The Royal Bank of Scotland Group

Q311 Results

4th November 2011

Important Information

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’, ‘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 document 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), profitability, cost:income ratios, leverage and loan:deposit ratios, funding and risk profile; certain ring-fencing proposals; the Group’s future financial performance; the level and extent of future impairments and write-downs, including sovereign debt impairments; 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 document include, but are not limited to: the full nationalisation of the Group or other resolution procedures under the Banking Act 2009; the global economic and financial market conditions and other geopolitical risks, 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, including any adverse consequences of a failure to transfer, or delay in transferring, certain businesses, assets and liabilities from RBS Bank N.V. to RBS plc; the ability to access sufficient funding to meet liquidity needs; 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, equity prices and basis, volatility and correlation risks; 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 central banks and other governmental and regulatory bodies; impairments of goodwill; pension fund shortfalls; litigation and regulatory investigations; general operational risks; insurance claims; reputational risk; changes in UK and foreign laws, regulations, accounting standards and taxes, including changes in regulatory capital regulations and liquidity requirements; the recommendations made by the UK Independent Commission on Banking and their potential implications; 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 document 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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Business highlights

A robust balance sheet

- Group funded assets decreased by £16bn, driven by Non-Core and GBM
- Group LDR improved by 200bps to 112%; Core LDR 100bps better at 95%

Continued improvement in liquidity and funding profile

- Liquidity portfolio increased £15bn to £170bn
- Short-term wholesale funding declined £7bn to £141bn or £100bn excluding bank deposits
- £23bn 2011 term funding issuance target already achieved

Capital position maintained

- Core Tier 1 ratio increased to 11.3%
- TNAV improves to 52.6p, primarily driven by FVoD and positive AFS and cash-flow hedging reserve movements

Impairments experience in-line with expectations

- Group impairments declined 32% q-o-q, driven by lower Ulster Bank Non-Core charges
- Total Ulster Bank[1] impairments declined 51% due to non-repeat of land value provisions

Core Retail & Commercial earnings broadly stable despite challenging environment

- Reduced risk appetite impacting income in short-term, particularly in GBM
- Cost programmes to be extended and reinforced

[1] Ulster Bank Core and Non-Core impairments

Clear on what's important and focus on delivery

Group – Key performance indicators	Worst point	YTD 2011	2013 Target
Balance sheet & risk:			
Loan : deposit ratio (net of provisions)	154%[1]	112%	c100%
Short-term wholesale funding[2]	£297bn[3]	£141bn	<£125bn
Liquidity portfolio[4]	£90bn[3]	£170bn	c£150bn
Leverage ratio[5]	28.7x[6]	17.5x	<20x
Core Tier 1 Capital ratio	4%[7]	11.3%	Likely >10%
Value drivers:			
Return on Equity (RoE)	(31%)[8]	Core 12%[9,10]	Under review
Cost : income ratio[12]	97%[11]	Core 59%[10]	<50% medium term

- Q3 focus on:
  - Strengthening the safety and soundness of the Group
  - Maintaining a solid balance sheet through ongoing risk reduction
  - Continued reduction in wholesale funding reliance
  - Precautionary expansion of liquidity portfolio

[1] As at October 2008 [2] Amount of unsecured wholesale funding under 1 year including bank deposits <1 year excluding derivatives collateral. [3] As of December 2008 [4] Eligible assets held for contingent liquidity purposes including cash, government issued securities and other securities eligible with central banks. [5] Funded tangible assets divided by Tier 1 Capital. [6] As of June 2008 [7] As of 1 January 2008. [8] Group return on tangible equity for 2008 [9] Indicative: Core attributable profit taxed at 28% on attributable core average tangible equity (c75% of Group tangible equity based on RWAs). [10] Excluding fair value of own debt (FVoD). [11] 2008. [12] Adjusted cost:income ratio net of insurance claims.

Group P&L

	Q311 £m	Q211 £m	Q310 £m	YTD 11 £m	YTD 10 £m	YTD % Chg
Income	6,358	7,767	7,917	22,158	25,203	(12%)
Operating expenses	(3,821)	(3,892)	(4,096)	(11,834)	(12,629)	(6%)
Claims	(734)	(793)	(1,142)	(2,439)	(3,601)	(32%)
PBIL[1]	**1,803**	**3,082**	**2,679**	**7,885**	**8,973**	**(12%)**
Impairment losses	(1,536)	(2,264)	(1,953)	(5,747)	(7,115)	(19%)
Operating profit	**267**	**818**	**726**	**2,138**	**1,858**	**15%**
Other[2]	1,737	(1,496)	(2,286)	(928)	(2,249)	
Profit/(loss) before tax	2,004	(678)	(1,560)	1,210	(391)	
Attributable profit/(loss)	1,226	(897)	(1,146)	(199)	(1,137)	
Net interest margin	**1.84%**	**1.97%**	**2.03%**	**1.94%**	**2.00%**	
Adjusted C:I ratio[3]	**68%**	**56%**	**60%**	**60%**	**58%**	

- Quarterly income down 18% due to £0.9bn swing in volatile items in Non-Core and GBM income down £0.5bn
- Impairments decreased by £728m, or 32%, driven by lower Ulster Bank Non-Core charges
- Other items credit of £1.7bn, reflects £2.4bn FVoD credit
- YTD operating profit of £2.1bn up 15%, led by lower impairments

[1] Profit before impairment losses. [2] Includes fair value of own debt (FVoD), payment protection insurance costs, sovereign debt impairments, restructuring & integration costs, APS CDS movements fair value changes, amortisation of intangibles, strategic disposals. [3] Calculated using income net of insurance claims.

Net Interest Income

Net Interest Income						
£m	Q310	Q410	Q111	Q211	Q311	*Q-o-Q*
Reported NII	3,404	3,578	3,302	3,233	3,078	*(5%)*
NII for NIM calculation	3,459	3,365	3,289	3,245	3,074	*(5%)*
R&C NII	2,803	2,818	2,812	2,812	2,817	*0%*
Group AIEA[1]	676.3	661.4	658.6	661.7	664.0	*0%*
R&C AIEA[1]	347.5	348.3	348.7	350.0	350.9	*0%*

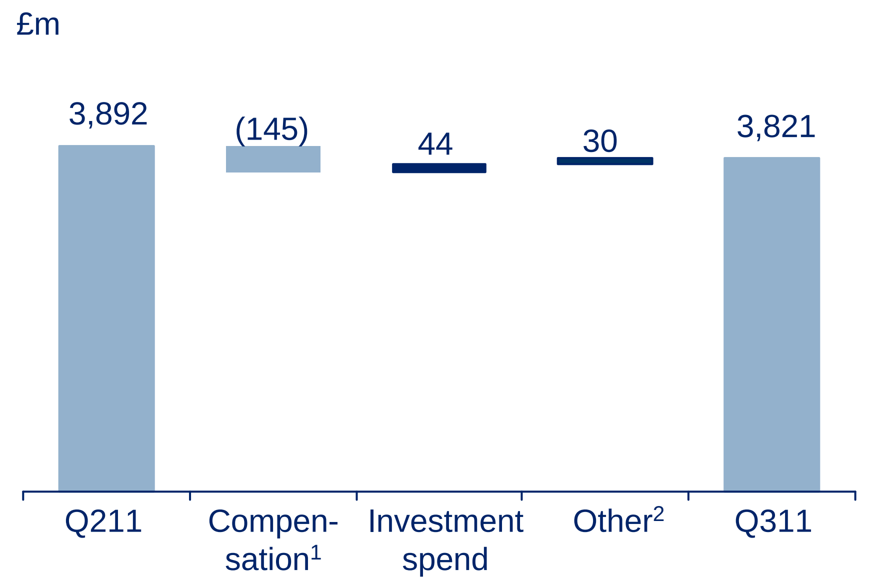
NIM[2]						
%	Q310	Q410	Q111	Q211	Q311	*Q-o-Q*
Group	2.03	2.02	2.03	1.97	1.84	*(13bps)*
R&C	3.20	3.21	3.27	3.22	3.19	*(3bps)*
GBM	1.13	0.93	0.76	0.70	0.71	*1bp*
Non-Core	1.04	1.09	0.90	0.87	0.43	*(44bps)*

- R&C NIM broadly stable at c3.2%
- Group NIM down 13bps driven by:
  - Non-Core 6bps
  - Liquidity 3bps
  - Lower rates/swap roll-off 2bps
  - Funding 1bp
- AIEA remain stable as the build up in liquidity reserves was offset by continued run-off of Non-Core and GBM reduction

[1] Average Interest Earning Assets, £bn. [2] Days basis

Operating expenses

Cost progression



Cost breakdown

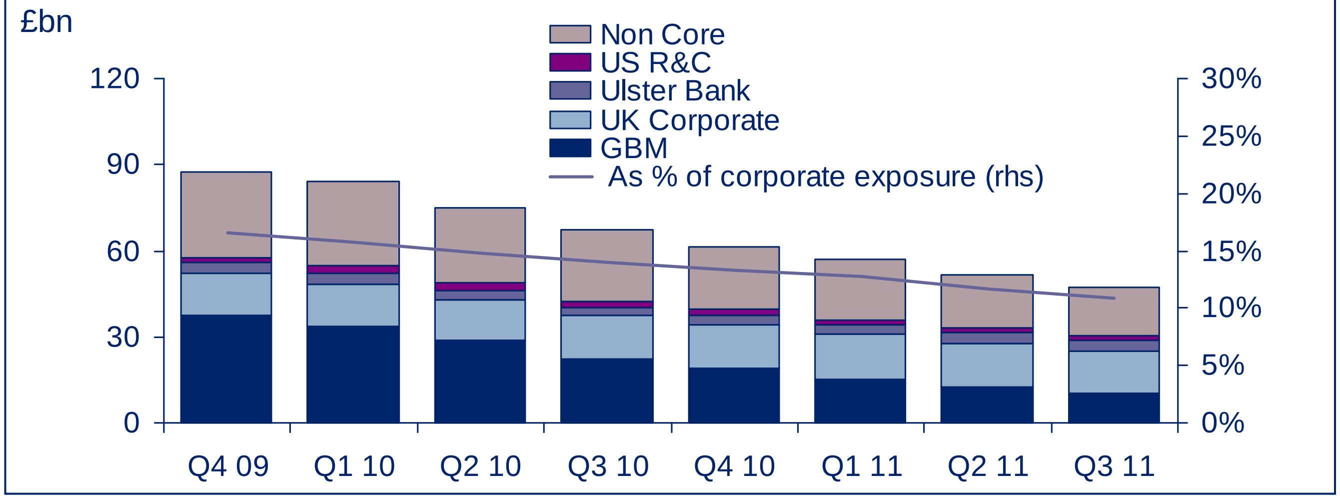
	Q311 £m	Q211 £m	Q311 vs Q211	Q311 vs Q310
Staff costs	1,963	2,099	(6%)	(9%)
Premises & equipment	584	563	4%	(2%)
Other	858	834	3%	(1%)
Administrative expenses	**3,405**	**3,496**	**(3%)**	**(6%)**
Depreciation & amortisation	416	396	5%	(11%)
Operating expenses	**3,821**	**3,892**	**(2%)**	**(7%)**

- Operating expenses reduced by 7% vs Q310, down 2% q-o-q
- Lower GBM revenues driving decline in staff costs
- Cost reduction programmes will be expanded

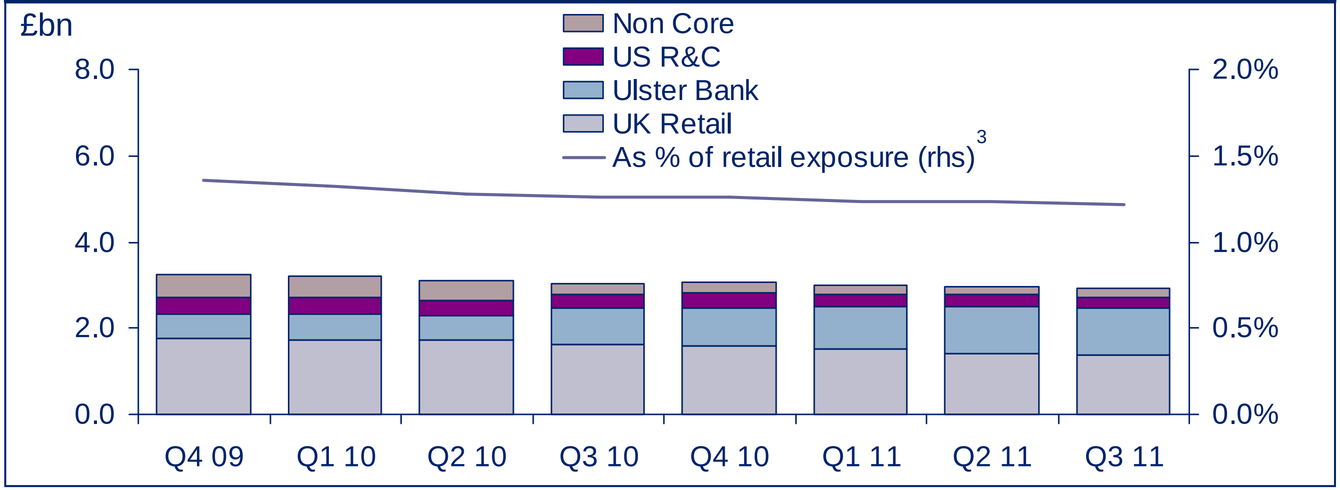
[1] Includes GBM compensation reduction and reduction in rest of group bonus payments/incentives. [2] Includes non repeat of regulatory cost provisions, property provisions and VAT release offset by increased marketing spend.

Group credit trends

Early warning indicators – Corporate Watch List[1,2]



Early warning indicators – Retail Watch List[2]



- Overall reduction in Corporate driven by GBM and Non-Core - UK SME still slightly elevated
- Monitoring UK Corporate trends closely
- General improvement across retail portfolios offset by Irish mortgage trends

[1] Includes GRG. [2] Excludes defaulted cases. [3] Retail balances consist of UK Retail, Ulster Bank Retail, US Retail, Non-Core Retail.

Below the line items

£m	Q311	Q211	Q311 vs Q211
FVoD	2,357	339	2,018
APS CDS – fair value changes	(60)	(168)	108
Amortisation of purchased intangible assets	(69)	(56)	(13)
Integration & restructuring costs	(233)	(208)	(25)
Gain on redemption of own debt	1	255	(254)
Strategic disposals	(49)	50	(99)
PPI	0	(850)	850
Sovereign debt impairment	(142)	(733)	591
Other	(68)	(125)	57
Total	**1,737**	**(1,496)**	**3,233**
Tax			
Tax (charge)/credit at statutory rate	(531)	179	
Actual tax (charge)	(791)	(222)	
Difference	**(260)**	**(401)**	

- c£2bn swing in FVoD gain due to widening CDS
- 2009 to Q311 cumulative APS CDS charge of £2.2bn taken through P&L
- Additional impairment on Greek Government bond exposure (£142m) – marked at 37%
- Q3 tax charge of £791m vs £222m in Q211 due to FVoD credit being taxable
  - Higher rate than statutory principally reflects Irish losses

Core performance

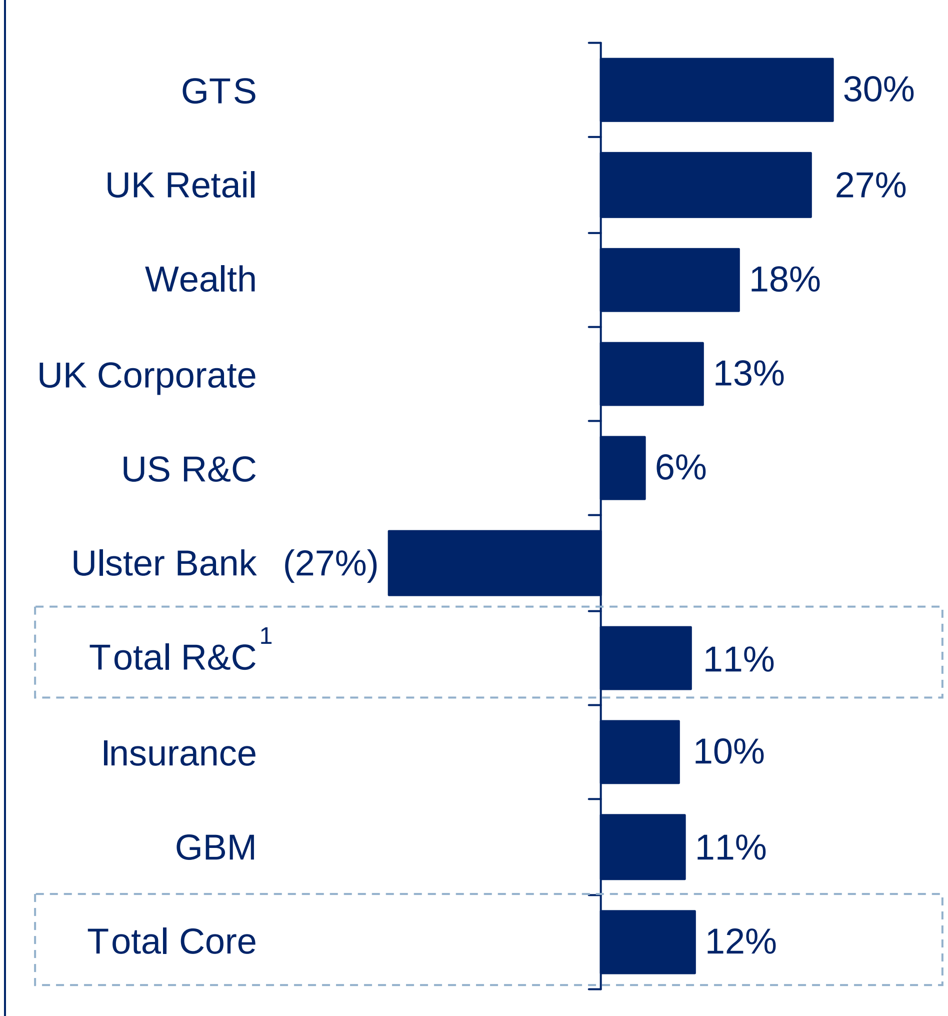
£m	Q311	Q211	Q310	YTD 11	YTD 10	YTD % Chg
Net Interest Income	2,968	3,000	3,050	9,020	9,297	(3%)
Non Interest Income	3,344	3,789	3,997	11,628	13,263	(12%)
Total Income	**6,312**	**6,789**	**7,047**	**20,648**	**22,560**	**(8%)**
Operating expenses	(3,498)	(3,557)	(3,535)	(10,853)	(10,854)	0%
Claims	(696)	(703)	(998)	(2,183)	(3,109)	(30%)
PBIL[1]	**2,118**	**2,529**	**2,514**	**7,612**	**8,597**	**(11%)**
Impairment losses	(854)	(853)	(782)	(2,579)	(2,850)	(10%)
Operating profit	**1,264**	**1,676**	**1,732**	**5,033**	**5,747**	**(12%)**
R&C Income	4,171	4,179	4,296	12,488	12,556	(1%)
R&C Operating profit	962	1,044	1,100	2,977	2,734	9%

- Income down 7% q-o-q due to subdued GBM revenue
- Costs and claims still well controlled, down 2% q-o-q
- Impairment losses stable with UK Corporate still at slightly elevated levels, gradual improvement in Retail ex Ulster Bank ytd
- YTD Core operating profit decline reflects GBM's more challenging environment
- R&C ytd operating profit up 9%, ex Ulster Bank up 17%

[1] Profit before impairment losses.

Core RoE performance

YTD Divisional RoEs



- Retail & Commercial ex Ulster Bank +17%
- Ongoing cost saving programmes
- GTS, UK Retail, Wealth and UK Corporate operating above cost of equity
- US R&C and Insurance showing steady improvement

[1] Excluding Ulster Bank, Retail & Commercial RoE is 17% ytd.

Core by division

UK Retail	Q311 £m	Q211 £m	Q311 vs Q211 %	Q311 vs Q310 %
Income	1,366	1,419	(4%)	(1%)
PBIL	694	731	(5%)	7%
Impairments	(195)	(208)	(6%)	(22%)
Operating profit / (loss)	499	523	(5%)	25%
UK Corporate				
Income	948	966	(2%)	(4%)
PBIL	529	563	(6%)	(9%)
Impairments	(228)	(218)	5%	44%
Operating profit / (loss)	301	345	(13%)	(29%)
Wealth				
Income	296	297	(0%)	12%
PBIL	75	77	(3%)	0%
Impairments	(4)	(3)	33%	-
Operating profit / (loss)	71	74	(4%)	(4%)
GTS[1]				
Income	576	560	3%	5%
PBIL	240	218	10%	(6%)
Impairments	(45)	(54)	(17%)	-
Operating profit / (loss)	195	164	19%	(23%)

UK Retail
- Lower investment sales and reduced fee income
- Impairments continue to decline
- RoE broadly stable

UK Corporate
- NII reduction driven by loan repayments
- Non II higher due to GBM revenue share income, offset by asset disposals gains in Q211
- A few individual impairments, SME still elevated

Wealth
- Stable performance despite reduction in AUM driven by deterioration in global equity markets
- Deposits up 7% y-o-y; L&A up 10% driven by UK mortgage lending

GTS
- Strong performance
- Income up 3% driven by Trade Finance and International Cash Management
- Provision top up on existing problem single name

[1] Q311 vs Q310 movement adjusts for the sale of Global Merchant Services (GMS) in November 2010.

Core by division

Ulster Bank	Q311 £m	Q211 £m	Q311 vs Q211 %	Q311 vs Q310 %
Income	245	222	10%	0%
PBIL	108	80	35%	(2%)
Impairments	(327)	(269)	22%	14%
Operating (loss)	(219)	(189)	16%	24%
US R&C ($m)				
Income	1,193	1,165	2%	2%
PBIL	321	313	3%	5%
Impairments	(136)	(107)	27%	(30%)
Operating profit	185	206	(10%)	64%
GBM				
Income	1,099	1,550	(29%)	(29%)
PBIL	80	483	(83%)	(85%)
Impairments	32	(37)	-	(20%)
Operating profit	112	446	(75%)	(81%)
Insurance				
Income	961	977	(2%)	(8%)
Claims	(695)	(704)	(1%)	(26%)
Operating profit	123	139	(12%)	-

Ulster Bank

- Slowly improving economic back-drop
- Top-line performance boosted by higher margins
- Impairments up 22%, a lagging indicator
- Tight cost control

US R&C

- Performance impacted by MSR[1] impairment and higher securities impairments
- Operating profit up 15% excluding these items

GBM

- Credible performance in tough markets
- Focus on risk, capital and liquidity
- One off small provision release on historic impairment

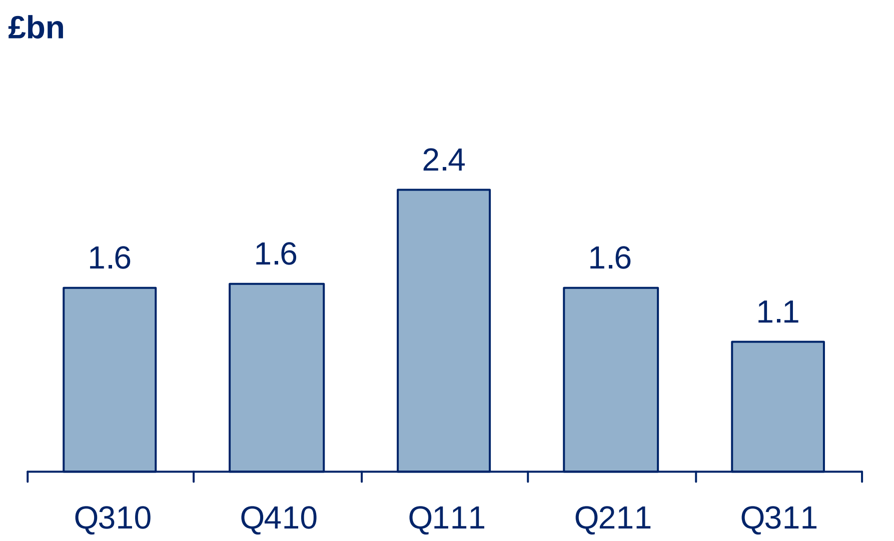
Insurance

- Q2 normally seasonally stronger
- Q3 continues recovery path
- Claims reduced 26% y-o-y
- GWP increased £43m (4%) q-o-q, driven by Motor and Home

[1] Mortgage servicing rights

GBM

Revenues



Quarterly product income

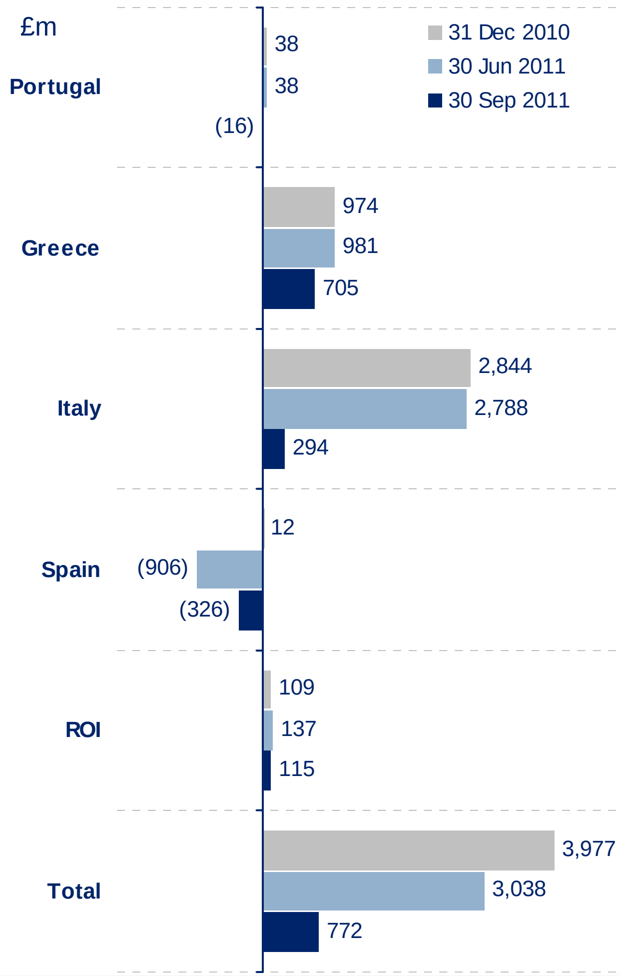
£m	Q311	Q211	Q310
Rates	*94*	*316*	*440*
Currencies	*227*	*234*	*218*
Credit & mortgage markets	*93*	*437*	*349*
FICC	414	987	1,007
PM, Equities & Origination	685	563	547
Total	**1,099**	**1,550**	**1,554**

- Reasonable performance overall in light of difficult market
  - Difficult quarter for credit and rates trading
- Risk and balance sheet well controlled <£400bn funded assets
- Expect markets to remain challenging
- Continued focus on costs and balance sheet usage

Eurozone periphery exposure

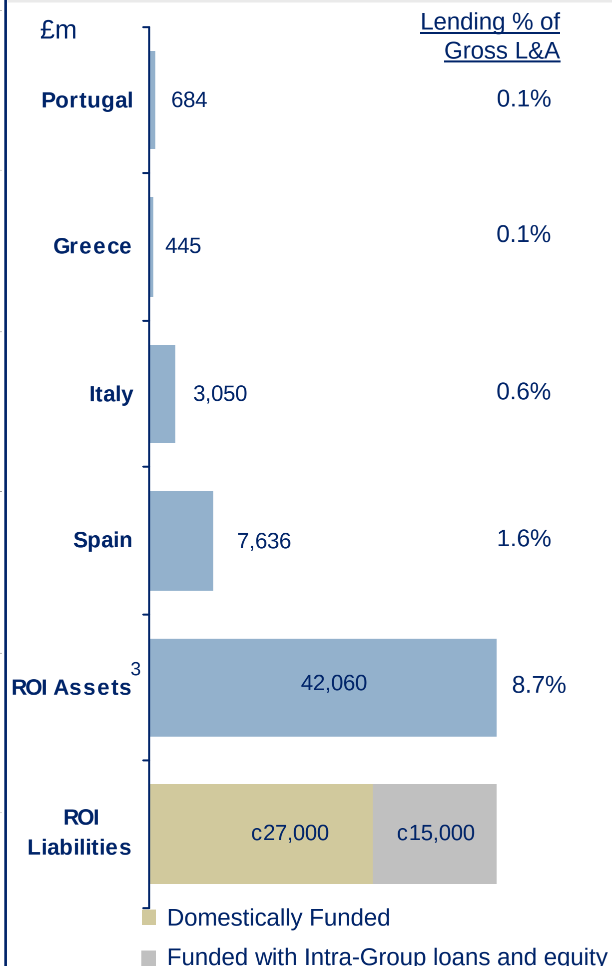
Direct Sovereign Bond Exposure[1]

Modest peripheral government exposure.



Lending Exposure[2]

Well-spread loan exposures - RoI predominantly a domestic balance sheet



- Sovereign exposure[1] reduced £3.2bn ytd to £0.8bn (<1% of Group balance sheet)
- Ex Ireland, lending is primarily to large GBM multi-national customers
- Long established domestic in-market bank in Ireland with a well diversified portfolio and strong customer base

[1] Exposure to central & local governments; includes held for trading debt securities (net) and AFS debt securities at fair value. [2] As at 30/09/11, total lending exposure, which includes central & local governments. Note: this excludes non-government AFS debt securities totalling: Portugal £139m, Greece £nil, Italy £774m, Spain £6,833m (covered bond portfolio), and RoI £381m. [3] Ulster Bank & GBM assets in Republic of Ireland.

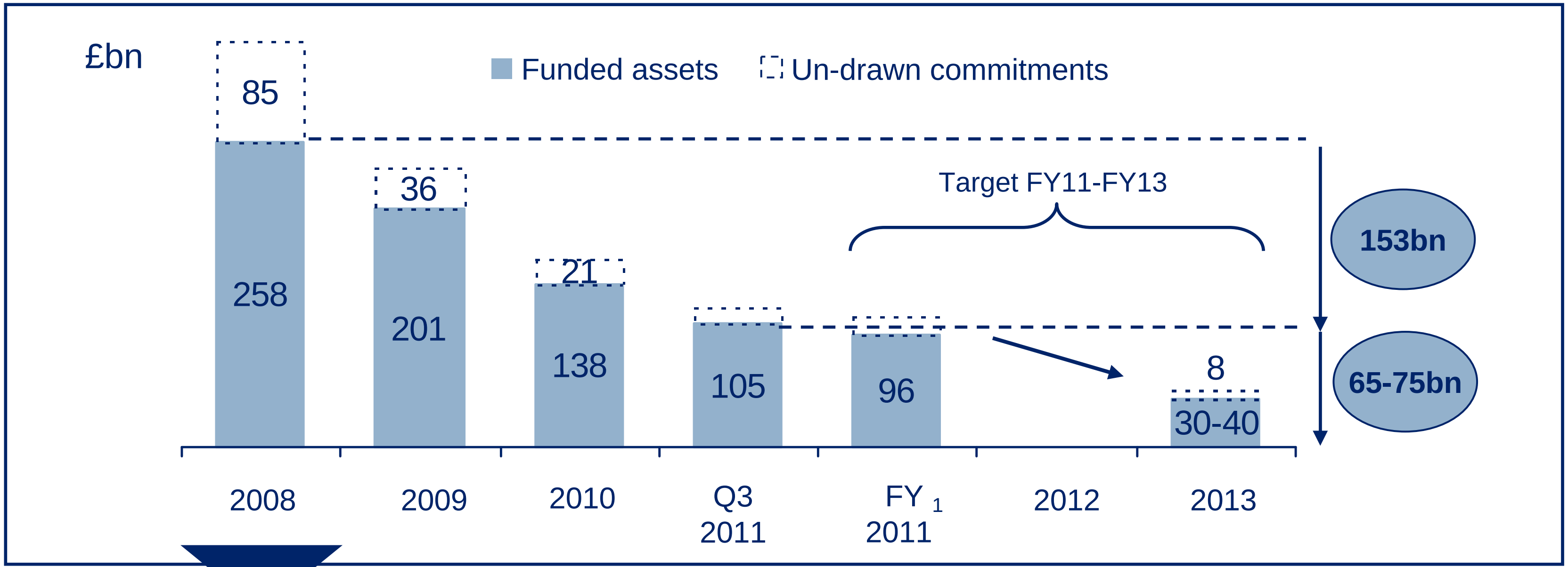
Non-Core performance

£m	Q311	Q211	Q310	YTD11	YTD10
Net Interest Income	164	285	438	752	1540
Non Interest Income	(118)	693	432	758	1103
Total Income	**46**	**978**	**870**	**1,510**	**2,643**
Operating expenses	(323)	(335)	(561)	(981)	(1,775)
PBIL[1]	**(277)**	**643**	**309**	**529**	**868**
Claims	(38)	(90)	(144)	(256)	(492)
Impairment losses	(682)	(1,411)	(1,171)	(3,168)	(4,265)
Operating loss	**(997)**	**(858)**	**(1,006)**	**(2,895)**	**(3,889)**
TPAs[2], £bn	105	113	154		
RWAs, £bn	118	125	167		

- Income reduction in Q3 of c£900m due to non-repeat of Q2 valuation gains (c£500m), one-off charge in relation to portfolio de-risking and increased marks on credit market assets
- Impairments £729m lower in Q3, primarily due to non-repeat of Q2 Irish development land provision
- TPAs reduced 7% q-o-q, evenly split across disposals and run-off
- RWAs declined broadly in-line with TPAs; £3bn due to disposals

[1] Profit before impairment losses. [2] Third party assets, excluding derivatives.

Non-Core run-down progress



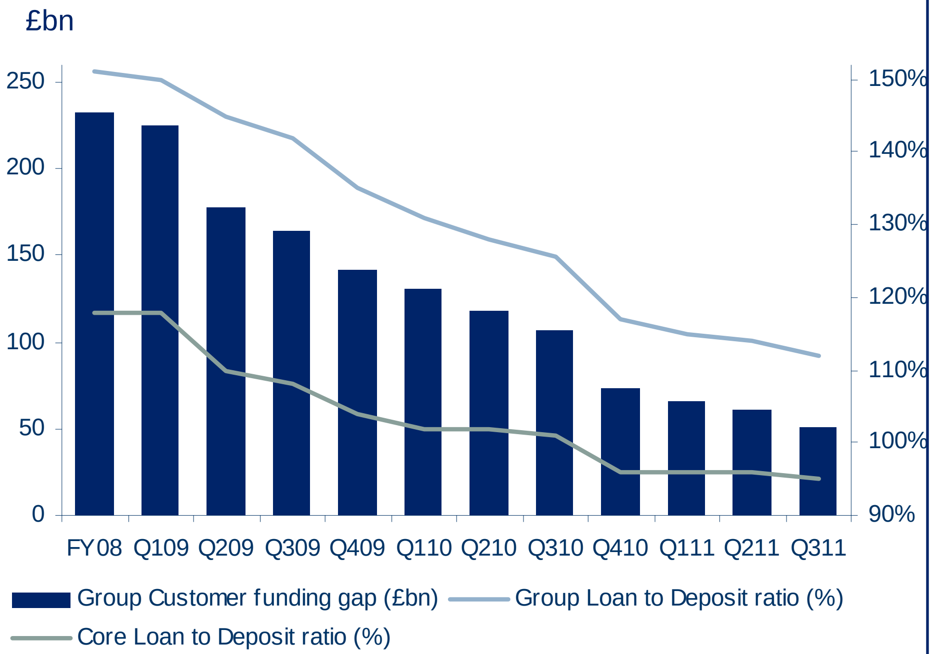
- Funded assets down 59% from FY08 reflecting:
  - £66bn (58%) in Corporate
  - £36bn (77%) reduction in Markets
  - £28bn (44%)[2] reduction in CRE
  - £13bn (62%) reduction in Retail

- Good progress in the quarter:
  - £8bn funded asset reduction in Q311, £33bn YTD
  - On track to meet FY11 target
  - Increased disposal losses and reduced impairments expected in 2012

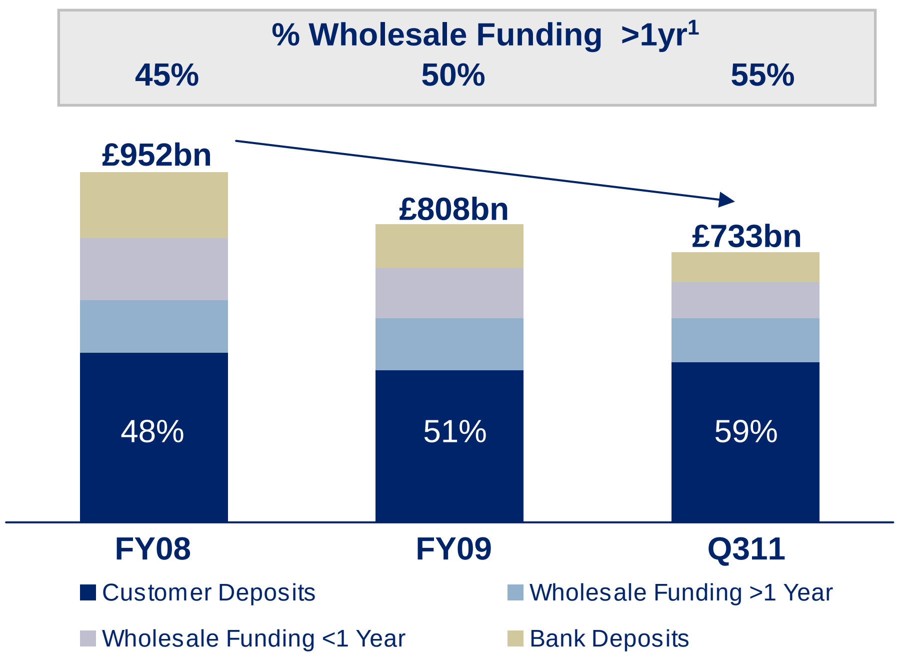
[1] Previous target for funded assets for 2011 was £118bn. [2] 47% reduction on a like-for-like basis adjusting for replacement of Irish Mortgages with Irish Commercial Real Estate announced at H1 2010 results. As at 30 June 2010 the CRE portfolio transferred was £5.0bn.

Funding & Liquidity

Funding Profile is Improving



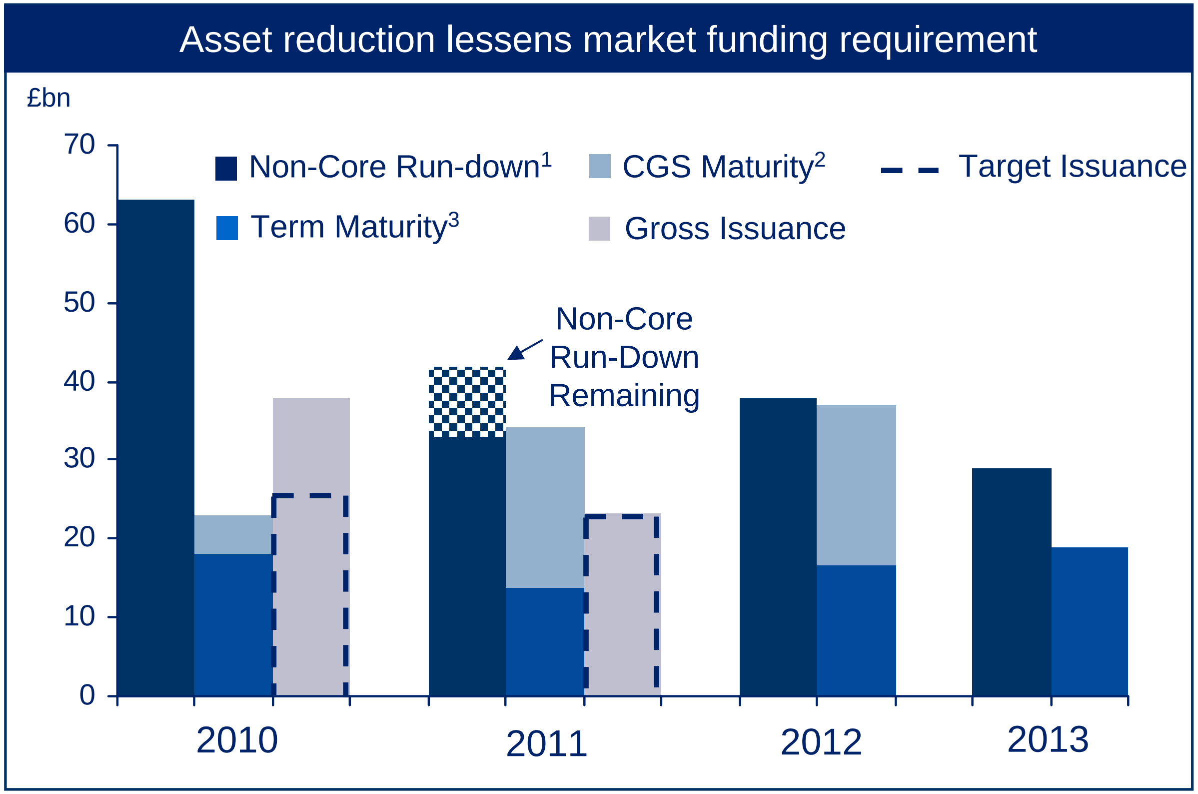
Actively terming out funding



- Group LDR improves 200bps to 112%, Core improves 100bps to 95%
- Deposits now 59% of funding up 100bps from Q211
- Wholesale funding[2] down 8% (£19bn) from Q211, short term down 5% (£6.7bn)

[1] Wholesale debt securities and subordinated liabilities outstanding with residual maturity greater than one year, excluding bank deposits. [2] Debt securities and subordinated liabilities excluding bank deposits

Funding - Issuance

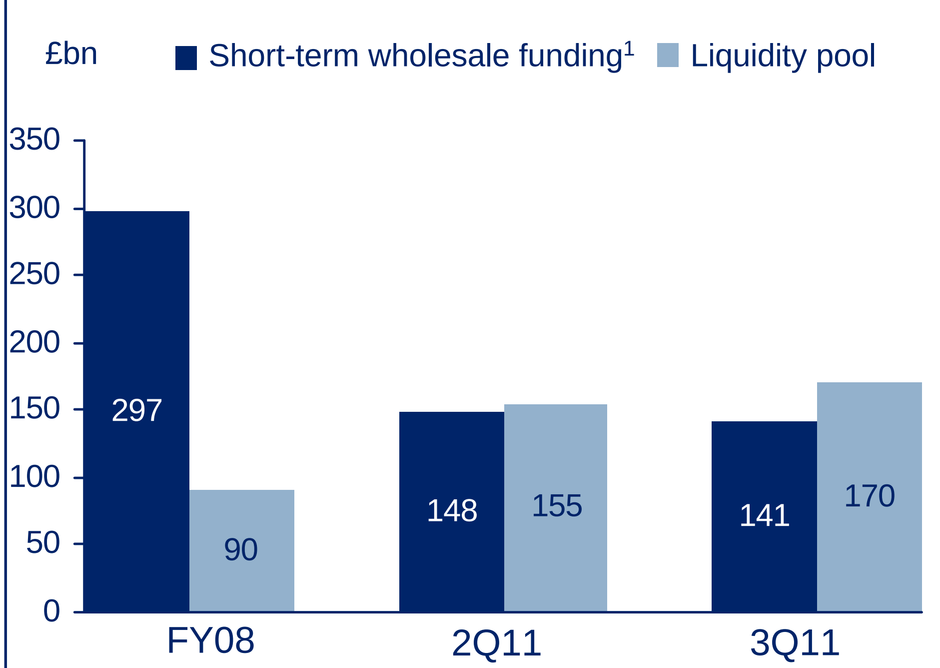


- £23bn 2011 term funding target already achieved
- 2012 outlook:
  - Indicative 2012 issuance target of c£20bn term issuance
  - Make-up of issuance focused on secured and private markets
  - Non-Core run-down continues to exceed maturities

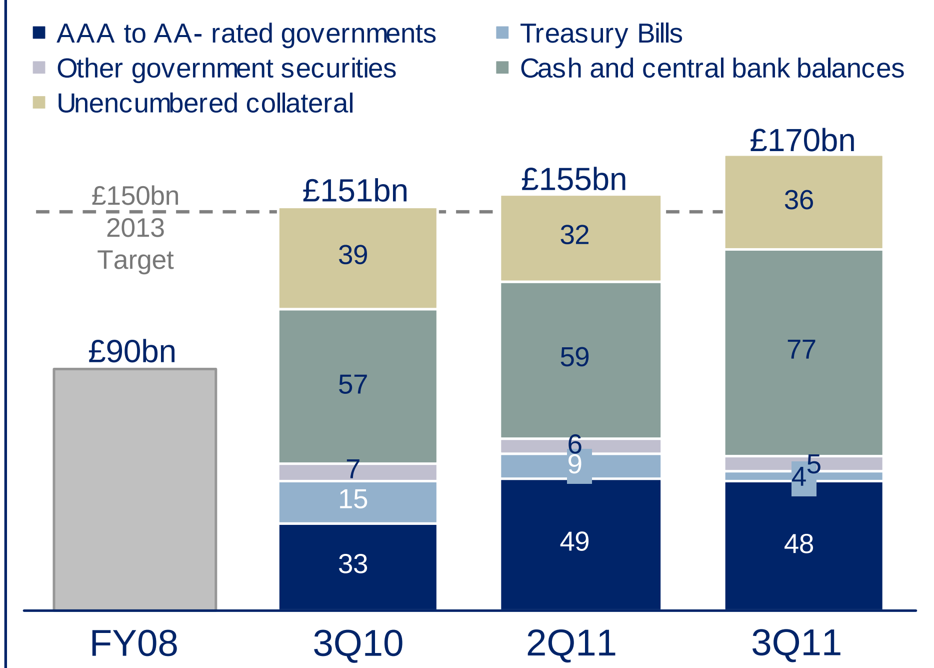
[1] Non-Core third party assets excluding derivatives. [2] UK Government Credit Guarantee Scheme. [3] Unguaranteed term debt and subordinated liabilities contractual maturity.

Short-term wholesale funding usage reduced; Liquidity pool above target

Short-term wholesale funding[1] halved since 2008



Liquidity pool increased in size and quality

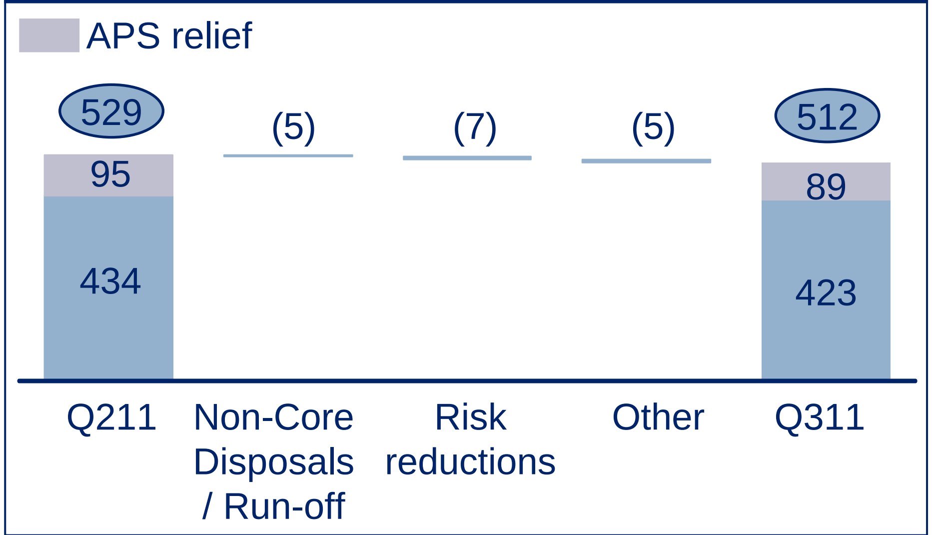


- Short term wholesale funding position improved – down £7bn in Q311 to £141bn or down to £100bn excluding bank deposits
- Liquidity pool increased by £15bn in the quarter to £170bn and is above long-term target of £150bn reflecting prudent approach to current market stresses

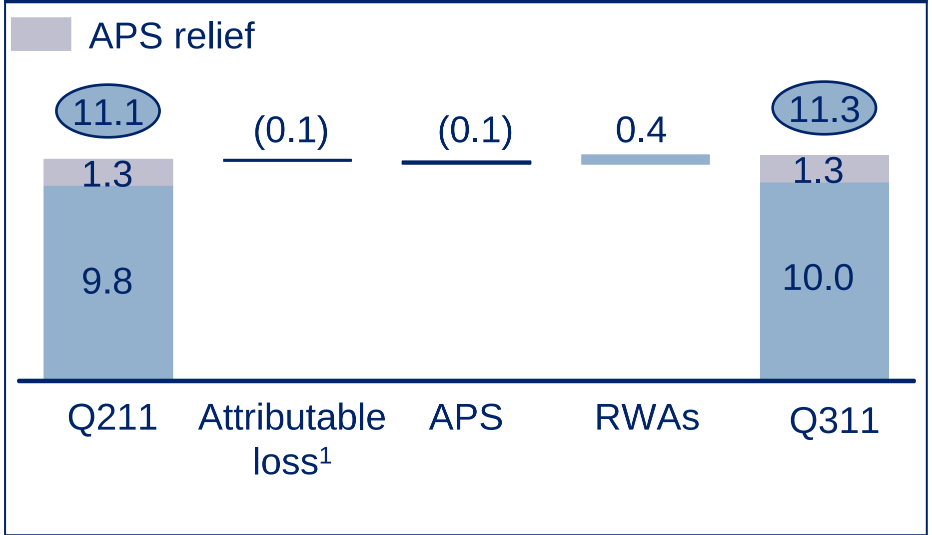
[1] Wholesale funding and bank deposits with residual maturity of less than 1 year, excluding derivative cash collateral.

RWA & Capital progression

RWAs, £bn



Core Tier One Ratio, %



- Gross RWAs down £17bn to £512bn, driven by Non-Core and GBM de-leveraging and de-risking activities
- Core Tier One ratio increased to 11.3%, despite further Greek bond impairment, APS roll-off and a small underlying attributable loss
- Estimated impact of CRD3 and Basel III reduced by c20%, c£20bn, due to risk reduction, restructuring and mitigation in Non-Core and GBM:
  - FY11 CRD3 RWA impact reduced to c£20bn vs £25bn-£30bn previous guidance
  - Basel III RWA impact reduced to c£60bn-£75bn vs £75bn-£85bn previous guidance

[1] Attributable loss ex fair value of own debt

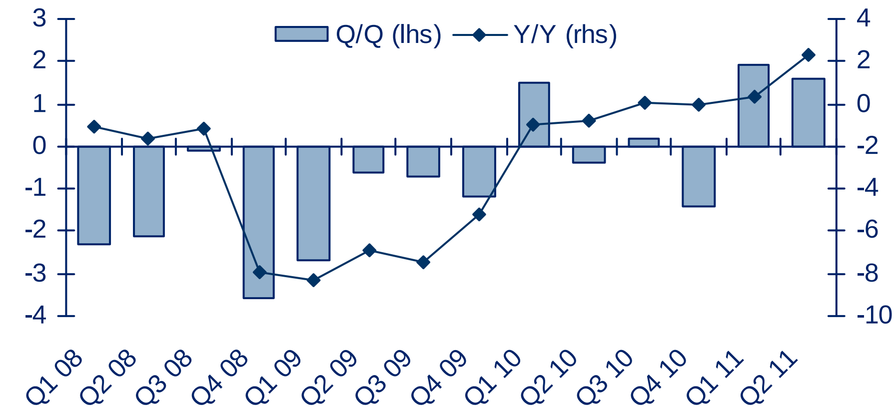
Conclusions

- Funding and liquidity strengthened despite difficult markets
- Robust capital levels maintained
- Retail & Commercial businesses broadly stable
- GBM facing difficult market conditions
- Group cost programmes to be extended and reinforced
- We remain well positioned to execute our plans with a strong balance sheet and competitive cost base

Appendix

Ireland economic update

GDP quarterly change, %

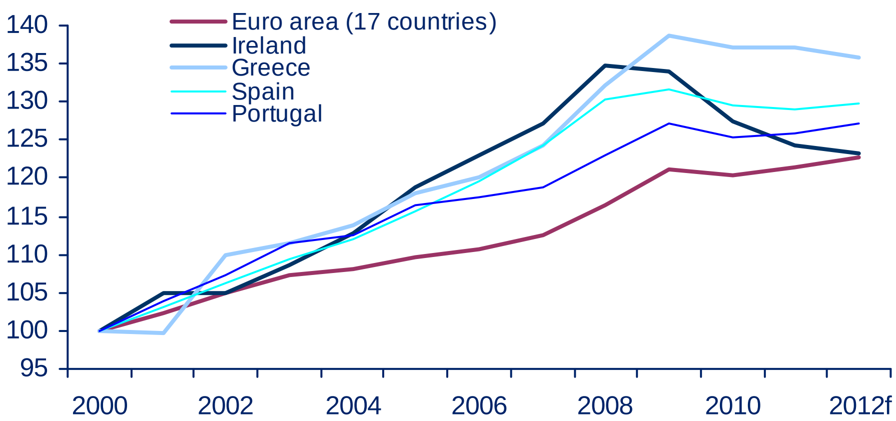


Source:CSO

Driven by the exports sector, % change

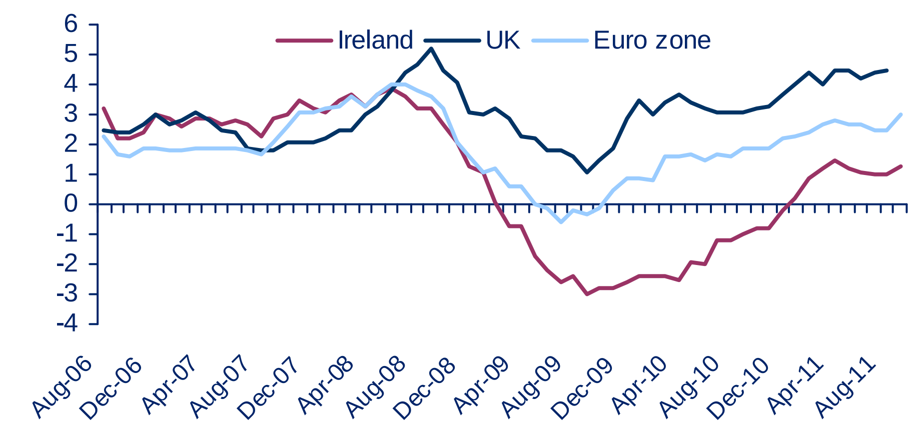
Source:CSO

Unit labour costs



Source: European Commission; 2000 = 100

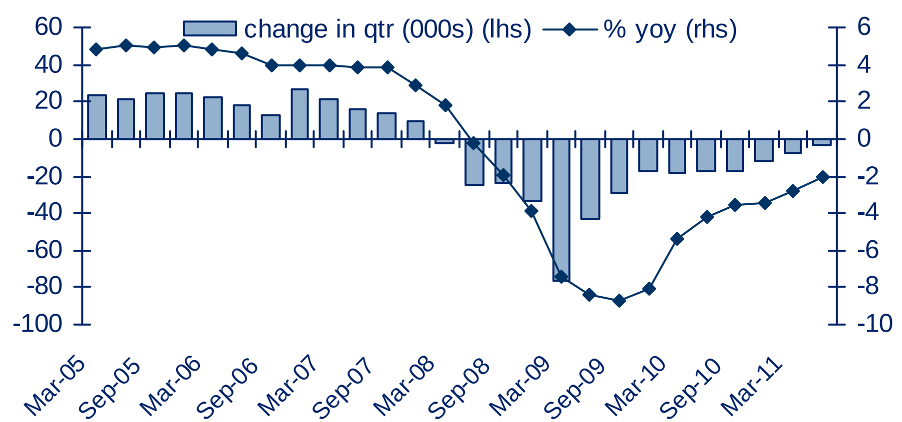
Harmonised index of consumer prices, % change



Source: Ecowin

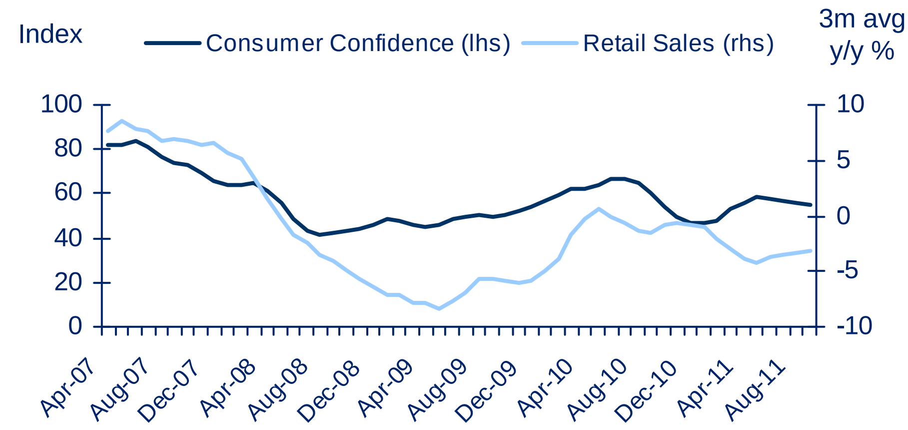
Ireland economic update

Total employment (Seasonally Adjusted)



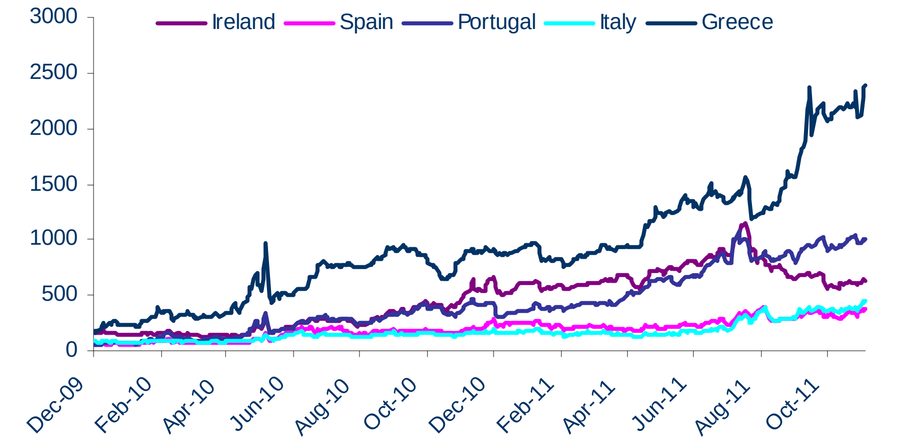
Source:CSO

Consumer confidence & Retail sales volumes



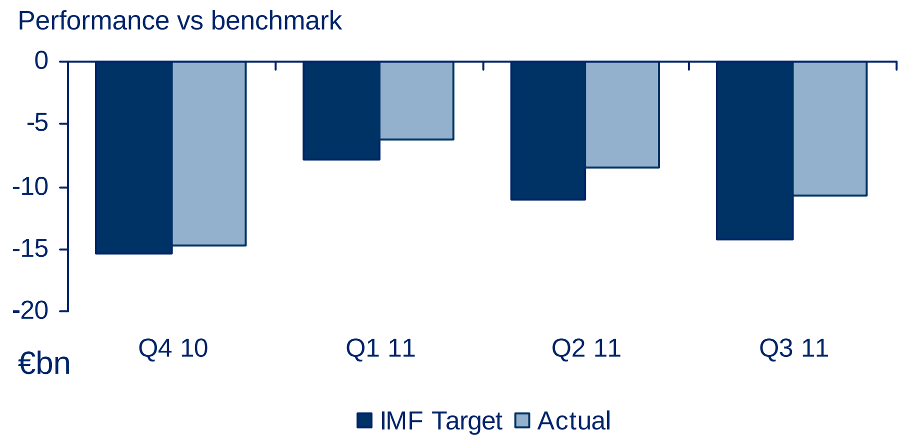
Source:CSO

10 year Government bond spreads relative to Germany



Source: Bloomberg

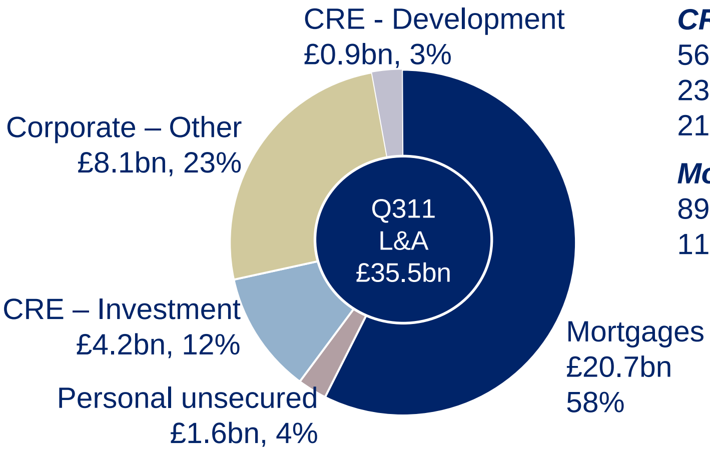
EU/IMF programme primary govt. budget balance targets



Source: Dept of Finance

Ulster Bank – Asset deep dive

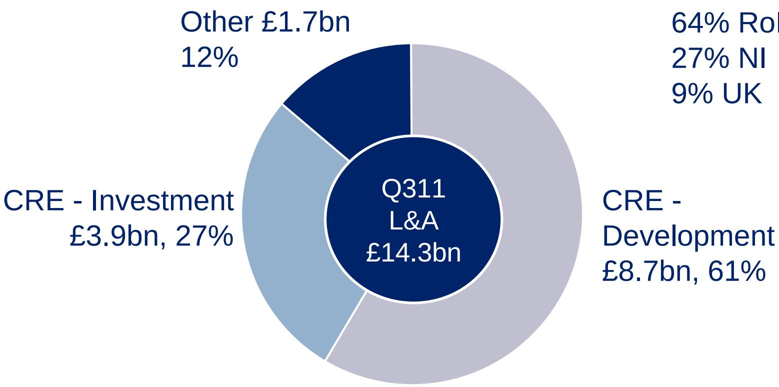
Ulster Bank Core - gross L&A, £35.5bn



CRE:
56% RoI
23% NI
21% UK

Mortgages:
89% RoI
11% NI

Ulster Bank Non-Core - gross L&A[1], £14.3bn



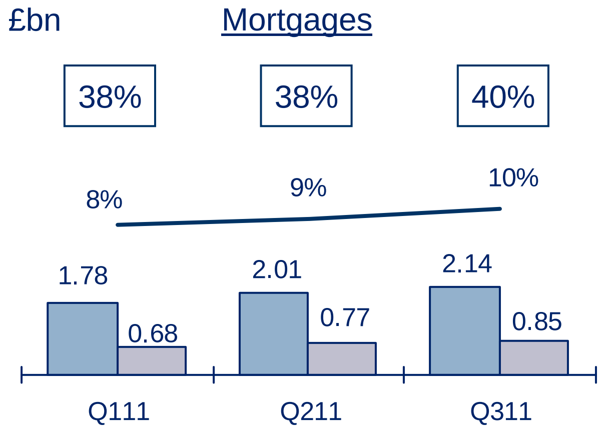
CRE:
64% RoI
27% NI
9% UK

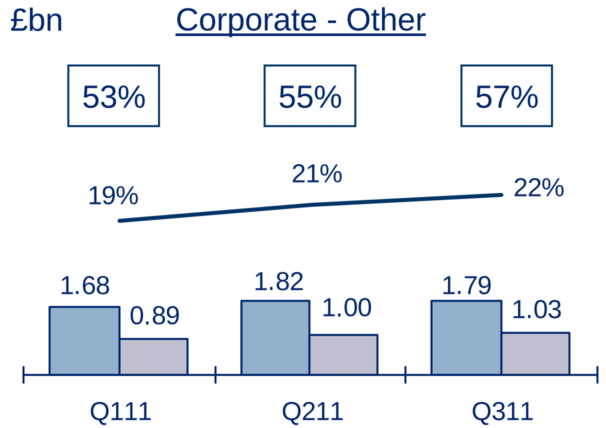
- Total portfolio of £49.8bn[1], REIL of £17bn, covered at 52% - 'in the pack' versus peers
- Core mortgage book of £20.7bn, 10% non-performing[2], 40% covered – lagging economic indicator
- Non-Core portfolio of £14.3bn[1]:
  - CRE development book of £8.7bn, 88% non-performing, 57% covered
  - CRE investment book of £3.9bn, 68% non-performing, 47% covered

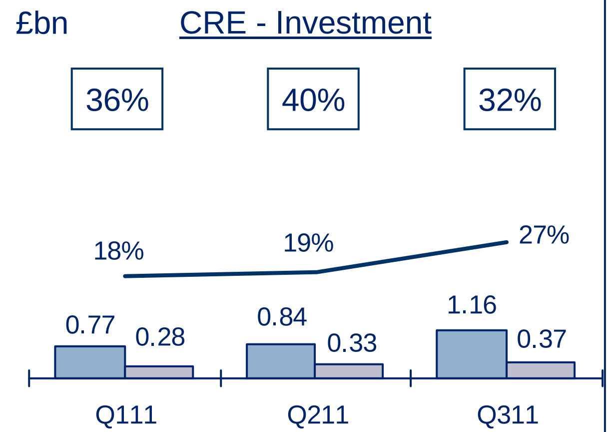
[1] Excludes EMEA L&A of £0.4bn. [2] Risk elements in lending.

Ulster Bank – REIL, provision & coverage trends by category

Core Ulster Bank, £35.5bn loan book – 46% provision coverage[1]

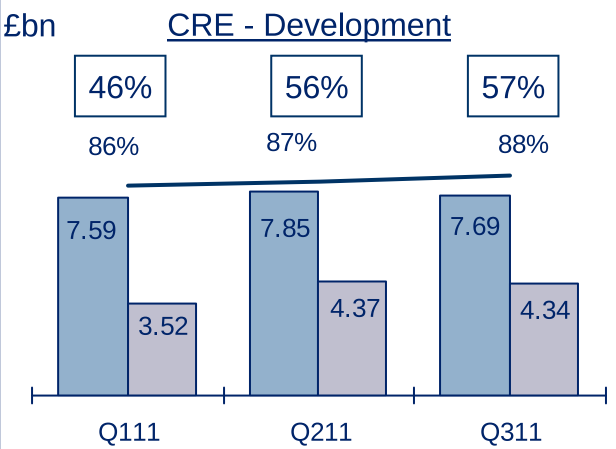


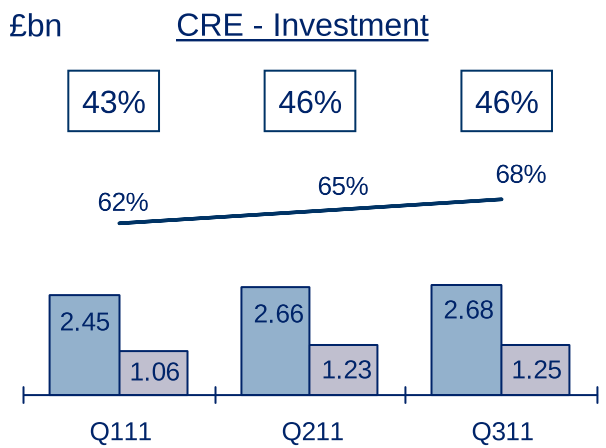


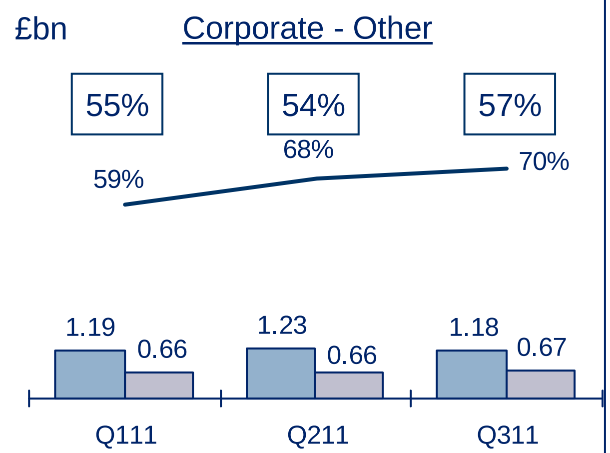


REILs, £bn | Provisions, £bn | REIL as % of gross L&A | % Provision coverage[1]

Non-Core Ulster Bank, £14.3bn loan book – 54% provision coverage[1]







[1] Provisions as a percentage of risk elements in lending (REILs)

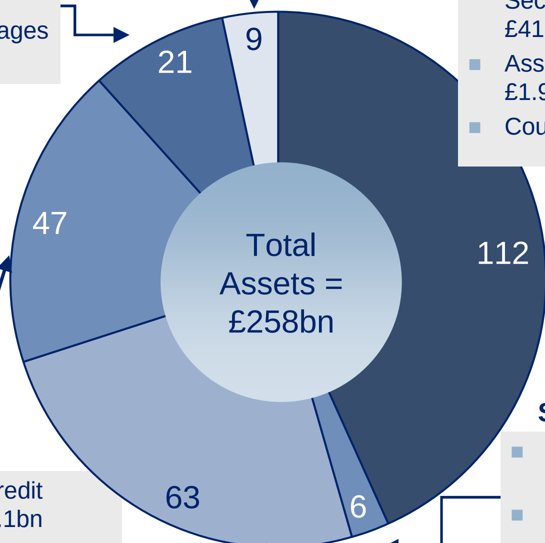
Non-Core composition

2008 Year-End funded assets

Retail
- UK Mortgages & Personal Lending £3.2bn
- US Mortgages & Personal Lending £11.9bn
- Ireland Mortgages £6.5bn

Other
- RBS Insurance £2.0bn
- Bank of China / Linea Directa £4.5bn
- Whole Businesses £0.8bn
- Shared Assets and Other £1.5bn

Corporate
- Project & Export Finance £21.3bn
- Asset Finance £24.2bn
- Leveraged Finance £15.9bn
- Corporate Loans & Securitisations £41.6bn
- Asset Management £1.9bn
- Countries £6.7bn



SME
- UK SME £4.2bn
- US SME £1.6bn

Markets
- Structured Credit Portfolio £20.1bn
- Equities £5.0bn
- Credit Collateral Financing £8.6bn
- Exotic Credit Trading £1.4bn
- Sempra £6.3bn
- Other Markets £6.2bn

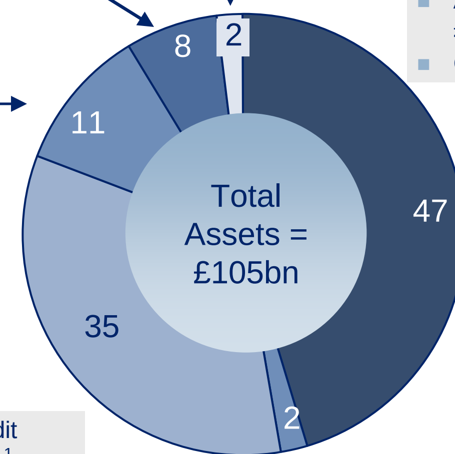
Commercial Real Estate
- Real Estate Finance £38.7bn
- UK B&C £11.4bn
- Ireland £9.9bn[1]
- US £2.8bn

Q3 2011 funded assets

Corporate
- Project & Export Finance £13.3bn
- Asset Finance £17.6bn
- Leveraged Finance £4.5bn
- Corporate Loans & Securitisations £10.0bn
- Asset Management £0.6bn
- Countries £0.8bn

Retail
- UK Mortgages & Personal Lending £1.5bn
- US Mortgages & Personal Lending £5.0bn
- Countries £0.9bn

Other
- RBS Insurance £1.3bn
- Shared Assets and Other £0.6bn



Markets
- Structured Credit Portfolio £9.6bn[1]
- Equities £0.6bn
- Credit Collateral Financing £0.1bn
- Exotic Credit Trading £0.1bn
- Sempra £0.3bn

Commercial Real Estate
- Real Estate Finance £22.0bn
- UK B&C £4.1bn
- Ireland £8.1bn[2]
- US £1.0bn

SME
- UK SME £2.1bn
- US SME £0.3bn

[1] SCP includes £5.5bn of Corporate (o/w CLOs £4.6bn), £1.0bn RMBS, £1.2bn CMBS and £1.1bn SPVs [2] Affected by the replacement of Irish Mortgages with Irish Commercial Real Estate announced at H1 2010 results. As at 30 June 2010 the CRE portfolio transferred was £5.0bn.