

Building a “Really Good” Bank

Bruce Van Saun, Group Finance Director

Bank of America Merrill Lynch Banking & Insurance CEO Conference

24th September 2013

Agenda

Our vision

Restructuring - nearing the finishing line

Getting more from our Core businesses

Spotlight: Leading UK R&C franchises

Spotlight: Efficiency & investing for the future

Spotlight: US R&C

Spotlight: Ulster

Spotlight: Markets

Key milestones and path ahead

We are striving to this end

Our purpose	To serve our customers well
Our vision	To be trusted, respected and valued by our customers, shareholders and communities
Our values	Serving Customers Working together Doing the right thing Thinking long-term

This is not the position we started from in 2009

We have a clear ambition to serve customers well and **build a really good bank.**

“Really Good” Bank viewed through various stakeholder lenses



Progress evident... but much more to do

End state destination increasingly clear



Enduring customer franchises

- A leading UK bank anchored in Retail & Commercial business lines
- Sustain strong capabilities internationally and in financial markets to support the needs of our customers and shareholders
- Top tier competitor in our chosen fields

Safer and more focused

- Businesses with disciplined focus on what we do well
- Profit earned by serving our customers well
- Strong risk management processes
- Only lending as much as we raise from deposits
- Capital and liquidity strength meeting the highest international standards

A valuable, private sector bank

- Consistently profitable, with sustainable shareholder returns above cost of capital
- 'Standalone strength' regained, no longer needing any Government support
- A leader in transparency and 'investor friendly' orientation
- The UK Government selling down its shares

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Safety & Soundness metrics

Group – Key performance indicators	Worst point	H113	Medium-term target
Loan : deposit ratio (net of provisions)	154% ¹	96%	c.100%
Short-term wholesale funding ²	£297bn ³	£37bn	<10% TPAs
Liquidity portfolio ⁴	£90bn ³	£158bn	>1.5x STWF
Tier 1 leverage ratio ⁵	28.7x ⁶	14.3x	<18x
Core Tier 1 Capital ratio	4% ⁷ B2 ⁸	11.1% B2.5 ⁹	>10% BIII ¹⁰
Funded balance sheet	£1,563bn ¹¹	£843bn	

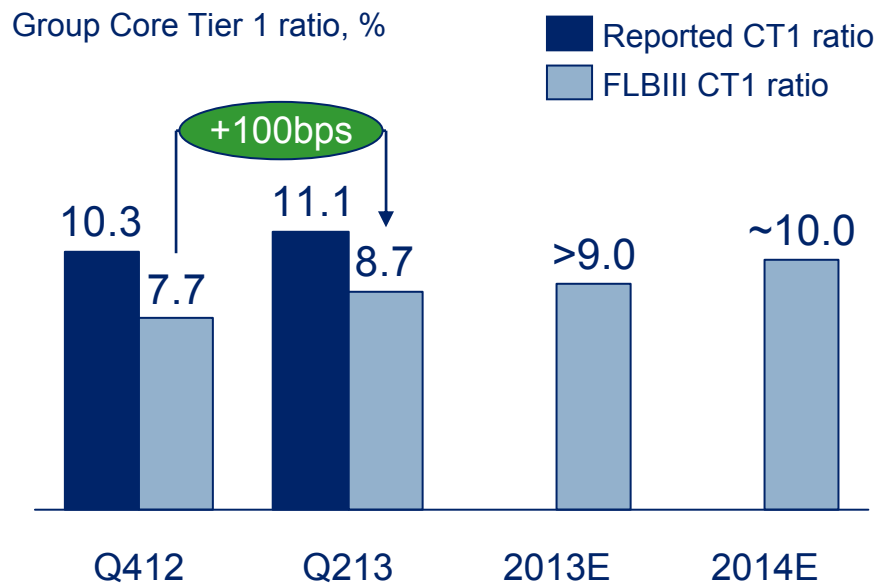
} Achieved

Dramatic progress has been made

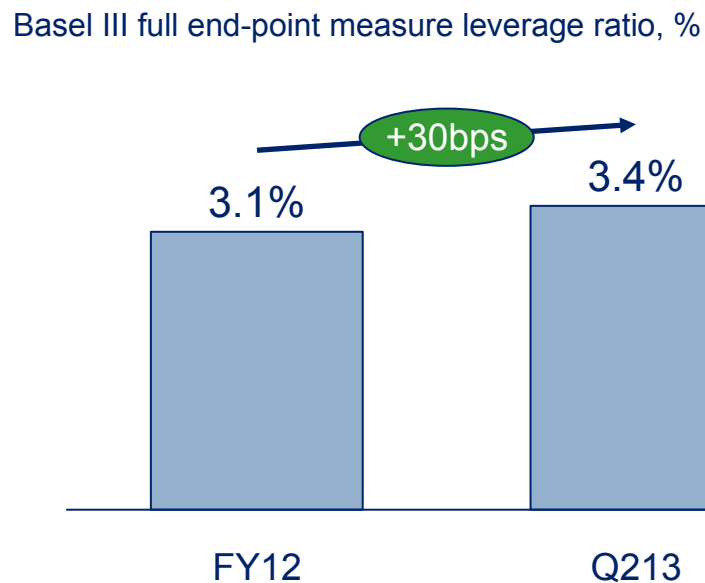
¹ As at October 2008. ² Unsecured wholesale funding <1 year to maturity. Including bank deposits <1 year. Excluding derivatives collateral. ³ As of December 2008. ⁴ Eligible assets held for contingent liquidity purposes including cash, government issued securities and other securities eligible with central banks. ⁵ Funded tangible assets divided by Tier 1 Capital. ⁶ As of June 2008. ⁷ As of 1 January 2008. ⁸ Based on Basel II Regulatory Requirements. ⁹ Includes impact of CRD3 Regulatory Requirements. ¹⁰ Fully compliant under Basel III Regulatory Requirements. ¹¹ Statutory funded assets at 31 December 2007

Clear pathway to capital adequacy

Clear path to a strong core capital ratio



Leverage ratio acceptable and improving



- Target over 9% 'fully loaded' ratio by end 2013 and approaching 10% by end 2014
- Strong track record of delivery in spite of high restructuring and Non-Core and Ulster costs
- CT1 leverage ratio up 30bps YTD. **Tier 1 leverage ratio (including T1 securities) at 4.3%**

Restructuring nearing successful conclusion

Milestones	H113	New targets	Comments
1 Non-Core TPAs	£45bn	<u>FY13E</u> £36-38bn	Expect to surpass the previous £40bn TPA target by end 2013
2 Markets RWAs	£87bn ¹	<u>FY14E</u> £80bn ²	Good RWA progress, on track to achieve £80bn 'fully loaded' Basel III RWA target by end-2014
3 Costs	<u>FY13E</u> <£13.2bn	<u>FY15E</u> <£12bn	Project further absolute cost reductions over next two years

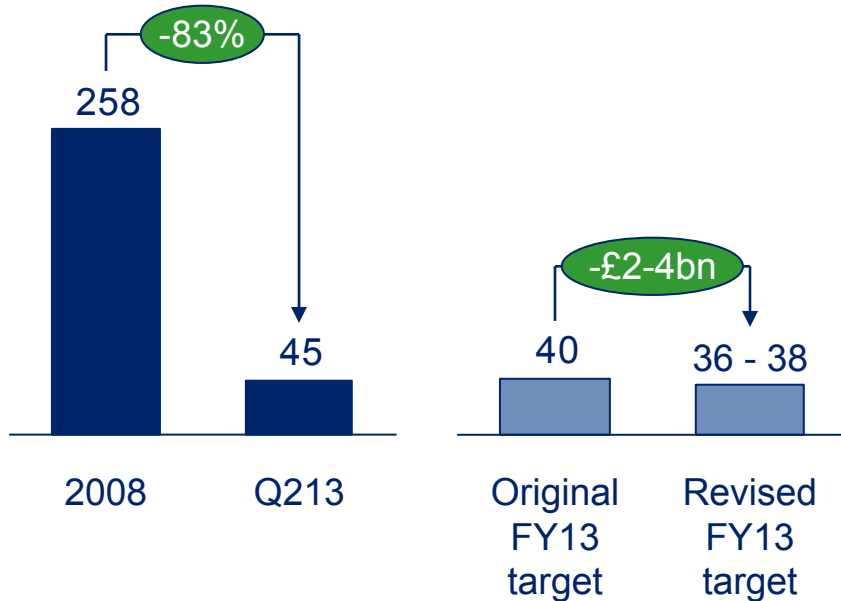
- Non-Core has been the key to our risk reduction
- Markets on path to more focused, sustainable element of our corporate offering

¹ Q213 Basel 2.5 RWAs. ² 'Fully loaded' Basel III RWAs. Target includes c.£12bn RWAs relating to run-off and exit businesses.

Non-Core post 2013: further reduction at lower cost

Improved Non-Core guidance

Non-Core Third Party Assets, ex. derivatives, £bn

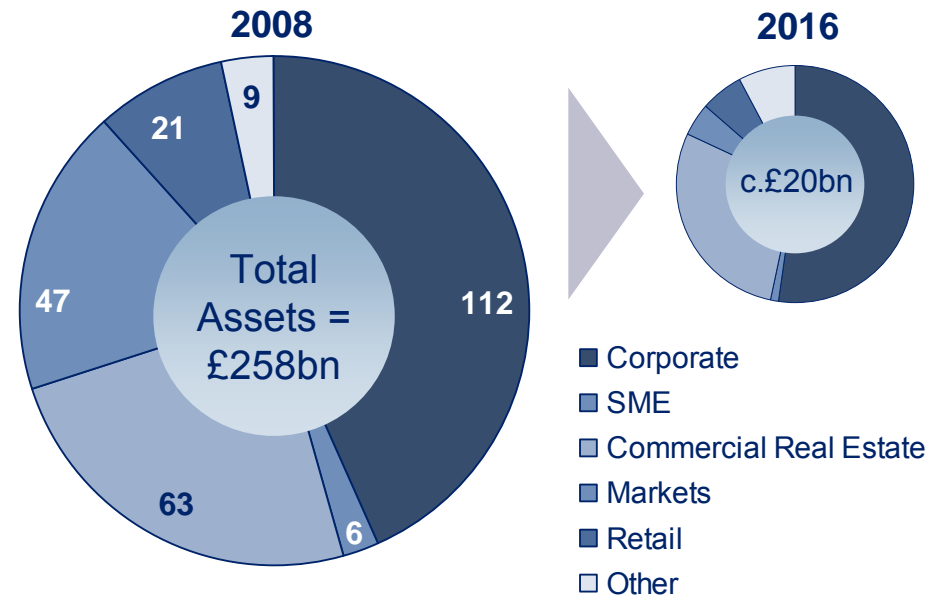


- FY13 revised target £36-38bn reflecting excellent progress in de-risking
- Solid disposal pipeline, over 100 deal data rooms open
- Target FY13 Operating Loss <£2bn, ahead of original expectations¹

¹ Target reflects the current Group estimate.

Move toward more passive management post 2013

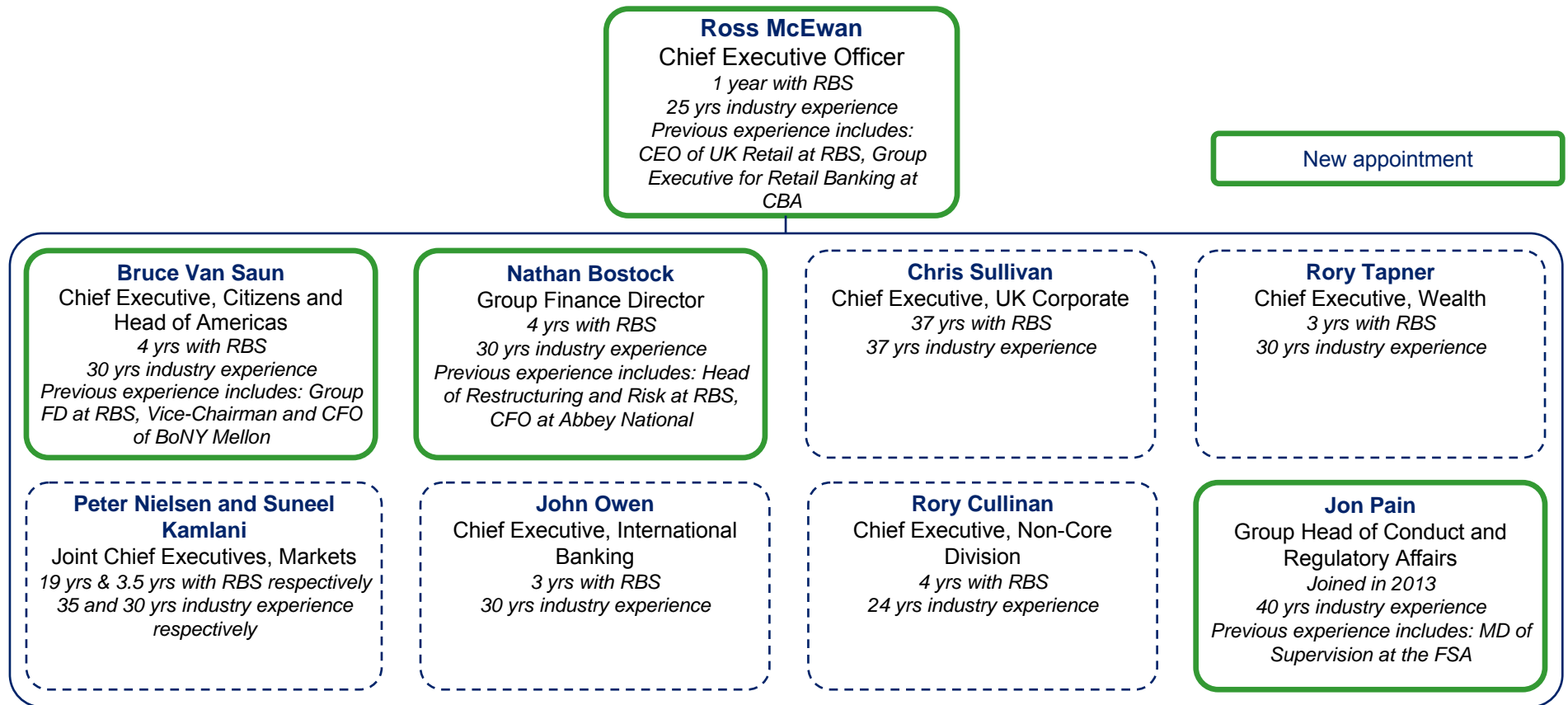
Non-Core Third Party Assets, ex. derivatives, by asset class, £bn



Focus on reducing cost base:

- No major disposals planned post 2013
- Global Restructuring Group (GRG) will continue to manage down stressed assets actively. Focus on optimising recovery rates and releasing capital

Strong Management Team in place¹



- Market leading reputation and track record of building successful businesses
- Clear and credible strategic plan, relentlessly executed
- Consistent track record of outperformance vs. targets
- Regular dialogue with investor base
- UK Retail CEO appointment in process

¹ As of 1 October 2013.

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Spotlight: US R&C

Spotlight: Ulster

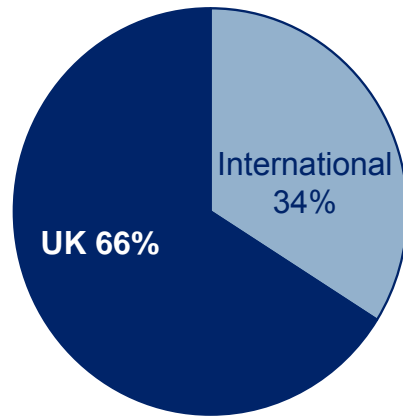
Spotlight: Markets

Key milestones and path ahead

RBS Core business - where do we stand now

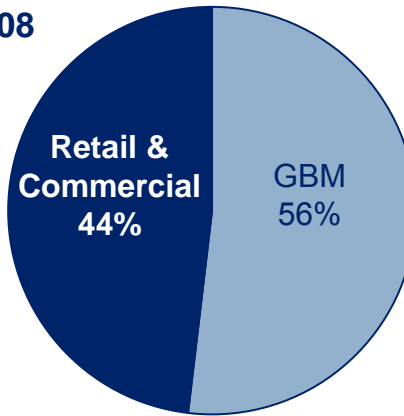
UK focus; International reach

2012 Revenue by Geography, %

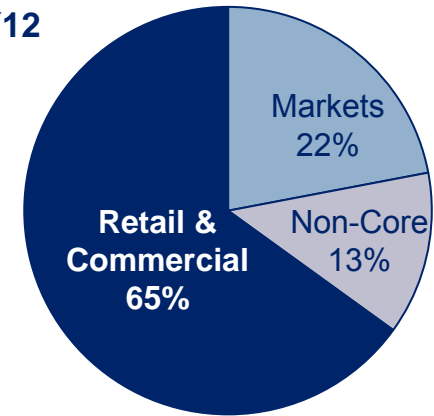


Majority of capital allocated to retail and commercial businesses

Funded Assets by Business Line, %
2008



RWAs by Business Line, %
FY12



Geographic presence rationalised

- Wholesale:
 - Exited 18 countries
 - Target client universe from 26,000 to 5,000
- Retail:
 - Exited 8 countries
 - Now 3 key markets: UK, US and Ireland

Products exited

- Project Finance
- Asset Management
- Structured Asset Finance
- Non-Conforming ABS
- Equities, ECM, Corporate Broking
- M&A

Businesses exited

- We have exited or will exit:
- Commodities business – Sempra
 - World Pay
 - DLG (sold to below 50%)
 - Asian, EME and LatAm Retail
 - Aviation Capital
 - Wealth in Africa, LatAm & Caribbean

We have sustained Core customer market positions

UK Corporate

- #1¹ SME Bank
- #1² Corporate Bank

UK Retail

- #2³ for current accounts
- 16m customers

International Banking

- #1 UK⁴ & EMEA⁵ in cash management
- #4 UK⁶, #6 EMEA⁶ Bookrunner of syndicated loans

Markets

- Top 5⁷ in FX, Rates & Asset Backed Products in EMEA

Wealth

- #1⁸ UK Wealth Management Provider

US R&C

- Top 5⁹ player in 8 markets
- 9th largest branch distribution

Ulster Bank

- #1¹⁰ bank in Northern Ireland
- #3¹⁰ Island of Ireland

¹ RBSG 24% main bank market share. Charterhouse Business Banking Survey YEQ2 2013; based on 16,499 interviews with businesses in Great Britain turning over up to £25m pa. ² RBSG 32% main bank market share. Charterhouse Business Banking Survey YEQ2 2013; based on 4085 interviews with businesses in Great Britain turning over £1m-1bn pa. ³ GfK NOP Financial Research Survey (FRS) 6 months ending August 2013, market share of all current accounts, (42,692 sample) RBSG includes RBS, NatWest and Coutts. Competitor ranking based on banking groups. ⁴ Ranked #1 for market footprint UK, 2012 Greenwich Share Leader – European Large Corporate Cash Management. ⁵ Ranked joint #1 by Greenwich 2012 European Large Corporate Cash Management. RBS is also the winner of the Banker's Innovation in trade and supply chain finance 2013. ⁶ Dealogic Loans Review H113. ⁷ Coalition and RBS estimates, FY12. ⁸ Measured by Assets Under Management at FY12, data from PAM UK 2013. ⁹ Deposit market share data, FDIC. ¹⁰ PWC annual survey for Corporate; IPSOS MORI for Retail.

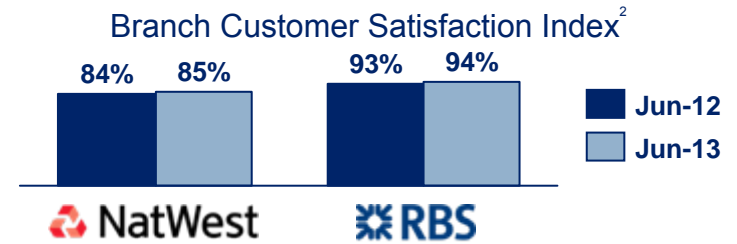
Customer initiatives are being delivered Group-wide

A sample of some of our more recent initiatives...

...which are helping us serve our customers better

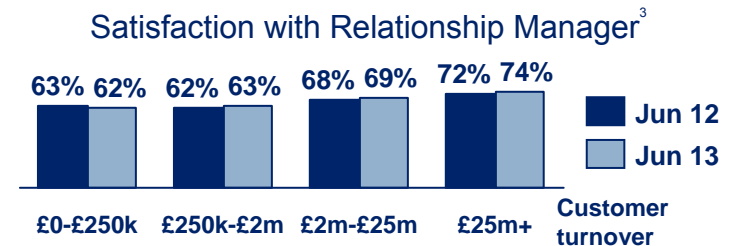
UK Retail

- “NatYes” and “RBYES” mortgage campaigns
- NatWest named the UK’s “Most Trusted Mainstream Bank”¹
- Awarded a 5* Defaqto rating for our current account switcher service



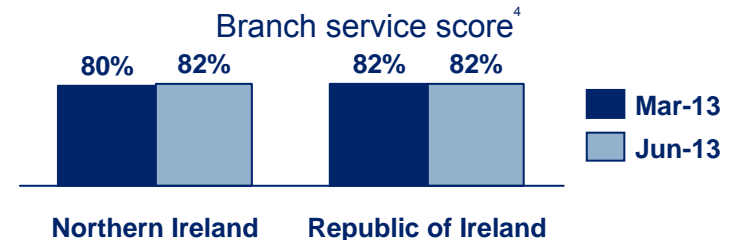
UK Corporate

- More proactive engagement with customers. Offered over £3bn of funding to more than 4,000 SMEs
- Senior regional lending experts and specialist sector teams in place
- Industry leading training for Relationship Managers



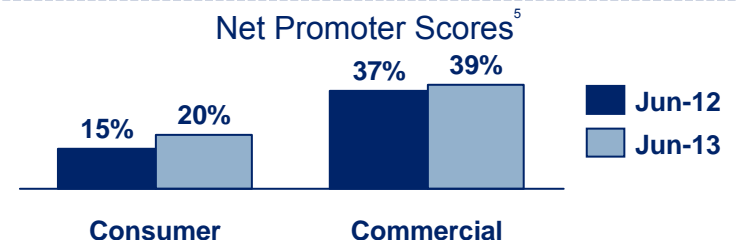
Ulster

- Leading the market with new customer initiatives, e.g. Emergency Cash
- Continued investment in online and mobile – together accounting for nearly half of total transactions
- Leveraging Group digital capabilities



Citizens

- Enhanced mobile capabilities – first time winner for best integrated app based on customer ratings⁶
- Continued roll-out of intelligent deposit machines
- On-going investments in capital markets and treasury solutions product offerings



¹ Moneywise Customer Service Awards 2013. ² Internal survey carried out by Facts. ³ Charterhouse Business Banking Survey Q2 2013. ⁴ PwC customer satisfaction survey. ⁵ Burke research, Greenwich associates. ⁶ Joint 1st with USAA.

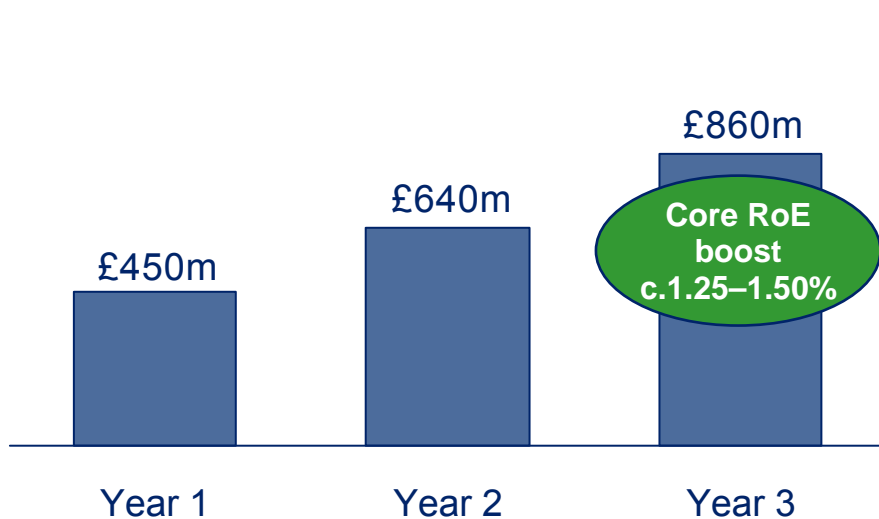
Core profit and returns are the new team's priority

	RWAs (£bn)				RoE (%)				Outlook
	2010	2011	2012	H113	2010	2011	2012	H113	
UK Retail	49	48	46	44	16.3	24.5	24.4	25.8	<ul style="list-style-type: none"> Stable Upside rests with economic growth, rates
Wealth	13	13	12	13	15.9	12.8	13.1	12.1	
US R&C	57	59	57	58	3.7	6.3	8.3	8.0	<ul style="list-style-type: none"> Focused on improving performance
Ulster	32	36	36	34	(16.8)	(22.8)	(21.8)	(13.8)	<ul style="list-style-type: none"> Focused on getting back to profitability
UK Corporate	84	79	86	88	13.6	15.2	14.5	11.3	<ul style="list-style-type: none"> Complete Markets / IB restructurings Lending review Improved results linked to economic growth, rates, tighter connectivity
Markets	110	120	101	87	19.1	6.1	10.0	5.5	
International Banking (IB)	52	43	52	50	15.4	11.5	9.1	3.8	

Geared to a rising rate environment

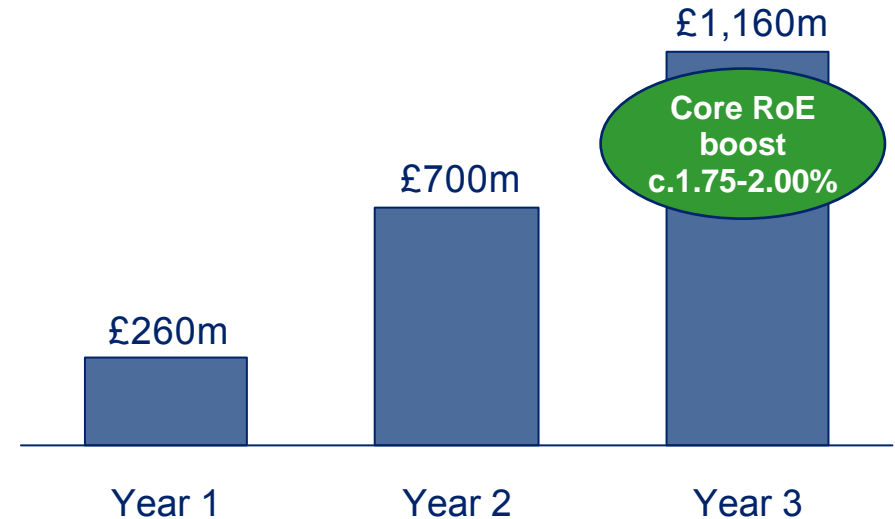
Geared to an immediate upward rate shift

Income uplift from a 100bps upward shift in interest rates¹



Geared to a steady increase in rates

Income uplift from a 200bps 'ramping' of interest rates²



- The Group's interest margins will likely benefit from rising rates
- UK Retail, Citizens, International Banking (cash management) and Wealth are the major beneficiaries
- 'Ramping' scenario improves Core RoE by c.1.9% in year 3

Note: The reported sensitivity will vary over time due to a number of factors such as market conditions and strategic changes to the balance sheet mix and should not therefore be considered predictive of future performance.

¹ Indicative net interest income uplift from an immediate upward 100 basis point change to interest rates. ² Indicative net interest income uplift from a gradual 200 basis point increase in rates over two years (25bps per quarter). Note both assumptions assume a static balance sheet, based on H113 position. Shift assumed across the Group's major operating currencies.

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Key milestones and path ahead

Leading UK R&C franchises

UK Retail
A leading customer franchise




23% of Core Revenue

#2 for Current Accounts
16m customers
12%¹ new mortgage market share

- Delivering good profitability with RoE above 20%
- Strong cost control
- Strong new mortgage market share, above stock levels
- Growing deposit market share

UK Corporate
Market leading product offering



22% of Core Revenue

#1 SME Bank
#1 Corporate Bank
c1.1m² customers

- No.1 UK market position
- Commitment to supporting the UK's economic recovery through a number of lending and other initiatives
- Improving SME loan demand – Q213 loan and overdraft applications up 8% QoQ

Wealth
Premium brand, boutique approach



5% of Core Revenue

#1 UK, Assets under Management
#2 UK, 70,000 clients
Top 20 Switzerland, 20,000 clients
#15 Asia, 11,000 clients
#1 Channel Islands/Isle of Man, 171,000 clients

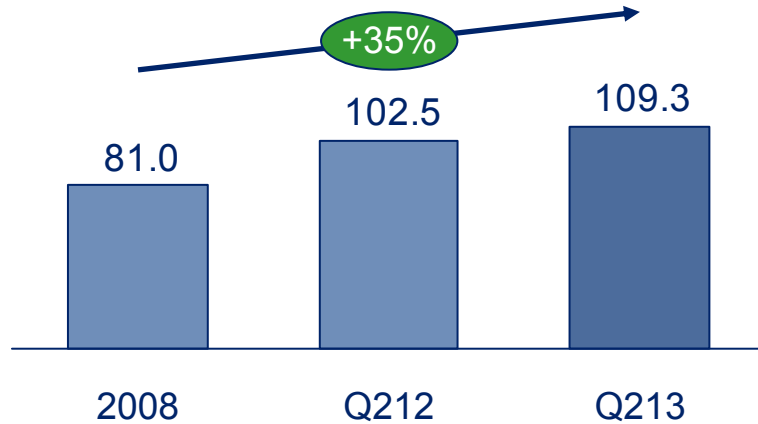
- Leading UK franchise with international reach
- Premium brands
- Excellent potential to leverage deep customer relationships
- Over 320 years heritage

¹ GfK NOP Financial Research Survey (FRS) 6 months ending August 2013, new mortgage market share, (969 sample), RBSG includes RBS, NW and One account. ² June 2013.

Supporting the UK consumer

Lending above market growth rate and share

UK gross mortgage balances, £bn



Recent increase in applications

UK mortgage applications, £bn

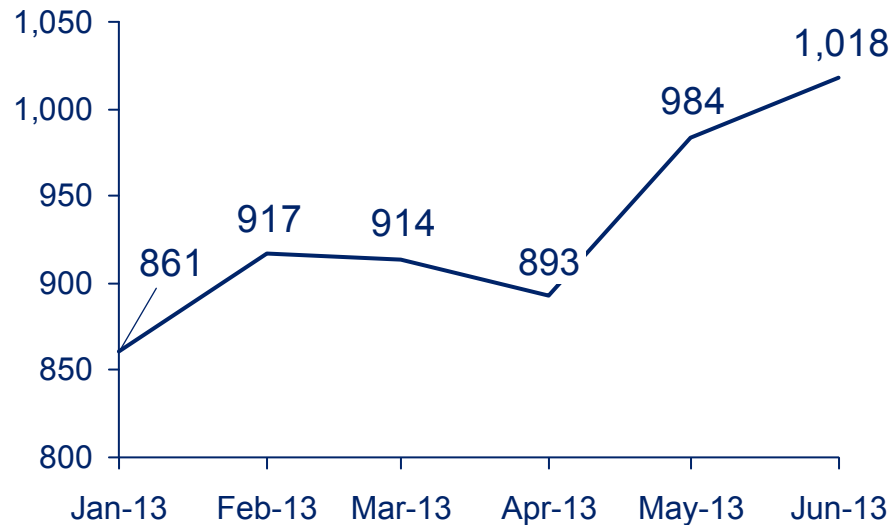


- UK mortgage balances have risen 35% since 2008 to £109.3bn in Q213 in a market that has grown by only 3%
- Significant increase in mortgage applications (up 72% QoQ) after dip for retraining and accreditation programme for mortgage advisors in Q1

Supporting UK small business

Signs of greater SME demand

SME loan and overdraft applications (£m)



- Signs of improvement in SME loan demand with the value of Q213 loan and overdraft applications up 8% QoQ

Supported by RBS initiatives to lend

- ✓ Provided in excess of £4.7bn of Funding for Lending Scheme related lending to over 27,000 business customers
- ✓ Mid-sized manufacturers offered targeted support, with rates lowered by more than 1% in some cases
- ✓ Offered over £3bn of funding to more than 4,000 SMEs. All eligible SME customers will have been reviewed by the end of the year
- ✓ Commissioned an independent review by Sir Andrew Large and Oliver Wyman to identify any steps available to enhance support to SMEs and the wider UK economic recovery

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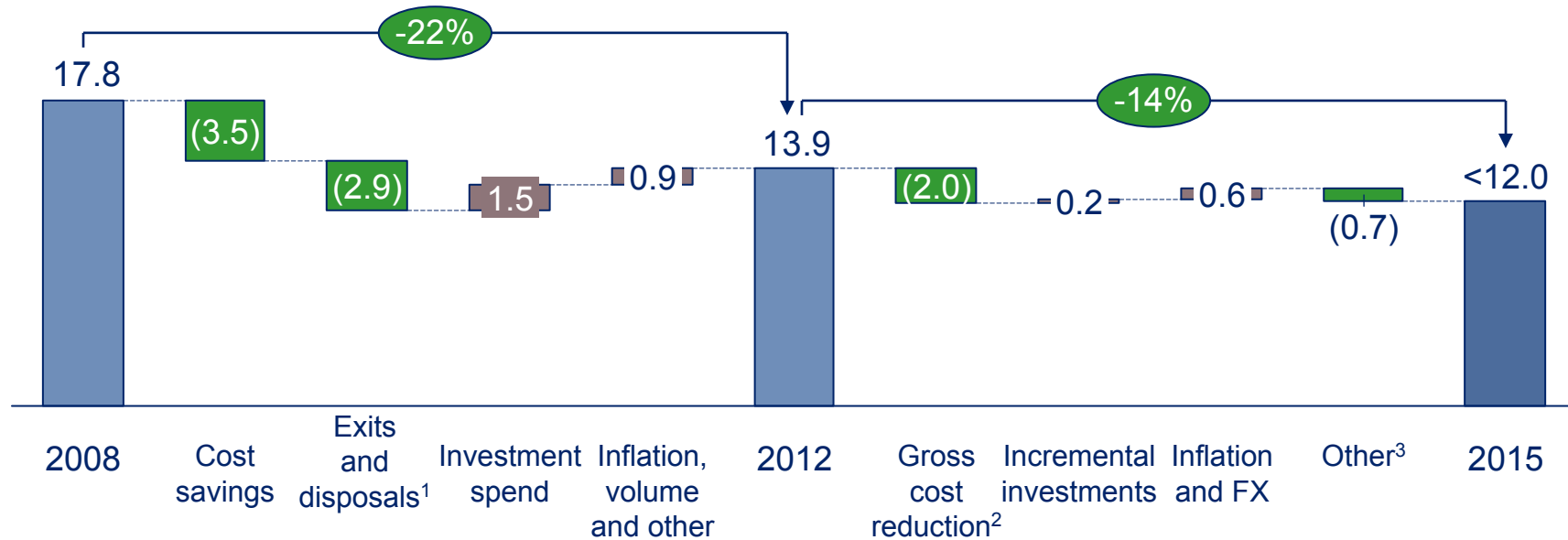
Spotlight: Ulster

Spotlight: Markets

Key milestones and path ahead

Targeting an absolute cost base of under £12bn by 2015

Changes to RBS Group Cost base 2008-2015, £bn



- Substantial decline in cost base (22%) between 2008 and 2012, cost reduction programme savings well ahead of original plan
- Expect to deliver Group operating costs of around £13bn in 2013
- Currently target under £12bn by 2015, though seeking more savings
- Have made significant capital investments (>£9bn over past 4 years) to drive capabilities and efficiency

¹ Includes DLG disposals and exits, Non-Core run-down. ² Includes Non-Core run-down and assumes UK Branch disposal during 2015. ³ Includes a number of one-off items.

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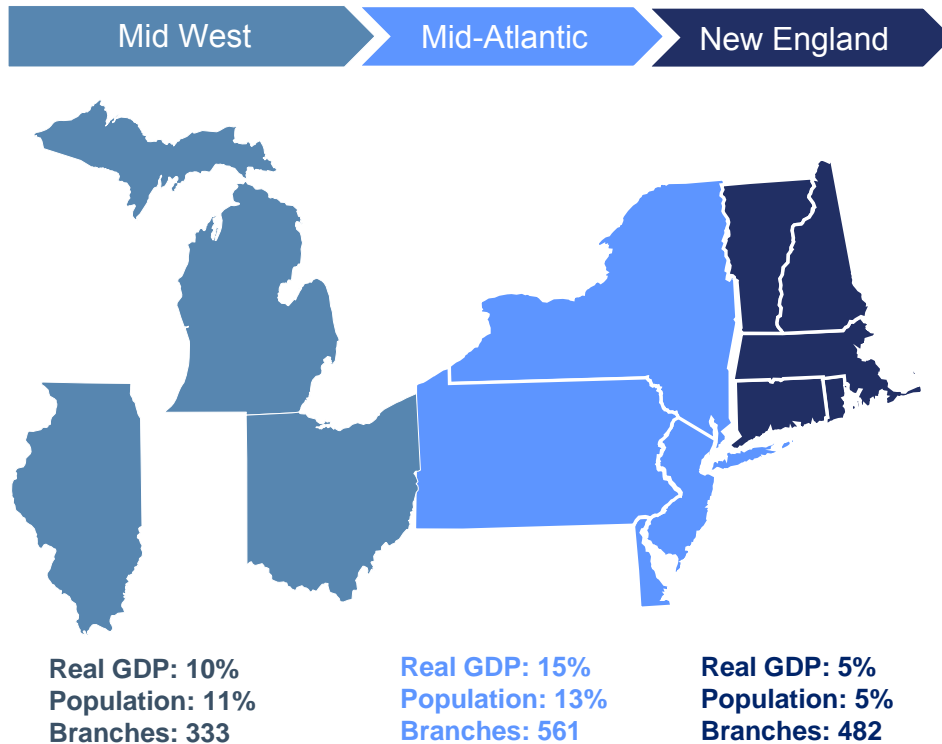
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Key milestones and path ahead

Citizens – good foundation to deliver improving returns

Citizens operates in a 12 state footprint within 3 geographic regions...



...with an established presence within our footprint and nationally

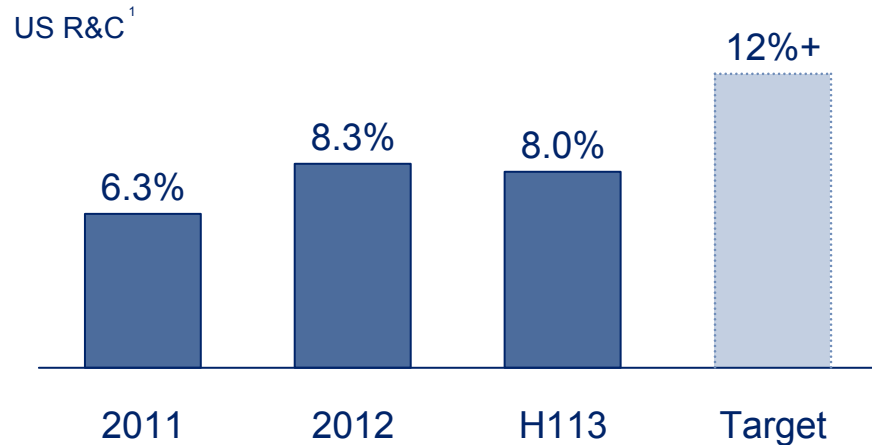
	Dimension	Rank
National	Assets (\$118bn)	#14
	Loans (\$85bn)	#12
	Deposits (\$92bn)	#14
	Branches (1,376)	#9
	ATM Network (3,097)	#7
In - Footprint	Deposits (top 5 rank)	8 / 10 markets
	HELOC (top 5 rank)	9 / 10 markets
	Auto (top 5 rank)	3 / 10 markets
	Mortgage (top 5 rank)	2 / 10 markets
	Middle Markets	#5
	Bookrunner Table	#8

- Strong market positions, building out commercial capabilities
- Need to move from franchise with potential to one that consistently delivers
- Intense focus on improving returns, preparing for IPO (target late 2014 or 2015)
- IPO offers benefits to both RBS and Citizens

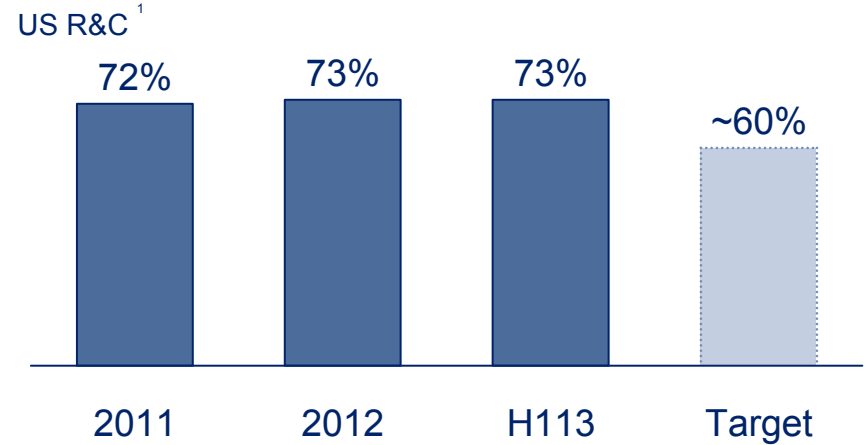
Note: CFG operates in mature, dense markets: footprint ~30% of population. Real GDP and Population data as a percent of total US

Citizens – more work to be done

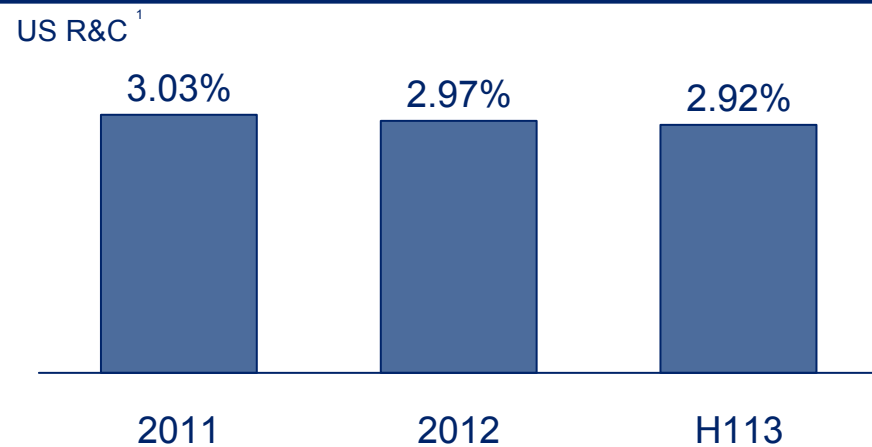
Return on Equity



Cost:income ratio



NIM



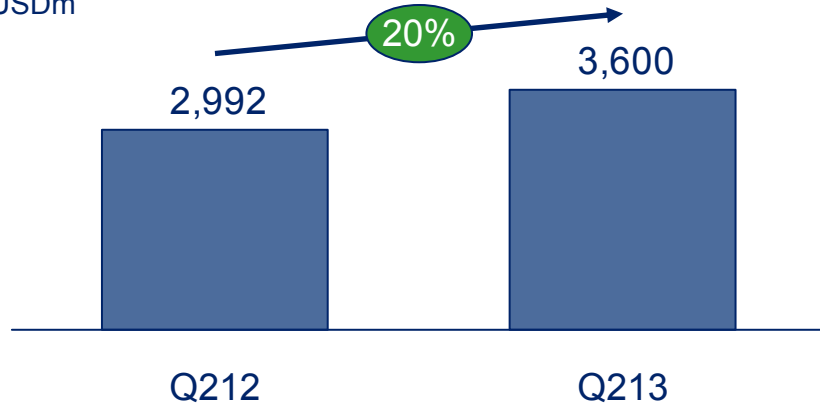
- Sizable gap to peer RoE remains
- Lower NIM drives RoE gap, reflects asset portfolio mix, risk appetite, loan pricing and hedging
- Income level has been impacted by regulation, rate environment and subdued economy
- High cost:income ratio needs both revenue and expense focus

¹Under IFRS.

Citizens – focus on building momentum through 2014 / 2015

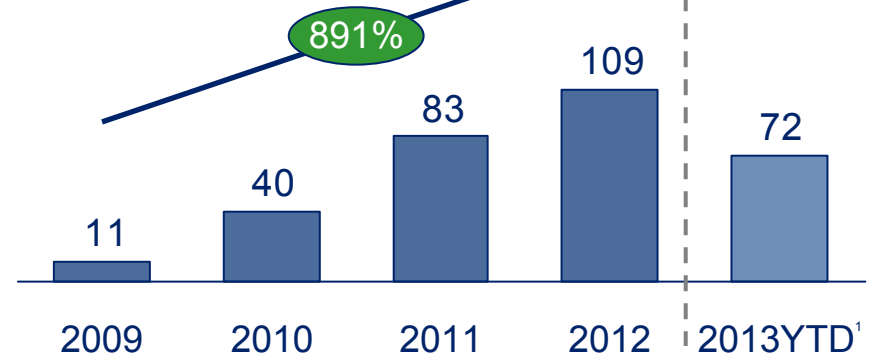
Strong Commercial Banking pipeline

USDm



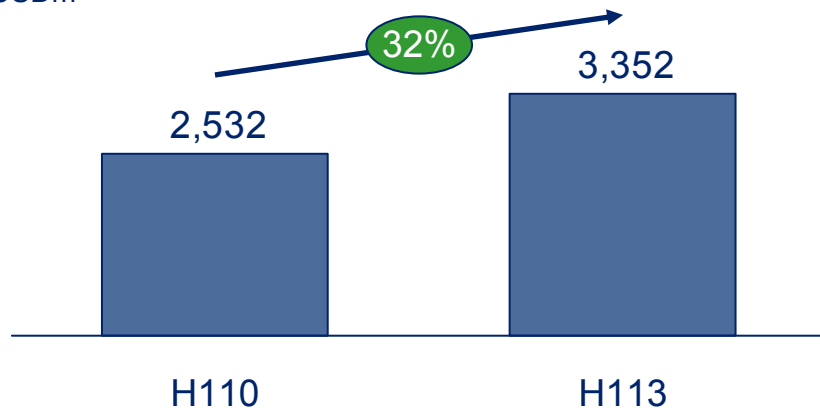
Expanding Capital Markets capabilities

of Lead Left & Joint Lead Arranger Transactions



Residential Mortgage originations up significantly

USDm



A programme of initiatives is being put in place to improve performance:

- Balance sheet re-shaping, in particular holding more mortgage assets
- Selective footprint expansion and deepening customer proposition in SME, Mid-Corporate
- Building Capital Markets – more lead positions, rising fee income
- Cost reduction: e.g. procurement, branch and property optimisation, operational effectiveness

¹As of end July 2013.

Citizens – the building blocks are in place

A compelling franchise

- 9th largest branch network in the US with extensive ATM, online, and mobile capabilities; well established franchise in core markets
- Self-funded with strong asset quality, credit ratings and capital ratios
- Key contributor to Group's geographic and business mix diversity
- Experienced and talented leadership team embedded

Focused delivery on strategic priorities

- Significant progress in rebalancing Consumer / Commercial Banking mix
- Strong cost discipline allows for significant investment programme
- Investment in infrastructure and in deepening value proposition and customer relationships
- Improved funding composition resulting in low-cost deposit base
- NIM poised to benefit from higher rates

Attractive targeted returns

- Building pathway to delivering RoE > CoE
- Target strong cash and capital generation
- Increasing dividends to Group as performance improves

Citizens IPO – realising franchise value and growth

Citizens IPO – another important milestone in RBS’s restructuring plan

Benefits of a partial Citizens IPO for RBS

- Spotlights progress made
- Boost to CET1 ratio c.30bps²
- Potential to boost Group SoTP¹ valuation
- Listing allows greater flexibility in the future

Benefits of a partial Citizens IPO for CFG

- Provides local stock to better attract / retain employees, use in capital management
- Facilitates capital management and strategic flexibility
- Raises brand awareness and identity
- Increases regulator comfort – ‘transparent’ listed entity, access to US capital markets

¹ SoTP – Sum of The Parts. ² Subject to regulatory approval.



What made DLG IPO a success ?

- Market leading brands and multi-channel distribution driving customer access
- Management team restructured the business, returning it to profit, relentless focus on the customer and financial performance
- Clear strategic plan targeting 15% RoTE
- High quality balance sheet with conservative investment strategy
- Strong and disciplined delivery and execution team

Clear lessons to be applied to Citizens IPO

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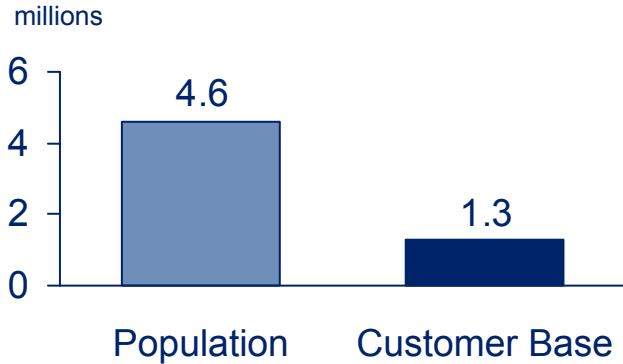
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Key milestones and path ahead

Ulster Bank: 177 years of heritage on the island of Ireland

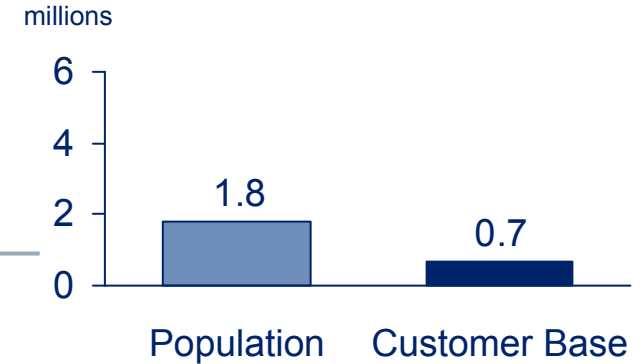
Republic of Ireland #3 player



Business Profile

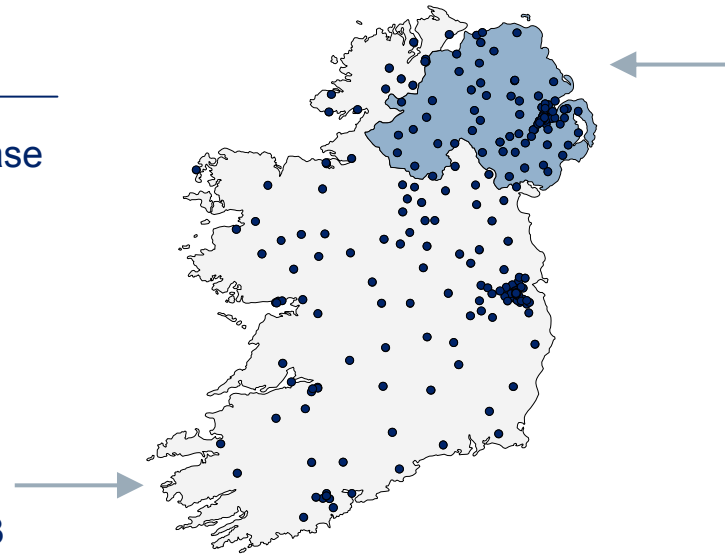
- 1.3m customers
 - Retail: 1.26m
 - Corporate: 80k
- 135 Branches & 840 ATMs
- Retail Product Penetration 1.93 (products per customer)
- Corporate Product Penetration 2.24

Northern Ireland #1 player



Business Profile

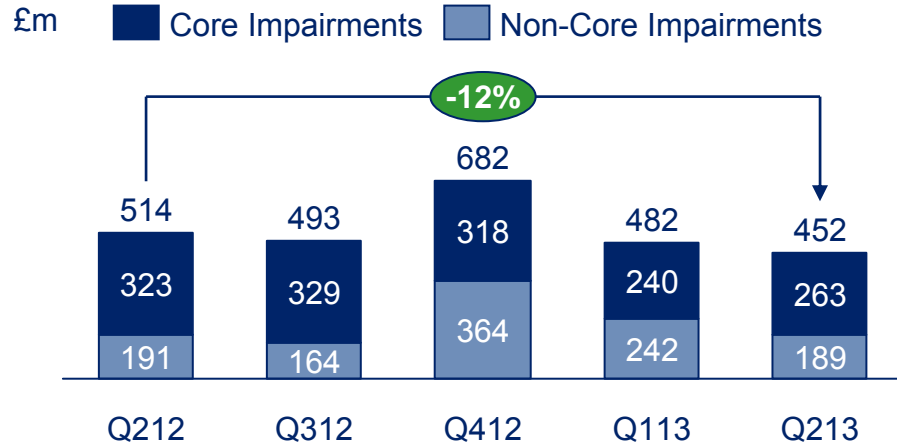
- 718k customers
 - Retail: 670k
 - Corporate: 48k
- 79 Branches & 260 ATMs
- Retail Product Penetration 2.00 (products per customer)
- Corporate Product Penetration 1.95



Ulster Bank on the outside, RBS on the inside

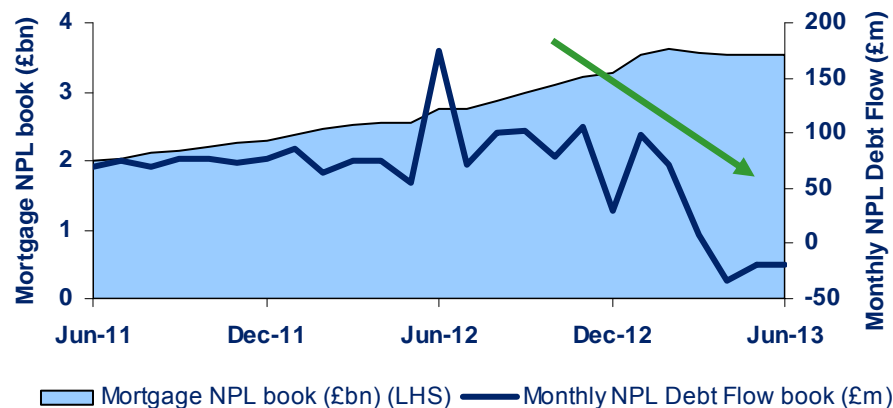
Ulster Bank – remain cautiously optimistic as trends improving

Impairments falling, driven by stabilisation in economy



Mortgage delinquencies falling

Mortgage NPL Book/ Monthly Debt Flow to NPL, £m



- The macro-economic environment across the island of Ireland has shown improvement
- Investor confidence in Ireland is returning
- Banking sector continues to restructure with exits, job losses/branch closures announced
- We are executing on our strategy to create a “really good bank” whilst tackling legacy issues
- Over the past 2 years, we have made solid progress on the Core bank
 - Improved LDR from 152% to 123% (H113)
 - Implemented cost reductions
- Our strategic plan will deliver a smaller, lower cost & profitable bank
 - Target C:I ratio $\leq 50\%$, RoE $> 5-10\%$ medium-term, $\geq 12\%$ long-term

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Spotlight: US R&C

Spotlight: Ulster

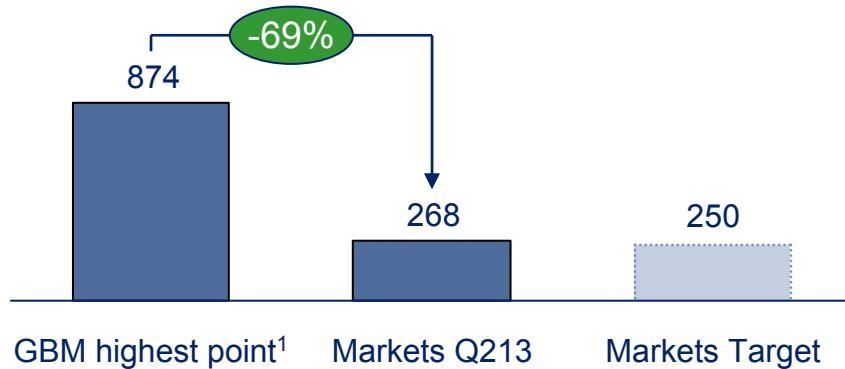
Spotlight: Markets

Key milestones and path ahead

Markets – significantly smaller and more focused

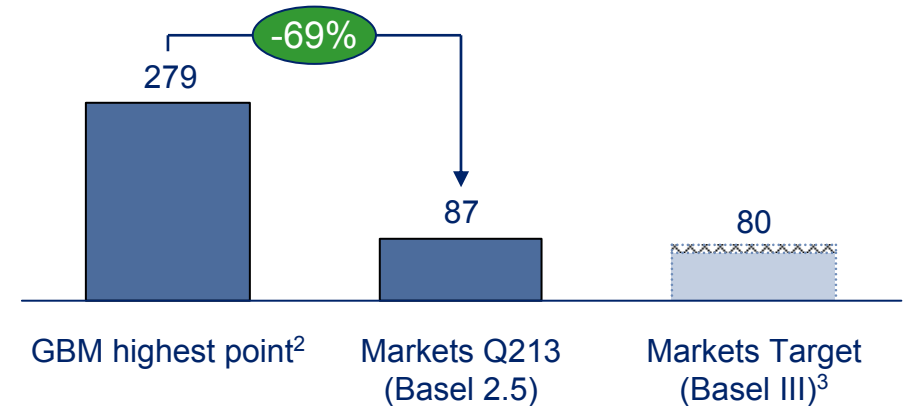
Assets reduced by over 2/3rds since peak

GBM / Markets TPAs, £bn



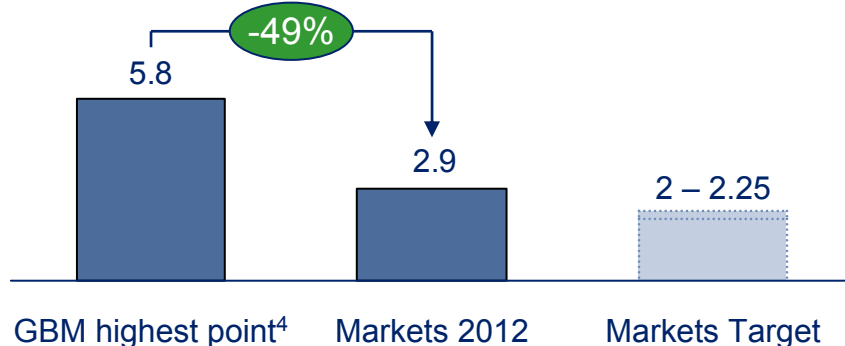
Good RWA progress despite regulatory uplifts

GBM / Markets RWAs, £bn



Costs have been reduced – more to do

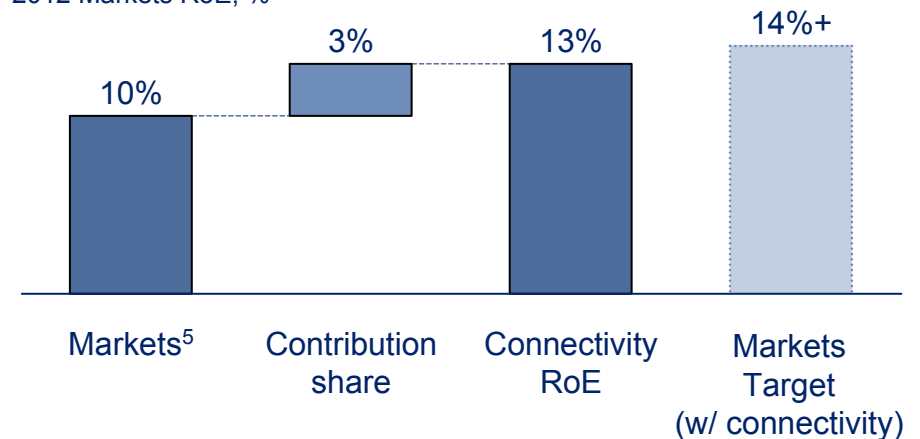
GBM / Markets Expenses, £bn



Headcount: 24,100 (GBM highest point), 11,300 (Markets 2012)

Target solid returns, supporting corporate franchise

2012 Markets RoE, %



¹ FY 2007. ² As at FY 2008. ³ End 2014. Includes run-off and exit businesses. ⁴ GBM FY 2007 proforma costs, includes manufacturing allocation, does not include Central costs. ⁵ Ongoing business. Note: GBM included businesses now reported in Non-Core or International Banking and other divested businesses.

Markets delivering on re-shaped and re-sized business model

Where we are heading

	2012	Target ¹
Income	£4.5bn	£3-3.25bn
Expenses	£2.9bn	£2-2.25bn
Operating profit	£1.6bn	> £1.0bn

RoE (overall / active) ²	10%	~10/12%
Connectivity RoE (overall / active) ²	13%	~14/16%

- Lower balance sheet consumption, with greater focus on core customer needs
- Expect cost reduction to lag revenue reduction during transition

How we will get there

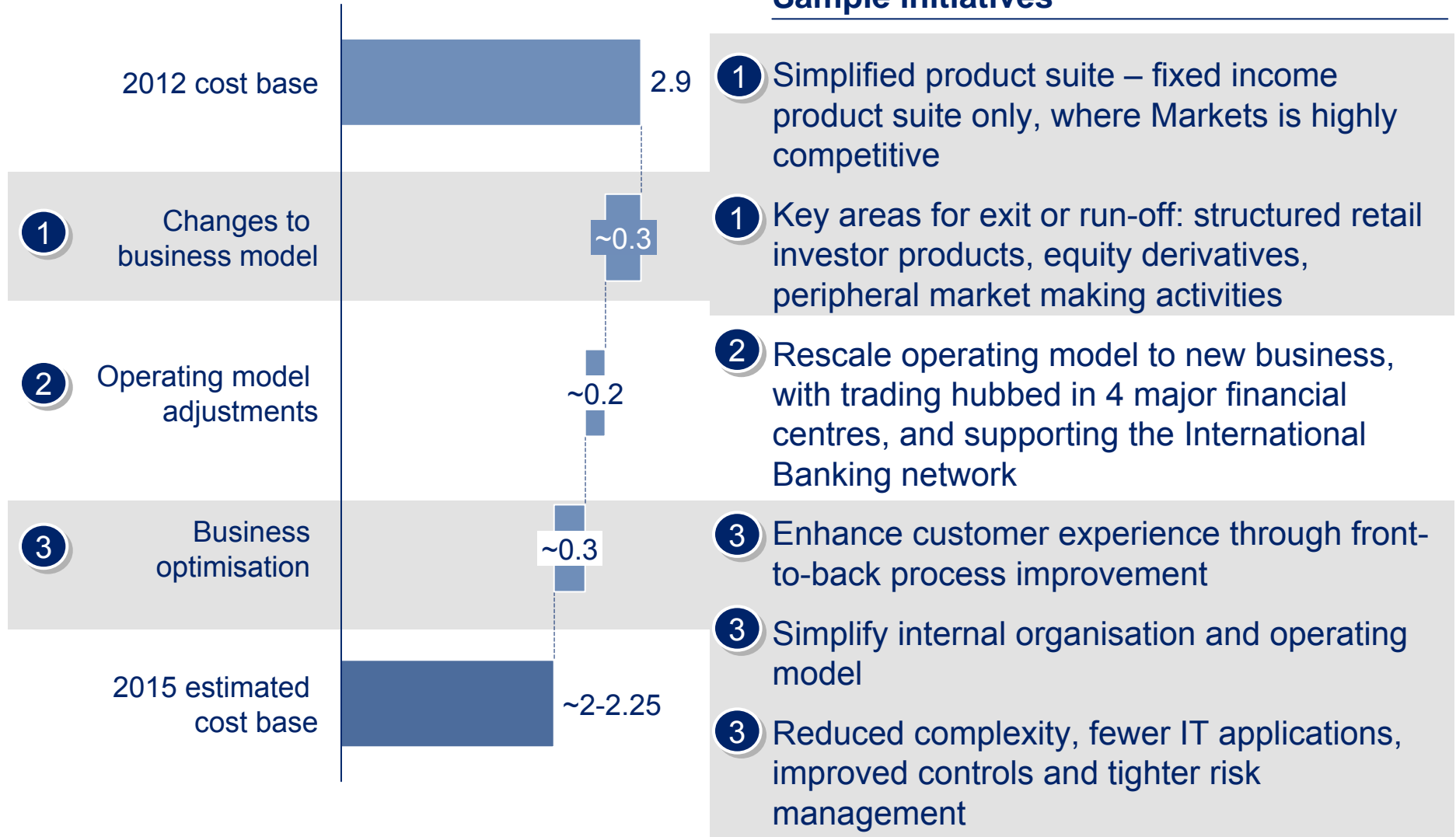
- Focus on fixed income product suite only (FX, Rates, DCM/Credit and Asset Backed Products), where Markets is a top tier and credible player. Also serves Group's Financial Institutions clients
- Led from the UK, with trading largely hubbed in 4 major financial centres, and supporting the International Banking network
- Focus on Corporates in support of Group's leading customer positions in UK Corporate and international trade, intermediating risk through Markets' access to financial institutions
- Key areas for exit or run-off: structured retail investor products, equity derivatives, peripheral market making activities
- Carefully managing employee impacts

¹ Transition materially complete by end 2014 but full annualised savings realised in FY 2015. ² Active RoE excludes c.£12bn RWAs relating to medium-term run-off and exit businesses.

Markets – clear plan on costs

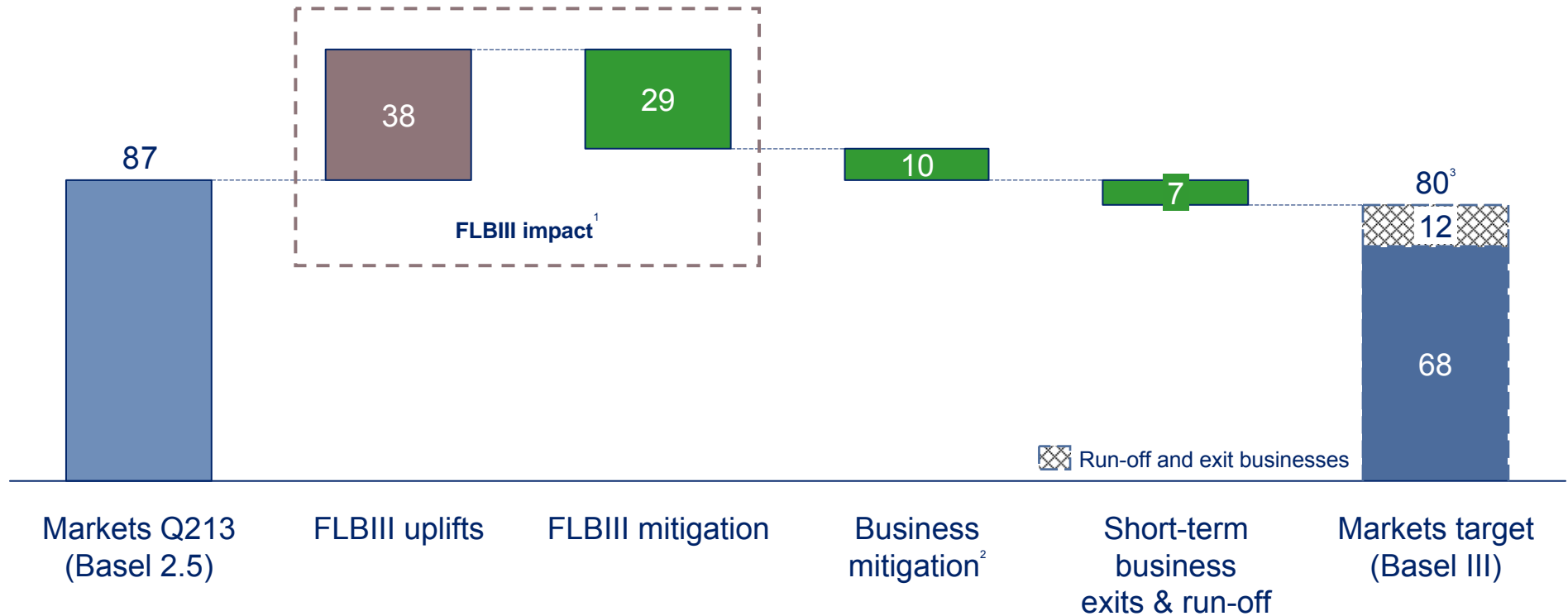
Planned cost reductions, £bn

Sample initiatives



Markets – clear plan for RWAs

Markets RWAs, £bn



- Excellent RWA progress – down £14.5bn in H113
- On track to achieve £80bn ‘fully loaded’ Basel III RWA target by end 2014²
- £12bn will be run-off over time

¹ Fully Loaded BIII RWAs, at 30th June, assumes full IMM model suite. ² Mitigating activities such as line-by-line reviews, infrastructure enhancements, etc. ³ End 2014. Includes c.£12bn RWAs relating to medium-term run-off and exit businesses. Run-off and exit assets comprise products such as long dated derivatives.

Agenda

Our vision

Restructuring - nearing the finishing line

Getting more from our Core businesses

Spotlight: Leading UK R&C franchises

Spotlight: Efficiency & investing for the future

Spotlight: US R&C

Spotlight: Ulster

Spotlight: Markets

Key milestones and path ahead

We have hit most key milestones

	Milestones	Outcome
1	Preference share coupons	Discretionary coupons resumed in 2012
2	APS	Scheme exited in October 2012 with no claim
3	Repaying government funding & liquidity support	CGS and SLS schemes fully repaid in 2012
4	EC mandated behaviours	In compliance with all balance sheet & business activity requirements
5	EC mandated sales	World pay - Completed Sempra - Completed DLG - Successfully sold below 50% Branch IPO/sale - Process well advanced

Restructuring well-advanced... path ahead clear

Core Bank

Serve customers well, and better

Lending growth

Deliver earnings growth and cost reductions

Achieve capital targets

Restructuring

Conclude active run-down of Non-Core; work through GB/BB analysis

Complete Markets restructure

Complete DLG sell-down, UK Branch IPO/sale, partial IPO of Citizens

Work through DAS, B shares and dividend policy

Questions

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, divestments, capitalisation, portfolios, net interest margin, capital ratios, liquidity, risk weighted assets (RWAs), return on equity (ROE), profitability, cost:income ratios, leverage and loan:deposit ratios, funding and risk profile; discretionary coupon and dividend payments; certain ring-fencing proposals; sustainability targets; regulatory investigations; the Group's future financial performance; the level and extent of future impairments and write-downs, including sovereign debt impairments; and the Group's potential exposures to various types of political and 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 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: 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 ability to implement strategic plans on a timely basis, or at all, including the disposal of certain Non-Core assets and of certain assets and businesses required as part of the State Aid restructuring plan; organisational restructuring in response to legislative and regulatory proposals in the United Kingdom (UK), European Union (EU) and United States (US); the ability to access sufficient sources of capital, liquidity and funding when required; deteriorations in borrower and counterparty credit quality; litigation, government and regulatory investigations including investigations relating to the setting of LIBOR and other interest rates; costs or exposures borne by the Group arising out of the origination or sale of mortgages or mortgage-backed securities in the US; the extent of future write-downs and impairment charges caused by depressed asset valuations; 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; 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 UK, the US and other countries in which the Group operates or a change in UK 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; changes in UK and foreign laws, regulations, accounting standards and taxes, including changes in regulatory capital regulations and liquidity requirements; the implementation of recommendations made by the Independent Commission on Banking and their potential implications and equivalent EU legislation; impairments of goodwill; pension fund shortfalls; general operational risks; HM Treasury exercising influence over the operations of the Group; insurance claims; reputational risk; 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.

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.