

Annual Review and Summary Financial Statement 2008



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Contents

02	Chairman's statement
04	Group Chief Executive's review

Divisional review

07	Global Banking & Markets
09	Global Transaction Services
10	UK Retail & Commercial Banking
13	US Retail & Commercial Banking
14	Europe & Middle East Retail & Commercial Banking
15	Asia Retail & Commercial Banking
16	RBS Insurance

Corporate Responsibility

18	Our approach
18	Progress against priorities in 2008
19	Investing in financial education
20	Supporting business customers
21	Supporting personal customers
21	Environment

Directors' report and summary financial statement

24	Board of directors and secretary
26	Letter from the Chairman of the Remuneration Committee
27	Summary remuneration report
32	Financial results
39	Shareholder information



2008 Key financials

Pro forma

Underlying profit ⁽¹⁾	£80 million
Loss attributable to ordinary shareholders ⁽²⁾	£7.9 billion
Total income ⁽³⁾	£26.9 billion
Impairment losses ⁽⁴⁾	£7.0 billion
Credit market losses ⁽⁵⁾	£7.8 billion
Write-down of goodwill and other intangible assets ⁽⁶⁾	£16.2 billion
Total capital ratio	14.2%
Core Tier 1 capital ratio ⁽⁷⁾	7.0%
Tier 1 capital ratio	9.9%
Basic loss per ordinary share ⁽⁸⁾	(61.0p)

Statutory

Loss before tax	£40.7 billion
Loss attributable to ordinary shareholders	£24.1 billion
Basic loss per ordinary share	(145.7p)
Core Tier 1 capital ratio	6.8%

The key pro forma financials above are based on the pro forma results for the year ended 31 December 2008 and include only those business units of ABN AMRO Holding N.V. which will be retained by the Group. The statutory results are presented on pages 37 and 38.

Notes:

- (1) Profit before tax, credit market write-downs and one-off items, impairment losses on reclassified assets, purchased intangibles amortisation, write-down of goodwill and other intangible assets, integration costs, restructuring costs and share of ABN AMRO shared assets.
- (2) Before write-down of goodwill and other intangible assets, net of tax.
- (3) Excluding credit market write-downs and one-off items and share of shared assets.
- (4) Excluding impairment losses on reclassified assets.
- (5) Net of CDS hedging.
- (6) Net of tax.
- (7) Adjusted for the conversion of preference shares into ordinary shares.
- (8) Loss per ordinary share is based on the assumption that the rights issue and capitalisation issue were completed on 1 January 2008.

Chairman's statement



My first statement to you as Chairman follows an exceptionally difficult period in the history of The Royal Bank of Scotland Group. The last 12 months or so have been painful for our shareholders and employees and sometimes testing for our customers.

We owe our continued independence to the UK government and taxpayers and are very thankful for their support. The external environment has seen unprecedented turbulence in bank and other financial markets and deteriorating economic conditions around the world. Our disappointing financial results reflect these circumstances and our exposure to them.

Despite this, I believe strongly that RBS can be successful once again. I am privileged to have been given the opportunity to chair the Group. This remains a truly international company with many excellent businesses. Our roots may be in Scotland and our largest market in the UK, but we also employ 10,000 people in India, enjoy strong positions on the island of Ireland through Ulster Bank and in our United States markets through Citizens. The Global Markets businesses are precisely that: global. They will continue to operate in the leading financial centres, supporting our corporate, institutional and financial sector clients around the world. The international nature of the Group is reflected by the fact that during 2008 we were able to benefit from liquidity support provided by central banks in a number of jurisdictions.

With hard work, determination and a willingness to take tough decisions we have the people and capabilities to enable the Group to recover. We can make it a profitable investment, a model corporate citizen in all of the countries in which it operates and an excellent place to work.

Justifying the support of our shareholders

Twice during 2008 the Group sought additional capital from shareholders to enable it to weather the very testing environment and to achieve the higher capital ratios that markets now demand. On the second occasion, the capital raising was underwritten by the UK government and in November it became the Group's majority shareholder.

The UK government wants RBS to operate on a commercial basis and intends to act as an arms length commercial shareholder, which will sell its interests in RBS and other banks at the earliest attractive time. Our interests coincide. We are working to restore the Group's financial performance in order to allow us to repay the UK taxpayer as soon as is practicable.

An inevitable but regrettable consequence of the successive capital raising exercises has been the dilution of the interests of existing shareholders. My predecessor Sir Tom McKillop apologised to shareholders for the impact on them of the erosion of their investments, a sentiment I echo. Those of us now charged with leading RBS are committed to implementing measures which will allow us to restore the Group to standalone financial health in the interests of all shareholders.

It is not appropriate to pay any dividend on the ordinary shares in 2009. However, the Board is very mindful that dividends are an extremely important part of shareholder return and income. It is the Board's intention over time to return to paying dividends, taking account of the Group's capital position, retained earnings and prospects. To that end, we welcome the fact that the existing prohibition on the payment of dividends on the ordinary shares will be removed when the preference shares held by UKFI are redeemed.

Changing the way we work

To achieve its objectives, the company needs to change not just the business we do but how we do business. That includes our governance arrangements. The directors decided that a restructured Board with fewer members would be better able to engage in the restructuring process which the company will undertake. As a result, a number of Non-Executive Directors resigned from the Board in February 2009. I would like to thank each of them for their service to the company. In particular, I wish to acknowledge the contribution of Sir Tom McKillop who chaired RBS through testing times with great dedication and integrity.

We will appoint a further three Non-Executive Directors in due course.

Our people

Last year was also a period of great anxiety and uncertainty for our employees. Despite this, the vast majority of them contributed to a profitable year for their own businesses and they demonstrated the commitment that will be needed to return the Group to good health. Unfortunately, however, the uncertainty is not over and many of our people will be affected by the steps we must take to restore RBS to strength. My experience of leading businesses through periods of significant change has taught me that people are resilient and work best when they have certainty over strategic direction, clarity about the role they are being asked to play and feel engaged in pursuing shared objectives. We have already begun to provide certainty and clarity over strategy and management structures. My further commitments to our people are that we will move as swiftly as possible where change is required and that we will work to ensure that those affected by change are the first to know about it.

We must also engage our people with a new employment proposition which sets incentives that reward them for delivering sustained and sustainable success.

Aligning remuneration with long-term shareholder value

In recognition of the crisis in global financial services and the unprecedented losses incurred by the RBS Group in 2008 the Remuneration Committee of the Board has been working to bring about fundamental change to the way remuneration works throughout the Group. There is an obvious need for very significant change to compensation policies and practice across the industry and we intend that RBS will be fully engaged in the necessary process of change.

Our approach has sought to balance the reality of our current losses at Group level with a need to offer a competitive remuneration package for teams and individuals that are performing well and in a manner that is sustainable in the long-term.

Our customers and communities

Most of our businesses were profitable in 2008. That was because they met their customers' needs. A consistent hallmark of RBS has been the ability to work with our customers and to provide them with a high quality of service, whether they are personal or corporate customers, be they in the UK, Ireland, the USA or across continental Europe and Asia. RBS has frequently led our peers in service quality league tables.

We are grateful for the support our customers gave us during 2008, when their faith in us might understandably have been dented, and recognise that our plans will succeed only if we continue to serve them well.

In every country where RBS operates, we do so within a wider community. Our activities affect, and are affected by the customers, governments, suppliers and other stakeholders with which we interact. On joining the company, it was encouraging to learn that we provide banking services to more small firms than any other UK bank and that our flagship money advice and financial education programme, MoneySense, has been in place for many years. As an international company, we have extended MoneySense to Ireland and the US. We support the causes our staff care about and invest to improve the capacity of community to generate wealth. These programmes are more relevant than ever to the challenges that lie ahead.

We recognise that our reputation has been damaged by the events of the last year. So, too, has the reputation of the banking industry in countries across the globe. We are determined to rebuild our reputation, and to demonstrate leadership in the industry in this respect, partly through our core purpose of business success, but also by playing a constructive and responsible role in the communities in which we operate.

The way forward

I am confident that we can, must and will restore the RBS Group to standalone financial strength. Last year was undeniably tough and a worsening economic environment means that 2009 will present significant challenges in all of our markets. The path to recovery will be neither smooth nor straight. But we build on a number of strengths: excellent businesses, talented people and, above all, millions of loyal customers around the world who recognise the quality of service that we provide. By doing our best by them, in all of our enduring franchises around the world, we will take the actions that will deliver once again sustainable returns for our shareholders.

Philip Hampton
Chairman

Group Chief Executive's review



As this is my first letter to RBS shareholders, I should open by saying how aware we all are of the responsibility for leading this institution into better times. We have a great importance to 40 million customers, to many corporations and governments worldwide, to our shareholders and to all those in the communities we serve. In common with many, we are facing tough times. We will do our best to work through these, to support our customers and to restore RBS to standalone financial health and success.

2008 Results

While a downturn was anticipated, no one could have foretold the unprecedented market disruption and global economic downturn that we now experience. With roots in economic imbalances across many countries, the downturn has weakened many. However, that is little consolation for the particular vulnerability that RBS has exhibited.

In 2008 the Group's overall results were bad, with net attributable losses, before goodwill impairments, of £7.9 billion. This is particularly disappointing since many parts of our business did well, serving customers and generating high quality profitability. All our Divisions were profitable except Global Banking & Markets ('GBM') and Asia Retail & Commercial Banking. Even in GBM, underlying income reached £10.2 billion on the back of many strong business performances. Unfortunately, these profits were more than wiped out by credit and market losses in concentrated areas around proprietary trading, structured credit and counterparty exposures. Over 50% of these losses pertained to ABN AMRO-originated portfolios.

In addition, the change in market outlook and our vulnerability thereto has required a £16.2 billion accounting write-down of goodwill and other intangibles relating to prior year acquisitions, most notably of ABN AMRO in 2007 and Charter One in the US in 2004. This non-cash item has minimal impact on capital but does highlight the risk of acquisitions if economic conditions change adversely.

From a capital perspective, successive capital raisings have substantially strengthened the Group's capital ratios. Reported losses have only partially eroded these, and our core Tier 1 ratio stood at 7.0% at the end of 2008, pro forma for the conversion of our preference shares, compared with 4.0% a year earlier. Additionally, the funded balance sheet was reduced by £93 billion, or 17% in constant currency terms. Unfortunately, the extreme dislocation of markets has impeded the risk reduction we target, leaving much still to do. Moreover, the fall in sterling exchange rates inflates our international balance sheet and this, plus extreme market movements, also increases the value of our derivatives balances, albeit recording amounts that would be largely netted off under US GAAP.

RBS has strong businesses, and has taken steps to restore its capital base and benefits from clear Government support. It is our primary task to rebuild standalone strength in the coming years.

The task we face

We are intensely engaged in finalising a strategic restructuring plan for RBS. The goal is to correct those factors that made us particularly vulnerable to the downturn and to adjust further our business to reflect changes in the environment facing our industry. While the plan will not be complete until the second quarter of 2009, we have decided a lot already.

Our strategic plans will take three to five years to execute, given the headwinds of economic downturn. Nevertheless, we expect to make strong and purposeful progress each and every year.

Our aspiration is that RBS should again become one of the world's premier financial institutions, anchored in the UK but serving individual and institutional customers here and globally, and doing it well. We aim for AA category standalone credit status and to rebuild shareholder value, along the way enabling the UK Government to sell down its shareholding.

We should be known for our businesses and how we manage them. We want to focus on enduring customer franchises, with top tier competitive positions where we choose to compete. Our businesses will target 15%+ return on equity and primarily organic growth at rates consistent with the markets in which they operate. Our businesses should reinforce each other with shared products, customers and expertise. Our risks should be diversified, well controlled and proportionate to the business and customer opportunity.

In management style we want to be purposeful, to "make it happen" for our customers and then for our shareholders. We will anchor our efforts in strategic understanding of the businesses, focusing on long-term, quality profitability. Our business mix should be more biased to stable customer businesses than before. We aim to rely less on volatile, unsecured wholesale funding.

Strategic Restructuring Plan

We have embarked on a sweeping restructuring of the Group that will fit our activities to the goals above. While the details of the Strategic Plan will be refined over the coming weeks, we are now able to announce the following:

- We will create a "non-core" Division of RBS during the second quarter of 2009, separately managed, but within the existing legal structures of the Group and matrix-managed to donating Divisions where necessary. This Division will have approximately £240 billion of third party assets, £145 billion of derivative balances and £155 billion of risk-weighted assets, comprising individual assets, portfolios and businesses of the Group that we intend to run off or dispose of during the next three to five years. The specific timetable will vary in each case, consistent with optimising shareholder value and risk. Approximately 90% of the Non-Core Division will consist of GBM assets, primarily linked to proprietary portfolios, excess

risk concentrations and illiquid 'originate and hold' asset portfolios. The remainder will be risk concentrations, 'out of footprint' assets and smaller, less advantaged businesses within our Regional Markets activities across the world.

As part of this effort our representation in approximately 36 of the 54 countries in which we operate will be significantly reduced or sold. We will remain strong in all our major existing global hubs, however.

Given the commercial and human sensitivity of these issues, detail on this will not be given until the interim results.

The income, expenses, impairments and write-downs associated with the Non-Core Division in 2008 were approximately £3.9 billion, £1.1 billion, £3.2 billion and £9.2 billion respectively.

- In addition to eliminating expenses associated with the Non-Core Division, the restructuring plan will make efficiency savings across the Group, aimed at achieving run-rate reductions by 2011 of greater than £2.5 billion (16% of 2008 cost base) at constant exchange rates. This will involve re-engineering and other measures and, regrettably, reductions in employment. This target excludes any impact of inflation, incentive pay movements or cost reductions arising from business exits or the impact of new projects (if any). It includes the £0.5 billion of ABN AMRO integration benefits previously announced but not reflected in 2008 expenses. We will book one-off charges against these actions over the next three years, with run-rate cost savings expected to provide 'payback' in 1.5 to 1.75 years.
- We plan to retain each of our major business Divisions since we believe, with intensive restructuring, they can meet the attractive business characteristics outlined as targets above. In many cases the restructuring of these businesses to achieve our goals will be far-reaching. The greatest element of restructuring will be in GBM. A substantial shrinkage of size, product and geographic scope will take place. This should leave GBM positioned around those of its existing core strengths that rest on profitable customer franchise business with significantly less illiquid risk overall.
- At all times we will responsibly compare the value to RBS of each of our businesses with realistic alternatives and take different actions if they prove compelling. The current state of markets for financial assets and businesses offers little immediate encouragement in that regard.
- Alongside our business restructuring activities will be substantive changes to management and internal processes. There will continue to be changes of personnel as we promote and reassign internal talent and add to our ranks externally.

Our Manufacturing Division will re-align with our customer-facing businesses. Businesses will have clear bottom-line returns, allocated equity and balance sheet and funding goals. While we drive for profit, there will be a concentration on earnings quality and sustainability, driven by strategic plans, to ensure alignment of our businesses to their markets and their risk targets. People evaluation and incentivisation will meet best practice levels to support the revised mission of the company. This will be underpinned by a full suite of risk and funding constraints, including concentration limits.

This major change programme has already begun. To carry it through while running our continuing business in difficult markets will test our management capacity. We expect to be successful overall, though we will inevitably have setbacks and make mistakes along the way. But there is no alternative. RBS must change in a far-reaching way. If we do that, the strength, quality and power that are already present in our business across the world will be what shines through once again.

Outlook

To make any forecast is hazardous, beyond the expectation that 2009 will be a very tough year for the world economy. RBS, in common with all banks, will see some erosion of underlying income levels as a result of weaker business activity and low interest rates squeezing savings margins whilst credit costs rise, probably sharply. We hope that markets will be less disrupted than in 2008, with lower associated write-downs, but time will tell. 2009 has, in fact, started well for our businesses.

We have confirmed our intended participation in HM Treasury's Asset Protection Scheme (APS). This would be subject to shareholder approval. More information will be made available as soon as practicable.

Notwithstanding the challenging outlook, our businesses all around the world are inherently good and fully engaged in sustaining as robust a performance as the environment permits. And the strategic restructuring we have embarked on will see high levels of activity designed to reposition RBS successfully.

I believe RBS can come to be regarded again as one of the world's premier financial institutions. My special thanks go to all my colleagues around the world serving our customers everyday, and redoubling their efforts to move RBS forward again.

Stephen Hester
Group Chief Executive

Our priorities

Our aspiration

RBS should again become one of the world's premier financial institutions, anchored in the UK but serving individual and institutional customers here and globally, and doing it well.

Our aims

To achieve AA category standalone credit status

To rebuild shareholder value, along the way enabling the UK Government to sell down its shareholding

We will achieve our aims by

Focusing our activities on serving enduring customer franchises, with top tier competitive positions where we choose to compete

Targeting 15%+ return on equity in our businesses

Achieving primarily organic growth at rates consistent with the markets in which our businesses operate

Using proportionately our balance sheet, funding and risk

Having businesses that reinforce each other with shared products, customers and expertise

Our approach will entail

A purposeful management style

"Making it happen" for our customers and then for our shareholders

A strategic understanding of our businesses and a focus on long-term, quality profitability

A business mix more biased than before to stable customer businesses

Aiming to rely less on volatile, unsecured wholesale funding

Divisional review

Divisional review



Global Banking & Markets

Global Banking & Markets is a leading banking partner to major corporations and financial institutions around the world, providing an extensive range of debt and equity financing, risk management and investment services to its customers.

In 2008 the division was organised along four principal business lines: rates, currencies, and commodities, including RBS Sempra Commodities LLP, the commodities-marketing joint venture between RBS and Sempra Energy which was formed on 1 April 2008; equities; credit markets; and asset and portfolio management.

The poor results recorded by GBM in 2008 should not be allowed to disguise the fact that many businesses produced good performances, most notably rates and currencies, and that the activities which directly support our relationships with customers provide the platform for a return to sustainable profitability.

Total income before credit market write-downs and unusual items was £10,214 million, down 6% from 2007. In addition to losses on previously identified credit market exposures of £7,781 million, GBM incurred £5,776 million in trading asset write-downs. Although direct expenses were cut by 18% as we addressed the challenges facing the business, credit impairments rose sharply. The operating loss for the year was £10,994 million. On an indicative basis, the return on equity ('ROE') of GBM was -35%.

These losses occurred in relatively narrow parts of the business, focused on proprietary trading, structured credit and counterparty exposure. More than 50% of losses pertained to ABN AMRO-originated portfolios.

Despite the disappointing headlines and the difficulties encountered by individual business lines, market volatility provided opportunities. The rates and currencies business



Divisional review continued

achieved a particularly strong performance, with high volumes of customer activity and flow trading resulting in a 40% increase in income from rates trading to £3,543 million and 55% growth in currencies income to £1,697 million. The Sempra Commodities joint venture performed well in the nine months after its formation, with GBM's commodities income reaching £778 million for the year.

Equities saw reduced customer flow and write-downs on trading positions as markets deteriorated rapidly. Credit markets achieved some successes in arranging debt financing for its customers but remained severely affected by market dislocation.

The task that GBM faces is to rebuild a business in which profit is sustainable. We start from a very solid foundation of strong underlying revenues. In addition, we enjoy global top five rankings in corporate lending, foreign exchange rates, commodities and interest rates and options. Our problems have largely arisen in trading structured credit products and taking significant longer term underwriting risk. In doing so, we strayed from the model which had originally brought us success: of focusing on the needs of our customers and trading in markets only in order to support them. As a result, our balance sheet has grown in ways that added risk without corresponding returns.

Strategic review

Following the review, GBM intends to focus its business around its core corporate and institutional customer set across the world. These clients are global in nature and are multi-product users. GBM will deploy capital and resources in support of this customer base and will continue to arrange and distribute credit (loans and bonds) and build sustained competitive advantage in its core financing, risk management and investment products, and flow trading businesses.

RBS is renewing its commitment to product areas where GBM has market-leading competitive positions across its customer-centric origination, advisory and trading activities. It has strong market positions in loans, bonds, foreign exchange, rates, commodities and equities and will drive these businesses, restructured where necessary, in a focused manner around customers' needs. GBM will discontinue all illiquid proprietary trading activities and correlation trading in equity and credit markets. It will drastically scale back activity in structured real estate, leveraged and project finance, and exit lending in these areas entirely. All businesses, and notably GBM's asset finance businesses, will be managed within strict capital guidelines.

Globally, the intention is for GBM to move increasingly towards a hub-and-spoke model. Risk will be managed from regional hubs. It is intended that distribution and coverage will be delivered from a mix of hub countries and a scaled-back presence in some local offices. The aim, over time, will be to reduce much of the on-shore trading activity outside the key financial centres.

Assets, products and geographies that fit GBM's new client-focused proposition will be defined as core and will remain within the division. Assets, business lines and some geographies that are non-core will be transferred to the new Non-Core Division. These non-core activities accounted for approximately £205 billion of third party assets at end 2008.

None of this will be easy. The difficult economic environment around the world will make 2009 another challenging year. We are confident, however, that at the core of GBM lies an excellent franchise which can deliver enduring profitability to the Group.



Global Transaction Services

Global Transaction Services ('GTS') ranked among the top five global transaction services providers in 2008, offering global payments, cash and liquidity management, as well as trade finance, United Kingdom and international merchant acquiring and commercial card products and services. It includes the Group's corporate money transmission activities in the United Kingdom and the United States.

GTS enjoyed a strong year. Income grew by 12% to £2,472 million, the growth rate being maintained in the second half of the year, despite difficult market conditions. Direct expenses were 9% higher at £594 million, mainly as a result of investment in the franchise to support growth. Operating profit increased by 12% to £1,339 million. On an indicative basis, the ROE of GTS was 60%.

Growth was driven by a strong performance in cash management, which provides clients with liquidity management, and international and domestic payment services. Income rose 9% in the year to £1,514 million with good growth in international cash management markets and steadier growth in UK and US domestic markets. The Division was successful throughout the year in winning new international cash management mandates from existing RBS Group clients due to the strength of the international payments platform and network.

Trade finance executes and advises on customers' trade-related finance and risk requirements. It made significant progress, with income continuing to grow strongly throughout the year, up 57%

on 2007. GTS has substantially improved its penetration into the Asia-Pacific market, increasing trade finance income in the region by 74%, and has expanded its supply chain finance activities with an enhanced product suite.

Merchant services and commercial cards offers customers a wide range of card issuing and acquiring solutions, products and services. It delivered a 6% increase in income to £694 million. Acquiring volumes were up 23% in the year driven by good growth in online volumes, although weaker consumer confidence in the latter part of the year meant that average transaction values decreased, slowing income growth. Commercial cards income grew by 16%.

GTS has maintained its market share and is ranked fifth worldwide for transaction banking in terms of both revenue, at constant exchange rates and network. In the UK, it is number one for CHAPS, cheque processing and BACS transmissions. Streamline merchant services retained its number one position in the UK market, handling more than one in three of all card transactions.

The GTS business successfully exploits economies of scale and scope. On scale:

- International Cash Management processes over one billion payments and collections annually;
- Domestic Cash Management processes three billion BACS transactions in the UK each year;
- Trade Finance processes 1.1 million collections and letters of credit annually; and
- our cards businesses process six billion transactions per annum worth £233 trillion, peaking at approximately 500 transactions per second.



Divisional review continued

On scope, GTS is an integral part of the offering of GBM, and our regional commercial and corporate businesses, which, in turn, introduce customers to GTS.

Strategic review

GTS remains a strategically attractive business for RBS, providing important working capital and payment solutions to the Group's customers and substantial scope remains to cross-sell global transaction services to our corporate and financial institutions clients, particularly those in the UK. GTS plans to right-size its global network consistent with developing Europe as its core base, it will retain the capability to continue to serve both locally and globally all multi-national customers who are at the heart of the core GBM proposition, whilst at all times maintaining service levels during the change. The business also plans to increase efficiency through development of a lower cost front and back-office operating model and explore joint ventures for growth and selective disposals.

Although the year ahead will present challenges as slowing global growth affects trade flows and transaction volumes, GTS remains an attractive component of the Group's portfolio for the future.

UK Retail & Commercial Banking

UK Retail & Commercial Banking ('RBS UK') comprises retail, corporate and commercial banking and wealth management services. It operates through a range of channels including on-line and fixed and mobile telephony, and through two of the largest networks of branches and ATMs in the UK.

In the retail market, RBS UK serves over 15 million personal customers through the RBS and NatWest brands. It offers a full range of banking products and related financial services including mortgages, bancassurance products, deposit accounts, and credit and charge cards.



RBS UK holds a leading market share across all of the business & commercial and corporate sectors. Through its network of relationship managers it distributes a full range of banking, finance and risk management services, including market-leading invoice finance and asset finance offerings.

The UK wealth management arm offers high quality private banking and investment services through the Coutts, Adam & Company, RBS International and NatWest Offshore brands.

The results for the year reflect a weaker second half with rapidly deteriorating economic conditions in the UK. Total income grew modestly, up 2% on 2007 to £10,814 million. A consistent theme across the businesses was the weakness of non-interest income, which was down 5%, reflecting generally lower demand for a range of products. Direct expenses increased by 6% to £3,171 million and impairment losses by 44% to £1,964 million, with a marked deterioration in the second half of the year. Operating profit declined by 18% to £3,283 million. The indicative ROE of UK Retail & Commercial Banking was 18%.

UK Retail Banking

Total income was unchanged on the year at £6,794 million. Direct costs rose modestly, by 1% to £1,832 million. Impairments increased by 8% to £1,281 million. Operating profit declined by 12% to £1,764 million.

In a testing environment, Retail Banking supported customers by maintaining the availability of lending, while managing risk.

- Business Banking continued to grow, maintaining market leadership with a share of 26%. Loans and advances to small business customers were up 7% despite a significant contraction in demand.



- Mortgage balances at 31 December 2008 were 11% higher than a year earlier, in the face of weaker demand in the second half of the year. Market share of net mortgage lending increased to 19% from 2% at the end of 2007.

A number of specific initiatives were taken to help customers deal with the effects of market turbulence and the recession.

- Under the Mortgage Repossession Initiative, RBS has extended the options for customers unable to meet their mortgage payments following a change in circumstances, such as loss of employment, by allowing more flexibility to agree reduced payments for a period or short payment holidays.
- As part of our Help Me Programme, we proactively identify customers showing signs of financial stress enabling us to contact customers to offer advice and solutions to help them manage their money. We are continually enhancing our systems and processes to gain greater insights into our customers' behaviour and ensure we offer the appropriate solution, at the right time and through the right channel for each customer.
- Specifically to provide advice to customers and others concerned about their personal finances, 2008 saw an extension of our long-standing MoneySense programme. 1,000 MoneySense advisers were introduced to NatWest and RBS branches, all of whom have received training accredited by the independent charity Consumer Credit Counselling Service.

Steps were also taken to assist Business Banking customers through the downturn.

- Under our Price Promise to small business customers, we have undertaken not to increase:
 - margins on overdrafts for existing customers at facility review where there is no change to their risk profile; and
 - standard fees for arranging an overdraft.



- The Committed Overdraft facility provides customers with reassurance that their facility will remain in place for the agreed term, usually 12 months.
- Business Lifeline is a source of advice and information which complements the work of relationship managers. Open from '8 to 8', Monday to Friday, the telephone help desk allows customers to speak directly to experienced bankers.
- Almost 700,000 Business Banking customers have received a guide to support them through the downturn, covering topics such as managing cash-flow, and spreading risk and a directory of sources of advice and information.

The Retail Banking franchise exhibits a number of strengths that position it well for the long-term. The RBS and NatWest brands enjoy a reputation for excellence in customer service. Last year, according to leading independent research, RBS retained top position and NatWest was again joint second for customer satisfaction amongst main high street banks. The Group ranks second in terms of market share in the critical current account market and regularly secures the largest share of current accounts opened by first year higher education students. Examples for 2008 which illustrate the strength of the franchise include:

- personal savings grew by 9% and business deposits by 3% despite increased competition and a slowing market for deposits; and
- RBS and NatWest attracted more than one million new current accounts in the year.



UK Corporate & Commercial Banking

Total income increased by 5% to £3,161 million, with growth slowing in the second half of the year as the economy deteriorated. Direct expenses increased by 13% to £1,015 million, principally as a result of a 26% rise in operating lease depreciation to £401 million reflecting both higher volumes and lower than expected residual values in the Lombard vehicle leasing business. Excluding this item, direct expenses increased by 6% to £614 million as additional relationship managers were recruited. Impairment losses increased from the historically low level of 2007, by 273% to £671 million. Operating profit fell by 30% to £1,116 million.

Support for customers is evident in the 18% growth of average loans and advances. Average deposit balances increased by 3% despite volatility and acute competition in that market.

RBS enjoys leading positions in the corporate and commercial markets. Customer satisfaction in corporate is strong and increased in 2008 over 2007, both overall and in the key area of the quality of relationship managers. Almost 19 out of 20 customers surveyed said that they would advocate RBS to other businesses. These are strong foundations on which to build enduring profitability.

UK Wealth

Total income grew robustly, by 9% to £859 million. Direct expenses increased by 13% to £324 million. This figure included one-off cost provision items resulting from economic conditions. Operating profit increased by 5% to £403 million.

UK Wealth generates earnings from both private banking and investment services. This balanced income base allowed it to maintain robust organic growth, despite market conditions. Coutts & Co performed particularly well, with contribution up 15%.

Our UK wealth businesses have strong brands and are well positioned in their markets. Adam & Company is number one in Scotland, with RBS International also number one in the Channel Islands and the Isle of Man. Coutts & Co is number two across the UK. In addition to their profit contribution, they generate deposits for the Group. We believe that attractive opportunities exist for further sustainable, profitable development of our UK wealth businesses, building on these existing strengths.

Strategic review

UK Retail and Commercial Banking retains an extremely strong franchise and represents the core of the RBS Group. However, the external environment over the next few years will present significant challenges with pressure on income as a result of very low interest rates, lower fee income, and impairment costs, which are likely to increase further.

The business plans to respond to this environment by reducing cost and increasing productivity through investment in online service channels, automation of activities and re-design of end-to-end processes. The business will tailor the cost of service for different client segments more closely to their value generation.

Wealth management remains a strong growth opportunity and the business plans to pursue a more consolidated approach to the market through more co-ordination across the multiple brands with which it currently faces the market, whilst investing in additional Relationship Managers and platform functionality.



The Division will pursue above market growth in customer deposits to improve its funding contribution to the Group, and will diversify its customer lending, reducing its exposure to commercial property.

US Retail & Commercial Banking

US Retail & Commercial Banking provides financial services primarily through the Citizens and Charter One brands.

Citizens is engaged in retail and corporate banking activities through its branch network in 13 states in the United States and through non-branch offices in other states. Citizens was ranked the tenth-largest commercial banking organisation in the United States based on deposits as at 30 September 2008 and is a top tier bank in its New England and Mid Atlantic regional markets.

In a year of continued, acute market turbulence and a sharp slowdown in economic activity, the Division's total income was essentially unchanged at \$5,578 million, a rise of 8% in sterling terms to £3,010 million. Operating profit fell by 57% to \$972 million and by 54% in sterling terms to £524 million. Direct expenses rose by 5% to \$2,012 million, reflecting both the continued expansion of commercial banking relationship management teams and write-downs on mortgage servicing rights and other costs related to loan workout and collection activity. The indicative ROE of US Retail & Commercial Banking was 8%.

Rising impairments were the main cause of the decline in operating profit and reflected an environment in which house prices continued to fall and unemployment to rise, credit spreads

widened and household wealth contracted. Impairment losses increased by 184% to \$1,929 million, compared with 2007. In the externally sourced home equity portfolio, impairments rose by 80% to \$592 million, although the second half figure of \$268 million was lower than the first half's \$324 million. In the core US Retail & Commercial portfolio, impairments were 281% higher than in 2007 at \$1,337 million, with a marked deterioration in the second half of the year. Stress was evident in all sectors. Citizens' loss rates were low relative to its peers.

Average core customer deposits declined by 5% and the division further reduced its reliance on brokered deposits by 80%, leading to an overall decline of 11% in average customer deposits. Net interest margin was held steady, reflecting widening asset margins and careful management of savings rates in a competitive deposit market.

The Division continued to evaluate opportunities to optimise capital allocation by exiting or reducing exposure to lower growth or sub-scale segments. In the fourth quarter of 2008, 18 rural branches in the Adirondack region of New York were sold to Community Bank System. An agreement has also been reached to sell the Indiana retail branch network, consisting of 65 branches, and the Indiana business banking and regional banking activities, to Old National Bank. These and other measures will also assist in containing costs in future.

One benefit of increased volatility in the economy was that the Commercial Markets business generated strong revenues as customers sought to manage risks. Revenues from interest rate and foreign exchange products increased significantly on 2007 figures, with foreign exchange particularly strong. The Division continued to innovate to enhance customer service. Citizens upgraded its Online Banking and Bill Pay system, giving customers the ability to pay bills more quickly and to track and



Divisional review continued

manage payments from a new, user-friendly interface. Early 2008 saw the launch of E-Z Deposit. This service enables business owners to scan deposits and to deliver the images electronically to the bank via a secure internet connection from their own premises. This eliminates the need to visit a branch, as well as reducing the time before deposits reach accounts.

Strategic review

Citizens has a high quality retail and commercial banking franchise in the north eastern US. New England and the Mid Atlantic are attractive banking markets, and Citizens is well positioned in them in terms of market share and key local market coverage. The business intends to invest in this core business through increased marketing activity and targeted technology investments, whilst reducing activity in its out-of-footprint national businesses in consumer and commercial finance. This strategy will allow Citizens to become fully funded from its own customer deposits over time, and will support a low risk profile.

Europe & Middle East Retail & Commercial Banking

Europe & Middle East Retail & Commercial Banking comprises Ulster Bank and the Group's combined retail and commercial businesses in Europe and the Middle East.

Ulster Bank provides a comprehensive range of financial services across the island of Ireland. Its retail banking arm has a network of branches and operates in the personal, commercial and wealth management sectors, while its corporate markets operations provide services in the corporate and institutional markets.



In weakened economic conditions, operating profit after Manufacturing costs fell by 85% to £70 million. Total income reached £1,518 million, an increase of 6% in sterling terms, although reflecting a drop of 5% when stated on a constant currency basis. Direct expenses rose by 12% in sterling terms, although were flat when viewed on a constant currency basis, reflecting disciplined management of the cost base, particularly in the second half of 2008. The main impact on performance in the division was a significant increase in impairment losses, albeit from a low base, particularly in Ulster Bank, where impairments rose to £394 million. This reflects the impact on credit quality of the slowdown in the Irish economy and the increased flow of cases into the problem debt management process.

Average loans and advances to customers increased by 25% versus prior year, or 12% when stated on a constant currency basis.

Average deposit balances in the E&ME division were 13% higher in sterling terms and largely flat at constant exchange rates reflecting particularly the highly competitive market for resources in Ireland in 2008. Deposit flows in Ulster Bank were strong in the latter part of the year and into the early months of 2009.

Over 119,000 personal current accounts were opened by Ulster Bank across the island of Ireland in 2008, up 17% on 2007. In the UAE, RBS issued 170,000 credit cards in 2008, taking the total number in circulation over 430,000.

External recognition of the Division's achievements in 2008 included Ulster Bank winning the KPMG Business Banking Excellence Award for an unprecedented fourth successive year, while RBS UAE won the Best Premium/Priority Banking Service Award at the 2008 Banker Middle East Product Awards.



In Ireland, Ulster Bank has been pro-active in responding to the challenging local and global market conditions through a programme of initiatives, which includes the move to a single brand strategy under the Ulster Bank brand. This will see the merger of the operations of Ulster Bank and First Active in the Republic of Ireland ('RI') by the end of 2009. A series of cost management initiatives has also commenced across the business.

Steps to support customers through this difficult economic period have also been initiated in Ireland. Ulster Bank announced in February 2009 that it will be making available significant funds for the Northern Ireland ('NI') SME sector, with a similar support initiative soon to launch in RI. Ulster Bank has also adopted the Group's pledge regarding certainty of overdraft limits for this segment.

To support personal customers, the Group's MoneySense financial education programme is being rolled out across the island of Ireland with trained advisors being introduced to all Ulster Bank branches. The Momentum and Secure Step mortgages have been launched in NI and RI respectively to support first time buyers.

Strategic review

Ulster Bank remains a core part of the Group's global banking operations. It has a strong franchise in Ireland and has the product and distribution capability to grow profitably and well in normal market conditions. The business plans to manage its balance sheet over the medium term, with particular focus on reducing risk concentrations as market conditions allow, whilst increasing and diversifying its customer deposit base.



The E&ME Retail and Commercial franchises outside of Ireland lack scale and breadth. They would require a very significant investment of capital and management resource to be able to achieve levels of shareholder return equivalent to those possible from more established core franchises in the Group. We have commenced a review to consider future options for these businesses, including options for sale.

Asia Retail & Commercial Banking

Asia Retail & Commercial Banking is present in markets including India, Pakistan, China, Taiwan, Hong Kong, Indonesia, Malaysia and Singapore.

It provides financial services across four segments: affluent banking, cards and consumer finance, business banking and international wealth management, which offers private banking and investment services to clients in selected markets through the RBS Coutts brand.

Asia's economies slowed sharply in 2008 and especially the second half, ending a decade of consistent, widespread and often rapid growth in the region. This was reflected in the performance of Asia Retail & Commercial Banking, although comparisons with the prior year are affected by the marked depreciation of sterling during the year. While income increased by 12% to £781 million, an operating loss after manufacturing costs of £113 million was incurred, compared with a loss of £20 million in 2007.



Divisional review continued

Direct expenses increased by 30% to £483 million. This reflected higher collection costs and continued investment in the Group's infrastructure in the region, including the recruitment of additional experienced private bankers in RBS Coutts Asia. Impairment losses increased by 44% to £171 million, largely as a result of pressures on the Indian consumer finance book. The indicative ROE of Asia Retail & Commercial Banking was -16%.

Volatile market conditions reduced demand among clients for structured and equity fund products and led to a slowing in affluent banking income. Despite this, Royal Preferred Banking, which was launched in a number of countries during the year, saw client numbers increase by 13% and assets under management in the affluent segment grew by 3%. Royal Wealth Management was launched in India, emphasising our commitment to that market.

Credit cards and consumer finance metrics have continually been reviewed over the period resulting in further tightening of consumer lending policies. This has led to lower levels of card and loan acquisition. There has also been a slowdown in the number of card transactions. Despite this, the cards and consumer finance business reported income growth of 20%. Business banking saw strong growth across most regions with revenue increasing by 28%, having performed particularly well in India, Pakistan and China.

RBS Coutts, our wealth management business, continued to deliver good income growth of 19% and strong levels of client acquisition, up 5% in the year. Despite adverse financial markets and significant levels of client de-leveraging, assets under management in the international wealth business grew by 8%. We continued to rebrand Coutts' businesses outside the UK to RBS Coutts.



Total assets under management for the Division at 31 December 2008 were 7% higher than a year earlier at £21.2 billion, while customer deposits were 40% higher, partly reflecting exchange rate movements.

Strategic review

Asia Retail & Commercial Banking has established operations in a number of fast growing and attractive markets. However, the franchise is thinly spread and in general has not yet achieved significant scale. The Group intends to exit its retail and commercial activities in these areas. RBS Coutts will remain a core business.

RBS Insurance

RBS Insurance is the UK's second largest general insurer and the largest personal lines insurer by gross written premiums. It sells and underwrites personal lines and SME insurance over the telephone and internet, as well as through brokers, RBS Group bank branches and partnerships.

Its brands include Direct Line, which sells general insurance products direct to the customer, while the Churchill and Privilege brands sell both directly to the customer and via selected price comparison websites. In addition, NIG sells general insurance products through independent brokers and Green Flag is RBS Insurance's provider of the rescue product. Internationally, RBS Insurance sells general insurance, mainly motor, in Spain, Germany and Italy under the Direct Line brand.



RBS remains the UK's largest motor insurer and its second largest home insurer. This is supported by the strength of the Direct Line and Churchill brands which maintained their positions as the two leading motor insurance brands. The total number of in-force policies was 7% higher in December 2008 than 12 months earlier.

RBS Insurance made strong progress in 2008. Operating profit after manufacturing costs rose by £99 million to a record £780 million, an increase of 15%. Excluding the impact of the 2007 floods and prior year reserve releases, operating profit grew by 6%. Direct expenses grew by 4% to £771 million. Net claims fell by 7% to £3,733 million and by 3% if the effects of the 2007 floods and reserving review are excluded. The indicative ROE of RBS Insurance was 38%.

During 2008, RBS Insurance continued its strategy of growing own brand business, with income increasing 7%. Within the partnership market, RBS Insurance continued to focus on the more profitable opportunities which resulted in discontinuing some of the less profitable partnership contracts. Consequently, the number of partnership and broker policies in-force at December 2008 was down 9% compared with a year earlier although contribution increased by 27%.

In 2008, RBS Insurance continued to develop its synergies with the wider Group. Excellent sales growth was achieved through the RBS and NatWest brands, where home insurance new business sales increased by 289%, the equivalent of one policy every minute during branch opening hours.

The international businesses performed well, with income up 24% and contribution up 37%. These businesses now have more than 2.5 million customers. RBS Insurance, under the Direct Line brand, is the largest direct motor insurer in Spain, the second largest in Italy and the third largest in Germany.

The success of RBS Insurance in 2008 was delivered by another strong performance from our people. This was illustrated by the Group-wide 'Your Feedback' survey, which showed that RBS Insurance improved its position in 11 out of 15 categories compared with 2007 and exceeded the global financial services norm in 12 of the 15 categories.

Throughout 2008, RBS Insurance continued to develop and enhance its operating model. This involved a focus on low-cost customer acquisition through multiple distribution channels, efficiency enhancements to our low-cost operations, and improved underwriting risk selection and claims handling. This has given the company a strong foundation and leaves it well placed for future profitable growth despite the ongoing impacts of the current economic market conditions.

Strategic review

The Group has decided to retain RBS Insurance, reflecting the strength of its franchise as the leading UK personal lines insurer. It provides high quality earnings, which are differentiated from the Group's banking businesses, providing valuable diversity and strong returns. The business plans to pursue additional growth through building its position in the online insurance aggregator channel, through the bank channels and in the commercial market. The business retains competitive advantage through its market leading brands, low cost operating model and the benefits of scale on its claims costs.



Corporate Responsibility

Corporate Responsibility



Our approach

RBS tries to be a responsible corporate citizen wherever we operate. Our approach is distinctive. It involves regular and direct consultation with our stakeholders to find out what they think about how we do business and the actions they believe we should prioritise. We use that intelligence to help plan how we run the business. Progress towards achieving our plans is measured and monitored, allowing us to demonstrate the advances we made in 2008.

As well as responding to what we learn from stakeholders, we have to be flexible, adapting what we do as circumstances change. The turbulence in financial markets in 2008 and its effects on our customers were precisely the types of events to which a responsible financial services company has to respond. During the year we gave much greater emphasis to supporting our customers through the economic downturn, while continuing to work on the priorities which had previously been identified. What this demonstrates above all is that at RBS social responsibility is business as usual.

Progress against priorities in 2008

Consultation with our stakeholders had led to the identification of 10 priority areas for action in 2008. Full details of these are available at www.rbs.com/cr. Three leading priority areas were:

- financial crime;
- customer service; and
- how we market and sell our products.

Financial crime is at the heart of our most basic responsibility as a bank: to keep our customers' money secure. During the year we:

- promoted Risk Guardian – a fraud screening product to help reduce merchant liability from card fraud;



- continued to offer customers the additional security for online transactions afforded by two factor authentication, with over three million customers now registered to use it;
- increased the use of online customer identification and address verification systems.

Given the importance to stakeholders and to RBS of customer service, it was encouraging that, according to leading independent research RBS retained top position and NatWest was again joint second for customer satisfaction among main high street banks. Saturday opening was extended, so that 40% of the RBS/NatWest branch network now opens on Saturdays. We increased the number of Customer Advisers in NatWest branches by 200 in 2008.

To respond to stakeholders' interest in our approach to how we market and sell our products we:

- increasingly focused our service on customers who get into financial difficulty; and
- developed our 'Expert Managed Solutions' product proposition enabling customers to access industry-wide fund management expertise.

Investing in financial education

Understanding and confidently managing money are crucial life skills. RBS has a long-standing commitment to financial education, one which was expanded in 2008 to help people navigate difficult economic times.

The Group's financial education activities are built around the MoneySense programme which has been running for more than 15 years. It provides free and impartial guidance about money

and financial services, and is the largest financial education programme of its kind. MoneySense aims to ensure that an ever-increasing number of people – whether or not they choose to bank with the Group – are able to make informed decisions based on a solid understanding of their money and how financial products and services work.

MoneySense for Schools is accredited by the Personal Finance Education Group, an independent charity that helps schools to plan and teach personal finance education.

The core of MoneySense for Schools is lessons delivered to young people in their classrooms. Since 2004 alone, more than two million MoneySense lessons have been delivered to pupils, with the figure for 2008 exceeding 700,000. Some lessons are delivered by RBS and NatWest employees who visit schools in their local communities and others by teachers. Resources have been developed to support teachers and include:

- online tutorials;
- a free telephone helpline which gives teachers the opportunity to speak to MoneySense educational experts; and
- Teacher Zone, an area from which registered users can download support materials and resources for the modules.

School Money allows young people to practise the skills they have learned. It is a school bank, run by pupils and for pupils and was established in 2006. Last year saw the opening of the 100th inner city school bank, with a total of 332 in operation.

Building financial capability is important for adults as well as young people. That is why the programme was extended to include MoneySense for Adults. It offers advice and guidance



in branches, through published guides and leaflets, and over the internet. Each month, more than 10,000 copies of the MoneySense guide are distributed to customers and the MoneySense website receives an average of 60,000 visitors.

Recognising the impact that worsening economic conditions would have on household budgets, RBS expanded MoneySense for Adults in December 2008. Following a successful pilot exercise which had already taken place earlier in the year in NatWest branches in London, the Group significantly increased its investment in the provision of financial advice. An additional 1,000 MoneySense Advisers were introduced to RBS and NatWest branches. This made RBS the first bank to offer free, impartial financial guidance to everyone, including customers of other banks and people without bank accounts. The Group worked with the Consumer Credit Counselling Service – a charity which offers free and confidential advice and support to anyone worried about debt – to train retail customer service officers for this role. These new MoneySense Advisers were nominated for the positions based on their exceptional customer-oriented skills. Their job is to focus on helpful guidance, not selling products.

MoneySense is also being expanded to other countries in which the Group operates. In the United States of America, Citizens Financial Group is involved in a number of financial inclusion and capability initiatives. In Vermont, Citizens runs a Federal Deposit Insurance Corporation Money Smart Series through the branch network. The Money Smart curriculum helps individuals build financial knowledge, develop financial confidence, and use banking services effectively. Citizens Bank Connecticut is a lead partner with Empower New Haven's Financial Literacy programme – New Haven \$AVE\$. This initiative promotes economic security for low income families in New Haven,



offering accounts for first time homebuyers and young people saving for higher education. Financial education and asset specific training are required and participants are matched \$2 for every \$1 saved up to a total of \$2,000. Plans are currently in progress to introduce MoneySense across the US through Citizens, with additional programmes launching in 2009.

Ulster Bank is introducing MoneySense to both RI and NI. MoneySense for Schools modules have been made available online and plans are in development to broaden the schools programme and launch MoneySense services for adults during 2009. Ulster Bank in NI also provides financial support for the provision of independent debt advice by sponsoring the Citizens Advice Debt Advice handbook. This is a reference book for face-to-face debt advisers working in NI.

Supporting business customers

RBS has implemented a range of measures designed to assist both businesses and households in the current difficult economic climate.

In November, the Group made a series of promises to small business customers of RBS and NatWest. Under the Committed Overdraft promise, customers' committed facilities remain in place for 12 months from the date they are agreed, rather than being repayable on demand. The Price Promise means that committed overdraft pricing is guaranteed usually for 12 months from the date it is agreed. At renewal, the price will not increase unless there has been a rise in the risk associated with lending to the customer.

As well as this financial support, RBS also extended the face-to-face advice and support that is already available to customers through their relationship managers. A team of 500 highly experienced managers was selected to provide business customers with hands on support to manage their businesses through the downturn. This was followed in December 2008 by the launch of Business Lifeline, a specialist helpline which RBS has established to provide advice and support to small business customers.



In February 2009, the Group announced additional funding for small and medium-sized enterprises ('SME'). This will be delivered through 12 Regional SME Funds in England, Wales and Scotland, with Ulster Bank providing the Fund for businesses in NI. Along with providing traditional debt finance, the Funds will offer businesses the opportunity to access other avenues to help them manage their capital and cash flow through the economic downturn.

Supporting personal customers

In December 2008, RBS and NatWest introduced measures to help mortgage customers should they face financial difficulties. First, repossession proceedings will not proceed for a full six months after a customer first falls into arrears. Secondly, customers in arrears will be given the opportunity to seek advice from independent money advice organisations before any steps are taken by the Group. These commitments will remain in place at least until the end of 2009.

Environment

Through the RBS Group Environment Programme, we have been contributing to the global shift to a more sustainable and efficient use of natural resources. We have provided a number of financial products and services that support the environmental objectives of our customers, such as our Citizens Bank GreenSense account which rewards environmental behaviour and our highly successful green savings products. In 2008 we were one of the world's leading arrangers of finance to renewable power projects and we continued to procure renewable electricity for our UK properties. We completed large-scale energy efficiency upgrades to several of our main buildings around the world and continue to help our employees play their part in protecting the environment.

Our efforts in managing environmental risks and opportunities were recognised through our inclusion for the second year running in the Carbon Disclosure Project's Leadership Index and our score in the Dow Jones Sustainability Index increased.



2008 highlights

More than three million customers registered to use two factor authentication which provides additional security for online transactions

Saturday opening extended in NatWest and RBS branches

MoneySense lessons delivered to more than 700,000 pupils

100th inner city school bank opened

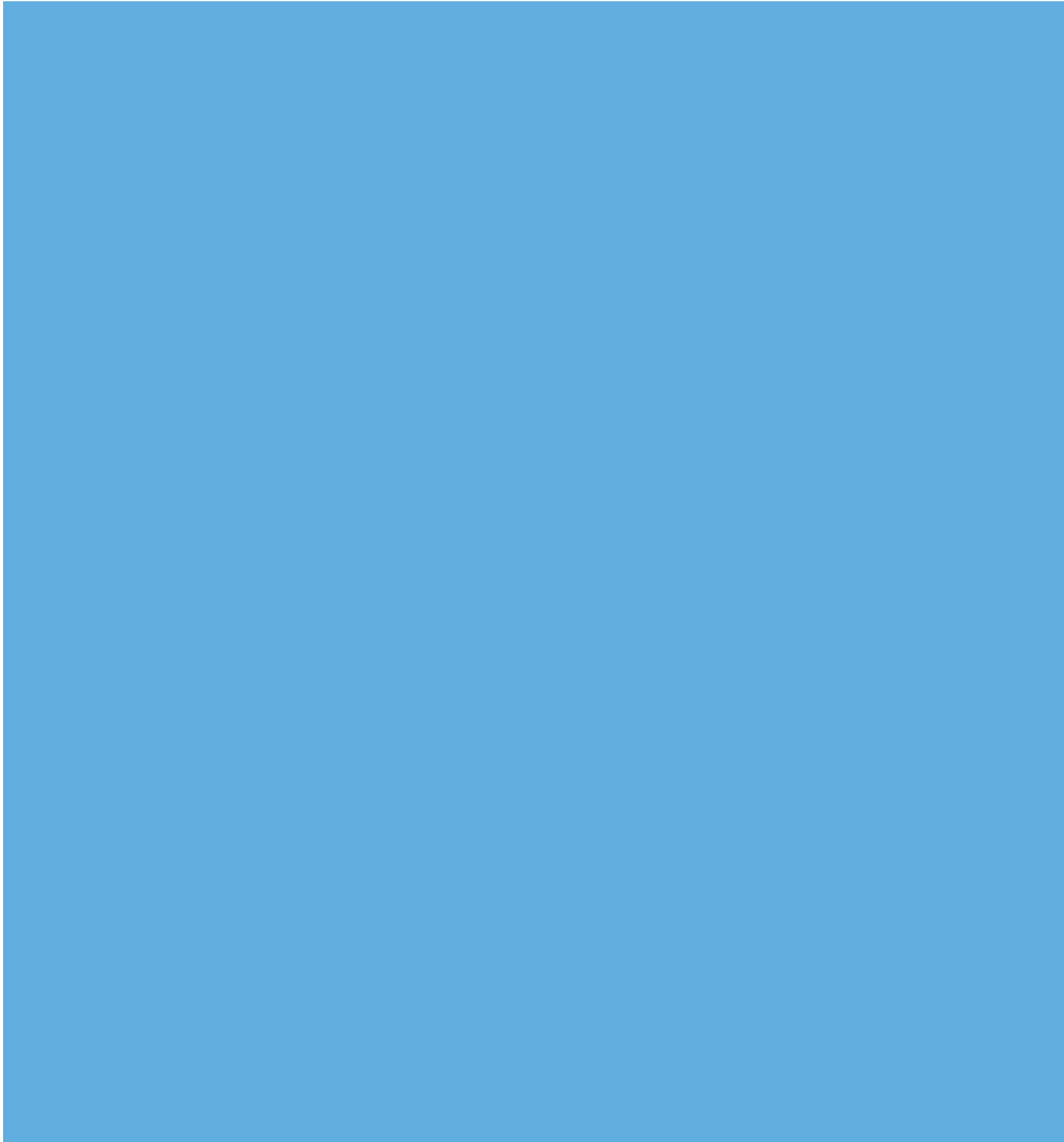
An additional 1,000 MoneySense Advisers introduced to NatWest and RBS branches

MoneySense being introduced in the island of Ireland by Ulster Bank

Additional funding for small and medium-sized enterprises

New mortgage repossession policy to help customers who fall into arrears

Inclusion in the Carbon Disclosure Project's Leadership Index for the second year running



Directors' report and summary financial statement

24 Board of directors and secretary

26 Letter from the Chairman of the
Remuneration Committee

27 Summary remuneration report

32 Financial results

39 Shareholder information

Board of directors and secretary

Chairman

Philip Hampton (age 55)
Chairman
N (Chairman), R



Appointed to the Board on 19 January 2009, Philip Hampton is currently chairman of J Sainsbury plc. Previously, he was group finance director of Lloyds TSB Group plc, BT Group plc, BG Group plc, British Gas and British Steel plc, an executive director of Lazard's and a non-executive director of RMC Group plc. He is also former chairman of UK Financial Investments Limited, the company established to manage the UK Government's shareholding in banks subscribing to its recapitalisation fund, and is a non-executive director of Belgacom SA.

Executive directors

Stephen Hester (age 48)
Group Chief Executive



Appointed to the Board on 1 October 2008 and as Group Chief Executive on 21 November 2008, Stephen Hester was chief executive of The British Land Company PLC. He was previously chief operating officer of Abbey National plc and prior to that he held positions with Credit Suisse First Boston including Chief Financial Officer, Head of Fixed Income and co-Head of European Investment Banking. In February 2008, he was appointed non-executive deputy chairman of Northern Rock plc, a position he relinquished on 1 October 2008. He is also a trustee of The Foundation and Friends of the Royal Botanical Gardens, Kew.

Gordon Pell (age 59) FCIBS, FCIB
Chairman, Regional Markets



Appointed to the Board in March 2000, Gordon Pell was formerly group director of Lloyds TSB UK Retail Banking before joining National Westminster Bank Plc as a director in February 2000 and then becoming Chief Executive, Retail Banking. He is also a director of Race for Opportunity and a member of the FSA Practitioner Panel. He was appointed chairman of the Business Commission on Racial Equality in the Workplace in July 2006 and deputy chairman of the Board of the British Bankers Association in September 2007.

Guy Whittaker (age 52)
Group Finance Director



Appointed to the Board in February 2006, Guy Whittaker joined RBS after spending 25 years with Citigroup where he was the group treasurer based in New York and prior to that had held a number of management positions within the financial markets business based in London.

Key to abbreviations

A member of the Audit Committee

N member of the Nominations Committee

R member of the Remuneration Committee

* independent non-executive director

Non-executive directors

Colin Buchan* (age 54)
A, N, R (Chairman)



Appointed to the Board in June 2002, Colin Buchan was educated in South Africa and spent the early part of his career in South Africa and the Far East. He has considerable international investment banking experience, as well as experience in very large risk management in the equities business. He was formerly a member of the group management board of UBS AG and head of equities of UBS Warburg, and was the former chairman of UBS Securities Canada Inc. He is chairman of Standard Life Investments Limited and a director of Standard Life plc and Black Rock World Mining Trust Plc.

John McFarlane* (age 61)
N, R



Appointed to the Board on 1 October 2008, John McFarlane is former chief executive officer of Australia and New Zealand Banking Group Limited. Previously he was a group executive director of Standard Chartered and was head of Citicorp/Citibank in the UK and Ireland. He is currently a non-executive director of Westfield Holdings Limited and a director of Old Oak Holdings Limited. He is a former president of the International Monetary Conference and a former chairman of the Australian Bankers Association. He has previously served as a director of the London Stock Exchange and a member of the Auditing Practices Board.

Archie Hunter* (age 65)
A (Chairman), N



Appointed to the Board in September 2004, Archie Hunter is a chartered accountant. He was Scottish senior partner of KPMG between 1992 and 1999 and president of The Institute of Chartered Accountants of Scotland in 1997/1998. He has extensive professional experience in the UK and North and South America. He is currently chairman of Macfarlane Group plc, a director of Edinburgh US Tracker Trust plc and a governor of the Beatson Institute for Cancer Research.

Arthur "Art" Ryan* (age 66)
N



Appointed to the Board on 1 October 2008, Arthur Ryan is the former chairman, chief executive officer and president of Prudential Financial Inc. Previously he held senior positions with Prudential Insurance and the former Chase Manhattan Bank NA. He is currently a non-executive director of Regeneron Pharmaceuticals Inc. and an active member of numerous community boards. He was a founding member of the Financial Services Forum.

Joe MacHale* (age 57)
A, N



Appointed to the Board in September 2004, Joe MacHale is currently a non-executive director and chairman of the remuneration committee of Brit Insurance Holdings plc, and a trustee and treasurer of MacMillan Cancer Support. He held a number of senior executive positions with J P Morgan between 1979 and 2001 and was latterly chief executive of J P Morgan Europe, Middle East and Africa Region. He is a fellow of the Institute of Chartered Accountants.

Group General Counsel and Group Secretary

Miller McLean (age 59) FCIBS, FIB



Miller McLean was appointed Group Secretary in August 1994. He is a trustee of the Industry and Parliament Trust, non-executive chairman of The Whitehall and Industry Group, and president of the Chartered Institute of Bankers in Scotland.

Letter from the Chairman of the Remuneration Committee

In recognition of the crisis in global financial services and the unprecedented losses incurred by the Group in 2008, the Remuneration Committee has been working with the executive to bring about fundamental change to the way remuneration works throughout the Group. There is an obvious need for very significant change to compensation policy and practice across the industry and we intend that the Group will lead that process in consultation with our major shareholders.

As we embark on a process of change, our approach has sought to balance the reality of our current situation with the need to offer a competitive remuneration package for teams and individuals that are performing well and in a manner that is sustainable in the long-term. Achieving this balance is essential to our task of rebuilding the Group's standalone strength as well as repaying the support of the UK taxpayers.

In previous years the Director's Remuneration Report has described how remuneration policies are being implemented for executive directors, but given the exceptional circumstances, I would like to take this opportunity to describe in greater detail how the Group is approaching remuneration for all employees.

Immediate key decisions taken by the Group were as follows:

- There have been no discretionary cash bonuses for any employees for performance in 2008. No bonuses have been paid to anyone directly associated with the Group's major losses. There are some limited contractual commitments to pay bonuses, typically as part of an agreement on recruitment, and these have been honoured.
- Where there has been exceptional performance by key individuals and teams, employees have been given deferred bonus awards. These awards will be released in three instalments in 2010, 2011 and 2012, in the form of RBS Group subordinated debt, by which time we hope the Group will be well on its way to standalone financial strength.

If the performance on which these deferred bonus awards was based later turns out to have been materially different or if there is subsequent material loss or reputational damage as a result of activity in the deferral period, or otherwise at the discretion of the Remuneration Committee, then part of these awards may be reduced or cancelled without payment ('clawback').

- No profit share payment has been made for financial year 2008 and the scheme has been withdrawn going forward. We have made changes to benefits for some employees below manager level as part of the transitional arrangements to end the annual entitlement to profit share bonuses.
- Annual base salary increases in 2009 will be made to a limited number of employees and salary increases will be below inflation for all businesses across the Group.

No bonuses have been paid to executive directors in relation to 2008 performance, and no deferred awards have been made. Over the past four years, the long term incentive awards granted under the Medium Term Performance Plan have lapsed due to the performance criteria not being met.

In respect of 2009, the Remuneration Committee has made key decisions in relation to the remuneration of executive directors:

- There will be no base salary increase in 2009.
- Any bonus earned in 2009 will be deferred and subject to clawback provisions.
- No further payments will be made under the company's Profit Sharing Scheme for 2009 onwards.
- Annual incentives for 2009 will be based on performance against a framework of measures, with all payments deferred for up to three years with potential clawback.
- The exceptional maximum annual incentive opportunity will not be available.
- The individual performance management processes will be strengthened at executive levels. This includes a revised performance scorecard. The five performance areas are strategic direction; finance and operations; stakeholder management (including employee and customer satisfaction); efficiency and control; and capability and development.
- Long term incentive awards will continue to be made under the Medium-term Performance Plan and the Executive Share Option Plan but the level of awards will be lowered compared to 2008. All awards will only vest if stretching performance conditions are met in three years' time.
- The provision for an undiscounted pension on early retirement at employer request will not apply to any executive director appointed in the future.

The Remuneration Committee recognises that the Group's performance has not only impacted its shareholders and customers, but also its employees who have worked so very hard over many years to build an organisation of which they were proud and which provided a secure livelihood for them and their families. The Board deeply regrets that our employees' trust has been eroded and their welfare affected during the last year. While it is both necessary and appropriate that we adopt stringent measures for employee compensation, we are more mindful than ever of the need for the Group to continue to develop the best employment practices in our industry to enable us to retain and recruit outstanding talent. This is critical to the delivery of our strategic plan and to build a sustainable and successful Group for the future.

Colin Buchan
Chairman of the Remuneration Committee
25 February 2009

Summary remuneration report

Remuneration policy

It has been agreed with HM Treasury that, in addition to complying with the Association of British Insurers' best practice code on remuneration, the Remuneration Committee will continue to work to ensure that future remuneration arrangements are linked to long-term value creation in line with the Group's business strategy, with appropriate account taken of risk and avoiding a bias towards short-term indicators such as profit or revenues. The company is also actively engaged in discussions with the Financial Services Authority (FSA) in relation to remuneration policies and practices across the banking sector and intends that any remuneration policies should take account of the FSA's remuneration design criteria.

Accordingly, in conjunction with the Board and independent advisers and in consultation with shareholders, the Remuneration Committee is undertaking a comprehensive review of its remuneration policy which it will complete during 2009.

Components of executive remuneration 2009 – UK based directors Salary

Base salaries of executive directors have been reviewed and it has been agreed that no increases in base salaries will be made as part of the annual 2009 review.

Benefits

Executive directors are eligible to receive various employee benefits or a cash equivalent, from a flexible benefits account, on a similar basis to other employees.

For all executive directors joining on or after 1 October 2006, pension provision is in the form of a pension allowance which may be used to participate in The Royal Bank of Scotland Group Defined Contribution Pension Fund which is open to all employees, or to invest in alternative pension arrangements, or to take all or some of the allowance in cash. In addition, as employees, executive directors are eligible to participate in Sharesave and Buy As You Earn schemes. These schemes are not subject to performance conditions since they are operated on an all-employee basis.

Annual incentives

No annual incentive has been awarded to any executive director in relation to 2008 performance.

UK-based executive directors have a normal maximum annual incentive opportunity of between 160% and 200% of salary (with an exceptional maximum opportunity of 200-250% of salary). The on-target opportunity is 107% to 133% of salary.

The Remuneration Committee has determined that, for the financial year ending 31 December 2009, the exceptional maximum incentive opportunity will not be available.

Any annual incentive payments earned in 2009 will be deferred and released in equal annual instalments over three years. The Remuneration Committee will reserve the right to review performance prior to each element of deferred incentive vesting and reduce the proportion that vests if there is evidence that the financial performance for 2009 was materially inaccurate or there is a material loss or reputational damage as a result of activity during the deferral period.

Any incentive payments to executive directors in 2009 will reflect performance across five performance categories: Strategic Direction, Finance and Operations, Stakeholders, Efficiency and Control and Capability and Development. Group business unit and functional performance will be considered as appropriate.

Long-term incentives

The company provides long-term incentives in the form of share options and share or share equivalent awards. Their objective is to encourage the creation of value over the long term and to align the rewards of the executive directors with the returns to shareholders. The Remuneration Committee is formulating proposals under which awards may be made in the future under two plans; the Medium Term Performance Plan and the Executive Share Option Plan. Any awards will be subject to rigorous performance conditions on which shareholders will be consulted.

Medium-term Performance Plan

The Medium-term Performance Plan was approved by shareholders in April 2001. Each executive director is eligible for an annual award under the plan in the form of share or share equivalent awards. Whilst the rules of the plan allow awards of shares worth up to one and a half times earnings, the Remuneration Committee has adopted a policy of granting awards based on a multiple of salary. No changes will be made to this policy without prior consultation with shareholders.

The award levels for 2009 will be reduced from the policy applied for awards in 2008.

Options

The executive share option plan was approved by shareholders at the company's 2007 Annual General Meeting.

In 2008, options were granted to executive directors under the executive share option plan approved by shareholders in 2007, over shares worth between one and a half times salary and three times salary. For 2009, the award levels will be reduced from the policy applied in 2008.

Shareholding guidelines

The Group operates shareholding guidelines for executive directors. The target shareholding level is 200% of gross annual salary for the Group Chief Executive and 100% of gross annual salary for executive directors. Target shareholding levels are determined by reference to ordinary shares held, together with any vested awards under the Group's Medium-term Performance Plan. Executive directors have a period of five years in which to build up their shareholdings to meet the guideline levels.

Group Chief Executive – Stephen Hester

Stephen Hester became Group Chief Executive on 21 November 2008. His annual basic salary is £1,200,000.

Mr Hester also received certain share awards on appointment as Group Chief Executive and share awards to replace bonus and share awards he forfeited on leaving The British Land Company PLC. Mr Hester was granted conditional share awards over a total of 10,407,081 shares. Subject to their terms, the majority of these awards will vest between February 2009 (immediately after the announcement of the 2008 annual results) and the third anniversary of his appointment as Group Chief Executive.

Summary remuneration report continued

Chairman – Philip Hampton

Philip Hampton became Chairman-designate on 19 January 2009, and Chairman on 3 February 2009. His fee is £750,000 per annum. He will also receive a one-off restricted share award over shares in the company, which will vest, subject to the satisfaction of appropriate performance conditions, on the third anniversary of the date of grant. The amount of this award will be two times his annual fee, based on the share price at the date of grant.

Former executive directors

Sir Fred Goodwin

Sir Fred Goodwin's employment with the company ended on 31 January 2009. Under the terms of an agreement reached on 13 October 2008, he has waived any payment in lieu of notice and his rights in respect of unvested executive share options and unvested awards under the Medium-term Performance Plan have lapsed. He will not receive a short term incentive payment for the financial year ended 31 December 2008.

Johnny Cameron

Johnny Cameron's employment with the company will end on 28 February 2009. Under the terms of an agreement reached with him on 19 December 2008, he will not receive pay in lieu of notice or short-term incentive payment for 2008 or 2009.

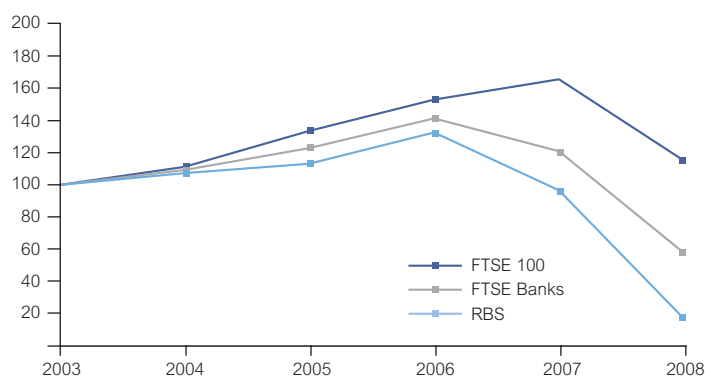
Mark Fisher

Mark Fisher's employment with the company will end on 6 March 2009. He will not receive any short-term incentive payment in respect of either 2008 or 2009.

Total shareholder return performance

The performance graph below illustrates the performance of the company over the past five years in terms of total shareholder return compared with that of the companies comprising the FTSE 100 Index. This Index has been selected because it represents a cross-section of leading UK companies. The total shareholder return for FTSE banks for the same period has been added for comparison. The total shareholder return for the company and the indices have been rebased to 100 for 2003.

Total shareholder return



Service contracts

The company's policy in relation to the duration of contracts with directors is that executive directors' contracts generally continue until termination by either party, subject to the required notice, or until retirement. The notice period under the service contracts of executive directors will not normally exceed 12 months. In relation to newly recruited executive directors, subject to the prior approval of the Remuneration Committee, the notice period may be extended beyond 12 months if there is a clear case for this. Where a longer period of notice is initially approved on appointment, it will normally be structured such that it will automatically reduce to 12 months in due course.

All new service contracts for executive directors are subject to approval by the Remuneration Committee. Those contracts normally include standard clauses covering the performance review process, the company's normal disciplinary procedure, and terms for dismissal in the event of failure to perform or in situations involving actions in breach of the Group's policies and standards.

Any compensation payment made in connection with the departure of an executive director will be subject to approval by the Remuneration Committee, having regard to the terms of the service contract and the reasons for termination. Any Board members who leave the company in the future will receive a severance package which is reasonable and perceived as fair.

No compensation payment was made to Sir Fred Goodwin, Johnny Cameron or Mark Fisher in respect of their ceasing to be directors.

Directors' remuneration

	Salary/ fees £000	Pension allowance £000	Benefits £000	2008 Total £000	2007 Total £000
Executive directors					
Mr Hester ⁽¹⁾	163	52	1	216	—
Mr Pell	908	—	1	909	2,204
Mr Whittaker	829	282	4	1,115	2,450
Former Chairman					
Sir Tom McKillop ⁽²⁾	787	—	—	787	750
Former executive directors					
Sir Fred Goodwin ⁽³⁾	1,297	—	39	1,336	4,190
Mr Cameron ⁽⁴⁾	902	312	25	1,239	3,256
Mr Fish ⁽⁵⁾	324	—	40	364	1,253
Mr Fisher ⁽⁶⁾	760	187	441	1,388	2,358

Notes:

- (1) Mr Hester was appointed Group Chief Executive on 21 November 2008. He was previously a non-executive director from 1 October 2008.
- (2) Sir Tom McKillop ceased to be Chairman and a director on 3 February 2009.
- (3) Sir Fred Goodwin ceased to be Group Chief Executive and a director on 21 November 2008. His employment with the Group ceased on 31 January 2009.
- (4) Mr Cameron ceased to be a director on 13 October 2008 and will cease employment with the Group on 28 February 2009.
- (5) From 1 January 2008 until 30 April 2008, Mr Fish was an executive director of the company. He became a non-executive director on 1 May 2008 and ceased to be a director on 31 December 2008. Throughout this period, he was non-executive chairman of RBS America and Citizens. Mr Fish is a non-executive director of Textron Inc. and Tiffany & Co and retained the fees paid to him in this respect. For 2008, he received remuneration from Textron Inc. of US\$260,500, including deferred fees. He received an annual fee of US\$48,500 from Tiffany & Co.
- (6) Mr Fisher ceased to be a director on 21 November 2008 and will cease employment with the Group on 6 March 2009. In line with its international assignment policy, costs such as additional tax and accommodation incurred as a result of Mr Fisher's assignment to the Netherlands are met by the Group. These additional costs are shown in 'Benefits' above.

	Board fees £000	Board committee fees £000	2008 Total £000	2007 Total £000
Non-executive directors				
Mr Buchan	73	57	130	122
Mr Hunter	73	101	174	162
Mr MacHale	73	33	106	100
Mr McFarlane ⁽¹⁾	18	—	18	—
Mr Ryan ⁽¹⁾	18	—	18	—
Former non-executive directors				
Dr Currie ⁽²⁾	73	16	89	85
Mr Friedrich ⁽²⁾	73	33	106	100
Mr Koch ⁽²⁾	73	—	73	70
Mrs Kong ⁽²⁾	73	16	89	85
Sir Steve Robson ⁽²⁾	73	33	106	100
Mr Scott ^(2, 3)	—	—	174	160
Mr Sutherland ⁽²⁾	73	29	102	97

Notes:

- (1) Appointed as directors on 1 October 2008.
- (2) Retired as directors on 6 February 2009.
- (3) Mr Scott's senior independent director fee covered all Board and Board Committee work including Chairmanship of the Remuneration Committee.

No director received any expense allowances chargeable to UK income tax or compensation for loss of office/termination payment. The non-executive directors did not receive any bonus payments or benefits.

Summary remuneration report *continued*

Medium Term Performance Plan

Scheme interests at 1 January 2008 and the related market price on award in the table below have been restated to reflect the rights issue in June 2008 and the capitalisation issue in September 2008.

	Scheme interests (share equivalents) at 1 January 2008	Awards granted in 2008	Market price on award £	Awards vested in 2008	Awards exercised in 2008	Share interest (share equivalents) at 31 December 2008	End of period for qualifying conditions to be fulfilled
Mr Pell	148,953		5.17	Nil		—	lapsed 31.12.08
	138,384		5.85			138,384	31.12.09
		305,177	2.97			305,177	31.12.10
	287,337					443,561	
Mr Whittaker	135,410		5.17	Nil		—	lapsed 31.12.08
	128,134		5.85			128,134	31.12.09
		277,525	2.97			277,525	31.12.10
	263,544					405,659	
Sir Fred Goodwin (1)	333,324		4.56			333,324	vested 31.12.03
	121,288		5.19			121,288	vested 31.12.04
	348,202		5.17	Nil		—	lapsed 31.12.08
	333,145		5.85			—	waived 31.12.09
		754,364	2.97			—	waived 31.12.10
	1,135,959					454,612	
Mr Cameron (2)	199,994		4.56			—	vested 31.12.03
	79,096		5.19			—	vested 31.12.04
	174,103		5.17	Nil		—	lapsed 31.12.08
	170,845		5.85			—	lapsed 31.12.09
		403,673	2.97			—	lapsed 31.12.10
	624,038					—	
Mr Fish	111,479		5.17	Nil		—	lapsed 31.12.08
	102,587		5.85			102,587	31.12.09
	214,066					102,587	
Mr Fisher (3)	71,651		4.56			71,651	vested 31.12.03
	28,660		5.19			28,660	vested 31.12.04
	125,741		5.17	Nil		—	lapsed 31.12.08
	119,593		5.85			119,593	31.12.09
		282,570	2.97			282,570	31.12.10
	345,645					502,474	

Notes:

- (1) Awards held at 21 November 2008 when he ceased to be a director. Unvested awards were waived on cessation and lapsed on 31 January 2009.
- (2) Awards held at 13 October 2008 when he ceased to be a director. Subsequently Mr Cameron exercised his vested awards on 5 December 2008. All outstanding awards will lapse when his employment with the company ends on 28 February 2009.
- (3) Awards held at 21 November 2008 when he ceased to be a director. All unvested awards and any vested, but unexercised, awards will lapse when his employment with the company ends on 6 March 2009.

For any awards that have vested, participants holding option-based awards can exercise their right over the underlying share equivalents at any time up to ten years from the date of grant.

No variation was made to any of the terms of the plan during the year.

Restricted Share Award

Interests at 1 January 2008 and the related prices on award and vesting in the table below have been restated to reflect the rights issue in June 2008 and the capitalisation issue in September 2008.

	Awards held at 1 January 2008	Awards granted in 2008	Market price on award £	Awards vested in 2008	Market price on vesting £	Value of awards vested £	Awards held at 31 December 2008	End of the period for qualifying conditions to be fulfilled
Mr Hester	—	8,575,019	0.48	577,964	0.48	277,423	7,997,055	21.11.08 – 29.05.11 ⁽¹⁾
	—	1,832,062	0.48				1,832,062	21.11.09 – 21.11.11 ⁽²⁾
	—	10,407,081					9,829,117	
Mr Whittaker ⁽³⁾	109,208		5.41	109,208	3.37	368,503	—	
	90,718		5.41				90,718	01.02.09 ^(4, 5)
	44,500		5.41				44,500	01.02.10
	244,426						135,218	

Notes:

- (1) Awards to replace bonus and share awards Mr Hester forfeited on leaving The British Land Company PLC, which reflect the vesting dates of the original awards.
- (2) These awards vest as to 1/3 on each of the first, second and third anniversary of award, subject to their terms.
- (3) Awards were granted to Mr Whittaker in lieu of unvested share awards from his previous employer.
- (4) The end period for qualifying conditions is subject to any restrictions on dealing in the Group's shares which may be in place and to which Mr Whittaker may be subject. As a result of the close period prior to the announcement of the Group's results, the end of the period for qualifying conditions to be fulfilled in 2009 is 26 February 2009.
- (5) Award has now vested and shares will be released to Mr Whittaker on 26 February 2009.

Citizens Long Term Incentive Plan ⁽¹⁾

	Interests at 1 January 2008	Benefits received from awards vested during the year	Interests at 31 December 2008
Mr Fish	LTIP awards for the 3 year periods:		
	01.01.05 – 31.12.07	nil	—
	01.01.06 – 31.12.08	nil ⁽²⁾	—
	01.01.07 – 31.12.09	nil ⁽²⁾	—

Notes:

- (1) This cash LTIP was approved by shareholders at the company's Annual General Meeting in April 2005. Performance is measured on a combination of growth in Profit before tax and Relative Return on Equity based on a comparison of Citizens with comparator US banks.
- (2) When Mr Fish stepped down from the Board on 31 December 2008, under the terms of the Citizens LTIP, his outstanding awards vested, subject to pro-rating for the elapsed proportion of the performance period and for performance to date. As a result, there was nil vesting for all awards.

No variation was made to any of the terms of the plan during the year.

Financial results

Summary financial statement

Important note

This summary financial statement is a summary of information in the 2008 Report and Accounts (the 'R&A'). It does not contain sufficient information to allow for a full understanding of the results of the Group or of the state of affairs of the company. For further information, the 2008 R&A, the auditors' report on those accounts and the report of the directors should be consulted. A copy of the R&A may be obtained, free of charge, from the company's registrar at the address shown on the inside back cover.

Shareholders who wish to receive the R&A may also complete (if they have not done so previously) the request card which accompanies this document and return it to the company's registrar.

Corporate governance

The company is committed to high standards of corporate governance, business integrity and professionalism in all its activities.

Throughout the year ended 31 December 2008, the company has complied with all of the provisions of the Combined Code issued by the Financial Reporting Council in June 2006 (the 'Code') except in relation to the provision that the Remuneration Committee should have delegated responsibility for setting remuneration for the Chairman and executive directors. The company considers that this is a matter which should rightly be reserved for the Board. No director is involved in decisions regarding his or her own remuneration.

During the period following the changes to the Board on 6 February 2009 and the date of this Report, the company has not had a senior independent director and the Remuneration Committee has comprised two independent non-executive directors and the Chairman of the Board, not the three independent non-executive directors required by the Code. The Board is in the process of recruiting three additional independent non-executive directors and plans to appoint a senior independent director and an additional member of the Remuneration Committee as part of the recruitment process.

The company has also complied with the Financial Reporting Council Guidance on Audit Committees issued in October 2008 in all material respects.

Under the US Sarbanes-Oxley Act of 2002 (the 'Act'), specific standards of corporate governance and business and financial disclosures apply to companies with securities registered in the US. The company complies with all applicable sections of the Act.

Summary directors' report

Activities and business review

A review of the activities and business of the Group for the year ended 31 December 2008, of recent events and of likely future developments is contained on pages 2 to 21.

Going concern

The accounts for the year ended 31 December 2008 have been prepared on a going concern basis. The directors have reviewed the Group's forecasts, projections and other relevant evidence including the ongoing measures from governments and central banks in the UK and around the world to sustain the banking sector. Whilst the Group has received no guarantees, the directors have a reasonable expectation, based on experience to date, of continued and sufficient access to these funding facilities and, accordingly, that the Group will continue in operational existence for the foreseeable future.

Directors

Photographs and biographical details of the directors are shown on pages 24 and 25.

Report of the auditors

The auditors' report on the full accounts for the year ended 31 December 2008 was unqualified and did not include a statement under sections 237(2) (inadequate accounting records or returns or accounts not agreeing with records and returns) or 237(3) (failure to obtain necessary information and explanations) of the Companies Act 1985.

The following additional information is required to be disclosed by Part 7 of the Companies Act 1985 as amended.

Share capital

Details of the ordinary and preference share capital as at 31 December 2008 are provided below.

	Allotted, called up and fully paid £m	Authorised £m
Ordinary shares of 25p	9,864	11,151
Non-voting deferred shares of £0.01	27	323
Additional Value Shares of £0.01	—	27
Non-cumulative preference shares of US\$0.01	2	3
Non-cumulative convertible preference shares of US\$0.01	—	—
Non-cumulative preference shares of €0.01	—	—
Non-cumulative convertible preference shares of €0.01	—	—
Non-cumulative convertible preference shares of £0.25	—	225
Non-cumulative convertible preference shares of £0.01	—	—
Cumulative preference shares of £1	1	1
Non-cumulative preference shares of £1	6	300

Number of shares – thousands

	Allotted, called up and fully paid	Authorised
Ordinary shares of 25p	39,456,005	44,603,278
Non-voting deferred shares of £0.01	2,660,556	32,300,000
Additional Value Shares of £0.01	—	2,700,000
Non-cumulative preference shares of US\$0.01	308,015	516,000
Non-cumulative convertible preference shares of US\$0.01	1,000	3,900
Non-cumulative preference shares of €0.01	2,526	66,000
Non-cumulative convertible preference shares of €0.01	—	3,000
Non-cumulative convertible preference shares of £0.25	—	900,000
Non-cumulative convertible preference shares of £0.01	200	1,000
Cumulative preference shares of £1	900	900
Non-cumulative preference shares of £1	5,750	300,000

Financial results continued

The rights and obligations attaching to the company's ordinary shares and preference shares are set out in the company's Articles of Association, copies of which can be obtained from Companies House in the UK or at www.rbs.com.

On a show of hands at a general meeting of the company every holder of ordinary shares and cumulative preference shares present in person or by proxy and entitled to vote shall have one vote. On a poll, every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote for every share held. On a poll holders of cumulative preference shares present in person or by proxy and entitled to vote shall have four votes for every share held. The Notice of the Annual General Meeting specifies the deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the meeting.

The cumulative preference shares represent less than 0.01% of the total voting rights of the company, the remaining being represented by the ordinary shares.

There are no restrictions on the transfer of ordinary shares in the company other than certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws). Pursuant to the Listing Rules of the Financial Services Authority certain employees of the company require the approval of the company to deal in the company's shares.

A number of the company's share plans include restrictions on transfer of shares while the shares are subject to the plans, in particular the Employee Share Ownership Plan.

Non-cumulative preference shares

Non-cumulative preference shares entitle the holders thereof (subject to the terms of issue) to receive periodic non-cumulative cash dividends at specified fixed rates for each Series payable out of distributable profits of the company.

The non-cumulative preference shares are redeemable at the option of the company, in whole or in part from time to time at the rates detailed below plus dividends otherwise payable for the then current dividend period accrued to the date of redemption.

Class of preference share	Number of shares in issue	Interest rate	Redemption date on or after	Redemption price per share	Debt or equity ⁽¹⁾
Non-cumulative preference shares of US\$0.01					
Series F	8 million	7.65%	31 March 2007	US\$25	Debt
Series H	12 million	7.25%	31 March 2004	US\$25	Debt
Series L	34 million	5.75%	30 September 2009	US\$25	Debt
Series M	37 million	6.4%	30 September 2009	US\$25	Equity
Series N	40 million	6.35%	30 June 2010	US\$25	Equity
Series P	22 million	6.25%	31 December 2010	US\$25	Equity
Series Q	27 million	6.75%	30 June 2011	US\$25	Equity
Series R	26 million	6.125%	30 December 2011	US\$25	Equity
Series S	38 million	6.6%	30 June 2012	US\$25	Equity
Series T	64 million	7.25%	31 December 2012	US\$25	Equity
Series U	15,000	7.64%	29 September 2017	US\$100,000	Equity
Non-cumulative convertible preference shares of US\$0.01					
Series 1	1 million	9.118%	31 March 2010	US\$1,000	Debt
Non-cumulative preference shares of €0.01					
Series 1	1.25 million	5.5%	31 December 2009	€1,000	Equity
Series 2	1.25 million	5.25%	30 June 2010	€1,000	Equity
Series 3	26,000	7.0916%	29 September 2017	€50,000	Equity
Non-cumulative convertible preference shares of £0.01					
Series 1	200,000	7.387%	31 December 2010	£1,000	Debt
Non-cumulative preference shares of £1					
Series 1	750,000	8.162%	5 October 2012	£1,000	Equity
Series 2	5 million	12%	2 December 2013	£1,000	Equity

Note:

(1) Those preference shares where the Group has an obligation to pay dividends are classified as debt; those where distributions are discretionary are classified as equity. The conversion rights attaching to the convertible preference shares may result in the Group delivering a variable number of equity shares to preference shareholders; these convertible preference shares are treated as debt.

(2) The whole of each series of preference share is issued or redeemed at the same time.

In the event that the non-cumulative convertible preference shares are not redeemed on or before the redemption date, the holder may convert them into ordinary shares in the company.

Under existing arrangements, no redemption or purchase of any non-cumulative preference shares may be made by the company without the prior consent of the UK Financial Services Authority.

On a winding-up or liquidation of the company, the holders of the non-cumulative preference shares will be entitled to receive, out of any surplus assets available for distribution to the company's shareholders (after payment of arrears of dividends on the cumulative preference shares up to the date of repayment) pari passu with the cumulative preference shares, and all other shares of the company ranking pari passu with the non-cumulative preference shares as regards participation in the surplus assets of the company, a liquidation distribution per share equal to the applicable redemption price detailed in the table above, together with an amount equal to dividends for the then current dividend period accrued to the date of payment, before any distribution or payment may be made to holders of the ordinary shares as regards participation in the surplus assets of the company.

Except as described above, the holders of the non-cumulative preference shares have no right to participate in the surplus assets of the company.

Holders of the non-cumulative preference shares are not entitled to receive notice of or attend general meetings of the company except if any resolution is proposed for adoption by the shareholders of the company to vary or abrogate any of the rights attaching to the non-cumulative preference shares or proposing the winding-up or liquidation of the company. In any such case, they are entitled to receive notice of

and to attend the general meeting of shareholders at which such resolution is to be proposed and are entitled to speak and vote on such resolution (but not on any other resolution). In addition, in the event that, prior to any general meeting of shareholders, the company has failed to pay in full the three most recent quarterly dividend payments due on the non-cumulative dollar preference shares (other than series U), the two most recent semi-annual dividend payments due on the non-cumulative convertible dollar preference shares and the most recent dividend payments due on the non-cumulative euro preference shares, the non-cumulative sterling preference shares, the series U non-cumulative dollar preference shares and the non-cumulative convertible sterling preference shares, the holders shall be entitled to receive notice of, attend, speak and vote at such meeting on all matters together with the holders of the ordinary shares. In these circumstances only, the rights of the holders of the non-cumulative preference shares to vote shall continue until the company shall have resumed the payment in full of the dividends in arrears.

The series 2 non-cumulative preference shares of £1 each were issued to HM Treasury. The company, subject to shareholder approval, intends to issue new ordinary shares by way of an open offer, the proceeds from which will be used to repay the preference shares, issued to HM Treasury, together with the accrued dividend.

Authority to repurchase shares

At the Annual General Meeting in 2008, shareholders renewed the authority for the company to make market purchases of up to 1,000,710,085 ordinary shares. The directors have not used this authority to date and there is no current intention that the authority will be exercised. This authority will lapse at the conclusion of the AGM of the company in 2009 and no renewal will be sought.

Shareholdings

The table below shows the shareholders that have notified the Group that they hold more than 3% of the voting rights in the undernoted classes of shares as at 31 December 2008.

	Number of shares	% held		Number of shares	% held
Ordinary shares:			5½% cumulative preference shares:		
Solicitor For The Affairs of Her Majesty's Treasury			Mr P S and Mrs J M Allen;		
As Nominee for Her Majesty's Treasury	22,853,798,818	57.92	Miss C L Allen, and Miss J C Allen	112,949	28.23
11% cumulative preference shares:			Commercial Union Assurance plc	91,429	22.86
Guardian Royal Exchange Assurance plc	129,830	25.97	Bassett-Patrick Securities Limited ⁽¹⁾	46,255	11.56
Windsor Life Assurance Company Limited	51,510	10.30	E M Behrens Charitable Trust	20,000	5.00
Cleaning Tokens Limited	25,500	5.10	Trustees of The Stephen Cockburn Limited Pension Scheme	19,879	4.97
Mr S J and Mrs J A Cockburn	15,520	3.10	Mrs Gina Wild	19,800	4.95
Mr Stephen J Cockburn	15,290	3.06	Miss Elizabeth Hill	16,124	4.03
			Mr W T Hardison Jr.	13,532	3.38

Note:

(1) Notification has been received on behalf of Mr A W R Medlock and Mrs H M Medlock that they each have an interest in the holding of 5½% cumulative preference shares registered in the name of Bassett-Patrick Securities Limited noted above and that there are further holdings of 5,300 and 5,000 shares, respectively, of that class registered in each of their names.

Financial results continued

The company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights. There are no persons holding securities carrying special rights with regard to control of the company.

Under the rules of certain employee share plans eligible employees are entitled to acquire shares in the company and shares are held in trust for participants by The Royal Bank of Scotland plc and Ulster Bank Dublin Trust Company as Trustees. Voting rights are exercised by the Trustees on receipt of participants' instructions. If a participant does not submit an instruction to the Trustee no vote is registered.

The Royal Bank of Scotland Group plc 2001 Employee Share Trust, The Royal Bank of Scotland Group plc 2007 US Employee Share Trust and The Royal Bank of Scotland plc 1992 Employee Share Trust hold shares on behalf of the Group's employee share plans. The voting rights are exercisable by the Trustees; however, in accordance with investor protection guidelines, the Trustees abstain from voting. The Trustees would take independent advice before accepting any offer in respect of their shareholdings for the company in a takeover bid situation.

Independent auditors' statement to the members of The Royal Bank of Scotland Group plc

We have examined the summary financial statement which comprises the summary consolidated income statement, the summary consolidated balance sheet, the summary directors' report and the summary remuneration report.

This report is made solely to the company's members, as a body, in accordance with section 251 of the Companies Act 1985. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, for our audit report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Review and Summary Financial Statement in accordance with United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Review and Summary Financial Statement with the full annual accounts, the directors' report and the directors' remuneration report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

Under the company's Articles of Association all directors must resign and seek re-election by shareholders at least once every three years. Any non-executive directors who have served for more than nine years will also stand for annual re-election and the Board will consider their independence at that time. The proposed re-election of directors is subject to prior review by the Board.

The company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

A change of control of the company following a takeover bid may cause a number of agreements to which the company is party to take effect, alter or terminate. In addition, a number of executive directors' service agreements may be affected on a change of control. All of the company's employee share plans contain provisions relating to a change of control. Outstanding awards and options may vest and become exercisable on change of control, subject where appropriate to the satisfaction of any performance conditions at that time and pro-rating of awards. In the context of the company as a whole, these agreements are not considered to be significant.

We also read the other information contained in the Annual Review and Summary Financial Statements as described in the contents section, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of opinion

We conducted our work in accordance with bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom. Our report on the company's full annual financial statements describes the basis of our audit opinion on those financial statements and the part of the directors' remuneration report described as having been audited.

Opinion

In our opinion, the summary financial statement is consistent with the full annual accounts, the directors' report and the directors' remuneration report of The Royal Bank of Scotland Group plc for the year ended 31 December 2008 and complies with the applicable requirements of section 251 of the Companies Act 1985, and the regulations made thereunder.

Deloitte LLP
Chartered Accountants and Registered Auditors
Edinburgh
25 February 2009

Neither an audit nor a review provides assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Summary consolidated income statement for the year ended 31 December 2008

	2008 £m	2007 £m
Net interest income	18,675	12,069
Non-interest income (excluding net insurance premium income)	867	12,210
Insurance net premium income	6,326	6,087
Non-interest income	7,193	18,297
Total income	25,868	30,366
Administrative expenses	50,879	12,010
Depreciation and amortisation	3,154	1,932
Operating expenses*	54,033	13,942
(Loss)/profit before other operating charges and impairment	(28,165)	16,424
Insurance net claims	4,430	4,624
Impairment	8,072	1,968
Operating (loss)/profit before tax	(40,667)	9,832
Tax	(2,323)	2,044
Profit/(loss) from discontinued operations, net of tax	3,971	(76)
(Loss)/profit for the year	(34,373)	7,712
(Loss)/profit attributable to:		
Minority interests	(10,832)	163
Other owners	596	246
Ordinary shareholders	(24,137)	7,303
	(34,373)	7,712
Basic earnings per 25p ordinary share (1)	(145.7p)	64.0p
Diluted earnings per 25p ordinary share (1)	(145.7p)	63.4p

* Integration and restructuring costs included in operating expenses comprise:

	2008 £m	2007 £m
Administrative expenses	1,321	48
Depreciation and amortisation	36	60
	1,357	108

Note:

(1) Prior year per share data have been restated to reflect the rights issue in June 2008 and the capitalisation issue in September 2008.

Directors' remuneration	2008 £000	2007 £000
Non-executive directors – emoluments	1,408	1,081
Chairman and executive directors – emoluments	7,132	16,461
– contributions and allowances in respect of defined contribution pension schemes	3	30
	8,543	17,572
– amounts receivable under long-term incentive plans	646	1,839
– gains on exercise of share options	77	1,474
	9,266	20,885

Retirement benefits are accruing to one director (2007 – five) under defined benefit schemes. No directors (2007 – one) are accruing benefits under defined contribution schemes.

Financial results continued

Summary consolidated balance sheet at 31 December 2008

	2008 £m	2007 £m
Assets		
Cash and balances at central banks	12,400	17,866
Loans and advances to banks	138,197	219,460
Loans and advances to customers	874,722	828,538
Debt securities	267,549	294,656
Equity shares	26,330	53,026
Settlement balances	17,832	16,589
Derivatives	992,559	277,402
Intangible assets	20,049	49,916
Property, plant and equipment	18,949	18,745
Deferred taxation	7,082	3,119
Prepayments, accrued income and other assets	24,402	15,662
Assets of disposal groups	1,581	45,850
Total assets	2,401,652	1,840,829
Liabilities		
Deposits by banks	258,044	312,294
Customer accounts	639,512	682,363
Debt securities in issue	300,289	274,172
Settlement balances and short positions	54,277	91,021
Derivatives	971,364	272,052
Accruals, deferred income and other liabilities	31,482	34,208
Retirement benefit liabilities	2,032	460
Deferred taxation	4,165	5,400
Insurance liabilities	9,976	10,162
Subordinated liabilities	49,154	38,043
Liabilities of disposal groups	859	29,228
Total liabilities	2,321,154	1,749,403
Minority interests	21,619	38,388
Equity owners	58,879	53,038
Total equity	80,498	91,426
Total liabilities and equity	2,401,652	1,840,829
Memorandum items		
Contingent liabilities and commitments	433,261	400,099

At 31 December 2008, provisions for loan impairment amounted to £11,016 million (2007 – £6,452 million).

The summary financial statement on pages 32 to 38 was approved by the Board of directors on 25 February 2009.

Philip Hampton
Chairman

Stephen Hester
Group Chief Executive

Guy Whittaker
Group Finance Director

Shareholder information

Analyses of ordinary shareholders at 31 December 2008

	Shareholdings	Number of shares – millions	%
Individuals	195,459	982.9	2.5
Banks and nominee companies	28,242	37,496.0	95.0
Investment trusts	179	7.0	—
Insurance companies	283	7.8	—
Other companies	2,131	893.6	2.3
Pension trusts	46	30.2	0.1
Other corporate bodies	88	38.5	0.1
	226,428	39,456.0	100.0
Range of shareholdings:			
1 – 1,000	75,566	31.9	0.1
1,001 – 10,000	123,493	441.6	1.1
10,001 – 100,000	25,347	557.7	1.4
100,001 – 1,000,000	1,192	385.8	1.0
1,000,001 – 10,000,000	613	2,106.5	5.3
10,000,001 and over	217	35,932.5	91.1
	226,428	39,456.0	100.0

Financial calendar

Annual General Meeting

3 April 2009 at 1pm
Edinburgh International Conference Centre,
The Exchange, Morrison Street, Edinburgh

Interim results

7 August 2009

Dividends

Payment dates:

Cumulative preference shares 29 May and 31 December 2009
Non-cumulative preference shares 31 March, 30 June, 30 September and 31 December 2009

Ex-dividend dates:

Cumulative preference shares 29 April 2009

Record dates:

Cumulative preference shares 1 May 2009

Corporate Responsibility Report

If you wish to obtain a copy please contact:

Corporate Responsibility
The Royal Bank of Scotland Group plc
PO Box 1000
Gogarburn
Edinburgh EH12 1HQ

It is also available on our website at www.rbs.com/crreports

Investor Relations

Shareholders can access updated information on RBS via our website (www.rbs.com/ir).

Shareholder enquiries

Shareholdings in the company may be checked by visiting our website (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
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0870 702 0135
Fax: 0870 703 6009
Email: web.queries@computershare.co.uk

Shareholders may also download an instruction form via our website (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.

Shareholder information continued

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
Telephone: 020 7930 3737
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.

Warning to shareholders – boiler room scams

Over the last year, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive, and a 2006 survey by the Financial Services Authority (FSA) has reported that the average amount lost by investors is around £20,000.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation;
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/register;
- Report the matter to the FSA either by calling 0845 606 1234 or visiting www.moneydeclar.fsa.gov.uk; and
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.shtml

Details of any share dealing facilities that the company endorses will be included in company mailings.

More detailed information on this or similar activity can be found on the FSA website www.moneydeclar.fsa.gov.uk

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 following:

- the 1 March 1985 rights issue;
- the 1 September 1989 capitalisation issue;
- the 12 July 2000 bonus issue of Additional Value Shares;
- the 8 May 2007 bonus issue;
- the 6 June 2008 rights issue;
- the 15 September 2008 capitalisation issue; and
- the basic entitlement under the 1 December 2008 open offer,

the adjusted 31 March 1982 base value of one ordinary share held currently is 73p.

For shareholders who held NatWest ordinary shares at 31 March 1982, the market value of one ordinary share held was 76.3p for shareholders who accepted the basic terms of the RBS offer. This takes account of the following:

- the August 1984 rights issue of NatWest ordinary shares;
- the June 1986 rights issue of NatWest ordinary shares;
- the June 1989 bonus issue of NatWest ordinary shares;
- the 12 July 2000 bonus issue of Additional Value Shares;
- the 8 May 2007 bonus issue;
- the 6 June 2008 rights issue;
- the 15 September 2008 capitalisation issue; and
- the basic entitlement under the 1 December 2008 open offer.

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.

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

ADR Depositary Bank

BNY Mellon Shareowner Services
PO Box 358516
Pittsburgh, PA 15252-8516
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Telephone: 201 680 6825 (International)
Email: shrrelations@bnymellon.com
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Published by The Royal Bank of Scotland Group plc
Designed by Addison www.addison.co.uk
Printed by St Ives Westerham Press



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