

Dated 26 September 2008

THE ROYAL BANK OF SCOTLAND 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 plc (the "**Issuer**" or "**RBS**"), 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 RBS with a maturity of one year or more "AA" with a negative outlook; senior notes issued by RBS with a maturity of less than one year "A-1+"; dated subordinated notes issued by RBS "AA-"; and undated tier 2 notes issued by RBS "A+". Fitch Ratings Limited ("**Fitch**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "AA"; senior notes issued by RBS with a maturity of less than one year "F1+"; and both dated subordinated notes issued by RBS and undated tier 2 notes issued by RBS "AA-". Moody's Investors Service Limited ("**Moody's**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "Aa1"; both dated subordinated notes issued by RBS and undated tier 2 notes issued by RBS "Aa2"; and senior notes issued by RBS with a maturity of less than one year "P-1". Tier 3 notes issued by RBS 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. 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 announcement by the Issuer dated 2nd September 2008 of its unaudited “Results for the half year ended 30th June 2008” save for the section entitled “Statement of directors’ responsibilities” on page 17 (the “**RBS Interim Results**”);
- (c) the following parts of the unaudited consolidated interim results for the half year ended 30th June 2008 of The Royal Bank of Scotland Group plc (“**RBSG**”) (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 RBSG and its subsidiaries (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
- (d) 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 RBS and its subsidiaries (the “**Bank**”) and cause them to be materially different from expected results. The Bank’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 Bank’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 Bank’s business, earnings and financial condition may be affected by general business and geopolitical conditions

The performance of the Bank 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 Bank. It could also cause a higher incidence of impairments and trading losses in the Bank’s lending, trading and other portfolios. Geopolitical conditions can also affect the Bank’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 Bank’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 Bank’s business

The most significant market risks the Bank 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 Bank’s non-United Kingdom subsidiaries, mainly 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 Bank’s investment and trading portfolios. While the Bank has implemented risk management methods to mitigate and control these and other market risks to which the Bank 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 Bank’s financial performance and business operations.

The Bank'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 RBS. A reduction in the long-term credit ratings of RBS 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 Bank when competing in certain markets, such as long-term over-the-counter derivatives. Therefore, further reductions in the Bank's credit ratings could adversely affect its access to liquidity and competitive position and, hence, negatively impact its earnings and financial condition.

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

The Bank's capital is critical to its ability to operate its businesses, to grow organically and to take advantage of strategic opportunities. The Bank is required by regulators in the United Kingdom and the United States, and in other jurisdictions in which it undertakes regulated activities, to maintain adequate capital. Although the Bank 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 Bank 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 RBS 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 Bank 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 Bank's internal valuation models require the Bank 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 Bank 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 Bank's earnings and financial condition.

The Bank'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 Bank incurring significant losses. In 2007 and in the first half of 2008, the Bank 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 Bank's exposures. Valuations in future periods, reflecting then-prevailing market conditions, may result in significant changes in the fair values of the Bank's exposures, even in respect of exposures, such as credit market exposures, for which the Bank has previously recorded or estimated write-downs. In addition, the value ultimately realised by the Bank 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 Bank 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 Bank has purchased from monoline insurers may fluctuate depending on the financial condition of the insurer

The Bank'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 Bank'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 Bank 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 Bank's operations

Liquidity risk is the risk that the Bank 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 Bank'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 Bank'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 Bank 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 Bank's businesses. Adverse changes in the credit quality of the Bank's borrowers and counterparties, or in their behaviour, or a general deterioration in 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 Bank's assets and require an increase in the provision for impairment losses and other provisions.

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

The Bank 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 Bank 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 Bank 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 Bank's products and services.

Further changes to the regulatory requirements applicable to the Bank, in particular in the United Kingdom and the United States, 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 Bank, please see "Description of The Royal Bank of Scotland plc – Investigations".

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

The Bank operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. As a result, the Bank 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 Bank or adverse judgements in litigation to which the Bank is a party could result in restrictions or limitations on the Bank's operations or result in a material adverse effect on the Bank's reputation or results of operations. Currently the Bank 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 Bank is involved, see "Description of The Royal Bank of Scotland plc – Litigation" and "Description of The Royal Bank of Scotland plc – Investigations", respectively.

Operational risks are inherent in the Bank's operations

The Bank'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 Bank's suppliers or counterparties. Although the Bank 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 Bank.

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 Bank 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 Bank'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 Bank and could affect its financial condition. Revisions to tax legislation or to its interpretation might also affect the Bank's results in the future and financial condition.

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

The Bank 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 Bank'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 Bank'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 plc - 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 PLC

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, 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 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. RBS had total assets of £1,202.8 billion and shareholders’ equity of £58.0 billion at 30th June 2008. RBS capital ratios were: a total capital ratio of 15.6 per cent. and Tier 1 capital ratio of 10.2 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. All of the following activities are relevant to RBS with the exception of those conducted through ABN AMRO and its subsidiaries.

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.

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

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 RBS 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.

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. RBS 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 Financial Services Authority (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

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 RBS, their functions within the Group and their principal outside activities (if any) of significance are:

<i>Name</i>	<i>Functions within the Group</i>	<i>Principal outside activity (if any) of significance to the Group</i>
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 RBS 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 RBS 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	—	Formerly 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	—
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On 27th August 2008, RBSG announced that Stephen Hester, John McFarlane and Arthur Ryan have been appointed Non-Executive Directors of RBS 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 RBS, to be held in April 2009.

There are no potential conflicts of interest between the duties to the Issuer of the directors of RBS 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 RBS is:

The Royal Bank of Scotland 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 Bank; 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 Group considered the external review findings and also concluded that the Bank 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.

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

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE ROYAL BANK OF SCOTLAND PLC

Annual Financial Information Prepared in accordance with IFRS

The following tables summarise certain financial information of RBS 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 RBS for the financial year ended 31st December 2007, which were prepared in accordance with IFRS.

RBS Share Capital

The amount of RBS's issued share capital as at 31st December 2007 was £5,609 million, as derived from its audited consolidated financial statements for the year ended 31st December 2007.

	<i>Allotted, called up and fully paid</i>	<i>Authorised</i>
	<u>31st December 2007 £m</u>	<u>31st December 2007 m</u>
Ordinary shares of £1	5,481	£7,980
Non-cumulative preference shares of US\$0.01	2	\$ 3
Non-cumulative preference shares of €0.01	—	—
Perpetual zero coupon preference shares of £1	—	£100
Non-cumulative preference shares of £1	126	£2,200

	<i>Allotted, called up and fully paid</i>	<i>Authorised</i>
	<u>31st December 2007</u>	<u>31st December 2007</u>
Number of shares - millions		
Ordinary shares of £1	5,481	7,980
Non-cumulative preference shares of US\$0.01	313	349
Non-cumulative preference shares of €0.01	3	66
Perpetual zero coupon preference shares of £1	—	100
Non-cumulative preference shares of £1	126	2,200

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

By Ordinary Resolution passed on 23rd April 2008 the authorised share capital of RBS was increased by the creation of 200,000,000 additional non-cumulative preference shares of US\$0.01.

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

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

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

	<i>Year ended 31st December 2007 £m</i>	<i>Year ended 31st December 2006 £m</i>
Operating profit before tax	9,155	8,354
Tax	1,903	2,433
Profit for year	<u>7,252</u>	<u>5,921</u>
	<i>31st December 2007 £m</i>	<i>31st December 2006 £m</i>
Called up share capital	5,483	5,482
Reserves	42,200	32,454
Shareholders' equity	<u>47,683</u>	<u>37,936</u>
Minority interests	152	396
Subordinated liabilities	27,796	27,786
Capital resources	<u>75,631</u>	<u>66,118</u>
	<i>£bn</i>	<i>£bn</i>
Deposits by customers and banks	<u>594.5</u>	<u>516.5</u>
Loans and advances to customers and banks	647.8	547.0
Total assets	1,115.7	848.2

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

	<u>Year ended 31st December 2007 £m</u>	<u>Year ended 31st December 2006 £m</u>
Dividends on Preference Shares	331	252
Dividends on Ordinary Shares	<u>2,000</u>	<u>3,250</u>

In accordance with IAS 32, several of RBS'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 RBS's memorandum of association provides that its objects include (i) carrying on the business of a holding company, (ii) to subscribe or tender for, purchase or otherwise acquire and to hold, dispose of and deal with the securities and evidence of indebtedness or of the right to participate in profits or assets, (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 RBS.

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 RBS in respect of the financial year ended 31st December 2007 and the financial year ended 31st December 2006, the RBS Interim Results and the Rights Issue Prospectus;
- (iii) all future consolidated financial statements of the Issuer; and
- (iv) this 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 RBS and its subsidiaries for the second half of 2008 as set out on page 16 of the RBS Interim Results, which are incorporated by reference herein there has been no significant change in the trading or financial position of RBS and its subsidiaries taken as a whole since 30th June 2008 (the last date on which RBS and its subsidiaries taken as a whole 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 as described in the RBS Interim Results, which are 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; (iii) the results of RBS and its subsidiaries in the first six months of 2008 as described in the RBS Interim Results, which are incorporated by reference herein; (iv) the ongoing restructuring and integration of ABN AMRO described on page 9 of the RBSG Interim Information which is incorporated by reference herein; (v) the principal risks and uncertainties for RBS and its subsidiaries for the second half of 2008 as set out on page 16 of the RBS Interim Results, which are 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 13 in 'Description of The Royal Bank of Scotland plc' and on page 23 in 'Summary Consolidated Financial Information of The Royal Bank of Scotland plc' herein), there has been no material adverse change in the prospects of RBS and its subsidiaries taken as a whole since 31st December 2007

(the date to which the latest audited published financial information of RBS and its subsidiaries taken as a whole was prepared).”

Litigation

Save as described on pages 13 to 16 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 RBS or RBS and its subsidiaries taken as a whole.

Auditors

The consolidated financial statements of RBS 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 an independent review report to RBS on the condensed financial statements of RBS in respect of the six months ended 30th June 2008.

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.

THE ISSUER

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INDEPENDENT PUBLIC ACCOUNTANTS

To the Issuer

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