Guaranteed Equity Bond
Exclusively for Private Banking customers
Guaranteed returns with our stock market-linked bond

If you have between £5,000 and £25,000 to invest but you don’t want any risk to your capital, take a look at our Guaranteed Equity Bond.

By linking the interest it pays to the performance of a basket of indices from around the world (World Basket), the Guaranteed Equity Bond enables you to benefit from potential gains in the stock market, while offering you complete protection for your original capital investment, provided you hold the bond for the full term. You could enjoy interest equivalent to 55% of any growth in the World Basket at maturity or 8% gross (2.23% AER) whichever is higher.
Key features

- Exclusive to Private Banking customers
- 3½ year fixed term
- Earn 8% gross (2.23% AER) interest over the 3½ year term, or 55% of any growth in the World Basket – whichever is higher
- Potential to earn unlimited growth, depending on the performance of the selection of indices within the World Basket
- Minimum deposit £5,000, maximum £25,000
- No set-up or management fees
- Return of capital and minimum interest rate is guaranteed only when you hold the bond for the full term.
- If we accept your application before 25 April, we'll pay a competitive interest rate of 4.95% gross (rate correct at time of print) until the start date of the bond, with any interest earned added to the initial bond deposit.

World Basket

Earn 55% of any growth in the World Basket comprising:

- 25% S&P 500 Index (USA)
- 25% FTSE 100 Index (UK)
- 25% Dow Jones Eurostoxx 50 Index (Europe)
- 25% Nikkei 225 Index (Japan)

(See page 8 for information on the above indices)

Key dates

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Bond offer period</td>
<td>5 March – 30 April 2008</td>
</tr>
<tr>
<td>Bond start date</td>
<td>7 May 2008</td>
</tr>
<tr>
<td>Bond end date</td>
<td>7 November 2011</td>
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<tr>
<td>Maturity payment date</td>
<td>9 November 2011</td>
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</tbody>
</table>

The bond offer is subject to availability and may close early if fully subscribed.
Things to consider

- The Guaranteed Equity Bond can only be closed in exceptional circumstances, at the Bank's discretion. If you close the bond before the maturity date, you may not receive back the full amount of your original investment. Partial withdrawals are not permitted in any circumstances.

- Funds invested in the Guaranteed Equity Bond are not invested directly into the shares of the underlying listed companies within the indices that comprise the World Basket. Instead, your funds are held in a deposit account with interest at maturity linked to the performance of the stock market. As the Guaranteed Equity Bond does not invest directly in shares, you will not receive any dividend payments.

- As your deposit is not directly invested within the indices that comprise the World Basket, you will not receive the full benefit from any growth that may occur in those indices. Instead you will receive 55% of that growth or 8% gross (2.23% AER), whichever is higher, as well as a guarantee to your capital as long as you hold the bond until maturity.

- The value of the stock market can fall as well as rise, and past performance is not a guide to future performance.

- Capital and interest at maturity will be paid into your relevant instant access current or savings account.

- The interest earned will be paid in the year of maturity (tax year 2011/2012) and this interest earned is treated as taxable income. If you are entitled to receive gross interest, you can do so by completing an R85 form. If the bond is to be opened in joint names, where a party is a non-taxpayer, interest earned will be paid net. Reimbursement of tax will then have to be claimed back in the usual way.
Is this bond right for you?

If you want the potential for capital growth that is higher than a normal savings account over the next 3½ years but do not want to risk your capital, then the RBS Guaranteed Equity Bond could be right for you. But it will not suit everyone. Before you make up your mind, here are some things to consider.

When opening a bond you should remember that you are committing your money for a fixed term. Partial withdrawals are not permitted and early closure is only in exceptional circumstances at the Bank's discretion. If you close the bond before the maturity date you may not receive back the full amount of your original investment.

Please also see checklist opposite.
Do you have £5,000 or more to save, outside of any emergency funds?  

- **NO**  
  - The minimum deposit for the product is £5,000. Please speak to your relationship manager about our range of savings products which may be more suitable for you.

- **YES**  
  - Have you taken advantage of your tax-free allowance this tax year?  
    - **NO**  
      - Please speak to your relationship manager about our range of ISA products.
    - **YES**  
      - Do you want advice on your savings and investment options?  
        - **NO**  
          - Can you leave the money in this bond untouched for 3\(\frac{1}{2}\) years?  
            - **NO**  
              - Please speak to your relationship manager who will talk to you about our range of savings products which may be more suitable to you.
            - **YES**  
              - Are you looking for income or growth from your savings?  
                - **INCOME**  
                  - If you wish to apply for the Guaranteed Equity Bond, please speak to your relationship manager.
                - **GROWTH**  
                  - Do you want a guaranteed* minimum return on your money with the potential for extra capital growth linked to the stock market?  
                    - **NO**  
                      - Please speak to your relationship manager who will refer you to a Financial Planning Manager to discuss your wider savings options.
                    - **YES**
Frequently asked questions

Is my money at risk?
No. Both your capital and a return of 8% gross (2.23% AER) interest are guaranteed, irrespective of how the indices comprising the World Basket perform as long as the bond is held until maturity.

Will I receive dividends?
No. As your capital is not directly invested into the stock market, you are not entitled to receive dividends.

Can I make additional deposits and withdrawals?
No.

Can I have more than one bond?
Yes, there is no limit to the number of bonds you can hold.

What happens if I need my money urgently?
You should ensure that you are in a position to invest the funds into the Guaranteed Equity Bond for the duration of the bond. The Guaranteed Equity Bond will only be closed in exceptional circumstances, and at the Bank’s discretion, and you may not receive back the full amount of the investment.

What happens if I die?
The bond can be closed at the current market value. This may mean, however, that the amount returned is less than the original deposit. Alternatively the bond can be continued until maturity. If the bond is held in joint names only the remaining bondholder has any right to the investment.

Are there any management fees?
No. All costs are already factored into the terms of the bond and so you won’t have to pay any additional fees.

Can the bond be held in joint names?
Yes.
**Where can I get advice?**
Your relationship manager is unable to provide you with advice. However, they can refer you to one of our Financial Planning Managers who will be able to advise you on alternative investment products (although they cannot advise you on the Guaranteed Equity Bond).

**Will I receive regular statements?**
You will receive an annual update on each of the indices within the World Basket just after the anniversary of your Guaranteed Equity Bond. They can also be tracked via the internet and newspapers.

**How is the return calculated?**
1. We take the close level of each index within the World Basket on the start date.

2. Then we take the close level of each index on the 7th day of each month for the last seven months of the bond and work out the average.

3. The difference between the two is then used to calculate the growth in the World Basket.

4. The interest is then calculated at 55% of any growth that may have occurred. So, if the World Basket has grown by 25%, you will receive interest of 13.75% at maturity.

**What happens when my bond matures?**
Your original investment and interest will be returned to the Relevant Account. This is the account where your original investment came from.
Examples of returns

<table>
<thead>
<tr>
<th>Original deposit</th>
<th>World Basket Growth</th>
<th>Gross interest at maturity</th>
<th>Total capital and gross interest payment at maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>£10,000</td>
<td>~10%</td>
<td>8%</td>
<td>£10,800</td>
</tr>
<tr>
<td>£10,000</td>
<td>0%</td>
<td>8%</td>
<td>£10,800</td>
</tr>
<tr>
<td>£10,000</td>
<td>25%</td>
<td>13.75%*</td>
<td>£11,375</td>
</tr>
<tr>
<td>£10,000</td>
<td>50%</td>
<td>27.50%*</td>
<td>£12,750</td>
</tr>
</tbody>
</table>

*This is 55% of the World Growth.

Past performance is no guide to future performance.

Key facts about the different indices

FTSE 100
– the top 100 companies by market capitalisation on the London Stock Exchange
  including companies such as BP, Vodafone and the Royal Bank of Scotland Group.
S&P 500
– 500 stocks designed to measure the performance of the broad domestic US economy
  including Microsoft, Boeing and eBay
DJ Eurostoxx 50
– blue chip companies from EMU companies including L’Oreal, AXA and Philips Electronics.
Nikkei 225
– the top companies on the Tokyo Stock Exchange including Sony, Honda, Mitsubishi
  Corp and Bridgestone Corp.

Please see Terms and Conditions for more information.

What to do next

If you’re interested in investing in the Guaranteed Equity Bond, please ask your relationship manager for an application form. If you would like any investment advice, they can put you in touch with one of our Financial Planning Managers who will be able to advise you on alternative investment products. Please be aware that the Financial Planning Manager will not be able to discuss this product with you.
This brochure is available in braille, large print and on audio tape. Please ask at any branch for a copy of 'The Disability Discrimination Act – How we make our services accessible to everyone' leaflet.

The Financial Services Compensation Scheme set up under the Financial Services and Markets Act 2000 covers your account. For deposits with a UK office, payments under the Scheme are limited to 100% of the claim subject to a maximum payment of £35,000. Most people who make deposits, including individuals and small firms, are covered. Deposits in all currencies are treated the same. If you would like more details on the Scheme, please contact the FSCS at www.fscs.org.uk/consumer/publications.

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