

H1 2019 Results

2 August 2019

Howard Davies Chairman



Ross McEwan

Chief Executive Officer



Group financial performance



Generating returns

£2.7bn
H1'19 Operating profit
before tax
up £868m on H1'18

£2.0bn
H1'19 Attributable profit
up £1.2bn on H1'18

12.1%
RoTE H1'19
up from 5.3% in H1'18

Reducing costs

£173m
Cost reduction
compared to H1'18

3.4k
FTE reduction
compared to H1'18

Disciplined lending growth

2.5%
Net lending growth
on an annualised basis across
retail and commercial businesses

£14.3bn
Gross new mortgage
lending in UK PB
in H1'19

Capital strength

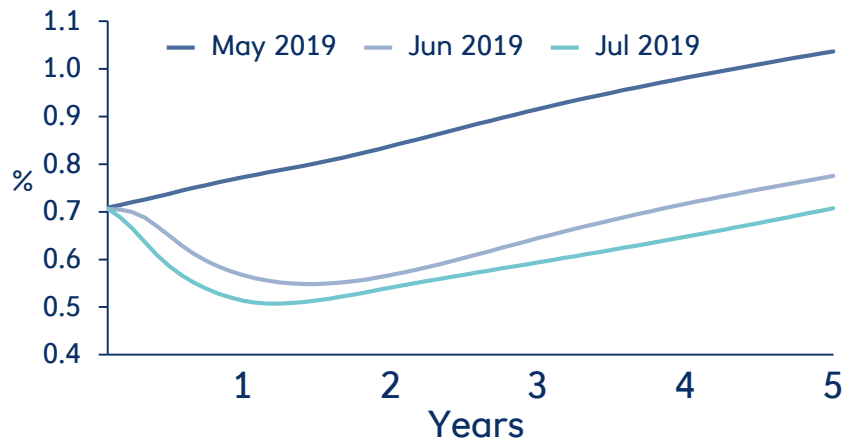
16.0%
Post-dividend accrual
CET1 capital ratio
at H1'19

45bps
Underlying capital
generation
in H1'19

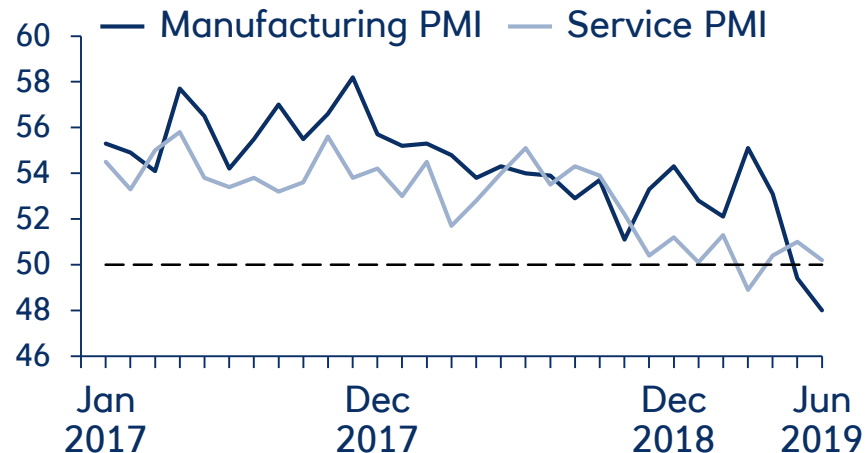
Announced a 2p interim ordinary dividend & 12p special dividend per share

Challenging operating environment for banks

Rate rise expectations continue to push out⁽¹⁾

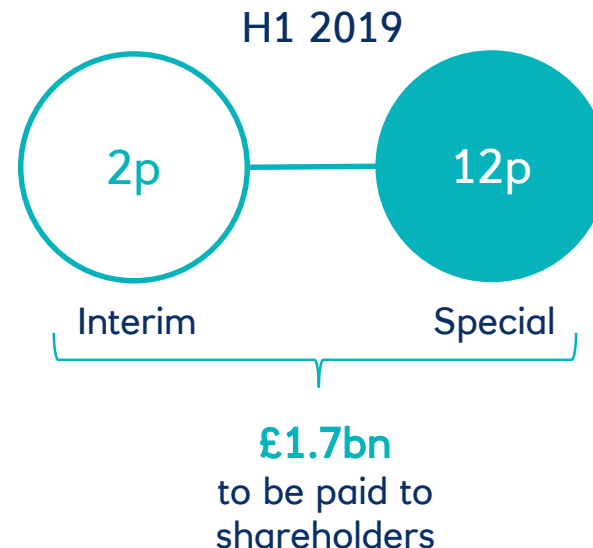
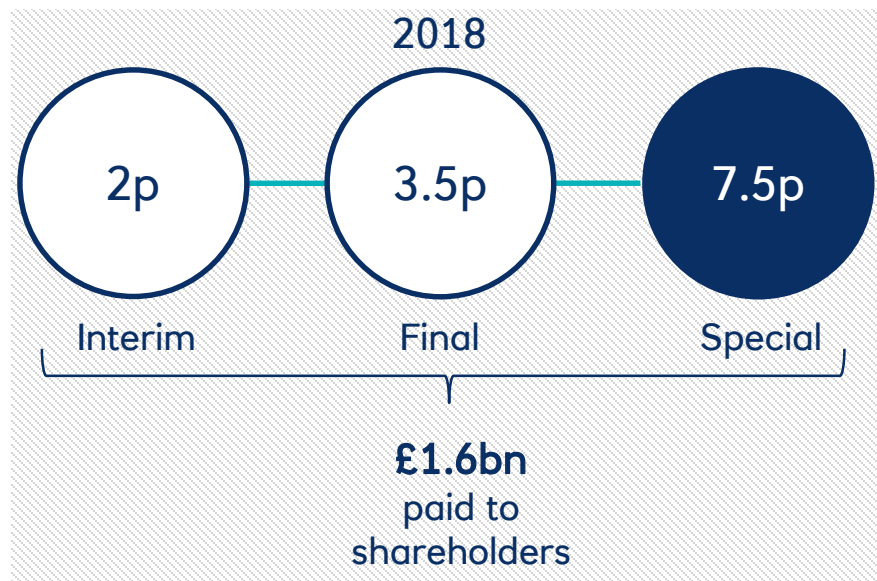


Business confidence is weakening⁽²⁾



- Yield curve continues to fall
- Business confidence surveys point to a deterioration in investment appetite
- Mortgage market remains highly competitive

Capital returns to shareholders



- Total payout since resuming dividend payments £3.3 billion, of which £2.0 billion will be paid to UK Taxpayer
- Post-dividend accrual CET 1 capital ratio of 16.0%, remaining above our long term target of c.14% at the end of 2021

Supporting customers and growing in key markets



Supporting personal customers



13.9m current
account customers
350k new customer
accounts since FY'18



£14.3bn
gross new mortgage
lending in
UK PB in H1'19

Supporting the regions and entrepreneurship



£30.6bn
lending to SME
& Mid Corporates
up £0.6bn in H1'19



11.2k
entrepreneurs
supported by
NatWest hubs⁽¹⁾

Supporting business customers



£102.6bn
lending in Commercial
Banking



Issued our first
SONIA covered bond
in H1'19

Supporting the transition to digital



>12,000
Bankline mobile users
up from c.2,500 in
Q1'19



>50%
of sales done
digitally in UK PB
in June 2019

(1) Since hubs were brought in-house in April 2018

Delivering improvements for customers

Facial Recognition



- Account opening in under 10 minutes for NatWest personal customers

Biometric cards pilot



- Payments of over £30 using fingerprint authorisation

NatWest Rapid Cash



- Supports working capital requirements up to £300k

Video Banking



- Allow NatWest SMEs to hold secure pre-arranged video calls

New credit card proposition



- Strong customer volumes with a net 35k joining in the last six months

First SONIA linked loan



- Supporting our customers through the transition away from LIBOR rates

Providing innovative solutions

mettle

A digital SME
banking proposition



Mimo

24x7 personal
assistant

esme

Fully automated
lending platform

Bó

An innovative new
companion bank
account

CurrencyPay™

A simple, secure
and streamlined
international
payment platform

Path.

Business advisor;
tips, articles &
tailored tools



Capturing Payments
and encouraging
trade

APTIMISE
Simple Accounts Payable

Invoice & payments
automation on one
platform

Key messages



H1 2019 pre tax operating profit £2.7bn and attributable profit £2.0bn.



Announced a 2p ordinary interim dividend and 12p special dividend per share. Since resumed dividend payments will have returned £3.3bn to shareholders and £2.0bn to UK taxpayers.



Supporting customers with net lending up £3.6bn or 2.5% annualised across the retail and commercial businesses in H1 2019.



Delivered further improvements for customers, much more to come.



Current operating environment makes achieving 12% RoTE by 2020 very unlikely. This remains our strategic target and we believe it is achievable in the medium term.⁽¹⁾

⁽¹⁾The targets, expectations and trends discussed in this section represents management's current expectations and are subject to change, including as a result of the factors described in the "Risk Factors" section on pages 253 to 263 of the 2018 Annual Report and Accounts and pages 46 to 47 of the Interim Results 2019. These statements constitute forward-looking statements. Refer to Forward-looking statements in the appendix of this document.

Katie Murray

Chief Financial Officer

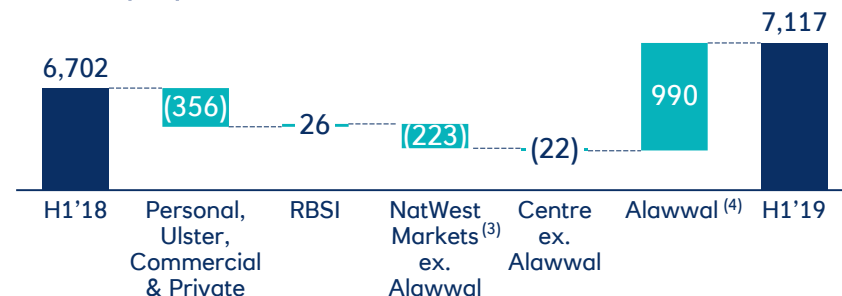


H1 2019 summary financials

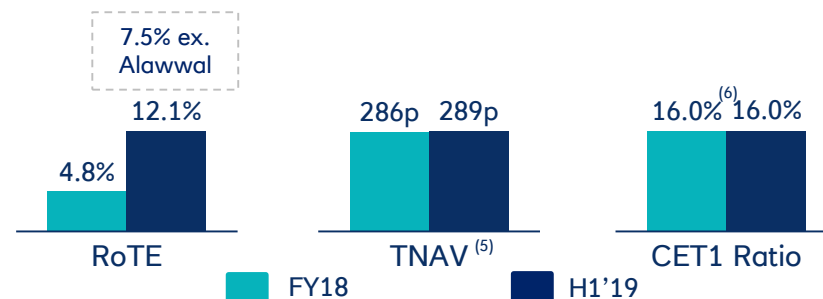


£m	H1'19	H1'19 vs. H1'18
Net interest income	4,004	(7%)
Non interest income	3,113	31%
Total income	7,117	6%
Operating expenses	(4,100)	(13%)
o/w Other expenses	(3,411)	(5%)
o/w Strategic costs	(629)	80%
o/w Litigation & conduct costs	(60)	(93%)
Impairment losses	(323)	129%
Operating profit	2,694	48%
Tax	(194)	(73%)
o/w DTA write back ⁽¹⁾	215	-
Prefs/ MI/ Disc ops	(462)	102%
Attributable profit	2,038	130%
Cost:income ratio	57.2%	(13pp)
Bank NIM ⁽²⁾	2.04%	(9bps)

Income (£m)

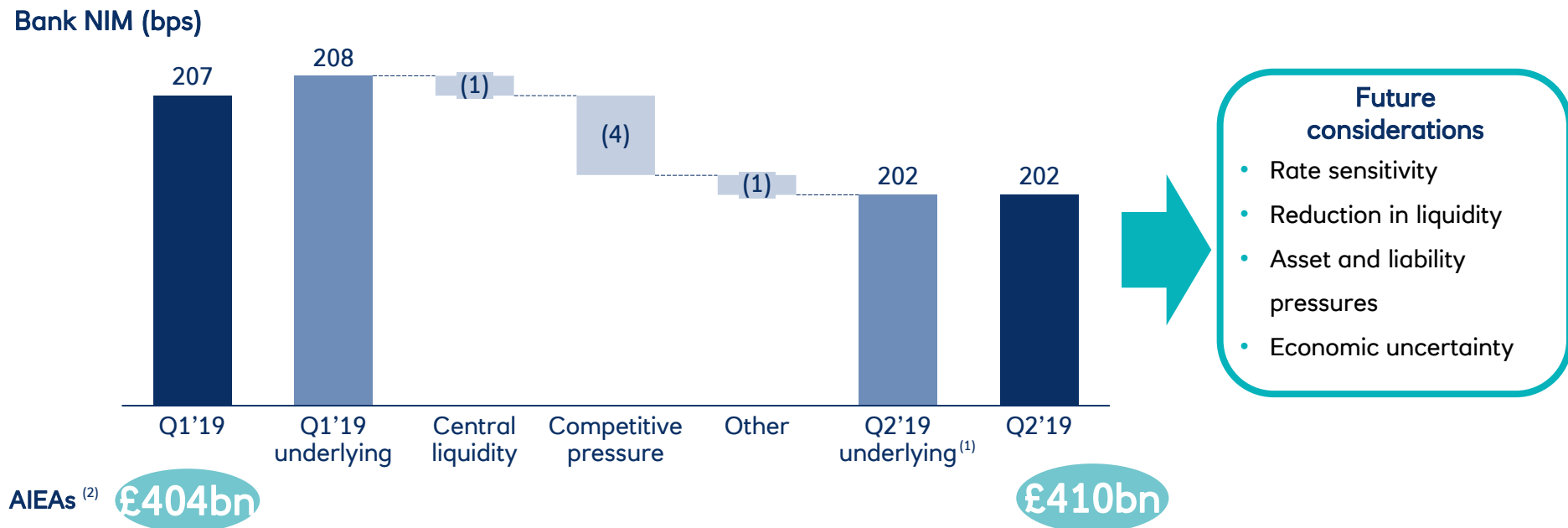


Key Metrics



⁽¹⁾ The tax charge includes a £215 million deferred tax asset credit associated with the transfer of taxable losses from NatWest Markets Plc to RBS Plc under ring-fencing regulations. ⁽²⁾ "Bank NIM" is NIM excluding NatWest Markets ⁽³⁾ "NWM" throughout this presentation refers to NatWest Markets operating segment and should not be assumed the same as the NatWest Markets Plc legal entity or group. ⁽⁴⁾ Reference to Alawwal throughout this presentation refers to the merger between Alawwal Bank with Saudi British Bank on 17th June 2019. RBS held a stake in a consortium arrangement since the acquisition of ABN AMRO in 2007. The completion of this merger, and the unwinding of the consortium has impacts on the financial and capital position of RBS. ⁽⁵⁾ TNAV per ordinary share on a fully diluted basis. ⁽⁶⁾ FY 2018 Pro forma IFRS 16.

Bank Net Interest Margin Q2 2019 vs. Q1 2019



⁽¹⁾ Underlying NIM is adjusted for <1bp of one-off items. ⁽²⁾ AIEAs refers to Average interest-earning assets as per the Financial Supplement.

2019 Priorities

1. 2-3% Net loan growth



2. £300m Cost take out



3. Capital generation



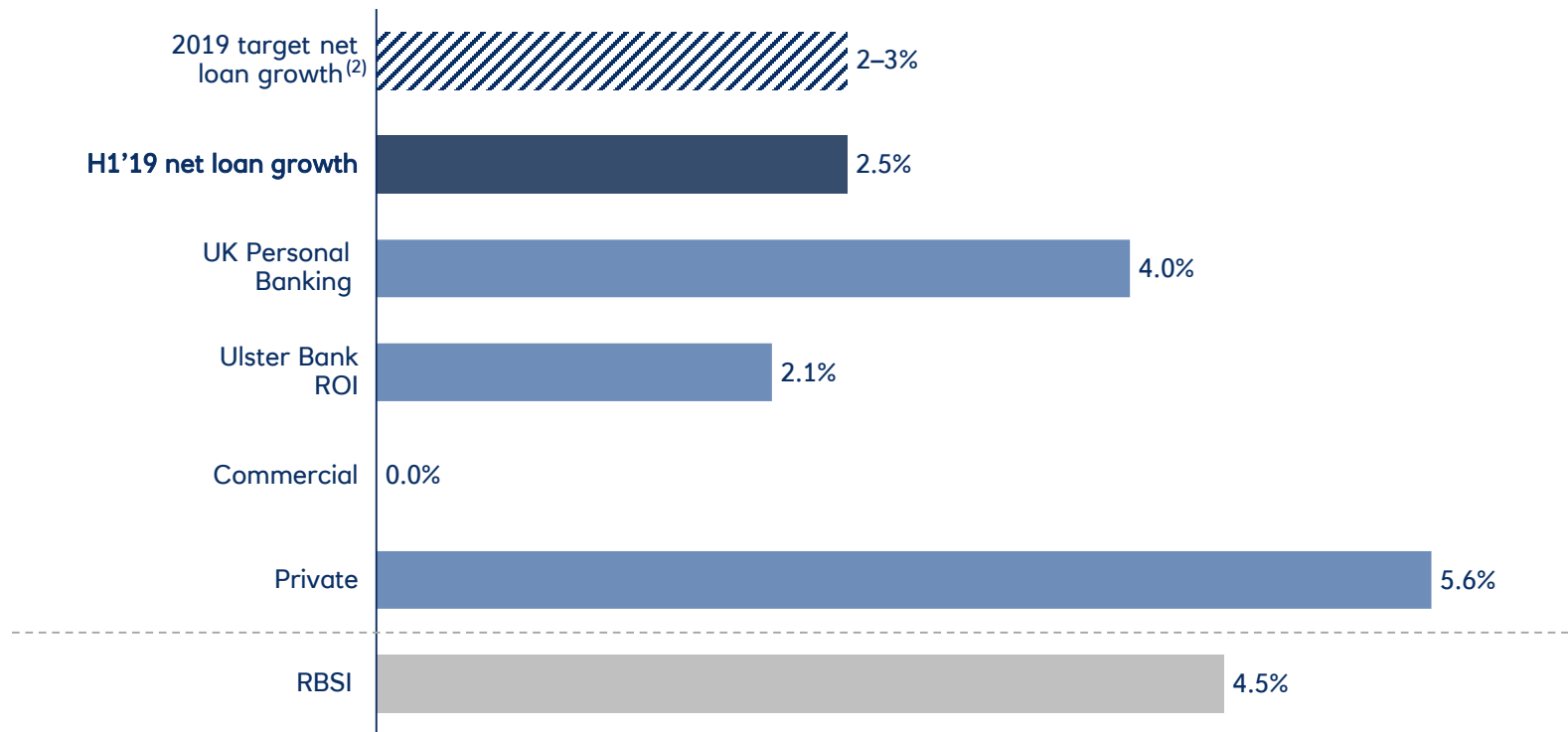
4. Capital returns



Net loan growth



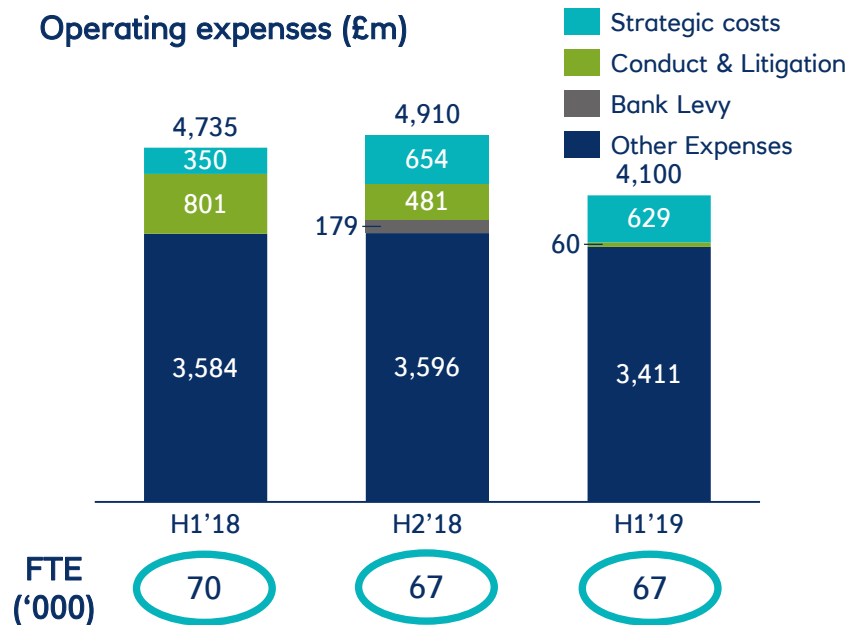
H1'19 annualised net loan growth⁽¹⁾



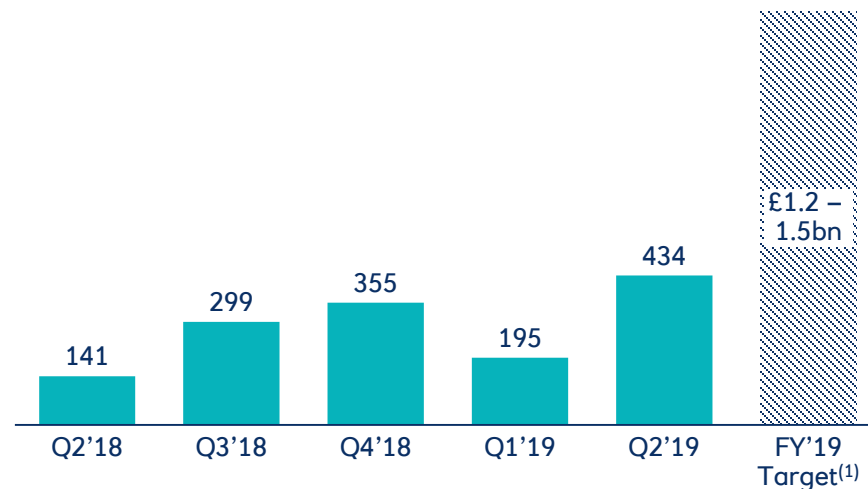
⁽¹⁾ H1'19 vs. FY18 net loan growth presented on an annualised basis in GBP. ⁽²⁾ Target net loan growth is 2-3% across Personal, Ulster, Commercial & Private

Cost reduction

Operating expenses (£m)



Strategic costs (£m)



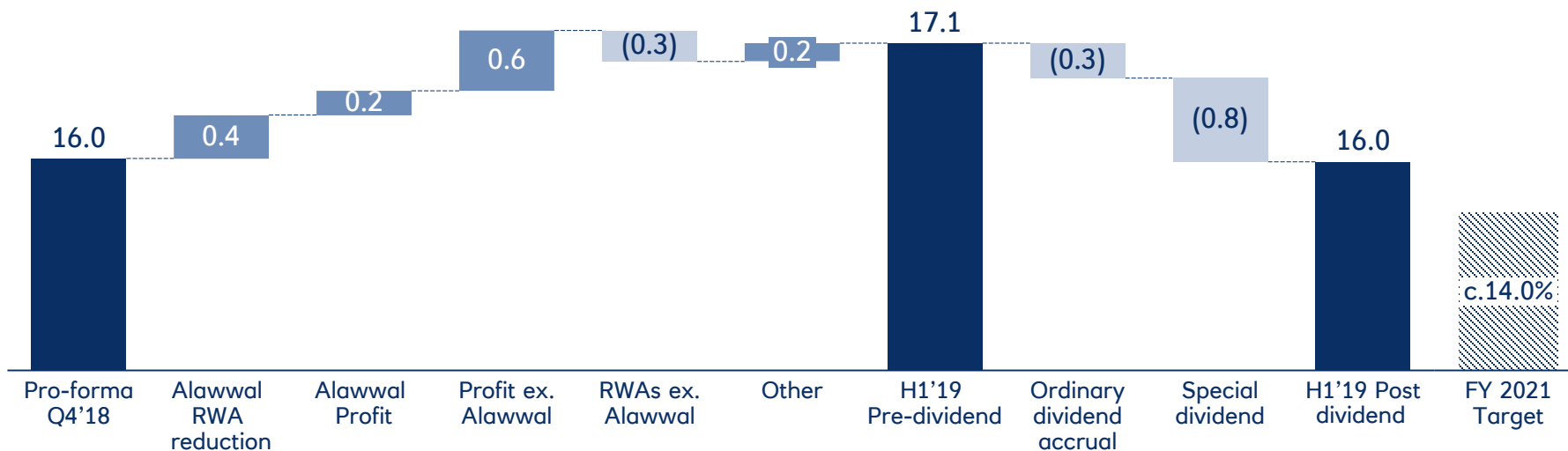
£173m Other expenses reduction in H1 2019
Target £300m in 2019

⁽¹⁾ We expect to be towards the lower end of £1.2 to £1.5bn range by the end of 2019.

Capital generation H1 2019

Strong capital build

CET1 (%)



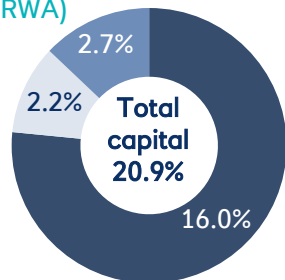
- Underlying capital generation of 45bps in H1 2019.

Strong, sustainable balance sheet

Key H1 2019 capital, funding and liquidity metrics

Capital stack

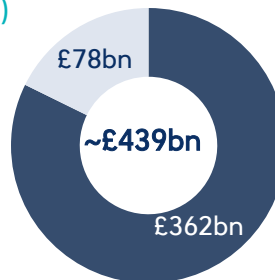
(% RWA)



■ CET1
■ Additional Tier 1
■ Tier 2

Total funding mix⁽¹⁾

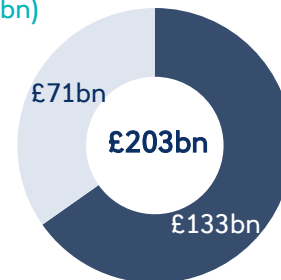
(£bn)



■ Customer deposits⁽²⁾
■ Wholesale funding

Liquidity portfolio⁽³⁾

(£bn)



■ Primary liquidity
■ Secondary liquidity

RWA
£189bn

CRR
leverage
ratio
5.2%

LDR
86%

STWF
£19bn

LCR
154%

NSFR
140%

Note: Figures may not cast due to rounding.⁽¹⁾ Funding excluding repos, derivative cash collateral. ⁽²⁾ Customer deposits includes amounts from NBFIs, excludes customer repos. ⁽³⁾ Primary liquidity includes cash and other highly liquid securities, secondary liquidity comprises assets eligible for discounting at the Bank of England and other central banks

H1 2019 update on progress

Net loan growth

- 2.5% annualised net loan growth across Personal & Ulster and Commercial & Private
- Targeting 2-3% net loan growth in 2019



Continuing cost reduction

- Reduced other expenses by £173m in H1'19 vs H1'18
- Targeting cost reduction of £300m in 2019



Capital generation

- Underlying capital generation of 45bps in H1'19
- CET1 ratio at 16.0% post ordinary and special dividend accrual
- RWAs £189bn



Capital returns

- Targeting CET1 of c.14% by the end of 2021
- 2p ordinary dividend and 12p special dividend in H1'19



- Unlikely to achieve our 12%+ RoTE and <50% CIR targets in 2020.
- These remain our strategic targets and we believe they are achievable in the medium term.⁽¹⁾

⁽¹⁾ The targets, expectations and trends discussed in this section represents management's current expectations and are subject to change, including as a result of the factors described in the "Risk Factors" section on pages 253 to 263 of the 2018 Annual Report and Accounts and pages 47 to 48 of the Interim Results 2019. These statements constitute forward-looking statements. Refer to Forward-looking statements in the appendix of this document.

Q&A



Fixed Income



Good progress against 2019 issuance plan

H1 2019
Issuance

2019
Guidance

Continuing diversification of 2019 issuance across a range of formats, currencies and tenors⁽¹⁾

RBSG plc
Senior Unsecured
MREL

~£3bn

£3-5bn



\$2bn

RBSG senior MREL 6NC5 FXD to FRN



\$1.25bn

RBSG senior MREL 11NC10 FXD to FRN



£500m

RBSG senior MREL 8NC7 FXD

NWB Plc
Covered Bond

£750m

£2-3bn⁽²⁾



£750m

NWB Plc inaugural SONIA linked 4yr FRN Covered Bond

NWM Plc
Senior Unsecured

~£3.6bn⁽³⁾

£3-5bn



\$1.3bn

NWM Plc dual tranche senior 3.5yr FXD and FRN



€1bn

NWM Plc senior 5yr FXD



€1.25bn

NWM Plc senior 2yr FRN



¥50bn

NWM Plc dual tranche senior 3yr and 5yr FRN⁽³⁾



kr500m

NWM Plc senior 2yr FRN

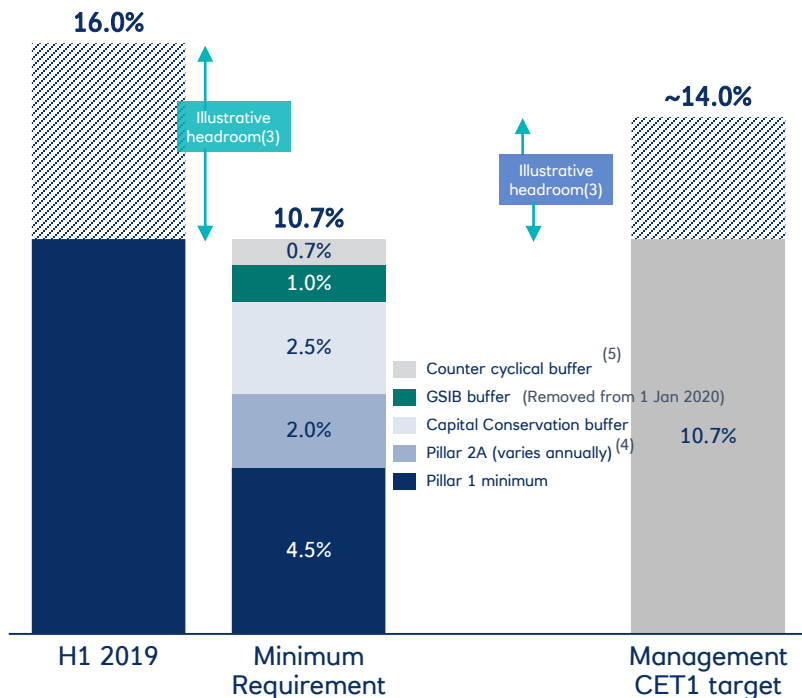
(1) Excludes private placements and minor trades

(2) Total guidance is for NWH for both Covered Bonds and RMBS.

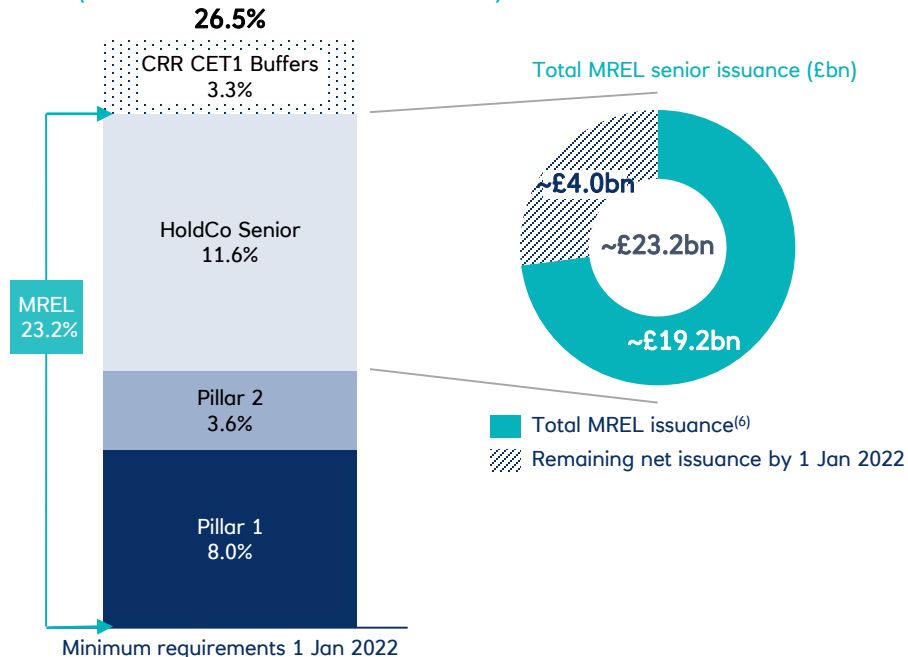
(3) 3yr and 5yr Yen transactions launched in June but not settle until July 2019 and therefore not included in the £3.6bn issuance for H1 2019

Capital ratios significantly above regulatory requirements

H1 2019 CET1 and target CET1 ratio versus maximum distributable amount (“MDA”) ⁽²⁾

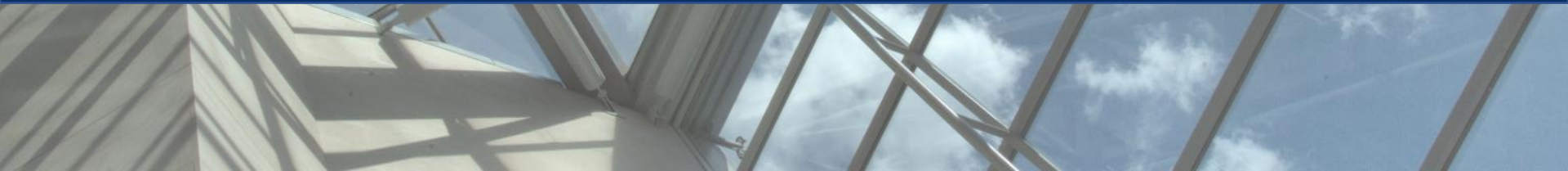


2022 minimum requirements as a % of RWA vs. Total MREL ⁽¹⁾ senior unsecured outstanding
(Based on illustrative RWA of ~£200bn)



(1) “MREL” = Minimum required eligible liabilities (2) Illustration, based on assumption of static regulatory capital requirements. (3) Headroom presented on the basis of MDA, and does not reflect excess distributable capital. Headroom may vary over time and may be less in future. (4) RBS’s Pillar 2A requirement was 3.6% of RWAs as at 31 December 2018. 56% of the total Pillar 2A requirement, must be met from CET1 capital. Pillar 2A requirement held constant over the period for illustration purposes. Requirement is expected to vary over time and is subject to at least annual review. (5) UK Countercyclical Buffer introduced from November 2018. Firm specific Countercyclical Buffer (CCyB) is based on the weighted average of CCyBs applicable to RBS exposures. The buffer in the illustration is based exclusively on already announced CCyB rates by local regulators. (6) Represents the LAC value of RBS Group plc senior unsecured issuance as at H1 2019

Appendix



H1 2019 results by business

(£bn)	UK PB	Ulster Bank Rol	Commercial Banking	Private Banking	RBS International	NatWest Markets	Central items & other ⁽¹⁾	Total RBS
Income	2.4	0.3	2.2	0.4	0.3	0.9	0.6	7.1
Operating expenses	(1.2)	(0.3)	(1.3)	(0.2)	(0.1)	(0.7)	(0.3)	(4.1)
Impairment (losses) / releases	(0.2)	0.0	(0.2)	0.0	0.0	0.0	(0.0)	(0.3)
Operating profit	1.0	0.0	0.7	0.2	0.2	0.3	0.3	2.7
Funded Assets	173.9	26.4	165.6	21.9	30.4	133.4	32.7	584.3
Net L&A to Customers (amortised cost)	151.9	19.0	101.4	14.7	13.6	9.3	0.7	310.6
Customer Deposits	147.5	19.0	133.4	28.0	28.1	2.8	2.8	361.6
RWAs	37.0	14.2	77.8	9.7	6.9	41.4	1.5	188.5
LDR	103%	100%	76%	52%	48%	n.m.	n.m.	86%
ROE ⁽²⁾	25.6%	2.1%	8.8%	16.6%	29.7%	1.0%	n.m.	12.1%
ROE ex. Alawwal	-	-	-	-	-	(3.6%)	-	7.5%
Cost:income ratio ⁽³⁾	50.2%	99.3%	56.9%	60.4%	38.4%	72.0%	n.m.	57.2%

⁽¹⁾ Central items & other include unallocated transactions which principally comprise volatile items under IFRS and items related to Alawwal bank merger. ⁽²⁾ RBS's CET1 target is approximately 14% but for the purposes of computing segmental return on equity (ROE), to better reflect the differential drivers of capital usage, segmental operating profit after tax and adjusted for preference share dividends, is divided by average notional equity allocated at different rates of 15% (Ulster Bank Rol - 14% prior to Q1 2019), 12% (Commercial Banking), 13% (Private Banking - 13.5% prior to Q1 2019, 14% from Q1 2017 to Q4 2017), 16% (RBS International - 12% prior to Q4 2017) and 15% for all other segments, of the monthly average of segmental risk-weighted assets equivalents (RWAs) incorporating the effect of capital deductions. RBS return on equity is calculated using profit for the period attributable to ordinary shareholders. ⁽³⁾ Operating lease depreciation included in income (H1 2019 - £68 million; Q2 2019 - £34 million).

Notable items

(£m)	Q2 2019	Q1 2019	FY 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Alawwal Bank merger gain on disposal	444	-	-	-	-	-	-
FX recycling gain	290	-	-	-	-	-	-
Provisions release	256	-	-	-	-	-	-
Other Strategic Disposals	45	-	-	-	-	-	-
IFRS volatility in Central items	21	(4)	(59)	(25)	77	17	(128)
Insurance Indemnity	-	-	357	85	272	-	-
UK PB Debt Sale	-	2	61	35	-	-	26
FX (loss)/gain in Central items	-	20	(46)	(39)	(11)	19	(15)
Commercial Fair Value and Disposal (loss)/gain in income	(15)	(2)	169	(10)	(13)	115	77
NatWest Markets Legacy Business Disposal (loss)/gain in income	(23)	(4)	(86)	(43)	14	(41)	(16)
Own Credit Adjustments	(3)	(43)	92	33	20	18	21
Notable Items in Total Income - Total	1,015	(31)	488	36	359	128	(35)
Push payment fraud costs	(18)	-	-	-	-	-	-
Bank Levy	-	-	(179)	(179)	-	-	-
Strategic Costs	(434)	(195)	(1,004)	(355)	(299)	(141)	(209)
Litigation & Conduct	(55)	(5)	(1,282)	(92)	(389)	(782)	(19)
o/w US RMBS	-	-	(823)	-	(21)	(803)	1
o/w DOJ	-	-	(1,040)	-	-	(1,040)	-
o/w Nomura RMBS Litigation Indemnity Recovery	-	-	241	-	-	241	-
o/w PPI	-	-	(200)	-	(200)	-	-
o/w RBS's treatment of SME's ⁽¹⁾	-	-	(50)	(50)	-	-	-
o/w Ulster Bank Rol	(19)	(1)	(71)	(17)	(37)	(8)	(9)
Notable Items in Total Expenses – Total	(507)	(200)	(2,465)	(626)	(688)	(923)	(228)

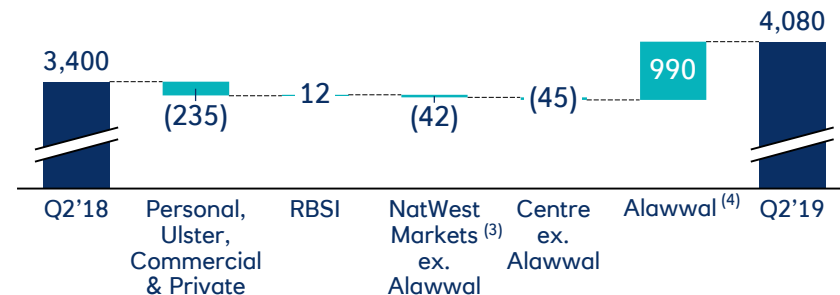
⁽¹⁾ For further information please see pg. 235 of the 2018 ARA.

Q2 2019 summary financials

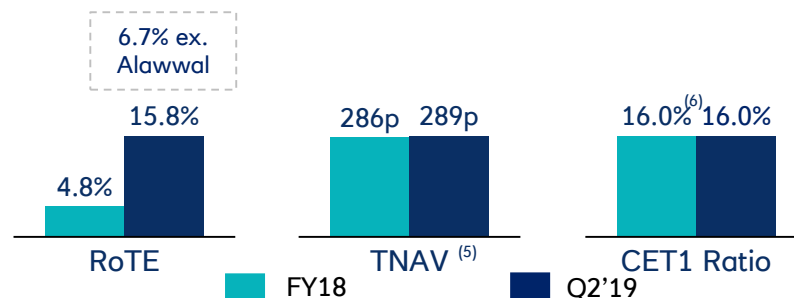


£m	Q2'19	Q2'19 vs. Q2'18
Net interest income	1,971	(10%)
Non interest income	2,109	73%
Total income	4,080	20%
Operating expenses	(2,162)	(21%)
o/w Other expenses	(1,673)	(7%)
o/w Strategic costs	(434)	208%
o/w Litigation & conduct costs	(55)	(93%)
Impairment losses	(237)	276%
Operating profit	1,681	174%
Tax	22	(106%)
o/w DTA write back ⁽¹⁾	215	-
Prefs/ MI/ Disc ops	(372)	207%
Attributable profit	1,331	n.m.
Cost:income ratio	52.6%	(27pp)
Bank NIM	2.02%	(9bps)

Income (£m)



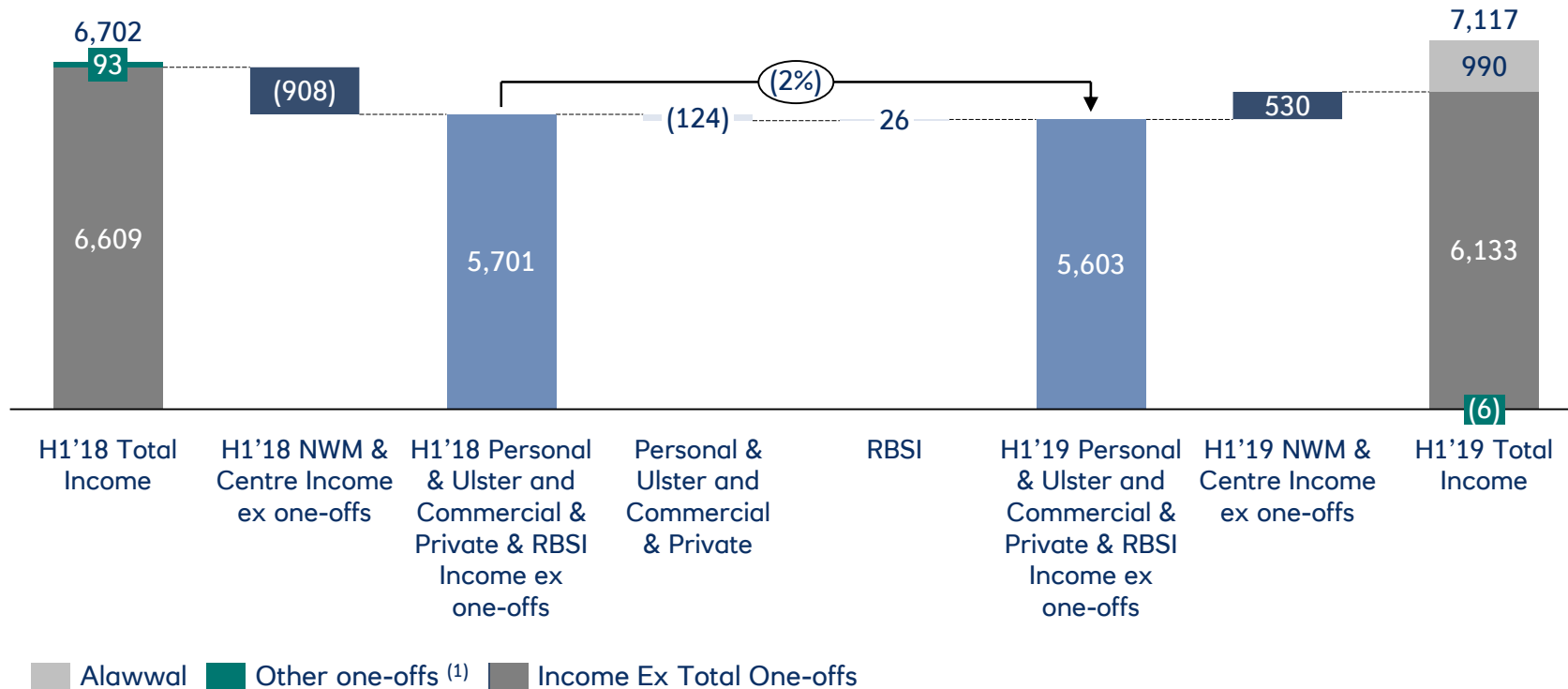
Key Metrics



⁽¹⁾ The tax charge includes a £215 million deferred tax asset credit associated with the transfer of taxable losses from NatWest Markets Plc to RBS Plc under ring-fencing regulations. ⁽²⁾ "Bank NIM" is NIM excluding NatWest Markets ⁽³⁾ "NWM" throughout this presentation refers to NatWest Markets operating segment and should not be assumed the same as the NatWest Markets Plc legal entity or group. ⁽⁴⁾ Reference to Alawwal throughout this presentation refers to the merger between Alawwal Bank with Saudi British Bank on 17th June 2019. RBS held a stake in a consortium arrangement since the acquisition of ABN AMRO in 2007. The completion of this merger, and the unwinding of the consortium has impacts on the financial and capital position of RBS. ⁽⁵⁾ TNAV per ordinary share on a fully diluted basis. ⁽⁶⁾ FY 2018 Pro forma IFRS 16.

Income H1 2019 vs H1 2018

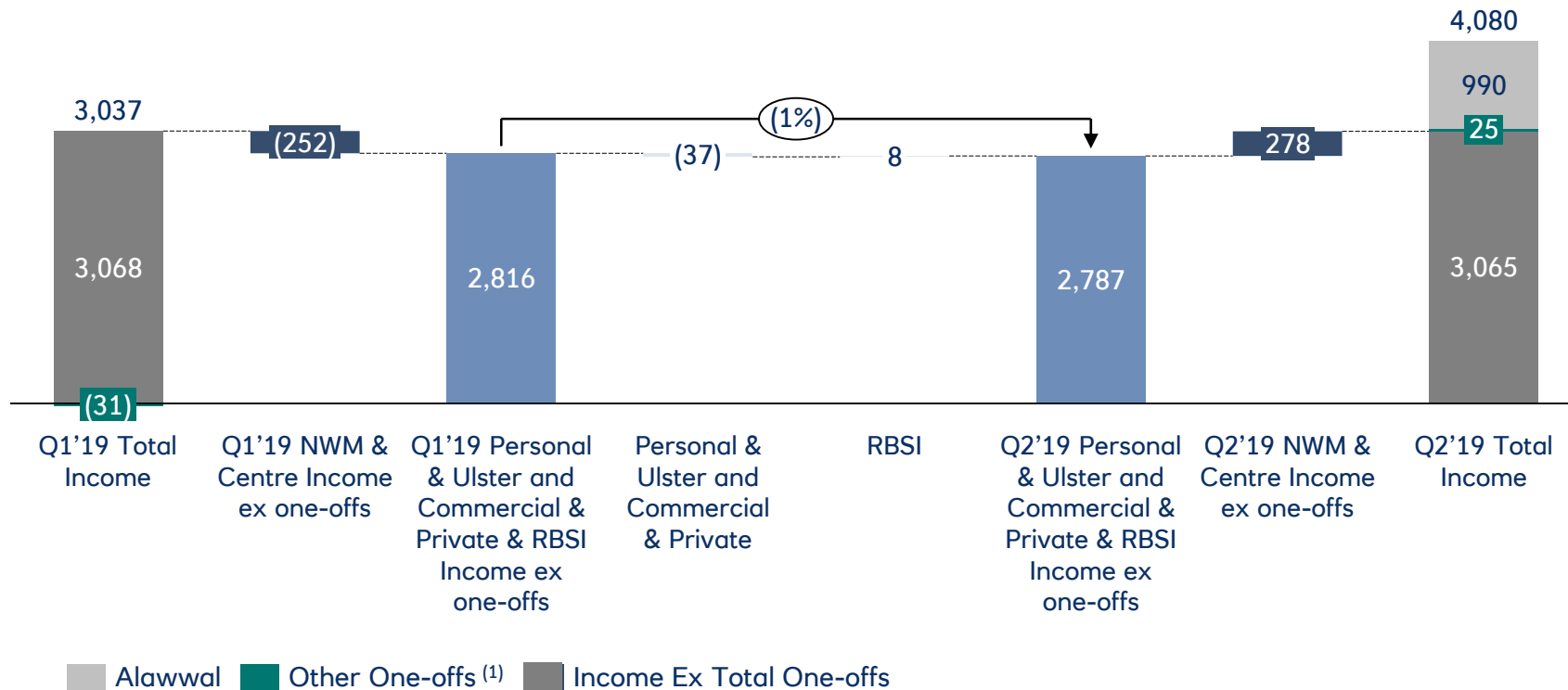
(£m)



⁽¹⁾ For details of the notable items that make up the 'other one-offs' in this chart please see slide 17 of this presentation.

Income Q2 2019 vs Q1 2019

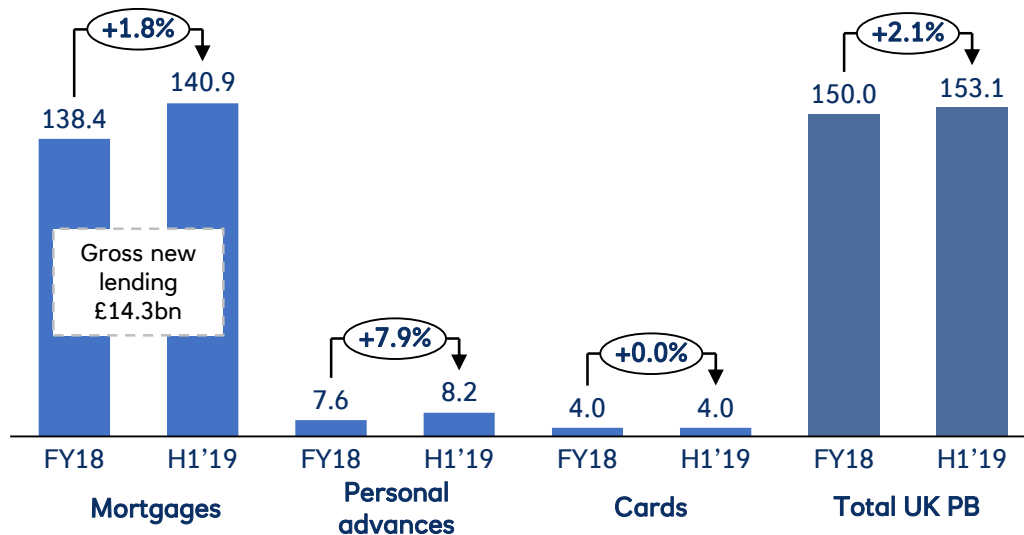
(£m)



⁽¹⁾ For details of the notable items that make up the 'other one-offs' in this chart please see slide 17 of this presentation.

UK Personal Banking balance sheet

UK PB Gross L&As (£bn)



Impairments
H1'19 ⁽¹⁾

3bps

329bps

130bps

24bps

Loan growth
H1'19 (£bn)

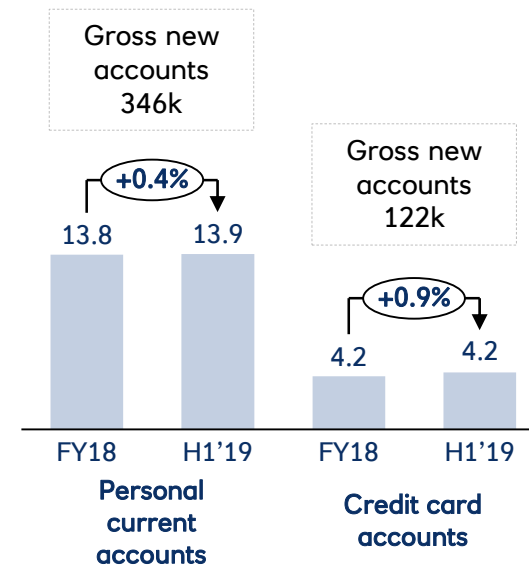
2.5

0.6

-

3.1

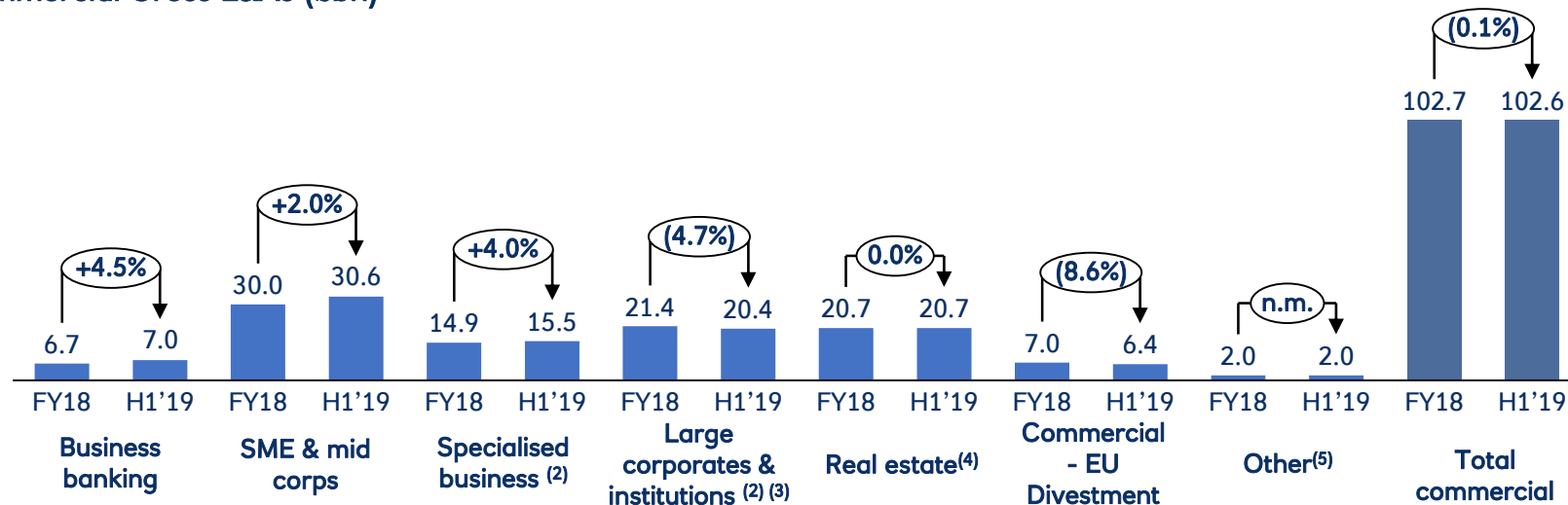
UK PB Accounts (#m)



⁽¹⁾ H1 2019 impairment charge as a % of H1'19 gross customer loans by sector.

Commercial balance sheet

Commercial Gross L&As (£bn)



Impairments
H1'19 ⁽¹⁾

51bps

16bps

19bps

149bps

11bps

6bps

n.m.

39bps

Legacy Portfolios

⁽¹⁾ H1 2019 impairment charge as a % of H1'19 gross customer loans by sector. ⁽²⁾ Adjusted for transfer of transaction services in FY18 of £3.1bn from specialised businesses to large corporates and institutions ⁽³⁾ Includes £2.6bn of Western Europe loans ⁽⁴⁾ Real estate includes commercial real estate and housing associations. ⁽⁵⁾ Other includes shipping and project finance

Net interest income sensitivity⁽¹⁾

Structural and product hedge			
H1'19			
	Incremental income (£m)	Average notional (£bn)	Overall yield (%)
Equity	197	29	2.31
Product	82	111	1.01
Other	27	21	0.79
Total	306	161	1.21



Change in NII – 25bps upward shift in yield curves			
H1'19 (£m)	Year 1	Year 2 ⁽²⁾	Year 3 ⁽²⁾
Structural hedges	32	99	171
Managed margin ⁽³⁾	213	241	243
Other	(8)	-	-
Total	237	340	414

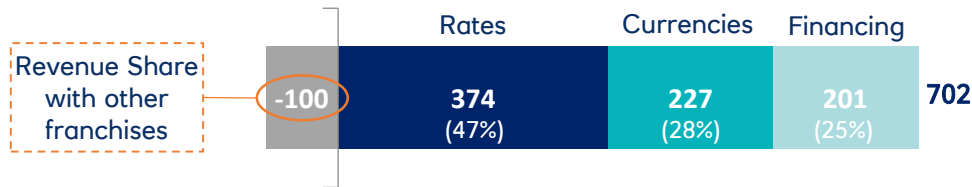
Change in NII – 25bps downward shift in yield curves			
H1'19 (£m)	Year 1	Year 2 ⁽²⁾	Year 3 ⁽²⁾
Structural hedges	(30)	(97)	(168)
Managed margin ⁽³⁾	(129)	(104)	(108)
Other	15	-	-
Total	(144)	(201)	(276)

⁽¹⁾ More information is available on pages 38 to 40 of Appendix 1 of the H1 2019 IMS and for further information see page 156 of 2018 Annual Report and Accounts. ⁽²⁾ The projections for Year 2 and 3 consider only the main drivers of earnings sensitivity, namely structural hedging and margin management. ⁽³⁾ Primarily current accounts and savings accounts.

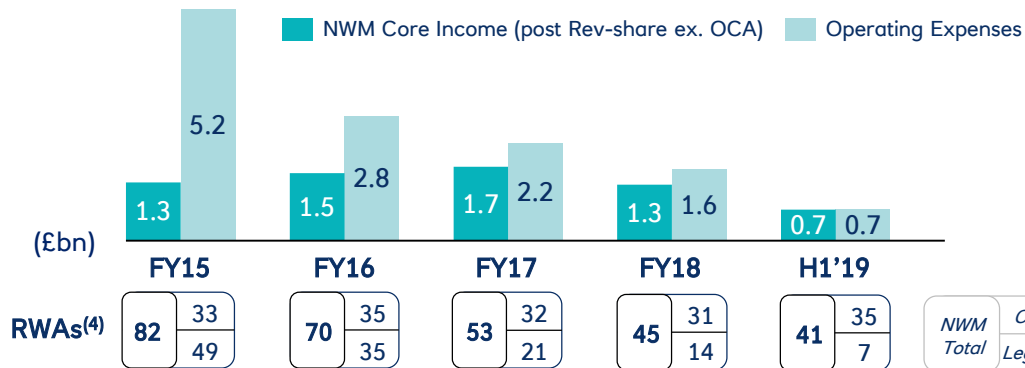
NatWest Markets

Focused offering connected with the wider RBS Group

H1 2019 NWM Core Income by product⁽¹⁾ (£m)



Core income stable despite RWA and costs takeout



Electronic offering becoming more important

Strong market positions on Tradeweb⁽²⁾

#1 dealer
Gilts

#1 dealer
GBP Swaps

#3 dealer
EGBs

#3 dealer
EUR Swaps

and high levels of trading automation⁽³⁾

~95%
FX Forwards

~98%
Spot FX

~88%
US Treasuries

~80%
Gilts

Note: Based on NatWest Markets operating segment, which should not be assumed to be the same as the NatWest Markets Plc legal entity or group. ⁽¹⁾ Product split percentages based on Q1'19 + Q2'19 NWM Core Income ex Own Credit Adjustments (OCA) pre-revenue share. ⁽²⁾ Ranking on Tradeweb platform for volume of risk traded (executed delta), except EUR Swaps which is for non-list executed delta. Ranking YTD between 01/01/2019 to 18/07/2019 except Gilts where #1 for Q2'19 and FY 2018. EGB = European Government Bond. ⁽³⁾ Based on internal analysis for Q2'19. FX based upon % of trades automatically quoted. US Treasuries and Gilts are based upon % of trades subject to end-to-end automation. ⁽⁴⁾ Figures may not cast due to roundings.

Diluted Tangible Net Asset Value

(TNAV) movements

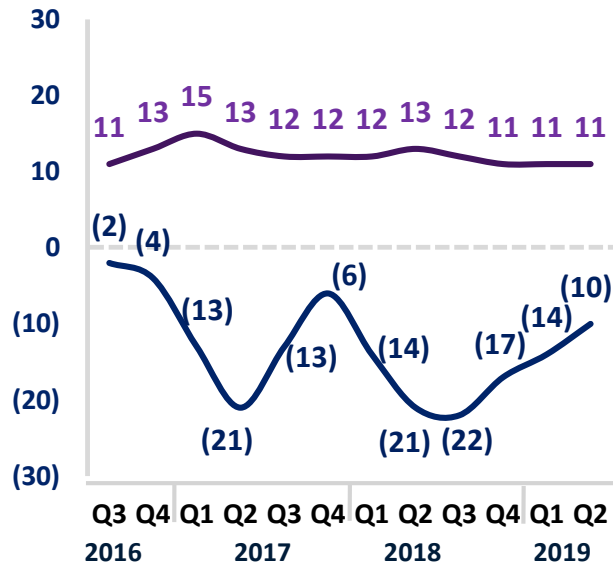
	Amount (£m)	Shares in issue (m)	TNAV per share (p)	Amount (£m)	Diluted shares in issue (m)	Diluted TNAV per share (p)
Q1 2019 TNAV	34,962	12,090	2.89	34,962	12,129	2.88
Profit for the period post tax	1,703	-	0.14	1,703	-	0.14
Less: profit to NCI / other owners	(372)	-	(0.03)	(372)	-	(0.03)
Less: ordinary dividend	(1,327)	-	(0.11)	(1,327)	-	(0.11)
Other comprehensive Income	102	-	0.01	102	-	0.01
<i>o/w FVOCI</i>	<i>(57)</i>	<i>-</i>	<i>-</i>	<i>(57)</i>	<i>-</i>	<i>-</i>
<i>o/w Cashflow hedging gross of tax</i>	<i>214</i>	<i>-</i>	<i>0.02</i>	<i>214</i>	<i>-</i>	<i>0.02</i>
<i>o/w FX</i>	<i>109</i>	<i>-</i>	<i>0.01</i>	<i>109</i>	<i>-</i>	<i>0.01</i>
<i>o/w Remeasurement of net defined pension liability</i>	<i>(26)</i>	<i>-</i>	<i>-</i>	<i>(26)</i>	<i>-</i>	<i>-</i>
<i>o/w OCA</i>	<i>(50)</i>	<i>-</i>	<i>-</i>	<i>(50)</i>	<i>-</i>	<i>-</i>
<i>o/w Tax</i>	<i>(88)</i>	<i>-</i>	<i>(0.01)</i>	<i>(88)</i>	<i>-</i>	<i>(0.01)</i>
Less: OCI attributable to NCI / other owners	(41)	-	-	(41)	-	-
Proceeds of share issuance	4	1	-	4	1	-
Other movements	5	-	-	5	(6)	-
Q2 2019 TNAV	35,036	12,091	2.90	35,036	12,124	2.89
Change	74	1	0.01	74	(5)	0.01

Net Promoter Scores across our brands

Personal Banking⁽¹⁾

NatWest stable.

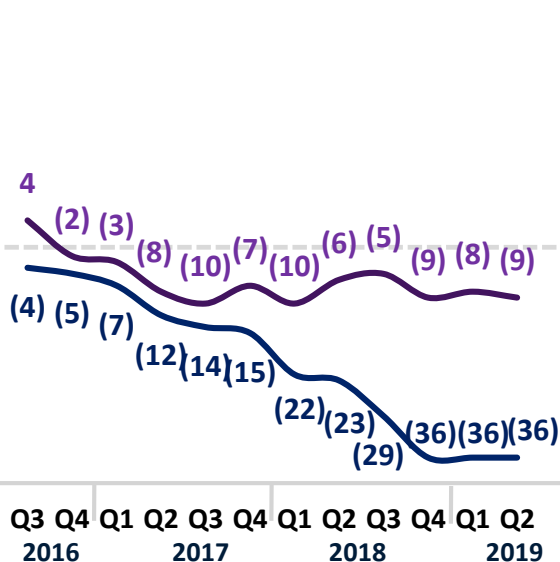
Royal Bank of Scotland recovering.



Business Banking⁽²⁾

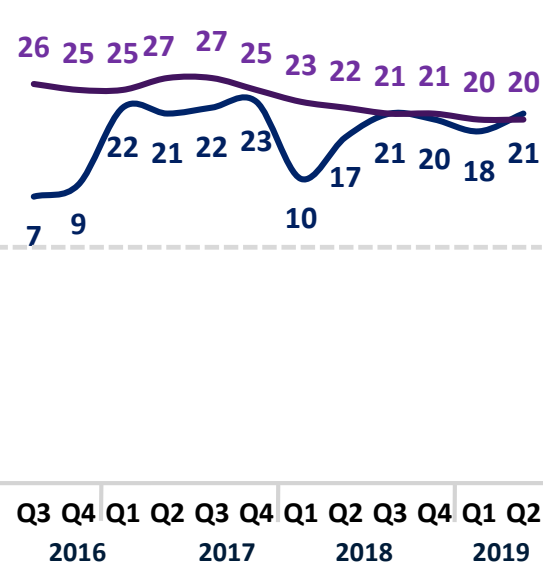
NatWest stable.

Royal Bank bottoming out.



Commercial Banking⁽³⁾

NatWest ahead of the rest of their market. Royal Bank improving.



— Royal Bank of Scotland — NatWest

(1) NatWest and Royal Bank of Scotland data sourced from Ipsos Financial Research Survey using 6 month rolling data. Latest base sizes: 3,259 for NatWest (England & Wales); 485 for Royal Bank of Scotland (Scotland). Based on the question: "How likely is it that you would recommend (brand) to a relative, friend or colleague in the next 12 months for current account banking?" Base: Claimed main banked current account customers.

(2) Source: MarketVue Business Banking from Savanta, Q2 2019. Based on interviews with businesses with an annual turnover up to £2 million. Latest base sizes: 1098 for NatWest (England & Wales), 442 for Royal Bank of Scotland (Scotland). 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.

(3) Source: MarketVue Business Banking from Savanta, Q2 2019. Based on interviews with businesses with an annual turnover over £2 million. Latest base sizes: 550 for NatWest (England & Wales), 89 for Royal Bank of Scotland (Scotland). 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.

Digital Dashboard

Volume of transactions (m)	H1'18	H1'19	Movement
Physical is reducing			
Branch Transactions	70	46	↓ 34%
Cheque Usage ⁽¹⁾	90	44	↓ 51%
Contact centre calls	12	11	↓ 8%
Digital is increasing			
Mobile:			
Payments	88	120	↑ 36%
Users	6.0	6.8	↑ 13%
Logins to mobile app ⁽²⁾	1,126	1,253	↑ 11%
Digital sales in UKPB ⁽³⁾	0.63	0.74	↑ 17%
Cora conversations ⁽⁴⁾	1.0	2.5	↑ 1.5m
Commercial customers interacting digitally	~85%	~87%	↑ 2pp

⁽¹⁾ May YTD volumes. ⁽²⁾ Number of successful log ins to our mobile app ⁽³⁾ Digital sales capture any sale completed online (on any device), or via one of our mobile apps ⁽⁴⁾ Total interactions with our AI chatbot Cora in the six month period reported

Cautionary & forward looking statements



The targets, expectations and trends discussed in this presentation represent RBSG, and where applicable NWM management's, current expectations and are subject to change, including as a result of the factors described in the "Summary Risk Factors" on pages 47 and 48 of the RBSG H1 2019 IMS and the "Risk Factors" section on pages 255 to 263 of the RBSG 2018 Annual Report and Accounts, as well as the "Summary Risk Factors" on pages 35 and 36 of the NWM H1 2019 IMS and the "Risk Factors" section on pages 124 to 133 of the NatWest Markets Plc 2018 Annual Report and Accounts, respectively.

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; the implementation of the Alternative Remedies Package; the continuation of the Group'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; the Group's exposure to political risk, economic risk, climate change risk, operational risk, conduct risk, cyber and IT risk and credit rating risk and to various types of market risks, including 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 2018 Annual Report on Form 20-F and other materials filed with, or furnished to, the US Securities and Exchange Commission, and other risk factors and uncertainties discussed in this document. These include the significant risks for the Group presented by: operational and IT resilience risk (including in respect of: the Group being subject to cyberattacks; operational risks inherent in the Group's business; exposure to third party risks including as a result of outsourcing and its use of new technologies and innovation, as well as related regulatory and market changes; the Group's operations being highly dependent on its IT systems; the Group relying on attracting, retaining and developing senior management and skilled personnel and maintaining good employee relations; the Group's risk management framework; and reputational risk), economic and political risk (including in respect of: prevailing uncertainty on the terms of the UK's withdrawal from the European Union; the Group's plans for continuity of business impacted by the UK's expected departure from the EU; increased political and economic risks and uncertainty in the UK and global markets; climate change and the transition to a low carbon economy; HM Treasury's ownership of RBSG and the possibility that it may exert a significant degree of influence over the Group; continued low interest rates and changes in foreign currency exchange rates), financial resilience risk (including in respect of: the Group's ability to meet targets and make discretionary capital distributions to shareholders; the highly competitive markets in which the Group operates; deterioration in borrower and counterparty credit quality; the ability of the Group to meet prudential regulatory requirements for capital and MREL, or to manage its capital effectively; the ability of the Group to access adequate sources of liquidity and funding; changes in the credit ratings of RBSG, any of its subsidiaries or any of its respective debt securities; the Group's ability to meet requirements of regulatory stress tests; possible losses or the requirement to maintain higher levels of capital as a result of limitations or failure of various models; sensitivity of the Group's financial statements to underlying accounting policies, judgements, assumptions and estimates; changes in applicable accounting policies or rules; the value or effectiveness of any credit protection purchased by the Group; the level and extent of future impairments and write-downs, including with respect to goodwill; and the application of UK statutory stabilisation or resolution powers) and legal, regulatory and conduct risk (including in respect of: the Group's businesses being subject to substantial regulation and oversight; the Group complying with regulatory requirements in respect of its ongoing compliance with the UK ring-fencing regime and ensuring operational continuity in resolution, legal, regulatory and governmental actions and investigations; the replacement of LIBOR, EURIBOR and other benchmark rates; heightened regulatory and governmental scrutiny (including by competition authorities); implementation of the Alternative Remedies Package and the costs related thereto; and changes in tax legislation). The forward-looking statements contained in this document speak only as at the date hereof, and the Group does not assume or undertake any obligation or responsibility to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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