

Investor Products & Equity Derivatives:

External Frequently Asked Questions for Retail Investors

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On 19 April 2011, the Boards of The Royal Bank of Scotland Group plc (RBSG), The Royal Bank of Scotland plc (RBS plc), RBS Holdings N.V. and The Royal Bank of Scotland N.V. (RBS N.V.) announced that they had approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc (the "Proposed Transfers"), subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures: http://www.investors.rbs.com/RBS_NV.

It was also announced that it was expected that the Proposed Transfers would be implemented on a phased basis over a period ending 31 December 2013 and that a large part of the Proposed Transfers, including the transfers of certain securities issued by RBS N.V., was expected to have taken place by the end of 2012. The Proposed Transfers will include the transfer of a substantial part of the business conducted by RBS N.V. in The Netherlands as well as in certain EMEA branches of RBS N.V. (the "Transferring Businesses") to RBS plc. Such transfer is to be effected by way of a Dutch statutory demerger (the "Demerger") of the Transferring Businesses to RBS II B.V. (a Dutch company licensed as a bank in The Netherlands that has been established specifically for the purposes of the Dutch Scheme), followed by the merger of RBS II B.V. into RBS plc by way of a cross-border merger (together with the Demerger, the "Dutch Scheme"). The Dutch Scheme is subject, amongst other matters, to regulatory and court approvals.

In conjunction with the announcement by RBS plc and RBS N.V. in respect of the Dutch Scheme on 23 March 2012, RBS plc and RBS N.V. published a list of all of RBS N.V.'s Structured Retail Products for which it was possible that RBS plc could become the issuer under the Dutch Scheme, indicating whether or not RBS plc was expected to become the issuer of those securities. Details of that list can be viewed at http://www.investors.rbs.com/RBS_NV.

1. What do I need to do after the announcements on 23 March 2012 and 26 March 2012?

Clients are not required to take any action at present. RBS will communicate further information in due course.

2. Will the Proposed Transfers from RBS N.V. to RBS plc pursuant to the Dutch Scheme affect the post sale services of my investment?

RBS is committed to maintaining a market leading standard for post sale services.

3. Will the Proposed Transfers from RBS N.V. to RBS plc pursuant to the Dutch Scheme, of themselves, lead to any change in the formulae used in terms and conditions / final terms / pricing supplements to determine an interest or principal payment?

The Proposed Transfers from RBS N.V. to RBS plc pursuant to the Dutch Scheme are not, of themselves, expected to lead to any change in the formulae used in terms and conditions / final terms / pricing supplements to determine an interest or principal payment.

4. Will the Proposed Transfers from RBS N.V. to RBS plc pursuant to the Dutch Scheme, of themselves, affect the price that RBS plc is willing to bid for my investment?

The proposed transfers of securities from RBS N.V. to RBS plc pursuant to the Dutch Scheme are not, of themselves, expected to change the price that RBS plc, as part of its normal market making activities, may bid for such securities. However, RBS cannot guarantee the price at which such securities may trade. The market prices for such securities may be impacted by a number of factors, including the value of the assets underlying such securities and prevailing market conditions, any of which may affect the value of the securities.

5. Will securities issued by RBS N.V. continue to trade following this announcement?

Business will continue as usual. We will communicate further information in due course. Clients will continue to receive from us the same high quality of service both prior to and after the Proposed Transfers pursuant to the Dutch Scheme.

6. Has the Dutch Scheme been communicated to the competent regulators?

RBS plc and RBS N.V. have discussed the Dutch Scheme in detail with the UK Financial Services Authority and De Nederlandsche Bank and they will continue to be involved as the Dutch Scheme progresses through to completion.

7. What happens to securities issued by RBS N.V. in the transition period prior to any transfer to RBS plc?

Business will continue as usual. RBS will communicate further information in due course. Clients will continue to receive from RBS the same high quality of service both prior to and after the Dutch Scheme.

RBS N.V. will include provisions in the issue or offer documents (including term sheets) for any new issues of securities which are eligible for the Dutch Scheme to indicate whether or not RBS plc is expected to become the issuer of those securities as a result of the Dutch Scheme (subject to the relevant securities not having been exercised, redeemed or repurchased and cancelled prior to the implementation of the Dutch Scheme).

8. What are the expectations for the credit rating of RBS N.V.?

RBS plc is engaged in regular dialogue with Moody's, Standard & Poor's and Fitch regarding its ratings and those of its rated subsidiaries, including updating them on the progress of the Proposed Transfers.

Up-to-date credit ratings information is available at: http://www.investors.rbs.com/credit_ratings

9. What is the Dutch Scheme?

The Dutch Scheme, if implemented, is a further step in relation to the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc announced on 19 April 2011. (see http://www.investors.rbs.com/RBS_NV) .

The Dutch Scheme, if implemented, entails (i) a Dutch statutory demerger of the transferring

businesses to RBS II B.V. (a Dutch company licensed as a bank in The Netherlands that has been established specifically for the purposes of the Dutch Scheme), followed by (ii) the merger of RBS II B.V. into RBS plc by way of a cross-border merger. The Dutch Scheme is subject, amongst other matters, to regulatory and court approvals.

10. How do I find out if my securities are transferring as part of the Dutch Scheme?

For securities issued before 23 March 2012 which are eligible for the Dutch Scheme, details can be viewed as a PDF at http://www.investors.rbs.com/RBS_NV. Further information can also be accessed via <http://markets.rbs.com>.

From or around 23 March 2012, RBS N.V. will include provisions in the issue or offer documents (including term sheets) for any new issues of securities which are eligible for the Dutch Scheme to indicate whether or not RBS plc is expected to become the issuer of those securities as a result of the Dutch Scheme (subject to the relevant securities not having been exercised, redeemed or repurchased and cancelled prior to the implementation of the Dutch Scheme).

11. When will the transfers under the Dutch Scheme take place?

The Dutch Scheme is subject, among other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. Subject to these matters, it is expected that the Dutch Scheme will take effect on 9 July 2012.

12. Will changes be made to issue or offer documents (including term sheets) for new issuances after the announcement on 23 March 2012?

From or around 23 March 2012, RBS N.V. will include provisions in the issue or offer documents (including term sheets) for any new issues of securities which are eligible for the Dutch Scheme to indicate whether or not RBS plc is expected to become the issuer of those securities as a result of the Dutch Scheme (subject to the relevant securities not having been exercised, redeemed or repurchased and cancelled prior to the implementation of the Dutch Scheme).

13. How will I be informed about the effective date of the transfer of those securities expected to transfer as part of the Dutch Scheme?

Further announcements will be made in due course.

Updated: 26 March 2012