

Letter to shareholders

Financial results for the year ended 31 December 2011
and the 2012 Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser (who, in the United Kingdom, should be authorised under the Financial Services and Markets Act 2000).

If you have sold or transferred all your shares in The Royal Bank of Scotland Group plc please pass this document and the accompanying proxy form to the stockbroker, bank or other agent through whom you made the sale or transfer, for transmission to the purchaser or transferee.

This document is being sent for information only to certain categories of share option holders.

The attention of shareholders is drawn to the Notice of the Annual General Meeting of the company which appears in Section 1 of this letter. The Annual General Meeting will be held on Wednesday, 30 May 2012 at 2.00 pm in the RBS Conference Centre, RBS Gogarburn, Edinburgh EH12 1HQ.

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Definitions

In this document the following expressions have the following meanings unless the context otherwise requires.

"B Shares" means the Series 1 Class B Shares of £0.01 each in the capital of the company;

"Deferred Shares" means the proposed new Series C Deferred Shares of 15 pence each in the capital of the company resulting from the Share Sub-division and Consolidation;

"Directors" means the executive and non-executive directors of the company;

"Dividend Access Share" means the Series 1 Dividend Access Share of £0.01 in the capital of the company;

"Existing Ordinary Shares" means the existing ordinary shares of 25 pence each in the capital of the company;

"Group" means the company and each of its subsidiaries and subsidiary undertakings from time to time;

"HM Treasury" means Her Majesty's Treasury;

"Intermediate Ordinary Shares" means the ordinary shares of 10 pence each in the capital of the company arising in the course of the Share Sub-division and Consolidation;

"New Ordinary Shares" means the proposed new ordinary shares of 100 pence each in the capital of the company resulting from the Share Sub-division and Consolidation;

"Official List" means an official list of share prices produced every business day by the London Stock Exchange;

"Record Date" means close of business on 1 June 2012 (or such other time and date as the directors may determine), being the date by reference to which the Share Sub-division and Consolidation is calculated; and

"Share Sub-division and Consolidation" means the sub division and consolidation of the company's ordinary share capital as set out in section 2.

Philip Hampton
Chairman



PO Box 1000
RBS Gogarburn
Edinburgh EH12 1HQ

Telephone: 0131 556 8555

24 April 2012

Dear Shareholder

I enclose our 2011 Annual Review and Summary Financial Statement, or our full Report and Accounts. I also have pleasure in inviting you to attend our Annual General Meeting which will be held in the RBS Conference Centre, RBS Gogarburn, Edinburgh EH12 1HQ on Wednesday, 30 May 2012 at 2.00 pm.

The Notice of Meeting and supporting information accompany and form part of this letter. A location map is provided at the end of this document.

The meeting will also consider resolutions relating to a proposed sub-division and consolidation of the company's ordinary shares. Details are provided in this document and on our website at www.rbs.com and if the resolutions are passed we will contact shareholders following the meeting with further information.

Yours sincerely

A handwritten signature in black ink, appearing to read "Philip Hampton", with a stylized flourish at the end.

Section 1

Notice of Meeting

Notice is hereby given that the forty-fourth Annual General Meeting of the members of The Royal Bank of Scotland Group plc will be held in the RBS Conference Centre, RBS Gogarburn, Edinburgh EH12 1HQ on Wednesday, 30 May 2012, at 2.00 pm for the following purposes:

1. To receive and approve the accounts for the financial year ended 31 December 2011 and the reports of the directors and auditors thereon.
2. To approve the Remuneration Report contained within the Report and Accounts for the financial year ended 31 December 2011.
3. To elect Alison Davis as a director.
4. To elect Tony Di Iorio as a director.
5. To elect Baroness Noakes as a director.
6. To re-elect Sandy Crombie as a director.
7. To re-elect Philip Hampton as a director.
8. To re-elect Stephen Hester as a director.
9. To re-elect Penny Hughes as a director.
10. To re-elect Joe MacHale as a director.
11. To re-elect Brendan Nelson as a director.
12. To re-elect Art Ryan as a director.
13. To re-elect Bruce Van Saun as a director.
14. To re-elect Philip Scott as a director.
15. To re-appoint Deloitte LLP as auditors.
16. To authorise the Group Audit Committee to fix the remuneration of the auditors.
17. To renew the directors' authority to allot securities.
18. To renew the directors' authority to allot shares on a non pre-emptive basis.
19. To sub-divide and consolidate the ordinary share capital.
20. To amend the articles of association.
21. To renew authority to grant rights to convert B Shares.
22. To renew authority to grant rights to convert B Shares on a non pre-emptive basis.
23. To amend the rules of The Royal Bank of Scotland Group plc 2007 Sharesave Plan and The Royal Bank of Scotland Group plc 2007 Irish Sharesave Plan.
24. To permit the holding of General Meetings at 14 days' notice.
25. To authorise political donations and expenditure by the Group in terms of Section 366 of the Companies Act 2006.

The resolutions to be proposed as additional business at the Annual General Meeting in respect of items 17 to 25 above are set out in full in Appendix 1 to the circular letter to shareholders dated 24 April 2012 of which this notice forms part. Information on all the resolutions is contained in section 2.

By order of the Board,

Aileen Taylor

Secretary

36 St Andrew Square, Edinburgh.

3 April 2012

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, as amended, the company gives notice that only those shareholders entered on the register of members of the company at close of business on 28 May 2012, or, if the Annual General Meeting is adjourned, on the register of members of the company 48 hours before the time of the adjourned meeting, will be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. In each case, changes to entries on the register after close of business on 28 May 2012 will be disregarded in determining the rights of any person to attend or vote at the meeting and the number of votes any person may cast at the meeting.
2. Every member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote instead of the member. A proxy need not be a member of the company. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member. A form appointing a proxy is enclosed with this notice and may be returned in the enclosed pre-paid envelope. To appoint a proxy, (a) the form of proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be completed and sent to the company's transfer office at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with Note 5 below, or (c) the proxy appointment must be registered electronically on the website at www.rbs.com/e-proxy, in each case so as to be received no later than 2.00 pm on 28 May 2012. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.
3. Any person to whom this Annual General Meeting Notice has been sent, whose shares are held on their behalf by another person and who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
4. The statement of the rights of shareholders in relation to the appointment of proxies in notes 2 above and 5 below do not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders.
5. CREST members who wish to appoint and/or give instructions to a proxy or proxies through the CREST electronic proxy appointment service may do so through the issuer's agent (ID 3RA50) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. Please refer to the CREST manual at www.euroclear.com/CREST.
6. As at 12 April 2012 (being the latest practicable date prior to the printing of this Notice), the issued share capital of the company conferring the right to vote at the Annual General Meeting consisted of 59,545,066,963 ordinary shares carrying one vote each on a poll, 400,000 5.5 per cent. cumulative preference shares carrying four votes each on a poll, 500,000 11 per cent. cumulative preference shares carrying four votes each on a poll, 23,125,869 Non-Cumulative Dollar Preference Shares Series M carrying four votes each on a poll, 22,113,160 Non-Cumulative Dollar Preference Shares Series N carrying four votes each on a poll, 9,883,307 Non-Cumulative Dollar Preference Shares Series P carrying four votes each on a poll, 20,646,938 Non-Cumulative Dollar Preference Shares Series Q carrying four votes each on a poll, 10,163,932 Non-Cumulative Dollar Preference Shares Series R carrying four votes each on a poll, 26,449,040 Non-Cumulative Dollar Preference Shares Series S carrying one vote each on a poll, 51,245,839 Non-Cumulative Dollar Preference Shares Series T carrying one vote each on a poll, 10,130 Non-Cumulative Dollar Preference Shares Series U carrying one vote each on a poll, 1,250,000 Non-Cumulative Euro Preference Shares Series 1 carrying four votes each on a poll, 784,989 Non-Cumulative Euro Preference Shares Series 2 carrying four

votes each on a poll, 9,429 Non-Cumulative Euro Preference Shares Series 3 carrying one vote each on a poll, and 54,442 Non-Cumulative Sterling Preference Shares Series 1 carrying one vote each on a poll. Therefore, the total number of voting rights in the company as at 12 April 2012 was 59,978,308,623.

7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
8. Any member attending the meeting has the right to ask questions. The company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or good order of the meeting that the question be answered.
9. A copy of this Notice and other information required by section 311A of the Companies Act 2006 can be found at www.rbs.com.
10. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to: (i) the audit of the company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the company has been required under section 527 of the Companies Act 2006 to publish on a website.
11. You may not use any electronic address provided in either this Notice of Annual General Meeting or any related documents (including the form of proxy) to communicate with the company for any purposes other than those expressly stated.
12. The following documents will be available for inspection at the company's registered office and at Linklaters LLP, One Silk Street, London EC2Y 8HQ during normal business hours until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting:
 - (i) copies of the executive directors' service contracts; and
 - (ii) copies of the letters of appointment for non-executive directors.

Section 2

Information on the Resolutions to be proposed at the Annual General Meeting

At the meeting there will be a number of items of ordinary business. These are:

Report and Accounts (resolution number 1) You will be asked to approve the 2011 Report and Accounts.

Remuneration Report (resolution number 2) You will be asked to approve the Remuneration Report. The Remuneration Report can be found in the Governance section of the Report and Accounts and a summary is included in the Annual Review and Summary Financial Statement.

Election of Directors (resolutions numbered 3 to 14) Under the company's articles of association, any director appointed since the last Annual General Meeting and any directors with more than three years' service since their last re-election must seek election or re-election. However, in accordance with the recommendations set out in the UK Corporate Governance Code ("the Code"), all of the company's directors will retire and submit themselves for re-election on an annual basis.

All of the non-executive directors offering themselves for election or re-election are highly experienced and have a broad knowledge of the international financial services industry. In view of their career experience and connections with other organisations, the board of directors of the company (the "Board") considers that they each bring valuable skills to the Board and provide an objective perspective.

The Code requires that, when non-executive directors are proposed for election or re-election, confirmation is given that, following formal evaluation, their performance continues to be effective and demonstrates commitment to the role of non-executive director. The performance of the non-executive directors has been formally evaluated by the Chairman and each is considered to be effective and to demonstrate commitment to the role.

Biographical details of all the directors are contained in the Annual Review and Summary Financial Statement and in the Report and Accounts.

Auditors (resolutions numbered 15 and 16) You will be asked to vote on the re-appointment of Deloitte LLP as the company's auditors until the next Annual General Meeting, and to authorise the Group Audit Committee to fix the auditors' remuneration. The company's audit committee has recommended to the Board that Deloitte LLP be re-appointed. Details of the auditors' remuneration can be found in Note 5 of the Notes on the Accounts in the Report and Accounts.

In addition you will be asked to vote on the following items of additional business:

Authority to allot securities (resolution number 17) This resolution will, if approved, renew the directors' authority to allot shares or grant rights to subscribe for, or convert any security into, shares. The authority will replace the authority given to the directors at the Annual General Meeting in 2011.

The relevant resolution is set out in Appendix 1. Sub-paragraph (a)(i) and (b)(i) of the resolution, if passed, will give the directors authority to allot shares, or grant rights to subscribe for, or convert any security into, shares, up to an aggregate nominal value of (a) £4,962,088,913, representing one-third of the company's issued ordinary share capital on 12 April 2012 (the latest practicable date before the printing of the Notice), or (b) if resolutions 19 to 22 are passed, £1,984,835,565, representing one-third of the company's issued ordinary share capital following the proposed Share Sub-division and Consolidation (and assuming no issue of shares prior to that time).

In accordance with the institutional guidelines issued by the Association of British Insurers ("ABI"), sub-paragraph (a)(ii) and (b)(ii) of the resolution, if passed, will give the directors authority to allot, including the shares referred to in sub-paragraphs (a)(i) and (b)(i) of the resolution, shares in the company in connection with a pre-emptive offer by way of a rights issue to shareholders up to a maximum nominal amount of (a) £9,924,177,827, representing two-thirds of the company's issued ordinary share capital on 12 April 2012 (the latest practicable date before the printing of the

Notice) or (b) if resolutions 19 to 22 are passed, £3,969,671,130, representing two-thirds of the company's issued ordinary share capital following the proposed Share Sub-division and Consolidation (and assuming no issue of shares prior to that time).

The company has passed resolutions renewing the directors' allotment authority at the Annual General Meeting for a number of years. The directors have no present intention to exercise the authority, although in 2012, as part of capital planning related to macro-prudential discussions with the Financial Services Authority, the directors may consider and approve new issuance in an amount that is not material in relation to the Group's free float nor materially above the amounts recently issued to fund employee share plans. It is considered prudent to maintain the maximum flexibility permitted by institutional guidelines. If they do exercise the authority, the directors intend to follow emerging best practice as regards its use (including as regards the directors standing for re-election in certain cases), as recommended by the ABI. The authority would remain in force until the end of the Annual General Meeting in 2013 or the close of business on 30 June 2013, whichever is the earlier.

Authority to allot shares free from pre-emption restrictions (resolution number 18) This resolution (which will be proposed as a special resolution and requires the approval of three-quarters of the votes cast at the meeting) will, if approved, renew the directors' authority to allot equity securities for cash, free from the pre-emption restrictions set out in the Companies Act 2006. This authority is limited to allotments of shares up to an aggregate nominal value of (a) £744,313,337 (representing 5% of the issued ordinary share capital of the company) or (b) if resolutions 19 to 22 are passed £297,725,334, representing 5% of the issued ordinary share capital of the company following the proposed Share Sub-division and Consolidation (and assuming no issue of shares prior to that time), and to allotments in connection with a rights issue. The authority will also include any sale by the company of shares held as treasury shares. Paragraph (B) of the resolution, if passed, will renew the authority in the company's articles of association to disapply any statutory pre-emption rights which holders of B Shares or the Dividend Access Share in the company would otherwise have. The relevant resolution is set out in Appendix 1.

If approved, the authority will expire at the end of the Annual General Meeting in 2013 (or the close of business on 30 June 2013 if earlier). The directors intend to observe the institutional guidelines in respect of allotments of shares for cash. These presently require that no more than 7½% of the issued ordinary share capital should be allotted for cash on a non pre-emptive basis in any rolling three-year period.

Sub-division and Consolidation of Ordinary Shares (resolution number 19) This resolution will, if approved, effect the Share Sub-division and Consolidation as set out below. This resolution is conditional on the passing of resolutions 20, 21 and 22.

The company currently has a very large number of issued ordinary shares and at the current level small absolute movements in the share price result in large percentage movements resulting in considerable volatility. The Board believes that the Share Sub-division and Consolidation will result in a share price and nominal value more appropriate for a company of RBS's size in the UK market and may assist in reducing volatility, thereby enabling a more consistent valuation of the company.

It is proposed that, pursuant to the Share Sub-division and Consolidation, each Existing Ordinary Share of 25 pence in issue at the Record Date (expected to be close of business on 1 June 2012, or such other time and date as the directors may determine) will be sub-divided into one ordinary share of 10 pence in the capital of the company (an "Intermediate Ordinary Share") and one deferred share of 15 pence in the capital of the company (a "Deferred Share"). The purpose in creating Deferred Shares is to ensure that the reduction in the nominal value of the ordinary shares does not result in a reduction in the capital of the company. Please see the note on resolution 20 for more information on the Deferred Shares. It is proposed that the Intermediate Ordinary Shares will then be consolidated such that, for every ten Existing Ordinary Shares you held prior to the Share Sub-division and Consolidation, you will hold one new ordinary share of 100 pence in the capital of the company, (a "New Ordinary Share") following the Share Sub-Division and Consolidation. It is intended that, subject to resolutions 19 to 22 being passed, the Deferred Shares will be surrendered to the company for no value and cancelled as soon as possible.

Existing Ordinary Shares

Each ordinary shareholder's proportionate interest in the company's issued ordinary share capital will remain unchanged as a result of the proposed Share Sub-division and Consolidation. Aside from the change in nominal value, the rights attaching to the New Ordinary Shares (including voting and dividend rights and rights on a return of capital) will be identical in all respects to those of Existing Ordinary Shares.

The number of ordinary shares of the company listed on the Official List and admitted to trading on the London Stock Exchange's main market for listed securities will change as a result of the proposed Share Sub-division and Consolidation. The proposed Share Sub-division and Consolidation will not affect the Group's or the company's net assets.

The last day of trading on the London Stock Exchange in the Existing Ordinary Shares is expected to be 1 June 2012. The last day of trading on Euronext and on the New York Stock Exchange in American depositary receipt form is expected to be 5 June 2012.

If approved, following the Share Sub-division and Consolidation and assuming no further shares are issued between 12 April 2012 (being the latest practicable date prior to the printing of this Notice) and the date the Share Sub-division and Consolidation becomes effective (expected to be 6 June 2012), the company's issued ordinary share capital will comprise 5,954,506,696 New Ordinary Shares of 100 pence.

If the Share Sub-division and Consolidation is approved, the New Ordinary Shares will be admitted to trading on the London Stock Exchange with ISIN: GB00B7T77214 and SEDOL: B7T7721.

Fractional entitlements

If your shareholding comprises fewer than ten Existing Ordinary Shares, your shareholding will still be consolidated, and this will result in you no longer being a member of the company in relation to that holding. Any shareholding of Existing Ordinary Shares which is not exactly divisible by ten will generate an entitlement to a fraction of a New Ordinary Share. Arrangements will be put in place for any such fractional entitlements arising from the Share Sub-division and Consolidation to be aggregated and sold in the market on your behalf. Based on the share price of 25.96 pence on 12 April 2012 (being the latest practicable date prior to the printing of this Notice) the maximum fractional entitlement will be £2.34. Proceeds of less than £5 will be donated to ShareGift, a UK registered charity. Shareholders will be given the opportunity to write to the company's Registrar and request that the proceeds of the fractional entitlement relating to their holding be returned to them rather than donated to ShareGift. This request must be received by the Registrar by close of business on 31 August 2012. Proceeds of fractional entitlements in excess of £5 (if any) will be distributed to shareholders on or around 15 June 2012.

For purely illustrative purposes, an example of the effect of the Share Sub-division and Consolidation is set out below:

Existing Ordinary Shares	New Ordinary Shares	Fractional Entitlement¹
5	—	0.5
10	1	—
25	2	0.5
100	10	—
198	19	0.8
500	50	—
1,000	100	—

¹ The fractional entitlement represents the fraction of a share which will be sold on your behalf at the time of the Share Sub-division and Consolidation.

Although each ordinary shareholder will hold fewer ordinary shares than before, his or her shareholding as a proportion of the total number of ordinary shares in issue and therefore his or her ownership in the company, will be the same before and after the Share Sub-division and Consolidation, subject to adjustments to reflect fractional entitlements.

Share certificates

If resolutions 19 to 22 are passed, new share certificates representing New Ordinary Shares will be sent to shareholders who hold shares in certificated form on or around 15 June 2012. On receipt, all ordinary share certificates previously issued can be destroyed. If you do not receive a new share certificate and you believe you are entitled to one please contact our Registrar on 0870 702 0135. Shareholders who hold their entitlement to Existing Ordinary Shares in uncertificated form through CREST are expected to have their CREST accounts adjusted to reflect their entitlement to New Ordinary Shares on 6 June 2012.

Employee Share Schemes

Entitlements under the employee share schemes will be adjusted to take account of the Share Sub-division and Consolidation in order to preserve their value, subject to HM Revenue and Customs ("HMRC") approval where required. Further information will be provided to the participants in separate communications.

Impact on other arrangements

No amendments will be required to the terms of the B Shares or the Dividend Access Share as a result of the Share Sub-division and Consolidation, as the terms provide for all relevant technical adjustments. If necessary, voting rights for holders of certain classes of preference shares in the company will be adjusted as a result of the Share Sub-division and Consolidation. Further information regarding any adjustments will be given to the holders of the relevant preference shares following the Annual General Meeting, as required.

United Kingdom Taxation

The following is intended as a general guide only and is based on current UK tax legislation and the practice of HMRC (which may not be binding on HMRC). It relates only to the position of ordinary shareholders who are beneficial owners of their Existing Ordinary Shares, who hold their Existing Ordinary Shares as an investment (other than under a personal equity plan or an individual savings account) and who are resident, and if an individual, domiciled and ordinarily resident, in the United Kingdom for taxation purposes. They do not apply to ordinary shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment. If you are in any doubt as to your taxation position or if you are subject to tax in any jurisdiction other than the UK, you should consult an appropriate professional adviser immediately.

An ordinary shareholder will not be treated as having made a disposal of his or her ordinary shares as a result of the Share Sub-division and Consolidation. Instead, the New Ordinary Shares (and Deferred Shares) will essentially be treated as the same asset as his or her Existing Ordinary Shares acquired at the same time and for the same consideration as those shares.

To the extent that an ordinary shareholder receives, or is entitled to receive, cash in respect of fractional entitlements and the amount of cash received is small in comparison with the value of his or her ordinary shares (which should be the case), the ordinary shareholder will not be treated as having disposed of the shares in respect of which the cash was received. Instead, an amount equal to the amount of such cash will be deducted from the base cost of his or her New Ordinary Shares. Under current HMRC practice, any cash payment of £3,000 or less or (if greater) which is 5% or less of the market value of a shareholder's holding of ordinary shares will generally be treated as small for these purposes.

A subsequent disposal of New Ordinary Shares may, depending on individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to UK tax on capital gains. Any chargeable gain or allowable loss on a disposal of the New Ordinary Shares should be calculated taking into account a proportion of the allowable cost to the holder of acquiring his or her Existing Ordinary Shares based on an apportionment of the allowable expenditure for his or her Existing Ordinary Shares by reference to the market value of the New Ordinary Shares and Deferred Shares on the first day on which market value or prices are quoted or published for the New Ordinary Shares. The Deferred Shares should not be regarded as having any value. Hence, it is expected that all of a shareholder's allowable cost of acquiring his or her Existing Ordinary Shares should be apportioned to his or her New Ordinary Shares.

In the case of a shareholder who holds less than ten Existing Ordinary Shares and who therefore does not receive any New Ordinary Shares, such a shareholder will be treated as disposing of his or her shares as a result of the Share Sub-division and Consolidation. To the extent that such a shareholder receives or is entitled to receive cash in respect of fractional entitlements, such disposal may, depending on the shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses) give rise to a liability to UK tax on capital gains.

No UK stamp duty or stamp duty reserve tax will be payable by ordinary shareholders as a result of the Share Sub-division and Consolidation.

The relevant resolution is set out in Appendix 1.

Amendment of the articles of association to incorporate the rights attaching to the Deferred Shares

(resolution number 20) This resolution is conditional upon the passing of resolutions 19, 21 and 22. The resolution (which will be proposed as a special resolution and requires the approval of three-quarters of the votes cast at the meeting) will, if approved, amend the articles of association to include a new sub-article specifying the rights attaching to the Deferred Shares arising as a result of the Share Sub-division and Consolidation.

The Deferred Shares created on the proposed Share Sub-division and Consolidation becoming effective will have no voting or dividend rights. Each Deferred Share will entitle its holder to participate on a return of assets on a winding up of the company, such entitlement to be limited to the repayment of the amount paid up or credited as paid up on such share, and shall rank *pari passu* and *pro rata* with any payments to be made to the holder of any and all ordinary shares, the B Shares and the Dividend Access Share then in issue pursuant to the respective terms of such shares.

No share certificates will be issued in respect of the Deferred Shares, nor will CREST accounts of shareholders be credited in respect of any entitlement to Deferred Shares, nor will they be admitted to the Official List or to trading on the London Stock Exchange or any other investment exchange. The Deferred Shares shall not be transferable at any time, other than with the prior written consent of the directors.

The company may, at any time, seek the surrender and cancellation of the Deferred Shares using such lawful means as the directors may determine. It is intended that, subject to resolutions 19 to 22 being passed, the Deferred Shares will be surrendered to the company for no value and cancelled as soon as possible.

The relevant resolution is set out in Appendix 1.

B Share conversion – Renewal of authority to grant rights to convert (resolution number 21) and renewal of authority to grant rights to convert free from pre-emption restrictions (resolution number 22).

On 15 December 2009, shareholders approved the allotment of up to 4,025,000,000,000 B Shares to HM Treasury (or its nominee) and the grant of rights to convert B Shares into ordinary shares. Shareholders also approved the allotment wholly for cash (or otherwise) pursuant to such allotment authority of up to an aggregate nominal amount of £1,610,000,000 B Shares and up to an aggregate nominal amount of £44,250,000,000 ordinary shares in connection with conversion of the B Shares. Resolution 21 will, if approved, renew the directors' authority to grant rights to convert B Shares into ordinary shares. Resolution 22 (which will be proposed as a special resolution) will, if approved, renew the directors' authority to grant the rights to convert B Shares into ordinary shares referred to in resolution 21 on a non pre-emptive basis. In light of the proposed Share Sub-division and Consolidation, the directors are of the view that, subject to resolutions 19 and 20 being passed, the authorities relating to the rights to convert B Shares into ordinary shares should be renewed on the basis of the nominal value of the New Ordinary Shares following the Share Sub-division and Consolidation. These authorities will expire on 15 December 2014, the date on which the B Share allotment authority expires. These resolutions are conditional on the passing of resolutions 19 and 20.

The relevant resolutions are set out in Appendix 1.

Amendment of The Royal Bank of Scotland Group plc 2007 Sharesave Plan and The Royal Bank of Scotland Group plc 2007 Irish Sharesave Plan (resolution number 23)

This resolution will bring the rules of The Royal Bank of Scotland Group plc 2007 Sharesave Plan (“the Sharesave Plan”) and The Royal Bank of Scotland Group plc 2007 Irish Sharesave Plan (“the Irish Sharesave Plan”) (together, the “Plans”) into line with the company’s other employee share plans. It relates to the calculation of the maximum number of shares which may be issued to employees under the Plans, or transferred to employees out of treasury. The company’s other share plans include an explicit statement that the calculation should take account of the B Shares, but the Plans were established and approved by shareholders in 2007, before B Shares came into existence, and are therefore silent on the point. This resolution will make it clear that the Plans should be operated in the same way as the other plans. The relevant resolution is set out in Appendix 1.

Notice periods for General Meetings (resolution number 24) The Companies Act 2006 extended the notice period for general meetings of a company to 21 days. The Companies Act 2006 does, however, allow companies to retain a 14 day notice period provided that certain conditions are met, including the passing of an appropriate resolution at an Annual General Meeting. The resolution, which will be proposed as a special resolution, will enable the company to retain the flexibility of holding general meetings (other than an Annual General Meeting) on 14 days’ notice.

It is intended that the shorter notice period will only be used where it is, in the opinion of the directors, merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. The approval will be effective until the company’s Annual General Meeting in 2013, when it is intended that a similar resolution will be proposed. The relevant resolution is set out in Appendix 1.

Political donations (resolution number 25) The Companies Act 2006 requires companies to seek prior shareholder approval for any political donations or political expenditure in respect of an EU political party or other EU political organisation or an independent election candidate in the EU. Neither the company nor any of its subsidiaries has any intention of making any EU political donation or incurring any EU political expenditure. However the definitions of political donations and political expenditure used in the Companies Act 2006 are very widely drafted, and we have been advised that the definitions could include activities such as allowing staff paid leave to act as local councillors or to stand for election in local government, national or European parliament elections. In keeping with most companies, our employment policies do allow paid leave in these circumstances. Contributions to “think tanks” or bodies such as those concerned with policy review and law reform or with the representation of the business community or sections of it may also be deemed to be political donations or expenditure as defined by the Companies Act 2006.

The penalties for breach of the legislation are severe, even if the breach is inadvertent. At the Annual General Meeting in 2011 shareholders approved a resolution to protect the company and its officers by approving political donations and expenditure of up to £500,000 per annum in aggregate across the Group. We now seek to renew this authority up to an aggregate of £100,000 which will not be used for any purpose other than a continuation of our normal business and employment practices. The approval will, if granted, expire at the Annual General Meeting of the company in 2013. The relevant resolution is set out in Appendix 1.

Recommendation

The Board consider that all the proposals described in this letter are in the best interests of the company and its shareholders as a whole, and recommend all shareholders to vote in favour of all the resolutions, as the Board intend to do in respect of their own beneficial holdings.

Section 3

General information in relation to the Annual General Meeting and Report and Accounts

Report and Accounts

Unless you have elected for electronic communication you will have received either:

- (1) the full “Report and Accounts”. This is sent only to shareholders who have asked to receive it or who have not previously had the opportunity of choosing which document they wish to receive; or
- (2) the “Annual Review and Summary Financial Statement” which includes the Chairman’s statement, the Group Chief Executive’s review and Divisional review. The main difference from the Report and Accounts is that the accounting information has been summarised.

If you wish to change your election in this regard please contact our Registrar on +44 (0)870 702 0135 or visit www.investorcentre.co.uk.

Shareholder questions

At the Annual General Meeting members attending the meeting have the right to ask questions. The company must cause to be answered any such questions relating to the business of the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or good order of the meeting that the question be answered. You can also write to us with your questions at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or contact us at rbsagm@computershare.co.uk and we will respond to your questions as soon as possible. Our customer services and shareholder enquiries teams at the meeting will also be pleased to help you.

Forms of Proxy and voting at the Annual General Meeting

A Form of Proxy is enclosed which covers all resolutions to be proposed at the Annual General Meeting and which is for use by holders of ordinary shares, cumulative preference shares, and the classes of non-cumulative preference shares specified in note 6 to the Notice of the Meeting. If you are a person nominated under section 146 of the Companies Act 2006 to enjoy information rights, please read note 3 to the Notice of the Meeting.

Completed Forms of Proxy should be returned in the pre-paid envelope as soon as possible, but in any event no later than 2.00 pm on 28 May 2012. In addition, it is now possible to appoint and instruct your proxy electronically by following the instructions on the enclosed Form of Proxy. Completion of a Form of Proxy will not prevent you from attending and voting at the Annual General Meeting if you so wish. To appoint more than one proxy (each of whom must be appointed to exercise rights attached to different shares held by you), see Note 2 on the reverse of the Form of Proxy.

At the Annual General Meeting we will disclose, for each resolution, the total of the proxy votes received and any votes cast at the meeting, the proportion for and against each resolution and the number of votes withheld. Votes withheld will not be counted in the calculation of the proportion of votes ‘for’ and ‘against’ a resolution.

Voting at the Annual General Meeting in respect of each resolution will be conducted by way of a poll. Voting on a poll is more transparent and equitable, since it allows the votes of all shareholders who wish to vote to be taken into account, and it reflects evolving best practice. Shareholders who attend the meeting will still be able to ask questions relevant to the business of the meeting prior to voting on the resolutions.

Arrangements for shareholders in need of assistance at the Annual General Meeting

Special arrangements have been made to help shareholders in need of assistance. An induction loop will be available for shareholders who are hard-of-hearing and shareholders wishing to use this service should ask the ushers for directions to the seats with the optimum signal. There will also be facilities for shareholders who are wheelchair users. Anyone who accompanies a shareholder who is in need of assistance will be admitted to the meeting.

Contact details

Shareholder enquiries Registrar Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ Telephone: +44(0)870 702 0135 Facsimile: +44(0)870 703 6009	RBS Secretariat The Royal Bank of Scotland Group plc PO Box 1000 Gogarburn Edinburgh EH12 1HQ Telephone: +44(0)131 556 8555 Facsimile: +44(0)131 626 3081	Registered office 36 St Andrew Square Edinburgh EH2 2YB Telephone: +44(0)131 556 8555 Website: www.rbs.com	Auditors Deloitte LLP, Chartered Accountants and Registered Auditors, Edinburgh
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Appendix 1

The following resolutions (numbered as in the Notice of Meeting) will be proposed as additional business at the Annual General Meeting of the company convened for Wednesday 30 May 2012 at 2.00 pm in the RBS Conference Centre, RBS Gogarburn, Edinburgh EH12 1HQ.

Resolutions 18, 20, 22 and 24 will be proposed as special resolutions.

17. Ordinary Resolution

That the Directors be and are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:

(a)(i) up to an aggregate nominal amount of £4,962,088,913 (such amount to be reduced by the nominal amount of any equity securities (as defined in section 560 of the Companies Act 2006) allotted under sub-paragraph (ii) below in excess of £4,962,088,913); and

(ii) comprising equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum nominal amount of £9,924,177,827 (such amount to be reduced by any shares allotted or rights granted under sub-paragraph (i) above) in connection with an offer by way of a rights issue (that is, an offer to subscribe for further securities by means of the issue of a renounceable letter or other negotiable document which may be traded for a period before payment for the securities is due):

(a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and

(b) to holders of other equity securities if this is required by the rights of those equity securities or, if the Directors consider it necessary, as permitted by the rights of those equity securities;

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter; or

(b) if Resolutions 19 to 22 are passed and Resolution 19 becomes unconditional in accordance with its terms:

(i) up to an aggregate nominal amount of £1,984,835,565 (such amount to be reduced by the nominal amount of any equity securities (as defined in section 560 of the Companies Act 2006) allotted under sub-paragraph (ii) below in excess of £1,984,835,565); and

(ii) comprising equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum nominal amount of £3,969,671,130 (such amount to be reduced by any shares allotted or rights granted under sub-paragraph (i) above) in connection with an offer by way of a rights issue (that is, an offer to subscribe for further securities by means of the issue of a renounceable letter or other negotiable document which may be traded for a period before payment for the securities is due):

(a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and

(b) to holders of other equity securities if this is required by the rights of those equity securities or, if the Directors consider it necessary, as permitted by the rights of those equity securities;

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter.

This authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, the close of business on 30 June 2013, save that the Company may before such expiry (A) pursuant to the authority conferred by sub-paragraphs (a)(i) or (b)(i) above, as the case may be, make any offer or agreement which would or might require shares to be allotted, or rights to subscribe for, or convert securities into, shares to be granted, after such expiry and the Directors may allot shares or grant rights in pursuance of any such offer or agreement as if the authority so conferred had not expired, and (B) pursuant to the authority conferred by sub-paragraphs (a)(ii) or (b)(ii) above, as the case may be, make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the authority so conferred had not expired.

This authority is in addition and without prejudice to any other subsisting unutilised authorities conferred upon the Directors under section 80 of the Companies Act 1985 or section 551 of the Companies Act 2006.

18. Special Resolution

That subject to the passing of Resolution 17:

- (A) the Directors be and are hereby generally and unconditionally empowered pursuant to section 571(1) of the Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash, either pursuant to the authority conferred by Resolution 17 or by way of a sale of treasury shares, as if section 561 of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:
- (i) the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under Resolution 17(a)(ii) or (b)(ii), as the case may be, by way of a rights issue as described in that Resolution only) to or in favour of (a) holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings, and (b) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates, shares represented by depositary receipts, legal or practical problems arising under the laws of any territory or the requirements of any relevant regulatory body or any stock exchange or any other matter; and
 - (ii) the allotment (otherwise than pursuant to sub-paragraph (i)), of equity securities pursuant to the authority granted under Resolution 17(a)(i) or (b)(i), as the case may be, and/or by virtue of section 560(3) of the Companies Act 2006, up to a maximum nominal amount of £744,313,337 in the case of Resolution 17 (a)(i), or £297,725,334 in the case of Resolution 17(b)(i).

This power shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, the close of business on 30 June 2013, unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired. Compliance with the limit in sub-paragraph (ii) shall be calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, ordinary shares (as defined in section 560 of the Companies Act 2006), by reference to the aggregate nominal amount of such shares which may be allotted pursuant to such rights.

This power is in addition and without prejudice to any other subsisting unexercised powers conferred upon the Directors under section 95 of the Companies Act 1985 or section 571 of the Companies Act 2006; and

(B) the powers conferred on the Directors by sub-paragraphs (1) and (2) of article 11(B) of the Company's articles of association be renewed for the period ending at the conclusion of the next Annual General Meeting of the Company or, if earlier, the close of business on 30 June 2013.

19. Ordinary Resolution

That, subject to and conditional on the admission of the New Ordinary Shares (as defined below) to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange becoming effective and on Resolutions 20, 21 and 22 being passed:

- (a) each of the ordinary shares of 25 pence each in the capital of the Company in issue at the close of business on 1 June 2012 or such other time and date as the Directors may determine (the "Record Date") be sub-divided into one ordinary share of 10 pence in the capital of the Company, having the same rights, being subject to the same restrictions and ranking on the same basis as the existing ordinary shares of 25 pence each in the capital of the Company (save as to nominal value) (the "Intermediate Ordinary Shares"), and one deferred share of 15 pence (the "Deferred Share"), having the rights and being subject to the restrictions set out in Resolution 20 below; and
- (b) immediately thereafter, all Intermediate Ordinary Shares that are in issue be consolidated into new ordinary shares of 100 pence each in the capital of the Company (the "New Ordinary Shares")

provided that, where such sub-division and consolidation results in any shareholder being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share to which other shareholders of the Company may be entitled and the Directors of the Company be and are hereby authorised in accordance with the Company's Articles of Association to sell (or appoint any other person to sell), on behalf of all the relevant shareholders, all the New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person, and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant shareholders entitled thereto (save that any fraction of a penny shall be rounded up or down in accordance with the usual practice of the registrar of the Company and save that the proceeds of any fractional entitlement of less than £5 will (unless requested in writing) be donated by the Company to ShareGift, a UK registered charity No. 1052686), and any Director of the Company (or any person appointed by the Directors of the Company) shall be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of the relevant shareholders and to do all acts and things the Directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares.

20. Special Resolution

That, conditional on the passing of Resolutions 19, 21 and 22 and Resolution 19 becoming unconditional in accordance with its terms, the Articles of Association of the Company be amended by:

- (a) inserting the following definitions into Article 2 as follows:

"Series C Deferred Shares" the Deferred Shares of 15 pence each of the Company described in article 4H; to be inserted after the definition of "Securities Seal"; and

"Ordinary Shares" the ordinary shares of 100 pence each of the Company; to be inserted after the definition of "Operator";

- (b) inserting the words "4F, 4G and 4H" in place of the words "4F and 4G" in the introductory wording of Article 4, which shall be deleted;

- (c) inserting a new Article 4H as follows:

4H Each Series C Deferred Share shall confer upon the holder such rights, and be subject to the restrictions, as follows:

- (1) notwithstanding any other provision of these articles, a Series C Deferred Share:

- (i) does not entitle its holder to receive any dividend or distribution declared, made or paid or any return of capital (save as provided in article 4H(1)(ii)) and does not entitle its holder to any further or other right of participation in the assets of the Company;

- (ii) entitles its holder to participate on a return of assets on a winding up of the Company, such entitlement to be limited to the repayment of the amount paid up or credited as paid up on such share and shall rank *pari passu* and *pro rata* with any payments to be made to the holders of any and all Ordinary Shares, Class B Shares and Dividend Access Shares then in issue pursuant to the respective terms of issue of such shares;
 - (iii) does not entitle its holder to receive a share certificate in respect of his or her shareholding, save as required by law;
 - (iv) does not entitle its holder to receive notice of, nor attend, speak or vote at, any General Meeting of the Company; and
 - (v) shall not be transferable at any time other than with the prior written consent of the Directors;
- (2) the Company shall have the irrevocable authority to authorise and instruct the Secretary of the Company (or any other person appointed for the purpose by the Board of Directors) as agent for the holders of Series C Deferred Shares to surrender the Series C Deferred Shares to the Company for no consideration and to execute on behalf of such holders such documents as are necessary in connection with such surrender without obtaining the sanction of the holder or holders thereof, and pending such surrender to retain the certificates, to the extent issued, for such Series C Deferred Shares;
- (3) any request by the Company to surrender the Series C Deferred Shares may be made by the Directors depositing at the registered office of the Company a notice addressed to such person as the Directors shall have nominated on behalf of the holders of the Series C Deferred Shares;
- (4) the Company shall have the irrevocable authority to appoint a single holder or any other person on behalf of all holders of Series C Deferred Shares to exercise any vote to which holders of Series C Deferred Shares may be entitled in any circumstances or for any other matter connected to the Series C Deferred Shares;
- (5) the rights attached to the Series C Deferred Shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to such shares, any amendment or variation of the rights of any other class of shares of the Company, the Company reducing its share capital or the surrender or purchase of any share, whether a Series C Deferred Share or otherwise; and
- (6) the Company shall have the irrevocable authority to cancel any Series C Deferred Share without making any payment to the holder and such cancellation shall not be deemed to be a variation or abrogation of the rights attaching to such Series C Deferred Share.

21. Ordinary Resolution

That, subject to and conditional upon Resolutions 19 and 20 being passed, and in addition and without prejudice to any subsisting authority conferred on the Directors pursuant to Section 551 of the Companies Act 2006 (or the corresponding provision of the Companies Act 1985) (including the authority conferred on the Directors by shareholders on 15 December 2009 to allot shares up to an aggregate nominal amount of £40,250,000,000 comprising up to 4,025,000,000,000 B Shares of £0.01 each), the Directors be generally and unconditionally authorised pursuant to and in accordance with the said Section 551 to exercise all the powers of the Company to grant rights to convert securities into ordinary shares up to an aggregate nominal amount of £17,700,000,000 in connection with converting B Shares into ordinary shares and/or Non-Voting Deferred Shares Series B, provided that such authority shall expire on 15 December 2014; and by such authority and power the Directors may during such period make offers or enter into agreements which would, or might, require securities to be allotted after the expiry of such period.

22. Special Resolution

That, subject to and conditional upon Resolutions 19 to 21 being passed, and in addition and without prejudice to any subsisting authority conferred on the Directors (including the authority conferred on the Directors by shareholders on 15 December 2009 to allot up to a nominal amount of £1,610,000,000 in relation to the issue of B Shares), the Directors be generally and unconditionally empowered to allot equity securities (as defined in Section 560(1) of the Companies Act 2006 and including the grant of rights to convert in accordance with Section 560(2) of the Companies Act 2006) wholly for cash (or otherwise) pursuant to the authority given by Resolution 21 above up to an aggregate nominal amount of £17,700,000,000 in relation to the issue of ordinary shares in connection with conversion of the B Shares, as if Section 561(1) of the Companies Act 2006, to the extent applicable, did not apply to any such allotment. Such power shall expire simultaneously with the expiry of the authority granted by Resolution 21, provided that by such power the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after such expiry.

23. Ordinary Resolution

That the following amendment to the rules of The Royal Bank of Scotland Group plc 2007 Sharesave Plan (“the Sharesave Plan”) and The Royal Bank of Scotland Group plc 2007 Irish Sharesave Plan (the “Irish Sharesave Plan”) be approved and the Directors be authorised to seek the approval of HMRC and the Irish Revenue Commissioners (and to make such modifications as may be necessary to obtain such approval) and to adopt the Sharesave Plan and the Irish Sharesave Plan as so modified and do all acts and things necessary to operate the Sharesave Plan and the Irish Sharesave Plan as amended:

To insert the words “including any B Shares” in Rule 8.1 of the Sharesave Plan and the Irish Sharesave Plan, immediately before the words “in issue at that time”.

24. Special Resolution

That a General Meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days’ notice.

25. Ordinary Resolution

That, in accordance with section 366 of the Companies Act 2006 (the “2006 Act”) the Company and any company which, at any time during the period for which this resolution has effect, is a subsidiary of the Company, be and are hereby authorised during the period commencing on the date of this resolution and ending on the date of the Annual General Meeting of the Company to be held in 2013 or on 30 June 2013, whichever is the earlier to: (a) make political donations to political parties and/or independent election candidates, (b) make political donations to political organisations other than political parties, and (c) incur political expenditure, provided that the aggregate amount of any such donations and expenditure shall not exceed £100,000 and the amount authorised under each of (a), (b) and (c) above shall also be limited to such amount. Such maximum amounts may consist of sums in any currency converted into sterling at such rate as the Directors may in their absolute discretion determine. For the purposes of this resolution, the terms ‘political donations’, ‘political parties’, ‘political organisations’, ‘independent election candidates’ and ‘political expenditure’ shall have the meanings given to them in sections 363 to 365 of the 2006 Act.

RBS Gogarburn is served by the 35 Lothian Bus to and from the city centre and the airport all day. An RBS shuttle bus will run from the public transport stop in RBS Gogarburn to the RBS Conference Centre.

Edinburgh Park and South Gyle stations are approximately two miles from RBS Gogarburn. Waverley Station is in the city centre, approximately eight miles from the site. To find out more about public transport to RBS Gogarburn, visit www.travelinescotland.com

Limited private parking is available at RBS Gogarburn . For booking information please call 0131 626 9000.

Shareholders may also park at the Ingliston Park and Ride and use the 35 Lothian bus service to connect to RBS Gogarburn.

