

Consistent Progress

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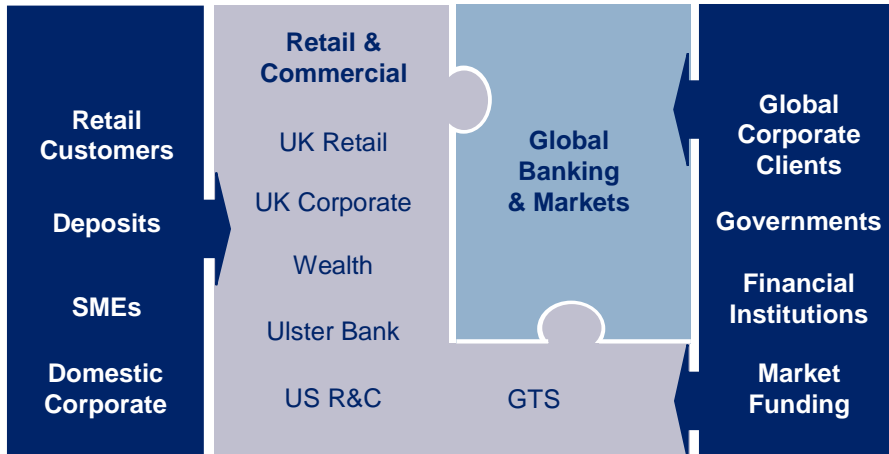
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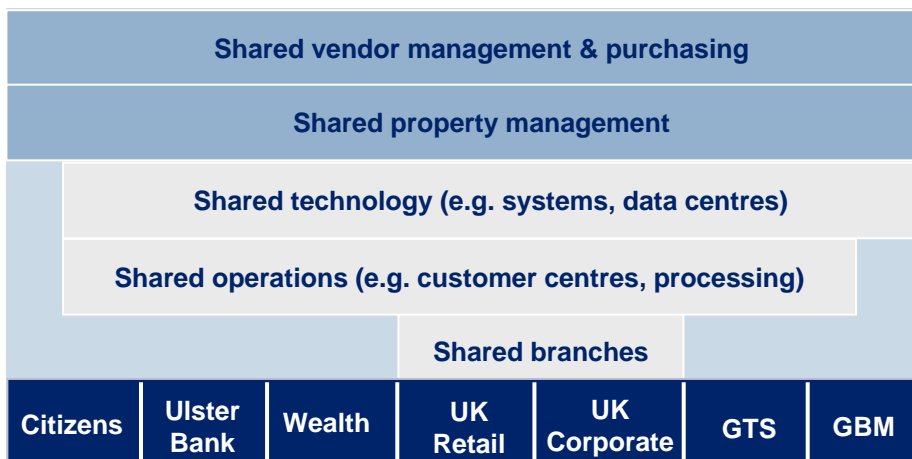
Core Bank – a sustainable & balanced design



A complementary group of businesses....

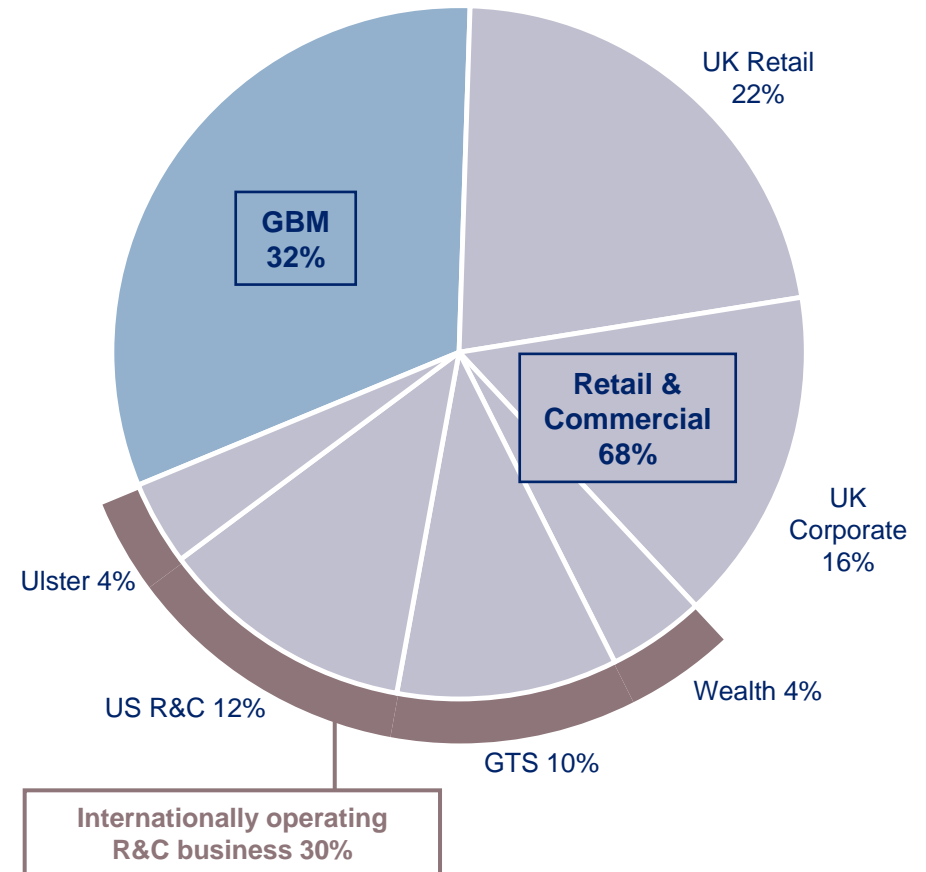


... with shared infrastructure...

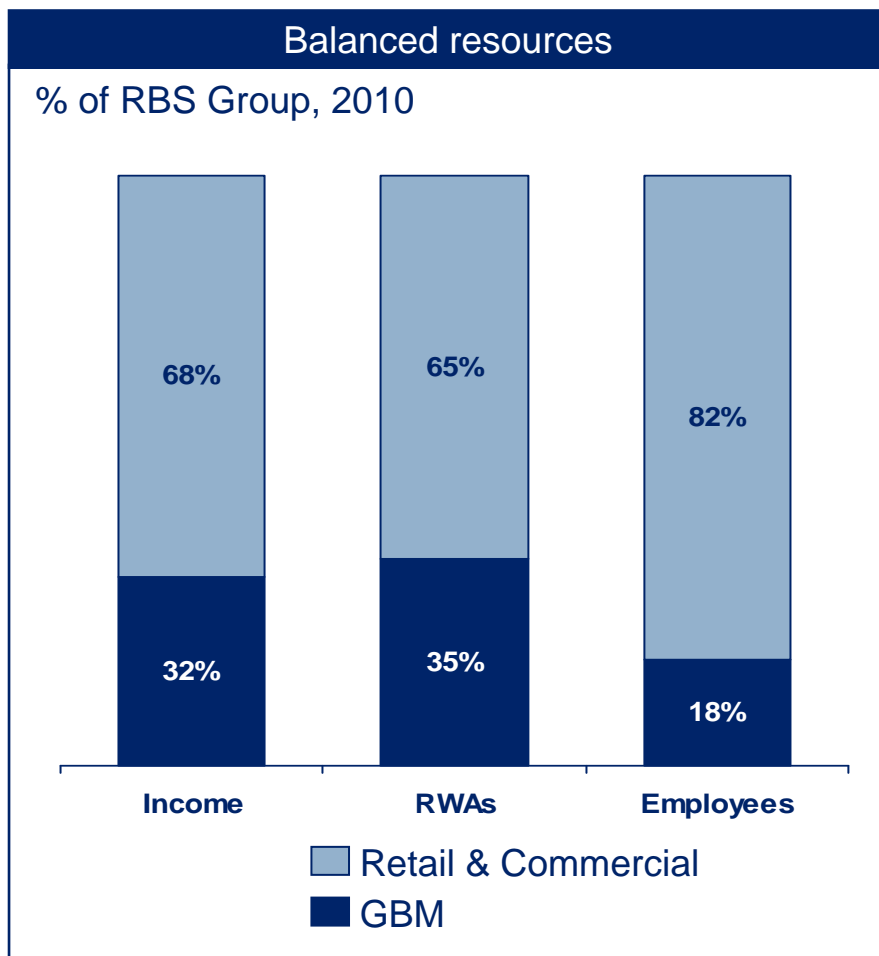


... well balanced by business mix and geography

FY10 Core revenues¹ by Division



¹ Excluding Fair Value of Own Debt (FVoD), excluding RBS Insurance.



Focused on returns

	GBM	Peers
C:IR	56%	54% - 82%
Leverage Ratio	25x	19x - 55x
RoE (Post Tax)	16.6%	13.1% - 18.6%

£'bn	<u>2009 - 2010</u>
GBM Cumulative Equity Generated ¹	6.6

¹ Cumulative annual post-tax Operating Profit (since 2009), excluding fair value of own debt

A clear vision : 'partner of choice for our leading clients'



Global Banking
& Markets

- Top 5 wholesale bank in chosen markets
 - Fewer, deeper client relationships
 - Clear product choices
 - Global, focused on major hubs
- Financing and risk management-led
 - “Flow engine”
 - Leadership in fixed income
 - Enhanced equity and advisory
- Tight risk, capital and funding control
- Sustainable efficient platform
- New management team

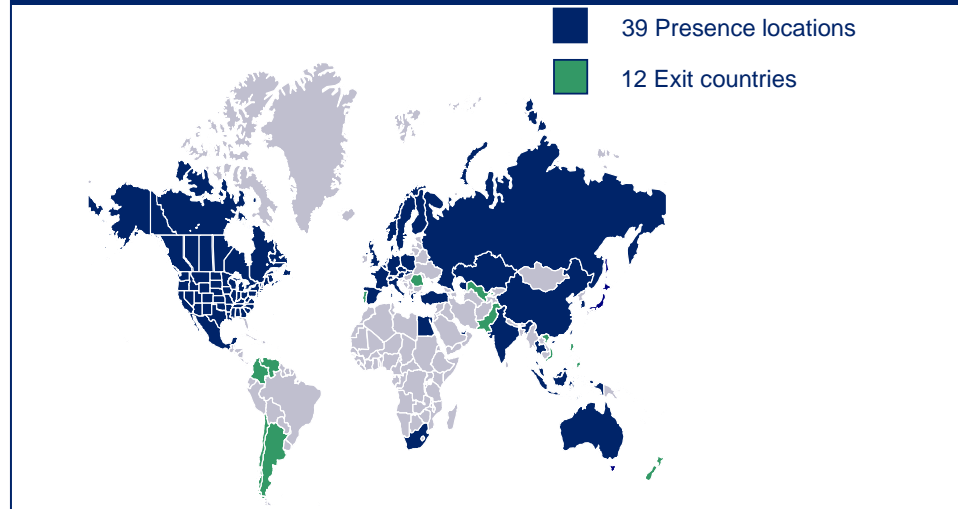
Consistent progress: a focused “core GBM”



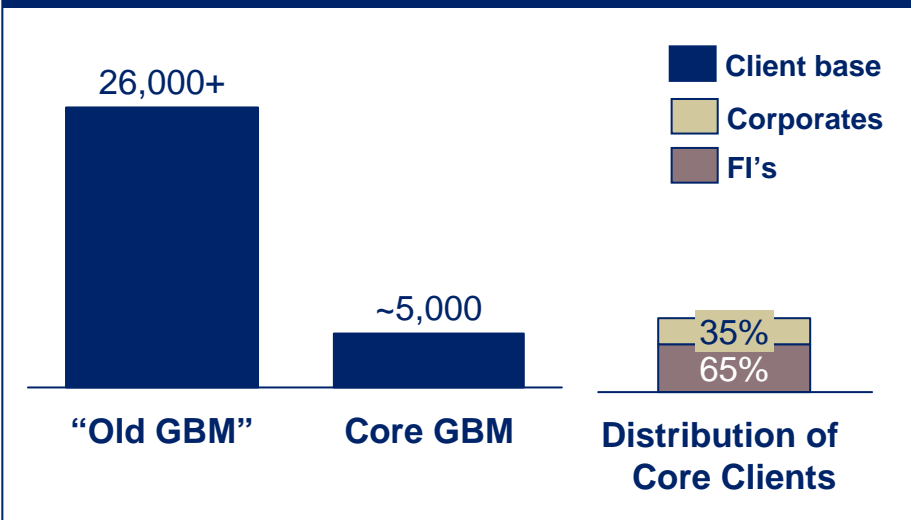
A more focused business

	FY07		FY10 ³	Q111 ³
	“Old” GBM	Core GBM		
Income, £bn	9.1 ¹	6.7	7.9	2.4
Costs, £bn	(5.8) ²	(5.1)	(4.4)	(1.3)
Profit, £bn	3.2 ¹	1.5	3.4	1.1
ROE, %	10.8%	10.4%	16.6%	20.8%
Balance Sheet, £bn	873.8	617.3	396.7	423.3
People	24,100	20,900	18,700	19,800

Optimised global footprint



Fewer, deeper client relationships

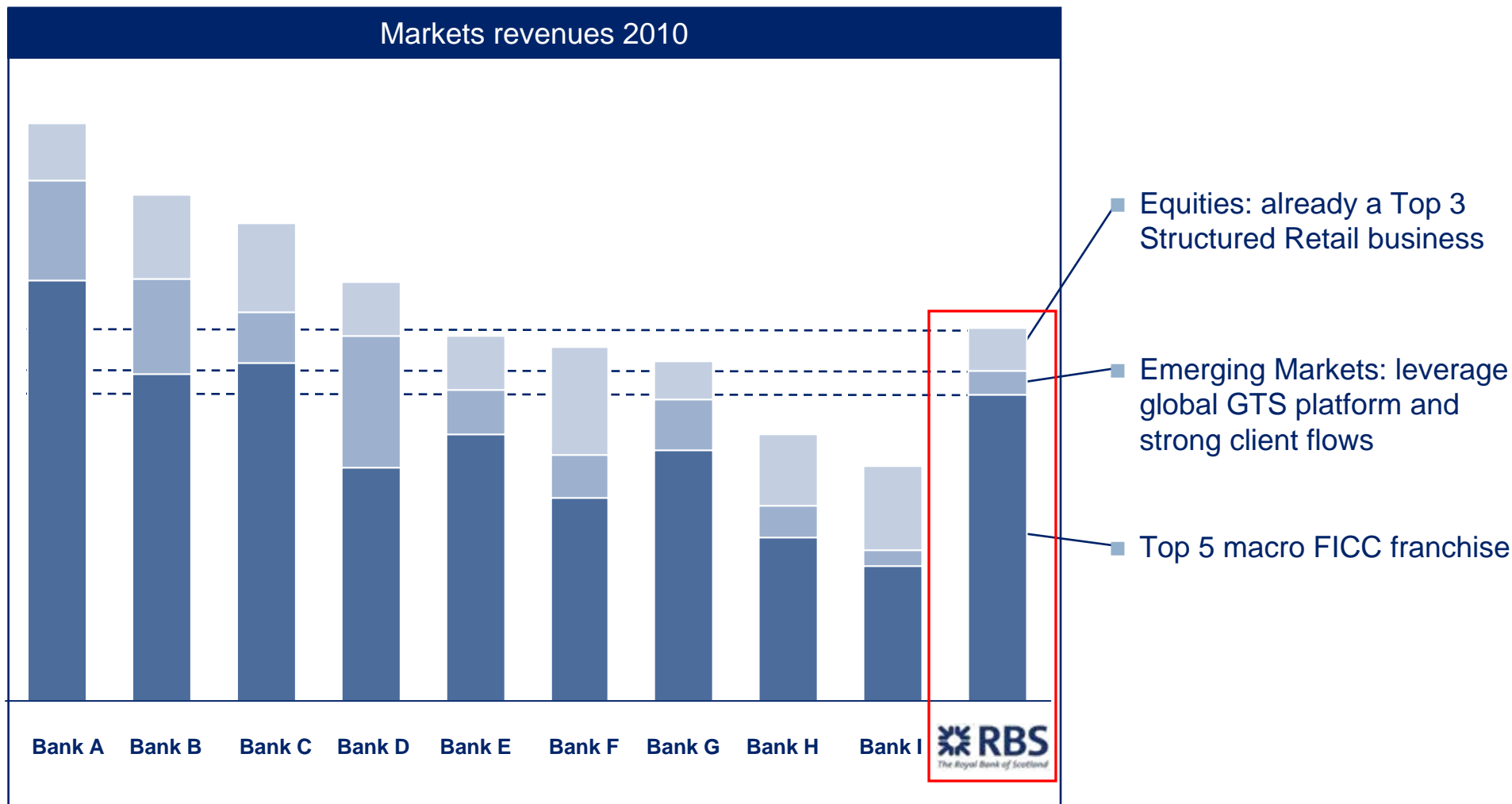


Clear product choices

Markets	Banking	Non-core
<ul style="list-style-type: none"> – Rates Trading and Risk Management – Mortgage Trading – Credit Trading and Risk Management – Local Markets – FX Trading and Risk Management – Short Term Markets & Financing – Equities Trading and Financing – Structuring 	<ul style="list-style-type: none"> – IG Bonds – HY Bonds – Non-Mortgage ABS – Syndicate – Loan Markets – Corporate Finance Advisory – Portfolio Management – Coverage – Cash Management and Trade Finance (via GTS) 	<ul style="list-style-type: none"> – Structured credit trading – Illiquid prop trading – Illiquid structured derivatives – Asset management – Non-conforming ABS origination – Real estate lending – Asset finance – Leveraged finance lending – Project finance lending

¹ Core + Non Core. ² Source: GBM Finance (Core only, excluding Sempra). ³ Source: Published financials (Core only, excluding Sempra)

Opportunity to leverage our core FICC franchise strength



Note: excludes commodities, Equities (ex US and Japan)

Source: RBS estimates

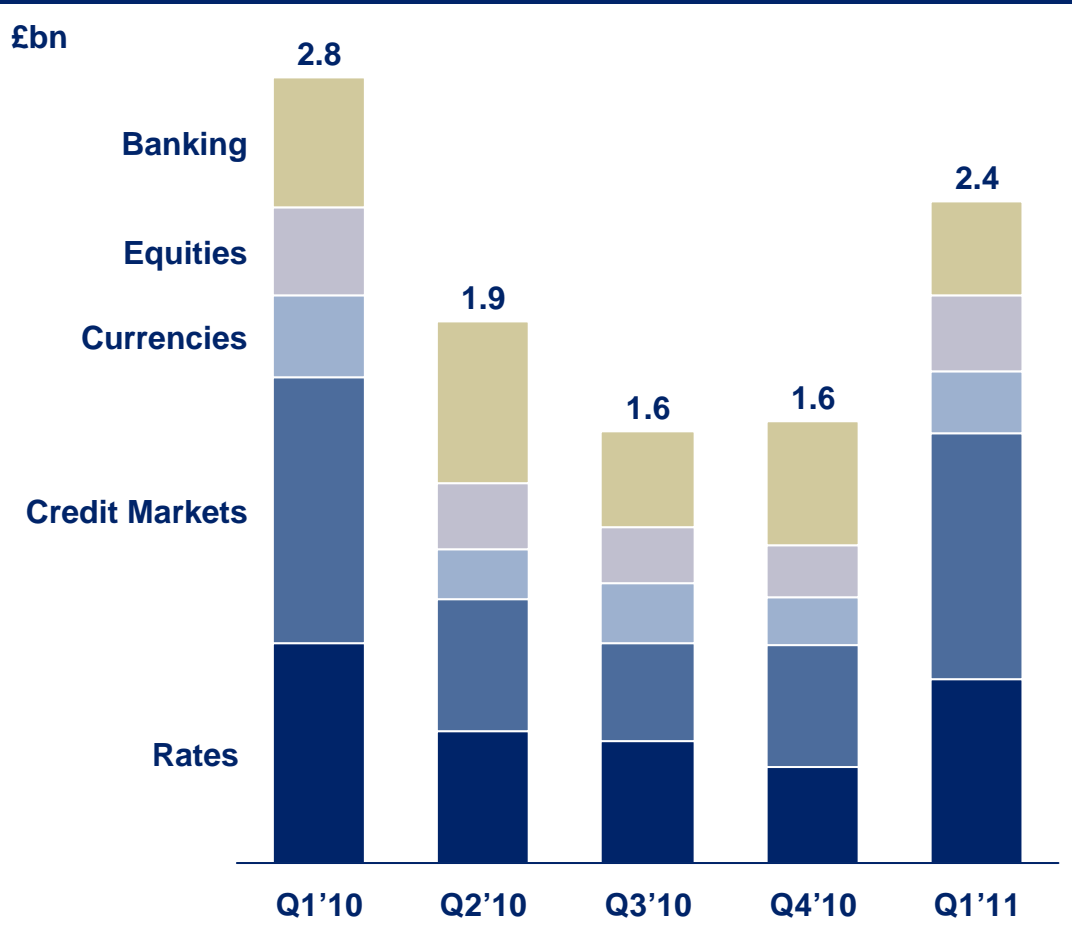
Revenues from a mix of businesses



■ A strong position in Macro Fixed income

■ Work still to do in Equities

GBM Revenues Q1 2010 – Q1 2011



FICC & Equities Market Rankings¹

	Global FY 2009	Global FY 2010
Rates	Top 3	Top 3
FX	Top 3	Top 3
Mortgage Trading	Top 5	Top 3
Short Term Markets & Financing	Top 3	Top 5
Flow Credit	Top 10	Top 10
Emerging Markets	Top 10	Outside Top 10
Equities (ex US/Jpn)	Outside Top 10	Outside Top 10

¹ Source: Coalition / GBM estimates

A highly focused primary markets position



	Global				EMEA			Americas			APAC		
	Period	RBS Rank	Market Vol (USDb)	RBS %'Share	RBS Rank	Market Vol (USDb)	RBS %'Share	RBS Rank	Market Vol (USDb)	RBS %'Share	RBS Rank	Market Vol (USDb)	RBS %'Share
All DCM Bookrunners	Q111	#11	1,555	3.6%	#8	825	3.8%	#10	663	3.4%	#10	67	4.3%
	FY10	#10	5,153	3.9%	#7	2,056	3.7%	#10	2,858	4.0%	#9	239	4.5%
	Q410	#10	1,112	3.9%	#10	349	3.5%	#10	694	4.0%	#7	70	5.6%
	Q310	#9	1,362	4.5%	#6	521	4.0%	#10	776	4.8%	#5	66	5.5%
	Q210	#10	1,050	3.2%	#9	402	3.4%	#11	617	3.0%	#8	31	4.9%
	Q110	#10	1,628	3.9%	#8	784	3.8%	#10	771	4.1%	#16	72	2.4%
Corporate DCM Bookrunners	Q111	#6	347	5.7%	#3	134	6.9%	#10	193	4.9%	#7	20	5.5%
	FY10	#6	1,137	5.4%	#1	393	7.1%	#9	681	4.4%	#8	63	5.9%
	Q410	#7	306	5.0%	#3	90	6.3%	#10	186	3.9%	#3	30	8.5%
	Q310	#9	322	5.0%	#2	96	7.5%	#10	209	3.8%	#10	17	4.6%
	Q210	#8	201	5.6%	#2	78	8.2%	#9	117	4.0%	#13	6	2.6%
	Q110	#6	307	6.2%	#3	129	6.9%	#8	170	5.9%	#16	9	2.3%
FI DCM Bookrunners	Q111	#11	536	3.2%	#10	373	3.4%	#11	135	2.3%	#7	29	4.5%
	FY10	#12	1,398	2.5%	#12	934	2.6%	#12	346	1.8%	#12	118	3.7%
	Q410	#14	270	1.9%	#13	156	2.3%	#18	80	0.5%	#10	34	3.1%
	Q310	#11	380	2.7%	#13	249	2.3%	#8	98	2.9%	#9	32	4.9%
	Q210	#9	253	3.4%	#7	174	3.5%	#10	68	2.7%	#5	11	6.3%
	Q110	#13	495	2.3%	#12	354	2.6%	#15	99	1.1%	#12	41	2.7%
Syndicated Loans Bookrunners	Q111	#11	722	2.4%	#8	241	2.9%	#11	420	2.4%	#30	61	0.6%
	FY10	#8	2,591	2.6%	#4	1,000	3.6%	#10	1,297	2.1%	#21	294	1.1%
	Q410	#7	805	3.2%	#2	291	5.2%	#13	411	2.1%	#9	103	1.9%
	Q310	#8	621	2.4%	#4	276	3.1%	#10	283	2.1%	#21	63	0.9%
	Q210	#11	726	1.8%	#9	248	2.1%	#14	407	1.9%	#35	72	0.5%
	Q110	#8	438	2.8%	#4	185	3.6%	#10	197	2.6%	#30	57	0.5%

- Underwritten 507 bonds globally, 9.6% of issues in 2010¹
- #1 for EMEA Corporate IG bonds²
- #2 for all Sterling bond issuance²
- # 4 Global HY Debt (non USD)¹
- #4 EMEA Loan Bookrunner²
- #7 for all bond issuance in EMEA²
- Primary dealer in 26 countries
- #3 arranger of finance for the World Bank²
- 2010 Best Debt House in the UK & Netherlands (*EuroMoney*)
- 2010 Deals of the Year
 - Loans EMEA,
 - Sovereign Bonds Europe,
 - ECM Europe,
 - Bonds Asia (*The Banker*)

Data updated 04/04/11

Volume - Market Volume in USD Billions

Share - in volume terms

Source: Dealogic Strategy Manager

Q1 RAG against 2010 FY Position		
<-3 PY	Between -1 & -3 PY	> PY

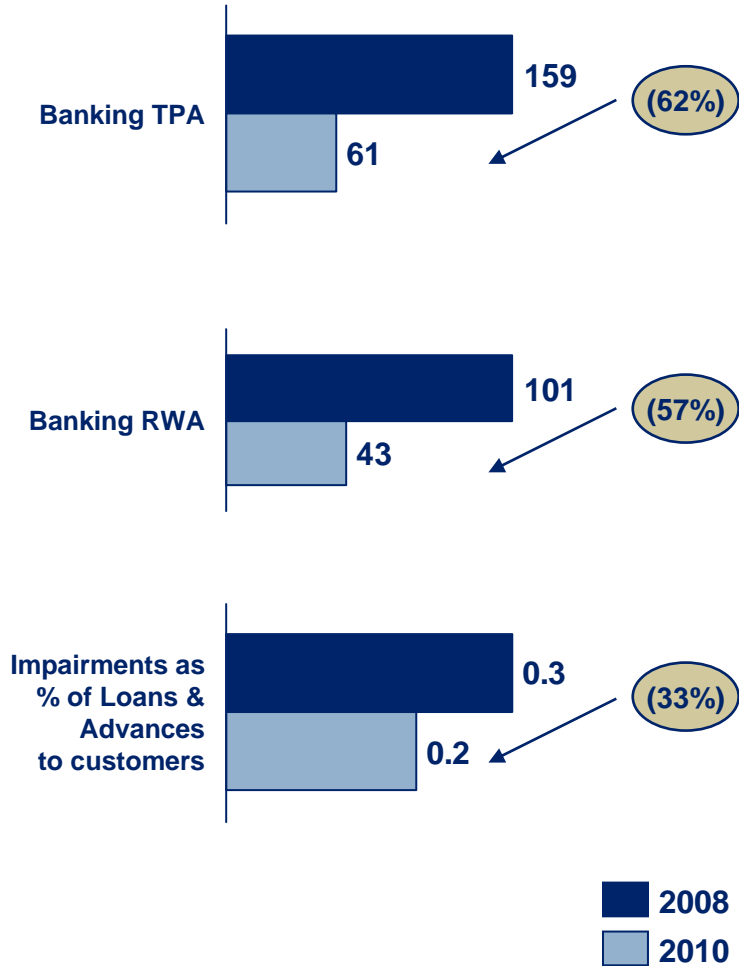
¹ Thomson Reuters; ² Dealogic; * All Debt rankings based on DCM and Loans (excluding self-led, money markets and short term) ³ Based on FY10 data

More relevant to our clients with tighter resource allocation



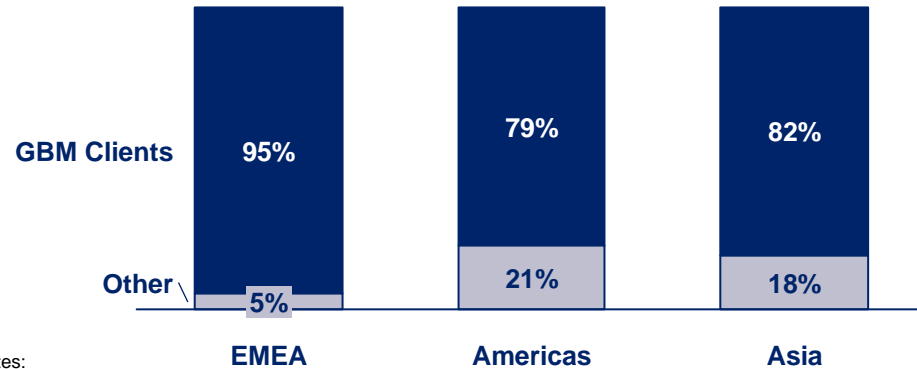
Client numbers and resources have decreased

Reduction



Narrower client focus still covers majority of potential fee pools

GBM Coverage of Top Fee Payers by Region



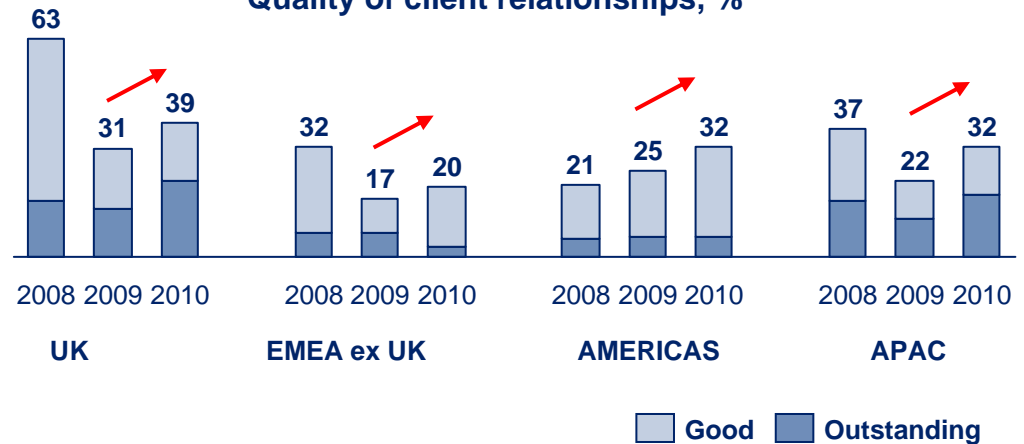
Notes:

Include 250 fee payers by region.

Fees include all market revenues for DCM, ECM and Corporate Finance

Client satisfaction is recovering in all regions

Quality of client relationships, %

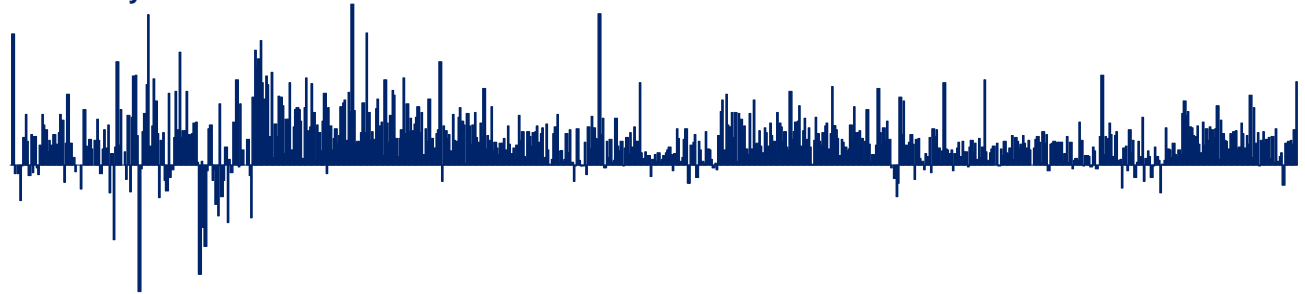


Delivering enhanced shareholder value

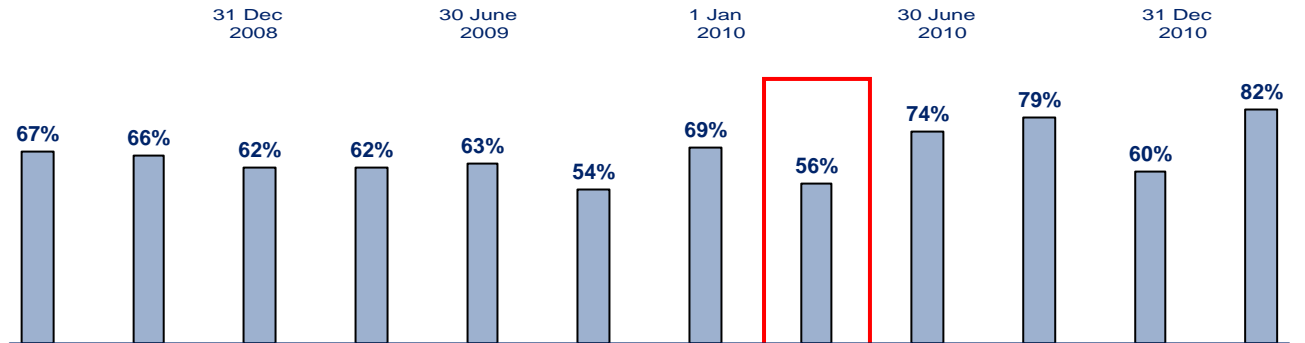


- Reduced revenue volatility

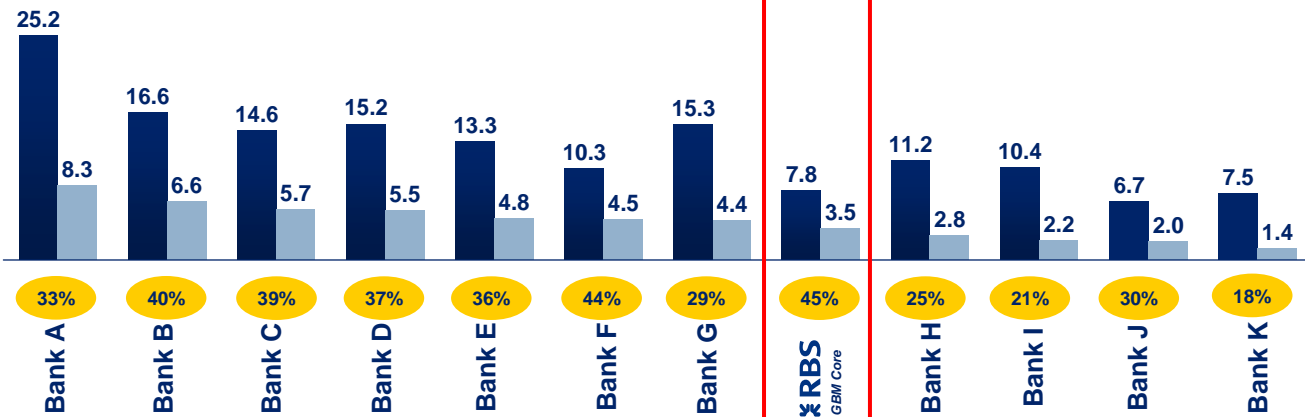
GBM daily revenues



- Competitive cost / income ratio (#2)



- Higher attributable profit margin (#1)



% Net Profit as % of revenues
 FY 10 headline revenues excl Fair Value adjustments
 FY10 Profits post impairments

People Proposition

- Market standard reward philosophy
 - Performance based
 - Deferral policy
- Staff turnover levels normalised
- Significant investment in training and development
- Investing in the future: GBM Graduate programme in Top 20 in The Times survey 2011

Technology / infrastructure

- £350m p/a incremental investment to date in sustainable and efficient platform
- £300m invested in improving system resilience
- Continued RBS Group investment in Finance and Risk platforms to improve risk management
- Industry-leading offshore capability
- Continued investment in electronic platforms

- Our strategy remains unchanged. We continue to defend our world-class franchises and invest in growth businesses that will diversify our business mix
- Good progress in creating a truly refocused business - but much still to do
- Delivered strong shareholder value in line with leading industry peers
- We continue to invest to improve our RoE: increase efficiency, reduce costs and deliver new platforms
- Regulation is the most critical issue facing our industry. Precise impact remains uncertain, mitigation planning will continue to evolve over time