategic priority	Position end of 2008	Progress in 2009-10 ¹	Aspiration
Managing the stability of earnings (volatility)	<ul style="list-style-type: none"> Limited focus on earnings volatility 	<ul style="list-style-type: none"> Measure through stress testing & economic capital Volatility appetite set Measures in place re-address volatility 	<ul style="list-style-type: none"> Low volatility of risk adjusted return
Reducing concentrations	<ul style="list-style-type: none"> High property and other concentrations 	<ul style="list-style-type: none"> Target balance sheet defined Real Estate reduced to 26% of total exposure SNCs¹ halved 	<ul style="list-style-type: none"> Target balance sheet reached Real Estate exposure <20% of balance sheet SNCs¹ eliminated
Disciplined origination	<ul style="list-style-type: none"> Overall risk appetite not well defined 	<ul style="list-style-type: none"> End-to-end risk appetite designed and embedded New credit approval framework implemented Policy roles enforced 	<ul style="list-style-type: none"> Best in class risk appetite framework and disciplines
Managing for value	<ul style="list-style-type: none"> Focus on income in origination Limited pricing model discipline 	<ul style="list-style-type: none"> Incentive schemes on balanced scorecard basis Risk adjusted performance metrics included 	<ul style="list-style-type: none"> ROE > 15%
Improving asset quality	<ul style="list-style-type: none"> Overall risk appetite frameworks and disciplines not well defined 	<ul style="list-style-type: none"> New business quality strong Adherence to credit policy strong 	<ul style="list-style-type: none"> Low volatility of portfolio performance

¹ Single Name Concentrations

How we control our book



RBS Group Appetite

Maintain Capital Adequacy

Deliver Stable Earnings Growth

Stable/Efficient Access to Funding

Maintain Market Confidence

Volatility (stress testing) / Economic Capital

Target Balance Sheet (sector)

Dynamic Risk Profile

UK Corporate level strategic plan

Sector Appetite

Asset Class / Product Appetite

Asset Quality

SNC

Sector

Asset/
Product

Country

CIB

B&C

CIB

B&C

B&C

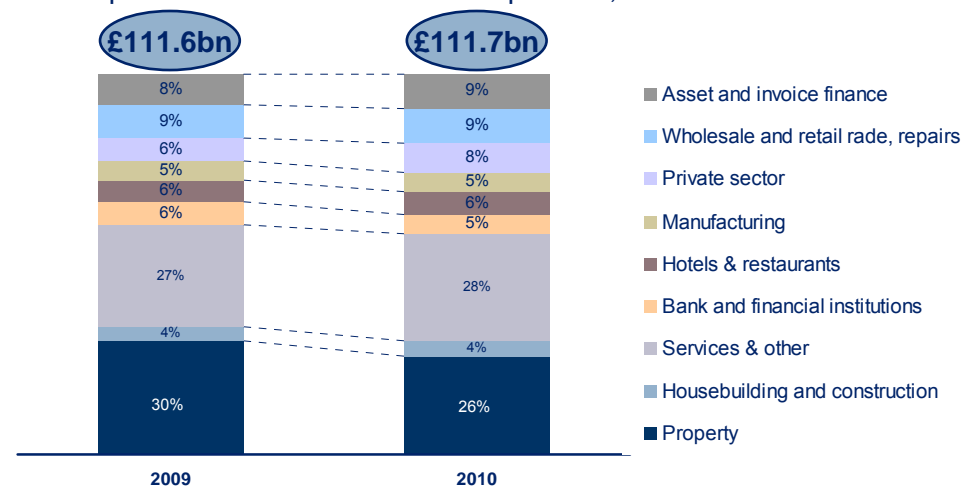
Implemented through detailed transactional credit policy

Improving our risk profile



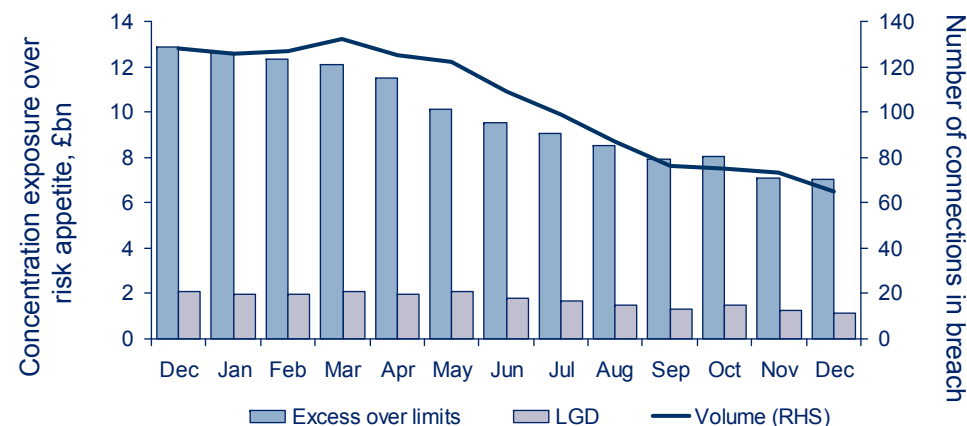
Improved sector diversification

UK Corporate Loans & Advances composition, 2009-10



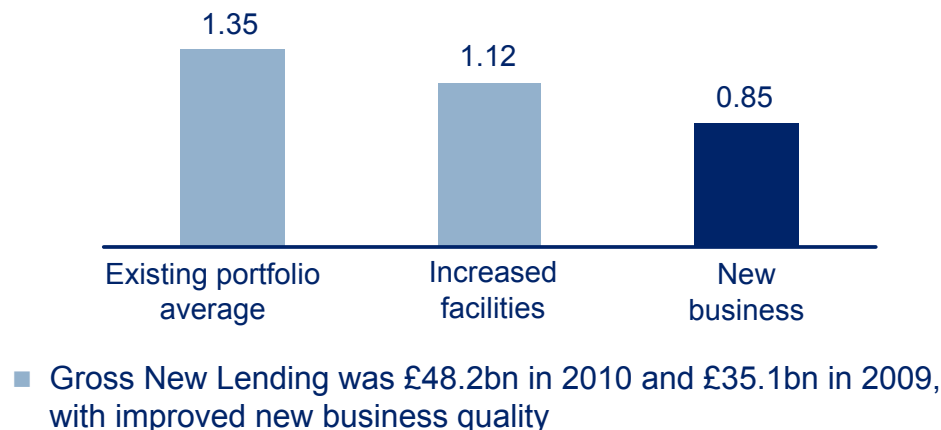
Reduced single name concentrations

UK Corporate single name concentrations, FY09-10



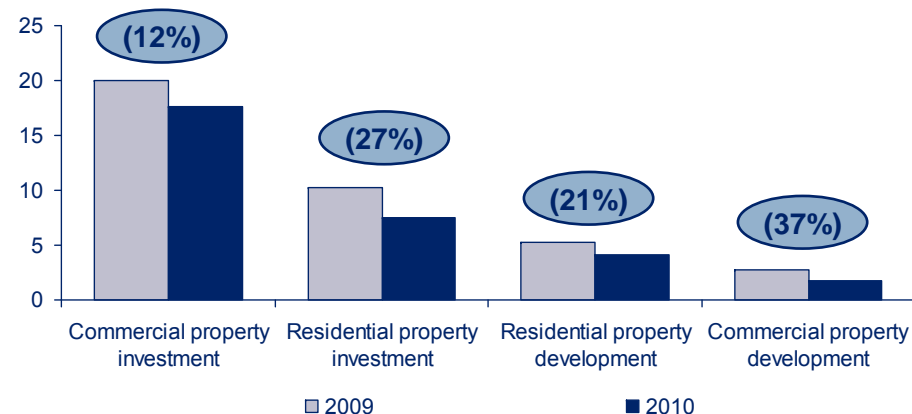
Improved asset quality

UK Corporate 2010 probability of default, %



Reduced Real Estate concentration

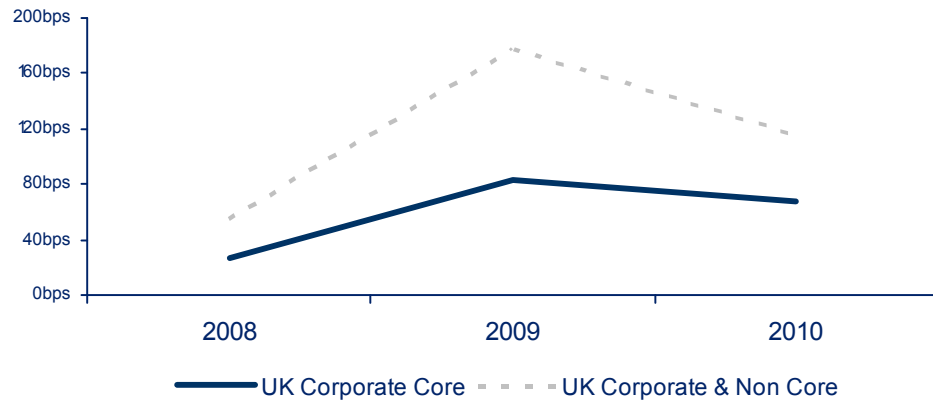
UK Corporate Real Estate exposure, 2009-10, £bn



Managing impairments

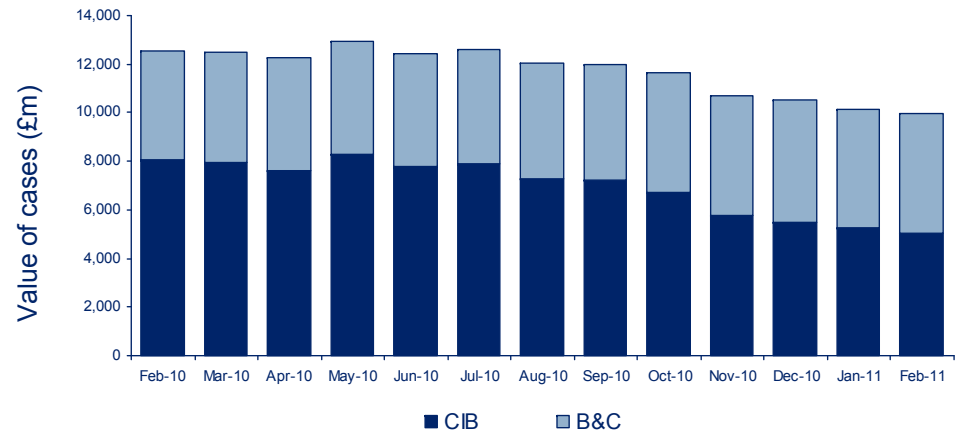
Loan loss ratio is approaching normalised levels

UK Corporate impairments as % of L&A, 2008-10



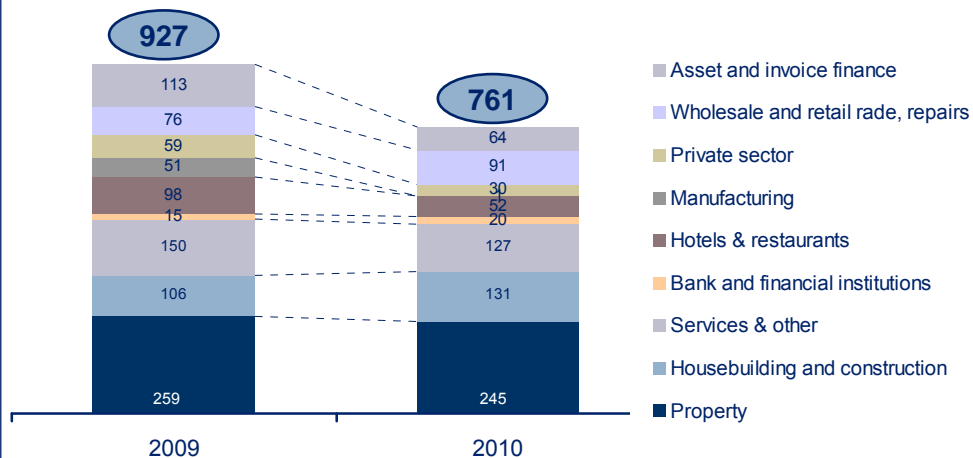
Early warning indicators improving

UK Corporate value of cases in watch-list, 2010-11



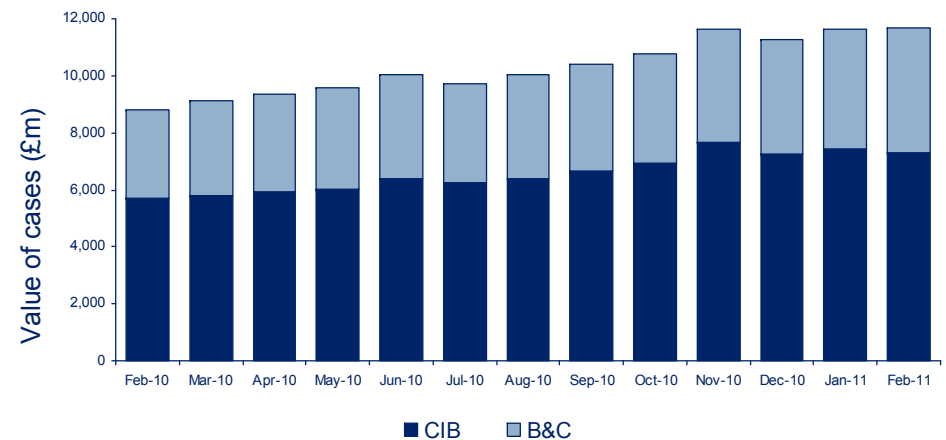
Impairments in Real Estate continue to be challenging

UK Corporate impairments, £m



Cases in recoveries unit stabilising

UK Corporate value of cases in recoveries unit, 2010-11



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Summary

B&C - Strong franchise supported by depth of capabilities and UK reach

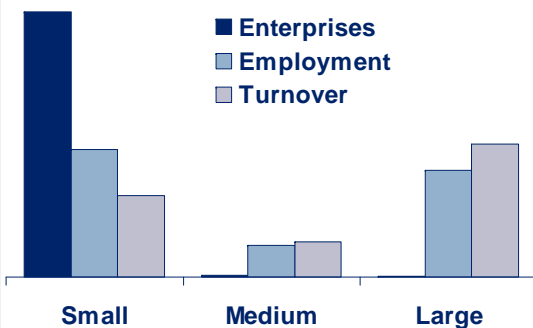


Top tier market positions

	Business Banking	Commercial Banking	RBS Invoice Finance	Lombard
Customer focus	SME <£2m	SME £2-25m	Invoice finance	Asset finance
Customers (000)	1,071	86	7	157
Full time employees¹	c.4,000	c.3,000	c.1,000	c.1,000
Market position	#1	#1	#1	#1

SME market offers scale and growth

UK private sector share (2009)



- Accounts for 99% of all businesses in UK
- £1.6trn of business turnover (50% of total)
- Employs 60% of employees
- Business start ups recovering (+5% in 2010) and set to continue to grow

Source: Department of Business, Innovations and Skills

Greatest breadth of capabilities

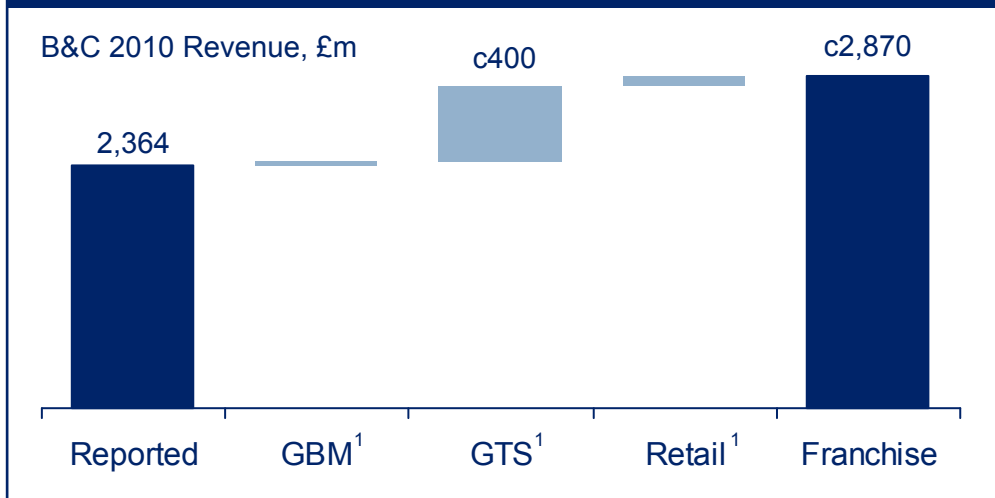
	RBS <small>The Royal Bank of Scotland Group</small>	Peer 1	Peer 2	Peer 3	Peer 4
SME Under One Roof	✓				
Branch Reach	✓ ✓	✓ ✓	✓	✓ ✓	✓
Asset Finance	✓ ✓	✓	✓	✓	✓
Invoice Finance	✓ ✓	✓	✓	✓	✓
International Trade	✓ ✓	✓	✓	✓	✓ ✓
Retail & Wealth	✓ ✓	✓	✓ ✓	✓	✓
GBM Capability	✓ ✓	✓	✓ ✓	✓	✓

¹Core

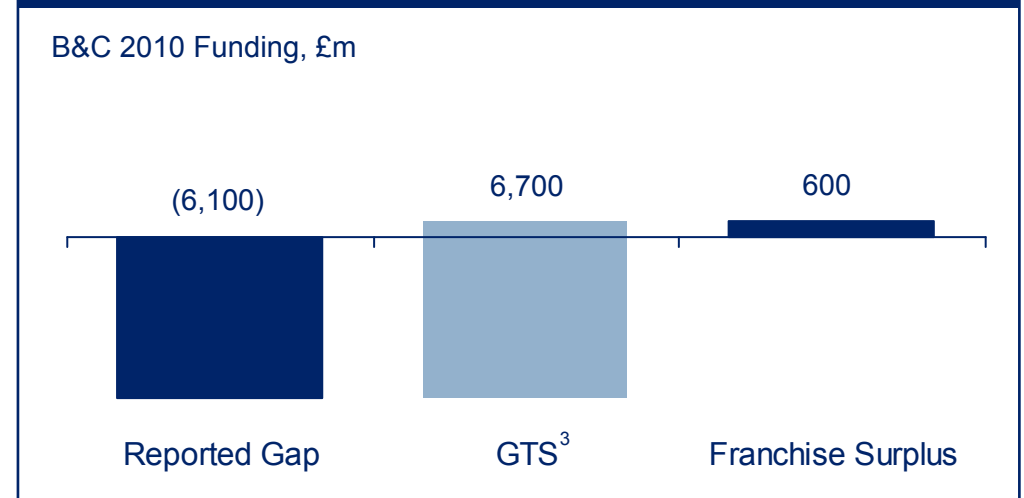
B&C - Franchise creates significant value for the Group



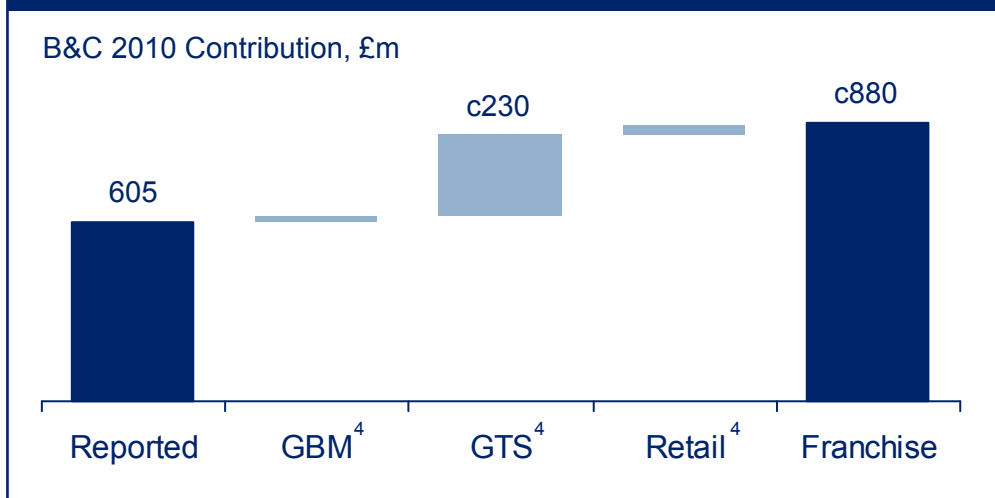
Close to £3bn of franchise revenues



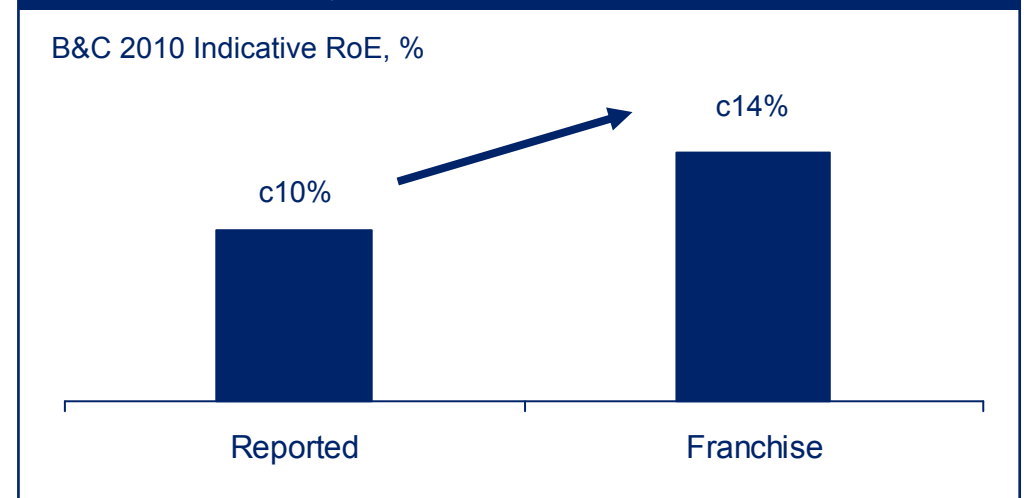
Self-funding² on a franchise basis



Contribution enhanced



Connectivity across the Group increases RoE

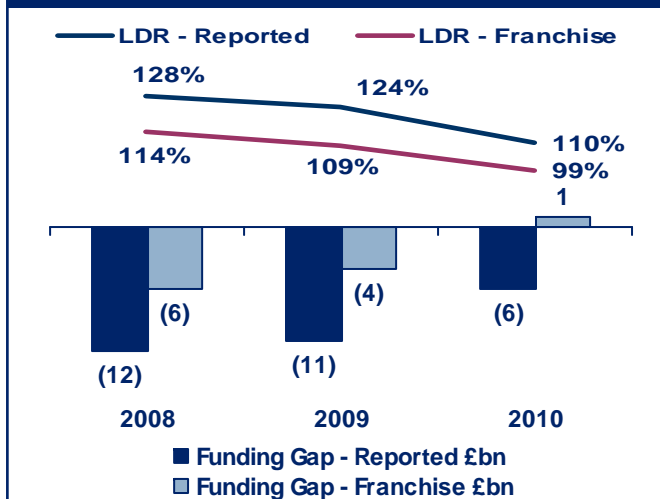


¹ Income from B&C customers booked in other divisions. ² Loans minus deposits. ³ B&C customer deposits booked in GTS. ⁴ Contribution from B&C customers booked in other divisions.

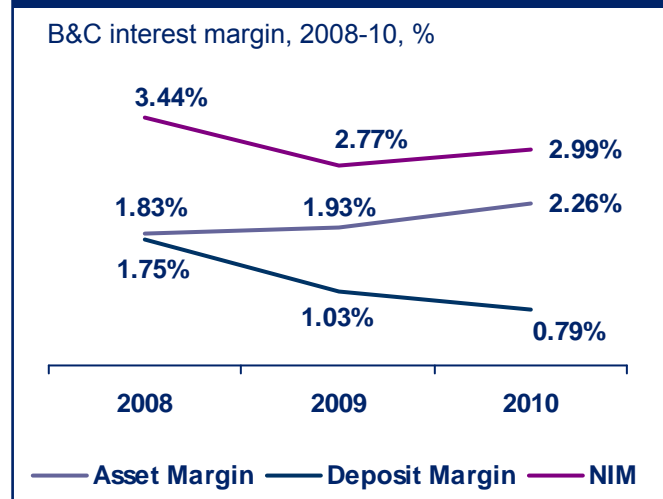
B&C - We have already made significant progress in rebalancing and managing



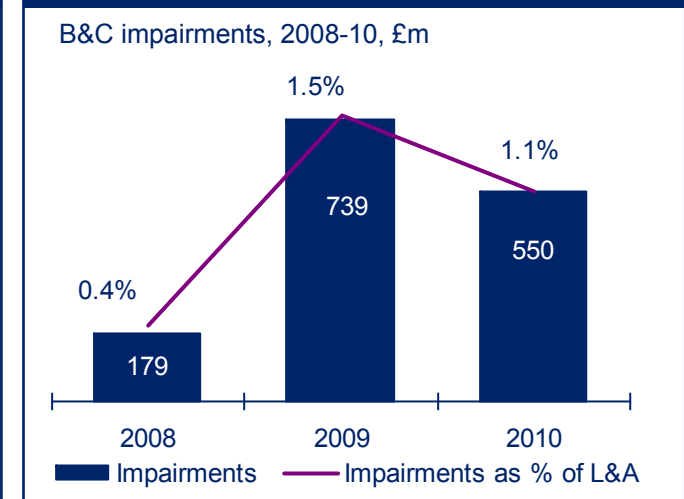
Funding gap closed



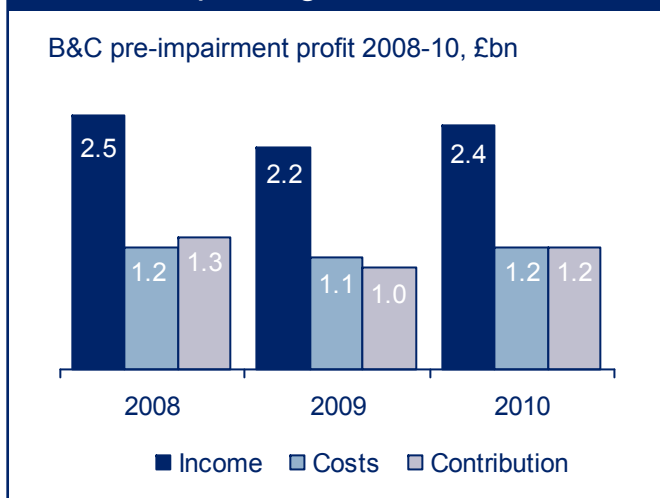
Margin progression



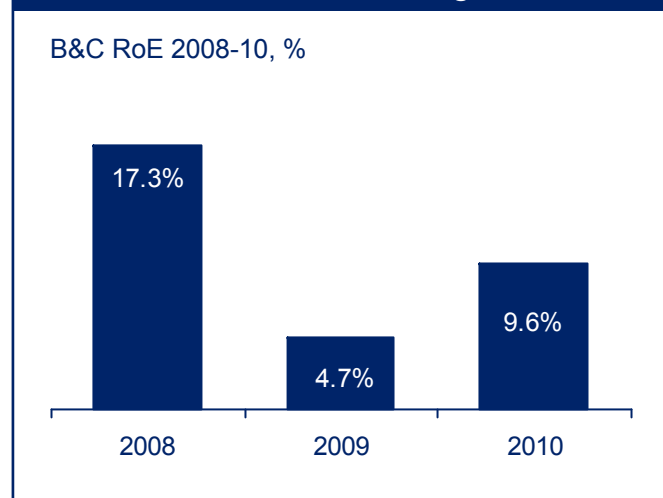
Impairments reducing



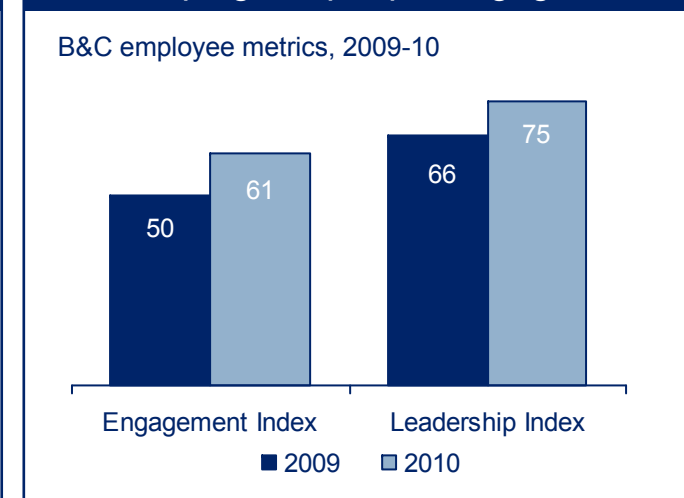
Improving contribution



RoE recovering



Keeping our people engaged

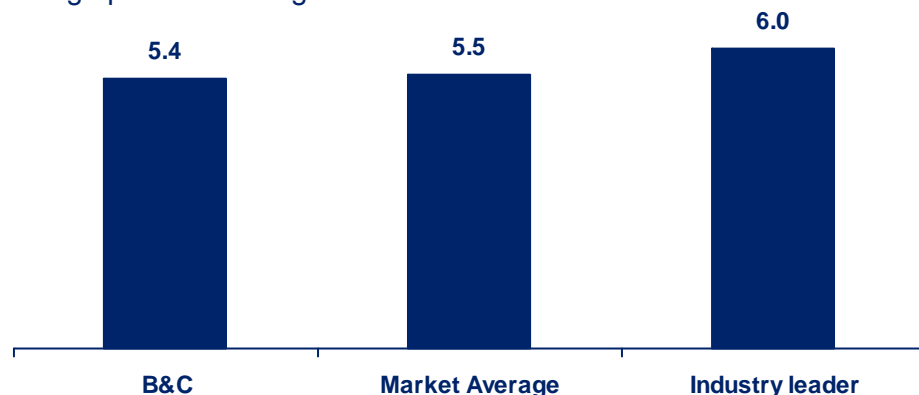


B&C - There is clear opportunity to deliver more value

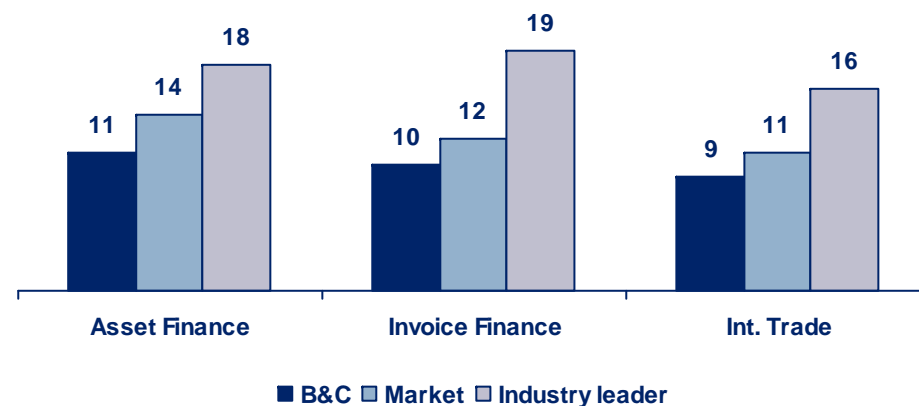


Current product penetration is below peers

Average product holding with main bank



% of customers who hold products



Excellent product capability

- We have excellent product capability, but we have not fully leveraged the benefits
- Product penetration is below top competitor across a range of fronts including asset finance, invoice finance and international trade
- Therefore, clear opportunity to deliver better outcome for customers and us

Our intention is to be market leading

- Key products housed under one roof
- Data analytics and Customer Relationship Management (CRM) to deliver opportunities to RMs
- Upskilling our people including accreditation
- Managing for value to increase visibility of economic benefits from different products
- Product and proposition development based on customer insight

B&C - Most comprehensive commitment to our customers through the cycle



Supporting customers through...

SME Customer Charter

- Providing overdrafts on a committed basis
- Extending our overdraft Price Promise
- Greater transparency on pricing

Business Hotline

- Expert help on lending applications
- Provides an appeal process for our customers to challenge lending decisions

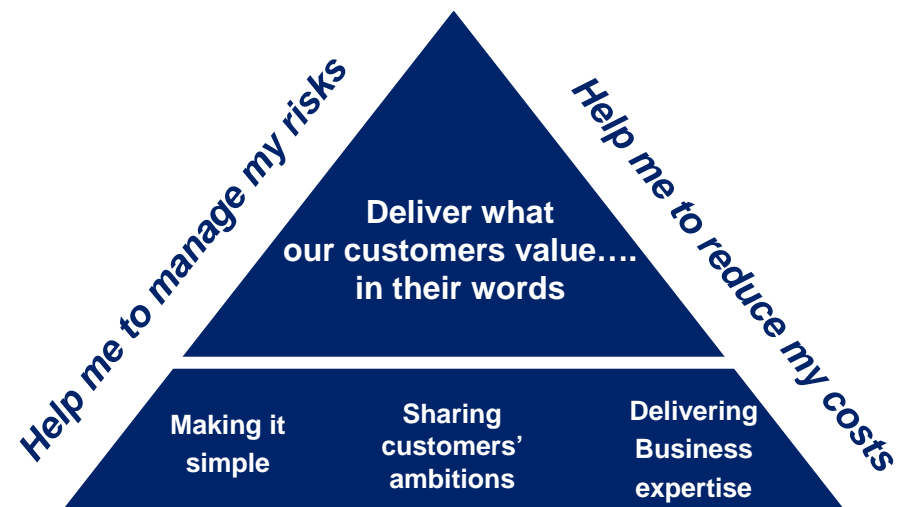
Access to Credit

- Manufacturing Fund makes £1bn available
- Franchise Fund makes £100m available
- EFG leading market position – £500m of EFG lending, 41% of all EFG loans provided

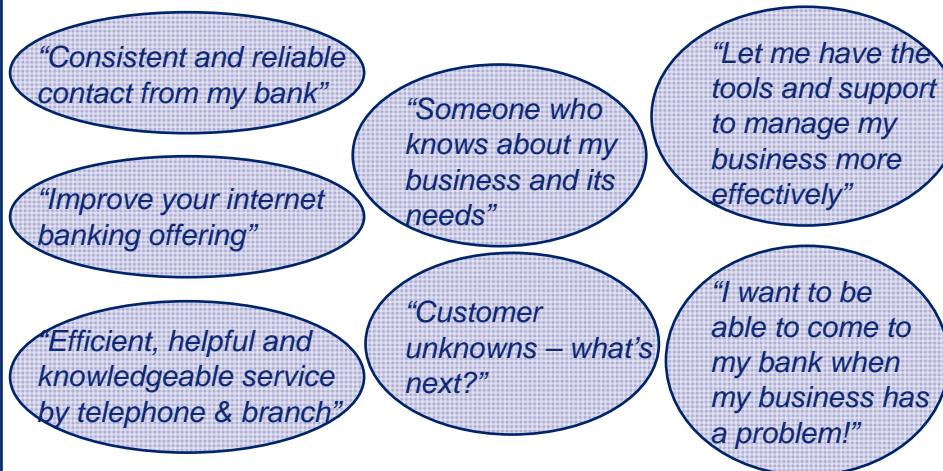
Specialised Relationship Management

- Providing specialist support to businesses facing financial difficulties

Listening to customers to shape our plans...



Help me to grow



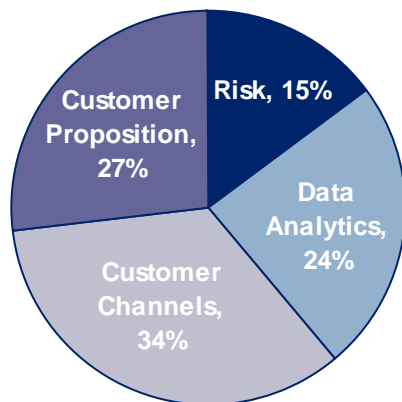
B&C - Committed significant investment to change our business (Genesis)



Investment spend of £300m over 5 years to deliver...

- 1) Reconfigured relationship model to focus on customer need and value
- 2) Multi-channel distribution capability
- 3) Deep insight into customers to build distinctive propositions
- 4) Increased risk discipline across business

Focus of £300m spend



Through an efficient multi-channel model

Relationship Management

- Smaller portfolio sizes, better relationship management
- Tailored solutions, expertise, improved spans of control

Branch

- Experienced Business Managers in branches
- Reconfiguring branch channel with Retail

On-line & Telephony

- Greater access to business managers and support
- Easy to use online and mobile capability
- Value-adding financial management apps

Underpinned by...

Data Analytics

- State of the art customer analytics
- CRM creates better informed conversations

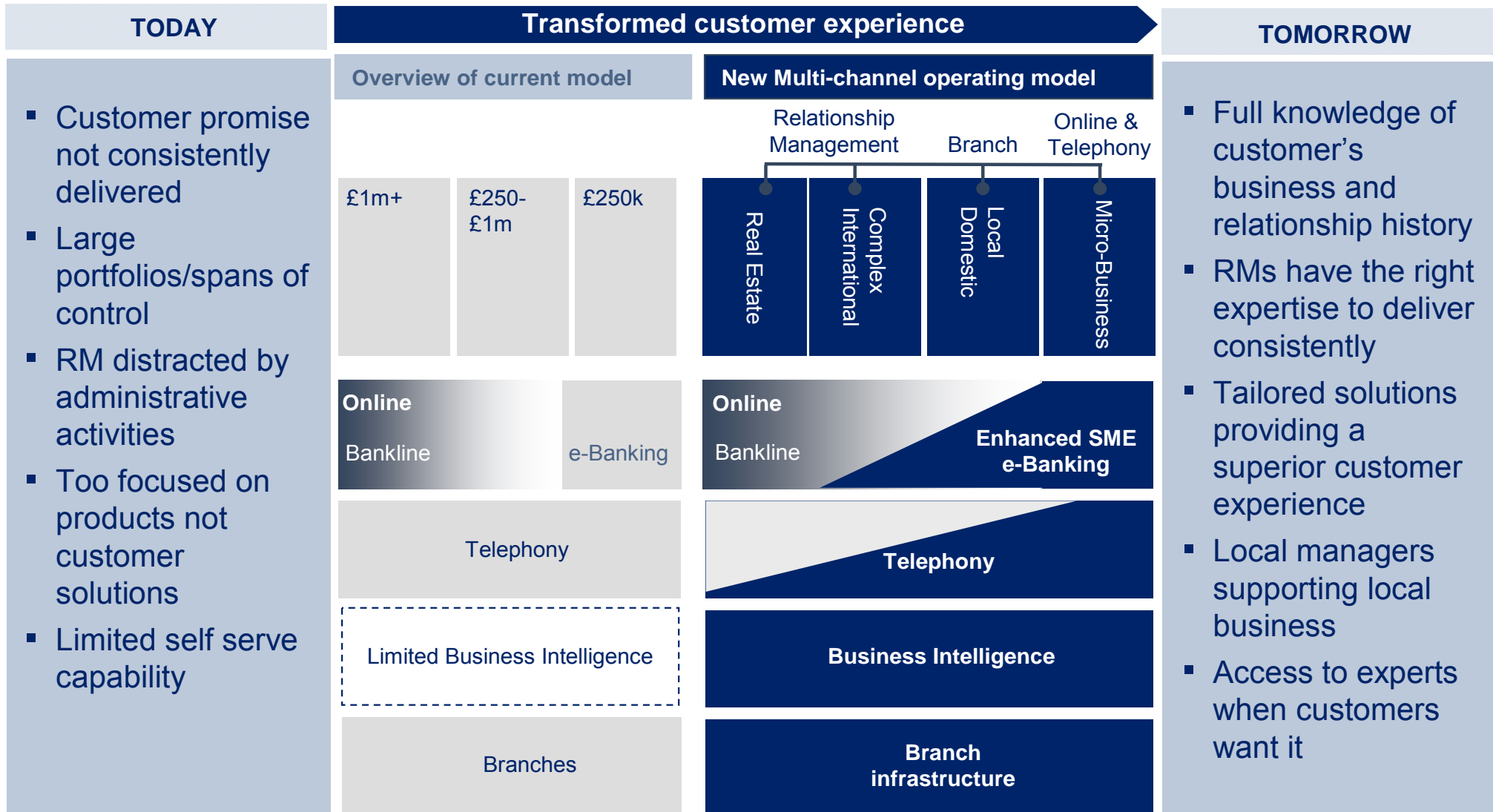
Propositions

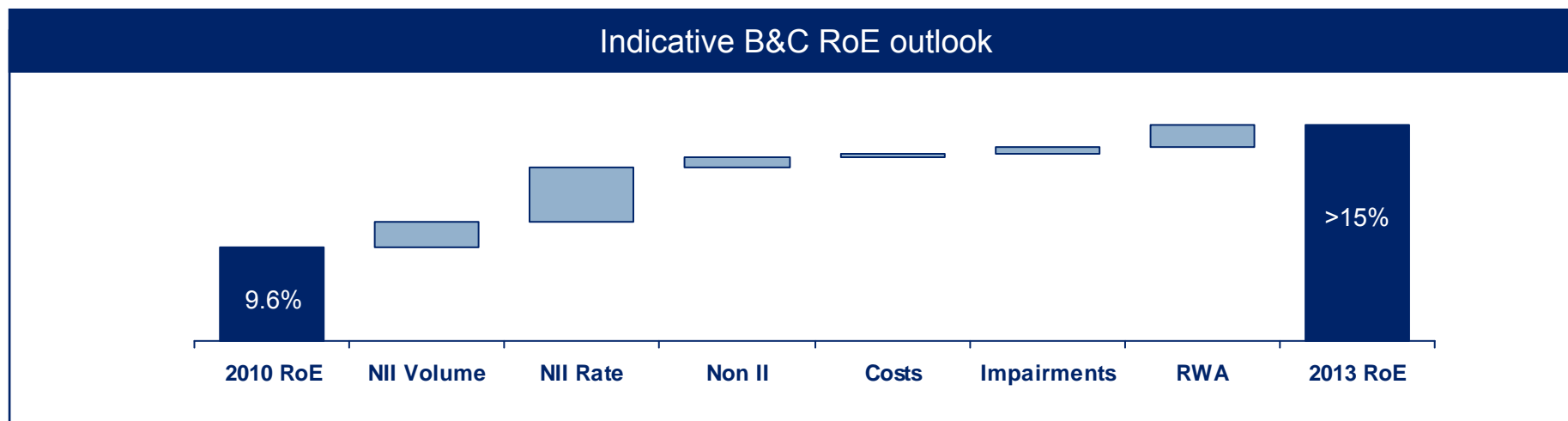
- Built and targeted from deep customer insights
- Leveraging innovation from across Group

Risk and Capital Management

- Auto decisioning and expert lender
- Economic value management

B&C - We have embarked on a journey to transform the customer's experience





Challenges

- Economic sluggishness - GDP, unemployment, insolvencies
- Managing EU divestment - people, change, customers
- Change agenda - people, leadership stretch
- Regulatory changes - funding, capital, pricing
- External focus - politicians, media, lending commitments

Management Actions

- A more disciplined risk framework
 - Improved risk processes and systems
 - Sector concentration strategy
- An improved cost to serve model
 - Delivery of multi-channel strategy
- Greater revenue generation
 - Better connectivity across Group
 - Distinctive customer propositions
- Development of our people
 - More professional, accredited bank managers
 - Attract, retain and develop talent

Introduction to UK Corporate

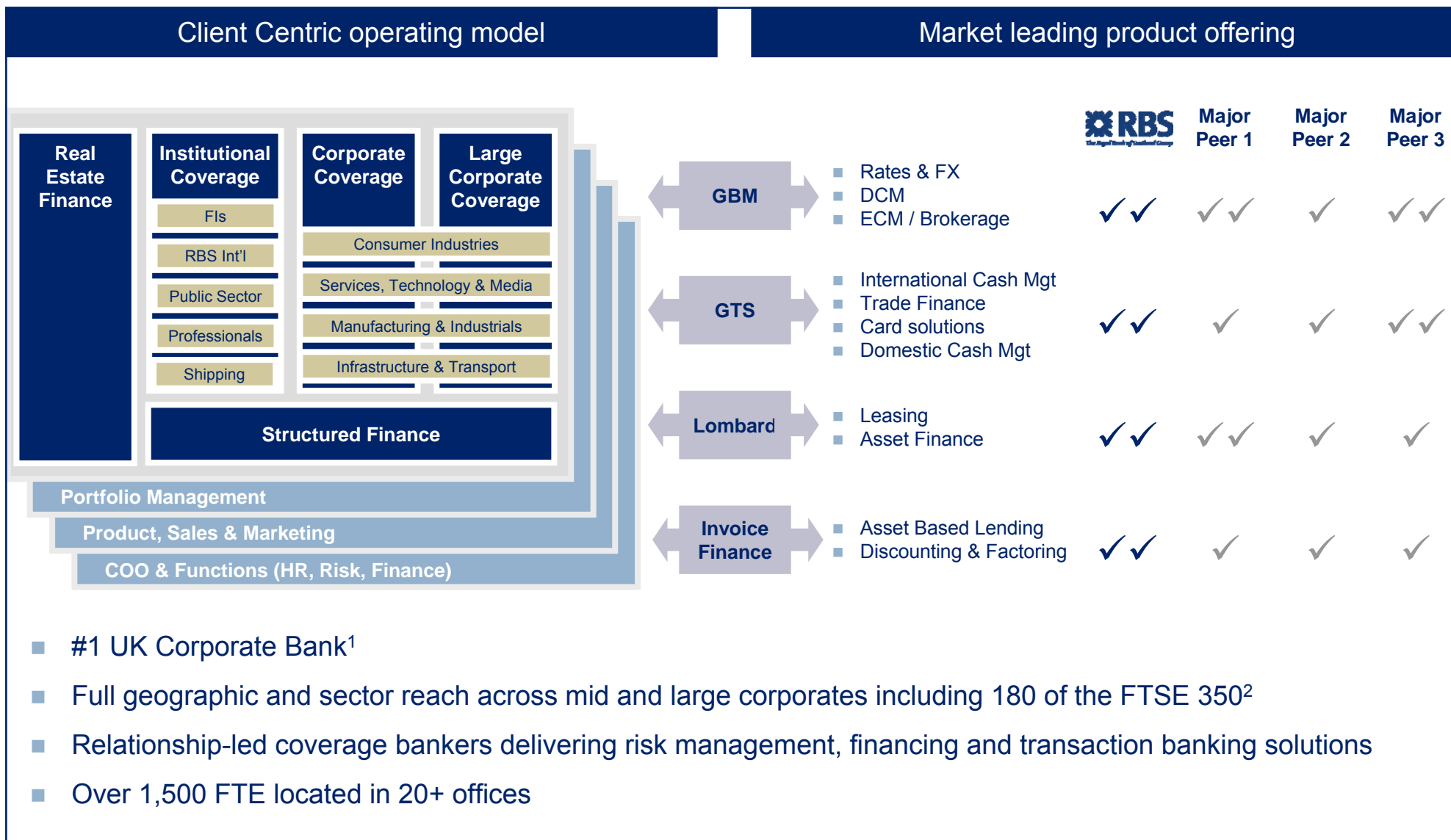
- Overview
- Financial performance and outlook
- Risk Management

Spotlight on our business

- Business and Commercial (B&C)
- **Corporate and Institutional (CIB)**

Summary

CIB - We have a powerful and sustainable relationship-led franchise



- #1 UK Corporate Bank¹
- Full geographic and sector reach across mid and large corporates including 180 of the FTSE 350²
- Relationship-led coverage bankers delivering risk management, financing and transaction banking solutions
- Over 1,500 FTE located in 20+ offices

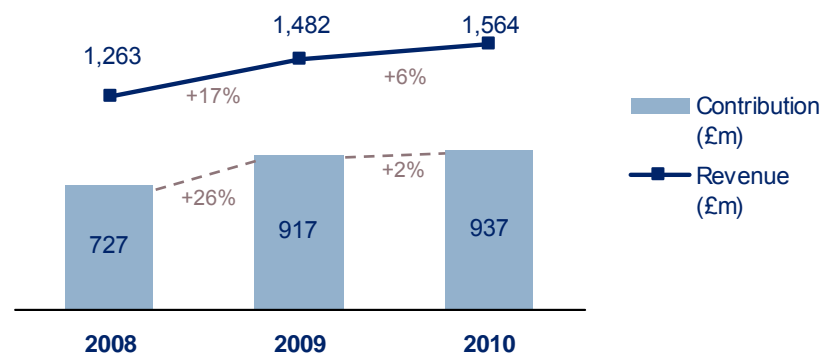
¹ Market share PH Group, Primary banking relationships, Jan 2011. ² Excluding GBM led clients

CIB - Delivering attractive contribution and returns

CIB headline metrics - reported

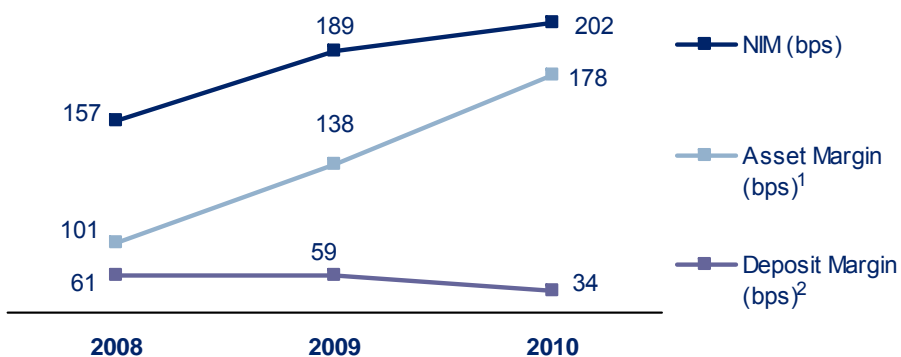
Net interest income	£1,073m	ROE	17.6%
Non-interest income	£491m	Cost Income Ratio	27%
Total income	£1,564m	NIM	2.02%
Costs	£(416)m	Asset Margin ¹	1.78%
Pre impairment Profit	£1,148m	Deposit Margin ²	0.34%
Impairments	£(211)m	Loan Deposit Ratio	110%
Contribution	£937m		
Customer L&A	£59.5bn		
Customer deposits	£53.9bn		
RWA	£40.6bn		

Growing revenue and contribution



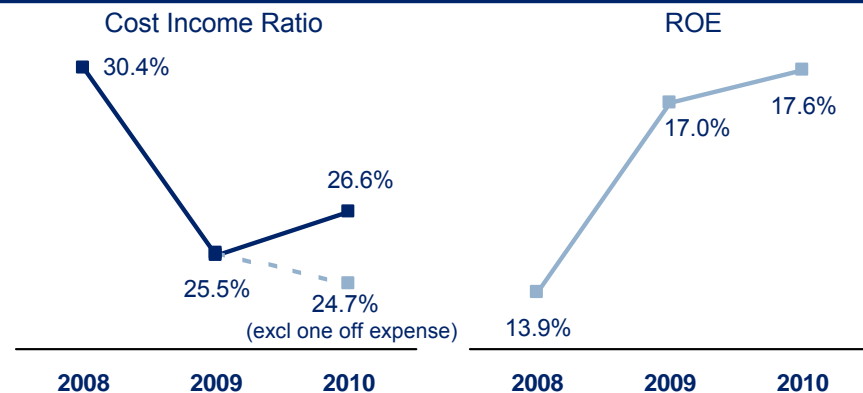
- Improved front and back book asset margins
- Excluding 2010 one off expenses, contribution was up 5%

Healthy margin growth



- Asset margin improvement and focus on minimising deposit margin compression in a competitive, low rate environment

Efficient capital and cost management



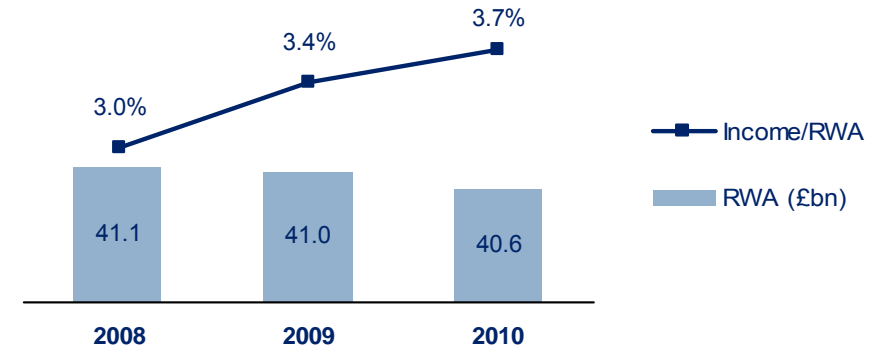
- ROE driven by strong revenue growth and more efficient capital utilisation; CI ratio represent strong operational efficiency

¹ Excluding Group Treasury funding allocations. ² Excluding Group Treasury funding allocations

Transformed risk management model

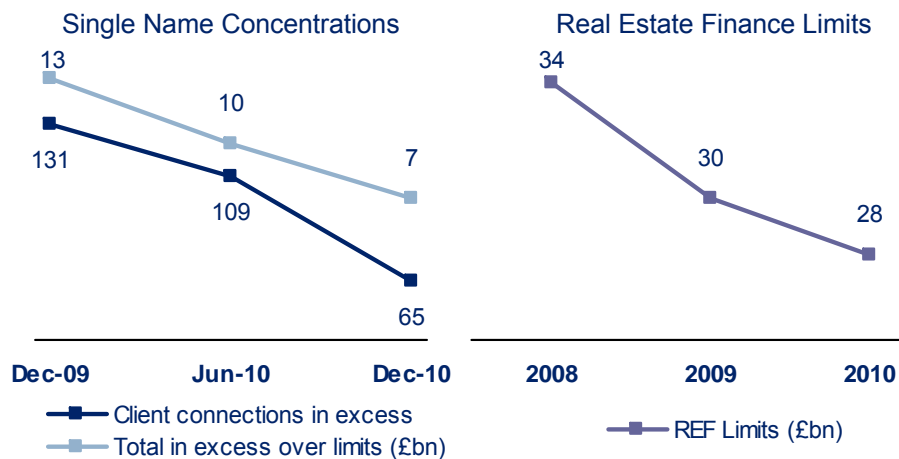
- Fit for purpose risk and control framework
- Portfolio Management function built from scratch
- Embedded risk appetite by sector and asset class
- Strong credit stewardship disciplines
- Operational risk framework
- Building Active Credit Portfolio Management (ACPM) capabilities

Disciplined capital allocation



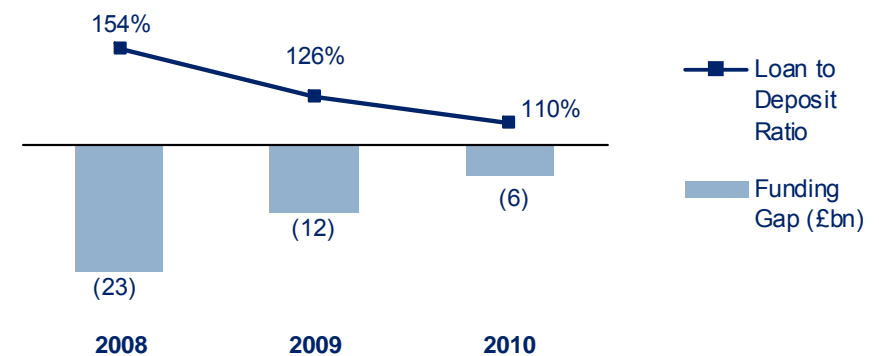
- Improving Income/RWA demonstrates efficient capital management

Reduced risk concentrations



- Actively managing risk concentrations

Strengthened balance sheet



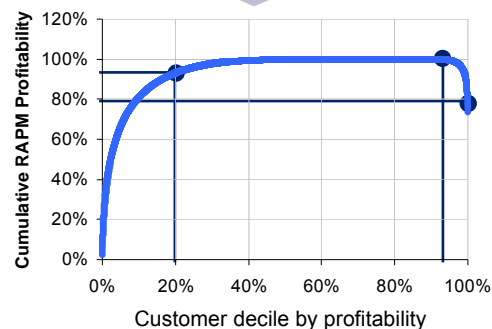
- Closing funding gap through quality deposit growth

CIB - We are investing in our Relationship Management infrastructure and collateral



Relationship management tools

$$\text{RAPM} = \text{Income} - \text{Operating Cost} - \text{Cost of capital/funding} - \text{Expected Loss}$$

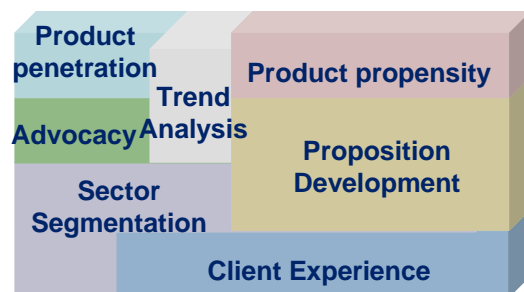


Illustrative example only

- **Risk Adjusted Performance Measure (RAPM)** enables RMs to assess customer/portfolio and segment profitability including risk
- **MI Portal** is a suite of client information tools to manage the current and future performance of RMs portfolios
- **Integrated CRM** platform and enhanced collateral to improve client intimacy by enabling single client view and delivery of whole bank solutions

£15-£20m cost over 3 years

Customer analytics and insight



Enhanced analytics to drive:

- Greater sector understanding and identification of future value pools
- Proposition development linked to market and sector opportunities
- Increase customer advocacy by creating insights into what clients value most

CIB - Strengthening our deposits capability to sustain our funding and income ambitions



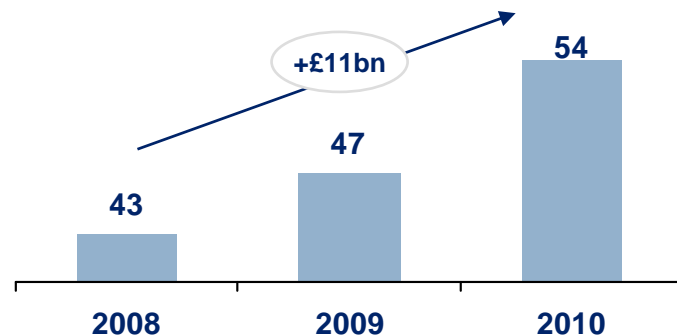
We have built deposit capabilities

- Product Management providing insights into P&L performance drivers
- Liquidity Sales Specialists supporting Relationship Managers
- Optimal portfolio build to align income growth alongside need for funding and regulatory compliance

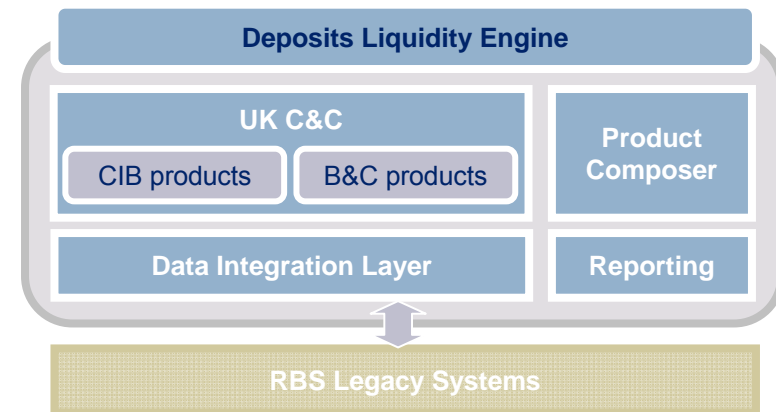


Which is having a significant impact

Deposits (£bn)



We are investing for sustainable growth



- Multi-year investment (£25m-£30m) to enable leading-edge deposit propositions:
 - Accelerated time to market with new product
 - Tailored propositions driven by sector and client needs
 - Responsive to regulatory change – “regulatory friendly” product build and enhanced MI

CIB - We connect with the Group for the benefit of our clients...



Offering high quality products

Global Banking and Markets (GBM)

<u>GBM Risk Solutions</u>	<u>Rank</u>	<u>% Share</u>
FX ¹	1	18%
Interest Rate Derivatives ²	2	22%

<u>GBM Capital Markets</u>	<u>Rank</u>	<u>USD</u>	<u>Issues / Deals</u>	<u>% Share</u>
UK Corporate IG DCM ³	1	7bn	37	17%
UK Syndicated Loans ⁴	2	11bn	42	15%
Private Placements ⁵	1	2.6bn	19	45%

Global Transaction Services (GTS)



Lombard



Best Leasing & Asset Finance Provider
Winner 2009-2011

...in collaboration with product partners

- Powerful single face to our market
- 200+ dedicated specialists across GTS, GBM, Lombard and RBS Invoice Financing
- Aligned client propositions, sales and performance management

¹ Euromoney FX (UK), 2010. ² Euromoney Rates (Western Europe Sterling Derivatives), 2011. ³ Dealogic, Mar 2010 – Mar 2011. ⁴ Dealogic, Mar 2010 – Mar 2011 % share of top 10. ⁵ Private Placement Monitor, UK & Ireland 2010

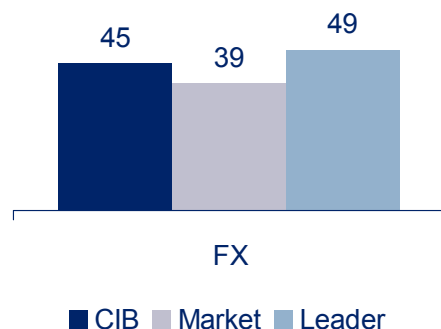
CIB - ...with significant success and further product diversification opportunities



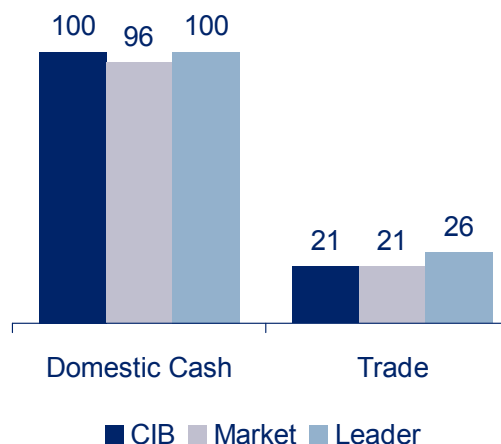
Strong penetration across product set with further opportunities to grow

Product penetration, %

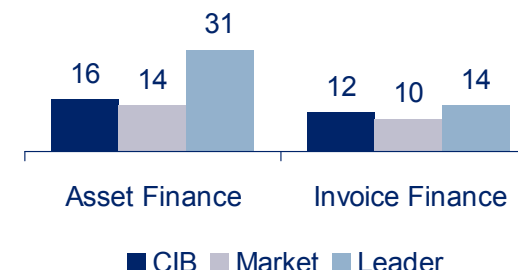
Global Banking and Markets (GBM)



Global Transaction Services (GTS)



Speciality Finance



Strengths and Opportunities:

- Strong connectivity with FX and Rates but more to do
- Continue to deliver ECM/DCM as Capital Market demand increases in our customer base
- Domestic Cash Management strong platform for cross-sell
- Significant opportunity to leverage our strengthened International and Trade capability
- Above market penetration but further opportunity with Lombard and RBS Invoice Finance

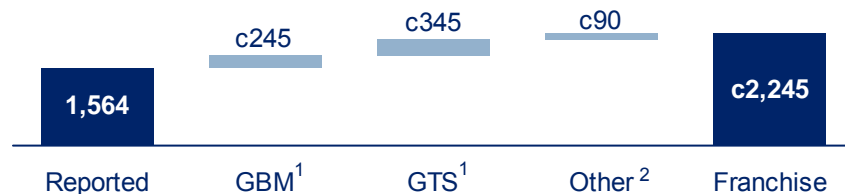
Source: Charterhouse Business Banking Survey 2010, Base sample: 319 companies with annual turnover >£25m

CIB - We are a franchise holder, focussed on sustainable, long term value



Franchise revenue and contribution

CIB 2010 Revenue, £m – Close to £2.3bn of franchise revenues



CIB 2010 Contribution, £m – Contribution enhanced

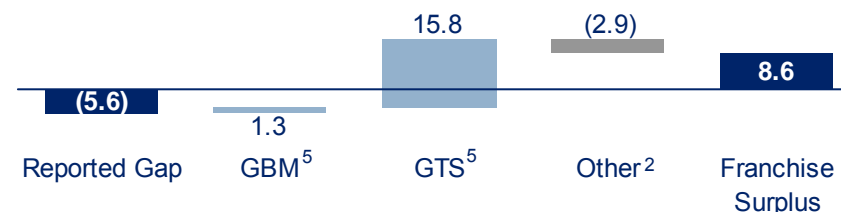


Philosophy and priorities

- Relentless focus on serving and supporting clients
- Continuing to build people bench strength
- Delivering the whole Bank for the benefit of clients
- Smart choices and disciplined execution
- Staying in control - managing our balance sheet and risks intelligently

Franchise funding⁴ and RoE

CIB 2010 Funding, £bn – Self-funding on a franchise basis

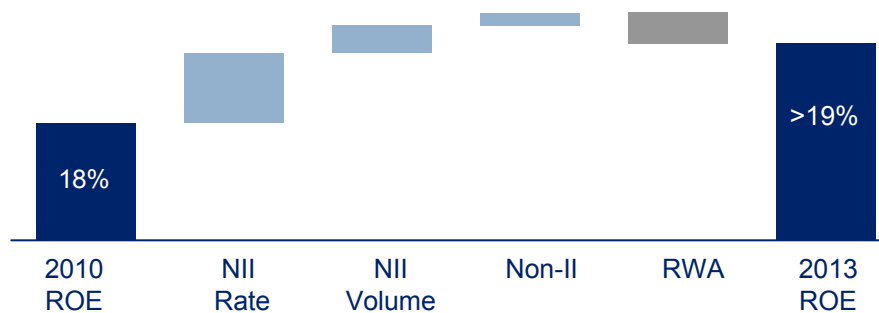


CIB 2010 ROE, % - Connectivity across the Group increases RoE



Forward looking RoE

Indicative CIB RoE outlook, %



¹ Income from CIB customers booked in other divisions. ² Includes Lombard and Invoice Finance. ³ Contribution from CIB customers booked in other divisions. ⁴ Loans minus deposits. ⁵ Deposits from CIB customers booked in other divisions.

Introduction to UK Corporate

- Overview
- Outlook and financial performance
- Risk Management

Spotlight on our business

- Business and Commercial (B&C)
- Corporate and Institutional (CIB)

Summary

Strong customer franchise with most comprehensive offering in the market

Very significant contributor to RBS Group

Strong progress in 2009-10 across all financial and risk metrics

Targeted investment to further strengthen our platform

Operating in a challenging environment but with healthy opportunities for growth

Strong and capable team in place to deliver strategic targets



Questions?



Appendix

UK Corporate Management CV's



Name	Title	Background
 Chris Sullivan	CEO, Corporate Banking Division	<ul style="list-style-type: none"> Chris joined Lombard in 1975, working his way up to lead that business. Before his current role as CEO of Corporate Banking Division he served as Chief Executive of RBS Insurance, Chief Executive of RBS Retail, and Head of Group training and development. He is a previous Vice Chairman of the Association of British Insurers, previous Chairman of the General Insurance Council, and a member of the CBI President's Committee. Chris is also a previous Chairman of the CBI South Eastern Council.
 Ian Cowie	CEO, Business & Commercial Banking	<ul style="list-style-type: none"> Ian worked in NatWest for 20 years in various roles within the corporate arena, before leaving and joining RBS two years before the take over in March 2000. Since joining RBS Ian has led various sector teams. More recent roles have included Managing Director of Corporate Banking London followed by Head of Specialist Corporate Business Group which included responsibility for Lombard and Invoice Finance. He has been CEO of Business & Commercial Banking since December 2008.
 Mark Catton	CEO, Corporate & Institutional Banking	<ul style="list-style-type: none"> Mark rejoined the RBS Group in August 2007, having previously worked for NatWest. He is responsible for leading the RBS Corporate and Institutional franchise in the UK. In his previous role, Mark was a Managing Director in Barclays Capital, responsible as Chief Operating Officer for European Investment Banking and Debt Capital Markets, and for managing the relationship with Barclays Corporate across EMEA. Mark spent his previous five years as part of the Corporate Executive team of Barclays, responsible for a number of its client and product businesses in the UK and Continental Europe. He has more than 20 years' experience in corporate banking and financial markets.
 Nigel Bretton	CFO, Corporate Banking Division	<ul style="list-style-type: none"> Nigel began his finance career at KPMG, where he trained as a chartered accountant. He spent a decade in investment banking at JP Morgan and Credit Suisse First Boston, then moved to Lloyds TSB for three years as Chief Financial Officer of their Wholesale and International division. Nigel joined the Group in September 2008 as Chief Financial Officer of GTS. He's been the Chief Financial Officer of the Corporate Banking Division since the division was created in March 2009.
 David Thomas	CRO, Corporate Banking Division	<ul style="list-style-type: none"> David has 30 years' banking experience. He started his career at Barclays, then worked for Société Générale in Manchester, London and Paris. He's also spent 18 months on secondment at the Financial Services Authority, where he helped supervisors review the credit risk controls of major banks. David led the UK credit risk management practice at KPMG, before joining RBS in June 2004. He's an Associate of the Chartered Institute of Bankers, and has an MSc in Financial Regulation and Compliance Management.
 Chris Davis	COO, Corporate Banking Division	<ul style="list-style-type: none"> Chris has been involved with RBS for his entire career. He was part of the first ever graduate intake to NatWest in 1987. Then he went to KPMG as a consultant, where he was an Account Director for RBS for seven years. In 2003 Chris joined RBS as Director of Change Management for Corporate Banking & Financial Markets. Since then he's worked in a variety of roles, primarily for the Corporate Bank.
 Robert Brodie	CSO, Corporate Banking Division	<ul style="list-style-type: none"> Rob's spent 22 years with the Group. His previous roles include Corporate Development Director, RBS Insurance; Director, Corporate Development & Analysis, Retail Markets; Chief Administrative Officer, Retail Direct; and Director of Strategy and Chief Operating Officer at Asset Finance in Corporate Markets
 Wendy Butler	HR Director, Corporate Banking Division	<ul style="list-style-type: none"> Wendy has spent the majority of her career with Natwest/RBS initially in Frontline Branch banking and Corporate/Commercial Relationship Management. In 1991, Wendy moved into HR where she has undertaken a number of specialist and generalist roles. Following a role as Head of Organisation Development for Corporate Banking and Financial Markets Wendy moved to a Senior HR Business Partner in Global Banking & Markets with responsibility for coverage across UK, Europe and Asia before moving into a global HR role as HR Director, Regional Markets Asia & Wealth Management in 2007. In April 2009, Wendy became HR Director, Corporate Banking.