

# How we do business

# How we create value



## 1. Our resources



### Financial

We make use of shareholder capital and other forms of financial capital, including £369.2 billion in customer deposits.



### Natural

We make use of energy and resources such as paper and water to conduct our business activities. We are one of the first companies worldwide to commit to all the Climate Group initiatives on electric vehicles (EV100), energy productivity (EP100), and renewable power (RE100).



### Infrastructure

We rely on online and mobile banking, our high street and Post Office® branches, mobile vans, telephony, video banking, webchat and self service options like ATMs and cash deposit machines. In support of these channels during 2019 our critical technology systems have been available 99.98% of the time.



### Human and Relationships

We rely on an engaged, healthy and inclusive workforce to deliver our strategy to 19 million customers in the UK and Republic of Ireland.

## 2. Our business activities

### Our customers

We provide financial services to personal, commercial, large corporate and institutional customers.

We believe in treating customers fairly, offering flexibility in how customers choose to bank with us and providing extra help to customers in vulnerable situations and those in financial difficulty. This means keeping their funds safe and secure, improving financial capability and supporting enterprise.

### Our business model

We earn income from interest gained on loans to our personal, business and commercial customers, as well as fees from customer transactions and other services.

We pay interest to customers and investors who have placed deposits with us and bought our debt securities. We also pay customer benefits, through loyalty products like our Reward Account.

The attributable profit generated is either re-invested to improve products and services for our customers or returned to shareholders.

### Our products and services

We provide a comprehensive range of banking products and related financial services to personal, business and commercial customers. We serve our customers 24/7 through the Royal Bank of Scotland, NatWest and Ulster Bank networks of branches, dedicated business relationship managers, mobile banking, digital banking, contact centres, intermediary channels and ATMs.

We are helping people to build and grow businesses through innovative enterprise programmes and financing. We support commercial customers and large finance projects and also offer financing, risk management and trading solutions through our NatWest Markets business.

### 3. How we create value for our customers and society

Our long-term success is dependent on serving our customers well and generating value for society through our products, services and facilities.

 <p><b>Protecting our customers</b></p>	<ul style="list-style-type: none"> <li>Prevented 569,660 cases of attempted fraud amounting to £256.8 million in the UK(*) and last year reduced the third party fraud against our customers by 8%.</li> <li>We are investing £100 million over three years to combat fraud and ensure we remain up-to-date with the latest fraud trends.</li> </ul>	<p><b>Keeping money safe and accessible for our customers</b></p>
 <p><b>Building financial capability</b></p>	<ul style="list-style-type: none"> <li>Over one million Financial Health Checks with our personal, private and business customers (*).</li> <li>MoneySense has been running for over 25 years, during which it has helped over 7.7 million young people learn about money.</li> </ul>	<p><b>Empowering customers to make better financial decisions and achieve their goals</b></p>
 <p><b>Jobs and the economy</b></p>	<ul style="list-style-type: none"> <li>One of the largest UK employers with a workforce of 64,397. We recruited 226 graduates and 205 apprentices in 2019.</li> <li>Payment of £1.25 billion in tax to the UK Government, which supports central government and local authority spending.<sup>(1)</sup></li> <li>We issued our inaugural Social Bond, the first from a UK financial institution under ICMA's Social Bond Principals, the proceeds of which finance or refinance lending to SME's in some of the most deprived areas of the UK. We will measure the impact of our lending by the number of jobs created or retained.</li> </ul>	<p><b>A responsible business supporting employment across the UK and Ireland</b></p>
 <p><b>Supporting enterprise</b></p>	<ul style="list-style-type: none"> <li>£29.7 billion total lending to SMEs and mid-corporates in Commercial Banking.</li> <li>Since the Bank brought its Entrepreneur Accelerator network in-house in 2018, a minimum of 1,390 jobs have been created by businesses supported through the Accelerator programme. 1,000 of these jobs were created between January and December 2019 (*).</li> <li>The Rose Review into Female Entrepreneurship was launched by RBS Group CEO Alison Rose. The Review made a series of recommendations to help remove barriers facing women who want to start a business.</li> </ul>	<p><b>Helping people develop, build and grow businesses</b></p>
 <p><b>Improving digital capability</b></p>	<ul style="list-style-type: none"> <li>73% of our active personal current account customers used either mobile or online channels (*).</li> <li>Leading the way on mobile – 6.9 million active mobile app users – finalist for 'Best Banking App' at the British Bank Awards in 2019.</li> </ul>	<p><b>Offering customers more choice and ways to bank</b></p>
 <p><b>Transition to a low carbon economy</b></p>	<ul style="list-style-type: none"> <li>We have provided £9.9 billion of funding and financing to customers during 2018 and 2019 towards our commitment of £10 billion to the sustainable energy sector by the end of 2020.</li> <li>Launched our green, social and sustainability bond framework, which paves the way for future issuance in support of our sustainability ambitions, while enabling our customers to make a positive impact on society or the environment.</li> </ul>	<p><b>Addressing the risks and opportunities climate change presents to us and our customers</b></p>
 <p><b>Community and charitable giving</b></p>	<ul style="list-style-type: none"> <li>Our employees volunteered over 90,000 hours.</li> <li>We supported the DEC Cyclone Idai Appeal, raising over £111,000.</li> <li>Good causes received over £4.3 million through colleague generosity.</li> </ul>	<p><b>Our colleagues make a difference supporting charities and local communities</b></p>
 <p><b>An inclusive culture</b></p>	<ul style="list-style-type: none"> <li>Progress continued on our inclusion agenda to value diversity in all its forms to be gender balanced, ethnically diverse, disability smart and LGBT+ innovative.</li> </ul>	<p><b>Building a great place to work that reflects the society we are proud to serve</b></p>
 <p><b>Housing</b></p>	<ul style="list-style-type: none"> <li>More than 40,000 first time buyer mortgage customers (*).</li> <li>We have helped over 180,000 new customers complete their mortgage application this year, totalling over £31.8 billion worth of lending.</li> </ul>	<p><b>We are helping customers to get onto the property ladder</b></p>

(1) Comprises £222 million corporate tax, £595 million irrecoverable VAT, £163 million bank levies and £270 million employer payroll taxes.



PRINCIPLES FOR RESPONSIBLE BANKING



RBS became one of the Founding Signatories of the UN Principles for Responsible Banking in 2019, committing to further align our strategy with the 2015 Paris Agreement and the UN Sustainable Development Goals. This means we will create value in alignment with specific UN Sustainable Development Goals. In 2019 we engaged a range of stakeholders to align our future Purpose and forward commitments in the areas of; supporting learning, supporting enterprise and the climate change challenge, with UN Sustainable Development Goals. Refer to Our purpose-led strategy on pages 10 and 11.

February 2020.

Section taken from The Royal Bank of Scotland Group plc Annual Report and Accounts 2019.

(\*) Limited assurance provided by Ernst & Young LLP.