Interim Results 2012

13 March 2012

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Agenda

1. **Introduction – Preben Prebensen, Group Chief Executive**

2. Financial review – Jonathan Howell, Group Finance Director

3. Business update – Preben Prebensen, Group Chief Executive

4. Q&A

Introduction

First half 2012 highlights

- **Resilient performance** overall – adjusted operating **profit unchanged** on prior year at **£63 million**
- **Banking** had **another strong performance** with 27% increase in profit
- **Securities** impacted by **difficult trading conditions** for Winterflood and Seydler
- **Asset Management** continued to make **good progress on its restructuring**
- **Maintained strong funding** and **capital** position
- **Interim dividend increased 0.5p** to 14.0p

Agenda

1. Introduction – Preben Prebensen, Group Chief Executive

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3. Business update – Preben Prebensen, Group Chief Executive

4. Q&A

Financial Highlights

Resilient first half 2012 performance

£ million	First half 2012 to 31 January	First half 2011 to 31 January[1]	% change
Adjusted operating income	**261.8**	**275.0**	**(5)%**
Adjusted operating profit	**63.2**	**63.4**	**-**
Adjusted EPS	**31.9p**	**32.9p**	**(3)%**
Dividend per share	**14.0p**	**13.5p**	**4%**
Key Financial Ratios			
Operating margin	22%	23%	
Expense/income ratio	66%	64%	
Compensation ratio	38%	40%	
Return on opening equity	11%	13%	

Notes:
Adjusted operating income, operating profit and EPS exclude the effect of exceptional items, goodwill impairment and amortisation of intangible assets on acquisition
All key financial ratios exclude associate income, exceptional items, goodwill impairment and amortisation of intangible assets on acquisition and are in respect of continuing operations
[1] First half 2011 figures are in respect of continuing operations. Continuing operations excludes the operating results and loss on disposal after tax and non-controlling interests of the group's UK offshore and Cayman Islands businesses, the sales of which completed in June 2011

Income Statement

Exceptional items and tax

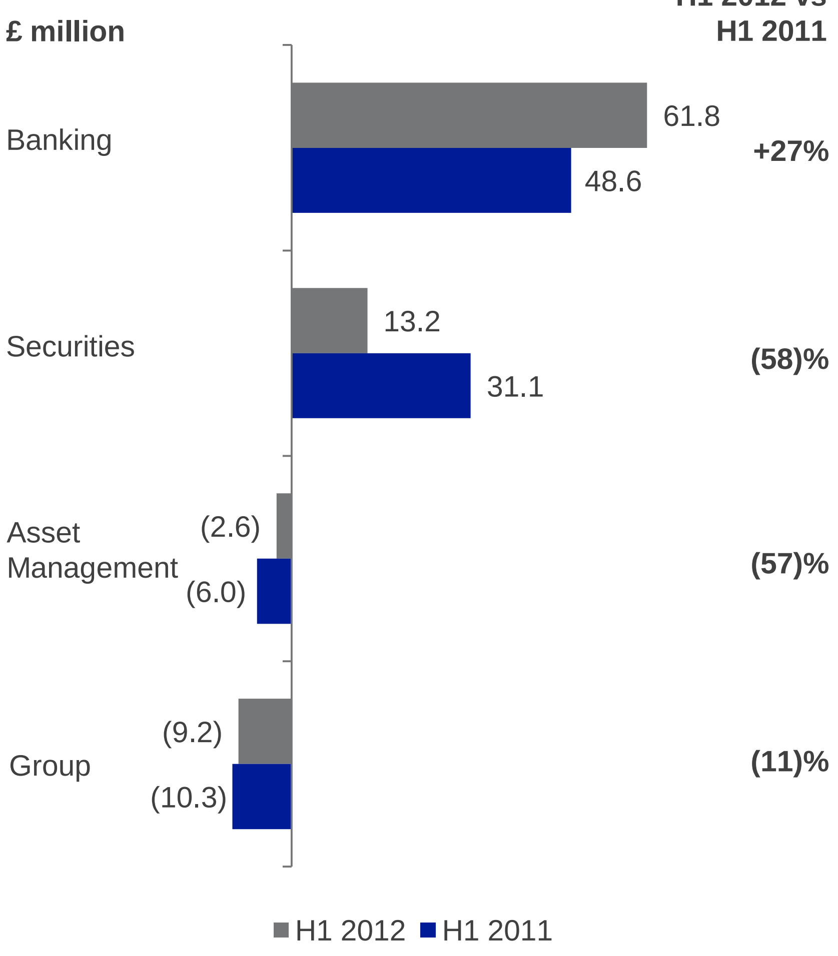
£ million	First half 2012 to 31 January	First half 2011 to 31 January[1]	% change
Exceptional items	**5.9**	**(4.5)**	
Of which:			
Partial disposal of Mako	5.9	-	
Restructuring costs[2]	-	(4.5)	
Amortisation of intangible assets on acquisition	(2.3)	(0.6)	
Profit before tax (after exceptional items)	**66.8**	**58.3**	**15%**
Tax[3]	(15.5)	(15.8)	(2)%
Basic EPS (after exceptional items)	**34.8p**	**29.4p**	**18%**

Notes:
[1] First half 2011 figures are in respect of continuing operations. Continuing operations excludes the operating results and loss on disposal after tax and non-controlling interests of the group's UK offshore and Cayman Islands businesses, the sales of which completed in June 2011
[2] Restructuring costs relating to the transformation in Asset Management
[3] The effective tax rate of 23% is lower than the UK corporation tax rate of 26% reflecting non-taxable exceptional income and the inclusion of profit after tax from the group's associate investment

Performance by division

Significant movement within the divisions

Adjusted operating profit/(loss)[1]



- Strong performance in **Banking**
  - **Very good loan book growth** of 9% in the first half at **strong margins**
  - **Improvement** in **bad debt ratio** to **1.7%**
- **Securities** impacted by **difficult market conditions**
  - **Winterflood** impacted by lack of retail investor risk appetite
  - **Seydler** made a small loss
- **Asset Management** delivered a **small loss** in the **final stages of restructuring**
  - **Private Clients AuM** increased 6% to **£6.9 billion**, of total AuM of £8.6 billion
  - **Investment largely complete**

Note:
[1] First half 2011 figures are in respect of continuing operations. Continuing operations excludes the operating results and loss on disposal after tax and non-controlling interests of the group's UK offshore and Cayman Islands businesses, the sales of which completed in 2011

Summary balance sheet

Maintained strong position whilst increasing efficiency

- **Total assets broadly stable** overall at **£6.2 billion**
  - Strong growth in **loan book** of 9% to **£3.8 billion**
  - **Reduction** of **£0.2 billion** in lower yielding **treasury assets**
- **Customer deposits** stable at **£3.2 billion**
- **Securities trading** assets and liabilities reduced slightly
- Drawn **borrowings** increased £0.1 billion to **£1.2 billion** to fund loan book growth
- **Equity** unchanged at **£0.7 billion**

Summary Balance Sheet

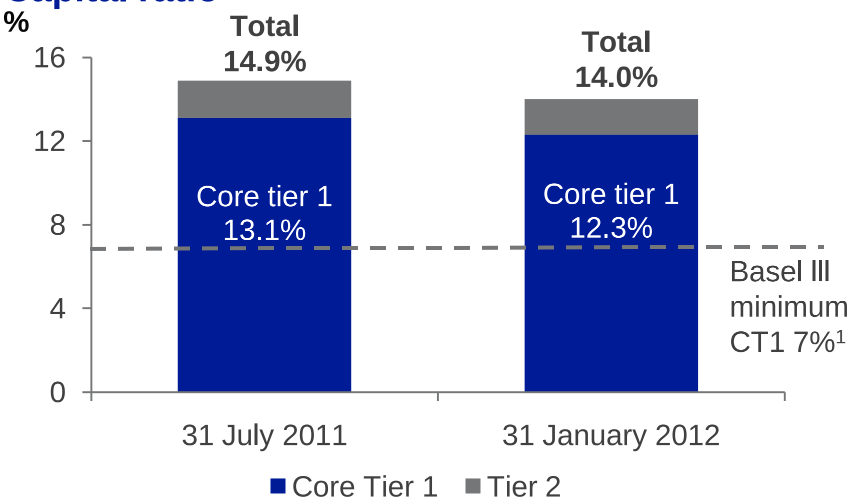
£ million	31 January 2012	31 July 2011	Change
Assets			
Treasury assets[1]	1,177	1,405	(228)
Loans and advances to customers	3,755	3,435	320
Securities assets[2]	649	707	(58)
Other[3]	593	562	31
Total assets	**6,174**	**6,109**	**65**
Liabilities			
Deposits by customers	3,183	3,171	12
Borrowings	1,235	1,126	109
Securities liabilities[4]	565	585	(20)
Other	456	499	(43)
Total liabilities	**5,439**	**5,381**	**58**
Equity	735	728	7
Total liabilities and equity	**6,174**	**6,109**	**65**

Notes:
[1] Includes gilts, certificates of deposit and floating rate notes and £488.7 million (31 July 2011: £594.5 million) cash at central banks
[2] Includes settlement balances, long trading positions and loans to money brokers
[3] Includes loans and advances to banks, intangible assets and other assets
[4] Includes settlement balances, short trading positions and loans from money brokers

Capital

Strong capital position maintained

Capital ratio



Leverage ratio²

£ million	31 January 2012	31 July 2011	% change
Core tier 1 capital	586	589	-
Total regulatory capital	667	669	-
Core tier 1 capital ratio	12.3%	13.1%	
Leverage ratio[1]	9.4%	9.5%	
Risk weighted assets	4,768	4,493	6%

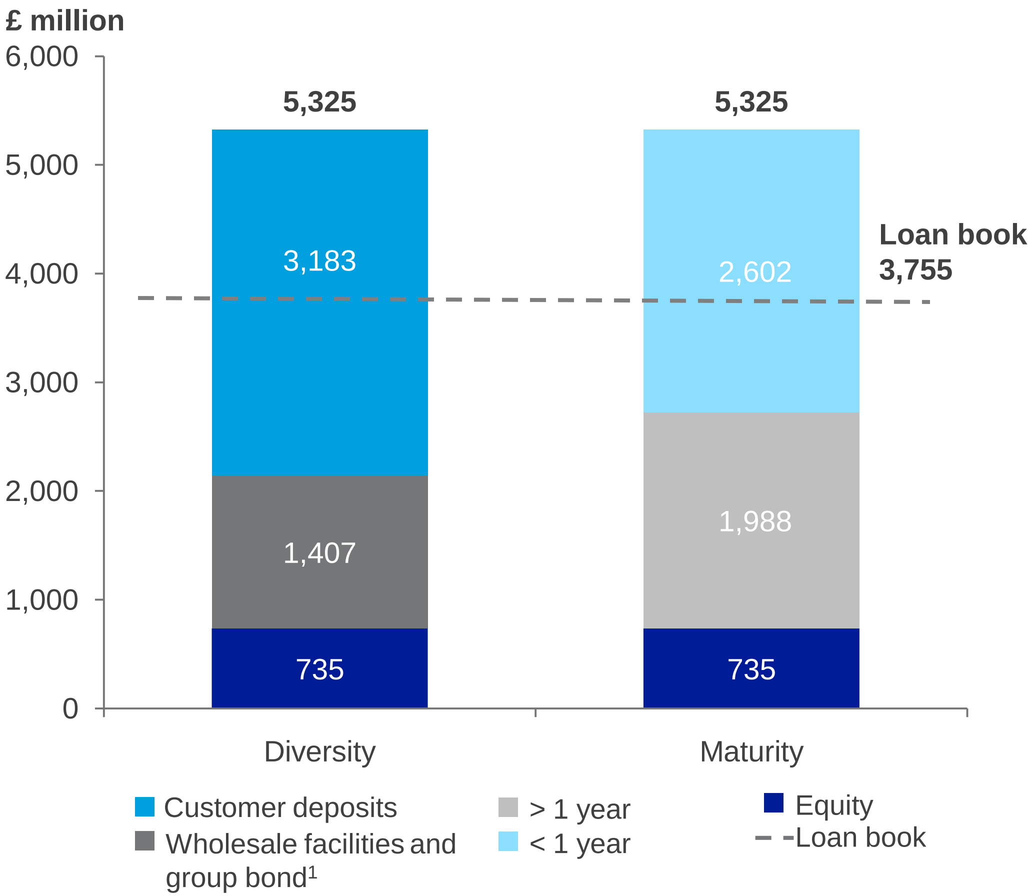
- **Strong capital position** supporting growth
  - **Core tier 1** capital ratio **12.3%** and total capital ratio 14.0%
  - **Employed capital** in **H1 – 6% increase in RWAs** due to loan book growth
- **Strong leverage ratio** of **9.4%**
- **No material impact** expected from **Basel III** or **ICB proposals**
- Group **maintains flexibility** to execute strategy

Notes:
[1] Includes proposed 2.5% capital conservation buffer
[2] Core tier 1 capital divided by total assets adjusted for intangible assets and certain off-balance sheet exposures

Funding

Strong funding position with sufficient flexibility

Funding position at 31 January 2012



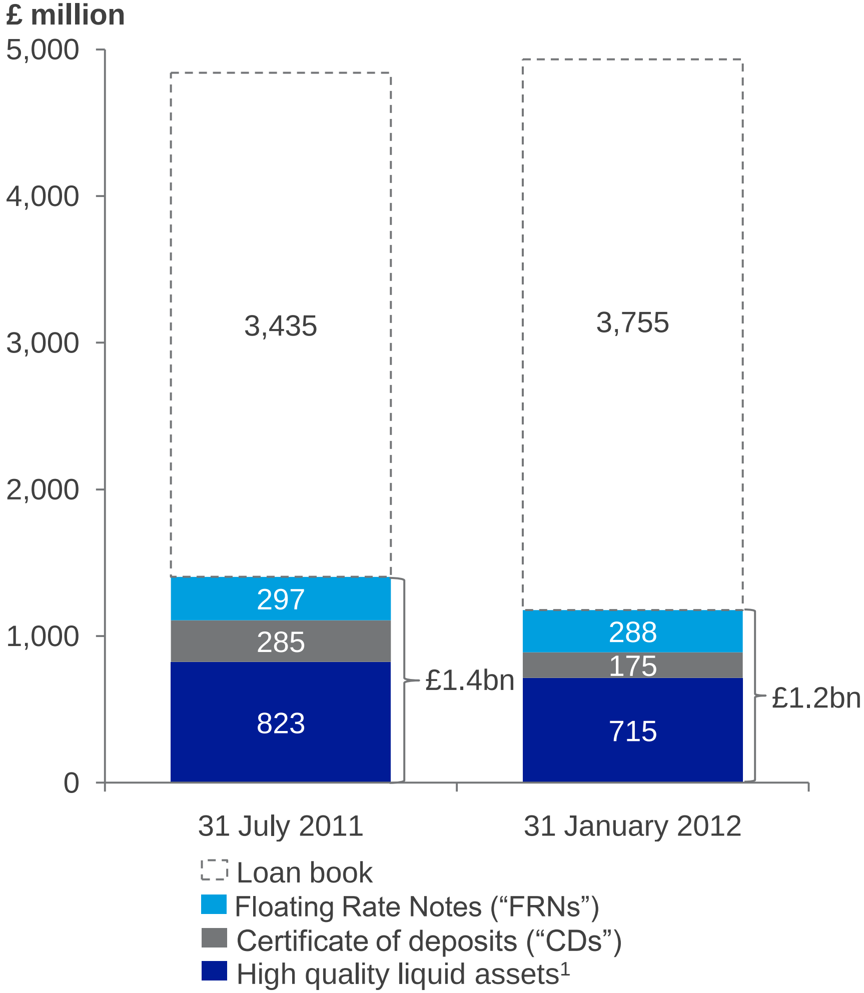
- Total funding of **£5.3 billion,** 142% of loan book
  - **Reduction of excess funding** not employed in loan book
  - **Short term funding** reduced £0.3 billion
- Maintained **prudent maturity profile, term funding[2] increased** £0.3 billion to **£2.7 billion**
  - Covers **73% of loan book**
  - Weighted average maturity[3] **29 months**
- **Maintained access to diverse sources** of funding
  - New £250 million, two year **motor finance** loan book **securitisation**
  - Raised new **term retail deposits**
  - Post balance sheet date, agreed renewal of £350 million **premium finance securitisation**

Notes:
[1] Includes £189.8 million (31 July 2011: £410.2 million) of undrawn facilities and excludes £13.9 million (31 July 2011: £32.7 million) of non-facility overdrafts included in borrowings in the group's financial statements
[2] Funding with a residual maturity > 1 year, including equity, wholesale facilities, customer deposits and group bond
[3] Excluding equity

Treasury assets and liquidity

Strong liquidity position maintained whilst maximising efficiency

Loan book and treasury assets



- Focus remains on **funding loan book** whilst **managing a prudent** and **efficient liquidity** position
- Overall **treasury assets reduced slightly** to **£1.2 billion** reflecting lower short-term funding
- **High quality liquid assets** of **£0.7 billion**
  - Bank of England deposits down £0.1 billion reflecting lower short-term cash flow requirements
- **CD portfolio** reduced to **£0.2 billion**
- **FRN** portfolio **stable** at **£0.3 billion**
  - £71 million matured post period end

Note:
[1] Includes £488.7 million (31 July 2011: £594.4 million) deposits with Bank of England and £226.1 million (31 July 2011: £228.8 million) gilts

Banking

Strong financial performance

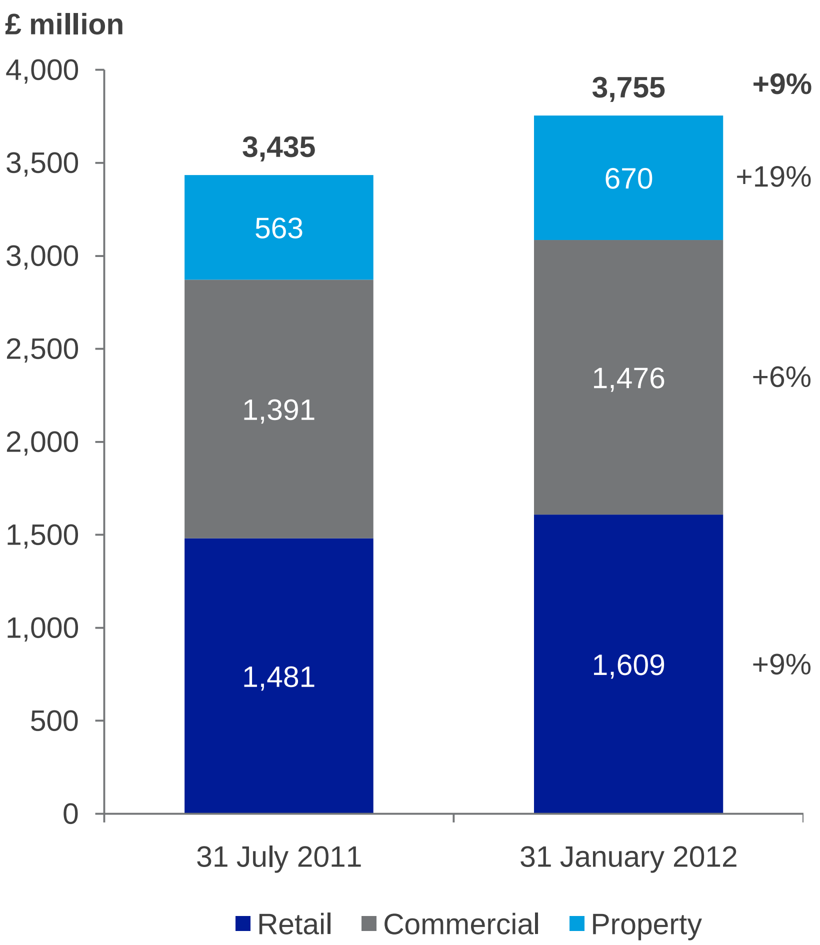
£ million	First half 2012 to 31 January	First half 2011 to 31 January	% change
Net interest and fees on loan book	172.7	151.4	14%
Treasury and other non-lending income	3.8	7.3	(48)%
Adjusted operating income	**176.5**	**158.7**	**11%**
Adjusted operating expenses	(84.8)	(72.9)	16%
Impairment losses on loans and advances	(29.9)	(37.2)	(20)%
Adjusted operating profit	**61.8**	**48.6**	**27%**
Key Financial Ratios			
Operating margin	35%	31%	
Expense/income ratio	48%	46%	
Compensation ratio	27%	27%	
Return on opening equity	20%	19%	

Note:
All key financial ratios exclude associate income, exceptional items, goodwill impairment and amortisation of intangible assets on acquisition

Banking

Strong organic loan book growth across the portfolio

Loan book size by business unit



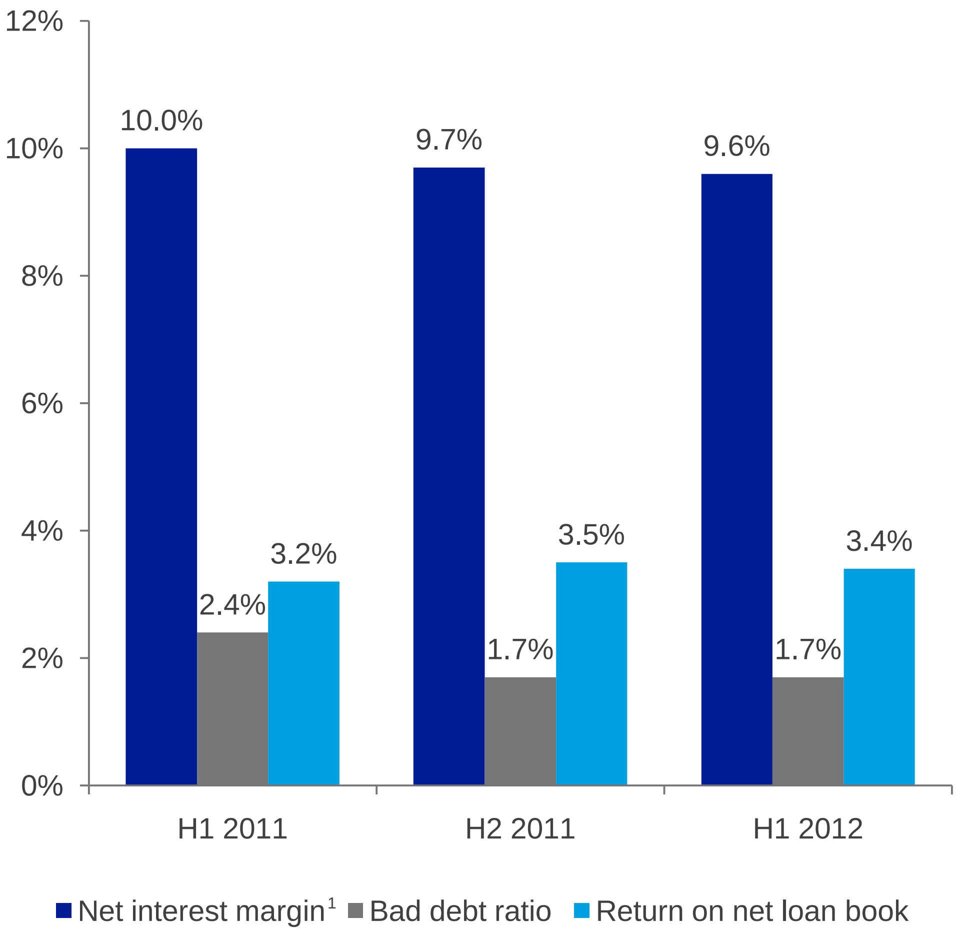
- **Loan book increased 9% to £3.8 billion**
- **Retail increased 9%**
  - **Continued strong growth in Motor finance**, benefiting from good demand in core business
  - More modest growth in **Premium finance**
- **Commercial increased 6%**
  - Strong growth in **Asset finance** from existing and new customers
  - Partly offset by a reduction in **Invoice finance**
- **Strong growth in Property** of 19%
  - **Significant demand** and benign competitive environment
  - **Focus on quality** of loan book

Note:
A full breakdown by line of business is provided in the Appendix

Banking

Key ratios consistent with historical ranges

Performance ratios



- **Net interest margin** remained **strong at 9.6%**
  - Remains close to long-term high in H1 2011
- **Bad debt ratio improved** to **1.7%**, substantially lower than H1 2011
  - **Further improvement** in **Commercial**
  - **Retail** remains at **low levels**
  - **Property reduced** from high level
- **Return on net loan book** increased to **3.4%**
  - Reflects **strength** and **consistency** of lending model

Note:
[1] Net interest and fees on average loan book

Securities

First half result reflects difficult market conditions

£ million	First half 2012 to 31 January	First half 2011 to 31 January	% change
Adjusted operating income	**51.6**	**86.7**	**(40)%**
Of which:			
Winterflood	37.6	69.1	(46)%
Seydler	8.3	16.4	(49)%
Mako	5.7	1.2	
Adjusted operating expenses	(38.4)	(55.6)	(31)%
Adjusted operating profit	**13.2**	**31.1**	**(58)%**
Key Financial Ratios			
Operating margin	16%	35%	
Expense/income ratio	84%	65%	
Compensation ratio	47%	44%	
Return on opening equity	11%	45%	

Note:
All key financial ratios exclude associate income, exceptional items, goodwill impairment and amortisation of intangible assets on acquisition

Securities

Performance by business

Adjusted operating profit/(loss) by business

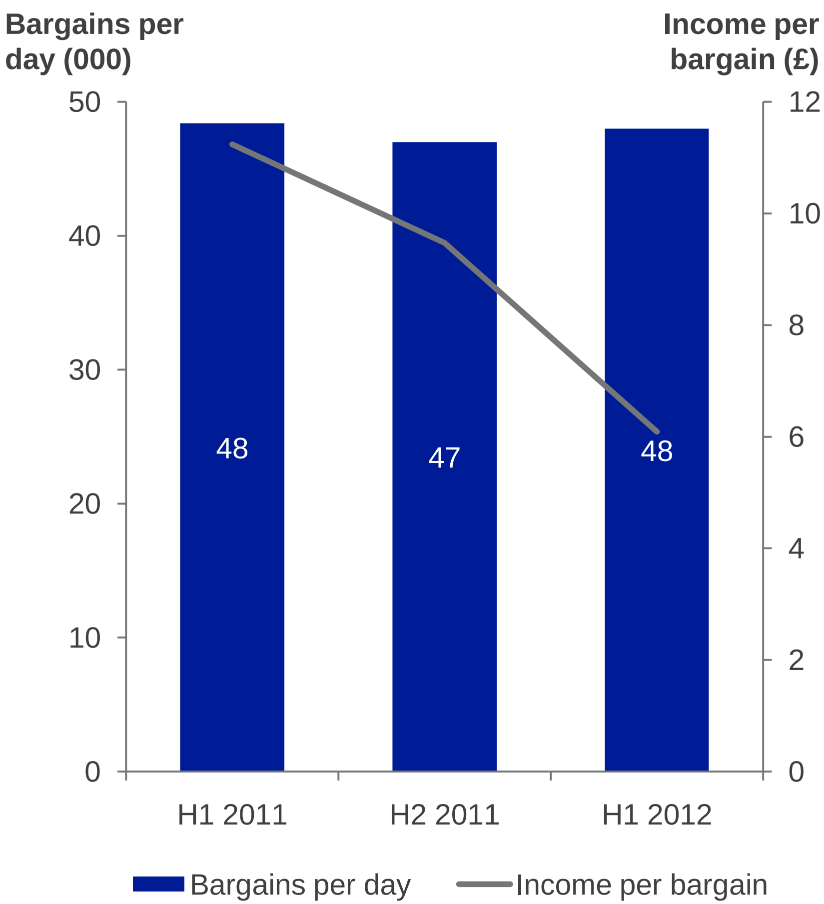
	First half 2012	First half 2011	% change
Winterflood	8.4	25.0	(66)%
Seydler	(0.9)	4.9	
Mako (associate income)	5.7	1.2	
Total	**13.2**	**31.1**	**(58)%**

- **Winterflood** adjusted operating profit **down 66%** in **difficult market conditions**
  - Maintained **market leading position**
- **Seydler** made **small loss** in the period
  - **Limited capital markets** activity
  - Difficult **trading conditions** in German equities
- **Mako** associate income increased reflecting volatility in August and September
  - **Phased sale** to the management team agreed September 2011
  - Investment reduced to 33.3% in **October 2011**

Securities

Winterflood – affected by volatile markets and reduced risk appetite

Key figures



Loss days	0	1	6

Key financial highlights

	First half 2012	First half 2011	% change
Adjusted operating income	37.6	69.1	(46)%
Adjusted operating expenses	(29.2)	(44.1)	(34)%
Adjusted operating profit	**8.4**	**25.0**	**(66)%**

- **Income reduced 46%** to **£38 million**
  - **Increased volatility** affecting trading income and **lack of retail investor risk appetite** affecting mix
  - **Income per bargain** substantially lower at £6.09
  - Average **bargains per day** in line overall at **48k**
- Demonstrated **resilience** with only **6 loss days** in turbulent markets
- **Variable cost base** provides flexibility whilst maintaining **capacity** and **market position**

Asset Management

Financial performance reflects current phase of investment

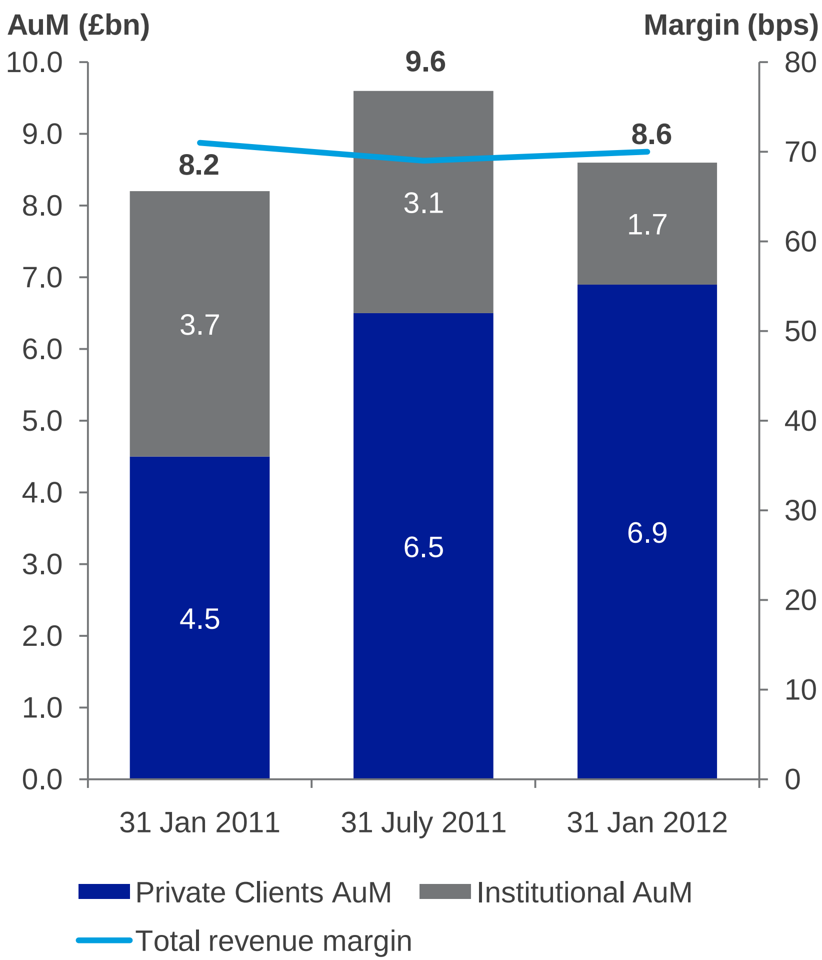
£ million	First half 2012 to 31 January	First half 2011 to 31 January[1]	% change
Management fees on AuM	31.7	26.8	**18%**
Other income	2.2	2.9	**(24)%**
Adjusted operating income	**33.9**	**29.7**	**14%**
Adjusted operating expenses	(36.5)	(35.7)	**2%**
Adjusted operating loss	**(2.6)**	**(6.0)**	**(57)%**
Key Financial Ratios			
Operating margin	(8)%	(20)%	
Expense/income ratio	108%	120%	
Compensation ratio	65%	68%	
Return on opening equity	(8)%	(12)%	

Note:
[1]First half 2011 figures are in respect of continuing operations. Continuing operations excludes the operating results and loss on disposal after tax and non-controlling interests of the group's UK offshore and Cayman Islands businesses, the sales of which completed in June 2011
All key financial ratios exclude associate income, exceptional items, goodwill impairment and amortisation of intangible assets on acquisition and are in respect of continuing operations

Asset Management

Performance overview and drivers

AuM and Revenue margin[1]



- **Overall AuM down £1.0 billion** to £8.6 billion
- **Private Clients AuM** increased 6% to £6.9 billion, now **80% of total** AuM
  - **Acquisitions** of £330 million
  - Modestly positive **net new funds** partly offset by negative **market movements**
- **Institutional AuM reduced** to £1.7 billion
  - **Planned redemption** of £1 billion mandate and closure of structured funds
- **Revenue margin broadly stable** at **70 bps**
  - Private Client revenue margin 81bps

Note:
[1] Management fees on AuM / average AuM

Outlook

Well positioned for 2012 financial year

- In **Banking** continue to see **good growth opportunities** and expect further **strong performance** in H2

- **Securities** businesses remain **well positioned –** seen early signs of **improved trading conditions** since period end

- **Asset Management** in **final stages** of restructuring – expect further **small loss** in H2

- **Market conditions remain uncertain** but businesses **remain well positioned**
  - **Confident** of a **solid performance** for **FY 2012** overall

Agenda

1. Introduction – Preben Prebensen, Group Chief Executive

2. Financial review – Jonathan Howell, Group Finance Director

3. **Business update – Preben Prebensen, Group Chief Executive**

4. Q&A

Business update

Overview

- Impact of **market conditions** on group is **mixed**
  - **Banking** growing strongly but **Securities** in cyclical downturn

- Maintaining our **established and resilient** business models
  - Banking and Securities have **long track record** in a range of market conditions
  - Building a **high quality, scaleable Private Clients business** in Asset Management

- Have **financial resources** to support our businesses
  - Prudent **funding**, **liquidity** and **capital**

- **Well positioned** to make the most of market opportunities in each division
  - **Capture growth** in Banking whilst maintaining our lending model
  - **Maintain market positions** and **maximise profits** in Securities in all market conditions
  - **Transform Asset Management** to capture significant market opportunity

Business update

Banking

- **Market conditions remain favourable** and confident of **further growth prospects**
  - 3rd consecutive year of **strong growth**
  - **Loan book** up **16% per annum** since July 2008
  - **Credit supply** remains limited and **competition** remains low
- **Investing in infrastructure** and management information for **safe, long-term growth**
  - Strengthening **credit**, **finance** and **IT**
  - Maintain **local expertise** and **integrated model**
- Strong, **distinctive business model maintained**
  - **Specialised**, **short term**, predominantly **secured**

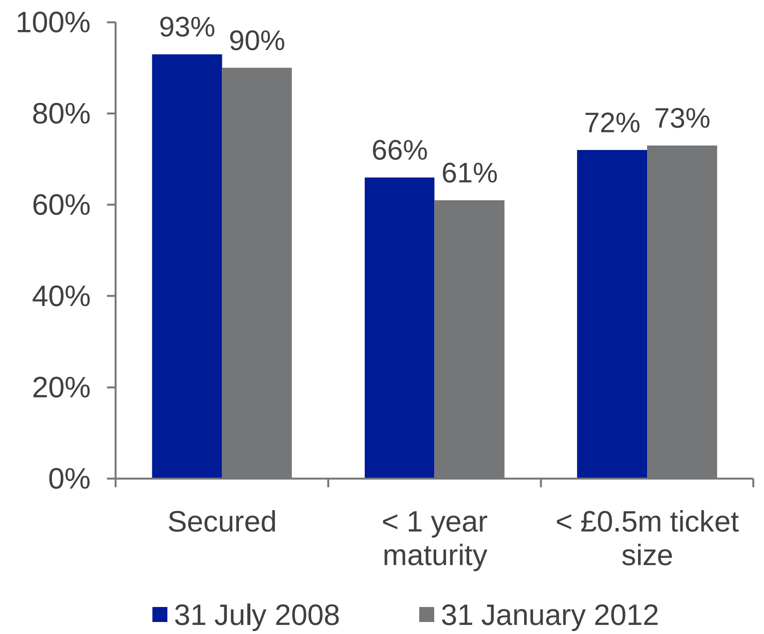
Business update

Banking – maintained resilient, profitable business model over time

- All key ratios **consistent with historical levels**
  - **Credit quality** maintained or improved
  - Overall **strong returns**

	First half 2012	10 year average
Net interest margin	9.6%	9.2%
Bad debt ratio	1.7%	1.6%
Expense/income ratio	48%	49%
Return on net loan book	3.4%	3.6%
Return on equity	20%	19%

- Overall **shape of loan book unchanged** since July 2008



- Focused on **sustainable growth** while **expanding franchises**
  - Increased customer numbers and maintained **high repeat business** levels

Business update

Securities

- **Difficult trading conditions** with **significant market dislocation**
  - **Increased volatility**, particularly August and September
  - **Low retail volumes** in September to December

- **Winterflood** affected by **reduced retail investor risk appetite**
  - AIM retail volumes down over 60% September to December

- **Seydler** impacted by **difficult market conditions** in Germany
  - **Remains well placed** for any market recovery

- **Agreed sale** of associate investment in **Mako**

Business update

Winterflood – maintained strong market position and capacity

- **Maintained leading market share** and **number 1 rank** in market-making to UK retail brokers[1] through market turmoil
- **Committed to maintaining capacity** and **leading position in UK market-making** for retail brokers
  - Over 100 skilled, experienced traders and sales force
  - Continuous provider of liquidity through the cycle
  - Order flow from 300+ UK stockbrokers and 150+ institutions
- **Flexible, highly variable cost structure**
  - Focus on core market making
- **Consistent, conservative risk appetite**
- **Remains well positioned** for any **market recovery**

Note:
[1] Measured as principal to agent volumes and value on LSE

Business update

Asset Management – significant progress on transformation

- **Exited non-core businesses** including private equity, property, UK offshore and Cayman Islands
- Built **scale** and **reach** through **acquisitions**
  - 4 acquisitions brought **£2.9 billion AuM, 88 advisers** and **3 geographical hubs**
- Substantially completed **non-recurring investment spend**
- Build of **client propositions and platform** on track and on budget
  - Common **advice proposition live** for all new clients since November 2011
  - **Platform launched** in November 2011
  - **Self directed** application in final stages of live user testing
- **Completed range** of **investment funds**, building **track record** of performance
  - **In-house discretionary** funds in **top quartile** in 2011, first full year of performance
  - **High net worth** broadly outperformed ARC benchmarks

Business update

Asset Management – well positioned to take advantage of market opportunities

- **Significant market opportunity**
  - Target market of **1.6 million** people and **£650 billion investible assets**
  - Changes in **demographics**, **regulation** and **technology** creates opportunities
- **Business model, technology** and **people** now in place
  - **Integrated proposition** of **advice, investment management** and **platform**
  - **Multi channel distribution** capabilities
  - Common advice offering **validated by clients** and **advisers**
- **Longer term focus** on **driving revenue growth**
  - Multiple **revenue streams**
  - **Transition** of **new** and **existing client base** into new propositions

Business update

Conclusion

- **Strong business models** support resilient performance
- Remain focused on **capturing growth** and **maintaining model** in **Banking**
- **Securities maintained capacity** and **market position – well positioned** for a recovery
- **Final stages** of **restructuring** in **Asset Management**

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4. **Q&A**

Interim Results 2012

13 March 2012

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Appendix

Page

Segmental analysis

Summary income statement

£ million	Banking	Securities	Asset Management	Group	Continuing operations	Discontinued operations[3]	Total
First half 2012 to 31 January							
Adjusted operating income/(expense)	176.5	51.6	33.9	(0.2)	261.8	-	261.8
Administrative expenses	(77.5)	(37.3)	(36.2)	(8.6)	(159.6)	-	(159.6)
Depreciation and amortisation	(7.3)	(1.1)	(0.3)	(0.4)	(9.1)	-	(9.1)
Impairment losses on loans and advances	(29.9)	-	-	-	(29.9)	-	(29.9)
Adjusted operating profit/(loss)	**61.8**	**13.2**	**(2.6)**	**(9.2)**	**63.2**	**-**	**63.2**
Exceptional items and other adjustments[1]	(0.2)	5.9	(2.1)	-	3.6	-	3.6
Operating profit/(loss) before tax	**61.6**	**19.1**	**(4.7)**	**(9.2)**	**66.8**	**-**	**66.8**
First half 2011 to 31 January							
Adjusted operating income/(expense)	158.7	86.7	29.7	(0.1)	275.0	19.2	294.2
Administrative expenses	(67.0)	(54.6)	(35.6)	(9.8)	(167.0)	(16.6)	(183.6)
Depreciation and amortisation	(5.9)	(1.0)	(0.1)	(0.4)	(7.4)	(0.7)	(8.1)
Impairment losses on loans and advances	(37.2)	-	-	-	(37.2)	-	(37.2)
Adjusted operating profit/(loss)	**48.6**	**31.1**	**(6.0)**	**(10.3)**	**63.4**	**1.9**	**65.3**
Loss on disposal of discontinued operations	-	-	-	-	-	(24.7)	(24.7)
Exceptional items and other adjustments[2]	(0.2)	-	(4.9)	-	(5.1)	(4.5)	(9.6)
Operating profit/(loss) before tax	**48.4**	**31.1**	**(10.9)**	**(10.3)**	**58.3**	**(27.3)**	**31.0**

Notes:
[1] Includes exceptional income on the partial sale of Mako and amortisation of intangible assets
[2] Includes restructuring costs in Asset Management as part of the transformation and amortisation of intangible assets on acquisition and goodwill impairment
[3] Discontinued operations includes the operating result and loss on disposal of the group's UK offshore and Cayman Islands businesses, the sales of which completed in June 2011

Segmental analysis

Summary balance sheet at 31 January 2012

£ million	Banking	Securities	Asset Management	Group	Total
Cash and loans and advances to banks	573.7	16.5	13.2	1.8	605.2
Settlement balances, long trading positions and loans to money brokers	-	649.1	-	-	649.1
Loans and advances to customers	3,755.1	-	-	-	3,755.1
Non trading debt securities	688.4	-	-	-	688.4
Investments in associates	-	28.6	-	-	28.6
Intangible assets	38.3	28.9	70.9	0.1	138.2
Other assets	234.9	23.2	29.6	22.0	309.7
Intercompany balances	1.0	(25.8)	-	24.8	-
Total assets	**5,291.4**	**720.5**	**113.7**	**48.7**	**6,174.3**
Settlement balances, short trading positions and loans from money brokers	-	565.4	-	-	565.4
Deposits by banks	190.4	-	-	-	190.4
Deposits by customers	3,178.1	4.4	-	-	3,182.5
Borrowings	1,033.6	2.8	-	198.3	1,234.7
Other liabilities	181.0	28.5	42.1	14.7	266.3
Intercompany balances	247.7	31.0	37.9	(316.6)	-
Total liabilities	**4,830.8**	**632.1**	**80.0**	**(103.6)**	**5,439.3**
Equity	460.6	88.4	33.7	152.3	735.0
Total liabilities and equity	**5,291.4**	**720.5**	**113.7**	**48.7**	**6,174.3**

Segmental analysis

Summary balance sheet at 31 July 2011

£ million	Banking	Securities	Asset Management	Group	Total
Cash and loans and advances to banks	668.4	24.7	15.1	1.1	709.3
Settlement balances, long trading positions and loans to money brokers	-	706.9	-	-	706.9
Loans and advances to customers	3,435.3	-	-	-	3,435.3
Non trading debt securities	810.2	-	-	-	810.2
Investments in associates	-	33.4	-	-	33.4
Intangible assets	41.1	26.3	65.5	0.2	133.1
Other assets	219.0	20.4	27.5	13.5	280.4
Intercompany balances	1.3	(23.8)	8.2	14.3	-
Total assets	**5,175.3**	**787.9**	**116.3**	**29.1**	**6,108.6**
Settlement balances, short trading positions and loans from money brokers	-	585.4	-	-	585.4
Deposits by banks	192.8	-	-	-	192.8
Deposits by customers	3,167.4	3.1	-	-	3,170.5
Borrowings	790.4	0.5	1.7	333.1	1,125.7
Other liabilities	171.5	66.8	51.3	16.3	305.9
Intercompany balances	405.7	35.3	25.2	(466.2)	-
Total liabilities	**4,727.8**	**691.1**	**78.2**	**(116.8)**	**5,380.3**
Equity	447.5	96.8	38.1	145.9	728.3
Total liabilities and equity	**5,175.3**	**787.9**	**116.3**	**29.1**	**6,108.6**

Funding maturity profile

Prudent funding maturity

£ million	Total	<3 months	3-12 months	1-2 years	2-5 years	>5 years
Loans and overdrafts from banks[1]	345	22	19	304	-	-
Debt securities in issue	798	350	-	250	-	198
Subordinated loan capital	75	-	-	-	-	75
Drawn facilities	**1,218**	**372**	**19**	**554**	**-**	**273**
Undrawn facilities	190	-	20	170	-	-
Deposits by customers	3,183	956	1,235	534	455	3
Equity	735	-	-	-	-	735
Total available funding – 31 January 2012	**5,325**	**1,328**	**1,274**	**1,258**	**455**	**1,011**
Total available funding – 31 July 2011	**5,402**	**1,319**	**1,623**	**983**	**473**	**1,004**
Movement	**(77)**	**9**	**(349)**	**275**	**(18)**	**7**

Note:
[1] Drawn facilities exclude £13.9 million (31 July 2011: £32.7 million) of non-facility overdrafts included in borrowings in the group's financial statements

Banking

Loan book and lending statistics by business

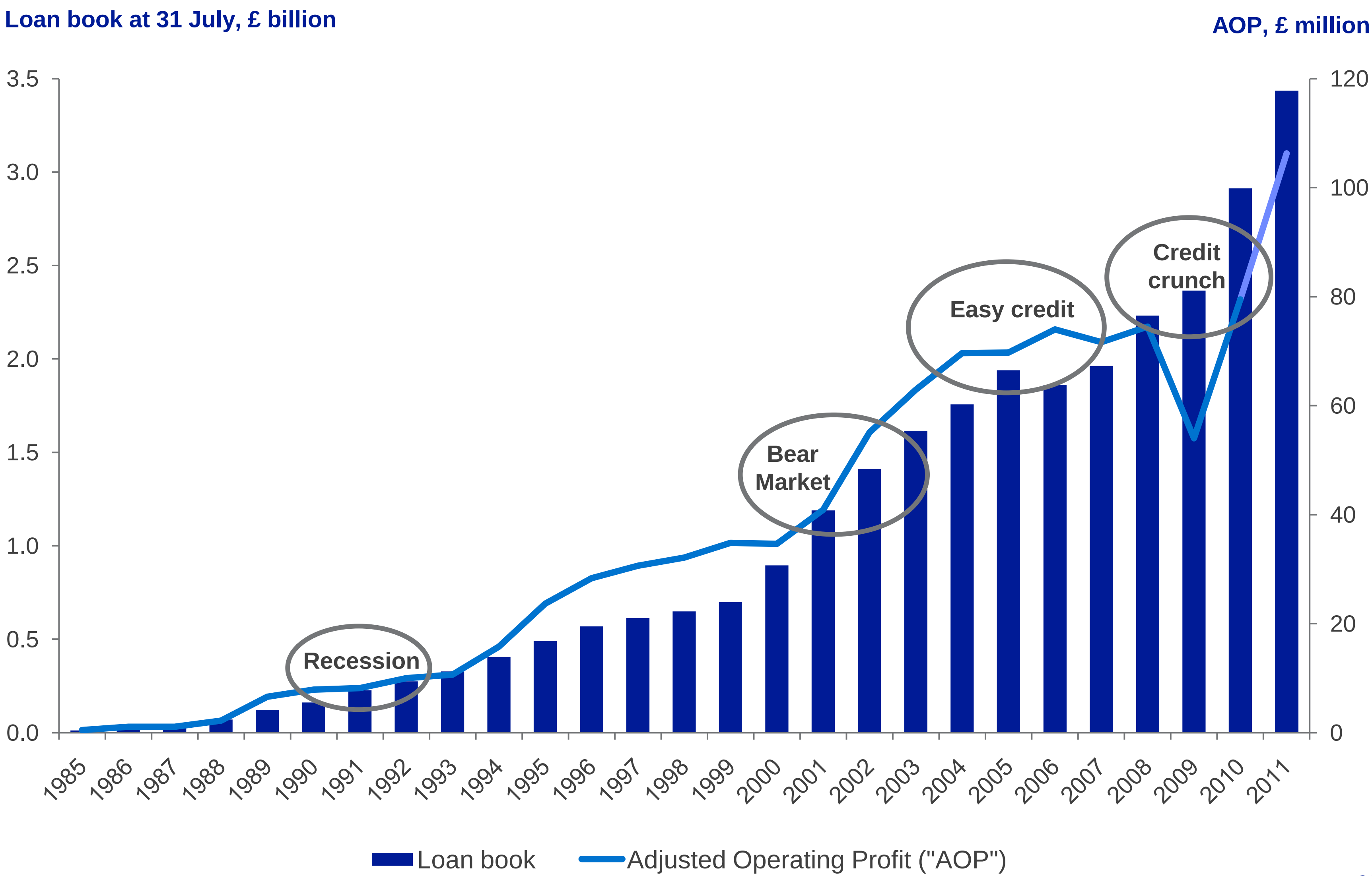
Loan book	31 January 2012 £ million	31 July 2011 £ million	% change
Retail	**1,609.1**	**1,481.5**	**9%**
Motor finance	968.2	870.8	11%
Premium finance	640.9	610.7	5%
Commercial	**1,475.8**	**1,390.7**	**6%**
Asset finance	1,198.5	1,079.2	11%
Invoice finance	277.3	311.5	(11)%
Property	**670.2**	**563.1**	**19%**
Closing loan book	**3,755.1**	**3,435.3**	**9%**

Lending statistics	Typical LTV[1]	Average loan size[2]	Typical loan maturity[3]
Motor finance	75-85%	£5.1k	2-3 yrs
Premium finance	90%	£0.6k	10 mths
Asset finance	80-85%	£33.8k	3-4 yrs
Invoice finance	80%	£240.5k	2-3 mths
Property finance	50-60%	£697.4k	6-18 mths

Notes: Lending statistic figures are for illustrative purposes only
[1] Typical LTV on new business. Motor Finance is based on the retail price of the vehicle financed. Premium finance LTV based on premium advanced
[2] At 31 January 2012
[3] Typical loan maturity for new business on a behavioural basis

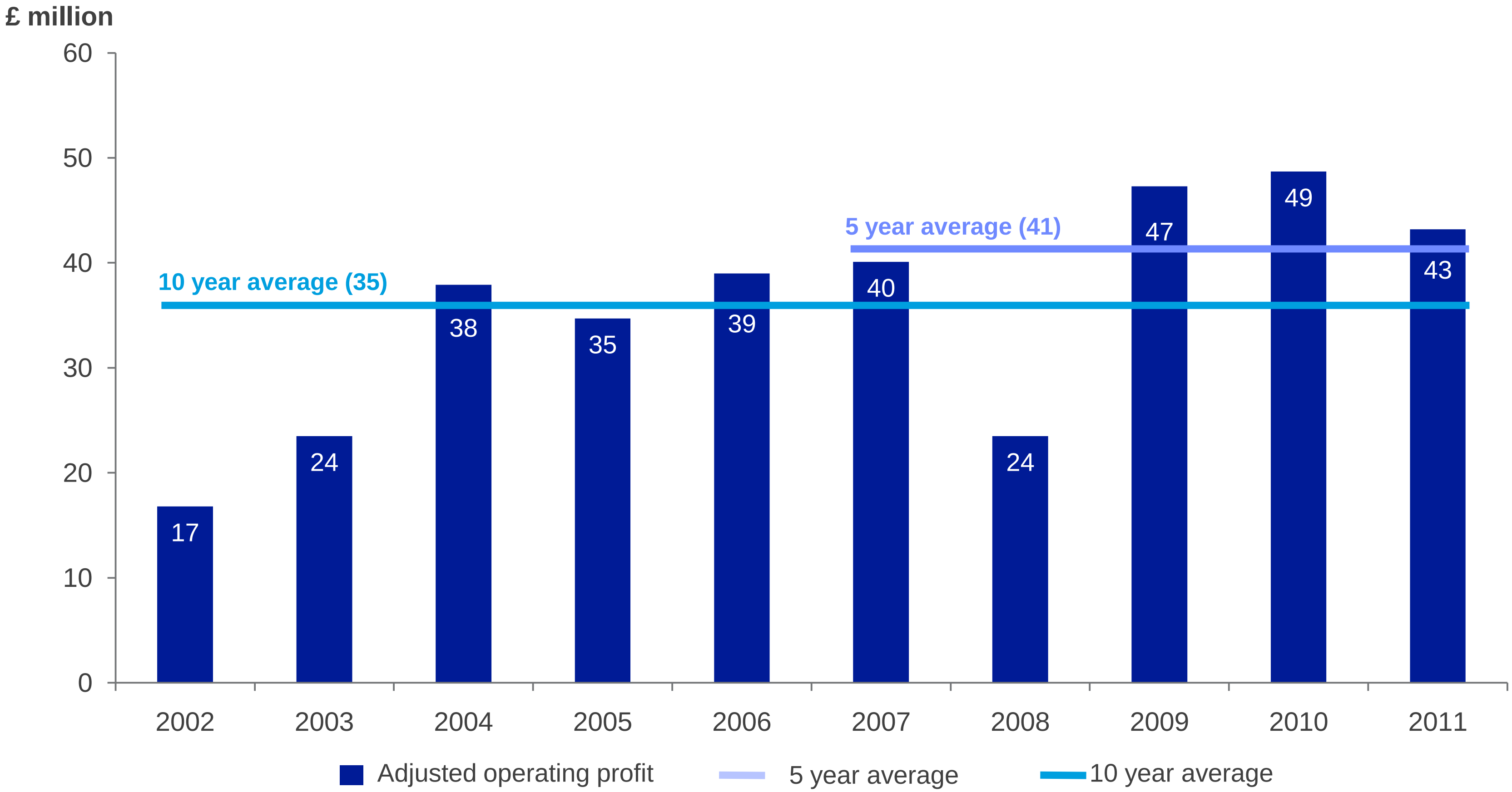
Banking

Sustainable growth throughout the cycle



Winterflood

Consistently profitable over time



Loss days	23	15	5	5	4	1	14	7	4	1

Asset Management

Significant growth in Private Client assets in line with strategy

Assets under Management

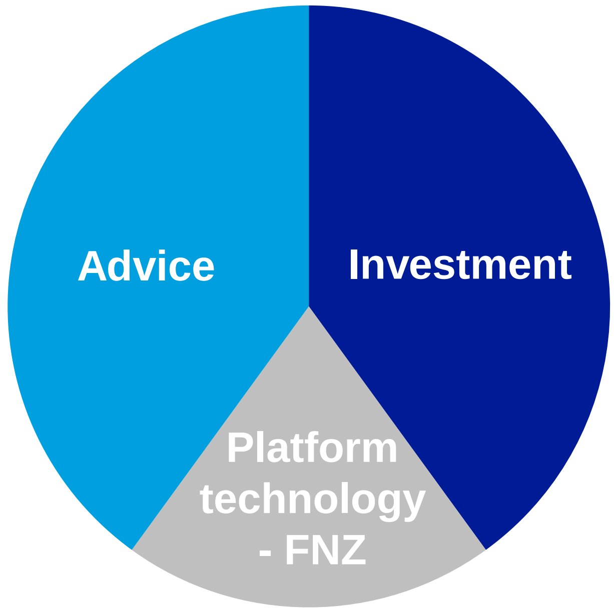
£ million	Private Clients	Institutional	Total
1 August 2011	**6,509**	**3,049**	**9,558**
New funds raised	366	131	467
Redemptions, realisations and withdrawals	(155)	(1,351)	(1,506)
Net new funds	**181**	**(1,220)**	**(1,039)**
Acquisitions	330	-	330
Market movements	(91)	(137)	(228)
31 January 2012	**6,929**	**1,692[1]**	**8,621**
% change	6%	(45)%	(10)%
Net new funds % of opening AuM	3%	(40)%	(11)%
Market movement % of opening AuM	(1)%	(4)%	(2)%

Note:
[1] Includes £343 million of AuM in respect of OLIM's property investment management business, the sale of which is expected to complete in H2 2012

Asset Management

Proposition for Private Clients

- Holistic financial planning
- 120 advisers in 11 UK offices
- High service levels – face to face, telephone and online
- Client access via CBAM website
- Integration with investment management products
- *Live since November 2011*



- Multi-asset class
- In-house and open architecture
- Range of Discretionary Funds (in-house, multi-manager and passive)
- SMAs and bespoke portfolio management
- Award-winning
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