

Our Customer Charter

Interim Progress Report
August 2011



Dear Customer,

A year ago we made a public commitment to become Britain's most Helpful Bank. And as part of this we launched our Customer Charter – a set of specific commitments based on what our customers told us they wanted in a bank. We pledged to be open and honest about our progress and to publish independently assessed reports along the way.

Welcome to the latest RBS and NatWest interim report.

Firstly, we are making good progress against the stretching task we have set ourselves with significant improvements in areas such as reducing queues, providing easy access to your money, and supporting our communities. Of our 25 goals, we are on target to meet 18 by the end of the year, demonstrating that we are getting better at helping our customers where and when it matters most.

Where we have missed our goal, it's often by a very narrow margin. A good example is our goal to issue replacements for all lost or stolen debit cards within 24 hours. We did this for nearly 700,000 customers. But, because we missed the target for two customers – and we want to get it right 100% of the time – we marked ourselves as missing our target.

I'm pleased that feedback from our customers continues to help evolve the Charter. As a result, we've strengthened a few of our goals and replaced a couple with more relevant ones – such as text alerts and support for first time home buyers.

Here are some of the results that stood out for me:

- **Queues** – In our last report we said we'd served 75% of customers within five minutes in our 300 busiest branches. So this year we raised the bar and stretched ourselves to achieve 80% within five minutes. In our latest measurements the figure had improved to 79.6%. This is great progress, but it falls just short of our new target. However, it's great to see that on average, customers across all our branches are waiting only three and a half minutes – down from four last time.
- **Emergency Cash** – Our customer listening programme is helping us to find new and innovative ways to help. For example, now if you lose your debit card and find yourself short of money, we can provide you with emergency cash. To access the service simply phone the bank and we'll provide you with a six-digit code which you can use to access your money from any NatWest or RBS cash machine. Since we launched this unique service in February, we've helped nearly 14,500 customers.
- **Text Alerts** – We're also sending text alerts to let customers know when their account balance is running low, giving them a chance to reschedule payments, transfer money from elsewhere or ask us for help and advice. So far we've sent over 900,000 alerts to customers taking advantage of this service. To sign up for these alerts, simply visit www.rbs.co.uk/alerts or www.natwest.com/alerts.

- **First-time home buyers** – We've continued to support first-time home buyers through the financial crisis offering mortgages of up to 90% for those taking their first step onto the property ladder. We've also extended our mortgage offers so they remain open for six months rather than the usual three months, which is especially helpful when there are holdups in the house-buying process.
- **Complaints** – We are working hard to fix the root causes of complaints, by simplifying our products, improving our processes, and making our communications easier to understand. However, we know we don't always get it right, and when a customer needs to complain we want at least 75% of them to be happy with the way we've handled their complaint. At this stage surveys tell us that only 59% are. This figure is improving, but not quickly enough and we've clearly got more work to do. So we're devoting time and effort to get it right. We are piloting a new complaints process with some promising early results and 8,000 of our people are receiving additional training this year.
- **Communities** – We've more than hit our goal to bring mobile banks to smaller communities and we are now serving more than 400 communities with our mobile vans – that's over a hundred more than our target. In addition, we remain committed to staying open when we're the last bank in town. We remained open in 148 towns, where we are the last bank in town, but unfortunately had to close in one town because our landlord wouldn't allow us to renew our lease.

We've also just launched our CommunityForce initiative, through which we will donate time, money and expertise to help local charities and projects nominated by our customers. Once the votes are counted and the winners known, local good causes will benefit from a fund of £3m shared between three winners in each of the 158 local CommunityForce areas.

In summary, I think we're making great progress in keeping the commitments we made to our customers to become Britain's most Helpful Bank. We've still got lots more to do, and we know we won't get there overnight. You have my personal commitment that we will work single-mindedly until we do.

Finally, thank you for your continued support as a customer. I hope you find the report an interesting read.

Best wishes,



Brian Hartzer

Chief Executive Officer, UK Retail
RBS and NatWest

Long term Commitment No. 1



We will extend our opening hours in our busiest branches

2011 Goals	How we did	On target
<ul style="list-style-type: none"> > We will continue to open more than 800 branches on Saturdays. 	We have continued to open our busiest branches on Saturdays and at least 846 have been open every Saturday so far this year.	✓
<ul style="list-style-type: none"> > If there is enough local demand, we will continue to have early or late opening in our 200 busiest branches. Every 6 months, we will review the demand for longer opening hours. 	We have continued to open longer in 205 of our busiest branches. These branches are open on average 45.5 hours per week. We have reviewed demand throughout our branch network to ensure we're open when customers need us.	✓

Long term Commitment No. 2

We will serve the majority of customers in our branches within 5 minutes

2011 Goals	How we did	On target
<ul style="list-style-type: none"> > We will serve 80% of customers within 5 minutes in our busiest branches. 	We measured queuing times in our 300 busiest branches in May and June, and found that 79.6% of customers were served within 5 minutes, with the average queuing time being just under 3.5 minutes. These figures have improved from 75% and 4 minutes in the last 6 months. Across all our branches an average of 86.1% of customers were served within 5 minutes, but we know there are still times and places where customers wait much longer, and we have more work to do to reduce queuing.	✗


 Decisions should be made at a more local level – more human-made decisions.
 


NW / RBS customer

We launched a new online message service to give customers helpful, personal reminders of important events and quick access to products and services.

Long term Commitment No. 3

We will provide you with friendly, helpful service whenever you deal with us

2011 Goals	How we did	On target
> 9 out of 10 customers will rate our service as friendly and helpful.	8 out of 10 customers continue to rate us friendly and helpful. We're working hard to reach our target. In the last 6 months we have set new service standards for all staff in our branches. We will be implementing similar standards in our telephone centres in July. This will help us provide consistent service, no matter how customers contact us.	X

 I had a meeting with the bank manager because I was struggling a bit with my finances, and she devised a very good strategy with me, and now I am on top of my finances and have even opened another account.

NW / RBS customer



Long term Commitment No. 4

We will help you to make the right choices for you and your money, providing a clear product range with simply explained features and charges

2011 Goals	How we did	On target
> All our branch literature, standard letters and key web pages will be simplified and rewritten to reflect customers' feedback.	We have simplified all the brochures and leaflets in our banking halls, and these have been available since February 2011, which means we have achieved the goal we set last year. However, we have set ourselves a new goal this year of simplifying much more of our communication. We are on target to rewrite all the remaining literature and to refresh all the key web pages for our main products this year. We'll have rewritten more than 270 standard letters by the end of the year as well. The remaining standard letters will be completed early in 2012. We're doing all of this based on feedback from our customers to make sure our communications are straightforward and easy to understand.	X
> We will continue to send Personal Account Statements to over 1 million current account customers.	We issued 236,314 Personal Account Statements between January and June and are on track to issue 1 million by December. These statements give customers an overview of their account activity for the previous 12 months. The overview lets customers see how they managed their money and gives guidance on ways to make their money work harder for them.	✓

Long term Commitment No. 5

We will provide a 24/7 telephone banking service from our UK-based call centres

2011 Goals	How we did	On target
<ul style="list-style-type: none"> > We will ensure our telephone banking centres are available to help you 100% of the time, always giving you the option to speak to a real person based in the UK. 	All our telephone banking centres continue to be in the UK with staff on hand to help 24 hours a day, 7 days a week.	✓
<ul style="list-style-type: none"> > We will answer 90% of all incoming calls in less than a minute. 	In our telephone banking centres – open 24/7 to help customers with their day-to-day banking – we answered 91.9% of calls in less than 60 seconds. If we also include lending and credit-card centres, the proportion is 89.4%. These are good scores, but we're aiming to do better. To help us achieve our goal by the end of 2011, we're recruiting more staff in our credit-card centres.	✓

Since we updated our iPhone app in May, more than 580,000 customers have used this service to move £140m between their accounts.

Long term Commitment No. 6

We will work with you to keep you safe when you bank online or on your mobile phone with us

2011 Goals	How we did	On target
<ul style="list-style-type: none"> > If you become a victim of fraud when banking with us online or on your mobile phone, we promise to refund in full any money taken from your account. This is in accordance with our security promise, published online. 	In line with our security promise, this year we have refunded all customers who had money taken from their accounts fraudulently when banking with us online or on their mobile phone.	✓
<ul style="list-style-type: none"> > We will provide free market-leading enhanced security software for all online users. 	Our free, market-leading security software has been downloaded 782,870 times so far this year. None of the customers who have downloaded the software this year has been a victim of fraud when banking online with us.	✓

63,770 customers are using our award-winning tool for setting savings goals, helping them save up to £393m. 'Your Savings Goal' Tool awarded 3 Star Rating in 2011 by The Fairbanking Foundation

Long term Commitment No. 7



We will help you quickly if your debit card is lost or stolen and you need access to cash

2011 Goals	How we did	On target
<p>> We will despatch replacements for all lost and stolen debit cards the next working day.</p>	<p>We have sent 692,176 replacement debit cards within 24 hours to customers whose card had been lost or stolen. Unfortunately, in two cases we missed this deadline by 1 day.</p> <p>Since 9 May, we have sent all replacement cards by first-class post so that they reach customers as quickly as possible.</p> <p>The 19,870 customers who needed a new PIN were sent one within 24 hours, with a new card within 48 hours, in line with our security policy.</p>	<p>X</p>
<p>> We will offer free, 24/7 access to cash to customers whose debit cards are lost or stolen.</p>	<p>Since February, we have offered our Emergency Cash service, free of charge, to customers who have lost their cards or had them stolen. This unique service has helped 14,491 customers so far this year by giving them access to their cash, up to an agreed limit, through our UK ATM network.</p>	<p>✓</p>

Long term Commitment No. 8

We will continue to be a responsible lender and are committed to finding new ways to help


2011 Goals	How we did	On target
<p>> We will not provide credit limit increases if we know you are struggling to meet payments on your credit card.</p>	<p>Since making this commitment we have not increased credit limits for any customers who are struggling to meet the payments on their credit cards.</p>	<p>✓</p>
<p>> We will have a dedicated support team to look for signs that customers are falling into financial difficulty and to see what we can do to help.</p>	<p>Our dedicated team of 84 staff continue to monitor and help customers facing financial difficulty. So far this year, the team has supported 101,390 customers by offering them guidance to help reduce their debts.</p>	<p>✓</p>
<p>> We will send text messages to customers who have registered for Act Now Alerts, helping them take action to avoid current-account charges.</p>	<p>Our Act Now Alerts service helps customers to avoid unnecessary charges by giving them time to move money into their current account. So far, 714,810 customers have signed up for this service. This year alone 353,116 customers have registered and, by the end of June, we had sent them 909,251 text alerts.</p>	<p>✓</p>




 To improve the service they should notify people about the charges whenever they want.
 



NW / RBS customer



Long term Commitment No. 9

We pledge to stay open for business if we are the last bank in town and we will consider a range of options to ensure a local banking service is available

2011 Goal	How we did	On target
<p>> We will support first-time buyers by continuing to offer mortgages for up to 90% of the property's value, and by keeping offers open for up to 6 months.</p>	<p>Mortgages for first-time buyers have continued to be available throughout 2011, allowing customers to borrow up to 90% of a property's value.</p> <p>Since 14 May, we have been keeping offers open for 6 rather than 3 months. This has given first-time buyers more time to complete their purchase, as we know that buying a home can be a time-consuming and stressful process.</p> <p>Total net mortgage-lending so far this year amounts to more than £3.3bn. We have approved £809m of lending to support first-time buyers. Of this, £235m was through our 90% offer.</p>	


 I'm quite pleased they are actually listening to their customers and putting their suggestions into effect. 
NW / RBS customer

2011 Goals	How we did	On target
<p>> We will maintain banking services wherever we are the last bank in town.</p>	<p>We are providing banking services in 148 locations where we're the last bank in town. However, in one location, our landlord did not allow us to renew our lease and we have had to close. We will continue to monitor the availability of banking services across the country to ensure we fulfil this commitment.</p>	
<p>> We will continue to serve more than 300 communities with our mobile banks.</p>	<p>We have 19 mobile banks serving more than 400 communities and travelling an average of 7,000 miles every week.</p>	

 Overall, you get the sense that they care about you as a person. 
NW / RBS customer



Long term Commitment No. 10



We will provide young people with financial education through our independently accredited MoneySense programme

2011 Goal	How we did	On target
<ul style="list-style-type: none"> > We will continue to make MoneySense materials available to all schools and will teach 25,000 MoneySense lessons. 	<p>We have continued to support primary and secondary school children by providing 20,688 lessons designed to develop good money-management skills for everyday life. So far this year, we estimate that 235,005 children have benefited from these lessons. In addition, MoneySense materials are available online for all schools to use, free of charge.</p>	

Long term Commitment No. 11

We will actively support the local communities in which we live and work


2011 Goals	How we did	On target
<ul style="list-style-type: none"> > Building on the Community Fund, we will create a new initiative – CommunityForce – to support local communities by donating time, expertise and money (£3m) in 2011. 	<p>We're supporting local good causes again this year through CommunityForce – a new programme launched in July. Over the coming months we'll be working in partnership with local people and communities to support projects nominated by our customers.</p>	
<ul style="list-style-type: none"> > We will allow all our staff a day for local volunteering. We will deliver 10,000 days of community volunteer-work in 2011. 	<p>All of our staff have again been encouraged to take a day of paid leave to volunteer in their local communities. So far this year 3,644 days have been taken. Opportunities for staff to support their local communities will continue over the remainder of the year as well as the chance to support national charity fundraising events such as Children in Need in November.</p>	

 I would say their staff are a credit to the company.
NW / RBS customer 

We recruited more than 2,000 new front-line staff using our new recruitment framework, making sure Helpful Banking is central to the values of new and existing staff.


Long term Commitment No. 12



We will resolve customer complaints fairly, consistently and promptly

2011 Goal	How we did	On target
<p>> 75% of our customers will be satisfied with the way their complaint has been handled.</p>	<p>59.2% of our customers were satisfied with the way their complaint was handled. We are committed to improving the way we handle complaints, and 8,000 members of staff who deal with complaints will have received significant additional training by the end of this year. We are currently piloting a new complaints handling process, with early results suggesting satisfaction levels much closer to our target levels.</p>	

Long term Commitment No. 13

Twice a year we will publish the most common complaints and strive to address the causes

2011 Goal	How we did	On target
<p>> Twice a year we will publish the 5 most common complaints.</p>	<p>Fixing the causes of complaints remains a priority for us. We are continually reviewing the root causes of all types of complaint and developing solutions to them. We are addressing the 5 most common complaints in the following ways:</p> <p>1. Charges relating to Current Accounts We have launched a new text and email message service, Act Now Alerts, that gives customers time to move money and avoid unnecessary charges. This is in addition to the existing text service alerting customers when their balance falls to an amount they choose. Over 700,000 customers have signed up for Act Now Alerts so far. We will also continue to review our charging structure regularly, in response to customers' feedback and particularly focusing on our customer communications and our charging policies.</p>	

 They have encouraged me to manage my account better and because of that I'm now paying lower bank charges. 
NW / RBS customer

2011 Goal

How we did

2. Problems with Payment Protection Insurance (PPI)

Following the recent Judicial Review we have appointed a specialist team to address complaints about PPI. We are working carefully and quickly through all claims to ensure customers get a fair outcome within the timeframes set by the Financial Services Authority. We also have a new webpage which enables customers to lodge complaints about PPI.

3. Charges relating to credit cards

In January we introduced the option for customers to pay a fixed amount of their credit card balance by direct debit. We have introduced a 1 day grace period for payments following bank holidays, and have also extended the period for unused direct debits from 1 year to 5 years. In response to customers telling us our timescales for payments are difficult to understand we sent a payment leaflet to cardholders in July explaining payment methods, timescales and ways to avoid late fees.

2011 Goal

How we did

4. Complaints about staff knowledge



The biggest single cause of this type of complaint is that our staff are not giving customers enough information about charges and how to avoid them. We are committed to fixing this and are giving staff new information about our charging policies and about how they can help customers to manage their money better.

5. Collections processes

Customers sometimes find the repayment plans we set up difficult to understand. We have a specialist team to pinpoint reasons customers are unable to stick to their repayment plans and to help them get back on track. This team also identifies common themes and finds ways to address them. We are currently working to simplify repayment arrangements and make our letters easier to understand.

Long term Commitment No. 14

We will actively seek your thoughts and suggestions on how we can become more helpful

2011 Goals	How we did	On target
<p>› We will continue our customer listening programme to ensure that our staff, including executives, hear first hand about the needs and frustrations of our customers.</p>	<p>We've held 32 events so far this year. These have brought 153 staff, including executives, face to face with 380 customers, enabling them to gain a better understanding of their frustrations and the ways we can improve. Staff use the insight they gain from these events to improve our service. We also monitor what customers are saying about us on social media and circulate this regularly to 200 staff. In addition, we continue to run large regular surveys to understand customers' views. In the first half of the year we have heard from 139,741 customers in this way.</p>	
<p>› To ensure our commitments stay relevant, we will research them every year with a representative panel of customers.</p>	<p>We will do specific research in September to ensure the Charter continues to focus on the things that matter to customers, and we will use the results to inform the next iteration of the Charter in 2012. We know that what we really need to do now is to achieve each of our existing goals in full.</p>	

In this report “On target” means that a goal has either been achieved or that we have presented formal plans to Deloitte LLP, our assurance provider, which shows how it will be achieved by the end of the year.

You can find out more about the terms and definitions in our report at rbs.co.uk/basisofreporting2011

Deloitte LLP Assurance Statement

Independent assurance statement by Deloitte LLP ('Deloitte') to The Royal Bank of Scotland Group plc ('RBS') on the Customer Charter Interim Progress Report 2011 ('Customer Charter Report') for the 6 months ended 30 June 2011.

What we looked at: scope of assurance work

RBS has engaged us to perform limited assurance procedures on the "On Target" status of the 25 goals set out in the Customer Charter Report for RBS and NatWest Retail Bank for the period 1 January 2011 to 30 June 2011.

What we did: assurance process and standards

Engagement assurance standards

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) for carrying out assurance engagements on non-financial information.

This is a limited assurance engagement, which is designed to give a similar level of assurance to that obtained in a review of interim financial information. A limited assurance procedures engagement

excludes procedures such as testing of source data and operating effectiveness of controls and is substantially less in scope than a reasonable assurance engagement. Accordingly we do not provide reasonable assurance on those matters specified in this statement.

Assurance procedures

Limited assurance standard requires that we review the systems, processes and controls that deliver the performance data and results.

Our work consisted primarily of making inquiries of company personnel and carrying out analytical procedures and sample tests as follows:

- understanding, analysing and testing on a sample basis the collation, validation and reporting of the performance data by RBS in accordance with their definitions and basis for calculation which can be found at rbs.co.uk/basisofreporting2011; and
- reading and analysing the content of the Report against the findings of our work, industry practices and other relevant information and, as necessary, making recommendations for improvement.

What we found: our conclusions

Nothing has come to our attention that causes us to believe that the "On Target" status of the 25 Goals as set out in the Customer Charter Report 2011 which we were engaged to provide assurance on are materially misstated. The "On Target" status means that the 'how we did' description in the Customer Charter Report 2011 is a fair summary of the status of the project and a formal project plan exists, however because these plans are inherently forward looking, we cannot make a judgment on the adequacy of these at this point in time.

Roles and responsibilities

RBS's responsibilities

- The Directors are responsible for the preparation of the Customer Charter Report and for the information and statements contained within it. They are responsible for determining the Customer Charter goals, performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Deloitte's responsibilities and independence

- Our responsibility is to independently express a conclusion on the Customer Charter Report as defined within the scope of work above to Royal Bank of Scotland Group plc in accordance with our letter of engagement. Our work has been undertaken so that we might state to RBS those matters we are required to state to them in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than RBS for our work, for this statement, or for the conclusions we have formed.

Deloitte LLP
London
16 August 2011

