



The Royal Bank of Scotland Group

Make it happen

strength

diversity

flexibility

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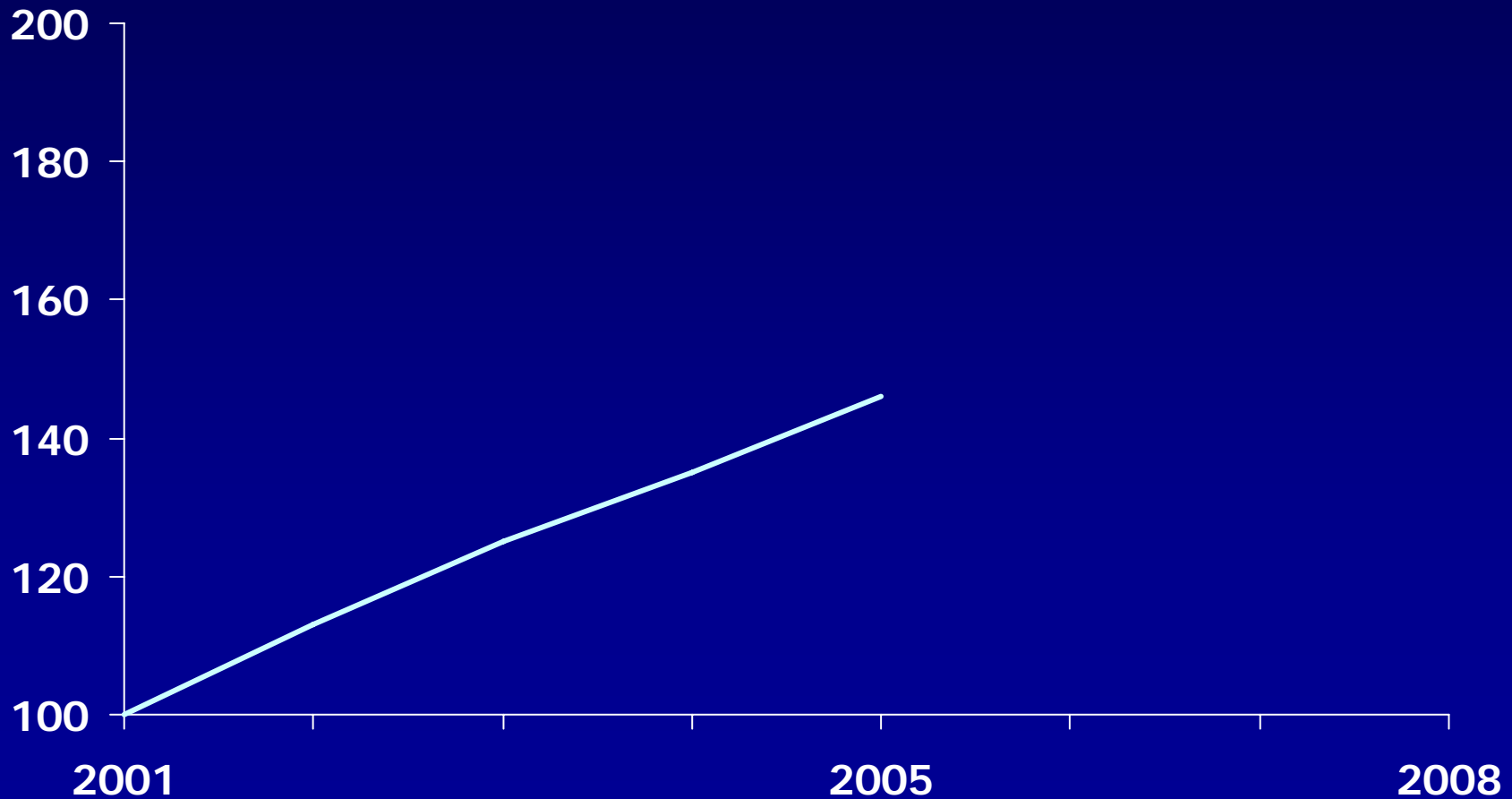
The Royal Bank of Scotland Group

Driving Growth

Sir Fred Goodwin
Group Chief Executive

EPS Growth

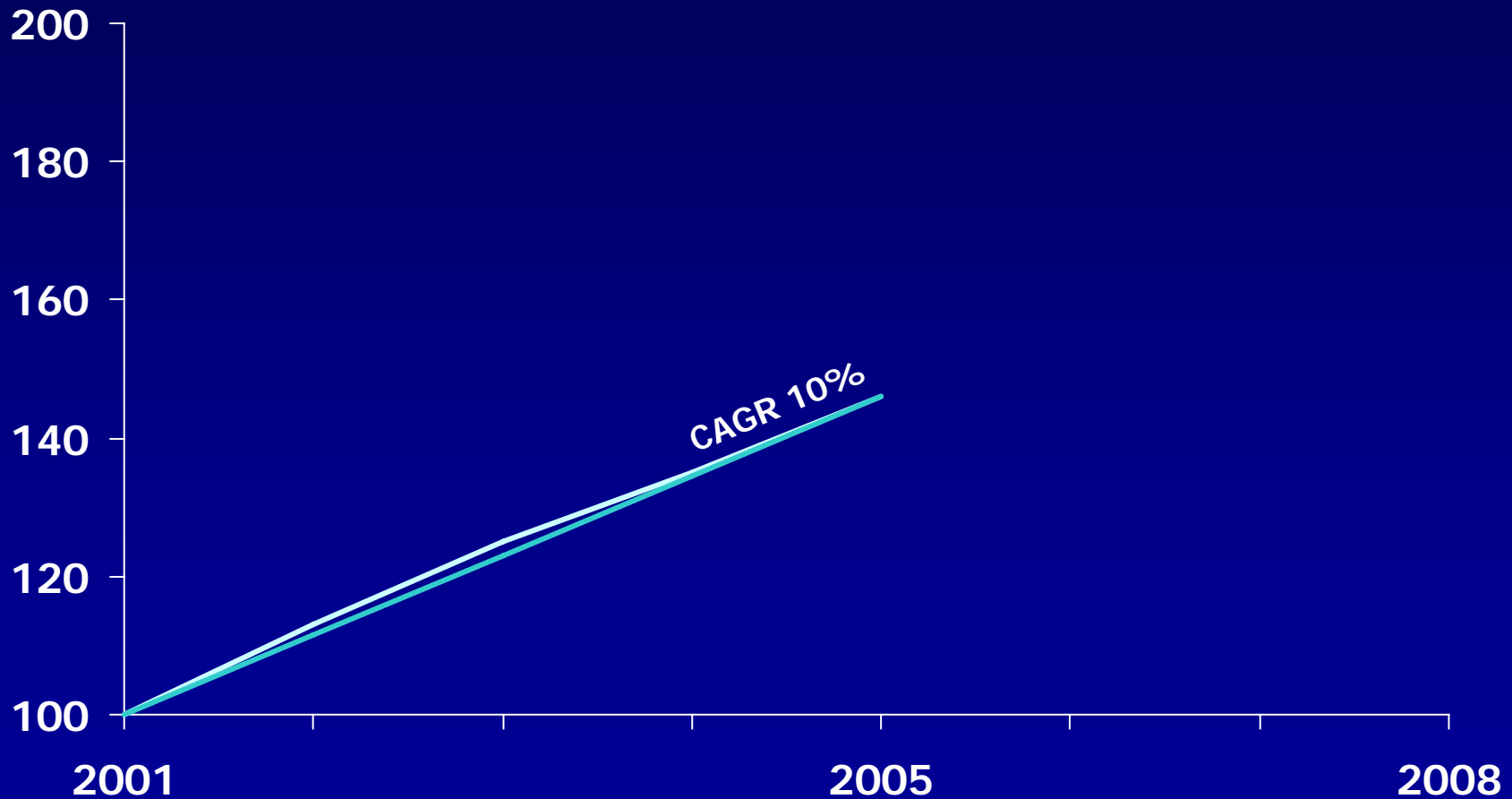
Cumulative Growth in Earnings Per Share



RBS excluding goodwill amortisation and integration costs, as reported (UK GAAP 2001-2004 and IFRS 2004-2005)

EPS Growth

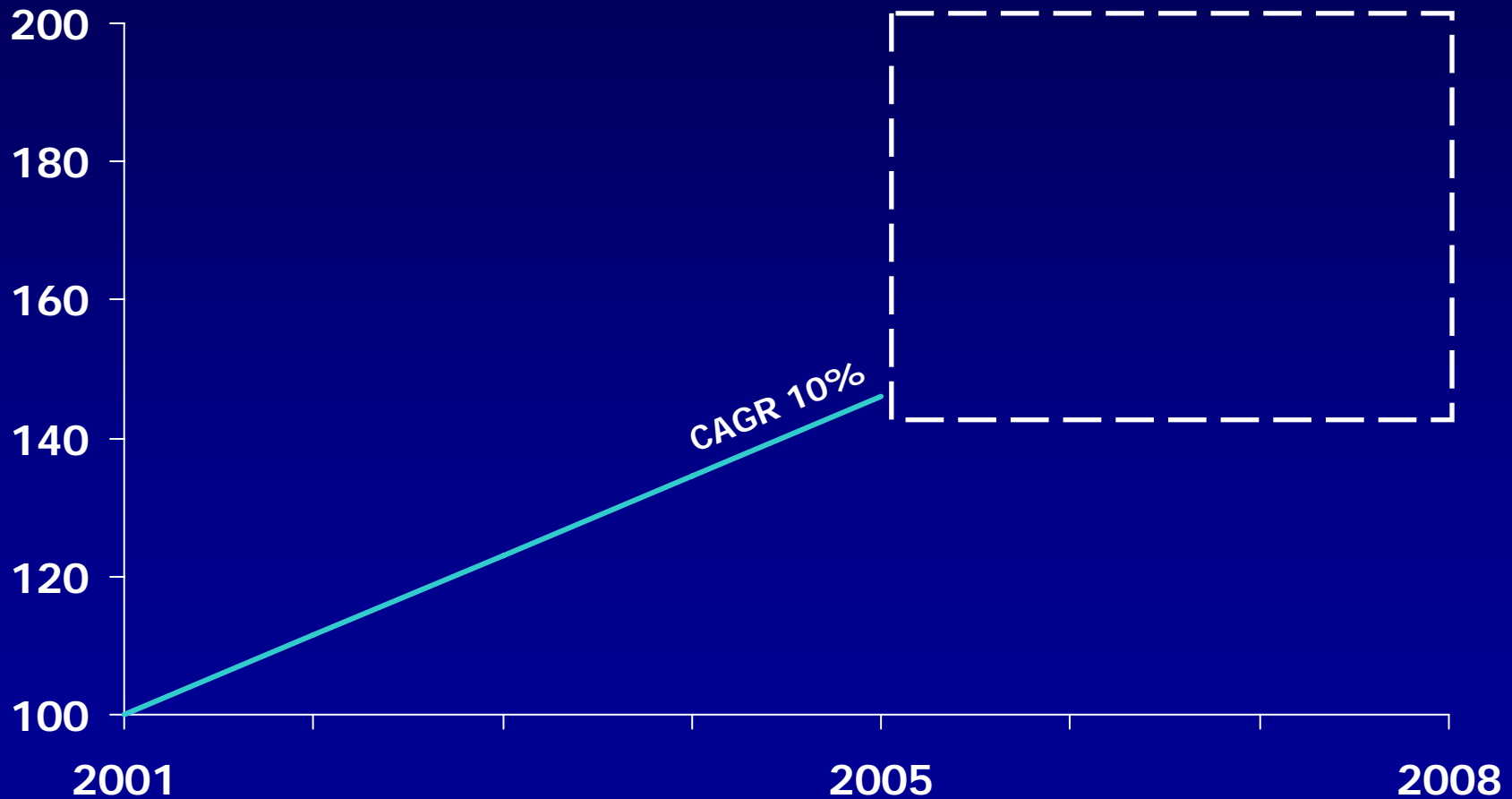
Cumulative Growth in Earnings Per Share



RBS excluding goodwill amortisation and integration costs, as reported (UK GAAP 2001-2004 and IFRS 2004-2005)

EPS Growth

Cumulative Growth in Earnings Per Share



RBS excluding goodwill amortisation and integration costs, as reported (UK GAAP 2001-2004 and IFRS 2004-2005)

Drivers of Growth

- Diversified income
- Scale and distribution
- Growing market share
- New products/new markets
- Operational excellence
- Strong risk management
- Financial strength

Agenda

Retail Markets

Gordon Pell

RBS Insurance

Mark Fisher

Ulster Bank

Cormac McCarthy

Coffee break

Citizens

Larry Fish

Corporate Markets

Johnny Cameron

Financial Framework

Guy Whittaker

Closing remarks

Sir Fred Goodwin

Questions & Answers

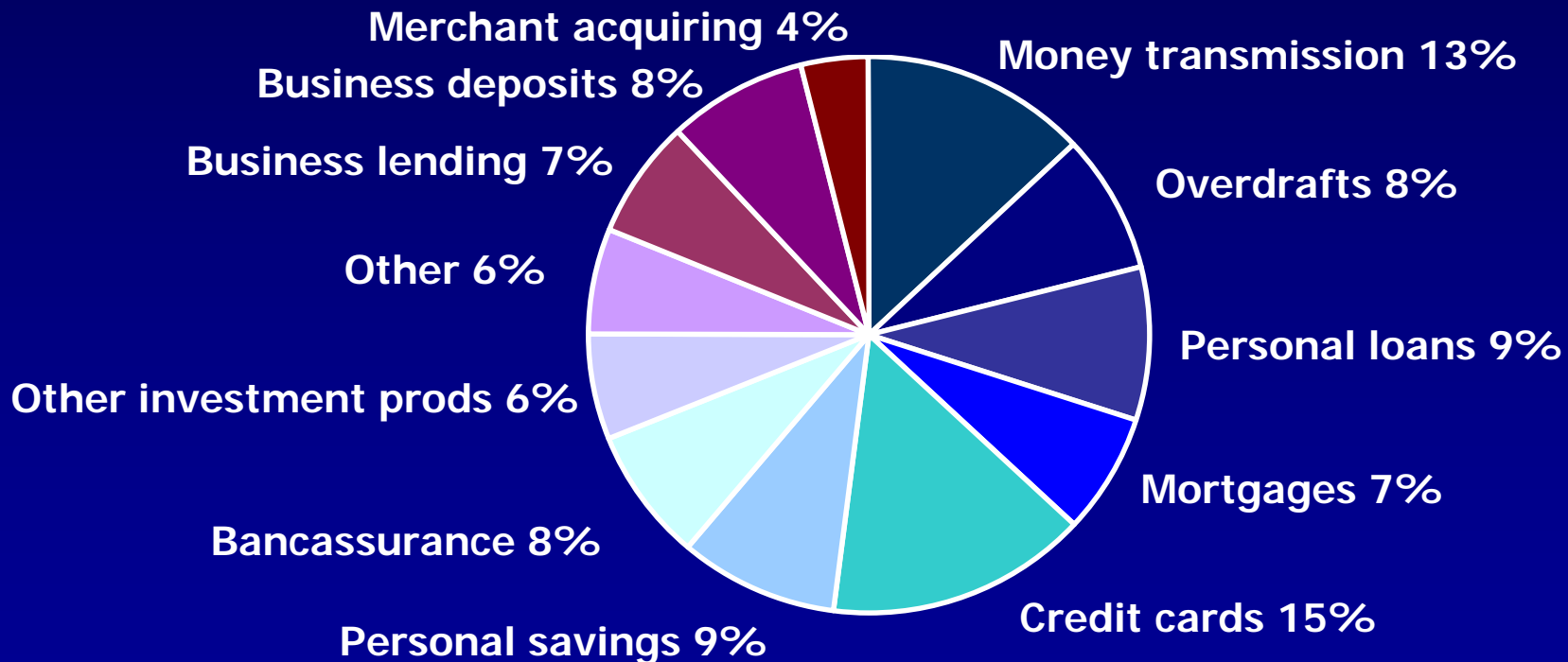


Retail Markets

Gordon Pell
Chief Executive

Diversified Income

1H06 Income £4,221m



Scale

Rank

Personal current accounts	#1 =
Personal savings	#6
Personal loans	#2
Credit cards	#2
Mortgages	#5 =
Business banking	#1
Bancassurance	#5
Merchant acquisition	#1

Distribution

- 14.5 million personal banking customers
- 10.1 million UK credit card customers
- 1.2 million business customers (turnover <£1m)
- #1 UK-wide distribution network
 - 2,274 branches
 - 14,418 traditional and merchant fill ATMs
 - 2.3 million active internet users
- Comprehensive general and specialist sales forces
 - Personal: 5,758
 - Business: 3,826

Market Share

	<i>Share</i>	<i>Trend</i>
Personal current accounts	21%	↗
Personal savings	9%	↗
Personal loans	16%	→
Credit cards	16%	↗
Mortgages	6%	→
Business banking	25%	↘
Bancassurance	9%	↗
Merchant acquisition	42%	→

Opportunities for Growth

12-24 Month Outlook

Personal current accounts	✓
Personal savings	✓✓
Personal loans	✓
Credit cards	✓
Mortgages	✓✓
Business banking	✓✓
Bancassurance	✓✓✓
Private banking – UK	✓✓✓
Private banking – International	✓✓✓



Personal Current Accounts

- Achieved #1 = market share
 - #1 for new business
 - #1 account 'switchers'
 - #1 for students
 - #1 for affluent customers
- Highest proportion of 'extremely' satisfied customers

Business Priorities

- Maintain service primacy
- Grow RBS in England & Wales
- 30 branch openings, and upgrading 640 branches at £370m investment over 05-07



Personal Savings

- 12% share of new business, v 9% share of stock
- Stable margins supported by service proposition

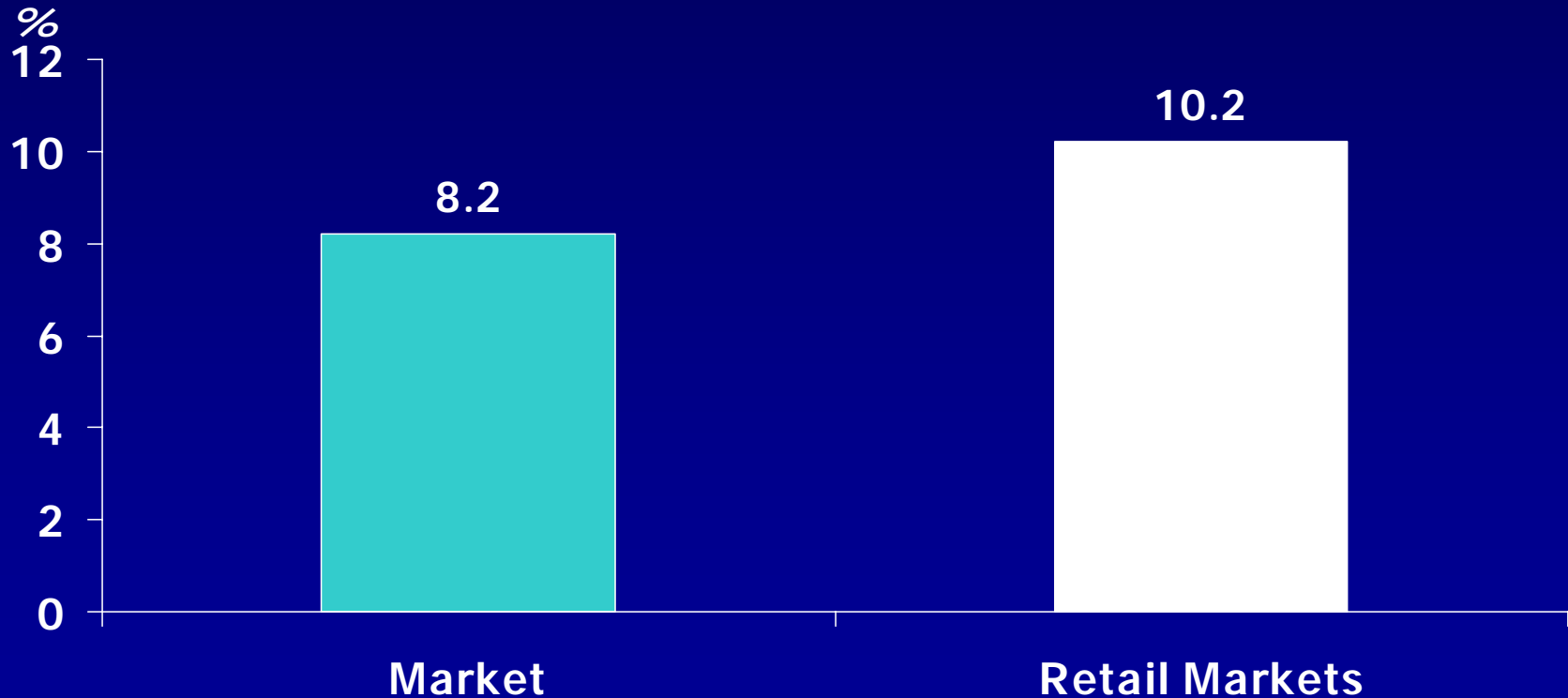
Business Priorities

- Integrate further with current accounts and bancassurance as part of core offering
- Increasing use of structured savings products, with sales rising from £250m in 2005 to a target £600m in 2006

Current Accounts & Personal Savings

1H06 v 1H05 Ave Savings + MTA Balance Growth

Balance Growth



Unsecured Lending



Personal Loans

- Muted volumes
- Deliberately cautious view
- Focus on organic channels
- Scaled back less profitable direct lending

Credit Cards

- Leading share of new cards issued
- Focus on organic channels
- Partnership with Bank of China

Credit Quality

- Overall our credit metrics remain stable



Mortgages

- Single mortgage business created
- £66bn book
- Joint 5th largest player in the market
- Market share stable
- 2H06 new business in line with stock

Business Priorities

- Major investment in branch process and sales force
- Broaden product offering



Business Banking

- Maintain #1 UK bank for SME's
- Income £800m 1H06 (19% of total)
- Strong, stable credit quality
- New leadership team, senior transfer from Corporate Markets

Business Priorities

- Re-energised relationship manager and direct delivery models
- Introduce proven products & sales technology from Corporate Markets



Bancassurance

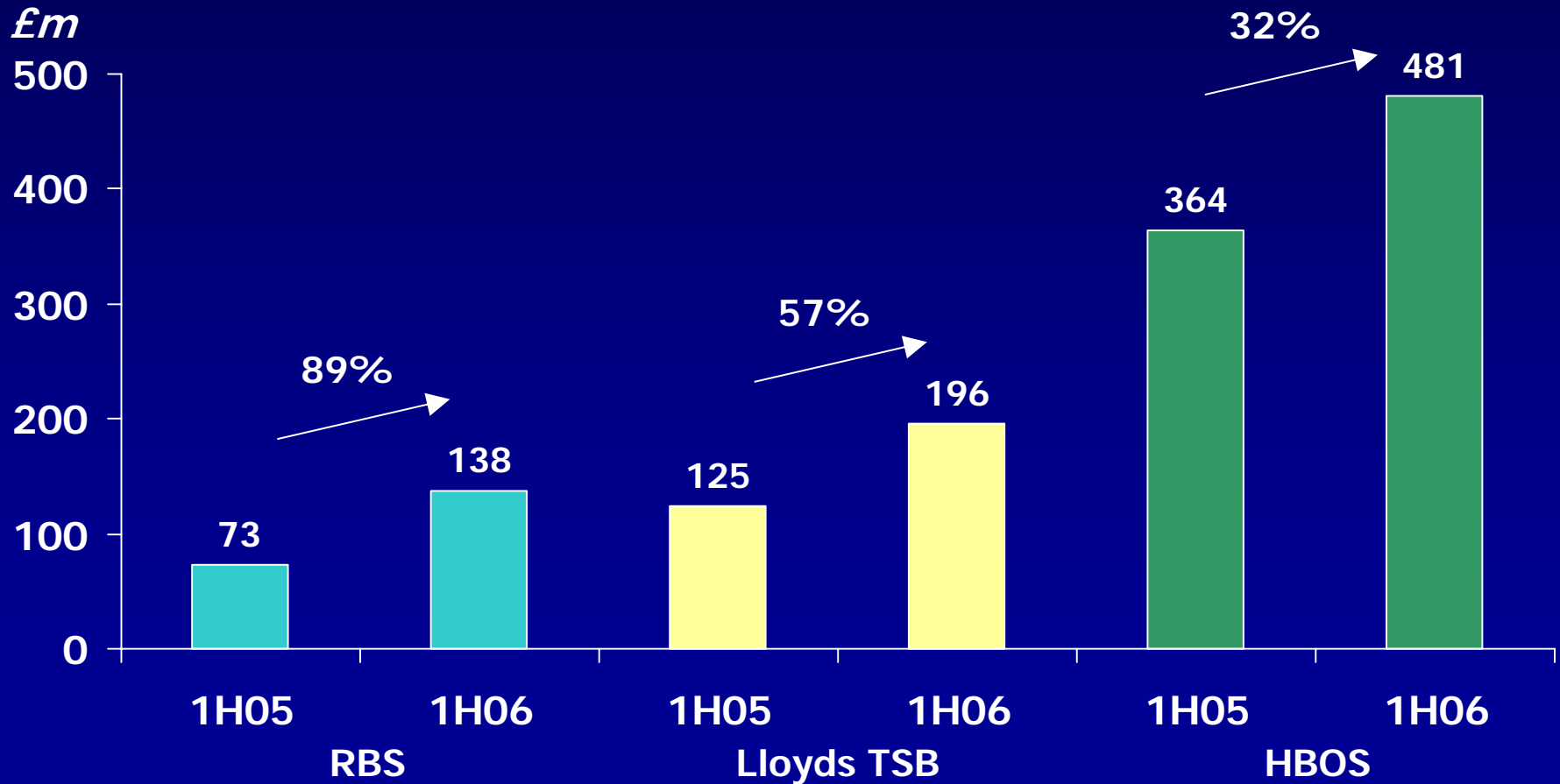
- Fastest growing UK bancassurer
- APE in 1H06 +89% v 1H05
- Increasing market share by c50%
- 15% increase in sales force combined with sales productivity gains of 50% v 2005
- New business margins growing

Business Priorities

- Further increase sales force by 50%+ to >1,000 in 2007 and continue to drive productivity gains
- Access new industry growth opportunities eg pensions

Bancassurance

APE Growth





Private Banking – UK

RBS and NatWest

- 500k customers, 1,000+ Relationship Managers
- #1 market share in current accounts for high earners
– 25% of the £50k+ segment
- Income £340m 1H06
- £6bn AUMs, balance sheet of £35bn (deposits + lending)

Business Priorities

- Transformation of legacy Premium & Private Banking into NatWest and RBS Private Banking
- Launch new Private Banking Direct and 24/7 services
- Revamped product & service range eg exclusive savings and packaged accounts with tailored benefits

Private Banking – UK

Coutts, Adam and RBS International



- Leading UK private banks
 - 69,000 clients, 365 bankers (39% increase since 2003), 28 offices (3 new in 06/1Q07)
- Largest offshore bank
 - 163,000 clients, 44 offices
- £13bn AUMs, balance sheet of £27bn (deposits + lending)
- Coutts UK 3yr CAGR 26% in profit, after significant investment in additional bankers

Business Priorities

- Build ultra high net worth capability with GBM
- Expand expatriate proposition offshore

Private Banking – International



- Strong presence in Europe and Asia
 - 15 offices, 235 private bankers
- £13bn AUMs, balance sheet of £7bn (deposits + lending)
- 3yr CAGR 22% in profit

Business Priorities

- Increase private bankers by 35% to 318 at FY07
- Partnership with Bank of China
- Partnering with Corporate banking in new locations and products in Asia and Middle East

Summary

- Strong franchise with diverse income streams and stable product margins
- UK credit environment still challenging but our metrics remain stable
- New organisation provides opportunity for increased cost efficiency
- Further opportunities in savings, investments, private banking and business banking

Drivers of Growth

- Diversified income ✓✓✓
- Scale ✓✓✓
- Distribution ✓✓✓
- Growing market share ✓✓
- New products/new markets ✓

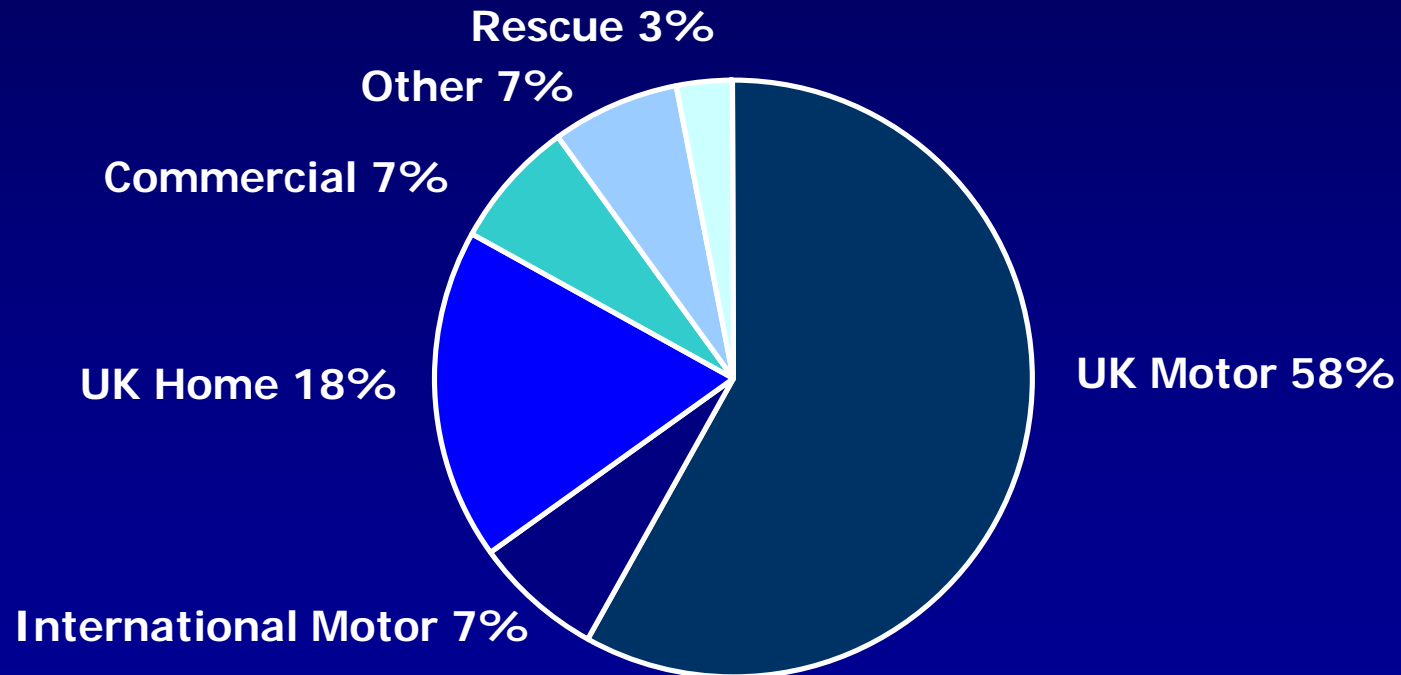


RBS Insurance

Mark Fisher
Chairman

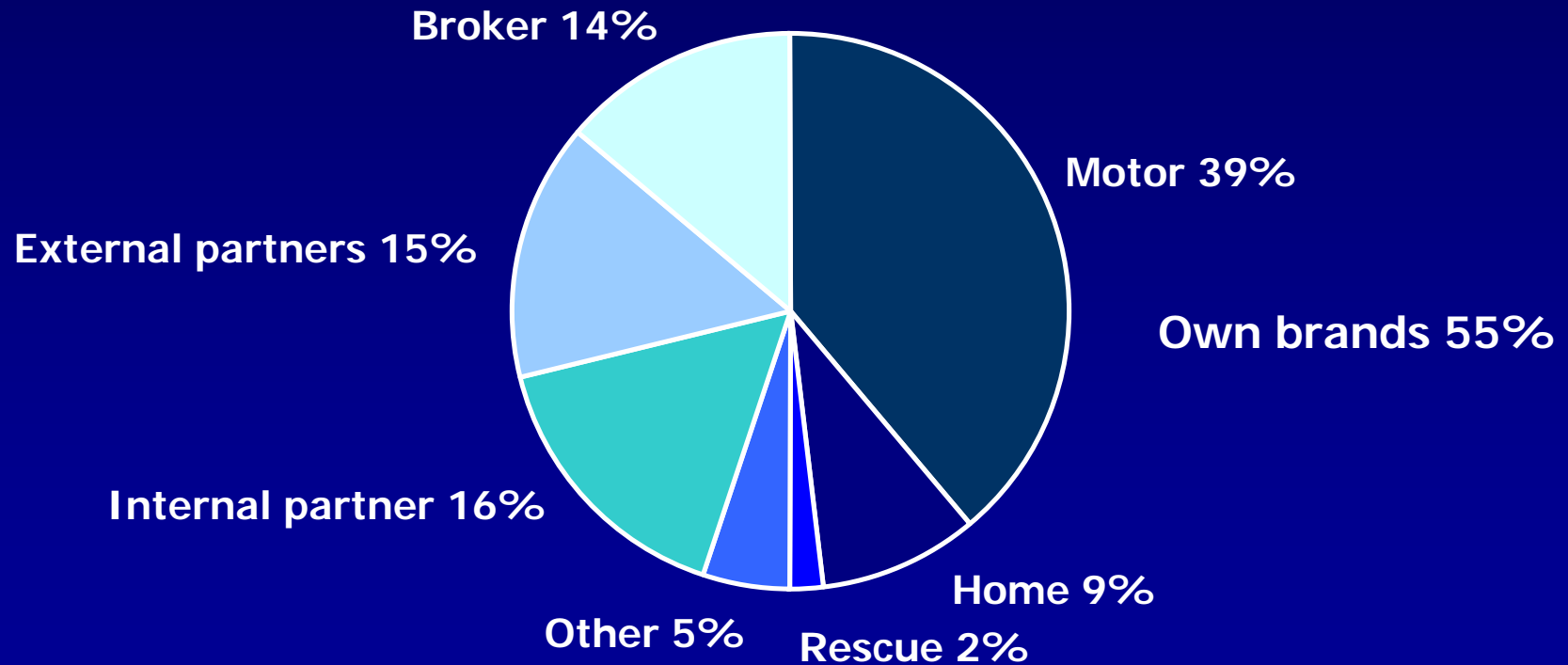
Diversified Income

1H06 Income £2,761m



Diversified Income

1H06 Income £2,761m



Scale

<i>UK Market Positions</i>		<i>Rank</i>
Personal motor	Total	#1
	Own brands	#1
	Internal partner – TPF	#3
	External partners	#7
Personal home	Total	#2
	Own brands	#3
	Internal partner – TPF	#18
	External partners	#5
Commercial SME		#8

Distribution

- Over 8.6m UK motor policies
- Over 4.5m UK home policies
- Over 4.9m UK rescue policies
- Over 2m policies in Spain, Italy and Germany
- #1 for direct distribution
 - Over 16k telephone quotes per day
 - Over 5k advisors
 - Over 50k quotes online per day
- #1 for partnerships
- Dealing with 3,600 brokers managing 1.8m policies
- Strong customer brands

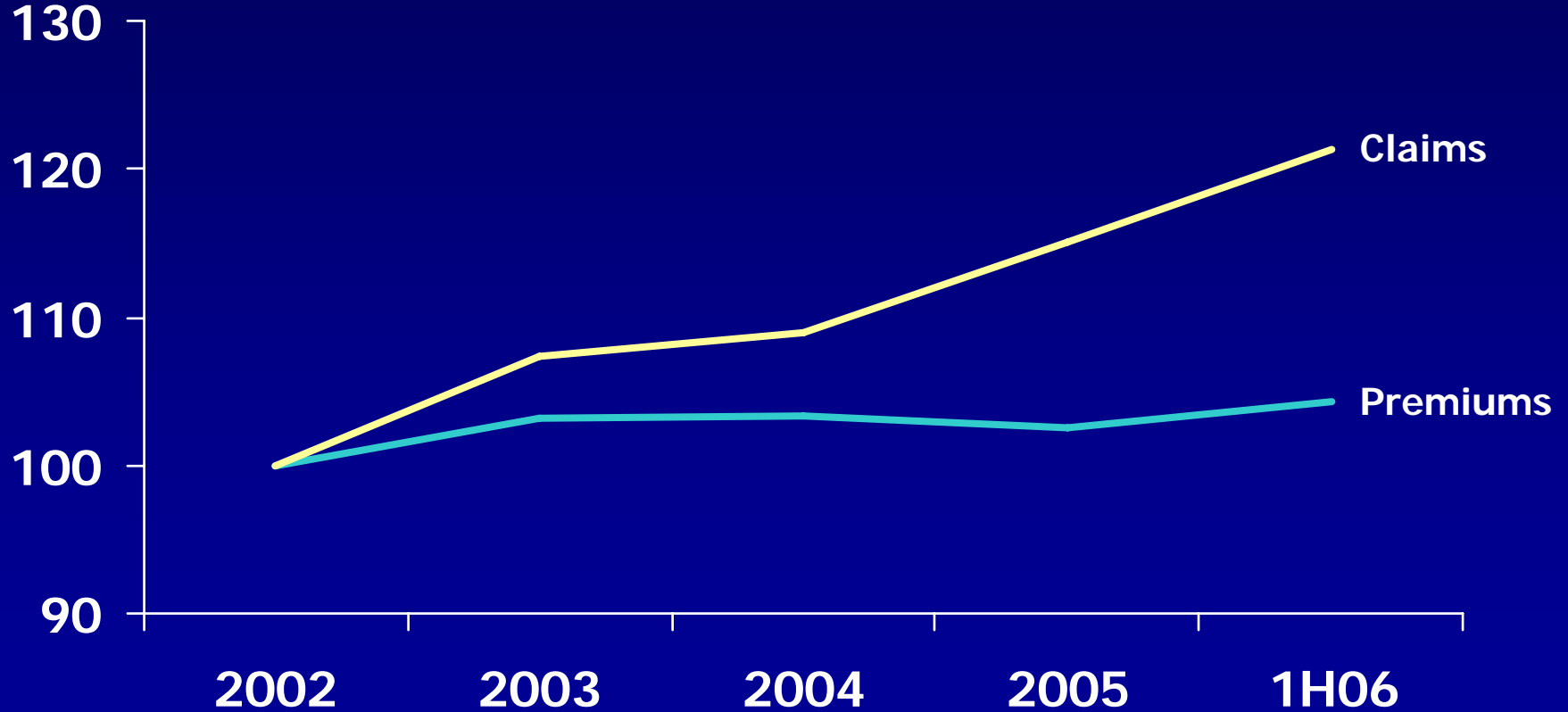


Market Share

<i>UK Market Positions</i>		<i>Share</i>	<i>Trend</i>
Personal motor	Total	34%	→
	Own brands	22%	→
	Internal partner – TPF	7%	→
	External partners	5%	→
Personal home	Total	16%	↗
	Own brands	8%	↗
	Internal partner – TPF	1%	↗
	External partners	7%	→
Commercial SME		5%	↗

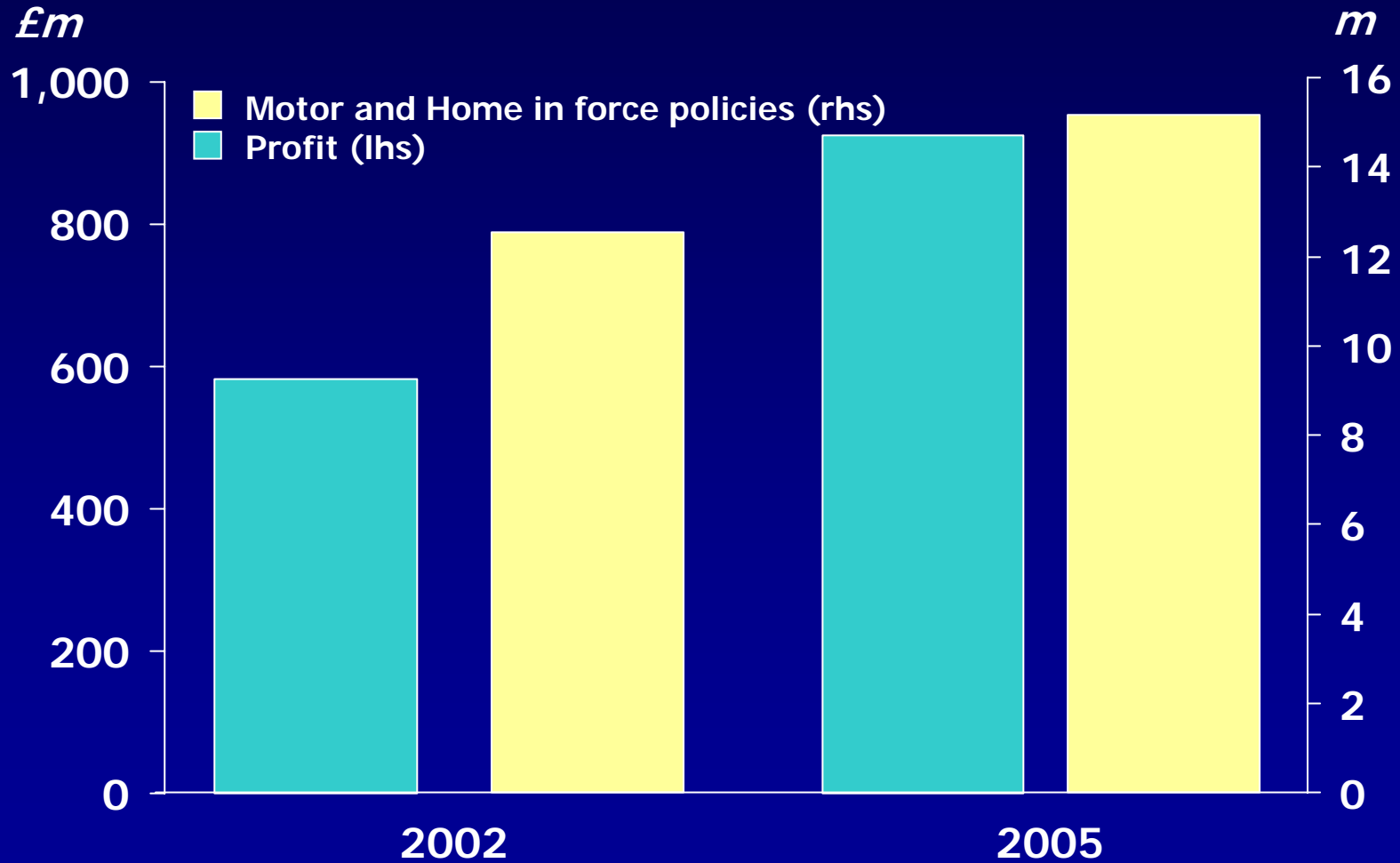
UK Motor Market

Motor Premium and Claims Index



2002=100

RBS Insurance



Note: 2002 proforma basis including Churchill, UK GAAP, 2005 IAS

RBS Insurance

- RBS Insurance has delivered
 - Strong organic profit growth
 - Benefits of Churchill acquisition
 - Strong return on capital, around 30%
- This has been achieved through
 - Focus on single operating platform and operating efficiency
 - Superior underwriting
 - Procurement benefits in claims
 - Integration of Churchill
 - Growing strong Partnerships
 - Growing Rescue
 - Growing Commercial
 - Growing International

Opportunities for Growth

*12-24 Month
Outlook*

Growing Market Share

Own brands	(✓) ✓
Partnerships	✓
Commercial	✓ ✓

New Products/New Markets

International	✓ ✓
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Own Brands

- Some signs of sustained upward motor pricing
- But continued claims inflation
- Price increases take 12 months to implement across the book and a further 12 months to feed through to profit in full



Own Brands

- Well positioned as motor prices increase
 - Strong brands
 - 9 out of 10 Direct Line and Churchill customers would recommend them as chosen insurer
 - Leading pricing capability
 - #1 web insurer
 - Leading retention rates (Direct Line in excess of 80%)
 - Multiple options to use brands and price to drive profit, income and IFPs
- Direct Home market expected to continue to grow
 - Direct Line is the #1 direct brand and has the highest awareness and consideration for home insurance
- Product innovation driving acquisition and retention
 - New improved car insurance
 - Packaged home and travel



Partnerships

- RBS Insurance is #1 in the partnership market. Partners represent £1.7bn of total income in 2005
 - 4 major partners account for 80% of the total Partnership income
 - Partners have differing profiles
- Role of Partnerships
 - Contribution to fixed costs
 - Scale: operational and purchasing
 - Access to additional customers and distribution
- Limited number of major opportunities each year
- Existing partners re-tender typically on a three to six year cycle
- Partnerships exceed hurdle rate returns



Commercial

- Focused on SME insurance

Broker Business

- Rapidly growing
 - 11% CAGR IFP growth, 04-06
- Exploit technology lead
 - Packaged products and automated underwriting
- NIG voted #1 in *Professional Broking* magazine survey of customer satisfaction
- Margins have tightened but stabilising

Own Brand Business

- NatWest / RBS the #1 UK Bank for SMEs
- Cross-sell into RBS and NatWest customer base
 - 31% uplift in Bank new business sales YTD 1H06



International

Spain

- #1 direct insurer with a 56% share of the direct market
- Direct 10% of overall market and growing at 13% 2004-05
- Achieved critical mass with 1.3m in-force policies

Italy

- #3 direct insurer with a 22% share of the direct market
- Direct 4% of overall market and growing at 10% 2004-05
- Achieved 460k in-force policies
- Favourable regulatory pressure to encourage consumer switching

Germany

- #3 direct insurer with a 13% share of the direct market
- Direct 4% of overall market and growing at 8% 2004-05
- Achieved 290k in-force policies
- Challenging consumer buying cycle

Summary

- Strong performance in difficult market
- Strong brands
- Well positioned as pricing moves
- Good opportunities in Commercial and International
- Continue to drive efficiency and product innovation in core business

Drivers of Growth

- Diversified income ✓
- Scale ✓✓✓
- Distribution ✓✓✓
- Growing market share (✓)✓
- New products/new markets ✓✓



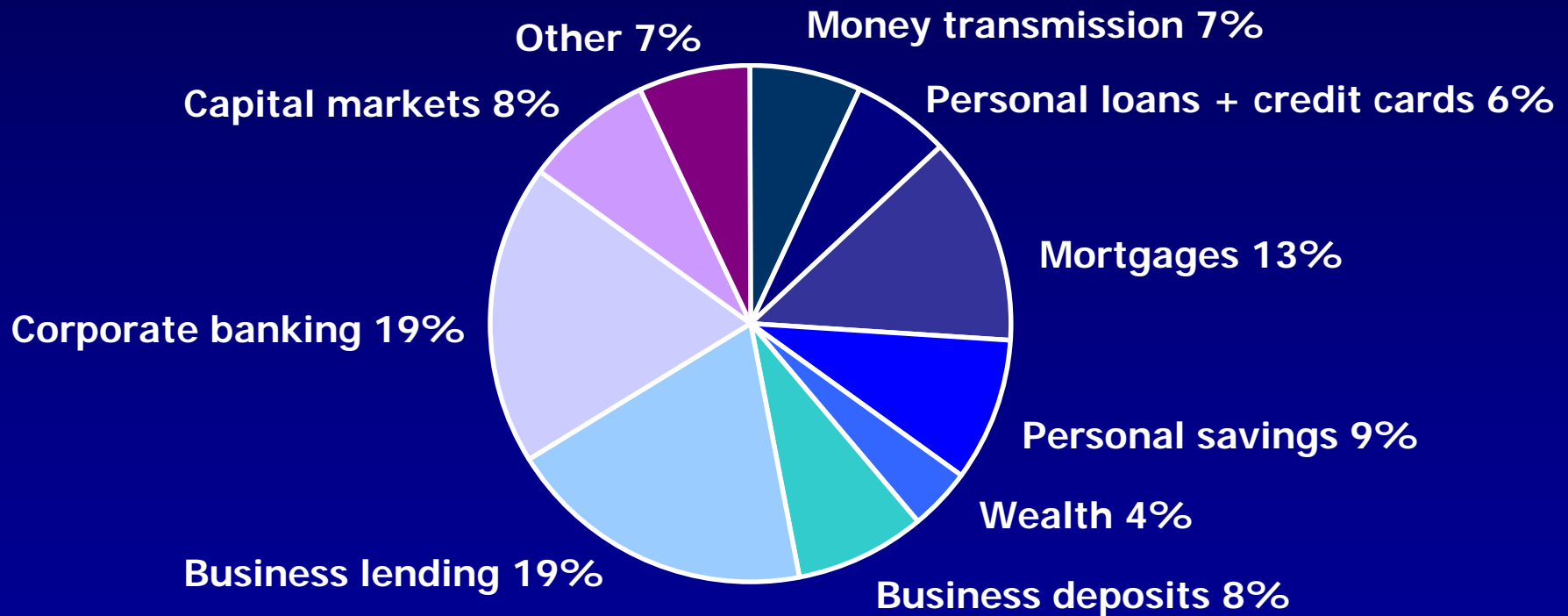
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Ulster Bank

Cormac McCarthy
Chief Executive

Diversified Income

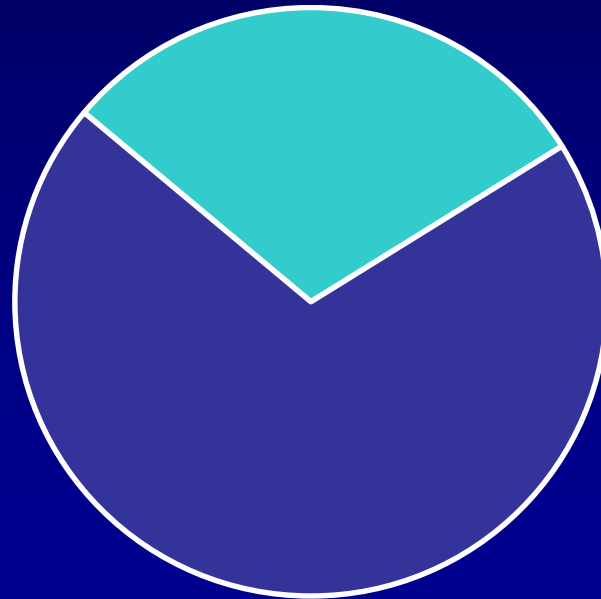
1H06 Income £471m



Diversified Income

1H06 Income £471m

Northern Ireland 30%



Republic of Ireland 70%

Scale

	<i>NI Rank</i>	<i>RoI Rank</i>
Personal current accounts	#1	#3=
Personal loans	#2	#4
Credit cards	#1	#4
Mortgages	#5	#2
Savings	#3	#5
Business & corporate banking	#1	#3

Scale

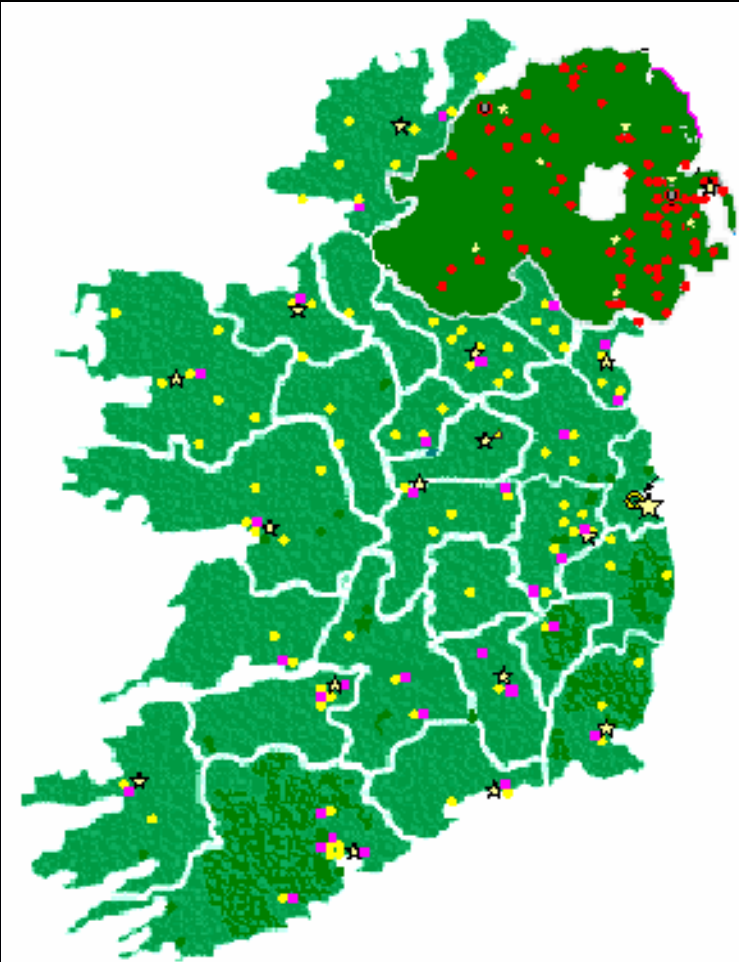
Integration

- Successfully completed in October 2006
- Multi-currency, multi-jurisdiction, multi-brand
- Provides scalable Manufacturing platform, increasing productivity
- Access to RBS Group products and services
- Unique competitive advantage in Ireland

Distribution

- 1.5m personal customers
- 0.2m business and corporate customers
- 272 branches
- 1,000 ATMs (2nd largest ATM network in Ireland)
- 32 business centres (10 NI, 22 RI)
- Over 850 commercial and business managers
- Specialist financial markets sales force

Distribution



	<i>No of Branches</i>		
	<i>NI</i>	<i>RoI</i>	<i>Total</i>
Ulster Bank/First Active	90	182	272
First Trust/AIB	57	274	331
Bank of Ireland	43	280	323
Northern/NIB	96	59	155
Permanent TSB	–	104	104
Halifax	17	22	39

- UB Branch RoI ★ UB Business Centre
- UB Branch NI ● First Active store

Market Share

	<i>NI</i>		<i>RoI</i>	
	<i>Share Trend</i>		<i>Share Trend</i>	
Personal current accounts	24%	↗	11%	↗
Personal loans	14%	→	5%	↗
Credit cards	16%	↗	9%	→
Mortgages	6%	↗	15%	↗
Savings	11%	→	6%	↗
Business and corporate banking	32%	↗	14%	↗

Opportunities for Growth

12-24 Month Outlook

Money transmission/current accounts

✓✓

Personal savings

✓✓

Personal lending + credit cards

✓✓✓

Wealth management

✓✓✓

Mortgages

✓✓✓

Small business

✓✓✓

Corporate & capital markets

✓✓✓



Personal Banking

Current Accounts and Mortgages

- Expand and enhance branch network
 - 3 new branches opened in last 18 months; 27 potential locations identified
 - £50m upgrade of Retail outlets underway since 2005; completion due 2007
- Penetrate growing youth market
 - Relationships established with 3 key universities in last 12 months

Personal Lending and Credit Cards

- Enhance internet and telephony sales capability
 - Under-developed in Irish market; integration delivers improved platform

Savings and Investments

- Focus on emerging affluent segment
 - Enhanced relationship management resource in the network

Business and Corporate Banking



- Deploy additional relationship management resource to support market share growth
 - 15% increase in sales force in last 18 months
 - Ongoing significant recruitment from competitor banks
- Expand physical presence
 - 15% increase in business centre outlets in last 18 months
- Broaden product suite from RBS Corporate Markets eg private placements, leveraged finance, PPP, derivatives, client monies



New Products/New Markets

- Leveraging Group platform
 - Direct banking
 - Offset mortgages, launched in November 2006
 - Affluent proposition
 - RBS global capabilities in business and corporate banking
- Wealth management
 - High net worth team now in place
 - Leveraging relationships in corporate banking

Summary

- Strong in corporate and retail banking, in Northern Ireland and in the Republic of Ireland
- Healthy economic growth set to continue
- Competitive advantage from deployment of RBS scale and capabilities
- Expansion of distribution network, people and product range
- Excellent growth prospects

Drivers of Growth

- Diversified income ✓✓✓
- Scale ✓✓✓
- Distribution ✓✓
- Growing market share ✓✓✓
- New products/new markets ✓✓



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Driving Growth



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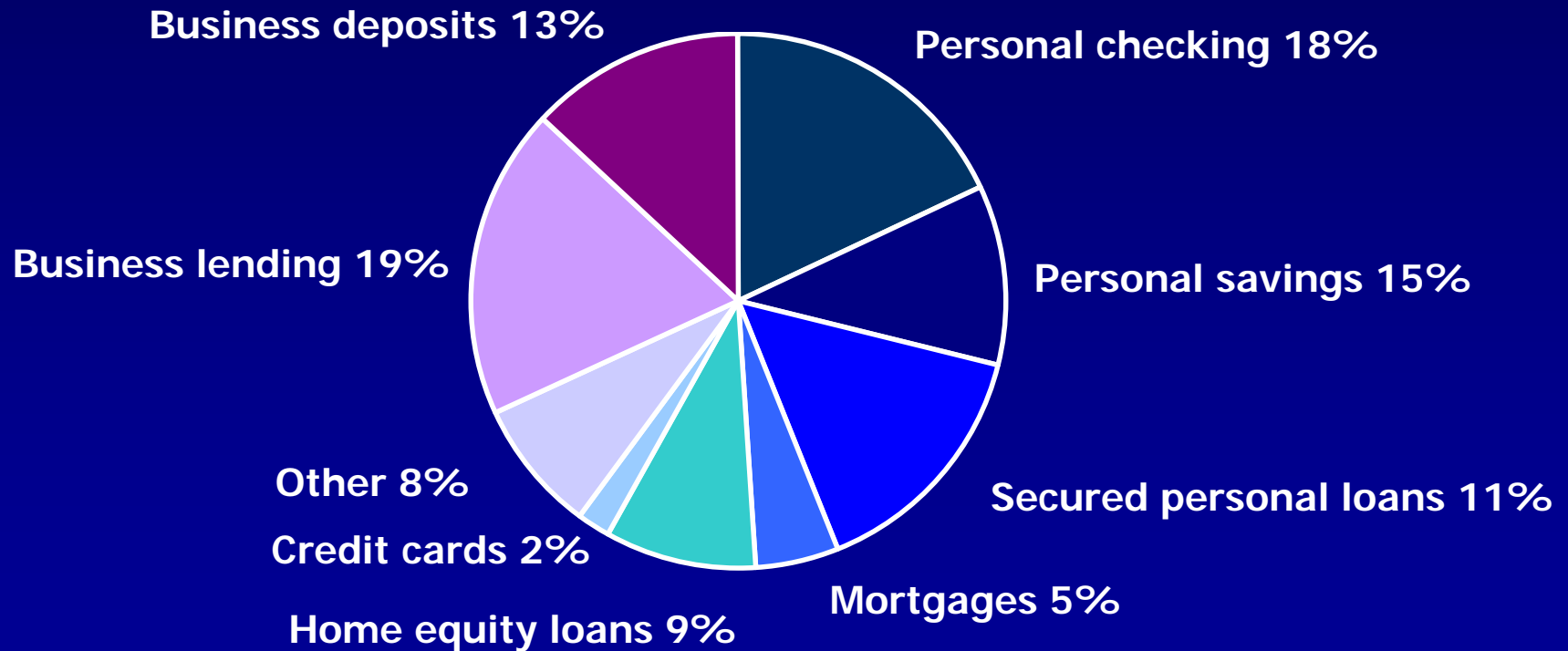
Citizens Financial Group

Larry Fish

Chairman and Chief Executive Officer

Diversified Income

1H06 Income £1,686m



Scale

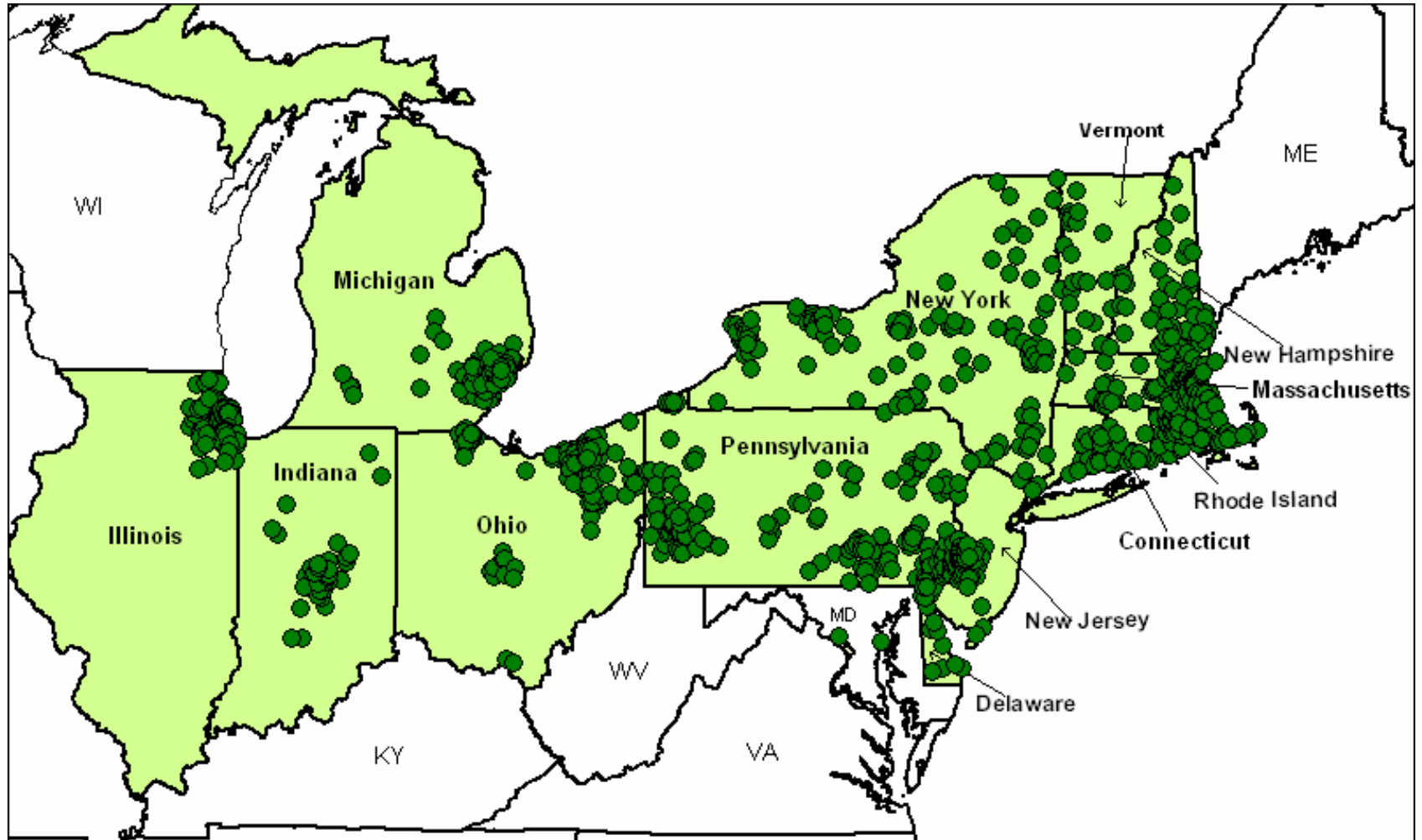
Rank

Deposits	#8
Assets	#9
Secured personal loans	#7
– Indirect auto outstandings	#5
Mortgages	#16
Home equity loan outstandings	#6
Credit cards	#9
Business lending	#14

Distribution

- #8 branch network
 - 1,613 branches
- #2 supermarket branch network
 - 526 branches
- #9 ATM network
 - 3,202 ATMs
- 4.6 million personal customers
- 460,000 business customers

Distribution



Distribution

Market Demographics and Economics

	<i>New England</i>	<i>Mid- Atlantic (ex NYC)</i>	<i>Midwest</i>	<i>Total Citizens</i>	<i>Total US</i>
Population (m)	13.2	21.9	35.0	70.1	303.6
Median household income (\$)	62,672	52,308	53,405	54,802	51,546
Deposits (\$bn)	280	402	667	1,349	6,386

Deposit Market Share

	<i>Total Market Deposits \$bn</i>	<i>Citizens Market Share</i>	<i>Trend</i>
New England			
Massachusetts	149	17.6%	↗
Rhode Island	21	48.4%	↗
New Hampshire	21	30.7%	↗
Connecticut	79	4.9%	↗
Vermont	10	9.7%	→
Mid-Atlantic			
Pennsylvania	236	11.0%	→
Delaware	18	7.4%	↗
Upstate New York	148	6.7%	↗
Midwest			
Illinois	305	2.7%	↗
Ohio	209	4.0%	→
Michigan	153	3.7%	→

Deposit Market Share – Illinois

<i>Rank</i>	<i>Institution</i>	<i>Total Branches</i>	<i>Deposits \$m</i>	<i>Market Share</i>
1	JPMorgan Chase	333	39,798	13.1%
2	LaSalle Bank	143	37,017	12.1%
3	BMO Financial	180	24,956	8.2%
4	Citizens pro forma	141	8,324	2.7%
4	Fifth Third	129	8,158	2.7%
5	Citizens	131	7,313	2.4%
6	Wintrust Financial	68	7,206	2.4%
7	National City	115	7,203	2.4%
8	Citigroup	58	6,735	2.2%
9	MB Financial	62	5,938	1.9%
10	MAF Bancorp	58	5,700	1.9%
40	GreatBanc	10	1,011	0.3%
	Total	4,831	304,900	100.0%

Excludes Northern Trust Corp, State Farm Mutual Automobile and Corus Bankshares

Opportunities for Growth

12-24 Month Outlook

Personal checking/savings

✓✓

Secured personal loans

✓

Mortgages

✓

Home equity loans

✓✓

Business banking

✓✓

Mid-corporate banking

✓✓✓

Merchant acquisition

✓✓✓



Personal Checking/Savings

- Personal deposit balances: \$69.6 billion
- Small business banking
 - Deposits balances: \$8.8 billion
 - #2 SBA lender in US
 - Sales force makes 350,000 in-person customer visits per year
- Sales and service management
 - Compensation reflects sales and service measures
 - Industry high customer satisfaction levels
- Environment
 - Yield curve has now become inverted
 - Deposit migration (low cost to high cost products)
 - Movement of bank deposits to non-bank products
 - Competitive pressures

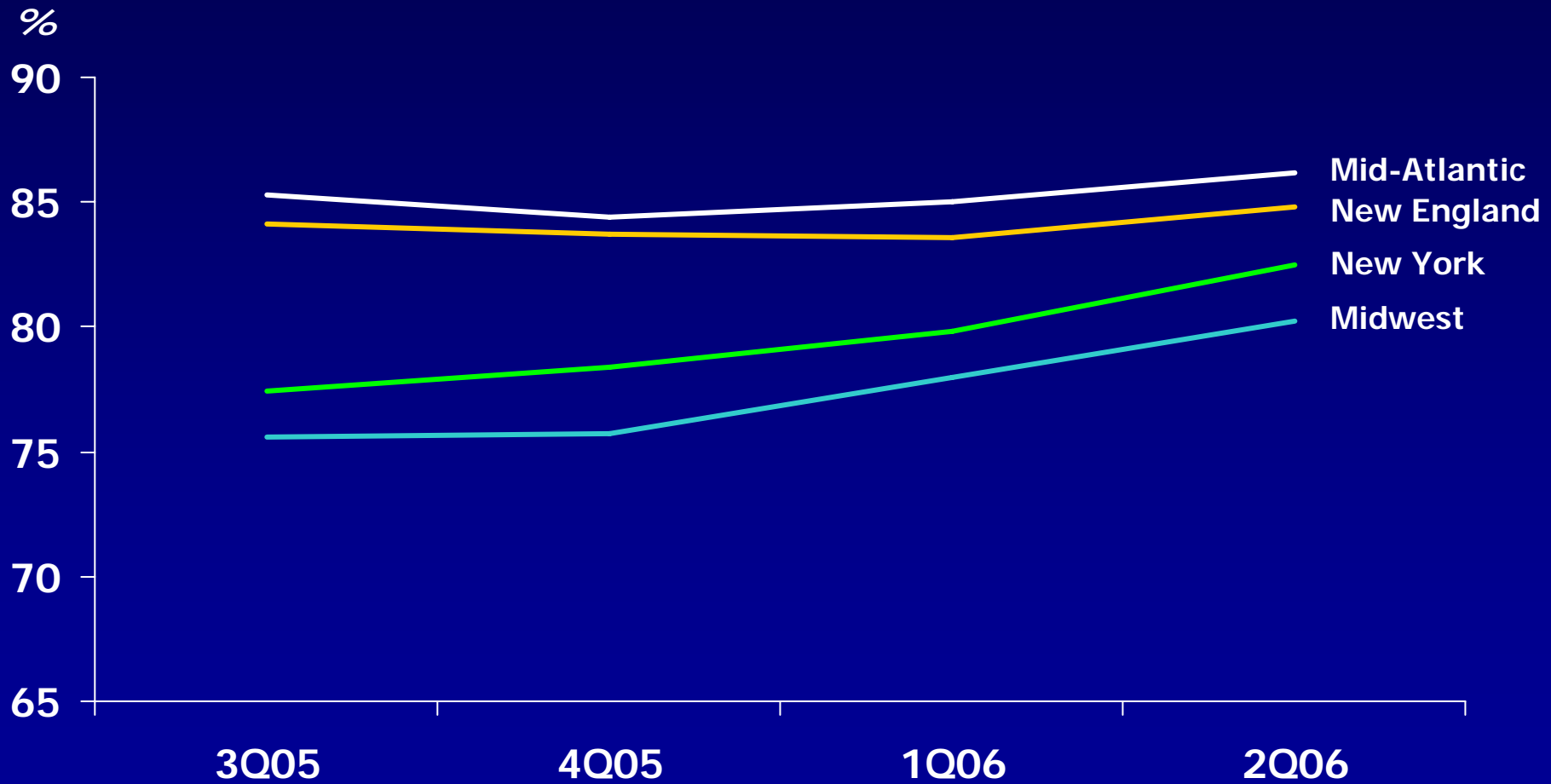


Personal Checking/Savings

Action Steps

- Debit card innovation
 - PayPass – contactless technology (largest MasterCard issuer)
 - ‘Everyday’ rewards program rolled out to entire footprint
 - Phase 2 leverages ‘Everyday points’ for other banking products
- Price savings on liquid and CD portfolios via elasticity based pricing models
- Continue to build distinctive brand image: ‘Helpful and friendly’
- Profitably grow retail money market deposit book
 - New product introductions
 - Management of existing customer migration
- Particular focus on business customers with less than \$2.5m in sales who have their retail and business accounts with Citizens
 - Average profit of four times a retail only customer

Customer Satisfaction





Consumer Lending

- June 06 balances
 - Mortgage \$19.4bn
 - Home equity \$33.1bn
 - Auto \$14.3bn
 - Other \$10.1bn
- Approximately 99% secured, prime only
- Environment
 - Growth in consumer loan demand softening
 - Mortgages: Higher rates/slowdown in housing demand
 - Tightening of credit spreads/competitive pressure

Consumer Lending



Action Steps

- Link new rewards programme to consumer lending products
- Deeper customer penetration in home equity lending
- Position Citizens as the home equity bank of choice
 - Quick application turnaround
- Restructure cost base of mortgage origination operation
 - More focus on bank branch origination
 - Use of call centers and internet



Business Banking

- Balances
 - Loans: \$32 billion
 - Deposits: \$24 billion
- Lenders: 525
- Business loans have increased 14% 1H06 v 1H05
- Significant growth in commercial fees 1H06 v 1H05

International	57%
Derivatives	37%
Cash management	21%

 - International and derivatives leverage RBS capabilities



Business Banking

Action Steps

- Continue penetration of Mid-Atlantic region
- Build out Midwest commercial lending effort
 - Increase relationship managers to 121 by Dec 07, 61% increase
 - Also build associated support teams (cash management, international, derivatives)
- Leverage RBS debt capital markets capabilities
- Continued focus on cross selling fee based products
- Up-tier relationships with multi-banked customers
- Increased investment in specialty groups
 - eg professional banking, government banking
- Introduce innovative cash management products

New Products/New Markets

- Mid-Corporate Banking
- RBS Lynk
- Supermarket Branches
- Credit Card/Kroger Joint Venture
- National Home Equity Lending



Mid-Corporate Banking

- New centralized approach to Mid-Corporate customers
- Combine Citizens' local presence with RBS global capabilities
- 1,100 companies with turnover of \$250m – \$1,500m in Citizens' 13 state franchise
- Currently have relationships with 300

Action Steps

- 75% increase in specialist bankers by December 2007
- Deepen and up-tier relationships with existing clients
- Target 800 clients in footprint where no existing relationship
- Additional opportunity outside of Citizens' footprint of 2,900 companies
- RBS debt products important in business development



RBS Lynk

- Providing merchant acquiring services for small businesses nationally
- Acquired Lynk Systems in September 2004
- 9th largest merchant acquirer in US
- 11% penetration of Citizens existing small and business customers
- Growth 1H06 v 1H05
 - Merchants (spot) 17%
 - Fee income (YTD) 25%
- Strong technology platform – underutilized capacity

Action Steps

- Strengthen management team
- Grow national small business merchants by 20%
- Deepen Citizens merchant penetration to 15% of existing customer base



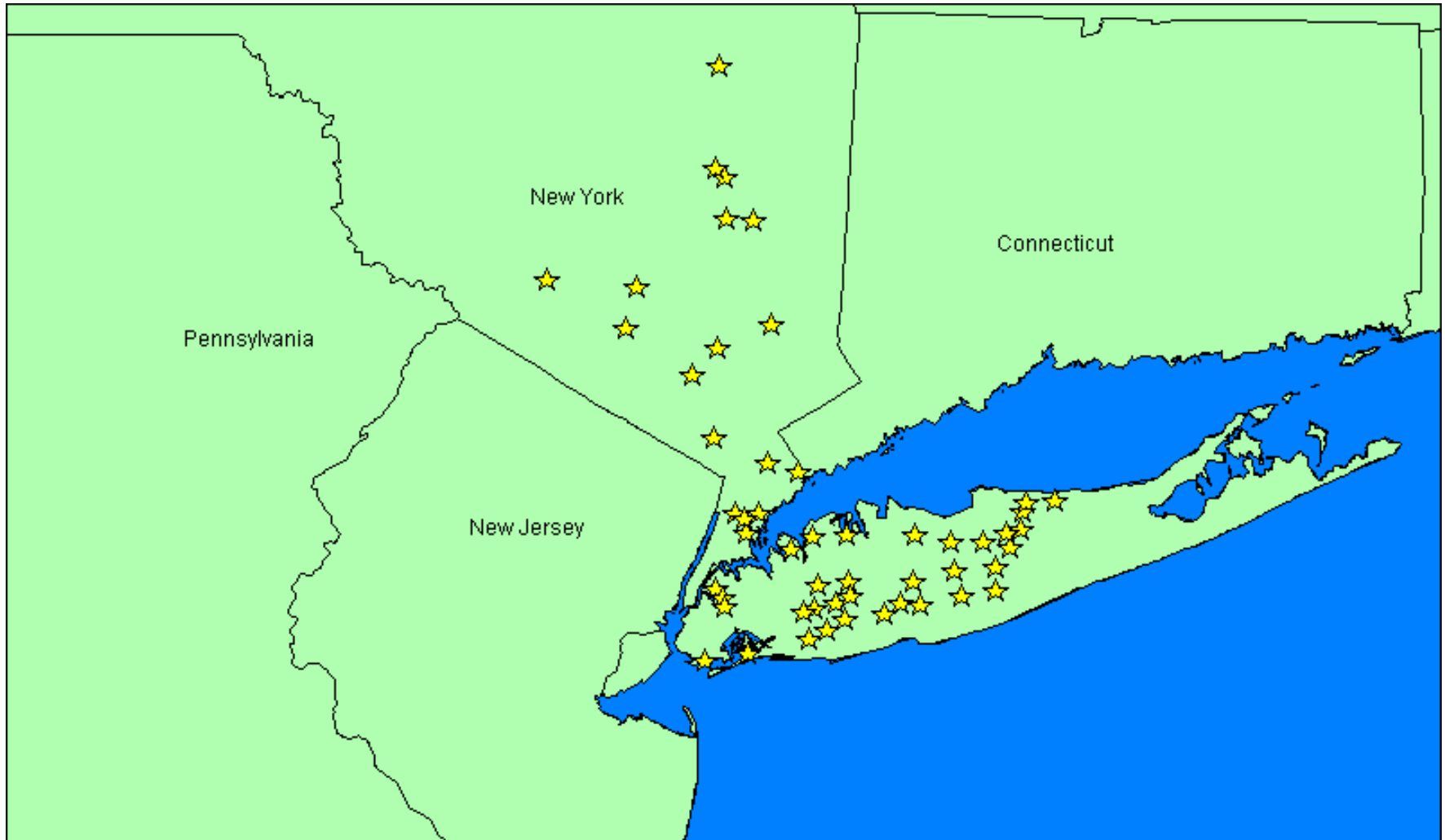
Supermarket Branches

- 526 branches
- \$8.2bn deposits, up 9% June 06 v June 05
- Supermarket strategy based on customer acquisition
 - Average store has 20,000 customer visits per week

Action Steps

- Continue high opportunity New York Stop & Shop expansion
 - 63 new branches by end 2009
- Cross-marketing initiatives with strategic supermarket partners
- Improve efficiencies across in-store franchise

Supermarket Branches – New York



Credit Card/Kroger Joint Venture



- \$2.5 billion in current outstandings
- 1.8 million credit cards issued under RBS, Citizens and Kroger brands
- Distribution channels include branch, direct mail and Kroger
- Kroger is 2nd largest supermarket group in US
 - 40 million customers and 2,500 supermarkets in 32 states
- Kroger accounts of 254,259 in June 06, 294% growth over prior year

Action Steps

- Grow Citizens branch originated credit cards by 50%
- Integrate offer with Citizens' 'Everyday Rewards' debit card offer
- Launch 'Instant Accept' credit card sales process at Kroger checkouts
- Expand Kroger Gift card sales. Over 650,000 sales projected in 2006
- Expand financial services product offering for Kroger

National Home Equity Lending



- Origination of home equity loans and lines in most states through internet sites and through national broker network
- Differentiation on aggregator sites through customer service rankings and completion speed
- Top customer service rating for internet home equity lenders on LendingTree.com (largest consumer loan web site in US)

	<i>Jun 05</i>	<i>Jun 06</i>	<i>Growth</i>
Originations	\$343m	\$652m	90%
Balances	\$1,886m	\$2,256m	20%

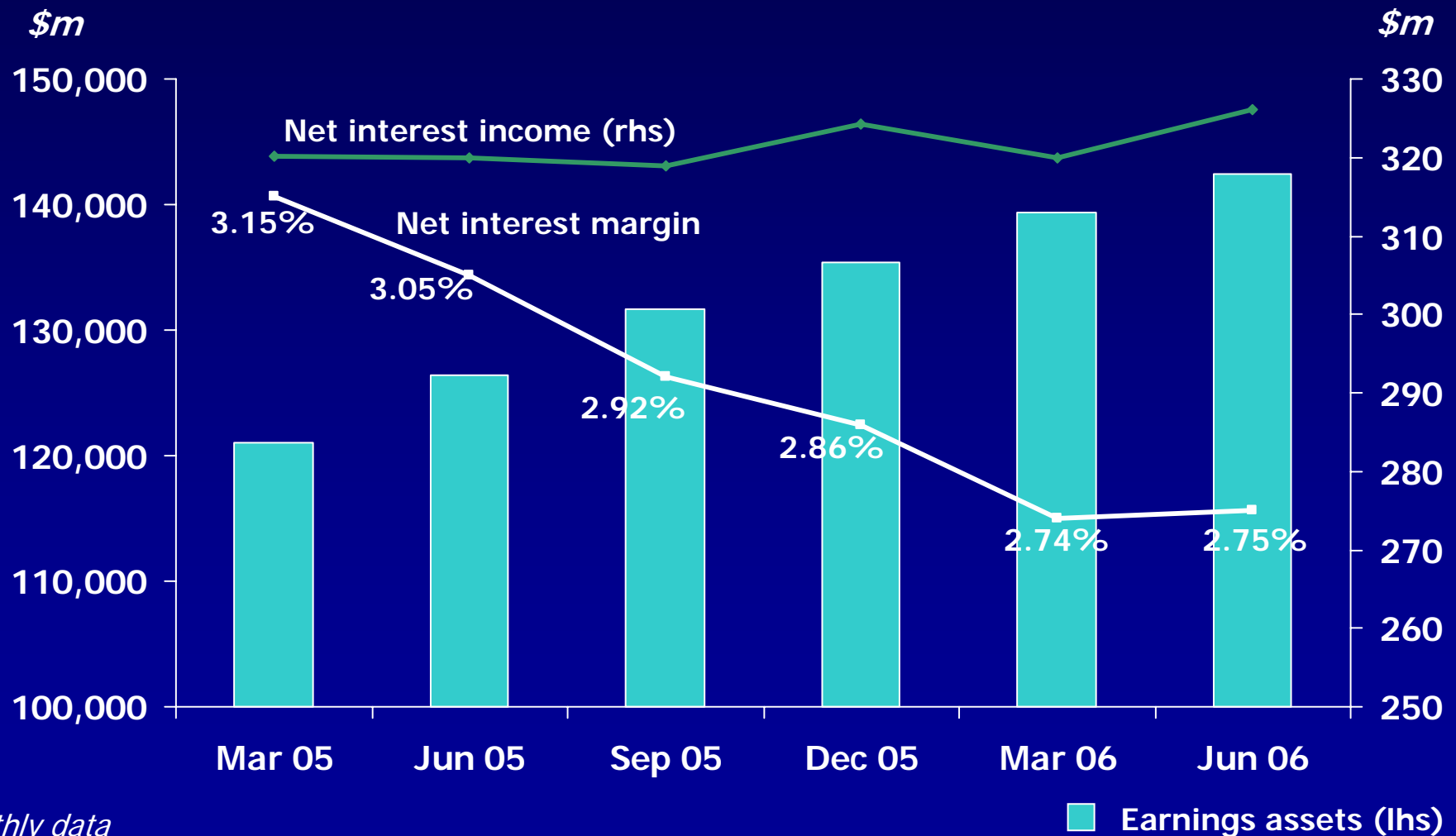
Action Steps

- Originate over \$2 billion in home equities in 2007
- Expand staffing levels by 20%
- Continue to expand number of internet sites
- Develop internet deposit opportunity

In-Fill Acquisition

- Announced acquisition of GreatBanc on 30 October
- \$1 billion in deposits and 10 branches in Chicago
- Improves Citizens deposit market rank in Chicago region from 5th to 4th
- Expense driven projections – does not rely on aggressive asset and revenue growth
- Large fragmented market offers opportunities for small in-fill acquisitions subject to price

Profitability



Monthly data

Summary

- Growth in consumer loan demand softening
- Continued slow growth in deposits
- Margin improvement unlikely, short term
- Business banking outlook favourable
- Continuing to invest in high growth areas
- Disciplined cost and credit management

Drivers of Growth

- Diversified income ✓✓
- Scale ✓✓✓
- Distribution ✓✓
- Growing market share ✓✓
- New products/new markets ✓✓



The Royal Bank of Scotland Group

Corporate Markets

Johnny Cameron
Chief Executive

Corporate Markets

Corporate Markets

UK Corporate Banking (UKCB)

- Commercial Banking
- Corporate Banking
- Asset Finance
- Invoice Finance

Global Banking & Markets (GBM)

- Relationship banking
- Project and asset finance
- Credit
- Rates
- Currencies
- Equity Finance

Specialised Lending Services

Risk

Corporate Markets

Relationship-Driven Banking Model

UK Corporate Banking

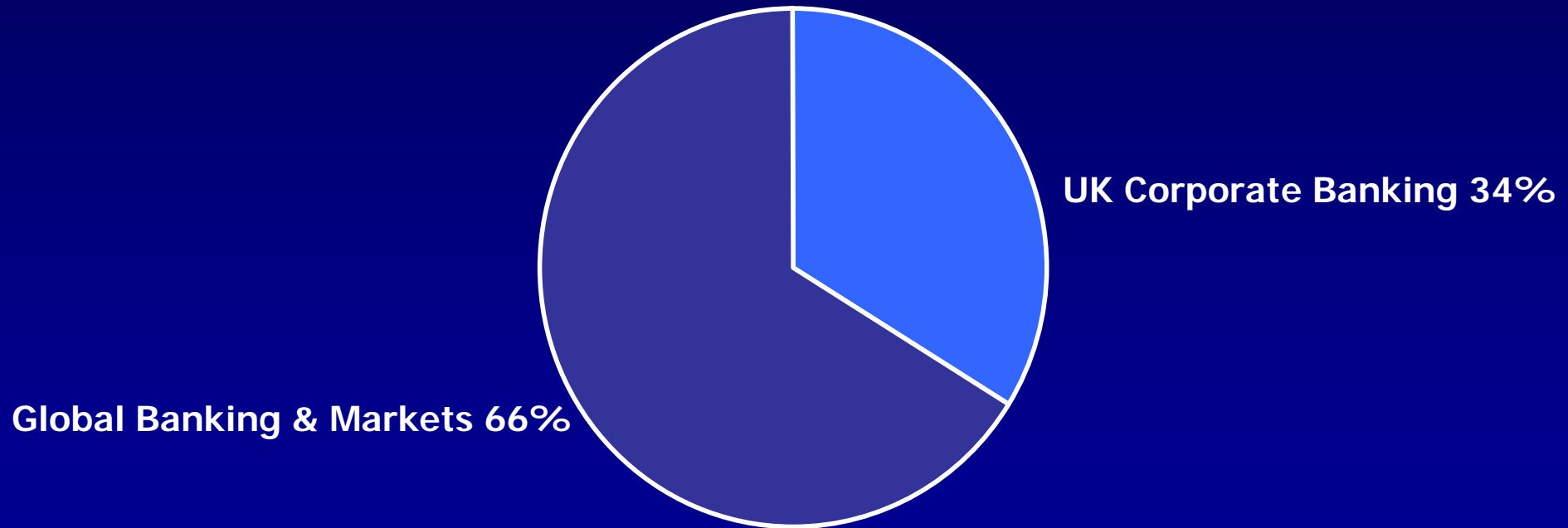
- Relationship manager
- Full suite of products
- Co-ordinated product delivery
- Responsive credit process
- Quality of service

Global Banking & Markets

- Relationship
- Product excellence
- Access to markets
- Intellectual capital
- Lack of conflicts

Corporate Markets

1H06 Income £4,587m



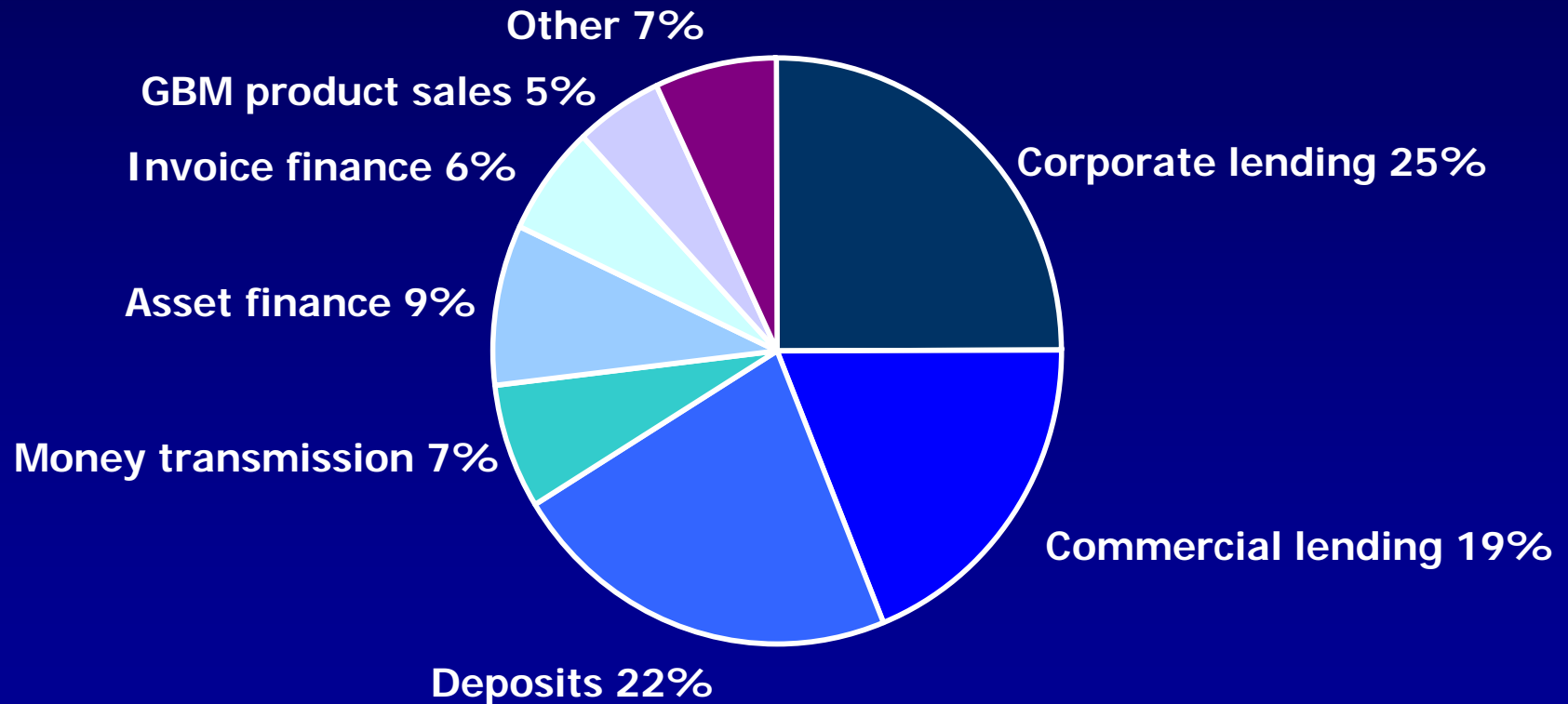
Income is on underlying basis ie net of operating lease depreciation



UK Corporate Banking

Diversified Income

1H06 Income £1,546m



Income is on underlying basis ie net of operating lease depreciation

Scale

	<i>Rank</i>
Corporate Banking	#1
Commercial Banking	#1
Lending	#1
Deposits	#1
Money Transmission	#1
Asset Finance (Lombard)	#1
Invoice Finance	#1

RBS has been consistent market leader for 6 years

Distribution

- 79,000 Commercial customers (turnover £1m to £25m)
- 11,000 Corporate customers (turnover over £25m)
- 100,000 Lombard customers
- 6,800 Invoice Finance customers
- Over 2,500 customer-facing staff

Market Share

	<i>Share</i>	<i>Trend</i>
Commercial Banking	34%	↗
Corporate Banking	30%	→
Lending	20%	→
Deposits	24%	↗
Money Transmission	40%	→
Asset Finance (Lombard)	25%	→
Invoice Finance	19%	→

Growing Share

Customer Penetration

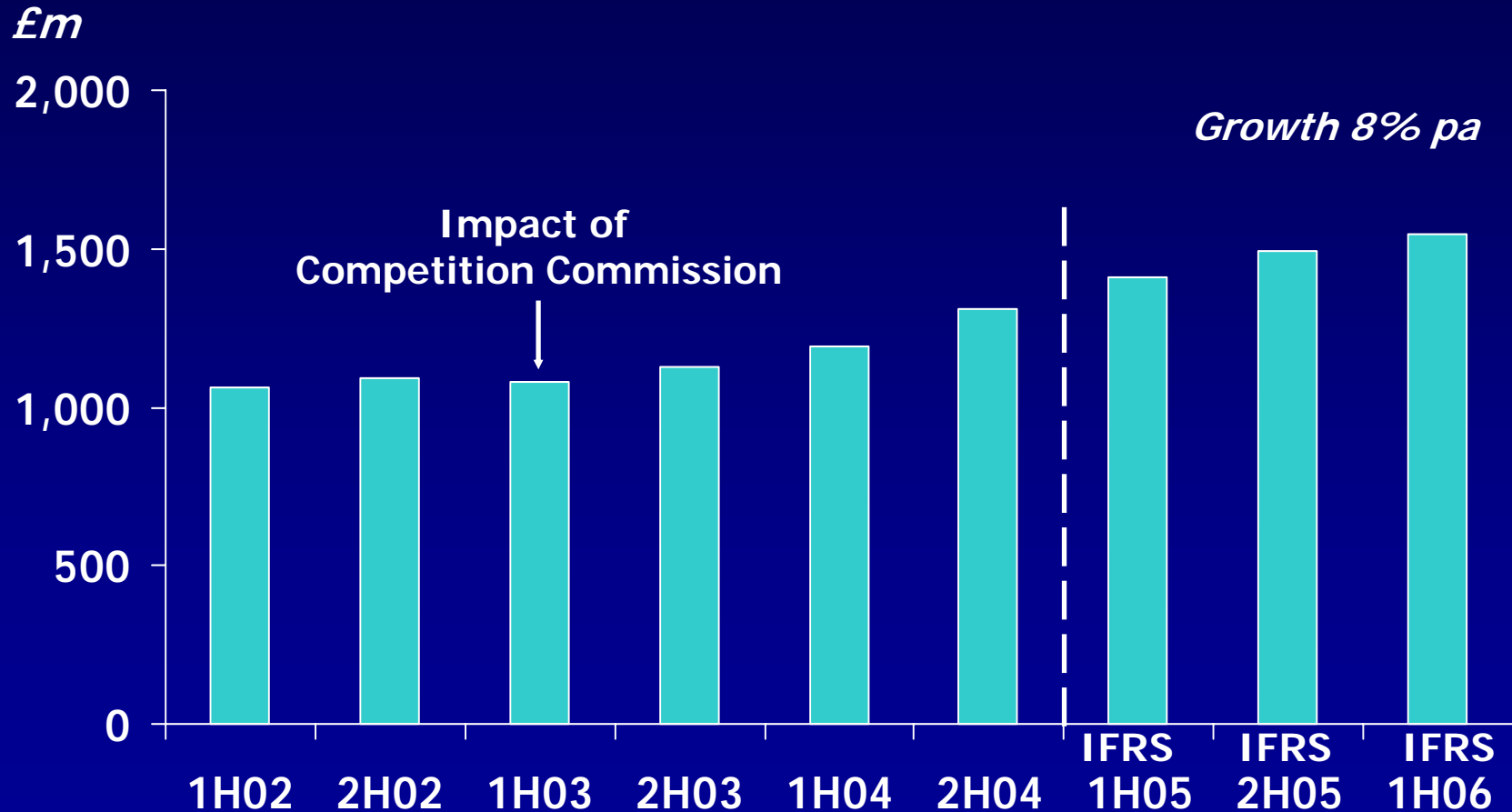
- Increased staff training and focussed incentives
- Streamlined credit process
 - One view of credit
- Improved technology for front line, driving efficiency
 - RM Desktop and RM Platform
- Co-location and property improvement
 - 2006: 17 properties, 2007: 25 properties
- Improved cross-sales performance 1H06
 - Invoice Finance income +18%
 - Lombard income +21%
 - GBM products income +30%

Growing Share

Customer Acquisition

- Increased front-line staff
 - 188 new RMs 2H06
 - 377 new RMs 2007
- Revised operating model frees up RMs
 - RM admin roles reassigned
 - Streamlined documentation
 - RM mobility tools
- 3,800 (4%) new customers year-on-year
- Enhanced electronic banking
 - 13,000 new Bankline customers live
 - Further product releases in 2007

Consistent Income Growth



*Income is on underlying basis ie net of operating lease depreciation
 1H02 – 2H04 data on October 2005 investor day basis, 1H05 – 1H06 on new UKCB basis*

UKCB Drivers of Growth

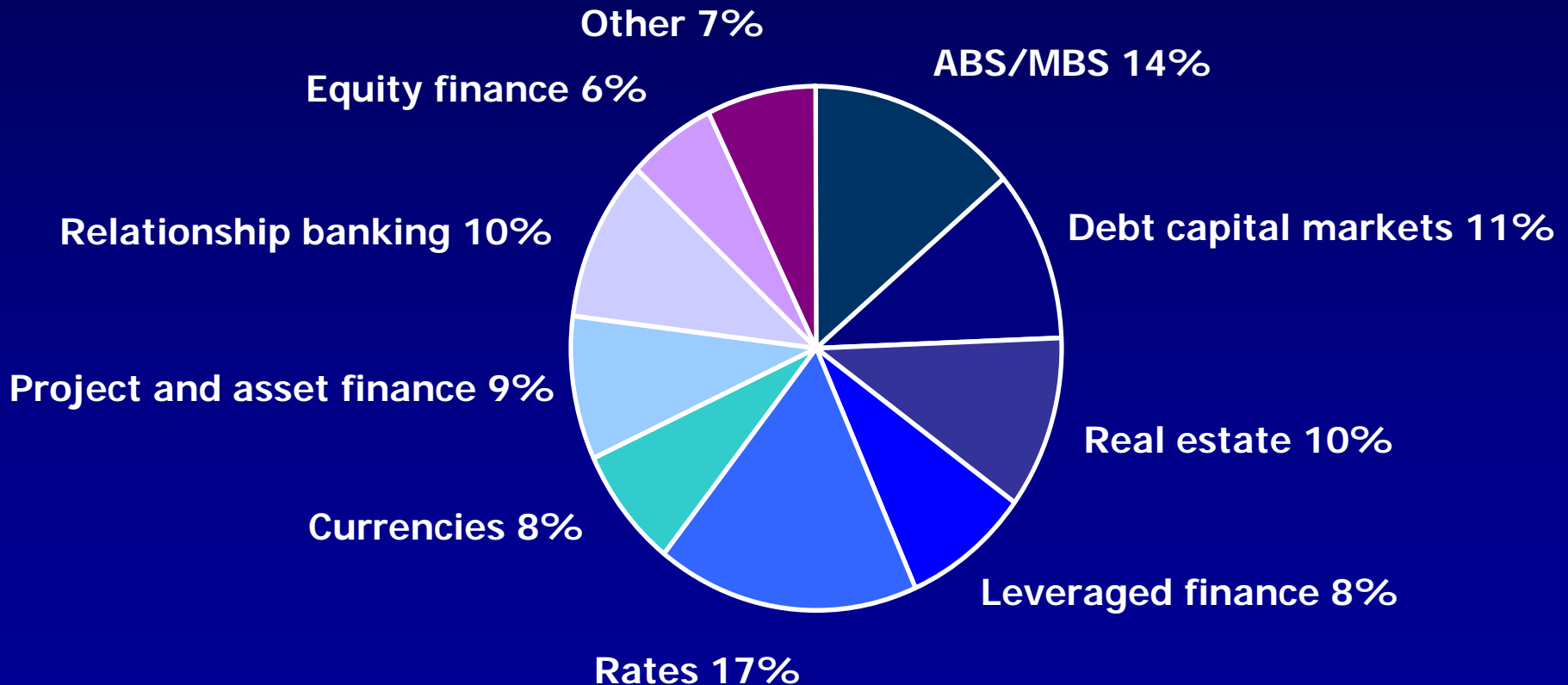
- Diversified income ✓✓
- Scale ✓✓✓
- Distribution ✓✓✓
- Growing market share ✓✓
- New products/new markets ✓



Global Banking & Markets

Diversified Income: Product

1H06 Income £3,041m

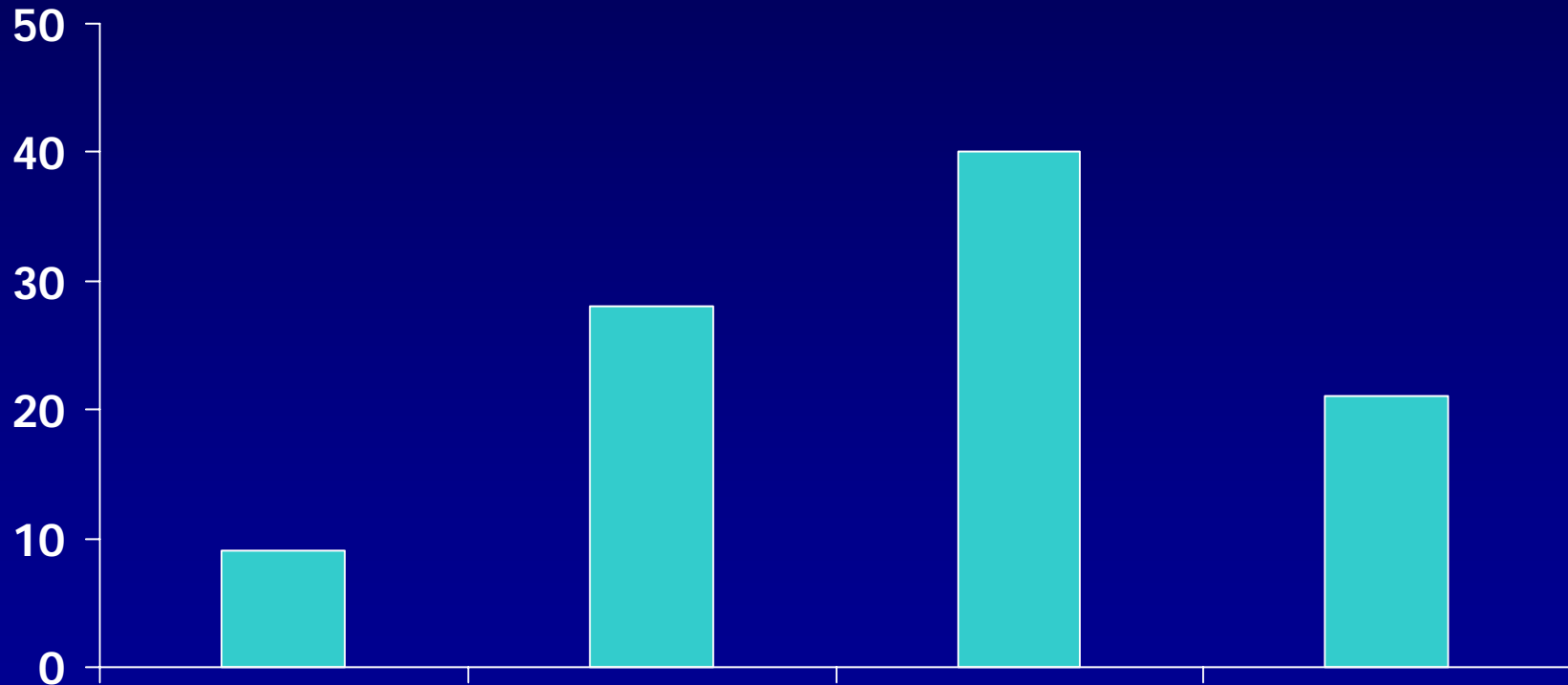


Income is on underlying basis ie net of operating lease depreciation

Diversified Income: Geography

1H02 – 1H06 Growth

CAGR%



1H06
Income £1,680m

US
Income £846m

Europe
Income £430m

Asia-Pacific
Income £85m

Income figures on underlying basis ie net of operating lease depreciation; growth rates in local currencies

Scale

		<i>Rank</i>
Credit	– All debt	#5
	– Global loans	#5
	– Global DCM volume	#7
	– Global ABS & MBS	#1
	– European leveraged loans	#2
Rates	– US treasuries	#4
	– UK gilts	#2
	– Interest rate swaps (all currencies)	#4
Currencies	– FX globally	#5
	– FX E-trading market share	#5
Project and Asset Finance	– Project finance globally	#1
	– Aviation capital	#3

Origination

- Large corporate and financial institutions clients including
 - Over 95% of the FTSE 100
 - 80% of the Fortune 100
 - Over 95% of the Dow Jones Eurostoxx 50
- Integration of GBM US
- All offices in Continental Europe growing fast
 - A bank of choice for corporate transactions in Europe
- New offices eg Shanghai, Seoul, Taipei and Helsinki
- Capturing profile benefits of Bank of China partnership
- 8,000 employees

Distribution

Expanding Distribution Channels

Primary	→	Loan and bond underwriting
Secondary	→	Securitisation, CLOs, synthetic CLOs, secondary sales
Strategic investors	→	Consistent participation in RBS' origination capacity
3 rd party asset management	→	RBS managed CDOs Alternative funds management <ul style="list-style-type: none">– Infrastructure, real estate, shipping, aircraft etc– Institutional or retail/high net worth distribution

For example, Leveraged Finance holds as a percentage of origination reduced from 27% in 1H05 to 14% in 1H06

Market Share

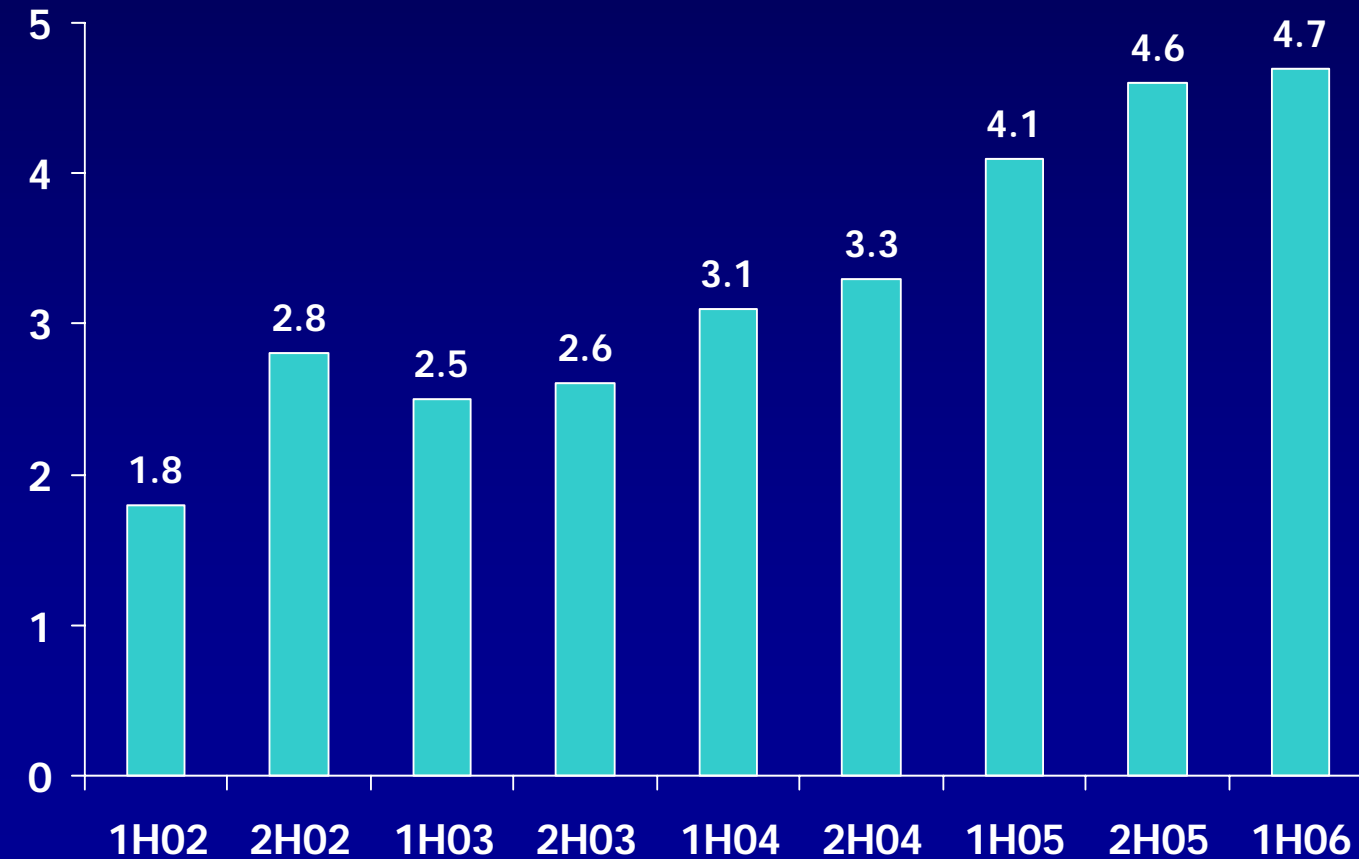
		<i>Share</i>	<i>Trend</i>
Credit	– All debt	4.7%	↗
	– Global loans	4.1%	→
	– Global DCM volume	5.2%	↗
	– Global ABS & MBS	8.5%	↗
	– European leveraged loans	12.6%	→
Rates	– US treasuries	7.8%	↗
	– UK gilts	10.9%	→
	– Interest rate swaps (all currencies)	9.6%	↗
Currencies	– FX globally	6.4%	↗
	– FX E-trading market share	2.7%	↗
Project and asset finance	– Project finance globally	8.4%	→
	– Aviation capital	8.0%	→

Market Share

Global All Debt Bookrunners

Market Share

%



1Q06 – 3Q06 Ranking

- 1 JP Morgan
- 2 Citigroup
- 3 Bank of America
- 4 Deutsche Bank
- 5 **RBS**
- 6 Barclays Capital
- 7 Lehman Brothers
- 8 Merrill Lynch
- 9 Goldman Sachs
- 10 Morgan Stanley

Market Share Growth

- Debt Capital Markets Drive on from top 10 to top 5 in Euros and similarly in US\$
- ABS/MBS Maintain leading rank in securitisation (market growth outside US and recovery in US)
- Leveraged Finance Move up US rankings by building on European leadership
- Real Estate Apply successful US/UK models to Europe/Asia-Pacific
- Rates & Currencies Capture benefits of major increase in sales staff eg in Europe
- E-commerce Build on strong capabilities in FX
- Financial Institutions Continue to increase customer base
- US Continue momentum towards top 5 corporate bank

Market Share Growth

Investment in People

- 2,250 hires in the last two years
- Plan for 1,250 hires in 2007
- 56% in support functions, particularly Asia-Pacific
- 44% in front office, including major increases in US and Greater China

Investment in Technology

- Significant capital expenditure to support volume growth and new product capabilities

Investment in Geographic Distribution

- Further new offices planned in Asia-Pacific, Middle East and Europe

New Products/New Markets

Key Criteria for Assessing Opportunities

- Markets with adequate scale
- Markets with growth momentum
- Competitive intensity
- Relevant expertise
- Leverage platform and franchise
- Fit with customer proposition
- Appropriate market entry route



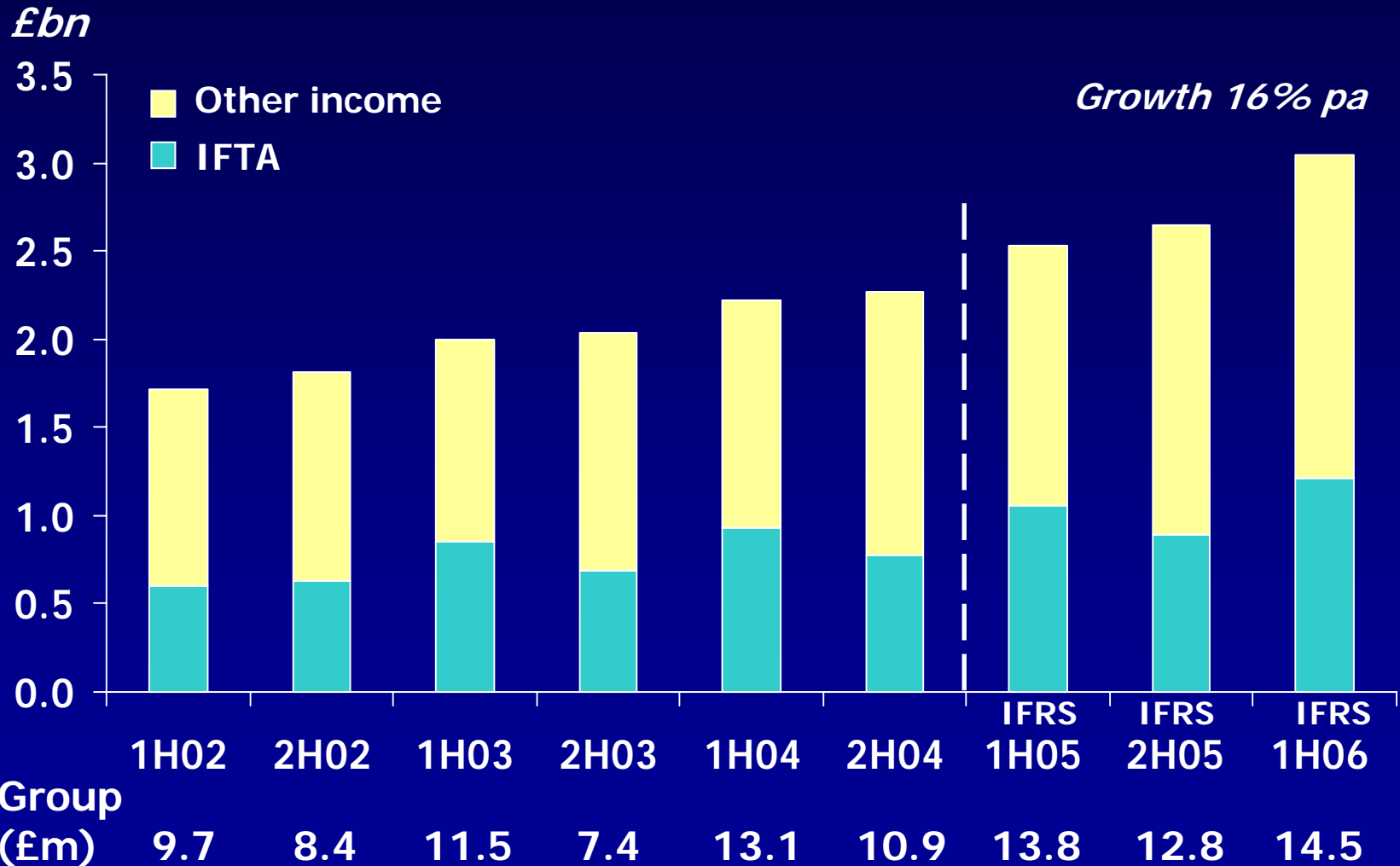
**Potential
Opportunities
for GBM**

New Products/New Markets

Illustrative List

<i>GBM Income</i>	<i>1H06 £m</i>	<i>Growth 1H06 v 1H05</i>
Equity Derivatives	38	73%
Structured Retail Products	15	257%
FX & Rates Prime Brokerage and Futures	39	39%
Structured Credit	67	247%
Commodities	3	50%
Emerging Markets	16	25%
Middle East	12	7%

Consistent Income Growth



*Period end Value at Risk (VaR) based on 1 day 95%. Income is on underlying basis ie net of operating lease depreciation
1H02 – 2H04 data on October 2005 investor day basis, 1H05 – 1H06 on new GBM basis*

GBM Drivers of Growth

- Diversified income ✓✓✓
- Scale ✓✓✓
- Origination/distribution ✓✓
- Growing market share ✓✓✓
- New products/new markets ✓✓✓

Summary

- Still reinforcing leadership in corporate banking in the UK, and more to go for
- Strong progress in building global business lines and global distribution
- Investment in people and the technology to support them
- Many additional opportunities for growth



The Royal Bank of Scotland Group

Financial Framework

Guy Whittaker
Group Finance Director

Drivers of Growth

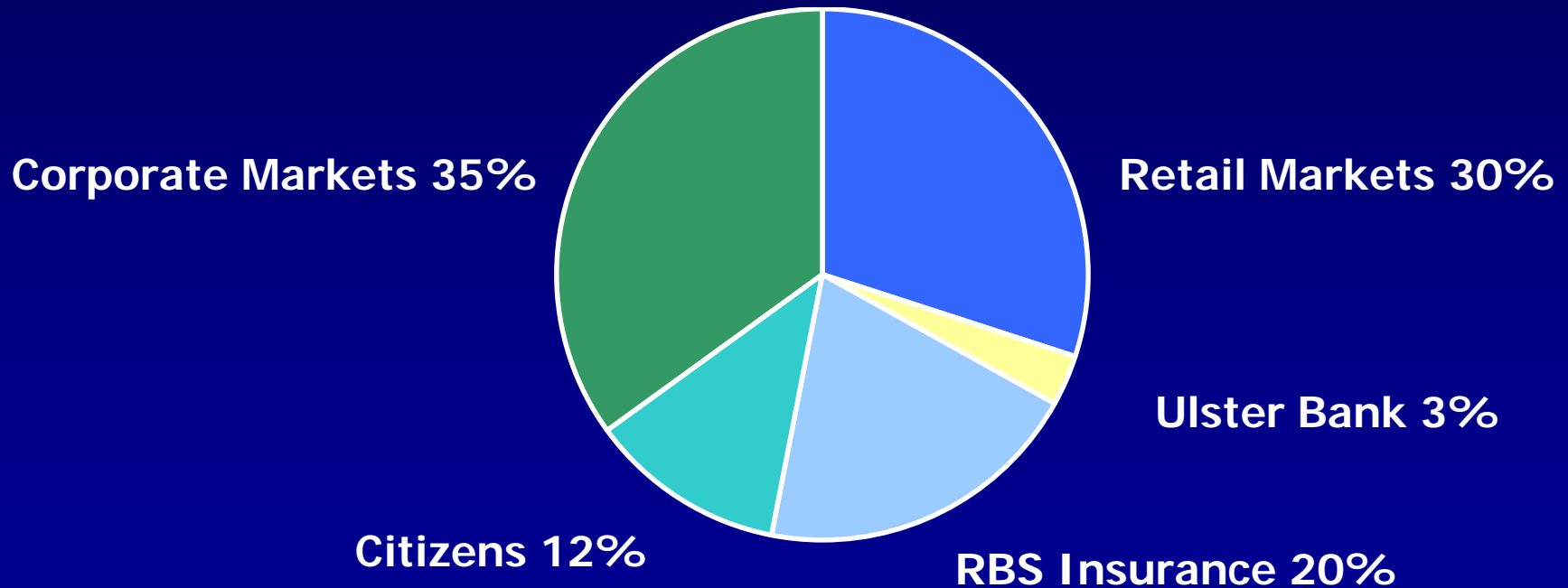
- Diversified income
- Scale and distribution
- Growing market share
- New products/new markets
- Operational excellence
- Strong risk management
- Financial strength

Diversified Income



1H06

Income £13,642m – Up 10%



Operating Profit £4,603m – Up 15%



Diversified Income

% Group 1H06 Total Income

Personal

– Deposits + lending	28.1%
– Other banking income	4.0%
– General insurance	20.0%
Total	52.1%

Business

– Deposits + lending	28.5%
– Other banking income	16.7%
Total	45.2%

Other	2.7%
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Total	100.0%
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Scale

Leading Market Positions

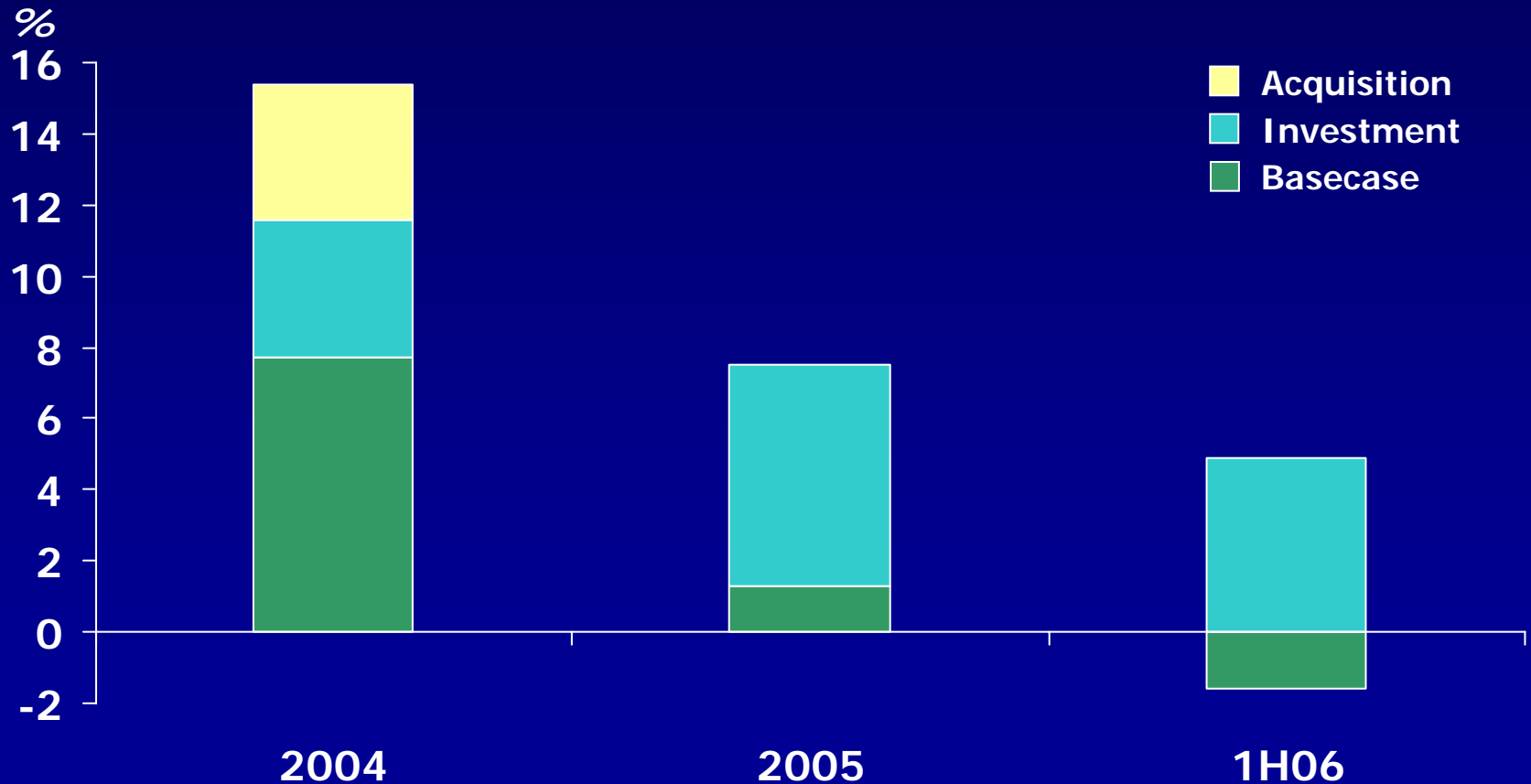
- #1 UK corporate bank
- #1 UK retail and private bank
- #2 UK general insurer
- #6 US bank
- #3 Irish bank
- #5 global debt issuer
- #1 global purchasing

Operational Excellence



Unique Manufacturing Model

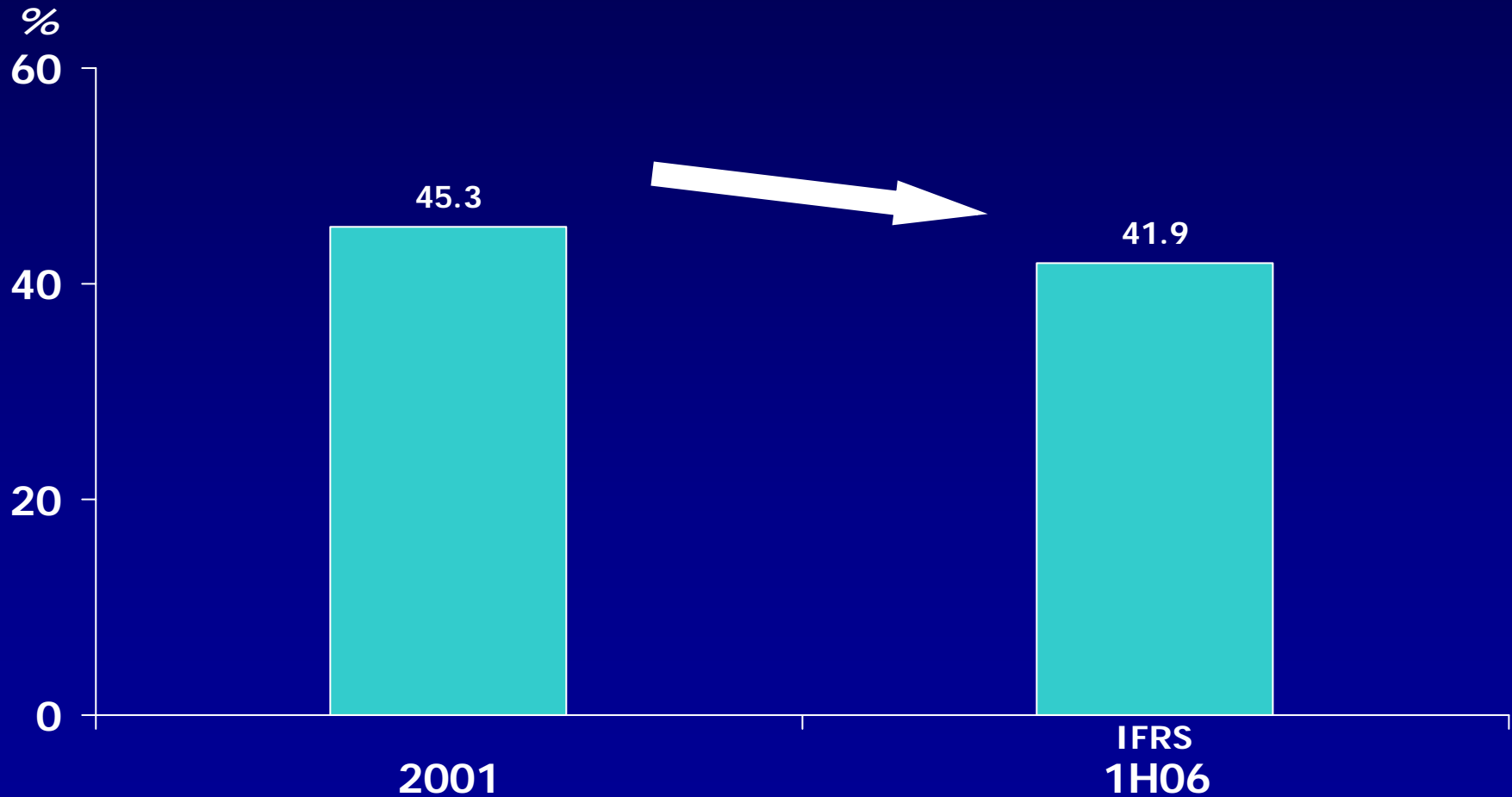
Manufacturing Cost Increases



Operational Excellence



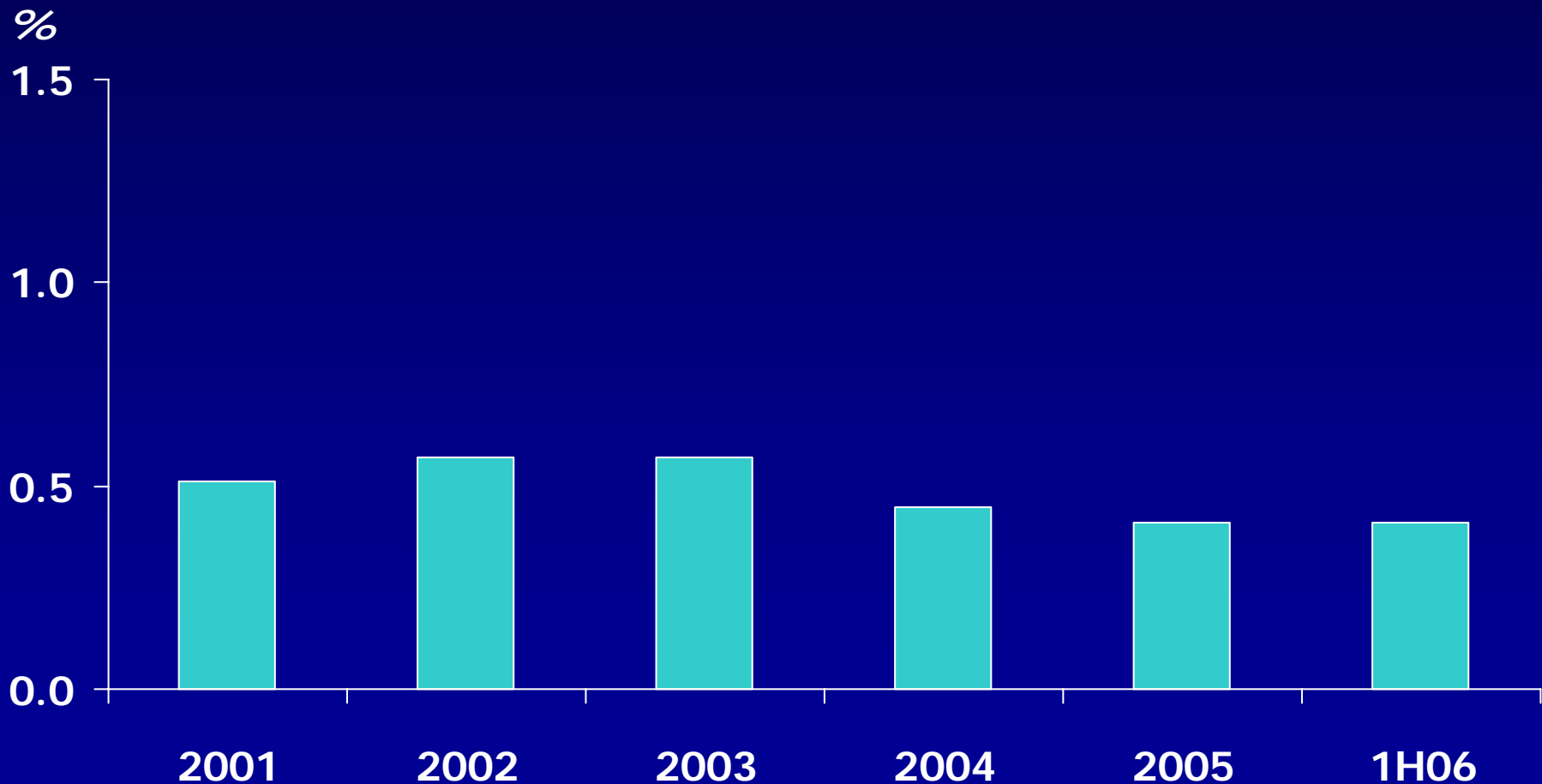
Group Cost:Income Ratio



Strong Risk Management



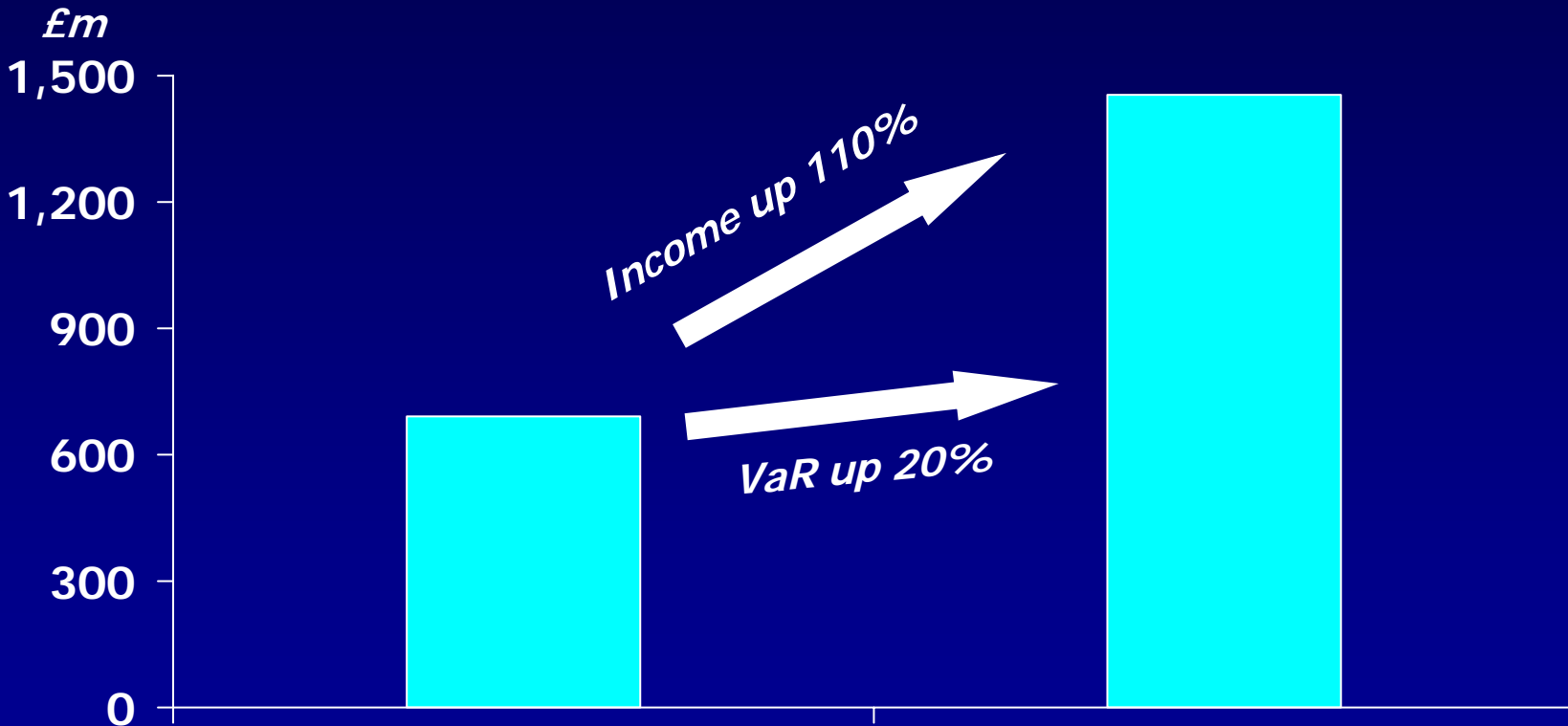
P&L Bad Debt Charge as % of Loans + Advances





Strong Risk Management

IFTA

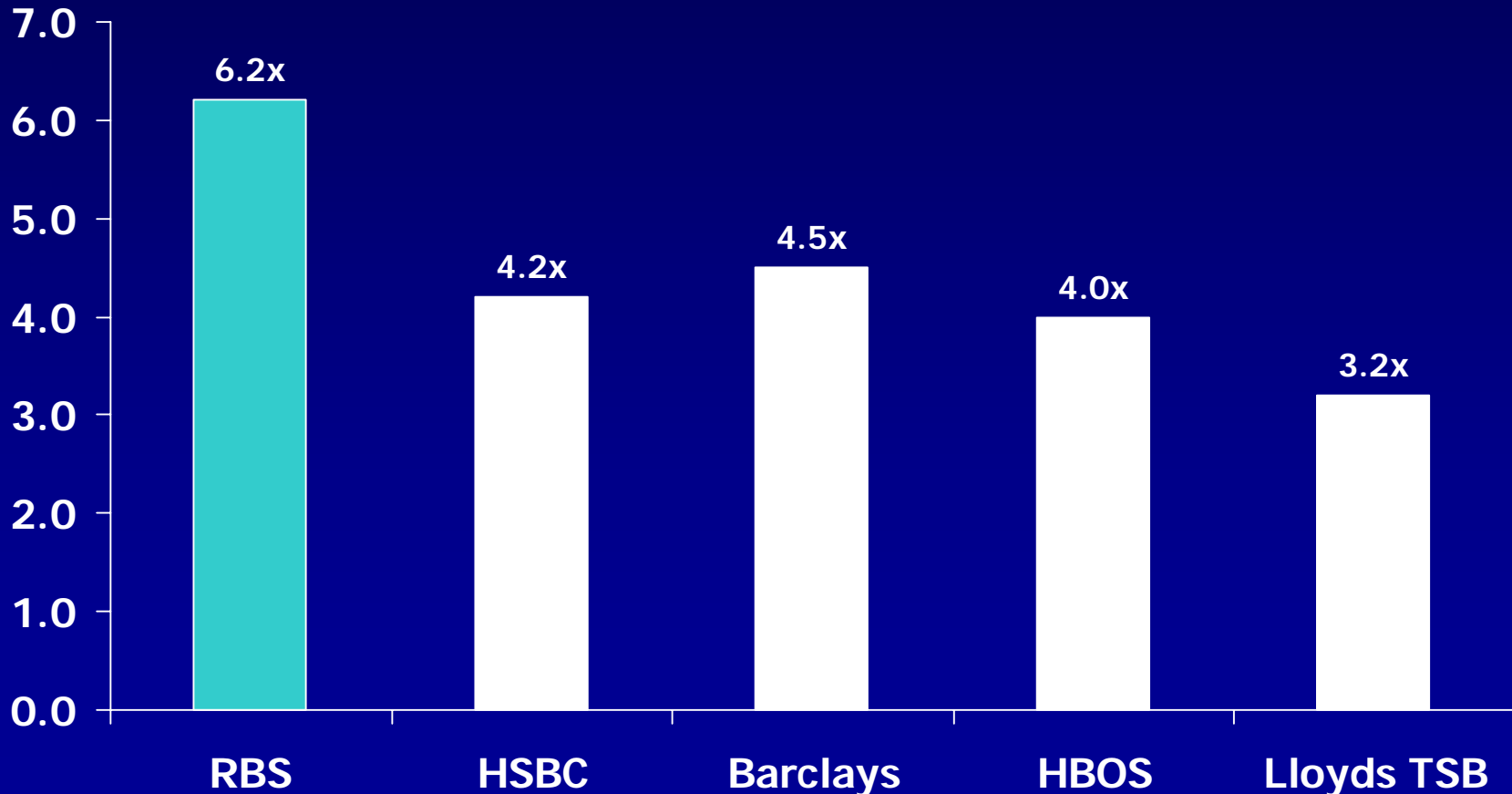


	1H01	1H06
IFTA % of total income	10.1	10.7
Period end VaR at 95%	£12.1m	£14.5m



Financial Strength

Profit Cover of P&L Bad Debt Charge



Source – Company accounts



Financial Strength

<i>Capital Generation</i> <i>£bn</i>	<i>2002</i>	<i>2003</i>	<i>IFRS</i> <i>2004</i>	<i>IFRS</i> <i>2005</i>	<i>IFRS</i> <i>2006</i>
Gross capital generated	4.2	4.7	5.0	5.6	
Capital to support growth in RWAs at 5.0%	(1.2)	(1.5)	(3.0)	(2.3)	
Ordinary dividends	(1.3)	(1.5)	(1.6)	(1.9)	
Capital available for other purposes	1.7	1.7	0.4	1.4	
AVSs	✓	✓	—	—	—
Acquisitions	✓	✓	✓	—	✓
Buybacks	—	—	—	—	✓



Financial Strength

Capital Management

- Investing in profitable growth
- Active balance sheet management
- Stable capital ratios
- Progressive dividend policy
- Available capital surplus



The Royal Bank of Scotland Group

Driving Growth

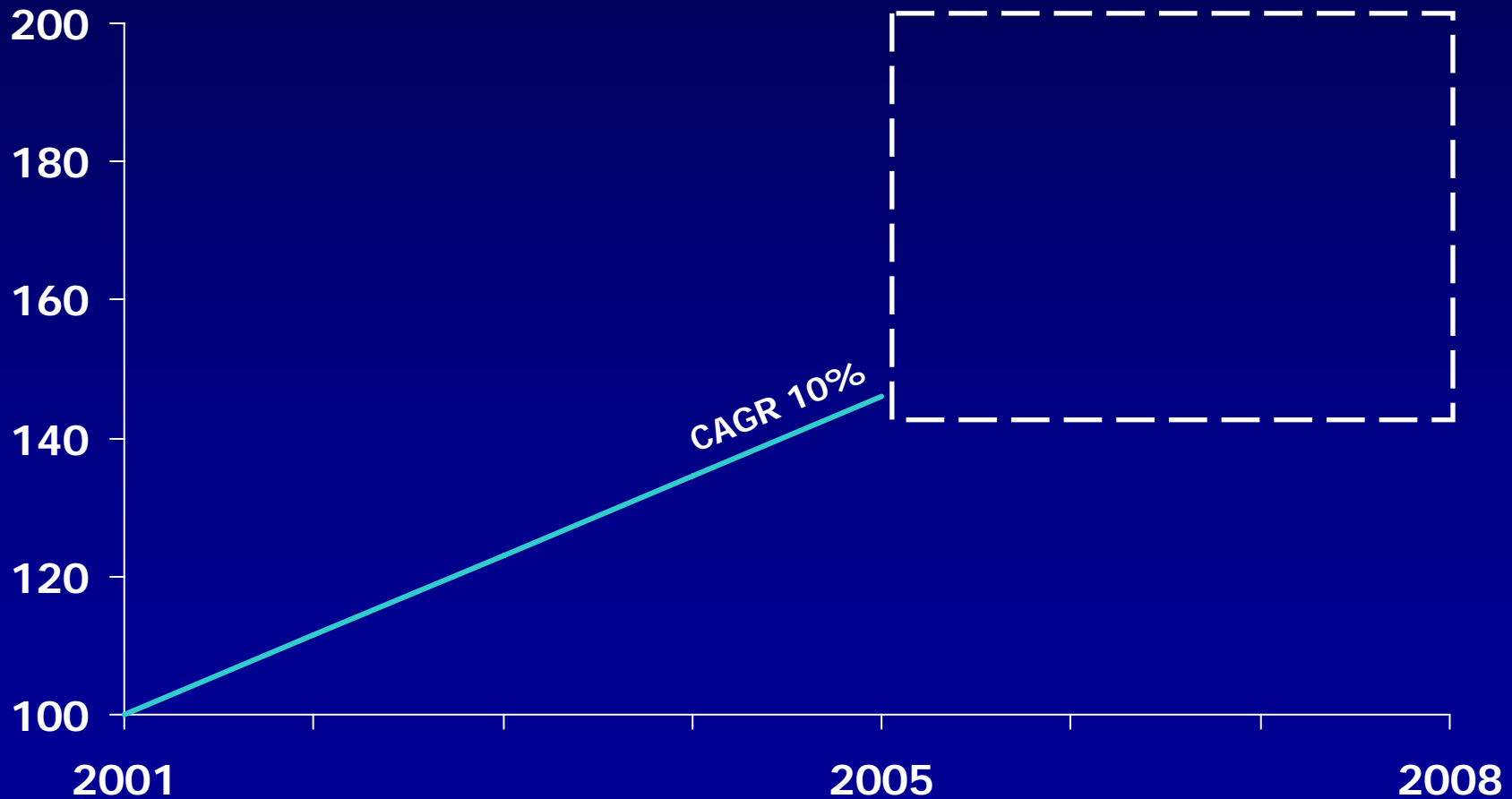
Sir Fred Goodwin
Group Chief Executive

Drivers of Growth

- Diversified income ✓✓✓
- Scale and distribution ✓✓✓
- Growing market share ✓✓
- New products/new markets ✓✓
- Operational excellence ✓✓✓
- Strong risk management ✓✓✓
- Financial strength ✓✓✓

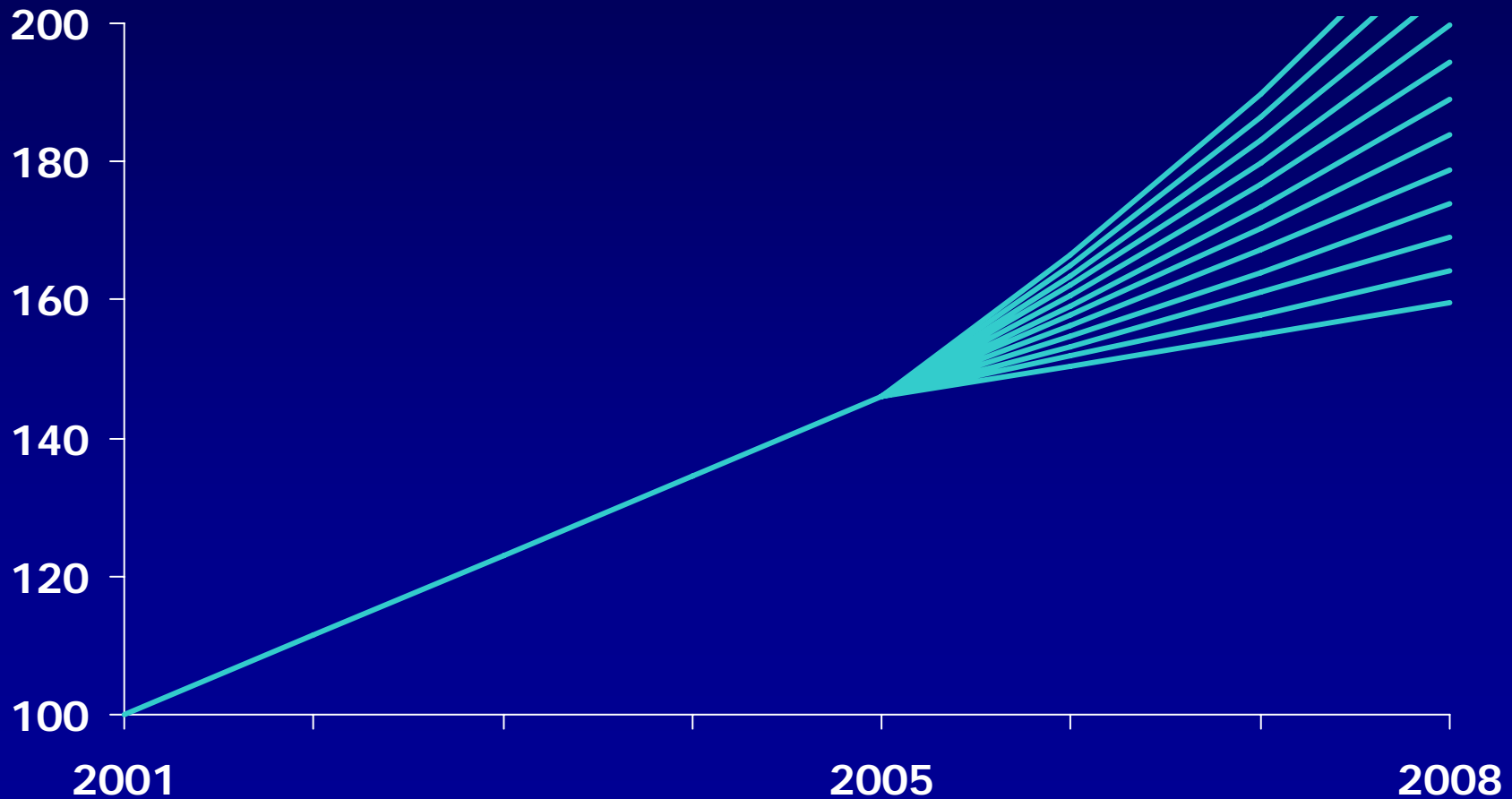
EPS Growth

Cumulative Growth in Earnings Per Share



EPS Growth

Cumulative Growth in Earnings Per Share



RBS excluding goodwill amortisation and integration costs, as reported (UK GAAP 2001-2004 and IFRS 2004-2005)



Driving Growth



The Royal Bank of Scotland Group

Make it happen

strength

diversity

flexibility