

Investor Factbook

14th February 2020

The results in this presentation relate to The Royal Bank of Scotland Group plc ("RBSG plc"). RBSG plc is intended to be renamed NatWest Group plc later this year.



Key messages

Purpose-led decision making

Solid customer businesses with ability to grow

Simple to deal with

Powered by innovation and partnerships

Robust balance sheet with strong capital generation

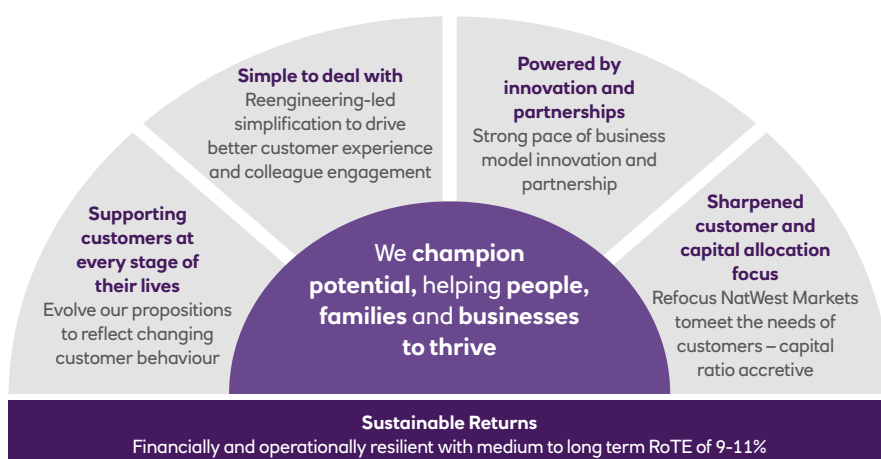
Financial outcomes

- Medium to long term **RoTE target of 9-11%**
- **Revenue opportunities** to help counteract low rate environment. Lending target >3%¹
- **Operating cost² reduction of £250m in 2020** and ongoing reductions in the medium to long term
- Investing to create **future revenue opportunities**
- Refocusing NWM to drive **RWA reduction of c.50%** in the medium term. Medium to long term **CET1 ratio of 13-14%** with ordinary dividend payout ratio of 40%

(1) Across retail and commercial franchises.

(2) Other operating expenses, excluding operating lease depreciation.

A purpose-led bank responding to the changing needs of all stakeholders



Our focus and ambition

Enterprise

The biggest supporter of start-ups in the UK and RoI

Learning

A leading learning organisation; enhancing the financial ability of the UK and RoI and the skills of employees

Climate

A leading bank in the UK & RoI helping to address the climate challenge

FY 2019 results by business¹

£bn	UK Personal Banking	Ulster Bank RoI	Commercial Banking	Private Banking	RBS International	NatWest Markets	Central items & other ²	Total RBS
Income	4.9	0.6	4.3	0.8	0.6	1.3	1.8	14.3
Operating expenses	(3.6)	(0.6)	(2.6)	(0.5)	(0.3)	(1.4)	(0.4)	(9.3)
Impairment (losses)/releases	(0.4)	0.0	(0.4)	0.0	(0.0)	0.1	(0.0)	(0.7)
Operating profit	0.9	0.0	1.3	0.3	0.3	(0.0)	1.4	4.2
Funded Assets	182.3	25.4	165.4	23.3	31.7	116.2	28.7	573.0
Net L&A to Customers	158.9	18.2	101.2	15.5	14.1	8.4	10.6	326.9
Customer Deposits	150.3	18.5	135.0	28.4	30.1	3.7	3.2	369.2
RWAs	37.8	13.0	72.5	10.1	6.5	37.9	1.4	179.2
LDR (%)	106%	98%	75%	55%	47%	n.m.	n.m.	89%
RoE³ (%)	9.6%	2.3%	8.4%	15.4%	25.7%	(3.2%)	n.m.	9.4%
Cost : Income ratio (%) ⁴	74.4%	97.4%	58.9%	62.5%	43.3%	105.7%	n.m.	65.1%

1 Numbers may not cast due to rounding.

2 Central items & other include unallocated transactions, including volatile items under IFRS, items related to Alawwal bank merger and a US RMBS related reimbursement.

3 RBS's 2021 CET1 target is approximately 14% but for the purposes of computing segmental return on equity (ROE), to better reflect the differential drivers of capital usage, segmental operating profit after tax and adjusted for preference share dividends, is divided by average notional equity allocated at different rates of 15% (Ulster Bank RoI – 14% prior to Q1'19), 12% (Commercial Banking), 13% (Private Banking – 13.5% prior to Q1'19, 14% from Q1'17 to Q4'17), 16% (RBS International – 12% prior to Q4'17) and 15% for all other segments, of the monthly average of segmental risk-weighted assets equivalents (RWAs) incorporating the effect of capital deductions. RBS return on equity is calculated using profit for the period attributable to ordinary shareholders.

4 Total operating expenses less operating lease depreciation divided by total income less operating lease depreciation. (FY'19 - £138 million).

The targets, expectations and trends discussed in this document represent management's current expectations and are subject to change, including as a result of the factors described in the "Risk Factors" section on pages 281 to 295 of the RBSG plc 2019 Annual Report and Accounts. These statements constitute forward looking statements under the US Private Securities Litigation Reform Act of 1995, refer to Forward Looking Statements in the RBSG plc ARA.

FY'19 update on progress

Key messages

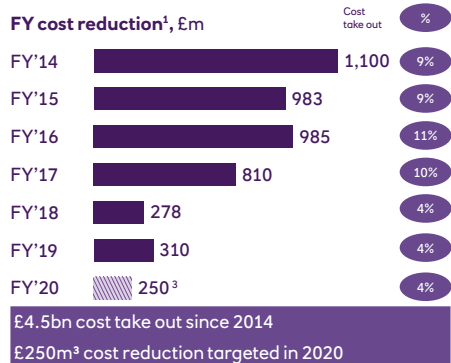
- FY'19 Operating profit before tax of £4.2bn
- 3.7%¹ FY'19 net loan growth, exceeding 2-3% target
- Reduced other expenses by £310m in FY'19, exceeding £300m target
- CET1 ratio at 16.2%
- 3p Final ordinary², 5p special dividend, total £2.7bn of dividends in FY'19
- FY'19 RoTE 9.4%, 4.7% ex FX gains

¹ Across Personal, Ulster ROL, Commercial & Private.

² Total ordinary dividend of 5 pence per share calculated from earnings, excluding FX recycling gains, of 13 pence per share.

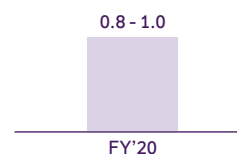
Building on our strong track record, next wave of reengineering to reduce cost base

Solid record on cost reduction

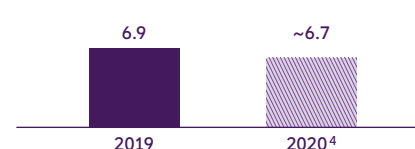


¹ 2014-19 other expense reduction includes disposed businesses and movements in operating lease depreciation. ² Includes but not limited to restructuring costs. ³ Other expenses excluding operating lease depreciation. ⁴ Illustrative 2020 guidance shown as 2019 other expenses excluding operating lease depreciation and £250m committed cost reduction.

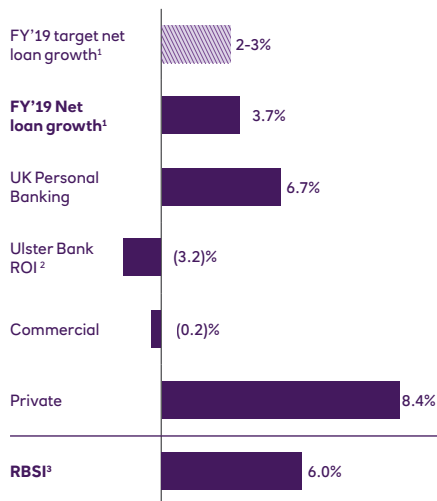
Group strategic costs², £bn



Group costs³, £bn



Loan growth exceeded 2019 target



¹ Net loan growth across Personal, Ulster ROL, Commercial and Private, presented in GBP

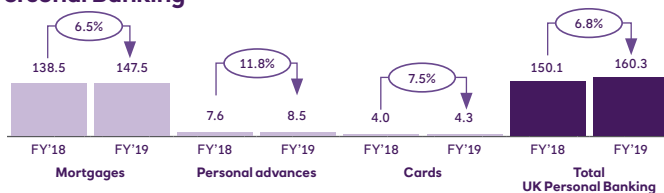
² Ulster ROL FY'19 growth shown in euros is +1.9%

³ RBSI includes £0.5bn transfer from NatWest Markets

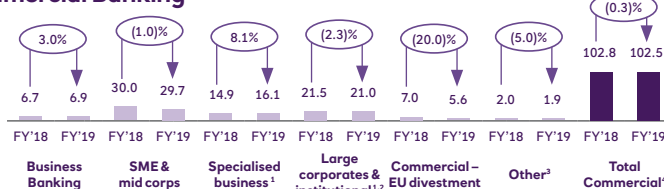
Loan growth by product and sector

Gross L&A Growth, £bn

UK Personal Banking



Commercial Banking



¹ Adjusted for transfer of transaction services in FY'18 of £3.1bn from Specialised Business to Large corporates and institutions
² Includes WE business segment, which will be partially transferred to NWM N.V.
³ Other includes shipping and project finance
⁴ Total Commercial also includes Real Estate

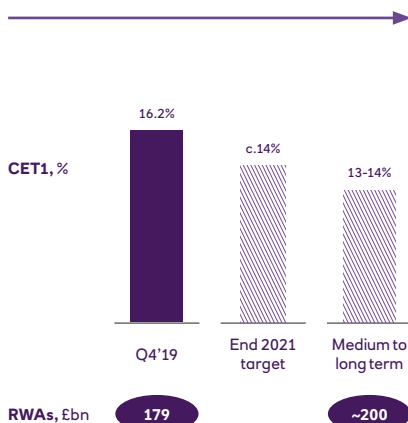
FY'19 Gross new card customers
c.275k

FY'19 Gross new current accounts
c.700k

FY'19 New FreeAgent customers
c.22k

Capital generation and distribution

CET1 ratio profile



Generated 110bps¹ of capital from profit in FY'19

Headwinds from RWA inflation, Pension contribution, Basel 3 amendments, CCyB and climate impact

Including revenue impact from refocusing, NWM current plans assume capital ratio accretive in year 1 and over the course of the transition plan period²

Future organic loan growth funded by profit

To achieve 13-14% medium to long term CET1 ratio:

- We will use ordinary dividend payout ratio of ~40% of attributable profits
- We will consider further distributions including buy-backs and special dividends
- We are well placed to participate in a future Government sell-down

We are in a position of strength with opportunities to improve

Positions of strength

Strong customer franchises and market leading positions

Strong track record of cost reduction

Broad and wide-ranging innovation portfolio

Sound balance sheet

Opportunities

Meet broader set of customer needs across life stages to maximise customer potential and protect revenue

Simplify and re-engineer to increase customer satisfaction and convenience in key segments

Continue to test and iterate with customers whilst scaling up and leveraging partners

Refocus NatWest Markets with a customer and capital returns focus

¹ Excluding Alawwal profits and PPI. ² After accounting for strategic costs and disposal losses. Continue to refine plan over the transition period.

Investor strategy update

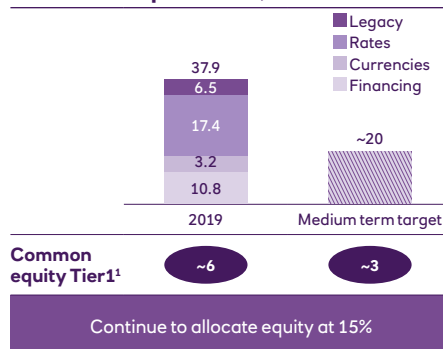
NatWest Markets will be c.10% of the group

Capital release, £bn

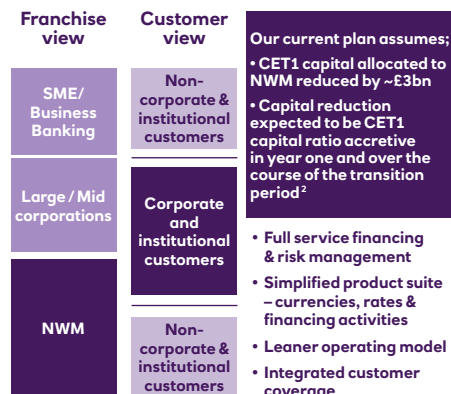
	Year 1	Medium term, cumulative
NWM RWA Reduction	6-8	c.18
NWM associated capital release ¹	c.1.0	c.2.7
NWM strategic cost	c.0.2	
NWM desposal losses	c.0.4	

Including revenue impact from refocusing, current plans assume capital ratio accretive in year one and over the course of the transition period²

RWA and Capital walk, £bn



Serving our corporate & institutional customers with a refocused business

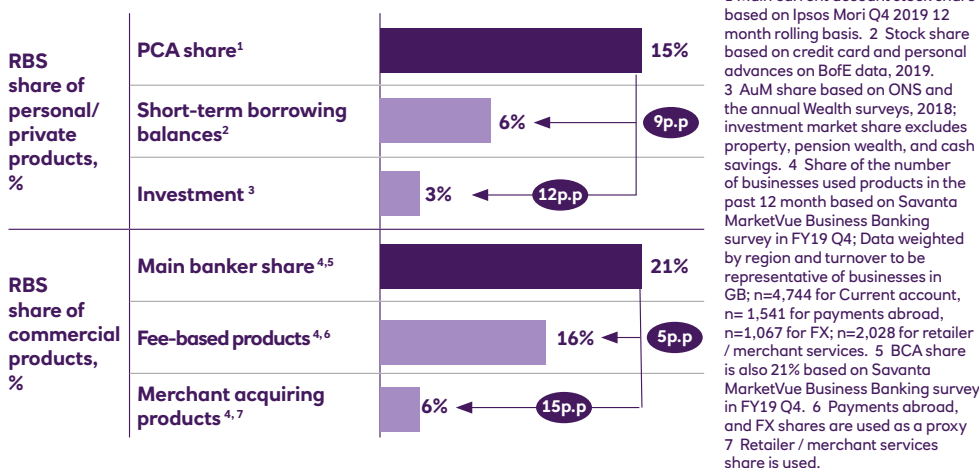


Illustrative RoE for our corporate & institutional customers expected to be c.8% in the medium to long term³

1 NatWest Markets franchise capital release and CET1 are implied figures calculated using equity allocated at 15%. 2 After accounting for strategic costs and disposal losses. Continue to refine plan over the transition period. 3 Excluding strategic, litigation and conduct costs.

Taking a whole life view will unlock opportunities

Pre-empt and meet customer's existing needs



Deliver relationship led banking for a digital world

More customers now bank with us digitally

Evolving our physical interactions to better reflect our customer needs

We have a strong portfolio of assets that we continue to strengthen

A leading UK & Rol bank helping to address the climate challenge

Ambitious challenge...

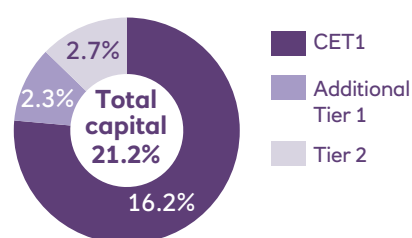
...with achievements to date and a set of short-to-medium-term commitments

	Supporting clients	Achievements	Short-to-medium term commitments
Climate positive own operations within 5 years	Helping to end most harmful activity	<ul style="list-style-type: none"> ✓ No project finance to new coal fired power stations and new thermal coal mines ✓ No lending to mining/power companies with 40%+ of activities from coal¹ 	<ul style="list-style-type: none"> □ Stop lending and underwriting to companies² where more than 15% of activities related to coal³, unless they have a credible transition plan in line with the 2015 Paris Agreement by end of 2021; full phase-out from coal by 2030 □ Stop lending and underwriting to major O&G producers without a credible transition plan in line with the 2015 Paris Agreement by end of 2021
	Accelerating speed of transition	<ul style="list-style-type: none"> ✓ Mobility Opportunity Group created to support drive to decarbonise UK transport 	<ul style="list-style-type: none"> □ Support our UK & Rol mortgage customers to become more energy efficient with an ambition that 50% of our mortgage book is at or above EPC or equivalent rating of C by 2030⁴
	Championing climate solutions	<ul style="list-style-type: none"> ✓ £10bn to sustainable energy funding and financing between 2018-20 (target substantively met 1 year early) 	<ul style="list-style-type: none"> □ Additional £20bn funding and financing for climate and sustainable finance between 2020-2022⁵
At least halve the climate impact of our financing activity by 2030	Internal ambition	<ul style="list-style-type: none"> ✓ Embedding into our culture and decision making ✓ 61% reduction in emissions from operational footprint vs. 2014 ✓ Board Committee on sustainability ✓ Principles for Responsible Banking signatory 	<ul style="list-style-type: none"> □ Revise executive remuneration to reflect achieving climate targets □ Quantify our climate impact, and define sector-level targets by 2022

1 Except where an existing customer is demonstrating a clear transition towards this threshold. 2 Mining/trading and power generation/retail. 3 Thermal and lignite coal. 4 Percentage of aggregate UK & Rol mortgage book exposure. 5 Pursuant to Climate and Sustainable Finance Inclusion Criteria, available on RBS.com

Robust capital, funding and liquidity metrics

Capital stack¹ (% RWA)



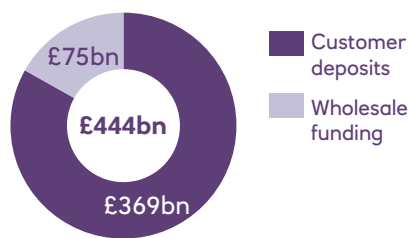
Risk Weighted Assets

£179bn

CRR Leverage Ratio

5.1%

Total funding mix (£bn)^{2,3}



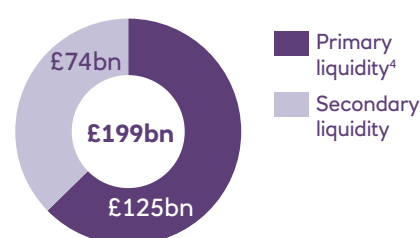
Loan to Deposit Ratio

89%

Short-term Wholesale Funding

£19bn

Liquidity portfolio (£bn)⁴



Liquidity Coverage Ratio

152%

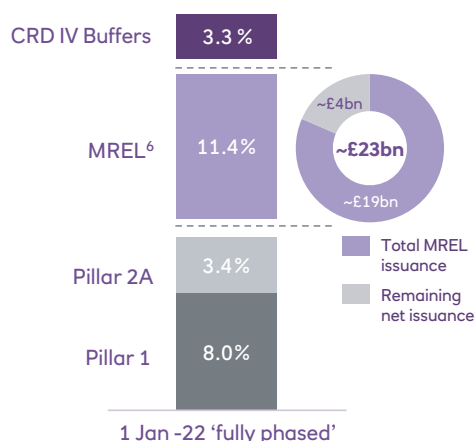
Net Stable Funding Ratio

141%

Good progress on future MREL stack, on track to meet end-state requirements

Future LAC Requirement⁵

Based on BoE 2019 actual and indicative MREL⁶ requirements, remaining net issuance based on illustrative £200bn RWAs⁷



2020 Issuance plan

RBSG plc Senior unsecured MREL

£2-4bn
(£1bn in GSS format)⁸

RBSG plc Tier 2

Up to £2.5bn

RBSG plc AT1

Up to £1.5bn

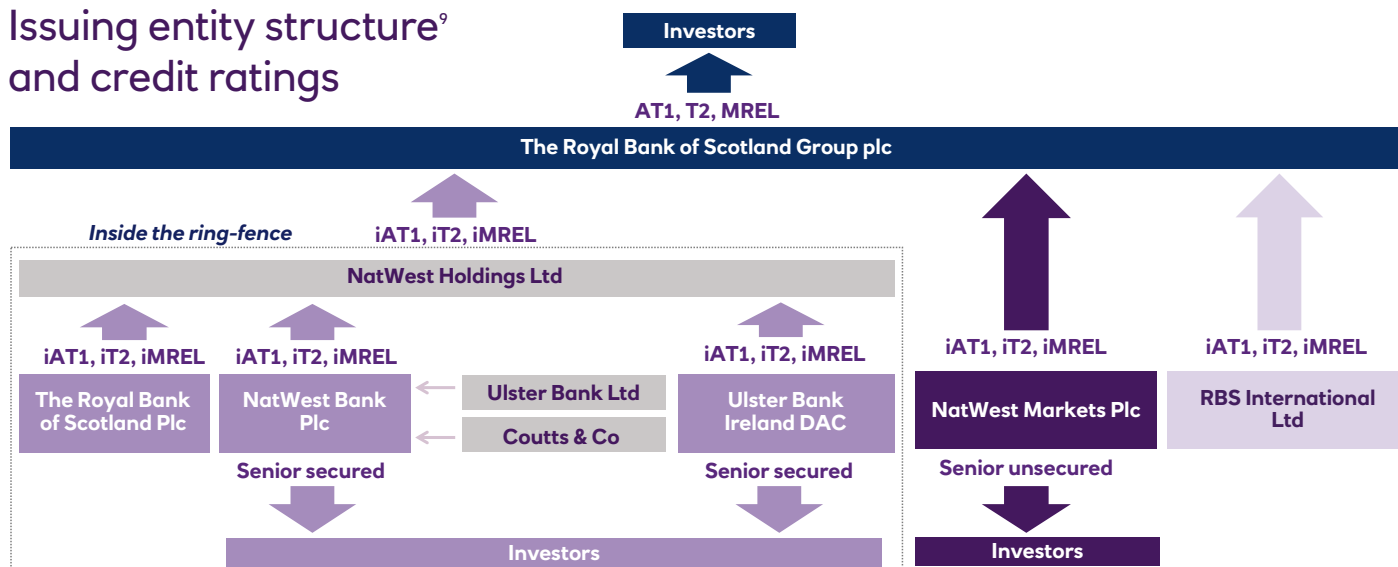
NWM Plc Senior unsecured

£3 to 5bn

NWB Plc Covered Bond and RMBS

Subject to funding and liquidity considerations

Issuing entity structure⁹ and credit ratings



	The Royal Bank of Scotland Group plc	NatWest Bank Plc	Royal Bank of Scotland Plc	Ulster Bank Limited	Ulster Bank Ireland DAC	NatWest Markets Plc	NatWest Markets N.V.	NWM Securities Inc	RBSI
Moody's	Baa2/Pos	A1*/A2/Pos	A1*/A2/Pos	A1*/A2/Pos	A3*/Baa1/Pos	Baa2/Pos	Baa2/Pos	NR	Baa1/Pos
S&P	BBB/Sta	A/Sta	A/Sta	A/Sta	A-/Sta	A-/Sta	A-/Sta	A-/Sta	A-/Sta
Fitch	A/Sta	A+/Sta	A+/Sta	A+/Sta	A-/Sta	A/Sta	A/Sta	A/Sta	A/Sta

Note: Figures may not cast due to rounding. 1 End-point CRR basis. 2 Funding excluding repos, derivative cash collateral. 3 Customer deposits includes amounts from NBFIs, excludes customer repos. 4 Primary liquidity includes cash and other highly liquid securities, secondary liquidity comprises assets eligible for discounting at the Bank of England and other central banks. 5 LAC: Loss Absorbing Capital, comprising minimum requirement for own funds and eligible liabilities and CRDIV buffers. Requirements are based on BoE 2019 actual and indicative MREL requirements updated for current RBSG Pillar 2A requirements. CRD IV buffers exclude G-SIB buffer which no longer applies from 1 Jan 2020. The requirements are shown exclusive of management and PRA buffers. 6 Senior unsecured MREL not required to be met by regulatory capital. 7 Illustrative only, both RWA and future capital requirements subject to change. If these are lowered then our corresponding MREL requirements will also be lowered. 8 Green, Social and Sustainability. 9 Future external issuance of AT1, Tier 2 and MREL will be from RBS Group plc, subsidiaries will only issue AT1, Tier 2 and MREL internally. NatWest Bank Plc and Ulster Bank Ireland DAC will issue senior secured externally and NatWest Markets Plc will issue senior unsecured externally.

*Reflects the Moody's Bank Deposits rating for NatWest Bank Plc, Royal Bank of Scotland plc, Ulster Bank Ireland DAC and Ulster Bank Ltd; All other ratings reflect the long-term issuer/senior unsecured ratings.