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# Deutsche Bank Conference

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# CPB is a key pillar in the Bank's strategy

## RBS blueprint for lasting success

### Our blueprint for lasting success

Our Ambition

**No.1**  
for customer  
service, trust  
and advocacy

Our Purpose

Serve customers well

Our Values

Serving customers Working together Doing the right thing Thinking long term

Our Brands



Our Priorities

Strength and sustainability Customer experience Simplifying the bank Supporting sustainable growth Employee engagement

Our long-term targets

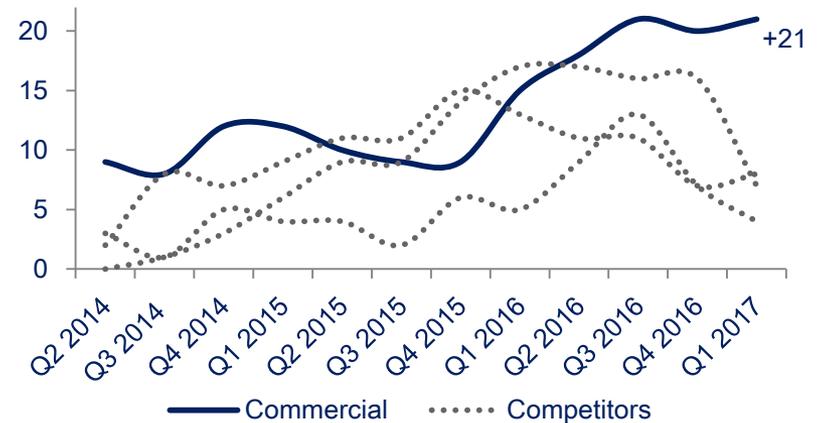
CET1 ratio 13% RoTE ≥12% No.1 for service, trust and advocacy Cost:income ratio <50% Leading market positions in every franchise Employee engagement in upper quartile of Global Financial Services (GFS) norm

Our 2017 Goals

Maintain bank CET1 ratio of 13% Significantly increase NPS or maintain No.1 in chosen customer segments Reduce operating expenses by at least £750m<sup>(1)</sup> Net 3% growth in total PBB and CPB loans to customers Improve employee engagement

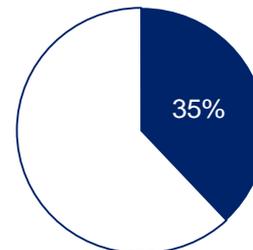
## CPB - improving customer service

### Commercial NPS<sup>2</sup>

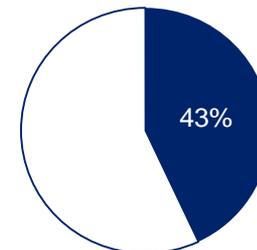


## ...and delivering for RBS Group

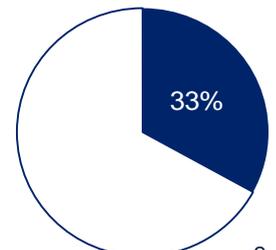
Revenue



RWA



Op. Profit



(1) Excluding litigation and conduct costs, restructuring costs, write down of goodwill and the 2016 VAT release of £227m (2) The Charterhouse Ltd, UK Business Banking Survey – Q1 2017 (4 quarter rolling data). Latest base size RBS (917)

# Market leading franchises and clear proposition

## Commercial & Private Banking

### Commercial Banking

#### Commercial & Corporate

£2m+ Turnover  
 UK No.1 SME Bank  
 No.1 UK Commercial Bank (31% market share<sup>2</sup>)  
 c. 49,000 customers

#### Coverage

SMEs, Mid Corporates & Large Corporates across UK & W. Europe

#### Proposition

Lending, Deposits, Transaction Services, Asset Finance, Invoice Finance, Mentor, with Rates FX & DCM offered via NatWest Markets

### Private Banking

#### High Net Worth individuals

>£1m Investable Assets & Liabilities.  
 No.1 Private Bank  
 c. 55,000 customers

#### Coverage

Private Banking, Wealth Management, Coutts Commercial

#### Proposition

Banking, Lending, Investments

### RBS International

#### Jersey, Guernsey, IOM & Gibraltar

Top 3 market shares in each jurisdiction  
 c. 280,000 customers

#### Coverage

Personal & Business, Corporate, FIs & Markets, Private Banking

#### Proposition

Lending, Deposits, TS, Asset Finance, Wealth Management, with Rates FX & DCM offered via NatWest Markets

### Capability

Capital & Transaction Management, Chief Operating Office

### Flagship brands



# Transforming the business to achieve our vision

Vision

**#1 for customer-service, trust and advocacy by 2020**

2017  
Priorities



Key  
Activities



## From front...

- **New Bankline:** a new best in class Commercial online web access tool
- **Esme:** unsecured and alternative lending solutions
- **NIFT:** Simplifying customer T&Cs
- **Coutts Invest & NatWest Invest:** Direct to Consumer, low-cost investment advice service



## ...to back

### Lending Transformation

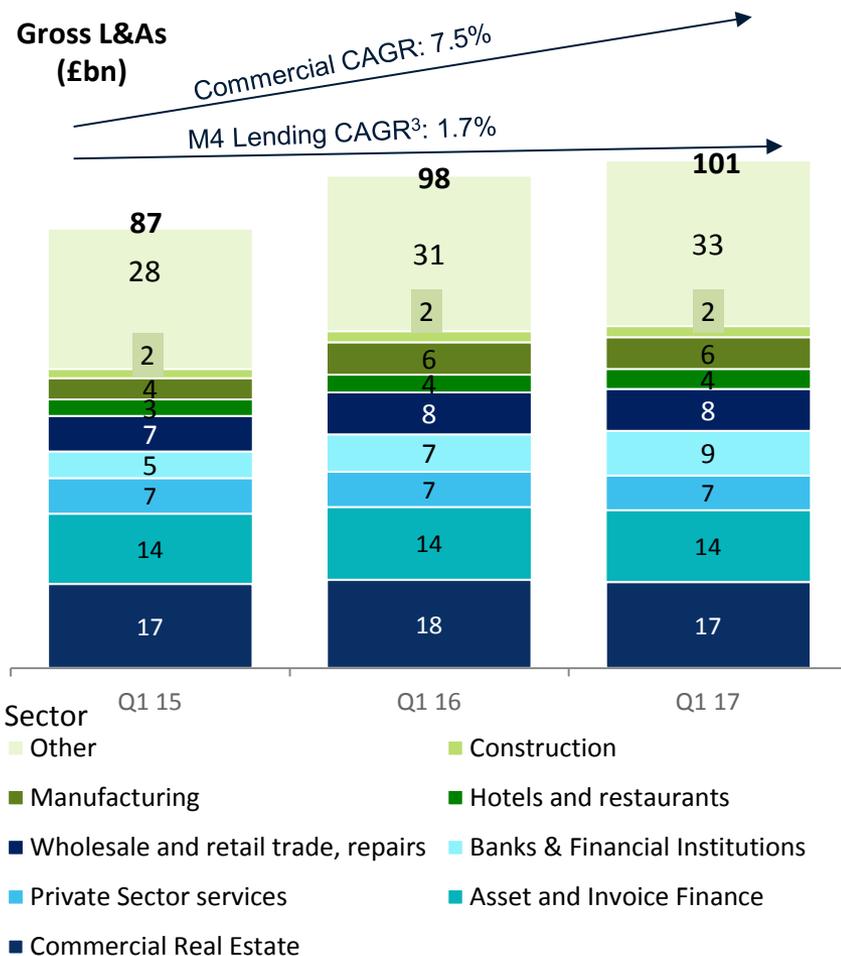
- Improving our digital lending application for < £35k loans
- Aims to provide > 80% of non-personal customers with a facility agreement within 24 hours

### Onboarding & Account Opening

- Streamlining our Onboarding Centres of Excellence model for non-personal customers
- 2017 priority is to open 80% of all Business/Commercial accounts within 5 days

# Delivering significant growth, supporting the UK economy

## Sustainable growth across a diversified portfolio



## Key enablers

- Increasing referrals across our business, helping meet more of our customers' needs
- Enhanced pricing discipline helping to support margins
- Continued focus on capital management and intensity to improve returns
- Robust risk management framework and clearly delineated risk appetite with close monitoring of concentration limits
- Support for UK entrepreneurs through our award-winning E-Spark partnership. Supported 1,736 companies to secure £151m investment and created 3,152 jobs to date

(4) Calculated using CAGR of non-seasonally adjusted amount outstanding to Private and non-financial corporations (Q1 15 to Q1 17)

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# Q&A

# Forward Looking Statements



## **Cautionary statement regarding 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', 'commit', '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: future profitability and performance, including financial performance targets such as return on tangible equity; cost savings and targets, including cost:income ratios; litigation and government and regulatory investigations, including the timing and financial and other impacts thereof; structural reform and the implementation of the UK ring-fencing regime; the implementation of RBS's transformation programme, including the further restructuring of the NatWest Markets business; the satisfaction of the Group's residual EU State Aid obligations; the continuation of RBS's balance sheet reduction programme, including the reduction of risk-weighted assets (RWAs) and the timing thereof; capital and strategic plans and targets; capital, liquidity and leverage ratios and requirements, including CET1 Ratio, RWA equivalents (RWAE), Pillar 2 and other regulatory buffer requirements, minimum requirement for own funds and eligible liabilities, and other funding plans; funding and credit risk profile; capitalisation; portfolios; net interest margin; customer loan and income growth; the level and extent of future impairments and write-downs, including with respect to goodwill; restructuring and remediation costs and charges; future pension contributions; RBS's exposure to political risks, operational risk, conduct risk, cyber and IT risk and credit rating risk and to various types of market risks, including as interest rate risk, foreign exchange rate risk and commodity and equity price risk; customer experience including our Net Promoter Score (NPS); employee engagement and gender balance in leadership positions.

## ***Limitations inherent to forward-looking statements***

These statements are based on current plans, estimates, targets and projections, and are subject to significant inherent risks, uncertainties and other factors, both external and relating to the Group's strategy or operations, which may result in the Group being unable to achieve the current targets, predictions, expectations and other anticipated outcomes expressed or implied by such forward-looking statements. In addition certain of these disclosures are dependent on choices relying on key model characteristics and assumptions and are subject to various limitations, including assumptions and estimates made by management. By their nature, certain of these disclosures are only estimates and, as a result, actual future gains and losses could differ materially from those that have been estimated. Accordingly, undue reliance should not be placed on these statements. Forward-looking statements speak only as of the date we make them and we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## ***Important factors that could affect the actual outcome of the forward-looking statements***

We caution you that a large number of important factors could adversely affect our results or our ability to implement our strategy, cause us to fail to meet our targets, predictions, expectations and other anticipated outcomes or affect the accuracy of forward-looking statements we describe in this document, including in the risk factors and other uncertainties set out in the Group's 2016 Annual Report on Form 20-F and other materials filed with, or furnished to, the US Securities and Exchange Commission, and other uncertainties discussed in this document. These include the significant risks for RBS presented by the outcomes of the legal, regulatory and governmental actions and investigations that RBS is or may be subject to (including active civil and criminal investigations) and any resulting material adverse effect on RBS of unfavourable outcomes and the timing thereof (including where resolved by settlement); economic, regulatory and political risks, including as may result from the uncertainty arising from the EU Referendum; RBS's ability to satisfy its residual EU State Aid obligations and the timing thereof; RBS's ability to successfully implement the significant and complex restructuring required to be undertaken in order to implement the UK ring-fencing regime and related costs; RBS's ability to successfully implement the various initiatives that are comprised in its transformation programme, particularly the proposed further restructuring of the NatWest Markets business, the balance sheet reduction programme and its significant cost-saving initiatives and whether RBS will be a viable, competitive, customer focused and profitable bank especially after its restructuring and the implementation of the UK ring-fencing regime; the exposure of RBS to cyber-attacks and its ability to defend against such attacks; RBS's ability to achieve its capital and leverage requirements or targets which will depend in part on RBS's success in reducing the size of its business and future profitability as well as developments which may impact its CET1 capital including additional litigation or conduct costs, additional pension contributions, further impairments or accounting changes; ineffective management of capital or changes to regulatory requirements relating to capital adequacy and liquidity or failure to pass mandatory stress tests; RBS's ability to access sufficient sources of capital, liquidity and funding when required; changes in the credit ratings of RBS, RBS entities or the UK government; declining revenues resulting from lower customer retention and revenue generation in light of RBS's strategic refocus on the UK; as well as increasing competition from new incumbents and disruptive technologies.