Dated 26 September 2008

THE ROYAL BANK OF SCOTLAND GROUP PLC

REGISTRATION DOCUMENT

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INTRODUCTION

This document constitutes a registration document ("**Registration Document**") for the purposes of Article 5.3 of Directive 2003/71/EC (the "**Prospectus Directive**") and has been prepared for the purpose of giving information with respect to The Royal Bank of Scotland Group plc (the "**Issuer**" or "**RBSG**"), whose registered office address appears on the last page of this Registration Document, and its subsidiaries which, according to the particular nature of the Issuer and the securities which it may offer to the public or apply to have admitted to trading on a regulated market, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Registration Document. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Registration Document has been filed with, and approved by, the Financial Services Authority in its capacity as competent authority (the "**UK Listing Authority**") under the Financial Services and Markets Act 2000 (the "**FSMA**").

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**Standard & Poor's**") is expected to rate: senior notes issued by RBSG with a maturity of one year or more "AA-" with a negative outlook; senior notes issued by RBSG with a maturity of less than one year "A-1+"; dated subordinated notes issued by RBSG "A+"; and both undated tier 2 notes and tier 1 notes issued by RBSG "A". Fitch Ratings Limited ("**Fitch**") is expected to rate: senior notes issued by RBSG with a maturity of one year or more "AA"; senior notes issued by RBSG with a maturity of less than a year "F1+"; and dated subordinated notes, undated tier 2 notes and tier 1 notes issued by RBSG "AA-". Moody's Investors Service Limited ("**Moody's**") is expected to rate: senior notes issued by RBSG with a maturity of one year or more "Aa2"; dated subordinated notes issued by RBSG "Aa3"; undated tier 2 notes issued by RBSG "Aa3"; tier 1 notes issued by RBSG "A1"; and senior notes issued by RBSG with a maturity of less than one year "P-1". Tier 3 notes issued by RBSG will be rated on a case-by-case basis.

As defined by Standard & Poor's, an "AA" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is very strong, an "A-1+" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is extremely strong, and an "A" rating means that the ability of the Issuer to meet its financial commitments on the relevant notes issued by it is strong. As defined by Standard & Poor's, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories.

As defined by Fitch, an "AA" rating indicates that the Issuer has a very strong capacity for payment of its financial commitments on the relevant notes issued by it and that this capacity is not significantly vulnerable to foreseeable events. As defined by Fitch, an addition of a plus (+) or minus (-) denotes relative status within the major rating categories. As defined by Fitch, an "F1" rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it. As defined by Fitch, an addition of a plus (+) to an "F1" rating denotes an exceptionally strong credit feature.

As defined by Moody's, an "Aa" rating means that the capacity of the Issuer to meet its obligations on the relevant notes issued by it is of high quality and subject to very low credit risk. An "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered upper-medium grade and subject to low credit risk. As defined by Moody's the addition of a "1" indicates that the obligation ranks in the higher end of its rating category, a "2" indicates a mid-range ranking and a “3” indicates a ranking in the lower end of that rating category. As defined by Moody’s, a “P-1” rating means that the Issuer has a superior ability to repay its short term debt obligations on the relevant notes issued by it.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been (1) previously published and (2) approved by the Financial Services Authority or filed with it, shall be deemed to be incorporated in, and form part of, this Registration Document:

(a) the audited consolidated annual financial statements for the financial years ended 31st December 2006 and 2007 of the Issuer together, in each case, with the audit report thereon;

(b) the following parts of the unaudited consolidated interim results for the half year ended 30th June 2008 of the Issuer (the "**RBSG Interim Results**"), which were published via the Regulatory News Service of the London Stock Exchange plc on 8th August 2008: (i) Presentation of Information (excluding the section entitled "Pro forma results") (page 4); (ii) the section entitled "ABN AMRO integration" of the Group Chief Executive's Review on page 9; (iii) the section entitled "Outlook" of the Group Chief Executive's Review on page 11; (iv) Credit Market Exposures (pages 42-43); (v) the statutory results of RBSG in respect of the six months ended 30th June 2008 and the notes thereon, together with the related financial review and balance sheet overview, independent review report of Deloitte & Touche LLP, regulatory ratios and other additional disclosures, as well as the principal risks and uncertainties for the Group in the second half of 2008, all as set on pages 63-80 and 86-92; and (vi) Appendix 2 – Credit market and related exposures – additional information (items (i) to (vi) together referred to herein as the "**RBSG Interim Information**"); and

(c) the following sections of the document dated 30th April 2008 (which comprises (A) a circular prepared in compliance with Listing Rules 13.4.3(3)-(5) of the UK Listing Authority made under section 73A FSMA, (B) a circular prepared for the purposes of the General Meeting of RBSG held on 14th May 2008 and (C) a prospectus relating to the proposed rights issue to raise proceeds of £12 billion, net of expenses, prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 73A FSMA (the "**Rights Issue Prospectus**")): (i) Important Information on pages 17-19; (ii) pages 24 and 25 of the Letter from the Chairman of RBS; (iii) paragraphs 4 (Dividends and dividend policy), 5 (Capital), 6 (Board and management), 8 (Further information) and 13 (Directors' intentions) on pages 27 to 33 of the Letter from the Chairman of RBS; (iv) paragraphs 3 (Subordinated liabilities) and 4 (Capital resources and liquidity management) of Part V (Overview of Business Performance and Operating and Financial Review of RBS) on pages 68-73; (v) Part VI (Financial Information on RBS); (vi) Part VII (Operating and Financial Review of ABN AMRO; (vii) Part VIII (Financial Information on ABN AMRO); (viii) Part IX (Unaudited Pro Forma Financial Information); (ix) Part XII (Additional Information) on pages 92-136, excluding paragraph 4.2 (Articles of Association) on pages 95-100, paragraph 6 (Directors of the Company) on pages 101-107, paragraph 16 (Litigation) on pages 128-129, paragraph 17 (Investigations) on pages 129-131, paragraph 22 (Working Capital) on page 134 and paragraph 23 (No Significant Change) on page 134; (x) Part XIV (Definitions) on pages 140-146; and (xi) Annex A (Three-Year Track Record of ABN AMRO).

Any information or other documents themselves incorporated by reference, either expressly or implicitly, in the documents incorporated by reference in this Registration Document shall not form part of this Registration Document, except where such information or other documents are specifically incorporated by reference into this Registration Document.

The Issuer will provide, without charge, to each person to whom a copy of this Registration Document has been delivered, upon the oral or written request of such person, a copy of any or all of the information which is incorporated herein by reference. Written or oral requests for such information should be directed to the Issuer at its principal office set out on the last page of this Registration Document.

RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in this Registration Document prior to making any investment decision with respect to any securities of the Issuer. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial condition or prospects of the Issuer, which, in turn, could have a material adverse effect on the amount of principal and interest which investors will receive in respect of such securities. In addition, each of the risks highlighted below could adversely affect the trading price of such securities or the rights of investors under such securities and, as a result, investors could lose some or all of their investment.

Risk Factors relating to the Issuer

Set out below are certain risk factors which could affect the future results of RBSG and its subsidiaries (the "**Group**") and cause them to be materially different from expected results. The Group's results could also be affected by competition and other factors. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties the Group's businesses face. The Issuer has described only those risks relating to its operations of which it is aware and that it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware and any of these risks could have the effects set forth above. Investors should note that they bear the Issuer's solvency risk.

The Group's business, earnings and financial condition may be affected by general business and geopolitical conditions

The performance of the Group is significantly influenced by the economic conditions of the countries in which it operates, particularly the United Kingdom, the United States and Europe. A downturn in these economies, including any further deterioration in the United States real estate or other markets, could result in a general reduction in business activity and a consequent loss of income for the Group. It could also cause a higher incidence of impairments and trading losses in the Group's lending, trading and other portfolios. Geopolitical conditions can also affect the Group's earnings. Terrorist acts and threats and the response of governments in the United Kingdom, the United States and elsewhere to them could affect the level of economic activity. The Group's businesses could also be exposed to the risk of business interruption and economic slowdown following the outbreak of a pandemic.

Changes in interest rates, foreign exchange rates, bond and equity prices, and other market factors have affected and will continue to affect the Group's business

The most significant market risks the Group faces are interest rate, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in currency rates, particularly in the sterling-United States dollar and sterling-euro exchange rates, affect the value of assets and liabilities denominated in foreign currencies and the reported earnings of the Group's non-United Kingdom subsidiaries (principally ABN AMRO and its subsidiaries, Citizens, RBS Greenwich Capital and Ulster Bank) and may affect income from foreign exchange dealing. The performance of financial markets may affect bond and equity prices and, therefore, cause changes in the value of the Group's investment and trading portfolios. While the Group has implemented risk management methods to mitigate and control these and other market risks to which it is exposed, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Group's financial performance and business operations.

The Group's borrowing costs and its access to the debt capital markets depend significantly on its credit ratings

In the recent past, rating agencies have downgraded ratings assigned to debt securities of RBSG. A reduction in the long-term credit ratings of RBSG or one of its principal subsidiaries may increase its borrowing costs, limit its access to the capital markets and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. Credit ratings are also important to the Group when competing in certain markets, such as long-term over-the-counter derivatives. Therefore, further reductions in the Group's credit ratings could adversely affect its access to liquidity and competitive position and, hence, negatively impact its earnings and financial condition.

The Group's business performance could be affected if its capital is not managed effectively

The Group's capital is critical to its ability to operate its businesses, to grow organically and to take advantage of strategic opportunities. The Group is required by regulators in the United Kingdom, the United States and the Netherlands, and in other jurisdictions in which it undertakes regulated activities, to maintain adequate capital. Although the Group mitigates the risk of not meeting capital adequacy requirements by careful management of its balance sheet and capital, through capital-raising activities, disciplined capital allocation and the hedging of capital currency exposures, any change that limits its ability effectively to manage such resources (including, for example, reductions in profits and retained earnings as a result of write-downs or otherwise, delays in the disposal of certain assets or the inability to syndicate loans as a result of market conditions or otherwise) could have a material adverse impact on its financial condition and regulatory capital position.

The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates which may change over time

Under International Financial Reporting Standards ("**IFRS**"), the Group recognises at fair value: (i) financial instruments classified as "held-for-trading" or ''designated as at fair value through profit or loss''; (ii) financial assets classified as ''available-for-sale''; and (iii) derivatives, each as further described in ''Accounting Policies'' in the notes to the audited consolidated annual financial statements of RBSG for the year ended 31st December 2007, which are incorporated by reference herein. Generally, in order to establish the fair value of these instruments, the Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable market data. In certain circumstances, the data for individual financial instruments or classes of financial instrument utilised by such valuation models may not be available or may become unavailable due to changes in market conditions, as has been the case over the past several months. In such circumstances, the Group's internal valuation models require the Group to make assumptions, judgements and estimates in order to establish fair value. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgements and estimates the Group is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, house price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements and estimates may need to be updated to reflect changing trends and market conditions. The resulting change in the fair values of the financial instruments could have a material adverse effect on the Group's earnings and financial condition.

The Group's future earnings and financial condition could be affected by depressed asset valuations resulting from poor market conditions

Financial markets are sometimes subject to significant stress conditions where steep falls in perceived or actual asset values are accompanied by a severe reduction in market liquidity, as exemplified by recent events affecting asset-backed collateralised debt obligations ("**CDOs**"), the United States sub-prime residential mortgage market and leveraged finance. In dislocated markets, hedging and other risk management strategies may not be as effective as they are in normal market conditions due, in part, to the decreasing credit quality of hedge counterparties, including monoline insurers. Severe market events are difficult to foresee and, if they continue to occur, could result in the Group incurring significant losses. In 2007 and in the first half of 2008, the Group recorded material write-downs on its credit market positions, principally on its asset-backed CDOs, United States residential mortgage and monoline exposures. As market conditions change, the fair value of these exposures could fall further than currently estimated and therefore result in additional write-downs. Moreover, recent market volatility and illiquidity has made it difficult to value certain of the Group's exposures. Valuations in future periods, reflecting then-prevailing market conditions, may result in significant changes in the fair values of the Group's exposures, even in respect of exposures, such as credit market exposures, for which the Group has previously recorded or estimated write-downs. In addition, the value ultimately realised by the Group will depend on the fair value as determined at that time and may be materially different from the current or estimated fair value. Any of these factors could require the Group to recognise further write-downs or realise impairment charges, any of which may adversely affect its financial condition and results of operations.

The value or effectiveness of any credit protection which the Group has purchased from monoline insurers may fluctuate depending on the financial condition of the insurer

The Group's credit exposure to the monoline sector arises from over-the-counter derivative contracts – mainly credit default swaps ("**CDS**") which are carried at fair value. The fair value of these CDSs, and the Group's exposure to the risk of default by the underlying counterparties, depends on the valuation and the perceived credit risk of the instrument against which protection has been bought. Towards the end of 2007, monoline insurers were adversely affected by their exposure to United States residential mortgage-linked products. If the financial condition of these counterparties or their perceived creditworthiness deteriorates further, the Group could record further credit valuation adjustments on the CDSs bought from monoline insurers in addition to those already recorded.

Liquidity risk is inherent in the Group's operations

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors such as an over-reliance on a particular source of funding, changes in credit ratings or by market-wide phenomena such as market dislocation and major disasters. The Group's liquidity management focuses on maintaining a diverse and appropriate funding strategy for its operations, in controlling the mismatch of maturities and on carefully monitoring its undrawn commitments and contingent liabilities. However, the Group's ability to access sources of liquidity during periods of liquidity stress (such as have been experienced in recent months), including through the issue or sale of complex financial and other instruments, may be constrained as a result of current and future market conditions. Furthermore, there is a risk that corporate and institutional counterparties with credit exposures may look to consolidate their exposure to the enlarged Group.

The financial performance of the Group may be affected by borrower credit quality

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. Adverse changes in the credit quality of the Group's borrowers and counterparties, or in their behaviour, or a general deterioration in the United Kingdom, United States, European or global economic conditions, or arising from systemic risks in the financial systems, could affect the recoverability and value of the Group's assets and require an increase in the provision for impairment losses and other provisions.

Each of the Group's businesses is subject to substantial regulation and oversight. Any significant regulatory developments could have an effect on how the Group conducts its business and on its results of operations and financial condition

The Group is subject to financial services laws, regulations, administrative actions and policies in each location in which it operates, all of which are subject to change. For example, the move from Basel I to Basel II on 1st January 2008 resulted in certain definitional changes in the way risk-weighted assets are calculated and the Group continues to work with regulators to refine the methods by which the calculation of risk-weighted assets is made. The change also impacted the way certain deductions to regulatory capital were applied.

Other areas where governmental policies and regulatory changes could have an adverse impact include, but are not limited to:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy or changes in regulatory regimes that may significantly influence investor decisions in particular markets in which the Group operates or may increase the costs of doing business in those markets;
- other general changes in the regulatory requirements, such as prudential rules relating to the capital adequacy framework;
- changes in competition and pricing environments;
- further developments in the financial reporting environment;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which, in turn, may affect demand for the Group's products and services.

Further changes to the regulatory requirements applicable to the Group, in particular in the United Kingdom, the United States and the Netherlands, whether resulting from recent events in the credit markets or otherwise, could materially affect its business, the products and services it offers and the value of its assets.

For further details on continuing political and regulatory scrutiny of the operations of the Group, please see "Description of The Royal Bank of Scotland Group – Investigations".

The Group is subject to litigation and regulatory investigations which may impact its business

The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. As a result, the Group is involved in various disputes and legal proceedings in the United Kingdom, the United States and other jurisdictions, including litigation and regulatory investigations. Such cases are subject to many uncertainties, and their outcome is often difficult to predict, particularly in the earlier stages of a case or investigation. Adverse regulatory action against the Group or adverse judgements in litigation to which the Group is a party could result in restrictions or limitations on the Group's operations or result in a material adverse effect on the Group's reputation or results of operations. Currently, the Group is responding to regulatory inquiries and investigations and is involved in litigation arising from its operations. For details about certain litigation and regulatory investigations in which the Group is involved, see "Description of The Royal Bank of Scotland Group – Litigation" and "Description of The Royal Bank of Scotland Group – Investigations", respectively.

Operational risks are inherent in the Group's operations

The Group's operations are dependent on the ability to process a very large number of transactions efficiently and accurately. Operational losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of external systems, including those of the Group's suppliers or counterparties. Although the Group has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures and to staff training, it is not possible to be certain that such procedures will be effective in controlling each of the operational risks faced by the Group.

Notwithstanding anything contained in this risk factor, it should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List or (as the case may be) as a supervised firm regulated by the Financial Services Authority.

The Group is exposed to the risk of changes in tax legislation and its interpretation and to increases in the rate of corporate and other taxes in the jurisdictions in which it operates

The Group's activities are subject to tax at various rates around the world computed in accordance with local legislation and practice. Action by governments to increase tax rates or to impose additional taxes would reduce the profitability of the Group and could affect its financial condition. Revisions to tax legislation or to its interpretation might also affect the Group's results in the future and financial condition.

The Group's insurance businesses are subject to inherent risks involving claims

Future claims in the Group's general and life assurance business may be higher than expected as a result of changing trends in claims experience resulting from catastrophic weather conditions, demographic developments, changes in mortality and other causes outside the Group's control. Such changes would affect the profitability of current and future insurance products and services. The Group reinsures some of the risks it has assumed and is accordingly exposed to the risk of loss should its reinsurers become unable or unwilling to pay claims made by the Group against them.

The Group's future earnings and financial condition in part depend on strategic decisions regarding organic growth and potential acquisitions and disposals

The Group devotes substantial management and planning resources to the development of strategic plans for organic growth and identification of possible acquisitions and disposals. In addition, the Group's strategic plans are also supported by substantial expenditure to generate organic growth in customer business. If these strategic plans do not meet with success or fail to achieve the results expected, the Group's earnings could grow more slowly or decline and its growth prospects and financial condition may be impaired.

Proposals for the restructuring of ABN AMRO are complex and may not realise the anticipated benefits for the Group

The restructuring plan in place for the integration and separation of ABN AMRO into and among the businesses and operations of the Consortium Banks (as defined in “Description of The Royal Bank of Scotland Group - The Group”) is complex involving substantial reorganisation of ABN AMRO’s operations and legal structure. In addition, it contemplates activities taking place simultaneously in a number of businesses and jurisdictions. Implementation of the reorganisation and the realisation of the forecast benefits within the planned timescales will be challenging. Execution of the restructuring requires management resources previously devoted to the Group’s businesses and the retention of appropriately skilled ABN AMRO staff. The Group may not realise the benefits of the acquisition or the restructuring when expected or to the extent projected.

DESCRIPTION OF THE ROYAL BANK OF SCOTLAND GROUP

The Group

RBSG is a public limited company incorporated in Scotland with registration number SC045551. RBSG was incorporated under Scots law on 25th March 1968 under the name "National and Commercial Banking Group Limited" and its name was changed to "The Royal Bank of Scotland Group Limited" by Special Resolution passed on 4th July 1979. By Resolution of the Directors passed on 28th January 1982, pursuant to section 8 of the Companies Act, 1980, the name of RBSG was changed to "The Royal Bank of Scotland Group public limited company". RBSG is the holding company of one of the world's largest banking and financial services groups, with a market capitalisation of £34.7 billion at 30th June 2008. Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its two principal subsidiaries, The Royal Bank of Scotland plc ("**RBS**") and National Westminster Bank Plc ("**NatWest**"). RBSG's operations are conducted principally through RBS and its subsidiaries (including NatWest) other than ABN AMRO businesses (see below) and the general insurance business (primarily the Direct Line Group and Churchill Insurance). RBS is a public limited company incorporated in Scotland with registration number SC090312 having been incorporated under Scots law on 31st October 1984. Both RBS and NatWest are major United Kingdom clearing banks whose origins go back over 275 years. In the United States, the Group's subsidiary Citizens Financial Group, Inc. ("**Citizens**") is ranked the tenth-largest commercial banking organisation by deposits at 31st March 2008. The Group has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers in over 50 countries.

The Group had total assets of £1,948.7 billion and owners' equity of £61.6 billion at 30th June 2008. The Group's capital ratios, which include the equity minority interest relating to ABN AMRO, were: a total capital ratio of 13.2 per cent., a Core Tier 1 capital ratio of 6.7 per cent. and Tier 1 capital ratio of 9.1 per cent. as at 30th June 2008.

On 17th October 2007, RFS Holdings B.V. ("**RFS Holdings**"), a company jointly owned by RBSG, Fortis N.V., Fortis SA/NV (Fortis N.V. and Fortis SA/NV, together, "**Fortis**") and Banco Santander S.A. ("**Santander**") (the "**Consortium Banks**") and controlled by RBSG, completed the acquisition of ABN AMRO Holding N.V. ("**ABN AMRO**"). ABN AMRO is a major international banking group with a leading position in international payments and a strong investment banking franchise with particular strengths in emerging markets, as well as offering a range of retail and commercial financial services around the world via regional business units in Europe, the Netherlands, North America, Latin America and Asia. RFS Holdings is in the process of implementing an orderly separation of the business units of ABN AMRO with RBSG principally retaining ABN AMRO's global wholesale businesses and international retail businesses in Asia and the Middle East. Certain other assets will continue to be shared by the Consortium Banks.

Principal Activities

On 28th February 2008, the Group announced changes to its organisational structure which are aimed at recognising the Group's presence in over 50 countries and facilitating the integration and operation of its expanded footprint. Following the acquisition of ABN AMRO in October 2007, the Group's new organisational structure incorporates those ABN AMRO businesses to be retained by the Group but excludes the ABN AMRO businesses to be acquired by Fortis and Santander. This new organisational structure is expected to give RBSG the appropriate framework for managing the enlarged Group in a way that fully capitalises on the enhanced range of growth opportunities now available to it.

Global Markets

Global Markets is focused on the provision of debt and equity financing, risk management and transaction banking services to large businesses and financial institutions in the United Kingdom and around the world. Its activities have been organised into two divisions, Global Banking & Markets and Global Transaction Services.

Global Banking & Markets ("**GBM**") 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. The expanded division is organised along four principal business lines: rates, currencies and commodities; equities; credit markets; and asset and portfolio management.

- *Rates, Currencies and Commodities* provides risk management, sales and trading activities in G11 and non-G11 (Local Markets) currencies/jurisdictions across this broad set of asset classes. Key product offerings include spot FX, local markets trading, short term markets and financing, inflation products, swaps and bonds (G11) and covered bonds, interest rate and currency options and hybrids and prime brokerage and futures. It also includes RBS Sempra Commodities LLP, the commodities-marketing joint venture between RBS and Sempra Energy which was formed on 1st April 2008.

- *Equities* provides a full range of origination, trading and distribution of cash and derivative products. The business provides a multi product approach operating through a wide range of channels with an emphasis on revenue diversification. Key product offerings include equity origination, core equities sales and trading, equity derivatives (sales & trading) and equity financing and collateral trading.

- *Credit Markets* offers a full range of origination, trading and distribution activities on a global basis for clients across all sectors. Key product offerings include corporate & structured debt capital markets ("**DCM**"), financial institutions DCM, leveraged finance, real estate finance, project finance, financial structuring and credit trading.

- *Asset and Portfolio Management* manages the lending portfolio and other assets of GBM and some third parties, ensuring efficient management of capital, credit and liquidity via portfolio management and global markets treasury. Key fund product offerings include fund of funds structures, multi-manager strategies, private equity & credit funds, other core products are equity finance and asset finance (covering shipping and aviation).

Global Transaction Services ranks among the top five global transaction services providers, 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.

Regional Markets

Regional Markets is organised around the provision of retail and commercial banking to customers in four regions: the United Kingdom, the United States, Europe and the Middle East and Asia. This includes the provision of wealth management services both in the United Kingdom and internationally.

UK Retail & Commercial Banking

UK Retail & Commercial Banking comprises retail, corporate and commercial banking and wealth management services in the United Kingdom. RBS UK supplies financial services through both the RBS and NatWest brands, offering a full range of banking products and related financial services to the personal, premium and small business ("**SMEs**") markets. It serves customers through the largest network of branches and ATMs in the United Kingdom, as well as by telephone and internet. Together, RBS and NatWest hold the joint number one position in personal current accounts and are the United Kingdom market leader in SME banking. The division also issues credit and charge cards and other financial products, including through other brands such as MINT and First Active UK.

The United Kingdom wealth management arm provides private banking and investment services to clients through Coutts, Adam & Company, RBS International and NatWest Offshore.

In corporate and commercial banking, the division is the largest provider of banking, finance and risk management services in the United Kingdom. Through its network of relationship managers across the country, it distributes the full range of RBS Group products and services to companies.

US Retail & Commercial Banking

US Retail & Commercial Banking provides financial services through the Citizens and Charter One brands as well as through Kroger Personal Finance, its credit card joint venture with the second-largest United States supermarket group.

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 31st March 2008.

Europe & Middle East Retail & Commercial Banking

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

Ulster Bank, including First Active, 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 provides services in the corporate and institutional markets.

The retail and commercial businesses in Europe and the Middle East offer services in Romania, Russia, Kazakhstan and the United Arab Emirates.

Asia Retail & Commercial Banking

Asia Retail & Commercial Banking holds prominent market positions in India, Pakistan, China and Taiwan as well as presences in 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.

RBS Insurance

RBS Insurance sells and underwrites retail and SME insurance over the telephone and internet, as well as through brokers and partnerships. Its brands include Direct Line, Churchill and Privilege, which sell general insurance products direct to the customer, as well as Green Flag and NIG. Through its international division, RBS Insurance sells general insurance, mainly motor, in Spain, Germany and Italy. The Intermediary and Broker division sells general insurance products through independent brokers.

Group Manufacturing

Group Manufacturing comprises the Group's worldwide manufacturing operations. It supports the customer-facing businesses and provides operational technology, customer support in telephony, account management, lending and money transmission, global purchasing, property and other services. Manufacturing drives efficiencies and supports income growth across multiple brands and channels by using a single, scalable platform and common processes wherever possible. It also leverages the Group's purchasing power and has become the centre of excellence for managing large-scale and complex change.

The Centre

The Centre comprises group and corporate functions, such as capital raising, finance, risk management, legal, communications and human resources. The Centre manages the Group's capital resources and Group-wide regulatory projects and provides services to the operating divisions.

Principal subsidiary undertakings

RBSG's shares are widely held and, to the best of its knowledge, RBSG is not directly or indirectly controlled by anyone.

RBSG's direct principal operating subsidiaries are RBS and RBS Insurance Group Limited. In addition, RFS Holdings B.V. is controlled by RBSG and is included in the consolidated financial statements of RBSG and has an accounting reference date of 31st December.

RBS is wholly-owned by RBSG and supervised by the Financial Services Authority as a bank. The principal subsidiary undertakings of RBS are shown below. Their capital consists of ordinary and preference shares, which are unlisted with the exception of certain preference shares issued by NatWest.

All of the subsidiary undertakings are owned directly or indirectly through intermediate holding companies and are wholly-owned. All of the subsidiaries shown below are included in the consolidated financial statements of RBSG and have an accounting reference date of 31st December.

Citizens Financial Group, Inc.
Coutts & Co
Greenwich Capital Markets, Inc.
National Westminster Bank Plc
Ulster Bank Limited

Rights Issue

On 9th June 2008, RBSG issued 6,123,010,462 new ordinary shares as a result of the rights issue of 11 ordinary shares for every 18 ordinary shares held at an issue price of 200 pence per share. The proceeds of the rights issue amounted to £12 billion net of expenses.

Issue of Ordinary Shares by RBS

On 16th June 2008, RBS issued one billion ordinary shares of £1 each to RBSG at a price of £10 per share.

Angel Trains

On 6th August 2008, RBSG completed the sale of Angel Trains Group to a consortium advised by Babcock & Brown.

Tesco Personal Finance

On 28th July 2008, RBSG announced that it had agreed to sell its 50 per cent. shareholding in Tesco Personal Finance ("**TPF**") to its joint venture partner, Tesco plc for a cash consideration of £950 million, subject to transaction adjustments. As part of this transaction, RBSG will continue to provide certain commercial services to TPF post completion. The sale is subject to regulatory approvals and completion is expected to take place before the end of 2008.

Litigation

Proceedings, including consolidated class actions on behalf of former Enron securities holders, have been brought in the United States against a large number of defendants, including the Group, following the collapse of Enron. The claims against the Group could be significant; the class plaintiff's position is that each defendant is responsible for an entire aggregate damage amount less settlements – they have not quantified claimed damages against the Group in particular. The Group considers that it has substantial and credible legal and factual defences to these claims and will continue to defend them vigorously. Recent Supreme Court and Fifth Circuit decisions provide further support for the Group's position. The Group is unable reliably to estimate the liability, if any, that might arise or its effect on the Group's consolidated net assets, its operating results or cash flows in any particular period.

On 27th July 2007, following agreement between the Office of Fair Trading ("**OFT**"), the Financial Services Authority and all the major United Kingdom banks (including the Group), the OFT issued proceedings in a test case against those banks to determine the legal status and enforceability of certain charges relating to unarranged overdrafts. Following a hearing of preliminary issues in January 2008, the High Court concluded that charges relating to unarranged overdrafts are capable of being assessed for fairness. That decision is subject to an appeal that is likely to be heard towards the end of 2008. A second phase of the preliminary issues hearing was heard by the High Court in July 2008 and the High Court's decision is awaited. The Group maintains that its charges are fair and enforceable and is defending its position vigorously. It cannot, however, at this stage predict with any certainty the outcome of the test case, which will involve a number of further hearings and possible appeals. The Group is unable reliably to estimate the liability, if any, that may arise or its effect on the Group's consolidated net assets, operating results or cash flows in any particular period.

Members of the Group are engaged in other litigation in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against them arising in the ordinary course of business. The Group has reviewed these other actual, threatened and known potential claims and proceedings and, after consulting with its legal advisers, does not expect that the outcome of these other claims and proceedings will have a material adverse effect on its consolidated net assets, operating results or cash flows in any particular period.

Investigations

The Group's businesses, earnings and financial condition can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the United Kingdom, the European Union, the United States and elsewhere.

There is continuing political and regulatory scrutiny of the operation of the retail banking and consumer credit industries in the United Kingdom and elsewhere. The nature and impact of future changes in policies and regulatory action are not predictable and are beyond the Group's control but could have an adverse impact on the Group's businesses, earnings and financial condition.

European Union

In the European Union, these regulatory actions included an inquiry into retail banking in all of the then 25 member states by the European Commission's Directorate General for Competition. The inquiry examined retail banking in Europe generally. On 31st January 2007, the European Commission announced that barriers to competition in certain areas of retail banking, payment cards and payment systems in the European Union had been identified. The European Commission indicated that it will use its powers to address these barriers and will encourage national competition authorities to enforce European and national competition laws where appropriate.

In 2007, the European Commission issued a judgement that MasterCard's current multilateral interchange fee ("**MIF**") arrangement for cross border payment card transactions with MasterCard and Maestro branded consumer credit and debit cards in the European Union are in breach of competition law. MasterCard was required by the decision to withdraw the relevant cross border MIFs by June 2008 and accordingly MasterCard has announced it has "temporarily" reduced its cross border MIFs to zero, pending the outcome of its appeal of the decision. Visa's MIFs were temporarily allowed in 2002 by the European Commission up to 31st December 2007. On 27th March 2008, the European Commission opened a formal inquiry into Visa's current MIF arrangements for cross border payment card transactions with Visa branded debit and consumer credit card charges in the European Union. There is no deadline for the closure of the inquiry. RBSG is a member bank of MasterCard and Visa.

United Kingdom

In the United Kingdom, in September 2005, the Office of Fair Trading ("**OFT**") received a supercomplaint from the Citizens Advice Bureau relating to payment protection insurance ("**PPI**"). As a result, the OFT commenced a market study on PPI in April 2006. In October 2006, the OFT announced the outcome of the market study and, on 7th February 2007, following a period of consultation, the OFT referred the PPI market to the Competition Commission ("**CC**") for an in-depth inquiry. This inquiry could continue for up to two years. Also, in October 2006, the Financial Services Authority published the outcome of its broad industry thematic review of PPI sales practices, in which it concluded that some institutions fail to treat customers fairly.

The OFT has carried out investigations into Visa and MasterCard credit card interchange rates. The decision by the OFT in the MasterCard interchange case was set aside by the Competition Appeals Tribunal in June 2006. The OFT's investigations in the Visa interchange case and a second MasterCard interchange case are ongoing. The outcome is not known, but these investigations may have an impact on the consumer credit industry in general and, therefore, on the Group's business in this sector. On 9th February 2007, the OFT announced that it was expanding its investigation into interchange rates to include debit cards.

On 29th March 2007, the OFT announced that, following an initial review into bank current account charges, it had decided to conduct an in-depth study of United Kingdom retail bank pricing and a formal investigation into the fairness of bank current account charges. The initial findings of the OFT's study and investigation were published in July 2008. The three key areas that it identified for remedial action were transparency, complexity of charging structure and switching. However the OFT is seeking responses from stakeholders on its report and in particular thoughts on potential remedies. The consultation period is until 31st October 2008. Given the stage of the investigation, RBSG cannot yet estimate the impact of any adverse outcome of the investigation upon it, if any. However, RBSG is cooperating fully with the OFT to achieve resolution of the matters under investigation.

On 26th January 2007, the FSA issued a Statement of Good Practice relating to Mortgage Exit Administration Fees. On 1st March 2007, the Group adopted a policy of charging all customers the fee applicable at the time the customers took out the mortgage or, if later, varied their mortgage. RBSG believes that it is currently in compliance with the Statement of Good Practice and will continue to monitor its performance against those standards.

On 15th May 2007, the CC published its final report into the supply of personal current account banking services in Northern Ireland. The Northern Ireland PCA Banking Market Investigation Order 2008 implementing the remedies (including, inter alia, measures designed to make switching current accounts between banks easier for depositors and requiring the provision of aggregate fees and other information to customers) set out in the report came into force on 22nd February 2008. The Group owns Ulster Bank, which is active in the Northern Ireland current account market. RBSG has responded to the remedies mandated by the Order and believes that it is currently in compliance with its obligations. RBSG will continue to monitor its performance against those requirements.

United States

In July 2004, ABN AMRO signed a written agreement with the United States regulatory authorities concerning ABN AMRO's dollar clearing activities in the New York branch. In addition, in December 2005, ABN AMRO agreed to a Cease and Desist Order with the Dutch Central Bank and various United States federal and state regulators. This involved an agreement to pay an aggregate civil penalty of US$75m and a voluntary endowment of US$5m in connection with deficiencies in the United States dollar clearing operations at ABN AMRO's New York branch and the Office of Foreign Assets Control ("**OFAC**") compliance procedures regarding transactions originating at its Dubai branch. ABN AMRO and members of ABN AMRO's management continue to provide information to law enforcement authorities in connection with ongoing criminal investigations relating to ABN AMRO's dollar clearing activities, OFAC compliance procedures and other United States Bank Secrecy Act compliance matters. The Cease and Desist Order with the Dutch Central Bank was lifted on 26th July 2007. Although no written agreement has yet been reached and negotiations are ongoing, ABN AMRO has reached an agreement in principle with the United States Department of Justice that would resolve all presently known aspects of the ongoing investigation. Under the terms of the agreement in principle, ABN AMRO and the United States would enter into a deferred prosecution agreement in which ABN AMRO would waive indictment and agree to the filing of information in the United States District Court charging it with certain violations of federal law based on information disclosed in an agreed factual statement. ABN AMRO would also agree to continue cooperating in the United States' ongoing investigation and to settle all known civil and criminal claims currently held by the United States for the sum of US$500m. The precise terms of the deferred prosecution agreement are still under negotiation.

These compliance issues and the related sanctions and investigations have had, and will continue to have, an impact on ABN AMRO's operations in the United States, including limitations on expansion. ABN AMRO is actively exploring all possible options to resolve these issues. The ultimate resolution of these compliance issues and related investigations and the nature and severity of possible additional sanctions cannot be predicted.

The New York State Attorney General has issued subpoenas to a wide array of participants in the subprime mortgage industry including mortgage originators, appraisers, due diligence firms, investment banks and rating agencies, focusing on the information underwriters obtained as part of the due diligence process from the independent due diligence firms and whether that information is adequately disclosed to investors. RBS Greenwich Capital has produced documents requested by the New York State Attorney General principally related to sub-prime loans that were pooled into one securitisation transaction.

In addition to the above, certain of the Group's subsidiaries have received requests for information from various United States governmental agencies and self-regulatory organisations, including in connection with sub-prime mortgages and securitisations, CDOs and synthetic products related to sub-prime mortgages. In particular, during March 2008 the Group was advised by the Securities and Exchange Commission (the "**SEC**") that it had commenced a non-public, formal investigation relating to the Group's United States sub-prime securities exposure and United States residential mortgage exposures. RBSG and its subsidiaries are co-operating with these various requests for information and investigations.

DIRECTORS

The directors and the secretary of RBSG, their functions within the Group and their principal outside activities (if any) of significance are:

Name	*Functions within the Group*	*Principal outside activity (if any) of significance to the Group*
Chairman		
Sir Thomas Fulton Wilson McKillop	Chairman	Formerly Chief Executive, AstraZeneca PLC.
Executive Directors		
Sir Frederick Anderson Goodwin	Group Chief Executive	—
John Alistair Nigel Cameron	Chairman, Global Markets	—
Mark Andrew Fisher	Chairman, Managing Board, ABN AMRO	—
Gordon Francis Pell	Chairman, Regional Markets	—
Guy Robert Whittaker	Group Finance Director	—
Non-Executive Directors		
Colin Alexander Mason Buchan	—	Formerly Head of Equities, UBS Warburg and Chairman of UBS Securities Canada Inc. He is a director of Standard Life plc.
James McGill Currie	—	Formerly a Director General at the European Commission, Director of Total Upstream UK Limited and an international adviser to Eversheds.
Lawrence Kingsbaker Fish Will retire as a Non-Executive Director ahead of the Annual General Meeting of RBSG, to be held in April 2009	Chairman, RBS America and Citizens Financial Group, Inc.	A non-executive director with effect from 1st May 2008. Currently Incorporator of the Massachusetts Institute of Technology, a trustee of the Brookings Institution and a director of Textron Inc. and Tiffany & Co.
William Michael Friedrich	—	Former Deputy Chief Executive, BG Group plc.
Stephen Hester To become a Non-Executive Director with effect from 1st October 2008	—	Chief Executive of The British Land Company PLC. Formerly Chief Operating Officer and Finance Director of Abbey National plc and Chief Financial

		National plc and Chief Financial Officer of Credit Suisse First Boston.
Archibald Sinclair Hunter	—	Chairman, Macfarlane Group plc and a director of Edinburgh US Tracker Trust plc.
Charles John Koch Will retire as a Non-Executive Director ahead of the Annual General Meeting of RBSG, to be held in April 2009	—	Formerly Chairman, President and Chief Executive Officer of Charter One Financial, Inc.
Janis Carol Kong	—	Formerly Executive Chairman, Heathrow Airport Limited and director of BAA plc. Currently a non-executive director of Kingfisher plc and Portmeirion Group plc.
Joseph Patrick MacHale	—	Formerly Chief Executive, JP Morgan Europe, Middle East and Africa Region. Currently the senior independent director and Chairman of the audit committee of Morgan Crucible plc, and a non-executive director and chairman of the remuneration committee of Brit Insurance Holdings plc.
John McFarlane To become a Non-Executive Director with effect from 1st October 2008	—	Formerly Chief Executive Officer of Australia and New Zealand Banking Group Limited, Group Executive Director of Standard Chartered plc and Managing Director of Citicorp Investment Bank Limited in London.
Sir Stephen Arthur Robson	—	Formerly second Permanent Secretary of HM Treasury. Non-executive director of JP Morgan Cazenove Holdings, Xstrata Plc and Partnerships UK plc.
Arthur Ryan To become a Non-Executive Director with effect from 1st October 2008	—	Formerly Chief Executive Officer, President and Chairman of Prudential Financial, Inc. and President, Chief Operating Officer and Vice-Chairman of Chase Manhattan Bank.

Robert Avisson Scott	—	Formery Group Chief Executive, CGNU plc (now Aviva plc). Chairman of Yell Group plc and non-executive director of Swiss Reinsurance Company (Zurich) and Jardine Lloyd Thompson Group plc.
Peter Denis Sutherland	—	Chairman, Goldman Sachs International and BP p.l.c.

Company Secretary

Miller Roy McLean	Group General Counsel and Group Secretary	—

On 27th August 2008, RBSG announced that Stephen Hester, John McFarlane and Arthur Ryan have been appointed Non-Executive Directors of RBSG with effect from 1st October 2008. RBSG also announced that Lawrence Kingsbaker Fish and Charles John Koch will retire as Non-Executive Directors ahead of the Annual General Meeting of RBSG, to be held in April 2009.

There are no potential conflicts of interest between the duties to the Issuer of the directors of RBSG and their other principal activities as listed above or any of their private interests. The business address for all the directors and the secretary of RBSG is:

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

Audit Committee and Corporate Governance

The members of the Audit Committee are Archie Hunter (Chairman), Colin Buchan, Bill Friedrich, Joe MacHale and Sir Steve Robson. All members of the Audit Committee are independent non-executive directors. The Audit Committee holds at least five meetings each year, two of which are held immediately prior to submission of the interim and annual financial statements to the Group Board of Directors. This core programme is supplemented by additional meetings as required, four being added in 2007. Audit Committee meetings are attended by relevant executive directors, the internal and external auditors and finance and risk management executives. At least twice per annum the Audit Committee meets privately with the external auditors. Since 2000, the Audit Committee has undertaken an annual programme of visits to the Group's business divisions and control functions. The object of the programme is to allow the Audit Committee to gain a better understanding of the risk and control issues facing the Group and an invitation to attend is extended to all non-executive directors. The programme of future visits is considered annually and the norm is for three or four visits to be undertaken each year.

The Board is satisfied that all the Audit Committee members have recent and relevant financial experience. Although the Board has determined that each member of the Audit Committee is an 'Audit Committee Financial Expert' and is independent, each as defined in the SEC rules under the US Securities Exchange Act of 1934 and related guidance, the members of the Audit Committee are selected with a view to the expertise and experience of the Audit Committee as a whole, and the Audit Committee reports to the Board as a single entity. The designation of a director or directors as an 'Audit Committee Financial Expert' does not impose on any such director, any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such director as a member of the Audit Committee and Board in the absence of such a designation. Nor does the designation of a director as an 'Audit Committee Financial Expert' affect the duties, obligations or liability of any other member of the Board.

The Audit Committee is responsible for:

- assisting the Board in discharging its responsibilities and in making all relevant disclosures in relation to the financial affairs of the Group;
- reviewing accounting and financial reporting and regulatory compliance;
- reviewing the Group's systems of internal control; and
- monitoring the Group's processes for internal audit, risk management and external audit.

The Audit Committee has adopted a policy on the engagement of the external auditors to supply audit and non-audit services, which takes into account relevant legislation regarding the provision of such services by an external audit firm. The Audit Committee reviews the policy annually and prospectively approves the provision of audit services and certain non-audit services by the external auditors.

Annual audit services include all services detailed in the annual engagement letter, including the annual audit and interim reviews (including United States reporting requirements), periodic profit verifications and reports to regulators including skilled persons reports commissioned by the FSA (e.g. Reporting Accountants Reports). Annual audit services also include statutory or non-statutory audits required by any Group companies that are not incorporated in the United Kingdom. Terms of engagement for these audits are agreed separately with management, and are consistent with those set out in the audit engagement letter, as local regulations permit.

The prospectively approved non-audit services include the following classes of service:

- capital raising, including consents, comfort letters and relevant reviews of registration statements;
- provision of accounting opinions relating to the financial statements of the Group;
- provision of reports that, according to law or regulation, must be rendered by the external auditors;
- tax compliance services;
- corporate finance services relative to the companies that will remain outside the Group; and
- insolvency work relating to the Group's customers.

The Audit Committee approves all other permitted non-audit services on a case-by-case basis before their commencement. In addition, the Audit Committee reviews and monitors the independence and objectivity of the external auditors when it approves non-audit work to be carried out by them, taking into consideration relevant legislation and ethical guidance.

The Audit Committee undertakes an annual evaluation to assess the independence and objectivity of the external auditors and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements. The results of this evaluation are reported to the Board.

The Audit Committee is responsible for making recommendations to the Board, for it to submit the Audit Committee's recommendations to shareholders for their approval at the Annual General Meeting in relation to the appointment, reappointment and removal of the external auditors. Following the Audit Committee's recommendation, the shareholders approved the reappointment of Deloitte & Touche LLP as external auditors at the Annual General Meeting in April 2008.

The Audit Committee also fixes the remuneration of the external auditors as authorised by shareholders at the Annual General Meeting.

The Audit Committee approves the terms of engagement of the external auditors.

It is intended that there will be an external review of the effectiveness of Group Internal Audit every three to five years, in line with best practice, with internal reviews continuing in the intervening years. In 2007, KPMG conducted a review of the effectiveness of Group Internal Audit and concluded that the function operated effectively. The Board considered the external review findings and also concluded that the Group Internal Audit function was effective.

It is intended that there will be an external review of the effectiveness of the Audit Committee every three to five years, with internal reviews by the Board continuing in the intervening years. PricewaterhouseCoopers conducted an external review of the effectiveness of the Audit Committee in 2005. An internal review of the Audit Committee's performance was undertaken in 2007 and a separate report on the outcome was considered and discussed by the Board, which concluded that it effectively discharged its responsibilities.

Since 2005, divisional audit committees have been responsible for reviewing each division's business. These committees report to the Audit Committee, which has concluded that they operate effectively.

RBSG complies with the laws and regulations of the United Kingdom regarding corporate governance.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE ROYAL BANK OF SCOTLAND GROUP PLC

Annual Financial Information Prepared in accordance with IFRS

The following tables summarise certain financial information of RBSG for its financial years ended 31st December 2007 and 31st December 2006 and have been extracted without material adjustment from the audited consolidated financial statements of RBSG for the financial year ended 31st December 2007, which were prepared in accordance with IFRS.

RBSG Share Capital

The amount of RBSG's issued share capital as at 31st December 2007 was £2,532 million, as derived from its audited consolidated financial statements for the year ended 31st December 2007.

	Allotted, called up and fully paid			*Authorised*
	1st January 2007 £m	*Issued during the year £m*	*31st December 2007 £m*	*31st December 2007 £m*
Ordinary shares of 25p	788	1,713	2,501	3,018
Non-voting deferred shares of £0.01	27	—	27	323
Additional Value Shares of £0.01	—	—	—	27
Non-cumulative preference shares of US$0.01	1	1	2	2
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	1
Non-cumulative preference shares of £1	—	1	1	300
Total share capital	817	1,715	2,532	3,896

Numbers of shares - thousands	Allotted, called up and fully paid 31st December 2007	Authorised 31st December 2007
Ordinary shares of 25p	10,006,215	12,070,492
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	419,500
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	750	300,000

Under IFRS, certain preference shares included in the tables above are classified as debt and are included in subordinated liabilities in the balance sheet.

At the Annual General Meeting on 23rd April 2008, the authorised ordinary share capital of RBSG was increased by £625 million by the creation of an additional 2,500 million ordinary shares of 25p each and the authorised preference share capital of RBSG was increased by US$965,000 by the creation of 96.5 million additional Category II Non-cumulative Dollar Preference Shares of US$0.01 each. At a general meeting on 14th May 2008, the authorised share capital of RBSG was increased by £1,781 million by the creation of an additional 7,123,010,462 ordinary shares of 25p each. On 9th June 2008, RBSG issued 6,123,010,462 new ordinary shares as a result of the 11 for 18 rights issue announced on 22nd April 2008. On 15th September 2008, RBSG issued 403,467,406 new ordinary shares as a result of a capitalisation issue. The increase in authorised share capital was approved by shareholders on 14th May 2008. One new ordinary share was issued for every 40 existing shares held on 12th September 2008.

Save as disclosed above, the information contained in the tables above has not changed materially since 31st December 2007.

Financial summary of RBSG for the year ended 31st December 2007 and for the year ended 31st December 2006

The financial information presented below for the year ended 31st December 2007 includes ABN AMRO (acquired by RFS Holdings B.V.) for the period from 17th October 2007 to 31st December 2007. For unaudited pro forma condensed combined financial information on the Group, see pages 77 to 82 of the Rights Issue Prospectus, which is incorporated by reference herein, and Appendix 1 to this Registration Document.

	Year ended 31st December 2007 £m	*Year ended 31st December 2006 £m*
Operating profit before tax	9,900	9,186
Tax	2,052	2,689
Profit from continuing operations	7,848	6,497
Loss from discontinued operations, net of tax	136	—
Profit for year	7,712	6,497

	31st December 2007 £m	*31st December 2006 £m*
Called up share capital	2,530	815
Reserves	50,508	39,412
Owners' equity	53,038	40,227
Minority interests	38,388	5,263
Subordinated liabilities	37,979	27,654
Capital resources	129,405	73,144

	£bn	*£bn*
Deposits by customers and banks	995.0	516.4
Loans and advances to customers and banks	1,048.7	549.5
Total assets	1,900.5	871.4

Dividend record of RBSG for the year ended 31st December 2007 and for the year ended 31st December 2006

	Year ended 31st December 2007 £m	*Year ended 31st December 2006 £m*
Dividends on Preference Shares	246	191
Dividends on Ordinary Shares	3,044	2,470

In accordance with IAS 32, several of the Group's preference share issues are included in subordinated liabilities and the finance cost thereon is included in interest payable.

GENERAL INFORMATION

Issuer's Objects and Purposes

Clause 4 of RBSG's memorandum of association provides that its objects include (i) carrying on the business of a holding company, (ii) to subscribe, enter into or tender for, purchase or otherwise acquire and to hold, dispose of and deal with the shares, stock, securities and evidence of indebtedness, (iii) to undertake on behalf of customers and others the investment, holdings and management, realisation and re-investment of moneys, securities, investments and property of every kind upon such terms as may be thought desirable, and (iv) to do all such other things as may be deemed incidental or conducive to the attainment of the above objects or any of the objects of RBSG.

Documents Available for Inspection or Collection

From the date hereof and throughout the life of the Registration Document, copies of the following documents will, when available, be available during usual business hours on a weekday (Saturdays, Sundays and public holidays excepted) for inspection at the principal office of the Issuer at RBS Gogarburn, PO Box 1000, Edinburgh EH12 1HQ:

(i) the constitutional documents of the Issuer;

(ii) the consolidated audited financial statements of RBSG in respect of the financial year ended 31st December 2007 and the financial year ended 31st December 2006, the unaudited consolidated interim statutory results of RBSG in respect of the half year ended 30th June 2008 and the Rights Issue Prospectus;

(iii) all future consolidated financial statements of the Issuer; and

(iv) this Registration Document.

Financial Information

In addition to the audited consolidated annual financial statements for the financial years ended 31st December 2006 and 2007 and the unaudited pro forma financial information set out in Part IX of the Rights Issue Prospectus (all of which are incorporated by reference herein), the Issuer has prepared unaudited pro forma financial information in respect of the six months ended 30th June 2008, as set out in Appendix 1 to the Registration Document.

Significant Change

Save as regards (i) the ongoing restructuring and integration of ABN AMRO described on page 9 of the RBSG Interim Information, which is incorporated by reference herein; (ii) the outlook of the Group as discussed on page 11 of the RBSG Interim Information, which is incorporated by reference herein; and (iii) the principal risks and uncertainties for the Group for the second half of 2008 as set out on page 92 of the RBSG Interim Information, which is incorporated by reference herein there has been no significant change in the trading or financial position of the Group since 30th June 2008 (the last date on which the Group published audited or interim financial information).

Material Adverse Change

Save as regards (i) the write-downs in respect of credit market exposures in the first six months of 2008 described on pages 42-43 and in Appendix II of the RBSG Interim Information which is incorporated by reference herein; (ii) the results of the Group in the first six months of 2008 as disclosed on pages 63-80 of the RBSG Interim Information (which is incorporated by reference herein) and in the pro forma financial information set out in Appendix 1 to this Registration Document; (iii) the ongoing restructuring and integration of ABN AMRO described on page 9 of the

RBSG Interim Information which is incorporated by reference herein; (iv) the outlook of the Group as discussed on page 11 of the RBSG Interim Information which is incorporated by reference herein; (v) the principal risks and uncertainties for the Group for the second half of 2008 as set out on page 92 of the RBSG Interim Information which is incorporated by reference herein; and (vi) the completion of the rights issue and the issue by RBS of one billion ordinary shares to RBSG (as discussed on page 14 in 'Description of The Royal Bank of Scotland Group', and on page 25 in 'Summary Consolidated Financial Information of The Royal Bank of Scotland Group plc' herein), there has been no material adverse change in the prospects of the Group since 31st December 2007 (the date to which the latest audited published financial information of the Group was prepared).

Litigation

Save as described on pages 15 to 18 in this Registration Document, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months prior to the date hereof, which may have or have had in the recent past a significant effect on the financial position or profitability of RBSG or the Group.

Auditors

The consolidated financial statements of RBSG for the years ended 31st December 2007 and 31st December 2006 have been audited by Deloitte & Touche LLP, Chartered Accountants (authorised and regulated by the Financial Services Authority for designated investment business).

Deloitte & Touche LLP has provided independent review reports to RBSG on the unaudited consolidated interim statutory results of RBSG in respect of the six months ended 30th June 2008 and on the unaudited pro forma financial information of RBSG in respect of the year ended 31st December 2007 as included in the Rights Issue Prospectus.

The financial information contained in this Registration Document in relation to the Issuer does not constitute the Issuer's statutory accounts pursuant to section 434 of the Companies Act 2006. Statutory accounts for the years ended 31st December 2007 and 31st December 2006 to which the financial information in this Registration Document relates have been delivered to the Registrar of Companies in Scotland.

Deloitte & Touche LLP has reported on such statutory accounts and such reports were unqualified and did not contain a statement under section 498 of the Companies Act 2006.

APPENDIX 1

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Unaudited pro forma condensed combined financial information

Acquisition of ABN AMRO

On 17 October 2007, RFS Holdings B.V. ("**RFS Holdings**"), a company jointly owned by the Consortium Banks and controlled by RBSG, completed the acquisition of ABN AMRO. RFS Holdings is in the process of implementing an orderly separation of the business units of ABN AMRO, with RBSG retaining the following ABN AMRO business units, as set out in the Consortium and Shareholders' Agreement dated 28 May 2007, among RBSG, Fortis N.V. and Fortis SA/NV (together, "**Fortis**"), Banco Santander S.A. and RFS Holdings, as amended from time to time (the "**CSA**"):

- continuing businesses of Business Unit ("**BU**") North America;
- BU Global Clients (excluding Brazil);
- Wholesale clients in the Netherlands (including former Dutch wholesale clients) and Latin America (excluding Brazil);
- BU Asia (excluding Saudi Hollandi); and
- BU Europe (excluding Antonveneta).

As established in the CSA, the following businesses have been or will be transferred to the other Consortium Banks:

- BU Netherlands (excluding wholesale clients);
- BU Private Clients;
- BU Asset Management (transferred to Fortis on 3 April 2008);
- BU Latin America (excluding wholesale and global clients businesses other than in Brazil) (transferred to Santander on 24 July 2008, excluding businesses in Paraguay and Uruguay); and
- Antonveneta (sold to Monte dei Paschi di Sienna on 30 May 2008).

Certain other assets, BU Private Equity and Group Functions, will continue to be shared by the Consortium Banks, until disposal.

RFS Holdings is fully consolidated in RBSG's financial statements.

Basis of preparation

The unaudited pro forma condensed combined financial information is being provided to give a better understanding of what the results of operations and financial position of the Group might have looked like had the transfers of businesses to the other Consortium Banks occurred in respect of the unaudited pro forma condensed combined income statement (the "**pro forma income statement**") on 1 January 2008. In respect of the unaudited pro forma condensed combined balance sheet (the "**pro forma balance sheet**") it has been assumed that the acquisition of minority interests (see below) and the transfers of businesses to the other Consortium Banks occurred on 30 June 2008.

The unaudited pro forma condensed combined financial information (the "**pro forma financial information**") has been prepared solely for illustrative purposes and is not necessarily indicative of the combined results of operations or financial position of the Group that might have been achieved had the acquisition and transfers occurred on the dates indicated, nor is it necessarily indicative of the results of operations or financial position that may, or may be expected to, be achieved in the future. Due to its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. The pro forma financial information has not been prepared in accordance with the requirements of Article 11 of Regulation S-X under the U.S. Securities Act of 1933. No account has been taken within the pro forma financial information of any synergy or efficiency benefits that may or may not be expected to occur as a result of the acquisition of ABN AMRO.

The pro forma financial information has been prepared using the purchase method of accounting, after giving effect to the pro forma adjustments described in the unaudited pro forma financial information and also reflects the transfer of businesses (but not shared assets) to the other Consortium Banks, as established in the CSA. The pro forma financial information also incorporates the proposed acquisition of minority interests – 0.965 per cent. ordinary shares and American depository shares, 13.9 per cent. formerly convertible preference shares and 0.25 per cent. financing preference shares of ABN AMRO not already owned by RFS Holdings at 30 June 2008 – expected to be completed before the end of 2008 under the Dutch squeeze-out procedures following the ruling of the Dutch Enterprise Chamber on 15 May 2008. The information below should be read together with the financial statements of RBSG.

Unaudited pro forma condensed combined income statement for the six months ended 30 June 2008

		Adjustments		
	RBSG[(1)]	Acquisition of minority interests[(2)]	Transfers to Fortis and Santander[(3)]	Pro forma RBSG[(4)]
		£m		
Net interest income	8,582	(5)	(1,391)	7,186
Net fees and commissions	3,729	–	(515)	3,214
Income from trading activities	(3,373)	–	(71)	(3,444)
Insurance premium income (net)	3,156	–	(295)	2,861
Other operating income	1,635	–	(129)	1,506
Non-interest income	5,147	–	(1,010)	4,137
Total income	13,729	(5)	(2,401)	11,323
Operating expenses	(10,571)	–	1,596	(8,975)
Profit before other operating charges and impairment losses	3,158	(5)	(805)	2,348
Insurance claims (net)	(2,189)	–	262	(1,927)
Impairment losses	(1,661)	–	183	(1,478)
Operating profit before tax	(692)	(5)	(360)	(1,057)

	RBSG[(1)]	Adjustments: Acquisition of minority interests[(2)]	Adjustments: Transfers to Fortis and Santander[(3)]	Pro forma RBSG[(4)]
		£m		
Tax	333	1	88	422
Profit from continuing operations	(359)	(4)	(272)	(635)
Attributable to:				
Minority interests	177	–	(272)	(95)
Other owners	225	–	–	225
Ordinary shareholders	(761)	(4)	–	(765)
	(359)	(4)	(272)	(635)
Per 25p ordinary share (pence):				
Basic earnings (continuing operations)	(6.2)			(6.3)
Diluted earnings (continuing operations)	(6.2)			(6.3)
Number of shares (million):				
Weighted average ordinary shares	12,197			12,197
Weighted average diluted ordinary shares	12,197			12,197

Notes:

(1) The financial information for RBSG has been extracted from its unaudited interim results for the six months ended 30 June 2008 announced on 8 August 2008. Details of the acquisition of ABN AMRO are included in Note 35 of RBSG's audited Annual Report and Accounts 2007.

(2) Acquisition of minority interests reflects interest payable of £5m for the period 1 January 2008 to 30 June 2008 on £205m of debt securities issued by RBSG to fund its share of the purchase of ABN AMRO's outstanding ordinary and preference shares under the squeeze-out procedures described in the "Basis of preparation" above less the related tax effect of £1m.

(3) Businesses transferred or to be transferred to Fortis and Santander, as set out in the CSA. This information has been extracted from unaudited management information as at 30 June 2008 without material adjustment.

(4) RBSG financial information including the effect of the ABN AMRO businesses to be retained by RBSG, as set out in the CSA.

Unaudited pro forma condensed combined balance sheet as at 30 June 2008

		Adjustments		
	RBSG(1)	Acquisition of minority interests(2)	Transfers to Fortis and Santander(3)	Pro forma RBSG(4)
		£m		
Assets				
Cash and balances at central banks	35,580	–	(367)	35,213
Loans and advances to banks	152,292	–	(655)	151,637
Loans and advances to customers	807,867	–	(117,478)	690,389
Securities	295,428	–	(15,026)	280,402
Derivatives	483,281	–	(325)	482,956
Intangible assets	43,471	280	(15,807)	27,944
Property, plant and equipment	16,172	–	(1,511)	14,661
Other assets	51,117	–	(1,380)	49,737
Assets of disposal groups	63,537	–	(57,808)	5,729
Total assets	1,948,745	280	(210,357)	1,738,668
Liabilities				
Deposits by banks	245,184	–	5,782	250,966
Customer accounts	643,622	–	(107,956)	535,666
Debt securities in issue	274,719	205	(25,306)	249,618
Settlement balances and short positions	84,083	–	(10)	84,073
Derivatives	475,731	–	(83)	475,648
Subordinated liabilities	39,661	(2)	(3,162)	36,497
Other liabilities	37,273	–	(2,036)	35,237
Liabilities of disposal groups	44,779	–	(41,204)	3,575
Total liabilities	1,845,052	203	(173,975)	1,671,280
Net assets	103,693	77	(36,382)	67,388
Minority interests	42,056	77	(36,382)	5,751
Equity owners	61,637	–	–	61,637
Total equity	103,693	77	(36,382)	67,388

Notes:

(1) The financial information for RBSG has been extracted from its unaudited interim results for the six months ended 30 June 2008 announced on 8 August 2008. Details of the acquisition of ABN AMRO are included in Note 35 of RBSG's

audited Annual Report and Accounts 2007.

(2) Acquisition of minority interests reflects the purchase of ABN AMRO's outstanding ordinary and preference shares under the squeeze-out procedures described in the "Basis of preparation" above and comprise:

(a) goodwill of £280m arising from the acquisition of 0.965 per cent. of ABN AMRO's ordinary shares, recorded as minority interests at 30 June 2008 (see 2(d) below), for a cash consideration of £533m, based on a price of €37.88 for each ABN AMRO ordinary share as stipulated by the Dutch Enterprise Chamber in its ruling of 15 May 2008;

(b) RBSG's share of the cash consideration of the acquisition of minority interests (representing ordinary shares of £204m and preference shares of £1m). This is assumed to be funded by the issue of debt securities;

(c) acquisition of preference shares for a cash consideration of £2m; and

(d) elimination of the minority interest in the outstanding shares of ABN AMRO, £253m offset by an increase in the minority interests of Fortis and Santander in RFS Holdings of £330m.

(3) Businesses transferred or to be transferred to Fortis and Santander, as set out in the CSA. The information has been extracted from unaudited management information as at 30 June 2008 without material adjustment.

(4) RBSG financial information including the effect of the ABN AMRO businesses to be retained by RBSG, as set out in the CSA.

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