

# Shareholder information

## Financial calendar

### Annual General Meeting

23 April 2008 at 2.00 pm  
Edinburgh International Conference Centre,  
The Exchange, Morrison Street, Edinburgh

### Interim results

8 August 2008

### Dividends

#### Payment dates:

Ordinary shares (2007 Final)	6 June 2008
Ordinary shares (2008 Interim)	October 2008
Cumulative preference shares	30 May and 31 December 2008
Non-cumulative preference shares	31 March, 30 June, 30 September and 31 December 2008

#### Ex-dividend dates:

Ordinary shares (2007 Final)	5 March 2008
Cumulative preference shares	30 April 2008

#### Record dates:

Ordinary shares (2007 Final)	7 March 2008
Cumulative preference shares	2 May 2008

## Shareholder enquiries

Shareholdings in the company may be checked by visiting our website ([www.rbs.com/shareholder](http://www.rbs.com/shareholder)). You will need the shareholder reference number printed on your share certificate or tax voucher to gain access to this information.

### Dividend payments

The company pays its dividends in pounds sterling although shareholders may choose to receive payment in US dollars or euros.

Shareholders wishing to receive payment in either US dollars or euros should request an instruction form from the company's registrar:

Computershare Investor Services PLC  
PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ  
Telephone: 0870 702 0135  
Fax: 0870 703 6009  
Email: [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk)

Shareholders may also download an instruction form via our website ([www.rbs.com/shareholder](http://www.rbs.com/shareholder)).

Completed instruction forms must be returned to the registrar no later than 15 working days before the relevant dividend payment date.

### Braille and audio Annual Review and Summary Financial Statement

Shareholders requiring a Braille or audio version of the Annual Review and Summary Financial Statement should contact the Registrar on 0870 702 0135.

## ShareGift

The company is aware that shareholders who hold a small number of shares may be retaining these shares because dealing costs make it uneconomical to dispose of them. ShareGift, the charity share donation scheme is a free service operated by The Orr Mackintosh Foundation (registered charity 1052686) to enable shareholders to donate shares to charity.

Should you wish to donate your shares to charity in this way you should contact ShareGift for further information:

ShareGift, The Orr Mackintosh Foundation,  
17 Carlton House Terrace, London SW1Y 5AH  
Tel: 020 7930 3737  
[www.ShareGift.org](http://www.ShareGift.org)

Donating your shares in this way will not give rise to either a gain or a loss for UK capital gains tax purposes and you may be able to reclaim UK income tax on gifted shares. Further information can be obtained from HM Revenue & Customs.

### Capital gains tax

For shareholders who held RBS ordinary shares at 31 March 1982, the market value of one ordinary share held was 103p. After adjusting for the 1 March 1985 rights issue, the 1 September 1989 capitalisation issue, the bonus issue of Additional Value Shares on 12 July 2000 and the bonus issue of ordinary shares on 8 May 2007, the adjusted 31 March 1982 base value of one ordinary share held currently is 15.4p.

For shareholders who held NatWest ordinary shares at 31 March 1982, the market value of one ordinary share held was 28.39p for shareholders who accepted the basic terms of the RBS offer. This takes account of the August 1984 and June 1986 rights issues and the June 1989 bonus issue of NatWest ordinary shares as well as the subsequent issue of Additional Value Shares and the bonus issue of ordinary shares on 8 May 2007.

When disposing of shares, shareholders are also entitled to indexation allowance (to April 1998 only in the case of individuals and non-corporate holders), which is calculated on the 31 March 1982 value, on the cost of subsequent purchases from the date of purchase and on the subscription for rights from the date of that payment. Further adjustments must be made where a shareholder has chosen to receive shares instead of cash for dividends. Individuals and non-corporate shareholders may also be entitled to some taper relief to reduce the amount of any chargeable gain on disposal of shares.

It was announced in the Pre-Budget Report on 9 October 2007 that the capital gains tax treatment for individuals will change for disposals made on or after 6 April 2008. There will be a single rate of capital gains tax set at 18%. Indexation allowance and taper relief will no longer be available and for assets held on 31 March 1982, the market value of the asset on that date will automatically be used for the purpose of calculating the gain or loss arising on a disposal.

**The information set out above is intended as a general guide only and is based on current United Kingdom legislation and HM Revenue & Customs practice as at this date. This information deals only with the position of individual shareholders who are resident in the United Kingdom for tax purposes, who are the beneficial owners of their shares and who hold their shares as an investment. It does not deal with the position of shareholders other than individual shareholders, shareholders who are resident outside the United Kingdom for tax purposes or certain types of shareholders, such as dealers in securities.**

## Shareholder information continued

### Analyses of ordinary shareholders at 31 December 2007

	Shareholdings	Number of shares – millions	%
Individuals	174,438	693.7	6.9
Banks and nominee companies	25,434	8,898.1	88.9
Investment trusts	172	4.3	0.1
Insurance companies	329	5.1	0.1
Other companies	2,148	321.6	3.2
Pension trusts	45	32.7	0.3
Other corporate bodies	94	50.7	0.5
	<b>202,660</b>	<b>10,006.2</b>	<b>100.00</b>
Range of shareholdings:			
1 – 1,000	84,387	34.5	0.3
1,001 – 10,000	99,951	336.1	3.4
10,001 – 100,000	16,400	351.8	3.5
100,001 – 1,000,000	1,202	420.8	4.2
1,000,001 – 10,000,000	569	1,853.4	18.5
10,000,001 and over	151	7,009.6	70.1
	<b>202,660</b>	<b>10,006.2</b>	<b>100.00</b>

## Trading market

### Non-cumulative dollar preference shares

On 26 March 1997, 8 February 1999, 30 September 2004, 26 August 2004, 19 May 2005, 9 November 2005, 25 May 2006, 27 December 2006, 28 June 2007, 27 September 2007 and 4 October 2007 the company issued the following American Depositary Shares (“ADSs”) representing non-cumulative dollar preference shares of the company, in the United States, which were outstanding at 31 December 2007:

8,000,000 Series F (“Series F ADSs”) representing 8,000,000 non-cumulative dollar preference shares, Series F;

12,000,000 Series H (“Series H ADSs”) representing 12,000,000 non-cumulative dollar preference shares, Series H;

34,000,000 Series L (“Series L ADSs”) representing 34,000,000 non-cumulative dollar preference shares, Series L;

37,000,000 Series M (“Series M ADSs”) representing 37,000,000 non-cumulative dollar preference shares, Series M;

40,000,000 Series N (“Series N ADSs”) representing 40,000,000 non-cumulative dollar preference shares, Series N;

22,000,000 Series P (“Series P ADSs”) representing 22,000,000 non-cumulative dollar preference shares, Series P;

27,000,000 Series Q (“Series Q ADSs”) representing 27,000,000 non-cumulative dollar preference shares, Series Q;

26,000,000 Series R (“Series R ADSs”) representing 26,000,000 non-cumulative dollar preference shares, Series R;

38,000,000 Series S (“Series S ADSs”) representing 38,000,000 non-cumulative dollar preference shares, Series S;

64,000,000 Series T (“Series T ADSs”) representing 64,000,000 non-cumulative dollar preference shares, Series T; and

15,000 Series U (“Series U ADSs”) representing 15,000 non-cumulative dollar preference shares, Series U.

Each of the respective ADSs set out above represents the right to receive one corresponding preference share, and is evidenced by an American Depositary Receipt (“ADR”) and is listed on the New York Stock Exchange, a subsidiary of NYSE Euronext (“NYSE”).

The ADRs evidencing the ADSs above were issued pursuant to Deposit Agreements, among the company, The Bank of New York, as depository, and all holders from time-to-time of ADRs issued thereunder. Currently, there is no non-United States trading market for any of the non-cumulative dollar preference shares. All of the non-cumulative dollar preference shares are held by the depository, as custodian, in bearer form.

In January 2007, the company redeemed the 8 million Series E non-cumulative preference shares of US\$0.01 each, the 10 million Series G non-cumulative preference shares of US\$0.01 each and the 16 million Series K non-cumulative preference shares of US\$0.01 each.

At 31 December 2007, there were 100 registered shareholders of Series F ADSs, 63 registered shareholders of Series H ADSs, 25 registered shareholders of Series L ADSs, 1 registered shareholder of Series M ADSs, 47 registered shareholders of Series N ADSs, 55 registered shareholders of Series P ADSs, 17 registered shareholders of Series Q ADSs, 1 registered shareholder of Series R ADSs, 1 registered shareholder of Series S ADSs, 23 registered shareholders of Series T ADSs and 1 registered shareholder of Series U ADSs.

### PROs

On 20 August 2001, the company issued US\$1.2 billion of perpetual regulatory tier one securities (‘PROs’) in connection with a public offering in the United States. The PROs are listed on the NYSE.

### ADSs representing ordinary shares

On 17 October 2007, the company listed ADSs, each representing one ordinary share, nominal value 25p each (or a right to receive one ordinary share), and evidenced by an ADR or uncertificated securities, on the NYSE. On the same day, trading commenced on a ‘when issued’ basis and on 18 October 2007, regular trading commenced. As of 31 December 2007, 62.9 million ADSs were outstanding. The ADSs were issued in connection with the company’s bid for the outstanding share capital of ABN AMRO Holding N.V.

The ADSs described in the above paragraph were issued pursuant to a Deposit Agreement, among the company, The Bank of New York Mellon, as depository, and all owners and holders from time to time of ADSs issued thereunder. The ordinary shares of the company are listed and traded on the London Stock Exchange. All ordinary shares are deposited with the principal London office of The Bank of New York Mellon, as custodian for the depository.

## Shareholder information continued

The following table shows, for the periods indicated, the high and low sales prices for each of the outstanding ADSs representing non-cumulative dollar preference shares and PROs, as reported on the NYSE composite tape:

Figures in US\$		Series F ADSs	Series H ADSs	Series L ADSs	Series M ADSs	Series N ADSs	Series P ADSs	Series Q ADSs	Series R ADSs	Series S ADSs	Series T ADSs	Series U ADSs	PROs (1)
<b>By month</b>													
January 2008	High	25.55	25.15	22.20	24.12	24.00	23.85	24.83	23.52	24.66	25.50	105.61	107.55
	Low	24.50	24.21	18.80	20.88	20.54	20.10	21.80	19.90	21.39	24.00	101.72	104.13
December 2007	High	25.54	25.10	20.66	22.44	22.12	21.99	23.69	21.50	22.75	25.22	102.81	106.64
	Low	23.60	22.70	17.90	19.68	19.50	19.25	20.71	18.96	20.26	22.61	98.34	100.49
November 2007	High	25.75	25.25	20.89	23.01	22.81	22.60	24.52	21.93	23.30	25.25	104.94	109.95
	Low	25.25	22.77	18.44	20.19	20.14	19.94	21.30	19.44	20.73	23.35	101.16	103.08
October 2007	High	25.85	25.50	21.34	23.23	23.10	22.89	24.80	22.54	24.11	25.48	107.98	109.95
	Low	25.25	24.98	20.76	22.57	22.50	22.21	24.26	21.78	23.52	25.00	103.43	105.90
September 2007	High	25.60	25.60	21.98	23.98	23.82	23.37	25.03	22.85	24.49	25.10	—	112.14
	Low	25.25	24.95	20.67	22.22	21.98	21.76	23.49	21.20	22.77	24.95	—	104.94
August 2007	High	25.90	25.52	21.91	24.54	23.87	23.49	25.24	23.25	25.20	—	—	111.88
	Low	25.34	25.00	20.30	22.90	22.93	22.45	24.20	21.76	23.22	—	—	108.28
<b>By quarter</b>													
2007: Fourth quarter	High	25.85	25.50	21.34	23.23	23.10	22.89	24.80	22.54	24.11	25.48	107.98	109.95
	Low	23.60	22.70	17.90	19.68	19.50	19.25	20.71	18.96	20.26	22.61	98.34	100.49
2007: Third quarter	High	26.23	25.60	22.23	24.60	24.30	24.14	25.88	23.55	25.20	25.10	—	112.88
	Low	25.25	24.95	20.30	22.22	21.98	21.76	23.49	21.20	22.77	24.95	—	104.94
2007: Second quarter	High	26.50	25.78	24.36	25.88	25.67	25.78	26.40	25.35	25.00	—	—	118.15
	Low	25.39	25.10	21.80	24.10	23.81	23.51	24.95	23.30	24.75	—	—	110.17
2007: First quarter	High	25.76	25.85	24.75	25.99	25.75	25.83	26.91	25.50	—	—	—	122.07
	Low	25.26	25.21	24.02	25.50	25.35	25.25	26.08	24.79	—	—	—	115.81
2006: Fourth quarter	High	26.73	25.95	24.62	26.08	25.96	26.07	26.76	—	—	—	—	121.54
	Low	25.29	25.17	23.80	25.23	25.21	24.91	25.97	—	—	—	—	114.47
2006: Third quarter	High	26.91	25.75	24.08	25.44	25.30	25.33	26.24	—	—	—	—	117.81
	Low	25.58	25.16	21.71	24.05	23.69	23.64	25.08	—	—	—	—	106.96
2006: Second quarter	High	26.07	25.49	23.39	25.03	25.04	24.70	25.55	—	—	—	—	114.90
	Low	25.45	25.01	21.15	23.58	23.32	22.76	24.67	—	—	—	—	106.06
2006: First quarter	High	27.25	25.78	24.50	25.62	25.60	25.35	—	—	—	—	—	122.23
	Low	25.72	25.25	23.09	25.08	25.10	24.72	—	—	—	—	—	114.75
<b>By year</b>													
2007	High	26.50	25.85	24.75	25.99	25.75	25.83	26.91	25.50	25.20	25.48	107.98	122.07
	Low	23.60	22.70	17.90	19.68	19.50	19.25	20.71	18.96	20.26	22.61	98.34	100.49
2006	High	27.25	25.95	24.62	26.08	25.96	26.07	26.76	—	—	—	—	122.23
	Low	25.29	25.01	21.15	23.58	23.32	22.76	24.67	—	—	—	—	106.06
2005	High	28.00	26.19	24.99	26.75	26.23	25.50	—	—	—	—	—	129.57
	Low	26.02	25.20	22.67	24.77	24.70	24.60	—	—	—	—	—	116.70
2004	High	28.45	25.87	24.68	26.16	—	—	—	—	—	—	—	125.14
	Low	25.65	24.45	23.51	25.13	—	—	—	—	—	—	—	110.58
2003	High	29.05	26.40	—	—	—	—	—	—	—	—	—	130.78
	Low	27.03	25.10	—	—	—	—	—	—	—	—	—	111.06

Note:

(1) Price quoted as a % of US\$1,000 nominal.

### Ordinary shares

The following table shows, for the periods indicated, the high and low sales prices for the company's ordinary shares on the London Stock Exchange, as derived from the Daily Office List of the UK Listing Authority:

Figures in £	Ordinary shares	Figures in £	Ordinary shares	Figures in £	Ordinary shares
<b>By month</b>		<b>By quarter</b>		<b>By year</b>	
January 2008	High 4.4250 Low 3.4275	2007: Fourth quarter	High 5.6950 Low 3.9725	2007	High 7.1900 Low 3.9725
December 2007	High 4.9000 Low 4.2425	2007: Third quarter	High 6.4250 Low 5.0850	2006	High 6.6600 Low 5.5600
November 2007	High 4.9875 Low 3.9725	2007: Second quarter	High 6.9000 Low 6.2300	2005	High 6.1000 Low 5.0700
October 2007	High 5.6950 Low 5.0200	2007: First quarter	High 7.1900 Low 6.5100	2004	High 5.8700 Low 4.8800
September 2007	High 5.8350 Low 5.0850	2006: Fourth quarter	High 6.6600 Low 6.0800	2003	High 5.9300 Low 4.1200
August 2007	High 5.9900 Low 5.4300	2006: Third quarter	High 6.1200 Low 5.5600		
		2006: Second quarter	High 6.2500 Low 5.5900		
		2006: First quarter	High 6.4400 Low 5.6700		

On 26 February 2008, the closing price of shares on the London Stock Exchange was £4.135, equivalent to \$8.17 per share translated at the Noon Buying Rate of \$1.9747 per £1.00 on 26 February 2008.

### ADSs

The following table shows, for the periods indicated, the high and low sales prices for the company's ordinary ADSs, as reported on the NYSE composite tape:

Figures in US\$	ADSs	Figures in US\$	ADSs	Figures in US\$	ADSs
<b>By month</b>		<b>By quarter</b>		<b>By year</b>	
January 2008	High 8.90 Low 7.50	2007: Fourth quarter	High 11.30 Low 8.43	2007	High 11.30 Low 8.43
December 2007	High 10.26 Low 8.64				
November 2007	High 10.58 Low 8.43				
October 2007	High 11.30 Low 10.50				

On 26 February 2008, the closing price of ordinary ADSs on the New York Stock Exchange was \$8.34.

# Shareholder information continued

## Dividend history

### Preference and other non-equity dividends

Amount per share	2007		2006		2005		2004	2003
	Subordinated liabilities	Equity	Subordinated liabilities	Equity	Subordinated liabilities	Equity		
	\$	£	\$	£	£	£	£	£
Non-cumulative preference shares of US\$0.01								
– Series B (redeemed January 2003)	—	—			—	—	—	0.13
– Series C (redeemed January 2003)	—	—			—	—	—	0.11
– Series D (redeemed March 2006)	—	—			0.21	1.13	1.11	1.23
– Series E (redeemed January 2007)	0.08	0.04			1.10	1.12	1.10	1.21
– Series F	1.91	0.96			1.03	1.06	1.04	1.15
– Series G (redeemed January 2007)	0.08	0.04			1.00	1.02	1.00	1.11
– Series H	1.81	0.91			0.98	1.00	0.98	1.09
– Series I (redeemed March 2006)	—	—			0.20	1.10	1.08	1.20
– Series J (redeemed November 2005)	—	—			—	1.06	1.15	1.27
– Series K (redeemed January 2007)	0.08	0.04			1.06	1.09	1.07	1.18
– Series L	1.44	0.72			0.78	0.79	0.19	—
– Series M			1.60	0.80		0.87	0.88	0.30
– Series N			1.59	0.79		0.86	0.55	—
– Series P			1.56	0.78		0.85	0.13	—
– Series Q			1.69	0.84		0.53	—	—
– Series R			1.54	0.77		—	—	—
– Series S (issued June 2007)			0.83	0.41		—	—	—
– Series T (issued September 2007)			0.47	0.23		—	—	—
Non-cumulative convertible preference shares of US\$0.01								
– Series 1	91.18	45.58			50.26	50.33	49.05	54.89
– Series 2 (redeemed March 2005)	—	—			—	11.60	47.43	53.08
– Series 3 (redeemed December 2005)	—	—			—	43.03	41.74	45.57
Non-cumulative convertible preference shares of €0.01								
– Series 1 (redeemed March 2005)	—	—			—	11.54	44.19	49.58
Non-cumulative preference shares of €0.01								
– Series 1			79.43	39.63		37.18	41.14	3.45
– Series 2			71.19	35.52		36.22	—	—
Non-cumulative convertible preference shares of £0.01								
– Series 1	148.06	73.87			73.87	73.87	73.87	73.87
Additional Value Shares of £1	—	—			—	—	—	0.55

### Ordinary dividends

Ordinary dividends per share for prior years in the table below have been restated for the effect of the bonus issue of ordinary shares in May 2007.

Amount per share and American Depositary Shares (1)	2007		2006	2005	2004	2003
	cents	pence	pence	pence	pence	pence
Interim	20.1	10.1	8.1	6.5	5.6	4.9
Final (2)	45.8	23.1	22.1	17.7	13.7	11.9
Total dividends on equity shares	65.9	33.2	30.2	24.2	19.3	16.8

Notes:

(1) Each American Depositary Share represents one ordinary share. The historical amounts listed in the table apply to the ordinary shares, as the American Depositary Shares were not issued until October 2007 as described above under Trading Market.

(2) 2007 final dividends are proposed.

For further information, see Notes 6 and 7 on the accounts.

### Taxation for US Holders

The following discussion summarises certain US federal and UK tax consequences of the acquisition, ownership and disposition of ordinary shares, non-cumulative dollar preference shares, ADSs representing ordinary shares ("ordinary ADSs"), ADSs representing non-cumulative dollar preference shares ("preference ADSs") or PROs by a beneficial owner that is a citizen or resident of the United States or that otherwise will be subject to US federal income tax on a net income basis in respect of the ordinary shares, non-cumulative dollar preference shares, ordinary ADSs, preference ADSs or PROs (a "US Holder"). This summary assumes that a US Holder is holding ordinary shares, non-cumulative dollar preference shares, ordinary ADSs, preference ADSs or PROs, as applicable, as capital assets. This summary does not address the tax consequences to a US Holder (i) that is resident (or, in the case of an individual, ordinarily resident) in the UK for UK tax purposes or (ii) generally, that is a corporation which alone or together with one or more associated companies, controls, directly or indirectly, 10% or more of the voting stock of the company.

The statements and practices set forth below regarding US and UK tax laws, including the US/UK double taxation convention relating to income and capital gains which entered into force on 31 March 2003 (the "Treaty"), and the US/UK double taxation convention relating to estate and gift taxes (the "Estate Tax Treaty"), are based on those laws and practices as in force and as applied in practice on the date of this Report. This summary is not exhaustive of all possible tax considerations and holders are advised to satisfy themselves as to the overall tax consequences, including specifically the consequences under US federal, state, local and other laws, and possible changes in taxation law, of the acquisition, ownership and disposition of ordinary shares, non-cumulative dollar preference shares, ordinary ADSs, preference ADSs or PROs by consulting their own tax advisers.

The following discussion assumes that the Company is not, and will not become, a passive foreign investment company ('PFIC') – see 'Passive Foreign Investment Company Considerations' on page 246.

### Ordinary shares, preference shares, ordinary ADSs and preference ADSs

#### Taxation of dividends

For the purposes of the Treaty, the Estate Tax Treaty and the US Internal Revenue Code of 1986, as amended (the "Code"), US Holders of ordinary ADSs and preference ADSs should be treated as owners of the ordinary shares and the non-cumulative dollar preference shares underlying such ADSs.

The US Treasury has expressed concerns that parties to whom ADSs are pre-released or intermediaries in the chain of ownership between US Holders and the issuer of the security underlying the ADSs may be taking actions that are inconsistent with the claiming of foreign tax credits for US Holders of ADSs. Such actions would also be inconsistent with the claiming of the reduced rate of tax applicable to dividends received by certain non-corporate US Holders. Accordingly, availability of the reduced tax rate for dividends received by certain non-corporate US Holders of ordinary ADSs could be affected by actions taken by such parties or intermediaries.

The company is not required to withhold UK tax at source from dividend payments it makes or from any amount (including any amounts in respect of accrued dividends) distributed by the company. US Holders who are not resident or ordinarily resident in the UK and who do not carry on a trade, profession or vocation in the UK through a branch, agency or permanent establishment in connection with which their ordinary shares, non-cumulative preference shares, ordinary ADSs or preference ADSs are held used or acquired will not be subject to UK tax in respect of any dividends received on the relevant shares or ADSs.

Distributions by the company will constitute foreign source dividend income for US federal income tax purposes to the extent paid out of the current or accumulated earnings and profits of the company, as determined for US federal income tax purposes. Because the company does not maintain calculations of its earnings and profits under US federal income tax principles, it is expected that distributions will be reported to US Holders as dividends. Payments will not be eligible for the dividends-received deduction allowed to corporate US Holders.

Subject to applicable limitations that may vary depending upon a holder's individual circumstances, dividends paid to certain non-corporate US Holders in taxable years beginning before 1 January 2011 will be taxable at a maximum tax rate of 15%. Non-corporate US Holders should consult their own tax advisers to determine whether they are subject to any special rules that limit their ability to be taxed at this favourable rate.

Dividends will be included in a US Holder's income on the date of the US Holder's (or in the case of ADSs, the Depository's) receipt of the dividend. The amount of any dividend income paid in pounds sterling or euros will be a US dollar amount calculated by reference to the relevant exchange rate in effect on the date of such receipt regardless of whether the payment is in fact converted into US dollars. If the dividend is converted into US dollars on the date of receipt, the US Holder generally should not be required to recognise foreign currency gain or loss in respect of the dividend income. If the amount of such dividend is not converted into US dollars on the date of receipt, the US Holder may have foreign currency gain or loss.

### Taxation of capital gains

A US Holder that is not resident (or, in the case of an individual, ordinarily resident) in the UK will not normally be liable for UK tax on capital gains realised on the disposition of an ordinary share, a non-cumulative dollar preference share, an ordinary ADS or a preference ADS unless at the time of the disposal, in the case of a corporate US Holder, such US Holder carries on a trade in the UK through a permanent establishment or, in the case of any other US Holder, such US Holder carries on a trade, profession or vocation in the UK through a UK branch or agency and such ordinary share, non-cumulative dollar preference share, ordinary ADS or preference ADS is or has been used, held or acquired by or for the purposes of such trade (or profession or vocation), permanent establishment, branch or agency. Special rules apply to individuals who are temporarily not resident or ordinarily resident in the UK.

A US Holder will, upon the sale or other disposition of an ordinary share, a non-cumulative dollar preference share, an ordinary ADS or a preference ADS, or upon the redemption of a non-cumulative dollar preference share or preference ADS, generally recognise capital gain or loss for US federal income tax purposes (assuming that in the case of a redemption of a non-cumulative dollar preference share or a preference ADS, such US Holder does not own, and is not deemed to own, any ordinary shares or ordinary ADSs of the company) in an amount equal to the difference between the amount realised (excluding in the case of a redemption any amount treated as a dividend for US federal income tax purposes, which will be taxed accordingly) and the US Holder's tax basis in such share or ADS. This capital gain or loss will be long-term capital gain or loss if the US Holder held the share or ADS so sold, disposed or redeemed for more than one year.

A US Holder who is liable for both UK and US tax on a gain recognised on the disposal of an ordinary share, a non-cumulative dollar preference share, an ordinary ADS or a preference ADS will generally be entitled, subject to certain limitations, to credit the UK tax against its US federal income tax liability in respect of such gain.

If a corporate US Holder is subject to UK corporation tax by reason of carrying on a trade in the UK through a permanent establishment and its ordinary share, non-cumulative dollar preference share or ADS is, or has been, used, held or acquired for the purposes of that permanent establishment, certain provisions introduced by the Finance (No. 2) Act 2005 will apply if the US Holder holds its ordinary share, non-cumulative dollar preference share or ADS for a "tax avoidance purpose". If these provisions apply, dividends on the ordinary share, non-cumulative dollar preference share, ordinary ADS or preference ADS, as well as certain fair value credits and debits arising in respect of such share or ADS, will be brought within the charge to UK corporation tax on income and the UK tax position outlined in the preceding paragraphs will not apply in relation to such US Holder.

### Estate and gift tax

Subject to the discussion of the Estate Tax Treaty in the next paragraph, ordinary shares, non-cumulative dollar preference shares, ordinary ADSs or preference ADSs beneficially owned by an individual may be subject to UK inheritance tax (subject to exemptions and reliefs) on the death of the individual or in certain circumstances, if such shares or ADSs are the subject of a gift (including a transfer at less than market value) by such individual. (Inheritance tax is not generally chargeable on gifts to individuals made more than seven years before the death of the donor). Ordinary shares, non-cumulative dollar preference shares, ordinary ADSs or preference ADSs held by the trustees of a settlement will also be subject to UK inheritance tax. Special rules apply to such settlements.

An ordinary share, a non-cumulative dollar preference share, an ordinary ADS or a preference ADS beneficially owned by an individual, whose domicile is determined to be the United States for purposes of the Estate Tax Treaty and who is not a national of the UK, will not be subject to UK inheritance tax on the individual's death or on a lifetime transfer of such share or ADS, except in certain cases where the share or ADS (i) is comprised in a settlement (unless, at the time of the settlement, the settlor was domiciled in the United States and was not a national of the UK); (ii) is part of the business property of a UK permanent establishment of an enterprise; or (iii) pertains to a UK fixed base of an individual used for the performance of independent personal services. The Estate Tax Treaty generally provides a credit against US federal estate or gift tax liability for the amount of any tax paid in the UK in a case where the ordinary share, non-cumulative dollar preference share, ordinary ADS or preference ADS is subject to both UK inheritance tax and US federal estate or gift tax.

### UK stamp duty and stamp duty reserve tax ("SDRT")

The following is a summary of the UK stamp duty and SDRT consequences of transferring an ADS or ADR in registered form (otherwise than to the custodian on cancellation of the ADS) or of transferring an ordinary share or a non-cumulative dollar preference share. A transfer of a registered ADS or ADR executed and retained in the United States will not give rise to stamp duty and an agreement to transfer a registered ADS or ADR will not give rise to SDRT. Stamp duty or SDRT will normally be payable on or in respect of transfers of ordinary shares or non-cumulative dollar preference shares and accordingly any holder who acquires or intends to acquire ordinary shares or non-cumulative dollar preference shares is advised to consult its own tax advisers in relation to stamp duty and SDRT.

## PROs

### United States

Payments of interest on a PRO (including any UK withholding tax, as to which see below) will constitute foreign source dividend income for US federal income tax purposes to the extent paid out of the current or accumulated earnings and profits of the company, as determined for US federal income tax purposes. Payments will not be eligible for the dividends-received deduction allowed to corporate US Holders. A US Holder who is entitled under the Treaty to a refund of UK tax, if any, withheld on a payment will not be entitled to claim a foreign tax credit with respect to such tax.

Subject to applicable limitations that may vary depending upon a holder's individual circumstances, dividends paid to certain non-corporate US Holders in taxable years beginning before 1 January 2011 will be taxable at a maximum tax rate of 15%. Non-corporate US Holders should consult their own tax advisers to determine whether they are subject to any special rules that limit their ability to be taxed at this favourable rate.

In addition, bills have been introduced in both the US House and the US Senate which would, if enacted, deny the favourable tax rates described in the preceding paragraph for dividends paid in respect of certain securities, including securities such as PROs, where the issuer of the securities is allowed a deduction under the tax laws of a foreign country with respect to such dividend. The proposed legislation would apply to dividends received after the date of its enactment. It is not possible to predict whether the proposed legislation will be enacted, either in its present form or any other form. Non-corporate US Holders should consult their tax advisers with respect to the potential enactment of currently proposed legislation and its application in their particular circumstances.

A US Holder will, upon the sale, exchange or redemption of a PRO, generally recognise capital gain or loss for US federal income tax purposes (assuming that in the case of a redemption, such US Holder does not own, and is not deemed to own, any ordinary shares or ordinary ADSs of the company) in an amount equal to the difference between the amount realised (excluding any amount in respect of mandatory interest and any missed payments which are to be satisfied on a missed payment satisfaction date, which would be treated as ordinary income) and the US Holder's tax basis in the PRO.

A US Holder who is liable for both UK and US tax on gain recognised on the disposal of PROs will generally be entitled, subject to certain limitations, to credit the UK tax against its US federal income tax liability in respect of such gain.

## United Kingdom

### Taxation of payments on the PROs

Payments on the PROs will constitute interest rather than dividends for UK withholding tax purposes. However, the PROs will constitute 'quoted eurobonds' within the meaning of section 987 of the Income Tax Act 2007 and therefore payments of interest will not be subject to withholding or deduction for or on account of UK taxation as long as the PROs remain at all times listed on a 'recognised stock exchange' within the meaning of section 1005 of the Income Tax Act 2007. In all other cases, an amount must be withheld on account of UK income tax at the savings rate (currently 20%) subject to any direction to the contrary by HM Revenue & Customs under the Treaty and except that the withholding obligation is disapplied in respect of payments to persons who the company reasonably believes are within the charge to corporation tax or fall within various categories enjoying a special tax status (including charities and pension funds), or are partnerships consisting of such persons (unless HM Revenue & Customs directs otherwise). Where interest has been paid under deduction of UK withholding tax, US Holders may be able to recover the tax deducted under the Treaty.

Any paying agent or other person by or through whom interest is paid to, or by whom interest is received on behalf of, an individual, may be required to provide information in relation to the payment and the individual concerned to HM Revenue & Customs. HM Revenue & Customs may communicate this information to the tax authorities of other jurisdictions.

HM Revenue & Customs confirmed at around the time of the issue of the PROs that interest payments would not be treated as distributions for UK tax purposes by reason of (i) the fact that interest may be deferred under the terms of issue; or (ii) the undated nature of the PROs, provided that at the time an interest payment is made, the PROs are not held by a company which is 'associated' with the company or by a 'funded company'. A company will be associated with the company if, broadly speaking, it is part of the same group as the company. A company will be a 'funded company' for these purposes if there are arrangements involving that company being put in funds (directly or indirectly) by the company, or an entity associated with the company. In this respect, HM Revenue & Customs has confirmed that a company holding an interest in the PROs which incidentally has banking facilities with any company associated with the company will not be a 'funded company' by virtue of such facilities. Interest on the PROs constitutes UK source income for UK tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding. However, interest with a UK source received without deduction or withholding on account of UK tax will not be chargeable to UK tax in the hands of a US Holder unless, in the case of a corporate US Holder, such US Holder carries on a trade in the UK through a UK permanent establishment or in the case of other US Holders, such persons carry on a trade, profession or vocation in the UK through a UK branch or agency in connection with which the interest is received or to which the PROs are attributable. There are exemptions for interest received by certain categories of agents (such as some brokers and investment managers).

### EU Directive on taxation of savings income

The European Union has adopted a directive regarding the taxation of savings income. The Directive requires member states of the European Union to provide to the tax authorities of other member states details of payments of interest and other similar income paid by a person to an individual or certain other persons resident in another member state, except that Belgium, Luxembourg and Austria may instead impose a withholding system for a transitional period unless during such period they elect otherwise.

### Disposal (including redemption)

A disposal (including redemption) of PROs by a non-corporate US Holder will not give rise to any liability to UK taxation on capital gains unless the US Holder carries on a trade (which for this purpose includes a profession or a vocation) in the UK through a branch or agency and the PROs are, or have been, held or acquired for the purposes of that trade, branch or agency.

A transfer of PROs by a US Holder will not give rise to a charge to UK tax on accrued but unpaid interest payments, unless the US Holder is an individual or other non-corporate taxpayer and at any time in the relevant year of assessment or accounting period carries on a trade in the UK through a branch or agency to which the PROs are attributable.

### Annual tax charges

Corporate US Holders of PROs may be subject to annual UK tax charges (or relief) by reference to fluctuations in exchange rates and in respect of profits, gains and losses arising from the PROs, but only if such corporate US Holders carry on a trade, profession or vocation in the UK through a UK permanent establishment to which the PROs are attributable.

### Inheritance tax

In relation to PROs held through DTC (or any other clearing system), the UK inheritance tax position is not free from doubt in respect of a lifetime transfer, or death of, a US Holder who is not domiciled nor deemed to be domiciled in the UK for inheritance tax purposes; HM Revenue & Customs is known to consider that the situs of securities held in this manner is not necessarily determined by the place where the securities are registered. In appropriate circumstances, there may be a charge to UK inheritance tax as a result of a lifetime transfer at less than market value by, or on the death of, such US Holder. Inheritance tax is not generally chargeable on gifts to individuals made more than seven years before the death of the donor. However, exemption from, or a reduction of, any such UK tax liability may be available under the Estate Tax Treaty (see below). US Holders should consult their

professional advisers in relation to such potential liability.

PROs beneficially owned by an individual, whose domicile is determined to be the United States for the purposes of the Estate Tax Treaty and who is not a national of the UK, will not be subject to UK inheritance tax on the individual's death or on a lifetime transfer of the PRO, except in certain cases where the PRO (i) is comprised in a settlement (unless, at the time of the settlement, the settlor was domiciled in the United States and was not a national of the UK); (ii) is part of the business property of a UK permanent establishment of an enterprise; or (iii) pertains to a UK fixed base of an individual used for the performance of independent personal services. The Estate Tax Treaty generally provides a credit against US federal estate or gift tax liability for the amount of any tax paid in the UK in a case where the PRO is subject to both UK inheritance tax and US federal estate or gift tax.

### Stamp duty and SDRT

No stamp duty, SDRT or similar tax is imposed in the UK on the issue, transfer or redemption of the PROs.

### Passive Foreign Investment Company considerations

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. The company does not believe that it was as a PFIC for its 2007 taxable year. Although interest income is generally passive income, a special rule allows banks to treat their banking business income as non-passive. To qualify for this rule, a bank must satisfy certain requirements regarding its licensing and activities. The company believes that it currently meets these requirements. The company's possible status as a PFIC must be determined annually, however, and may be subject to change if the company fails to qualify under this special rule for any year in which a US Holder holds ordinary shares, non-cumulative dollar preference shares, ordinary ADSs, preference ADSs or PROs. If the company were to be treated as a PFIC in any year during which a US Holder holds ordinary shares, non-cumulative dollar preference shares, ordinary ADSs, preference ADSs or PROs, US Holders would generally be subject to adverse US federal income tax consequences. Holders should consult their own tax advisers as to the potential application of the PFIC rules to the ownership and disposition of the company's ordinary shares, non-cumulative dollar preference shares, ordinary ADSs, preference ADSs or PROs.

### Exchange controls

The company has been advised that there are currently no UK laws, decrees or regulations which would prevent the import or export of capital, including the availability of cash or cash equivalents for use by the Group, or the remittance of dividends, interest or other payments to non-UK resident holders of the company's securities.

There are no restrictions under the Articles of Association of the company or under UK law, as currently in effect, which limit the right of non-UK resident owners to hold or, when entitled to vote, freely to vote the company's securities.

### Memorandum and Articles of Association

The company's Memorandum of Association and Articles of Association as in effect at the date of this annual report are registered with the Registrar of Companies of Scotland. The Articles of Association were last amended on 29 April 2004 and have been filed with the SEC.

A resolution amending the Articles of Association will be proposed at the Annual General Meeting to be held on 23 April 2008. The proposed amendments are designed to update the Articles of Association primarily to take account of changes in company law introduced by the Companies Act 2006.

For a description of certain provisions of the company's Memorandum and Articles, see the 'Additional Information – Memorandum and Articles of Association' section of the company's Annual Report on Form 20-F for the fiscal year ended 31 December 2004.

### Incorporation and registration

The company was incorporated and registered in Scotland under the Companies Act 1948 as a limited company on 25 March 1968 under the name National and Commercial Banking Group Limited. On 10 March 1982, it changed its name to its present name and was registered under the Companies Acts 1948 to 1980 as a public company with limited liability. The company is registered under Company No. SC 45551.

### Code of ethics

As discussed on page 95, the Group has adopted a code of ethics that is applicable to all of the Group's employees, which will be provided to any person without charge, upon request, by contacting Group Secretariat at the telephone number listed on page 248.

## Important addresses

### Shareholder enquiries

#### Registrar

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ  
Telephone: 0870 702 0135  
Facsimile: 0870 703 6009  
Email: [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk)

### ADR Depository Bank

The Bank of New York Mellon  
Investor Services  
PO Box 11258  
Church Street Station  
New York NY 10286-1258  
Telephone: 1 888 269 2377 (US callers)  
Telephone: 212 815 3700 (International)  
Email: [shareowners@bankofny.com](mailto:shareowners@bankofny.com)

### Group Secretariat

The Royal Bank of Scotland Group plc  
PO Box 1000  
Business House F  
Gogarburn  
Edinburgh EH12 1HQ  
Telephone: 0131 556 8555  
Facsimile: 0131 626 3081

### Investor Relations

280 Bishopsgate  
London EC2M 4RB  
Telephone: 0207 672 1758  
Email: [investor.relations@rbsir.com](mailto:investor.relations@rbsir.com)

### Registered office

36 St Andrew Square  
Edinburgh EH2 2YB  
Telephone: 0131 556 8555  
Registered in Scotland No. 45551

### Website

[www.rbs.com](http://www.rbs.com)

## Principal offices

### The company

PO Box 1000 Gogarburn Edinburgh EH12 1HQ  
Telephone: 0131 626 0000

### The Royal Bank of Scotland plc

PO Box 1000 Gogarburn Edinburgh EH12 1HQ  
280 Bishopsgate London EC2M 4RB

### National Westminster Bank Plc

135 Bishopsgate London EC2M 3UR

### Citizens

Citizens Financial Group, Inc.  
One Citizens Plaza Providence Rhode Island 02903 USA

### Ulster Bank

11-16 Donegall Square East Belfast BT1 5UB  
George's Quay Dublin 2

### RBS Insurance

Direct Line House 3 Edridge Road Croydon Surrey CR9 1AG  
Churchill Court Westmoreland Road Bromley BR1 1DP

### RBS Greenwich Capital

600 Steamboat Road  
Greenwich Connecticut 06830 USA

### Coutts Group

440 Strand London WC2R 0QS

### The Royal Bank of Scotland International Limited

Royal Bank House 71 Bath Street  
St Helier Jersey Channel Islands JE4 8PJ

### NatWest Offshore

23/25 Broad Street  
St Helier Jersey Channel Islands JE4 8QJ

### ABN AMRO Holding N.V.

Gustav Mahlerlaan 10  
1082 PP Amsterdam The Netherlands