



## **RBS to Acquire Credit Card Business of People's Bank of Connecticut**

**03 February 2004**

The Royal Bank of Scotland Group plc ("RBS") has reached agreement with People's Bank to acquire its credit card business at a premium of \$360 million (£200 million), or 15.5%, to receivables.

The credit card business of People's Bank, based in Connecticut, was established in 1985, and has approximately 1.1 million customer accounts nation-wide, has around \$2.3 billion of receivable balances and employs 540 people. The People's Bank portfolio is predominantly prime and super-prime in credit quality terms.

RBS currently operates one of the largest consumer finance businesses in the world with the bulk of its operations currently based in the UK and mainland Europe.

This acquisition is an important step for RBS giving it entry to the US credit card market, the largest in the world. It gives RBS a credit card platform with card issuing capability across the whole US market and the potential to mirror the success of our Retail Direct business in the UK and Europe where we have a competitive credit card offering and a strong consumer finance business.

People's Bank already successfully sells credit cards across the US with a focus on California, Connecticut, New York, Florida, Texas and Pennsylvania, utilising the multi-brand capability of its existing platform to sell a number of different cards on behalf of its own Bank and partnerships. The existing infrastructure is scalable and enhances our range of options for growth in both brands and customer numbers. As with previous acquisitions RBS will focus on strong organic growth through the ongoing relationship with People's Bank, our Citizens customers who will be supported from this new platform, and the wider US market.

The transaction also brings with it the people and expertise to operate this business in the US.

The deal will be accretive to earnings before goodwill amortisation and integration costs in its first full year and will have minimal impact on RBS capital ratios. It is subject to regulatory approval and is expected to be complete by the end of the first quarter of 2004.

Fred Goodwin, Group Chief Executive of RBS said:

"RBS already operates one of the largest credit card platforms in Europe and this tactical acquisition of a premium credit card portfolio represents a low risk entry to the important US market positioning us well for growth.

"We have a strong track record for organic growth in our business and for innovation in the highly competitive cards market. We are confident this business offers an ideal platform for expansion in the US through existing relationships and the development of other partnerships and channels, mirroring the success we have already achieved in the UK and Europe with credit cards and consumer finance."

### **Further information:**

#### **Media:**

Carolyn McAdam - Head of Group Communications  
The Royal Bank of Scotland Group  
(w)+44 131 523 2055  
(m)+44 7796 274968

### **Investor Relations:**

Richard O'Connor - Head of Investor Relations  
The Royal Bank of Scotland Group  
(w) + 44 207 672 1763

(m) + 44 7909 873681