Q1 2015 results

30 April 2015

Q1 2015 results highlights

Attributable loss of £446m; adjusted operating profit of £1.6bn[1], up 16% Y/Y

Committed to delivering £800m[2] cost reduction in 2015, despite absorbing the impact of the increase in the UK bank levy

On track to achieve our FY 2015 RWA target of <£300bn

11.5% CET1 ratio, up 30bps vs. FY 2014; TNAV 384p, down 3p vs. FY 2014

Volume growth in UK Retail and Commercial. Annualised Q1 2015 loan growth of 2.5%[3]

CIB go-forward – good momentum in business repositioning

RWAs down a further £7bn Q/Q; excellent progress on our exit bank

Citizens – sold a further 30% since year end, reducing our holding to 40.8%; working on the basis of achieving partial deconsolidation at or below 35%

(1) Excluding restructuring and litigation and conduct costs. (2) Excludes restructuring, conduct, litigation and intangible asset write-off charges as well as the operating costs of Citizens Financial Group and Williams and Glyn. (3) UKPBB and CPB

RBS Q1 2015 results – P&L

(£m)	Q1 2015	*vs. Q4 2014 (%)*	*vs. Q1 2014 (%)*
Income	4,331	*+12%*	*(14%)*
Operating expenses[(1)]	(2,788)	*(11%)*	*(15%)*
Restructuring costs	*(453)*	*(20%)*	*nm*
Litigation & conduct costs	*(856)*	*(26%)*	*nm*
(Impairments) / recoveries	91	*nm*	*nm*
Operating profit / (loss)	**325**	***nm***	***(75%)***
Other items	(771)	*nm*	*nm*
Attributable profit / (loss)	**(446)**	**(92%)**	**nm**
Key metrics			
Net interest margin	2.26%	*(6bps)*	*+14bps*
Impairments as % of L&A	(0.2%)	*40bps*	*(50bps)*
Return on tangible equity	(4.1%)	*nm*	*nm*
Cost-income ratio	95%	*(31ppts)*	*+28ppts*
Adj. cost-income ratio[(1)]	64%	*(17ppts)*	*(1ppts)*

Q1 2015 vs. Q1 2014

- Income down 14%, primarily reflecting the reduced scale of CIB, with UK PBB and CPB broadly stable
- NIM 2.26%, up 14bps due primarily to improved liability margins. Down 6bps Q/Q driven primarily by modest asset margin pressures
- Operating expenses[(1)] down 15% reflecting continuing headcount reductions. On track to deliver £800m of cost reductions over 2015[(2)]
- Net impairment releases of £91m, reflecting continuing benign credit conditions in all franchises, though at a lower level than in Q4 2014
- Q1 2015 attributable loss includes:
  - £856m Litigation & conduct costs
  - £453m Restructuring Costs, including a £277m write-down of the value of US premises
  - £320m loss reflecting the fall in the market value of Citizens shares during the quarter offset in part by its profit after tax for the period

[(1)] Excluding restructuring and litigation and conduct costs. [(2)] Excludes restructuring, conduct, litigation and intangible asset write-off charges as well as the operating costs of Citizens Financial Group and Williams and Glyn.

RBS Q1 2015 results – Balance Sheet

	Q1 2015	*vs. Q4 2014 (%)*	*vs. Q1 2014 (%)*
TNAV per share (p)	384p	*(3p)*	*8p*
Tangible equity (£bn)	44	*(0.3%)*	*+3.8%*
Customer balances (£bn)			
Funded assets	714	*+2.4%*	*(4.3%)*
Loans & advances to customers[(1)]	414	*+0.3%*	*(0.6%)*
Customer deposits[(1)]	423	*+1.9%*	*+4.5%*
Liquidity and funding			
Loan-to-deposit ratio (%)	95%	*+0bps*	*(200bps)*
Liquidity coverage ratio (%)	112%	*+0bps*	*+900bps*
Liquidity portfolio (£bn)	157	*+4.0%*	*+19.8%*
Capital & leverage			
Leverage exposure (£bn)	937	*(0.2%)*	*(13.5%)*
Leverage ratio (%)	4.3%	*+10bps*	*+70bps*
CET1 capital (£bn)	40	*+0.5%*	*+2.7%*
CET1 ratio (%)	11.5%	*+30bps*	*+210bps*
RWAs (£bn)	348.6	*(2.1%)*	*(15.9%)*
RWAes (£bn) [(2)]	364.3	*(2.0%)*	*(15.2%)*

Q1 2015 vs. Q4 2014

- TNAV of 384p – down 3p from Q4 2014
- RWAs down a further £7bn (2%) to £349bn. On track to be less than £300bn by the end of 2015
- NPLs[(3)] declined by £5.9bn (21%) during the quarter primarily on continued RCR reduction. NPLs as a % of L&A down by 140bps from 6.8% to 5.4%
- Capital position continues to strengthen. CET1 ratio up a further 30bps to 11.5%
- Leverage ratio improved by 10bps to 4.3%
- Net lending across UK PBB and CPB was up 2.5% on an annualised basis

[(1)] Includes disposal groups. [(2)] RWA equivalent (RWAes) is an internal metric that measures the equity capital employed in divisions. RWAe converts both performing and non-performing exposures into a consistent capital measure, being the sum of the regulatory RWAs and the regulatory capital deductions, the latter converted to RWAe by applying a multiplier. [(3)] NPLs = Risk Elements in Lending in the Company Announcement.

UK Personal & Business Banking

(£m)	Q1 2015	*vs. Q4 2014 (%)*	*vs. Q1 2014 (%)*
Income	1,452	*(5%)*	*(1%)*
Operating expenses[(1)]	(746)	*(14%)*	*(15%)*
Restructuring costs	*(30)*	*+67%*	*nm*
Litigation & conduct costs	*(354)*	*(46%)*	*nm*
(Impairments) / recoveries	26	*nm*	*nm*
Operating profit / (loss)	**348**	**nm**	***(32%)***
Key metrics			
Net interest margin	3.61%	*(13bps)*	*+0bps*
Return on equity	15.4%	*nm*	*(7ppts)*
Cost-income ratio	78%	*(22ppts)*	*+19ppts*
Balance sheet (£bn)			
RWAs (£bn)	42.6	*(0%)*	*(12%)*
RWAes (£bn)	46.4	*(0%)*	*(8%)*

Q1 2015 vs. Q1 2014

- Total income declined by £11m with lower asset income as the personal unsecured book continued to contract, and with lower fee income driven by lower packaged account, investment advice and credit card income. This was only partly offset by improvements in deposit income
- Operating expenses down 15% driven by continued improvements in underlying efficiency and non-repeat of technology write-off
- Net impairment releases totalled £26m vs. a net impairment charge of £88m in Q1 2014, reflecting continued improvements in asset quality and portfolio provision releases, particularly in Business Banking
- Operating profit down 32% driven by additional conduct provisions of £354m. Adjusted operating profit up 46% reflecting good cost performance and continuing strong credit environment
- Mortgage lending had a slow start to the year. Applications accelerated towards the end of the quarter with volumes in March up 10% Y/Y

(1) Excluding restructuring and litigation and conduct costs.

Ulster Bank

(£m)	Q1 2015	*vs. Q4 2014 (%)*	*vs. Q1 2014 (%)*
Income	190	*(7%)*	*(5%)*
Operating expenses[(1)]	(140)	*(14%)*	*(2%)*
Restructuring costs	*1*	*(75%)*	*nm*
Litigation & conduct costs	*-*	*nm*	*nm*
(Impairments) / recoveries	-	*nm*	*nm*
Operating profit/ (loss)	**51**	**(70%)**	***nm***
Key metrics			
Net interest margin	1.95%	*(19bps)*	*(34bps)*
Return on equity	6.2%	*(14ppts)*	*+5ppts*
Cost-income ratio	73%	*+5ppts*	*+1ppts*
Balance sheet (£bn)			
RWAs (£bn)	22.4	*(6%)*	*(22%)*
RWAes (£bn)	21.5	*(4%)*	*(9%)*

Q1 2015 vs. Q1 2014

- Income affected by the strengthening of Sterling vs. the Euro. On a constant currency basis, income was up 3% benefiting from deposit re-pricing
- NIM down reflecting a lower return on free funds and a significant increase in low yielding liquid assets
- Bad debt flows remained favourable, there were no net impairment losses in the quarter
- Loan book stabilised. New lending activity has increased reflecting the improvement in macro economic conditions

(1) Excluding restructuring and litigation and conduct costs.

Commercial Banking

(£m)	Q1 2015	*vs. Q4 2014 (%)*	*vs. Q1 2014 (%)*	*Q1 2015 RBSI*
Income	822	*(1%)*	*+7%*	38
Operating expenses[1]	(408)	*(14%)*	*+0%*	(20)
Restructuring costs	*(1)*	*(92%)*	*+0%*	
Litigation & conduct costs	-	*nm*	*nm*	
(Impairments) / recoveries	(1)	*nm*	*nm*	-
Operating profit / (loss)	**412**	**+66%**	***+28%***	**18**
Key metrics				
Net interest margin	2.87%	*+10bps*	*+19bps*	
Return on equity	11.9%	*+5ppts*	*+2ppts*	-
Cost-income ratio	50%	*(16ppts)*	*(3ppts)*	53%
Balance sheet (£bn)				
RWAs (£bn)	65.5	*+2%*	*+3%*	1.5
RWAes (£bn)	71.0	*+2%*	*+0%*	

Q1 2015 vs. Q1 2014

- Comparisons are affected by the transfer of Private Banking RBSI business to Commercial Banking on 1st January 2015
- After adjusting for RBSI transfer, operating profit increased by £73m mainly due to lower impairment charges and increased income
- Total income was up 7% benefitting from deposit margin expansion
- Operating expenses were flat in Q1 2015 vs. Q1 2014
- Commercial Banking net new loan growth was £1.3bn

[1] Excluding restructuring and litigation and conduct costs.

Private Banking

(£m)	Q1 2015	*vs. Q4 2014 (%)*	*vs. Q1 2014 (%)*	*Q1 2015 RBSI*
Income	214	*(20%)*	*(22%)*	38
Operating expenses[1]	(186)	*(18%)*	*(7%)*	(20)
Restructuring costs	*1*	*nm*	*nm*	
Litigation & conduct costs	*(2)*	*(98%)*	*nm*	
(Impairments) / recoveries	1	*nm*	*+0%*	-
Operating profit / (loss)	**28**	**nm**	***(63%)***	**18**
Key metrics				
Net interest margin	3.25%	*(49bps)*	*(45bps)*	
Return on equity	4.4%	*+17ppts*	*(9ppts)*	
Cost-income ratio	87%	*(35ppts)*	*+14ppts*	53%
Balance sheet (£bn)				
RWAs (£bn)	10.2	*(11%)*	*(15%)*	1.5
RWAes (£bn)	10.2	*(11%)*	*(15%)*	

Q1 2015 vs. Q1 2014

- Comparisons are affected by the transfer of Private Banking RBSI business to Commercial Banking on 1 January 2015
- Excluding Q1 2014 RBSI financials, operating profit decreased by £39m reflecting £26m lower income, driven by reduced deposit hedging benefits and lower investment and transactional income
- Excluding Q1 2014 RBSI financials, operating expenses increased by £12m, primarily due to the non recurrence of one off items
- The sale of the International Private Banking business to Union Bancaire Privée has been agreed with most of the business scheduled to transfer in Q4 2015, subject to regulatory approval

[1] Excluding restructuring and litigation and conduct costs.

Corporate & Institutional Banking

(£m)	Q1 2015	*vs. Q4 2014 (%)*	*vs. Q1 2014 (%)*
Income	804	*+16%*	*(40%)*
Operating expenses[(1)]	(798)	*(3%)*	*(18%)*
Restructuring costs	*(291)*	*nm*	*nm*
Litigation & conduct costs	*(500)*	*+31%*	*nm*
(Impairments) / recoveries	44	*nm*	*nm*
Operating profit / (loss)	**(741)**	**+15%**	***nm***
Key metrics			
Net interest margin	1.12%	*+1bps*	*+27bps*
Return on equity	(17.1%)	*nm*	*nm*
Cost-income ratio	198%	*+11ppts*	*+123ppts*
Balance sheet (£bn)			
RWAs (£bn)	102.8	*(4%)*	*(27%)*
RWAes (£bn)	105.1	*(3%)*	*(25%)*

Q1 2015 vs. Q1 2014

- CIB performance was in line with our updated plan. This was despite the negative impact of the de-pegging of the Swiss Franc within our Currencies business
- Income declined 40% reflecting the impact of business reshaping, most notably the exit of the US ABP business, with RWAs down 27% over the same period
- Adjusted expenses down 18%, reflecting lower headcount and disciplined cost control
- Net impairments release of £44m driven primarily by latent provision write back
- Continued good progress on business repositioning with RWAs down a further £4.3bn Q/Q
- Wind-down of "CIB legacy" portfolio started. Early expressions of strategic interest for some of the businesses and assets we are planning to sell

[(1)] Excluding restructuring and litigation and conduct costs.

RCR

(£m)	Q1 2015	*vs. Q4 2014 (%)*	*vs. Q1 2014 (%)*
Income	120	*nm*	*+64%*
Operating expenses[1]	(48)	*(49%)*	*(39%)*
Restructuring costs	-	*nm*	*nm*
Litigation & conduct costs	-	*nm*	*nm*
(Impairments) / recoveries	109	*(84%)*	*nm*
Operating profit / (loss)	**181**	**(55%)**	***nm***
Balance sheet (£bn)			
Funded assets	11.1	*(26%)*	*(54%)*
Risk elements in lending	10.2	*(34%)*	*(56%)*
Provision coverage	70%	*(1ppts)*	*+2ppts*
RWAs	17.2	*(22%)*	*(58%)*
RWAes (£bn)	21.7	*(21%)*	*(57%)*

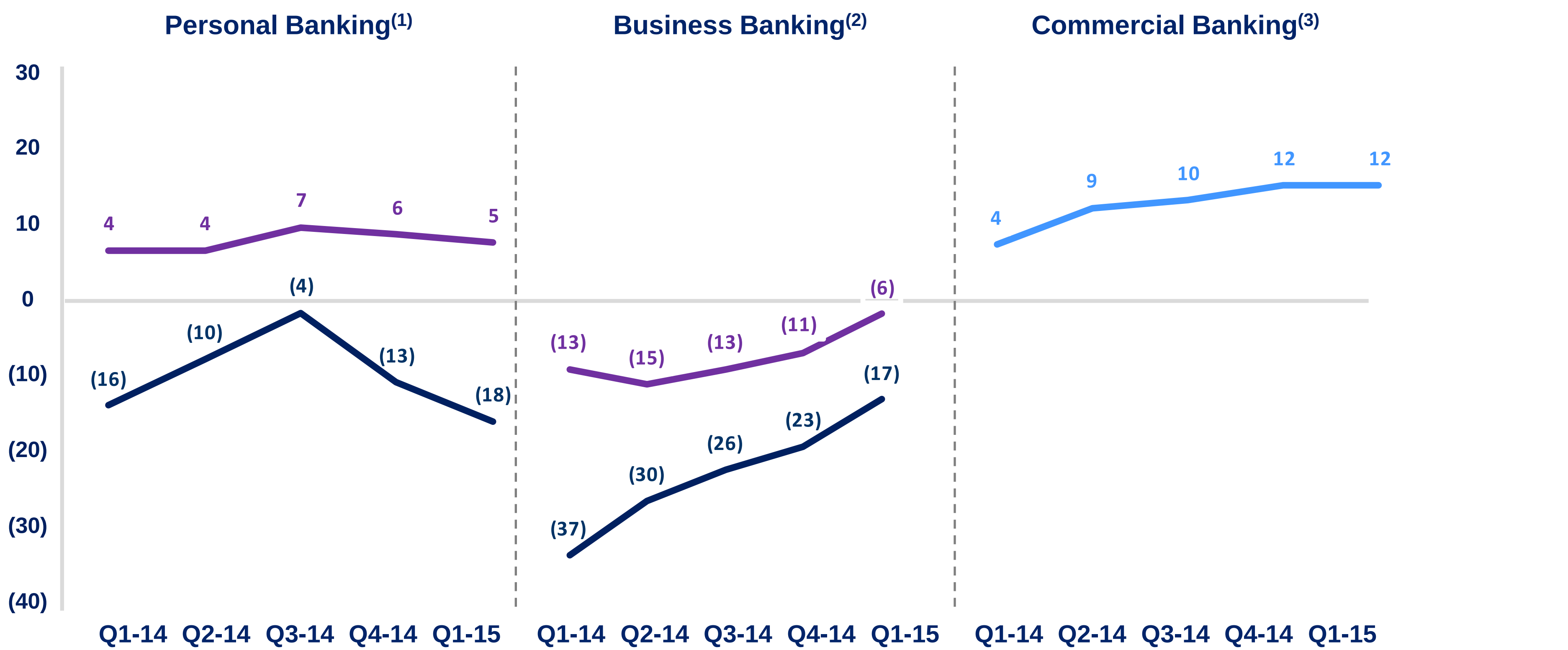
Q1 2015 vs. Q1 2014

- Q/Q funded assets down £4bn (26%) and RWAes down £5.6bn (21%) primarily driven by disposals
- Net impairment provision releases of £109m
- Operating profit of £181m driven by supportive markets and economic conditions, including £119m of disposal gains
- On course to complete targeted run-down by end 2015

[1] Excluding restructuring and litigation and conduct costs.

Net Promoter Scores

Net Promoter Scores across our core businesses



[1] Personal Banking: Source GfK FRS, 6 month roll. Latest base sizes: NatWest (3444) RBS (520) Question "How likely is it that you would to recommend (brand) to a relative, friend or colleague in the next 12 months for current account banking?" Base: Claimed main banked current account customers. No year on year movement in Personal NPS scores are significant.

[2+3] Business & Commercial Banking: Source Charterhouse Research Business Banking Survey, quarterly rolling. Latest base sizes, Business £0-2m NatWest (1240) RBS (419) Commercial [3] £2m+ combination of NatWest & RBS in GB (965) Question: "How likely would you be to recommend (bank)". Base: Claimed main bank. Data weighted by region and turnover to be representative of businesses in Great Britain. Year on year improvements in Business and Commercial are statistically significant.

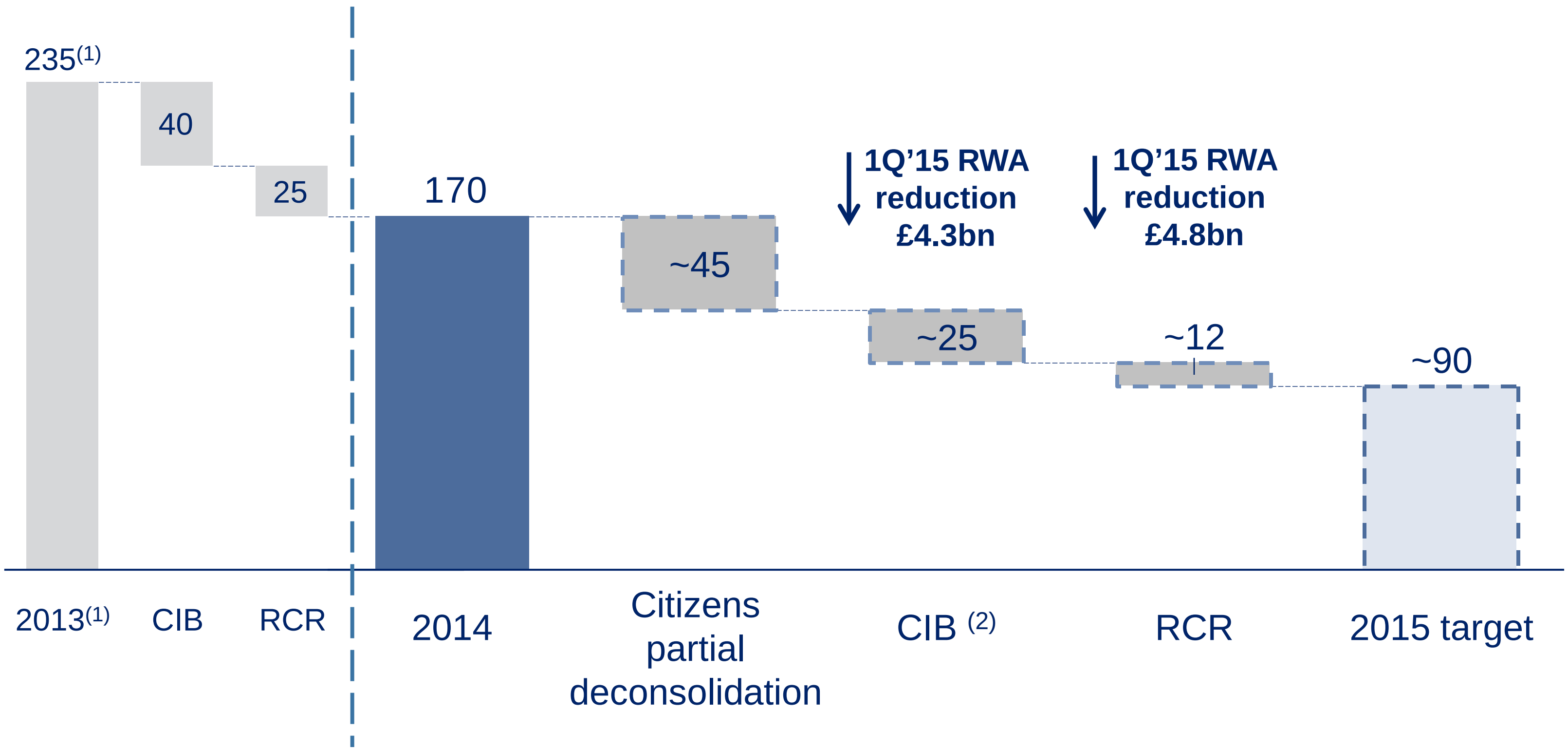
Illustrative go-forward business and exit group profile

(£bn)	Illustrative go-forward businesses profile (Q1 2015)					Illustrative exit group profile (Q1 2015)							Total RBS
	PBB[1]	CPB[2]	CIB go-forward[3]	Other go-forward[4]	Total go-forward	CIB Legacy[3]	Int'l Private Banking	W&G[5]	Citizens	RCR	Other Investments	Total Exit Group	
Income	1.4	1.0	0.5	-	2.9	0.3	-	0.2	0.8	0.1	-	1.4	**4.3**
Adj. costs[6]	(0.7)	(0.6)	(0.4)	(0.1)	(1.8)	(0.4)	-	(0.1)	(0.5)	-	-	(1.0)	**(2.8)**
Impairment releases	-	-	-	-	-	-	-	-	-	0.1	-	0.1	**0.1**
Adj. op. profit[6]	0.7	0.4	0.1	(0.1)	1.1	(0.1)	-	0.1	0.3	0.2	-	0.5	**1.6**
Funded Assets	142	105	184	94	525	64	6	20	87	11	1	189	**714**
RWAs	54	73	47	9	183	56	3	11	72	17	7	166	**349**
Adj. RoE (%)[6,7]	25%	11%	nm	nm	13%	nm	5%	nm	7%	nm	nm	7%	**10%**

[1] Excludes Williams & Glyn. [2] Excludes international private banking. [3] The CIB results split into go-forward and capital resolution elements are based on a modelled approach pending outcomes of ongoing implementation planning and therefore is subject to change. [4] Other go-forward is primarily Centre, which includes the liquidity portfolio. [5] Does not reflect the cost base, funding and capital profile of a standalone bank. [6] Excludes restructuring and litigation and conduct costs. [7] Segmental ROE is calculated using operating profit after tax on a non-statutory basis adjusted for preference share dividends divided by average notional equity (based on 13% of average RWAe). Total RBS ROE is calculated using operating profit after tax on a non-statutory basis less preference dividends divided by average RBS tangible equity.

Illustrative Exit Group RWA run down

Illustrative run-down of RBS Exit Group RWA, £bn



(1) Illustrative figure showing the CIB and RCR movements in 2014, not including other 2014 RWA movements (2) CIB total, not just Exit Group.

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Appendix

Litigation and conduct

End of Q1 2015 provisions

£m	Provision	Q115 charge
Regulatory and Legal[1]	2,188	176
PPI	789	100
Swaps	321	-
FX	704	334
Other customer redress[2]	789	257

Q1 2015 litigation and conduct balance sheet provision: £4.8bn

PPI

- Additional £100m provision taken, expect claims to tail off over a longer period than previously.
- Provision now covers c. 20 months of the current monthly utilisation

Swaps

- No additional provision taken in Q1 2015. Outcomes agreed on all cases with an independent reviewer

FX

- Additional £334m provision taken
- Remain in discussion with governmental and other regulatory authorities

US RMBS

- Continue to work through RMBS litigation, FHFA and other material RMBS related matters remain outstanding

[1] Includes Other regulatory provisions and Litigation as per the Interim Management Statement p.33 (note 4). [2] Closing provision primarily relates to investment advice and packaged accounts

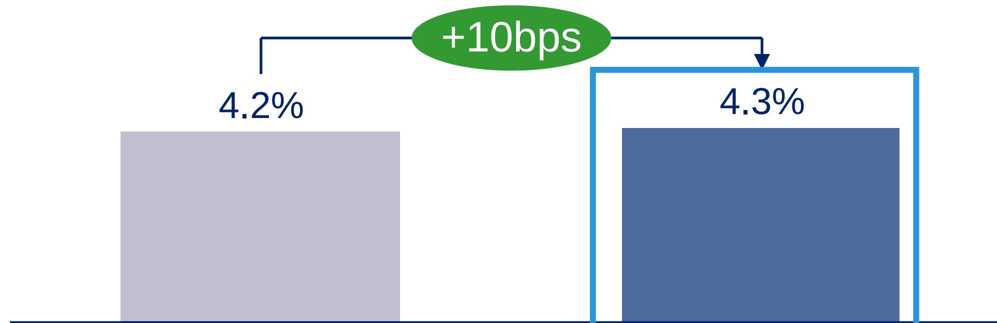
Impact of notable items on P&L

£m	Q1 2015	FY 2014
Reported in adjusted operating performance		
AFS disposal (loss)/ gains in Centre *(Income)*	(27)	149
Risk Management (including IFRS volatility) in Centre *(Income)*	(108)	(437)
UK Bank Levy [1] *(Costs)*	-	(250)
Restructuring costs		
Restructuring costs	(453)	(1,257)
o/w Software write-off in Centre	-	*(247)*
o/w W&G restructuring costs	*(133)*	*(378)*
o/w Write-down of the value of US premises [1]	*(277)*	-
Total conduct & litigation costs [1]	(856)	(2,194)
o/w PPI redress and related costs [1]	*(100)*	*(650)*
o/w IRHP redress and related costs [1]	-	*(185)*
o/w FX fines & litigation [1]	*(334)*	*(720)*
o/w Other customer redress [1]	*(257)*	*(444)*
Reported 'below the line'		
Own Credit Adjustment	120	(146)
Gain on redemption of own debt	-	20
Citizens loss from discontinued operations, net of tax	(320)	(3,486)
Reported within tax		
Write-down of Deferred Tax Assets	-	(1,625)

[1] Fully allocated to businesses

Leverage ratio – key drivers

Leverage ratio, %



	FY 2014	Q1 2015
CET 1 capital, £bn	39.9	40.1
Total assets, £bn	1,051	1,105
Netting of derivatives	(331)	(379)
Securities financing transactions	25	20
Regulatory deductions & other adjustments	(1)	1
Potential future exposures on derivatives	99	96
Undrawn commitments	96	95
Leverage exposure	940	937

Tangible Net Asset Value movements

	FY 2014		
	£m	Shares in issue (m)	TNAV per share[1]
Starting TNAV	44, 368	11,466	387p
Loss for the period	(456)		(4p)
Less: loss attributable to NCI/ other owners	10		-
Other comprehensive income	235		+2p
Less: OCI attributable to NCI/ other owners	(131)		(1p)
Proceeds of share issuance	160	48	-
Other movements [2]	56	-	-
	Q1 2015		
End of period TNAV	44,242	11,514	384p

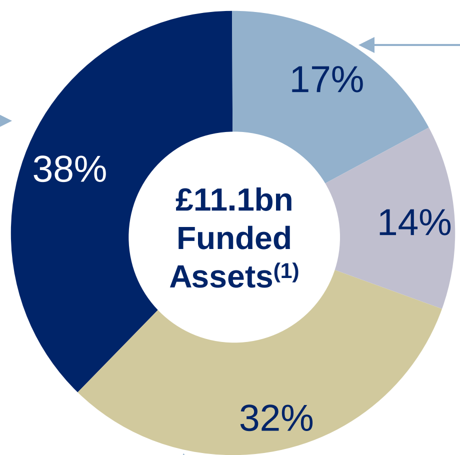
[1] TNAV - Tangible Net Asset Value per Ordinary and B Shares. [2] Other reserve movements including intangibles.

RCR asset composition and provisions overview

Asset composition at 31 March 2015

Corporate
Structured Finance: £0.9bn
Shipping: £1.5bn
Other Corporate: £1.8bn
Total: £4.2bn

Markets
Securitised Products: £1.5bn
Emerging Markets: £0.4bn
Total: £1.9bn



Real Estate Finance
UK: £2.3bn
Germany: £0.3bn
Spain: £0.5bn
Other: £0.4bn
Total: £3.5bn

Ulster Bank
CRE Investment £0.7bn
CRE Development: £0.4bn
Other Corporate: £0.4bn
Total: £1.5bn

CRE Total (REF and Ulster Bank): £4.6bn[2]

Overview of provisions by sector

	Gross loans	Provisions	Provisions as a % of REIL	Provisions as a % of gross loans
31st March 2015	£bn	£bn	%	%
By sector:				
Commercial real estate				
- Investment	4.2	1.7	55	40
- Development	4.2	3.4	87	81
Asset finance	2.0	0.4	44	20
Other corporate	4.7	1.6	73	34
Total RCR	**15.1**	**7.1**	**70**	**47**

(1) Funded Assets – excluding derivatives, net of balance sheet provisions.
(2) Includes investment properties.

Forward Looking Statements

Certain sections in this document 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’, ‘believe’, ‘should’, ‘intend’, ‘plan’, ‘could’, ‘probability’, ‘risk’, ‘Value-at-Risk (VaR)’, ‘target’, ‘goal’, ‘objective’, ‘may’, ‘endeavour’, ‘outlook’, ‘optimistic’, ‘prospects’ and similar expressions or variations on these expressions.

In particular, this document includes forward-looking statements relating, but not limited to: The Royal Bank of Scotland Group’s (RBS) transformation plan (which includes RBS’s 2013/2014 strategic plan relating to the implementation of its new divisional and functional structure and the continuation of its balance sheet reduction programme including its proposed divestments of Williams & Glyn and Citizens, RBS’s information technology and operational investment plan, the proposed restructuring of RBS’s CIB business and the restructuring of RBS as a result of the implementation of the regulatory ring-fencing regime), as well as restructuring, capital and strategic plans, divestments, capitalisation, portfolios, net interest margin, capital and leverage ratios, liquidity, risk-weighted assets (RWAs), RWA equivalents (RWAe), Pillar 2A, Maximum Distributable Amount (MDA), total loss absorbing capital (TLAC), minimum requirements for eligible liabilities (MREL), return on equity (ROE), profitability, cost:income ratios, loan:deposit ratios, funding and risk profile; litigation, government and regulatory investigations including investigations relating to the setting of interest rates and foreign exchange trading and rate setting activities; costs or exposures borne by RBS arising out of the origination or sale of mortgages or mortgage-backed securities in the US; RBS’s future financial performance; the level and extent of future impairments and write-downs; and RBS’s exposure to political risks, credit rating risk and 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, targets 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 market risk disclosures are dependent on choices relying on 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 adversely affect our results and the accuracy of forward-looking statements in this document include the risk factors and other uncertainties discussed in the 2014 Annual Report and Accounts. These include the significant risks for RBS presented by the execution of the transformation plan; RBS’s ability to successfully implement the various initiatives that are comprised in the transformation plan, particularly the balance sheet reduction programme including the divestment of Williams & Glyn and its remaining stake in CFG, the proposed restructuring of its CIB business and the significant restructuring undertaken by RBS as a result of the implementation of the ring fence; whether RBS will emerge from implementing the transformation plan as a viable, competitive, customer-focused and profitable bank; RBS’s ability to achieve its capital targets which depend on RBS’s success in reducing the size of its business; the cost and complexity of the implementation of the ring-fence and the extent to which it will have a material adverse effect on RBS; the risk of failure to realise the benefit of RBS’s substantial investments in its information technology and operational infrastructure and systems, the significant changes, complexity and costs relating to the implementation of the transformation plan, the risks of lower revenues resulting from lower customer retention and revenue generation as RBS refocuses on the UK as well as increasing competition. In addition, there are other risks and uncertainties. These include RBS’s ability to attract and retain qualified personnel; uncertainties regarding the outcomes of legal, regulatory and governmental actions and investigations that RBS is subject to and any resulting material adverse effect on RBS of unfavourable outcomes; heightened regulatory and governmental scrutiny and the increasingly regulated environment in which RBS operates; uncertainty relating to how policies of the new government elected in the May 2015 UK election may impact RBS including a possible referendum on the UK’s membership of the EU; operational risks that are inherent in RBS’s business and that could increase as RBS implements its transformation plan; the potential negative impact on RBS’s business of actual or perceived global economic and financial market conditions and other global risks; how RBS will be increasingly impacted by UK developments as its operations become gradually more focused on the UK; uncertainties regarding RBS exposure to any weakening of economies within the EU and renewed threat of default by certain counties in the Eurozone; the risks resulting from RBS implementing the State Aid restructuring plan including with respect to the disposal of certain assets and businesses as announced or required as part of the State Aid restructuring plan; the achievement of capital and costs reduction targets; ineffective management of capital or changes to regulatory requirements relating to capital adequacy and liquidity; the ability to access sufficient sources of capital, liquidity and funding when required; deteriorations in borrower and counterparty credit quality; the extent of future write-downs and impairment charges caused by depressed asset valuations; the value and effectiveness of any credit protection purchased by RBS; the impact of unanticipated turbulence in interest rates, yield curves, foreign currency exchange rates, credit spreads, bond prices, commodity prices, equity prices; basis, volatility and correlation risks; changes in the credit ratings of RBS; changes to the valuation of financial instruments recorded at fair value; competition and consolidation in the banking sector; regulatory or legal changes (including those requiring any restructuring of RBS’s operations); changes to the monetary and interest rate policies of central banks and other governmental and regulatory bodies; changes in UK and foreign laws, regulations, accounting standards and taxes; impairments of goodwill; the high dependence of RBS’s operations on its information technology systems and its increasing exposure to cyber security threats; the reputational risks inherent in RBS’s operations; the risk that RBS may suffer losses due to employee misconduct; pension fund shortfalls; the recoverability of deferred tax assets by the Group; HM Treasury exercising influence over the operations of RBS; limitations on, or additional requirements imposed on, RBS’s activities as a result of HM Treasury’s investment in RBS; and the success of RBS in managing the risks involved in the foregoing.

The forward-looking statements contained in this document speak only as of the date of this announcement, and RBS 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.

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.