



The Royal Bank of Scotland Group

Balancing Growth Against Returns Goldman Sachs Conference 2006

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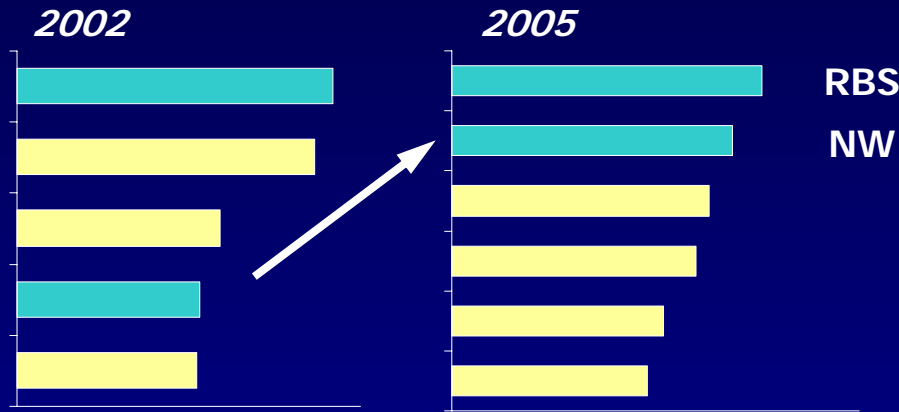
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Operational Excellence

Customer Satisfaction



Customer satisfaction for retail customers

Product Strength

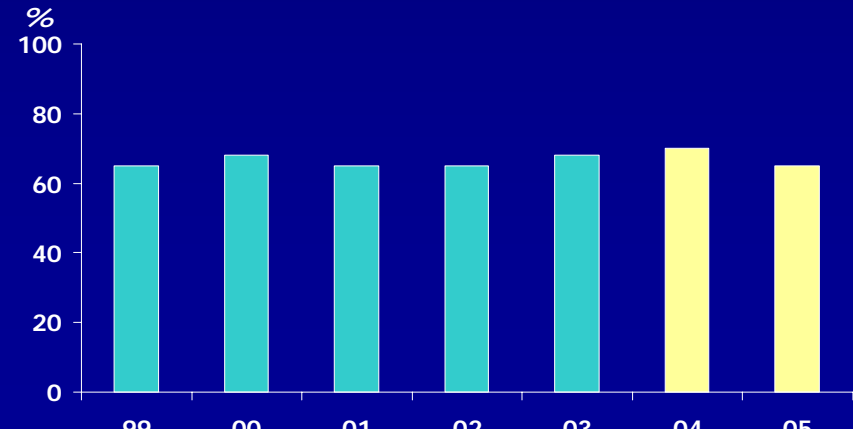
UK Corporate and Commercial	#1
European Leveraged Finance	#1
Global Project Finance	#1
Global Securitisation	#2
Global FX	#5
UK Motor Insurance	#1
UK Wealth Management	#1
UK Merchant Acquiring	#1
UK Current Accounts	#2
UK Card Issuing	#2
US Deposits	#6

Operating Efficiency

Cost:income ratio

1999 → 2005
57.8% → 42.4%

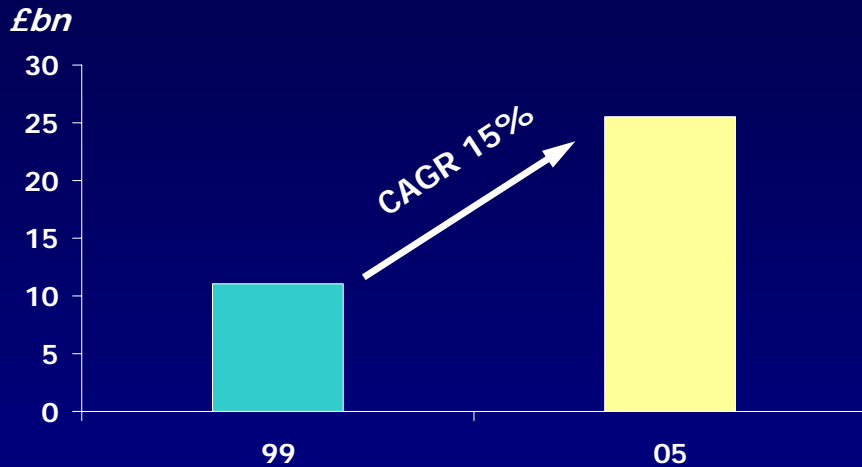
Risk Management



Provisions as % of REILs and PPLs

Balancing Growth Against Returns

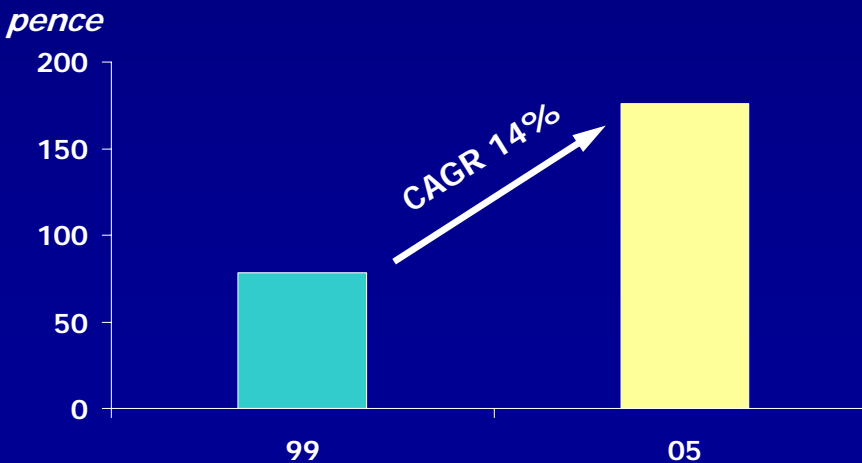
Income



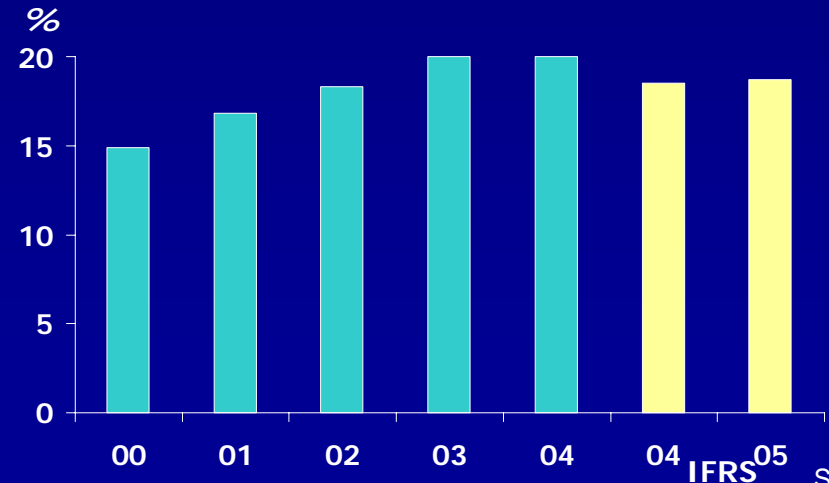
Capital

<i>£bn</i>				<i>IFRS</i>	<i>IFRS</i>
	<i>01</i>	<i>02</i>	<i>03</i>	<i>04</i>	<i>05</i>
Capital generated	3.5	4.2	4.7	5.0	5.6
RWA growth	(1.7)	(1.2)	(1.5)	(3.0)	(2.3)
Ordinary dividends	(1.1)	(1.3)	(1.5)	(1.6)	(1.9)
Available surplus	0.7	1.7	1.7	0.4	1.4
AVSs	✓	✓	✓	–	–
Acquisitions	✓	✓	✓	✓	–

Adjusted EPS



Return on Equity



Balancing Growth Against Returns

Growth Opportunities

- Corporate Markets globally
- UK savings, mortgages, bancassurance
- European motor insurance
- US mid-corporates
- Charter One franchise
- China joint ventures
- Asia wealth management
- Ireland

Capital Discipline

- Tier 1 ratio \pm 7.5%
- 40+% payout ratio
- Strong capital generation
- Self-funded growth
- Risk-adjusted hurdles
- Surplus returned

Summary

- Demonstrable growth
- Sustained returns
- Disciplined investments
- Balanced and diversified
- Well placed for the future



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