

press release

7 August 2009

RBS downbeat despite £15m profit

- RBS warn the bank is unlikely to recover until 2011
- The Share Centre list RBS as a sell due to its lack of confidence and unclear future

This morning, Royal Bank of Scotland, 70 per cent owned by the taxpayer, reported a profit of £15m despite write-downs of £7.5bn in the first six months of the year. Nick Raynor, investment adviser at The Share Centre, comments on today's results and what they mean for investors.

"RBS' results were refreshingly honest, highlighting the £1bn net loss as "poor". The bank returned a pre-tax profit of £15m, which compares to a £726m loss over the same six-month period last year.

"Pre-credit crunch, RBS took on the world with its over-priced acquisition of ABN Amro and its European alliances. Now, with losses of £24.1bn in 2008 and huge injections of government cash, its equity is 70 per cent state owned. There may be some profit in being a government's banker, but it's scant compensation for lost dreams of grandeur.

"This morning, Stephen Hester, chief executive of RBS warned that he did not expect the bank to recover until 2011. As a result, the bank's share price dropped 15 per cent to 45 pence in early morning trading, wiping out the £1bn gain made yesterday when shares rose to 50p; the level at which the government bought the bank.

"RBS has reduced its size of its assets by 26 per cent or £574bn so far this year, resulting in thousands of job cuts and the need to sell parts of the business. Despite RBS having written off £7.5bn of bad debts this year, we continue to list RBS as a sell due to its lack of confidence and unclear future."

-- Ends --

thesharecentre:

For further information please contact:

The Share Centre
Lisa-Marie Nelson
PR Executive
01296 439 426
Lisamarie.nelson@share.co.uk

Lucy Forgan
PR Assistant
01296 439 256
Lucy.forgan@share.co.uk

Lansons Communications
Inez de Koning / Neil Gregory / Rachel Cashmore
0207 294 3623 / 0207 294 3611 / 0207 566 3663
inezd@lansons.com / neilg@lansons.com / rachelc@lansons.com

Risk Warnings:

Investing in general, and the products and services mentioned above may not be suitable for all: if in doubt, individuals should seek independent financial advice. The value of investments and the income from them can go down as well as up and investors may not get back their original investment. Past performance is not a reliable indicator of future performance.

The bases and levels of taxation relating to ISAs, CTFs and SIPP are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#)

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

The Share Centre Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority under reference 146768.

Registered in England No. 2461949. Registered office: Oxford House, Oxford Road, Aylesbury, Bucks. HP21 8SZ.