RBS

UK Personal & Business Banking Investor Seminar

24th September 2018

Today's speakers




Les Matheson
CEO

- Appointed in March 2014
- Joined RBS in 2010 as MD of Retail Products & Marketing
- Prior roles include Group Executive at St George Bank and CEO for Citibank Australia

Frans Woelders
Chief Digital Officer

- Appointed in May 2018
- Prior to joining RBS, Frans served as CEO Retail Banking at ABN AMRO
- Other ABN AMRO roles include Chief Information Officer and Head of Operations

Lloyd Cochrane
Product Director Homebuying & Ownership

- Appointed in June 2013
- Prior to joining RBS, Lloyd was at Virgin Money, MD of Mortgage Products at Northern Rock as part of the turnaround team.

Claire Baird
Finance Director

- Appointed in June 2018
- Joined RBS in 2001
- Prior roles include FD for Services & Functions, Director of Global Finance Services, and Head of Global Finance Services India & Singapore

Agenda

UK Personal & Business Banking Overview – Les Matheson, CEO

Investing in Digital Capabilities – Frans Woelders, CDO

Home Buying & Ownership – Lloyd Cochrane, Product Director

Financial Performance – Claire Baird, FD

Note(s): (1) Except and unless otherwise noted, all financial information in this presentation is for the Royal Bank of Scotland Group plc and prepared on a consolidated basis; (2) UK Personal and Business Banking will be referred to as UK PBB

Les Matheson
UK PBB Chief Executive Officer

UK Personal & Business Banking[1]

Delivering strong sustainable RoE driving the Group to its 2020 targets

Strong market positions, established trust and clear customer vision

Growing in chosen markets while maintaining conservative risk appetite

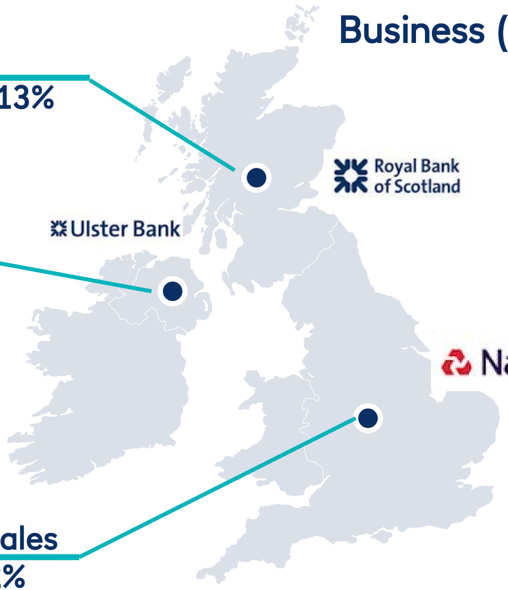
Reduced physical footprint, investing in digital capabilities and leading digital adoption

Note(s): (1) UK PBB

UK PBB Overview

Customers[1]

Personal (P): 17,245k
Business (B): 854k



% of total customers

Business Areas

- Personal Deposits
- Personal Advances
- Mortgages
- Business Banking

Note(s): (1) Personal figures as at March 18, Business figures as at January 18

We are driving from a position of strength

RBS

Business Strength

Commercial

- Growing operating profit
- Steady trajectory on cost reduction
- Strong and stable RoE

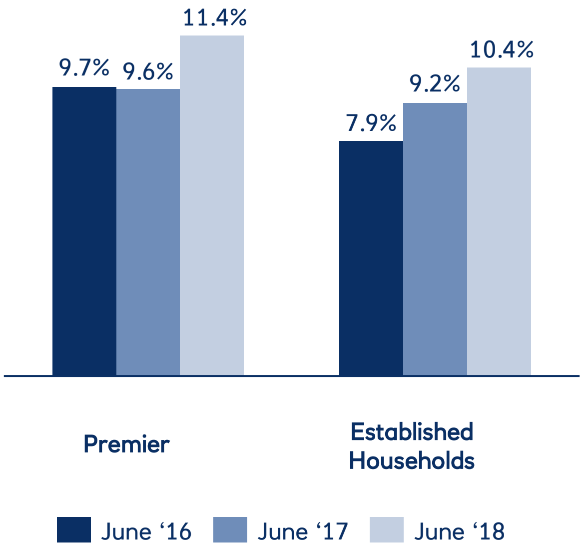
Customer

- Customer scale and depth of relationship
- Market-leading digital adoption

Customer Growth[1]

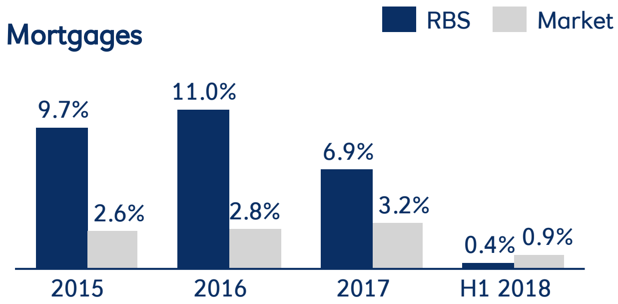
New Business Market Share (UK PBB)[1]

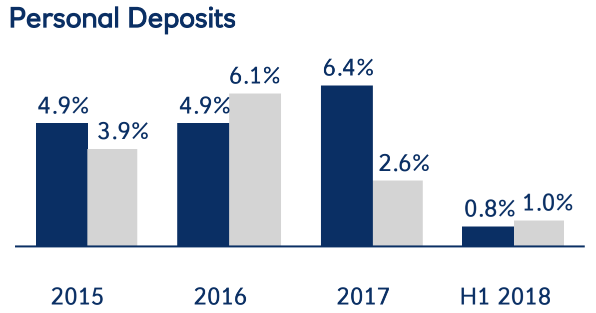
12mths ending June



Product Growth

UK PBB balance net growth vs market[2]



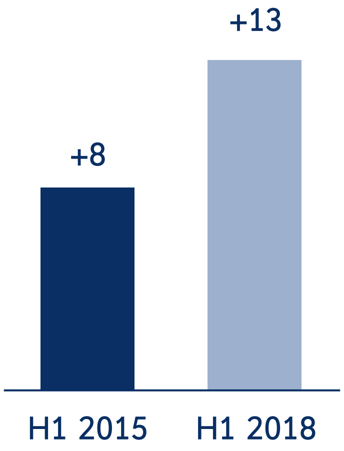


Note(s): (1) Source: GfK Financial Research Survey (FRS) 12-months ending June 2018/2017/2016. Share of current account new business excluding internal transfers for RBSG in GB; (2) Source: Bank of England; Note:2015 excludes W&G

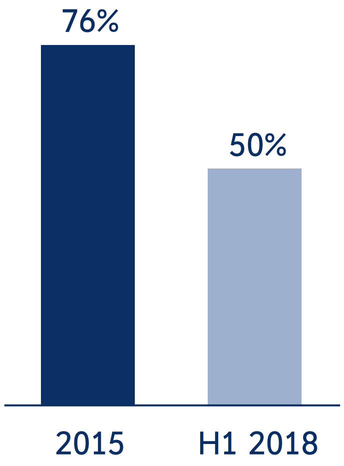
We have made progress on our priorities…

Customer Experience	Simplifying the Bank	Supporting Sustainable Growth	Strength & Sustainability	Employee Engagement

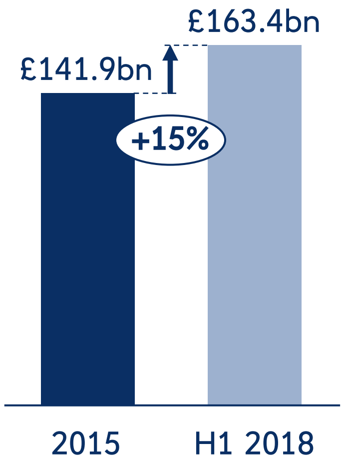
Personal NatWest NPS[1]



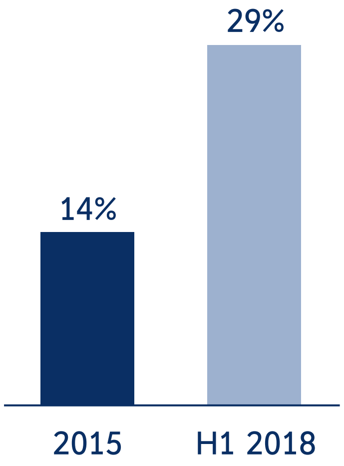
Cost: Income Ratio



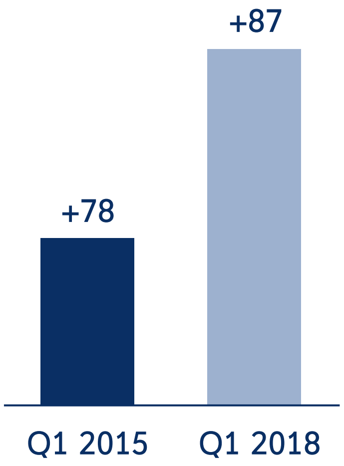
Total loans & advances



Return on Equity



Engagement Score[2]

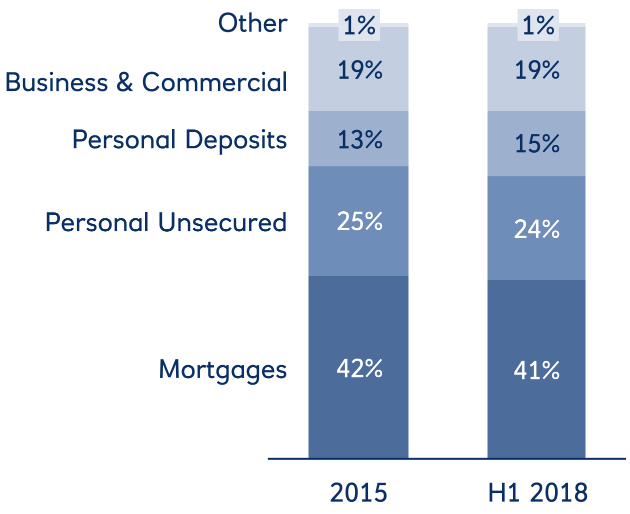


Note(s): (1) NatWest NPS; Source: GfK FRS 6 month rolling data Jan to June 2015 and 2018, England & Wales. Latest base size: 3103. Based on the question: "How likely is it that you would recommend NatWest to a relative, friend or colleague in the next 12 months for current account banking?" Base: Claimed main banked current account customers (2) Global Financial Services Norm = +82

…while maintaining a low risk profile

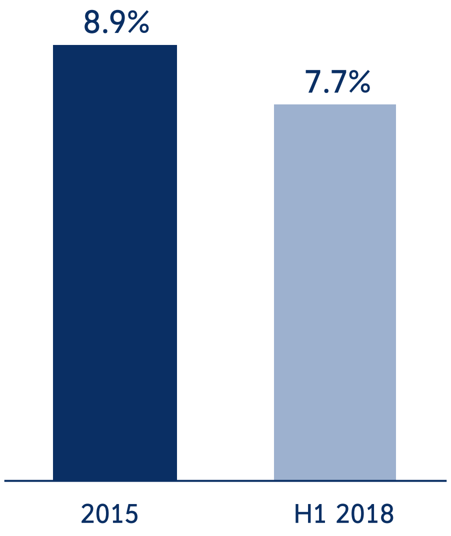
Low income volatility with balanced portfolio

% income by portfolio



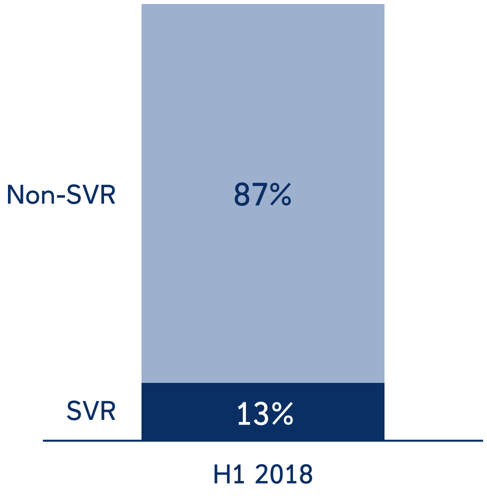
Lower proportion of unsecured balances

% Personal balances that are unsecured



Small proportion of SVR mortgages

% mortgage balances by type



We have a clear customer focused vision

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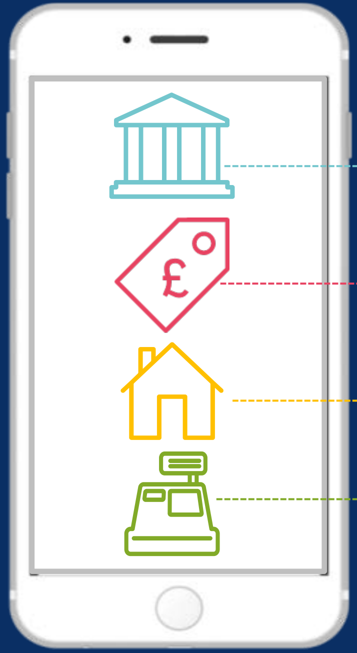
The UK's most trusted financial platform

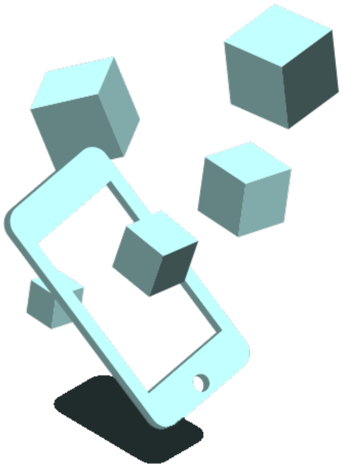
Acting as the gateway to all of our customers' financial needs

Effortless everyday, brilliant when it matters



- Help me manage my everyday banking
- Help me manage my short-term borrowing
- Help me manage my home buying & ownership
- Help me manage my business

Digital customer base & capabilities growth while reducing our physical footprint…



Digital growth

- 6m Mobile App users (H1 2018)[1]
- Mobile Payments[2] up 26% on H1 2017
- Mobile App logins up 20% on H1 2017
- Digital sales in UK PBB up 27% on H1 2017

Physical reduction

- Physical Branches down from ~1,930 (2014) to ~850[3]
- Branch counter transactions down 7% on H1 2017[4]
- Cheque usage down 16% on H1 2017

Protect and grow income | **Lower cost, more resilient, and better controlled** | **Better customer experience**

Note(s): (1) # Mobile users is all UK PBB; (2) Includes mobile payments and funds transfers; (3) ~1,930 as at end of 2014; ~850 represents branch network by end January 2019; branch numbers include Ulster NI & W&G; (4) Based on volumes from May 2017 to May 2018 and strips out the effect of branch closures

…and delivering market-leading innovation into the hands of customers

Leading the way on AI with our digital assistant Cora

Q1 2017

Successfully partnered with and acquired fintech FreeAgent

Q1 2018

H2 2014

First bank in the UK to launch TouchID

Q3 2017

Launched the UK's first paperless mortgage

Q2 2018

Building new ecosystems such as our Home Agent proposition

We are investing in delivering long-term sustainable growth…

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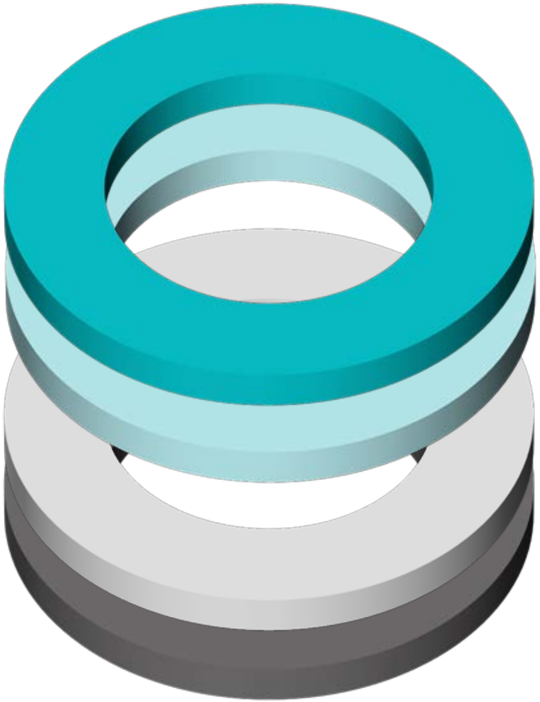

	Customer Propositions	Digital Capabilities	Simplification	Strength & Sustainability
Future[1]	Innovative digital propositions using Open Banking APIs	Building & connecting to ecosystems	Expansion of Artificial Intelligence/ Cora	Core Banking Platform modernisation
Previous[1]	Paperless Mortgage	Mobile platform investments	Physical footprint reduction	Technology resilience

Note(s): (1) Examples of Investment

...and are adapting how we work to remain competitive

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Digital first, customer led, agile at scale

Strategy and Innovation

Home Buying and Ownership	Everyday Banking	Short Term Borrowing	Business Banking

Technology

Centres of Excellence

Personal Banking	Digital Banking

Functions

UK Personal & Business Banking[1]

Delivering strong sustainable RoE driving the Group to its 2020 targets

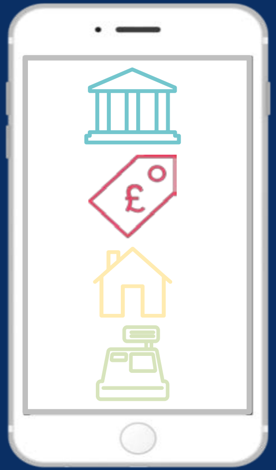
Strong market positions, established trust and clear customer vision

Growing in chosen markets while maintaining conservative risk appetite

Reduced physical footprint, investing in digital capabilities and leading digital adoption

Note(s): (1) UK PBB

Frans Woelders
UK PBB Chief Digital Officer

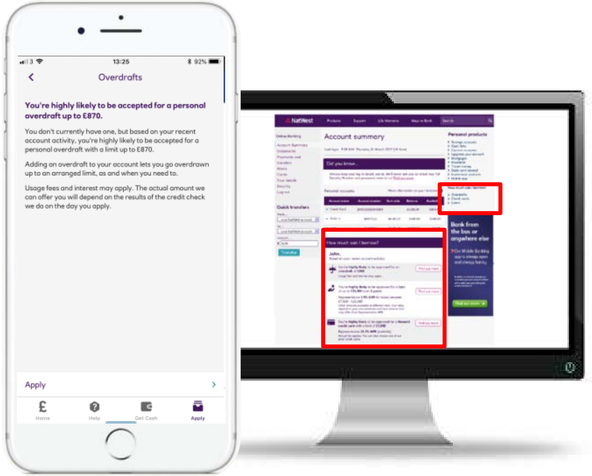


Helping customers adopt digital banking…

Using data to proactively engage customers across all frontline channels

- Web, mobile and email campaigns to drive adoption and usage
- Segment targeted
- In-branch & contact centre customer insight prompts

- >850 TechXperts, minimum of one accessible in every branch
- Digital training given to >5,000 frontline staff



- >5m personalised customer insight prompts displayed in-app every day
- 'Always on' product offers reaching >2m customers a month with personalised lending messages
- >35k per month linked product sales

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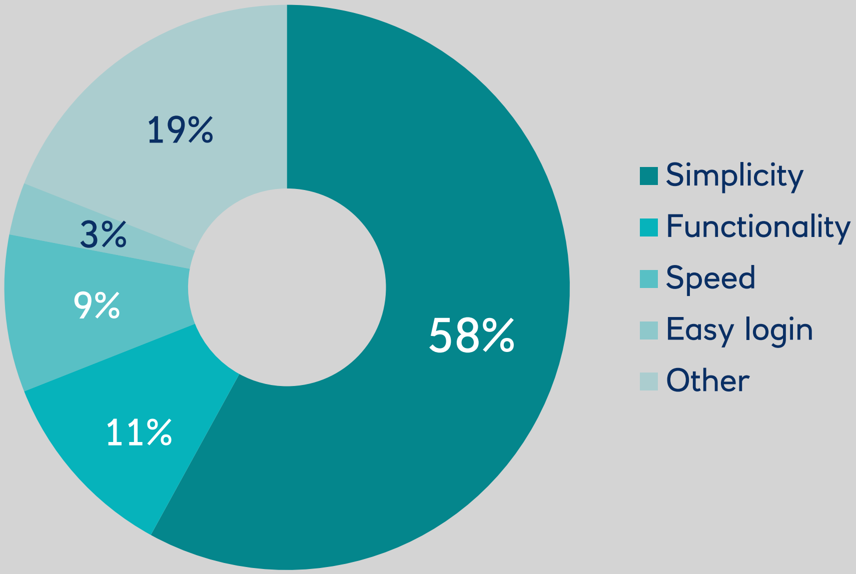
…and delivering the experience customers want…

Simplicity and an intuitive user experience are key to adoption and continued digital engagement

Drivers of NatWest app advocacy[1]



We continually refine our app's user experience:

- Clean, uncluttered, easy to understand
- Quick access to most used features
- In-app help and support

We co-develop app functionality with customers and involve them in testing throughout the development lifecycle

Voted by customers the Best Banking App 2 years running[2]

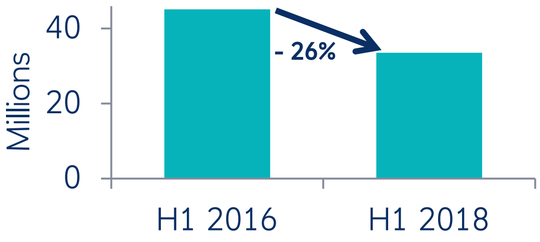
British Bank Awards
WINNER 2018
BEST BANKING APP

Note(s): (1) Sources: sNPS Mobile verbatim analysis, Feb 2018; Mobile sNPS re-contact study, May 2018; (2) NatWest

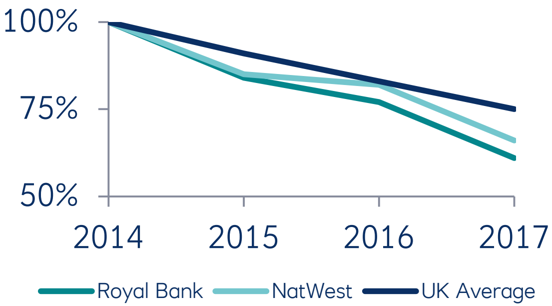
…while transforming our assisted channels

Adapting to changing customer behaviours

Branch visits[1]



# of branches[2]

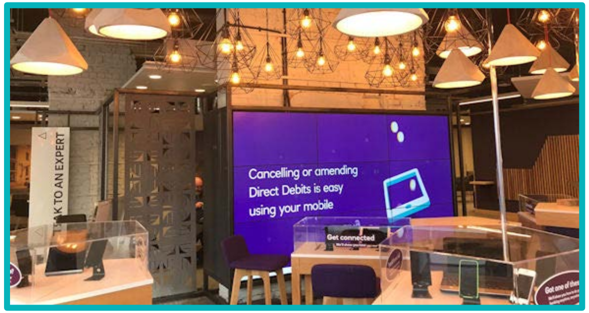


97%

Transactions and enquiries through self-serve channels[3]

Adding value in different ways

Testing **new formats** and experiences for assisted self-serve



400k Secure messages per month[4]

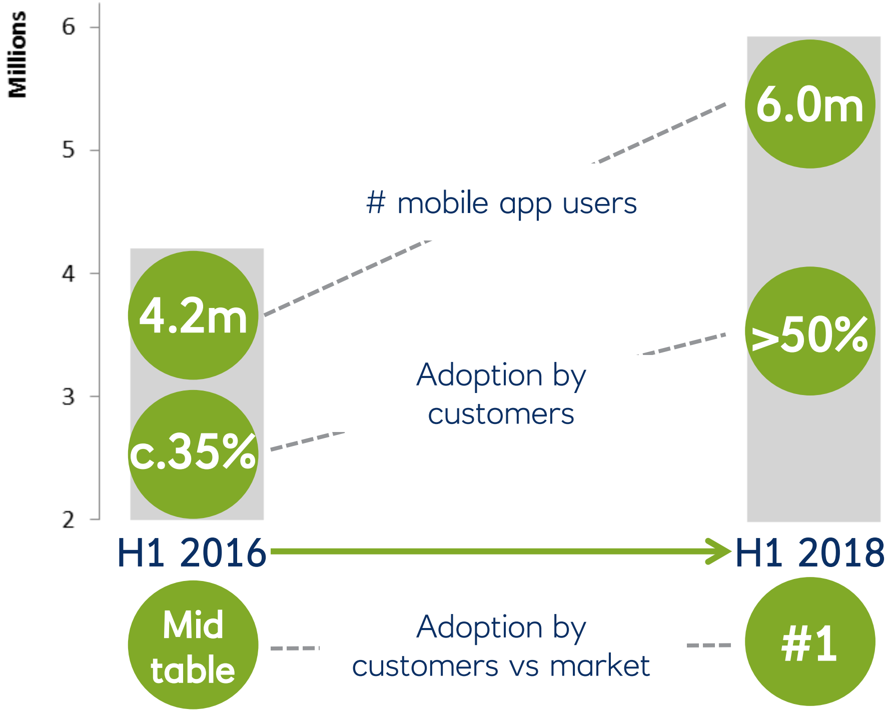
9m Staff prompts to provide helpful customer insights[5]

45k Customer feedback followed up[6]

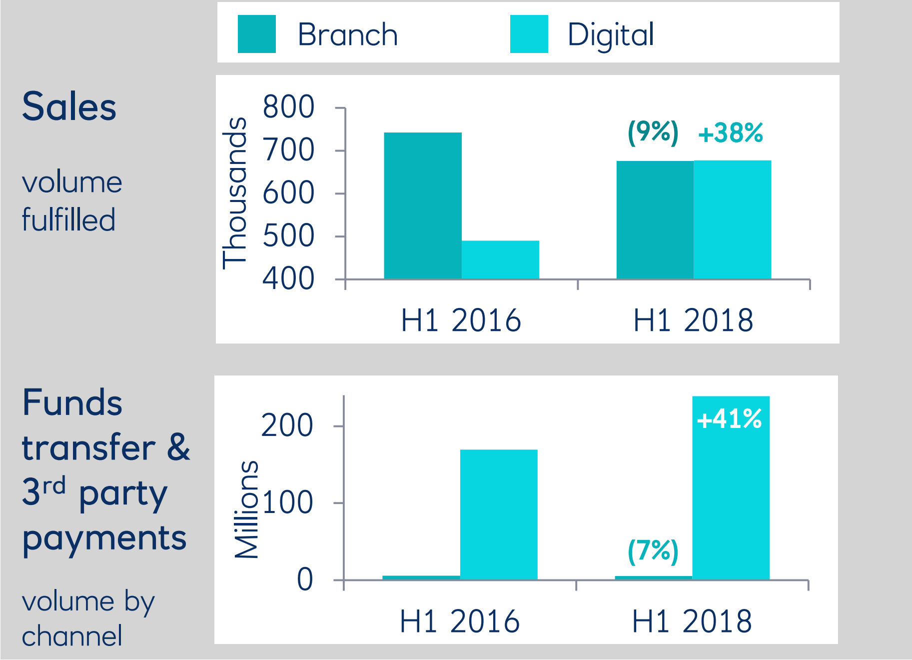
Note(s): (1) Recorded visits based on customer being identified in a NatWest or Royal Bank of Scotland branch; (2) Indexed to 2014; (3) 2017, self service includes online, mobile, ATM and CDM for NatWest and Royal Bank of Scotland; (4) Average for June/July 2018; (5) H1 2018, sales & service; (6) up to end August 2018

More customers are choosing to bank digitally...

Leading the way in mobile adoption[1]



Meeting more needs through digital channels[2]



Note(s): (1) # Mobile app users is all UK PBB. Adoption by customers is % of NatWest non-dormant current account customers that are mobile active. Internal sources and eBenchmarkers; (2) NatWest and Royal Bank of Scotland; Percentages indicate change in volume over time

…engaging deeply with our brands

Digital propositions which benefit both customer and bank

Mobile active customers vs. non mobile active[1]

# of interactions	x 6.2
# of products per customer	+ 29%
Brand NPS	+ 16

On average, mobile banking customers log-in once every day

Saving time & money for customers & the bank

Pay someone new[2]

	Branch	Telephony	Mobile app
Travel time	10-30 mins	-	-
Wait time	0-10 mins	0-10 mins	-
Transaction time	3.30 mins	6.29 mins	0.57 mins
Total customer time	13-43 mins	6-16 mins	<1 min
RBS marginal cost	£0.86	£1.39	<£0.01

Note(s): (1) All data for NatWest and Royal Bank of Scotland except Brand NPS delta which is NatWest as at February 2018; (2) 3rd party payments under £250. Travel and wait times are indicative ranges.

Aligning customer experience and cost efficiency

Applying innovative technology to help customers self-serve with confidence

Cora – our digital assistant, powered by artificial intelligence

>500k conversations with customers per month[1]

Can answer questions on over **200** topics (and is learning more)

Helping both Personal and Corporate customers

Available in the mobile app as well as online

We are actively exploring extended use cases for Cora, e.g.:

- Answer questions on customer transactions
- Carry out simple transactions
- Voice interface (phone, smart speaker)

Note(s): (1) Average of June / July 2018 conversations

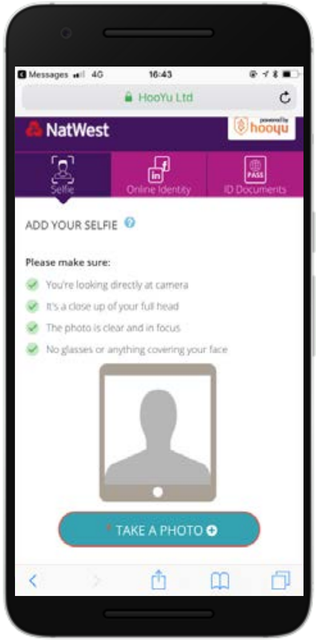
Transforming experience through customer led design

16 questions (down from 120)

6 mins to open (down from 16)

93k accounts opened[1]

100% paperless fulfilment[2]



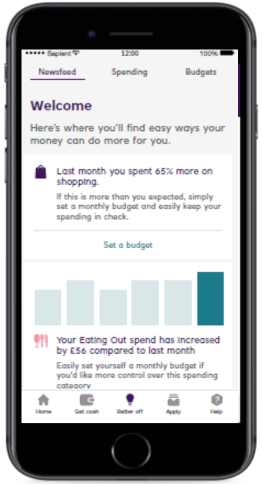
- Available for **all new to bank** customers
- Built **mobile first**, but adaptable to any device or channel
- End-to-end **automation**
- Piloting instant **in-app identity verification** with partner HooYu
- One of the first UK high street banks to provide **account number at end of every application**

Note(s): (1) 2018 YTD volumes (2) For customers that choose to do so

Strengthening customer relationships

Customers find managing their financial lives a challenge and want help.
We are testing two different kinds of solution, harnessing the power of data

Personal Financial Manager

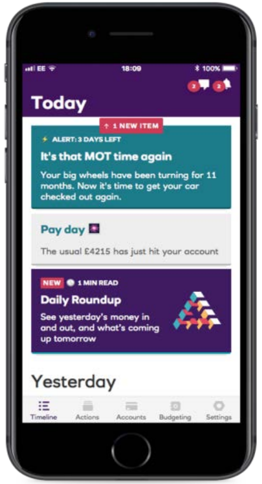


Data driven **financial insights** that are **simple to understand** and **effortless to act on**

- Spend categorisation
- Personalised insights
- Personalised product offers

Deployed through core app to >6m customers

Broader Ecosystem



Chat-based AI enabled **financial assistant**

- Pro-active life admin support
- Personalised insight & actions
- Personalised partner offers and introductions

Deployed as a standalone app

We are organising around the customer and positioning ourselves for the future

We are taking advantage of opportunities in a rapidly evolving world

Digital first technology platform

- Open architecture – API based
- Flexible, enables modular expansion
- Simple connectivity, including 3rd parties
- Future proof for emerging technologies

Quickly identifying winning bets

- Customer research and testing
- Rapid prototyping
- Agile design and delivery
- Many candidates; selected winners

Working with the right partners

In-house

Partner

Acquire

We are working with FinTechs and are already building our capability

Runpath

hooyu – Know who you're dealing with

ThreatMetrix

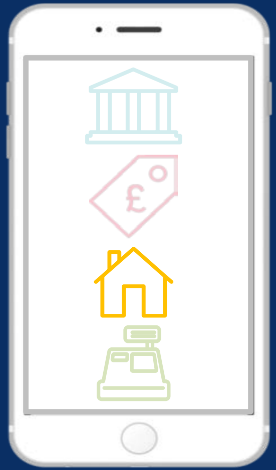
freeagent

vizolution

Key messages

1. Proactive, digital-first journeys designed around the customer
2. Help more customers do more of their everyday banking digitally
3. Deepening customer engagement
4. Reducing cost and growing digital sales and service
5. Positioning ourselves to take advantage of opportunities in a rapidly evolving market

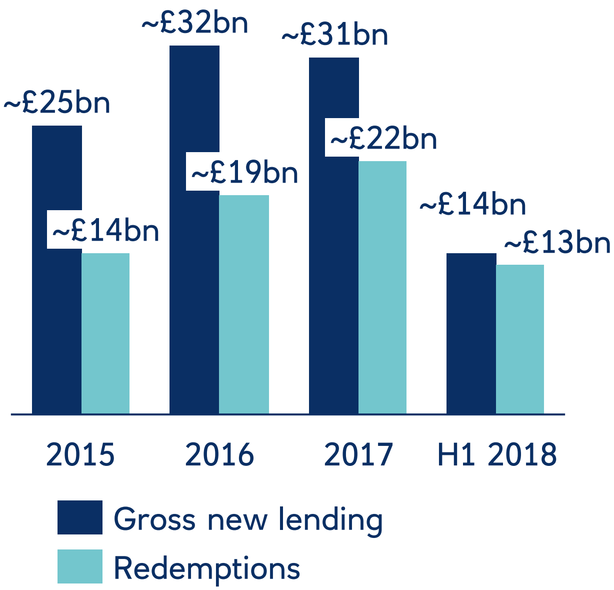
Lloyd Cochrane
Product Director, Home Buying & Ownership



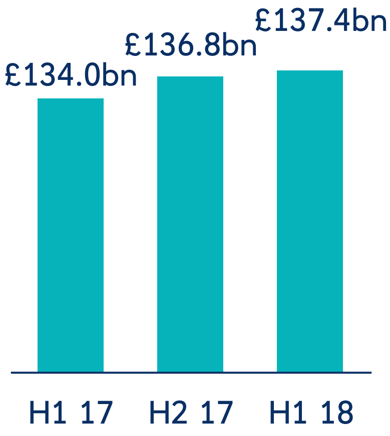
Business performance

Strong growth but margins under pressure due to increasingly aggressive competitor pricing

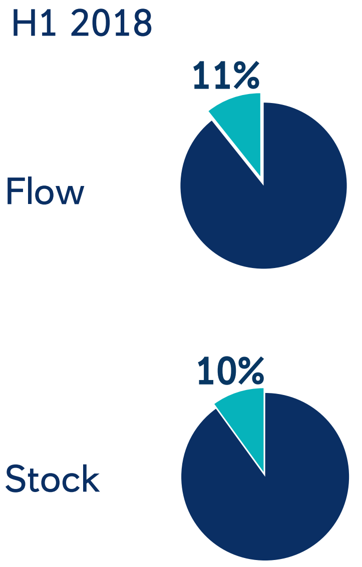
New business flow and stock movements



Stock growth



Market share[1]



Competitors[2]

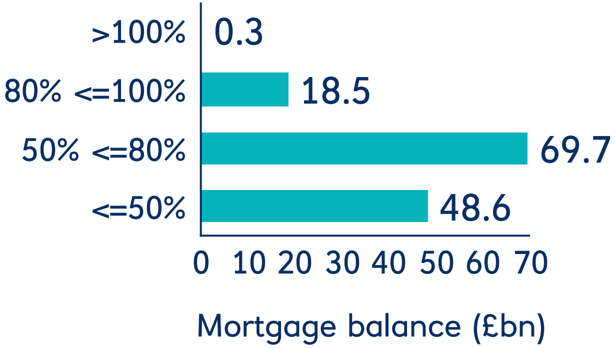
60% LTV — 2 Year Fixed

	Initial Rate	Product Fee	Cash Back
1st	1.70%	£299	£0
2nd	1.49%	£995	£0
3rd	1.49%	£999	£0
4th	1.54%	£995	£0
5th	1.54%	£999	£0
6th	1.89%	£995	£1,000
7th	1.39%	£1,499	£0
8th	1.65%	£995	£0
9th	1.96%	£995	£0

Note(s): (1) Source: Bank of England; (2) Source: Defaqto. Rates effective from 17th September 2018

UK PBB Mortgages Overview

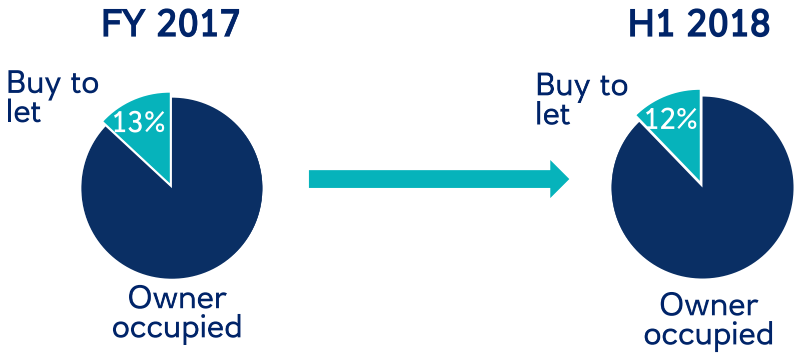
Book LTV



H1 2018 average book LTV

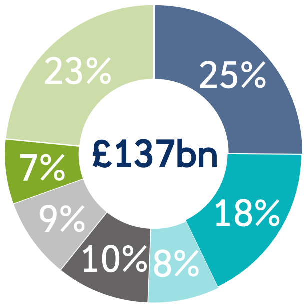
57%	Total book
55%	BTL

BTL vs. Owner occupied mix



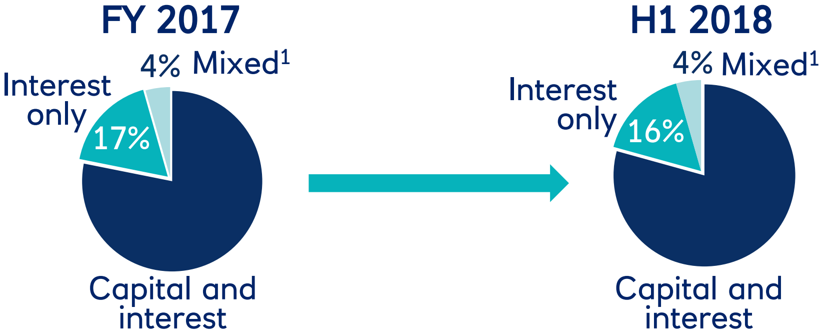
Geographical split

Regional spread by value



	Weighted average LTV
South East	55%
Greater London	51%
Scotland	59%
North West	62%
South West	58%
West Midlands	59%
Rest of UK	61%

Interest only vs. Capital & interest



Notes: (1) Includes accounts which have an interest only sub-account and a capital and interest sub-account to provide a more comprehensive view of interest only exposures; (2) Source: Bank of England

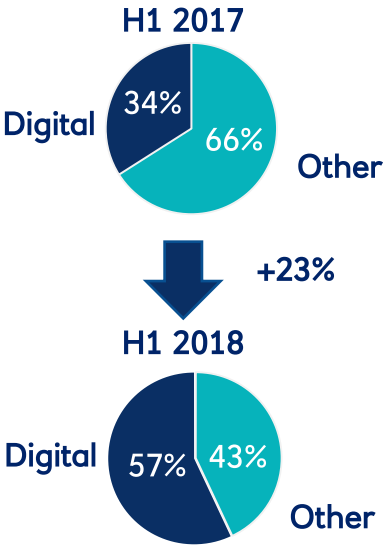
Driving customer advocacy

Delivering journey improvements through paperless mortgages and digital switching

UK's 1st Paperless mortgage application

91% of all organic applications are paperless[1]

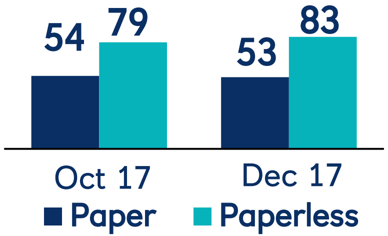
Increased mortgage switching via digital channels



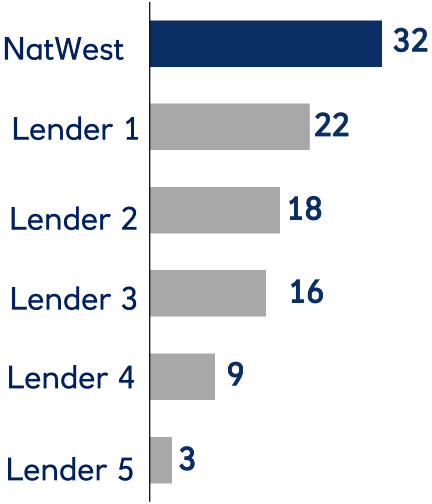
Reducing application to offer time and delivering customer satisfaction

Average application to offer in 11 days – down from 23

Paper vs paperless NPS[2]

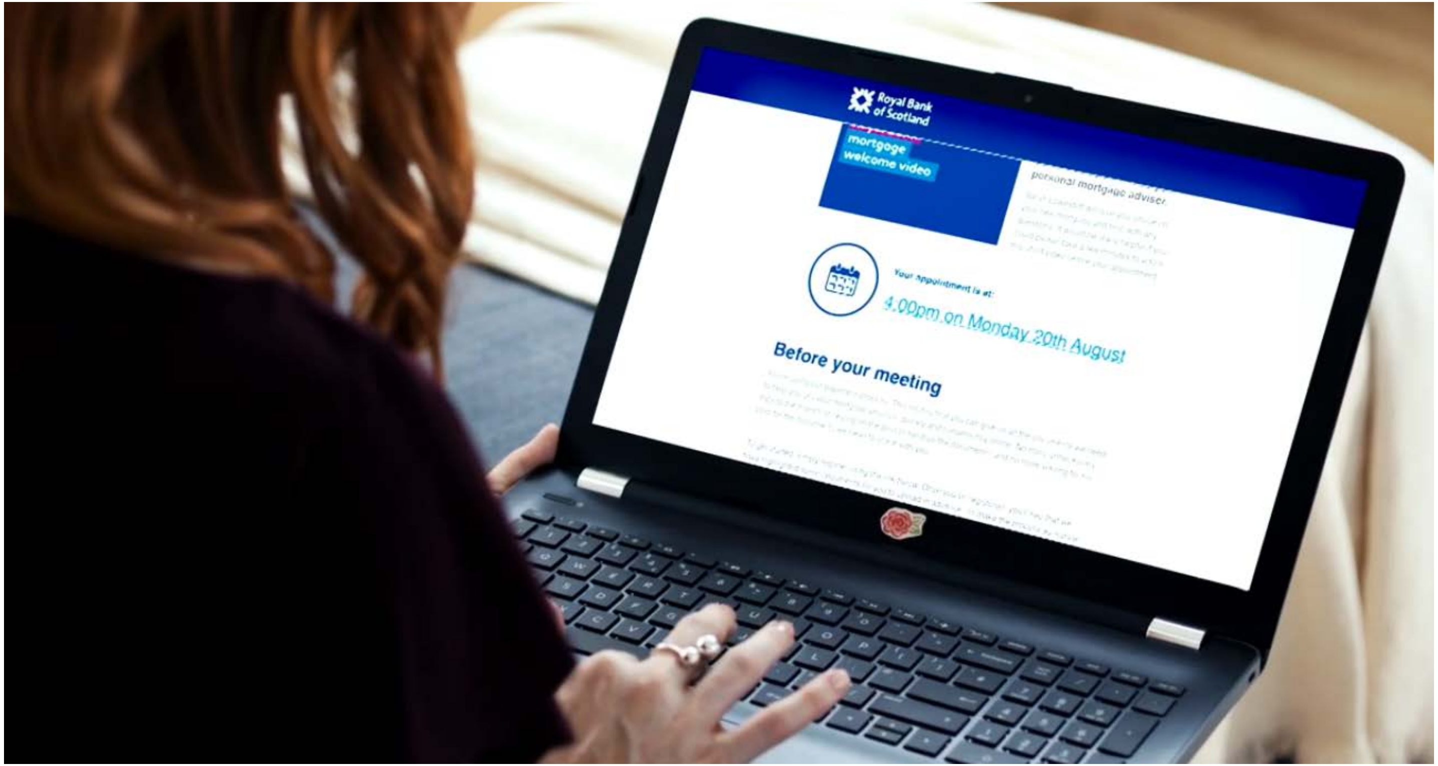


Resulting in market leading NPS for customers taking a new mortgage[3]



Note(s): (1) H2 to date (2) Source: Operational NPS (oNPS) – December 2017 (3) Source: Strategic NPS (sNPS) survey - May 2018

Video


Royal Bank of Scotland
mortgage welcome video
Your Appointment is at:
4.00pm on Monday 20th August
Before your meeting

Managing customer retention

Focussed on customer retention in an increasingly price competitive market

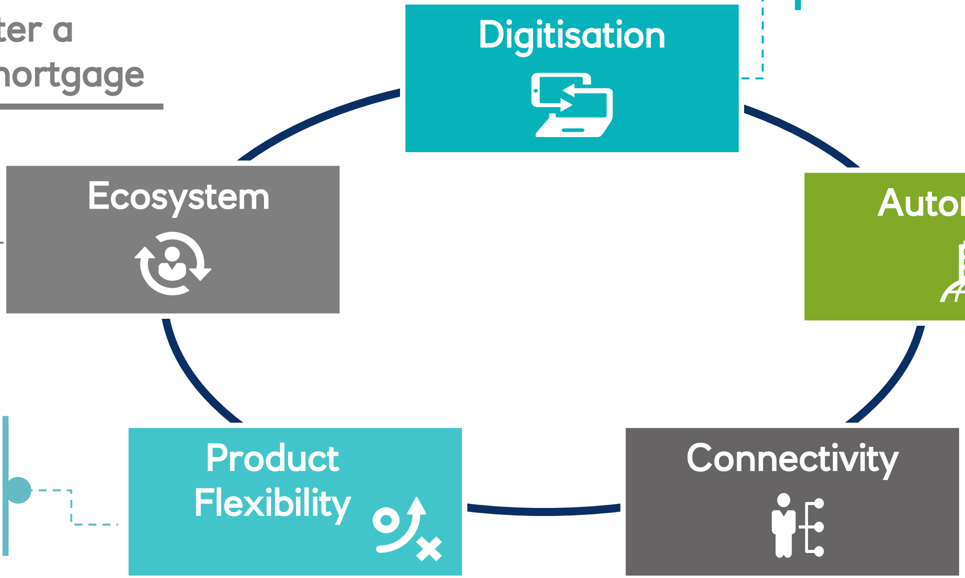
Product development	Ecosystem development	Contact strategy initiatives	Pricing

Innovation agenda

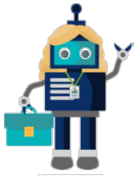
Our key areas of focus will position us to thrive in an evolving market context, improving customer experience while cutting cost to serve

Pursuing a digital first strategy assisted by people when it matters

Expanding experience both before and after a customer gets a mortgage



Utilising AI and robotics to increase speed & efficiency



Developing next generation of mortgage products

Developing APIs[1] to enable seamless connectivity

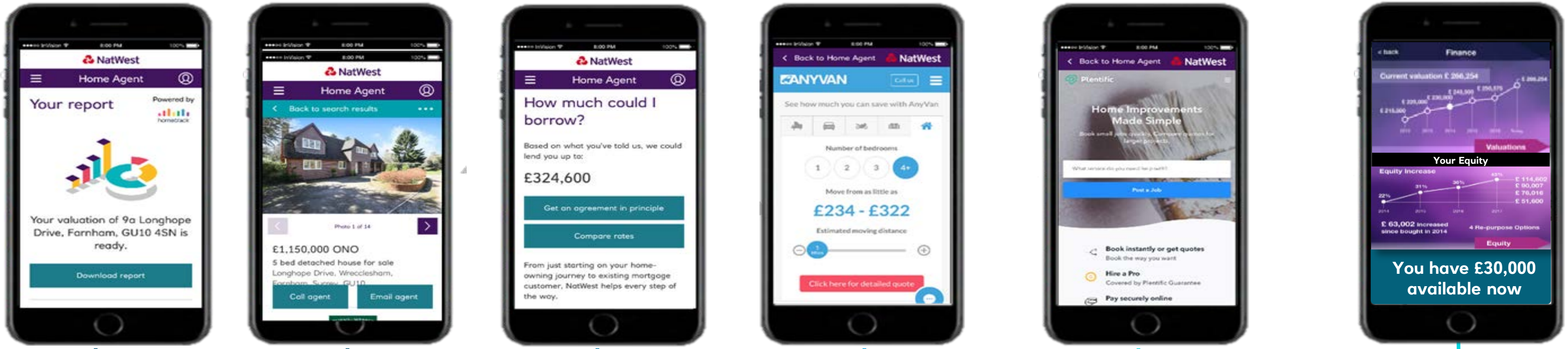
Note(s): (1) Application programming interfaces which provide access to 3rd party data and processes

Home Agent

Moving from product and advice towards being a relevant and engaging customer ecosystem

Thinking of moving	Apply	Move	Manage and renew

Home Agent (current MVP - more upcoming features)	Post-MVP



Set my budget

Find my next home

Apply and complete

Help me move

Improve my home

Track property value

Manage my mortgage

Clear on the role we play in the home ecosystem by looking beyond mortgages and adding value for our customers

- Make it easier for the customer to **find, buy and manage their home**
- Focus on what the customer **owns, not what they owe**

- **Gateway** to required tools and experts
- Track progress and activity so the **customer knows what to expect and is in control**

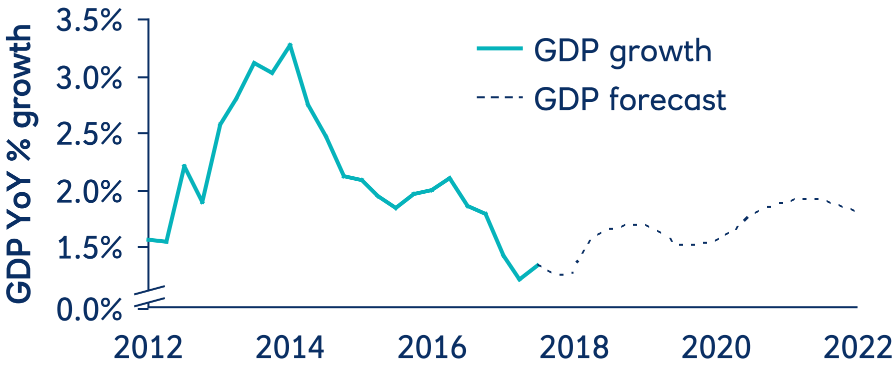
Key messages

1. Established top 4 mortgage lender with ~12% new business share. Targeting stock growth above market levels while continuing to reduce cost & manage risk
2. Driving customer advocacy via high quality customer experience and service (highest ‘Apply & Set up’ NPS)
3. Successful delivery of digital journeys (e.g. Paperless application process and digitised switching service)
4. Innovating to establish UK PBB as a digital Home Buying and Ownership platform (Home Agent)
5. Focused on customer retention in an increasingly competitive market

Claire Baird
UK PBB Financial Director

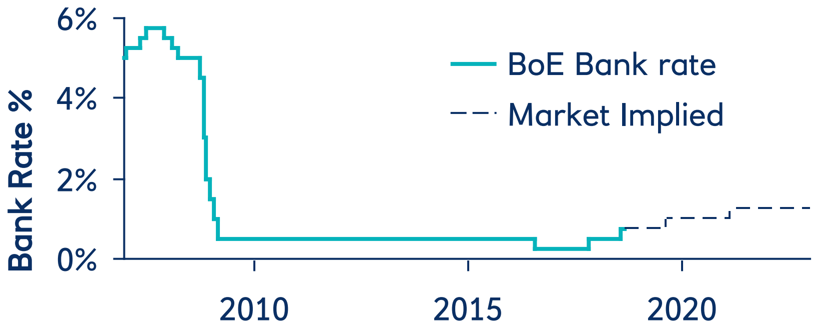
UK Economy remains resilient

GDP growing, but very slowly[1]

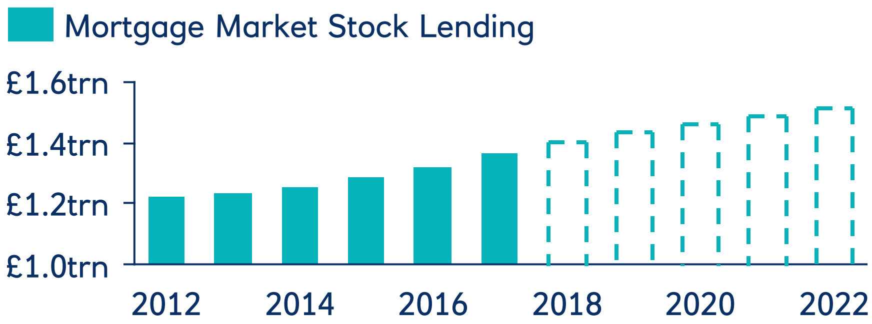


Unemployment at historically low levels[1]

Interest rates lower for much longer[2]



Housing market continues to grow[2]



Note(s): (1) Sources: U.K. Office for National Statistics (ONS); Moody's Analytics Forecast; (2) Sources: Bank of England; Moody's Analytics Forecast

Consistently strong financial performance

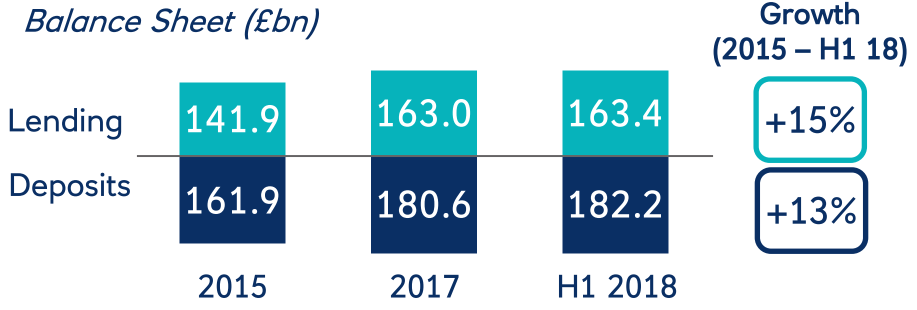
	FY 2015	FY 2016	FY 2017	H1 2018
Income (£m)	6,033	6,127	6,477[1]	3,161
NIM (%)	*3.13%*	*2.97%*	*2.86%*	*2.81%*
Costs (£m)	(4,564)	(4,276)	(3,829)	(1,582)
Cost: Income (%)	*76%*	*70%*	*59%*	*50%*
Impairments (£m)	(8)	(125)	(235)	(147)
Operating Profit (£m)	**1,461**	**1,726**	**2,413**	**1,432**
Gross Loans and Advances (£bn)	141.9	154.2	163.0	163.4
Customer Deposits (£bn)	161.9	170.0	180.6	182.2
Risk Weighted Assets (£bn)	43.2	42.3	43.0	43.4
Return on Equity (%)	*14%*	*16%*	*24%*	*29%*

Note(s): Except and unless otherwise noted, all financial information in this presentation is for the Royal Bank of Scotland Group plc and prepared on a consolidated basis; (1) 2017 includes £185m debt sale proceeds

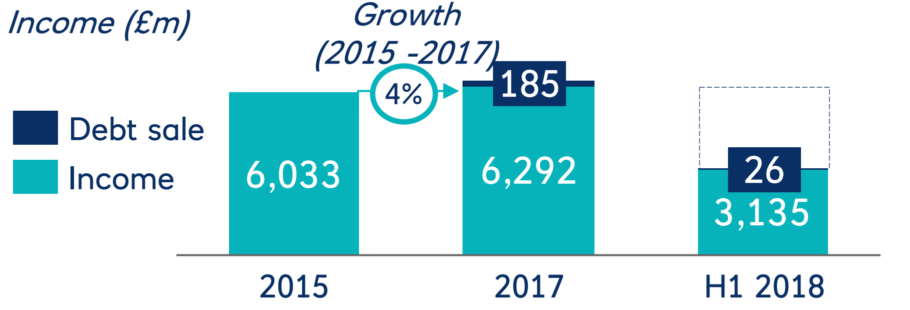
Consistently strong financial performance

Strong Balance Sheet growth in a competitive environment. C:I ratio continues to improve as we simplify the bank

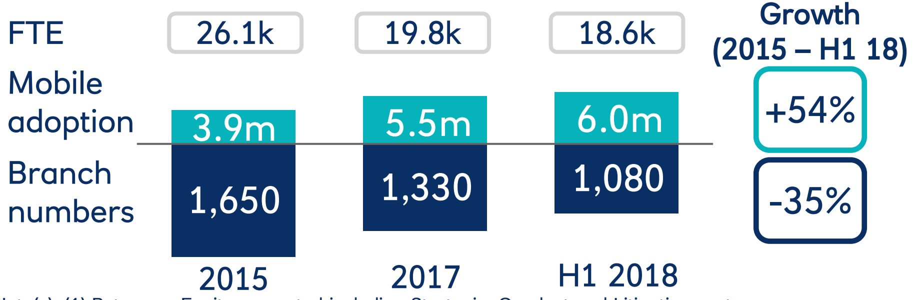
Above-market loan growth funded by strong deposit growth…



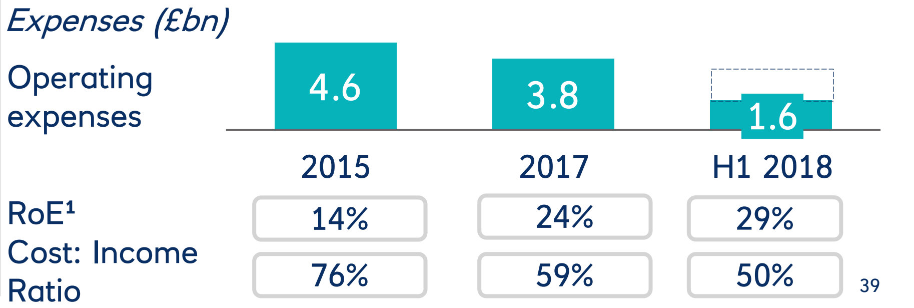
…maintaining income levels in a competitive environment…



… while increased digital adoption drives lower physical presence and headcount



Delivering positive operating jaws & strong and improving returns



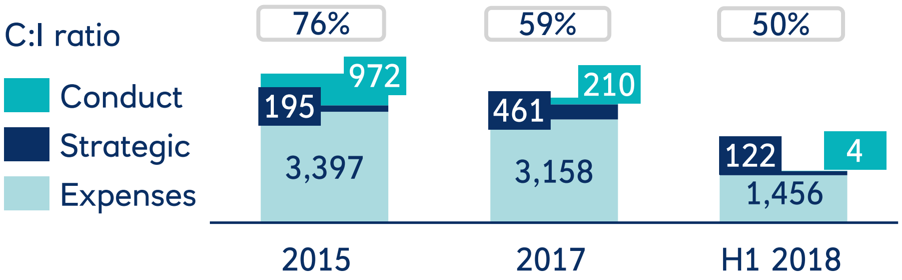
Note(s): (1) Return on Equity presented including Strategic, Conduct and Litigation costs

Cost Benefits from digital led strategy

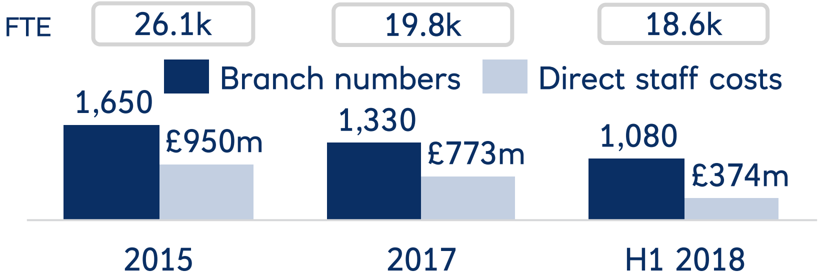
Customer transition from physical to digital supports cost efficiency

Reduced impact of legacy issues allowing focus on investing for the future

Total Operating expenses breakdown (£m)



Digital adoption has increased resulting in lower branch numbers, headcount and lower staff costs…



Increased levels of digital interactions as branch and telephony transactions decline

Digital growth

- 6m Mobile App users (H1 2018)[1]
- **Mobile Payments[2]** up 26% on H1 2017
- **Mobile App logins** up 20% on H1 2017
- **Digital sales in UK PBB** up 27% on H1 2017

Physical reduction

- **Physical Branches** down from ~1,930 (2014) to ~850[3]
- **Branch counter transactions** down 7% on H1 2017[4]
- **Cheque usage** down 16% on H1 2017

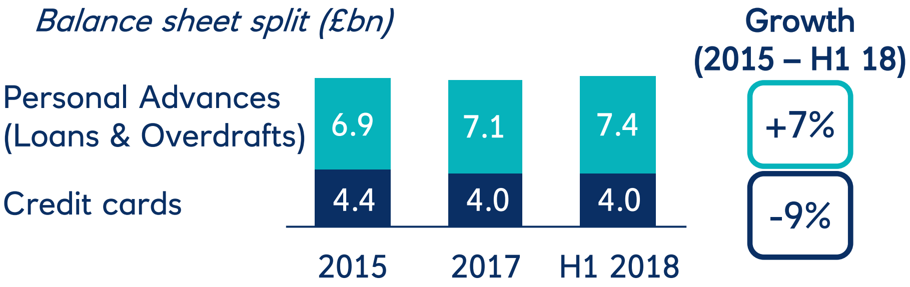
Note(s): (1) # Mobile users is all UK PBB; (2) Includes mobile payments and funds transfers; (3) ~1,930 as at end of 2014; ~850 represents branch network by end January 2019; branch numbers include Ulster NI & W&G; (4) Based on volumes from May 2017 to May 2018 and strips out the effect of branch closures

Short Term Borrowing

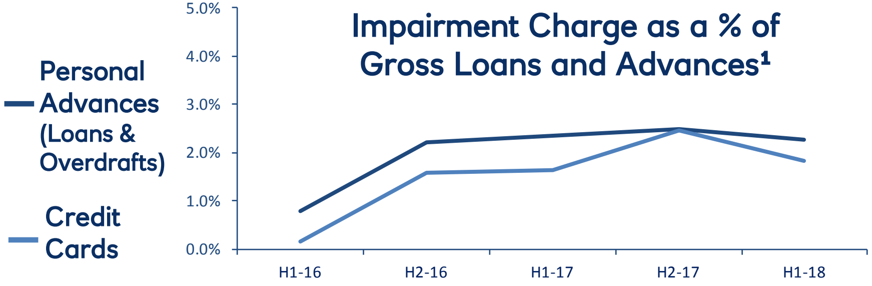
Strong growth in Personal Loans, with digital loans sales up from 38% of total in 2015 to 56% in H1 2018, partly offset by lower Credit Card balances as we remain out of the 0% balance transfer market

Reduced the level of unsecured lending exposure in credit cards with targeted growth in personal loans…

Balance sheet split (£bn)



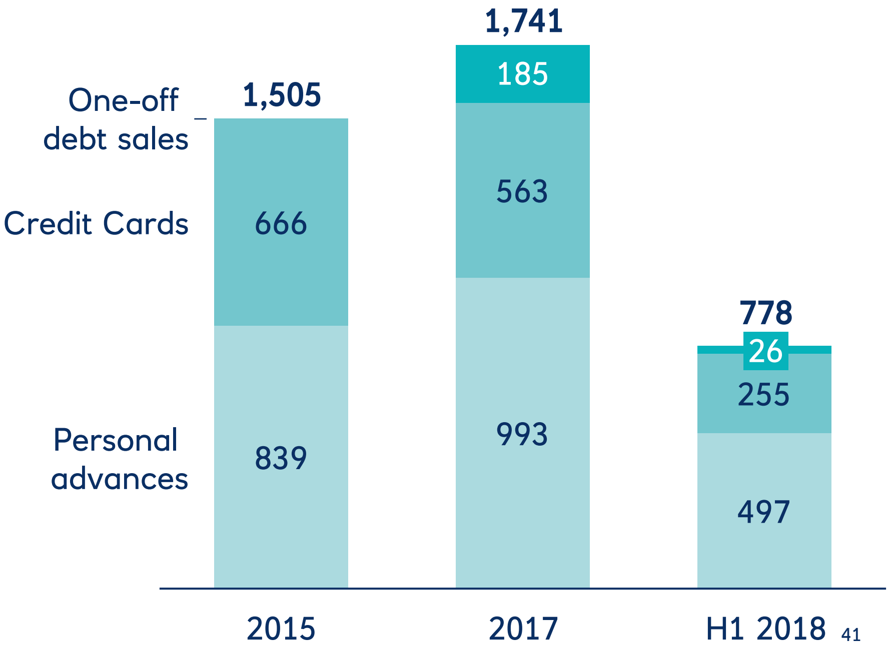
…with risk metrics remaining stable and low impairment charges



Note(s): (1) Calculated as impairment charge / (release) as a % of simple average L&A in the half.

… leading to lower underlying unsecured income as we reduce the level of unsecured exposure…

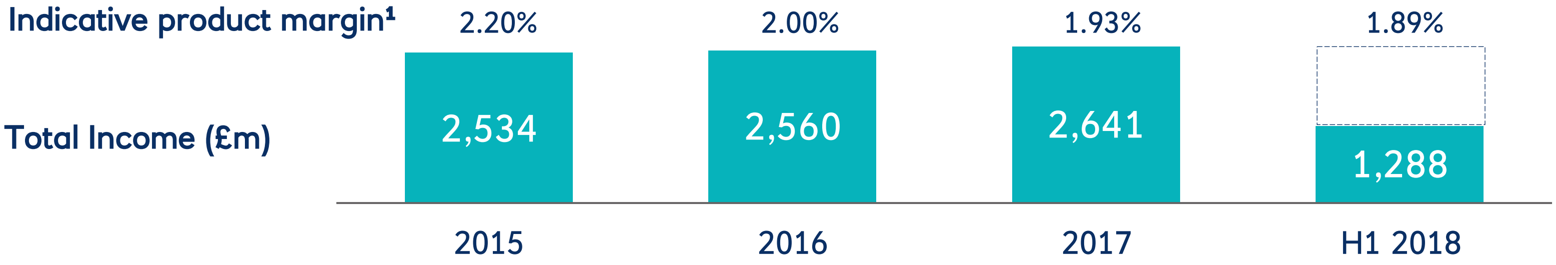
Income split (£m)



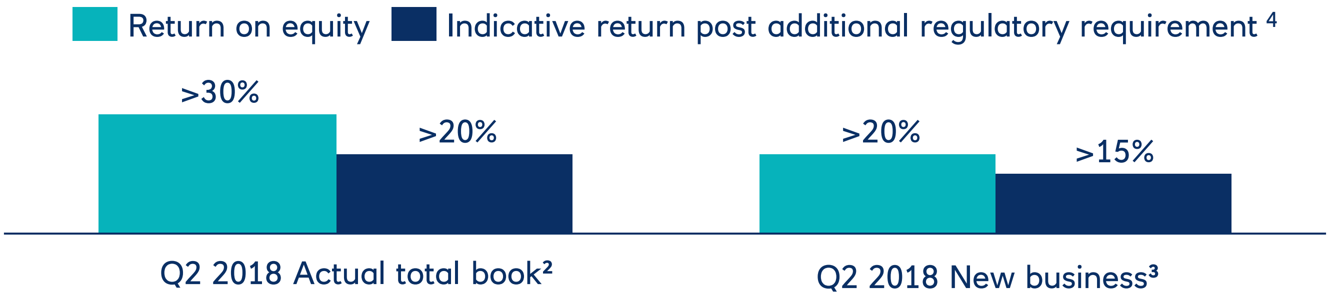
Mortgage income level maintained

Mortgage market remains highly competitive with pricing pressure largely offset by strong balance growth

Intense competition and higher funding rates have led to a contraction in mortgage margins



We continue to make profitable returns on our mortgage book



Notes(s): (1) Product margin is total mortgage income on spot loans at period end; (2) Book RoE excludes strategic, conduct and litigation costs; (3) New business RoE based on in deal profitability and includes conservative expected impairment losses ~25% - 40% above current observed loss rates depending on LTV position; (4) Indicative return post regulatory uplift with 15% credit RWA of drawn balance.

Strong and disciplined Mortgage growth

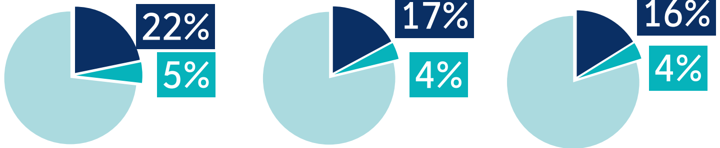
New lending share consistently ahead of stock market share, while maintaining risk discipline

Strong mortgage balance growth while reducing our exposure to higher risk segments…

Balance Split (£bn)

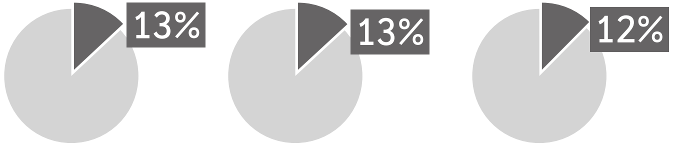
Low share of interest only and Buy to Let mortgages

Interest Only | Mixed | Other



	2015	2017	H1 2018
Total	£115bn	£137bn	£137bn
Split	Interest Only 22%, Mixed 5%	Interest Only 17%, Mixed 4%	Interest Only 16%, Mixed 4%
Total stock market Share[1]	~9%	~10%	~10%

Buy to Let | Other



	2015	2017	H1 2018
Total	£115bn	£137bn	£137bn
Split	Buy to Let 13%	Buy to Let 13%	Buy to Let 12%
New lending market Share[1]	~11% £25bn	~12% £31bn	~11% £14bn

…while maintaining stable LTV risk profile

Low concentration of high LTV customers

LTV Split	<50%	50%<=80%	>80%	Book avg. LTV
2015	~38%	~51%	~11%	56%
2017	~38%	~50%	~12%	56%
H1 2018	~35%	~51%	~14%	57%

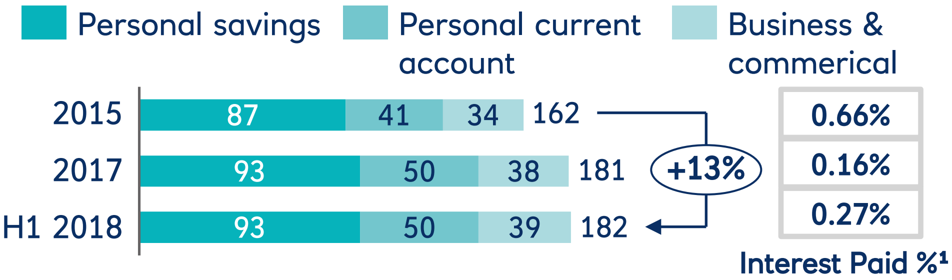
Notes(s): (1) Source: Bank of England

Deposit funding structure a competitive advantage

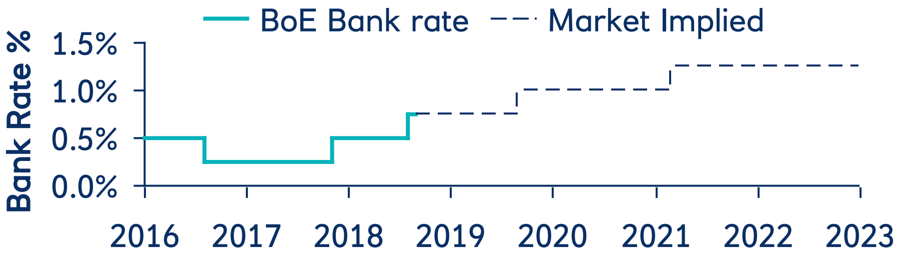
We are well placed to benefit from rising rate environment, with deposits a natural hedge to increased mortgage margin pressures

Strong current account deposit growth has provided an inexpensive funding base

Total Deposit (£bn)

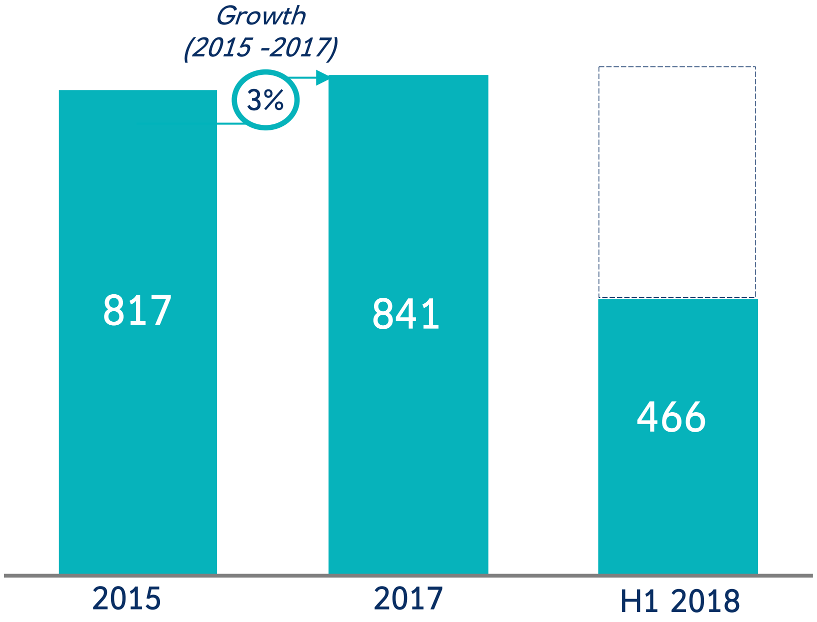


Rising rates support deposit income[2]



Personal Deposit Income

Total Personal Deposit Income (£m)



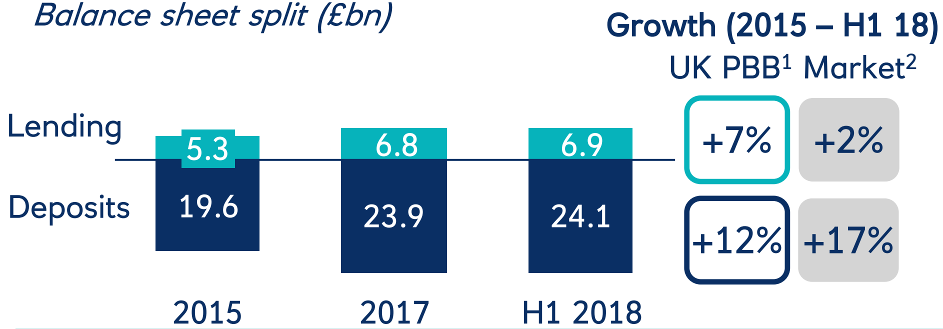
Note(s): (1) Third party customer funding rate; (2) Sources: Bank of England; Moody's Analytics Forecast

Business Banking

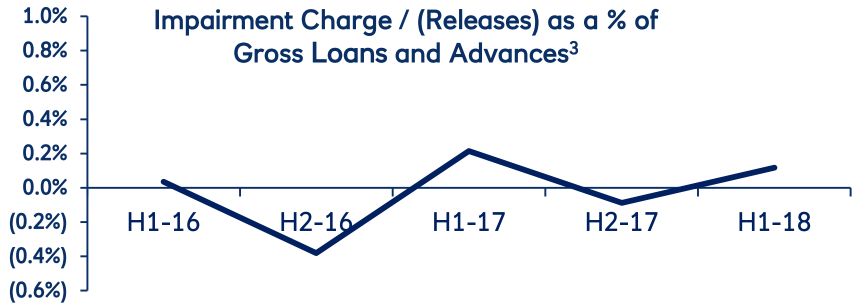
Lending growth supported by strong deposit base, with strong and improving financial performance

Lending growth ahead of market supported by very strong deposit base with an LDR of 29%

Balance sheet split (£bn)

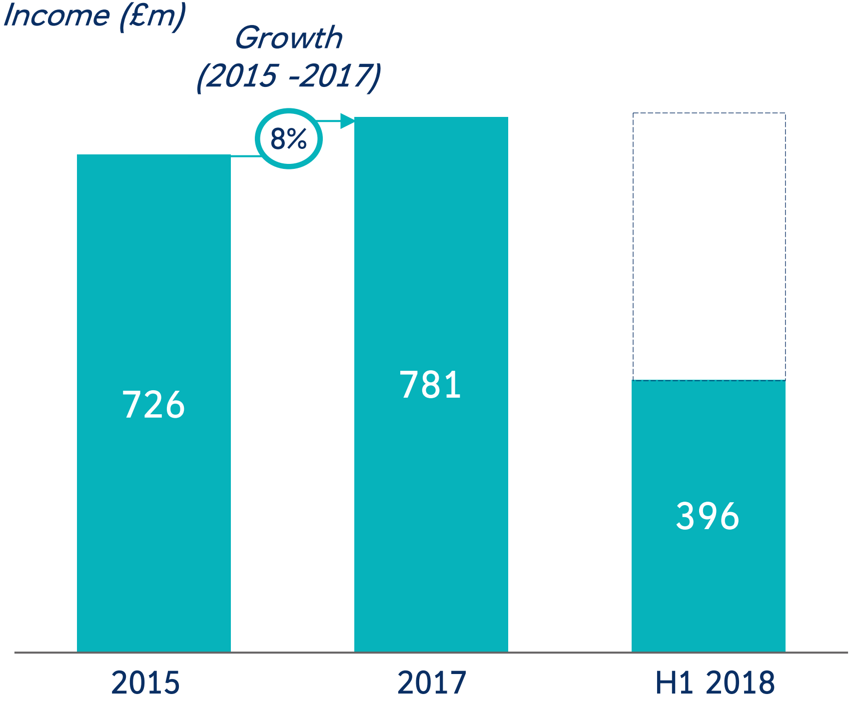


...and maintaining risk discipline



Income improves while keeping the cost base under control...

Income (£m)



Notes: (1) UK PBB % growth adjusted for internal transfers; (2) Bank of England outstanding loans to Small and medium sized enterprises and deposits from private non financial institutions; (3) Calculated as impairment charge / (release) as a % of simple average L&A in the half.

Overall financials - Medium Term Outlook

Loan growth expected to continue to outperform the market, supported by strong funding position. Mortgage margin pressures expected to be largely mitigated by improved deposit returns

	FY 2015	FY 2016	FY 2017	H1 2018	Medium Term Outlook[2]
Income (£m)	6,033	6,127	6,477[1]	3,161	→
Costs (£m)	(4,564)	(4,276)	(3,829)	(1,582)	↘
Cost: Income (%)	*76%*	*70%*	*59%*	*50%*	↘
Impairments (£m)	(8)	(125)	(235)	(147)	↗
Operating Profit (£m)	**1,461**	**1,726**	**2,413**	**1,432**	↗
Gross Loans and Advances (£bn)	141.9	154.2	163.0	163.4	↗
Customer Deposits (£bn)	161.9	170.0	180.6	182.2	↗
Risk Weighted Assets (£bn)	43.2	42.3	43.0	43.4	↗
Return on Equity (%)	*14%*	*16%*	*24%*	*29%*	↘

Note: Except and unless otherwise noted, all financial information in this presentation is for the Royal Bank of Scotland Group plc and prepared on a consolidated basis; (1) 2017 includes £185m debt sale proceeds; (2) Arrows and associated commentary represents management's current expectations and are subject to change, including as a result of the risk factors described in the Group's 2017 Report and Accounts and H1 2018 IMS

Key messages

1. Strong Return on Equity supported by robust pricing and profitability discipline
2. Targeted above-market lending growth supported by strong overall funding position
3. Deposit base provides a competitive funding and liquidity advantage and we are well placed to benefit from a rising rate environment
4. Transition from physical to digital supporting simpler customer journeys resulting in cost efficiency and an improving C:I ratio
5. Balanced risk appetite with disciplined risk management supporting stable default rates and low impairments

Questions

Disclaimer

The targets, expectations and trends discussed in this presentation represent management's current expectations and are subject to change, including as a result of the factors described in the "Summary Risk Factors" on pages 48 and 49 of the H1 2018 IMS for The Royal Bank of Scotland Group plc ("RBSG") and the "Risk Factors" on pages 372 to 402 of the RBSG Annual Report and Accounts 2017.

Forward-looking statements

This presentation contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, including (but not limited to) those related to RBSG and its subsidiaries' regulatory capital position and funding requirements, financial position, ongoing litigation and regulatory investigations, profitability and financial performance (including financial performance targets and expectations), structural reform and the implementation of the UK ring-fencing regime, the implementation of RBSG's restructuring and transformation programme, impairment losses and credit exposures under certain specified scenarios, increasing competition from new incumbents and disruptive technologies and RBSG's exposure to political and economic risks (including with respect to Brexit), operational risk, conduct risk, cyber and IT risk and credit rating risk. In addition, forward-looking statements may include, without limitation, 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. These statements concern or may affect future matters, such as RBSG's future economic results, business plans and current strategies. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. Factors that could cause or contribute to differences in current expectations include, but are not limited to, legislative, political, fiscal and regulatory developments, accounting standards, competitive conditions, technological developments, interest and exchange rate fluctuations and general economic and political conditions. These and other factors, risks and uncertainties that may impact any forward-looking statement or RBSG's actual results are discussed in RBSG's UK 2017 Annual Report and Accounts (ARA) and materials filed with, or furnished to, the US Securities and Exchange Commission, including, but not limited to, RBSG's most recent Annual Report on Form 20-F and Reports on Form 6-K. The forward-looking statements contained in this document speak only as of the date of this document and RBSG does not assume or undertake any obligation or responsibility to update any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.