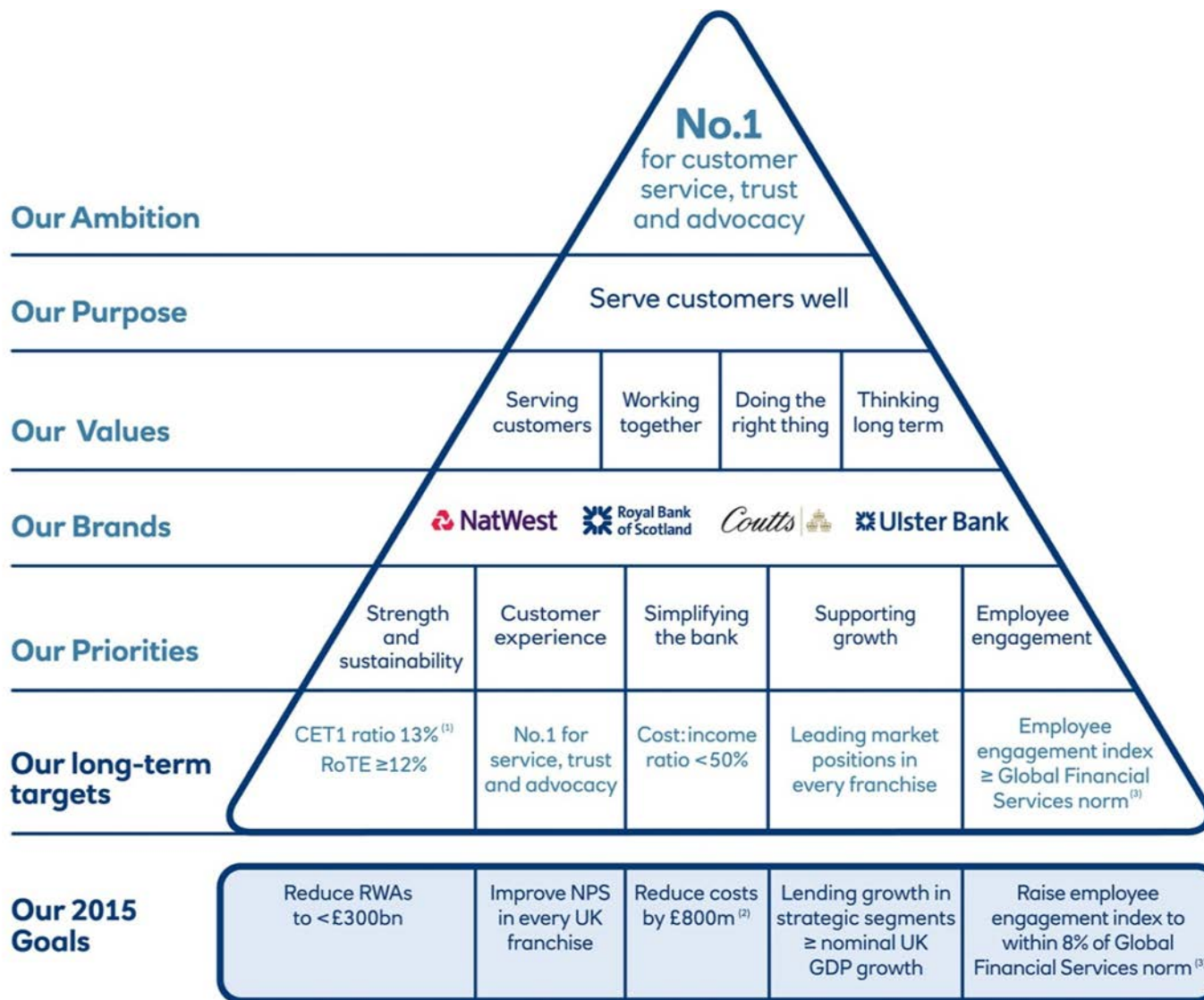


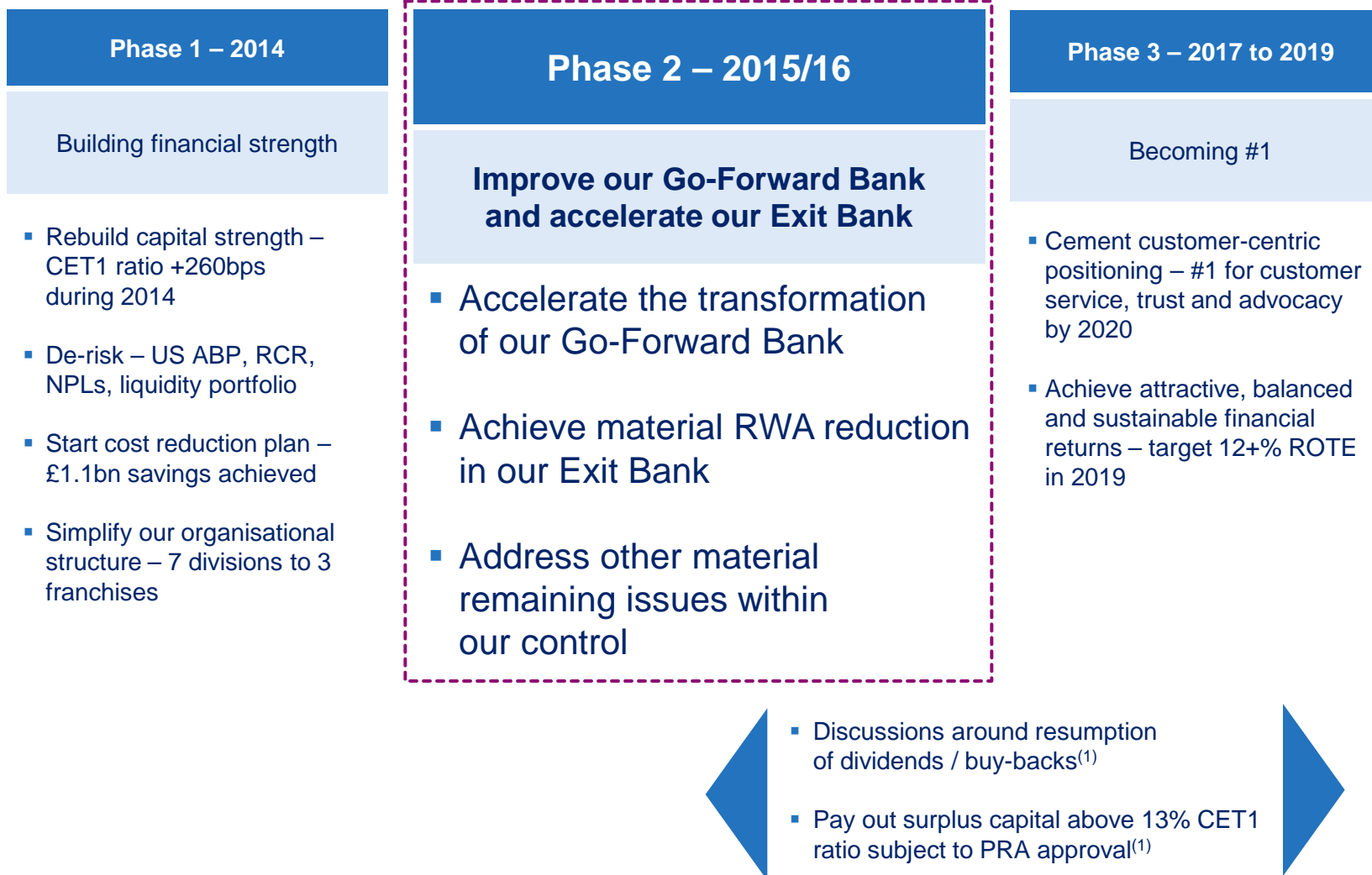
Accelerated delivery to our Go-Forward Bank

Ross McEwan
Chief Executive Officer

Our blueprint for lasting success



⁽¹⁾ During the period of CIB restructuring. ⁽²⁾ Excludes restructuring, conduct, litigation and intangible write-off charges as well as the operating costs of Citizens Financial Group and Williams & Glyn. ⁽³⁾ Global Financial Services (GFS) norm currently stands at 83%.



⁽¹⁾ Subject to PRA approval. In addition, key milestones before seeking PRA approval for capital distributions would include, among other considerations, reaching the 13% CET1 ratio target, achieving confidence in sustainable profitability, improved stress-testing results and operating within risk appetite, peak of litigation and conduct costs passed and at least £2 billion of AT1 raised.

Our Go-Forward Bank

UK focused Retail & Commercial bank



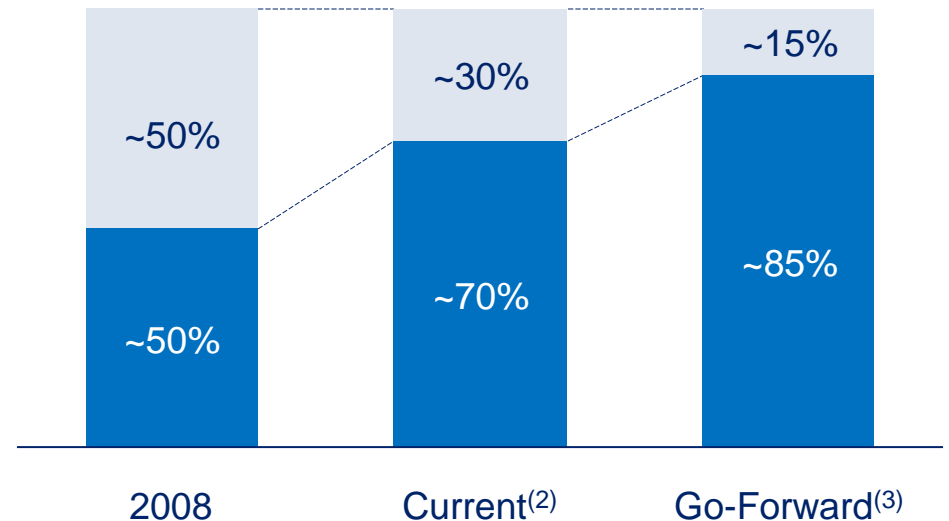
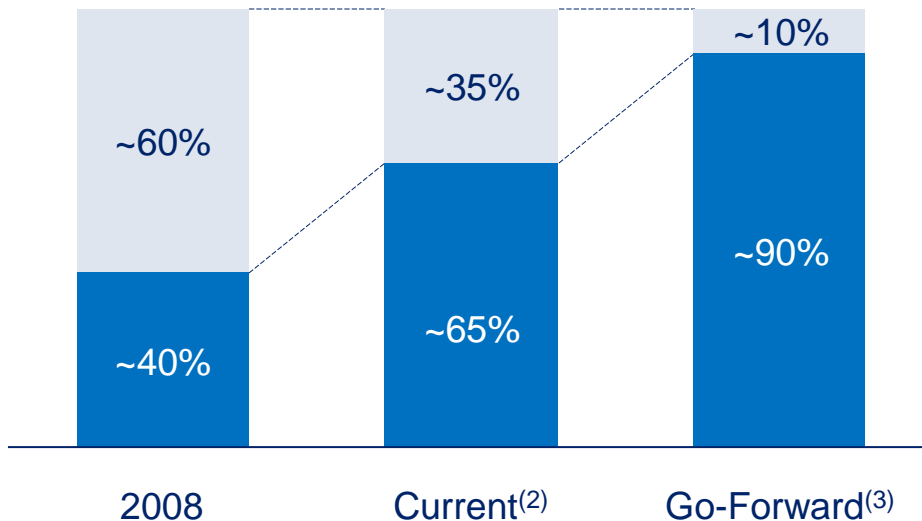
With Markets and international capabilities to meet our clients' needs, primarily focusing to support their UK and Western European operations

Business mix shift towards the UK...

...with emphasis on Retail & Commercial

Illustrative split by total income Non-UK UK

Illustrative split by RWAs CIB⁽¹⁾ R&C



⁽¹⁾ Wholesale defined as GBM in 2008 and CIB for current and Go-Forward ⁽²⁾ Current are the FY 2014 numbers includes Citizens ⁽³⁾ Go-Forward defined as 2019.

Our Go-Forward Bank

RBS in 2019

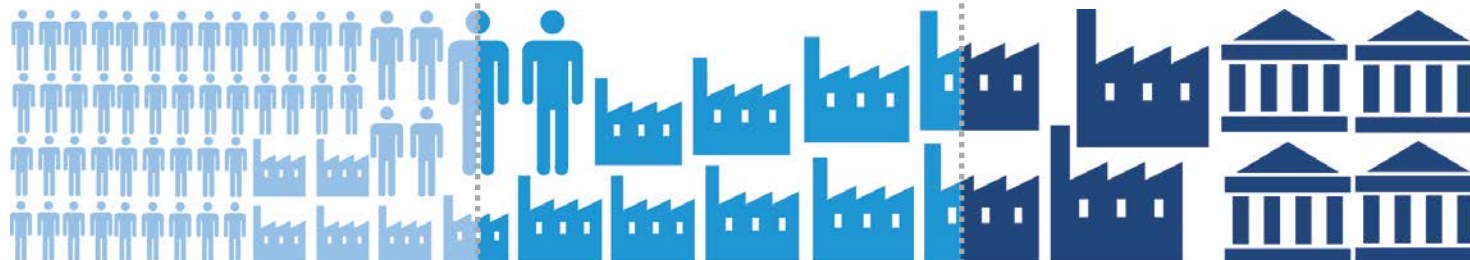


Personal & Business

Commercial & Private

Corporate & Institutional

Our Customers



Our Primary Brands



Our Market Positions

- #2 UK Personal Current Accounts
- #3 Ireland⁽¹⁾ Personal Current Accounts
- #2 UK Business Bank main relationship

- #1 SME Bank
- #1 UK Commercial Bank
- #1 UK Private Bank

- Top 3 UK Rates, FX and DCM
- Top 3 European Structured Finance
- Top 3 Western Europe Investment Grade Corporate DCM

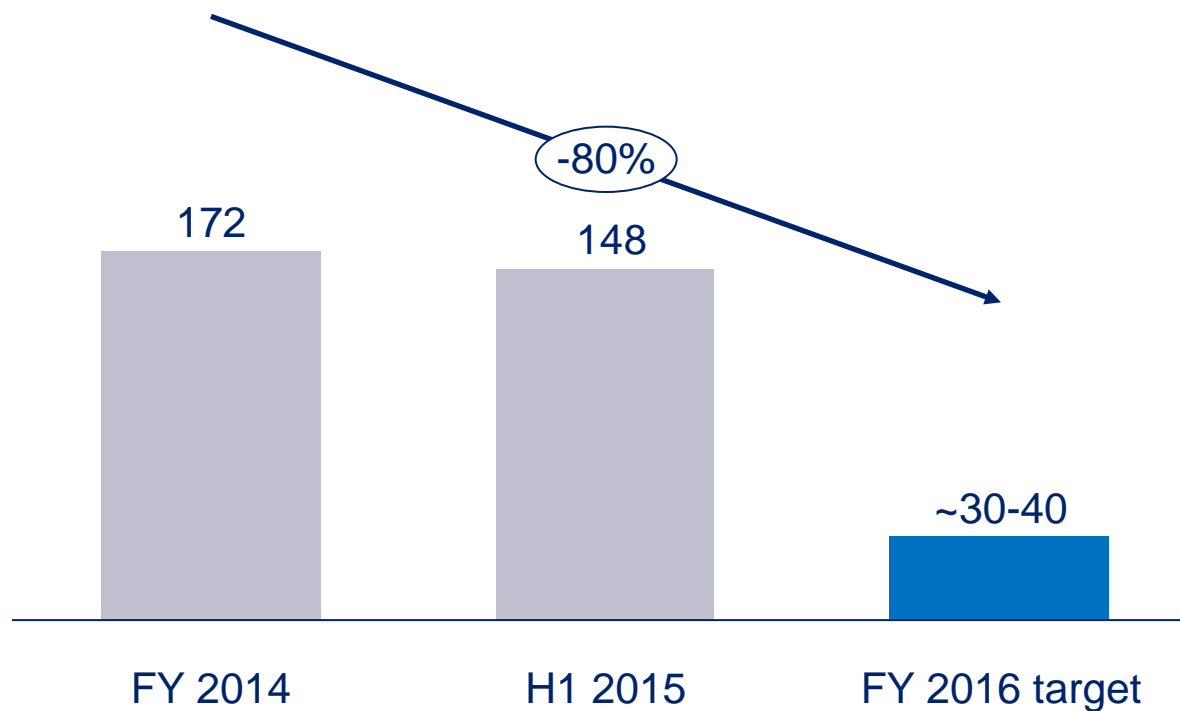
⁽¹⁾ Republic of Ireland.

Our Exit Bank

Rapid reduction in Exit Group RWAs expected



Illustrative run-down of RBS Exit Group RWA, £bn



Good progress against 2015 goals



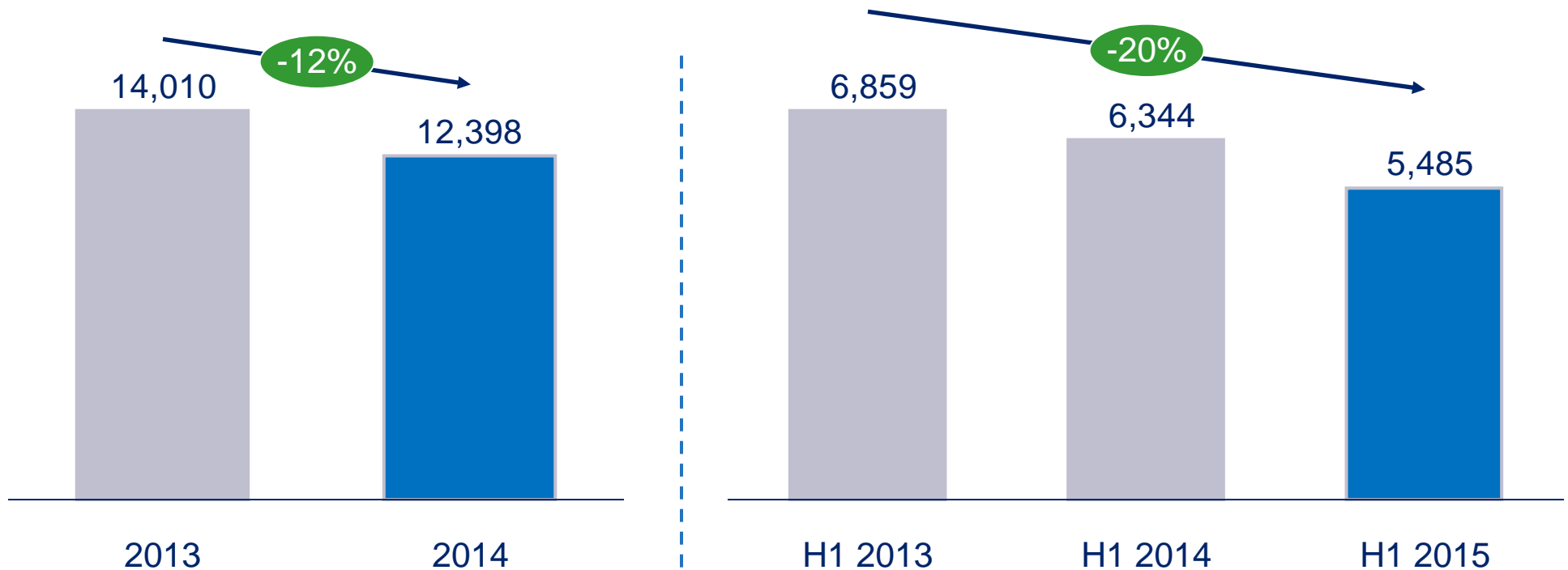
Priorities	2015 Goals	H1 Progress
1 Strength & sustainability	<ul style="list-style-type: none"> RWAs reduced to below £300bn RCR exit substantially complete Citizens exit AT1 issuance (£2bn) 	<ul style="list-style-type: none"> £326bn RWAs Funded assets down 78% since initial pool of assets identified⁽¹⁾ Further sell-down priced in late July 2015⁽²⁾ £2bn AT1 issued
2 Simplifying the bank	<ul style="list-style-type: none"> Cost reduction of £800m⁽⁵⁾ 	<ul style="list-style-type: none"> Over £700m annualised cost savings achieved in H1
3 Customer experience	<ul style="list-style-type: none"> Net Promote Score (NPS) improvement in every UK customer franchise 	<ul style="list-style-type: none"> Improvements in NatWest Personal, NatWest Business, RBS Business⁽³⁾ Ulster Bank Personal (Northern Ireland)⁽⁴⁾
4 Supporting growth	<ul style="list-style-type: none"> Lending growth in strategic segments in line with nominal UK GDP growth 	<ul style="list-style-type: none"> 2% annualised growth in UK PBB and Commercial Banking

⁽¹⁾ Funded assets are down 71% since 1 Jan 2014. ⁽²⁾ Following the offering RBS will deconsolidate Citizens for accounting purposes from Q3 but will continue to consolidate 100% of RWAs for regulatory purposes. ⁽³⁾ Further details in slide 13 ⁽⁴⁾ Source: Internal research – Coyne Research June 15 based on 4 quarter roll with latest base size 365. ⁽⁵⁾ Excludes restructuring, conduct, litigation and intangible write-off charges as well as the operating costs of Citizens Financial Group and Williams & Glyn.

1. Strength & Sustainability

Operating Costs Consistently Reduced

Adjusted cost reduction progression (£m) ⁽¹⁾



■ Significant future cost opportunities:

- Reducing costs in currently very high cost:income franchises (primarily CIB but also Ulster and Private)
- Operational improvements in UK PBB and Commercial Banking

⁽¹⁾ Adjusted costs excluding restructuring and conduct and litigation.

1. Strength & Sustainability

Continue to invest >£1bn per annum in improving IT Transformation Plan



Strategic Theme	2015 Target (£m)	2015 – 2017 Target (£m)
Strength & Sustainability	(640)	(1,560)
Employee Engagement	(90)	(190)
Simplifying the Bank	(200)	(590)
Customer Experience & Supporting Growth	(410)	(1,150)
Total	(1,340)⁽¹⁾	(3,490)⁽¹⁾

⁽¹⁾ Excludes investment in property exits & refurbishments (~£650m), 'Other Discretionary' (~£550m) and W&G and ICB investment (~£1.5bn). Rounded to nearest £10m.

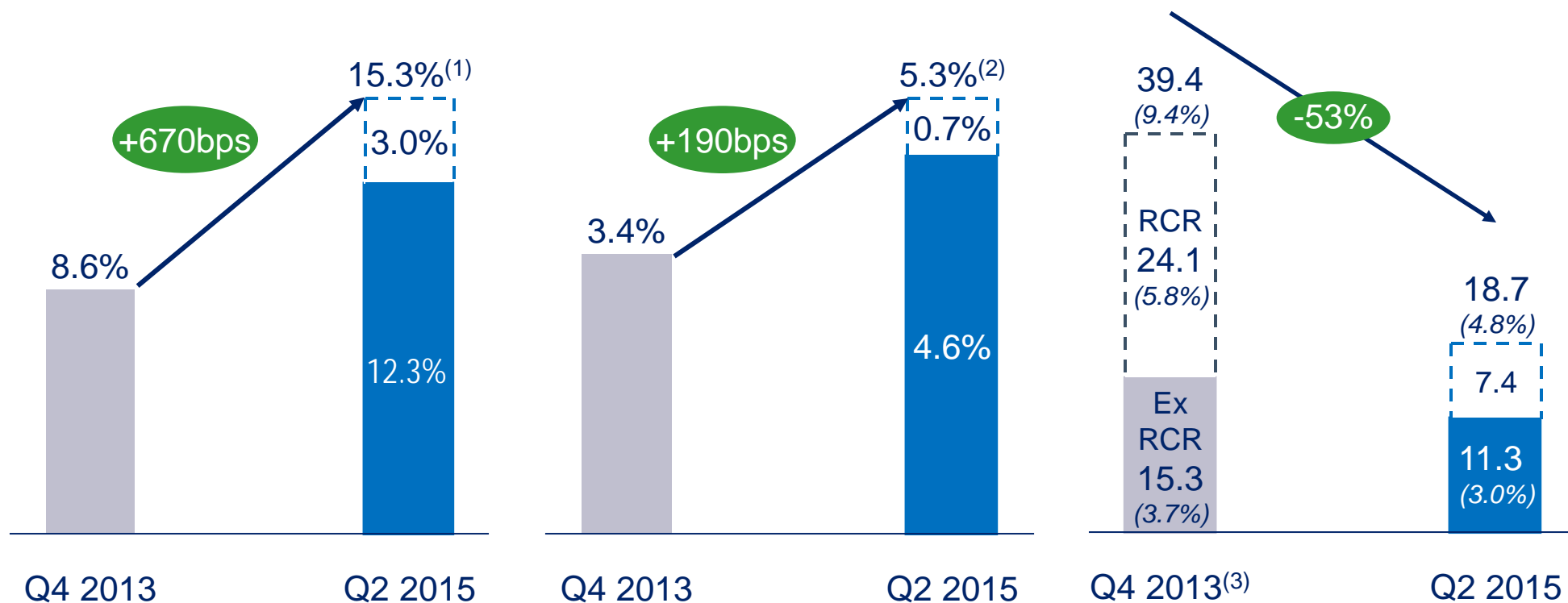
1. Strength & Sustainability

Capital and balance sheet resilience

CET1 Ratio: 13% Target

Leverage Ratio

Non-Performing Loans £bn
(Risk Elements in Lending)
(as % of Gross L&As)

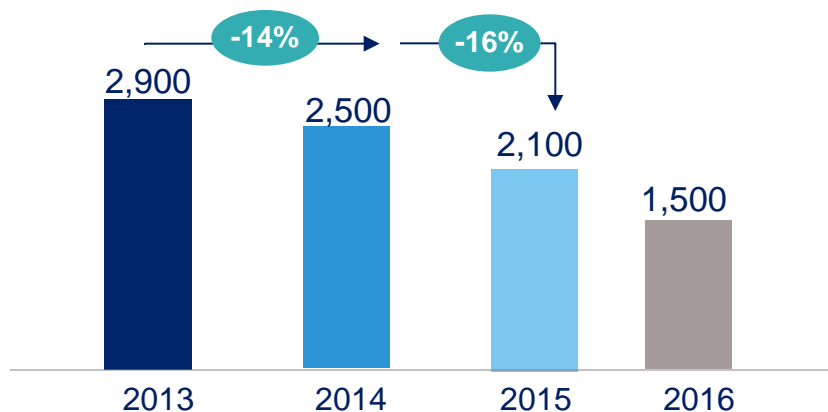


⁽¹⁾ Pro-forma impact of the full disposal of Citizens at 30 June 2015. Assumes full removal of RWAs excluding operational risk and, for simplicity, no capital gains or losses assumed. ⁽²⁾ Pro-forma basis, assuming the divestment of Citizens and including the benefit of AT1 issuance. ⁽³⁾ RCR was created on 1st January 2014. Q4 2013 assumes the numbers have not moved between the 31st December 2013 and 1st January 2014.

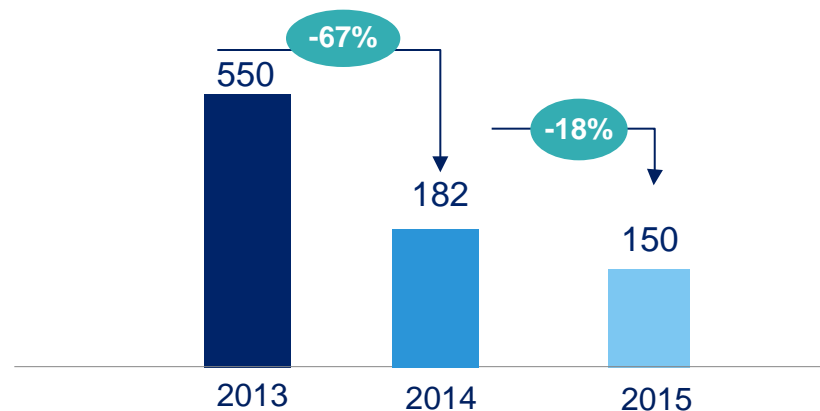
2. Simplifying the Bank

We are becoming simpler

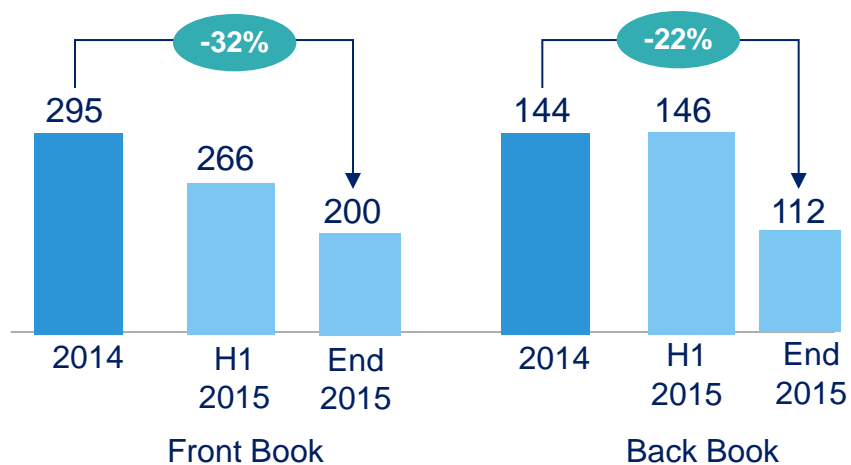
Total Number of Properties⁽¹⁾



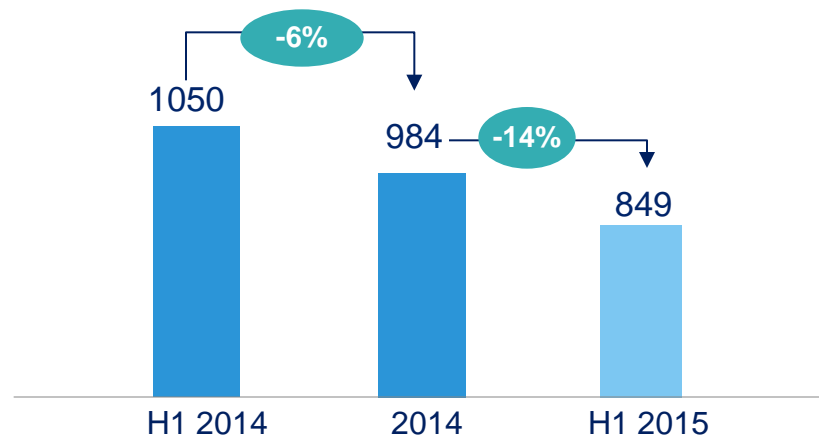
Number of Programmes



Number of products⁽²⁾



Number of registered companies



⁽¹⁾ Whole bank including branches and head office properties. Williams & Glyn included up to end 2015. ⁽²⁾ Excludes CIB and GTS. Notes: The objectives set on this slide are forward looking statements - See the last page of this presentation.

3. Customer experience

Our customers deserve the optimum experience



Stronger

UK & Ireland focused bank



IT resilience and security; mirror bank enabled



Transformation plan - £3.5bn to be invested over 3 years



Investing in our leadership culture



Simpler

Apple Pay availability & Apple Watch app



Touch ID login



Real time app registration as current account opened



Faster, more local lending decisions & quicker current account opening



Fairer

Stopped teaser rates/zero balance transfers



Retail & Business T&C's on 1 side of A4



Accessible overdrafts for a further 600k customers

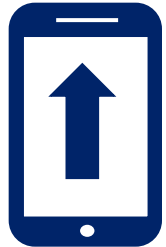


Reward current account launched, cashback on household bills

3% cashback

3. Customer experience

Tailoring our business to changing behaviours



Over 1000% growth in mobile usage since 2010

~3m active mobile customers



16 branch transformations per week

93% of branches re-branded by end of 2016

End of 2013	447	3,973	0	6,106
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Our expanding presence



communities served by mobile bank vans



self service points



banking points available via Post Office



Total points of presence

End of 2015	639	5,544	11,500	19,010
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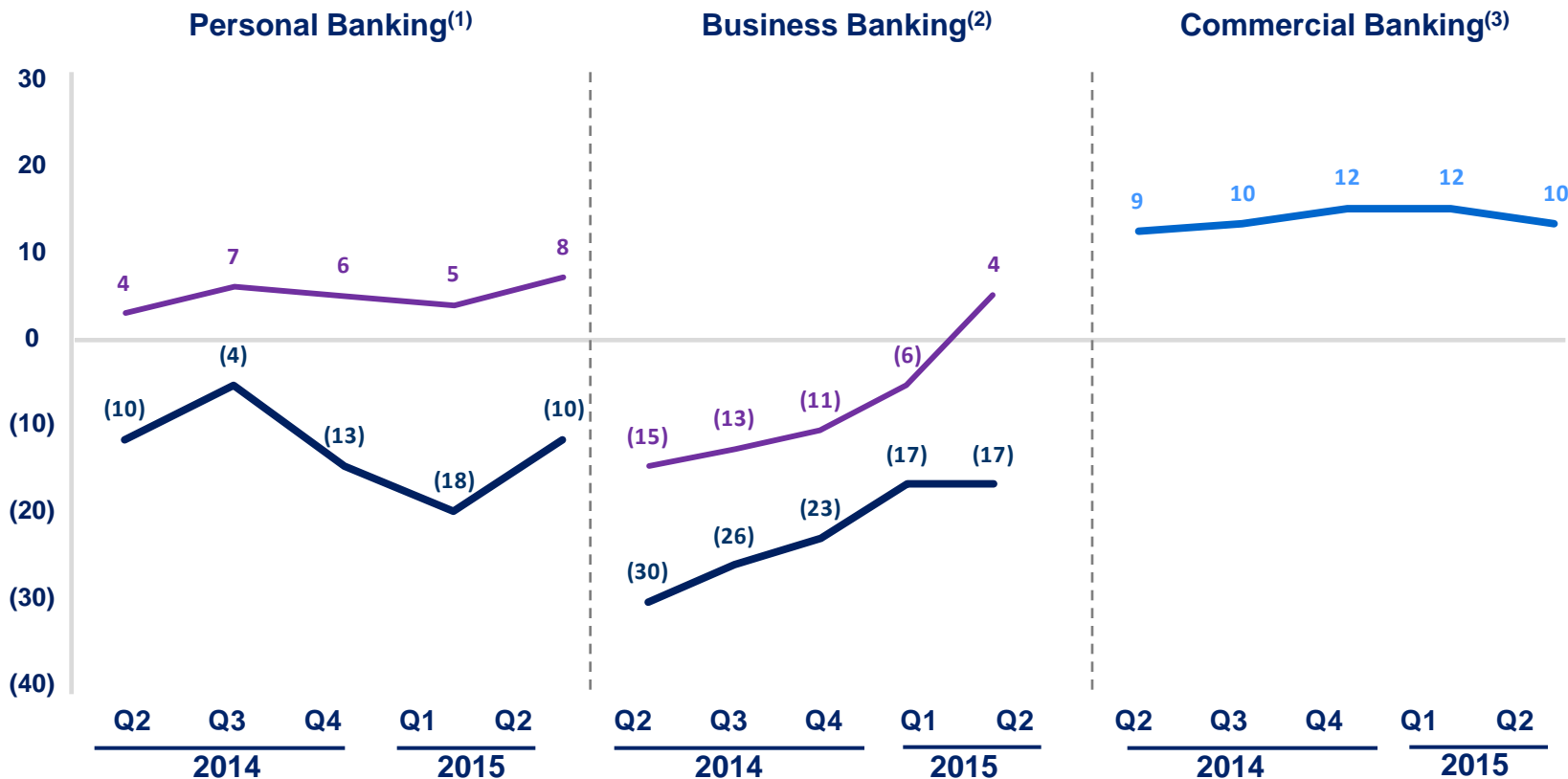
3. Customer experience

Focus on our customers is starting to deliver results



Net Promoter Scores across our core businesses

- Royal Bank of Scotland (Scotland)
- NatWest (England & Wales)
- RBSG (GB)



⁽¹⁾ Personal Banking: Source GfK FRS, 6 month roll. Latest base sizes: NatWest (3340) RBS (458) Question "How likely is it that you would be to recommend (brand) to a relative, friend or colleague in the next 12 months for current account banking?" Base: Claimed main banked current account customers. The year on year movement in NatWest Personal NPS is significant.

⁽²⁺³⁾ Business & Commercial Banking: Source Charterhouse Research Business Banking Survey, quarterly rolling. Latest base sizes, Business £0-2m NatWest (1219) RBS (415) Commercial ³ £2m+ combination of NatWest & RBS in GB (846) **13** Question: "How likely would you be to recommend (bank)". Base: Claimed main bank. Data weighted by region and turnover to be representative of businesses in Great Britain. The year on year improvements in Business Banking are significant.

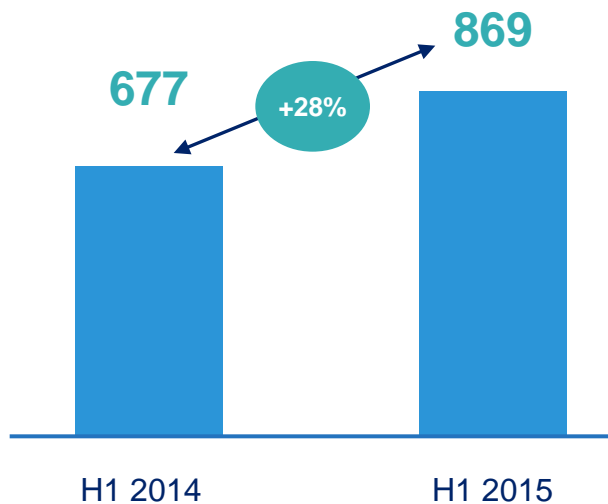
3. Customer experience

Customers are responding to our investment

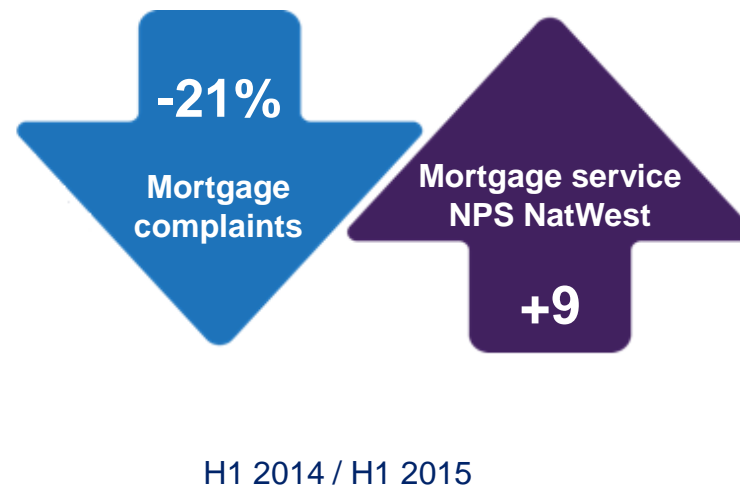


We are:
investing in advice

Number of mortgage advisors



Customers are:
more engaged



4. Supporting growth Personal and Business Banking

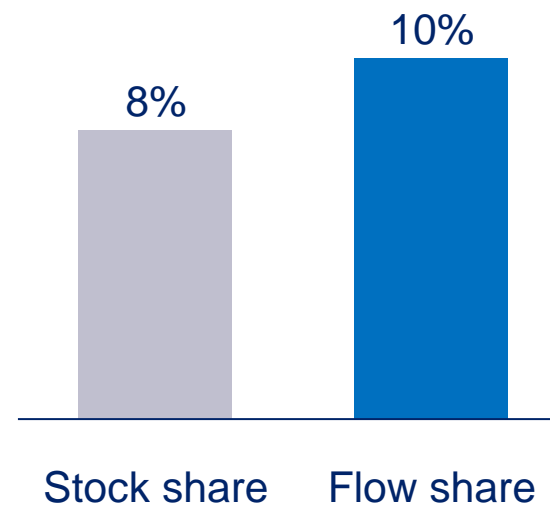
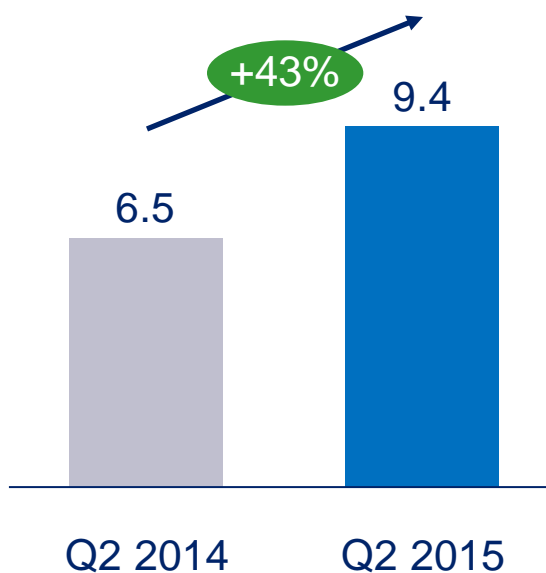
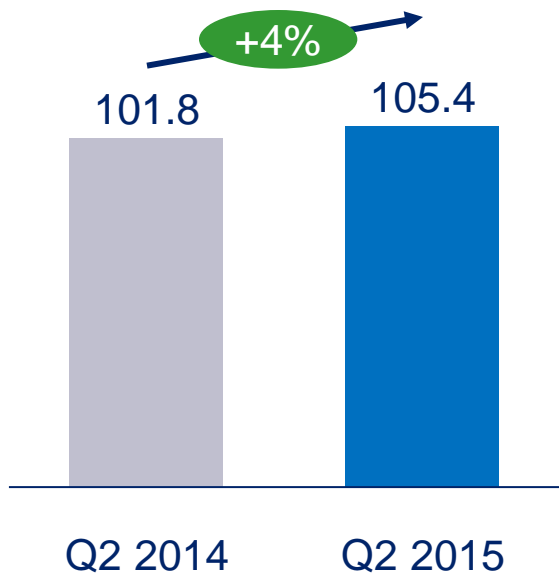


UK Personal & Business Banking – Mortgages

Balances (£bn)

Applications (£bn)

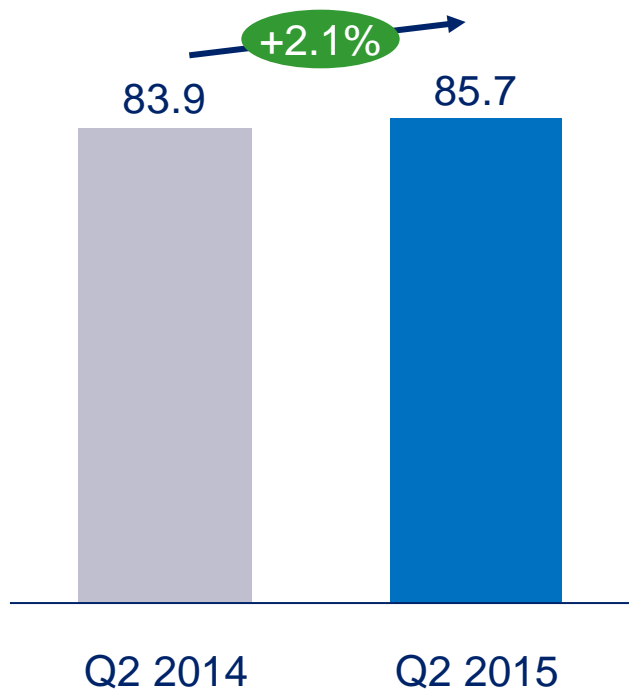
RBS Q2 2015 market share



4. Supporting growth Commercial Banking

Positive net lending

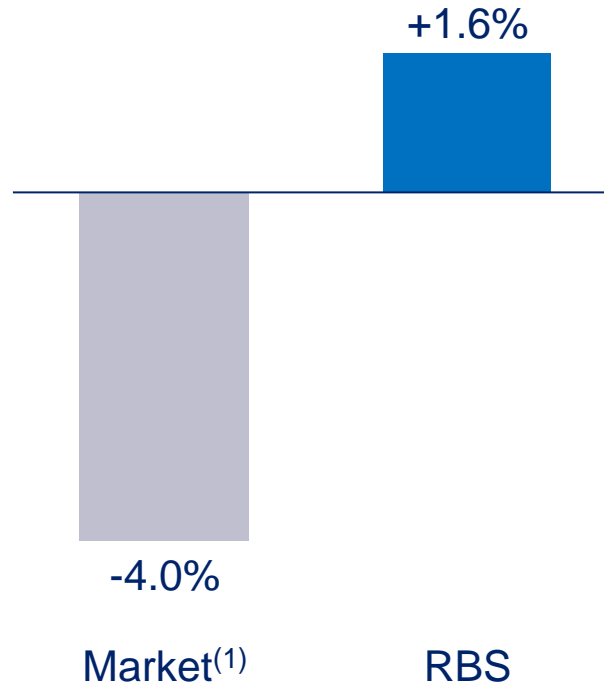
Balances, £bn



Note : Excluding RBSI and CIB transfers.

Gross UK Commercial lending growth

Q2 2015 / Q2 2014



⁽¹⁾Lending to PNFCs (Private Non-Financial Corporations).

Our Go-Forward Bank

Ulster Bank, Private Banking and CIB Go-Forward



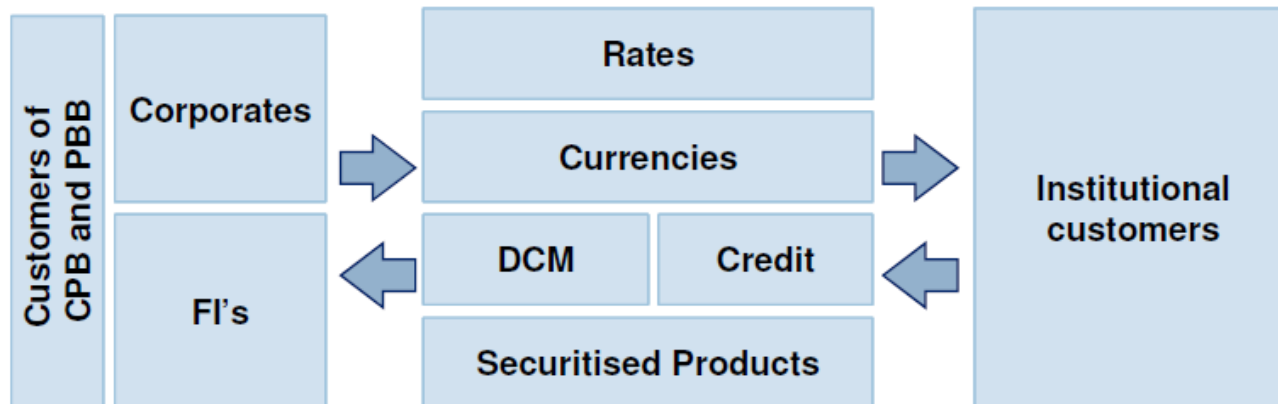
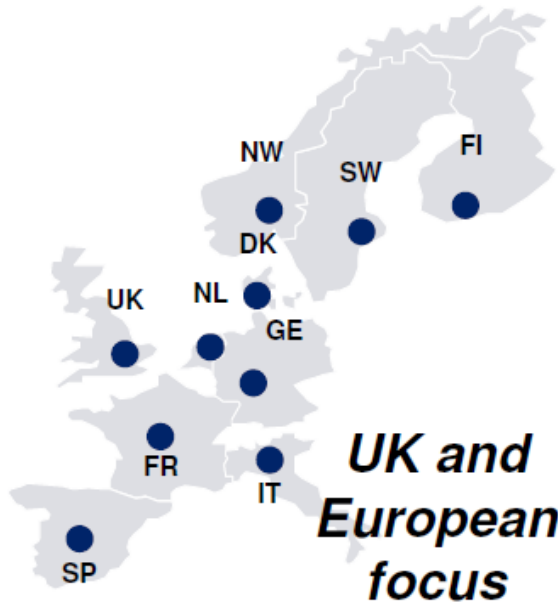
CIB Go-Forward	Ulster Bank	Private Banking
Illustrative cost:income ratio: ~100% ⁽¹⁾	Q2 2015 Adjusted cost:income ratio: 78% ⁽¹⁾	Q2 2015 Adjusted cost:income ratio: 86% ⁽¹⁾
<ul style="list-style-type: none"> ■ CIB Go – Forward is undergoing a multi-year transformation ■ Income is broadly in line with expectations given the reduction in scale and scope ■ CIB Go – Forward will require re-platforming of a substantial part of its IT infrastructure in order to operate the franchise at a materially lower cost structure 	<ul style="list-style-type: none"> ■ Returns benefiting from ongoing Irish macro recovery triggering further write-backs ■ Cost:income ratio is unacceptably high – aim to materially reduce ■ Accelerated reduction of tracker portfolio continues to reduce return drag 	<ul style="list-style-type: none"> ■ Great Private Banking brands, but returns are too low ■ Targeting material productivity improvements, both on revenues and costs in the coming years ■ Excellent opportunities to leverage off Commercial customer base

Clear plan to materially reduce costs and improve productivity in the Go-Forward franchises

⁽¹⁾ Adjusted costs excluding restructuring and litigation and conduct costs.

Our Go-Forward Bank

CIB Go-Forward is built around core strengths



Strong, clear, simple investment proposition

Strong customer franchises in large, attractive banking market



UK's pre-eminent SME, Commercial and Corporate bank



Significant potential upside from simplification and risk reduction



Robust capital, leverage and liquidity positions



We aim to return capital to shareholders above the 13% mid-term CET1 target⁽¹⁾

⁽¹⁾Subject to PRA approval. In addition, key milestones before seeking PRA approval for capital distributions would include, among other considerations, reaching the 13% CET1 ratio target, achieving confidence in sustainable profitability, improved stress-testing results and operating within risk appetite, peak of litigation and conduct costs passed and at least £2 billion of AT1 raised.

Q&A

Forward Looking Statements



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', 'believe', 'should', 'intend', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions.

In particular, this document includes forward-looking statements relating, but not limited to: The Royal Bank of Scotland Group plc's (RBS) transformation plan (which includes RBS's 2013/2014 strategic plan relating to the implementation of its new divisional and functional structure and the continuation of its balance sheet reduction programme including its proposed divestments of Citizens Financial Group, Inc. ("CFG") and Williams & Glyn, RBS's information technology and operational investment plan, the proposed restructuring of RBS's CIB business and the restructuring of RBS as a result of the implementation of the regulatory ring-fencing regime, together the "Transformation Plan"), as well as restructuring, capital and strategic plans, divestments, capitalisation, portfolios, net interest margin, capital and leverage ratios, liquidity, risk-weighted assets (RWAs), RWA equivalents (RWAe), Pillar 2A, Maximum Distributable Amount (MDA), total loss absorbing capital (TLAC), minimum requirements for eligible liabilities (MREL), return on equity (ROE), profitability, cost:income ratios, loan:deposit ratios, anticipated AT1 and other capital raising plans, funding and risk profile; litigation, government and regulatory investigations including investigations relating to the setting of interest rates and foreign exchange trading and rate setting activities; costs or exposures borne by RBS arising out of the origination or sale of mortgages or mortgage-backed securities in the US; investigations relating to business conduct and the costs of resulting customer redress and legal proceedings; RBS's future financial performance; the level and extent of future impairments and write-downs; and RBS's exposure to political risks, credit rating risk and to various types of 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, targets 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 and other disclosures are dependent on choices relying on 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 adversely affect our results and the accuracy of forward-looking statements in this document include the risk factors and other uncertainties discussed in the 2014 Annual Report and Accounts and the 2015 Interim Results. These include the significant risks for RBS presented by the execution of the Transformation Plan; RBS's ability to successfully implement the various initiatives that are comprised in the Transformation Plan, particularly the balance sheet reduction programme including the divestment of Williams & Glyn and its remaining stake in CFG, the proposed restructuring of its CIB business and the significant restructuring undertaken by RBS as a result of the implementation of the ring fence; whether RBS will emerge from implementing the Transformation Plan as a viable, competitive, customer-focused and profitable bank; RBS's ability to achieve its capital targets which depend on RBS's success in reducing the size of its business; the cost and complexity of the implementation of the ring-fence and the extent to which it will have a material adverse effect on RBS; the risk of failure to realise the benefit of RBS's substantial investments in its information technology and operational infrastructure and systems, the significant changes, complexity and costs relating to the implementation of the Transformation Plan, the risks of lower revenues resulting from lower customer retention and revenue generation as RBS refocuses on the UK as well as increasing competition. In addition, there are other risks and uncertainties. These include RBS's ability to attract and retain qualified personnel; uncertainties regarding the outcomes of legal, regulatory and governmental actions and investigations that RBS is subject to (including active civil and criminal investigations) and any resulting material adverse effect on RBS of unfavourable outcomes; heightened regulatory and governmental scrutiny and the increasingly regulated environment in which RBS operates; uncertainty relating to how policies of the new government elected in the May 2015 UK election may impact RBS including a possible referendum on the UK's membership of the EU and the consequences arising from it; operational risks that are inherent in RBS's business and that could increase as RBS implements its Transformation Plan; the potential negative impact on RBS's business of actual or perceived global economic and financial market conditions and other global risks; how RBS will be increasingly impacted by UK developments as its operations become gradually more focused on the UK; uncertainties regarding RBS exposure to any weakening of economies within the EU and renewed threat of default or exit by certain countries in the Eurozone; the risks resulting from RBS implementing the State Aid restructuring plan including with respect to the disposal of certain assets and businesses as announced or required as part of the State Aid restructuring plan; the achievement of capital and costs reduction targets; ineffective management of capital or changes to regulatory requirements relating to capital adequacy and liquidity; the ability to access sufficient sources of capital, liquidity and funding when required; deteriorations in borrower and counterparty credit quality; the extent of future write-downs and impairment charges caused by depressed asset valuations; the value and effectiveness of any credit protection purchased by RBS; the impact of unanticipated turbulence in interest rates, yield curves, foreign currency exchange rates, credit spreads, bond prices, commodity prices, equity prices; basis, volatility and correlation risks; changes in the credit ratings of RBS; changes to the valuation of financial instruments recorded at fair value; competition and consolidation in the banking sector; regulatory or legal changes (including those requiring any restructuring of RBS's operations); changes to the monetary and interest rate policies of central banks and other governmental and regulatory bodies and continued prolonged periods of low interest rates; changes in UK and foreign laws, regulations, accounting standards and taxes; impairments of goodwill; the high dependence of RBS's operations on its information technology systems and its increasing exposure to cyber security threats; the reputational risks inherent in RBS's operations; the risk that RBS may suffer losses due to employee misconduct; pension fund shortfalls; the recoverability of deferred tax assets; HM Treasury exercising influence over the operations of RBS; limitations on, or additional requirements imposed on, RBS's activities as a result of HM Treasury's investment in RBS; and the success of RBS 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 RBS 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.