



Citizens

- Contribution US\$2,917 million (2005 – US\$2,867 million)
- Total income up 3%
- Operating profit up 2%

Citizens Financial Group is engaged in retail and corporate banking activities through its branch network in 13 states in the US and through non-branch offices in 30 other states. Citizens was ranked the eighth largest commercial banking organisation in the US based on deposits as at 30 September 2006. Citizens Financial Group includes the seven Citizens Banks; Charter One; RBS National Bank, our US credit card business; RBS Lynk, our merchant acquiring business; and Kroger Personal Finance, our joint venture with the second-largest US supermarket group.

- Citizens is a major player in US banking. Among commercial banking organisations it ranks 9th in assets, 7th in personal loans, 8th in deposits, 16th in mortgages, 6th in home equity loans, 9th in credit cards, and 14th in business lending.
- Citizens has the eighth-largest retail branch network in the US, and has more than 5.1 million personal and business customers.
- A continued emphasis on customer service helped raise retail customer satisfaction levels by 3.5% in 2006.
- Last year was Citizens' 14th consecutive year of record profits, and in 2006 profit increased by 2% to US\$2,917 million. Citizens has been building its customer franchise in commercial banking and in card issuing and acquiring. Business and home equity lending also showed good growth.
- Retail Banking in the Charter One footprint has opened more than 276,000 new checking accounts and has seen a 6% increase in cross-selling of other bank products.
- In 2006 Citizens agreed more than 714,000 new consumer loans totalling US\$20 billion, and processed more than 1.4 million credit applications.
- Citizens' Debit Rewards debit card programme, through which customers earn redeemable points, was well received by customers and led to an average 3,800 new enrollments per day.
- Citizens added PayPass™ embedded-chip technology to its customer debit cards, issuing 3.5 million new cards to its customers to become Mastercard's largest PayPass™ issuer in the US.
- More than 1.8 million credit cards were issued under the RBS, Citizens and Kroger brands. Citizens' partnership with Kroger, the second-largest US supermarket group, was extended to include pre-payment cards, mortgages and other financial products.

Citizens continued

- Supermarket and other non-traditional branches now account for approximately one-third of Citizens' retail branch distribution, with more than 520 branches. Citizens is the second-largest supermarket bank in the US, taking advantage of busy store locations with key partners.
- Citizens was the No 1 US Small Business Administration (SBA) lender in every market it served during 2006, with nearly 7,000 SBA-backed loans totalling more than US\$320 million.
- RBS Lynk, our merchant acquiring business, achieved significant growth, processing 40% more transactions than in 2005 and expanding its merchant base by 11%. RBS Lynk became only the second processor in the US to offer its merchants full end-to-end acquiring, processing and settlement for transactions.
- Citizens' commercial business has grown significantly since December 2005, with average commercial loans up 15% excluding financed leases. In foreign exchange, interest rate derivatives and cash management we benefited from the product strength of RBS Corporate Markets.
- By the end of 2006, Citizens had opened 390 new company cash management relationships with RBS corporate clients, bringing in over US\$200 million of new deposits.
- Launched in early 2002, the Asset Finance group has grown to more than US\$5 billion in assets and funded more than US\$1.7 billion in 2006, providing asset financing to mid-sized and large corporate customers nationally.
- The Government Banking division recorded a 14% increase in total funds under management during 2006, rising to US\$14 billion.
- Citizens' purchase of GreatBanc, Inc., announced in October 2006 and completed on 1 February 2007, continues the Charter One Bank expansion in Illinois and makes it the fourth-largest bank in the greater Chicago marketplace.



Boston Scientific A world-leading developer and manufacturer of medical devices, including coronary stents, Boston Scientific, found funding support for its acquisition of Guidant from a combination of Citizens, RBS and Ulster Bank.