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Press Release

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UKFI statement re: RBS Annual General Meeting voting

UK Financial Investments Limited (UKFI), which manages the Government's stake in the Royal Bank of Scotland Group plc (RBS) has lodged votes in favour of all resolutions at the bank's Annual General Meeting on 19 April 2011.

Board appointments

In line with the UK Corporate Governance Code, all of the directors of RBS are submitting themselves for annual re-election.

UKFI has monitored the performance of the RBS Board and its members over the last year. The Board continued to implement the bank's strategic plan and has steered the bank to a return to operating profitability this year. UKFI has voted in favour of the resolutions proposing the re-election of the RBS Board.

Remuneration

UKFI sees reforms to remuneration practices as vital to RBS' continued recovery and to UKFI's objective of protecting and creating value for the taxpayer as shareholder in the bank.

RBS has continued to make reforms to its remuneration practices, including through the introduction of a deferred share-based annual bonus for its Executive Directors and stringent deferral and clawback conditions throughout the bank. Accordingly, UKFI has voted in favour of the Directors' Remuneration Report

Capital

The Basel 3 Capital Regulations require banks to issue new forms of preference shares with more loss absorbing potential. UKFI has voted in favour of the resolutions which will allow RBS to issue such new forms of regulatory capital as appropriate.

Other resolutions

UKFI has also voted in favour of the other resolutions presented at the Annual General Meeting as being in line with our remit to protect and create value in the taxpayer's investment in RBS.

The final resolution amends the RBS 2010 Deferral Plan to give the Remuneration Committee greater discretion in relation to the forfeiture of unvested awards. UKFI has sought and received assurances that such discretion would only be used in exceptional circumstances.