

Floating Rate Unsecured Loan Notes 2005 (“Loan Notes”)

United Kingdom Taxation

The statements below, which are intended as a general guide only, are based on current UK tax legislation and Inland Revenue practice. They summarise certain limited aspects of the UK tax treatment of the redemption of the Loan Notes for holders who are resident in the UK for tax purposes, who are the beneficial owners of their Loan Notes and who hold them as an investment (other than under a personal equity plan or an individual savings account) (“Noteholders”). They relate in particular to the position of Noteholders who acquired the Loan Notes in 2000 in exchange for ordinary shares in National Westminster Bank Plc (“NatWest Ordinary Shares”) (“Original Noteholders”). Neither The Royal Bank of Scotland Group plc nor Computershare Investor Services PLC are able to advise on the UK tax consequences of the redemption of the Loan Notes and are not liable for any reliance that any person may place on the statements below. **Any person who is in any doubt as to his tax position or who may be subject to tax in any jurisdiction outside the UK should consult an appropriate professional adviser.**

Redemption of Loan Notes

For a Noteholder who is an individual or other non-corporate shareholder, the Loan Notes should not constitute qualifying corporate bonds for the purposes of UK taxation of chargeable gains. Accordingly, the redemption of the Loan Notes may, depending on individual circumstances, result in a liability to UK tax on chargeable gains or an allowable loss. For Original Noteholders, any chargeable gain or allowable loss on redemption of the Loan Notes should be calculated taking into account a proportion of the allowable cost to the Original Noteholder of acquiring the relevant NatWest Ordinary Shares based on an apportionment of the allowable cost of his NatWest Ordinary Shares at the time of exchange between any cash, Loan Notes and ordinary shares in RBS received. Indexation allowance on that cost should be available (when calculating a chargeable gain but not an allowable loss) in respect of the period of ownership of the NatWest Ordinary Shares up to April 1998. Thereafter, taper relief may be available to reduce the amount of any chargeable gain realised on the redemption of the Loan Notes.

For a Noteholder within the charge to corporation tax, the Loan Notes constitute qualifying corporate bonds for the purposes of UK taxation of chargeable gains. Accordingly no indexation allowance will be available for the period of ownership of the Loan Notes and, except (in the case of an Original Noteholder) to the extent that any gain or loss which would have arisen on a disposal of the Original Noteholder’s NatWest Ordinary Shares was “held over” and crystallises on the redemption of the Loan Notes, no chargeable gain or allowable loss shall arise. Such Noteholders will be subject to tax as income on all profits and gains from the Loan Notes broadly in accordance with such Noteholder’s statutory accounting treatment.

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