

press release

4 November 2011

Economic climate slows recovery for Royal Bank of Scotland

- Economic pressures see reduction in profitability for RBS
 - RBS is unlikely to meet 2013 return targets
- The Share Centre continues to recommend investors steer clear of RBS

As Royal Bank of Scotland (RBS) updates the market on its Q3 performance Graham Spooner, investment research analyst at The Share Centre, explains what it means for investors.

“It was no surprise to hear that RBS expects its recovery to take longer as the Eurozone debt crisis continues. This, along with a weakened UK economy, has seen a reduction in the bank’s profitability and the announcement of mixed Q3 figures. RBS doesn’t expect to meet its return targets set for 2013.

“Due to the past issues RBS has implemented restructuring plans, however the CEO expects these to be further delayed due to the current economic climate. After receiving the world’s biggest bail-out in 2008, RBS hopes to improve its financial shape by selling and running off assets it doesn’t perceive as crucial to the bank.

“Despite analysts saying some figures beat expectations we believe the outlook remains uncertain for RBS and don’t see any reason to invest in the present climate. The Share Centre has had a ‘sell’ recommendation on RBS for some time and those investors continuing to ‘hold’ must be in for the very long term, as the share price has continued to suffer since our initial recommendation.

“Investing in the banking sector is currently not for the fait-hearted and we would suggest new investors to steer clear of RBS. However, those wishing to gain exposure may want to look at Barclays or Standard Chartered.”

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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's are also available.

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