

Citigroup: RBS Americas

11th March 2008

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Welcome



Citigroup organized trip to RBS Americas

11th March 2008

Hosted by:

***Ellen Alemany, CEO RBS Americas & CEO, Citizens
Financial Group***

&

John Fawcett, CFO RBS Americas

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Agenda

Agenda



- I. Introduction
- II. Organization
- III. 2007 Results
- IV. Economic Environment
- V. Integration of ABN AMRO North America
- VI. Summary

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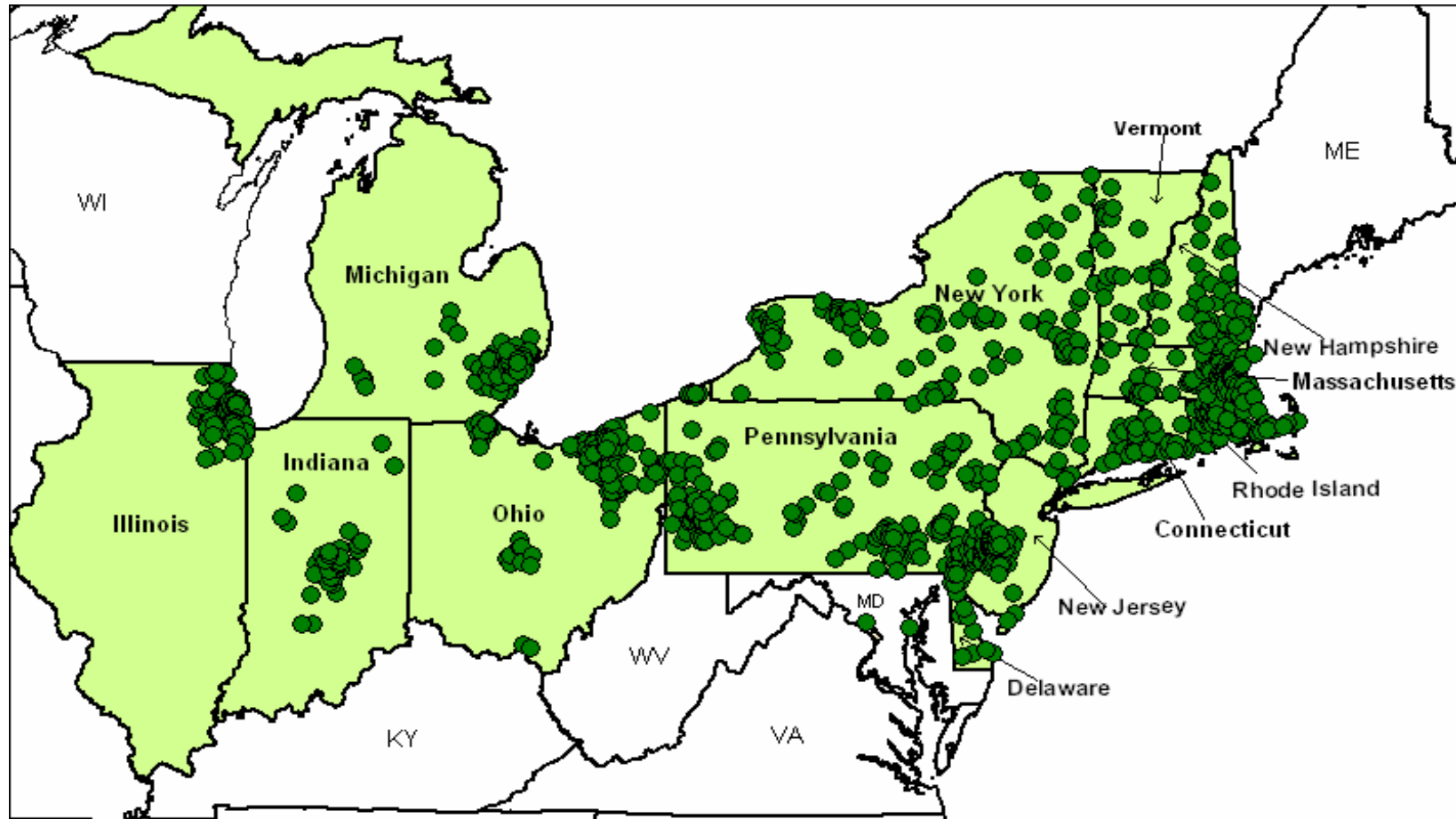
Introduction

Introduction – Citizens Key Facts



	Dec 31st 2007
Assets	\$161bn
Deposits	\$115bn
Loans	\$114bn
Employees (FTEs)	22,500
Branches	1,616
ATMs	3,561
Customers	7.5m

Introduction – CFG Branch Map

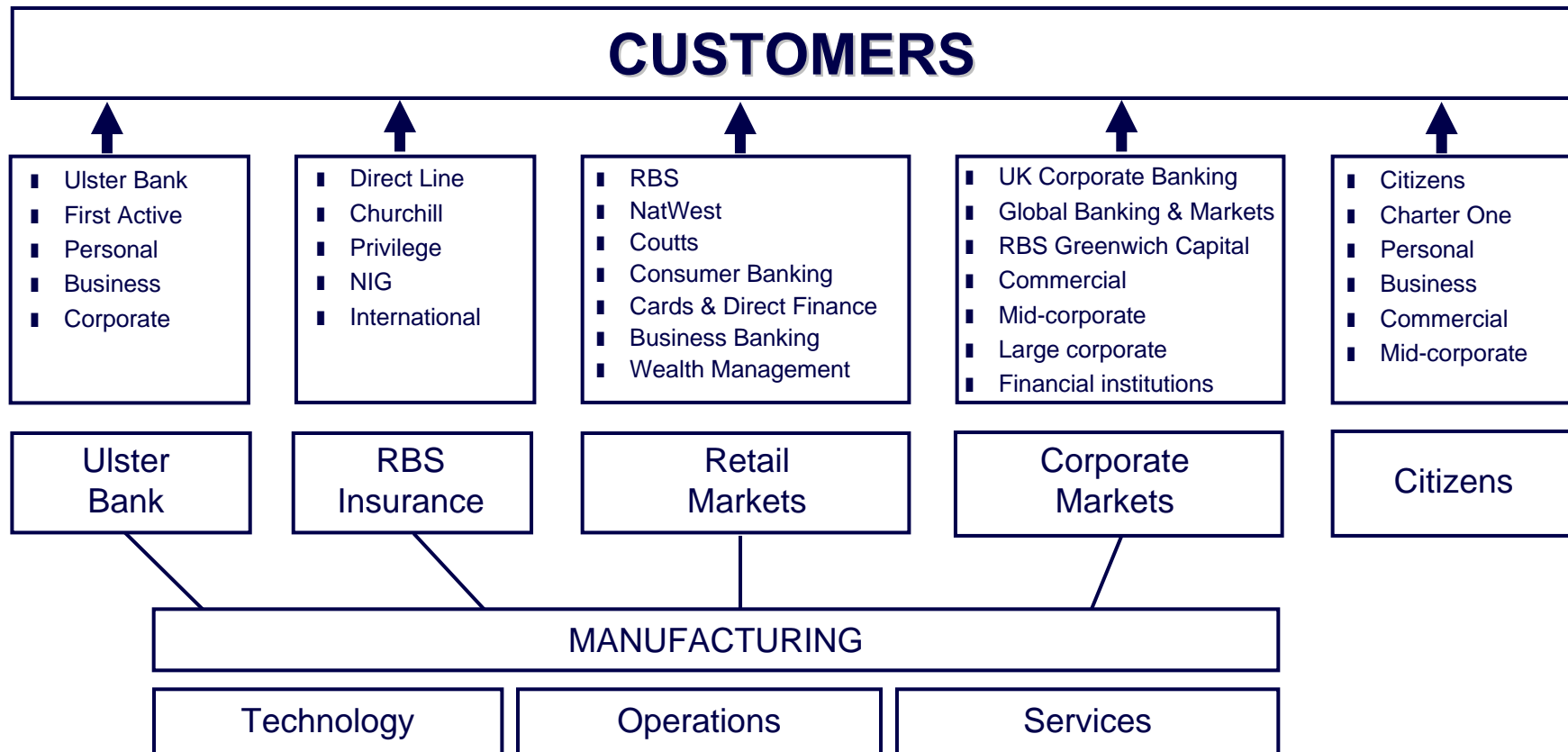


Make it happen

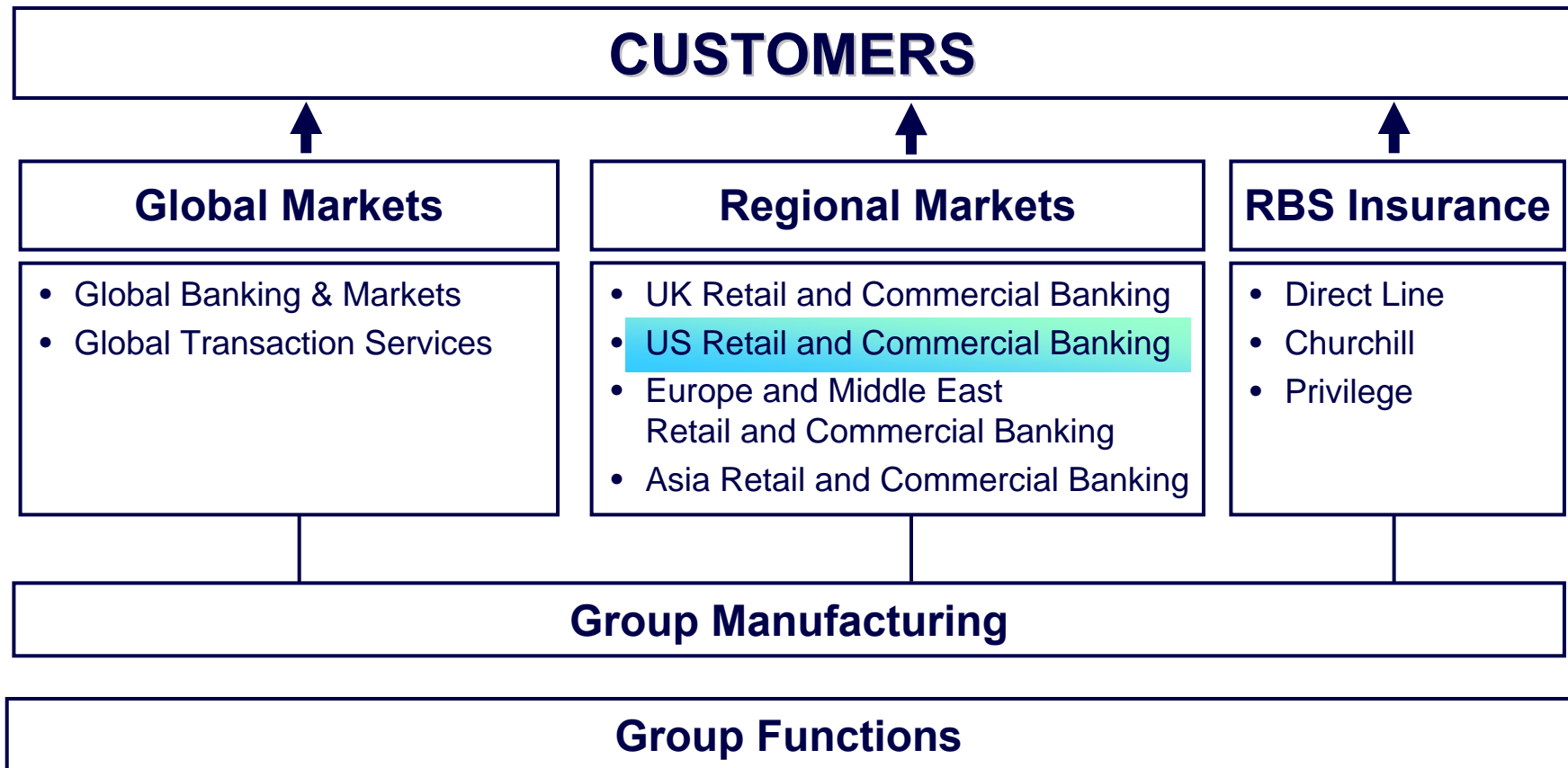


Organization

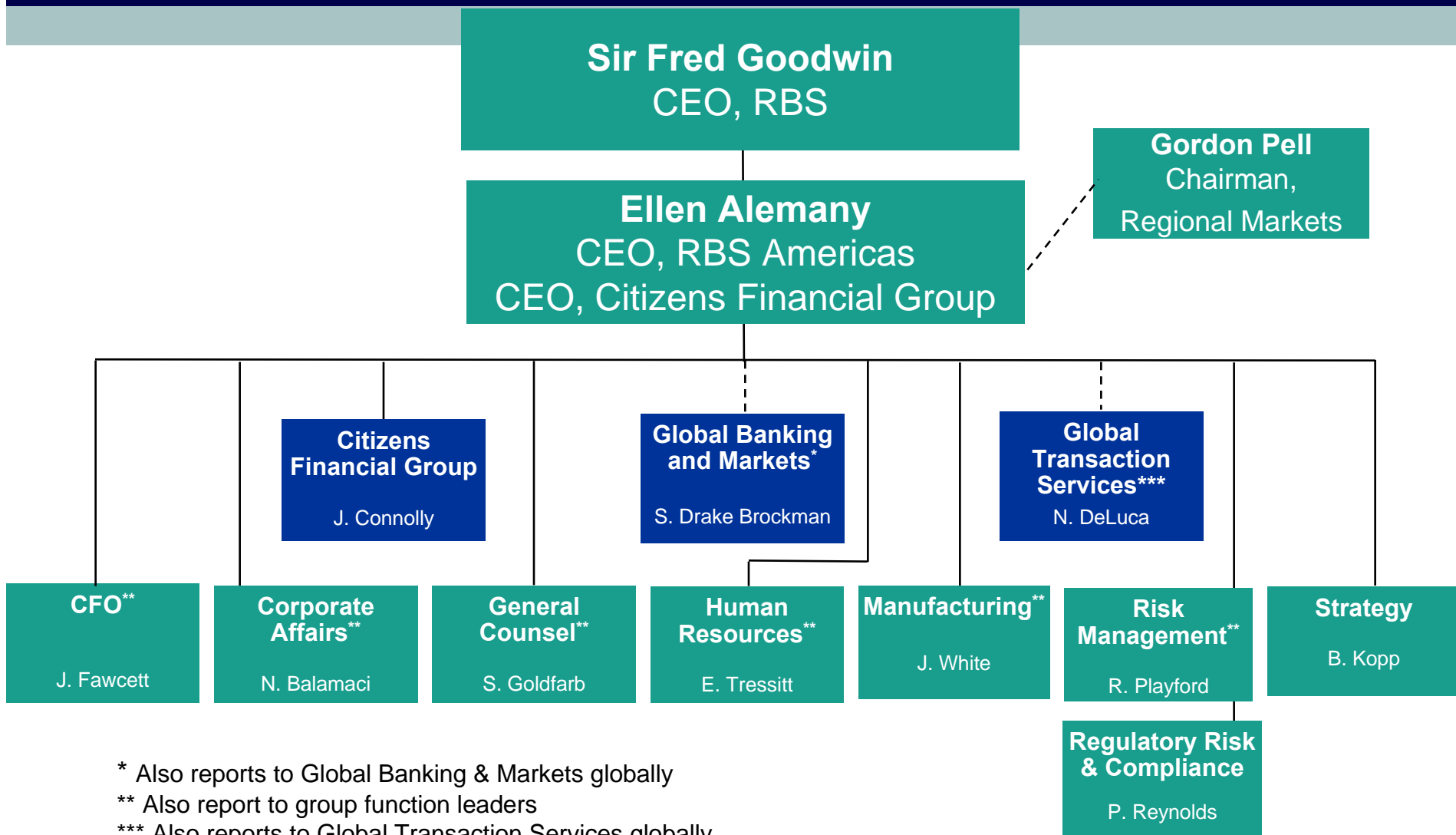
Group Structure



Group Structure



RBS Americas: Functional Reporting Lines



* Also reports to Global Banking & Markets globally
 ** Also report to group function leaders
 *** Also reports to Global Transaction Services globally

Citizens Financial Group



Ellen Alemany
CEO, RBS Americas
CEO, Citizens Financial Group

Jim Connolly
President, Citizens Financial Group

Consumer & Business Banking
D. Drago

Commercial Real Estate Finance
N. Handy

Commercial Finance
L. Boulden

Consumer Finance
N. DeLuca

Commercial Markets
R. Matthews

Finance*
J. Fitzgerald

Corporate Affairs*
B. Cottam

Manufacturing*
B. Wray

Human Resources*
K. McKenzie

Risk Management*
T. Metzger

Legal *
J. Brickman

***Also report to RBS Americas function leaders**

Our Vision on a local level is to:

Deliver world-class products and services that have the worldwide backing of RBS Group, through a community-based, local delivery model

- Functional business model with State Presidents as key leaders to ensure “local” delivery – key differentiator
- Competitive advantage as high touch, service-minded, skilled relationship bankers concentrating on local markets
- Through regional framework, deliver full breadth of RBS product set

Commercial Banking Segmentation



	Company Annual Revenue \$M
Business Banking	\$0-10
Middle Market	\$10-500
Regional Banking	\$10-25
Commercial Banking	\$25-500
Mid-Corporate	\$500-2,000
Commercial Real Estate	All
Commercial Finance	
ABL, Leasing, Dealer Finance	All

- Overall cross sell focus
- Continue to leverage industry leading position in supermarkets for customer acquisition
- Improve service-to-sale opportunity in the call centers through increased training and incentives
- Recently launched enhanced deposit application to improve online conversion effectiveness
- Business Banking – Introduce relationship management program

- Improve market share through new client acquisition and deepen share of wallet
- Leverage RBS / ABN product and service capabilities
- Loan pricing and structure is returning to more reasonable levels
- Many key competitors are inwardly focused, affording us opportunity to attract both people and clients
- Current market volatility creates opportunity in client risk management products (i.e. FX and Derivatives)

- Leverage RBS brand as this resonates with larger, more sophisticated companies
- Current market volatility creates opportunity in client risk management products (i.e. FX and Derivatives)
- Loan pricing and structure is returning to more reasonable levels
- Many key competitors are inwardly focused, affording us opportunity to attract both people and clients
- ABN AMRO's international network and TB platform creates additional revenue opportunity with our clients who operate globally

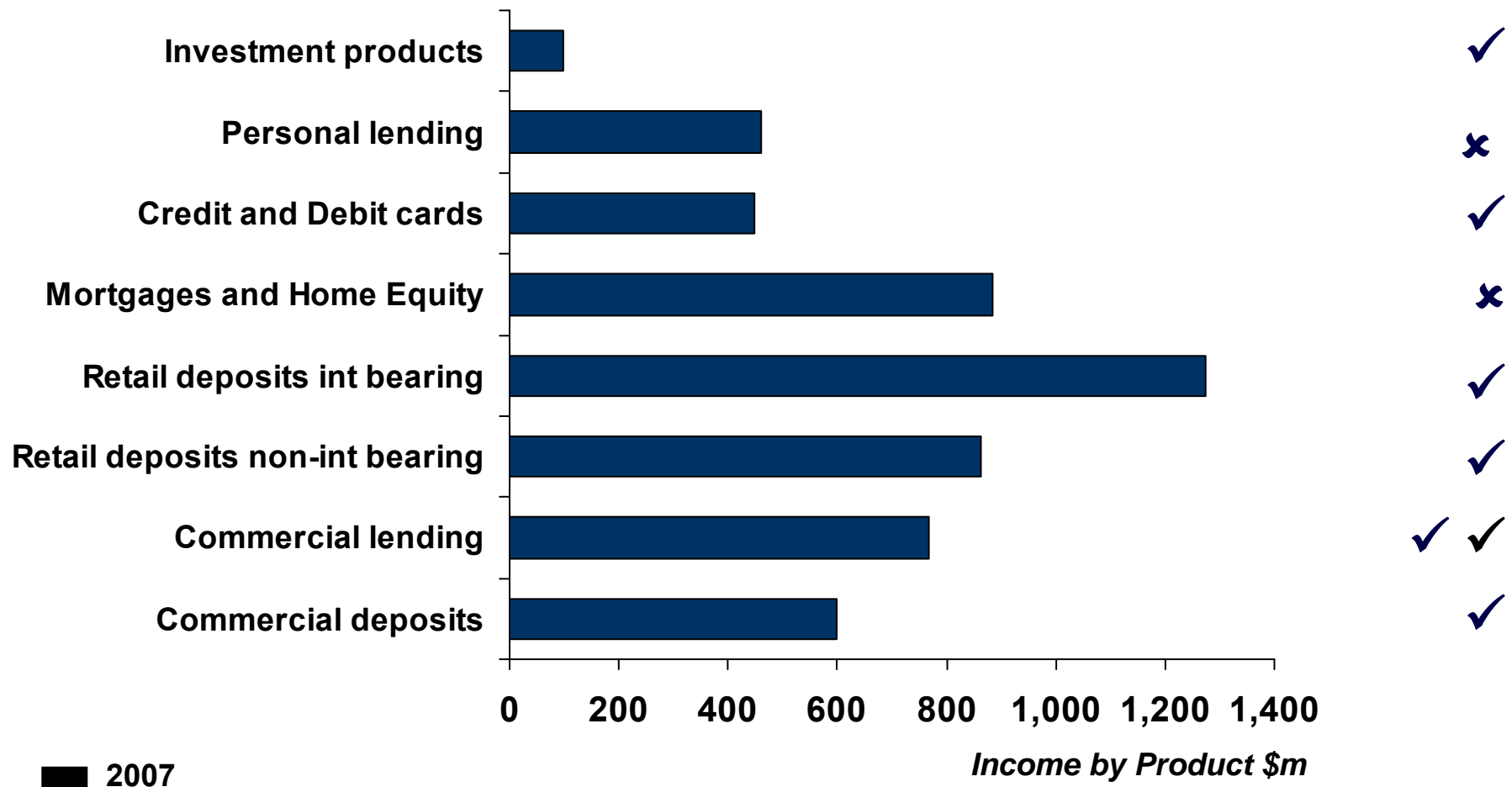
- Residential Lending
 - Consolidated the Mortgage Company, National Home Equity and Franchise Home Equity businesses into one operating platform
 - \$12 billion in 2007 originations
 - Historically key product for customer acquisition
 - Offer integrated go-to-market strategy, product set and delivery model
 - Offer innovative residential lending solutions at a fair price delivered with speed and simplicity to our target segment of prime customers
- Auto
 - National lending business with over 7,700 dealers
 - 45 states
 - \$6 billion in 2007 originations

US Retail & Commercial Banking



*Positive Outlook
Supported by Greater Diversification*

Outlook



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2007 Results

Contribution by Division



<i>Pro Forma Underlying £m</i>	<i>2006</i>	<i>2007</i>	<i>Change %</i>
Global Markets			
– Global Banking & Markets	4,365	4,916	+13%
– Global Transaction Services	1,561	1,632	+5%
Regional Markets			
– UK Retail and Commercial Banking	5,722	6,250	+9%
– US Retail and Commercial Banking	1,821	1,557	-14%
– EME Retail and Commercial Banking	662	760	+15%
– Asia Retail and Commercial Banking	119	209	+76%
RBS Insurance	964	902	-6%
Group Manufacturing	(4,164)	(4,234)	-2%

Citizens Results



	<i>\$m</i>	<i>%</i>
Total income	6,249	+2
Direct expenses	2,920	+2
Impairment losses	682	+105
Operating profit	2,647	-9

- NIM +8bp
- Net interest income +3%
- Commercial lending +13%
- High quality portfolio
- Building reserves

	<i>\$bn</i>	
Loans & advances	114.3	+5
Customer deposits	115.0	+8
RWAs	114.4	+1

Citizens Results vs Peers



	Citizens	Peer Average
Operating Profit	(9%)	(21%)
Net Interest Income	3%	3%
Non Interest Income	1%	12%
Total Income/Revenue	2%	7%
Expenses	2%	8%
Operating Profit pre Impairments	2%	5%
Impairments	105%	109%
Loans	4%	7%
Deposits	1%	5%
Net Interest Margin	8bps	(5bps)

The peer group includes the consumer/retail segments of the largest US Banks (Bank of America, Citigroup and JPMorgan/Chase) as well as regional banks with a similar profile to Citizens (Wells Fargo, US Bancorp, BB&T, Fifth Third, KeyCorp, Comerica, SunTrust, and M&T). The results for both Wachovia and PNC are not included in the comparison averages due to the impact of significant acquisitions or divestitures.

- Citizens continues to diversify from retail deposits
- Double digit income growth in 2007 from
 - Commercial lending and deposits
 - Credit and debit cards
 - Sales of investment products
- Deposit margins stabilized, normalizing yield curve
- Total income growth 4%, excluding gains

Treasury Portfolio



As at 31st December 2007

	Market Value \$bn
US Treasury/GNMA Securities	10.4
US Agency Debt & Regulatory Stock	12.9
AAA Private Label RMBS	3.6
AAA Private Label CMBS	0.8
Municipals/Other	<u>0.1</u>
Total	27.9

- **High quality treasury portfolio**
- **Interest rate hedges in place**

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Economic Environment & Outlook

Economic Environment & Outlook



GDP Growth F'casts for 07

Jan 07 Feb 08

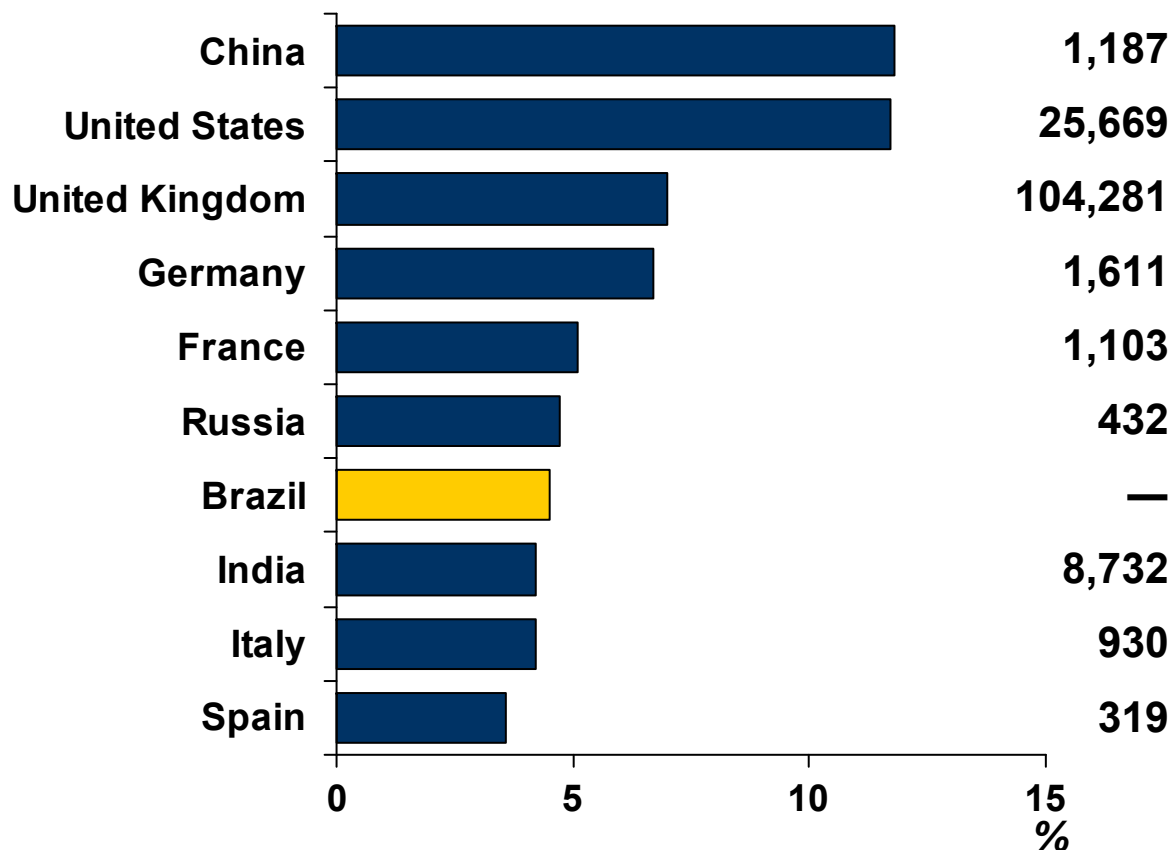
GDP Growth F'casts for 08

Jan 07 Jul 07 Feb 08

UK	2.5%	3.1%	2.4%	2.2%	1.7%
US	2.4%	2.2%	3.0%	2.8%	1.6%
Eurozone	2.0%	2.6%	2.1%	2.3%	1.6%
Asia-Pacific	4.6%	5.6%	4.8%	5.0%	4.9%

Top 10 Contributors to Global Growth 2007

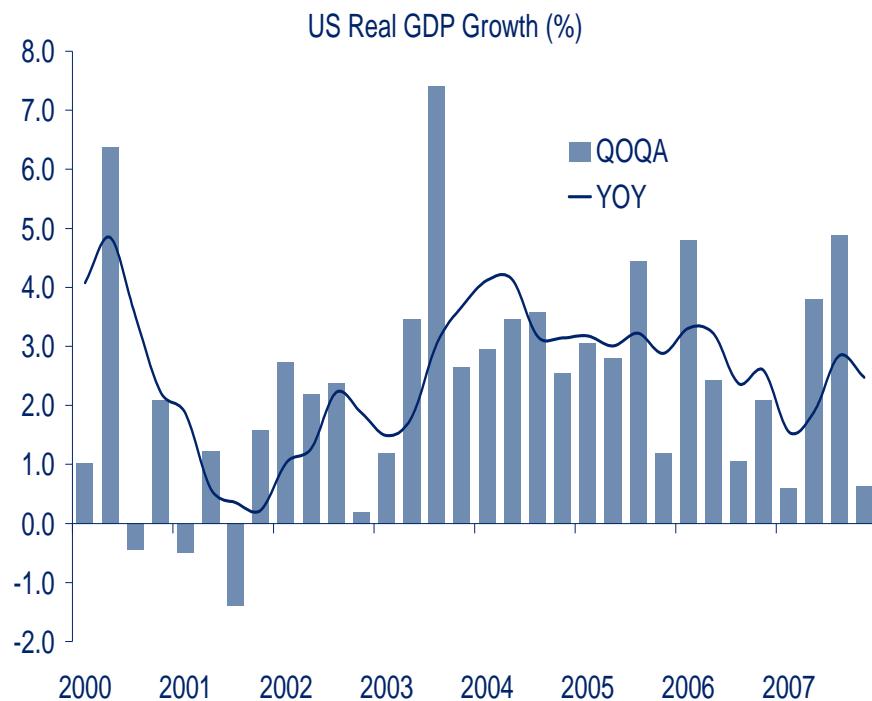
% Contribution to Total GDP Growth RBS FTEs



- RBS has presence in 9 of top 10 economies contributing to global GDP growth in 2007
- RBS has presence in economies accounting for 91% of global GDP growth in 2007

Economic Environment & Outlook

US Economy – A tough year ahead



- Leading indicators down
- Businesses cautious
- Weak housing market
- Citizens' footprint tracks national average but excludes areas hit hardest by the weak housing market – Florida & California
- Michigan weak but Chicago prospects are strong, benefiting from its position as a major transport hub and financial centre
- Aggressive rate cuts
- Dollar weakness helping competitiveness

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Integration of ABN AMRO North America

What does ABN AMRO bring?



- ABN's U.S. operations + Citizens + RBS Greenwich = fifth largest U.S. bank holding company
- More global clients
- World-class global transaction banking business
- Opportunity to build our commercial customer segment including subsidiaries
- Presence in Latin America and Canada = important growth potential

What is it?

- ABN AMRO's world class capability in international payments
- A combination of cash management, liquidity management, trade finance and merchant acquiring capabilities
- Among the top 5 payments businesses in the world

What it means for RBS Americas CFG

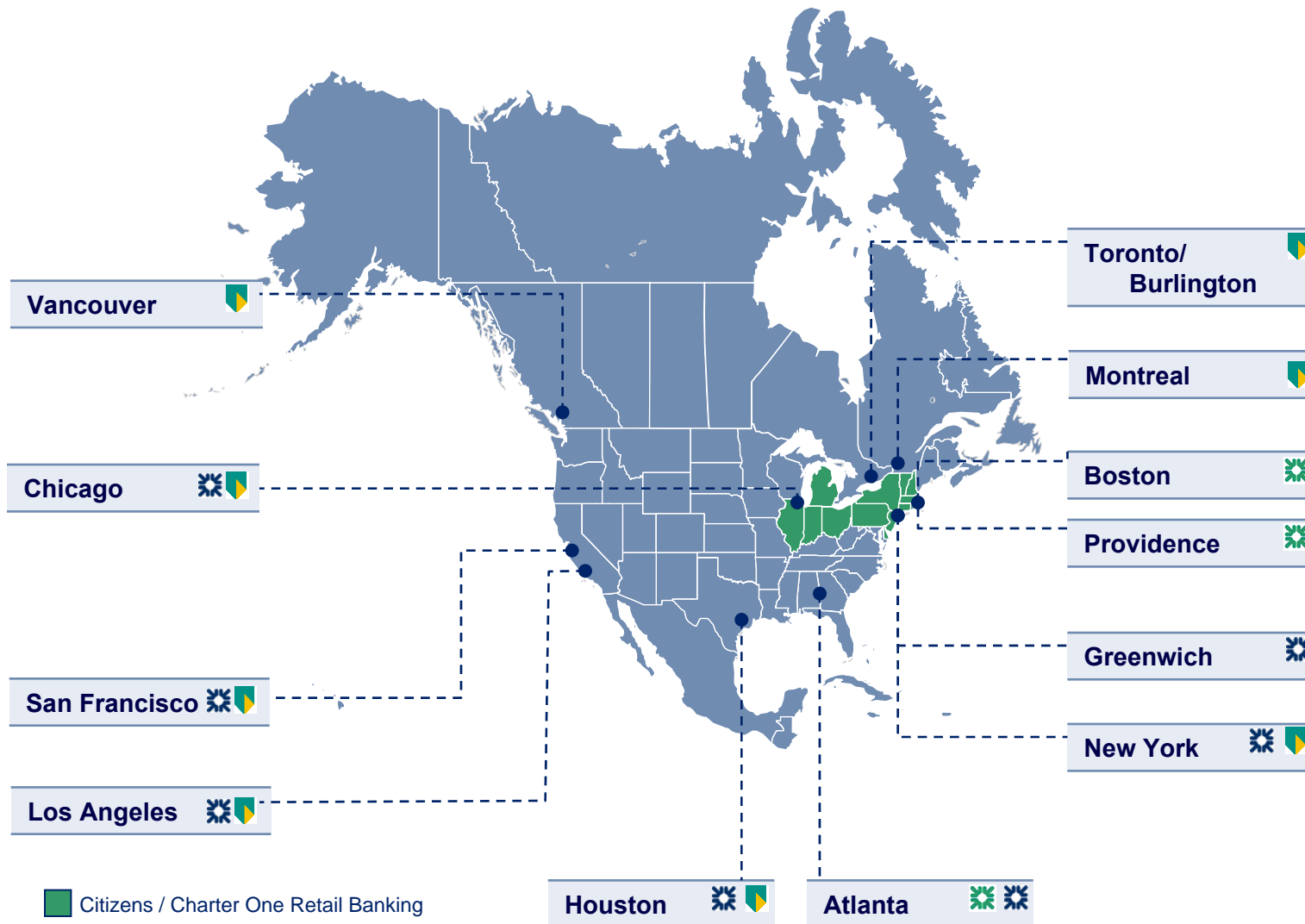
- Customers will have access to a world-class suite of:
 - integrated treasury management
 - transaction banking
 - commercial payments solutions

Opportunities

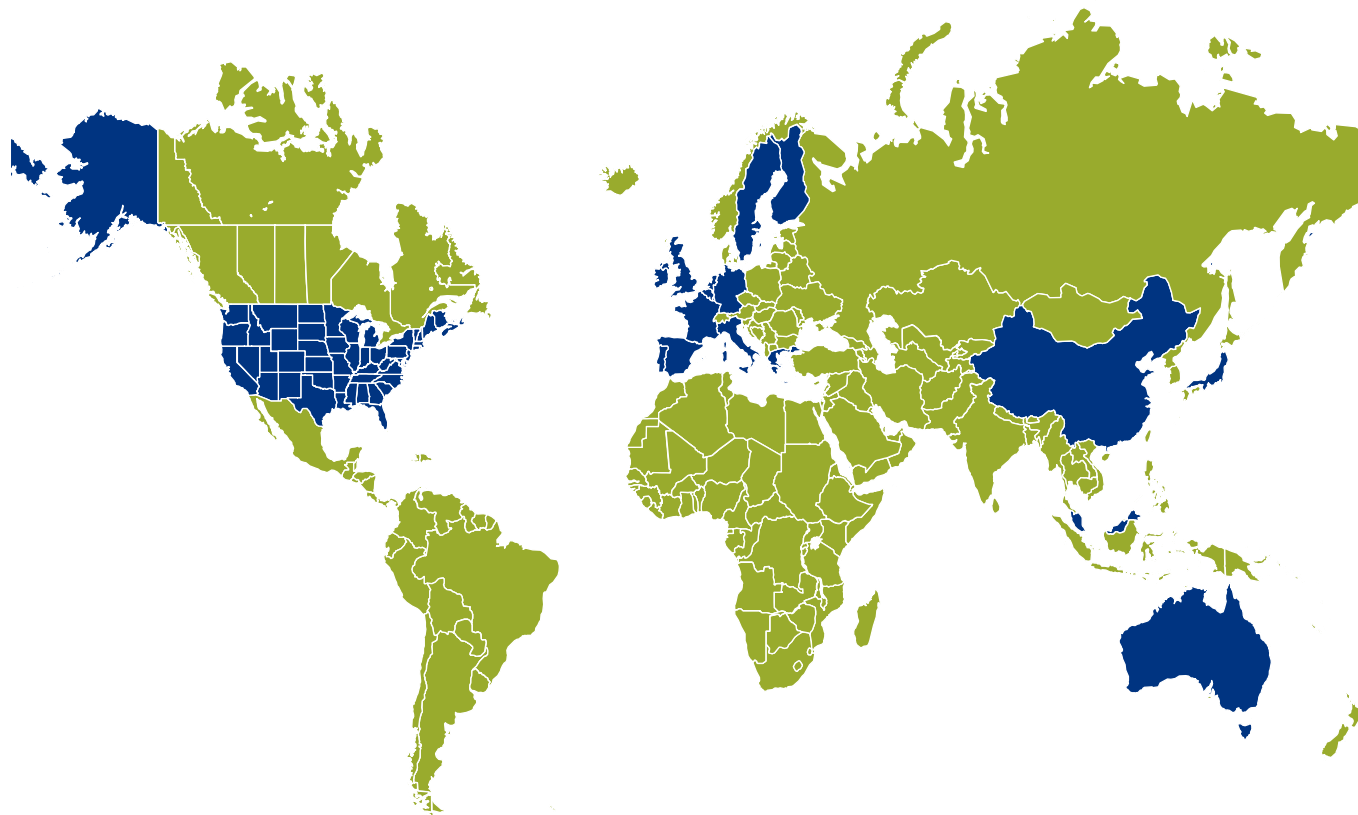


- ABN's U.S. operations + Citizens + RBS Greenwich = fifth largest U.S. bank holding company
- Additional clients
 - 150 global relationships
 - 350 large U.S. corporate relationships
 - Financial Institutions
 - Energy
 - Industrials
 - 3,300 transactional banking relationships
 - Industry specializations in Financial Institutions, Energy, Industrials
- Additional product penetration
 - Financial Markets
 - Foreign exchange
 - Interest rate derivatives and exotics
 - Debt capital markets
 - Structured credit
 - Equities
 - International sales and trading
 - Equity derivatives
 - Structured Finance
 - Structured debt
 - Leveraged finance
 - High yield and loan syndications
 - Emerging markets
 - Secondary loan trading and sales
- Cross-sell opportunities
 - GBM estimates that it generates 1.7x ABN's average revenue/client
 - Product cross-sell of unique RBS capabilities to ABN's clients and visa-versa
- Canadian operations and banking license
- Brazilian banking license
- ABN Global Cash Management System – Transaction banking
- Access to ABN's global franchise in 53 countries (currently GBM is in 21 countries)

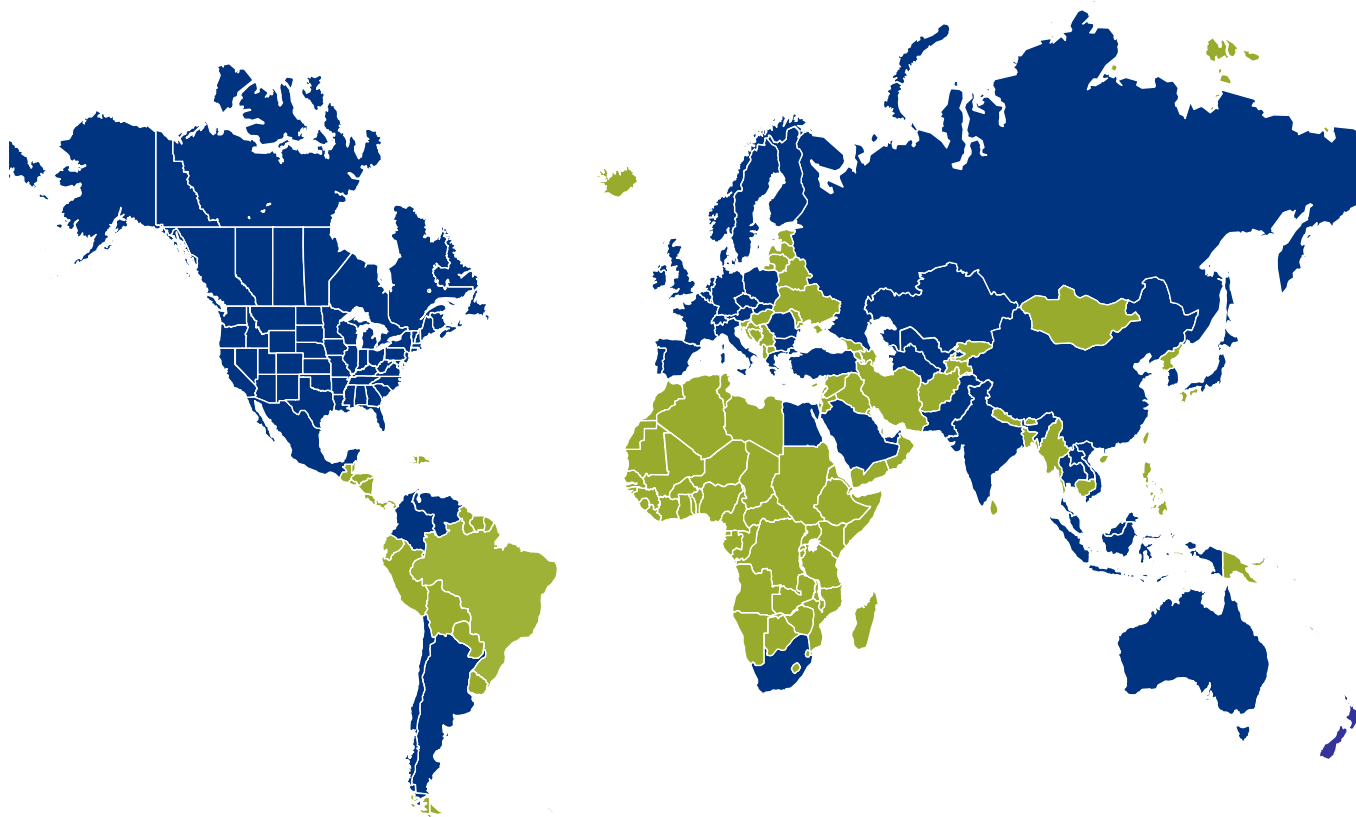
North America Combined Presence



RBS Global Presence before ABN AMRO....



And after.....50 Countries



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Summary

Priorities for 2008:

- Commitment to our local delivery model
- Continued strong expense management
- Focus on credit
- New organizational structure
- Integrate ABN AMRO North America
- Continued investment in Commercial and Mid-Corporate
- Building out GTS platforms
- Continued commitment to Consumer and Retail Banking