

**New branches** The Royal Bank of Scotland and NatWest have continued to extend their branch networks. When Clydesdale Bank closed its branch in New Deer, Aberdeenshire, we worked with the local community to open a Royal Bank of Scotland branch in its place.



## Retail Markets continued

- Retail Markets was the fastest-growing UK Bancassurer in 2006, with sales increasing by 56% to £267 million annualised premium equivalent in 2006 and 116,000 customers taking out £8.9 billion worth of life assurance cover.

- In response to simplified pension legislation in the UK, Bancassurance modified and re-launched our Stakeholder Pension Plan and introduced a new Self-Invested Personal Pension Plan. We also launched a website providing customers with detailed information on the new legislation and an interactive tool to help them assess its impact and decide on their best course of action.

- We have introduced significant changes to our Bancassurance administration processes and systems. These help to process our customers' applications faster, and include a new telephone support team and a new, shorter application form.

### Business Banking

- The Royal Bank of Scotland and NatWest are the market leaders in small business banking in the UK.

- In 2006, over 53,000 business customers reviewed their banking needs with one of our 200 Financial Planning Managers.

- NatWest Business Banking provides an extended hours, telephone-based, full banking service with access to a dedicated business relationship team for over 44,000 customers. The number of NatWest business customers using internet banking regularly has increased by 28% in 2006.

- We piloted Shariah Commercial Property Finance in Leeds and Bradford to provide Muslim customers with compliant finance options.

- The Royal Bank of Scotland provided facilities for farmers to accept their support payments in euros.

- Mentor, our business advice service for employment law, health & safety, and tax, assisted more than 22,000 customers last year.

### Cards & Direct Finance

- Chip & PIN capability was successfully completed in February 2006. Implementation of this, together with other fraud prevention initiatives, contributed to a reduction in fraud losses in 2006 for our core Retail credit card portfolios.

- The relationship with Bank of China gives us access to one of the fastest-growing cards markets in the world, and our joint business has issued 1.2 million cards in China.

- In merchant acquiring, through our brands including Streamline and RBS Worldpay, we are the largest in traditional and internet payments in the UK and continental Europe, and No 4 globally for traditional payments. We are the largest facilitator of e-commerce payments in Europe and processed 360 million transactions via the internet in 2006.



**Private Banking** RBS and NatWest have the largest market share of affluent current account holders and in the past three years have seen a 30% increase in the number of customers who earn over £100,000. Private Banking has been re-launched to meet the needs of this customer group with dedicated relationship managers, and 24 hour telephone support.



**Mint Mobile** In 2006 Mint customers were given the option of managing their credit card payments via their mobile phone.



**Free Access to Cash for Deprived Communities**

In July 2006 RBS committed to providing 300 free-to-use cash machines for deprived and rural areas. We have worked with community groups, local authorities and the National Federation of Sub-Postmasters to find host sites for these machines.

- The number of transactions processed by our payment acquiring business topped three billion for the first time, an increase of 6% on 2005.
- By combining our card issuing and acquiring capabilities, we were the first in Europe to develop and trial a 'contactless card', for making payments of under £10 without the need for cash.
- Hanco is the largest supplier of third-party ATMs in the UK. Although Hanco offers a range of internal and external ATM options, it predominately operates ATMs on a 'merchant replenishment basis'. Hanco has continued to grow market share successfully ahead of competition.
- Our direct brand MINT has continued to grow and as well as credit cards also offers gift cards, loans and motor insurance. Over two thirds of MINT credit card applications come via the internet. MINT card customers can set email and text alerts to help them manage their accounts quickly and simply, and can receive statements and balances by text message.
- With five million customer accounts and 22 products and services, our joint venture Tesco Personal Finance is the UK's largest and most successful supermarket bank. Tesco Personal Finance operates in the UK, Ireland, Hungary and Poland.
- Tesco Personal Finance continues to expand its range of products, and in 2006 introduced the Bonus Credit Card, which gives customers back one month's interest every year – a first in the UK. Tesco Personal Finance has also entered the business market with the new Tesco Business Credit Card.
- Tesco Personal Finance is the third-largest issuer of car insurance policies in the UK. In 2006 we introduced Value Car Insurance, offering modified comprehensive cover to motorists who currently have only third party insurance.