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The Royal Bank of Scotland Group

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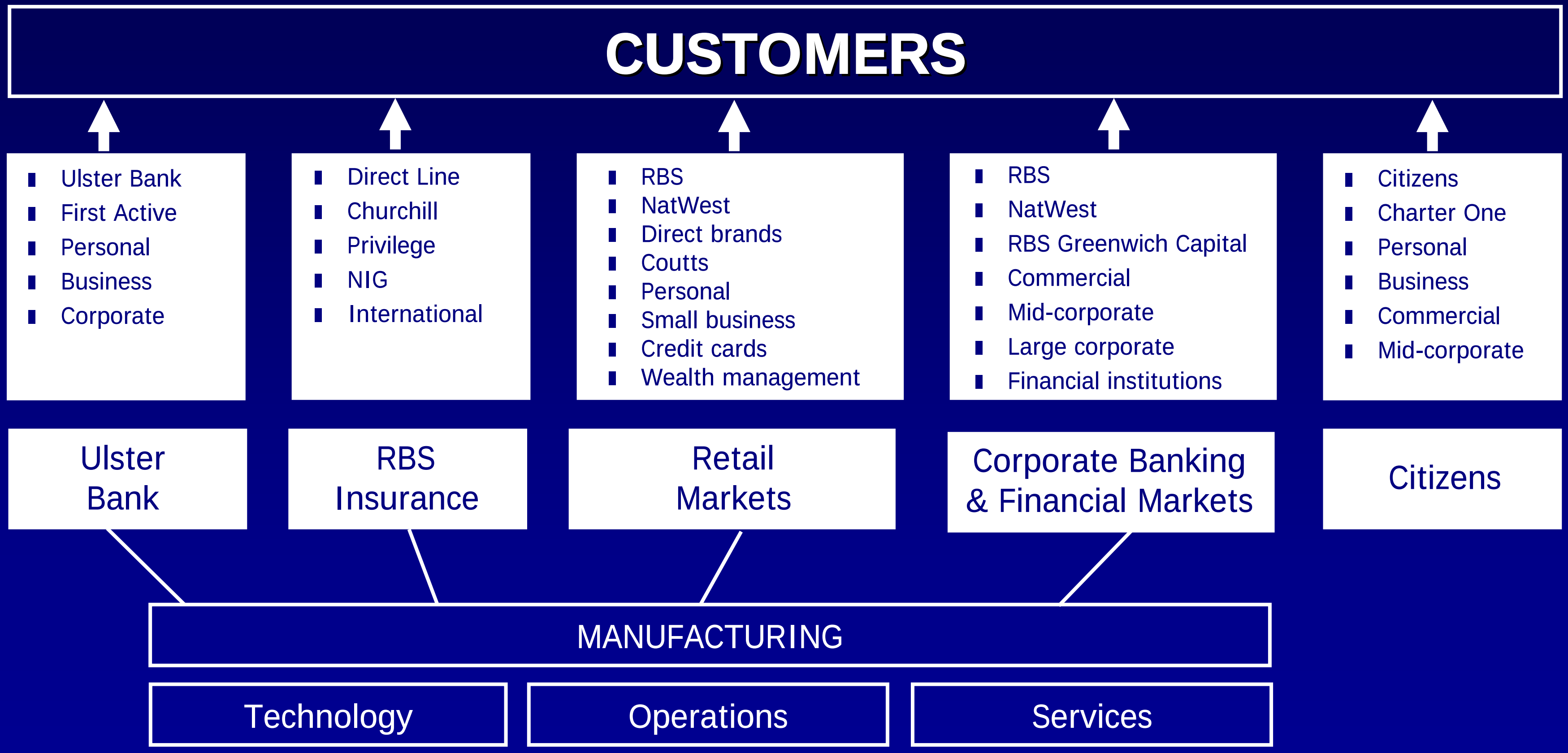
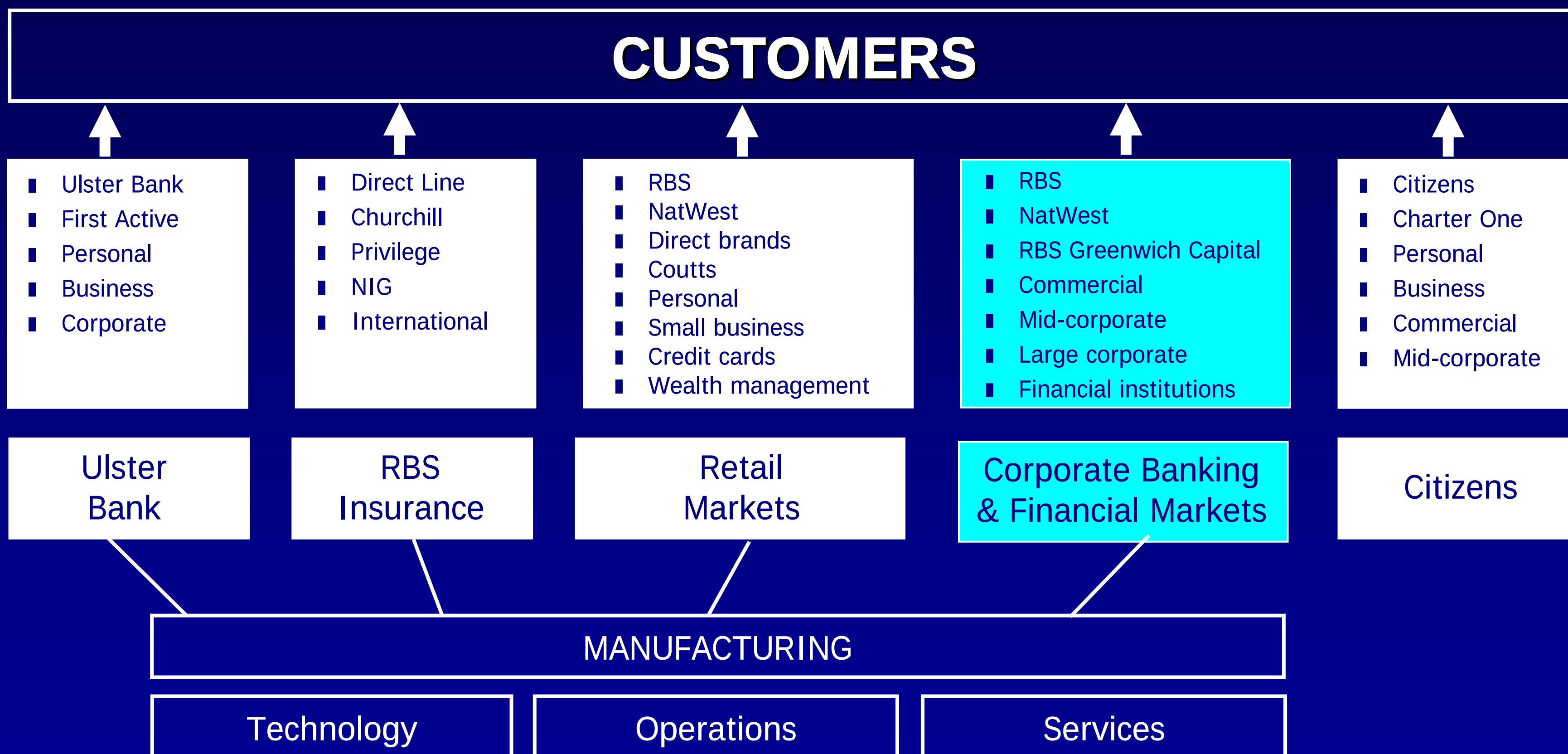
Sir Fred Goodwin
Group Chief Executive

RBS Group Structure



RBS Group Structure



Group Operating Profit

UK GAAP	*2004 £m*	*2003 £m*	*Change £m*	*Change*
Corporate Banking & Financial Markets	**4,265**	**3,620**	**645**	**+18%**
Retail Markets	4,787	4,453	334	+8%
Manufacturing	(2,439)	(2,114)	(325)	-15%
Citizens	1,037	857	180	+21%
RBS Insurance	862	609	253	+42%
Ulster Bank	468	354	114	+32%
Central items	(879)	(711)	(168)	-24%
Group operating profit	**8,101**	**7,068**	**1,033**	**+15%**

Corporate Banking & Financial Markets

Agenda

10.05	Introduction and Overview	Johnny Cameron
10.45	Mid-Corporate and Commercial	Alan Dickinson
11.20	*Coffee Break*	
11.35	Global Banking and Markets	Brian Crowe
	CBFM US	Jay Levine
12.30	Conclusions	Johnny Cameron
	Questions & Answers	
13.00	*Lunch*	

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Corporate Banking & Financial Markets

Introduction and Overview

Johnny Cameron
Chief Executive, CBFM

Corporate Banking & Financial Markets

- Relationship banking
- Broad range of customers from large corporates to small commercials (not small businesses)
- 15,000 people
- Leading capability across range of products
- Strong position in UK, growing in US, Europe and Asia
- 2004 total income £7.0 billion
- 2004 contribution £4.4 billion

Corporate Banking & Financial Markets

Since the last CBFM presentation in 2000, some things have not changed…

- Relationship-led
- Hands-on management
- Close to customers
- Credit committees key to managing risk and returns
- Growth-oriented

Corporate Banking & Financial Markets

... some things have changed a lot

- Built a truly international business
- Expanded our distribution capability
- Established ourselves in major markets
- Recruited additional high calibre people

- We are now competing against a different peer group

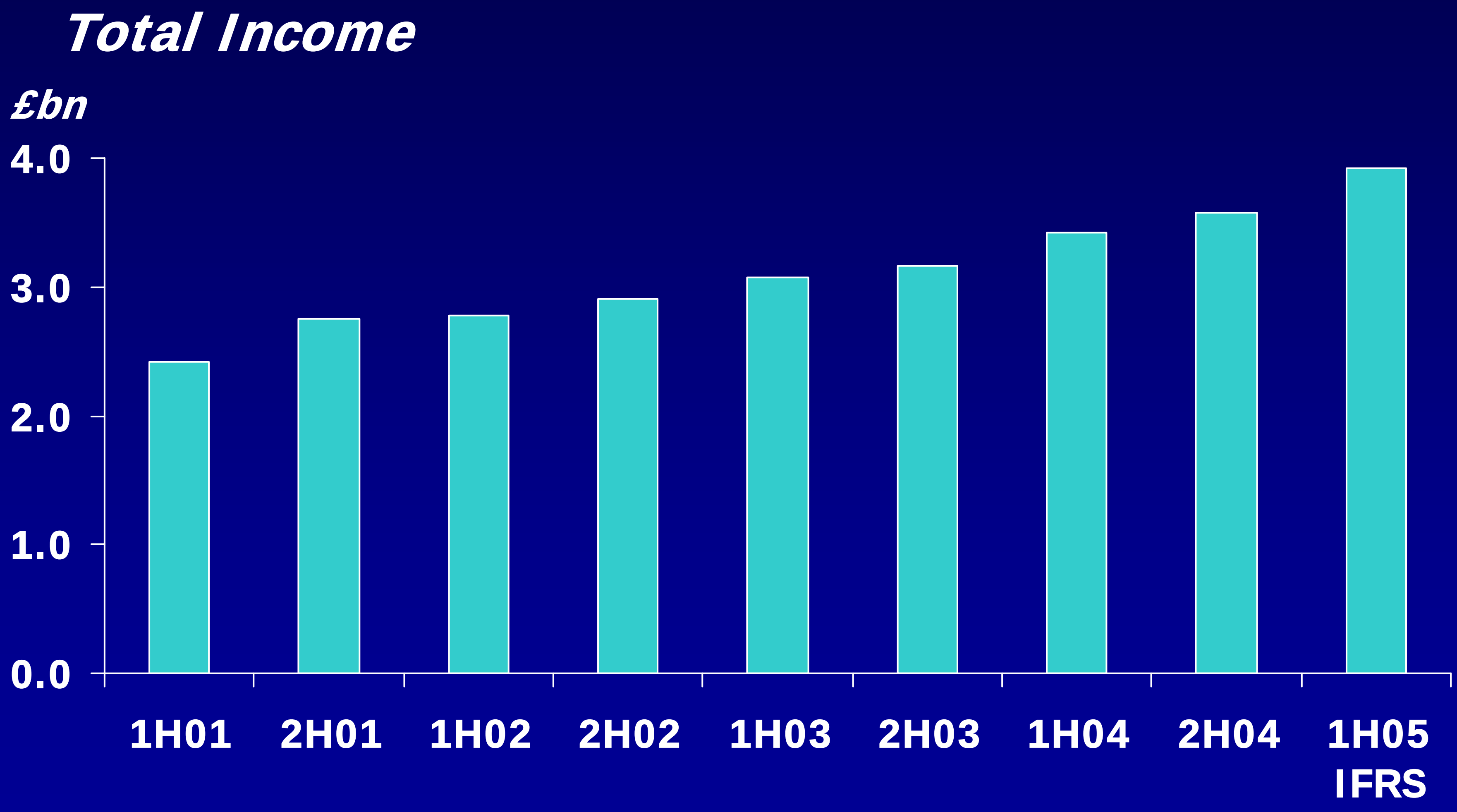
Strong Growth in Income and Contribution

UK GAAP	*2001 £m*	*2004 £m*	*Growth % pa*
Total income	5,164	6,992	+11%
Direct expenses	1,470	2,005	+11%
Provisions	502	573	+5%
Contribution	3,192	4,414	+11%

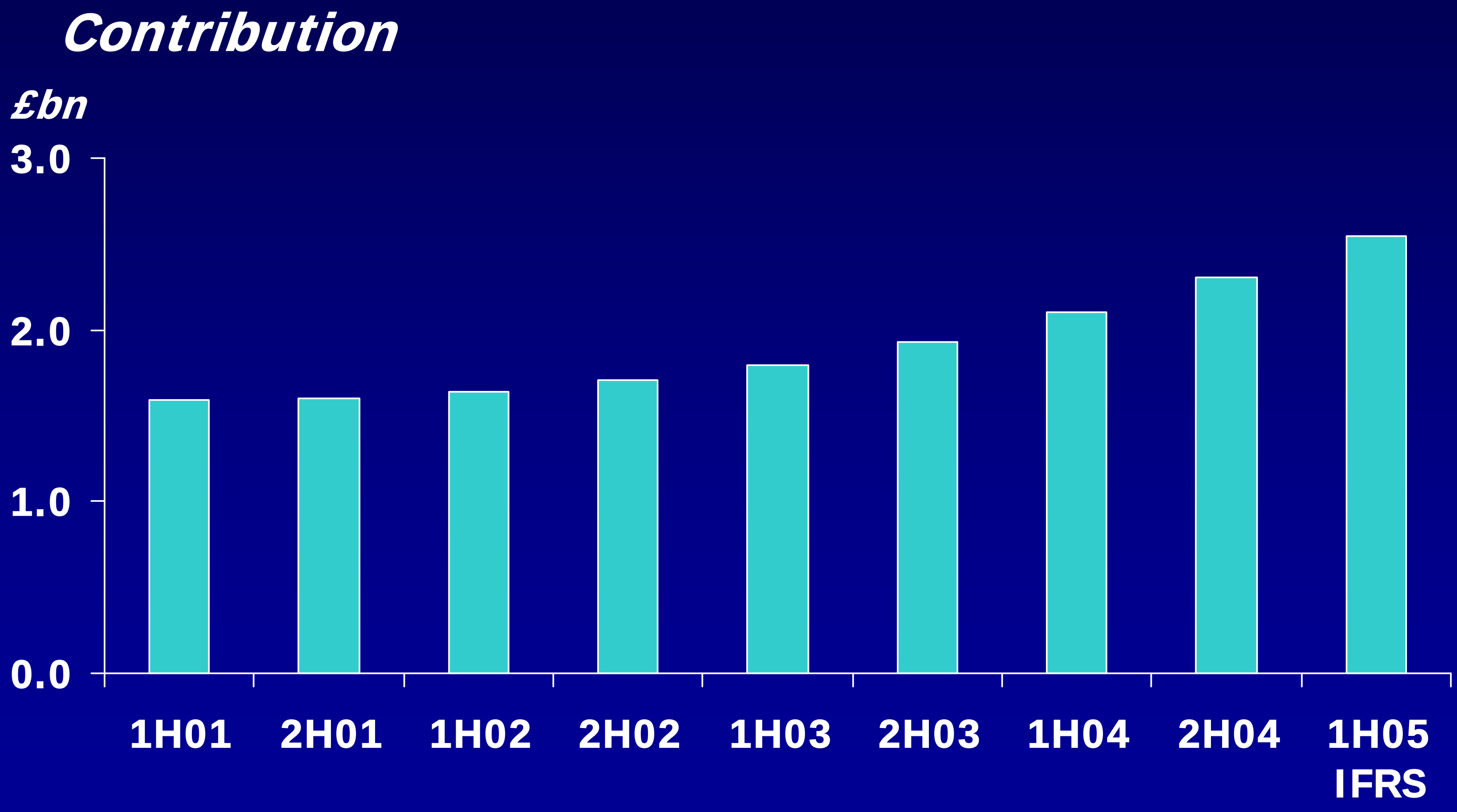
Strong Growth in Income and Contribution

IFRS	*1H04 £m*	*1H05 £m*	*Growth %*
Total income	3,331	3,927	+18%
Direct expenses	1,024	1,198	+17%
Provisions	253	181	-28%
Contribution	2,054	2,548	+24%

Consistent Growth in Income



Consistent Growth in Contribution



Consistent Growth

- Consistency of income and contribution growth reflects diversity of income
- CBFM is diversified
  – By business
  – By geography
  – By customer

Diversity by Business

Business	*1H05 Income £m*	*1H05 Income % CBFM*
Core Banking	1,749	45%
Structured Finance	726	18%
Financial Markets	1,452	37%
Total CBFM	**3,927**	**100%**

Diversity by Geography

Geography	*1H05 Income £m*	*1H05 Income % CBFM*
UK	2,853	72%
US	695	18%
Europe	301	8%
Asia-Pacific	78	2%
Total CBFM	**3,927**	**100%**

Diversity by Business and Geography

1H05 Income £m

	UK	*US*	*Europe*	*Asia-Pacific*	*Total CBFM*
Core Banking	1,662	26	55	6	1,749
Structured Finance	525	63	127	11	726
Financial Markets	666	606	119	61	1,452
Total CBFM	**2,853**	**695**	**301**	**78**	**3,927**

Diversity by Customer

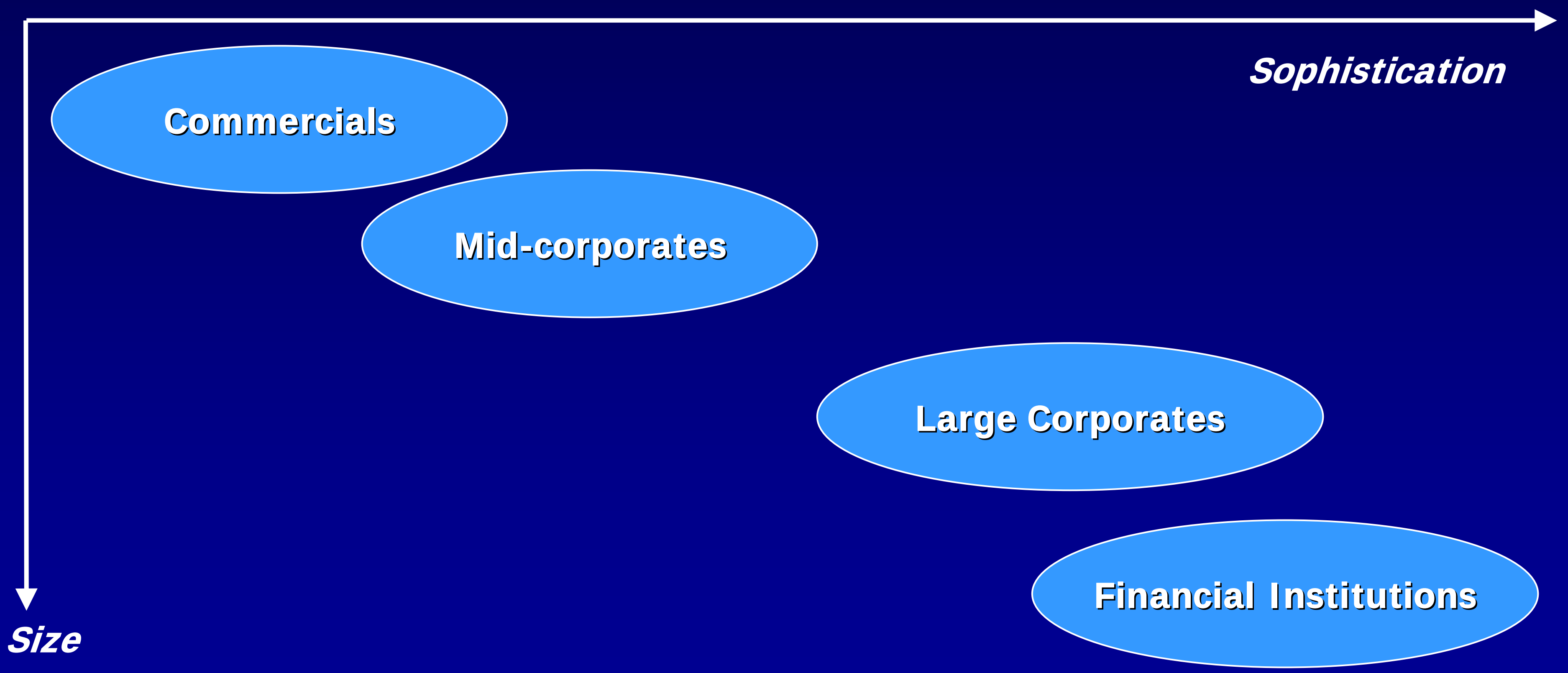
Customers	*UK*	*US*	*Europe*	*Asia-Pacific*
Financial institutions	✓	✓	✓	✓
Large corporates	✓	✓	✓	✓
Mid-corporates	✓	✓/ *Citizens*	X	X
Commercials	✓	*Citizens*	X	X
Small businesses	*Retail Markets*	*Citizens*	X	X

Diversity by Customer

Customers	*UK*	*US*	*Europe*	*Asia-Pacific*
Financial institutions	✓	✓	✓	✓
Large corporates	✓	✓	✓	✓
Mid-corporates	✓	✓/ *Citizens*	X	X
Commercials	✓	*Citizens*	X	X
Small businesses	*Retail Markets*	*Citizens*	X	X

Diversity by Customer

Different Customers Have Different Needs



Mid-Corporate and Commercial　　**Global Banking and Markets**

Different Customer Needs

Mid-Corporate and Commercial

- Relationship manager
- Full suite of products
- Effective co-ordination of product delivery
- Responsive credit process
- Quality of service support

Global Banking and Markets

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

Source: Based on RBS's analysis of external research from agencies including TNS, Greenwich Associates, Brendan Wood International and RBS's own data

Diversity of Income

1H05 Income £m

	Mid-Corporate and Commercial	Global Banking and Markets	Total CBFM
Core Banking	1,223	526	1,749
Structured Finance	–	726	726
Financial Markets	84	1,368	1,452
Total CBFM	**1,307**	**2,620**	**3,927**

Diversity of Income

1H05 Income £m

	Mid-Corporate and Commercial UK	Global Banking and Markets UK	US	Europe	Asia-Pacific
Core Banking	1,223	439	26	55	6
Structured Finance	–	525	63	127	11
Financial Markets	84	582	606	119	61
Total CBFM	**1,307**	**1,546**	**695**	**301**	**78**

Financial Performance

- Results
- Income
- Efficiency
- Risk
- Return on capital
- Return on market risk

1H05 Results

£m	*Mid-Corporate and Commercial*	*Global Banking and Markets*	*Total CBFM*
Net interest income	852	617	1,469
Non-interest income	455	2,003	2,458
Total income	1,307	2,620	3,927
Direct expenses	328	870	1,198
Provisions	100	81	181
Contribution	879	1,669	2,548
Average RWAs (£bn)	68.3	124.3	192.6

Income

1H05 £m	*Mid-Corporate and Commercial*	*Global Banking and Markets*	*Total CBFM*
Net interest income	852	617	1,469
Non-interest income	455	2,003	2,458
Percentage of total income			
– Net interest income	65%	24%	37%
– Non-interest income	35%	76%	63%

Financial Metrics

1H05	*Mid-Corporate and Commercial*	*Global Banking and Markets*	*Total CBFM*
Income (£m)	1,307	2,620	3,927
Average RWAs (£bn)	68.3	124.3	192.6
Total income / average RWAs	**3.9%**	**4.3%**	**4.1%**

Total Income / Average RWAs

	UK GAAP				IFRS	
	2001	*2002*	*2003*	*2004*	*1H04*	*1H05*
Mid-Corporate and Commercial	4.6%	4.4%	4.1%	4.1%	4.1%	3.9%
Global Banking and Markets	4.5%	4.3%	4.2%	4.2%	4.2%	4.3%
Total CBFM	**4.5%**	**4.3%**	**4.1%**	**4.2%**	**4.2%**	**4.1%**

Income Growth

	Growth % pa 1H01-1H05	***Growth % pa 1H04-1H05***
Mid-Corporate and Commercial	7%	11%
Global Banking and Markets	17%	22%
Total CBFM	**13%**	**18%**

Efficiency

1H05	*Mid-Corporate and Commercial*	*Global Banking and Markets*	*Total CBFM*
Total income	1,307	2,620	3,927
Direct expenses	328	870	1,198
Direct expenses / total income	**25.1%**	**33.2%**	**30.5%**

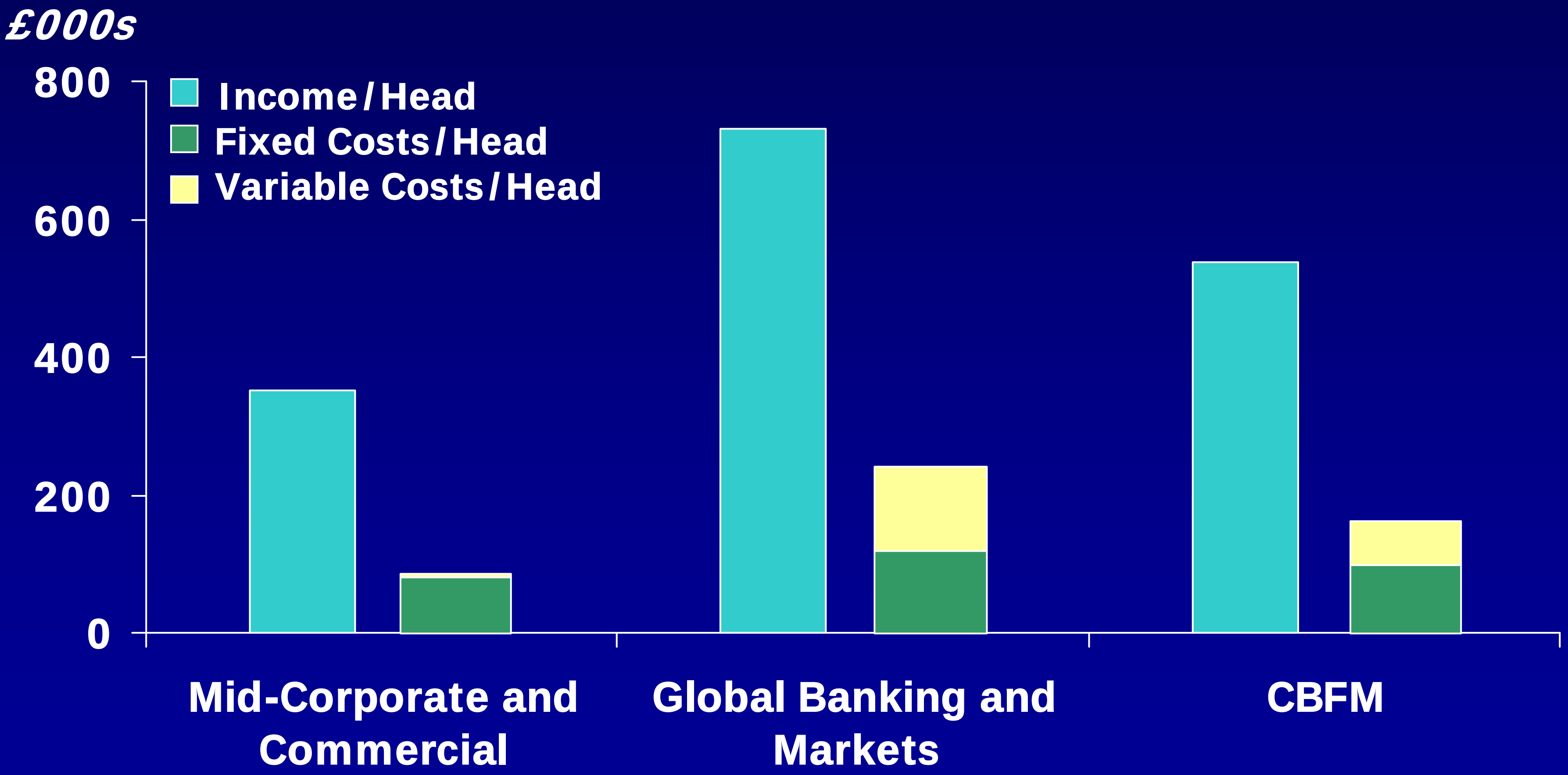
Efficiency

Direct Costs/Total Income

	UK GAAP				IFRS	
	2001	2002	2003	2004	1H04	1H05
Mid-Corporate and Commercial	21.9%	25.3%	24.6%	22.7%	24.9%	25.1%
Global Banking and Markets	32.9%	29.6%	30.0%	32.0%	33.9%	33.2%
Total CBFM	**28.5%**	**28.0%**	**28.1%**	**28.7%**	**30.7%**	**30.5%**

Efficiency

Income and Costs per Head 1H05



Financial Metrics

1H05	*Mid-Corporate and Commercial*	*Global Banking and Markets*	*Total CBFM*
Total income/ average RWAs	3.9%	4.3%	4.1%
Total income less direct expenses/ average RWAs	**2.9%**	**2.8%**	**2.9%**

Total Income less Direct Expenses / Average RWAs

	UK GAAP				IFRS	
	2001	*2002*	*2003*	*2004*	*1H04*	*1H05*
Mid-Corporate and Commercial	3.6%	3.3%	3.1%	3.2%	3.1%	2.9%
Global Banking and Markets	3.0%	3.0%	2.9%	2.9%	2.8%	2.8%
Total CBFM	**3.2%**	**3.1%**	**3.0%**	**3.0%**	**2.9%**	**2.9%**

Risk

1H05	*Mid-Corporate and Commercial*	*Global Banking and Markets*	*Total CBFM*
Provisions (£m)	100	81	181
Average RWAs (£bn)	68.3	124.3	192.6
Provisions / average RWAs	**0.29%**	**0.13%**	**0.19%**

Risk

Provisions/Average RWAs

	UK GAAP				IFRS	
	2001	*2002*	*2003*	*2004*	*1H04*	*1H05*
Mid-Corporate and Commercial	0.39%	0.46%	0.41%	0.43%	0.51%	0.29%
Global Banking and Markets	0.47%	0.63%	0.56%	0.29%	0.21%	0.13%
Total CBFM	**0.44%**	**0.57%**	**0.51%**	**0.34%**	**0.32%**	**0.19%**

Financial Metrics

	Mid-Corporate and Commercial	*Global Banking and Markets*	*Total CBFM*
Total income/ average RWAs	3.9%	4.3%	4.1%
Total income less direct expenses/average RWAs	2.9%	2.8%	2.9%
Contribution / average RWAs	**2.6 %**	**2.7 %**	**2.7 %**

Contribution / Average RWAs

	UK GAAP				IFRS	
	2001	*2002*	*2003*	*2004*	*1H04*	*1H05*
Mid-Corporate and Commercial	3.2%	2.8%	2.7%	2.8%	2.6%	2.6%
Global Banking and Markets	2.5%	2.4%	2.3%	2.6%	2.6%	2.7%
Total CBFM	**2.8%**	**2.5%**	**2.5%**	**2.6%**	**2.6%**	**2.7%**

Return on Capital

	Mid-Corporate and Commercial	*Global Banking and Markets*	*Total CBFM*
Contribution (£m)	879	1,669	2,548
Average RWAs (£bn)	68.3	124.3	192.6
Contribution/ average RWAs	2.6%	2.7%	2.7%
Contribution/ 7% of average RWAs	**37%**	**39%**	**38%**

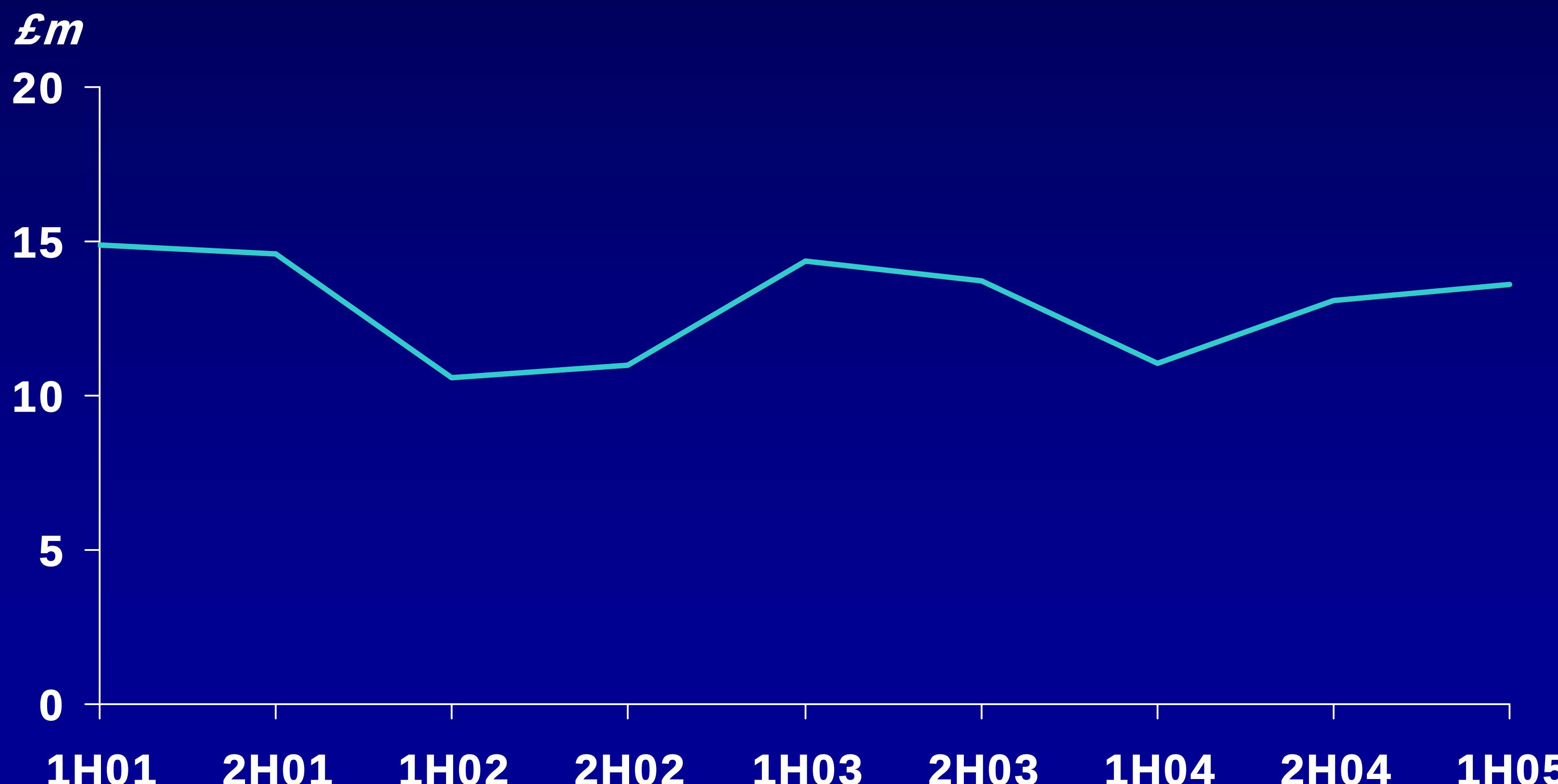
Return on Capital

CBFM 1H05

Allocation of Manufacturing costs (approx £2,600m per annum)	£0m	£500m	£700m	£900m	£2,600m
Cost:income ratio	30.5%	36.8%	39.3%	41.9%	63.3%
Contribution/ 7% of average RWAs	38%	34%	33%	32%	19%

Market Risk

Value at Risk



Value at Risk (VaR) based on 1 day 95%

Return on Market Risk

Ratio of Income from Trading Activities to VaR	*1H05*
Lehman Brothers	10.83
RBS	**10.20**
Deutsche Bank	7.63
Goldman Sachs	7.51
ABN Amro	6.16
Morgan Stanley	5.47
Merrill Lynch	5.03
Bank of America	4.55
Citigroup	4.45
Barclays	4.10
UBS	3.90
HSBC	3.62
Credit Suisse First Boston	3.47
JPMorgan Chase	3.44

Source: RBS analysis of published financial information
Ratio of half yearly income from trading activities to half yearly 95% VaR

Corporate Banking & Financial Markets

We Focus on

- Managing return on capital invested in each customer relationship
- Income
- Costs
- Risk
- New business opportunities
- People
- Team working

Corporate Banking & Financial Markets

Summary

- Strong and consistent income growth
- Strong and consistent returns on capital
- Two distinct customer groups with similar returns
  – Mid-Corporate and Commercial
  – Global Banking and Markets

Corporate Banking & Financial Markets

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Mid-Corporate and Commercial

Alan Dickinson

Head of Corporate Banking

Mid-Corporate and Commercial

1H05 Income £m

	Mid-Corporate and Commercial	*Global Banking and Markets*	*Total CBFM*
Core Banking	**1,223**	526	1,749
Structured Finance	–	726	726
Financial Markets	**84**	1,368	1,452
Total CBFM	**1,307**	2,620	3,927

Mid-Corporate and Commercial

Businesses

- Core Banking
  - Corporate Banking
  - Commercial Banking
  - Asset Finance
  - Invoice Finance
- Financial Markets

Core Banking
Corporate Banking

- Leading market position with 32% market share
- 8,400 relationship customers
  – UK businesses with a turnover of £10 million up to £1 billion
- 268 relationship managers
- 67 business development managers
- 18 offices in major corporate centres
- Key products
  – Lending
  – Payments
  – Deposits

Core Banking
Commercial Banking

- Leading market position with 34% market share
- 78,000 relationship customers
  – UK businesses with a turnover of £1 million to £10 million
- 1,008 relationship managers
- 149 business development managers
- 152 offices spread across the UK
- Key products
  – Lending
  – Payments
  – Deposits

Core Banking
Asset Finance

Lombard

- Leading market position with 27% market share
- Over 94,000 customers
- Over 300 field based specialist sales staff
- 42 offices in the UK
- Key products
  - Hire purchase
  - Contract hire
  - Operating and finance leasing
  - Fleet management

Core Banking
Invoice Finance

RBS Commercial Services

- Leading market position with 20% market share
- Over 6,600 customers
- Over 100 field based specialist sales staff
- 11 offices in the UK
- Key products
  - Invoice discounting
  - Factoring

Financial Markets

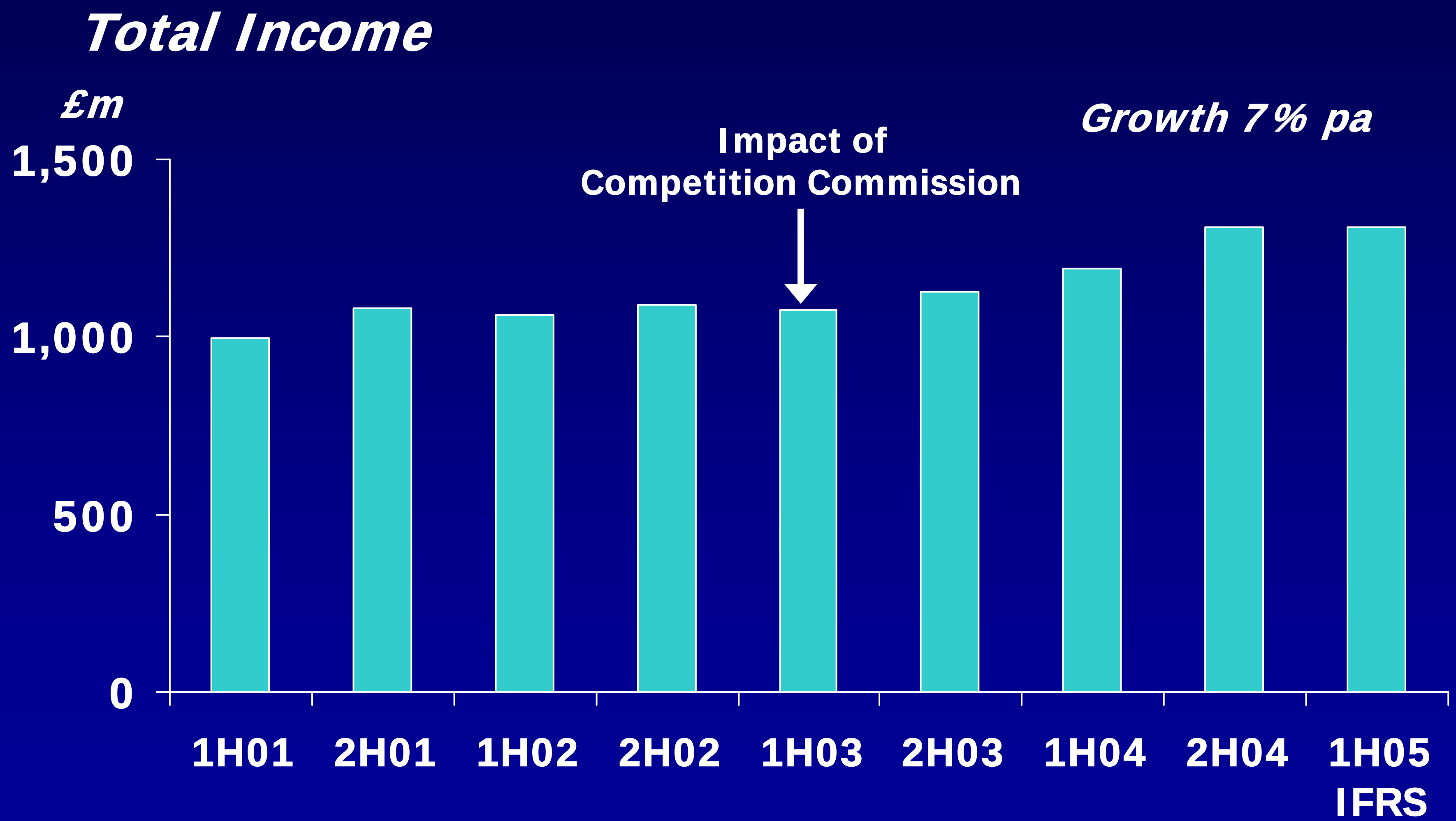
- Six regional teams focused on needs of Corporate and Commercial customers
- Key products
  - – Foreign exchange
  - – Money markets
  - – Interest rate hedging
  - – Debt capital markets

Diversity of Income

1H05 Income £m

	Corporate	*Commercial*	*Other*	*Total*
Banking	463	498	36	**997**
Asset Finance	52	59	38	**149**
Invoice Finance	13	33	31	**77**
Financial Markets	64	20	n/a	**84**
Mid-Corporate and Commercial	**592**	**610**	**105**	**1,307**

Income Growth



Different Customer Needs

Mid-Corporate and Commercial

- **Relationship manager**
- **Full suite of products**
- **Effective co-ordination of product delivery**
- **Responsive credit process**
- **Quality of service support**

Global Banking and Markets

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

Source: Based on RBS's analysis of external research from agencies including TNS, Greenwich Associates, Brendan Wood International and RBS's own data

Relationship Manager

- Dedicated experienced Relationship Managers
  – Average of 20 years service (Commercial)
  – Average of 18 years service (Corporate)
  – Professional corporate banking qualification
- Segmentation
  – By geography
  – By sector, eg professionals, healthcare, leisure and media
  – By opportunity and client complexity

Full Suite of Products

- #1 UK Payments
- #1 UK Card Transaction Processing
- #1 UK Deposits
- #1 UK Lending
- #1 UK Asset Finance
- #1 UK Invoice Finance
- #1 UK Foreign Exchange
- #1 Sterling Interest Rate Derivatives

Source: BACS, APACS, BBA MBBG data, TNS, FDA, Risk Magazine, RBS estimates

Effective Co-ordination of Delivery

RMs 'Deliver the Bank'

- Close links between relationship teams and core product areas
- Relationship staff incentivised on full product suite
- Locally based product sales teams
- Alignment with service teams
- Co-location

Effective Co-ordination of Delivery

Co-location

- Corporate
- Commercial
- Lombard
- RBSCS
- Financial Markets

Responsive Credit Process

- RM Platform
  - Credit decision support system
  - Building knowledge of customer business and needs
  - Fast decisions
  - Ease of use for RMs
  - Risk management and reporting

Quality of Service Support

- Four UK based dedicated Corporate Service Centres
- Bespoke service for key sectors, eg professionals
- Service teams aligned with RM teams
- Single point of contact for the customer
- Proactive service support
- Image & Workflow and Query Management systems

Quality of Service Support

Customer Satisfaction with Corporate Service Centre

RBS	**78**
Barclays	76
Lloyds TSB	75
HSBC	68

Mean satisfaction score, 0 to 100
Source: DVL Smith – Commercial Competitor CSI Q1 2005

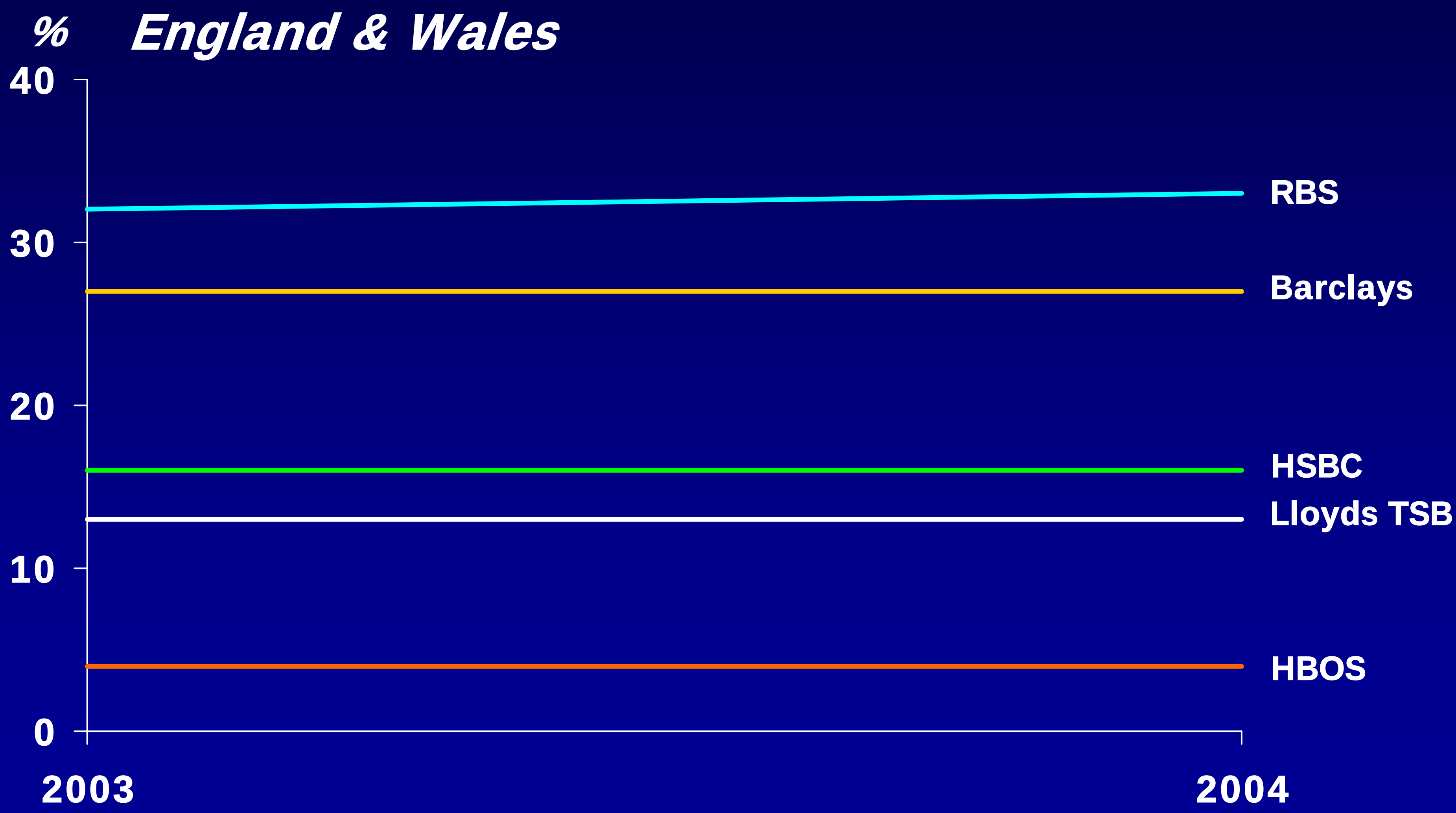
Different Customer Needs

Mid-Corporate and Commercial

- Relationship manager ✓
- Full suite of products ✓
- Effective co-ordination of product delivery ✓
- Responsive credit process ✓
- Quality of service support ✓

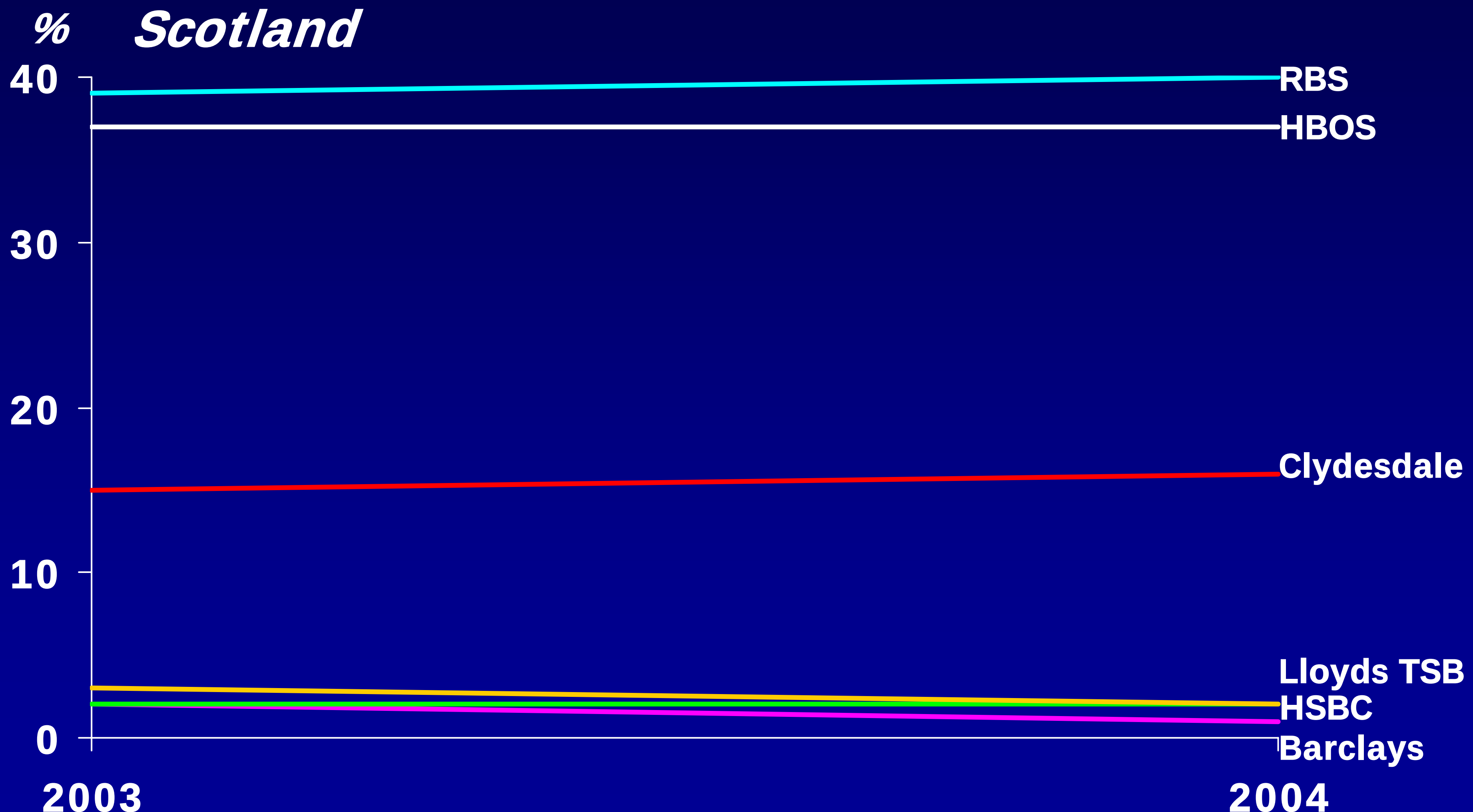
Source: Based on RBS's analysis of external research from agencies including TNS, Greenwich Associates, Brendan Wood International and RBS's own data

Market Share



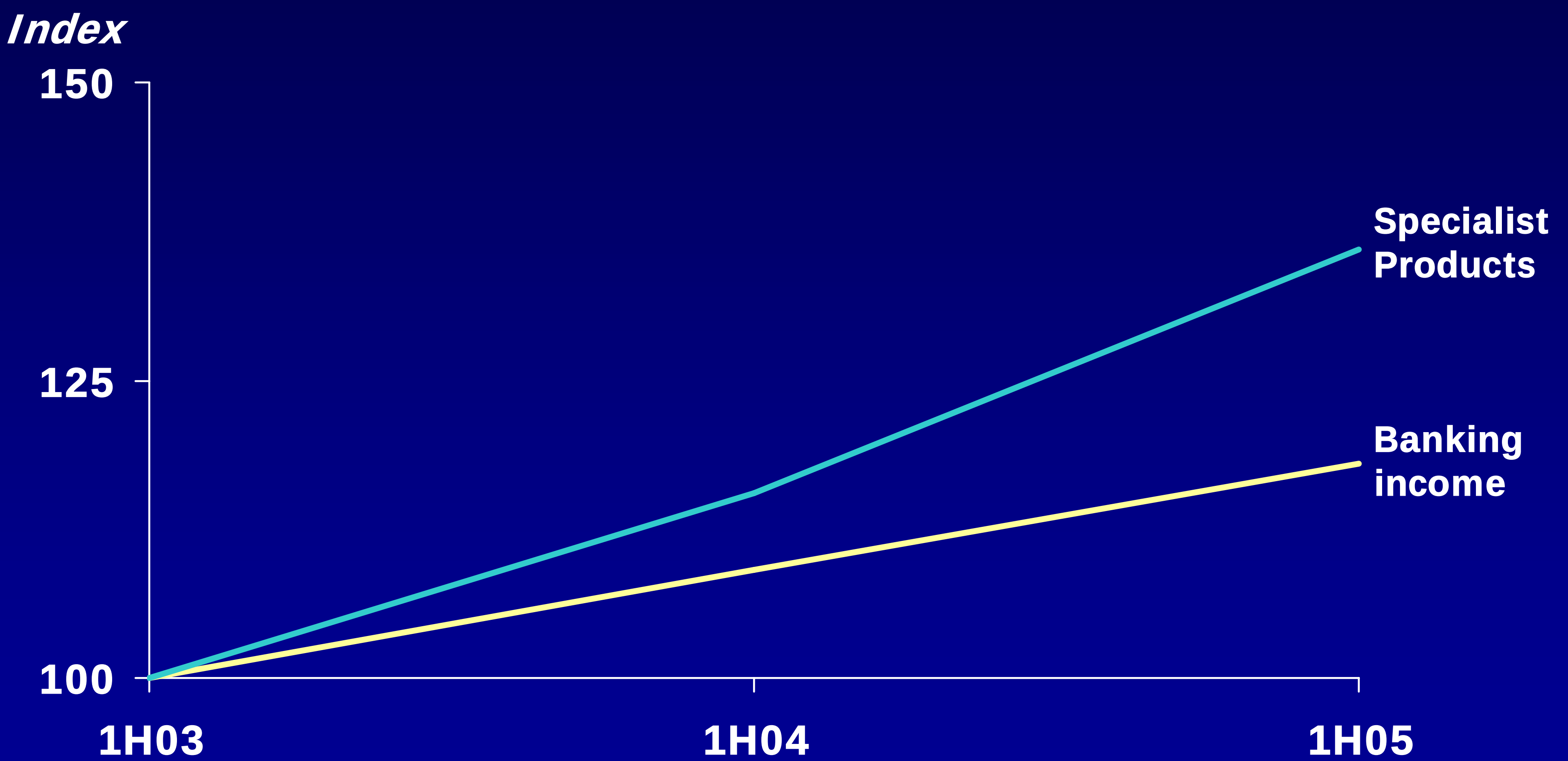
Source: TNS, £1m – £100m excluding agriculture

Market Share



Source: TNS, £1m – £100m excluding agriculture

Share of Wallet



Income rebased to 2003 levels
Specialist products includes: Asset Finance, Invoice Finance and Financial Markets

Mid-Corporate and Commercial

Summary

- Strength of franchise
- #1 in full suite of products
- Superior service model
- Continued growth

Corporate Banking & Financial Markets

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Global Banking and Markets

Brian Crowe
Deputy Chief Executive, CBFM

Diversity of Income

1H05 Income £m

	Mid-Corporate and Commercial	***Global Banking and Markets***	*Total CBFM*
Core Banking	1,223	**526**	1,749
Structured Finance	–	**726**	726
Financial Markets	84	**1,368**	1,452
Total CBFM	1,307	**2,620**	3,927

Global Banking and Markets

- Large corporate and financial institutions including
  - Over 95% of the FTSE 100
  - Over 80% of the Fortune 100
  - Over 90% of the Dow Jones Eurostoxx 50
- Offices in 20 countries
  - UK
  - US
  - Europe
  - Asia Pacific
- 7,300 people

Different Customer Needs

Mid-Corporate and Commercial

- Relationship manager
- Full suite of products
- Effective co-ordination of product delivery
- Responsive credit process
- Quality of service support

Global Banking and Markets

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

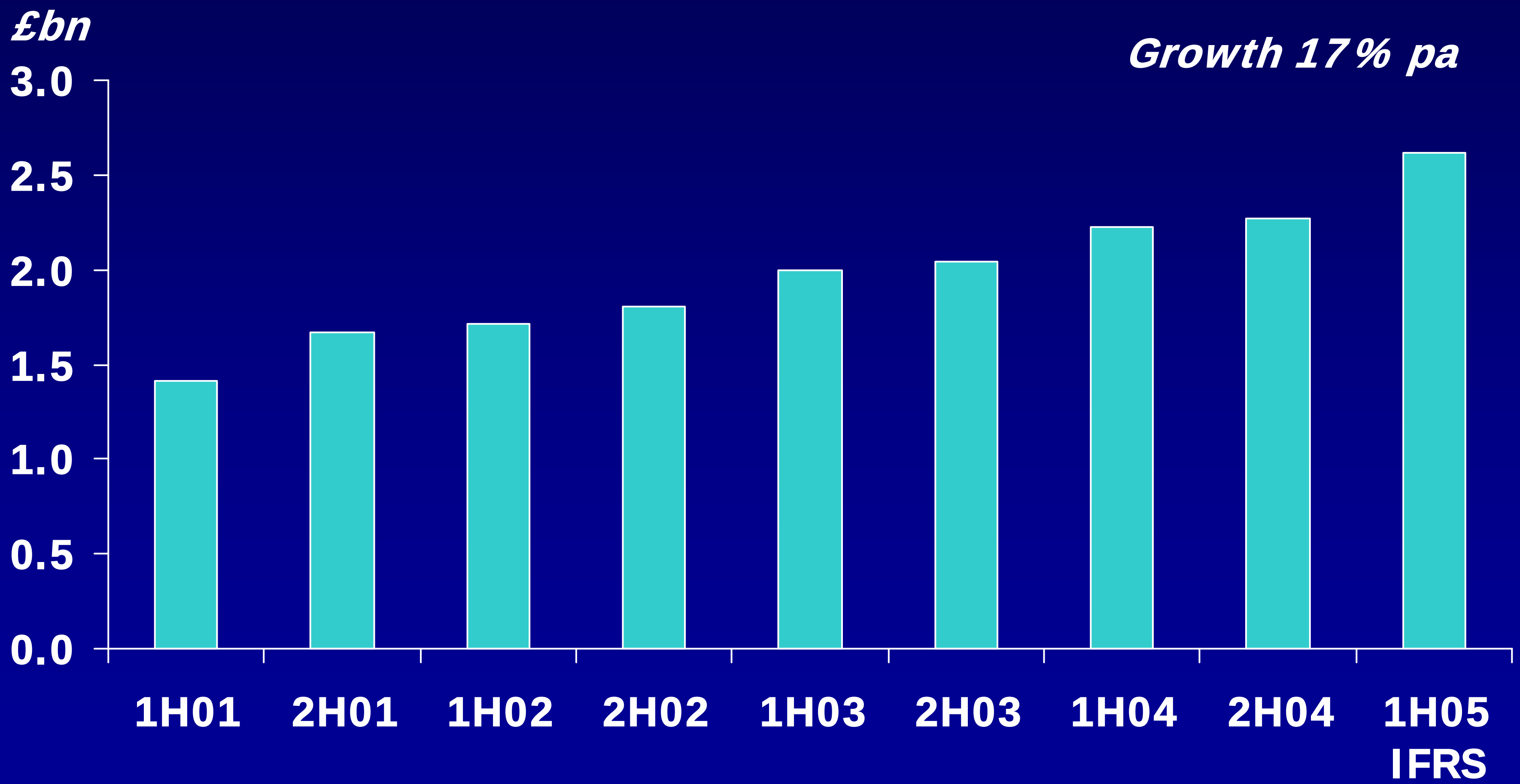
Source: Based on RBS's analysis of external research from agencies including TNS, Greenwich Associates, Brendan Wood International and RBS's own data

Relationship Management

- Built on traditional bank model
- Relationship manager at heart of customer interface
  – Has industry sector expertise
  – Works with product specialists
  – Manages multiple points of contact
- No M&A or equities

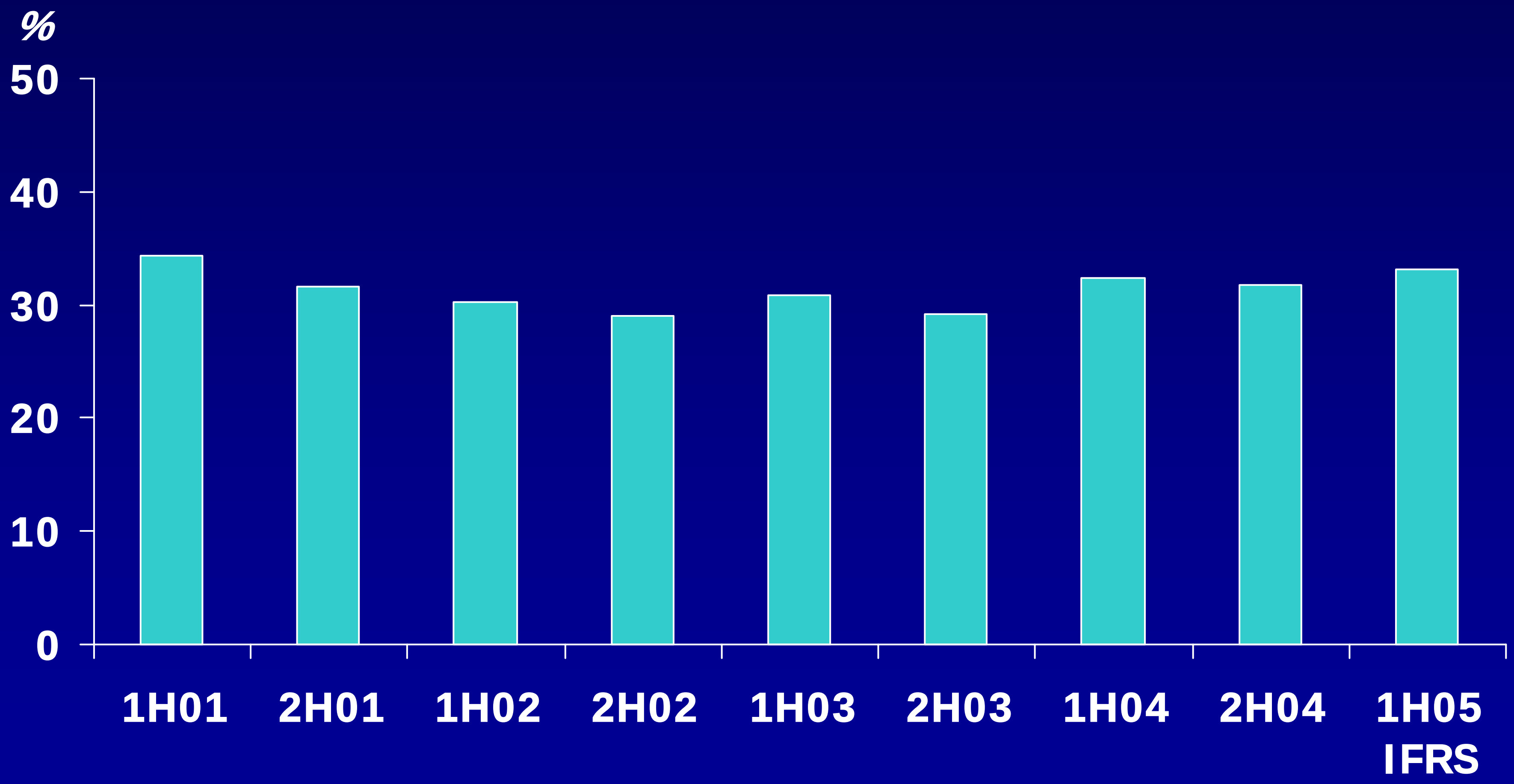
Income Growth

Total Income



Stable Cost:Income Ratio

Direct Expenses/Total Income



Diversity of Income

1H05 Income £m

	Mid-Corporate and Commercial	***Global Banking and Markets***	*Total CBFM*
Core Banking	1,223	**526**	1,749
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Financial Markets	84	1,368	1,452
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Core Banking Products

	1H05 Income £m	*1H05 Income % CBFM*
Lending	400	10%
Deposits	74	2%
Payments	52	1%
Total	**526**	**13%**

Core Banking
Product Excellence

UK lending	#1
UK deposits	#1
UK payments	#1

Source: BBA MBBG data, Thomson Financial, BACS, APACS

Diversity of Income

1H05 Income £m

	Mid-Corporate and Commercial	***Global Banking and Markets***	*Total CBFM*
Core Banking	1,223	526	1,749
Structured Finance	–	**726**	726
Financial Markets	84	1,368	1,452
Total CBFM	1,307	2,620	3,927

Structured Finance Products

	1H05 Income £m	*1H05 Income % CBFM*
Acquisition finance	239	6%
Property finance	141	4%
Project & infrastructure finance	101	2%
Asset finance (trains, ships, aircraft)	195	5%
Other	50	1%
Total	**726**	**18%**

Structured Finance Centre of Excellence

- Complex credit experience
- Specialist sector knowledge
- Asset valuation skills
- Execution disciplines
- Global competence required
- Strong distribution capability (limited holds)

Structured Finance Distribution Excellence 1H05

Structured Finance European Bookrunners	*No of Issues*	*US$bn*	*Share*
1. RBS	**51**	**26.6**	**13.6%**
2. BNP	31	14.6	7.4%
3. Barclays	34	14.4	7.3%
4. JPMorgan Chase	15	13.3	6.8%
5. Citigroup	20	10.7	5.5%
6. Deutsche	10	9.8	5.0%
7. Morgan Stanley	5	9.0	4.6%
8. HSBC	25	8.7	4.5%
9. ABN Amro	19	8.5	4.3%
10. Societe Generale	25	7.2	3.7%

Source: IFR

Structured Finance
Product Excellence

- #1 Leveraged finance house in Europe
- #1 Project finance bank globally
- #1 Train operating lessor in Europe
- #3 Commercial aircraft financier globally

Source: Thomson Financial, RBS estimates

Diversity of Income

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Financial Markets Products

	1H05 Income £m	*1H05 Income % CBFM*
Currencies	237	6%
Interest rates	399	10%
Debt capital markets	691	18%
Other	41	1%
Total	**1,368**	**35%**

Financial Markets
Product Excellence

- Product excellence in Financial Markets requires
  – Scale in ‘flow’ products
  – Sophistication in ‘value’ products

Financial Markets
Product Excellence

Scale Created by Investment in

- Sales coverage of high volume/high value customers
- Electronic dealing capabilities in high volume/low value products
- Additional high volume markets (eg European Governments)

Sophistication Created by Investment in

- Highly skilled sales people
- Quantitative research
- Risk management
- New products, eg inflation-linked products

Currencies Products

Flow Products

- Spot FX

Value Products

- Vanilla FX options
- Exotic FX options

Currencies
Product Excellence

Ranking	*2001*	*1H05*
Flow Products		
Total spot FX globally	#11	#6
Value Products		
Vanilla FX options	#5	#5
Exotic FX options	#5	#1

Source: Risk Magazine, FX Week, RBS estimates

Currencies
Product Excellence

Vanilla FX Options 2005		*Exotic FX Options 2005*	
1. UBS	13.2%	**1. RBS**	**15.3%**
2. JPMorgan Chase	9.3%	2. JPMorgan Chase	11.7%
3. Citigroup	7.2%	3. Goldman Sachs	10.6%
4. Deutsche Bank	6.9%	4. Merrill Lynch	8.4%
5. RBS	**5.1%**	5. UBS	7.3%

Source: Risk Magazine

Interest Rates Products

Flow Products

- Money markets
- Government bonds
- Interest rate swaps

Value Products

- Interest rate options
- Inflation products

All currencies

Interest Rates
Product Excellence

	2001 Market Share	2001 Ranking	1H05 Market Share	1H05 Ranking
Flow Products				
UK Gilts	6.7%	#5	11.9%	#2
US Treasuries	4.6%	#8	6.8%	#5
Interest rate swaps	5.9%	#7	7.5%	#5
Value Products				
Interest rate options	n/a	#9	n/a	#7
Inflation products	n/a	#5=	n/a	#3

Source: UK Debt Management Office, Federal Reserve bank, ISDA, Risk Magazine, RBS estimates

Debt Capital Markets Products

Flow/Value Products

- Syndicated loans
- Corporate bonds

Value Products

- Securitisation (asset-backed securities)
- Credit derivatives
- Collateralised Debt Obligations (CDOs)

Debt Capital Markets
Product Excellence

All Debt (Loans and Bonds) Market Share

	1H01	*2001*	*2002*	*2003*	*2004*	*1H05*
Sterling	10.3%	10.1%	13.5%	15.9%	15.4%	16.3%
US$	1.0%	1.0%	1.9%	1.9%	2.2%	3.1%
Euros	0.4%	0.5%	0.7%	1.8%	2.8%	3.8%
All currencies	**1.3%**	**1.2%**	**2.0%**	**2.3%**	**2.8%**	**3.6%**

Source: Bondware/Dealogic
All Currencies includes all international bonds, all syndicated loans and US domestic bonds and loans

Debt Capital Markets
Product Excellence 1H01

All Debt/All Currencies	*Rank*	*US$bn*	*%*
JPMorgan Chase	1	737	21.6%
Citigroup	2	423	12.4%
Bank of America	3	322	9.5%
Credit Suisse First Boston	4	180	5.3%
Merrill Lynch	5	170	5.0%
Deutsche Bank	6	161	4.7%
Morgan Stanley	7	134	3.9%
Lehman Brothers	8	130	3.8%
Goldman Sachs	9	119	3.5%
UBS	10	99	2.9%
Barclays	11	84	2.5%
HSBC	14	50	1.5%
RBS	**16**	**43**	**1.3%**

Source: Bondware/Dealogic

All Currencies includes all international bonds, all syndicated loans and US domestic bonds and loans

Debt Capital Markets
Product Excellence 1H05

All Debt/All Currencies	*Rank*	*US$bn*	*%*
JPMorgan Chase	1	673	13.6%
Citigroup	2	504	10.2%
Bank of America	3	423	8.5%
Deutsche Bank	4	290	5.9%
Lehman Brothers	5	216	4.4%
Barclays	6	189	3.8%
UBS	7	181	3.7%
RBS	**8**	**179**	**3.6%**
Morgan Stanley	9	172	3.5%
Goldman Sachs	10	168	3.4%
HSBC	16	106	2.1%

Source: Bondware/Dealogic
All Currencies includes all international bonds, all syndicated loans and US domestic bonds and loans

Securitisation
Product Excellence 1H05

Ranking	*Bookrunner*	*Amount US$m*	*No of Issues*	*Market Share*
1.	Lehman Brothers	88,621	140	9.9%
2.	Bear Stearns	65,042	118	7.2%
3.	**RBS**	**63,533**	**99**	**7.1%**
4.	CSFB	62,192	120	6.9%
5.	Citigroup	62,159	129	6.9%

Source: IFR, Thompson Financial
Global securitisations (excluding agencies)

Diversity of Income

1H05 Income £m

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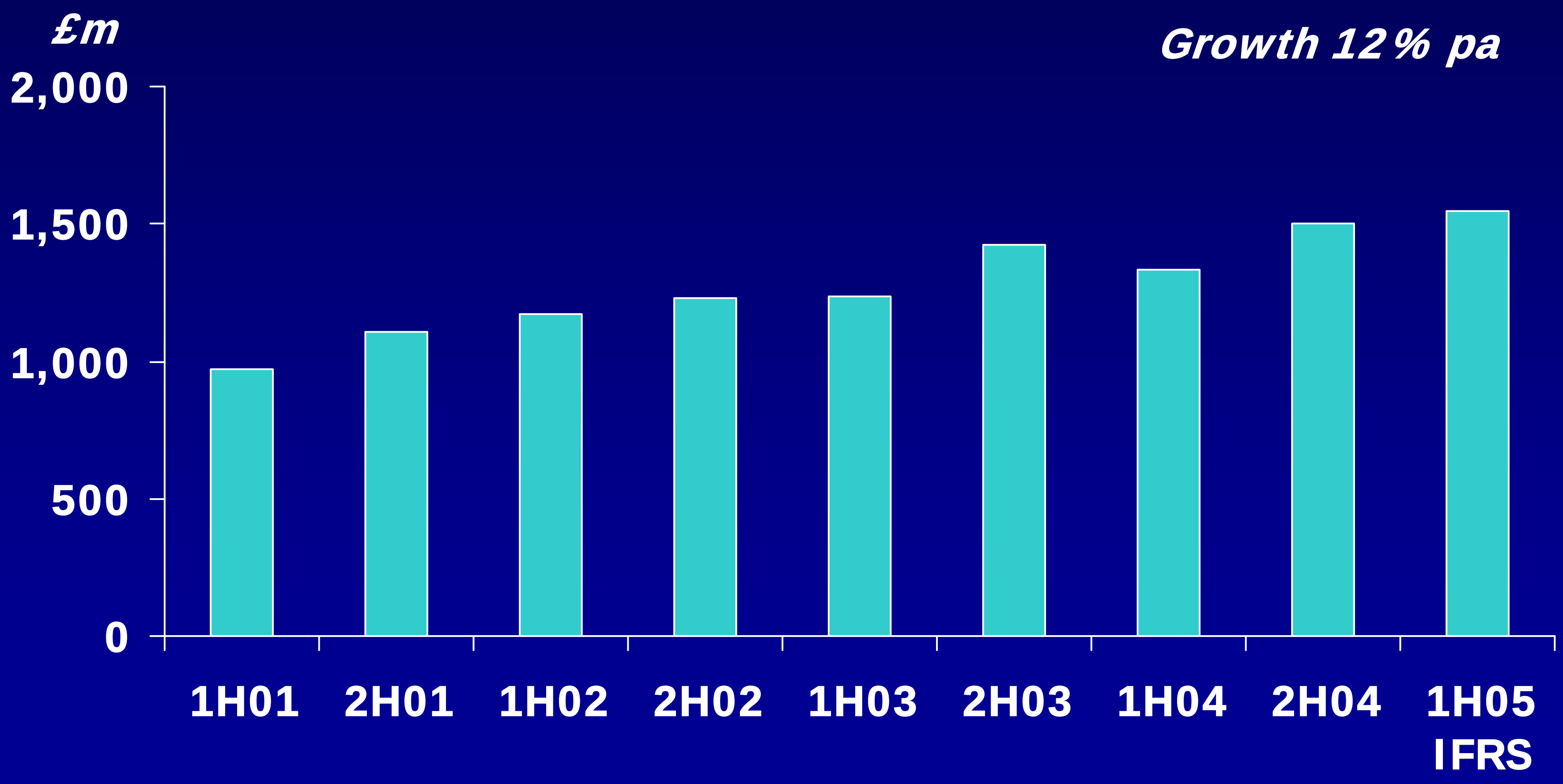
Diversity of Income

1H05 Income £m
Global Banking and Markets

	UK	*US*	*Europe*	*Asia-Pacific*	*Total*
Core Banking	**439**	26	55	6	526
Structured Finance	**525**	63	127	11	726
Financial Markets	**582**	606	119	61	1,368
Total CBFM	**1,546**	695	301	78	2,620

UK
Income Growth

Total Income



UK
Outlook

- Coverage and product capability very strong, with further opportunities to deepen customer penetration
- London is major centre for financial activities, so growth not limited to UK economy
- Global Banking and Markets financials include some London-based global businesses

Diversity of Income

1H05 Income £m
Global Banking and Markets

	UK	***US***	*Europe*	*Asia-Pacific*	*Total*
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US

Jay Levine
Head of CBFM North America

Diversity of Income

1H05 Income £m
Global Banking and Markets

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Core Banking	439	**26**	55	6	526
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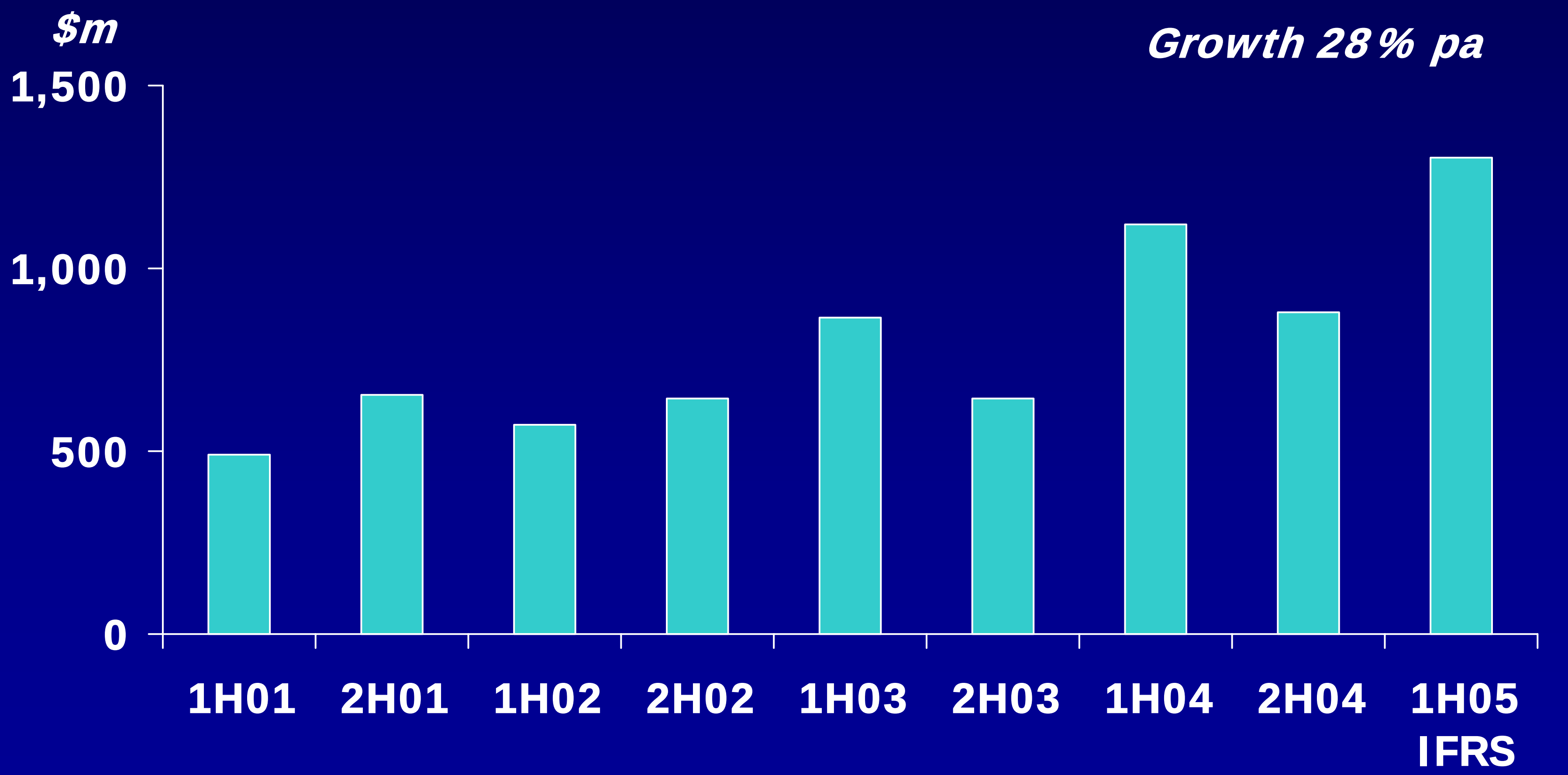
Total CBFM	1,546	**695**	301	78	2,620

US
Financial Markets

	1H05 Income £m	*1H05 Income % CBFM*
Currencies	19	0%
Interest rates	152	4%
Debt capital markets	435	11%
Total	**606**	**15%**

US
Income Growth

Total Income



US
RBS Greenwich Capital

1981 – 2000

- Greenwich Capital founded in 1981
- Designated a primary dealer in US Treasuries
- Established asset-backed origination, sales & trading

2000 – 2003

- Acquired by RBS as part of NatWest
- Expanded real estate securitisation business
- Launched CDO business
- Entered consumer finance securitisation business

US
RBS Greenwich Capital

US Treasury Sales

Ranking 2004	Firm
1	**RBS Greenwich Capital**
2	JPMorgan Chase
3	Bear Stearns
3	Lehman Brothers
3	Morgan Stanley
3	UBS
7	Deutsche Bank
8	Goldman Sachs
9	Barclays
9	Credit Suisse First Boston

Asset-Backed Sales

Ranking 2004	Firm
1	**RBS Greenwich Capital**
2	Lehman Brothers
3	Citigroup
4	Bear Stearns
5	Credit Suisse First Boston
6	Bank of America
6	Merrill Lynch
6	UBS
9	Deutsche Bank
10	JPMorgan Chase

Source: Orion Consultants

US
Developments During 2004

- Combined NY branch and RBS Greenwich Capital
  - Created one business
  - Appointed single management team
- Co-located Financial Markets activities in Greenwich
- Expanded corporate and financial institutions relationship teams
- Launched corporate bond business, leveraging RBS Greenwich Capital's customer base and infrastructure

US
Early Results 1H05

- Added 185 new corporate relationships
- Improved from 27th to 11th in corporate loan syndications
- Increased volumes in interest rate derivatives by 102%
- Lead-managed corporate bonds issues:

Source: Loan Pricing Corporation

US Outlook

Deliver the Benefits of

- Strong reputation with financial institutions
- Broader corporate customer base
- Full service proposition
- Accessing international markets for US investors
- Accessing US markets for non-US borrowers

US
CBFM + Citizens

US Banks	
2004 Ranked by Assets	
1.	Citigroup
2.	JPMorgan Chase
3.	Bank of America
4.	Wachovia
5.	Wells Fargo
6.	**RBS**
7.	US Bancorp
8.	SunTrust
9.	HSBC US
10	National City

Source: SNL 31 December 2004

US
CBFM + Citizens

Benefits of Partnership with Citizens

- Gives CBFM access to Citizens customers
  – Distribution
  – Origination
- Gives Citizens access to CBFM customers
- Enables Citizens to use CBFM products to upscale relationships and expand in mid-corporate market
- Citizens and CBFM together have everything in place to compete effectively with US banks

Diversity of Income

1H05 Income £m
Global Banking and Markets

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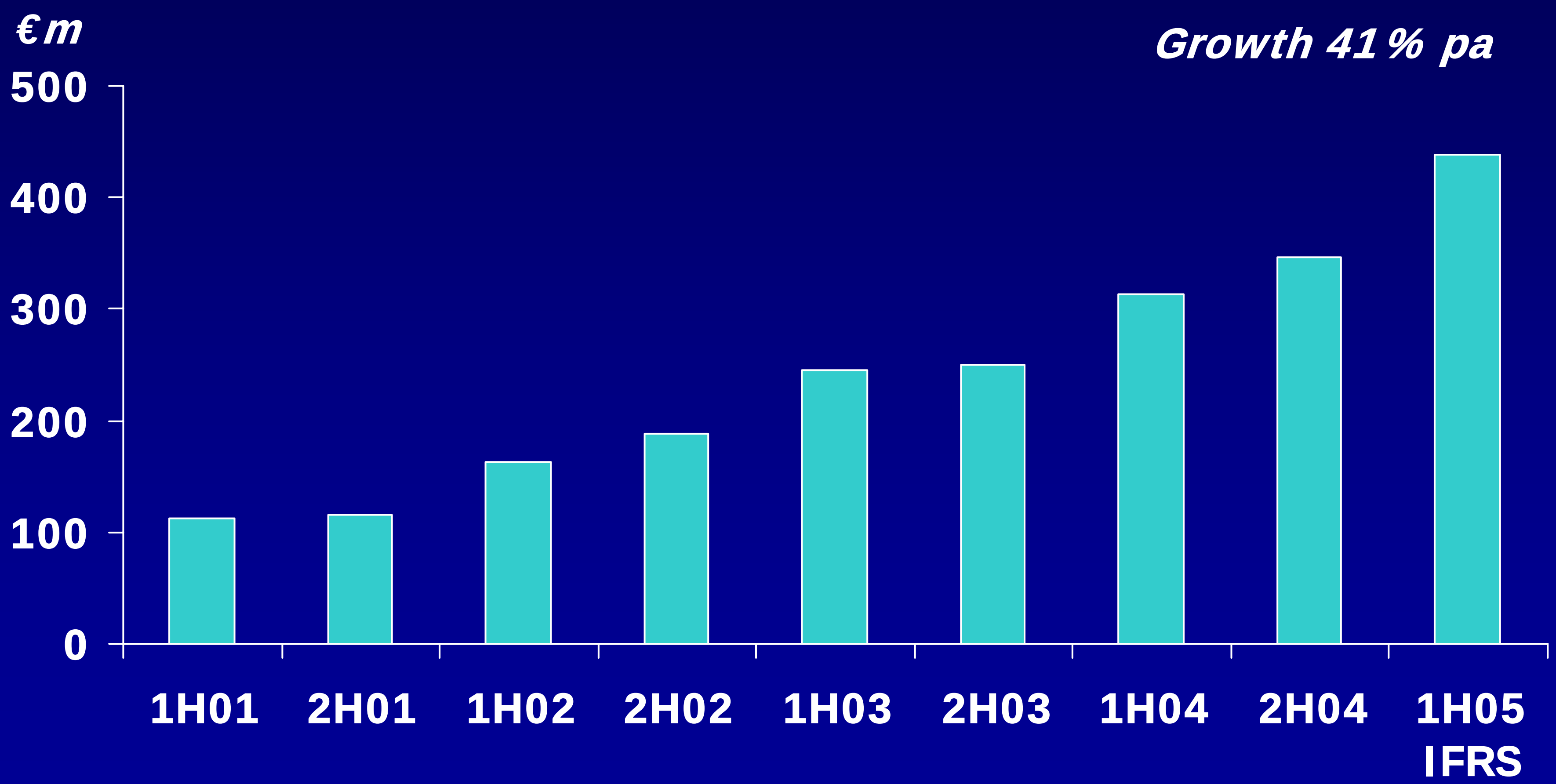
Europe
Income Growth

Total Income



Europe

2000 Acquisition and Property Finance in France and Germany

2001 Commenced investment by appointing local country heads in France, Germany, Italy and Spain

2002 Recruited corporate relationship managers and FM teams

Established relevant Structured Finance businesses

2003 Acquired Nordisk Renting

2004 Created Nordic CBFM business

Appointed financial institutions relationship managers

Europe

- Controlled sequential build-out of European franchise
- Timing of initial investment was good
- Applied proven relationship management model
- Local customer relationships established by local staff
- Structured Finance success built off London platform

Europe

Rankings 1H05

- #4 syndicated loan bookrunner, France
- #3 bond bookrunner for financial institutions, Italy
- #1 mandated lead arranger for syndicated loans, Spain

Source: IFR, Dealogic Bondware, Thomson Financial

Europe

Germany July 2005

EADS

European Aeronautic Defence & Space Company NV

EUR 3,000,000,000

Syndicated Revolving Credit Facilities

Mandated Lead Arranger & Bookrunner

Germany September 2005

HEIDELBERGCEMENT

EUR 2,600,000,000

Acquisition Finance

Sole Underwriter and Bookrunner

Italy June 2005

api energia

EUR 470,000,000

276MW IGCC Power Project

Senior Debt Facilities

Financial Adviser, Bookrunner, Mandated Lead Arranger

Nordic Region February 2005

Sanitec

EUR 1,015,000,000

Term Facility & Revolving Credit Facilities

Mandated Lead Arranger & Bookrunner

Spain May 2005

METROVACESA

EUR 7,573,200,000

Acquisition Term Loan & Revolving Credit Facilities

Senior Credit Facilities

Mandated Lead Arranger, Bookrunner & Facility Agent

Germany May 2005

viterra

Acquisition Financing

Senior & Subordinated Facilities

Underwriter & Mandated Lead Arranger

Italy July 2005

FIP

Fondo Immobili Pubblici

EUR 1,993,600,000

FIP Funding S.r.l. CMBS

EUR 1,688,000,000

Placement of Class-A Units

Placement Agent, Joint Arranger & Lead Manager

France April 2005

Pernod Ricard

EUR equ. 9,245,000,000

Allied Domecq Acquisition Facilities

Underwriter & Bookrunner

Spain July 2005

Caja Madrid

EUR 3,000,000,000

Senior Floating Rate Notes

Joint Bookrunner

France/Spain February 2005

TP Ferro

EUR 532,000,000

Perpignan - Figueras High Speed Rail Line Sponsored by ACS & EIFFAGE

Senior Credit Facilities

Mandated Lead Arranger & Bookrunner

Europe

France

April 2005

Pernod Ricard

EUR equ. 9,245,000,000

Allied Domecq
Acquisition Facilities

Underwriter & Bookrunner

- Acquisition of Allied Domecq by Pernod Ricard
- RBS joint bookrunner
- The largest corporate acquisition financing in France this year

Europe
Outlook

Leverage Platform

- Leverage relationships and reputation already established
- Extend financial institution franchise
- Continue to expand Structured Finance and Financial Markets footprint
- Maintain momentum of organic growth

Diversity of Income

1H05 Income £m
Global Banking and Markets

	UK	*US*	*Europe*	***Asia-Pacific***	*Total*
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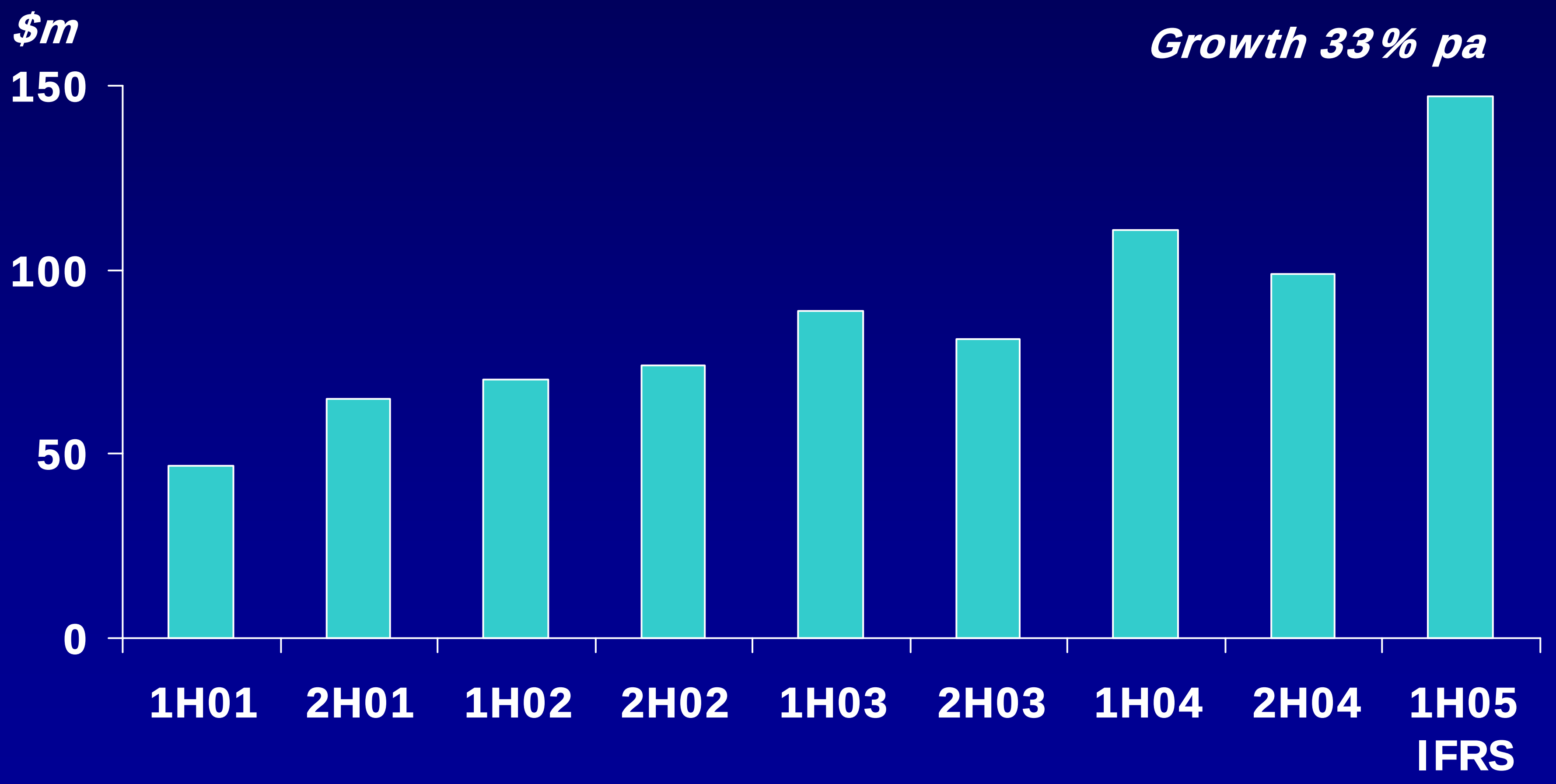
Asia-Pacific Income Growth

Total Income



Asia-Pacific

Overview

- Asia – principally Financial Markets business with financial institutions
- Australia – CBFM business similar to Europe
- Branches in Japan, Hong Kong, China, Singapore and Australia
- 500 people
- Future opportunity

Global Banking and Markets

Summary

- Strong income growth
- Stable cost:income ratio
- Product excellence across Core Banking, Structured Finance and Financial Markets
- Leading position in UK
- Established in US
- Established in Europe
- Many opportunities for growth

The Royal Bank of Scotland Group

Conclusions

Johnny Cameron
Chief Executive, CBFM

Corporate Banking & Financial Markets

Progress

- We have managed transition to a distribution-led international business
- We are now a top 10 player globally in our chosen markets
- CBFM income is increasingly diversified
  - By business
  - By geography
  - By customer

Corporate Banking & Financial Markets

Business Model

- Relationship business model and employee culture are integral to CBFM's success
- CBFM values
  - Entrepreneurial
  - Performance-driven
  - Team-oriented
  - Customer-focussed
- Model has strong appeal for customers
- Good staff satisfaction, leading to low staff turnover

Corporate Banking & Financial Markets

Platform for Growth

- UK
  - More to come from leading franchise and renewed service model
- US
  - Unique platform for growth from the combination of RBS Greenwich Capital, RBS and Citizens
- Europe
  - Leverage relationships and reputation now established
- Asia
  - Still early days, but link with Bank of China will provide further impetus to existing growth plans

Corporate Banking & Financial Markets

A Good Business

- Maintained relationship-led culture
- Low cost:income ratio enhances good returns on capital from both customer groups
- Well-managed investment has led to good growth with stable cost:income ratio
- Excellent business with good momentum

RBS

The Royal Bank of Scotland Group

Notes

- *Financials from 2001 to 2004 are stated on a UK GAAP basis, except where 1H04 comparisons are given on an IFRS basis*
- *Financials for 1H05 are stated on an IFRS basis*
- *Income is stated net of operating lease depreciation. Costs exclude operating lease depreciation*
- *The Corporate Banking and Financial Markets businesses of Royal Bank of Scotland International (RBSI) were transferred into CBFM on 1 January 2005. All historical financials have been restated accordingly*
- *Dixon Motor's retail operations have been excluded from all financials*
- *In calculating financial metrics relating to average RWAs, 1H04 and 1H05 financials have been annualised by number of days*