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RBS Gogarburn
PO Box 1000
Edinburgh EH12 1HQ

April 8, 2010

Dear American Depositary Receipt Holder/Shareholder,

Enclosed you will find a notice convening a general meeting (the "**General Meeting**") of The Royal Bank of Scotland Group plc (the "**Company**") to be held on April 28, 2010 at The Edinburgh International Conference Centre, The Exchange, Morrison Street, Edinburgh EH3 8EE at 2:00 p.m. (or as soon as possible thereafter immediately following the completion or adjournment of the Company's Annual General Meeting convened for 1:00 p.m. on the same day and at the same place).

At the General Meeting, holders of ordinary shares and holders of the 11 per cent. cumulative preference shares of £1 each in the capital of the Company and the 5.5 per cent. cumulative preference shares of £1 each in the capital of the Company (together the "**Cumulative Preference Shares**") will be asked to consider a resolution authorizing the Company to make off-market purchases of preference shares pursuant to a U.S. tender offer and a non-U.S. tender offer, each announced on April 6, 2010 ("**Resolution 1**"). A related non-U.S. exchange offer, also announced on April 6, 2010, is also conditional on Resolution 1 being passed.

At the General Meeting, holders of ordinary shares and holders of Cumulative Preference Shares will also be asked to consider resolutions:

- (i) approving an amendment to the Company's Articles of Association to remove price limitations related to the repurchase by the Company of shares in the class of £200,000,000 7.387% per cent. Convertible Non-Cumulative Preference Shares Series 1 of £0.01 each in the capital of the Company (the "**7.387% Preference Shares**") ("**Resolution 2**"); and
- (ii) approving an amendment to the Company's Articles of Association to remove price limitations related to the repurchase by the Company of shares in the class of 7.0916 per cent. Non-Cumulative Preferred Shares Series 3 of €0.01 each in the capital of the Company (the "**7.0916% Preference Shares**") ("**Resolution 3**").

Holders of 7.387 per cent. Preference Shares will also be entitled, either in person or by duly appointed proxy, to attend the General Meeting and vote on Resolution 2 and to attend a separate general meeting of holders of 7.387 per cent. Preference Shares to sanction the amendment to the Company's Articles of Association to remove the relevant price limitations.

Holders of 7.0916 per cent. Preference Shares will be entitled, either in person or by duly appointed proxy, to attend the General Meeting and vote on Resolution 3 and to attend a separate general meeting of holders of 7.0916 per cent. Preference Shares to sanction the amendment to the Company's Articles of Association to remove the relevant price limitations.

Resolution 2 and Resolution 3 (as the case may be) must be passed at the General Meeting and sanctioned at the relevant separate general meeting if the non-U.S. tender offer in relation to the 7.387 per cent. Preference Shares and the 7.0916 per cent. Preference Shares (as the case may be) is to proceed.

The enclosed notice of General Meeting refers to a circular to shareholders (the "**Circular**"). Due to regulatory restrictions in the United States and Japan we are unable to send to you any of the Circular, the Tender Offer Memorandum relating to the non-U.S. tender offer or the Exchange Offer Memorandum relating to the non-U.S. exchange offer, and in the case of shareholders in Japan only, the Offer to Purchase relating to the U.S. tender offer. For purposes of your consideration of the resolutions set forth in the notice of General Meeting, below is a brief description of the transactions referred to in the resolutions.

The proposed tender offers and exchange offer are intended to generate core tier 1 capital for the Company through repurchases of existing tier 1 securities and exchanges of existing upper tier 2 securities. The tender offers contain offers to purchase for cash the securities indicated in the Offer to

Purchase, in the case of the U.S. tender offer, invitations to purchase for cash the securities identified in the Tender Offer Memorandum, in the case of the non-U.S. tender offer, and invitations to exchange the securities identified in the Exchange Offer Memorandum for new securities, in the case of the non-U.S. exchange offer. The U.S. tender offer is subject to a tender offer cap, individual series caps and an acceptance priority waterfall, as described in the Offer to Purchase. The non-U.S. tender offer is subject to a tender offer cap and an acceptance priority waterfall, as described in the Tender Offer Memorandum. Each of the U.S. tender offer, the non-U.S. tender offer and the non-U.S. exchange offer is conditional, among other things, upon the passing of Resolution 1 at the General Meeting.

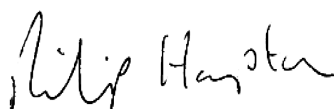
If you are a holder of American Depositary Receipts you may vote at the General Meeting by providing instructions to The Bank of New York Mellon, as Depositary, to vote or cause to be voted the underlying ordinary shares represented by such American Depositary Receipts. Please follow the instructions on the voting card provided to you in order to vote by mail, telephone or internet. Voting instructions must be received by the cut-off time indicated on the voting card.

If you are a holder of ordinary shares or Cumulative Preference Shares you are entitled to appoint a proxy or proxies to attend and vote at the General Meeting on your behalf. A form of proxy relating to the General Meeting is enclosed. To be effective, the form of proxy must be completed and received at the Company's transfer office at Computershare Investor Services PLC, Corporate Actions 1, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 2:00 p.m. on April 26, 2010. In addition, it is 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 General Meeting. To appoint more than one proxy (each of whom must be appointed to exercise rights attached to the different shares held by you), see Note 2 on the reverse of the forms of proxy.

Holders of Cumulative Preference Shares who tender any of their Cumulative Preference Shares for repurchase will not be entitled to vote any of their Cumulative Preference Shares in relation to Resolution 1. This is because the UK Companies Act 2006 provides that a resolution proposed at a meeting of a company to authorize a repurchase of shares will not be effective if (a) any member of the company holding shares to which the resolution relates exercises voting rights carried by any of those shares in voting on the resolution and (b) the resolution would not have been passed if he had not done so. All Cumulative Preference Shares held by a holder of Cumulative Preference Shares who tenders any of their Cumulative Preference Shares will be deemed to be shares to which Resolution 1 relates in order to ensure that the Companies Act 2006 is complied with.

Please note that all times in this letter refer to Greenwich Mean Time + 1 hour.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip Hunter', is written over a light blue horizontal line.

The Royal Bank of Scotland Group plc